THE RELEVANCE OF RELATIONSHIP MARKETING ON THE SUSTAINABILTY OF ZIMBABWEAN BANKS

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DECLARATION

I, Tafadzwa Mwanyisa, hereby declare that:

- the content in this dissertation is my original work;
- all sources used have been acknowledged and documented by means of a complete reference list and;
- This dissertation has not been previously submitted in full or partial fulfillment of the requirements for an equivalent or higher qualification at any other recognised institution.

Tafadzwa Mwanyisa

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ABSTRACT

Mass marketing also referred to as traditional marketing, has been criticised for trying to appeal to everyone, without necessarily providing for customers' needs and wants. Therefore, the traditional marketing mix has been deemed ineffectual in a highly competitive and ever-changing business world, especially in the banking sector. Changes in the marketing environment have led to the development of new concepts such as relationship marketing. The fundamental concept of relationship marketing involves maximising the long-term benefits for the bank and the customer, resulting in a series of transactions, which allow a long-term relationship to be established and maintained. In short, it is a marketing concept that revolves around building and maintaining a long-term link or bond with one's customers.

The Zimbabwean banking sector has been affected by the country`s political and economic turmoil over the past decade. The collapse of the economy has affected the banking sector and its relationship with clients. During the economic crisis, Zimbabwean banks were unable to meet the basic international requirements of the Basel Accord, and as such, no profits were made. Borrowers had problems repaying existing loans; and banks also became reluctant to lend more, as a liquidity problem in the financial system was prominent. In 2009, a new government was formed which introduced the multi-currency system and the economy went on a recovery path. Given the nature of the economy of Zimbabwe, relationship marketing becomes an indispensible marketing tool that banks can use.

The main purpose of the research was to investigate the relevance of relationship marketing on the sustainability of Zimbabwean banks. Five independent variables (customer relations, product attributes, promotion and service delivery and information technology) were identified and were tested against one dependent variable (sustainability of banks).

A positivist research paradigm approach was used to conduct the research. The approach uses the quantitative method of research to establish causal relationships. Null (Ho) and alternative hypotheses (Ha) were formulated in order to test the relationship between variables. A five point Likert scale questionnaire was developed and administered in five major commercial banks in Harare, Zimbabwe namey; Banc ABC, Barclays bank, Commercial Banks of Zimbabwe, Stanbic Bank and Standard Chartered Bank. The five major banks were selected in terms of market capitalisation as well as total deposit share among other things.

The empirical results revealed that five of the independent variables positively correlated with the dependent variable implying that they all have an impact on bank sustainability. However, the current situation (2011) in Zimbabwe shows that only two independent variables (product variables and service delivery) have any impact on bank sustainability. In other words, there was a relationship between product attributes and sustainability of banks. Additionally, there was a relationship between service delivery and sustainability of Zimbabwean banks. Conclusions sited that product attributes and service delivery, as variables of relationship marketing, if implemented desirably could salvage the lost confidence and contribute to bank sustainability in Zimbabwe.

Therefore, recommendations given by the researcher extensively focused on the two variables that have a relationship with Zimbabwean banks' sustainability; briefly on the three variables (customer relations, promotion and information technology) that had no relationship.

Key words: Banks, relationship marketing, customer relations, promotion, product attributes, service delivery, information technology, sustainability, Zimbabwe

CHAPTER ONE

INTRODUCTION AND SCOPE OF THE STUDY

1.1 INTRODUCTION AND PROBLEM STATEMENT

The service sector around the world is going through a transformational process, whereby innovators are continually launching new products and services, in order to satisfy and retain their customers. The question is whether banks can keep up with this revolutionary process, in order to retain their customers.

There must be ways of retaining good relations with customers apart from introducing new exciting and innovative ideas. Banks are forced to keep up with the fast-paced service sector by recognising the importance of good relationships with customers. People will always have financial needs including a continuous need for banking services. This implies that a relationship approach is inevitable in retail banking (O'Loughlin & Szmigin 2006:118).

In relationship marketing, the focus has shifted from one-time transactions to on-going relationships, whereby the sale is not the end of the marketing process, but the beginning of an interdependent relationship (Strydom 2004:13). Lovelock (2001:138) is of the opinion that "a bank customer population contains individuals who cannot be satisfied, given the service levels and pricing the bank is capable of offering." Therefore, the banks would be wise to target and serve only those customers whose needs can be met better than its competitors and can do so in a profitable manner.

For the purposes of this study, bank customers will be referred to as clients. Relationship marketing also makes it possible for the bank to monitor and assess the clients' level of satisfaction and or dissatisfaction (Kurtz 2010:311). A number of attributes in marketing can contribute to relationship building if implemented correctly.

This research has focused on five selected factors in relationship marketing, namely; customer relations, product attributes, the promotion of products, service delivery, as well as information technology (independent variables) that can influence the sustainability of the Zimbabwean banks (dependent variable). The five independent variables must work in synchronisation, in order for a noticeable contribution to be made to Zimbabwean banks. What must be borne in mind is that these variables affect the sustainability of the banks that are operational in an economy that has suffered for so many years.

It is imperative for banks to differentiate their products and services, particularly in Zimbabwe, where there has been an economic crisis. Differentiation plays a unique role because strong brands heighten the differentiation among competitors; and they also strengthen the trust between the bank and its clients – thereby, reducing costs and risks for the bank (Chiu, Lin, Hsu & Huang 2010:112).

Good customer relations also help in understanding the customers better; and they work on the necessary adjustments to keep the customer happy and to maintain relations. Banks can achieve this by subdividing their financial markets, while at the same time, designing their financial products to meet the different customers' needs (Ding & Xiao 2010:117). Strong customer relations can be sustainable where there is good service delivery.

Customers, whether they are educated or not, can tell when a good service has been delivered. The key to maintaining good relations is to provide service that goes beyond customers` expectations, and that are also satisfactory (Gilmore 2003:187).

The contributions of relationship marketing are easily identifiable in a good and stable economy. It is the impact relationship marketing has on banks that operate in a country that has suffered from hyperinflation and economic stability for years. The Reserve Bank of Zimbabwe (RBZ) tried to curb this demise through the introduction of the multi-currency system, with the United States Dollar (USD) as the main currency of exchange (Has Zimbabwe's Runaway Inflation Been Tamed? 2009).

Given the previous discussion, relationship marketing is important, as it puts the emphasis on the significance of customer contact, personalisation and a longer-term view to customer value (Bateson, Hoffman, Kenyon & Wood 2009:361). The economic situation in Zimbabwe has had banks lose confidence in their customers, and vice versa. The problem statement for this study can be posed in the form of the following question, namely: **Can relationship marketing attempt to salvage the lost confidence and contribute to the sustainability of Zimbabwean banks?**

1.2 THE LITERATURE REVIEW

1.2.1 Relationship Marketing

The role of marketing has shifted over many decades – starting from the 1920s, where the main focus was on marketing consumer goods, since most businesses were in the production era (Strydom 2004:8). Attention was primarily focused on sales volume until the 1950s, while from the 1970s attention shifted to societal marketing. Societal marketing implies that companies had a responsibility to meet the needs of society as a whole; thus, incorporating social responsibility (Blythe 2006:6).

Over time, the role of marketing in the business world continued to change, citing the importance of relationship marketing. Relationship marketing is a marketing concept that revolves around building and maintaining a long-term link or bond with one's customers (Govoni 2004:183). Sullivan and Adcock (2002:257) refer relationship to marketing as follows: "All marketing activities [are] directed towards establishing, developing and maintaining successful relationships." This concept of marketing tries to bridge the gap between once-off transactions and on-going relationships with customers.

The sale is not the end of the marketing process, but the beginning of an interdependent relationship between the bank and the client (Strydom 2004:13). The general idea of relationship marketing is to try to encourage businesses to treat customers as individuals with different needs and aspirations (Blythe 2008: 280).

Unfortunately, customers are not always happy with the quality of service they receive (Lovelock 2001:1). The relationship marketing concept evolved because a number of businesses were paying “lip-service” to customer service and quality (Strydom 2004:13). In other words, businesses were mainly concerned with selling and making a profit – paying little attention to maintaining good customer relations.

The aim of the relationship marketer is not only to please the customer, but to “delight” the customer (Blythe 2008:287). This means that it is necessary to satisfy the customer beyond the sale experience. In order for relationship marketing to work, employees must be customer-service oriented, as well as cautious about their service effectiveness and efficiency (Lovelock 2001:8).

A strategic partnership results, when both parties have keen interests in maintaining an on-going exchange (Dwyer & Tanner 2006:38). Banks achieve this by using database technology to help identify current and potential clients with selected demographic, purchase and lifestyle characteristics (Kurtz 2010:311). The customer database captures customer data each time the customer has contact with a bank. This can be used to segment customers, so that communication, although not always personalised, is better tailored to their needs (Bateson *et al*. 2009:357). Consequently, relationships are formed in different stages.

Awareness is the first stage of establishing relationships between the bank and a potential client. The bank and the client independently consider themselves to be potential exchange partners (Dwyer & Tanner 2006:46). A potential client generally has to be aware of the bank, as well the products and services it offers. The bank needs to position itself in the mind of the potential customer, in order to create brand awareness and a favourable inclination in the market (Day & Pratt 1971:85).

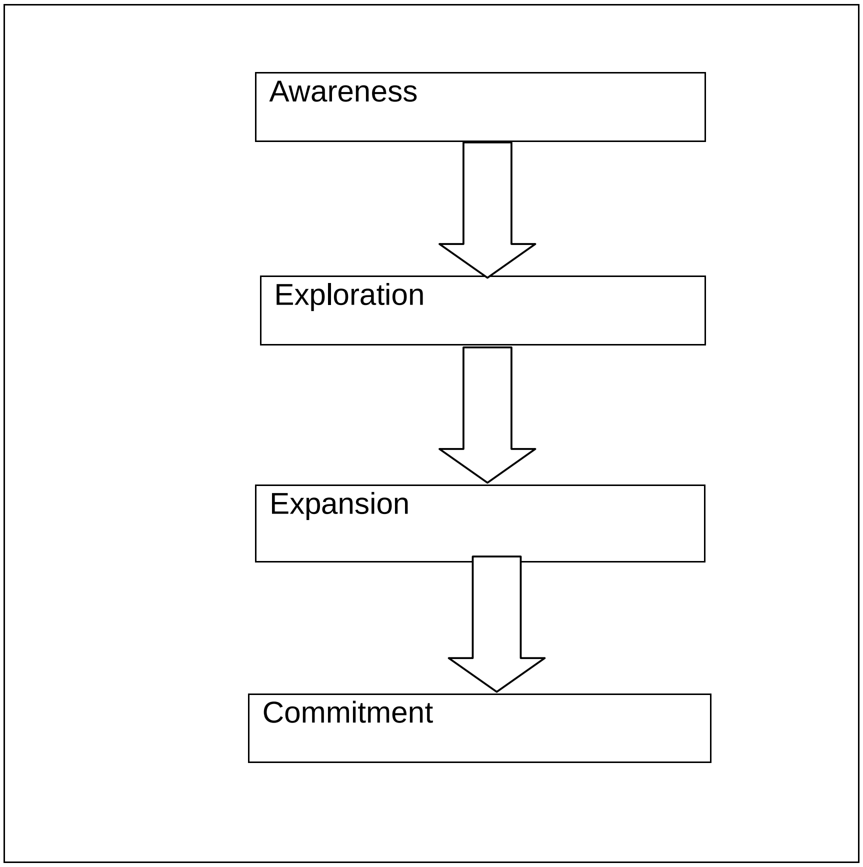
The second stage is exploration. At this stage, the two parties probe and test each other for a possible relationship (Dwyer & Tanner 2006:46). Interactions at this stage of the relationship are mostly superficial; and they have a minimal chance to turn into a long-term relationship (Kurtz 2010:314).

Subsequent to the exploration stage, the parties move from testing and probing one another to developing a relationship. At this stage, relationships are transformed into structural changes that ensure that the bank representative and the client are true business partners. They develop a certain level of interdependence that continues to grow over time (Kurtz 2010:315).

This is the final stage – where parties desire to commit to each other, and they maintain a good working relationship that sees both parties winning. Dwyer and Tanner (2006:46) define commitment as a lasting desire to maintain or preserve a valuable relationship.

The following figure depicts a model of how relationships can be formed, as discussed above.

Figure 1.1: Relationship Formation



Source: Adapted from Dwyer and Tanner (2006:46).

1.2.2 Banking in Zimbabwe

Zimbabwe has undergone a major economic crisis that crippled the banking sector from the late 1990s to 2008. As a result, the Reserve Bank of Zimbabwe (RBZ) was under immense pressure to stabilise the economy, by introducing a series of different currencies, all of which failed to work. Most Zimbabwean banks struggled to the point of failing to meet their capital and liability requirements, as mandated by the International Monetary Fund (IMF) (Muleya 2010). Banks had no bankable assets – mainly because of the Land Reform programme the government of Zimbabwe initiated. The Land Reform programme witnessed a majority of the highly skilled farmers being dispossessed of their farms and being replaced with non-skilled farmers (Robertson 2010a:1).

The effect of this was a major meltdown in the banking sector, as banks were no longer benefiting from the crippled agricultural sector. Mismanagement and corruption were also contributing factors to this breakdown (Muleya 2010).

Over the past decade, hyperinflation – reaching over 1000% in 2007 – contributed to the financial and economic demise of the country (Coorey, Clausen, Funke, Munoz & Ould-Abdallah 2007:3). The official currency of the country (the Zimbabwean dollar) slowly became valueless, with the general public illegally using other currencies, such as the USD, the British Pound, as well as the South African Rand to trade. In January 2009, the decision to forgo the already valueless Zimbabwean dollar was formalised by a new Zimbabwean government, which introduced the USD as the main medium of exchange among other currencies (Has Zimbabwe's Runaway Inflation Been Tamed? 2009).

Although this has proved to be favourable for the Zimbabwean economy, the banking sector faces a major under-capitalisation of the USD, as the RBZ does not have an independent money supply (Muleya 2010). Relationship marketing becomes necessary, in order for banks in Zimbabwe to operate sustainably.

1.2.3 Banks in Zimbabwe

Zimbabwe has a number of banking institutions, with at least 30 registered banks by the end of 2003 (Gono 2004:40). Some banks survived the economic turmoil, while others either closed down or merged. As at 30 June 2011, the Reserve Bank of Zimbabwe reported that the country had 25 registered banks (commercial, merchant and building societies). The research focused on five commercial banks that have been running effectively in Zimbabwe, despite the poor economy. The banks are cited below.

- **Banc ABC**

  The African Banking Corporation, operating as Banc ABC, is a regional bank that operates in five sub-Saharan countries. The holding company has its primary listing on the Botswana Stock Exchange, and a secondary listing on the Zimbabwean Stock Exchange (Munatsi 2009:1).

- **Barclays Bank Zimbabwe**

Barclays Bank is one of the leading banks in Zimbabwe, having operated since 1912; and it is listed on the Zimbabwean Stock Exchange (ZSE). Barclays Bank is a leading financial services company, offering its services to more than 50 countries (Barclays Bank 2011).

- **Commercial Bank of Zimbabwe (CBZ)**

The Commercial Bank of Zimbabwe (CBZ) has been in operation under CBZ Holdings Limited, the financial services holding company of the bank. The entity emerged out of the reorganisation of the CBZ Bank Limited, which became a subsidiary of the holding company in 1995 (Commercial Bank of Zimbabwe 2011).

- **Standard Bank Group Limited (Zimbabwe)**

The Standard Bank Group Limited is one the largest banking groups in Africa. Standard Bank operates as Stanbic in Zimbabwe. Stanbic Zimbabwe has 16 branches across the country; and it is active in undertaking cross-border and international transactions through its alliance with the Standard Bank Group Limited (Stanbic Bank 2010).

- **Standard Chartered Zimbabwe**

Standard Chartered Zimbabwe was the first financial institution to be established in Zimbabwe. It has operated in the country for more than 112 years; and it is part of the Standard Chartered Group that operates globally in Africa, Asia and the Middle East, as well as in Europe. The bank was also a pioneer in introducing Automated Teller Machines (ATMs), phone banking, as well as electronic banking services in Zimbabwe. (Standard Chartered Bank 2008).

1.3 RESEARCH OBJECTIVES

1.3.1 Primary Objective

The main objective of this study was to investigate how relationship marketing impacts on the sustainability of Zimbabwean Banks.

1.3.2 Secondary Objectives

In order to conduct the primary objective, the following secondary objectives had to be achieved:

- To conduct a thorough literature review on relationship marketing and its contribution to businesses;
- To analyse the Zimbabwean economy and the performance of Zimbabwean banks since the economic downturn;
- To analyse the variables affecting the sustainability of Zimbabwean banks;
- To construct a questionnaire measuring the variables in the conceptual model affecting the sustainability of Zimbabwean banks;
- To capture, analyse and interpret the data;
- To draw conclusions from the empirical data; and
- To provide recommendations, so that Zimbabwean Banks could adopt the necessary practices – to help improve their sustainability.

1.4 HYPOTHESES

Researchers usually have a general idea of the relationships of variables, based on previous research, theory or current business trends. However, the testing of hypotheses allows the variables to be tested for a specific research study or objective (Hair, Babin, Money & Samouel 2003:253). Hypotheses are predictions the researcher holds about the relationship between variables (Creswell 2003:108).

There are two types of hypotheses, the null (Ho) and the alternative hypothesis (Ha). Statistical techniques enable the researcher to determine whether the proposed hypotheses can be confirmed by the empirical evidence, or not (Hair *et al*. 2003:253). The null hypothesis suggests that there is no relationship between the variables under study (Babbie 2004:49). The alternative hypothesis, on the other hand, usually comes from prior literature and studies on the particular topic. It suggests a particular outcome for what the researcher may expect (Creswell 2003:110).

Therefore the hypotheses proposed for this study were as follows:

$Ha_{1.1}$ There is a relationship between customer relations and the sustainability of Zimbabwean Banks.

$Ho_{1.1}$ There is no relationship between customer relations and the sustainability of Zimbabwean Banks.

$Ha_{1.2}$ There is a relationship between product attributes and the sustainability of Zimbabwean Banks.

$Ho_{1.2}$ There is no relationship between product attributes and the sustainability of Zimbabwean Banks.

$Ha_{1.3}$ There is a relationship between the promotion of products and Zimbabwean Banks.

$Ho_{1.3}$ There is no relationship between the promotion of products and Zimbabwean Banks.

$Ha_{1.4}$ There is a relationship between service delivery and the sustainability of Zimbabwean Banks.

$Ho_{1.4}$ There is no relationship between service delivery and the sustainability of Zimbabwean Banks.

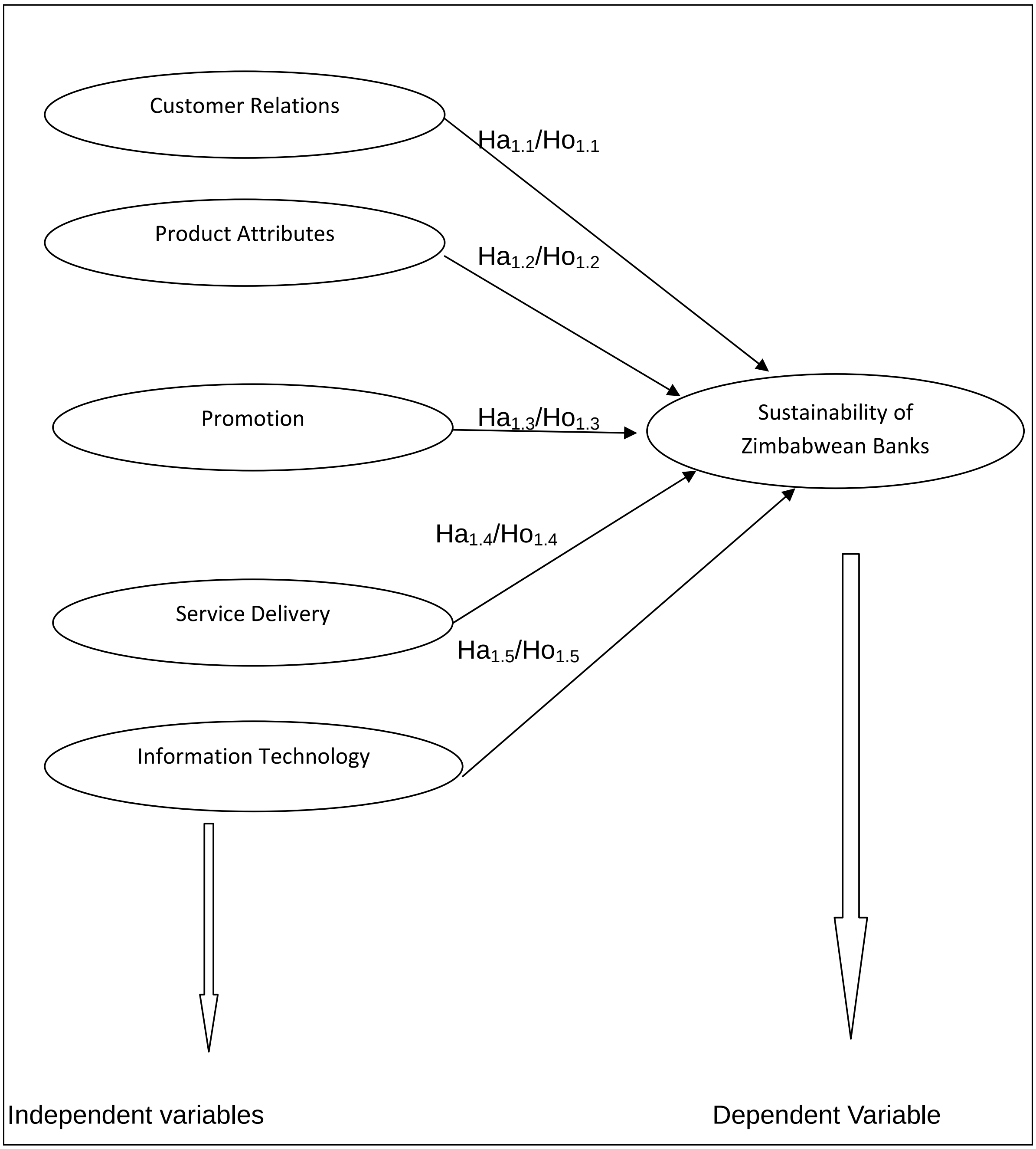
$Ha_{1.5}$ There is a relationship between information technology and the sustainability of Zimbabwean Banks.

$Ho_{1.5}$ There is no relationship between information technology and the sustainability of Zimbabwean Banks.

1.5 CONCEPTUAL MODEL

Figure 1.2: Conceptual Framework.

The conceptual framework was as follows:



1.6 THE OPERATIONALISATION OF THE VARIABLES

Five independent variables were selected for this study, following the literature review carried out on relationship marketing and banking. The variables are briefly discussed in the light of the research objectives.

1.6.1 Independent variables

- Customer relations

Banks can achieve good customer relations through constant interaction with their clients (Brewer, Genay & Kaufman 2003:3). It is imperative for banks to have a customer-relationship management (CRM) programme in place. CRM is a business strategy that aims to maximise customer satisfaction and profitability through organising around customer segments and implementing customer-centric strategies (Buttle 2009:4). The main reason for maintaining good relations with customers for any business is to achieve customer loyalty and customer satisfaction. Customer loyalty implies that a customer stays in contact with a business through repeated transactions, and deeper levels of involvement (Bateson *et al.* 2009:355). Customer satisfaction is a very subjective concept, as it is very different for every individual customer (Baker 2007:457).

