

UNIVERSITY OF KWA-ZULU NATAL

**Cross-selling as a strategic differentiator for revenue growth within Nedbank Retail
(Case Study of KZN).**

**By
Fayzel Omar
209511162**

**A dissertation submitted in partial Fulfillment of the requirements for the degree of
Master of business Administration**

**Graduate School of Business
FACULTY OF MANAGEMENT STUDIES**

Supervisor: Dr A. Kader

June 2011

Faculty of Management Studies

Graduate School of Business

Supervisors permission to submit for examination

Date:	13 October 2011
Student Name:	FAYZEL OMAR
Student no.:	209511162
Dissertation Title:	CROSS SELLING AS A STRATEGIC DIFFERENTIATOR FOR REVENUE GROWTH WITHIN NEDBANK RETAIL

As the candidate's supervisor,

<input checked="" type="checkbox"/>
<input type="checkbox"/>

I AGREE to the submission of this dissertation for examination

I DO NOT AGREE to the submission of this dissertation for examination

The above student has satisfied the requirements of English Language competency.

Name of Supervisor:



Signature: _____

Date: 13 October 2011

Name of Co-supervisor (if applicable):

Signature: _____

Date: _____

DECLARATION

I, Fayzel Omar, declare that

- (i) The research reported in this dissertation, except where otherwise indicated, and is my original work.
- (ii) This dissertation has not been submitted for any degree or examination at any other university.
- (iii) This dissertation does not contain other persons' data, pictures, graphs or other information, unless specifically acknowledged as being sourced from other persons.
- (iv) This dissertation does not contain other persons' writing, unless specifically acknowledged as being sourced from other researchers. Where other written sources have been quoted, then:
 - a) their words have been re-written but the general information attributed to them has been referenced;
 - b) where their exact words have been used, their writing has been placed inside quotation marks, and referenced.
- (v) Where I have reproduced a publication of which I am an author, co-author or editor, I have indicated in detail which part of the publication was actually written by myself alone and have fully referenced such publications.
- (vi) This dissertation does not contain text, graphics or tables copied and pasted from the Internet, unless specifically acknowledged, and the source being detailed in the dissertation and in the References sections.

Signed:

ACKNOWLEDGEMENTS

I wish to extend my sincere gratitude to the following people and institutions for their contribution to this research script:

- My supervisor, Dr Abdul Kader, for his assistance, guidance and encouragement throughout the study;
- My family and friends for their faith in my abilities, continuous support and encouragement;

To Nedbank Retail Networks for giving me the opportunity to pursue my studies and giving all the support during this very important state in my life.

Finally no words can express my appreciation to Fozia, my wife, my children Nabeela Rayhaan, and Masudah for the many long months for tolerating an ‘absentee father’. I devoted most of my time on my studies and left very little time for them.

No demands, impatience or short temper on my part have ever ruffled their calm or suppressed good humour. I could not have had a more co-operative or knowledgeable companion and guide in Fozia. I will always owe my affectionate appreciation to her for so patiently enduring my pre-occupation with my studies over many years. You are a great motivator.

ABSTRACT

Customer retention has been shown by academic researchers to be more profitable than customer acquisition. However, its implementation in the business environment has not been so successful. One of the reasons for this is that customer retention can be achieved in several ways (e.g.. loyalty programs, affinity cards and switching costs)and that the translation from the concept of “retaining customers” to the actions and strategies to retain them is not always easy. One of the most attractive strategies to ensure that customers remains within the organisation is through cross-selling and up-selling. In short, the objective is to increase the number (or the value) of the products that a customer buys from a company to make it more difficult for him/her to leave. Whilst academic research has deeply investigated the concepts of loyalty, retention programs and trust, amongst others, cross-selling has not received the same level of attention. Moreover, existing research on cross-selling has been focused on products rather than on services. Finally, this research has mostly been conceptual in nature, with limited attempts to model or design practical cross-selling and up-selling strategies. In order for cross selling and up-selling to be effective strategies, they need to be tailored to the needs of the customer. The offer must be adequate in terms of the target (who is going to buy the product), the content (what is going to be purchased) and a time (when is the right moment to offer the new product).

This thesis investigates cross-selling and up-selling from a practical point of view in Nedbank It assesses the importance of the concepts of customer retention and cross-selling and up-selling through several interviews conducted within Nedbank. Finally, this research highlights, from an empirical analysis, how repurchase decision is highly influenced by the length of the relationship with the provider and the type of products already purchased. Understanding these factors is key to successfully retaining customers via cross selling

Table of Contents

Description	Page
Title Page	i
Supervisor's Permission ii Declaration	iii
Acknowledgements	iv
Abstract	v
Table of contents	vi-xi
List of Figures	xii
List of Tables	xiii
CHAPTER ONE	
1.1 Introduction	1
1.2 Research problem	1
1.3 Rationale for research	1
1.4 Business problem	1-2
1.5 Benefits of study	2-3
1.6 Objectives	3
1.7 Method of data collection	3
1.7.1 Secondary data collection	3
1.7.2 Primary data collection	3-4
1.8 Research method	4
1.8.1 Quantitative research	4

1.8.2 Sample size	4-5
1.8.3 Sampling techniques	5
1.9 Thesis structure	5

CHAPTER TWO

Literature Review

2.1 Introduction	6
2.1.1 Definition of cross-selling	6
2.1.2 Benefits of cross-selling	9
2.2 Framework of cross-selling	7
2.2.1 Relationship between cross-selling and business strategy	7-8
2.2.2 Feasibility of cross-selling statistics	8
2.3 Consumer behaviour	9
2.4 Individual factors	10
2.4.1 Motivation	10-12
2.4.2 Definition of Perception	12
2.4.3 Learning Ability	12
2.4.4 Attitude	13
2.4.5 Personality	13
2.4.6 Lifestyle	13
2.4.7 Group Factors	14
2.4.8 The Family	14
2.4.9 Reference Groups	14

2.4.10 Opinion Leaders	14
2.4.11 Social Class	15
2.4.12 Cultural Groups	15
2.5 Decision making process	15-16
2.5.1 Input	17
2.5.2 Process	17-18
2.5.3 Output	18
2.6 The four Ps of the marketing mix	18-19
2.7 Marketing mix	19-20
2.8 Four Cs, As, Os and Ps in the marketing mix	20-21
2.9 Products and services offered by banks	21
2.9.1 Bank Services	21-22
2.9.2 Foreign Exchange Services	22
2.9.3 Investment Services	22
2.9.4 Insurance	22
2.9.5 Other financial services	22-23
2.10 Customer relationship management	24
2.11 Overall marketing concept of banks	24
2.12 Total quality management	25-26
2.13 Relationship marketing	26
2.14 Customer care	27
2.15 South African banking sector	27-29

2.16 Banking products offered by the big five South African banks	30
2.17 Summary	30
CHAPTER THREE	
Research Methodology	
3.1 Introduction	31
3.2 Theory of research	32
3.3 Research philosophy	33
3.4 Qualitative research method	33
3.5 Quantitative research method	33
3.6 Method chosen for the study	34-35
3.7 Research strategy	35
3.8 Survey research	35
3.8.1 Definition of population and sample	36
3.8.2 Sampling methods	36
3.8.3 Questionnaire	36-37
3.8.3.1 The Questionnaire Design	37
3.9 Data analysis	37-38
3.9.1 Editing and coding	38
3.9.2 Descriptive data analysis technique	38-40
3.10 Summary	40

CHAPTER FOUR

Presentation Of Results

4.1 Introduction	41
4.2 statistical method	41
4.3 Descriptive statistics	42
4.4 Test for normality	42-65
4.5 Summary	65

CHAPTER FIVE

Discussion Of Results

5.1 Introduction	66
5.2 Analysis of Questionnaire	66
5.2.1 Promoting long-term loyalty as relationship building	66-67
5.2.2 Increasing	67
5.2.3 Enabling	67-68
5.2.4 Identification of high risk clients	68
5.2.5 Enable bank to fulfil customer needs	69
5.2.6 Increase rate of return on marketing initiatives	69
5.3 Summary	70

CHAPTER SIX

Recommendations

6.1 Introduction	71
6.2 Promoting long term loyalty by relationship building	71
6.2.1 Increasing lifetime value of customer	71
6.2.2 Alignment of process	71

