

**Changes in the customer interface at Zimbabwe Banking Corporation  
Limited (ZIMBANK)  
between 1995 and 2003 in the Harare consumer area  
as a result of  
new product development and implementation.**

**By**

**LOVEJOY ZHUNGU**  
**Student number: 202.523.602**

**Submitted in partial fulfillment of the requirements for the degree of  
MASTERS IN BUSINESS ADMINISTRATION**

**Graduate School of Business, Faculty of Management  
University of Natal (Durban)**

**Supervisor: DENNIS LAXTON**

**September 2003**

**CONFIDENTIALITY CLAUSE**

**30 August, 2003**

**TO WHOM IT MAY CONCERN**

**RE: CONFIDENTIALITY CLAUSE**

Due to the strategic importance of this research it would be appreciated if the contents remain confidential and not be circulated for a period of ten years.

**Yours Sincerely**

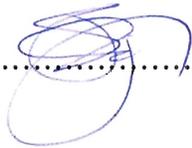
  
**L ZHUNGU (MRS)**

096268

## DECLARATION

This research has not been previously accepted for any degree and is not being currently submitted in candidature for any degree.

Signed .....



Date 10 September 2003 .....

## ACKNOWLEDGEMENTS

Special thanks go to My Supervisor Dennis Laxton, who has been very supportive. His kind guidance and patience during my course of study is most appreciated.

I also extend my sincere appreciation to Zimbank employees and management, Mrs Charity Mandiopera, Getrude Moffatt, Mrs Patricia Nyazenga and Mr Cosma Mukuna. They assisted me with the most confidential and valuable information that I required.

At Reserve Bank of Zimbabwe, I thank the Management team and Economists who assisted me with the information on the Zimbabwean banking sector and the economy in general.

Special mention also to the clients and non-clients of Zimbank, who responded to the interviews. I want to thank them for their valuable time, especially Mr Paul Coates, Mr Gelfand, Dr Chirenje, Rev Kuchera to mentioned just a few, whose schedules I know are always tight. They created time for me and I want to thank them for that.

This dissertation would not have been a success without the acquiescence by the Marketing Division and the Senior Economist of Zimbank, Dr Muzulu, Mrs S Gurira, M Masamvi and the rest of the team. They also gave me the information on the economy and how it has impacted on Zimbank. They also gave me the information on product development trend since 1995 and current major targets.

Lastly I want to thank the course Leaders, Dr Abdul Gani and Proffesor D. Coldwell for providing us with all the information which guided me making this presentation easy. The college (University of Natal) staff for flooding the website with the appropriate information and formats which were easy to follow.

I appreciate the support my husband gave me. He gave me the encouragement that I needed. To my group and Group Leader, this project would not have been there without their support.

## ABSTRACT

This study seeks to establish whether the introduction of new products between 1995 and 2003 created value for the customers and if the bank's key performance indicators such as profitability and market share improved as a result. The research also intends to identify the benefits and problems associated with development and introduction of new products in the banking sector, and whether or not the benefits are worth the effort and resources invested. Literature on segmentation, product development and customer care, from popular authors such as Kotler were applied. Subjects used were 29 Zimbabwe Banking Corporation Limited customers and 10 non-customers. The self-administered structured questionnaire, in conjunction with face-to-face interviews were used throughout the study. To ensure relevance and reliability of responses, only randomly selected companies and individuals were interviewed. Overall almost three quarters of the respondents affirmed that new products and refurbishments are effective because customer choice is increased, and that simply by introducing new products, the company shows an image of great customer focus. The introduction of new products and refurbishment of branches was also said to enhance the image of the bank. Others associated such changes with increased speed of service and better, more convenient products. Comparing the period before renovations with the one after, the new products introduced and branch refurbishments have had positive impact on the performance of ZIMBANK, as very significant improvements have been noted especially on the aspects of customer service, quality of products and increase in branch network.

# TABLE OF CONTENTS

	Page
<b>Confidentiality clause</b>	ii
<b>Declaration</b>	iii
<b>Acknowledgements</b>	iv
<b>Abstract</b>	v
<b>Executive summary</b>	xiv
<b>1.1 Chapter one Introduction</b>	1
<b>1.2 Background of the study</b>	2
1.2.1 New Product Development and Market segmentation	4
<b>1.3 Motivation for the research</b>	6
<b>1.4 Value of the project</b>	6
<b>1.5 Problem statement</b>	7
<b>1.6 Objectives of the study</b>	8
<b>1.6.0 Hypothesis 1</b>	8
<b>1.6.1 Hypothesis 2</b>	8
<b>1.7 Research methodology</b>	8
1.7.1 Data collection	8
1.7.2 Quality control	10
1.7.3 Data Analysis	10
1.7.4 Limitations of SPSS	10
<b>1.8 Limitations of the study</b>	11
<b>1.9 Structure of the study</b>	11
<b>1.10 Timetable</b>	12
<b>1.11 Summary for Chapter 1</b>	12
<b>2 Literature Review</b>	15
<b>2.0 Introduction</b>	15
<b>2.1 Market Segmentation</b>	15
<b>2.2 Market Segment size</b>	16
2.2.1 Variables used to segment the market	17
2.2.2 Purpose of market segmentation	18
2.2.3 Segmentation and the Marketing Mix strategies	18
2.2.4 Advantages of market segmentation	19
2.2.5 Dynamics of market segmentation	20
<b>2.3 five forces that determine the long run attractiveness of a market segment</b>	23
<b>2.4 Managing differentiation</b>	27
2.4.1 Personnel differentiation	29
2.5.1 Customer relationship management	29
<b>M as a competitive tool</b>	30

<b>2.7 New Products, Quality Management and customer care</b>	37
2.7.1 Customer service	38
2.7.2 Importance of Quality Delivery of Service	43
2.7.3 Build quality into service	45
<b>2.8 Summary of Chapter 2 Bibliography</b>	46
<b>Chapter 3</b>	
<b>3.0 Research Methodology</b>	48
<b>3.1 Introduction</b>	48
<b>3.2 Objectives of the study</b>	48
<b>3.3 Target population</b>	48
<b>3.4 Sampling</b>	49
<b>3.5 Research Instruments used</b>	49
3.5.1 The self administered questionnaire	49
3.5.2 Face-to-face interviews	49
3.5.3 Telephone	50
3.5.4 Mail	50
3.5.5 The Questionnaire	50
<b>3.6 Data Gathering</b>	53
<b>3.7 Data Analysis</b>	54
3.7.1 Non response errors	54
<b>3.8 Conclusion</b>	55
<b>3.9 Summary for chapter 3</b>	55
<b>4 Results and Conclusion</b>	56
<b>4.1 Introduction</b>	56
<b>4.2 New Products and branch refurbishments ( Appendix II, Tables 1-2)</b>	56
<b>4.3 The pre versus the post refurbishment/new products era (Appendix II, Tables 3a-3h1)</b>	57
<b>4.4 Evaluating new products / branch refurbishments (Appendix II, Tables 4a-4d)</b>	58
<b>4.5 Impact of new products/refurbishments on key indicators (Appendix II, Table 5a)</b>	60
<b>4.6 Summary for Chapter 4</b>	62
<b>5 Conclusions and Recommendations</b>	63
<b>5.1 Introduction</b>	63
<b>5.2 Conclusion</b>	63
5.2.1 Hypothesis confirmed	64
<b>5.3 Recommendations</b>	65

<b>5.4 Suggestions for further research</b>	65
<b>5.5 Summary for Chapter 5</b>	65
<b>APPENDICES</b>	68
<b>APPENDICE 1 - Questionnaire</b>	69-73
<b>APPENDICE 2 - Appointment Letter</b>	75
<b>APPENDICE 3 - Tables</b>	77

## LIST OF TABLES

	<b>PAGE</b>
Table 4.1 Impact of new products on Key indicators (3-point scale)	60
Table 1 What new products were Introduced by ZIMBANK in The period 1995-2003?	78
Table 2 What branches were opened Renovated by ZIMBANK in The period 1995-2003?	79
Table3a Rating company performance On customer service during the pre-refurbishments era	80
Table3a1 Rating company performance on customer service during the post refurbishments era	81
Table 3b Rating company performance On planning during the pre- refurbishments era	82
Table 3b1 Rating company performance on planning during the Post refurbishments era	83
Table 3c Rating company performance on quality of products during the pre-refurbishments era	84
Table 3c1 Rating company performance On quality of products during the post refurbishment era	85
Table 3d Rating company performance on profitability during the pre-refurbishments era	86
Table 3d1 Rating company performance on profitability during the post refurbishments era	87
Table 3e Rating company performance on efficiency during the pre- refurbishments era	88
Table 3e1 Rating company performance	

On efficiency during the post Refurbishments era	89
Table 3f Rating company performance On competitiveness during the Pre-refurbishments era	90
Table 3f1 Rating company performance on competitiveness during the post refurbishments era	91
Table 3g Rating company performance on branch network during the pre-refurbishments era	92
Table 3g1 Rating company performance on branch network during the post-refurbishments era	93
Table 3h Rating company performance on productivity during the pre-refurbishments era	94
Table 3h1 Rating company performance on productivity during the post-refurbishments era	95
Table 4a Do you think new products and branch refurbishments are effective in attracting new customers and retaining existing ones?	96
Table 4b Reasons for saying new Products and branch Refurbishments are effective In Attracting customer and Retaining existing ones?	97
Table 4c Reasons for saying new Products and branch Refurbishments are not Effective In Attracting customer and Retaining existing ones?	98
Table 4d Are new products and branch refurbishments effective in improving the profitability and market share of Zimbank?	99
Table 5a Rating the impact of refurbishments on speed of service	100
Table 5b Rating the impact of	

refurbishments on quality of products	101
Table 5c Rating the impact of refurbishments on customer orientation	102
Table 5d Rating the impact of refurbishments on branch network	102
Table 6a Are new products and refurbishments really benefiting the target group?	103
Table 6b Reasons why new products and refurbishments are really benefiting the target group	104
Table 7 General comments regarding new products and refurbishments to branches	105

## LIST OF FIGURES

	PAGE
Figure 2.1 Variables for segmentation	22
Figure 2.2 Porter's Five Forces	23
Figure 2.3 Ansoff Matrix	24
Figure 2.4 The components of a Competitor Analysis	26
Figure 2.5 Service-Quality Model	35
Figure 2.6 Path to Loyalty	38
Figure 2.7 Sustaining customer relationships	43
Figure 2.8 Service/Quality versus impact on customer satisfaction	44
Figure 4.1 Branches opened/refurbished between 1995 & 2003	57
Figure 4.2 Pre versus post refurbishments era	58
Figure 4.3 customer attraction and retention	59
Figure 4.4 benefits of refurbishments and new product development	61

## EXECUTIVE SUMMARY

I started off by an introduction, which highlighted how I was going to conduct my research. A brief introduction on the financial set-up in Zimbabwe which revealed that competition in the banking sector is stiffer than it was five to ten years ago due to the fact that there are now more players than before. The research background contained some literature by some writers which brought clarity to the various issues including team work, which is much needed in the banking sector, new product development, total quality management (TQM), segmentation and targeting. The methodology where 30 current customers of ZIMBANK and 30 potential customers were to be used stressed that face to face interviews by the use of a questionnaire were going to be used. Analysis of data using the Statistical Package for Social Sciences (SPSS) was chosen.

The literature review which is a review of literatures by different authors was done linking the review to the topic. Market segmentation, targeting, product development, differentiation customer relationship management (CRM) and quality management and customer care were highlighted. Customer loyalty was also discussed with the assistance of the customer loyalty path model.

Use of the questionnaire in conjunction with personal interviews was adopted and the stratified and simple random sampling methods were used. 39 respondents comprising of 29 ZIMBANK customers and 10 non-clients were used as a representative sample and the research was quantitative.

Results from the survey were presented in tables and graphs. Most respondents (67%) recalled the kiddy bank as one of the many products that were introduced between 1995 and now, with the wedding bells being the second most recalled. On refurbishments and new branches opened between that same period respondents (41.7%) mentioned the Rotten Row Branch with about 25% mentioning Angwa Street and Union Avenue Branches. It was clear that new product development and branch refurbishments have had a positive impact on the performance of ZIMBANK.

# CHAPTER ONE

## 1.1 Introduction

The boom in the financial services sector has partly contributed to an 850% increase in the past level of deposits handled by banks over the past 75 months to \$256,8 billion. According to financial experts the level of deposits has however, gone down taking the impact of inflation into account. Annual growth of deposits has fallen in real terms from 12,9% in 1997 to 9,7% as of March this year. In its weekly economic highlights, the Reserve Bank of Zimbabwe said the major source of deposits were financial organizations and the service sector. These collectively account for 54% of total deposits. The financial sector has since the liberalization of the economy experienced an influx of new players. Zimbabwe now boasts of a diversity of financial providers such as building societies, discount companies, commercial banks, merchant banks and unit trusts among others.

Most of these institutions have posted positive growth over the last two years because of the expansion of the industry. Other deposits came from farmers, mines, manufacturers, tour operators, public enterprises, local authorities, individuals and other service providers. The entry of new indigenous farmers into the agriculture sector and the recovery in downstream industry could result in other increase in deposits in the medium to long-term. According to the RBZ the mobilization of savings has been enhanced by the entry of new banks into the financial sector but high inflation has however eroded the value of savings.

Contraction in agriculture, manufacturing, mining and other key sectors of the economy has severely constrained their capacity to contribute meaningfully towards the pool of national savings. 'Positive economic growth is essential for sustainable savings mobilization. Industry should take full advantage of existing measures designed to stimulate the economy towards recovery and ensure growth,' said the bank.

It is against this background that financial institutions are continuously seeking new ways to forge close relationships with their most valuable customers. They know these loyal customers are the source of most of their profits and that any slowing of the rate of defections helps grow the customer base and ultimately the bottom line. (Reichfield 1996, Zeithland 2000) Reichfield (1996) further contends that there is even more motivation to move closer to customers when internet makes price comparison easier, opens the market to new competitors and threatens to undermine customer loyalty. New product development, state of the art interior décor and enhanced customer service are only a few of the recent strategies towards customer acquisition and retention.

## 1.2 Background of the research

Reichfield 1996, Zeithland 2000 observed that every organization will attempt to put into place a range of policies and practices which will influence how the business is viewed within business environment and by the community which it serves. The business organization will try to make its 'image' favourable, manipulating it to project the values and messages they want. In other words, **corporate image** concerns how the business wishes to project itself to the outside world. **Corporate identity** is a set of tools for doing this: it ranges from company names, to graphics, typefaces, uniforms and can even extend to shop and office furnishings.

According to Reichfield there are a number of ways in which the business organization projects its corporate image values and beliefs to the outside world. Mission statements, for example, are public statements of intent which summarize the business organization's core aims, values objectives and purpose. Other business organizations may base their activities around core values concerned with equal opportunities, recruitment practiced within the respective organizations. The success of many quality systems will depend to a large extent on the management style exhibited by the organization, which in turn will influence the corporate image projected by the organization. The rate at which customers purchase a company's products or services depends largely on the image portrayed by the company. This image is derived from the management style which, the top management

displays. A Quality Management System would not work, for example, within a business organization that exhibits autocratic management styles given that Quality Management involves:

- ❖ Team working (the presence of autocratic tendencies defeats team-working)
- ❖ A culture in which problems are solved by the team (dictation does not support team problem-solving)
- ❖ Staff being encouraged to make constructive and positive suggestions to improve quality (an autocratic system does not allow staff to have a say on issues)

We are likely to see more effective quality systems in those organizations which are committed to corporate image and organizational culture based upon participative or consultative management styles.

"When companies put employees and customers first, their employees are satisfied, their customers are loyal, their profits increase, and their continued success is sustained." This is the conclusion of a recent Harvard Business Review article, "Putting the Service-Profit Chain to Work" by James L. Heskett, Thomas O. Jones, Gary W. Loveman, W. Earl Sasser, Jr. and Leonard A. Schlesinger, members of the Harvard Business School faculty and service-management interest group. While there are a number of studies which link quality management, customer satisfaction and profit, there are few studies which add employee satisfaction into the profit formula. Digital became interested in this connection in 1994. Based on this interest, an internal study of customer satisfaction, employee satisfaction and operating measures was conducted.

When describing the service profit chain, the authors discuss the experience and success of companies that include Banc One, Intuit Corporation, Southwest Airlines, Service Master, USAA, Taco Bell, and MCI. They stress that the correlation of putting employees and customers first with profits has necessitated new ways of managing and measuring success. The techniques used, focus on the impact of employee satisfaction, loyalty, and productivity on "the value of products and services delivered so that managers can build customer satisfaction, loyalty and assess the corresponding impact on profitability and growth." The authors note, "...the lifetime value of a loyal customer can

be astronomical, especially when referrals are added to the economics of customer retention and repeat purchases of related products." The tool used to examine the relationship between service and profit is called the Service-Profit Chain.

### **1.2.1 New Product Development and Market Segmentation**

Most companies realize that they cannot effectively serve all the segments in a market, and must instead target their marketing efforts. For example, in developing a new car, the manufacturing firm will have to make a decision on many issues, such as should it be a two, four, or five-seater model, with a 1000, 2000 or 3000cc engine? Should it have leather, fabric or vinyl seats? The over-riding factor when deciding these issues is customer demand. Some customers (segments) may want a five-seater 2000cc model with leather upholstery, while others may prefer a four-seater with a 1000cc engine and fabric seats. A solution would be to compromise and produce a four-seater 1500cc model with leather seats and fabric trim.

Clearly, such a model would go some way to meeting the requirements of both groups of buyers, but there is a danger that because the needs of neither market segment are precisely met, most potential customers would purchase from other suppliers who could cater for their specific requirements. Ironically, one of the biggest post-war car failures was the much heralded and much hyped American Ford Edsel car. This is a car that was produced following extensive marketing research, buyers making it the most spectacular flop in modern motoring history.