Good relationships are beneficial to a bank in terms of increasing customer retention, increasing customer value and attracting new customers (Wilmshurst & Mackay 2002:350). Sullivan and Adcock (2002:261) perceive that the quality of a relationship can enhance the level of satisfaction, thereby prolonging the relationship and yielding a positive financial return. The impact of good customer relations on the sustainability of banks in Zimbabwe was investigated.

- Product Attributes

Banks offer financial products, as well as other services to both individuals and businesses. Baines, Fill and Kelly (2008:354) refer to a product as "anything that can be offered for use and consumption in exchange for money or some other form of value." Financial products offered by banks include savings and cheque accounts to individuals, debit and credit cards.

They also provide commercial and industrial loans, real estate loans, as well as loans to individuals (Thygerson 1993:215). Banks earn profits by obtaining funds at relatively low interest rates, and then lending the funds to their clients, or investing in securities at higher interest rates (Thomas: 2006:205). In terms of interest rates, most banks therefore aim to charge the best economic interest rates they can, in order to attract and retain customers.

Banks also offer services. Services are intangible, because they are performances rather than physical objects (Bateson *et al*. 2009:26). For the purposes of this study, products attributes will refer to the tangible financial products, as well as to the services Zimbabwean banks can offer. The relationship between product attributes and the sustainability of banks was examined through hypothesis testing.

- Promotion

Promotion – one of the four Ps of traditional marketing – is another variable on which this study has focused. It is now referred to as marketing communication. According to Bosch, Tait and Venter (2011:401), marketing communication is communication used by businesses that informs and attempts to persuade and influence potential buyers` intentions to purchase a product. For the purposes of this research, the word promotion will be used instead of marketing communication. A promotion strategy is an integrated programme of promotion mix elements designed to organise, and market its products to prospective customers. A promotional mix includes advertising, sales promotion, publicity and personal selling (Strydom 2004:136-40). Banks have to incorporate this promotional mix accordingly, in order to target and communicate with the right customers. The promotional strategies used by Zimbabwean banks were analysed to see their impact on the sustainability of banks.

- Service Delivery

  Almost every bank nowadays has adopted a self-service function, with the use of Automated Teller Machines (ATMs), as well as internet banking. This allows people to carry out their financial transactions without even setting foot in a physical bank.

  Although this accomplishment is commendable, banks should ultimately place service delivery at their core, as good services can help in competitive advantage. Therefore, banks should always be proactive. This implies responding to customers' complaints and solving their problems quickly, and also responding to changing market conditions (Adeosun, Adeosun & Adetunde 2009:50). Good service delivery entails meeting and exceeding customers` expectations, and keeping them satisfied at all times (Gilmore 2003:187-8).

  Banks are advised to use the SERVQUAL instrument to measure service quality, and to try to bridge the gap between the customers' expectations and the actual experience (Parasuraman, Zeithaml & Berry 1988:22-3). This requires considerable competency from the bank employees. Bank employees have to anticipate the customers' needs and wants, in order to satisfy them before, during and after the service experience with the bank (Gilmore 2003:188). The relationship between service delivery and the sustainability of Zimbabwean banks was examined for this study.

- Information Technology

  Information Technology (IT) is the cornerstone of progress and communication in most businesses. IT is a general term that describes any technology that helps to produce, manipulate, process, store, communicate and disseminate information (Zorkoczy 1990:12).

  The primary way of communicating with potential and already existing customers in this technological era is through a website. The website, as a medium, has opened many opportunities for marketers to communicate their brands online (Neelotpaul 2010:14). Websites allow banks to reach clients (potential and existing) who are in different geographical markets.

This also aids in reducing contact costs (Bosch *et al*. 2011). Automated Teller Machines (ATMs) have also become part of the revolutionary process for banking. ATMs are widely known for their convenience; and they are also associated with reduced contact costs and better customer service, which is beneficial to both banks and their clients (Bosch *et al*. 2011:18).

Internally, the bank uses database marketing to target the profitable customers. Database marketing is the use of IT to analyse data on customers and their transactions, and thus to advertise and promote their products to a carefully identified group of customers (Kurtz 2010:319). This study has examined the influence of IT as a means of communicating with customers, and the impact it has on the sustainability of Zimbabwean banks.

1.6.2 Dependent Variable

- Sustainability of Zimbabwean banks.

Sustainability has become an indispensable element in providing competitive advantage in any business. Sustainability entails ensuring long-term business success, while contributing towards economic and social development, a healthy environment and a stable society (Koskelo & Kyte 2007:8-9). Sustainability also offers immense potential for banks to improve their products and services. The sustainability of Zimbabwean banks was questioned in the light of the current economic situation.

1.7 THE RESEARCH METHODOLOGY

There are two main research paradigms or philosophies. These research paradigms are respectively referred to as the “positivist” and the “phenomenological” (anti-positivist) approaches. The phenomenological paradigm is also known as the qualitative, subjectivist, humanistic or interpretive research paradigm. The positivistic paradigm is alternatively known as the quantitative, objectivist, scientific, experimentalist or traditional research paradigm (Collis & Hussey 2003:47).

The positivistic philosophy forms the cornerstone of this research.Positivists apply a deductive reasoning process, looking for cause-and-effect relationships; and their research is deemed to be accurate and reliable, though the validity may at times be questioned (Collis & Hussey 2003:49). In other words, it is “a numerical examination and interpretation of observations” (Babbie 2003:392). Phenomenologists, on the other hand, apply the inductive process, searching for patterns that may be repeated in other similar situations, revealing higher levels of validity, but lower levels of reliability, when the research is replicated (Collis & Hussey 2003:50). Phenomenological research uses the analysis of important statements, the generation of meaning units, as well as fundamental descriptions (Creswell 2009:184).

Given the above discussion, this research will be of a quantitative nature. Statistical methods were used to analyse the results from the empirical findings. The data processing was done by using the computer program STATISTICA (version 10.0), which examines statistics and data from the respondents thoroughly.

1.7.1 The Sample

Zikmund (2003:375) states that the elements of a target population must be selected according to a certain procedure. The size of the sample will be a function of the number of statements (items) times five (5) in the respective research instruments, in order to perform the required statistical analysis (Blumberg, Cooper & Schindler 2005:216). For the purposes of this study, the sample consisted of at least 300 banking clients from the five major banks. The empirical research was conducted in the respective banking halls in Harare, Zimbabwe.

1.7.2 The Questionnaire

A standard self-developed questionnaire was employed and tested for validity and reliability. The questionnaire consisted of two sections. Section A investigated the impact of the five independent variables on the sustainability of banks, while Section B requested biographical information on the respondents. A five-point Likert-type scale was used in Section A to investigate the primary research objective.

1.7.3 Data Collection

Data were collected from both primary and secondary sources.

- Primary Sources

As previously stated, a five-point Likert-type scale questionnaire was drawn up to test the impact of the five independent variables on the dependent variable.

The information collected from the empirical research was used as the primary source of data. The questionnaires were distributed by hand in the respective banking halls.

- Secondary Sources

The researcher conducted a literature review from textbooks, newspaper articles, journal articles, publications from the Reserve Bank of Zimbabwe, as well as internet articles.

1.7.4 Data Analysis

The results of the empirical data collected were measured for reliability and validity. Validity refers to the extent to which an empirical measure adequately reflects the real meaning of the concept under consideration (Babbie 2003:140-3).

The reliability (internal consistency) of the research instrument was assessed by means of Cronbach Alpha reliability coefficients (Leedy & Ormrod 2005:26-27; Cooper & Schindler 2003:227-8). Reliability tests whether a particular method yields the same results if applied repeatedly to the same object each time. However, it does not measure accuracy. This stage was followed by multiple regression analysis, which was used to test the impact of independent variables on the dependent variable for the various hypotheses.

1.8 OUTLINE OF THE STUDY

Chapter One presented a summarised outline of the study; and it will give an overview of the literature review, the problem statement, the hypotheses to be tested, as well as the methodology of the study.

Chapter Two will examine the five individual banks in more detail, regarding their structure and performance. This chapter will also look at the general banking system of Zimbabwe, especially given the economic turmoil that the country has been through.

A theoretical background of relationship marketing and its perceived contributions to businesses will be given in **Chapter Three**.

The research methodology will be discussed in **Chapter Four.** This chapter elaborates on the data analysis methods to be used to analyse the empirical research.

Chapter Five will illustrate the empirical results. This chapter will also show the reliability and validity of the independent variables against the dependent variable.

Chapter Six will summarise, as well as conclude, the research findings. The shortcomings of the study will be stated, as well as some recommendations for future studies.

CHAPTER TWO

BANKING IN ZIMBABWE

2.1 INTRODUCTION

Commercial banks are the most prominent and largest financial intermediaries in most economies; and they offer a variety of financial services to businesses and individuals alike (Parrino & Kidwell 2009:39). Well-performing banks promote economic efficiency through gathering the savings of individuals and corporations. In addition, they make appropriate funds available to both savers and borrowers, while maintaining a sound balance sheet (Thomas 2006:7).

Zimbabwe, once the breadbasket of Southern Africa, has been through a 10-year period of negative growth (Muradzikwa 2010:13), which has undoubtedly affected the banking sector, among other businesses. A number of factors contributed the country`s downfall – including corruption, the land redistribution programme (Land Reform Programme), political instability, as well as isolation from major finance organisations, such as the International Monetary Fund (IMF) and the World Bank (Robertson 2010b:1-4).

Globalisation and technological advances have integrated financial markets, in such a way that the actions taken by one financial intermediary will have an effect on another in a different country. The Zimbabwean banking sector, however, was not severely affected by the global financial crisis that was initiated in the United States in 2007. This is because the country had – and still was undergoing – its own political and economic turmoil that forced it to be somewhat isolated from the rest of the global financial world. (Robertson 2010b:1).

The crisis in the country was alleviated by a change in political structure, as well as the adoption of a multi-currency regime in 2009, which enabled people to use the US Dollar, the South African Rand, as well as the British Pound as mediums of exchange, while at the same time disregarding the Zimbabwean dollar in the market (Mangudya 2011:2).

Muza (2010:6) highlighted the fact that at least an estimated $5 billion was circulating in the economy, but only a minor amount of $2 billion was found in banks, as deposits towards the end of the year 2010. One contributing reason was that Zimbabwean banks neglected customers at the bottom of the financial pyramid. Relationship marketing, if implemented correctly, could potentially bridge the gap between the circulating money and the incoming deposits.

This chapter will examine the Zimbabwean economy, as well as the banking situation in the country in hyperinflationary conditions and post-hyperinflation. It will also explore the “big five banks” selected as the main sample frame to represent Zimbabwean banks for this research. Lastly, a brief examination will be given of the five independent variables of relationship marketing, highlighting the necessary measures the banks undertook to improve their sustainability.

In this research, sustainability will refer to the ability of a Zimbabwean bank to operate viably in the economy, especially after periods of economic turmoil.

2.2 THE ZIMBABWEAN ECONOMY

Shortly after independence in 1980, Zimbabwe’s economy gained momentum and performed very well up until the late 1990s, when signs of an economic meltdown were noticed. The Gross Domestic Product (GDP) of the country declined by 46.2% between 1998 and 2005 (Clemens & Moss 2005:2). Political instability, together with mismanagement – among other factors, comprised the main cause of the economic crisis; and by 2002, hyperinflation was already being experienced. Inflation reached a record level of over one trillion percent, as prices of goods and services doubled and tripled every 24 hours (Kwesu, Samudzi & Chideme 2011:7).

The turmoil virtually brought the major contributors to economic growth, such as agriculture and mining to a halt (Fournier & Whittall 2009:1). As a result, most bank loans that supported agriculture, mining, production, and trading became redundant. Consequently, the banks lost out on their major clients, which were in the agricultural and mining sectors (Robertson 2010a:1). The country was now in a crisis – with fuel and food shortages – and it relied heavily on imported goods.

The situation worsened, as many skilled and educated people fled the country, in search of better living conditions; and the country was left brain-drained, while the economy slowed down as regards productivity (Fournier & Whittall 2009:1). Hyperinflation caused the official currency in the country to lose its value. In an attempt to salvage this problem, the Reserve Bank of Zimbabwe (RBZ), in 2003, began to print many different types of notes known as bearer cheques – to use as mediums of exchange, which consisted of single $50 000, $20 000, $10 000 notes (Gono 2003a:16). However, they did not add any value to the situation or help to alleviate the crisis.

Change was noticed politically, when a coalition government (the joining forces of two rival political parties) was formed in 2009. This put the economy on a recovery path, as the new government adopted market-friendly practices (Zembe 2009:1). One of the solutions to curb the hyperinflation strain was to introduce the multi-currency system. This allowed the country to make use of the US Dollar, the South African Rand and the British Pound, as the mediums of exchange, but with the US Dollar as the main currency used for economic transactions (Guvamatanga 2009:1).

The RBZ Governor justified this approach, as a strategic tool to “liberalise the trading environment”, as well as to bring convenience to the general public (Gono 2009:34). Subsequent to this change, a recovery was noticeable in the performance of the Zimbabwean economy (Sibanda 2010). Growth was noticeable, particularly in the mining and manufacturing industries (Murota 2011a:1). Confidence in the banking sector was gradually restored, as there was a notable rise in deposits and loans (Zembe 2009:1).

Although the level of deposits increased, liquidity conditions in the banking and business sectors remained constrained, because of the lack of a viable money market and other agents – preferring to settle any trading exchanges outside the banking system (Mandiwanza 2009:1).

According to the Chief Executive Officer (CEO) of CBZ, the Zimbabwean economy is very small, with low disposable income, mainly as a result of high unemployment rates, the absence of a middle class, as well as a paucity of short-term deposits and low international capital inflows, among other issues (Mangudya 2011:2,7). The above-mentioned situation was a challenge for the banks in regard to their performance and sustainability.

2.3 BANKING IN ZIMBABWE

Banks make money through deposits and loans that incur interest, fees and margins from foreign exchange trade. Profits are generated through managing the risks of transforming short-term deposits into long-term loans (Muradzikwa 2010:13). Foreign exchange trade is by far the largest financial trade market in the world, with at least an average of US$3 trillion in trade every day. However, for a number of years during the economic crisis, the majority of people in Zimbabwe were trading foreign currency through unofficial channels referred to as the black market.

Banks were neglected in this trade, as people had more benefits trading with the black market. This resulted in the collapse of the foreign exchange market in the financial system of the country (Muponda 2009:1).

Banks worldwide are required to keep a certain percentage of their deposit funds as reserves, in order to allow for the functioning of banking business (Muponda 2009:1). The common measure used by central banks and regulatory agencies is the risk capital-asset ratio of the Basel Accord (1988).

However, the Accord of 1988 was criticised on a number of counts. It focused on credit risk alone, ignoring other types of risk, such as interest rate risk, liquidity risk and foreign currency risk, as well as operating risk. The Accord did not recognise that although different banks have different financial operations, they are all expected to conform to the same risk capital-asset ratio. (Matthews & Thompson 2008:195). The Accord has been continuously amended – to take into account new risks that were realised because of financial innovation.

The Basel committee produced a new and revised set of proposals on capital standards for international banks. The purpose of the new Accord was to address some of the criticisms of Basel 1, and to develop more risk-sensitive capital requirements (Matthews & Thompson 2008:198). ABSA bank (2009) reports that the objective of the Basel 2 Accord was to strengthen the soundness and stability of the banking system, and to promote the adoption of stronger risk-management practices by the banking industry. Heffernan (2005:193-4) mentioned that the Basel 2 Accord seeks to achieve the following objectives, namely:

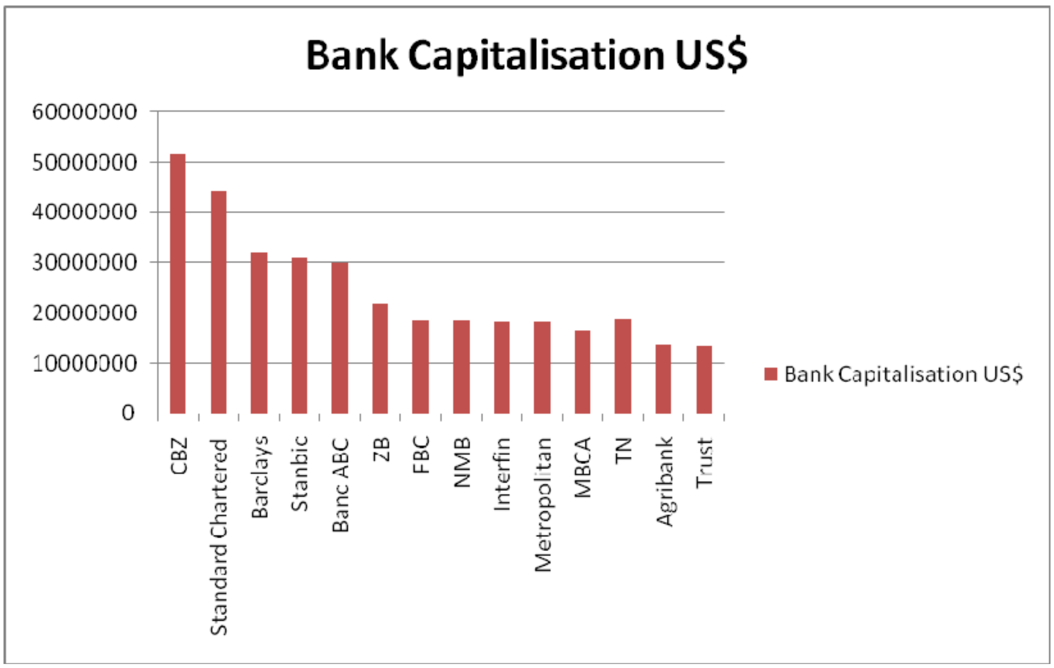
- To move away from the “one size fits all” approach of Basel 1. Each bank can choose from a number of options to determine its capital charges for market, credit and operational risks.
- To explicitly recognise its operational risk, with capital to be set aside as 8% of total-risk assets.
- To allow banks to use their own internal rating models for the measurement of credit, market and operational risks. This is, however, subject to the approval of national regulators; otherwise banks would have to adopt a standardised approach drawn up by the Basel Committee.

In 2007, the RBZ enforced regulations that conform to the Basel 2 Accord, given the need to integrate the national financial system with international financial markets. Failure to comply with the accord would negatively impact on banks in their attempts to raise capital on the global front (Musakwa 2010:16). One of the new roles for the Reserve Bank was to enforce that non-compliant banks exit the market with minimal impact on the banking sector, and also without inconveniencing the public (Murota 2011a:6). Prior to this regulation, the banking system in the country was weak, because of poor supervisory approaches by the Reserve Bank, poor corporate governance and weak risk-management practices, in addition to the adverse macro-economic conditions (Gono 2011:16).

The RBZ, therefore, stipulated that all banks, (commercial banks, building societies and merchant banks alike) must meet minimum capital requirements of US$12,5 million. In this case, the "minimum capital" refers to capital representing a permanent commitment of funds by the shareholders of a banking institution, which would be available to meet any losses incurred (Murota 2011:3). A majority of 14 out of 25 banks met the requirements by 30 June 2011, with the remainder of the banks struggling to raise the required capital (Kwesu *et al*. 2011:7).

Figure 2.1 below shows the distribution of the required reserve capital among the 14 banks that met the prescribed capital.

Figure 2.1: Bank Capitalisation as at 30 June 2011

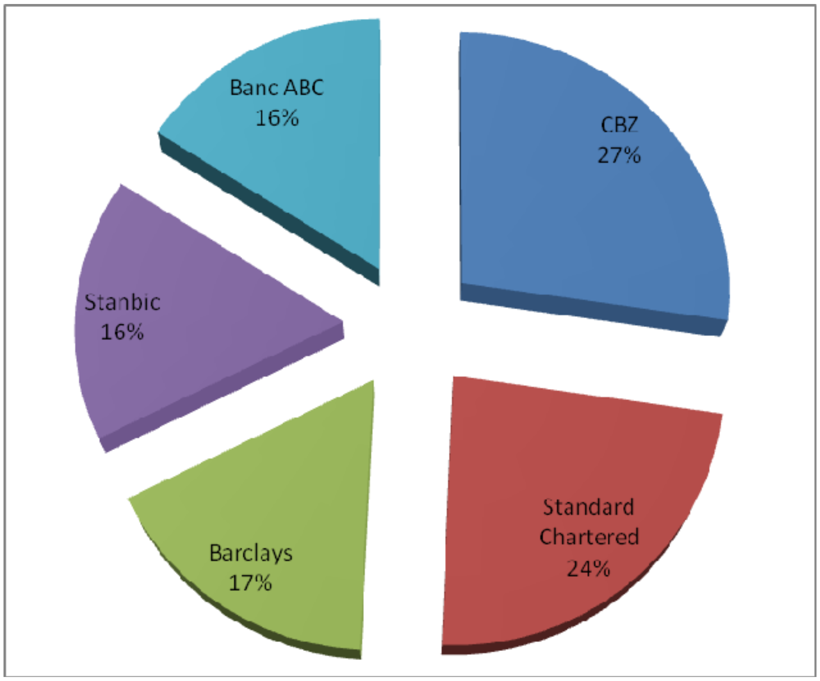


Source: Adapted from Kwesu *et al.* (2011:7).

Figure 2.1 shows that five banks, namely; CBZ, Standard Chartered, Barclays, Stanbic and Banc ABC were the market leaders in terms of meeting the reserve capital requirements.

The structure of the percentage distribution of the five banks, in terms of market capitalisation, is illustrated by Figure 2.2

Figure 2.2: Market leaders' bank capitalisation distribution percentage



Source: Adapted from Kwesu *et al.* (2011:7).

The chart above shows that CBZ and Standard Chartered had met the capital requirements – leading with 27% and 24% respectively, while Barclays followed behind with 17%, as well as Banc ABC and Stanbic both at 16%. This shows how well the big five banks performed in meeting the required capital, also contributing thereby to their sustainable welfare.

The banking sector faced a number of challenges in 2004, as some banks went under curatorship, and many customers were adversely affected by this. Most banks were also exposed to systematic risk (Mupawose 2004:1-2). Systematic risk means by definition that the risks prone to the bank cannot be diversified because they are caused by market-related factors, such as interest rates, inflation rates, as well as labour costs (McLaney 2009:165).

Zimbabwe has a fragmented banking sector with 25 banking institutions but only five commercial banks account for 61.2% of total deposits, leaving the remainder to scramble for small and potentially unsustainable numbers (Muradzikwa 2010:13), as shown in Figure 2.3 below:

Figure 2.3: Total deposit market share as at 31 December 2010

[redacted]

Source: Adapted from Murota (2011:2).

Robertson (2010b:1) further describes the above illustrated situation as an over-banked economy with too many banks, and very little capital to sustain it. Nonetheless, some improvements have been noted since 2009.

Statistics show that deposits in the banking sector rose from $400 million in March 2009 to at least $2.8 billion by the end of May 2011. Furthermore, the loan/deposit ratio rose from about 30% in 2009 to at least 70% by the end of May 2011 (Mangudya 2011:10). The rise in deposits however did not salvage the liquidity problem the country now faces. As at 30 June 2011, the demand for working capital was still greater than the available funding, as the Reserve Bank of Zimbabwe only injected $7 million into the banking system, which is less than the prescribed minimum capital requirements for a single bank. As a result, bank interest rates are high – ranging from 6% to 30% per annum (Kwesu & Taruvinga 2011:3).