6.2.3 Automation	72
6.2.4 Alignment of incentive	72
6.2.5 Enabling instant action	72
6.2.6 Identification of high risk customers	73
6.2.7 Fulfilling customer needs	73
6.2.8 Instant action	73
6.2.9 Increasing rate of return	75
6.3 Additional recommendations	75-76
6.4 areas for further research	76
6.5 Limitations of the study	76-77
6.6 CRM policy	77
6.7 Summary	77
BIBLIOGRAPHY	78
APPENDIX 1 – Letter from Gatekeeper	82
APPENDIX 2 – Questionnaire	83
APPENDIX 3 – Ethical Clearance Certificate	86

List of Figures

Description	Page
CHAPTER TWO	
Figure 2.1 Relationship among cross selling, marketing strategy and general strategy	8
Figure 2.2 Strategic decision based on customers and analysis	9
Figure 2.3 Overview of consumer behaviour	10
Figure 2.4 Maslow's Hierarchy of needs	11
Figure 2.5 Consumer Decision Making model	16
Figure 4.1 Frequency distribution of demographical variables	51
Figure 4.2 Comparisons of responses to each question using one-sample chi-square	53
Figure 4.3 How do you maximize marketing initiatives?	53
Figure 4.4 How do you promote long term loyalty and build relationship?	54
Figure 4.5 How do you identify customers that want to defect and retain them?	55
Figure 4.6 How do you create lifetime value through cross-selling?	56
Figure 4.7 How do you retain valuable customers?	56
Figure 4.8 How do you retain valuable customers?	57
Figure 4.9 How do you retain valuable customers?	58
Figure 4.10 How do you identify the need of customers and provide appropriate products?	59
Figure 6.1 Model adapted and enhanced by researcher.	74

List of Tables

Description	Page
Table 2.1 The 4 Cs, As, Os, and Ps Source: Kotler 2004	20
Table 2.2 The 4Cs, As,)s and P,s	30
Table 3.1 The Research Process	31
Table 3.2 The distinction between quantitative and qualitative data	34
Table 4.1 Frequency distribution of demographical variables	43
Table 4.2 Comparisons of responses to each question using one-sample chi-square	44
Table 4.3 Reliability	51
Table 4.4 Measures of central tendency & dispersion	61
Table 4.5a Comparison of dimensions between areas	62
Table 4.5b Comparison of dimensions between areas	63/64

CHAPTER ONE

Introduction

1.1 Introduction.

During the last couple of decades, retaining customers has become a strategic objective for financial services providers. The reasons are several. Firstly, over the last twenty years, the financial services industry has undergone drastic changes (Morgan, 1994; Lymberopoulos *et al.*, 2004, McShane *et al.*, 2010). Factors like deregulation, market internationalisation and the emergence of new forms of technology have all brought new opportunities as well as threats for the existing players, resulting in a highly competitive industry (Bergendahl, 1995; Hislop *et al.*, 2002; Beckett *et al.*, 2000; Haynes, T., 2010).

1.2 Research problem.

Cross-selling as a strategic differentiator for revenue growth within Nedbank Retail KZN

1.3 Rationale for the research

Banks realise that with the acquisition of new customers it becomes very competitive and this has a great impact on margins and expenses. Banks need to offer attractive packages to encourage switchers in order to stay competitive. Customers are lost because of intense competition which is known as “churn”. (Day 2000) posits that relationships are strengthened by focusing on cross-selling in order to retain customers. Retention of customers will ensure that banks will grow revenue, build loyalty and reduce the costs of acquisition and retention this will ensure that competition will easily take away business.

1.4 The Business problem

The study is primarily to understand the contribution of cross-selling at Nedbank and an evaluation of different points of view like strategic, operational and analytical standpoints, with the view for revenue growth. In order for banks to protect their retail base, customer retention, long-term relationship, and customer life time value should become a priority and an imperative in their daily operations. T. Kamakura, Ramaswami and Srivastava 1991 argue that in order to forge stronger relationships a key tool that should be used is the (CRM) which is the customer retention model).

The rationale for cross-selling as a strategy for Nedbank will be to reduce customer churn and increase its “share-of-wallet”. In order to become familiar with the needs of the customer, Nedbank will be able to in a better position to satisfy those needs by developing products and offering services specific to the need identified.

The potential threat for Nedbank will be that if frequent attempts are made to cross sell to their customer could weaken the relationship, this could render the customer non-responsive or demotivated, as it might be perceived as a push strategy or hard sell strategy. In order to effectively cross-sell its products/services, Nedbank must find the right offer for the right customer at the right time. Behavioural patterns can be easily identified the by customer transactional database; the drawback of this data will not give the bank a holistic view of the customer’s financial status if the customer is multi-banked. The bank needs to conduct generic marketing surveys based on general marketing principles to collect information that it does not have or cannot be deduced by the data within the bank.

1.5 Benefits of the study

Relationship marketing strategy and the importance of relationship banking has often created different views, an old view and a new view, the old view which is a utility view, suggest that the customers purely used the bank for transactions only. The second view which suggests that there also exists a relationship side, including that of a transactional side. Although there is consensus that both these views are of importance, the debate that still rages is that there is not much value and importance placed on relationship banking.

Cross-selling as part of marketing strategies is important in the competitive banking industry. Management needs to understand the economic value of building long-term relationships with high-value customers. “Retention of profitable customers is not negotiable, as all institutions and niche banks want this share of the market. Banks need to own the relationship with the client and use this as a competitive advantage over other banks argues (Abratt & Russell, 1999)

Loyalty programmes, brand loyalty and incentives cannot in itself create customer loyalty, there need to be a concerted effort by management to create an environment where relationships are natured, customers are retained to achieve business growth and profits. While there’s no debating the value of cross-selling, not all companies have figured out how to do it, or if they have, they don’t always do it well.

First, and almost inevitably, cross-selling meets human resistance to change. Most organizations promote and reward based on what you do or don't do within your organizational "silo." By definition, "successful cross-selling requires that the people you hire to meet the needs of your customers develop a broader view of those needs – moving beyond the traditional limits" (Abratt & Russell, 1999).

As articulated above, this study will benefit marketers, as they will get a better understanding of the behaviour of existing and new customers, management as they will understand the long term economic profitability of the customer and how to retain profitable customers, and importantly the customers themselves as they will not only have a transactional contact but a relationship with the bank.

1.6 Objectives of the study

The study will investigate the following objectives.

- Promoting long-term loyalty in terms of relationship building.
- Increasing lifetime value of individual customers through cross-selling.
- Enabling instant action to keep hold of the most valuable customers.
- Identification of high-risk consumers and adjust services consequently.
- To enable the bank to fulfil consumer needs with the right offer at the right time.
- Increasing the rate of return on marketing initiatives.

1.7 Method of data collection

1.7.1 Secondary data collection

The following data collection methods will be used; internet, libraries, private research organisations, research reports, electronic journals, websites, research reports theses, electronic libraries and company specific data via internal journal and in-house publications.

1.7.2 Primary data collection

An electronic mail survey will be sent out as primary data collection method. This is because of accessibility and costs related, as it would be very cost effective to get the intended reach with a good response rate.

There are however some drawbacks to this method, in that it cannot be long or complicated, one would need accurate mailing lists, one cannot seek clarity, no interviewer intervention and response rate could be low.

The research was conducted in Kwa-Zulu Natal. The business chosen was Nedbank Retail KZN as the researcher was a senior manager and has influence in ensuring that the necessary permission and ethical consideration will be dealt without hampering the progress of the research.

The Nedbank branch network was the target population as there were approximately 100 retail branches, which constituted adequate sample size for the research to be conducted effectively.

1.8 Research method.

1.8.1 Quantitative research

A quantitative research approach is grounded in the positivist social sciences paradigm, which primarily reflects the scientific method of the natural sciences, hence a quantitative approach, will be used, as it will reach the targeted population, in a precise and reliable way.

Instrument Used

The questionnaire was the data collection instrument that was used.

The research was conducted over a wide area and distance did not present a restriction.

This type of questionnaire offers anonymity and avoids interviewer bias.

Questionnaires were self-administered

This study used self- administered questionnaires in view of the geographic spread of the respondents.