Target marketing is thus defined as the identification of the market segments that are identified as being the most likely purchasers of a company's products.

Specifically, the advantages of target marketing as observed by Kotler are:

1. Marketing opportunities and unfilled 'gaps' in a market may be more accurately appraised and identified. Such gaps can be real (e.g. sweet, strong, harsh or mild) or

they can be illusionary in terms of the way people want to view the product (e.g happy, aloof, silly or moody). In the case of the former, product attributes can fulfill these criteria whereas for the latter these attributes might well have to be implanted in the minds of customers through an appropriate advertising message.

2. Market and product appeals through manipulation of the marketing mix can be more delicately tuned to the needs of the potential customer.
3. Marketing effort can be concentrated on the market segment(s) which offer the greatest potential for the company to achieve its goals - be they goals to maximize profits potential or to secure the best long-term position for the product or any other appropriate goal.

Effective segmentation is achieved when customers sharing similar patterns of demand are grouped together and where each group or segment differs in the pattern of demand from other segments in the market. In most markets, be they consumer or industrial, some kind of segmentation can be accomplished on this basis.

**This brings the researcher to the topic of this research:**

**Changes in the customer interface at Zimbabwe Banking Corporation Limited (ZIMBANK) between 1995 and 2003 in the Harare consumer area as a result of new product development and implementation.**

To obtain a thorough understanding of the impact of ZIMBANK's new products on the target market, we need to identify the benefits and the problems that arose as a result of the introduction of the new products. This study will establish the gains and losses to ZIMBANK in the period 1995-2003 as a result of the launch of new products.

### **1.3 Motivation for the research**

Given the current stiff competition for customers amongst financial institutions, there is need to identify options for survival, new product development being one. Banks also have to bear in mind that 'It is not enough to be skillful in attracting new customers, the company must keep them'. Kotler (2000) as quoted by Palmer, McMahon-Beattie and Beggs (2000:9) stated that: -

- a) Acquiring new customers can cost 5 times more than the costs involved in satisfying and retaining current customers.
- b) The average company loses 10% of its customers each year.
- c) A 5% reduction in the customer defection rate can increase profits by 25% to 85% depending on the industry.
- d) The customer profit rate tends to increase over the life of the retained customer.

This study will address all these key questions and aspects. Conclusions will then be made based on findings and recommendations. This study will also articulate the benefits obtained from new product development as a competitive selling tool for banks.

### **1.4 Value of the project**

This study seeks to:

1. To develop a body of knowledge that can be used in the marketing of bank products, which can be used by both bank marketing practitioners and academics in Zimbabwe. If this study establishes a positive relationship between new products and organizational performance of banks, then the banking industry can have a sound body of knowledge that can be used in product development and training of relevant

personnel. Bankers can also use this body of knowledge to develop reliable selling and marketing skills.

2. To contribute to the growth of knowledge on the marketing of finance. The marketing concept as an integral part of any business entails teamwork and focus on profitability and satisfaction of customer needs. Therefore establishing a relationship between products and organizational performance would be a significant contribution to the growing body of knowledge on new product development in developing countries like Zimbabwe.
3. The significant results of this study would also contribute practically to the design of better marketing programs of bank products.

## **1.5 Problem statement**

The research seeks to establish whether the introduction of new products between 1995 and 2003 create value for the customers, and if the bank's key performance indicators such as profitability and market share improved as a result. The study also intends to identify the benefits and problems associated with development and introduction of new products in the banking sector, and whether or not the benefits are worth the effort and resources invested.

## **1.6 Objectives of the study**

1. To establish the extent to which the introduction of new products has been appreciated by customers. Successful new products enhance the image of the company creating the products as this shows innovativeness, growth and a striving to create value for customers. This research seeks to establish the impact of the new products on the customers' regard for Zimbank, that is whether the bank's image improved.
2. To identify the problems and shortcomings of the new products. There is always the danger that a new product might fail to address the intended need either due to shortcomings in the core product or the packaging. Failure might also be due to external

factors such as competition. This research intends to investigate the faults inherent in the new products as identified by customers

3. To ascertain the benefits of the new products to Zimbank and to the customers. The underlying concept in new product development is identification of an unsatisfied need. The launch of the new product therefore heralds the enjoyment of a new benefit by customers. This study seeks to establish whether or not the customers received the benefits intended.

### **1.6.1 Hypothesis 1**

Changes in customer interface at Zimbank between 1995 and 2003 have impacted positively on the bank's current and potential customers.

### **1.6.2 Hypothesis 2**

The changes in customer interface at Zimbank between 1995 and 2003 have not affected the way current and potential customers regard the bank.

## **1.7 Research methodology**

The research will be quantitative and qualitative, with the resultant sample broken down as follows

- ❖ 30 current customers of Zimbank (50% corporate and 50% individuals)
- ❖ 30 potential customers of Zimbank

Data collection procedure will involve face to face interviews with each qualifying respondent.

### **1.7.1 Data Collection**

All interviews will entail the making of appointments followed by visits to the respondent. In the case of companies, qualifying respondents will be senior managers or

their assistants. As the study seeks to draw conclusions that will be applied to the entire financial services community, a random stratified quota system will be employed.

All interviews will be conducted in Harare as the capital city is the best representation of what happens in the rest of the country. As such there will be no incremental gain to be obtained by making the study nationwide. The face-to-face, one on one interviewing format will be adopted for the research because of its numerous advantages over the other methods of data collection. Each approach is discussed briefly below.

**Face-to-face interviews** – interviewer visits respondent's office or home, asks the relevant questions and records respondent's answers on a structured questionnaire. This approach enables the interviewer to verify facts, including body language on the spot and it is easier for respondent to clarify unclear issues.

**Telephone** – interviews over the telephone are cheaper but in Zimbabwe there is a low incidence of telephones and as such only few people can be reached. Although in the case of this study the target respondents were people with access to phones, the cost of conducting a 45 minute questionnaire would have been prohibitive. Besides, the respondents would not have that much time to speak on the phone, and then each question needed at least a minute of thought before answering.

**Mail (including e-mail)** – also a cheap method but experience has shown that few people care to fill in questionnaires and to post/send them back, even when return envelop and postage stamp are supplied.

Having stratified the universe to make the sample random, questionnaires will then be administered to the qualifying respondents by random identification. The targeted sample of 60 is considered adequate by the researcher because it allows a robust base from which to draw conclusions, and even when cross analyzing by customer type, one would still have a sufficient number of respondents to draw conclusions from.

### 1.7.2 Quality control

Quality of data is key in any research exercise. As such quality will be ensured at all stages of the research process by putting in place up-front several quality control measures. Besides 100% post check of completed questionnaires, the following further mechanisms will be effected:

- ❖ thorough training and briefing of all people involved in the exercise
- ❖ piloting of survey instruments
- ❖ double punching of data at data processing stage

### 1.7.3 Data Analysis

Data analysis is an integral part of any research process, such that without the analysis procedure it is impossible to come up with any meaningful findings. The data analysis will be done with a statistical analysis computer package called Statistical Package for Social Sciences (SPSS), which is a leading desktop statistical package. It is available for mainframe and personal computers and can be constantly updated to satisfy user needs. It has a comprehensive range of data manipulation tools.

SPSS has the added advantage of allowing one to score and analyze quantitative data in various ways with the greatest amount of speed. This is a package that is strong on its statistical capabilities and offers one of the best environments in which to do detailed statistical analysis. This is a package that eliminates most of the data limitations found within some of its competitors.

### 1.7.4 Limitations of SPSS

- ❖ It can only handle a maximum of 500 variables
- ❖ Cannot run on a computer with less than 32 mega bites
- ❖ The cost of the software is prohibitive

## **1.8 Limitations of the Study**

This study will be limited to Harare. This means that marginal tendencies may not be picked up in the study. A bigger sample may also produce more stable results but due to time and cost constraints a bigger sample is not feasible.

## **1.9 Structure of the study**

### **CHAPTER 1**

This chapter covers the general background to the research, the problem statement, a summary of the methodology used, the objectives, and ends with the organization of the study.

### **CHAPTER 2**

A review of the relevant literature gathered is carried out in this chapter. The idea is to come up with a clear theoretical framework to be used in analyzing the findings. A summary of the specific conclusions on each item of literature reviewed will also be given.

### **CHAPTER 3**

This covers in more detail the methodology used in carrying out the research. The selection of the method is justified and the content or environment in which the research is carried out defined. Other items covered are the sample unit, selection and size determination, instrumentation, data collection methods and procedures on data analysis and presentation.

### **CHAPTER 4**

Reporting and discussion of results

## **CHAPTER 5**

Conclusion and recommendations

**Glossary of Key Terms**

**Appendices**

**Bibliography**

### **1.10 Timetable**

The research project shall be executed according to the timetable below.

<b>TASK</b>	<b>DEADLINE DATE</b>
❖ Proposal writing & approval	<b>9.6.3</b>
❖ Questionnaire design & approval	<b>9.6.3</b>
❖ Data collection	<b>23.6.3</b>
❖ Data coding and editing	<b>25.6.3</b>
❖ Data entry	<b>28.6.3</b>
❖ Data analysis & cross-tabulations	<b>2.7.3</b>
❖ Draft report & submission to supervisor	<b>9.7.3</b>
❖ <b>Submission of final report</b>	<b>23.7.3</b>

### **1.11 Summary for Chapter 1**

This chapter which is the background to the study highlights how the research is going to be conducted. It defines the problem briefly, the background to the study and the title.

The motivation for the research, the value of the project as well as the objectives of the study. The research methodology is also highlighted which encompasses data collection technique and why that was chosen as the most ideal. Lastly limitations to the study and the timetable are also in this chapter.

# CHAPTER TWO

## LITERATURE REVIEW

### 2.0 Introduction

This chapter discusses the major theories, models and concepts used in the analysis of new product development and the associated marketing strategies such as market segmentation and target marketing.

### 2.1 Market segmentation and targeting

Market segmentation is defined as the process of splitting customers, or potential customers into different groups, or segments, with which customers have the same, or similar needs (McDonald,1998). A company cannot serve all customers in a broad market such as computers or soft drinks. The customers are too numerous and diverse in their buying requirements. A company which decides to operate in a market, is not capable of supplying all buyers of this market. There may be too many, they might be geographically too dispersed, or too heterogeneous in their purchasing intentions, hence the need to segment the market. By identifying the most attractive parts of the market, a company becomes more effective and tailors its demand of homogeneous groups or segments. Market segmentation was first described in the 1950's when product differentiation was the primary marketing strategy used. In the 1970's and 1980's, market segmentation began to take off as a means of expanding sales and obtaining competitive advantages. In the 1990's, target or direct marketers used many sophisticated techniques, including market segmentation, to reach potential buyers with the most customized offering possible. <http://www.dssresearch.co./Library/segment/understanding.asp> According to James C Anderson and James A Narus, Market segmentation is whereby managers choose descriptors that characterise and delimit a market, with the intent of pin pointing groups of firms that are of greater interest to the supplier firm. They said that

whatever market-segmentation approach business market managers pursue, as part of their research they need to assess which markets - and segments within them are of greater interest to the firm. This enables the firm to pinpoint which groups of customers it should pursue, and as importantly, what groups it should not. As Chuck Lillis, CEO of U S WEST Media Group, observed perceptively: *"I will know when our businesses are doing a good job of market segmentation when they can articulate who we should not sell to."* Gaining an understanding of market segments of interest occurs in two related steps:

- ❖ Obtaining estimates of each defined market segment's size and growth and
- ❖ Assessing its sales and profit potential.

Market segmentation assists in learning and defining who the organisation wants to have a relationship with. Customers have their own perceptions hence different behaviours. According to Valarie A. Zeithaml and Mary Jo Bitner, in their book *Services Marketing*, *"If we were to aggregate all the behaviour, expectation, and perception information for all the customers in a particular market, we would probably be overwhelmed with the variations across customers"*. Zimbank, as a service provider has a greater ability to customise service offerings in real time hence the reason why they have practiced market segmentation and targeting.

## 2.2 Market segment size and growth

In their book, *Business Market Management - Understanding, creating, and Delivering Value*, James C. Anderson and James A. Narus said that business market managers would like to know how many prospective customers there are in each segment, how much of the defined offering category they will purchase, and how each of these will change over time. Two concepts that provide this are market potential and total market demand. **Market potential** "identifies the maximum units of a defined product or service capable of being purchased within a designated geographic area, during a designated time period, when supported by a realistic level of marketing activity." In contrast, **total market demand**, which tends to have a shorter time focus, is a prediction of the actual number of units that will be purchased. (James C. Anderson, James A Narus, 1999)

Many organisations including Zimbank, are embracing target marketing where sellers distinguish the major market segments, target one or more of those segments and develop products and marketing programs tailored to each instead of scattering their marketing efforts. Target marketing requires marketers to take three major steps:

- ❖ Identify and profile distinct groups of buyers who might require separate products or marketing mixes (market segmentation).
- ❖ Select one or more market segments to enter (market targeting)
- ❖ Establish and communicate the products' key distinctive benefits in the market ie market positioning (Kotler, 1999)

Market Segmentation is a vital step in the marketing planning process. Marketing planning consists of analysing marketing opportunities, researching and selecting target markers, designing marketing strategies, planning marketing programs, and organising, implementing, and controlling the marketing effort (Kotler, 1999). The main aim is to enable a company to target its efforts on the most promising opportunities, and find a way of differentiating itself from the competition.

[http://www.themarketingprocessco.com/mp\\_map\\_seg.htm](http://www.themarketingprocessco.com/mp_map_seg.htm)

Market segmentation is not about trying to persuade some faceless aggregation of customers to see it your way. It is about a dialogue over time with a specific group of customers whose needs you understand in depth and for whom you develop a specific offer with a differential advantage over the offers of competitors. (McDonald,1998).

### 2.2.1 Variables used to segment the market

Two main variables are generally used:

- ❖ **Classification variables** – these are used to classify survey respondents into market segments. Almost any demographic, geographic, psychological or behavioral variables can be used to classify people into segments.

- **Demographic variables** – age, gender, income, ethnicity, marital status, education occupation, household size, length of residence, type of residence, etc.
  - **Geographic variables** – city, state, zip code, census tract, country, region, metropolitan or rural location, population density, climate, etc.
  - **Psychological variables** – attitudes, lifestyle, hobbies, risk aversion, personality traits, leadership traits, magazines read, television programs watched, PRIZM clusters etc.
- ❖ **Descriptor variables** – these are used to describe each segment and distinguish one group from the others. Descriptor variables must be easily obtainable measures or linkable to easily obtainable measures that exist in or can be appended to customer files. <http://www.dssresearch.co/Library/segment/understanding.asp>

### 2.2.2 Purpose of market segmentation

The purpose of segmenting a market is to allow marketing/sales programs to focus on the subset of prospects that are “most likely” to purchase your offering. If done properly this will insure the highest return for your marketing/sales expenditures.

[Http://www.businessplans.org/segment.html](http://www.businessplans.org/segment.html)

In banks, segmentation has become a vital part of developing marketing mix strategies thereby cutting down on costs and maximising on profits. Market segmentation describes the division of a market into homogeneous groups, which will respond differently to promotions, communications, advertising and other marketing mix variables. Each group, or “segment”, can be targeted by a different marketing mix because the segments are created to minimise inherent differences between respondents within each segment and maximise differences between each segment.

<http://www.dssresearch.co/Library/segment/understanding.asp>

### 2.2.3 Segmentation and the Marketing Mix Strategies

The marketing mix elements best known as the 4 "P"s of marketing work hand in hand with market segmentation as follows:

## **The Product**

Product development, positioning and product life cycle – which normally refers to the development and positioning of new products after maturity of others, needs segmentation. For a marketer to know who wants what and what to develop – for who, market segmentation is required to give all the guidance.

## **Price**

Consumers are different in the way they perceive prices hence the need for market segmentation to determine which class is price sensitive and which one is not. It also assists in profit maximisation as the price insensitive class normally associate price with quality.

## **Promotion**

Promotional strategies are developed to best suit the audience it wishes to reach. Segmentation assists in knowing which media vehicle to use, which promotional tools to use, and which areas to focus on.

## **Place**

This refers to distribution. Segmentation will assist in the use of proper channels depending on which audience one wishes to reach.

### **2.2.4 Advantages of market segmentation**

According to McDonald segmentation offers a number of advantages:

- ❖ Recognising customer differences is the key to successful marketing
- ❖ It can be used to gain competitive advantage by considering the market in different ways from your competitors.
- ❖ It can lead to the concentration of resources in markets where competitive advantage is greatest and returns are high
- ❖ It can lead to niche marketing, where appropriate
- ❖ It enables one to market company as a specialist

Market segmentation increases understanding of customer needs, decision criteria, and decision processes. It improves ability to identify market opportunities and to gain a sustainable competitive advantage and finally it gives a clearer focus or marketing strategies and implement able action plans.

<http://www.dssresearch.co/Library/segment/understanding.asp>

In his Step by Step process for identifying profitable market segments, Professor Malcolm McDonald said market segmentation also makes marketing easier, helps in identifying niches and promotes efficiency.