Paradoxically, the multi-currency system has brought a certain level of stability to the banking sector, since banks – which were once under curatorship – such as the Royal Bank and Trust Bank reopened in the first quarter of 2011 (Muradzikwa 2010:13). However, the change has also seen most Zimbabwean banks incurring high unsustainable costs when compared with the income-generating levels. As a result of this, staff retention, as well as branch network rationalisation has become apparent (Muza 2010:6).

In addition, liquidity has remained a challenge due to short-term deposits, the absence of any interbank market and the “lender of last resort” at the Reserve Bank. This means the Reserve Bank of Zimbabwe is not able to provide Zimbabwean banks with any financial backing as they do not print and govern any one of the currencies used in the system. Some banking institutions have been reported to be focusing more on restructuring and cost-cutting measures at the expense of staff training and upgrading of their banking systems (Murota 2011:4).

2.4 ZIMBABWEAN BANKS

The role of the banking sector is crucial for a recovering economy like Zimbabwe (Muradzikwa 2010:13). As stated earlier, Zimbabwe has at least 25 operating banks. However, for the purposes of this research, only five commercial banks were examined, as they are the market leaders in terms of deposits, market capitalisation, as well as assets (Makwata 2010:14). The next section will discuss the performance of these banks.

For this research, a performance review was done from the year of inception of the multi-currency system (2009) to mid-2011, as the previous years were deemed inoperable, because of the hyperinflationary conditions.

2.4.1 Banc ABC

The African Banking Corporation, operating as Banc ABC, is a regional banking group giant that operates in five Southern African Development Committee (SADC) countries, namely; Botswana, Mozambique, Tanzania, South Africa, Zambia and Zimbabwe with a services office in South Africa. The holding company has its primary listing on the Botswana Stock Exchange and a secondary listing on the Zimbabwean Stock Exchange (Munatsi 2009:1).

In spite of improvements in the hyperinflationary conditions in 2009, with the introduction of the multi-currency system, Banc ABC Zimbabwe experienced a few challenges in its operations, because of liquidity problems, insufficient foreign currency direct investment, as well as the lack of an interbank market and external credit lines (Munatsi 2009:16). In 2010, the bank experienced remarkable growth in deposits and loans, which rose from $300 million at the beginning of 2009 to $1.4 billion in December 2010. The bank reported an increase in non-interest income of 29% by mid-2011 (Buttery & Munatsi 2011:6-8).

2.4.2 Barclays Bank

Barclays Bank is one of the leading banks in Zimbabwe, with over 38 branches, and a leading 71 ATMs throughout the country (Barclays Bank Zimbabwe 2011). Operations started in 1912; and the bank is listed on several international stock exchanges, including the Zimbabwe Stock Exchange (ZSE) (Barclays Bank Zimbabwe, 2010). It is a United Kingdom (UK) leading financial services company offering its services to more than 50 countries around the world (Barclays Bank 2010).

Despite the harsh economic conditions, Barclays Bank managed to record profits in 2004. This amounted to a huge turn-around, given that they had experienced losses during the previous years (Mupawose 2004:3). In 2009, structural changes that included the presence of a viable inter-bank market, as well as the redundancy of traditional bank products were carried out to cater for the changing market environment (Mandiwanza 2009:1).

Despite meeting the capital requirements, Barclays bank reported a loss after tax of $1.3 million in the year 2010 (Mandiwanza 2010:1). As at 30 June 2011, the bank turned around its loss to a profit of $0.7 million after tax. Attesting to this profit gain was the rise in deposits in the year (Mandiwanza 2011:1).

2.4.3 The Commercial Bank of Zimbabwe (CBZ)

This wholly owned Zimbabwean bank is one of the largest banks in the country. The Commercial Bank of Zimbabwe (CBZ) has been in operation under CBZ Holdings Limited, the financial services holding company of the bank. The entity emerged out of a government takeover and the reorganisation of the CBZ Bank Limited, which became a subsidiary of the holding company in 1995 (Commercial Bank of Zimbabwe 2010).

CBZ reported high profits after tax, as from December 2009 to 2010, of $9.67 million and $50 million respectively. Deposits went up by 61% to $578 million, while total assets also increased by 60% to $650 million from 2009 to 2010. The bank gained momentum in 2010, mainly because it integrated two banking units: the commercial bank and the building society, into one universal bank, in order to improve customer convenience and reduce costs (Mangudya 2010:8).

By the end of September 2011, CBZ was reported to be the market leader in terms of assets, deposits and market share. It is the main bank of choice, as it has remained consistent since the adoption of the multi-currency system in both lending and deposits from the market share (Kwesu & Taruvinga 2011:10).

2.4.4 Stanbic Bank

Stanbic Bank Zimbabwe is a member of the Standard Bank Group, the largest South African bank, which operates globally in more than 17 countries. The Group is credited with the development of Southern African economies for a number of decades, by providing appropriate financial services to the different markets (Standard Bank 2009). Standard Bank was formed in 1857 in Port Elizabeth, South Africa. Since then, it has spread its wings to sub-Saharan countries, as well as East African countries (Henry 1963:1). Today, it has the largest presence in Africa; and it employs more than 35 000 people worldwide, with estimated total assets of US$81billion.

Standard Bank operates as Stanbic in Zimbabwe. The bank has 16 branches across the country and it is active in undertaking cross-border and international transactions though its alliance with the Standard Bank Group Limited. Stanbic bank offers a wide range of products and services; and it has 18 branches, together with 24 ATMs nationwide (Stanbic bank 2010).

Following the adaptation of the multi-currency regime, the bank has reported profits of $6.7 million. In 2009 Stanbic Zimbabwe was reported to be one of the top three banks in terms of assets and earnings in the country, with total assets of $340 million and profits after tax of $7.9 million, as at 31 December 2010 (Moyo 2009:3). The bank was also recognized with two awards for Best Bank in Zimbabwe and Superbrand in the Finance and Banking categories, by a local finance magazine and the Marketing Association of Zimbabwe respectively (Moyo 2010:3-4).

2.4.5 Standard Chartered Bank

Standard Chartered bank has established its roots in Zimbabwe over 100 years ago; and it remains one of the leading banks in the industry. The bank was not only the first financial institution to be established in the country, but it pioneered the use of ATMs, the internet, as well as telephone banking in the country. Standard Chartered has its headquarters in London, in the United Kingdom. It is part of the Standard Chartered Group that operates globally in Africa, Asia, and in the Middle East as well (Standard Chartered Zimbabwe Annual Review 2003:1-3).

The bank has the largest customer base in Zimbabwe, with over 63 000 customers in Personal Banking, and at least 200 top corporate clients. (Standard Chartered Bank 2008).

The deposits in this bank rose from $1.4 billion in January 2009 to $2.5 billion in December 2010. Profits of $8.4 million were reported in 2010, reversing a prior year loss of $3.7 million (Mackenzie 2011:1). Standard Chartered reported the highest profit after tax, as at 30 June 2011, of $53.01 million compared with $49.45 million for the previous year (Kwesu *et al.* 2011:2).

2.5 VARIABLES OF RELATIONSHIP MARKETING IN ZIMBABWEAN BANKS

Despite the economic turmoil Zimbabwean banks went through, the relationship between a bank and its customers should be based on the ability of the bank to exercise reasonable skill, care and to manage its implied duties (Raby 2008:31).

In terms of relationship building, banks have a number of factors to consider, such as marketing, research, good communication skills, and service tailoring, as well as pricing techniques (Raby 2008:78). The five variables of relationship marketing under consideration, for this particular study, are discussed briefly below, and the steps that the five banks have taken to support these variables.

2.5.1 Customer Relations

The effects of the economic instability that impacted on the banking sector have caused a loss of public confidence in banks. Creating and maintaining long-term customer relationships requires banks to see beyond the transactions that occur on a daily basis, and to look at the future potential of a customer (Ferrell & Hartline 2008:342).

In the 2008, the Annual Report of Barclays Bank cited that they used relationship management as a key driver to maintain close relations with customers, in order not to lose business (Guvamatanga 2008:5). It is imperative for banks to know and understand their customers, so that they will be able to segment and target the right customers for a mutually beneficial relationship to be established (Raby 2008:78).

2.5.2 Product Attributes

Banks offer a wide variety of financial products and services. A product means a defined bundle of output, and also the ability to differentiate one bundle of output from another. A service, on the other hand, implies an intangible benefit that a bank offers to a customer (Lovelock & Wirtz 2004:112). Banks, on the other hand, offer more or less the same products; and as such, they need to differentiate their products. This attribute is vital.

At the peak of hyperinflation, Barclays Bank no longer accepted cheques, as they had become redundant. However, with the multi-currency system, they reintroduced cheques, and presented the Visa and MasterCard, which are international payment and cash-connectivity options (Mupawose 2009:1).

Stanbic Zimbabwe offers a range of products on which other commercial banks are trailing behind – in providing services, such as foreign exchange and investment products. This gives Stanbic a competitive advantage over other banks in this area (Business Review 2010:2).

2.5.3 Promotion

Every bank needs a promotion strategy, in order to operate competitively. According to Strydom (2004:136), a “promotion strategy is an integrated programme of promotion mix elements designed to present an organisation and its products to prospective customers.”

Mangudya (2010:8) cited the fact that CBZ underwent a rebranding exercise with the focus on good ambiance, in order to enhance the brand. They also launched the pay-off line “Partners for Success”, in order to embrace the new look of the bank. According to CBZ, its three logo colours have significant meaning in terms of corporate identity. Their two corporate colours are red and blue.

Red, a vivid colour signifies strength, and indicates that the bank is strong, yet progressive, in serving clients fully, as well as being geared for long-term survival. Blue, on the other hand, represents the respect the bank has for trust and credibility. The bank is also an official sponsor of the Zimbabwean Cricket team (Mangudya 2010:21). As stated previously, Stanbic Zimbabwe was recognized with Superbrand award by the Marketing Association of Zimbabwe, enhancing thereby the corporate image of the bank (Moyo 2010:4).

2.5.4 Service Delivery

As banks are in the service industry, good service quality and customer relationship management are highly vital to their success. Developing superior quality is one of the great challenges that any business can achieve (Ferrell & Hartline 2008:351). Service quality benefits accumulate over time. Service quality implies “the attitude formed by a long-term overall evaluation of a firm’s performance” (Hoffman & Bateson 2001:324). Bank employees have to learn the art of reliability, responsiveness, assurance, as well as empathy towards clients in order to keep the clients satisfied (Lovelock & Wright 2002:267). One of the many ways to practise this in a bank is through call centres.

However, not many Zimbabwean banks have implemented call centres in their system. A few notable banks, such as Banc ABC have a 24-hour helpline dedicated to assisting customers with any of their problems (Banc ABC 2011).

In 2004, Barclays Bank refurbished its major branches, in order to provide customers with a suitable environment in which to carry out their banking business (Jinya 2004:7). During the same year, the bank launched staff uniforms, in order to have consistency and also to represent their brand. They also invested in training, so that customers would be provided with excellent service (Mupawose 2004:5).

CBZ promises its customers good service delivery through their corporate statement that can also be found on the website. Their principles include, providing an efficient customer-centric service, together with high ethical standards (Commercial Bank of Zimbabwe 2011).

2.5.5 Information Technology

Technology in the banking system of Zimbabwe, for the past decade, has been a victim of the negative economic growth, because of the lack of financial resources, foreign currency shortages, as well as their isolation from the international markets (Muza 2010:9). Despite the global technological advancement in the financial services industry, some Zimbabwean banks continue to use outdated software, because of the lack of adequate finances to upgrade their information technology systems (Muza 2010:9).

The introduction of technologically advanced equipment and systems has had a positive impact on banks, as it improves their efficiency; and it also reduces labour costs (Raby 2008:79-80). In 2004, Barclays Bank embarked on a mission to install new network systems that were in line with other offices of Barclays Bank worldwide – in order to improve the bank’s ATMs and other communication systems (Jinya 2004:7).

Most banks in Zimbabwe, subsequently introduced internet and telephone banking, to catch up with the rest of the world's financial service systems. Nonetheless, Banc ABC is lagging behind on this issue, with the bank promising to start soon (Banc ABC 2011). In an effort to improve on service delivery, CBZ upgraded its core banking system in the first half of 2011 (Mangudya 2010:9).

2.6 SUMMARY

The main challenges for the Zimbabwean economy stem from political uncertainty, tight liquidity, high country risk and power shortages (Kwesu *et al*. 2011:2). The collapse of the economy has affected the banking sector and its relationship with clients. Borrowers had problems repaying existing loans; and banks also became reluctant to lend more, as there was also a liquidity problem (Robertson 2010b:2). During the economic crisis, Zimbabwean banks were unable to meet the basic requirements of the Basel Accord, and as such, no profits were made.

A change in the government political system in 2009 brought about positive changes for the main industries in the country. The Reserve bank introduced the multi-currency regime, which allowed for the use of the US Dollar, the South African Rand and the British Pound – to be used as mediums of exchange. The US Dollar was, consequently adopted as the main currency for economic transactions (Gono 2009:34). Consequently, stability in the economy was noticed (Sibanda 2010:1).

The Reserve bank, in an effort to bring Zimbabwean banks to the same level as international banks, regulated the adoption of the Basel 2 Accord. The Governor of the Reserve bank stipulated that all banks must meet a prescribed minimum capital requirement of $12.5 million; otherwise they would be forced to halt operations (Murota 2011:3-6).

Since the changes implemented in 2009, five major banks out of 25 operating banks in the country, have been leaders in both performance and in meeting the prescribed capitalisation requirements (Kwesu *et al.* 2011:7). The banks have also proved to be market leaders, in terms of assets, deposits and market share (Muradzikwa 2010:13). Some of the "big five" banks have taken the necessary measures to implement changes in line with the five independent variables of relationship marketing, namely; customer relations, product attributes, promotion, service delivery and technology. These five independent variables will be discussed in more detail in the following chapter.

CHAPTER THREE

SELECTED VARIABLES IN THE STUDY

3.1 INTRODUCTION

Marketing has evolved to a new dimension in order to keep up with the technological advances and the ever-changing market environment. Innovation and relationship building still remain at the core of most marketers. In the words of Cram (1994:19), "relationship marketing is the successor to mass marketing."

For decades, mass marketing was the cornerstone of marketing, but as competition increased, consumers became more educated and technology developed; there was a need for a better marketing strategy to meet these demands. Contrary to traditional marketing, relationship marketing is a two-way communication process (Nowesnick 1993:10).

Relationship marketing encourages intimacy with the customer. This means getting close enough to the customer to understand and provide for their needs and wants (Blythe 2008:283). This is achieved by a number of interdependent relationship marketing variables.

Customer Relationship Management (CRM), as defined by Zikmund, McLeon and Gilbert (2003:11), is a business strategy that uses information technology to provide businesses with a comprehensive, reliable and integrated view of their customer base. This has become necessary, so that all business processes and customer interactions can be helped – to expand and to maintain beneficial relationships.

Stated differently, CRM is the philosophy that is used to implement relationship marketing (Brink & Berndt 2008:8). The longer a relationship continues, the greater the chances of customer referral. If existing customers are enjoying a good long-lasting relationship with the bank, referral becomes very easy for them (Cram 1994:50). Customer referral is vital for a good corporate image, which is built by attaining a favourable corporate image. A good corporate image also adds to customer loyalty (Silver & Berggren

2010:291). Furthermore, good customer relationship management will assist in competing effectively in the banking industry.

Banks use data-mining techniques, in order to detect and segment profitable customers (Nonyelum 2009:74). Database marketing has been likened to relationship marketing, as the use of database computer-based files on customers has allowed banks to keep information about their customers (Blythe 2008:290).

Relationship marketing is costly when it comes to acquiring and maintaining a customer by using the technological resources needed. A bank must, therefore, strive to develop a sustainable competitive advantage that is built on the customers' preferences, in order to fulfil their expectations. As such, banks must focus on those attributes that are essential in creating strong and trusting relationships with their customers (Proenca, Silva & Fernandes 2010:162-3).

Good long-term relations with customers have a positive impact on a bank. The long-term benefits anticipated may be financial, economic or social (Cram 1994:35). Bank customers, in essence, benefit from relationship marketing, as well. Such benefits include good quality service, customised products, as well as feeling valued and important (Little & Marandi 2008:33). An intermix of good customer relations, the right product functionality and services offered, good service delivery, as well as the appropriate use of information technology will yield the perceived benefits stated above (Methlie & Nysveen 1999:375).

This chapter will explore relationship marketing and the five independent variables, namely; customer relations, product attributes, promotion, service delivery and information technology. These five variables affect the sustainability of Zimbabwean banks, as outlined by the conceptual model in Chapter One.

3.2 TRADITIONAL MARKETING

The traditional marketing mix approach deals mainly with getting a customer rather than keeping a customer. According to Varey (2002:13), it is more of transactional marketing that is concerned with short-term profits, by recruiting customers of single sales by using the mass marketing approach.

The marketing mix approach supports the notion that marketing is about selling the right product, at the right price, in the right place, and with the right promotional tools. The 4Ps (Price, Product, Place and Promotion) were the first marketing tools to be introduced and used in the 1960s (Little & Marandi 2008:11). The primary focus of the 4Ps approach involved sellers seeking to attract customers and merely complete a transaction. The seller generally had the upper hand in these short-term exchanges, as their sole intention was to close a sale (Baines *et al*. 2008:681-2).

However, ever since the 1980s, this approach to marketing has been queried (Brink & Berndt 2008:5). The marketing mix theory has been criticised as regards its limitations. It is prejudiced in favour of the benefits of the business and competition, while neglecting customer needs (Varey 2002:21). It has also been argued that this concept is not broad enough to accommodate customer retention, in addition to the ever-changing competitive environment (Brink & Berndt 2008:4).

The 4Ps concept, although still relevant, presents a limited framework for how marketing works. Because of the increasing number of service firms, an additional 3Ps were added to the 4Ps, namely; Processes, People and Physical evidence. Processes stand for the methods of operation when rendering a service, while people equate to the human dimension involved in the service-delivery value chain. The physical evidence entails the physical environment in which the service is being rendered. In this case, it would be banking halls (Bosch *et al*. 2011:419-20).

In order for banks to operate in a sustainable manner, relationship marketing becomes an indispensable aspect of marketing. This can be integrated into the previous Ps – making the 7Ps. This chapter will look at two of the 4Ps of traditional marketing in relation to relationship building, namely: Product and Promotion. Kotler, Armstrong and Tait (2010:64) pointed out that a product refers to the goods and services offered to the target market, while promotion is about the activities that communicate the advantages of the products and services offered in an attempt to persuade customers to buy.

3.3 RELATIONSHIP MARKETING

Relationship marketing expands further than the traditional marketing mix. It is a means of gaining a sustainable competitive advantage, while at the same time retaining customers in the long run (Little &Marandi 2008:21). Relationship marketing analyses a customer as an individual, and attempts to establish a relationship (Blythe 2008:280). This approach to marketing integrates customer service, quality and marketing (Botha, Strydom& Brink 2004:13).

The key to relationship marketing is understanding that customers are buying a bundle of benefits, which may include factors like product reliability and a pleasant service from the bank with which they are dealing (Blythe 2008:280). In this competitive and globalised era, the clients of a bank reflect one of the most important assets a bank can have and should endeavour to keep (Alrubaiee & Al-Nazer 2010:156).

Nowensick (1993:10) defined relationship marketing as the ongoing, interactive use of a database, from which information is compiled and used to meet the individual needs of customers, thereby enhancing their lifetime value to the financial institution. For the purposes of this research, relationship marketing implies a means to establish, maintain and enhance relationships with customers, and other partners, at a profit – so that the objectives of the parties involved can be met (Gronroos 1997:327).

In this case, the parties involved are banks and their clients. For a strong relationship to develop, both the parties involved have to mutually benefit from the relationship, as committed parties that are willing to work to preserve the relationship (Zikmund *et al*. 2003:71).

Relationship marketing requires the staff to have a good understanding of the customers with which they are dealing. Customer knowledge can be attained first hand through customer interaction, or indirectly through databases (Cram 1994:67). In order for a good relationship to exist, there has to be trust between the parties involved. This means believing in the integrity of another to deliver on promises (Little & Marandi 2008:28). Typically a bank client discloses personal information about him/herself and expects it to be treated in the most private and confidential manner.

Relationship marketing through customer relationship management reduces advertising costs, which makes it easier to target specific customers by focusing on their needs. As a result, tracking the effectiveness of promotional campaigns is made easier (Brown 2000:9). Stated differently, a long-term relationship, therefore, leads to lower relationship costs and a higher return on profits (Baines *et al.* 2008:686).

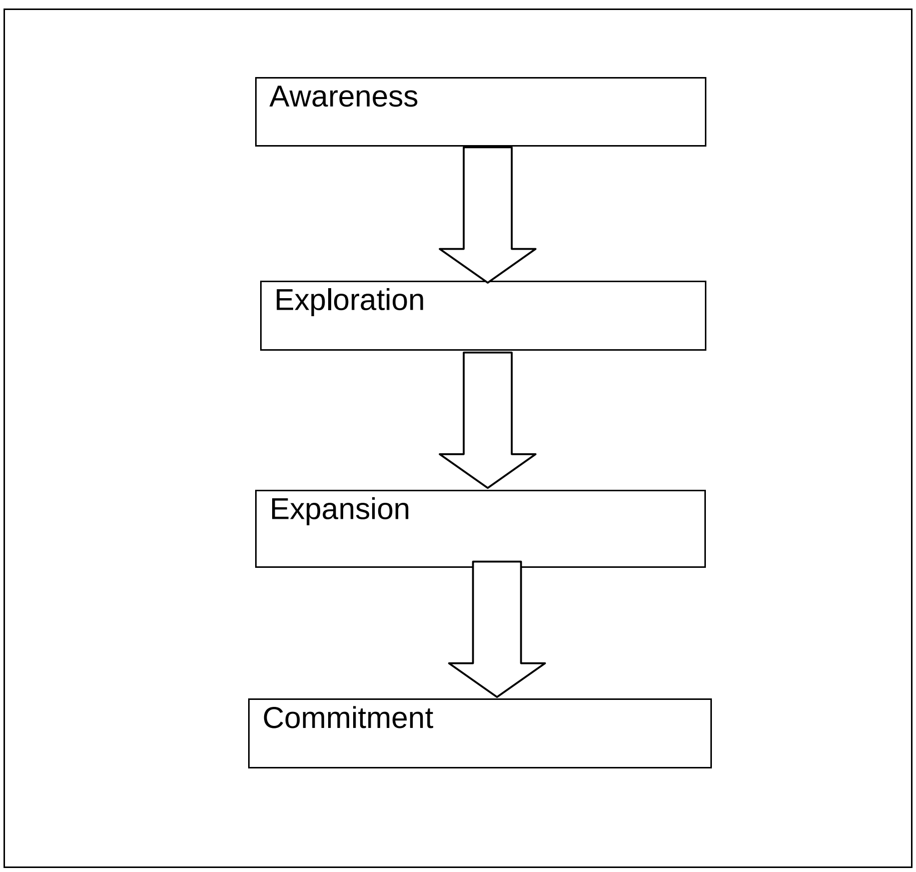
Gronroos (2007:149) is of the opinion that good customer relationships increase psychological costs. This means a good relationship implies that a client will feel that they cannot trust another bank; and they therefore fear losing the relationship they have with their bank consultant. This is especially true for bank-client relationships, as clients disclose mostly personal information to their banks with regard to their finances. Therefore, banks should aim to develop good sustainable relationships.