1.8.2 The Sample size

The sample size was the management team of KZN and the target population was 225 staff made up of branch managers, sales managers, area managers, small business managers and team leaders, all of whom have a direct impact on revenue growth, profitability and retention within the branch network.

1.8.3 The sampling technique.

Sampling methods can be classified into those that yield probability samples and those that yield non probability samples. For the purpose of this study probability sampling will be used which includes a simple random sampling method as each individual has an equal, non zero, chance of being included and all possible combinations can occur. This type of technique was chosen because of the size of the population.

1.9 Thesis Structure

The structure of this thesis is as follows.

The second chapter presents a review of the literature where the main areas of theoretical relevance are discussed and critiqued. There are several theoretical and practical strands of literature underpinning this project (i.e. CRM, Customer Retention, Relationship Marketing, Cross-Selling and Up-Selling and Data Mining) that are interrelated.

Chapter three is concerned with the research methodology used. Here, the different steps of the process of investigation are explained and justified. This illustrates a thoughtful and critical research design, where all the decisions made have been carefully considered, taking into account both their advantages and disadvantages.

Chapter four will present the data collected from Nedbank KZN and will be presented for ease of reference and discussion. This will be presented both in tables and graphically.

Chapter Five will analyse the data and discuss the important findings so that a clear understanding will be formed and debated before recommendations can be made.

Chapter Six, will make recommendations, this will be directly addressing the objectives of the study as set out in chapter one. Finally the study will conclude by addressing any limitations and areas that could be researched in the future.

CHAPTER TWO

Literature Review

2.1 Introduction.

This renewed drive for organic growth has made cross-selling a new priority across the banking sector. Other traditional sources of organic growth, such as loan demand, have slowed while adding new clients has become increasingly more expensive as markets grow ever more competitive. However, the cross-selling 'holy grail' should be approached with caution.

Although banks are frequently criticised for treating a customer as several account numbers, they clearly understand the customer is at the centre of everything they do. Forward-thinking banks recognize the importance of an effective customer relationship strategy and the need to be more customer-centric for ensuring long-term success.

Achieving greater customer centricity requires banks to address key operational challenges in order to know, understand and service their customers better than they do today: managing customer information more effectively; integrating and coordinating multiple channels serving the market; and improving the efficiency of core processes driving the business. The rewards for banks that succeed are reduced customer attrition and a larger share of wallet.

2.1.1 Definition of cross-selling

Cross-selling is a sales technique in which the salesperson recognises what a customer is purchasing and will make suggestions or recommendations of other related merchandise the shopper may also be interested in purchasing. (Moller, 2006.)

An alternate definition as expressed by Marias is that, banks continue to seek more profitable revenue opportunities. The obvious strategy is to cross-sell new products to existing customers, but the implementation of the strategy is easier said than done.

2.1.2 Benefits of cross-selling

- Lower cost-to-serve by integrating customer service processes end to end
- Increased customer retention through convenient, consistent, personalised service
- Higher cross-sell rates through improved customer knowledge, enabling relevant offers to be made via the most appropriate channel
- Reduced time-to-market for introducing new products
- Improved operational efficiency by bridging automation gaps and standardizing on best-in-class practices across different channels and product lines

2.2 Strategic cross-selling framework

2.2.1 Relationship between cross-selling and business strategy

(CRM) customer relations management is widely acknowledged and vital to the customer. Segmentation, customisation and ensuring consistency needs to be maintained through-out the organisation before the organisation can introduce cross-selling initiative, as it is a common phenomenon that customers vote with their feet. It is crucial to understand that in the organisations quest to consider great customer imitative that the overall strategy would not be compromised and cause a risk to the shareholders and stakeholders. As projected by the research (Guo, 2003), cross-selling is “a set of marketing strategies, which lends itself to sell other products to clients on the basis of existing customer relationship”. The relationship between general strategy and it can be shown in Figure 1

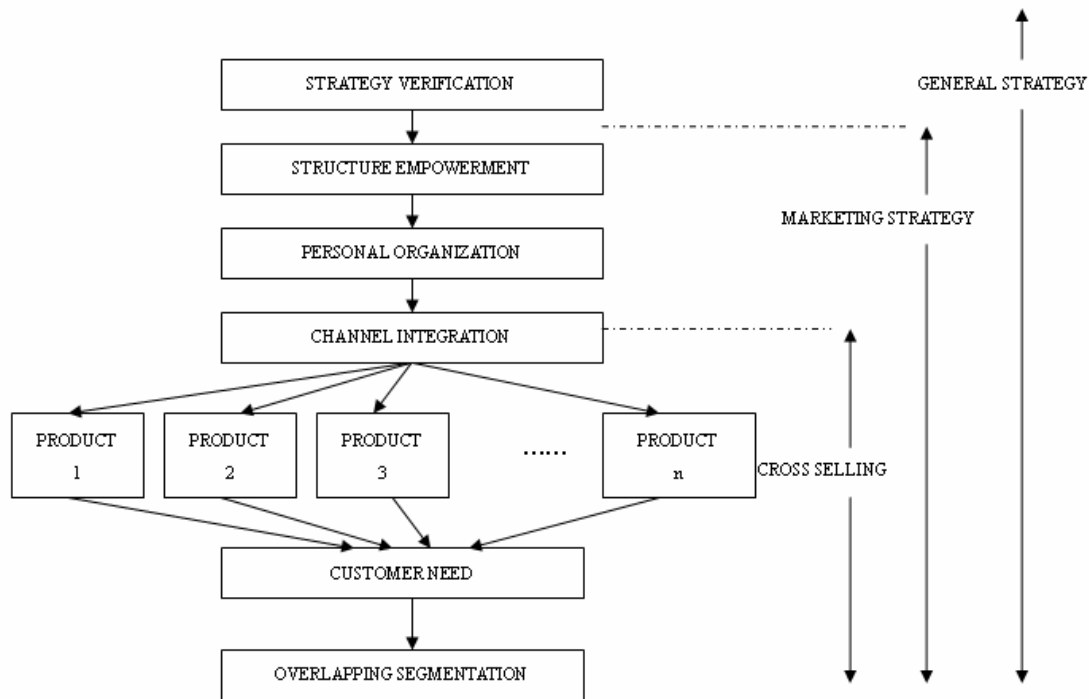


Figure 1 Relationship among cross-selling, marketing strategy and general strategy.

Figure 2.1 Relationship among cross selling, marketing strategy and general strategy

2.2.2 Feasibility of cross-selling strategy

According to the traditional strategic decision making process, Van der Walt, argues that “to illustrate the compatibility between cross-selling and marketing strategy as well as the feasibility in more detail, we list four key considerations in strategic decisions, which are customer need, span of product mix, channel design, and strategy.”

Figure 2.2 illustrates the strategic relationships from bottom up, indicating the complexity of the customer, in terms of product mix, channel distribution and the diversified strategic need.

