ASSESSING THE EFFECT OF CUSTOMER RETENTION: A CASE STUDY OF STANBIC BANK KUMASI

BY

JUNE, 2012

Project work presented to the Business studies department of Christian Service University College in partial fulfillment of the requirements for the degree of Bachelor of Business Administration

Supervisor

SARPONG, appiah.
STATEMENT OF AUTHENTICITY

We have read the university regulations relating to plagiarism and certify that this report is all our own work and does not contain any unacknowledged work from any other source. We also declare that we have been under supervision for this report herein submitted.

<table>
<thead>
<tr>
<th>NAME</th>
<th>INDEX NUMBER</th>
<th>SIGNATURE</th>
</tr>
</thead>
<tbody>
<tr>
<td>EVELYN OWUSUAH</td>
<td>1013524/8</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Student Name / ID</th>
<th>Sign</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Certified by

<table>
<thead>
<tr>
<th>Supervisor</th>
<th>Sign</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Acknowledgement

We owe first and foremost a debt of gratitude to the Almighty God who has granted us strength, knowledge and the will to complete this dissertation.

Many individuals’ intellectuals and professionals have made valuable contributions towards the development of this dissertation. Our sincerest gratitude and appreciations is to our supervisor Mr. Sarpong Appiah for his patience and guidance towards the completion of the work. We acknowledge sincerely the invaluable contribution of our entire family and friends. May God bless you all.
Dedication

This dissertation is dedicated to our family, and friends. May God bless you all.
Abstract

Customer retention has become important with the proliferation of banks. Customers of late are seen hopping from one bank to the other depending on the kind of services offered. The problems envisaged as a result of loss of customers service are damage to corporate image, low profitability, and loss of competitive edge, etc. This study was therefore designed to assess the effects of customer retention using Stanbic bank Kumasi as a case study. The study aimed at examining customer retention strategies of the branch and customers’ perception of quality at the branch. A sample size of 201 respondents was chosen for the study. Data was obtained through the use of questioning and interview session. Data presentation and discussion were supported with line graphs and tables. The study revealed that Stanbic Bank Kumasi has established customer retention strategies as evidenced by the response rate. As the study found, these strategies included ‘Timely service delivery’, ‘Effective handling of complaints’, ‘customer acknowledgement’, and ‘reliable technology such as ATM service. On the average, most customers were satisfied with the bank’s strategies and general banking system. Results pointed to a reliability of service delivery at the branch although there were complaints of long waiting time sometimes. The study generally found that the bank is responsive to the customer’s needs and that customer assurance is embedded in the bank’s service delivery. The study recommended the need for the bank to know the demands of the customers in relation to the service they provide. Again, the bank should focus on the reliability issues that may be overcome by training the employees.
**Table of Content**

<table>
<thead>
<tr>
<th>Statement of Authenticity</th>
<th>ii</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acknowledgement</td>
<td>iii</td>
</tr>
<tr>
<td>Dedication</td>
<td>iv</td>
</tr>
<tr>
<td>Abstract</td>
<td>v</td>
</tr>
</tbody>
</table>

**CHAPTER ONE: GENERAL INTRODUCTION AND CONTENT**

1.0 Introduction 1
1.1 Background to the study 1
1.2 Statement of the Problem 3
1.3 Objectives of the study 4
1.4 Research Questions 4
1.5 Significance of the Study 5
1.6 Scope of the Study 6
1.7 Overview of Research Methodology 6
1.8 Limitation of the Study 6
1.9 Organization of the Study 7

**CHAPTER TWO: LITERATURE REVIEW**

2.0 Introduction 8
2.1 Customer Service Strategy 8
2.2 The Effect of Good Customer Service 9
2.3 Determinants of Customer Satisfaction 10
2.4 Customer Retention 12
2.5 Influential Factors of Customer Retention 14
2.5.1 Service Quality 14
2.5.2 Customer Loyalty 15
2.5.3 Increasing Switching Cost 17
2.6 Service Quality in the Banking Environment 18
2.6.1 Service Dimensions 19
2.7 Customer Satisfaction 21
CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction 25
3.2 Research Approach 25
3.3 Research Strategy 25
3.4 Research Design 26
3.5 Study Population 26
3.5.1 Sampling method 26
3.5.2 Sample Size 27
3.6 Sources of Data 27
3.6.1 Primary Data 27
3.6.2 Secondary Data 27
3.7 Data Collection Methods / Instruments 28
3.8 Analysis of Empirical Material 28
3.9: validity/Reliability 28
3.10. Organizational profile 28

CHAPTER FOUR: PRESENTATION AND ANALYSIS OF FINDINGS

4.0 Introduction 32
4.1 Sample and Response Rate 32
4.2 Demographic Classification of Respondents 33
4.3 Findings to Research Objectives 35
4.3.1 How do customers perceive customer retention strategies used by Stanbic Bank Ghana Limited, Kumasi? 35
4.3.1.1 Tangibility 36
4.3.1.2 Reliability 37
4.3.1.3 Responsiveness 38
4.3.1.4 Assurance 41
4.3.1.5 Empathy 43
4.3.2 Customer Retention strategies used by Stanbic Bank Ghana Limited, Kumasi

4.3.2.1 Does the bank have customer Retention Strategies?

4.3.2.2 What level of management is responsible for the formulation of customer retention strategies?

4.3.2.3 What is the effect of service strategies on customer loyalty and retention at the Stanbic Bank Ghana Limited, Kumasi?

CHAPTER FIVE: SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

5.1 Summary of Findings

5.2 Recommendations

5.3 Conclusion

References

Appendix
<table>
<thead>
<tr>
<th>List of Tables</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Table 3.1 Study Population</td>
<td>26</td>
</tr>
<tr>
<td>Table 3.2 sample size</td>
<td>27</td>
</tr>
<tr>
<td>Table 4.1 Sample and Response Rate</td>
<td>32</td>
</tr>
<tr>
<td>Table 4.2 Gender of Respondents</td>
<td>33</td>
</tr>
<tr>
<td>List of Figures</td>
<td>Page</td>
</tr>
<tr>
<td>--------------------------------------------------------------------------------</td>
<td>------</td>
</tr>
<tr>
<td>Fig 4.1 Gender of Respondents</td>
<td>34</td>
</tr>
<tr>
<td>Fig 4.2: Age of Respondents</td>
<td>35</td>
</tr>
<tr>
<td>Fig 4.3 Tangibility of Service Delivery</td>
<td>36</td>
</tr>
<tr>
<td>Fig 4.4 Reliability of Service Delivery</td>
<td>38</td>
</tr>
<tr>
<td>Fig 4.5 Responsiveness of Service Delivery</td>
<td>40</td>
</tr>
<tr>
<td>Fig 4.6 Assurance of Service Delivery</td>
<td>42</td>
</tr>
<tr>
<td>Fig 4.7 Empathy of Service Delivery</td>
<td>44</td>
</tr>
<tr>
<td>Fig 4.8 Ranking of the Customer retention Strategies in terms of Priority</td>
<td>46</td>
</tr>
<tr>
<td>Fig 4.9 effect of service strategies on customer loyalty and retention</td>
<td>47</td>
</tr>
</tbody>
</table>
CHAPTER ONE
GENERAL INTRODUCTION AND CONTENT

1.0 Introduction

This chapter presents a background to the study which is an assessment of the effects of customer service strategies on customer retention in the banking industry using Stanbic Bank Kumasi as a case study. Objectives of the study as well as the statement of problem are clearly stated in this chapter. The chapter further describes the scope of the study, methodology used as well as a justification and organisation of the study.

1.1 Background to the study

Corporations who understand the importance of, and do not underestimate customer service and satisfaction have a strong starting point in gaining competitive advantage and have major profits to collect (Bazan, 1998). There is a strong relationship between customer satisfaction and loyalty (Horstmann, 1998). Customer satisfaction influences loyalty; the higher the level of customer satisfaction, the higher the level of loyalty. Customer satisfaction is the feeling a customer experiences when the customers’ expectations are met (Chaston, 1993) whilst loyalty is shown when a customer repeatedly turn to the same provider to get a service.