- **Relationship Formation**

  Relationships do not occur naturally. They evolve in different stages and require both parties to participate equally in the formation process, in order for a win-win situation to be established. Banks should be careful not to form relationships with anyone and everyone. Market segmentation has to be established, so that successful relationship formation develops. Market segmentation is the division of the market into different groups, with similar needs and product or service requirements (Baines *et al.* 2008:217). Once a customer has been acquired, it is the bank's job to maintain a good and satisfactory relationship with the customer, as the benefits of retaining a customer are more beneficial than those of acquiring a new one in terms of costs (Brink & Berndt 2008:48). However, not all relationships last. Some relationships blossom, while others collapse. Buttle (2009:28-9) mentions customer relationship termination in two ways: they can be bilateral or unilateral. Bilateral is when both parties agree to end the relationship, while unilateral version is when one of the parties ends the relationship.

As illustrated before in Chapter One, the following diagram illustrates that successful relationships develop in four stages (Dwyer & Tanner 2006:46).

Figure 3.1: Relationship formation



Source: Dwyer & Tanner (2006:46).

- **Awareness**

  The first stage – where a bank introduces its products and services to the target market is called awareness. A plethora of mass media advertising, sales promotion and/or personal selling is undertaken at this stage, in order to bring about awareness (Little & Marandi 2008:89). The main aim is to win first-time customers. This stage is very costly to the bank. The costs involved at this stage might include advertising costs, direct mailing to potential customers, travelling and presenting to potential customers. This might even include dining and wining with potential customers (Cram 1994:44-5). The potential customers at this stage are known as prospects (Brink & Berndt 2008:49).

- **Exploration**

  Interactions at this stage have a minimal chance of survival, as the two parties probe and test each other (Kurtz 2010:314). This is when both parties get to know each other. It is a period of trial and review (Cram 1994:26). Both parties seek out information about each other, before any transaction takes place; and the duration of this period will depend mainly on the strategic importance and complexity of the products involved (Baines *et al.* 2008: 688). Therefore at this stage, loyalty is relatively weak and customers may switch to a competitor if they are not satisfied with the price, product, performance and/or service delivery (Brown 2000:58). Buttle (2009:28) describes the exploration stage as the stage where attraction, communication and bargaining take place – together with the development of expectations, norms and power.

- **Expansion**

  The parties move from testing and probing one another to developing a relationship. At this stage, relationships are transformed into structural changes. These ensure that the bank consultant and the client are true business partners. The bank consultant develops a better understanding of the customer's requirements and goals in more detail (Baines *et al*. 2008: 690). They develop a certain level of interdependence that continues to grow over time (Kurtz 2010:315). The customer at this stage is known as a client. A client is a person who purchases, or in this case, does business with the bank on a more regular basis. The key is to make the client happy; otherwise, if dissatisfied they may halt relations (Brink & Berndt 2008:49).

- **Commitment**

  Commitment, as defined by Brink and Berndt (2008:39), is an “enduring desire to maintain a valued partnership”. At this stage, communication is of great importance, as the bank strives to maintain a good working relationship with its customers. This is achieved by having good systems in place to help control, monitor and safeguard the customer’s satisfaction (Little & Marandi 2008:93-4).Both parties are in mutual agreement on the basis of a long-lasting relationship, and loyalty is based on high levels of satisfaction (Brown 2000:58).

  The client perceives the relationship with the bank as being very important and beneficial, compared with those of the other competitors (Methlie & Nysveen 1999:376). Honesty and trust, as well as reliability, become crucial at this stage, as customers depend on bank consultants to deliver on their promises (Sutherland & Canwell 2004:250). A committed client would essentially have high termination costs, as the relationship investment may be irrevocable (Buttle 2009:30). In addition, the client usually becomes an advocate, meaning they will actively recommend the banks to other people. This word-of-mouth recommendation is a good and inexpensive way of marketing, which every business should aim to achieve (Baines *et al*. 2008:691).

3.4 CUSTOMER RELATIONS

Relationship marketing is a strategic tool that can be used to retain customer loyalty, and as a result gain competitiveness, as well as customer satisfaction. Most customers in the 21st century are educated; and they have access to information easily. This requires banks to be more than merely service providers (Alrubaiee& Al-Nazer 2010: 155). One way of achieving this is through customer relationship management (CRM). CRM is all about finding ways to get closer to a customer by using different techniques, in order to transform a bank into a customer-centric organisation, which will, in turn, contribute to profitability (Nonyelum 2009:73). One of the goals for CRM is to achieve customer satisfaction.

Customer satisfaction is a post-purchase evaluation that results from a comparison between the pre-purchase expectations and the actual performance (Zikmund *et al.* 2003:72). Typically, customers compare the performance against their expectations, and either satisfaction or dissatisfaction will be the outcome of the experience (Baines *et al.* 2008:701). If the customer's expectations are met or exceeded, then satisfaction has been achieved.

Quality is one of the factors that influence satisfaction. Quality is very subjective. According to Botha *et al.* (2004:15), quality is whatever the customer says it is. The quality of a particular product or service is whatever the customer perceives it to be. This makes it complex and subjective, as the perception is in the customer's mind. Therefore, the services provider, banks in this case, should constantly refer to the clients, in order to establish a criterion to be measured against, in order to provide good quality (Little & Marandi 2008:47).

However, not all satisfied clients become loyal. This is especially true for banks that offer similar products and services. Customer loyalty refers to a customer's commitment to a brand or services provider. Normally, this would be based on favourable attitudes and behavioural responses, such as repeat purchases (Zikmund *et al.* 2003:69). Not all loyal customers are profitable customers; and as such, the bank should focus on strengthening relationships with loyal and profitable customers. At the same time, some customers are loyal, but not necessarily profitable; hence, the loyalty of such customers should be maintained, in anticipation of profits in the long run. Other customers are, however, profitable but not loyal. In this case, the bank should focus on building a relationship and building trust, in order to gain loyalty (Brown 2000:64).

As previously stated, CRM helps the bank segment clients, according to their performance and potential profitability, and to focus on retaining the most profitable ones, while at the same time, attempting to channel other customers into becoming profitable and loyal clients (Nonyelum 2009:74). The bank thus makes an effort to know their targeted customers more intimately; and they offer products that will meet their needs.

Cross-selling is, therefore, viable through a successful CRM strategy (Akcura & Srinivasan 2005:1007). According to Kamakura (2007:47), cross-selling is encouraging a client to buy a related or contemporary product from the same seller. Banks can then identify those clients who could potentially hold two or more products from their range of products and services and work towards persuading them to make the necessary investments.

Most banks practise CRM through a division known as private banking. This division within the bank has consultants who cater for affluent customers that are most likely to add value through cross-selling (Brink & Berndt 2008:118). Effective customer relationship management would yield benefits, such as high base revenue, cost savings, price premiums, as loyal customers are willing to pay a premium for a product and or service (Methlie & Nysveen 1999:375).

All these benefits have a positive impact on bank sustainability. However, the right products have to be offered, in order to maintain good relations with clients.

3.5 PRODUCT ATTRIBUTES

Products can be classified at three levels, namely; a core product, an embodiment product and an augmented product. A core product consists of the core benefit or service, which is usually a functional benefit. An embodied product consists of the physical good or delivered service that provides the expected benefit: for example, features, durability, design, packaging, as well as brand name. An augmented product, on the other hand, consists of an embodied product, together with other factors that are necessary to support the purchase and post-purchase activities, such as for example, credit and finance, as well as the overall perception of customer service (Baines *et al*. 2008:356).

Essentially, banks should be able to provide all three levels of products, since customers purchase products for their functional purpose, performance, as well as for emotional benefits (Cram 1994:139). Products and services offered in the financial industry are virtually the same (Silver & Berggren 2010:290). Bank products and services include debit and credit cards, loan facilities, foreign exchange, short-term and long-term investment accounts, insurance services, as well as the typical cheque and savings accounts (Kotler *et al*.2010:105). Furthermore, commercial banks provide customers with financial analysis, financial planning, investment advice, as well as asset management and other professional services (Ding & Xiao 2010:115).

However, product differentiation is practised, in order to capture and maintain good relations with customers. According to Baines *et al*. (2008:218), different variations of products and services should be offered to different segments, in order to satisfy the customer’s needs and wants. In support of this notion, banks offer credit cards to certain clients, as well offering personalised services to the most profitable clients, in order to maintain the relational aspect of the business.

Relationship cost theory identifies those customers in stable and mutually rewarding relationships who tend to avoid the switching costs associated with finding a new bank (Baines *et al* 2008:686). Switching costs are “the sacrifices or penalties consumers may feel they may incur by moving from one provider to another (Tsai, Tsai & Chang 2010:733). These may be search costs, learning costs, as well as psychic costs (Buttle 2009:30). Methlie and Nysveen (1999:378) mentioned that there is a positive relationship between switching costs and customer loyalty. High switching costs keep customers from changing banking relationships.

As bank products are nearly the same, branding becomes a very important aspect in differentiating the products.

3.5.1 Branding

Branding is not the same as advertising or sales promotion. A brand is a distinctive identity promising superior value, delivering a relevant and differentiated experience and indicating the source of that promise (Light & Kiddon 2009:32). The American Marketing Association defines brand as a name, term, sign, symbol, design or a combination of these, intended to identify the goods or services of a seller and differentiate them from those of their competitors (Neelotpaul 2010:13).A product or service is evidence of the truth of that brand promise (Light & Kiddon 2009:32).

Danesi (2006:21) outlined that brands have an emotional appeal to customers; and therefore, that appeal should attempt to be socially and culturally relevant, in order to gain popularity. Through effective branding, the intangible benefits of a good image, reassurance and goodwill are important aspects in achieving competitive advantage and differentiation (Cram 1994:10). In addition, customers are willing to pay a premium for a powerful brand (Kotler *et al.* 2010:247). Baines *et al.* (2008:698) cited that strong brands provide sufficient information for customers to make purchase decisions in the absence of full knowledge, simply because of the trust instilled by that brand.

3.5.2 Product Branding

Customers are more well-informed and they demand better value and quality than before, and they question uncertain or ambiguous products and offerings. It is the bank’s obligation to ensure product brand trust (Light & Kiddon 2009: 37). This is especially true for products and services, such as credit cards and online banking, as such transactions are prone to fraud.

Brand equity, which is how the product actually measures up to competition (Sutherland & Canwell 2004:43), is another aspect of branding that banks consider relevant, especially in their industry. High brand equity contributes to a better competitive edge (Kotler *et al*. 2010:247), as the functional rewards of the products and services in the banking industry are almost identical. Therefore with product branding, differentiation comes when a bank positions itself as superior in the minds of the clients. Differentiation strategies include low interest rates, a variety of flexible services, efficient and rapid service, reliability, as well as offering the latest or most trendy product. The physical aspect of the products offered, such as debit and credit card facilities are also important to banks in differentiating their product brands. This would include the colours and package designs associated with the products (Sutherland & Canwell 2004:45, 48).

3.5.3 Corporate Branding

Corporate branding is applied in relationships with stakeholders, mainly business associates, employees, customers, as well as regulators of the banking sector (Silver & Berggren 2010:290). However, corporate branding is not easy to achieve in banking, mainly because their products are intangible; and such products are easily imitated, and usually launched at the same time as other banks (Silver & Berggren 2010:290-1). Therefore, a bank's corporate image has to be very powerful, in order to make a significant impact.

Corporate branding goes beyond creating a good image for the bank in the minds of the clients, it is about making the clients feel comfortable in a banking hall as well. This is achieved by always maintaining a clean, calm environment, as well as having a staff member on the floor attending to customers. According to Light and Kiddon (2009:108), a place like a banking hall must attract and not detract from the brand.

Another way of achieving good corporate branding for banks is through a good slogan (Danesi 2006:137). The Standard Bank Group is known worldwide with their trademark slogan "Moving Forward" (Standard Bank

2009). This creates a psychological idea to clients that can be perceived as the bank having concern for the future of clients, as well as providing solutions that are forward looking.

The Commercial Bank of Zimbabwe (CBZ) is popular nationwide with its slogan “Partners for Success” (Commercial Bank of Zimbabwe 2010). This also has a psychological implication to the public that CBZ will partner with a customer, in order to achieve whatever the client intends to accomplish.

Ultimately, brand loyalty is what every bank aims to achieve. Sutherland and Canwell (2004:50) summarised the benefits of brand loyalty by stating that customers become less sensitive to price premiums, as well as to promotions offered by competitors. Kotler *et al*. (2010:247) supported this by asserting that a powerful brand forms the basis for strong profitable customer relationships.

3.6 PROMOTION

In an industry where products and services are almost identical, promotion plays a vital role in bank sustainability. Promotion implies elevating a product, service or business to a higher desired level (Light & Kiddon 2009:121). Relationship marketing recognises that different people will respond to different types of advertising. This depends on the type of product being promoted, the target market, the potential profitability, as well as the objectives to be met (Nowesnick 1993:28). Unlike traditional marketing, relationship marketing selects only a target market with a higher chance of responding to the advertising campaign. Hence, the selection of an advertising medium that has the potential to lower the costs of account acquisition, and also to add to the lifetime value of the customer (Nowesnick 1993:28).

The promotional mix does not only consist of advertising, but also to personal selling, public relations and sales promotion (Bosch *et al*. 2011:403). These four elements of the promotional mix should be used accordingly by banks, in order to implement relationship marketing strategies.

3.6.1 Advertising

For decades, advertising has been the essential part of marketing that seeks to create a desire to purchase and or to influence the needs and wants of potential customers. In order for advertising to be effective, advertising objectives need to be set and implemented via an advertising campaign. An advertising campaign is basically a series of advertisements that are placed in various advertising media to reach the target market (Sutherland & Canwell 2004:7, 11-2).

The role of advertising is to create awareness and to generate interest, which then drives desire – from which action emerges. This is known as the AIDA model (Baines *et al*. 2008:452). Traditional media, such as television, radio, newspapers, magazines, direct mail and billboards are commonly used to convey advertisements to customers (McDaniel *et al.* 2008:481). Nonetheless, advertising mediums are no longer limited to the media only; the internet technology has made it possible for banks to reach a vast majority of people through the use of web advertising, as well as social networks (Baines *et al.* 2008:472).

A lot of social interaction now takes place on social networks. Social network sites, such as Facebook and Twitter, have become very popular, as they give customers a voice; and as such, banks get feedback from their customers, and act accordingly, in order to fulfil their needs and wants (Ellison, Steinfield & Lampe 207:1143).

This has shifted the role of advertising that persuades potential clients to buy products and services, which are short-lived, to a longer-term perspective that encourages two-way communication on a wider range of issues – thereby, establishing a relationship with their customers (Baines *et al.* 2008:472).

3.6.2 Personal Selling

Personal selling encourages interpersonal communication; and therefore, encourages feedback and evaluation to be possible almost instantly (Baines *et al.* 2008:487). Personal selling refers to the presentation of the bank's sales team to clients to make sales and to build customer relationships (Kotler & Armstrong 2008:452). Regarding relationship formation, a good strong relationship is usually unattainable via the first attempt at personal selling.

For this reason bank consultants have adopted relationship selling. This is a "multi-stage process that emphasises personalisation and empathy" as being fundamentals in identifying prospects and developing them into satisfied clients (McDaniel *et al.* 2008:555).

The process starts with prospecting potential clients and obtaining the necessary information, in order to decide the best method of approaching the client. This is then followed by approaching the customer. Once that has been done, a presentation occurs of the products and services offered, in an attempt to persuade the customer to close the deal. Then follow-ups take place (Kerin, Hartley, Berkowitz and Rudelius 2006:533-9).

In order to build long-lasting profitable relationships and create customer value, the consultant or sales person has to be a good listener who also understands customers' needs (Kotler & Armstrong 2008:468). A high degree of trustworthiness, the delivery of product quality, as well as a series of transactions have to be completed to the customer's satisfaction, in order to achieve that satisfaction (Baines *et al.* 2008:487).

3.6.3 Public Relations

The main purpose of public relations is to establish and maintain a good reputation for any business: including banks (Sutherland & Canwell 2004:248). This ability plays a pivotal role in building relationships, as it is used to encourage interaction by providing a platform through which information exchange and dialogue can occur between clients and different stakeholders (Baines *et al.* 2008:479). Through public relations, banks assess public attitudes, spot areas of potential public interest and carry out a programme to win public acceptance and understanding (McDaniel *et al.* 2008:481).

One of the key characteristics of public relations that sets it apart from other forms of promotion is that the decision on whether or not a bank's public relations messages are transmitted. This rests with those in charge of managing the media resource, for example newspapers (Baines *et al.* 2008:479).

3.6.4 Sales Promotion

This is often used to improve the usefulness of other promotional mix elements (McDaniel 2008:483). Sales promotion consists of temporary incentives to encourage the purchase or sales of a product or service, such as coupons, contents and premiums, among other things (Kotler & Armstrong 2008:452). Nevertheless, sales promotion is not widely used with banks for creating long-lasting relationships; and it is not as effective as advertising and personal selling (Kotler *et al.* 2010:438).

3.7 SERVICE DELIVERY

Services are intangible, but like products they can also be broken down. They can be divided into three levels, namely: core benefits, expected services and augmented services. Bosch *et al*. (2011:411-2) describe a core benefit as the basic service that a customer buys, while an expected service is what the customer would expect the basic service to deliver on. The augmented service consists of all the extras that come with the core and the expected benefit. In other words, banks should aim at providing an augmented service to all their clients.

Good service, while difficult to deliver in a consistent way, has become an important aspect of any retail business (Baines *et al.* 2008:705).

Gronroos (2007:143) described "good service" as being excellent service, in comparison with competing offerings, as well as meeting customer expectations – as well as other comparison standards. In this day and age, banks are aware of the need to enhance and strengthen customer relationships, in order to keep up with competition. Highly dependable performance and consistent banking service, with little or no service interruption, is recommended for good service delivery (Adeosun, Adeosun & Adetunde 2009: 50).

The ultimate goal of good service delivery is to gain service quality. Service quality again is a subjective term that describes the result of the customer's subjective judgement of the level of service offering and delivery (Korda & Snoj 2010:189). The importance of achieving good service quality is, therefore, to attain customer satisfaction, as well as to create brand loyalty (Mishra, Sahoo, Mishra & Patra 2010:663).

Service delivery goes beyond the intangible aspect of the services offered. According to Korda and Snoj (2010:190), tangibles include such aspects as the physical surroundings, for example the interior design of the bank, as well as the appearance of the employees. The physical appearance of the bank and its employees is very important, as physiologically people are drawn to what looks good. Nevertheless, intangible factors, such as reliability, responsiveness, assurance and empathy contribute greatly to service delivery (Korda & Snoj 2010:190).

There are five factors used to determine the level of service quality. These may be derived from the SERVQUAL scale, namely; tangibles, reliability, responsiveness, assurance and empathy (Mishra *et al.* 2010:675). The SERVQUAL instrument is used to measure service quality, based on the differences made by the perceptions and expectations regarding the five aspects mentioned above. The SERVQUAL instrument will indicate areas of lack and management. It should indicate where one should take measures to improve service, with the intention of maintaining customer relations (Brink & Berndt 2008:73).

Reliability refers to “the ability of the bank to perform the promised service dependably and accurately” (Brink & Berndt 2008:66). Unlike product manufacturers who can always rely on their machinery to produce perfect and reliable products, reliability greatly depends on the interaction between the bank consultants and the customers. Consultants should, therefore, be empowered with the responsibility of dealing with customers in a reliable manner (Kotler *et al.* 2010:261).

Responsiveness is “the ability to provide prompt service” (McDaniel *et al.* 2008:365). Customer call centres are a good way of ensuring good communication, and for providing quick responses to customers. Baines *et al*. (2008:706) state that call centres allow customers to complain about product or service performance, to seek product-related advice, and to offer suggestions for improvement. However, there should be knowledgeable call centre consultants who are able to give appropriate information and solutions to the enquiries; otherwise the purpose of call centres will be ineffective (Brink & Berndt 2008:22). This is a good aspect of service delivery, as call centres to some extent give customers a voice, which in turn gives them a sense of belonging, especially if their concerns are addressed to their satisfaction.

Assurance is an important factor of service quality in the banking industry, as most of the services offered by banks carry some degree of risk, particularly with investments. Assurance refers to the “knowledge and courtesy of employees and their ability to convey trust and confidence” (Brink & Berndt 2008: 66). Empathy refers to the caring and the individualised attention given to customers by service providers, that is, by bank consultants (McDaniel *et al.* 2008:365).

The intangible aspects of service delivery require that bank employees have the right attitude, commitment, and training necessary to fully meet clients’ expectations (Kerin *et al.* 2006:327).

Baines *et al*. (2008:742) have pointed out another aspect of service delivery. This is the use of self-service technologies. Examples include using the ATM, internet and telephone banking, as well as the use of automated voice response systems (AVR). The key benefits of self-service technology are convenience and speed of service delivery.

In order to ensure good service quality, bank employees need to be trained in providing friendly, courteous and professional service that is consistent, fair and reliable (Brink & Berndt 2008: 65). However, in practical terms, a gap exists between what the customers want and perceive as good service delivery, and the service they actually receive from the bank (McDaniel *et al.* 2008:366). The key is to use the SERVQUAL instrument to measure service quality, and to try and bridge the gap between the customers' expectations and the actual experience.

3.8 INFORMATION TECHNOLOGY

Technology has helped shape the meaning of relationship marketing through the use of the internet, as well as information technology. The technological revolution of internet banking – with the inclusion of debit and credit cards – has put the right foot forward for the banking industry. Computerisation has encouraged many banks to replace personal interaction with customers with a technologically based relationship (Silver & Berggren 2010:291).

This is evidenced by the use of ATMs, whereby customers are not necessarily inclined to go into a banking hall to deposit or withdraw money. ATMs were invented for the clients' convenience, as they are located at many convenient places, and are not constrained any fixed timeframes. IT has helped people to move around the world with minimal effort, and to monitor suspicious transactions, as money has become bits of information moving around data communication networks (Kumar & Hillegersberg 2004:30).

In a nutshell, the benefits of this technological revolution include easy accessibility and convenience, as well as flexibility for the customer.

Internet banking allows banks to reach a huge geographical market that would otherwise not be reached without this evolution; hence, there is no limit to advertising, to information accessibility and, additionally, retrieval is fast. This is beneficial to both the bank and the customer (Proenca, Silva & Fernandes 2010: 162).

Results from research carried out by Dube, Chitura and Runyowa (2008:2) reveal that the usage of internet banking in Zimbabwe is relatively low by both banks and customers. This is mainly because of the lack of any intensive promotion, inadequate knowledge and resistance to change among customers. With regard to the banks, the reasons cited include the high cost of implementation, as well as security reasons.