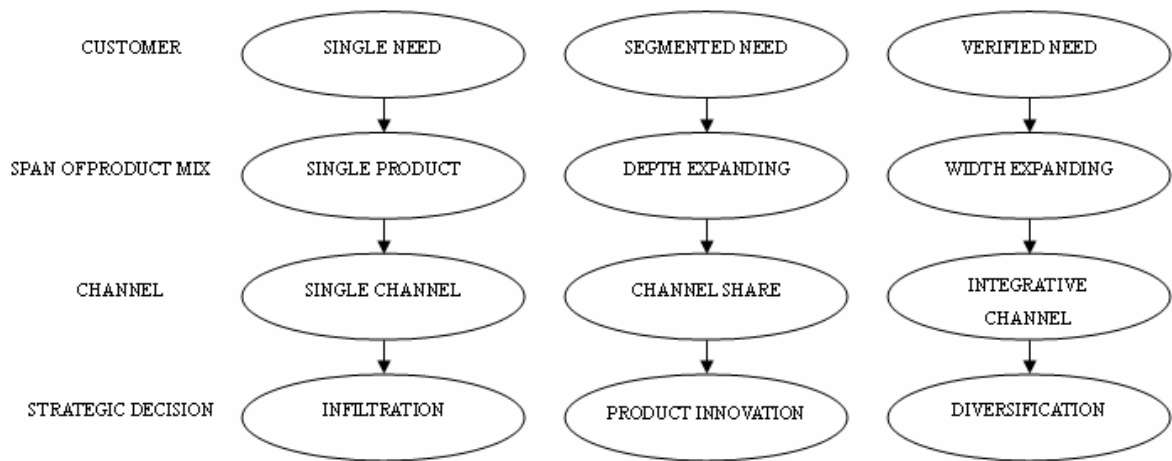


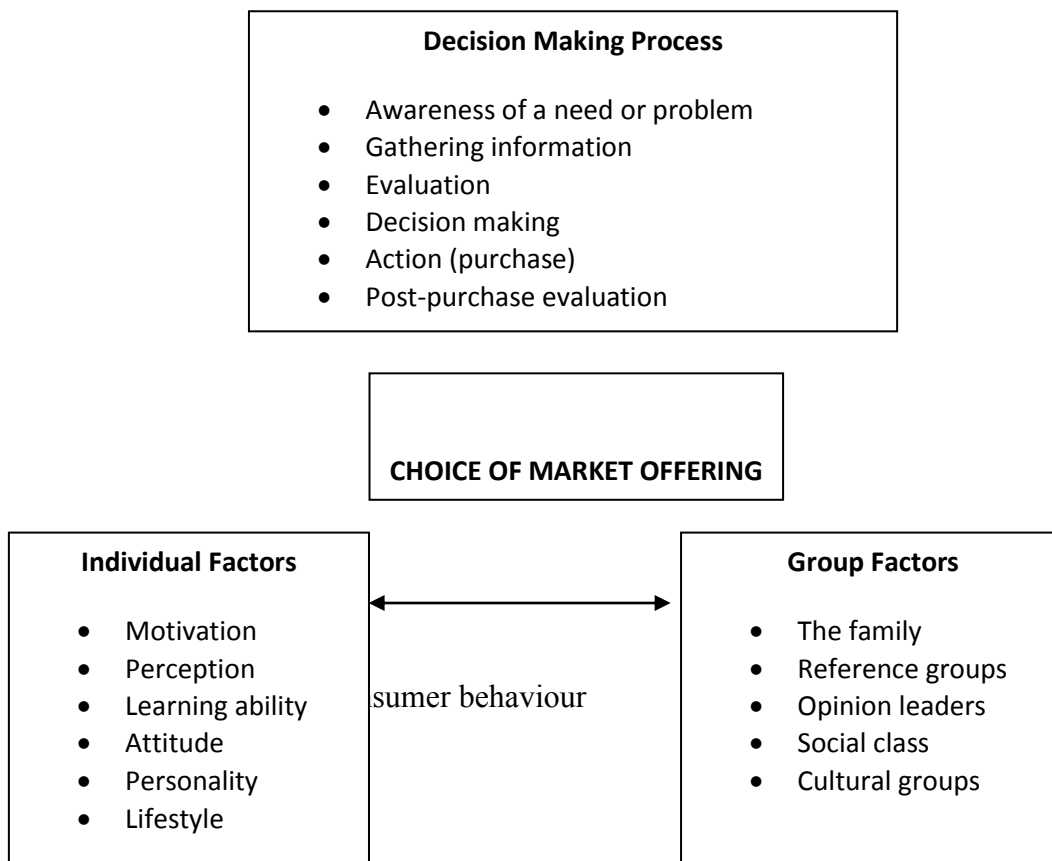
Figure 3 Strategic decision based on customer need analysis.

Figure 2.2 Strategic decision based on customers and analysis Van der Walt et al 1996

2.3 Consumer Behaviour

While the needs, demands and preferences of each individual are unique, there are many common or similar behaviour patterns and all consumers follow more or less the same course when decisions must be taken (van der Walt, Strydom, Marx & Jooste, 1996:73). “Consumer behaviour consists of those acts of decision-making units (families as well as individuals) directly involved in obtaining and using need-satisfying products and services, and includes the decision-making process that precedes and determines these acts” (Cronje, 1994:159).

Figure 2.3 provides an overview of the variables involved in consumer behaviour.



2.4. Individual Factors

Individual factors refer to the factors inherent in human behaviour and consist of motivation, perception, learning ability, attitude, personality and lifestyle.

2.4.1 Motivation

Motivation can be defined as "the driving force within an individual which impels action in order to attain a certain objective. This driving force is the result of an unfulfilled need. Thus it can be said that unfulfilled needs motivate behaviour" (van der Walt, Strydom, Marx & Jooste, 1996:78)

The best known and most accepted theory of classifying the diversity of needs is that of Maslow, shown in figure 2.4.

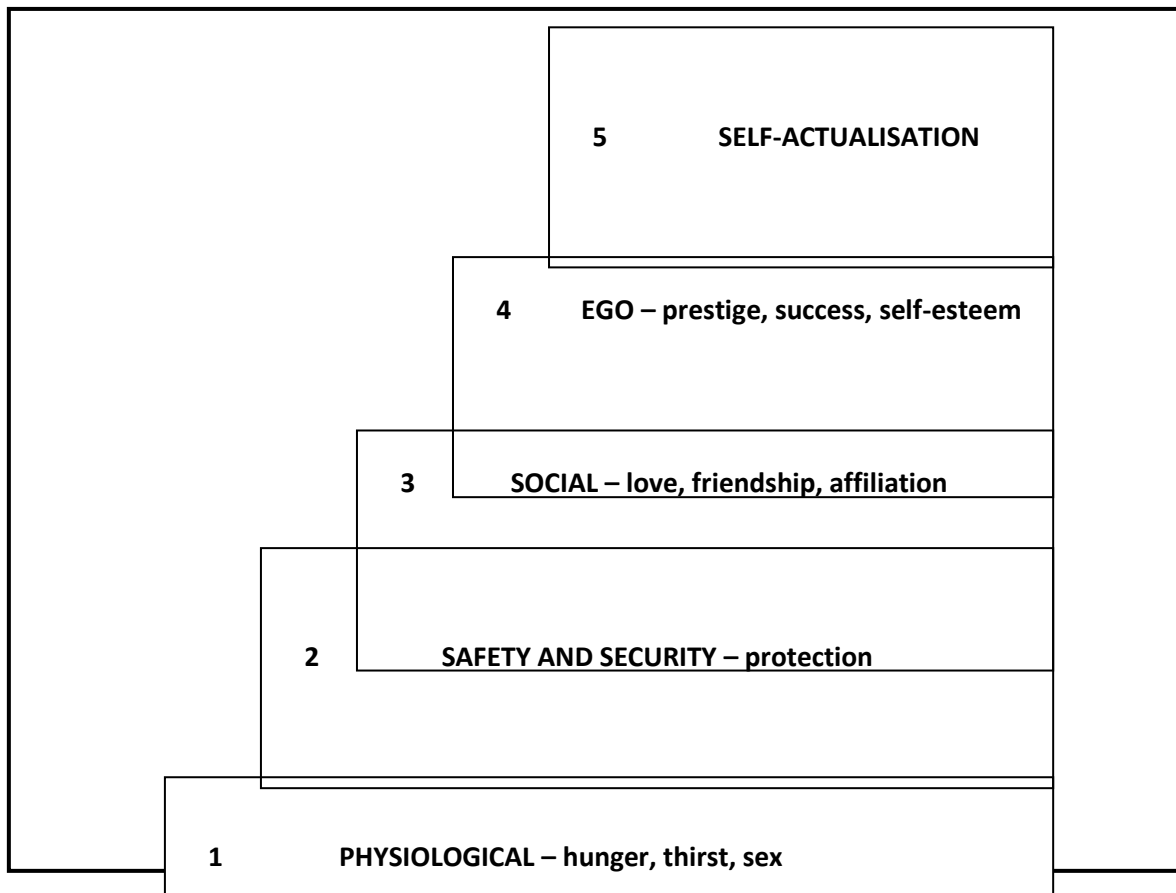


Figure 2.4 Maslow's Hierarchy of needs (adapted from Maslow, A.H. 1954. Motivation and personality. New York: Harper & Row)

Maslow classified human needs in a scheme in which the lower-level needs must first be satisfied, or partially satisfied, before the higher-level needs can fully emerge.

The lowest level needs are physiological, which help to ensure the survival of the individual. The highest level is reflected in the desire for self-actualisation. According to the theory, the individual is motivated to fulfil whichever need is most strongly felt at any given moment in time.