A business can in no point function without its customers and the financial losses and loss in reputation can be devastating for it when losing customers. When assessing the financial value of a life-long customer one can gain an insight in why every customer matter. The value varies heavily from industry to industry, often between several
thousands to hundreds of thousands of dollars. The cost of gaining a new customer is five times higher than keeping an existing one (Walsh et al 2009).

Customer satisfaction is not an element that businesses can put only semi-focus on. These instead demand an objective of complete focus on satisfying the customers from all employees and in every single step of operation in the business. However, in order to communicate this objective to the employees, the extent of the consequences from failure must be fully understood. (Bazan, 1998)

Financial institutions have realized the strategic importance of customer value and seemed to be continuously seeking innovative ways to enhance customer relationships through its various service strategies. As the offers of many financial services are very similar and slightly differentiable, loyal customers have a huge value, since they are likely to spend and buy more, spread positive word-of-mouth, resist competitors’ offers, wait for a product to become available and recommend the service provider to other potential customers.

Financial services in Ghana have experienced several changes over the last decades with a growing attention to customer needs. The role in the development of every economy by the financial sector cannot be overlooked. Banks as a matter of fact play an important role in boosting the performance of businesses in the economy. Banks are the principal supplier of credit in Ghana. In spite of their role, banks could not have done all these without customers.
This makes necessary the need to for a bank to be customer oriented in its everyday activities and relations with its customers so as to be able to retain them. The question however is to what extent has Stanbic Bank, Kumasi ensured a satisfied customer? What has been the effectiveness of their customer satisfaction strategies in term of customer perception? How has this affected customer retention? This study examines these issues as an attempt to contribute to effective customer satisfaction and retention in the banking industry of Ghana.

1.2 Statement of the Problem

Over the last decade, banks have undergone many changes as mergers and acquisitions, and regulatory changes shape the industry into one that provides more than just the traditional deposit and loan products. As banks continue to provide an increasing number of financial services and products, they face the challenge of integrating these disparate systems into a coherent, efficient infrastructure, while delivering the highest level of customer service and convenience without exposing their customers to the bank's internal system integration problems.

While there is existing research about customer service in the banking industry around the world, there are no clear conclusions as to the most important customer service dimensions and strategies for satisfying bank customers in order to retain them. As a result of the proliferation of banks, customers of late are seen hopping from one bank to the other depending on the kind of services offered. The current mobility crisis has been due to poor service which eventually put customers off. The problems envisaged as a
result of poor customer service are damage to corporate image, low profitability, lost of customers (both existing and potential), loss of competitive edge, high cost in attracting customers, bad mouthing and legal implications. A bank therefore has to see to the effect of its customer service strategies on customer satisfaction. It is as a contribution in this regard that this study examines the effect of customer service strategies on customer satisfaction and performance.

1.3 Objectives of the study

Based on the background and the statement of problem of this study, the main objectives are to:

1. Identify customer service strategies used by Stanbic Bank Ghana Limited, Kumasi
2. assess customer perception about the quality of customer service strategies used by Stanbic Bank Ghana Limited, Kumasi
3. assess the effect of service strategies on customer loyalty and retention at the Stanbic Bank Ghana Limited, Kumasi

1.4 Research Questions

Some of the major research questions to be answered by the study are:

1. What are the customer service strategies used by Stanbic Bank Ghana Limited, Kumasi?
2. How do customers perceive customer service strategies used by Stanbic Bank Ghana Limited, Kumasi?
3. What is the effect of service strategies on customer loyalty and retention at the Stanbic Bank Ghana Limited, Kumasi?

1.5 Significance of the Study

A study on customer service is very important given the role the financial sector is expected to play in the development of the Ghanaian economy towards attaining the middle income-status by 2015.

It would help management of banks to put in place measures that addressed the problems relating to customers. It would also assist banks to identify other needs they could use to meet customers’ expectation, thereby ensuring sound, secured and profitable banking in Ghana. This would enhance banks’ ability to play their intermediation role effectively and contribute to the growth of the economy.

The study would add to the body of knowledge that has been built on customer service and will serve as a base for academia and other people who want to conduct similar or further studies into the financial sector. This work, therefore, would add to the understanding of customer service at Stanbic and the banking sector in general. It is expected that the study would serve as an input to policy formulation by the government and its regulatory and supervisory bodies such as Ministry of Finance and Bank of Ghana in formulating policies to facilitate, promote and develop the financial sector.
1.6 Scope of the Study

The study centered on the effect of customer service strategy on customer retention. The study focuses on Stanbic Bank, Kumasi. This concentration of study ensures easy access to information given the time constraint. The research is limited to the banks service strategies and customer retention and not extended to other areas of the bank’s operations.

1.7 Overview of Research Methodology

The researcher used the case study as a strategy in conducting this research. The study used both primary and secondary sources of data. The researcher used questionnaire and interview as data gathering tools to effectively ascertain the needed primary data. The secondary data was sourced from relevant institutional documents, relevant books, journal articles and web portals. A sample size of 150 respondents from the selected branches was used. Findings and results was analysed with the help of the SPSS.

1.8 Limitation of the Study

The researcher encountered some problems in this research work. Among the problems was the fact that the time span within which to complete this work was not enough to do a comprehensive study. Again, due to the banking secret codes and the sensitive nature of some banking information especially concerning clients, some respondents were reluctant to give the information required or gave wrong information. This could affect the authenticity of the findings
1.9 Organization of the Study

The study comprised five (5) main chapters. Chapter one was devoted to the general introduction covering the background of the study, the statement of the problem, the objectives, significance, scope and how the research was organized. Chapter two was mainly concerned with the review of related literature on customer service strategies as well as the impact on corporate performance. Chapter three provided the methodology that was applied to achieve the research objectives including primary data and method of analysis. Chapter four covered the analysis and presentation of data. Chapter five finally, provided a summary of the presentation, conclusions, and recommendations.
CHAPTER TWO
LITERATURE REVIEW

2.0 Introduction

Chapter two reviews literature relevant to the study. Our current focus is on customer service strategy and customer retention. Accordingly, the review looks at the concept of customer service and customer retention. These areas are adequately discussed in this chapter.

2.1 Customer Service Strategy

As suggested by Kotler (2003), growth is the fundamental strategic challenge for business leaders. Creativity is essential for sustained growth. Effective execution of existing strategies can bring increased revenue and profits, but the most successful strategies are often the most creative, delivering growth by developing new ones.

Many organizations are faced with significant challenges in the area of customer service and service delivery, both internally and externally. The constant change in demographics coupled with high customer expectations is making organizations rethink its customer service strategies. Kotler again says that strategies and tactics that worked in the past are less effective and require more effort to execute. In an era where service has become a defining factor for customers, organizations of all types struggle to find the unique balance between delivery of a service, the cost of the delivery and customer expectations.

A winning customer service strategy, according to Julie Mohr (2008) includes six steps:
**Solicit:** Solicit customer complaints and feedback; **Resolve:** Resolve customer complaints on first contact; **Track:** Track, trend and proactively eliminate customer complaints using the problem management system; **Survey:** Survey customers on a regular basis; **Train:** Train employees, based upon complaints, survey results and performance metrics, to increase quality of customer service and improve complaint resolution; and **Market:** Market the winning customer service strategy to help desk employees and customers to establish expectation.

### 2.2 The Effect of Good Customer Service

According to Smith (Demand Media, 2009), good customer service has the potential to alter consumer viewpoints and provide businesses with important feedback related to the products and services they offer.

**Profits:** Good customer service departments understand the relationship between the way they greet, treat and handle customers and the bottom line. Efficient customer service departments seek to solve problems as they occur, and, if possible, prevent them in the first place. For instance, when processing an order for products or services, good customer service departments will ask necessary questions to ensure the customer is ordering the correct item or service, and will verify the data before ending the call or contact to verify accuracy. This can reduce the drain on company resources and increase customer satisfaction by reducing the number of returns, complaints and problems that crop up because of poor handling. In addition, properly trained representatives can
effectively cross-sell additional products or services while processing customer orders, thereby increasing sales.