### **2.2.5 Dynamics of market segmentation**

#### **Segmentation in corporate strategy development**

According to Richard Lynch market segmentation is important in corporate strategy development in the following ways:

- ❖ Some segments may be more profitable and attractive than others – careful analysis of segments and their characteristics is therefore done using segmentation.
- ❖ Some segments may have more competition than others
- ❖ Some segments may be growing faster and offer more development opportunities than others

#### **What data is gained from Market Segmentation**

- ❖ Who the buyers and consumers of individual products, services or individuals are
- ❖ Similar groups of buyers or consumers
- ❖ Characteristics of these groups or differences between consumer groups
- ❖ Consumers' opinion on products or services we are interested in their complaints, wishes
- ❖ Who the non-users are
- ❖ Where they are
- ❖ How many non-users there are
- ❖ Reasons for non-use

- ❖ What could lead non-users to purchase or use

[http://www.graliteo.si/eng/2\\_1\\_segm.php](http://www.graliteo.si/eng/2_1_segm.php)

Although companies are permitted to have as few segments as they want and as many as they can manage, Zimbank has concentrated on many different segments. It has been able to differentiate the segments to make them more desirable.

A company should be able to tell the number of segments found within each market. They should be able to know the profile of each of the segments. The marketing mix of each segment – product, price, promotion and place – and the benefits delivered by the mix and finally a company needs to be able to tell the segments it is targeting and the share of each segment (McDonald, 1998).

### **Segmentation overview**

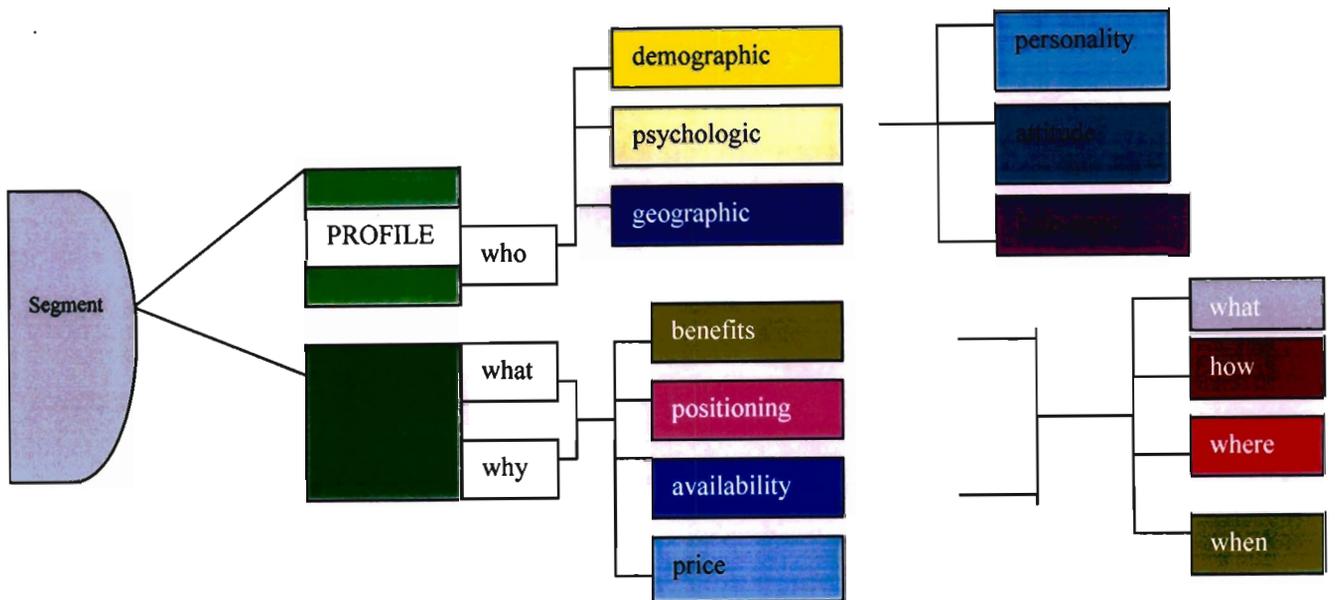
In order for banks to effectively segment the market there is need for an understanding of how the market works, the profiles of the specifiers, key products/services requirements – from the market's point of view, the benefits delivered by these requirements and relative importance of these benefits to the specifiers. This assists in knowing the size of demand represented by each segment, the offer requirement by each segment and how to present it and lastly it also gives an understanding of who is found in each segment.

Banking is all about offering different products/services to different segments or natural groups who exhibit the same characteristics. The distinctions can be done using the variables shown in the diagram below which are geographic segmentation, demographic segmentation, and psychological segmentation. These segments form separate markets in themselves and can often be of considerable sizes. Taken to its extreme, each individual consumer is a unique market segment, for all people are different in their requirements. It is therefore apparent that there is a universally accepted criteria concerning what constitutes a viable market segment:

- ❖ Segments should be of an adequate size to provide the company with the desired return for its efforts

- ❖ Members of each segment should have a high degree of similarity, yet be distinct from the rest of the market.
- ❖ Criteria for describing segments must be relevant to the purchase situation
- ❖ Segments must be reachable

**Figure 2.1: Variables for segmentation**



Source: "Market segmentation" Step by step process for identifying profitable market segments.

Figure 2.1 above details the variables for segmenting a market.

### Result of market segmentation

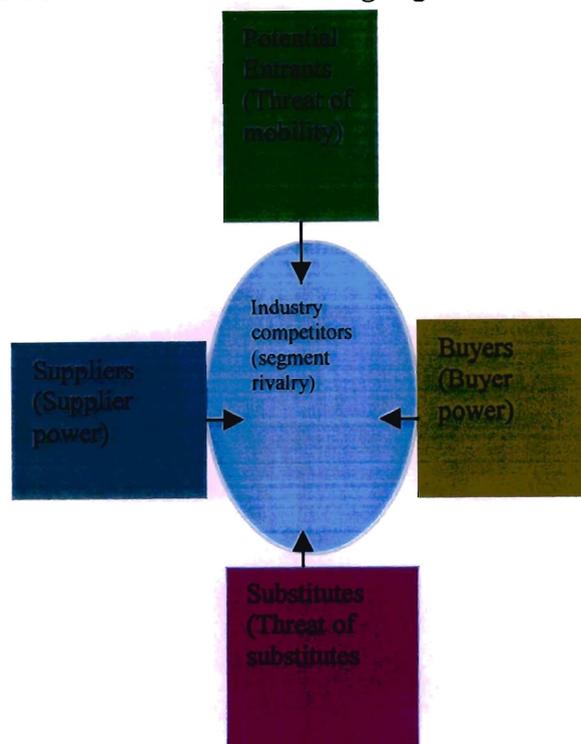
- ❖ Identification of various buyer segments
- ❖ Determination of segment sizes
- ❖ Detailed descriptions of individual segments
- ❖ Satisfaction or dissatisfaction with the existing supply
- ❖ Definition of preferred brands in each segment

[http://www.graliteo.si/eng/2\\_1\\_segm.php](http://www.graliteo.si/eng/2_1_segm.php)

### 2.3 Five forces that determine the long run attractiveness of a market segment

Michael Porter identified five forces that determine the intrinsic long run profit attractiveness of a market or market segment: industry competitors, potential entrants, substitutes, buyers, and suppliers.

**Figure 2.2 Porter's Five Forces determining segment structural attractiveness**



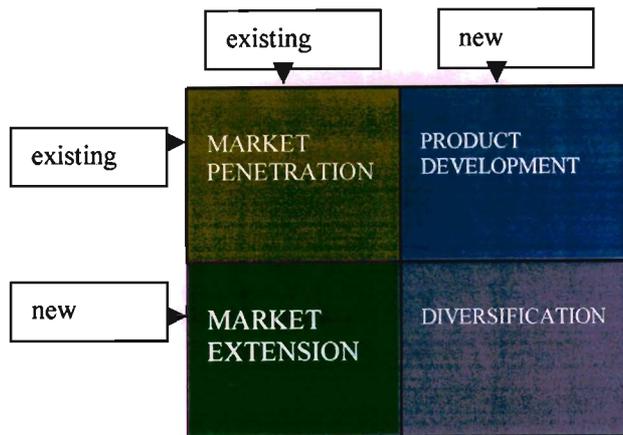
Source: Marketing Management-The Millennium Edition by Philip Kotler

As per figure 2.2 above:

**Threats of intense segment rivalry:** A segment is unattractive if it already contains numerous, strong, or aggressive competitors. It is even more unattractive if the segment is stable or declining, if plant capacity additions are done in large increments, if fixed costs are high, if exit barriers are high, or if competitors have high stakes in staying in the segment. These conditions will lead to frequent price wars, advertising battles, and new product introductions and will make it expensive to compete.

**Threat of suppliers' growing power:** A segment is unattractive if the company's suppliers are able to raise prices or reduce quantity supplied. (Kotler, 1999). Market segmentation assists in the identification of new markets, market extension, product development (innovation) and diversification as detailed below:

**Figure 2.3 Ansoff Matrix**



Source: Marketing Management-The Millennium Edition by Philip Kotler

Market segmentation helps in identifying unserved markets which facilitates market penetration. Market penetration can be with existing products or developing new products for those unserved markets. The banking industry has remained very dynamic, with everything in it changing at a faster rate. Bankers need to keep abreast with the changing times in order not to be left behind. New product development which results from lots of innovation has seen new products being introduced in the market on a daily basis. The Industry has now become sophisticated through the use of advanced computers and the internet. There also has been a lot of diversification especially in the Zimbabwean economy with banks now in the insurance business other than just ordinary banking. Market segmentation helps identify new markets for both existing and new clients. Market extension is for both existing and new products.

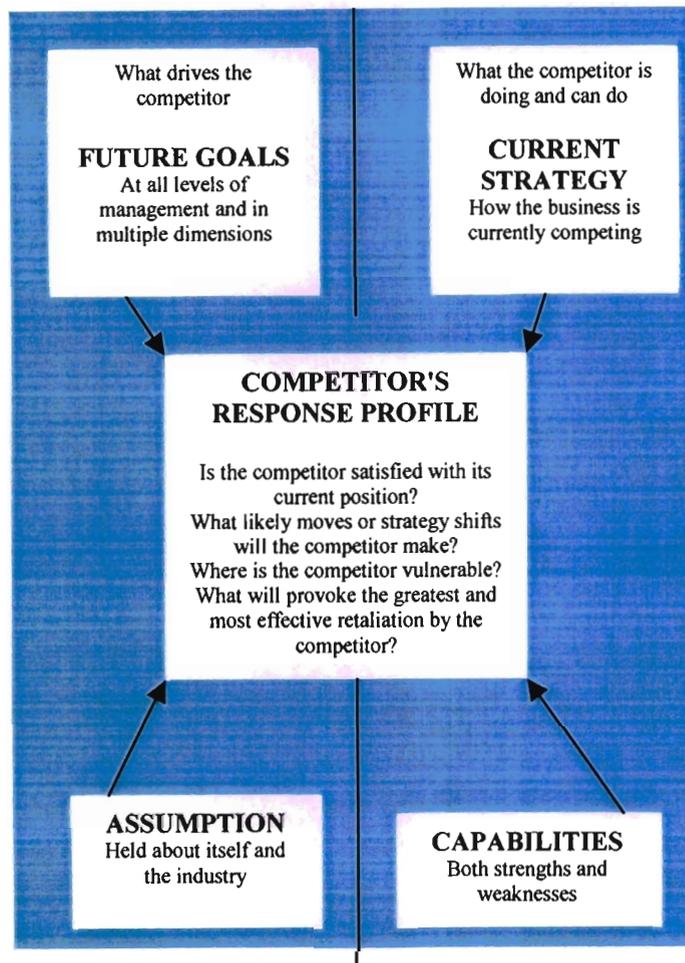
Every product class has the potential of attracting buyers who are unaware of the product or who are resisting it because of price or lack of certain features (Kotler, 1999). A

company, through market segmentation can search for new users by, market penetration strategy, those who might use it but do not, new-market segment strategy, those who have never used it and diversification strategy, entering new related or unrelated businesses with the aim of maximising profits.

Companies that fail to develop new products are putting themselves at great risk. Their existing products are vulnerable to changing customer needs and tastes, new technologies, shortened product life cycles, and increased domestic and foreign competition.

There is great need to understand the competitor as to its future goals, assumptions, current strategy, and capabilities. Pulling together knowledge of these areas provides a comprehensive understanding of each competitor. Although Zimbank has got a number of competitors at the moment, it has been able to successfully analyse its competitors and this has assisted in keeping it afloat despite the turbulence of the economy. Porter has provided another framework for competitor analysis. The analysis is being used by modern business and it is as follows (figure 2.4):

**Figure 2.4 The components of a Competitor Analysis**



Source: Michael E. Porter, *Competitive Strategy: Techniques for Analysing Industries and competitors*

Customer analysis will assist in knowing which new products the competitor is working on or has launched and the life cycle of the competitors' products.

### **Segment interrelationships and super-segments**

Zimbank targets a number of segments to serve. In selecting more than one segment to serve, a company should pay close attention to segment interrelationships to cut down on the costs, performance and technology side. Zimbank has continued to upgrade its technology to match the calibre of customers they are serving as well as those they wish to serve. Zimbank, is constantly trying to differentiate its offerings from competitors. They dream up new services and guarantees, special rewards for loyal users, new

conveniences and enjoyments. When they succeed, competitors copy their market offering just like what has happened with direct banking (internet banking) and electronic banking. As a result, most competitive advantages last only a short time. Companies therefore need to continuously think up new value-adding features and benefits to win attention and interest of choice-rich, price-prone consumers. Banks normally reformulate their marketing strategies several times during the offerings' life. Economic conditions change, competitors launch new assaults and the product passes through new stages of buyer interest and requirements. Consequently banks need to plan strategies appropriate to each stage in the product's life cycle. Zimbank, in a profit maximisation bid, always hope to extend the products' life and profitability, keeping in mind that products will not last forever.

## **2.4 Managing differentiation**

Service marketers frequently complain about the difficulty of differentiating their services. The deregulation of several major service industries - communications, transportation, energy, banking - precipitated intense price competition. The alternative to price competition is to develop a differentiated offer, delivery or image (Kotler, 1999). By differentiating the offering, it then looks different from the competitor's offering. Zimbank has distinguished its credit cards, cheque books, direct banking facilities and banking hall set-ups (interior decorations) as well as other facilities from those of its competitors.

Product differentiation is an act of designing a set of meaningful differences to distinguish the company's product from its competitors'. Many products can be differentiated in form - size, shape or physical structure. Features can also be differentiated. These are characteristics that supplement the product's basic function. Performance can also be differentiated; conformance, durability, reliability, reparability, style and design can all be differentiated.

Services can be differentiated by different variables from those of a physical product. Services, especially in banks can be differentiated ordering ease; which refers to how

easy it is for the customer to place an order with the company. Banks have moved away from manual forms of ordering where customers used to come in person to the bank to order, be it a cheque book, bank cheque, some money, cheque card or credit card. They have resorted to internet banking where customers do their banking in the comfort of their homes. Customers now can order everything on the internet and delivery is at their doorsteps. Some of the variables for differentiation are delivery, installation, customer training, customer consulting, maintenance and repair as well as miscellaneous.

### **Offer**

The offer can include innovative features. What the customer expects is called the primary service package, and to this can be added secondary service features. At Zimbank, various such secondary service features as TV in the banking halls, packing disks for executive customers, different cheque books for executive customers as well as personalised diaries and pens for these executive customers. Many organisations are using the web to offer secondary service features that were never possible before.

### **Delivery**

A service company can hire and train better people to deliver its service. Zimbank has developed a more attractive physical environment in which to deliver the service and superior delivery processes have also been set up. All banking halls have been refurbished to have that welcoming look and look more spacious. TVs have been installed in all banking halls to avoid boredom and at the same time advertise products. The banking halls now have two sections, one where ordinary customers are served and the other with seats, coffee mugs, coffee makers, biscuits, cakes, a steward and fridges with drinks for Executive customers.

### **Image**

Service companies can also differentiate their image through symbols and branding. The Harris Bank of Chicago adopted the lion as its symbol and uses it on its stationery and its advertising, and even on the stuffed animals it offers to new depositors. (Kotler, 1999)

### **Customer training**

It refers to training the customer's employees to use the vendor's equipment properly and efficiently. Now that technology has been changing at a faster pace, customer training has remained an essential thing. Customers need continuous education on how to effectively use the new technology. Banks have got to continuously train their customers at the same pace as that of technological advancement.

### **Customer Consulting**

Customer consulting refers to the data, information systems and advising services that the seller offers to buyers. For banks to offer these services to the best of their knowledge, there is need for continuous learning to remain ahead of the times and the customers.

#### **2.4.1 Personnel differentiation**

Companies can gain a strong competitive advantage through having better-trained people (Kotler, 1999). Better trained personnel exhibit six characteristics which entails, competence which are required skills and knowledge; courtesy, with refers to friendliness, respectfulness and being considerate; credibility, is being trustworthy; reliability is also whereby the service is performed consistently and accurately; and lastly communication whereby the employees make an effort to better understand the customer and communicate properly. Zimbank has invested heavily in manpower training. Training has been focusing on different needs depending on what the employee does.

## **2.5 Customer Relationship Management**

Profitable customer relationship (Richard Ponsonby) CRM can be best achieved through:

- ❖ **Knowing the customer** – this is done by continually refining insights into customer needs, behaviours and economics,
- ❖ **Targeting and tailoring** value propositions based on this knowledge, and
- ❖ **Focusing business resources** on activities that build long term customer and economic value.

## 2.6 CRM as competitive tool

In today's intensely competitive banking environment, where customers are more demanding and competitors are just a click away, the only lasting competitive advantage comes from the strength of the customer relationships. Creating strong relationships is the goal of customer relationship management (CRM), a business-driven strategy that optimizes revenue, profitability and customer satisfaction by recognizing the value of customers (Reality Research & Consulting, 2001: 2)

This relationship management concept is changing the face of banking across the world and Zimbabwean have followed suit. Banks in Zimbabwe were traditionally in the "business of banking" namely borrowing from one market and lending to another. However, in the 1990's their orientation has become the "business financial services", with a much wider focus on relationship management. In pursuant of building strong relationship management capabilities banks during the past five years have invested millions of dollars into buying and enhancing CRM systems. This trend is set to grow as banks fight for market share.

