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THE IMPACT OF MARKETING ON BANK'S PERFORMANCE IN NIGERIA

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ABSTRACT

The issue of non-performance in the banking industry which has contributed to slow rapid growth and development in the economy has been a major problem to scholars and professionals in the banking sector. This has made financial analyst to look critically; and proffer remedy to curb this cankerworm. In view of this, the study examined the impact of marketing on Banks performance in Nigeria. The study was aimed at finding out the relevance of marketing in the - financial service; the role of financial service sectors-banking insurance, building societies, hire purchase, franchising, consumer credit etc. to encourage and monitor bank problems district area due to micro-economic factors (bank management) or macro-economic factors (environmental factors). Marketing changes any business including banking. Substantial changes in banking business have been witnessed in form of fund transfer technologies, structural reforms of financial institutions, and intense competition though the introduction of myriads of banking products. To accomplish this, Zenith Bank Plc, Guaranty Trust Bank and Main Street Bank were chosen to form ihe population from which a sample of 150 respondents was initially selected. Questionnaires were administered. Based on information solicited from respondents; Banks and individuals, wished that the administration of marketing performance should be re-adjusted to increase the profitability and growth of the Bank. These could be achieved by providing approaches that can guide its marketing activities. The study suggested that proper marketing will help in promoting customer awareness of banks products and service.

Keywords: Marketing, Bank's Performance, Financial Services, Banking Operations

1.0 Introduction

Banks offer wide range of financial services, to personal and business customers; some of these services which are bank account, guarantor ship, and investment adviser are needed by an appreciable number of customers, but many other financial services such as

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import/export services, money transfers, credit cards and so on have to be brought to the attention of potential users, who then must be persuaded to use them (Abolaji, 2009, Eckie, 1973).Many services offered by banks are also offered by 'rival' organizations Building societies have developed customer accounts which are similar in many ways to a bank account. Thrift and cooperative societies provide lending services to their numerous members and indirectly to the society at large. Solicitors act as executors, and trustees and accountants give advice and so on. Banks not only compete with each other but also have to contend with challenges from other types of organization in the market (Soyinbo, 1988). To do this successfully, bankers need an understanding of the process of marketing which will aid in improving banks performance. Marketing is an area of activity infamous for re-inventing itself and its vocabulary according to the times and the culture.

Banking operations began in Nigeria in 1892 even before Independence under the supervision of the colonial masters. Then banks did not have sufficient assets to meet the demand of customers and this made banks unable to invest in real assets which could not be easily realized to cash when needed without incurring any loss thereby making the Federal Government establish the Loynes commission in 1958, this also led to the establishment of the company acts of 1968 (Somoye, 2008). Another aspect of the theoretical findings is based on bank marketing. Bank marketing is setting the goals of the bank in line with the present and future profitable segment of the market and the present and future customers' needs. According to Onah (2009) bank marketing is needed to identify threats and weakness that the bank is exposed to due to high rate of competition and to also work on them to convert them to opportunities and threats. He also explained the problem of bank marketing includes non-computerized bank branches due to low level of technological advancement making work pace to be slow, the problem of structuring services and costs in most cases leading to the deterioration of services, problem of nature and ownership, communication gap within and outside banks and the problem of turning prospect customers to loyal ones. Marketing has greatly impacted the Nigerian banking system by assisting banks deal with competition nationally and internationally, helping to make awareness on the availability of a product, make customers know about the services they are being offered and their benefits. Okonkwo (2004) emphasis the importance of marketing in banks as it will contribute largely to the overall development of the entire Nigerian Banking system. Marketing is also useful because it helps to promote the image of the bank which is a key that helps to win more businesses and customers so as to maintain market share.

Performance in the context of a bank operation according to Peter and Sylvia (2008) refers to how adequately a bank meets the needs of its stakeholders; owners, employees, depositors, and the borrowing customers. Indicators of the quality and quantity of a bank performance are determined by the extent of a business profitability and (or) risk which provide surrogates for evaluating the extent to which the bank achieves its objectives of maximizing owners wealth (Adeoti and Salami, 2007). Nigerian banks since the commencement of the consolidation programme in 2004 have demonstrated great awareness of the linkage between performance and customer retention. This realization has informed series of product bundling, cross selling, loyalty programmes and integrated computer system employed to attract clients. Furthermore, the development of strong loyalty to a bank product offering has been traced among others to quick-delivery services, nearness to client business outfits, corporate image built overtime, customer/employee relation, relaxed account opening formalities, referral and accessibility (Adewuyi 2008). Some analysts premise success of a corporate value maximization effort on the extent of the rise in its stock prices. The approach is premised on interrelationship between market prices of an organization stocks; and changes in operational efficiencies, interest or exchange rates and the economy in general. White the behaviour of a stock price is in theory the best indicator of a bank performance and a reflection of how market evaluates it; salient variables required for the calculation of this parameter might not be readily available for most Nigerian commercial banks. This is why this study adopts the adoption of profitability ratio in this study as surrogates for market - value indicators.