**Loyalty:** Treating customers with respect, greeting them with enthusiasm and going above and beyond to resolve any problems and issues can keep customers coming back. When companies seek to resolve problems and issues in a quick, pleasant and efficient manner, customers remain confident in the company and continue the business relationship. In addition, happy customers help spread positive word-of-mouth, resulting in an additional avenue for marketing and advertising for your company.

**Internal Benefits:** Good customer service provides exceptional customer service to external and internal customers. Internal customers, including marketing and product development, depend on the data collected from customer service contacts to improve existing products and services. This data can include information related to safety issues, production problems and poor performance. The internal benefits of good customer service also stretch beyond current products and services. Good customer service departments capitalize on the ideas customers provide for suggested products and services, leading to opportunities for new innovations and revenue streams(Pilkington et al 2006).

**2.3 Determinants of Customer Satisfaction**

Since the early 1970s, in the literature of consumer satisfaction, numerous theoretical structures have been proposed to examine the antecedents of satisfaction and develop
meaningful measures of the construct. Most of these studies have used some variant of the disconfirmation paradigm which holds that satisfaction is related to the size and direction of the disconfirmation experience, relating to the persons initial expectations.

Oliver (1977) has stressed the importance of measuring disconfirmation apart from expectation, as he maintains the construct has an independent, effect on satisfaction. Disconfirmation is determined jointly by the combination of the expectation and performance manipulations. More specifically, an individual's expectations are: (1) confirmed when a product performs as expected, (2) negatively disconfirmed when the product performs more poorly than expected, and (3) positively disconfirmed when the product performs better than expected. Dissatisfaction results when a person's expectations are negatively disconfirmed. The full disconfirmation paradigm encompasses four constructs: expectations, performance, disconfirmation, and satisfaction. Churchill, Surprenant, (1982)

Expectations reflect anticipated performance. The primary importance of performance in the satisfaction literature has been as a standard of comparison by which to assess disconfirmation. Disconfirmation occupies a central position as a crucial intervening variable. It arises from discrepancies between prior expectations and actual performance. It is presumably the magnitude of the disconfirmation effect that generates satisfaction and dissatisfaction. Conceptually, satisfaction is an outcome of purchase and use resulting from the buyer's comparison of the rewards and costs of the purchase in relation to the anticipated consequences. Operationally, satisfaction is similar to attitude in that it
can be assessed as the sum of the satisfactions with the various attributes of the product or service (Caruana, 2002).

More recently, the focus of research has shifted to the relationship among perceived expectations, disconfirmation, and satisfaction. Oliver (1977, 1979, 1980b), found independent additive effects of expectation and disconfirmation on satisfaction in field studies. Olson and Dover (1976) examined the effects of expectation, performance, and disconfirmation on the consumer's belief elements. They found beliefs "displaced" toward expectation levels. However, they did not measure satisfaction, and thus could not examine the impact of these constructs on satisfaction. Swan and Trawick (1980) examined the influence of perceived product performance on disconfirmation and satisfaction. On the basis of correlational analysis, they found disconfirmation to be strongly related to performance, as was satisfaction. Putting everything together, these studies indicate the importance of expectation, disconfirmation and product performance as a dominant variable in the satisfaction process.

2.4 Customer Retention

Customer retention involves the steps taken by a selling organisation in order to reduce customer defection. Successful customer retention starts with the first contact an organization has with a customer and continues throughout the entire lifetime of a relationship. Customer retention is important to most companies because the cost of acquiring a new customer is far greater than the cost of maintaining a relationship with a current customer (Ro King, 2005).
Several studies put emphasis on the significance of customer retention in the banking industry (Dawkins and Reichheld, 1990).

The argument for customer retention is relatively straightforward. It is more economical to keep customers than to acquire new ones. The costs of acquiring customers to “replace” those who have been lost are high. This is because the expense of acquiring customers is incurred only in the beginning stages of the commercial relationship (Reichheld and Kenny, 1990). In addition, longer-term customers buy more and if satisfied may generate positive word-of-mouth promotion for the company. Additionally, long-term customers also take less of the company’s time and are less sensitive to price changes (Healy, 1999). These findings highlight the opportunity for management to acquire referral business, as it is often of superior quality and inexpensive to obtain. Thus, it is believed that reducing customer defections by as little as five percent can double the profits (Healy, 1999).

2.4.1 Customer lifetime value: Thompson & Martin (2005) explain that every interaction with a customer should be done on the basis that their value to you is the total of all the purchases they will ever make, not that one sale. As an example, they state that most valuable customers are probably not those who make the biggest purchases; they are the ones who come back again and again. This way of thinking, according to him, enables firms to consider marketing approaches that don’t require firms to make back the cost of acquiring a customer in a single sale.
2.4.2 The cost of acquisition: According to Porter, it has been demonstrated that it is up to 20 times more expensive to acquire a new customer than it is to keep an existing one. De Wit & Meyer (2004) say that a traditional sales approach can be likened to pouring new customers into a bucket with a hole in the bottom – the weaker your levels of customer retention the larger the hole.

2.5 Influential Factors of Customer Retention

The increasing competitiveness in the financial service industry is forcing organisations to place greater emphasis on building and establishing valuable customer relationship (Oracle Corporation, 2005). According to Canel, Rosen and Anderson (2000), considering the situation from a wider perspective maintained that with the expanding global competition, the emergence of new technology and improved communication have increased customers expectation for fuller satisfaction on their investment. A company’s ability to attract and retain new customers is not only related to its product or service, but strongly related to the way it services existing customers and the reputation it creates within and across the market place.

2.5.1 Service Quality

The key factors influencing customers’ selection of a bank include the range of services, rates, fees and prices charged (Abratt and Russell, 1999). It is apparent that superior service alone is not sufficient to satisfy customers. Prices are essential, if not more important than service and relationship quality. Furthermore, service excellence, meeting client needs, and providing innovative products are essential to succeed in the banking
industry. Most private banks claim that creating and maintaining customer relationships are important to them and they are aware of the positive values that relationships provide (Colgate et al., 1996).

Customers do not remain with an organisation just because of the discount offered or loyalty programme that is available. The service provided must also meet the expectations of the customer. An organisation building customer retention should enable customers to receive what they want, when they want it (just in time) and a perfect delivery each and every time with the desired level of service that appeal to the customer (Gronroos, 1997).

Phelps and Graham (2001) also enumerated the two most effective methods of generating increased sales and customer retention as follows:

(a) Give the customer a superior experience that they have no reason to or even look elsewhere.

(b) Give them incentives to spend more, return, refer or buy more frequently.

**2.5.2 Customer Loyalty**

Customer retention is more than giving the customer what they expect; it’s about exceeding their expectation so that they become loyal advocates for your brand. Creating customer loyalty puts customer value rather than maximizing profit and shareholder value at the centre of business strategy. The key differentiator in a competitive
environment is more often than not the delivery of a consistently high standard of customer service (ibid).

Customer loyalty is the heart of retention. If an organisation is not able to keep customer and build long-term relationship, it will continue to operate with discrete one off transaction. Discussion of customer retention seem to be dominated by loyalty programmes and customer discounts. But research shows that what really makes a customer to re-purchase is high quality customer service and well managed formal and informal communication (Mcllroy and Barnett, 2000).

Customer loyalty is strongly associated with customer’s willingness to continue in the relationship; however, customer switching behaviour has a direct and strong effect on loyalty (Rowley, 2002). Loyalty can be understood in different ways depending upon the nature of the product or service which is being offered to a customer. For example, a bank customer is typically loyal as long as he holds an account with a bank and switches when he changes his account. Furthermore, a customer can demonstrate his loyalty to a brand by showing his commitment and by providing a positive word-of-mouth to friends. In connection with loyalty, it is a general rule that service quality and customer satisfaction have strong effect on customer retention (ibid).

Phelps and Graham (2001) are of the view that the more frequent a customer buys from an organisation the more their loyalty increases. A loyal customer will always pay more for services and be less sensitive to tactical discounting so that they will actually have
more profitability than customers who are attracted by trade promotion and special offers. Such customers will be tempted to switch to other service providers.

Mascareigne (2009) enumerated the following as the factors influencing customer retention: Creating customer satisfaction, Creating customer trust, Customer involvement, Creating switching barriers, Service quality and price, and Communication effectiveness.