There have been many articles, discussion papers and presentations on CRM and each tend to emphasize different aspects of CRM in their definitions. Some of the concepts are briefly discussed below.

Meline Stone and Neil Woodrock define Customer relationship Management as a term, which describes the methodologies, technologies and e-commerce capabilities used by companies to manage and improve customer relationships (The chartered institute of marketing 2001:300). CRM is about shaping customer behaviors, and not simply about enhanced customer service and cost saving. Once a firm understands its customer base (who they are and how they behave), it can begin to segment its customers into groups that reflect profitability (Meridian Research, white paper April 10 2001).

Emphasizing on the need for CRM to be customer centered rather than organization focused Dr Jim Hamill Of Internet Export Resource Limited argues that CRM is not about database marketing, loyalty programs, customer bribes, or selling. It is about building one tom one, long term and sustainable relationships that add value to both the customer and the company. It focuses on creating a compelling customer experience and building the relationship that provides lasting value. (Internet supported CRM, Discussion 2001: 2)

Keith Thompson, Lynette Ryals & Simon Knox of Cranfield University contend that CRM calls for the re-organization of the entire bank around its customers. They state that the purpose of CRM is to integrate marketing, sales and service functions through business process automation, technological solutions and information resources to maximize each customer contact. In this way CRM systems facilitate relationships among enterprises, their customers, suppliers and employees and so provide the technological means to put relationship- marketing philosophy into practice.

CRM has a number of benefits to banks as propounded by I-flex solutions Ltd (Volume 3): Implemented well CRM can assist banks in:

- ❖ Customer acquisition
- ❖ Cross-selling and up-selling
- ❖ Customer retention
- ❖ Competitive differentiation and barriers to entry
- ❖ Conducting all these activities profitably

Kathleen Khirallah in her article “**CRM case study: The Analysis that power CRM at Royal Bank of Canada**”, found out that in addition to the above CRM benefits banks through:

- ❖ Identification of your most valuable customers
- ❖ Intimate knowledge of customer needs through establishing learning relationships
- ❖ Improved value delivery and more efficient marketing and sales actions

Besides benefiting the banks, CRM presents a number of benefits the customers

- ❖ Improved response time to customer requests for information
- ❖ Delivered product meets customer requirements
- ❖ Reduced costs of buying the product/ service
- ❖ Greater breadth of solution options
- ❖ More responsive technical support

Research has established that, Converting a prospect to a customer is not only time consuming and effort intensive but also more expensive than cross- selling another product to an existing customer. It has also been found that the longer a customer stays with a financial institution, the more likely he is to avail of other products. (I-flex solutions Ltd 2001, volume 3). This feature translates directly into higher profitability over the long run. In fact a pragmatic view of CRM is that a financial institution should be able to sell all its products to its customers during their life span, also referred to as life cycle marketing.

According to Meridian Research, Inc (2001), an estimated \$6.8 billion would be spent on relationship management, by retail financial services institutions in year 2001, an amount that is expected to grow by 14% a year for the next several years. While there seems to be no evidence of a significant slow down in CRM spending, many financial services institutions are beginning to question what they are achieving with the investments they are making.

This difficulty in measuring progress stems from an unclear understanding of where the institution started and what the measure for customer management performance was before these investments were made. Lacking this baseline, many firms adopt simple measure of performance that are often based on program or department activities, such as call duration, cross sell ratios, or campaign response rates. The base line of comparison is often anecdotal. While these are not inappropriate measures, they fail to acknowledge the interdependency of CRM strategies and the alignment of business processes across the

enterprises that must take place for an organization to truly center its strategies on customers.

Many firms tend to use ROI analysis to determine if an investment has produced desired impact. Return on investments includes cost saving as well as revenue growth, but the process of developing an ROI analysis produces other benefits as well by requiring that the institution consider other investment variables such as intangibles and assumptions, risk and timing (Ronald S. Swift, NCR Corporation 2001).

Traditional business thinking is that shareholder value is derived from products and services. Accordingly most financial institution have targeted their CRM programs on enhancing products and on reducing cost in customer service. This is because cost benefits are often based on experience, have clear origins, and a proven “cause and effect” and so can be reasonably precise. But revenue benefits are often based on unsubstantiated anecdote, with little or no experience and often-imprecise origins.

However in their paper (A strategic Framework for CRM 2001), Patrick Sue & Paul Morin argue that customers rather than products and services drive shareholder value. Customers determine both revenue and cost by their choices, behaviors and by how these behaviors consume resources. What the traditional thinking has not considered before is that shareholder value is determined almost entirely by the types of customers a company attracts.

Their line of argument is that once we have accepted that customer behavior, not a product or service, determine a company’s shareholder value, it quickly becomes apparent that the objective of a CRM strategy is to influence that behavior. And because customers are not equally profitable, shareholder value is determined almost entirely by the types of customers an institution attracts. Not all customers are created equally, nor will each customer provide an equal return for the same investments.

CRM thus becomes an investment in targeting the right type of customer, getting those customers to adopt a specific set of beliefs and consequent behaviors, and retaining those customers throughout the life-time of their profitability. Without ability to measure shifts in these behaviors over time, a firm cannot determine the efficacy of its strategy, decision-making, or supporting investments.

The argument that shareholder value is driven by the type of customer is further developed by Meridian Research (White paper 2001), who suggest that if financial institutions are to measure the return on CRM investments, then, they need to set tools that can address the following tasks:

- ❖ Identify targeted behaviors
- ❖ Measure the impact of shifting those behaviors
- ❖ Size the investments accordingly
- ❖ Categorize and segment customer behaviors for analysis and treatment
- ❖ Track customer performance against goals
- ❖ Adopt a common language
- ❖ For comparing alternative investments
- ❖ For setting priorities
- ❖ For measuring progress
- ❖ For connecting “cause and effect”
- ❖ For testing assumptions

### **Value of the customer to the enterprise**

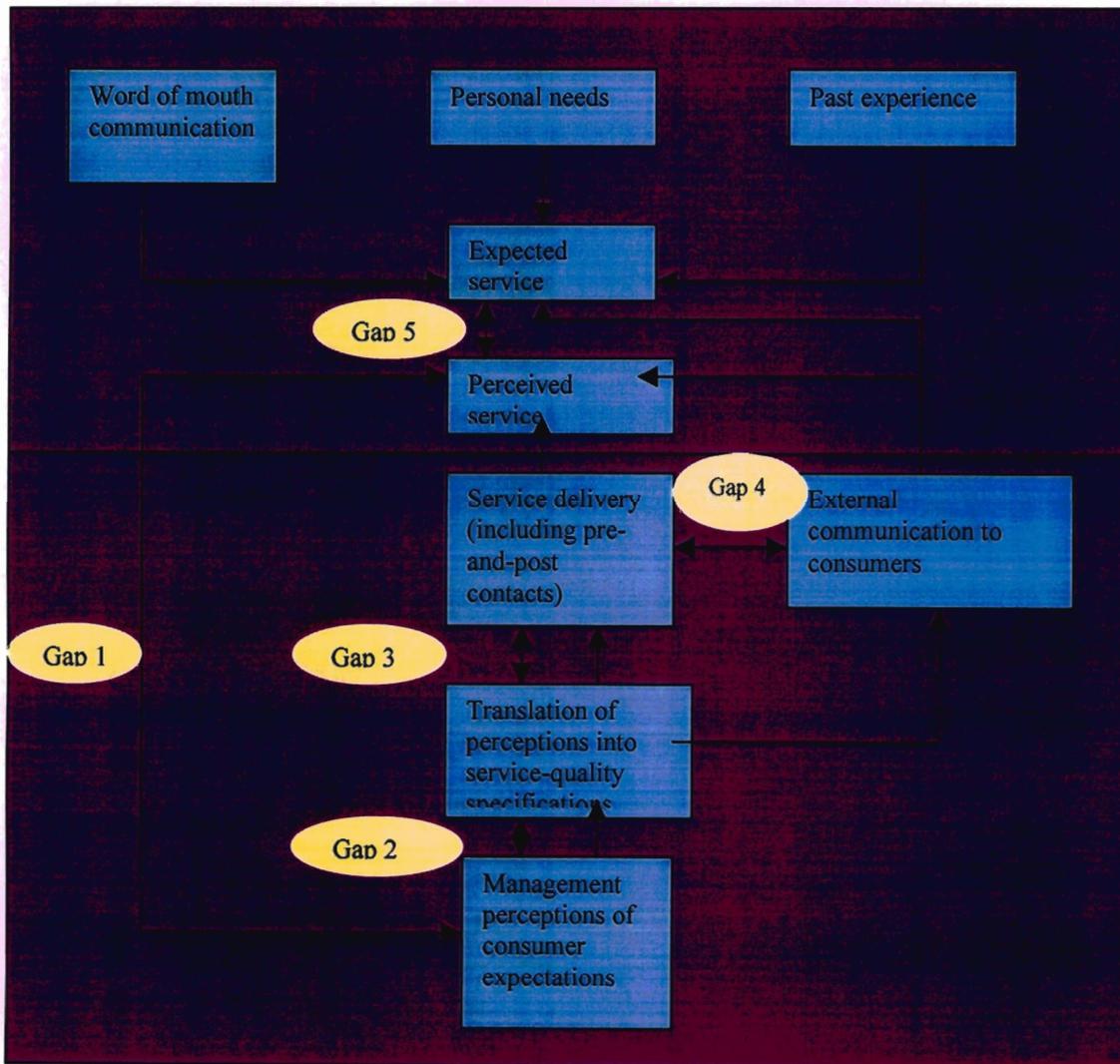
Attributes of the customer that are important to the enterprise are current profit, future profit – lifetime value, product holdings, share of the customer – wallet share, customer loyalty, likelihood to repeat purchase.

### **Managing Service Quality**

A service firm may win by delivering consistently higher-quality service than competitors and exceeding customers' expectations. These expectations are formed by their past experiences, word of mouth, and advertising. After receiving the service,

customers compare the perceived service with the expected service. If the perceived service falls below the expected service, customers lose interest in the provider. If the perceived service meets or exceeds their expectations, they are apt to use the provider again. (Kotler, 1999).

**Figure 2.5: Service-Quality Model**



**Gap 1 between consumer expectation and management perception:** Management does not always perceive correctly what customers want. Bank Officials might think that

customers want better ATM cards, but customers may be more concerned with customer care.

**Gap 2 between management perception and service-quality specification:** Management might correctly perceive the customers' wants but not set a specified performance standard. Bank Management may tell the nurses to give "fast" service without specifying it quantitatively.

**Gap 3 between service-quality specifications and service delivery:** The personnel might be poorly trained, or incapable or unwilling to meet the standard, or they may be held to conflicting standards, such as taking time to listen to customers and serving them fast.

**Gap 4 between service delivery and external communications:** Consumer expectations are affected by statements made by company representatives and ads. If a hospital brochure shows a beautiful room, but the patient arrives and finds the room to be cheap and tacky looking, external communications have distorted the customer's expectations.

**Gap 5 between perceived service and expected service:** This gap occurs when the consumer misperceives the service quality. The physician may keep visiting the patient to show care, but the patient may interpret this as an indication that something really is wrong (Kotler, 1999).

The same researchers found five determinants of service quality. These are presented in order of importance as follows:

- ❖ **Reliability:** The ability to perform the promised service dependably and accurately.
- ❖ **Responsiveness:** The willingness to help customers and to provide prompt service.
- ❖ **Assurance:** The knowledge and courtesy of employees and their ability to convey trust and confidence.
- ❖ **Empathy:** The provision of caring, individualised attention to customers.

- ❖ **Tangibles:** The appearance of physical facilities, equipment, personnel, and communication materials.

Various studies have shown that excellently managed service companies share the following common practices: a strategic concept, a history of top-management commitment to quality, high standards, systems for monitoring service performance and customer complaints and an emphasis on employee satisfaction.

## 2.7 New Products, Quality Management and Customer Care

Literature is awash with different concepts of customer care programmes, which in the final analysis aims to produce total customer satisfaction.

Gerson (1992:p.7) argues that "*customer service is necessary for success in today's business environment. So is customer satisfaction. However, continued success is based on long-term customer retention.*"

The author has therefore focused on the following three factors that are intertwined (refer figure below):

- ❖ **Customer Service**
- ❖ **Customer Satisfaction**
- ❖ **Customer Retention**

**Figure 2.6: PATH TO LOYALTY**



Source: Service Marketing by Valarie A, Zeithaml

### **2.7.1 Customer Service**

Gerson (1992) defined customer service as all the activities which the business and employees conduct or perform to satisfy customers. Lovelock (1991:p.263) defined customer service as ‘a task other than proactive selling, that involves interactions with customers in person, by telecommunications or by mail. It is designed, performed and communicated with two goals in mind: operational efficiency and customer satisfaction’. Hayes and Dredge (1998) defined customer service as a way in which an organization handles interaction between itself (in the person of its staff) and its customers. The interaction can be many and varied and can last over years or few moments. Martin (1993) offered a broader perspective of customer service. He suggests that customer service consists of two primary dimensions: procedural and personal. The procedural dimension consists of established systems and procedures to deliver services. The personal dimension relates to how the personnel, using their attitudes, behaviour and

verbal skills interact with customers. A balance is required between the two dimensions to ensure customer satisfaction.

Customer service must be viewed as a strategic issue because it has a direct link to profitability through retention of customers. Customer service must involve everyone in an organization more so in service industries (Lovelock 1991; 263). Customer care impacts positively on the bottom line through retention, repurchases and loyalty. There is need to examine how ZIMBANK handles each phase and determine levels of success at every level ie the pre-transaction element, the transaction elements and the post transaction element.

The **pre-transaction element** would include, service quality, statement, policies, systems and the nature of the organization. The **transaction element** list would cover the following:-

- ❖ Product availability
- ❖ Order cycle time average and consistency
- ❖ Order status information
- ❖ Order size and order frequency. Baker (1992)

It is possible to measure performance on each element. Kotler's (1997;9) definition of marketing, "*Marketing is a social and managerial process by which individual and groups obtain what they need and want through creating, offering and exchanging products of value with others*", which he says, "rests on the following core concepts, needs, wants and demands (goods, services and ideas); value, cost and specific exchange and transaction, relationship and network, markets, marketers and prospects.

**Post transaction** elements encourage customers to come back. The value of after sales service is important and "includes warranties and guarantees, replacements, repairs and customer complaints handling". Rakowski (1982) further developed the customer service into five (5) phases namely.

- ❖ Pre contact
- ❖ Personal contact
- ❖ Pre delivery
- ❖ Delivery and
- ❖ Post delivery

He proposed that customer service begins well before the product is delivered and ends long after it has been delivered.

Delivery requires participation of individuals and groups in the various departments of the organization such as:

- ❖ Technical support staff who provide information and technical advice.
- ❖ Telephone sales order takers
- ❖ Dispatch staff supplying information on availability and shipping details.
- ❖ Sales staff who maintain contact with customers and organize the assembly and completion of special orders,
- ❖ Marketing staff handling installation, repairs and complaints resolution.

Customer service can be used as a way of differentiating an organization's product or service from competitors particularly where products are generic. Satisfied customers tend to remain loyal.

Gerson (1992) devised a seven-step approach to a successful customer service system which can be very useful. These steps are:

1. Total Management Commitment.

Which basically demonstrates the need for management commitment to the effective implementation of a customer service system. The system cannot survive in the absence of such a commitment.

2. Get to know your customer.

They say knowing them is the key to keeping them. So there is need to identify customer's needs and wants and keep the details on a database which would enhance greater customization, customer commitment and loyalty.

3. Develop standard of quality service performance.

This is the only gateway to long-term success in offering greater customer satisfaction.

4. Recruit, train and reward good staff.

The only guarantee of customer satisfaction is through the employment of the right employees, who will have received the correct training and are motivated through a reward system that influences them to exhibit the correct positive attitudes.

5. Reward service accomplishment

This has to be made a standard practice in the organization and develop into a sustainable culture as it impacts positively on quality service delivery by staff.

6. Stay close to the customer

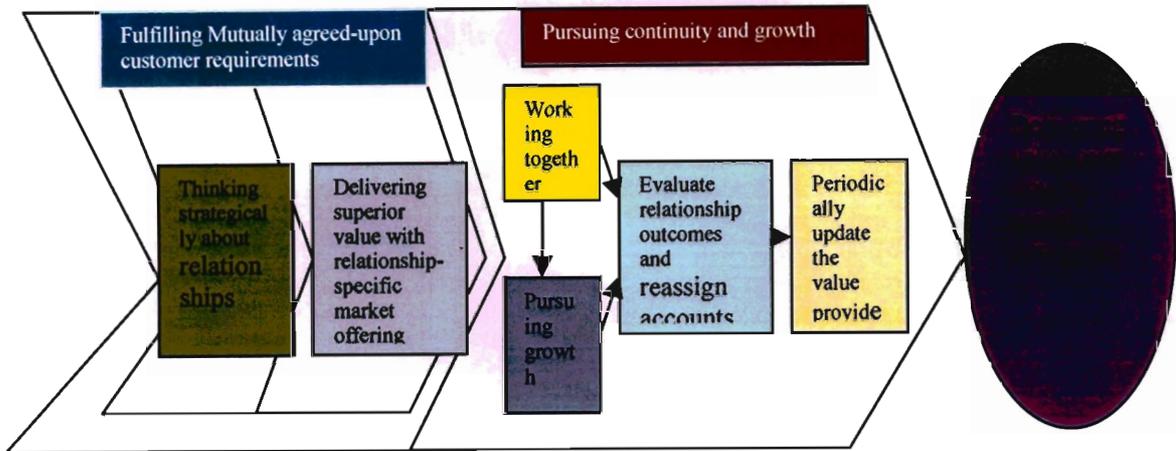
"The most important management fundamental that is being ignored today is staying close to the customer to satisfy his needs and anticipate his wants. In too many companies the customer has become a bloody nuisance whose unpredictable behaviour damages carefully made strategic plans, whose activities mess up computer operations, and who stubbornly insist that purchased products should work".