Thus, Marketing has traditionally been viewed as the sales-generating business function. Its importance is reflected in an adage "nothing happens until a sale is made". This sale orientation sometimes leads firms to focus too much on generating sales in short run, with little consideration for customer retention or profitability over the long term sales orientation is being replaced by more of emphasis on developing, maintaining and expanding long term, profitable relationships with targeted customers.

A global perspective is needed not only to identify potential market opportunities but to also guide firms in the development and implementation of marketing strategies to take advantage of these opportunities understanding culture, language, customs, and other unique aspects of an international market is critical for marketing success.

Marketing is indeed an ancient art it has been practiced in one form or the other since the days of Adam and Eve. The word Marketing has been defined differently by people in different ways. The traditional objective of marketing has been making the goods available at places where they are needed. This idea was later on changed by shifting the emphasis form "exchange" to "satisfaction of human wants". Some emphasis on the traditional view of producing goods and finding out customers, other emphasis on the modern view that marketing must first find out what customers want. As any subject, it has its own origin, growth and development.

The barter system existed in the initial stage of marketing. The caveman, with his surplus product approached and tried to exchange his products by accepting the product he needed-exchange of products for products. At that time, human beings were nothing more than hunters or food gathers. Therefore the people assembled in place called local markets where goods are disposed off and later, it develop into shops, bazaars etc. the people according to their interest specialized in productions; specialists like carpenters, weavers etc. develop at this stage.

The financial services industry has undergone substantial changes from regulatory, cultural and economical forces, among others. One of the most serious results of these changes is the need for financial services companies to be marketing oriented. Marketing oriented companies place emphasis on their clients and customer's needs and wants, and determines how these needs and wants call be beneficially served. A necessary component of marketing orientation is a strong program for developing products (services).

Marketing activities and marketing avenues or area are changing, but the fundamental philosophy of marketing is fairly constant. Marketing changes any business, including Financial Institutions, and intense competition through the introduction of myriad of products among others.

The rising relevance of marketing in the financial service industry expedited the observed changes in financial service businesses. This result is an increasingly competitive and the change prone Nigeria financial service environment, the efficient practical of strategic marketing should be recognized as a salient corporate goal.

Marketing of financial service therefore, entails the marketing of the service of the financial sub-sectors. These includes services of the Commercial Banks, Merchant Banks, Central Banks, Bureau De Change, Saving and Loan companies, Mortgage Institutions, Discount House, Nigerian Deposit Insurance Corporation (NDIC), Finances house; Nigerian Stock Exchange and other Financial Institutions.

Broadly speaking, Banking business is concerned with the offering of services, which includes deposit collection, financial services, monetary transmission, credit se10'ices, and foreign exchange services, among others. To offer these services efficiently and effectively to client, corporate marketing managers must understand and practice marketing.

Marketing practice has changed Nigerian banks in recent times as banks are motivated to source deposit from clients. Effective bank marketing starts with a bank's client, seeks to create mutually satisfying exchange relationship between a bank and its client. This can be achieved through corporate marketing activities. With the dynamic nature of banking operation in the world, for bank to achieve its organizational goals of profitability, growth and how they performance the issue of marketing cannot be over emphasized. The bank's fundamental role of financial intermediation and other functions expected of the bank, which will serve as a source of income, will bring about profitability and growth to the organization cannot be achieved without effective marketing. This is due to the level of competition in the industry, and the nature of bank business. In marketing its services, banks must attracts depositors at one hand and at the other hand attract borrowers and users of its services. This double sided nature of bank services brings marketing problems, which are more complex than those which normally face marketers of other physical products.

The decade has seen banking industry goes through enormous changes, and the process is far from over. In the researcher's strong views in the years ahead, there will be further pressure on the shape of banks, the way business is carried out, and also for less certain ones because is not the job for life as used to be. All this means that bank must keenly attain the needs of providing customers with the right service and enforce them with the necessary standards. The role of marketing in this regards is enormous. In a service industry such as a bank, incidences of rising overhead expenditures are known to be associated with market segmentation. This occur because where the product is profitable for a given bank other competing banks within the industry will soon copy the products with negative impacts on the original bank bottom-line; (Sanusi, 2000). Disparities also exist between marketing of bank financial services physical product and even the services provided by other firms outside the bank. The special case of bank service marketing according to Kotler (2002) lies in its two-sided nature; namely, the needs to attract customers to sell deposits to and source clients who will buy the credit facilities to be created from the deposits. Inappropriate market design and drives by Nigerian banks have created large-volume of bank deposit and liquidity in the past. Similarly, report of rising toxic -assets in the Nigerian banking system is not unconnected with poor credit administration. For instance the percentage of non-performing loans to total credit of insured Nigerian banks was as high as 72.64 as at September 2005 (Sanusi 2005).