### 2.5.3 Increasing Switching Cost

Increasing the loyalty of the customer actually means the retentiveness of the customer is increased. Loyalty is internal to the customer, it can only be changed by a shift in the customers own value system. Retention however can be manipulated by the provider through the application of incentives. Again, although internal loyalty intensity is generally constant in the short term, it may change overtime due to life experiences for the customer and market experiences for businesses particularly catastrophic ones. For these reasons, it is essential to perform customer segmentation on a dynamic basis as frequently as it is economically justifiable.

Given the inherent loyalty intensity of customers, their action however can be influenced through external stimuli or incentives, such as product attributes, price and pecuniary costs of switching, communication and relationship management including customer care. While the internal loyalty intensity of customer cannot be imparted, external stimuli
are within the locus of control of the provider. These are the instruments which the provider can manipulate to achieve the desired action from the customer.

According to Abdollahi (2008), retention is the outcome of the event that customers are retained or stayed with their current provider. Retention can be bought with the appropriate incentive or stimuli. Retention occurs due to the combined effect of two forces: the internal loyalty intensity of a customer and the external incentives or stimuli that they are subjected to in the form of product attributes, pecuniary switching costs, price, advertising, communication and customer care.

Culture also moderates the effects of switching barriers on customer retention (Patterson and Smith, 2003).

2.6 Service Quality in the Banking Environment

Service quality is about meeting customer needs satisfactorily by matching to his expectations. Service quality in banking implies consistently anticipating and satisfying the needs and expectations of customers (Howcroft 1991). The importance of service quality in Banks has been emphasized in many studies and perceived quality advantage leads them to higher profit (Raddon 1987; Buzzell& Gale 1987 in Ssebunnya Henry AbidNaeem). Parasuraman and Berry (1991) cited in Ssebunnya Henry AbidNaeem hold the view that high quality service gives credibility to field sales force. Heskett et al. (1990) observed that the longer a company keeps a customer, the more money it stands to make.
Adrian (1995) contends that there is enough evidence that demonstrates the strategic benefits of quality in contributing to profit, market share and returns on investment; and lowering cost and improving productivity. This position is shared by Bateson (1995), Berry et al (1989), Garvin (1983); and Kotler (2003). Maximizing customer satisfaction through quality customer service has been described as the ‘ultimate weapon’ (Davidow&Uttal 1989). According to Heskett et al, by composing and orchestrating the appropriate level of resources, skill, ingenuity, and experience for effecting specific benefits for service consumers, service providers participate in an economy without the restrictions of carrying stock (inventory) or the need to concern themselves with bulky raw materials. On the other hand, their investment in expertise does require consistent service marketing and upgrading in the face of competition which has equally few physical restrictions.

2.6.1 Service Dimensions

**Assurance:** Assurance is defined as “the employees’ knowledge and courtesy and the service provider’s ability to inspire trust and confidence” (Zeithaml et al., 2006, p. 119). According to Andaleeb and Conway (2006), assurance may not be so important relative to other industries where the risk is higher and the outcome of using the service is uncertain. Thus, for the Customer Satisfaction in the banking industry, assurance is an important dimension that customers look at in assessing a bank’s operation. The trust and confidence may be represented in the personnel who links the customer to the organization (Zeithaml et al., 2006).
Empathy: Empathy is defined as the “caring, individualized attention the firm provides its customer (Zeithaml et al., 2006, p. 120). The customer is treated as if he is unique and special. There are several ways that empathy can be provided: knowing the customer’s name, his preferences and his needs. Many small companies use this ability to provide customized services as a competitive advantage over the larger firms (Zeithaml et al., 2006). This dimension is also more suitable in industries where building relationships with customers ensures the firm’s survival as opposed to “transaction marketing” (Andaleeb & Conway, 2006). Thus, in the context of banking, empathy may be applicable where customers look for quick service and the queues at the counters are long.

Reliability: Reliability is defined as “the ability to perform the promised service dependably and accurately” or “delivering on its promises” (Zeithaml et al., 2006, p. 117). This dimension is critical as all customers want to deal with firms that keep their promises and this is generally implicitly communicated to the firm’s customers.

Responsiveness: Responsiveness “is the willingness to help customers and provide prompt service” (Zeithaml et al., 2006). This dimension is concerned with dealing with the customer’s requests, questions and complaints promptly and attentively. A firm is known to be responsive when it communicates to its customers how long it would take to get answers or have their problems dealt with. To be successful, companies need to look at responsiveness from the view point of the customer rather than the company’s perspective (Zeithaml et al., 2006).
Tangibles: This dimension, which is defined as the physical appearance of facilities, equipment, staff, and written materials. It translates to the bank’s interiors, the appearance and condition of facilities, and uniform of the staff (Zeithaml et al., 2006). Tangibles are used by firms to convey image and signal quality (Zeithaml et al., 2006).

2.7 Customer Satisfaction

The definition of customer satisfaction (CS), as specified by ISO 10002 (Customer Satisfaction, Complaints), is the “customer’s perception of the degree to which the customer’s requirements have been fulfilled” (ISO, 2004). The marketing departments of firms have sought improvement of services using customer satisfaction as a benchmark for performance evaluation. The public sector also uses customer satisfaction as a service index. New Public Management (NPM) reforms employ CS as part of the evaluation of administrative services, and the Government Performance Results Act (GPRA) states that the government of the USA shall disclose CS data as a benchmark of its performance.

Therefore, customer satisfaction can be regarded as a common evaluation scale for measuring customer satisfaction or dissatisfaction for quality of service. Satisfaction is defined as an emotional post-consumption response that may occur as the result of comparing expected and actual performance (disconfirmation), or it can be an outcome that occurs without comparing expectations (Oliver, 1996). Contemporary literature on satisfaction in addition defines customer satisfaction as the primary and direct link to outcome measures (e.g., Anderson and Fornell, 1994; Andreassen, 1998; Athanassopoulos, 1999; Bolton and Lemon, 1999; Clow and Beisel, 1995; Ennew and
Conversely, Poisz and Grumbkow (1988) on their part, view satisfaction as a discrepancy between the observed and the desired. This is consistent with value-percept disparity theory (Westbrook and Reilly, 1983) which was developed in response to the problem that consumers could be satisfied by aspects for which expectation never existed (Yi, 1990). The value-percept theory views satisfaction as an emotion response triggered by a cognitive evaluative process (Parker and Mathews, 2001). In order words, it is a comparison of the object that one values rather than an expectation.

2.8 Customer Satisfaction and Service Quality

Customer Satisfaction is a broad perception influenced by features and attributes of the product as well as by customers’ emotional responses, their attributions, and their perceptions of fairness. Service quality, the customer’s perception of the service component, is also a critical determinant of customer satisfaction. Sometimes, as in the case of a pure service, service quality may be the most critical determinant of satisfaction. (Zeitham, Bitner and Gremier (2009).

The research findings reported by Caruana (2002) and Tsiotsou (2006) verify the preceding role of perceived quality and suggest a direct effect of perceived quality on consumer satisfaction. Thus, it is expected that the higher the perceived quality of a product, the higher the consumer satisfaction. There is no agreement however, on
whether there is an interaction effect between perceived quality and satisfaction. For some researchers no interaction effect exists between the two concepts (Llusar, Zornoza&Tena 2001) whereas others have reported an interaction effect between satisfaction and perceived quality on purchase intentions (Taylor & Baker 1994).

However, quality is problematical and distinct concept (Gronroos, 1988). What is deemed to be quality to one person may not be quality to another. Quality is in the eyes of the consumer. He also asserted that, service quality as perceived by the customer is influence by the experience that the customer goes through in receiving the service. He went further to explain perceived quality as the difference between the customer’s expectations of the service and his/her perceptions of the service he/she has received. Explanations between perception and expectation and their impact on service quality were not examined.

Reichheld and Sasser, (1990) defined Quality as: “the degree of excellence intended and the control of variability in achieving that excellence, in meeting the customer’s requirements”. The International Standard of Organization (ISO) defines quality as the totality of features and characteristics of product or service that bears on its ability to satisfy or meet customers’ needs. To (Stevenson 2005), quality is the ability of a product or service to consistently meet or exceed customer expectations.