7. Work towards continuous commitment and continuous improvement.

Continuous improvement can be achieved both by the supplier and customer. The supplier must be continuously committed to giving the best service and then the customer would be committed to the supplier's services or products. Service quality improvement is critical be it personal involvement or provision of financial resources.

James C. Anderson and James A. Narus, argued that business market managers must be highly selective in choosing which customers to serve and which specific requirements to fulfill. Rather than pursuing the same relationship with all potential customers, they must direct their resources where they deliver the greatest value. To accomplish this, managers first think strategically about relationships and then deliver superior value with relationship-specific market offerings. To better understand how this can be achieved in this changing business marketplace, there is greater need for sustaining customer relationships. **Sustaining customer relationships** (see figure 2.7 on the next page) is a process of fulfilling, mutually agreed-upon customer requirements in a superior way over time, and pursuing a targeted share of the customer's business through building mutual self-interest. This has been best illustrated in the underneath diagram. Zimbank, through its Personal Banking concept, has been able to sustain its relationships with different classes of its clientele. Personal banking is whereby customers are assigned to a relationship senior person to deal directly with the account/customer. This has also promoted a one-stop shop and that means customers are no longer being thrown from one department to the other. All their queries/banking requirements are dealt with at one point. The customer base, through this concept has grown tremendously. Superior value through that personalised service has proved to be exceptional. The departments have been inter-joined to support team work. Staff movement, through manpower development from one department to the other has seen the team work concept resulting in growth of the bank.

**Figure 2.7: Sustaining customer relationships**



### 2.7.2 Importance of Quality Delivery Of Service

Quality can be described as the degree to which a product or service meets the customer’s expectations or “*conformance to requirements*” In simple terms it is the extent to which a customer gets what he/she wants. The need for total quality management to ensure its done “*right the first time*” is increasingly becoming the order of the day. PIM’s research established that a perceived quality advantage results in higher profits (Lovelock(1992). Quality can be extremely a subjective concept and may sometimes be difficult to define as it may mean different things to different people. Five different perspectives have been identified which are as follows:

1. **Transcendent View** – which equates it with high achievement and uncompromized standards and innate excellence. It applies to visual and performing art and it assumes that quality is recognition through repeat exposure and experience.
2. **Product based approach** – which is measurable in precise variables, and the difference derived from the variability in amounts of ingredients in the product. It is an objective view but does not account for individual differences.
3. **Manufacturing based approach** - is a supply oriented and concerned primarily with the engineering and manufacturing practices. It focuses on conformance of standards and is driven by productivity and cost containment.

4. The **value –based** – definition uses price and value to define quality.

Gavin (1988) goes on to develop eight categories of quality that can be used for analysing and strategic planning which are as follows:

- ❖ Performance (primarily operational characteristics)
- ❖ Features (bells and whistle)
- ❖ Reliability (probability of malfunction or failure)
- ❖ Conformance (ability to meet specifications)
- ❖ Durability
- ❖ Serviceability
- ❖ Aesthetics
- ❖ Perceived value

Perception of quality of service will be determined by the customer’s evaluation of service delivery and its outcomes against expectations. It has been found that the greater the quality and service the greater the impact on customer satisfaction.

**Figure 2.8: Service /Quality versus impact on Customer satisfaction**

		High	Low
<b>Service and Quality Provision</b>	<b>High</b>	Right Servicers	Over Servicers
	<b>Low</b>	Servicers	Non Servicers and Dump servicers

Source – Piercy (1997)

### 2.7.3 Build quality into service

Lawton (1992) discussed the need for organizations to design quality in to the service. This should be the ultimate aim for organizations which can be achieved through concentrating on three factors that determine quality and customer satisfaction which are:-

- ❖ Objective performance of service or product.
- ❖ Perception of the product and related subjective experience
- ❖ Outcome or desired results achieved by use of the product.

Lawton (1992) further developed six (6) steps process to assist in creating a new systematic view of service in an organization.

6. REDESIGN  
PROCESS  
TO ELIMINATE  
TIME CONSUMPTION
5. UNLEASH OUTCOME  
BASED INNOVATION
4. MEASURE SERVICE  
QUALITY
3. TRANSFORM THE VOICES OF  
CUSTOMERS INTO PRODUCT DESIGN  
CRITERIA
2. DIFFERENTIATE CUSTOMER IN  
TERMS OF THEIR ROLES WITH THE PRODUCT
1. DEFINE SERVICES AS  
TANGIBLE PRODUCTS

## 2.8 Summary for Chapter 2

Literatures by various authors were reviewed in support of the topic that I chose. Segmentation was defined, its advantages weighed against its disadvantages. New product development, customer retention through good customer care, customer loyalty, differentiation and total quality management (TQM) were viewed as the key options to success.

## BIBLIOGRAPHY

### References

Professor Malcolm McDonald - Step by Step process for identifying profitable market segments

Phillip Kotler - Marketing Management – the millennium edition / 10<sup>th</sup> Edition pg 86, 256, 218, 436, 438, 295, 439, 440

Professor Malcolm McDonald, Step by Step process for identifying profitable market segments.

Corporate strategy second edition by Richard Lynch pg 140

James C. Anderson, James A Narus - Business Market Management: Understanding, Creating, and Delivering Value, 1999, pg 44, 45, 47,51,372, 373

Richard Ponsonby – Customer Intelligence Principal

Reality Research & Consulting, 2001: 2

The chartered institute of marketing 2001:300.

Meridian Research, white paper April 10 2001.

Keith Thompson, Lynette Ryals & Simon Knox of Cranfield University

Kathleen Khirallah “CRM case study: The Analysis that power CRM at Royal Bank of Canada”

Gerson R.F. (1992), Keeping Customers for life: London: Kogan Page pp.7

Hayes, J. and Dredge, F (1998) *Managing Customer Service*: Cornwall. Gower.

Lovelock, C. (1991), *Services Marketing*: New Jersey: Prentice Hall.p.263.

Martin, W.B. (1993), *Quality Customer Service for Front Line Staff*:

Rakowski (1982) – *Stages of customer service*

Lawton (1992) - *Organisations design & quality*

Piercy, N. (1991) / (1997: 67), *Market-led Strategic Change*, Oxford: Butterworth Heinemann.

### **Web sites**

<http://www.dssresearch.co/Library/segment/understanding.asp>

[http://www.themarketingprocessco.com/mp\\_map\\_seg.htm](http://www.themarketingprocessco.com/mp_map_seg.htm)

<http://www.businessplans.org/segment.html>

[http://www.graliteo.si/eng/2\\_1\\_segm.php](http://www.graliteo.si/eng/2_1_segm.php)

# CHAPTER 3

## 3.0 RESEARCH METHODOLOGY

### 3.1 Introduction

This section looks at the procedures and techniques adopted for the field research. The main areas of focus are the target population, the sampling procedure and the survey instrument used. A detailed discussion is made regarding the data collection methods adopted and reasons for rejecting other alternatives. The chapter concludes by describing the data analysis procedure, the software used, its strengths and weaknesses.

### 3.2 Objectives of the study

The main objective of the study is to evaluate the impact and effectiveness of new products and branch refurbishments in promoting customer acquisition and retention. The study also seeks to assess whether the changes in customer interface at ZIMBANK between 1995 and 2003 in the Harare area have facilitated or hindered the selling and implementation of new products.

### 3.3 Target Population

The research was quantitative and targeted a representative sample of 39 respondents comprising of 29 ZIMBANK customers and 10 non-ZIMBANK customers. The sample was further broken down into 8 corporate and 31 individual customers. The study was centered in Harare, as this is where most financial activities are based. Questionnaires for the corporate respondents were administered to senior managers of companies who have influence in financial and banking decisions. Individual respondents who qualified to be interviewed were those who held bank accounts, currently employed and aged above 18 years. All interviews adopted the face to face one-on-one discussion format.

### **3.4 Sampling**

Stratified and simple random sampling methods were used. The parent population was composed of layers (strata) of discretely different sizes and within the strata a sample was derived by means of simple randomization process. The qualifying respondents were then randomly selected.

### **3.5 Research Instruments Used**

Interviewing entailed the administration of a structured questionnaire to qualifying respondents. To ensure relevance and reliability of responses, only randomly selected companies and individuals were interviewed. The research instrument used for this research was a questionnaire. Peterson 1992:222 defines a questionnaire as a list of questions that are carefully formulated, constructed and sequenced so as to obtain the most useful data in the most cost-effective manner. The questionnaire was designed with the aim of finding out information set out in the research objectives.

#### **3.5.1 The Self Administered Questionnaire**

The self-completion questionnaire approach could have been adopted for data collection because of its relative ease of administration. It also allows the respondent to answer the questions in their spare time, even after working hours. This approach however was not used due to the nature of the study and the very low response rates that are associated with this method of data collection.

#### **3.5.2 Face-to-face interviews**

Interviewer visits respondent's office, asks the relevant questions and records respondent's answers on a structured questionnaire. This was the approach adopted for the research mainly because of its ability to enable the interviewer to verify facts, including body language on the spot and it is easier for respondent to clarify unclear issues. This technique however brought the problem of time consumption as the researcher could only conduct a maximum of 4 interviews per day. However the researcher got around this problem by starting interviews very early in the morning and finishing late.

### **3.5.3 Telephone**

Interviews over the telephone are cheaper but in Zimbabwe there is a low incidence of telephones and as such only few people can be reached. Although in the case of this study the target respondents were people with access to phones, the cost of conducting a 30-minute questionnaire would have been prohibitive. Besides, the respondents would not have that much time to speak on the phone, and then each question needed at least a minute of thought before answering. Shortening the questionnaire to suit telephone interviews would have led to loss of vital information. The method was therefore set aside on the basis of the preferred length of the questionnaire.

### **3.5.4 Mail (including e-mail)**

This is a cheap method but experience has shown that few people care to fill in questionnaires and to post/send them back, even when return envelop and postage stamp are supplied. The achieved sample, though smaller than the originally intended sample size of 39 is considered statistically adequate. This is because it still allows a robust base from which to draw conclusions, and even when cross analyzing by respondent type, one would still have a reasonably large number of respondents from which to draw conclusions.

### **3.5.5 The Questionnaire**

One questionnaire was used and this is included in Appendix 1. Semi-structured, structured and open-ended questions were used in the questionnaire to ensure that individual responses were acquired in an easily interpretable manner in support or at variance with the stated research questions. The focus group discussion approach was rejected due to the difficulty of assembling senior officials from the selected organizations. In depth interviews were also rejected due to time constraints.

#### **Open-ended Questions**

The questionnaire had a significant number of open-ended questions to enable respondents to reply freely in their own words. This is the major advantage of this kind of questioning.

### **Multi-choice questions**

These are simple to administer and analyze although they may bring inaccuracies because they limit options for the respondent. A significant proportion of the questionnaire was multiple choice and the respondents were being limited to choosing from a set of alternatives.

### **Pre-testing of Questionnaires**

The questionnaire was pre-tested before the actual survey and a few corrections/additions were made to improve the comprehension and terminology consensus. The pre-testing observations were

- \* Some respondents were not willing to identify themselves by name on the questionnaires.
- \* Most were not free to answer especially on issues of strategy and finance.
- \* Respondents invariably had busy schedules and they needed much persuasion to participate.

In order to correct these problems in the actual fieldwork, the researcher developed a comprehensive self-introduction in order to make respondents comfortable as they answered even sensitive questions.

### **The Research Question**

A list of research questions, which took into account all the relevant information needs were formulated. The questions were pre-tested on a sample of four typical companies and four typical consumers. The pilot interviews sought to assess the ability of the respondent to

- a. Understand the questions
- b. Recall data
- c. Answer the questions

Some questions that appeared difficult to understand were re-phrased or re-formatted to make them more understandable and answerable. It was also important to gauge the level of knowledge among respondents to make sure that questions did not cover areas that they had no knowledge of.

### **Question response Format**

As much as possible, closed response questions were used in this study. However in this field of study it may be necessary to give the respondents a limited open-ended questions in order to unravel salient issues. The major advantage of closed-ended questions is that the responses are structured and uniform, therefore making it easier to interview and tabulate. The researcher gathered considerable knowledge from the literature review in order to properly pre-specify possible responses. The Likert scale was used in certain instances to determine opinions on a rating scale. Checklist and multiple-choice questions were also presented to obtain information on strategy, effect on the company and the respondents.

### **Wording of Questions**

In an area as diversified as pricing, the researcher realizes that there may be translation variations of wording. Therefore, where necessary, the wording of questions took into account the researcher preferred definitions implicitly in the same way by all respondents. The following guideline was observed when wording questions.

#### **a) Non-ambiguity wording and specificity**

- Each question on the questionnaire focused on a single issue or topic.
- Unfamiliar words and words that may carry multiple meanings were avoided.

### **b) Brevity**

Questions presented in the questionnaire were generally short and precise. Redundant and unnecessary words were avoided as much as possible.

### **c) Relevancy**

All questions focus on the issue under study and they have been specifically formulated to answer same aspects of strategic management.

### **d) Objectives**

The questionnaire had a number of pre-specified response questions. The wording of such questions was carefully studied to ensure that no leading questions were included. Leading questions may result in answers that the respondents deem are preferred by the researcher.

The section approach was used to arrange questions, that is, questions that addressed the same issue were sequenced together. The research objectives were used to define the logical sections or sets. In order to emphasize the sets some questions were broken down into subsets, for example (a) and (b). This allows the respondents to focus on a single issue at a time, thus reducing questionnaire administration time.

## **Questionnaire Structure**

### **3.6 Data Gathering**

The questionnaires were distributed as indicated in section 3.2. Quality of data is key in any research exercise. As such quality was ensured at all stages of the research process by putting in place, up-front, several quality control measures. Besides 100 percent post check of completed questionnaires, the following further mechanisms were effected;

- piloting of the questionnaire
- emphasizing confidentiality and anonymity to target respondents
- double punching of data at data processing stage to ensure accuracy

The researcher ensured that the data was reliable by correct identification of the respondents to be included in the study. By exhausting all the issues for investigation in the questionnaire, this guaranteed effectiveness and completeness.

### **3.7 Data Analysis**

Data analysis is an integral part of any research process, such that without an appropriate analytical procedure it is impossible to come up with meaningful findings. The data analysis was performed with the Statistical Package for Social Sciences (SPSS). The procedure involved the following

- coding (grouping together of similar responses and assigning of codes) of open ended or unstructured questions
- data capturing and cleaning
- program development
- program running to produce statistical tables

This statistical package used has a comprehensive range of data manipulation tools. The complexity and specialization of quantitative data analysis resulted in the seeking of help from statistical specialists on the use of the programme. SPSS has the added advantage of allowing one to score and analyze quantitative data in various ways with the greatest amount of speed. This is a package that is strong on its statistical capabilities. It is a package that offers one of the best environments in which to do detailed statistical analysis on quality related problems. This is a package that eliminates most of the data limitations found within some of its competitors, such as SAS, Minitab, etc.

#### **3.7.1 Non response errors**

No follow-up was carried out to determine reasons for non-response mainly because of time constraints and the fact that the response rate was high enough to allow for reasonable deductions.

### **3.8 Conclusion**

From the above, it can be concluded that there was a very small margin of error because the study was representative and targeted the key stakeholders. The response rate was also high and the achieved sample was representative as each population element was included.

### **3.9 Summary for chapter 3**

The Chapter covers the research methodology where stratified and random sampling method was adopted. Face to face interviews using a self administered questionnaire were used as these were found to be more appropriate and effective. Data gathering and analysis by use of the SPSS which procedure involves coding, data capturing and cleaning, program development and program running to produce statistical tables.

# CHAPTER 4

## 4. RESULTS AND DISCUSSION

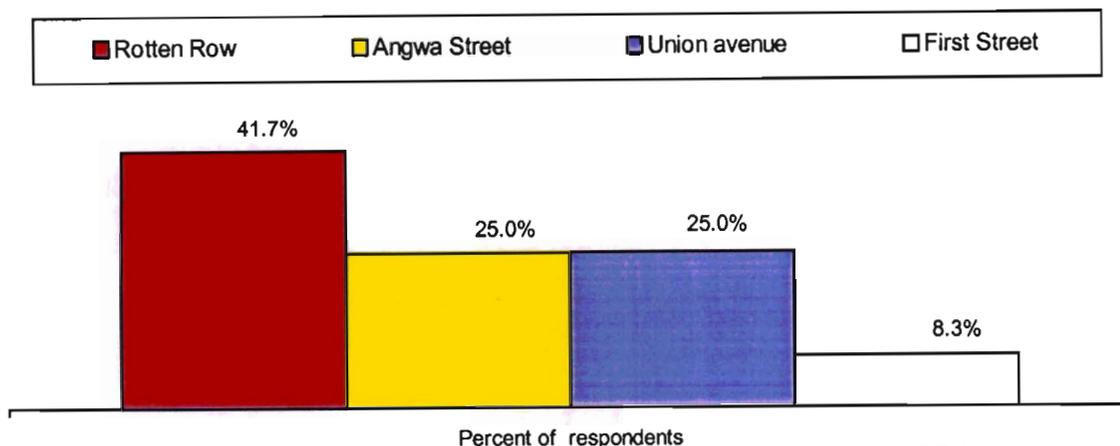
### 4.1 Introduction

This section looks at the key results from the survey. While the section provides as much detail as possible, more data is in the detailed statistical Tables in Appendix II. These will provide additional information from a variety of perspectives, such as by respondent category. This chapter summarizes the findings from the research and provides details pertaining to the implications of the findings.