Service technology, consequently, helps with internal marketing, whereby bank employees are trained and acquire new knowledge that will help them to deal positively with customers (Olotu, Maclayton & Opara 2010:292). The use of databases has allowed banks to select similar classes of customers for marketing purposes. According to Nowesnick (1993:12), in the beginning, databases were developed, based on the different account types; and they failed to identify the depth of a customer relationship. However, as technology has developed, banks have enhanced their files with demographic information to allow for a service-level operational database.

This demographic information includes, age, and income levels, among other things. Finally, there has been the evolution of the marketing database that combines all the account information of an individual household. This database combines demographic, behavioural and psychological information (Nowesnick 1993:12).

After a database is in place, the bank must conduct a SWOT analysis. This refers to the strengths and weaknesses that are prevalent to the bank, and the opportunities and threats that the bank might have. In order to achieve this, a review of the current economic environment, as well as competitive positioning must be done, as well as the internal introspection of balance sheets and operational capabilities (Nowesnick 1993:14). Data mining techniques also allow banks to analyse customer and credit value portfolios accurately, in order to minimise risk and monitor accounts. “Data mining is a process and technology that stems from information technology (IT) and information systems; it is “used to detect the previously unknown in order to gain competitive advantage” (Nonyelum 2009:73-4). Therefore, data mining allows banks to identify prospects, as well as to decide which particular clients should receive a particular offer (Brink & Berndt 2008:24).

The database can be used to derive information that could be of value in the selection of a good and appropriate advertising campaign for the target market (Nowesnick 1993:28). Information technologies allow customer information to be identified and also to be recalled on databases. The information is then used to tailor the needs of the different customers, in order to deliver customised service to different market segments (Proenca *et al.* 2010:163). Cross-selling is again made possible through the use and implementation of effective database marketing, as electronic banking technology collects and identifies the appropriate products to offer customers (Akcura & Srinivasan 2005:1008). In addition, information technology has allowed the integration of services from different departments to work simultaneously. An example is call centres, where people used to voice opinions, complain and or get assistance. These call centres are now working in synchronisation with financial analysis – that is the other end of the spectrum (Kumar & Hillegersberg 2004: 28,30).

Despite the positive advantages that new self-service technologies have for the banking industry, the problems associated with these are reliability and the security of transactions for the customers (Proenca *et al.* 2010:162). Bank employees are also faced with the challenge of keeping up with the fast-paced technological changes that are present in the financial world.

3.8 SUMMARY

Mass marketing has been criticised for trying to appeal to everyone, without necessarily providing for customers’ needs and wants. Therefore, the traditional marketing mix has been deemed ineffectual in a highly competitive and ever-changing business world, especially in the services sector. Essentially, it is more expensive to acquire new customers than to retain the profitable existing ones.

The fundamental concept of relationship marketing involves maximising the long-term benefits for the bank and the customer, resulting in a series of transactions, which allow a long-term relationship to be established and maintained (Proenca *et al.* 2010:162). Repeat purchases are not only the most beneficial aspect of loyal customers to a bank. Loyal and satisfied customers may also advocate the product and services to others (Zikmund *et al.* 2003:71). It is, therefore, imperative for banks to aim at achieving customer loyalty and satisfaction, as they are positively related to customer retention, which in turn, leads to an improved return on investment, as well as profitability (Baines *et al*. 2008:700-1).

Promotion also plays a good role in achieving good relationship marketing. Advertising, being an integral part and one of the most common forms of promotion, must be carried out in a strategic manner, in order to meet the necessary objectives. Advertising has become very easy to implement through a variety of mediums, which, if effectively used, have the potential of contributing favourably to bank sustainability. Apart from advertising, other promotional tools include personal selling, public relations and sales promotions.

Products offered to customers must fit in perfectly with the customers' needs. Branding is another popular way of reaching targeted customers. A customer's first perception of a product or a bank is experienced psychologically, through positive or negative branding. Product brands are less common in service industries like banks, but more importantly, corporate brands have now become prevalent. A major difference between product brands and corporate brands is sustainability. This means a more established corporate brand has greater chances of surviving product lifecycles (Silver & Berggren 2010:290). Methlie and Nysveen (1999:383) mentioned that banks create brand equity through slogans, symbols and or logos, which identify, as well as differentiate, the brand. In addition to this, banks should incorporate good communication, price and product strategy, in order to achieve a strong and unique favourable brand.

Factors, such as customer satisfaction, loyalty, brand reputation, cross-selling, among other things, are the determinants of how a bank can benefit from its customers. Cross-selling leads to a comprehensive customer relationship, as it increases the actual and psychological costs of switching banks, thus increasing retention (Kamakura 2007:43).

Banking is labour-intensive, but technology has made it possible to expand banking functions by providing new delivery channels, such as mobile and internet banking (Kumar & Hillegersberg 2004:28,30). As a result of information technology, databases, as well as sophisticated data mining techniques, are being used to enhance CRM, by identifying and segmenting the right customers to target (Kotler *et al*. 2010: 130).The more efficiently and effectively information is used on customers, to meet their needs and wants, the more profitable the banking industry will become (Nonyelum 2009:78).

Good service delivery is a prerequisite needed to support the previously stated arguments on good customer relationship management, offering the right product and promotional mix tools, in addition to using information technology effectively. As banks are in the services industry, the key is to consistently offer higher service quality than their rivals (Kotler *et al*. 2010:259).

The following chapter will explore the research methodology undertaken to investigate the relationship between relationship marketing and the sustainability of Zimbabwean banks.

CHAPTER FOUR

RESEARCH DESIGN AND METHODOLOGY

4.1 INTRODUCTION

The previous chapters provided a theoretical study of the research. This chapter will focus on the research design and methodology that was employed to meet the research objectives. A scientific method of study was carried out for this research. It comprises a set of prescribed procedures for establishing and connecting theoretical statements, as well as analysing the empirical evidence for predicting unknown events (Zikmund, Babin, Carr & Griffin 2010:45).

Sekaran (2003:21) describes a scientific method of research as "purposive and rigorous", as it focuses on problem-solving through the organised and logical steps of analysing data. This chapter summarises different research paradigms and methodologies, as well as the data-collection methods applied to meet the research objectives.

4.2 RESEARCH VARIABLES

Creswell (2009:49) defines a variable as "a characteristic or attribute of an individual or an organisation that can be measured or observed and varies among the people or organisation being studied." There are four main types of variables, namely; a dependent variable, an independent variable, a moderating variable, and an intervening variable (Sekaran 2003:21). The study focuses on five independent variables and one dependent variable.

Independent variables are those that influence the dependent variable in either a positive or a negative way (Sekaran 2003:21). According to Saunders, Lewis and Thornhill (2007:361), independent variables influence change in dependent variables. Coldwell and Herbst (2004:85) summarise independent variables as those variables, the behaviour of which cause change in other variables. The five independent variables that were used for the purposes of this research are: customer relations, product attributes, promotion, service delivery and information technology.

Dependent variables are those factors that depend on independent variables; they are the outcomes or results of the influence of the independent variables (Creswell 2009:50). The dependent variable established for this study is the sustainability of Zimbabwean banks. In order to establish the relationship between the independent variables and the dependent variable, hypotheses have been suggested, and their testing has to be carried out.

Hypothesis testing aims to establish the relationships that might occur between independent variables and dependent variables (Crowther & Lancaster 2009:25). By definition, a hypothesis is “a proposition that is to be tested for an acceptance or rejection” (Zikmund *et al*. 2010:45). There are two types of hypotheses, namely; the null hypothesis and the alternative hypothesis.

The null hypothesis (Ho) makes a prediction that in the general population, no relationship exists between groups of variables. The alternative hypothesis (Ha) identifies a relationship between the variables (Creswell 2003:109-10). Both the null and the alternative hypotheses were tested in order to establish the relationship between the independent variable and the dependent variable.

4.3 RESEARCH DESIGN

According to Brink (1997:244), a research design is a framework or a detailed blueprint that can be used to guide a research project towards its objectives. One of the most significant decisions in a research project is the choice of the research design; because this determines how the information for the project will be obtained.

The different research designs may broadly be classified into different types.

4.3.1 Exploratory Research

Exploratory research entails researching an area that has not been studied before and the researcher's main aim is to develop initial ideas (Struwig & Stead 2001:7). The primary objective of exploratory research is to understand the general nature of a problem, the possible decision alternatives available, and the relevant variables that need to be considered. In addition, there exists little prior knowledge of the problem.

Exploratory research is also highly flexible, unstructured and qualitative, because the researcher starts out without any preconceptions about what will be found (Neuman 2003:96). Exploratory research involves gathering a lot of information from a small sample. This is achieved mainly through secondary sources of information, together with an analysis of some selected cases and focus groups (Struwig & Stead 2001:7).

4.3.2 Causal research

The purpose of causal research is to obtain evidence of cause-and-effect relationships; and it is conducted by controlling various factors, in order to determine which variable is the cause of what is being predicted (Struwig & Stead 2001:4). The aim is to understand the functional relationship between the causal factors and the effect to be predicted.

4.3.3 Descriptive research

The objective of descriptive research is to describe certain variables. It assumes that the researcher has prior knowledge about the problem situation, while the information required is clearly defined. Effective descriptive research is characterised by a clear statement of the problem, the specific research objectives and a detailed research procedure (Struwig & Stead 2001:8).

Descriptive research typically makes use of the survey research design, which is useful in describing the key characteristics of the relevant groups in the research project. These characteristics of descriptive research were deemed suitable to investigate the relevance of relationship marketing for Zimbabwean Banks.

4.4 RESEARCH PARADIGMS

There are mainly two types of research paradigms. According to Neuman (2000:516), "positivism is a research paradigm (framework) that combines a deductive approach with precise measurement of quantitative data, so [that] researchers can discover and confirm causal laws that permit predictions about human behaviour." The quantitative approach to research is mainly based on positivism and neo-positivism (Struwig & Stead 2001:5).

The anti-positivistic research paradigm uses the qualitative research approach through phenomenological, ethnographical and ground theory, as well as case-study methodology. Zikmund *et al*. (2010:137) point out that "phenomenology represents a philosophical approach to studying human experiences, based on the idea that human experiences are inherently subjective, and are determined by the context in which people live". Phenomenological research uses the analysis of important statements and the generation of meaning units, as well as fundamental descriptions (Creswell 2009:184).

Naturalistic inquiry and holistic ethnography, as well as educational ethnography are also used in qualitative research. These follow an inductive approach that starts with empirical observations, and then proceeds to results in developing theoretical categories (Struwig & Stead 2001:15-6). By definition, ethnography means ways of studying different cultures through methods that involve becoming highly active within that culture: that is to say, observation (Zikmund *et al*. 2010:139). Therefore, ethnographic study includes in-depth interviewing and the on-going participant observation of a situation (Creswell 2009:196).

4.4.1 Qualitative methods

Qualitative research is research that addresses business objectives through techniques that allow the researcher to provide an elaborate interpretation of the market phenomena, without depending on numerical measurement (Zikmund *et al*. 2010:133).

The researcher seeks to find the meaning of a phenomenon from the views of the participants. Data are collected by examining documents, observing behaviour or interviewing participants (Creswell 2009:16). This method is commonly associated with exploratory and descriptive forms of research; and empirical data-collection involves focus groups, interviews and or open-ended questions (David & Sutton 2004:79-80). Qualitative research is, thus, said to be more subjective, implying that different researchers may have different outcomes from the same interview. The nature of this study required quantitative methods, as the sample size was relatively large.

4.4.2 Quantitative methods

Collis and Hussey (2003:18) describe a quantitative approach as the research which involves collecting and analysing numerical data, by applying statistical tests. Creswell (2009:16) states that through this method, the researcher tests a theory by formulating hypotheses and the collection of data to support or refute these hypotheses. In other words, the researcher tries to assess the cause-and-effect relationship between the independent and dependent variables (David & Sutton 2004:36).

Quantitative research involves the precise counting of some behaviour, knowledge, opinions or attitudes. The quantitative method is a research method that is associated with objectivity; and it is a form of conclusive research that requires a large number of representative samples with the main goal of testing the hypothesis (Crowther & Lancaster 2009:75; Struwig & Stead 2001:4).

Quantitative research examines those variables, which are based on the hypotheses derived from a theoretical background. In order for this to be successfully implemented, the measurement of variables is mainly done through the use of questionnaires and or some form of observation (Struwig & Stead 2001:4). As mentioned earlier, a self-developed questionnaire was used to test the variables of relationship marketing on bank sustainability.

4.5 DATA COLLECTION

Data collection refers to the tools and sources used to collect data. There are only two sources of data: secondary and primary data.

4.5.1 Primary Data

Crowther and Lancaster (2009:75) maintain that primary data do not exist until and unless they are generated through the research process for the purposes of a particular study. Primary data comprise the information gathered and assembled specifically for the project at hand (Zikmund *et al.* 2010:187). A personal interview with one of the Zimbabwean economists was used to collect the data for some of the theoretical aspects of the research. However, the sole method of collecting primary data for this research was by means of a survey.

- **Survey**

  Creswell (2009:145) defined a survey as a design that provides a quantitative or numeric description of the trends, attitudes or opinions of a population – by studying a sample of that population. It is also known as "a method of gathering primary data, based on communication with a representative sample of individuals" (Zikmund 2003:175). The advantages of using surveys include a quick, inexpensive and efficient method, as well as accurate means for assessing information about the population.

  However, surveys are prone to response bias and errors (Zikmund *et al*. 2010:187-191). The survey method used for this study was a self-developed questionnaire.

4.5.2 Secondary Data

Secondary data comprise those data which are already published and collected for purposes other than the research at hand. The data has been gathered and recorded by someone else – prior to (and for purposes other than) the current project (Zikmund 2003:136). With reference to this study, the secondary data sources include published financial statements and published journals of Zimbabwean banks, textbooks, newspaper articles, journals, articles and published policy frameworks from the Reserve Bank of Zimbabwe.

Zikmund (2003:136) suggests that secondary data have advantages that include easy and readily accessible data, which are less expensive to obtain. Already existing data also help with providing further insights into the data collected from primary sources (Crowther& Lancaster 2009:75). Secondary data allow for comparative research to be possible – if a similar research project has been conducted in a different setting (Saunders *et al.* 2007:259).

However, the data collected may be out-dated, inappropriate and irrelevant to serve the current purpose. Moreover, the accuracy of the data cannot be determined because the source may be unknown (Zikmund 2003:136-4).

4.6 THE SAMPLE

The population comprises all the items being considered for measuring some characteristic (Israel 2008:5).

In this case, the population consists of all Zimbabwean banks` clients. A sample, on the other hand, is a subset of a population or a group of participants carefully selected to represent that population (Cooper & Schindler 2007:717). The sampling unit or unit of analysis comprises those elements available for selection. These are drawn from a sampling frame, which comprises a list of all the sample units in a working population.

The sample chosen for the purposes of this research consists of 300 clients from the five major banks in Zimbabwe. From the sample unit, the data were collected and analysed (Collis & Hussey 2003:121).

The most common sampling method is random sampling, whereby everyone has an equal opportunity of being chosen (David & Sutton 2004:28). A non-probability sampling method was used to test the impact of relationship marketing on Zimbabwean banks. The convenience sampling technique was used to carry out the empirical research, as the respondents were chosen based on their convenience and availability. The main advantages of this technique are that it is quick and cost-effective. Nevertheless, the advantages are challenged by the problem of bias (Hair *et al*. 2003:217). Although useful applications of the technique are limited, this method can deliver accurate results when the population is homogeneous (Creswell 2003:156).

4.7 THE QUESTIONNAIRE

As indicated earlier in this study, it was decided to collect primary data to achieve the research objectives by means of a survey. In this regard, a questionnaire was designed to achieve three related goals, namely to: maximise the relevance and accuracy of data collected, as well as the participation and co-operation of target respondents and to facilitate the collection and the analysis of the data (Coldwell & Herbst 2004:47-8).

A questionnaire consists of a series of questions or statements intended to provide accurate information from every member of the sample. Crowther and Lancaster (2009:153) are of the opinion that a questionnaire should be as short as possible; it should have a logical structure; it should have simple questions; it should avoid ambiguity, as well as avoiding leading questions. The researcher attempted to meet these requirements, while constructing the questionnaire. As such, the questionnaire had 44 statements that were clear and concise.

A five-point Likert-type self-developed questionnaire was drawn up with questions that investigate the variables of relationship marketing's impact on bank sustainability. The distribution was carried out by the researcher in person to bank clients of the five major Zimbabwean banks.

The questionnaire had two sections, namely; Sections A and B. Section A had fixed alternative answers. These were grouped as Strongly Disagree, Disagree, Neutral, Agree and Strongly Agree. The scores for the alternatives were ranked from 1 to 5. If the respondent strongly disagreed with a statement, one would have circled 1 and if the respondent strongly agreed with a statement, 5 would have been circled. Section B comprised the biographical information of the bank respondents.

4.8 RELIABILITY AND VALIDITY

There are four tests that are relevant to evaluating the quality of any research study: construct validity, internal validity, external validity, and reliability (Yin, 1994:43).

“Validity refers to the extent to which an empirical measure adequately reflects the real meaning of the concept under consideration” (Babbie 1990:133). Stated differently, validity measures the trustworthiness of the findings; and for quantitative research that means the application of statistical methods to the questionnaire’s construction, as well as hypothesis testing (Struwig & Stead 2001:18). The different concepts of validity will be discussed below as they are used in the context of this study.

4.8.1 Construct validity

According to Yin (2009:41), construct validity entails identifying the correct operational measures for the concepts being studied. Construct validity requires the researcher to select the correct tool or method for the concepts being studied. It is based on the way a measure relates to other variables in a system of theoretical relationships (Babbie 1990:134). Simply stated, construct validity attempts to measure the hypothetical constructs or concepts. Furthermore, it attempts to assess whether the scores serve a useful purpose, and if they have any positive impact when used in practice (Creswell 2009:149).

The characteristics of construct validity include whether it uses multiple sources of evidence, as well as whether it can be used for data-collection purposes (Yin 2009: 41). In order to achieve construct validity, a study sample was selected from the Zimbabwean bank sector. This provided multiple sources of evidence and it helped to provide cross-validation of the information gathered.

4.8.2 Internal validity

Internal validity is used for explanatory or causal studies only and not for descriptive or exploratory studies (Yin 2009:40-1). The main purpose of internal validity is to establish whether the instrument really measures what it intended to measure (Hair *et al.* 2003:175). In order to assess the internal validity of the research instrument, a pilot study of ten people was done, to evaluate whether the respondents had understood the questions.

Corrections and adjustments were done after the pilot study; and subsequently the questions were narrowed down from 50 to 44 statements.

4.8.2 External validity

This refers to the establishment of the domain to which a study's findings can be generalised (Yin 2009:33). External validity poses the question of whether the data actually represent the reality of the population from the sample selected (David & Sutton 2004:28). It is used for research design purposes. However, gaining external validity is not about acquiring as large a number of respondents as possible; but having a relatively small well-chosen sample is far better than dealing with a large badly selected one (David & Sutton 2004:38).

4.8.3 Reliability

A questionnaire is considered to be reliable if it demonstrates that it can be repeated, and still attain the same results for a subsequent study (Yin 2009:37). Three types of reliability exist. Stability reliability measures the reliability across time. The same test is administered at least twice to the same subjects in a period of time. Multiple cases were used in the literature review, in order to confirm a logical chain of evidence (Hair *et al*. 2003:170). The cases were analysed similarly, in order to obtain recurrent patterns, and to determine the "if" factors – as proposed in earlier sections of the literature review.

This ensured stability and reliability. Secondly, internal reliability examines the internal consistency among the variables under consideration. The internal validity for this research was determined by using the Cronbach Alpha coefficient scores. Another measure of reliability is known as equivalent reliability, where it investigates whether alternative forms of the same measure would produce the same results (Cooper & Schindler 2003:237-9).

4.9 ETHICAL CONSIDERATIONS

The aim of ethics in research is to ensure that no one suffers adverse consequences from the research objectives. Ethics are norms or standards of behaviour that guide moral choices on people's behaviour and their relationship with others (Cooper & Schindler 2003:121). The questionnaire was appraised by Nelson Mandela Metropolitan University ethics department, and the researcher was given permission to administer it. Ethical dilemmas can also emanate from questions of fairness, potential conflicts of interest, responsibility issues, power differences, as well as honesty issues (Hair *et al.* 2003:105).

In order to obtain fair and unbiased responses, the questionnaire ensured the anonymity of the respondents.

4.10 DATA ANALYSIS AND PROCESSING

Statistical techniques are used in analysing quantitative research data, in order to determine whether there is any relation between the variables (Hair *et al*. 2003:280). The data were analysed through descriptive and inferential statistics.

Descriptive statistics entail the use of tables, graphs and summary measures, such as the average or mean to describe and analyse the data, while inferential statistics consists of methods that use sample results to make decisions or predictions about a population (Mann 2011:3-4). Inferential statistics particularly examines the nature, direction, and presence of relationships between variables, together with their strength of association (Hair *et al*. 2003:280).

The data processing was done by using the statistical program known as STATISTICA (version 10.0). This thoroughly examines the data from the respondents.

Correlation and regression analysis were the techniques used to evaluate the relationships of the variables for the purposes of this research. Correlation measures the relationship between the variables, thereby indicating the degree to which one variable is related to another (Coldwell & Herbst 2004:106). The Pearson correlation coefficient was used for correlation analysis between the six variables.

The Pearson correlation measures the linear association between two variables ranging from +1 to -1 (Hair *et al.* 2003:283). A correlation of +1 signifies that the two variables are perfectly correlated in a positive direction. In other words, if one variable increases, the corresponding variable would also increase. A correlation of -1 indicates a negative relationship, meaning that if one variable increases the other corresponding variables would decrease (Coldwell & Herbst 2004:107). The following chapter will discuss the correlation of all six variables (independent variables and the dependent variable).

Although a correlation conveys the relationship between variables, the testing of the hypotheses indicates the relationship between the independent variables and the dependent variable (Coldwell & Herbst 2004:107; Saunders *et al.* 2007:441). In other words, the testing of hypotheses reveals the possible influence that the independent variables might have on the dependent variable. Hypothesis testing is measured in a number of ways. For the purposes of this research, the probability significance level (p-value) was used to determine the validity of the hypotheses (Saunders *et al.* 2007:441). This was done by means of regression analysis.

4.11 SUMMARY

This chapter has focused on the research methodology adopted by the study and the associated reasons. Quantitative research follows a post-positivist view; and the data are collected through surveys or experiments, and then expressed in numerical form. On the other hand, qualitative research follows a constructivist and or a participatory view, and employs ethnography, case-study and phenomenology, as well as grounded theory in data collection (Creswell 2009:17).

Quantitative research is perceived as objective, precise and reliable (Struwig

& Stead 2001:18). For this reason, it was used as the main source of research to investigate the impact of relationship marketing on Zimbabwean banks. This chapter has also reviewed concepts, such as the research methodology, the population of the study, the sampling method applied, the research instruments, together with the data processing and the analysis techniques.

The following chapter examines the empirical findings of the research objectives.

CHAPTER FIVE

THE DATA ANALYSIS AND THE EMPIRICAL FINDINGS

5.1 INTRODUCTION

The primary objective of the research was to analyse the relevance of relationship marketing on the sustainability of Zimbabwean banks. A hypothesis was drawn up to test the relationship between customer relations, product attributes, promotion, and service delivery, together with information technology on bank sustainability.

This chapter will present a summary of the results in relation to the hypotheses tested, as well as the statistical procedures applied. In addition, the chapter will also examine the biographical information of the sample population.