Oliver and Swan (1989) defined quality as a judgment by customers or users of a product or service; it is the extent to which the customers or users believe the product or service
surpasses their needs and expectations. Such quality is known as perceived quality, which in a way is referring to the price the customer is willing to pay. Quality is a way of giving the customers what they want, when they want it, at right price with no mistakes (ver and Swan (1989). (Deming 1986) however, defined quality as ‘‘a predictable degree of uniformity and dependability at low cost and suited to the market.’’ Consumers often assign quality to products and services on the basis of performance, pre-established standards, secondary characteristics that boost the products and services core functioning, price, brand image or reputation, market share, and the country of origin as well as reliability and fitness for purpose and warranty (Juran 1978).

The term quality is used in different ways. Sometimes it refers to the grade of a product. At other times, it refers to materials, workmanship, or special features. Sometimes it is related to price as in ‘‘cheap’’ or ‘‘expensive’’. The implications in these various connotations of quality are that, customers value certain aspects of a product or service, and therefore associate those aspects with the quality that perceive a product or service. It may be obvious that from a customer perspective, quality does not pertain to a single aspect of a product or service, but to a number of different dimensions of the product or service. Service quality dimensions are the basis to which to assess quality. Parasuraman et al (1985).
CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Introduction
This chapter describes how the study was conducted. It outlines the choice of study approach and strategy that was used in undertaking the study. The chapter also defines the participants that were used, including the statistical techniques used to analyse the data.

3.2 Research Approach
According to Halvorsen (1992) there are two approaches that can be used in conducting a study as the qualitative method and the quantitative method. The study uses largely the qualitative approach. The study adopts this approach based on its effectiveness in helping to understand the factors under study, and its suitability for the purposes of addressing the research questions.

3.3 Research Strategy
Saunders et al. (2007) discuss some research strategies including experiment, survey, case study, action research, grounded theory, ethnography, and archival research. The study uses the case study as a research strategy, since the study focuses on the Stanbic Ghana Limited, Kumasi. The case study was chosen because of its suitability when an intense examination of the nature under study is involved. Again, a case study is a way to explore an empirical subject by following a set of pre-specified activities and procedures (Saunders et al. 2007).
3.4 Research Design

Case studies frequently make use of qualitative data (Shaughnessy et al. 2009). Accordingly, the study was conducted using the qualitative approach. The qualitative method involves collecting, analyzing, and interpreting data by observing what people do and say. The researchers found this strategy appropriate because apart from answering the initial research questions, qualitative research can provide answers to further research questions.

3.5 Study Population

Bryman et al (2003) describe a study population as the whole group that the research focuses on. The study’s population (see table below) comprises the marketing manager and customers of the StanbicKumasi.

Table 1

<table>
<thead>
<tr>
<th>Category of respondents</th>
<th>population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management</td>
<td>5</td>
</tr>
<tr>
<td>customers</td>
<td>5000</td>
</tr>
</tbody>
</table>

Source: field Data (2012)

3.5.1 Sampling method

The marketing manager was selected through the purposive sampling technique. This allowed the researcher select respondents who had the capacity to handle the issue being studied. The study used the convenience sampling technique in selecting the sample of customers used. The study used this sampling technique to allow the researcher to choose or select the respondents at her convenience, or on the basis of availability.
3.5.2 Sample Size

The study used a sample size of two hundred and one respondents. As stated above, this comprised one management member and selected customers of the selected branch of Stanbic Bank Kumasi.

### Table 2

<table>
<thead>
<tr>
<th>Population</th>
<th>population</th>
<th>Sample size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management</td>
<td>5</td>
<td>1</td>
</tr>
<tr>
<td>Customers</td>
<td>5,000</td>
<td>200</td>
</tr>
<tr>
<td>Total</td>
<td>5005</td>
<td>201</td>
</tr>
</tbody>
</table>

Source: Field Data (2012)

3.6 Sources of Data

In order to understand the studied case more deeply, several sources of data collection was used. Data sources comprised both primary and secondary sources.

3.6.1 Primary Data

Primary data is original data collected by the researcher for the research problem at hand. The study used Primary data collected through the use of the questionnaire and interviews. According to Yin (2003), interviews are the most important sources of case study information, mainly due to the fact that they can provide exact answers to the research questions.

3.6.2 Secondary Data

Ghauri et al (2002) also describe secondary data as information collected by others for purposes which can be different from the researcher’s purpose. For this study, secondary
data used were from journals, magazines, books, documentation, and the Internet. Secondary data raises the validity and reliability of the study.

3.7 Data Collection Methods / Instruments
The study used questionnaire and interviews as data collection instruments. The questionnaire was structured. The purpose was to obtain the needed information to successfully complete the study and ensure validity. The researcher personally conducted all interviews.

3.8 Analysis of Empirical Material
Data was analyzed with SPSS and excel to obtain frequencies and percentages of closed end responses. This was to identify trends that appeared from responses.

3.9: validity/Reliability
In order to ascertain the reliability/validity of the response received from the marketing manager in relation to the research study, the researchers met with the regional manager of the bank who confirmed the reliability or the validity of the information

3.10. Organizational profile
Stanbic Bank Ghana is a member of the Standard Bank Group, and is a fully fledged top tier bank. It began operations in 1999 and has since developed structures and strong pillars which have ensured the consistent growth of its business and brand in Ghana.
Since 2007, Stanbic Bank Ghana has expanded its branch network to almost every region in Ghana and now there are 23 branches across the country.

**Branches**

The bank has 23 branches in 9 out of the 10 regions in Ghana. With this network, the bank is able to offer convenient and effective services to businesses operating in every sector and part of the country.

Stanbic Bank Ghana is a Tier One bank and the sixth largest bank in terms of assets. The bank was voted the top company in Ghana in 2009 in the prestigious Ghana Club 100 Company rankings (conducted by the Ghana Investment Promotion Council). It was also rated the leader in financial services, for two consecutive years, 2008 and 2009. Stanbic Bank Ghana has two main business units; these are Personal and Business Banking (PBB), and Corporate and Investment Banking (CIB).

The Personal and Business Banking business unit provides retail services and takes care of the transactional and financial services needs of individuals, small and medium scale enterprises and other businesses. The department offers a wide range of products and services tailored to suit the specific needs of customers.

The Personal and Business Banking function is divided into the following:

- The personal banking unit takes care of individual customers through the branch network and other service channels and provides quality financial services and products.
The business banking unit serves small and medium scale enterprises, commercial entities and provides quality financial solutions to assist customers to grow their businesses. The business banking unit offers products and services ranging from transactional to loan facilities and provision of advisory services to help start up business growth and to help existing ones to flourish.

The wealth unit forms the third pillar of PBB. It has a private banking unit dedicated to high net worth individuals and provides high quality banking services to corporate leaders and professionals.

The CIB team on the other hand focuses on the needs of corporate clients. The unit’s capabilities stretch across a broad range of services and banking innovations including project financing, loan structuring for corporate institutions, trade financing, foreign exchange and treasury services, custodial services, investment banking, assets management and a brokerage service. Stanbic Bank’s Global Market unit treasury offering and services is without compare in the market.

The CIB team has a remarkable history in arranging significant deals and providing customised financial services to clients. Leveraging the network of the Standard Bank Group, the Corporate and Investment Banking team led the arrangement and syndication of a US$1.5 billion pre-financing deal for the Ghana Cocoa Board for the 2010-2011 cocoa season. Corporate and Investment Banking has facilitated the financing of projects in oil and gas, power, soft commodities, infrastructure, and communications sectors among many others.
Stanbic Bank now has the capacity to take excellent care of the trading needs of clients on the Ghana Stock Exchange (GSE) be they foreign institutional clients, local institutional investors, individuals or international retail investors. This is through the newly established Brokerage House which is part of the Stanbic Investment Management Services, a fully owned subsidiary, Leveraging Standard Bank Group’s extensive operations in 17 African countries and 13 countries outside the continent, coupled with its deep local insights, we offer customers access to extensive opportunities and world-class banking anytime, across our network.