Recent audit carried out by the Central Bank of Nigeria (CBN) in August 2009 which indicated some levels of distress within the Nigerian banking system cast a lot of doubts on the success of market practices being adopted by the sector. This study therefore examines; among others what market segmentation practices are adopted by a typical Nigerian commercial bank? What relationships exist between market segmentation practices and performance of the sampled commercial banks? The extent to which market segmentation practices of selected banks has ensured customer brand-loyalty for typical bank product, is also in doubt. This study also makes an enquiry as to the extent to which market segmentation practices influence customers' loyalty to bank product offerings (Onaolapo, Salami and Oyedokun, 2011). It is against this background that this study sought to examine the impact of marketing on banks performance in Nigeria. To this end, the paper is structured into four major parts. Section one is the Introduction, section two which follows this introduction present, the literature review, section three discusses the methodology, while section four presents the conclusion and some recommendations.

2.0 Literature Review

As role of the financial sector-banking insurance, building societies, hire purchase, franchising, consumer credits, and general household financial services, etc. continues to grow in the economics of most of the Western Nations, pressures are mounting for a more effective marketing management of the financial services offered by the banks. This applies especially to the banking sector, as it represents probably the most important financial sector, not just in terms of turnover, profits and employment, but also in its paramount impact on the other sphere of the economy. Banks in Nigeria are at the threshold of incorporating marketing in their provision of banking services. Marketing is not a new idea, but what is challenging about it is the application of its principles in the rendition of banking services. In Ewah, (2007), marketing is an evolving and dynamic discipline that cuts across every spectrum of life. This explains why contemporary societies are now involved in one form of marketing activity or the other. The recent advancement in technology, has aided the free flow of goods and services as well as information amongst business and institution thereby turning the marketing environment into a global village.

The recent emphasis on the principle and the application of marketing to banking has rather been forced on the industry by increased competition and other environmental changes. Intensified rivalry from other institution has. caused the banks to this seriously, about how they can compete effectively. This has led them to pay increasing attention to marketing techniques. Obviously owing to the very nature of banking, it cannot be treated in exactly the same. way as, for example, a manufacturing firm. It is important to recognize the two fundamentally different functions that bank marketing must perform. It must attract depositors on one hand and also attract borrowers and users of services on the other. This double-sided nature of banking business brings marketing problems that are more complex than those that normally face commercial concerns, Onwuchuruba, (2003), post that marketing in Nigerian banks has not been given the proper attention it deserves. Evidences abound everywhere. The attitudes of some banks' staff to customers are sour and the distress state of some banks after the implementation of SAP (Structural Adjustment Programme) in late 1980s and early 1990s are sign of poor marketing. Marketing changes any business, including banking. Substantial changes in banking business have been witnessed in form of fund transfer technologies, structural reforms of financial institutions, and intense competition through the introduction of myriads of banking products, among others. The rising relevance or marketing in the banking industry expedited the observed changes in banking industry expedited the observed changes in banking industry (Osuagwu, 2002).

The financial institutional particularly the banks are economic decision units established for the purpose of providing financial services to its target market with a primary objective of making adequate returns or profits to investors without neglecting other social objectives of prosperity, growth and continued life of the business. Banks needs to conscientiously structure their services in a way that can cater for the financial needs of not only the present customers but also the prospective ones. It is the long-term interest of the banks to increase the customers' confidence.

Thus, the need for this makes marketing increasingly important and necessary in today's banks' competitive environmental and pay particular attention to relevant marketing principle and techniques (Onwuchuruba, 2003).

Obviously due to the nature of services in general, which Stanton, (1981) describes as intangibility, inseparability, heterogeneity, perish ability and banks services in particular marketing in this sector cannot be treated in exactly the same why as for physical products of manufacturing firms.

3.0 Methodology

The section therefore, explores the most suitable research methodology required for the collection, presentation and analysis of data for the study with a view of reaching objective outcome. The information gathering for this research was through questionnaire, observation, and personal interview. The target population is entire staff of the case studies selected which are the staffs and customers of Banks in Nigeria. The characteristics of this population size is that the case studies cut across male and female senior staff, middle staff and the junior staff in various department which include Accounting, Finance, Marketing, Administrative and Human Resources Departments, etc. A total number of over 160 questionnaires will be administered. The questionnaires will be distributed and delivered and collected in person from the respondents a total of at least 140 questionnaires will be expected to be returned by respondents. Therefore, the study can attained 98 responses rate. The questionnaire will be directly administered to the respondents by the researcher thereby able to explain the items on the scale when required. Question: in your opinion, do you think marketing has any significant impact on banks' performance?