According to van der Walt, Strydom, Marx & Jooste (1996) the following human needs appear in the figure

- **Basic physiological need** – these are biological needs such as hunger, which impels the consumer to purchase bread and milk.
- **Safety need** – motivate the consumer to erect a security fence.

- **Social needs** – impels the consumer to purchase luxury products as symbols of status and success.
- **Self-actualisation** – the highest human need and has to do with personal development and individuality. Enrolling for art classes is an example of an attempt to express individuality.

Understanding the basic underlying needs of consumers will help to tailor the marketing strategy to best fit the right consumers.

2.4.2 Definition of Perception

“Perception can be defined as the process whereby an individual selects, organises and integrates stimuli into a meaningful and coherent overall picture” (van der Walt, Strydom, Marx & Jooste, 1996:80)

Perception entails the interpretation of a marketing message and involves hearing, seeing, feeling, tasting and smelling. These sensory stimuli cause certain sensations which can influence a consumer to purchase or not to purchase. The stimuli are picked up by the senses and relayed to the brain, where they are interpreted. The consumer reacts according to this interpretation and not always according to the objective reality.

2.4.3 Learning ability

Learning can be defined as the result of a combination of motivation, attention, experience and repetition (van der Walt, Strydom, Marx & Jooste, 1996:81)

The consumer’s ability to learn also influences behaviour. The consumer must learn which product attributes to which brand and where it can be purchased and must also be able to recognise the distinctive packaging. The consumer must remember the information supplied in the marketing message when in a position to purchase.

According to van der Walt, Strydom, Marx & Jooste (1996) the following learning principles are important when formulating marketing messages:

- Repetition is important to reinforce the message.
- A unique message is best remembered.
- A message which is easy to understand is easy to learn.
- The law of primacy states that the aspect mentioned at the beginning of the message is best remembered, but according to the law of recency the last-mentioned aspect is best remembered.
- Demonstrations facilitate the learning process.
- Promises of rewards (or threats of punishment) facilitate learning.
- Serious fear-producing messages are avoided; consumers tend to distort such messages.

2.4.4 Attitude

“Attitude can be defined as relatively inflexible tendencies to perceive and act in some consistently favourable or unfavourable manner with regard to a given object or idea” (van der Walt, Strydom, Marx & Jooste, 1996:82).

Attitudes are learned as a result of experience. A consumer develops attitudes towards products, services, stores and advertising messages (London & Della Britta, 1984:520). The marketing strategy must try to reinforce positive attitudes held by consumers, and to change neutral attitudes to positive ones.

2.4.5 Personality

Personality refers to those psychological characteristics of people which both determine and reflect their reaction to environmental influences (van der Walt, Strydom, Marx & Jooste, 1996:82).

Personality distinguishes one individual from another and one group of individuals of similar characteristics from another group.

2.4.6 Lifestyle

Lifestyle refers to the way of living of individuals or families (van der Walt, Strydom, Marx & Jooste, 1996:83).

The lifestyle concept provides descriptions of behaviour and purchasing patterns, especially the ways in which people spend their time and money. Personality, motives and attitudes also affect lifestyle.

2.4.7 Group factors

Group factors in figure 2.7 refer to the cultural background, social class and the immediate social environment in which the consumer must make purchasing decisions.

2.4.8 The family

The term “family” refers to a social entity consisting of a father, a mother and their children (van der Walt, Strydom, Marx & Jooste, 1996:85).

Of all the groups influencing consumer behaviour the individual maintains the closest contact with the family. In family interaction the child learns behaviour patterns by means of the socialisation process. Each one of the family members has a greater or lesser influence on the consumer behaviour of the family. For example, if the father in the family is the dominant personality, he will make most of the purchasing decisions.

2.4.9 Reference groups

A reference group is any person or group that serves as a point of comparison (or reference) for an individual in the formulation of either general or specific values, attitudes, or behaviour (Schiffman & Kanuk, 1983:375).

Reference groups refer to a particular group of individuals with similar beliefs, e.g. a teenager is part of a reference group which prescribes what they should and should not wear and what is unacceptable. Typical members of associated reference groups are often used as models in advertisements.

2.4.10 Opinion leaders

Opinion leadership is the process by which one person (the opinion leader) informally influences the actions or attitudes of others, who may be opinion seekers or merely opinion recipients (Schiffman & Kanuk, 1983:555).

Opinion leaders are people that others look to in recommending products and services. Research results have indicated that information does not flow from the mass media to individual consumers in the target market but is channelled through a person, the opinion leader, who interprets and evaluates the information, relaying acceptance or rejection of the message to other consumers in the target market (van der Walt, Strydom, Marx & Jooste, 1996:88).

2.4.11 Social class

Social class is defined as the division of members of a society into a hierarchy of distinct status classes, so that members of each class have relatively the same status and members of all other classes have either more or less status (Schiffman & Kanuk, 1983:555).

In every society there is a tendency to classify its members in a certain order. High-ranking individuals enjoy more esteem than those of a lesser rank. In this way social classes, which are relatively large homogenous groups of persons, all with the same values and more or less the similar lifestyles and consumption patterns, are established (van der Walt, Strydom, Marx & Jooste, 1996:84).

2.4.12 Cultural Groups

Culture comprises a complex system of values, norms and symbols which have developed in society over a period of time and in which all its members share (van der Walt, Strydom, Marx & Jooste, 1996:84).

“Culture is the sum total of learned beliefs, values and customs which serve to regulate the consumer behaviour of members of a particular society” as argued by (Schiffman & Kanuk, 1983:506). Beliefs and values are guides for consumer behaviour; customs are usual and accepted ways of behaving. Schiffman further argues that “The impact of culture on society is so natural and so ingrained that its influence on behaviour is rarely noted. Yet culture offers order, direction and guidance to members of society in all phases of human problem solving. “The continual evolution of culture gradually meets the needs of society.

2.5 Decision Making Process

The decision making process in figure 2.2 illustrates how a consumer goes about choosing how to spend money. Figure 2.5 is an expanded illustration of this process.