The Group recently cemented its connections with China, when the International Commercial Bank of China (ICBC) the world’s largest bank, acquired a 20% stake in the Standard Bank Group. Responsible corporate citizenship is very much valued at Stanbic Bank Ghana. This is reflected in the Bank’s business principles and practices, and its community support policies and programmes. By focusing on education, health and entrepreneurship among others, the bank ensures that it remains environmentally, culturally and socially relevant.
CHAPTER FOUR
PRESENTATION AND ANALYSIS OF FINDINGS

4.0 Introduction

Chapter four presents the findings from data gathered through the two instruments used – questionnaire and interview; and its analysis. The findings are presented with the help of tables and figures to complement the interpretation of data collection. Analysis is based on the set objectives which include; Customer Satisfaction Strategies used by Stanbic Bank Ghana LimitedKumasi, customer perception of customer satisfaction strategies used at the branch, and the effect of service strategies on customer loyalty and retention.

4.1 Customer retention strategies used by Stanbic Bank Kumasi:

Respondents interviewed the marketing manager and he gave us customer retentions targets which include timely service delivery, effective handling of complains, customer acknowledgment and reliable technology such as ATM services.

4.2 Sample and Response Rate

The sample Selected and response rate is depicted in the table below. The table defines the sample selected of each category of respondents out of the population, and the response rate obtained of each category. The table, as shown below, depicts a fair representation of the two categories of respondents used.
Table 2 Sample and Response Rate

<table>
<thead>
<tr>
<th>Category of Respondents</th>
<th>population of Sample size</th>
<th>Total Response</th>
<th>Response Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management</td>
<td>5</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>customers</td>
<td>2,017</td>
<td>200</td>
<td>180</td>
</tr>
<tr>
<td>total</td>
<td>2005</td>
<td>201</td>
<td>181</td>
</tr>
</tbody>
</table>

Source: Field Data (2012)

4.3 Demographic Classification of Respondents

Variable of gender and age were inquired in the questionnaire to know demographic and social features of the respondents. Creating a profile of the customers would help better target desired group effectively by providing them services according to their desire. All in all 180 people responded to the questionnaire whiles the marketing manager also responded to our interview. The demographic composition of the respondents showed the following picture.

Table 4.1 Gender of Respondents

<table>
<thead>
<tr>
<th>Gender</th>
<th>Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>110</td>
<td>61.1%</td>
</tr>
<tr>
<td>Female</td>
<td>70</td>
<td>38.9%</td>
</tr>
<tr>
<td>Total</td>
<td>180</td>
<td>100 %</td>
</tr>
</tbody>
</table>

Source: Field Data (2012)

The results given in Table 4.3 shows that most of the respondents used were males who constituted 61.1 % whiles the females who were in the minority accounted for 38.9 % of the total respondents in the customer category. This implies that more male customers are
visiting Stanbic Bank Kumasi more often than female customers. Several reasons could be assigned to this. For example it reflects possibly the better saving attitude of most males as compared to most females.

Another reason could be that couples visited the bank and males responded to the questionnaire rather than females. But even then, the interest of males to respond to the survey shows that they are more curious about information and offers about service quality of Stanbic Bank Kumasi and it should be taken in to consideration by the company. This proportion is visualized in the following figure.

**Fig 4.1 Gender of Respondents**

![Gender of Respondents](image)

Source: Field Data (2012)

The age groups of respondents are presented in Table 4.2 which shows that 40.4 % of the respondents were less than 25 years which are mostly seen as young customers and are usually students. The other age groups i.e. 25-45, 46-65 and 65 and above constitutes
people with jobs and retired people with families. The results show that respondents who are 25 years and older are mostly taking banking service from Stanbic Bank Kumasi.

It can be concluded that people under 18-24 years are visiting Stanbic Bank Kumasi less than other age groups. Thus Stanbic Bank Kumasi should target them by providing better services and service quality which would help to raise the number of young visitors to the bank.

**Fig 4.2: Age of Respondents**

![Age of Respondents](image)

**Source: Field Data (2012)**

### 4.4 Findings to Research Objectives

All questions in the questionnaire were framed to assist the study ascertain to what extent customers are satisfied with the bank’s service and how this affects the bank’s customer loyalty and retention.
4.4.1 How do customers perceive customer retention strategies used by Stanbic Bank Ghana Limited, Kumasi?

One objective of the study was to examine customers’ perception of service quality at Stanbic Bank Kumasi. The researchers considered the perception of the customers on the quality of these service strategies as obtained through the interview with the marketing manager. Assessment was based on four (4) criteria: tangibility, reliability, responsiveness, and assurance of service delivery. These have been described as important characteristics that determine the quality of any strategy that affects service delivery.

4.4.1.1 Tangibility

Tangibility describes the Physical representation or images of the service to be provided. Questions pertaining to this aspect included the quality level of equipment, employees’ appearance and physical representation of the services (attractive).

![Fig 4.4 Tangibility of Service Delivery](source)

**Source:** Field Data (2012)
The results given in Figure 4.4 shows that in terms of the attractiveness of service delivery as perceived by customers, 31% strongly agreed, 36% agreed, 28% were not sure, 3% disagreed while the remaining 2% strongly disagreed. When asked about the appearance of employees, 25% of customers strongly agree to the assertion that employees of the bank appear neat, 39% agreed to the same statement, 32% were not sure, 2% customers disagreed while the remaining 2% also strongly disagreed.

At the last phase of the tangibility, the quality of equipment and technology of the bank was assessed. Findings suggest that as many as 20% believed that the bank has up to date equipment, 45% agreed to the same statement, 30% were not sure, 2% disagreed whiles the remaining 3% strongly disagreed. As depicted by the figure, on the average most customers are satisfied with the banking system. So we can conclude that, most of the customers agree on the attractiveness of the bank’s physical representation. This implies that reliability of tangibility in Stanbic Bank Kumasi is more than sufficient implying customers are overly satisfied as the service quality of tangibility is higher than customer’ expectation.

### 4.4.1.2 Reliability

Reliability describes the ability to perform the promised service dependably and accurately. Questions pertaining to this aspect included the ability to deliver on time, the level of error in service delivery, responsiveness to customer plight in terms of interest rate and time spent queuing. Defined in the theoretical framework, reliability is the ability to perform the promised service time after time, consistently, and accurately. Evaluating
responses from Stanbic Bank Kumasi, results showed evidence of reliability. This means, their services are delivered as promised with additional values, accurately and at designated time.

**Fig 4.6 Reliability of Service Delivery**

![Bar chart showing reliability of service delivery](chart.png)

**Source: Field Data (2012)**

The results given in Figure 4.6 reveals that 29% of customer sampled strongly agreed that the bank is able to deliver on time, 32% agreed, 20% were not sure, 10% disagreed while 9% strongly disagree. Results to the statement ‘employees provide error free service’ revealed that 29% of customers strongly agreed, 37% agreed, 29% were not sure, 3% disagreed while the remaining 2% also strongly disagreed. Similarly, responses to the statement ‘the bank shows sincere interest in solving customers’ problem’ revealed that 26% strongly agreed, 37% agreed, 7% were not sure, 5% disagreed whiles the remaining 5% strongly disagreed to the statement. At the last phase of the Reliability survey 18% customer strongly agreed to the bank’s ability to deliver efficiently and
provide quick service, 44% agreed, 33% were not sure, 2% disagreed and 3% strongly disagreed.

Generally, as depicted by fig 4.6 customers were satisfied with the banking activity. This reflected in their relatively high ratings. This is quite significant for the bank given the high approval it scored in terms of the reliability of their service. The recording of some level of disagreement suggests that there is more room for improvement.

4.4.1.3 Responsiveness

Responsiveness describes the willingness to help. Questions pertaining to this aspect included the ability of employees to respond to customer’s request, ability of the bank to keep customers informed about when services will be performed, ability of employees to give customers prompt service and the attractiveness of the bank’s products to customers.