### 4.2 New products & branch refurbishments (Appendix II, Tables 1-2)

The new product which most respondents (67%) recalled as having been introduced in the period 1995 to date was the Kiddy Bank account. The second most recalled product introduced by ZIMBANK in the same period was said to be the Wedding Bells account (59%). Insurance policies were also said to be some of the new products introduced in the period (10%). A slightly smaller proportion of the respondents (8%) mentioned ATM accounts while another 8% new about some new products but could not remember the details.

When asked to name the branches that had been refurbished or opened as new in the same period, a significant number of respondents (41.7%) mentioned the Rotten Row branch. See Figure 4.1



**Figure 4.1: Branches opened / refurbished between 1995 & 2003**

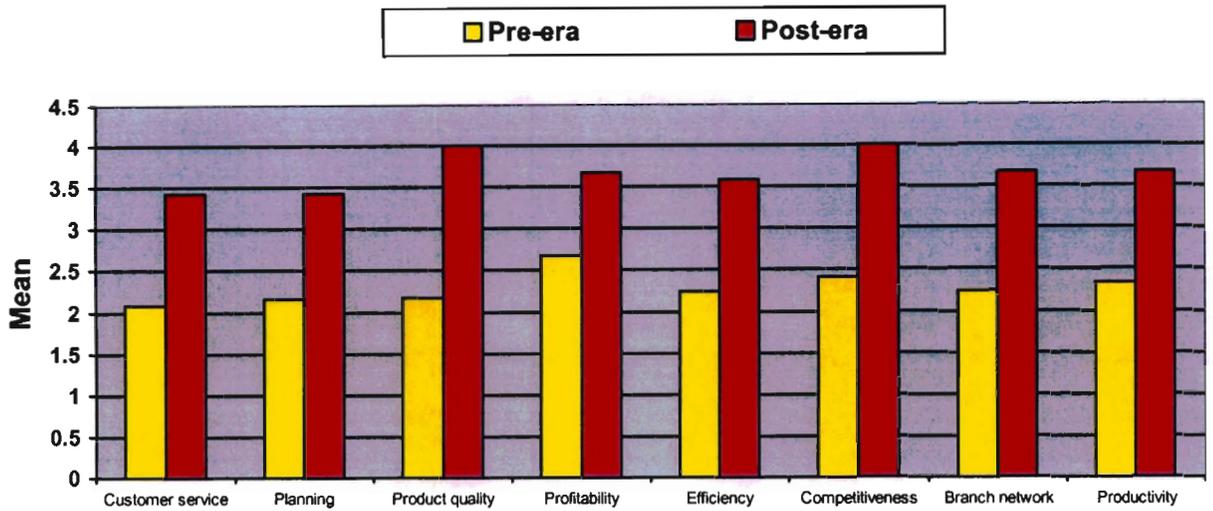
While the bigger number of respondents mentioned the Rotten Row branch, some 25% also indicated that the Angwa Street and Union Avenue branches had also been renovated. A total of 8.3% of the respondents stated that the First Street branch had been refurbished.

### 4.3 The pre versus the post refurbishment/new products era (Appendix II, Tables 3a-3h1)

Respondents were asked to look back at the period before the introduction of new products and branch refurbishments by ZIMBANK, and to make a comparison of what is currently happening at the organization (after new products and renovations). Some key indicators and a point system were presented to the respondents. A 1-5 scale as follows was used as follows

1=very poor    2=poor    3=average    4=good    5=very good

Findings on this question were interpreted by use of mean scores. The higher the mean score above 3.00 the more positive the bank's performance during the particular era, while the lower the mean score below 3.00 the less positive the performance of the bank in the era. The responses obtained are illustrated in Figure 4.2 below.

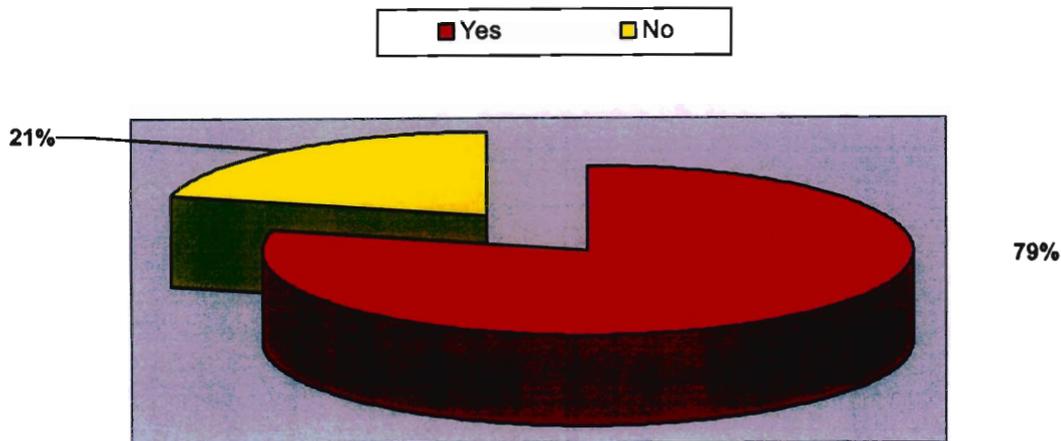


**Figure 4.2: Pre versus post refurbishments era**

It is clear from the table above that new products introduced and branch refurbishments have had positive impact on the performance of ZIMBANK. Very significant improvements have been noted especially on the aspects of customer service (2.08 to 3.42), quality of products (2.18 to 4.00) and branch network (2.25 to 3.67). In other words the respondents view ZIMBANK as more poised to address pertinent banking issues compared to periods earlier than 1995.

#### **4.4 Evaluating new products / branch refurbishments (Appendix II, Tables 4a-4d)**

Respondents were asked to state whether in their opinion new products and branch refurbishments are effective in attracting new customers and retaining existing ones. The majority of them (79%) answered in the affirmative. See Figure 4.3



**Figure 4.3: Whether new products / branch refurbishments are effective in attracting new customers & retaining existing ones**

The main reason given for holding the view that refurbishments are effective was that customer choice is increased (27%), and that simply by introducing new products, the company shows an image of great customer focus (13%). The introduction of new products and refurbishment of branches was also said to enhance the image of the bank (10%). Some (10%) associated such changes with increased speed of service and better, more convenient products.

There were however those who did not believe in new products and refurbishments of branches. They said that banks should not worry about all that but to simply do well with existing products and branches (25%). According to them most new products are useless (25%). They also complained that no new branches are opened in rural areas and that bank managers remain inaccessible (25%).

Half of the respondents were convinced that refurbishment of branches and new products are very effective in raising profitability and market share. Another 16.7% stated that the strategy is effective but not very. On the other hand 25% of the respondents believed that such a strategy is ineffective while 8.3% said it is very ineffective. Overall therefore almost three quarters of the respondents had confidence in the capability of new products to increase profitability and market share.

#### 4.5 Impact of new products/refurbishments on key indicators (Appendix II, Tables 5a-)

Respondents were asked to state the impact of new products and branch refurbishments in terms of the way ZIMBANK does business with them, by focusing on key performance factors. A point system was adopted and a scale of 1-3 used where

1=No impact                      2=Not sure                      3=Major impact

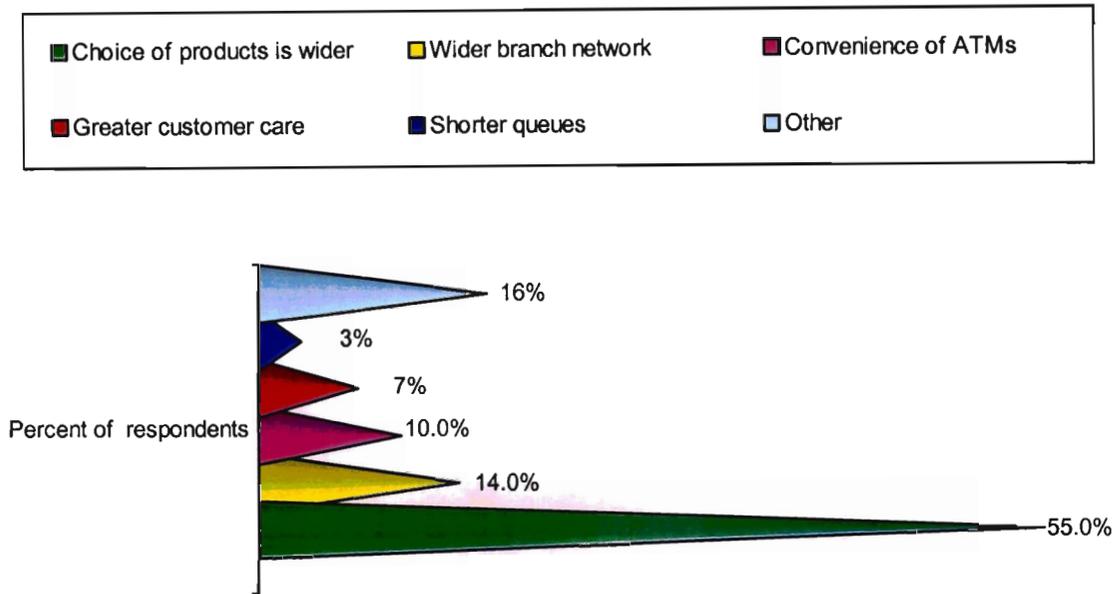
The interpretation of findings was carried out by way of mean scores. The higher the mean score above 2.00 the more significant the impact, while the lower the mean score below 2.00 the less significant the impact. Responses to each of the key aspects yielded mean scores as tabulated in Table 4.1 below.

**Table 4.1: Impact of new products on key indicators (3-point scale)**

<b>Indicator</b>	<b>Mean score</b>
Speed of service	1.79
Quality of products	1.64
Customer orientation	1.50
Branch network	1.75

While it has been established in earlier sections that new products and branch refurbishments bring positive results, the low mean scores in the table imply that much still needs to be done by the bank. There is still the requirement to unlock the potential in the strategy in order to bring rewards not just to the bank but also to the customers.

Respondents were asked whether new products and refurbishments were really benefiting the target groups, namely the customers. Most responded in the affirmative (78.9%), and gave several reasons for holding such a view. See Figure 4.4.



**Figure 4.4: Why refurbishments & new products are benefitting the target group**

As shown in the figure above, the main benefit is in terms of wider product choice (55%). The convenience provided by ATMs (10%), the advantages of a wide branch network which enables banking anywhere (15%) and greater customer care (7%) were said to be direct results of refurbishments and new products. When asked to make general comments and suggestions, respondents talked of the need for speed: changes had to result in faster service (67%). Respondents also called for the decentralization of branches to all areas in the country (59%). A total of 10% of the respondents called for a general improvement in service delivery (10%). Others (8%) suggested that banks had to continuously train their employees (8%) in order to guarantee efficiency.

## **4.6 Summary for chapter 4**

This chapter highlights all the results and features the discussion. The results which were presented in both graphical and tabular format, reflected clearly the findings and their impact to Zimbank.

# CHAPTER 5

## 5. CONCLUSION AND RECOMMENDATIONS

### 5.1 Introduction

The study has established that the introduction of new products and refurbishment of branches improves customer retention and attracts new ones to the institution. It has also been established that ZIMBANK is now a better performer after the introduction of new products and renovations to branches as compared to its performance prior to the changes.

### 5.2 Conclusion

Based on the findings and discussions the following conclusion is made. The new product that most respondents recalled as having been introduced in the period 1995 to date was the Kiddy Bank account. The second most recalled product was the Wedding Bells account followed by insurance policies. While the bigger number of respondents mentioned the Rotten Row branch, some also indicated that the Angwa Street and Union Avenue branches had also been renovated between 1995 and 2003. Comparing the period after renovations and comparing it with the one after, the new products introduced and branch refurbishments have had positive impact on the performance of ZIMBANK. Very significant improvements have been noted especially on the aspects of customer service, quality of products and increase in branch network. In other words the respondents now view ZIMBANK as more poised to address pertinent banking issues compared to periods earlier than 1995.

The main reason given for holding the view that refurbishments are effective was that customer choice has increased, and that simply by introducing new products, the

company shows an image of great customer focus. The introduction of new products and refurbishment of branches was also said to enhance the image of the bank. There were however those who did not believe in new products and refurbishments of branches. They said that banks should not worry about all that but to simply do well with existing products and branches. According to them most new products are useless and it would be better if the new branches are opened in rural areas.

Overall most respondents had confidence in the capability of new products to increase profitability and market share. They however pointed to the need for banks to unlock the potential in the strategy in order to bring rewards not just to the bank but also to the customers.

The major benefits noted so far are in terms of wider product choice, the convenience provided by ATMs, wide branch network which enables banking anywhere and greater customer care.

### **5.2.1 Hypothesis 1 confirmed**

The research has established that the new products introduced and branch refurbishments at Zimbank have had positive impact on the institution's performance. Very significant improvements have been noted especially on the aspects of customer service, quality of products and a widened branch network. Almost three quarters of the respondents affirmed that new products and refurbishments are effective because customer choice is increased, and that simply by introducing new products, the company shows an image of great customer focus. The introduction of new products and refurbishment of branches was also said to enhance the image of the bank. Others associated such changes with increased speed of service and better, more convenient products.

This confirms the validity of Hypothesis 1 which states, "Changes in customer interface at Zimbank between 1995 and 2003 have impacted positively on the bank's current and potential customers".

### **5.3 Recommendations**

Taking all the above into consideration the researcher recommends that

- ❖ The bank has to perform in delivery of existing products as complaints have been raised on the bank's capability to manage existing products and branches
- ❖ ZIMBANK should proceed with the strategy of introducing new products and renovating branches as this has been found to be resulting in greater profitability and market share
- ❖ Once new products have been introduced the bank has to launch a promotional program to inform current and potential customers about the products. Thereafter the requirement will be to translate the changes into benefits for customers. This has been said to be a current weakness of the institution.

### **5.4 Suggestions for Further Research**

It is recommended that ZIMBANK implement changes to correct the shortcomings mentioned. Thereafter tracking research studies should be conducted periodically such as bi-annually in order to assess progress. A comparison of findings between periods will then reveal trends in ZIMBANK customer service delivery.

### **5.5 Summary for chapter 5**

Chapter 5 has got all the conclusions to the whole research. What the research found out and what course of action to be adopted by Zimbank for future survival, is all what this chapter is about.

## Glossary of Key Terms

Contraction	getting smaller
Corporate identity	set of tools for achieving the corporate image
Corporate image	is how the business projects itself to the outside world.
Customer Relationship Management(CRM)	the application of customer information to build profitable customer relationships
Data	facts
Limitations	problems encountered that hinder desired Outcome.
Market segment	portion of the market
Mean	Arithmetic average
Mobilisation	collect together for use
Product	Anything that can be offered to a market as a Need satisfying attribute
Product differentiation	An act of designing a set of meaningful differences To distinguish the company's product from its competitors'
Research variables	an event, act, or characteristic measured by research
Reserve Bank of Zimbabwe(RBZ)	Central bank of the country
Respondent	another term for a participant in a study
Segment	a portion
Stratified random sampling	A probability sampling technique

Where the sample is constrained to include  
Elements from each of the mutually  
Exclusive segment or strata within a population.

Total Quality Management(TQM)

A management philosophy that supports  
Continuous improvement of processes;

ZIMBANK

Zimbabwe Banking Corporation Limited

# APPENDICES

## **APPENDICE 1: QUESTIONNAIRE**

**GRADUATE SCHOOL OF BUSINESS**

**UNIVERSITY OF NATAL**

**Questionnaire**

**CHANGES IN THE CUSTOMER INTERFACE AT ZIMBANK BETWEEN 1995 AND 2003  
IN THE HARARE CONSUMER AREA AS A RESULT OF NEW PRODUCT  
DEVELOPMENT AND IMPLEMENTATION**

**June 2003**

My name is Lovejoy Zhungu, an MBA Third Year Student in the Graduate School of Business, University of Natal. I am currently conducting a Dissertation Research Study to investigate into whether the changes in customer interface at Zimbank between 1995 and 2003 have impacted positively or negatively on the bank's current and potential customers.

I would be most grateful if you could spare some time to answer this questionnaire. There are no wrong or right answers it is only your factual response that matters. All the information and views you give will be treated in strict confidence. Thank you in advance for your time and co-operation.

**Questionnaire number**.....

**Name of enumerator**.....**Signature**.....

**Date**.....

<b>Name of respondent:</b>
<b>Address:</b>
<b>Gender:</b>
<b>Telephone:</b>
<b>Fax:</b>

Q.1a In the period 1995 to date Zimbank made several changes to its branches in terms of exterior and interior décor. A number of new products were also introduced. Can you please tell me what new products Zimbank introduced in this period?

<b>New products (write in)</b>
1
2
3
4
5

Q.1b Considering the same period which branches were renovated or opened?

<b>Branches opened/renovated</b>
1
2
3
4
5

Q.2 Comparing the period before Zimbank introduced new products and changes to its branches and after, how do you rate the current performance of the bank on the following indicators? Please use the following scale **1=very poor 2-poor 3=average 4=good 5=very good**

(Tick in appropriate box)

Indicator	Pre-change era					Post-change				
	VP	P	A	G	VG	VP	P	A	G	VG
	1	2	3	4	5	1	2	3	4	5
Customer service										
Planning										
Quality of products										
Profitability										
Efficiency										
Competitiveness										
Branch network										
Productivity										

Q.3a Are new products and branch refurbishments effective in attracting new customers and retaining existing ones? (Tick appropriate)

1 = No                      2 = Yes    3=Maybe

Q.3b Explain your answer


Q4a Can you please comment regarding new products and branch refurbishments and whether they are effective in improving the profitability and market share of Zimbank?