5.2 STATISTICAL PROCEDURES AND EMPIRICAL FINDINGS

A computerised statistical analysis of the data was carried out to describe and interpret the data that were obtained from the questionnaires. The analysis was made possible by a statistical program (STATISTICA 10.0).

5.2.1 Cronbach Alpha Reliability Analysis

The Cronbach Alpha reliability coefficient was used to assess the internal consistency and stability of the entire scale. It indicates how well a set of items in a one particular set are related to one another; and it ranges from 0 to 1. The closer the Cronbach Alpha coefficient is to 1, the greater is the consistency and the internal stability between the measured items (Sekaran 2000:308). The generally agreed lower limit for the Cronbach Alpha coefficient is 0.70, although this may be lowered to 0.60 for exploratory research (Hair, Anderson, Tatham & Black 1998:118).

A high reliability coefficient generally indicates that the measure is highly reliable, whereas a low coefficient would indicate a weak level of reliability.

A Cronbach Alpha reliability test was conducted for the following factors: *customer relations, product attributes, promotion, service delivery, information technology and the sustainability of banks*.

The correlation coefficient for each of the statements of the six variables was also calculated. A correlation coefficient indicates how strongly two or more variables are related. The value of the correlation coefficient always lies in the range -1 to +1 (Mann 2011:593). The tables below show the correlation coefficients of all the statements pertaining to one variable, together with the Cronbach Alpha level if the statement were to be deleted. If the Cronbach Alpha increases when a certain statement is deleted, it means the statement did not quite measure the variable in the same manner that the others did.

Despite the pilot study that was carried out, this was done in order to highlight the statements that fell outside the measuring parameters of the variables, since the questionnaire was self-developed. The statements that fell outside the measuring parameters are highlighted in red. Please refer to the appendix for the questionnaire.

Table 5.1: Customer Relations

Statements	Correlation	Alpha if Deleted
A1	0.58	0.76
A8	0.55	0.77
A11	0.63	0.76
A20	0.44	0.79
A21	0.23	0.81
A25	0.68	0.75
A34	0.39	0.79
A43	0.57	077
Cronbach Alpha	**0.80**	

Table 5.1 above shows the correlations of the statements that test customer relations, as well as the Cronbach Alpha for the variable. The Cronbach Alpha for this variable was 0.80, implying that the statements were highly reliable in terms of measuring customer relations.

Table 5.2: Product Attributes

Statements	Correlation	Alpha if Deleted
A2	0.55	0.71
A7	0.62	0.68
A22	0.28	0.78
A26	0.66	0.67
A29	0.40	0.74
A38	0.52	0.71
Cronbach Alpha	**0.75**	

According to Table 5.2, the Cronbach Alpha for products attributes was also high: at 0.75. This too indicates that the statements testing product attributes were very reliable.

Table 5.3: Promotion

Statements	Correlation	Alpha if Deleted
A3	0.14	0.69
A12	0.15	0.70
A17	0.50	0.61
A23	0.30	0.66
A30	0.54	0.60
A35	0.44	0.63
A37	0.40	0.63
A39	0.49	0.61
Cronbach Alpha	**0.67**	

Table 5.3 shows that the Cronbach Alpha was slightly below the recommended 0.70. The reason for this was because statements A3 and A12 did not quite measure promotion in the same manner as the other statements did. The table shows that if statements A3 and A12 were to be deleted, the Alpha coefficients would increase to 0.69 and 0.70 respectively.

The researcher's intention with statement A3 was to test the bank's use of social networks as a way of promoting its products and services. Statement A12 attempted to test word-of-mouth as one of the ways bank products were being promoted. Nevertheless, the Cronbach Alpha of 0.67, which was reported for promotion, is adequate, since it did not fall below 0.60.

Table 5.4: Service Delivery

Statements	Correlation	Alpha if Deleted
A5	0.62	0.85
A9	0.49	0.87
A13	0.62	0.85
A24	0.43	0.87
A27	0.49	0.86
A31	0.65	0.85
A44	0.74	0.84
Cronbach Alpha	**0.87**	

According to Table 5.4, service delivery reported the highest Cronbach Alpha coefficient of 0.87. This shows that the statements were highly reliable.

Table 5.5: Information Technology

Statements	Correlation	Alpha if Deleted
A4	0.43	0.64
A15	0.33	0.68
A28	0.32	0.68
A36	0.55	0.62
A40	0.51	0.63
A41	0.41	0.65
Cronbach Alpha	**0.69**	

Table 5.5 shows that the Cronbach Alpha for information technology was 0.69. This fell below the recommended 0.70, but was satisfactory, since it was not below 0.60.

Table 5.6: Sustainability of Banks

Statements	Total Correlation	Alpha if Deleted
A6	0.28	0.60
A10	0.13	0.67
A14	0.27	0.60
A19	0.56	0.48
A33	0.49	0.51
A42	0.44	0.54
Cronbach Alpha	**0.61**	

Table 5.6 indicates that the Cronbach Alpha coefficient for the dependent variable was 0.61. It would have been higher (0.67) if statement A10 were deleted. The researcher endeavoured to test whether family had an influence on the respondents' decisions to deal with their respective banks.

All five independent variables correlated strongly (positive) with the dependent variable. All the variables also correlated strongly with each other, as shown in Table 5.7 below.

Table 5.7: Correlation of variables

	Customer relations	Product attributes	Promotion	Service Delivery	Information Technology	Sustainability
CR	1.00					
PR	0.72	1.00				
P	0.68	0.64	1.00			
SD	0.76	0.64	0.49	1.00		
IT	0.61	0.66	0.64	0.60	1.00	
S	0.60	0.56	0.44	0.65	0.49	1.00

Red indicates the correlation coefficients between the variables.

The five independent variables positively correlate with each other and the dependent variable. This implies that the independent variables have a direct influence on the dependent variable. For example, an increase in good service delivery would increase the sustainability of Zimbabwean banks, and vice versa.

5.2.2 Assessment of the variables, the means and the distribution of responses

The tables below represent the distribution of the 5-point Likert scale responses: from strongly disagree to strongly agree. The possible responses were grouped into the three subgroups of Disagree, Neutral and Agree. The Disagree subgroup comprises responses that match the strongly disagree (1) and disagree (2) on the questionnaire; the Neutral (3) category represents those who neither agreed nor disagreed with the statements. The last subgroup is the Agree category, which represents the choices of disagree (4) and strongly disagree (5). The individual statements testing each variable are tabulated, showing their means and standard deviations. A mean is an arithmetic average that is a common measure for a central tendency; while the standard deviation is a quantitative index of the variability of a distribution. Frequency tables were used to determine the groupings.

Six variables were tested in Section A and were grouped and analysed as follows:

- **Customer Relations**

Eight questions were asked the respondents pertaining to customer relations. A majority of the respondents disagreed on receiving phone calls from the bank with regard to their accounts, as well as notifications on new products and services. Conversely, at least 55% of the sample agreed that their bank consultants suggested products and services to meet their financial needs. The highest mean score was 3.90, where at least 73% of the sample agreed that having a relationship banker made banking easy.

On the other hand, the lowest mean score was 2.10, where 71.2% of the respondents disagreed to receiving phone calls with regard to their respective accounts, as mentioned earlier. The table below provides a synopsis of the statements testing customer relations' mean scores.

Table 5.8: Customer Relations

			% Distribution		
	Mean	Std Dev	Disagree	Neutral	Agree
I get calls from my bank regularly with regards to my account	2.10	1.11	71.2	13.7	15.1
I get regular calls from my bank to notify me about new products and services	2.11	1.10	68.9	17.4	13.7
I feel that I have a personal relationship with my bank	3.23	1.05	24.2	31.2	44.6
My banker suggested products and services tailored to meet	3.34	1.07	21.5	22.8	55.7

my financial needs					
Having a relationship manager makes banking easy	3.90	0.94	7.4	19.1	73.6
My bank cares about having a good relationship with me	3.46	1.00	16.5	24.7	58.8
My bank has a good reputation compared with other banks	3.83	0.86	5.8	24.6	69.6
The bank values relationships with its customers through its promotional activities	3.49	0.98	15.8	24.2	60

- **Product Attributes**

The questionnaire had six statements that tested product attributes. The highest mean score was 3.83, where 69.6% of the respondents agreed that they were happy with the packaging of the bank products. However, a lowest mean score of 2.89 was reported, where a small margin of the respondents agreed and disagreed that it would cost them a lot of money to change from their bank to another. The percentage distribution was 35% and 34.4% respectively. Table 5.9 below gives an overview of the statements relating to product attributes.

Table 5.9: Product Attributes

			% Distribution		
	Mean	Std Dev	Disagree	Neutral	Agree
My bank offers superior products compared with other banks	3.39	0.94	16	32	52
My bank offers products and	3.50	1.06	15.6	29.3	55.1

services that suit everyone					
In my view, my bank has good credit facilities	3.17	1.22	26.6	26.6	46.8
I am informed regularly by bank consultants regarding new products	2.97	1.15	35.2	25	39.8
It would cost me a lot of money to change from my bank to another	2.89	1.21	34.4	30.6	35
I am happy with the packaging of the bank products	3.83	0.86	5.8	24.6	69.6

- **Promotion**

The two highest mean scores of 3.55 were reported for promotion. At least 62% of the respondents agreed with one of the statements with the highest score: *the bank creates a good image via media communication.* In addition, 64.2% agreed to frequently referring others to the bank. However, the lowest mean score reported was 1.86, where a majority of 76.7% disagreed that their banks offered useful information through the social networks.

Table 5.10: Promotion

			% Distribution		
	Mean	Std Dev	Disagree	Neutral	Agree
My bank offers useful information by means of social networks, e.g. Facebook and Twitter	1.86	0.99	76.7	14.9	8.4
I hear about the bank's products and services mainly through word of mouth	3.08	1.15	30.6	21.8	47.6

The bank usually advertises on television and radio	3.38	1.15	20	24.7	55.3
I have little or no knowledge of the bank's advertisements	2.38	1.17	59.9	18.4	21.7
The bank creates a good image via media communication	3.55	0.98	12.4	24.8	62.8
Media advertisements influenced my decision to deal with my bank	3.06	1.09	27.1	31.8	41.2
I often refer others to my bank	3.55	1.05	18.1	17.7	64.2
I participate in some of the bank's competitions	2.77	1.24	43.5	19.4	37.1

- **Service Delivery**

The questionnaire had nine statements pertaining to the banks' service delivery. The highest mean reported was 3.89 for the statement: *the bank staff is friendly and courteous to me*, with 75.4% of the respondents supporting the statement. However, a lowest mean of 3.05 was reported as 44.5% agreed that the bank's call centres were helpful. Table 5.11 shows the various means and frequency distributions of the statements.

Table 5.11: Service Delivery

			% Distribution		
	Mean	Std Dev	Disagree	Neutral	Agree
The bank staff are friendly and courteous to me	3.89	0.95	11.8	12.8	75.4
The bank's call centre is helpful whenever I have complaints/problems	3.05	1.28	31.4	24.1	44.5
Turn-around time for	3.17	1.13	29.7	22.7	47.6

addressing customer problems is less than 24 hours					
I am satisfied with the services offered by my bank.	3.49	1.05	15.8	25.3	58.9
The bank staff is very quick and efficient	3.52	1.02	17	22.7	60.3
My bank's consultant is honest and trustworthy	3.60	0.86	9.4	25.2	65.4
My bank consultant is very reliable	3.34	0.93	14.5	37	48.5
The bank responds to my requests in time	3.44	0.96	18	25.4	56.6
The bank staff is very professional and eager to help	3.78	0.96	8.7	25.3	66

- **Information Technology**

The highest mean score for information technology was 3.66, where 63.3% of the respondents agreed that their banks use up-to-date technology. On the other hand, the lowest mean score was 2.23, where 63.2% of the sample population disagreed that they did not trust internet banking. The table below provides an overview of the statements` means and the distribution of responses.

Table 5.12: Information Technology

			% Distribution		
	Mean	Std Dev	Disagree	Neutral	Agree
I regularly make use of the bank's website	2.94	1.25	39.1	19.5	41.4
I use internet banking regularly	2.57	1.27	52.2	18.4	29.4
I do not trust internet banking	2.23	1.21	62.3	20.5	17.1

I make use of the bank's ATM because it is convenient	3.55	0.98	8.3	7.7	83.9
The bank uses technology in its selection of products and services for my financial needs	3.23	0.97	20	34.7	44.3
The bank uses up to date technology	3.66	0.95	9.7	26.9	63.3
The bank uses technology to select its high net worth customers	3.42	0.94	12.4	40.5	47.2

- **Sustainability of Banks**

The sustainability of banks, which is the dependent variable, reported a highest mean score of 3.92, where 71.6% of the respondents agreed that their banks were profitable. The lowest mean score was 2.14, indicating that 70% of the respondents disagreed with the statement: *I use the services of my bank because my parents use(d) it as well.*

Table 5.13: Sustainability of Banks

			% Distribution		
	Mean	Std Dev	Disagree	Neutral	Agree
The economic situation has influenced my choice of bank.	3.60	1.11	18.5	15.2	66.3
I use the services of my bank because my parents use(d) it as well.	2.14	1.14	70	16.7	14.3
My bank has survived the test of time.	3.83	0.89	7.7	23.4	68.9
In my view, my bank performs better than other banks.	3.66	1.01	13.6	22.7	63.7
I am satisfied with my bank's	3.78	1.04	10.1	20.9	69

performance.					
In my view, my bank is profitable.	3.92	0.85	5	23.4	71.6

5.2.3 Multiple Regression Analysis and Hypotheses Testing

Regression analysis is a statistical technique that is used to test and analyse the causal relationships between variables. According to Zikmund (2003:556), regression is a technique used for measuring the linear association between a dependent variable and an independent variable, where the regression assumes that the dependent variable is predictively lined to the independent variable. Multiple regression analysis is a technique that generates a mathematical function linking a dependent variable with two or more independent variables (Parasuraman 1991:705).

With reference to this study, multiple regression analysis was used to determine the causal relationships between the three independent variables and the dependent variable. The standardised beta coefficients show the measure of the contribution of each variable to the model. The t-value and the p-value(s) give an indication of the impact of each independent variable.

A big t-value and a small p-value suggest that an independent variable has greater impact on the dependent variable. Commonly used p-values are 0.05 and 0.01 (Zikmund 2003:500). Stated differently, the p-value is the smallest significance level, at which the null hypothesis is rejected (Mann 2011:391).

<u>Regression summary for the dependent variables: Sustainability of Banks</u>

Table 5.14: Regression Analysis

	b*	Standard error of b*	b	Standard error of b	t	p-value
Intercept			1.364	0.164	8.30	0.0000
Customer Relations	0.117	0.081	0.116	0.081	1.43	0.1524
Product Attributes	**0.175**	**0.069**	**0.153**	**0.060**	**2.55**	**0.0114**
Promotion	0.019	0.065	0.017	0.059	0.30	0.7666
Service Delivery	**0.406**	**0.070**	**0.373**	**0.064**	**5.80**	**0.0000**
Information Technology	0.050	0.064	0.051	0.064	0.79	0.4290

If $p < 0.05$, then reject the null hypothesis.

Therefore, according to Table 5.8, the hypotheses are presented as follows: Customer relations p-value is 0.1524, which is greater than 0.05 ($p > 0.05$). Therefore, the null hypothesis is accepted.

$Ho_{1.1}$ There is no relationship between customer relations and the sustainability of Zimbabwean banks.

The p-value for product attributes is 0.0114, which is less than 0.05 ($p < 0.05$). This implies that the null hypothesis is rejected, meaning that:

$Ha_{1.2}$ There is a relationship between product attributes and the sustainability of Zimbabwean banks.

The promotion had a p-value of 0.7666, which is greater than 0.05 ($p>0.05$). Therefore the null hypothesis is accepted, meaning that:

$Ho_{1.3}$ There is no relationship between the promotion of products and sustainability of Zimbabwean banks.

Service delivery had a p-value of 0.0000, implying it was less than 0.05 ($p< 0.05$). Therefore the null hypothesis is rejected. This variable also had the strongest relationship with the dependent variable. As a result:

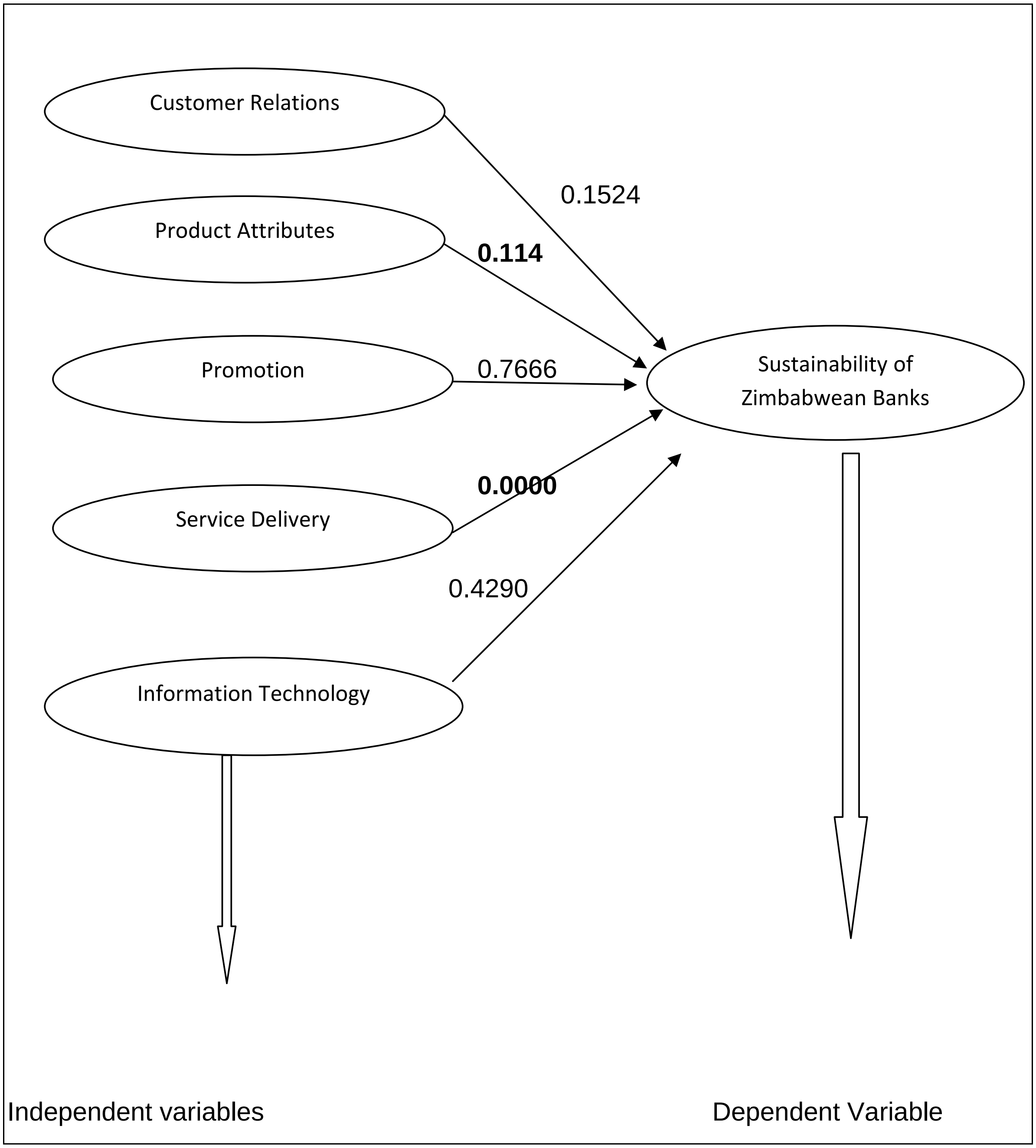
$Ha_{1.4}$ There is a relationship between service delivery and the sustainability of Zimbabwean banks.

The p-value for information technology was 0.4290, which is greater than 0.05 ($p>0.05$). This implies that the null hypothesis is accepted, signifying that:

$Ho_{1.5}$ There is no relationship between information technology and the sustainability of Zimbabwean Banks.

Accordingly, the conceptual model is presented as follows:

Figure 5.1: Modified conceptual model



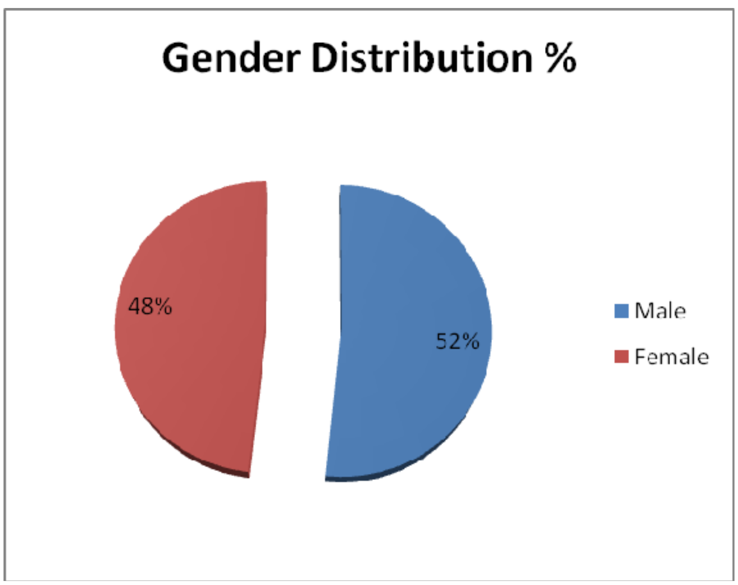
5.3 BIOGRAPHICAL DATA

This section examines Section B of the questionnaire, which shows the composition of the biographical data. The results are presented in terms of pie charts and bar graphs, which were described by Struwig and Stead (2001:271) as effective for depicting the relative size, or for emphasising statistic comparisons, since the sections are represented as being part of the whole.

5.3.1 Gender of the Respondents

Figure 5.2 illustrates the distribution of the gender of respondents. Fifty-two percent (n=155) of the respondents were males, while the females comprised 48% (n=145) of the sample population.