External Influences

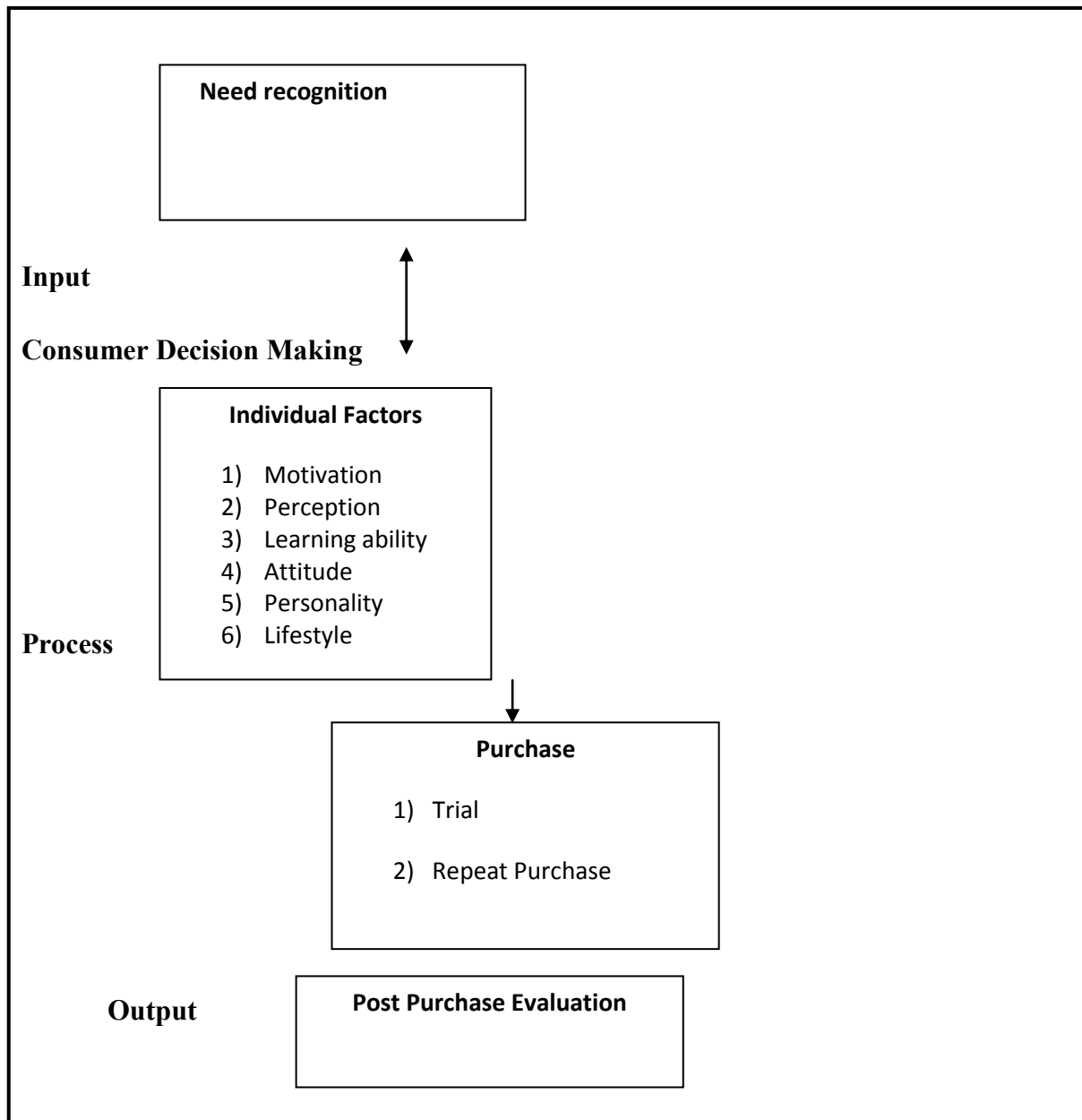


Figure 2.5: Consumer Decision Making model (adapted from Schiffman & Kanuk, 1983. Consumer Behaviour. New Jersey: Prentice-Hall)

The three major components of the model: **input**, **process** and **output**.

2.5.1 Input

Schiffman & Kanuk iterates that “The *input* component of the decision-making model draws upon external influences that serve as sources of information about a particular product and that influence a consumer’s product-related values, attitudes and behaviour. Chief among these input factors are the **marketing-mix activities** of organisations that are trying to communicate the benefits of their products to potential consumers, and **non-group factors** which, when internalized, affect the consumers purchase decisions.”

The above factors will affect what consumers purchase, how they use what they buy this will have the impact on the organisations marketing efforts and the influence it will have on family, friends and society’s existing code of behaviour.

2.5.2 Process

The *process* component of the model is concerned with how consumers make decisions. To understand this process, we must consider the influence of many of the psychological factors discussed earlier. The **individual factors** represent the internal influences that affect the consumer’s decision-making process (what they need or want, their awareness of various product choices, their information-gathering activities and their evaluation of alternatives). The act of making a consumer decision consists of three stages:

- **Need recognition.** The recognition of need is likely to occur when a consumer is faced with a problem and recognises that a solution is needed.
- **Pre-purchase search.** The pre-purchase search state begins when a consumer perceives a need that might be satisfied by the purchase and consumption of a product. A consumer is in this stage if he or she senses a need for information upon which to base a choice. The recollection of past experiences might provide the consumer with adequate information for the present choice.
- On the other hand, if the consumer has had no prior experience, he or she may have to engage in extensive search of the outside environment for useful information upon which to base a choice.

- **Evaluation of alternatives.** When evaluating potential alternatives, consumers tend to employ two types of information:
 - a) a “list” of brands from which they plan to make their selection, and
 - b) the criteria they use to evaluate the each brand.

The criteria that consumers use in evaluating the brands are usually expressed in terms of product attributes that are important to them, such as status or value for money. (Schiffman & Kanuk)

2.5.3 Output

The *output* portion of the model is concerned with two closely associated kinds of post-decision activity:

- **Purchase behaviour.** Consumers make two types of purchases, trial purchases and repeat purchases.” If a consumer purchases a product (or brand) for the first time, and buys a smaller quantity than usual, such a purchase would be considered a trial. This is more prevalent in the FMCG (fast moving consumer goods) industry and is not relevant in the case of (spell this out first)MNP, where the consumer is more likely to move directly from evaluation to a long-term commitment. “ Kotler et al 1999.
- **Post-purchase evaluation.** As consumers use a product, they evaluate its performance in light of their own expectations. “The degree of post-purchase analysis that consumers undertake is likely to depend on the importance of the product decision and experience acquired by using the product. If the product lives up to expectations, they will probably buy it again.” Kotler et al 1999 However, if the product’s performance is disappointing or does not live up to expectations, they will search for more suitable alternatives. In the case of MNP, it is important that the marketing activities not only focus on acquiring new subscribers, but also maintaining them.

The objective of both activities is to increase the consumer’s satisfaction with his or her purchase.

2.6 The four Ps of the marketing mix

The marketing mix is probably the most famous marketing term. Its elements are the basic, tactical components of a marketing plan.

Also known as the Four P's, the marketing mix elements are price, place, product, and promotion. "Marketing mix is an imperative concept in modern marketing and academically it is referred to as the set of controllable tools that the firm blends to produce the response it wants in the target market, so it consists of everything the firm can do to influence the demand for its product" (Kotler and Armstrong, 2004). Proctor 2000 argues that strategic communication is an important factor to consider within the marketing of the organisation. Proctor 2000 further argues that marketing mix provides multiple paths as such communication can be achieved either in spoken form and written communications (advertising, selling, etc.) or in more symbolic forms of communication (the image conveyed in the quality of the product, its price and the type of distribution outlet chosen). However, the key element is that the main aspects of marketing mix that will be discussed below "should not be seen as individual entities, but as a set of interrelated entities which have to be set in conjunction with one another" (Proctor, 2000: 212).

2.7 Marketing mix

Product is used to refer to the range of products or services that your company is selling or developing including the *quality*, *branding* and *reputation* of the products. In case of a service, *support* for the client after the purchase was made is also an important aspect of the first of the four Ps - product. For instance, access to a telephone helpline in case of emergency is often sold together with travel insurance.

Price refers to the amount of money the product or service *costs*.

Place means the place where your product is sold, the *location* of your *shops*, or *outlet*, or the *accessibility* of your service. It is an important consideration that your product or service should be made easily accessible.

Promotion is the last of the four Ps, and it refers to the ways you tell customers about your product or service. In the *promotional mix* is found a blend of *promotional tools* - for instance, TV *advertising*, hanging banners, wall-mounted literature holders, tent cards etc. - used to communicate to potential customers about your product or service.

Promotion also includes free-to-enter competitions for customers, prize draws, money-off coupons, e-coupons, special offers (BOGOF: buy one get one free), gifts, seasonal and in-store promotions etc. - anything that makes the product more popular.

Talk about an additional four Ps of the marketing mix is becoming more and more widespread among marketing specialists.

People refer to how you differentiate your *staff* from that of your competitors'. Also it refers to how your *clients* differ from those of your competitors'.

Process is the building and delivery process of your product or service. When marketers consider process, they think about how the product or service is *sold* to, *delivered* to and *accessed* by the customer.

Presence is the *look and feel of your shop* and website.

Physical evidence refers to the *tangible representations* of your service. These could include tickets, brochures etc. - anything that your clients can touch and feel.

2.8 Four Cs, As and Os in the marketing mix

The four Cs, As and Os are simply another way of looking at the four Ps. When combining them in the marketing mix, you get a fuller picture of what you want the product or service to do and how it should be achieved.

Table 2.1 The 4 Cs, As, Os, and Ps Source : Kotler 2004

Customer-Needs	→	Acceptability	→	Objects	→	Product
Cost-to-Customer	→	Affordability	→	Objectives	→	Price
Convenience	→	Accessibility	→	Organization	→	Place
Communication	→	Awareness	→	Operations	→	Promotion

It is prudent that organisations look at the above table and identify customers in the various segments and determine where they fit in. As tabulated the four Ps of the marketing mix requires that customers have accessibility, affordability, convenience and price.

This simply means that the customer is attended to at the right place, at the right time, and with the right price.