Q.4b Overall, what has been the impact of Zimbank's new products and refurbishments on the way the bank does business with you:

1=No Impact

2=Not Sure

3=Major Impact

	No Impact	Not Sure	Major Impact
Speed of service	1	2	3
Quality of products	1	2	3
Customer orientation	1	2	3
Branch network	1	2	3
Others (specify)	1	2	3

Q.5a Are the new products and refurbishments really benefiting the target group? (Tick appropriate)

1 = No      2 = Yes      3=Maybe

Q.5b Explain your answer


Q.6 Finally, what general comments do you have regarding the issue of banks introducing new products and refurbishments to branches?



## **APPENDICE 2: APPOINTMENT LETTER**

LZ/lm  
09 July, 2003

Mr Paul Coates  
17 Banchory Avenue  
Philadephia  
Borrowdale  
HARARE

Dear Sir

**RE: APPOINTMENT BOOKING FOR MONDAY 21 JULY 2003**

I have written this letter, to book an appointment to come and see you at your premises on Monday 21 July 2003. The issues that I would like to discuss pertain to the changes that have occurred in Zimbank that you have noticed since 1995 and how these have impacted on the success of the bank. The changes could be new products that have been developed, interior decorations, changes in segments/classes being served or any other.

This is in fulfillment of my MBA dissertation studies which I am currently undertaking

This interview will only take 20 minutes of your time.

Kindly phone the undersigned if you have got any objections to the time or date. I look forward to seeing you soon.

Your usual co-operation is most appreciated.

Yours faithfully

  
**LOVEJOY ZHUNGU(Mrs)**  
**BRANCH MANAGER**

## **APPENDICE 3: TABLES**

**Table 1**  
**Zimbank Customer Interface Study**  
**Q1a: What new products were introduced by ZIMBANK in the period 1995-2003?**

		1.00	STATUS		RESPONDENT CATEGORY	
			Individuals	Corporate	Non-customer	Zimbank customer
1.00		39	31	8	10	29
Kiddy bank accounts	Count	26	24	2	6	20
	Col %	67%	77%	25%	60%	69%
	Row %	100%	92%	8%	23%	77%
Wedding bells	Count	23	16	7	6	17
	Col %	59%	52%	88%	60%	59%
	Row %	100%	70%	30%	26%	74%
Insurance policies	Count	4	2	2	1	3
	Col %	10%	6%	25%	10%	10%
	Row %	100%	50%	50%	25%	75%
ATM accounts	Count	3	2	1	2	1
	Col %	8%	6%	13%	20%	3%
	Row %	100%	67%	33%	67%	33%
Cant remember	Count	3	2	1	0	3
	Col %	8%	6%	13%	0%	10%
	Row %	100%	67%	33%	0%	100%

**Table 2**  
**Zimbank Customer Interface Study**  
**Q1b: What branches were opened renovated by ZIMBANK in the period 1995-2003?**

		1.00	STATUS		RESPONDENT CATEGORY	
			Individuals	Corporate	Non-customer	Zimbank customer
1.00	Count	39	31	8	10	29
	Col %	100.0%	100.0%	100.0%	100.0%	100.0%
	Row %	100.0%	79.5%	20.5%	25.6%	74.4%
Rotten row branch	Count	5	5	0	3	2
	Col %	41.7%	41.7%	.0%	37.5%	50.0%
	Row %	100.0%	100.0%	.0%	60.0%	40.0%
Angwa branch	Count	3	3	0	3	0
	Col %	25.0%	25.0%	.0%	37.5%	.0%
	Row %	100.0%	100.0%	.0%	100.0%	.0%
Union avenue branch	Count	3	3	0	2	1
	Col %	25.0%	25.0%	.0%	25.0%	25.0%
	Row %	100.0%	100.0%	.0%	66.7%	33.3%
First street branch	Count	1	1	0	0	1
	Col %	8.3%	8.3%	.0%	.0%	25.0%
	Row %	100.0%	100.0%	.0%	.0%	100.0%

**Table 3a**  
**Zimbank Customer Interface Study**  
**Q2: Rating company performance on customer service during the pre-refurbishments era**

		1.00	STATUS		RESPONDENT CATEGORY	
			Individuals	Corporate	Non-customer	Zimbank customer
1.00	Count	39	31	8	10	29
	Col %	100.0%	100.0%	100.0%	100.0%	100.0%
	Row %	100.0%	79.5%	20.5%	25.6%	74.4%
very poor	Count	7	7	0	5	2
	Col %	58.3%	58.3%	.0%	62.5%	50.0%
	Row %	100.0%	100.0%	.0%	71.4%	28.6%
good	Count	3	3	0	2	1
	Col %	25.0%	25.0%	.0%	25.0%	25.0%
	Row %	100.0%	100.0%	.0%	66.7%	33.3%
average	Count	2	2	0	1	1
	Col %	16.7%	16.7%	.0%	12.5%	25.0%
	Row %	100.0%	100.0%	.0%	50.0%	50.0%
Mean		2.08	2.08	.	2.00	2.25

**Table 3a1**

**Zimbank Customer Interface Study**

**Q2: Rating company performance on customer service during the post refurbishments era**

		1.00	STATUS		RESPONDENT CATEGORY	
			Individuals	Corporate	Non-customer	Zimbank customer
1.00	Count	39	31	8	10	29
	Col %	100.0%	100.0%	100.0%	100.0%	100.0%
	Row %	100.0%	79.5%	20.5%	25.6%	74.4%
good	Count	6	6	0	4	2
	Col %	50.0%	50.0%	.0%	50.0%	50.0%
	Row %	100.0%	100.0%	.0%	66.7%	33.3%
very poor	Count	2	2	0	2	0
	Col %	16.7%	16.7%	.0%	25.0%	.0%
	Row %	100.0%	100.0%	.0%	100.0%	.0%
very good	Count	2	2	0	1	1
	Col %	16.7%	16.7%	.0%	12.5%	25.0%
	Row %	100.0%	100.0%	.0%	50.0%	50.0%
poor	Count	1	1	0	1	0
	Col %	8.3%	8.3%	.0%	12.5%	.0%
	Row %	100.0%	100.0%	.0%	100.0%	.0%
average	Count	1	1	0	0	1
	Col %	8.3%	8.3%	.0%	.0%	25.0%
	Row %	100.0%	100.0%	.0%	.0%	100.0%
Mean		3.42	3.42	.	3.13	4.00

**Table 3b**  
**Zimbank Customer Interface Study**  
**Q2: Rating company performance on planning during the pre-refurbishments era**

		1.00	STATUS		RESPONDENT CATEGORY	
			Individuals	Corporate	Non-customer	Zimbank customer
1.00	Count	39	31	8	10	29
	Col %	100.0%	100.0%	100.0%	100.0%	100.0%
	Row %	100.0%	79.5%	20.5%	25.6%	74.4%
poor	Count	5	5	0	3	2
	Col %	41.7%	41.7%	.0%	37.5%	50.0%
	Row %	100.0%	100.0%	.0%	60.0%	40.0%
very poor	Count	3	3	0	2	1
	Col %	25.0%	25.0%	.0%	25.0%	25.0%
	Row %	100.0%	100.0%	.0%	66.7%	33.3%
average	Count	3	3	0	2	1
	Col %	25.0%	25.0%	.0%	25.0%	25.0%
	Row %	100.0%	100.0%	.0%	66.7%	33.3%
good	Count	1	1	0	1	0
	Col %	8.3%	8.3%	.0%	12.5%	.0%
	Row %	100.0%	100.0%	.0%	100.0%	.0%
Mean		2.17	2.17	.	2.25	2.00

**Table 3b1**  
**Zimbank Customer Interface Study**  
**Q2: Rating company performance on planning during the post refurbishments era**

		1.00	STATUS		RESPONDENT CATEGORY	
			Individuals	Corporate	Non-customer	Zimbank customer
1.00	Count	39	31	8	10	29
	Col %	100.0%	100.0%	100.0%	100.0%	100.0%
	Row %	100.0%	79.5%	20.5%	25.6%	74.4%
good	Count	4	4	0	2	2
	Col %	33.3%	33.3%	.0%	25.0%	50.0%
	Row %	100.0%	100.0%	.0%	50.0%	50.0%
very good	Count	4	4	0	3	1
	Col %	33.3%	33.3%	.0%	37.5%	25.0%
	Row %	100.0%	100.0%	.0%	75.0%	25.0%
very poor	Count	3	3	0	2	1
	Col %	25.0%	25.0%	.0%	25.0%	25.0%
	Row %	100.0%	100.0%	.0%	66.7%	33.3%
poor	Count	1	1	0	1	0
	Col %	8.3%	8.3%	.0%	12.5%	.0%
	Row %	100.0%	100.0%	.0%	100.0%	.0%
Mean		3.42	3.42	.	3.38	3.50

**Table 3c**  
**Zimbank Customer Interface Study**  
**Q2: Rating company performance on quality of products during the pre-refurbishments era**

		1.00	STATUS		RESPONDENT CATEGORY	
			Individuals	Corporate	Non-customer	Zimbank customer
1.00	Count	39	31	8	10	29
	Col %	100.0%	100.0%	100.0%	100.0%	100.0%
	Row %	100.0%	79.5%	20.5%	25.6%	74.4%
very poor	Count	6	6	0	4	2
	Col %	54.5%	54.5%	.0%	50.0%	66.7%
	Row %	100.0%	100.0%	.0%	66.7%	33.3%
good	Count	2	2	0	2	0
	Col %	18.2%	18.2%	.0%	25.0%	.0%
	Row %	100.0%	100.0%	.0%	100.0%	.0%
poor	Count	1	1	0	1	0
	Col %	9.1%	9.1%	.0%	12.5%	.0%
	Row %	100.0%	100.0%	.0%	100.0%	.0%
average	Count	1	1	0	0	1
	Col %	9.1%	9.1%	.0%	.0%	33.3%
	Row %	100.0%	100.0%	.0%	.0%	100.0%
very good	Count	1	1	0	1	0
	Col %	9.1%	9.1%	.0%	12.5%	.0%
	Row %	100.0%	100.0%	.0%	100.0%	.0%
Mean		2.18	2.18	.	2.38	1.67

**Table 3c1**  
**Zimbank Customer Interface Study**  
**Q2: Rating company performance on quality of products during the post refurbishments era**

		1.00	STATUS		RESPONDENT CATEGORY	
			Individuals	Corporate	Non-customer	Zimbank customer
1.00	Count	39	31	8	10	29
	Col %	100.0%	100.0%	100.0%	100.0%	100.0%
	Row %	100.0%	79.5%	20.5%	25.6%	74.4%
very good	Count	6	6	0	4	2
	Col %	50.0%	50.0%	.0%	50.0%	50.0%
	Row %	100.0%	100.0%	.0%	66.7%	33.3%
poor	Count	3	3	0	3	0
	Col %	25.0%	25.0%	.0%	37.5%	.0%
	Row %	100.0%	100.0%	.0%	100.0%	.0%
good	Count	3	3	0	1	2
	Col %	25.0%	25.0%	.0%	12.5%	50.0%
	Row %	100.0%	100.0%	.0%	33.3%	66.7%
Mean		4.00	4.00	.	3.75	4.50

**Table 3d**  
**Zimbank Customer Interface Study**  
**Q2: Rating company performance on profitability during the pre-refurbishments era**

		1.00	STATUS		RESPONDENT CATEGORY	
			Individuals	Corporate	Non-customer	Zimbank customer
1.00	Count	39	31	8	10	29
	Col %	100.0%	100.0%	100.0%	100.0%	100.0%
	Row %	100.0%	79.5%	20.5%	25.6%	74.4%
very poor	Count	3	3	0	2	1
	Col %	25.0%	25.0%	.0%	25.0%	25.0%
	Row %	100.0%	100.0%	.0%	66.7%	33.3%
poor	Count	3	3	0	2	1
	Col %	25.0%	25.0%	.0%	25.0%	25.0%
	Row %	100.0%	100.0%	.0%	66.7%	33.3%
good	Count	3	3	0	2	1
	Col %	25.0%	25.0%	.0%	25.0%	25.0%
	Row %	100.0%	100.0%	.0%	66.7%	33.3%
average	Count	2	2	0	1	1
	Col %	16.7%	16.7%	.0%	12.5%	25.0%
	Row %	100.0%	100.0%	.0%	50.0%	50.0%
very good	Count	1	1	0	1	0
	Col %	8.3%	8.3%	.0%	12.5%	.0%
	Row %	100.0%	100.0%	.0%	100.0%	.0%
Mean		2.67	2.67	.	2.75	2.50

**Table 3d1**  
**Zimbank Customer Interface Study**  
**Q2: Rating company performance on profitability during the post refurbishments era**

		1.00	STATUS		RESPONDENT CATEGORY	
			Individuals	Corporate	Non-customer	Zimbank customer
1.00	Count	39	31	8	10	29
	Col %	100.0%	100.0%	100.0%	100.0%	100.0%
	Row %	100.0%	79.5%	20.5%	25.6%	74.4%
good	Count	5	5	0	2	3
	Col %	41.7%	41.7%	.0%	25.0%	75.0%
	Row %	100.0%	100.0%	.0%	40.0%	60.0%
poor	Count	3	3	0	3	0
	Col %	25.0%	25.0%	.0%	37.5%	.0%
	Row %	100.0%	100.0%	.0%	100.0%	.0%
very good	Count	3	3	0	3	0
	Col %	25.0%	25.0%	.0%	37.5%	.0%
	Row %	100.0%	100.0%	.0%	100.0%	.0%
average	Count	1	1	0	0	1
	Col %	8.3%	8.3%	.0%	.0%	25.0%
	Row %	100.0%	100.0%	.0%	.0%	100.0%
Mean		3.67	3.67	.	3.63	3.75

**Table 3e**  
**Zimbank Customer Interface Study**  
**Q2: Rating company performance on efficiency during the pre-refurbishments era**

		1.00	STATUS		RESPONDENT CATEGORY	
			Individuals	Corporate	Non-customer	Zimbank customer
1.00	Count	39	31	8	10	29
	Col %	100.0%	100.0%	100.0%	100.0%	100.0%
	Row %	100.0%	79.5%	20.5%	25.6%	74.4%
very poor	Count	5	5	0	3	2
	Col %	41.7%	41.7%	.0%	37.5%	50.0%
	Row %	100.0%	100.0%	.0%	60.0%	40.0%
good	Count	3	3	0	3	0
	Col %	25.0%	25.0%	.0%	37.5%	.0%
	Row %	100.0%	100.0%	.0%	100.0%	.0%
poor	Count	2	2	0	2	0
	Col %	16.7%	16.7%	.0%	25.0%	.0%
	Row %	100.0%	100.0%	.0%	100.0%	.0%
average	Count	2	2	0	0	2
	Col %	16.7%	16.7%	.0%	.0%	50.0%
	Row %	100.0%	100.0%	.0%	.0%	100.0%
Mean		2.25	2.25	.	2.38	2.00

**Table 3e1**  
**Zimbank Customer Interface Study**  
**Q2: Rating company performance on efficiency during the post refurbishments era**

		1.00	STATUS		RESPONDENT CATEGORY	
			Individuals	Corporate	Non-customer	Zimbank customer
1.00	Count	39	31	8	10	29
	Col %	100.0%	100.0%	100.0%	100.0%	100.0%
	Row %	100.0%	79.5%	20.5%	25.6%	74.4%
good	Count	4	4	0	3	1
	Col %	33.3%	33.3%	.0%	37.5%	25.0%
	Row %	100.0%	100.0%	.0%	75.0%	25.0%
very good	Count	4	4	0	2	2
	Col %	33.3%	33.3%	.0%	25.0%	50.0%
	Row %	100.0%	100.0%	.0%	50.0%	50.0%
poor	Count	3	3	0	2	1
	Col %	25.0%	25.0%	.0%	25.0%	25.0%
	Row %	100.0%	100.0%	.0%	66.7%	33.3%
very poor	Count	1	1	0	1	0
	Col %	8.3%	8.3%	.0%	12.5%	.0%
	Row %	100.0%	100.0%	.0%	100.0%	.0%
Mean		3.58	3.58	.	3.38	4.00

**Table 3f**  
**Zimbank Customer Interface Study**  
**Q2: Rating company performance on competitiveness during the pre-refurbishments era**

		1.00	STATUS		RESPONDENT CATEGORY	
			Individuals	Corporate	Non-customer	Zimbank customer
1.00	Count	39	31	8	10	29
	Col %	100.0%	100.0%	100.0%	100.0%	100.0%
	Row %	100.0%	79.5%	20.5%	25.6%	74.4%
very poor	Count	4	4	0	3	1
	Col %	33.3%	33.3%	.0%	37.5%	25.0%
	Row %	100.0%	100.0%	.0%	75.0%	25.0%
poor	Count	3	3	0	2	1
	Col %	25.0%	25.0%	.0%	25.0%	25.0%
	Row %	100.0%	100.0%	.0%	66.7%	33.3%
average	Count	2	2	0	1	1
	Col %	16.7%	16.7%	.0%	12.5%	25.0%
	Row %	100.0%	100.0%	.0%	50.0%	50.0%
good	Count	2	2	0	2	0
	Col %	16.7%	16.7%	.0%	25.0%	.0%
	Row %	100.0%	100.0%	.0%	100.0%	.0%
very good	Count	1	1	0	0	1
	Col %	8.3%	8.3%	.0%	.0%	25.0%
	Row %	100.0%	100.0%	.0%	.0%	100.0%
Mean		2.42	2.42	.	2.25	2.75