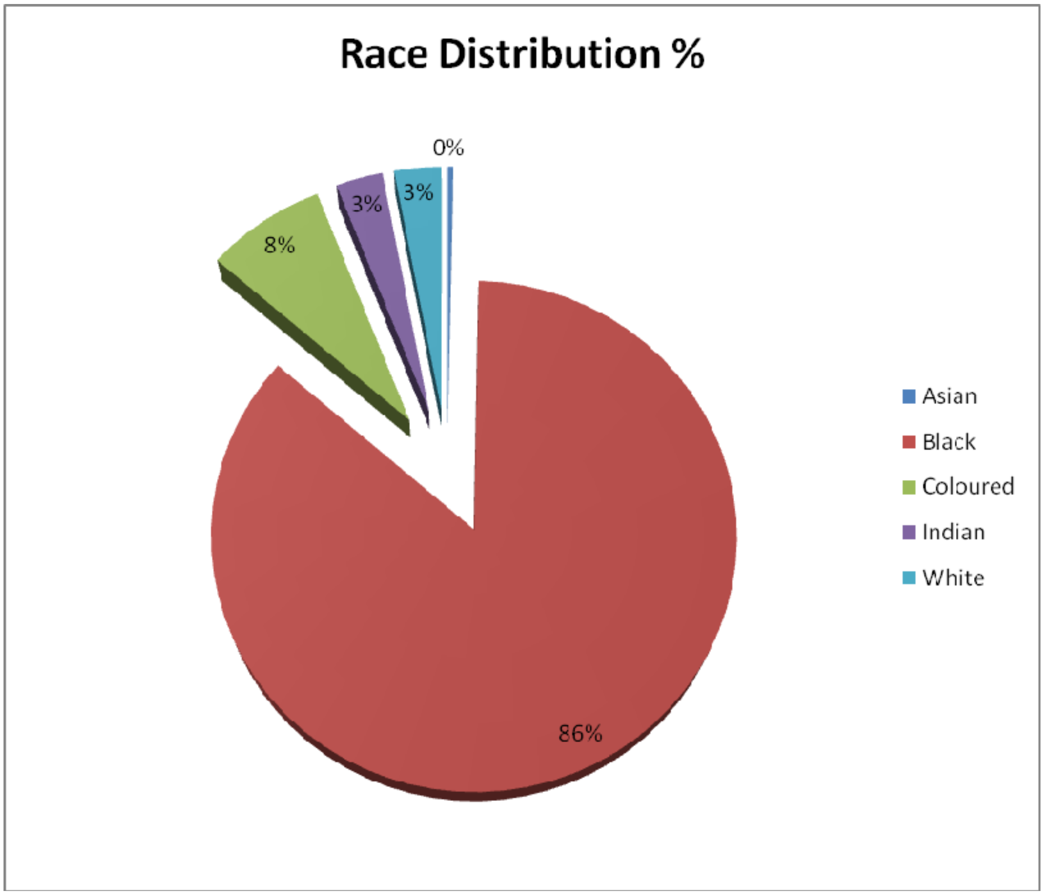
Figure 5.2: Gender of Respondents



5.3.2 Race Population

The race distribution of the sample is highlighted by Figure 5.3 below. Most of the respondents were black, comprising 86% (n=258) of the sample population, followed by a minority of 8% (n=23), 3% (n=9) and 3% (n=9) that comprised Coloureds, Whites and Indians, respectively.

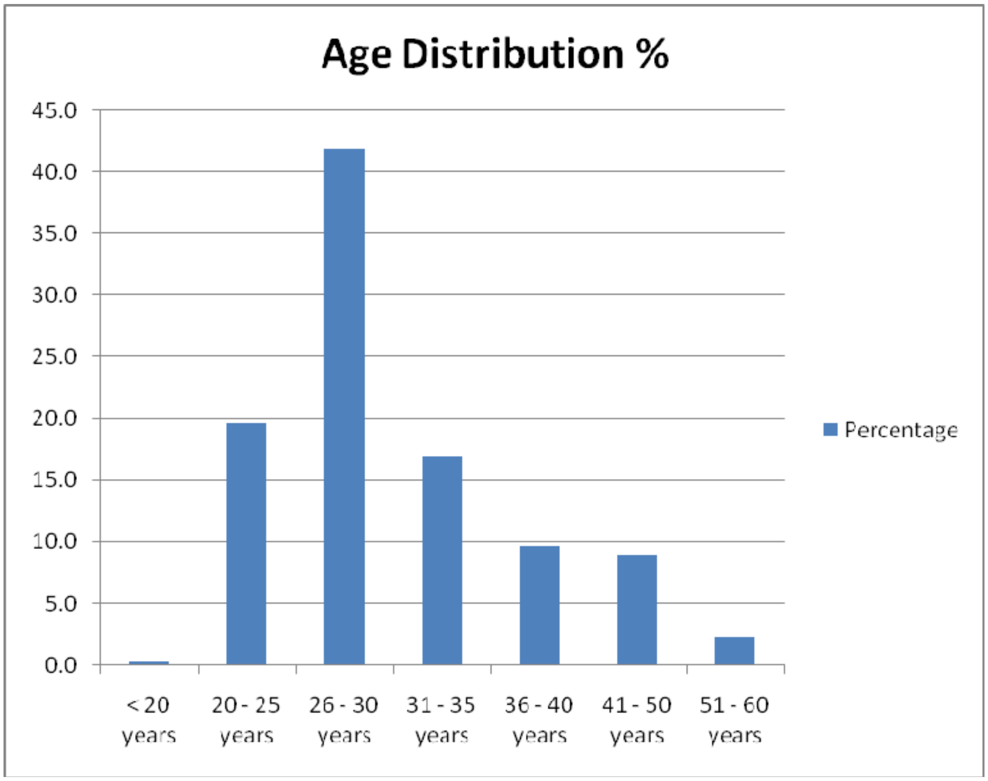
Figure 5.3: Race Distribution



5.3.3 Age Distribution

The highest number of respondents came from the age group 26-30 years, accounting for 42% (n=126) of the sample population. The second largest number of respondents came from the age group 20-25 years, representing 19.7% (n=59) of the respondents; 17% (n=51) came from the age group 31-35 years. The smallest number of respondents came from the age groups 36-40 years, 41-50 years and 51-60 years consisting of 9.7% (n=29), 9% (n=27), 2.3% (n=7) of the sample population respectively.

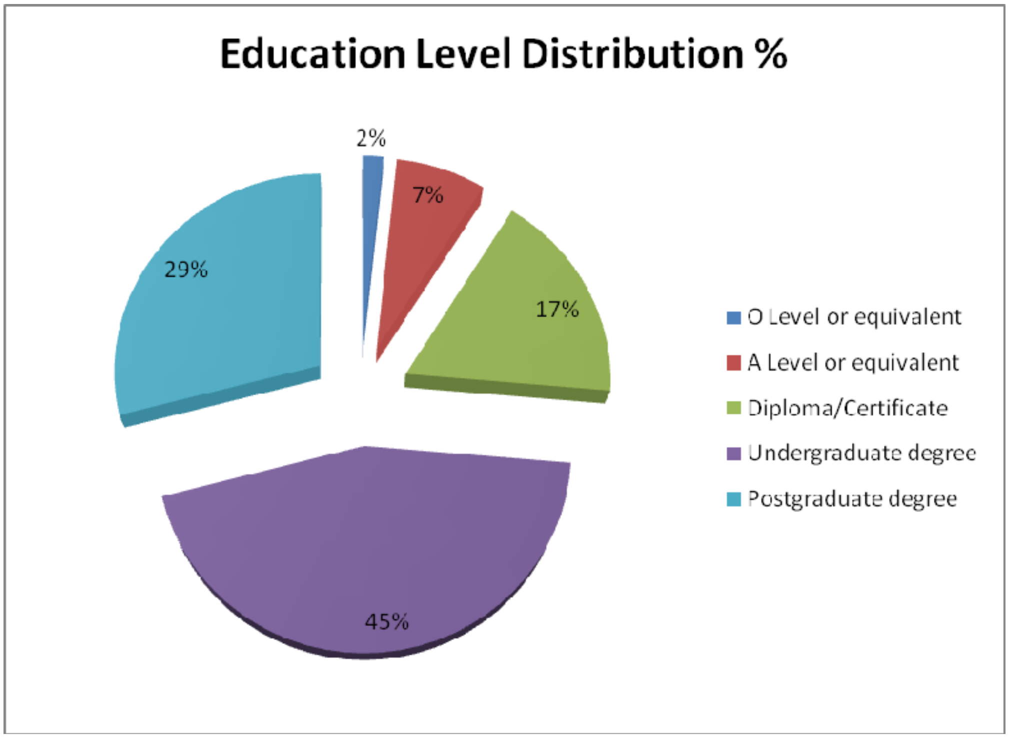
Figure 5.4: Age Distribution



5.3.5 Educational Level

Figure 5.5 shows that most of the respondents had an undergraduate degree, comprising 45% (n=134). Twenty-nine percent (n=87) of the respondents had a postgraduate degree, while at least 17% (n=52) had a diploma/equivalent certificate. The minority of the respondents had Advanced level and Ordinary level, consisting of 7% (n=22) and 2% (n=5) of the sample population, respectively.

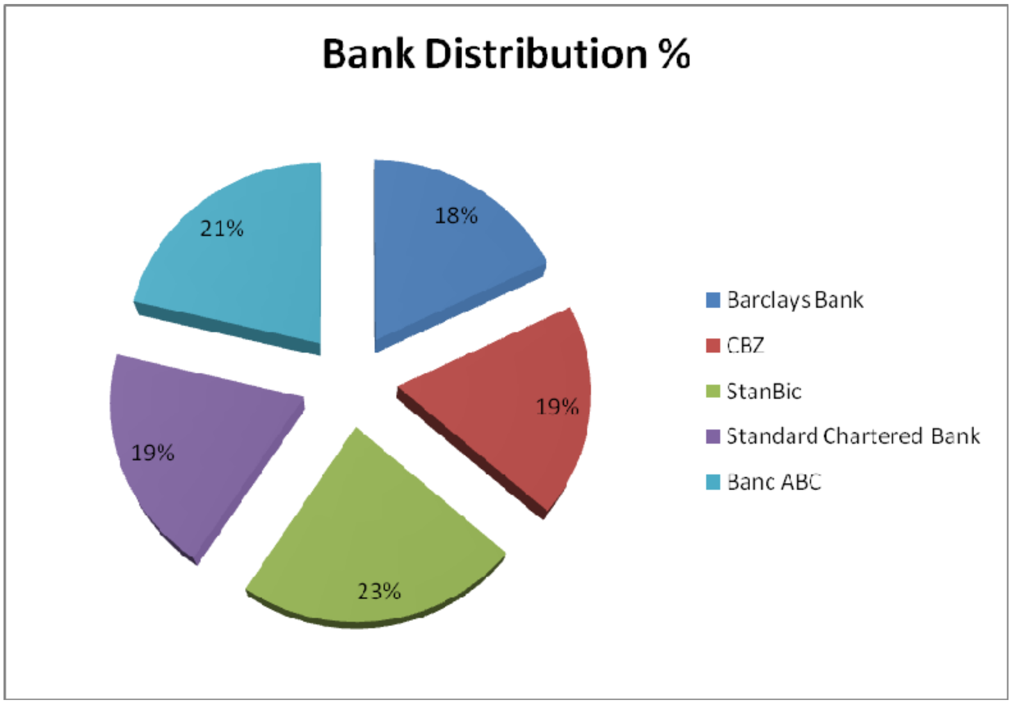
Figure 5.5: Educational Level



5.3.5 Bank Distribution

A majority of the respondents came from Stanbic Bank, consisting of 23% (n=69) of the total population. The respondents from Banc ABC accounted for 21% (n=64) of the population; while CBZ together, with Standard Chartered Bank each accounted for 19% (n=58). However, Barclays Bank (n=51) had 18% of the total respondents that participated in the survey. Figure 5.6 shows the distribution of the bank respondents.

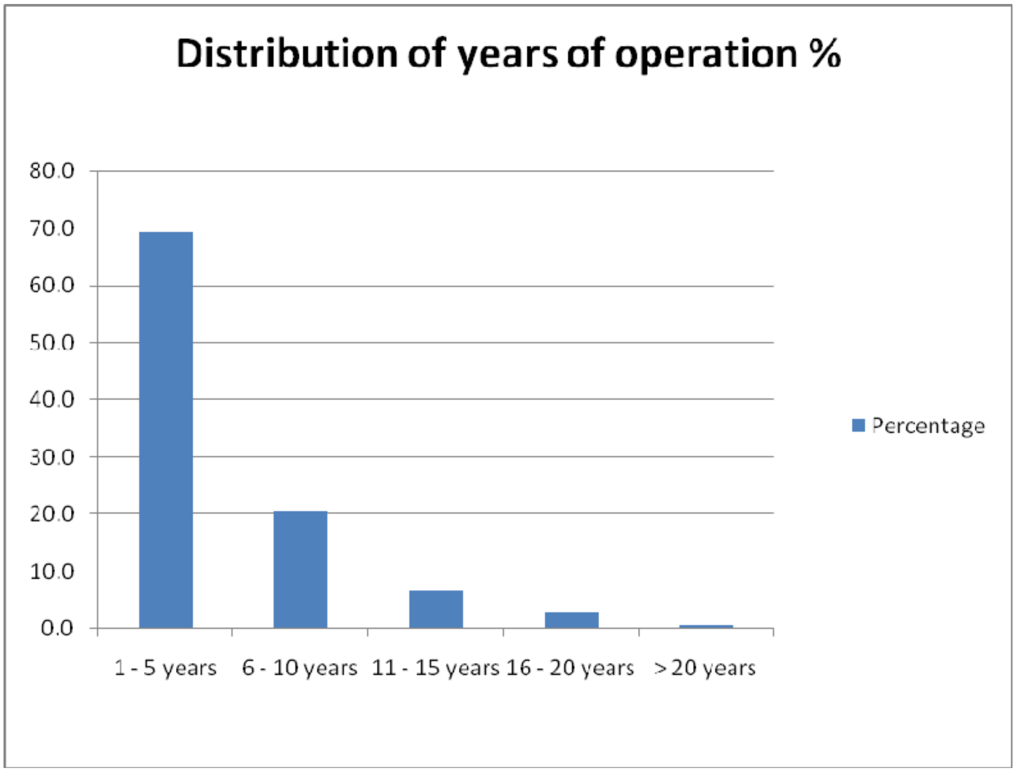
Figure 5.6: Bank Distribution



5.3.6 Years

According to Figure 5.7, most of the respondents had only dealt with their respective banks for a period of 1-5 years, representing 66.3% (n= 208) of the population. This was followed by 20.3% (n=61) of the respondents having dealt with their banks for 6-10 years. Twenty percent (n=20) of the respondents had been with their bank for 11-15 years; while a minority of 3% (n=9) and 0.7% (n=3) had dealt with their banks for 16-20 years, and over 20 years in that order.

Figure 5.7: Years of Operation



5.4 OVERVIEW OF THE FINDINGS

Three hundred questionnaires were distributed among the five major banks in Zimbabwe, testing the independent variables against the dependent variable. The results showed that the majority of the respondents were well educated, with most of them having used banking services for a period of 1-5 years.

Although the majority of the respondents indicated that they did not get phone calls from their banks to advise them about their products and services, as well as their accounts, they did indicate that they had consultants, in fact, suggested products and services tailored to meet their financial needs. The respondents also showed that having a relationship manager made banking easy and their respective banks had good reputations compared with other banks. The reliability coefficient for the variable customer relations was very high, meaning that the internal reliability for this variable was good.

Nevertheless, the empirical results showed that there was no relationship between customer relations and the sustainability of Zimbabwean banks. In other words, customer relations as a variable of relationship marketing did not have any significant impact on the banks' sustainability.

Most of the respondents were happy with the packaging of the bank products, and felt that their banks offered products and services that suited everyone. Product superiority and good credit facilities were some of the factors that were favoured by the bank clients. Needless to say, a number of the respondents expressed the opinion that it would cost them a lot of money to change from their bank to another. The internal reliability measure for product attributes was favourably high. The results also showed that product attributes had an influence on bank sustainability.

The results revealed that the banks did not particularly participate on social networks for advertisement purposes or to interact with their clients. Nevertheless, the banks created good reputations through media communication. The majority of the respondents did not participate in their banks' promotional activities. The reliability for the statements measuring promotion was comparatively low, but satisfactory. The hypothesis testing indicated that there was no relationship between promotion and the sustainability of Zimbabwean banks.

Service delivery proved to have the strongest relationship with sustainability, according to the multiple regression analysis. Most of the respondents felt their bank consultants were friendly, courteous, professional and eager to help. Call centres, on the other hand, had not been of any significant help in solving customers' problems. The internal reliability coefficient for service delivery was very high at 0.87.

Information technology, one of the most indispensable attributes that banks cannot do without had no influence on Zimbabwean banks' sustainability in terms of relationship marketing. Most respondents did not make use of internet banking, while stressing that they did not have any problems with it.

Most use ATMs as they are convenient. The reliability coefficient measured for information technology as a variable was satisfactory at 0.69.

Two of the independent variables of relationship marketing have an impact on the dependent variable, sustainability. Most respondents viewed their banks as profitable; in addition, they rated them better than other banks in terms of performance. Meanwhile, the economic situation influenced their bank of choice, and yet their families bank choice had no influence on their decisions when deciding on a bank. The internal reliability measured for the dependent variable was 0.61.

5.5 SUMMARY

The chapter has discussed the statistical methods used for data analysis. Internal reliability was tested for the six variables. The results of the variables' correlation and regression analysis were also shown. The testing of the hypotheses revealed that only two variables (product attributes and service delivery) had a relationship with Zimbabwean banks' sustainability. The results also revealed that most of the respondents had dealt with their banks for a short period of between 1-5 years.

The possible reasons backing the empirical results are examined in the following chapter. This chapter will also provide a synopsis of the study, conclude and present some recommendations, as well as the shortcomings and areas of possible future research.

CHAPTER SIX

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

6.1 INTRODUCTION

This Chapter provides an outline of the study as a whole. It briefly discusses the main points, as highlighted in the literature review, together with the empirical findings examined in Chapter 5. The purpose of the research, as well as its objectives will be revisited – in addition to the research design and the methodology. Answers are given to the research question posed in Chapter One, namely; **Can relationship marketing attempt to salvage the lost confidence and contribute to the sustainability of Zimbabwean banks?** Following this, conclusions and recommendations are made.

6.2 SUMMARY: HOLISTIC PERSPECTIVES OF THE RESEARCH

6.2.1 Purpose and Research Objectives

The purpose and primary aim of the study, as mentioned earlier, was to investigate the relevance of relationship marketing on the sustainability of Zimbabwe banks. In support of this main objective, hypotheses were identified, testing five independent variables of relationship marketing against one dependent variable. This was done by means of regression analysis.

As stated in Section 1.3.2 of Chapter One, seven secondary objectives were identified. They are restated below, and how they were met.

<u>Research objective one</u>:

- To conduct a thorough literature review on relationship marketing and its contribution to businesses.

This objective was carried out in Chapter Three, where an overview of relationship marketing was given, and its benefits to businesses, with distinct reference being made to banks.

Research objective two:

- To analyse the Zimbabwean economy and the performance of Zimbabwean banks since the economic downturn.

Chapter 2 of the research project attempted to meet this objective by analysing the Zimbabwean economy during and after the economic turmoil. In addition, the banking situation in the country was examined.

Research objective three:

- To conduct a literature review on the variables that affect the sustainability of Zimbabwean banks.

Chapters Two and Three discussed all the variables in question, in order to meet the primary objective.

Research objective four:

- To construct a questionnaire measuring the variables in the conceptual model that affects the sustainability of Zimbabwean banks.

A self-developed questionnaire was developed by the researcher, testing aspects of the independent variables against the dependent variable, in order to meet the main research objectives. The questionnaire was tested for both reliability and validity.

Research objective five:

- To capture and analyse the data

Coding was carried out after the distribution and collection of questionnaires, in order to capture the data. Parasuraman (1991:614) defined coding as a set of tasks associated with transforming edited responses into a form that would make them ready for analysis. The researcher, therefore, assigned numbers to the individual questionnaires as well as creating an excel spreadsheet, where the individual questionnaire responses were captured before statistical analysis.

Research objective six:

- To draw conclusions from the empirical data.

This chapter will discuss the empirical findings and will draw some conclusions.

Research objective seven:

- To provide recommendations, so that Zimbabwean banks can adopt the necessary practices to help improve their sustainability.

This chapter also provides recommendations to Zimbabwean banks, based on the empirical findings.

6.2.2 Research Design and Methodology

Chapter 4 of this study was dedicated to the research methodology carried out in order to meet the research objectives mentioned above. The research took a positivist approach of research paradigms. This is a framework that combines a deductive approach with the measurement of quantitative data, so that the researchers would be enabled to discover causal relationships (Neuman 2000:516). Therefore, the quantitative method of research analysis was applied.

Primary data comprise the information gathered and assembled, specifically for the project at hand (Zikmund *et al*. 2010:187). A five-point Likert-type self-developed questionnaire was drawn up with questions that investigate the variables of relationship marketing's impact on bank sustainability. This questionnaire was tested for reliability and validity. The questionnaire was distributed by the researcher in person to bank clients of the five major banks.

Secondary data, which necessitate the use of already published material, were used. These data came from the financial statements and published journals of Zimbabwean banks, textbooks, newspaper articles, journals, internet articles and published policy frameworks from the Reserve Bank of Zimbabwe. The convenience sampling technique was used to carry out this empirical research as the respondents were chosen based on their convenience and availability.

The data processing was done using the computer program STATISTICA (10.0), which examines the statistics and data from the respondents thoroughly.

6.2.3 The Literature Review

As previously mentioned in Chapter Two, Zimbabwe has faced an economic meltdown for more than a decade since the 1990s. Political instability, corruption, as well as the Land Reform programme constituted the main causes of the downfall of the economy. Fuel and food shortages became prevalent, as a result of hyperinflation, which reached a record level of one trillion percent. Economic stability only became apparent after the formation of a new government that integrated the two main rival political parties.

The new government introduced the multi-currency regime, which allowed the use of the US Dollar and the British Pound, together with the South African Rand, as mediums of exchange in the market.

The banks suffered during the crisis, as many of the major contributors to economic growth were only partially active. Most people were no longer using the banks for saving or investment purposes. Foreign currency was being traded through other illegal channels. Since the introduction of the multi-currency system, people have gradually moved their savings back to the banks. Banks progressively got business from both the general public and corporate companies.

The challenge for Zimbabwean banks, however, was to trade on a global front. The Reserve Bank, therefore, enforced legislation that obligated all the banks to meet the Basel 2 Accord requirements. Each bank was stipulated to meet capital requirements of $12,5 million. Having requested that, the Reserve Bank fell short in fulfilling one of its roles namely; of providing banks with capital by only injecting $7 million into the banking system. As at 30 June 2011, 14 out of the 25 banks had met the capital requirements (Kwesu & Taruvinga 2011:3).

Chapter Two also examined the five major banks in Zimbabwe and the steps some of these banks had taken in meeting the five independent variables using the relationship-marketing approach.

Chapter Three briefly examined traditional marketing, as well its development to relationship marketing. The definition of relationship marketing used for the purposes of this research was: “a means to establish, maintain and enhance relationships with customers and other parties at a profit, so that the objectives of the parties involved are met” (Gronroos 1997:327). Hence, creating thereby a win-win situation where both parties gain. In order for good relationships to be formed, four standard steps had to be followed by the banks.

Awareness was the first stage that introduced the bank, its products and services to the public. This was mainly done through promotional activities. The second stage entailed the exploration of the bank products and services by the prospective client; and success at this stage was minimal, as constant interaction was limited. The success of stage two meant that both parties (bank and client) could move away from probing and testing each other, to developing a functional relationship.

The bank’s ultimate goal was to have clients who were committed to them. This is the final stage of a successful relationship. It is a stage where the parties are both satisfied, and are in mutual agreement of long-lasting relationships. However, if levels of dissatisfaction are high, most clients will halt the relationship at the third stage before reaching any commitment.

Relationship marketing is a broad concept; it has a lot of facets that contribute to its success. Chapter Three discussed the five independent variables, namely; *customer relations, product attributes, promotion, service delivery and information technology.* The researcher deemed these factors as possibly contributing factors to the successful implementation of relationship marketing in Zimbabwean banks. The main aim was to see the level of influence, if any, the five variables had on the sustainability of the banks in the relationship-marketing concept.