From the theoretical framework, responsiveness deals with company’s (employees) willingness to offer prompt services. Marketing communication serves value to the customers. This concerns Stanbic Bank Kumasi’s customer service help desk and their ability towards setting up appointments quickly and providing prompt services to customers.
Fig 4.8 Responsiveness of Service Delivery

Source: Field Data (2012)

The results given in Figure 4.7 shows that out of the number of customers sampled, 31% strongly agreed to the statement ‘employees always respond to customers’ request’, 29% agreed, 23% were not sure, 10% disagreed whiles the remaining 7% strongly disagreed to the ability of employees to respond to customer’s request. Customers were also asked about prompt service of employees of Stanbic Bank Kumasi. Findings revealed that 27% strongly agreed to the statement ‘employees give prompt service’, 32% agreed, 27% were not sure, 8% disagreed whiles the remaining 6% strongly disagreed to the ability of employees to deliver prompt service.
The other question related to whether the bank’s offerings are attractive. Findings indicated 15% strongly agreed to the statement, 49% agreed, 29% were not sure, 5% disagreed whiles the remaining 2% strongly disagreed to the attractiveness of the bank’s offerings. At the last phase of the Responsiveness survey 25% strongly believed that customers are appropriately informed about the delivery of service, 38% agreed, 18% were not sure about being given adequate information, 9% disagreed whiles 1% strongly disagreed to the same statement.

We can conclude that, most of the customers agreed on the bank’s willingness to help. This implies that ‘responsiveness’ in Stanbic Bank Kumasi is more than sufficient implying customers are overly satisfied as the service quality of responsiveness is higher than customer’s expectation.

4.4.1.4 Assurance

Assurance describes the security provided through operations. Questions pertaining to this aspect included the ability of employees to be courteous with customers, level of safety in transactions, knowledge level of employees with respect to service delivery, and experience level of customers with service delivery.

The literature defines assurance as the prevention of quality problems by planned and systematic activities. Trust and confidence is also conveyed in the physical environment. The first set of questions evaluating Stanbic Bank Kumasi’s tangibility already confirmed more than sufficient tangibility to support customers’ satisfaction. With respect to the
questions above, assurance is seen in employee’s behaviour, feelings towards transactions and employee’s courteousness towards subscribers and employees knowledge to answer Customers questions. The following figure represents the most common reason.

**Fig 4.10 Assurance of Service Delivery**

![Assurance of Service Delivery chart]

Source: Field Data (2012)

In the results given in Figure 4.8 we find that most customers of Stanbic Bank Kumasi have good experience with the bank’s service. Out of the number sampled, 29% strongly agreed to the statement ‘I have good experience with the bank’s service’, 34% agreed, 22% were not sure, 11% disagreed whiles the remaining 3% strongly disagreed to the statement.

Customers were also asked about the knowledge level of employees of Stanbic Bank Kumasi with regards to the service they deliver. Findings revealed that 21% strongly agreed that employees are very knowledgeable, 39% agreed, 24% were not sure, 4%
disagreed whiles the remaining 10% strongly disagreed to the statement to the effect that employees are knowledgeable. The next question related to whether transactions with the bank can be described as safe. Results show that 25% strongly agreed to the fact that transactions with Stanbic Bank Kumasi is safe, 31% agreed, 28% were not sure, 11% disagreed whiles the remaining 2% strongly disagreed and did not believe that transaction with the bank is safe. At the last phase of the ‘Assurance’ survey 14% strongly believed that customers are appropriately informed about the delivery of service, 50% agreed, 27% were not sure about being given adequate information, 6% disagreed whiles 3% strongly disagreed to the same statement.

The study can generally conclude that the bank is responsive to the customer’s needs and that customer assurance is embedded in the bank’s service delivery. Trust and confidence is also conveyed in the physical environment.

4.4.1.5 Empathy

Empathy describes the Individual attention to the customer. Accordingly, questions posed in this regard included level of attention given to individuals, promptness of information to customers, satisfactory level of customer care, satisfaction level of cash service, and quality of branch service.

From the theoretical framework, the customer can ensure that the organization would listen to them and provide them with the solutions they need. Tso, Wilson, Birdi (2009) describe ‘Empathy’ as essential effective communication. To listen to someone
attentively and respond appropriately is the main component of the communication. Empathy refers to graciousness, respect, consideration, and friendliness of contact personnel including receptionists. The following figure represents respondents’ opinion on issues regarding ‘Empathy’ as an aspect of service delivery of the branch.

Fig 4.12 Empathy of Service Delivery

Source: Field Data (2012)

When the respondents were asked for a comparison of banking services, Figure 4.7 shows, we found that most customers of Stanbic Bank Kumasi would recommend the bank to other people. With respect to this opinion, 13% strongly agreed to the statement ‘I recommend Stanbic Bank Kumasi to other people’, 51% agreed, 26% were not sure, 3% disagreed whiles the remaining 5% strongly disagreed to the statement. Customers were also asked about their expectation of service delivered to them. Findings revealed that 23% strongly agreed to the statement ‘I always expect good service’, 33% agreed, 29% were not sure, 3% disagreed whiles the remaining 5% strongly disagreed, and by extent did not always expect good service from the bank.
The next question related to whether the quality of branch service can be described as satisfactory. Results show that 21% strongly agreed to the statement and believed that they are satisfied with the quality of branch service, 39% agreed, 24% were not sure, 4% disagreed while the remaining 10% strongly disagreed. Again, most respondents were satisfied by the level of customer care they receive from the bank. A breakdown revealed that 27% strongly agreed to the assertion, 32% agreed, 27% were not sure about the assertion, 10% disagreed whiles 4% strongly disagreed to the same assertion.

The findings conclude that, most of the customers are assured that the organization would listen to them and solutions found to their problems by the bank. This most common mentioned positive characteristic is related to the layout of banking interface.

4.4.2 Customer Retention strategies used by Stanbic Bank Ghana Limited, Kumasi

One of the objectives of the study was to identify what constitute the customer retention strategies of Stanbic Bank Kumasi. This was intended to clearly identify, in terms of policy direction, how these policies reflect on their day-to-day service delivery to clients.

4.4.2.1 Does the bank have customer Retention Strategies?

It was revealed that the bank has established customer retention strategies as obtained in an interview conducted with the marketing manager of the Stanbic Bank Kumasi. Strategies identified with the branch included ‘Timely service delivery’, ‘Effective handling of complaints’, ‘customer acknowledgement’, and ‘reliable technology such as
ATM service. In order of priority these strategies were ranked as depicted in the figure below:

Fig 4.4 Ranking of the Customer retention Strategies in terms of Priority

Source: Authors Construct (2012)

4.4.2.2 What level of management is responsible for the formulation of customer retention strategies?

Each of these strategies was designed to have the maximum impact on customer loyalty and retention. Further, as the study found, these policies and strategies are reviewed by marketing manager on monthly, quarterly, half yearly and yearly bases. On the bases of the review, where necessary, policies are redefined. Customers are also sometimes contacted to effectively address difficulties.
4.4.2.3 What is the effect of service strategies on customer loyalty and retention at the Stanbic Bank Ghana Limited, Kumasi?

This section assessed the effect of the bank’s customer service strategies on customer retention. This question was basically directed at the customers. Essentially, what it sought to do was ascertain from the customers the extent to which the bank’s service strategies will keep them or drive them from the branch under study. The figure below depicts the various responses from which analysis were drawn.

Fig 4.12 effect of service strategies on customer loyalty and retention

Source: Field Data (2012)

The figure above depicts the effect of the bank’s service strategies on customer retention at the Kumasi. It was clear that most customers were generally satisfied the bank which implies that they will continue to stay with the branch. This was recorded when the statement “I am generally satisfied with the bank” showed that 15% strongly agreed, 53%
agreed, 20% were not sure, 7% disagreed whiles 5% strongly disagreed. On the average the findings depict that as stated above, most customers are generally satisfied.

Again, it was found that most customers of the Kumasi of Stanbic Bank consider staying with the branch for the next 10 years. This was recorded when the statement “I will stay with the bank for the next 10 years” had most respondents generally agreeing to it. It is an indication that the bank’s strategies are likely to keep most customers for a long time. Also, it became evident that not many customers have considered leaving the bank which is a further boost to customer retention at the branch.