Table 3.1

Alternatives	Points	No. Of respondents	Total Weight	percentage
Strongly Yes	4	51	204	34.0
Simply Yes	3	83	249	55.3
Emphatic No	2	2	4	1.3
Simply No	1	10	10	6.7
Not Sure	0	4	0	2.7
Total	3.11	150	467	100

$$AWP = \frac{467}{150} = 3.11 \approx 3$$

Comment

The table above simply affirms that the majority believe that. marketing has some significant impact on banks' performance?

Question: There is a significant relationship that exists between marketing, bank's performance and growth?

Table 3.2

Alternatives	Points	No of respondent	Total Weight	Percentage
Strongly Yes	4	56	224	37.3
Simply Yes	3	46	138	30.7
Emphatic No	2	3	6	2.0
Simply No	1	19	19	12.7
Not Sure	0	26	0	17.3
Total	2.58	150	387	100

$$AWP = \frac{387}{150} = 2.58 \approx 3$$

Comment

The above analysis simply reveals that a significant relationship exists between marketing, bank's performance and growth.

The study also employed the descriptive method of data analysis, laying emphasis on the use of tables and cross tabulations to carry out frequency counts, percentages, and categorization of responses via the Statistical Package for Social Science (SPSS). This data analysis tool was used for the analysis of all responses in section A of the instrument (questionnaires) and answering of the research questions while research hypothesis were analyzed using the advanced statistical data analysis tools of correlation analysis, regression analysis, T -test and analysis of variance, ANOVA and Pearson correlation to test the variables, at 5 level of significant, in order to conclude on the impact of marketing on Bank's performance in Nigeria.

Thus the hypothesis that was tested for this study employ the use of correlation and T-test and it is aimed at examining if there is a significant impact of marketing on banks' performance and growth. In order to do this, the questions were used with T -test. The hypothesis that was set is:.

Ho: There is no any significant impact of marketing on banks' performance

Hi: There significant impact of marketing on banks' performance

The result obtained from the above questions and it analysis from SPSS result is shown below:

	N	Mean	Std. Dev.	Tab-t	Cal-t,	DF	P
Marketing strategies	250	11.7040	2.6857				
				1.96	68.790	249	.000
Bank's Performance	250	29.7120	3.9041				

The above table showed that there was significant relationship between marketing strategies and bank's performance (Tab-t=1.96, Cal-t 68.790, df=248, P<.05 level of significance). The null hypothesis is rejected and the alternative hypothesis is accepted
Therefore, there is a significant impact of marketing on banks' performance and growths.

3.1. Findings

In the analysis of section A of the instrument revealed the following characteristics: more of the respondents were from the marketing and Administrative departments of companies, more males, and active workforce (age), mostly married, well educated; and well educated and experienced. The section B revealed that the companies are aware of the significance of effect marketing as a tool for the company's growth and performance, they engage in active marketing practices that can improve their performance. The hypotheses tested revealed that there is a significant relationship between banks products and services and marketing and there is a significant impact of marketing on banks' performance and growths. The implication of the findings of the study was that firms should prepare hard for proper marketing practice so as to increase the performance level. Most of the respondents agreed that all the units of the bank and not just the marketing unit should be involved in marketing. We found that banks still have to improve more on their marketing strategies. Banks should engage in quite a number of promotional activities including billboards, radio, television, personal selling, sales promotion etc. We found that marketing has led to efficiency in the Nigerian banking system since independence and has assisted banks in achieving their goals and objectives.

4.0 Concluding Remarks

The current experience of the banks confirms the truism that banks like other business, must appreciate the very fundamental role of marketing performance in order to able to grow. This is because marketing is concerned with changes and any bank that fails to respond to these changes continuously will be unable to contain the competition in the banking system. Marketing has a good and positive effect on profitability and growth. Marketing influences the flexible goals such as increasing or decreasing loans (such as profitability, high returns on investment, achieving certain market shares and growth rates, development of certain banking images, spread of the different types of bank client segments so as to minimize risks and business fluctuations among others). It also influences and motivates customer behavior and hence, what they buy. In this direction, we recommend that banks should adopt Total Quality Management so that quality of the bank's services, operations and staff development will be standardized. Thereby minimizing the thought that only marketing department or unit of the banks should be thinking of providing customers satisfaction. Even, bank's managers and security staff are included. Banks should be thinking of providing customers satisfaction and have a burning desire for excellence. The function of customer complaint as a means of identifying problems and improving services should be recognized in the entire organization. Building of more branches in other parts of the nation will also bring growth and advancement on the bank. Whenever there is expansion, there is always increment in profitability and growth.

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