2.9 Products and services offered by a bank.

The primary operations of banks include:

- Withdrawals when needed and the safe keeping of money.
- Payments that can be concluded either by electronic medium or by issuing cheques.
- The granting of loans such as personal loans, mortgage loans, business loans.
- Transactional billing and the issuing of credit cards.
- Debit cards as a substitute product.
- Automatic Teller Machines (ATMs) for convenience banking.
- Electronic functionality for interbank and internet transfers. Debit orders and direct debits
- Providing overdraft agreements for the temporary advancement of the Bank's own money to meet monthly spending commitments of a customer in their current account.
- Guaranteeing a cheque for third party payments.

2.9.1 Bank services

- Private banking—High net worth individuals being serviced by appropriately skilled individuals. Qualification of such individuals need to meet a certain qualifying criteria, these individuals being given the appropriate advice on tax planning personal services and wealth management services.^[3]
- Capital market bank –the primary aim is to structure equity finance and assist in advisory services in underwriting and advisory fees.
- "merchant card providers “supporting companies who provide credit or accept credit cards for payments by installing card machines.

2.9.2 Foreign exchange services

Foreign exchange services are provided by many banks around the world. Foreign exchange services include:

- One foreign currency banknotes Where clients can purchase and sell foreign.
- Wire transfer - where clients can send funds to international banks abroad.
- Foreign Currency Banking - banking transactions are done in foreign currency.

2.9.3 Investment services

The area of investments and investment management has been the core of banking business in the globe. The funds under management is crucial, in that cross-border trade and foreign trade is usually done by securities and collective investments.

- collective investment funds and investment management. .
- Assets under custody in the world are approximately \$100 trillion these are made up of securities trade and associated portfolios.

2.9.4 Insurance

- Insurance brokerage –This is to facilitate the purchasing of insurance related products and make practical recommendations to the customer.
- Insurance underwriting –The following activities is included in this category health insurance, property, life insurance, annuities and commercial and personal lines.

2.9.5 Other financial services

- Intermediation or advisory services –“These services involve stock brokers (private client services) and discount brokers. Stock brokers assist investors in buying or selling shares. Primarily internet-based companies are often referred to as discount brokerages, although many now have branch offices to assist clients.”

- Nedbank internal journal 2011. These brokerages primarily target individual investors. Full service and private client firms primarily assist and execute trades for clients with large amounts of capital to invest, such as large companies, wealthy individuals, and investment management funds.
- Private equity –“Private equity funds are typically closed-end funds, which usually take controlling equity stakes in businesses that are either private, or taken private once acquired. Private equity funds often use leveraged buyouts (LBOs) to acquire the firms in which they invest.” BOE internal communication 2011. The most successful private equity funds can generate returns significantly higher than provided by the equity markets
- Venture capital“is a type of private equity capital typically provided by professional, outside investors to new, high-potential-growth companies in the interest of taking the company to an IPO or trade sale of the business.”Nedbank internal journal 2011.
- Angel investment - An angel investor or angel (known as a business angel or informal investor in Europe), is an affluent individual who provides capital for a business start-up, usually in exchange for convertible debt or ownership equity. A small but increasing number of angel investors organize themselves into angel groups or angel networks to share research and pool their investment capital.
- Conglomerates“A financial services conglomerate is a financial services firm that is active in more than one sector of the financial services market e.g. life insurance, general insurance, health insurance, asset management, retail banking, wholesale banking, investment banking, etc.”Nedbank 2011 A key rationale for the existence of such businesses is the existence of diversification benefits that are present when different types of businesses are aggregated i.e. bad things don't always happen at the same time. As a consequence, economic capital for a conglomerate is usually substantially less than economic capital is for the sum of its parts.
- **Debt resolution**“ is a consumer service that assists individuals that have too much debt to pay off as requested, but do not want to file bankruptcy and wish to pay off their debts owed. This debt can be accrued in various ways including but not limited to personal loans, credit cards or in some cases merchant accounts. There are many services/companies that can assist with this.” (Consumer Protection Act of 2010) . These can include debt consolidation, debt settlement and refinancing.

2.10 Customer Relationship Management (CRM)

Businesses of all industries, as well as banks, show a movement towards a stronger customer orientation, rather than a product orientation. “This customer orientation can be brought about by developing and implementing CRM systems”. (Lancaster & Reynolds, 2005; Dalton, 2003).

“CRM is an advancement of relationship marketing, now involving overall marketing concepts, total quality management, internal marketing, customer care, and relationship marketing” (Lancaster & Reynolds, 2005).

CRM concepts have to be realized within an organization in order for it to be successful with its external customers (Lancaster & Reynolds, 2005). Further, the main focus of CRM is the employees, who eventually achieve relationships with customers, turning a CRM program into success. Foss and Stone (2002) also state “that a successful CRM program is only possible when attention is equally divided between customers and employees.” Internal marketing and relationship marketing are identified by Lancaster and Reynolds (2005) “to be able to achieve a better internal and external business environment, making them a matter of differentiation. In order to successfully implement a CRM concept, the use of sophisticated CRM computer technology is inevitable.” Such software can be used to gather data from separate systems or units and provide an overall picture of customers and their relationship with the organization (Lancaster & Reynolds, 2005).

2.11 Overall marketing concept in banks

The term 'marketing' has different meanings, depending on the context and by whom it is used. “The focus of the marketing viewpoint is towards the customer and can be profit as well as non-profit orientated”(Lancaster & Reynolds, 2005).

This remoteness of marketing departments from financial settings was criticised by Foss and Stone (2002) .Marketing departments cannot only get feedback from marketing campaigns and market research, they need to stay close to financial and other related departments within organisation.

Kotler 2005 argues that internal marketing within the organisation is aimed at employees . According to Kotler *et al.* (2005) “internal marketing can be defined as a heavy investment in employee quality performance.” Lancaster and Reynolds (2005) define internal marketing as a process where the “principles of marketing are applied within the company in order to become customer focused to the greatest possible extent.”Lancaster & Reynolds argue that “Efficient trained and motivated customer-facing employees and service people perform at a superior level. The main goal is to achieve team-work in order to create customer satisfaction”. If a firm wants to deliver constantly high service quality, it has to encourage it. In fact, “internal marketing has to precede external marketing, in order to ensure employee alignment when promoting e.g. excellent service” (Kotler *et al.*, 2005). It has to be ensured that the staff actually understands the offered products (Foss & Stone, 2002). Lancaster and Reynolds (2005) argue that “internal marketing is widely used by all kinds of companies to achieve a customer oriented culture to a large extent, making internal marketing a part of equal importance to external marketing.”

In order to apply relationship marketing programs, “social marketing activities or environmental policies the employees need to have the according spirit, dedication and knowledge” posits (Lancaster & Reynolds, 2005). Recent trends show that creating the culture and attitude needed for external marketing, is being carried out via internal marketing beforehand (Lancaster & Reynolds, 2005). “Umpqua Bank uses its external marketing also for internal purposes by presenting the desired spirit to employees alike” (Anonymous, 2005).

2.12 Total quality management

Kotler (2003) “defines Total Quality Management (TQM) as an organizational approach which aims to continuously improve the quality of all processes in an organization, products and services.”

According to the American Society for Quality Control, quality is, “the totality of features and characteristics of a product or service that bear on its ability to satisfy stated or implied needs” (Kotler, 2003, p. 84). Total quality is the key to value creation and customer satisfaction, and it involves every member of the organization.

2.13 Relationship marketing

An approach to identify individual customers, is “to create a relationship between the company and its customers that lasts over many transactions; and to manage that relationship to the benefit of the customers and the company” (Kotler et al., 2005). Relationship marketing is especially suitable for businesses offering products or services with a long time horizon and high switching costs (Kotler et al., 2005). Yadin (2002) describes relationship marketing “as a management process engaging in a triangular relationship between marketing, quality and customer service.” These three elements are interrelated and serve each other.

“Relationship marketing focuses especially on the retention of customers, establishing a long-term orientation focusing on customer service” as stated by (Yadin, 2002). Such long-term relationships are created by meeting or exceeding the expectations of customers in terms of service, quality, price and delivery (Hatch & Shell, 2002 in Lancaster & Reynolds, 2005). Peppard (2000) names “relationship marketing to create customer satisfaction which leads to the retention of clients.” Customers can inform banks of two way communication this could be derived from feedback by way of compliments, complaints or service calls by independent companies to gain insight on their interaction with the bank. In order to achieve beneficial relationships, customers must not have to deal with organizational complexity. By offering identical service levels throughout all distribution channels, the organization ensures that the customer has not to deal with this complexity (Peppard, 2000). Resulting, the respective bank is not only able to retain this customer, but also gather data which can then be used to manage the customer more efficiently (Peppard, 2000). Kotler et al. (2005) “propose five levels of possible business to customer relationships, the highest being the ‘partnership “. At this level, the company works with its customers on a regular basis in order to discover ways to increase performance.