Maintaining good customer relations requires the practice of good customer-relationship management. Customer relationship management (CRM) is the development of a customer-centric culture that is committed to creating and delivering value to the customers (Buttle 2009:4). Banks use CRM, in order to achieve customer satisfaction, which in turn leads to loyalty. Furthermore, loyalty is directed related to profitability mainly through cross-selling.

Most banks offer the same products. However, variation is essential, in order to create sustainable relationships with their customers. One way of achieving this is through product branding, as well as corporate branding. Product branding differentiation strategies in banks include providing relatively low interest, a variety of flexible products that are efficient, as well as offering the latest products that are being offered on a global banking level.

Corporate branding involves the creation of a good image, through creating slogans and logos that resonate with the customers with the intention of creating brand loyalty. A bank that has favourable product attributes will aim to achieve high switching costs for the clients, as this would keep them from changing from one bank to another.

Another significant part of relationship marketing is promotion. This entails a business taking measures to elevate its products and services to a desirable level. Chapter Three discussed the promotional (advertising, personal selling, public relations, sales promotion) mix in relation to relationship marketing and banks.

Good service delivery is one way of ensuring that customers will come back for a repurchase. Good service delivery is subjective, as what might appear to be good service to one customer could be seen differently by another. However, people generally don’t forget how they were treated. The main goal for achieving good service delivery is to attain good service quality, which would add value to banks and businesses alike. The standard measure of service quality is through the SERVQUAL scale that examines five factors, namely; tangibles, reliability, responsiveness, assurance and empathy.

Banks, in essence, use these five factors as benchmarks in an effort to meet customers' expectations by providing commendable service.

Information technology has allowed for efficient, quick and convenient interaction of banks and their clients. ATMs, as well as the internet and telephone banking have allowed banks to reach customers from different geographical markets. Information technology has not only benefited customers, but banks also, especially in improving on customer retention through data-mining techniques.

6.2.4 Primary Data Sourcing

Chapter four provided an outline of how primary data were collected. One of the secondary objectives was to construct a questionnaire measuring the variables in the conceptual model – that affect the sustainability of Zimbabwean banks. The researcher developed a questionnaire that tested the five independent variables' influence on sustainability. The questionnaire, which initially had 50 questions, was tested for validity through a pilot study; and 44 statements were ultimately used to conduct the primary objective.

The researcher single-handedly distributed the questionnaires to the five major banks to a sample size of 300 respondents in Harare, Zimbabwe.

6.2.5 Data Analysis

Statistical software (STATISTICA 10.0) was used to analyse the data. The variables' means and standard deviations were calculated, as well as the distribution of each statement's responses. The results also showed the correlation of the variables, as well as the individual statements. The correlation of the variables (independent and dependent) was satisfactory. The internal reliability of the individual variables was calculated; and generally, this was good with only three statements falling outside the measuring parameters. Hypotheses were tested, using regression analysis, which tests and analyses the causal relationships between variables. A p-value of $p<0.05$ was used as the basis for accepting or rejecting the null hypotheses.

6.3 SIGNIFICANT FINDINGS

The results indicated that most respondents had been dealing with their banks for an average period of 1-5 years. Chapter Two revealed that hyperinflation had contributed to the devaluation of the Zimbabwean dollar and to any efforts made by the Reserve Bank in printing different notes. These so-called bearer cheques did not alleviate the problem; therefore, the banks became the last resort for saving and investing money. Foreign currency was being traded using unofficial channels. This further explained why the banks, prior to the multi-currency system, were redundant. It also explains why most people had neglected using banks during the economic turmoil. At least more than half of the respondents (74%) had either an undergraduate or postgraduate degree. This high level of education shows that the respondents appreciated the importance of having banking services in their life.

After testing the hypotheses, the following could be inferred, and the possible reasons for explaining the results:

$Ho_{1.1}$ There is no relationship between customer relations and the sustainability of Zimbabwean banks.

The results highlighted the fact that there was a lack of personal touch between the banks and the respondents. Although most felt that having a relationship manager made banking easier. Chapter Two explained that most banks neglected the customers at the bottom of the financial pyramid. To further support this, a majority of the respondents indicated that they did not get calls from their banks with regard to their accounts, or any new products and services. The result of the hypothesis tested on customer relations proves that most Zimbabwean banks had not implemented customer-relationship management as part of their core strategy for customer retention.

$Ha_{1.2}$ There is a relationship between product attributes and the sustainability of Zimbabwean banks.

The results show that Zimbabweans are currently (2011) concerned with getting the right products that meet their financial needs, and would deal with a bank that offers favourable product attributes, which would include good credit facilities, among other things.

$Ho_{1.3}$ There is no relationship between the promotion of products and Zimbabwean banks.

Zimbabwean banks typically use mass media promotion, when promoting their products and services. In terms of relationship marketing, promotion has not met the desired goal of interacting with customers on a more interpersonal level. Therefore, the results indicated that promotion had no relationship with the sustainability of banks.

$Ha_{1.4}$ There is a relationship between service delivery and the sustainability of Zimbabwean banks.

In Zimbabwe, a good service rendered by banks would have an impact on sustainability. People are more inclined to deal with a bank that has good service delivery, as opposed to one that does not.

$Ho_{1.5}$ There is no relationship between information technology and the sustainability of Zimbabwean banks.

Although information technology is indispensable to bank success, this factor might still be secondary in a recovering economy, like Zimbabwe – in terms of affecting the sustainability of banks. The use of websites and internet banking, as highlighted in Chapters Three and Five, is relatively low because of inadequate knowledge and resistance to change among the customers (Dube *et al*. 2008.2).

6.4 CONCLUSIONS AND RECOMMENDATIONS

As mentioned earlier in the study, relationship marketing goes beyond the traditional marketing mix of the 4Ps; and it attempts to build long-lasting profitable relationships that benefit both the parties involved. Theoretically, the variables of relationship marketing established for this study have a positive impact on bank sustainability.

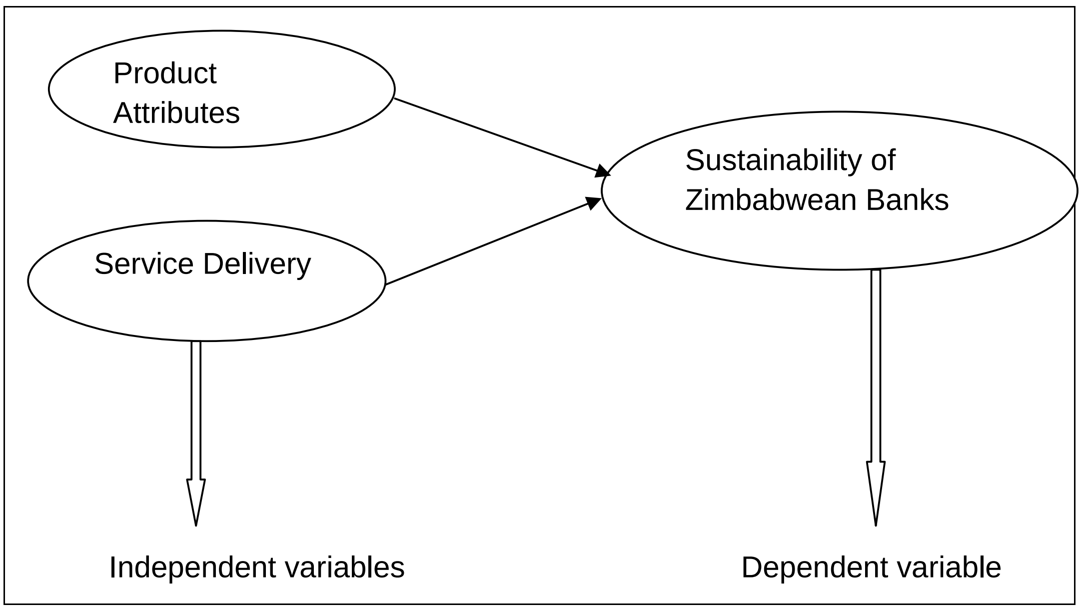
Good customer relations are perceived to enhance customer satisfaction. And this, in turn, should increase loyalty and also directly impact on profitability in the long run. Favourable product attributes, such as low interest rates, high switching costs, as well as appropriate product branding are also supposed to have a positive influence on performance. Promotion is a prerequisite to any business success, while good service delivery ensures that the level of satisfaction remains high. Information technology has brought the world together and it has improved efficiency in most areas of business that have been greatly assisted by the banking industry.

Needless to say, banks do not operate in isolation. The variables of relationship marketing impact differently on various banks in different regions or countries. Macro-economic factors (unemployment, inflation rate, political risk, GDP) and micro-economic factors (management style, employee performance and consumer behaviour) have a huge impact on the sustainability of banks. As a result, Standard Bank in South Africa might not perform the same as Stanbic in Zimbabwe, and vice versa. The same applies to Barclays Bank in the UK and Barclays Bank in Zimbabwe.

In the light of the above discussion, two variables of relationship marketing have been found to have an influence on Zimbabwean banks' sustainability. The other three showed no relationship to bank sustainability. Although this was the case, it does not entirely mean they do not contribute to bank success. In terms of measuring relationship marketing, the three variables (customer relations, promotion and information technology) did not have any impact on Zimbabwean banks' sustainability.

Therefore, answers are given to the research question: **Can relationship marketing attempt to salvage the lost confidence and contribute to the sustainability of Zimbabwean banks?** Figure 6.1 shows a modified conceptual model that illustrates the two independent variables that had an impact on Zimbabwean banks.

Figure 6.1: Conceptualised Model



According to the empirical results, product attributes and service delivery, as variables of relationship marketing, if implemented desirably could, to a large extent, salvage the lost confidence and contribute to bank sustainability in Zimbabwe.

Previously, people opted for other channels of saving and investing money, because of macro-economic issues, such as political instability, hyperinflation as well as the devaluation of the Zimbabwean dollar. In difficult times, such as these, banks need to instill confidence in people, so that economic fluctuations affect their performance on a minimal scale. In other words, people should feel inclined to trust banks in managing their finances, regardless of the situation.

The current situation (2011) in Zimbabwe shows that only two independent variables (product variables and service delivery) have an impact on bank sustainability. Therefore, recommendations extensively focus on the two variables that have a relationship with Zimbabwean banks' sustainability; and briefly on the three variables that had no relationship. The recommendations based on this study are presented as follows:

- Zimbabwean banks should rise above the norm of merely offering current savings, foreign currency, loan accounts; but they should also offer variety and flexibility to their clients. Banks could take lessons from other successful South African banks, for example, First National Bank (FNB), which is a well-known leader in offering a wide range of products and services that offer flexibility and convenience to the client. The main reason for this is to create customer retention, where clients feel their bank is a one-stop shop that provides for all their financial needs. Banks would not only gain from improved customer retention, but better customer relationships would inevitably be developed.
- Based on the results of the study, most respondents are particularly interested in banks that meet their financial needs and provide good credit facilities. Financial planning is another vitally important aspect that Zimbabwean banks and customers could benefit from. The South African Handbook of Financial Planning (2011:3) describes financial planning as a "process of determining an individual's short, medium, and long-term financial goals, purposes in life – and considering his/her resources, risk profile and current lifestyle – to detail a balanced and realistic plan to meet those goals." As such, banks should have a financial planning department with consultants who are trained to assist clients with their tailor-made financial decisions. Financial planning encourages banks to fully know their clients, and it gives a basis for successful relationships to be formed. Having recommended that, the Reserve Bank of Zimbabwe would, in turn, need to have regulations in place that protect the customers' interests from bad financial advice that might eventuate.

- Essentially, every bank client wants to feel that their is part of the bank family; and one way of doing this is through providing good service. Banks should recruit and train staff that is competent to understand the value of customers. Elements of the SERVQUAL model could be used to identify any gaps between customers' expectations and their perceptions of good service delivery when compared with their actual experiences. Banks should maintain a favourable atmosphere in the banking halls. Consultants should be trained, so that they are fully aware of the significance of reliability and empathy, in order to respond to clients in a manner that corresponds with the promised service the bank offers. In doing so, they should assure clients that they (the clients) can trust in them to provide the best financial services.
- Call centres are prominent worldwide for solving customers' problems efficiently. In Zimbabwe, only one bank (Banc ABC) rose to the standard of offering call centres. Call centres aid in quick problem-solving. Customers always return to a bank where they do not experience delays in problems-solving. This would also help reduce long queues of customers that are prevalent in most Zimbabwean banking halls.
- In terms of promotion, social networks, such as Facebook and Twitter have revolutionised the world communication systems. Social networks have brought people in different geographical areas together. Social networks allow bank customers' voices to be heard, to solve their problems, as well allowing the bank to promote the products and services. Effectively allowing interaction between banks and clients would also promote the formation of good management relationships. Zimbabwean banks are, therefore, recommended to make use of social networks, as a platform to develop relationships with their clients from different geographical markets.
- The implementation of CRM strategies in banks is critical for an economy that has too many banks scrambling for a limited market share. Good customer relations should be maintained through constant interaction of bank consultants and clients. In order to achieve this,

market segmentation should be carried out using IT systems to select clients that would probably need the same products and services. Phone calls and emails should be made to prospective and current clients, notifying them of any products and services that might suit them. The results indicated that most banks do not call their clients with regard to new products and services. Zimbabwean banks need to adopt the practice of regularly contacting clients when introducing new products and services, in order to promote cross-selling. The goal is for one client to have as many products and services from one bank as possible; hence relationships become easier to form.

- In order for banks to operate profitably, they should employ liquidity management, liability management and capital management techniques that are practical and attainable, given the state of the economy.
- Although information technology does not have a relationship with the sustainability of Zimbabwean banks in the relationship marketing concept, banks should continue to employ the latest and most efficient IT systems, in order to keep up with global standards. Promotion and education to use services, such as online banking and cellphone banking should be one of the bank's main objectives.
- In order for a successful implementation of relationship marketing to work in Zimbabwean banks, the five independent variables identified in this study should work in synchronisation. The results showed that the five independent variables correlated positively with bank sustainability implying that they do have an influence on bank viability. Therefore, banks should enhance the practice of customer relations, product attributes, promotional strategies and service delivery as well as information technology.
- Finally, the Reserve Bank of Zimbabwe needs to step forward as the central bank in being the lender of last resort. Once this has been achieved, banks would be elevated and could use some of their revenue for staff development and training, so that they could become more professional and learn how to attain and maintain long-lasting

relationships.

6.5 CONTRIBUTIONS OF THE RESEARCH

Relationship marketing in banks is important for a recovering economy that has experienced more than a decade of economic meltdown. Zimbabwean banks lost a lot of clientele during the crisis. It is imperative for them to apply good relationship marketing procedures, so that they are able to withstand future problems. However, this is not to say that relationship marketing is the only tool that can prevent banks from failing.

The contributions of this study are as follows:

- The research focused on a marketing concept that is fairly new to Zimbabwean banks in terms of implementation. It gives insight for banks to consider incorporating relationship marketing as a strategic tool for success in the industry.
- The study also showed loopholes in the Zimbabwean banking system that need to be examined, and necessary measures should be taken, so that they can be operate on a global scale.
- The researcher developed a conceptual model that had reliable variables in testing the impact of relationship marketing on Zimbabwean banks. Furthermore, the self-developed questionnaire could be used for future studies, with minor changes to the wording, as well as some additional content.

6.6 LIMITATIONS OF THE RESEARCH AND RECOMMENDATIONS FOR FUTURE RESEARCH

A number of limitations to the study were identified. These include:

- The research was carried out in a period of political uncertainty, as the country faces Presidential elections in 2012. The outcome of the elections could possibly affect economic performance and bank sustainability either directly or indirectly. Therefore, the results indicated in this study cannot truly reflect the impact of the relationship marketing variables in the near future.

- There was a serious lack of published academic journals on the Zimbabwean economy and the banking situation.
- Most banks were reluctant to get their customers to fill in the questionnaire. The process was slow and tedious – with the researcher having to wait for the highest senior in the banking hierarchy for authourisation.
- The research only focused on five major banks out of the twenty-five registered banks in Zimbabwe, and the respondents were from the city of Harare, and not from the whole country.

The study attempted to investigate the relevance of relationship marketing on Zimbabwean bank sustainability. However, emanating from this, the following areas of future research can be recommended:

- A further study on how Zimbabwean banks could use relationship marketing to enhance profitability.
- The same study could be done in a few years, to test whether the other three variables (customer relations, promotion and information technology) have any relationship with the sustainability of Zimbabwean banks.
- The impact of service delivery on the performance of Zimbabwean banks.
- The ways in which Zimbabwean banks could use information technology to build relationships with their customers.
- The same study could be carried forward to include all twenty-five registered banks in Zimbabwe – and in all the geographical markets.

6.7 FINAL REMARKS

Zimbabwe is a recovering economy that is currently facing many challenges in going forward. The country still suffers from power shortages, with other industries, such as mining, agriculture and production, showing signs of improvement.

The multi-currency regime has brought some stability to the economy, and because of the recovery in major industries, banks have also benefited. The lost confidence in the banking system is gradually being restored, as shown by the results. As such, banks need to implement measures that would ensure their sustainability – even in undesirable conditions. Relationship marketing, as opposed to traditional marketing, gives banks a competitive edge that could stimulate the banks’ survival in the long run.

This is especially vital for an overbanked economy that has more banks than it can sustain. This study has demonstrated that banks need to work on building relationships, through offering appropriate product attributes, together with favourable service delivery, while and at the same time considering customer relations, promotion and information technology. The prospects for Zimbabwean banks to perform better are high, as the economy is stabilising.

However, the country’s economic status might be affected by the outcome of any political changes for better or for worse. Nevertheless, relationship marketing becomes a useful tool that ensures that the sustainability of Zimbabwean banks is not affected by any economic changes.

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APPENDIX

RESEARCH INSTRUMENT

Nelson Mandela Metropolitan University

for tomorrow

Dear respondent,

The Unit of Applied Management Sciences at the Nelson Mandela Metropolitan University is conducting research to investigate the relevance of relationship marketing on the sustainability of Zimbabwean Banks. In an attempt to conduct the research, we kindly request you to complete the following questionnaire. Please note that your responses will be treated as confidential and the results of the survey will be available on request. In order to conduct this research accurately, we also kindly ask you to complete the attached questionnaire in an honest manner – **there are no correct or incorrect answers**. Therefore, please answer the questions by indicating your perception on the variables of relationship marketing on Zimbabwean banks indicated below.

Ethics clearance for this questionnaire has been done. The number is H 11 BUS MRK037.

It will not take you more than 10 minutes to complete this questionnaire.Thank you in advance for your time.

THE STRUCTURE OF THE QUESTIONNAIRE IS AS FOLLOWS:

Section A consists of statements regarding various aspects of relationship marketing within your bank.

Section B requires basic biographic data.

RESEARCHER: Tafadzwa Mwanyisa (Masters` Candidate)

RESEARCH LEADER: Prof. M. Tait (Supervisor)

<u>SECTION A</u>: MEASURING VARIABLES OF RELATIONSHIP MARKETING WITHIN THE BANK

Please read the statements below and indicate the extent to which you agree or disagree with each statement. The levels of agreement are as follows:

5= Strongly Agree

4= Agree

3= Neutral

2= Disagree

1= Strongly Disagree

	<u>Statements on the variables of relationship marketing</u>	**Strongly Disagree**	**Disagree**	**Neutral**	**Agree**	**Strongly Agree**
1	I get calls from my bank regularly with regards to my account	1	2	3	4	5
2	My bank offers superior products compared to other banks	1	2	3	4	5
3	My bank offers useful information by means of social networks e.g. Facebook and Twitter	1	2	3	4	5
4	I regularly make use of my bank website	1	2	3	4	5
5	The bank staff is friendly and courteous to me	1	2	3	4	5
6	The economic situation has influenced my bank of choice	1	2	3	4	5
7	My bank offers products and services that suit everyone	1	2	3	4	5
8	I get regular calls from the bank to notify me about new products and services	1	2	3	4	5
9	The bank`s call centre is helpful whenever I have complaints/problems	1	2	3	4	5
10	I use the services of my bank because my parents use(d) it as well	1	2	3	4	5
11	I feel that I have a personal relationship with my bank	1	2	3	4	5
12	I hear about the bank`s products and services mainly through word of mouth	1	2	3	4	5
13	The turnaround time for addressing/solving customer problems is less than 24hours	1	2	3	4	5
14	My bank has survived the test of time	1	2	3	4	5
15	I use internet banking regularly	1	2	3	4	5
16	I am satisfied with the services offered by my bank	1	2	3	4	5
17	The bank usually advertises on television and radio	1	2	3	4	5
18	The bank staff is very quick and efficient	1	2	3	4	5
19	In my view, my bank performs better than other banks	1	2	3	4	5

20	My banker suggested products and services tailored to meet my financial needs	1	2	3	4	5
21	Having a relationship manager makes banking easy	1	2	3	4	5
22	In my view, my bank has good credit facilities	1	2	3	4	5
23	I have little or no knowledge of the bank`s advertisements	1	2	3	4	5
24	My bank consultant is honest and trustworthy	1	2	3	4	5
25	My bank cares about having a good relationship with me	1	2	3	4	5
26	I am informed regularly by bank consultants regarding new products	1	2	3	4	5
27	My bank consultant is very reliable	1	2	3	4	5
28	I do not trust internet banking	1	2	3	4	5
29	It would cost me a lot of money to change from my bank to another	1	2	3	4	5
30	The bank creates a good image via media communication	1	2	3	4	5
31	The bank responds to my requests in time	1	2	3	4	5
32	I make use of the bank`s ATM because it is convenient	1	2	3	4	5
33	I am satisfied with my bank`s performance	1	2	3	4	5
34	My bank has a good reputation compared to other banks	1	2	3	4	5
35	Media advertisements influenced my decision to deal with my bank	1	2	3	4	5
36	The bank uses technology to select appropriate products and services for my financial needs	1	2	3	4	5
37	I often refer others to my bank	1	2	3	4	5
38	I am happy with the packaging of the bank products	1	2	3	4	5
39	I often participate in one/some of the bank`s promotional activities e.g. competitions	1	2	3	4	5
40	The bank uses up-to-date technology	1	2	3	4	5
41	The bank uses technology to select its high net worth customers	1	2	3	4	5
42	In my view, my bank is profitable	1	2	3	4	5
43	The bank values relationships with its customers through its promotional activities	1	2	3	4	5
44	The bank staff is very professional and eager to help	1	2	3	4	5

Section B: Biographical Information

Please indicate the most appropriate response by means of an X

1. Please indicate your gender

Male	1
Female	2

2. Please indicate to which population group you belong to*(for statistical purposes only)*

Asian	1
Black	2
Coloured	3
Indian	4
White	5

3. Please indicate the age group you belong to

Younger than 20 years	1
20-25 years	2
26-30 years	3
31-35 years	4
35-40 years	5
41-50 years	6
51-60 years	7
Above 60 years	8

4. Please indicate your highest level of education

O Level or Equivalent	1
A Level or Equivalent	2
Diploma(s)/Certificate(s)	3
Undergraduate Degree	4
Post graduate Degree	5

5. Please indicate the bank you represent

Barclays Bank	1
CBZ	2
StanBic (Standard Bank Group)	3
Standard Chartered Bank	4
Banc ABC	5

6. Please indicate the number of years you have dealt with the bank

1-5 years	1
6-10 years	2
11-15 years	3
16-20 years	4
Over 20 years	5