**Table 3f1**  
**Zimbank Customer Interface Study**  
**Q2: Rating company performance on competitiveness during the post refurbishments era**

		1.00	STATUS		RESPONDENT CATEGORY	
			Individuals	Corporate	Non-customer	Zimbank customer
1.00	Count	39	31	8	10	29
	Col %	100.0%	100.0%	100.0%	100.0%	100.0%
	Row %	100.0%	79.5%	20.5%	25.6%	74.4%
very good	Count	6	6	0	5	1
	Col %	50.0%	50.0%	.0%	62.5%	25.0%
	Row %	100.0%	100.0%	.0%	83.3%	16.7%
poor	Count	2	2	0	2	0
	Col %	16.7%	16.7%	.0%	25.0%	.0%
	Row %	100.0%	100.0%	.0%	100.0%	.0%
average	Count	2	2	0	1	1
	Col %	16.7%	16.7%	.0%	12.5%	25.0%
	Row %	100.0%	100.0%	.0%	50.0%	50.0%
good	Count	2	2	0	0	2
	Col %	16.7%	16.7%	.0%	.0%	50.0%
	Row %	100.0%	100.0%	.0%	.0%	100.0%
Mean		4.00	4.00	.	4.00	4.00

**Table 3g**  
**Zimbank Customer Interface Study**  
**Q2: Rating company performance on branch network during the pre-refurbishments era**

		1.00	STATUS		RESPONDENT CATEGORY	
			Individuals	Corporate	Non-customer	Zimbank customer
1.00	Count	39	31	8	10	29
	Col %	100.0%	100.0%	100.0%	100.0%	100.0%
	Row %	100.0%	79.5%	20.5%	25.6%	74.4%
very poor	Count	6	6	0	4	2
	Col %	50.0%	50.0%	.0%	50.0%	50.0%
	Row %	100.0%	100.0%	.0%	66.7%	33.3%
average	Count	2	2	0	0	2
	Col %	16.7%	16.7%	.0%	.0%	50.0%
	Row %	100.0%	100.0%	.0%	.0%	100.0%
good	Count	2	2	0	2	0
	Col %	16.7%	16.7%	.0%	25.0%	.0%
	Row %	100.0%	100.0%	.0%	100.0%	.0%
poor	Count	1	1	0	1	0
	Col %	8.3%	8.3%	.0%	12.5%	.0%
	Row %	100.0%	100.0%	.0%	100.0%	.0%
very good	Count	1	1	0	1	0
	Col %	8.3%	8.3%	.0%	12.5%	.0%
	Row %	100.0%	100.0%	.0%	100.0%	.0%
Mean		2.25	2.25	.	2.38	2.00

**Table 3g1****Zimbank Customer Interface Study****Q2: Rating company performance on branch network during the post refurbishments era**

		1.00	STATUS		RESPONDENT CATEGORY	
			Individuals	Corporate	Non-customer	Zimbank customer
1.00	Count	39	31	8	10	29
	Col %	100.0%	100.0%	100.0%	100.0%	100.0%
	Row %	100.0%	79.5%	20.5%	25.6%	74.4%
poor	Count	4	4	0	3	1
	Col %	33.3%	33.3%	.0%	37.5%	25.0%
	Row %	100.0%	100.0%	.0%	75.0%	25.0%
good	Count	4	4	0	3	1
	Col %	33.3%	33.3%	.0%	37.5%	25.0%
	Row %	100.0%	100.0%	.0%	75.0%	25.0%
very good	Count	4	4	0	2	2
	Col %	33.3%	33.3%	.0%	25.0%	50.0%
	Row %	100.0%	100.0%	.0%	50.0%	50.0%
Mean		3.67	3.67	.	3.50	4.00

**Table 3h**  
**Zimbank Customer Interface Study**  
**Q2: Rating company performance on productivity during the pre-refurbishments era**

		1.00	STATUS		RESPONDENT CATEGORY	
			Individuals	Corporate	Non-customer	Zimbank customer
1.00	Count	39	31	8	10	29
	Col %	100.0%	100.0%	100.0%	100.0%	100.0%
	Row %	100.0%	79.5%	20.5%	25.6%	74.4%
very poor	Count	5	5	0	4	1
	Col %	41.7%	41.7%	.0%	50.0%	25.0%
	Row %	100.0%	100.0%	.0%	80.0%	20.0%
poor	Count	2	2	0	1	1
	Col %	16.7%	16.7%	.0%	12.5%	25.0%
	Row %	100.0%	100.0%	.0%	50.0%	50.0%
average	Count	2	2	0	0	2
	Col %	16.7%	16.7%	.0%	.0%	50.0%
	Row %	100.0%	100.0%	.0%	.0%	100.0%
good	Count	2	2	0	2	0
	Col %	16.7%	16.7%	.0%	25.0%	.0%
	Row %	100.0%	100.0%	.0%	100.0%	.0%
very good	Count	1	1	0	1	0
	Col %	8.3%	8.3%	.0%	12.5%	.0%
	Row %	100.0%	100.0%	.0%	100.0%	.0%
Mean		2.33	2.33	.	2.38	2.25

**Table 3h1**  
**Zimbank Customer Interface Study**  
**Q2: Rating company performance on productivity during the post refurbishments era**

		1.00	STATUS		RESPONDENT CATEGORY	
			Individuals	Corporate	Non-customer	Zimbank customer
1.00	Count	39	31	8	10	29
	Col %	100.0%	100.0%	100.0%	100.0%	100.0%
	Row %	100.0%	79.5%	20.5%	25.6%	74.4%
good	Count	5	5	0	3	2
	Col %	41.7%	41.7%	.0%	37.5%	50.0%
	Row %	100.0%	100.0%	.0%	60.0%	40.0%
poor	Count	3	3	0	3	0
	Col %	25.0%	25.0%	.0%	37.5%	.0%
	Row %	100.0%	100.0%	.0%	100.0%	.0%
very good	Count	3	3	0	2	1
	Col %	25.0%	25.0%	.0%	25.0%	25.0%
	Row %	100.0%	100.0%	.0%	66.7%	33.3%
average	Count	1	1	0	0	1
	Col %	8.3%	8.3%	.0%	.0%	25.0%
	Row %	100.0%	100.0%	.0%	.0%	100.0%
Mean		3.67	3.67	.	3.50	4.00

**Table 4a**

**Zimbank Customer Interface Study**

**Q3a: Do you think new products and branch refurbishments are effective in attracting new customers and retaining existing ones?**

		1.00	STATUS		RESPONDENT CATEGORY	
			Individuals	Corporate	Non-customer	Zimbank customer
1.00	Count	39	31	8	10	29
	Col %	100.0%	100.0%	100.0%	100.0%	100.0%
	Row %	100.0%	100.0%	100.0%	25.6%	74.4%
Yes	Count	31	31	0	9	22
	Col %	79%	100.0%	.0%	100.0%	100.0%
	Row %	100.0%	100.0%	.0%	29.0%	71.0%
No	Count	8	0	8	1	7
	Col %	21%	.0%	100.0%	100.0%	100.0%
	Row %	100.0%	.0%	100.0%	12.5%	87.5%

**Table 4b**  
**Zimbank Customer Interface Study**  
**Q3b: Reasons for saying new products and branch refurbishments are effective in attracting new customers and retaining existing ones?**

		1.00	STATUS	RESPONDENT CATEGORY	
			Individuals	Non-customer	Zimbank customer
1.00		31	31	9	22
Increases choice	Count	8	8	1	7
	Col %	27%	27%	13%	32%
	Row %	100%	100%	13%	88%
Shows customer focus	Count	4	4	2	2
	Col %	13%	13%	25%	9%
	Row %	100%	100%	50%	50%
The bank's reputation improves	Count	3	3	1	2
	Col %	10%	10%	13%	9%
	Row %	100%	100%	33%	67%
No reason	Count	3	3	0	3
	Col %	10%	10%	0%	14%
	Row %	100%	100%	0%	100%
Speed of service improves	Count	3	3	2	1
	Col %	10%	10%	25%	5%
	Row %	100%	100%	67%	33%
More convenient products are introduced	Count	2	2	0	2
	Col %	7%	7%	0%	9%
	Row %	100%	100%	0%	100%
Shows the bank is ahead of technology	Count	2	2	1	1
	Col %	7%	7%	13%	5%
	Row %	100%	100%	50%	50%
New branches are neater	Count	2	2	0	2
	Col %	7%	7%	0%	9%
	Row %	100%	100%	0%	100%
Allows transactions out of town	Count	2	2	1	1
	Col %	7%	7%	13%	5%
	Row %	100%	100%	50%	50%
ATM machines increase	Count	2	2	0	2
	Col %	7%	7%	0%	9%
	Row %	100%	100%	0%	100%
Improves service delivery	Count	1	1	1	0

	Col %	3%	3%	13%	0%
	Row %	100%	100%	100%	0%

**Table 4c**

**Zimbank Customer Interface Study**

**Q3b: Reasons for saying new products and branch refurbishments are not effective in attracting new customers and retaining existing ones?**

		1.00	STATUS	RESPONDENT CATEGORY	
			Corporate	Non-customer	Zimbank customer
1.00		8	8	1	7
Just perform with existing products & branches	Count	2	2	0	2
	Col %	25%	25%	0%	29%
	Row %	100%	100%	0%	100%
Some new products are useless	Count	2	2	1	1
	Col %	25%	25%	100%	14%
	Row %	100%	100%	50%	50%
There are no new branches in rural areas	Count	2	2	0	2
	Col %	25%	25%	0%	29%
	Row %	100%	100%	0%	100%
Bank managers are not accessible	Count	2	2	0	2
	Col %	25%	25%	0%	29%
	Row %	100%	100%	0%	100%
The new products are to discriminate customers	Count	1	1	0	1
	Col %	13%	13%	0%	14%
	Row %	100%	100%	0%	100%

**Table 4d**

**Zimbank Customer Interface Study**

**Q4a: Are new products and branch refurbishments effective in improving the profitability and market share of Zimbank?**

		1.00	STATUS		RESPONDENT CATEGORY	
			Individuals	Corporate	Non-customer	Zimbank customer
1.00	Count	39	31	8	10	29
	Col %	100.0%	100.0%	100.0%	100.0%	100.0%
	Row %	100.0%	79.5%	20.5%	25.6%	74.4%
Very effective	Count	6	6	0	6	0
	Col %	50.0%	50.0%	.0%	75.0%	.0%
	Row %	100.0%	100.0%	.0%	100.0%	.0%
Ineffective	Count	3	3	0	1	2
	Col %	25.0%	25.0%	.0%	12.5%	50.0%
	Row %	100.0%	100.0%	.0%	33.3%	66.7%
Effective	Count	2	2	0	0	2
	Col %	16.7%	16.7%	.0%	.0%	50.0%
	Row %	100.0%	100.0%	.0%	.0%	100.0%
Very ineffective	Count	1	1	0	1	0
	Col %	8.3%	8.3%	.0%	12.5%	.0%
	Row %	100.0%	100.0%	.0%	100.0%	.0%

**Table 5a**  
**Zimbank Customer Interface Study**  
**Q4b: Rating the impact of refurbishments on speed of service**

		1.00	STATUS		RESPONDENT CATEGORY	
			Individuals	Corporate	Non-customer	Zimbank customer
1.00	Count	39	31	8	10	29
	Col %	100.0%	100.0%	100.0%	100.0%	100.0%
	Row %	100.0%	79.5%	20.5%	25.6%	74.4%
Not sure	Count	11	11	0	7	4
	Col %	78.6%	78.6%	.0%	87.5%	66.7%
	Row %	100.0%	100.0%	.0%	63.6%	36.4%
No impact	Count	3	3	0	1	2
	Col %	21.4%	21.4%	.0%	12.5%	33.3%
	Row %	100.0%	100.0%	.0%	33.3%	66.7%
Mean		1.79	1.79	.	1.88	1.67

**Table 5b**  
**Zimbank Customer Interface Study**  
**Q4b: Rating the impact of refurbishments on quality of products**

		1.00	STATUS		RESPONDENT CATEGORY	
			Individuals	Corporate	Non-customer	Zimbank customer
1.00	Count	39	31	8	10	29
	Col %	100.0%	100.0%	100.0%	100.0%	100.0%
	Row %	100.0%	79.5%	20.5%	25.6%	74.4%
Not sure	Count	7	7	0	4	3
	Col %	50.0%	50.0%	.0%	50.0%	50.0%
	Row %	100.0%	100.0%	.0%	57.1%	42.9%
No impact	Count	6	6	0	4	2
	Col %	42.9%	42.9%	.0%	50.0%	33.3%
	Row %	100.0%	100.0%	.0%	66.7%	33.3%
Major impact	Count	1	1	0	0	1
	Col %	7.1%	7.1%	.0%	.0%	16.7%
	Row %	100.0%	100.0%	.0%	.0%	100.0%
Mean		1.64	1.64	.	1.50	1.83

096268

**Table 5c**  
**Zimbank Customer Interface Study**  
**Q4b: Rating the impact of refurbishments on customer orientation**

		1.00	STATUS		RESPONDENT CATEGORY	
			Individuals	Corporate	Non-customer	Zimbank customer
1.00	Count	39	31	8	10	29
	Col %	100.0%	100.0%	100.0%	100.0%	100.0%
	Row %	100.0%	79.5%	20.5%	25.6%	74.4%
No impact	Count	6	6	0	4	2
	Col %	75.0%	75.0%	.0%	100.0%	50.0%
	Row %	100.0%	100.0%	.0%	66.7%	33.3%
Major impact	Count	2	2	0	0	2
	Col %	25.0%	25.0%	.0%	.0%	50.0%
	Row %	100.0%	100.0%	.0%	.0%	100.0%
Mean		1.50	1.50	.	1.00	2.00

**Table 5d**  
**Zimbank Customer Interface Study**  
**Q4b: Rating the impact of refurbishments on branch network**

		1.00	STATUS		RESPONDENT CATEGORY	
			Individuals	Corporate	Non-customer	Zimbank customer
1.00	Count	39	31	8	10	29
	Col %	100.0%	100.0%	100.0%	100.0%	100.0%
	Row %	100.0%	79.5%	20.5%	25.6%	74.4%
No impact	Count	5	5	0	3	2
	Col %	62.5%	62.5%	.0%	75.0%	50.0%
	Row %	100.0%	100.0%	.0%	60.0%	40.0%
Major impact	Count	3	3	0	1	2
	Col %	37.5%	37.5%	.0%	25.0%	50.0%
	Row %	100.0%	100.0%	.0%	33.3%	66.7%
Mean		1.75	1.75	.	1.50	2.00

**Table 6a**  
**Zimbank Customer Interface Study**  
**Q5a: Are new products and refurbishments really benefiting the target group?**

		1.00	STATUS		RESPONDENT CATEGORY	
			Individuals	Corporate	Non-customer	Zimbank customer
1.00	Count	39	31	8	10	29
	Col %	100.0%	100.0%	100.0%	100.0%	100.0%
	Row %	100.0%	79.5%	20.5%	25.6%	74.4%
Yes	Count	30	26	4	9	21
	Col %	78.9%	86.7%	50.0%	90.0%	75.0%
	Row %	100.0%	86.7%	13.3%	30.0%	70.0%
No	Count	8	4	4	1	7
	Col %	21.1%	13.3%	50.0%	10.0%	25.0%
	Row %	100.0%	50.0%	50.0%	12.5%	87.5%

**Table 6b**

**Zimbank Customer Interface Study**

**Q5b: Reasons why new products and refurbishments are really benefiting the target group**

		1.00	STATUS		RESPONDENT CATEGORY	
			Individuals	Corporate	Non-customer	Zimbank customer
1.00		30	26	4	9	21
Choice of products is wider	Count	16	12	4	2	14
	Col %	55%	48%	100%	25%	67%
	Row %	100%	75%	25%	13%	88%
No reason	Count	4	4	0	2	2
	Col %	14%	16%	0%	25%	10%
	Row %	100%	100%	0%	50%	50%
Wider branch network	Count	4	4	0	3	1
	Col %	14%	16%	0%	38%	5%
	Row %	100%	100%	0%	75%	25%
Convenience of ATMs	Count	3	3	0	0	3
	Col %	10%	12%	0%	0%	14%
	Row %	100%	100%	0%	0%	100%
Greater customer care	Count	2	2	0	1	1
	Col %	7%	8%	0%	13%	5%
	Row %	100%	100%	0%	50%	50%
Shorter queues	Count	1	1	0	0	1
	Col %	3%	4%	0%	0%	5%
	Row %	100%	100%	0%	0%	100%
More qualified staff	Count	1	1	0	0	1
	Col %	3%	4%	0%	0%	5%
	Row %	100%	100%	0%	0%	100%

**Table 7**  
**Zimbank Customer Interface Study**  
**Q6: General comments regarding new products and refurbishments to branches**

		1.00	STATUS		RESPONDENT CATEGORY	
			Individuals	Corporate	Non-customer	Zimbank customer
1.00		39	31	8	10	29
They must be fast	Count	26	24	2	6	20
	Col %	67%	77%	25%	60%	69%
	Row %	100%	92%	8%	23%	77%
Decentralise branches to all over the country	Count	23	16	7	6	17
	Col %	59%	52%	88%	60%	59%
	Row %	100%	70%	30%	26%	74%
Should improve their services	Count	4	2	2	1	3
	Col %	10%	6%	25%	10%	10%
	Row %	100%	50%	50%	25%	75%
Train their employees each and every time	Count	3	2	1	2	1
	Col %	8%	6%	13%	20%	3%
	Row %	100%	67%	33%	67%	33%
Improve on services to shorten the long queues	Count	3	2	1	0	3
	Col %	8%	6%	13%	0%	10%
	Row %	100%	67%	33%	0%	100%