Further finding revealed that most customers intend patronizing other products of the bank. The more products customers will want to patronize, the more likely they are to continue to stay with the bank. It was also evident that the loyalty of most customers has increased to the bank. This was recorded when the statement “My loyalty to the bank has increased because of service delivery”, showed most respondents generally agreeing to it.
CHAPTER FIVE
SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction
This chapter presents a summary of the findings to the following research objectives: Customer retention strategies used by Stanbic Bank Ghana LimitedKumasi, customer perception of customer retention strategies used at the branch, and the effect of service strategies on customer loyalty and retention.

5.1 Summary of Findings
The study found that Stanbic Bank Kumasi has established customer retention strategies as evidenced by the response rate. As the study found, these strategies included ‘Timely service delivery’, ‘Effective handling of complaints’, ‘customer acknowledgement’, and ‘reliable technology such as ATM service. It was evident that the bank had designed these strategies to have the maximum impact on customer loyalty and retention. These strategies are periodically subjected to reviews.

Averagely most customers were satisfied with the banking system. Most of the customers agreed on the attractiveness of the bank’s physical representation. It was clear therefore that the tangibility in Stanbic Bank Kumasi’s service delivery was found satisfactory by most customers. Evaluating responses from Stanbic Bank Kumasi ltd, results pointed to a reliability of service delivery. This means that the bank’s services are delivered as promised with additional values, accurately and at designated time. Generally customers were satisfied with the banking activity. This reflected in their relatively high ratings.
This is quite significant for the bank given the high approval it scored in terms of the reliability of their service. The recording of some level of disagreement suggests that there is more room for improvement.

The study found that, most of the customers agreed on the bank’s willingness to help. This implies that ‘responsiveness’ at Stanbic Bank Kumasi is more than sufficient implying customers are overly satisfied as the service quality of responsiveness is higher than customer’ expectation.

Questions pertaining to assurance generally found that the bank is responsive to the customer’s needs and that customer assurance is embedded in the bank’s service delivery. Trust and confidence is also conveyed in the physical environment. The findings also suggested that, most of the customers were confident that the bank would listen to them and solutions found to their problems by the bank.

**5.2 Recommendations**

In a bid to retain the customers, we recommend the need for firms to know the expectation of the customer and what type of service are provided.

Since some customers were dissatisfied with the issues of waiting time, error on transactions etc. the bank should focus on communication with their customers to increase the relationship and expectation of their customers. Further, the bank can connect their customers to their database system to contact randomly to know about their
assessment of the service provided by the bank. Sometimes customers do not receive the right message from the bank. To avoid the confusing message the bank can improve its communication tools.

Further, Stanbic Bank Kumasi can improve its transaction system by improving some new features like the internet banking, dual currency withdrawal system and so on. These suggestions are likely to impact on customer loyalty and retention of its customers.

5.3 Conclusion

From the overall findings and relationship between the theories used in this research the study finds that effective customer retention strategies can create impact on customer satisfaction, and subsequently customer retention. The collected data were from the management and customers of Stanbic Bank Kumasi. The result and the analysis shows the bank creates a good impression and thus satisfies its customer by the service quality it provides. The study finds the impact of service quality over the customer satisfaction through the analysis.

The empirical findings suggest the overall satisfaction of customers with the bank. From the data collected the study found that positive service strategies can increase a satisfactory customer group which effects the overall satisfaction of the organization and increase retention. The customers of Stanbic Bank Kumasi are satisfied with service they are provided. The customers are ready to recommend the bank to others. This study has shown that positive service strategies can differentiate a firm from the others.
Effective service strategies can influence the customer satisfaction. To maintain a very high satisfied customer group, firms should focus more on the service quality.
Appendix 1

Questionnaire (customers)

This questionnaire is part of a study that is assessing the effect of customer retention using Stanbic Bank Kumasi as a case study. Kindly indicate your preference among alternative answers for each question by ticking in the appropriate box. Where alternative answers are not provided, fill in the gaps provided. Thank you for your contribution. Respondents are assured of the confidentiality of this exercise because it will be solely used for academic purpose.

1. Background Information

a. Gender: Male □    Female □

b. Age: 25 and below □  26-35 □  36-45yrs □  46-55yrs □  above 55 □

2. Perception of Customer Service Delivery by Stanbic Bank Kumasi

To what extent do you agree with the following pertaining to Stanbic Bank Kumasi?
Key: 1-Strongly Agree    2-Agree    3-Neutral    4-Disagree    5-Strongly Disagree

<table>
<thead>
<tr>
<th>Tangibility</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stanbic Bank Kumasi has up to date equipment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The bank’s physical representation of services attractive</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>employees appear neat</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Reliability</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>When the bank promises to do something by a certain time, they do</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The bank shows a sincere interest in solving your problems</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The bank provides error free service</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service delivery is slow</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

53
### Responsiveness

<table>
<thead>
<tr>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees always respond to your request</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The bank keeps customers informed about delivery time</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employees give prompt service</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The bank’s offering attracts you</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Assurance

<table>
<thead>
<tr>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees of the bank are courteous with you</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>You feel safe in your transactions</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employees are very knowledgeable</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I have a good experience of the bank’s service</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Empathy

<table>
<thead>
<tr>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees give individual attention to you</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employees provide prompt information to customers</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer care service is satisfactory</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I am satisfied with the cash service of Stanbic</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Quality of branch service is satisfactory</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I always expect good service from the bank</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I recommend Stanbic Kumasi to other people</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

---

### Effect of Customer Service Strategies on Customer Retention

### Statement

<table>
<thead>
<tr>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>I am generally satisfied with the bank</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I will stay with the bank for the next 10 years</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I have considered leaving the bank</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current quality of service has kept me with the bank</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I intend patronizing other products of the bank</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>My loyalty to the bank has increased because of service delivery</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Any other comment

………………………………………………………………………………………………
………………………………………………………………………………………………
……………………………………………………………………………………………...
Appendix 2
Interview guide (Marketing manager)
This is part of a study that is assessing the effect of customer service strategies on customer retention using Stanbic Bank Kumasi as a case study. Thank you for your contribution. Respondents are assured of the confidentiality of this exercise because it will be solely used for academic purpose.

**Customer service strategies**

<table>
<thead>
<tr>
<th>question</th>
<th>Yes</th>
<th>No</th>
<th>Unsure</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Does the bank have customer retention strategies?</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>question</th>
<th>Top</th>
<th>middle</th>
<th>unspecified</th>
</tr>
</thead>
<tbody>
<tr>
<td>2. What level of management is responsible for the formulation of customer retention strategies?</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>question</th>
<th>Yes</th>
<th>No</th>
<th>Unsure</th>
</tr>
</thead>
<tbody>
<tr>
<td>3. What type of customer retention strategies are adopted by the bank?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Timely service delivery</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Effective handling of complaints</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer acknowledgement</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reliable technology</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>question</th>
<th>Yes</th>
<th>No</th>
<th>Unsure</th>
</tr>
</thead>
<tbody>
<tr>
<td>4. Has the customer retention strategies been well communicated to all employees?</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>question</th>
<th>high</th>
<th>average</th>
<th>low</th>
</tr>
</thead>
<tbody>
<tr>
<td>5. In terms of priority, how will you rank the strategies?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Timely service delivery</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Effective handling of complaints</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer acknowledgement</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reliable technology</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>question</td>
<td>effective</td>
<td>Less effective</td>
<td>ineffective</td>
</tr>
<tr>
<td>-------------------------------------------------------------------------</td>
<td>-----------</td>
<td>----------------</td>
<td>-------------</td>
</tr>
<tr>
<td>6. How would you rate the customer retention strategies employed by the bank.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>question</th>
<th>Yes</th>
<th>No</th>
<th>Unsure</th>
</tr>
</thead>
<tbody>
<tr>
<td>7. Have the good customer retention strategies led to the increase in the number of customer to the bank?</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>question</th>
<th>Yes</th>
<th>No</th>
<th>Unsure</th>
</tr>
</thead>
<tbody>
<tr>
<td>8. How have these strategies led to customer retention?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer base has reduced</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer base has remained the same</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Any other comment

........................................................................................................................................
........................................................................................................................................
........................................................................................................................................
........................................................................................................................................
REFERENCE