2.14 Customer care

Employee empowerment, as stated by Kotler (2003), “includes the transfer of authority, responsibility and the provision of incentives to detect, care about and deal with customer needs.” As stated before, established two-way communication enables the bank to improve by listening to customers (Peppard, 2000). Hansemark and Albinsson (2004) claim that employees in positions dealing with customer complaints have to be well trained in order to be able to handle and act upon service problems. Kotler (2003) adds that leading service companies use front line employees with measures such as training to gain competitive advantage, by enabling workers to deal with problems or complaints immediately and effectively.

“Customer complaints have to be seen as an inexpensive way for market research that stresses areas in need of improvement” as stated by (McCole, 2004).Kotler, 2003 further argues “Tackling evolving service problems in the right manner prevents losing customers, and may even strengthen the relationship between the organization and its clients”. In detecting service problems, only five per cent of customers complain to the company, most just switch the provider. In order to prevent this loss of customers, Kotler (2003) proposes “a complaint management system. Encouraging customers to complain, by using different channels, as e.g. face to face contact, e-mail, call centre service, fax or traditional mail, empowers the organization also to learn about weaknesses and provides an opportunity for improvement. To provide additional service to clients, Umpqua Bank created the 'tenminute switch kit', which allows prospective customers to change to Umpqua in ten minutes, right in the bank with employee assistance (Anonymous, 2005).

2.15 The South African banking sector

Overview

The South African financial services industry is complex and multi-faceted, making it very difficult to categorise.

Firstly, there is a large array of products and services, with new ones being added almost daily.

Secondly, changes in the external environment are leading to continuous and unpredictable change in the structure of the industry:

Changes in industry regulations have meant that the barriers between banks, life offices, unit trust companies and stockbrokers are being broken down, and many of these organisations are exploring entering new areas of business.

Technology is enabling innovative players to deliver their products and services in new ways.

“Global organizations are entering Africa via the South African market, with competition coming mainly in the form of mergers, take-overs and the purchase of shareholdings in local companies. International banks were among the first of the multinationals to arrive after the 1994 general election, lured by deregulation of the JSE and the imminence of exchange control relaxation. There are now more than 70 in the local market. While many entered through stock broking, they quickly diversified into corporate finance and advisory services.” Banking journal 2011

A change which will further change the profile of the industry is the relaxation of foreign exchange controls, which will complete the transition to a world where the borders between players and their traditional turfs have disappeared, and the competitive winds are keenly felt in the quest to deliver the best returns on capital.

“The financial services industry in South Africa comprises a wide and complex range of activities, including banking, insurance, investment services, managed funds (unit trusts) and other financial services. This categorisation has been adopted for convenience sake - it is by no means definitive, and there is an overlap of activities”Nedbank in-house magazine 2011.

- Banking
- Insurance
- Short Term Insurance

The changing environment specifically the about sectors is moving at a fast pace, banking, assurance and insurance are leveraging off each other to market their products as bundled packages or by way of service level agreements. This concept is commonly known as Assure-banking or Banc-assurance.

The researcher merely mentions the under-mentioned as this sector within the financial services industry, is specialised and requires different competencies to manage and market.

- Group/Employee Benefits (Pension Funds, Provident Funds, Funeral Schemes, Group Life & Disability Benefits)
- Life Assurance
- Health Care Insurance (Medical Aids, Self-Insurance Programmes, Health Insurance)
- Investment Services
- Managed Funds (Unit Trusts)
- Other Financial Services includes services such as
- Accounting
- Business Broking
- Property Services
- Emigration Advice
- Estate Planning
- Investment Planning
- Legal Advice
- Retirement Planning
- Stock broking
- Tax Consulting

Operating side by side with this network of financial services are a number of financial markets with their associated financial instruments and facilitating bodies. The most important of these in South Africa are:· The money market· The capital market (including shares which are traded on the Johannesburg Stock Exchange). The foreign exchange market. The options and futures markets, in which SAFEX plays a prominent role. The main regulatory authorities currently associated with the financial services industry are the South African Reserve Bank and the Financial Services Board, which work closely with a variety of advisory committees and the Office of the Registrar of Companies of the Department of Trade and Industry to fulfil their regulatory and supervisory duties via the Policy Board for Financial Services and Regulation to the Minister of Finance.

This somewhat cumbersome arrangement is likely to change in order to achieve the necessary responsiveness to deal with the changing industry structure, to improve investor protection and to harmonise South Africa's financial regulation with that of other countries.

2.16 Banking products offered by the big five banks in South Africa



Segment	Nedbank	ABSA	STD Bank	FNB	Capitec	African Ban
FOUNDATION	<ul style="list-style-type: none"> •Pre-paid •Mpesa •Mzansi 	<ul style="list-style-type: none"> •Mzansi •Pre-paid 	<ul style="list-style-type: none"> •Mzansi 	<ul style="list-style-type: none"> •Mzansi 		
TRADITIONAL	<ul style="list-style-type: none"> •Transactor Plus •Savings Deposit •Nedbank CA •Everyday •SAVVY 	<ul style="list-style-type: none"> •ABSA Current Acc PAYU 	<ul style="list-style-type: none"> •Classic Transaction PAYU •Classic Current Account 	<ul style="list-style-type: none"> •Smart Transactional Savings •Smart Cheque Account 	<ul style="list-style-type: none"> • Global One: Transactional / Savings / Credit card 	<ul style="list-style-type: none"> • Credit Card – Blue or Gold: used as transactional
EMERGING	<ul style="list-style-type: none"> •Transactor Plus •Savings Deposit •Nedbank CA •Everyday •SAVVY 	<ul style="list-style-type: none"> •ABSA Current Acc PAYU •ABSA Silver CA PAYU 	<ul style="list-style-type: none"> •Classic Transaction PAYU •Classic Current Account •Achiever Plus 	<ul style="list-style-type: none"> •Smart Transactional Savings •Smart Cheque Acc •FNB Silver CA 	<ul style="list-style-type: none"> • Global One: Transactional / Savings / Credit card 	<ul style="list-style-type: none"> • Credit Card – Blue or Gold: used as transactional
STUDENTS	<ul style="list-style-type: none"> •Dezign Student •Dezign Save •Student Loans •Dezign Credit Card 	<ul style="list-style-type: none"> •Student Silver CA •Student Credit Card •Student Loan *1pc package at R62pm 	<ul style="list-style-type: none"> •Student Achiever Banking •Student Loan 	<ul style="list-style-type: none"> •Life Start Student Portfolio CA •Student Loan 		
EARLY STARTERS	<ul style="list-style-type: none"> •Dezign Banking CA •Transactor Plus •SAVVY •Everyday •Nedbank CA 	<ul style="list-style-type: none"> •ABSA Current Account PAYU 	<ul style="list-style-type: none"> •Classic Current Account •Achiever: Go; Plus; PAYU 	<ul style="list-style-type: none"> •Smart Transactional Savings •Smart Cheque Account 	<ul style="list-style-type: none"> • Global One: Transactional / Savings / Credit card 	<ul style="list-style-type: none"> • Credit Card – Blue or Gold: used as transactional
UPWARDLY MOBILE	<ul style="list-style-type: none"> •Dezign Banking CA •SAVVY •Everyday •Nedbank CA 	<ul style="list-style-type: none"> •Gold Graduate •Gold Professional 	<ul style="list-style-type: none"> •Classic Current acc •Achiever CA •Elite CA •Prestige CA 	<ul style="list-style-type: none"> •Graduate Portfolio •Current account •Student loan 		
SINGLES AND FAMILIES	<ul style="list-style-type: none"> •Nedbank CA •SAVVY •Everyday •N5000 – PAYU 	<ul style="list-style-type: none"> •Silver Current Acc •Gold Current Acc •Platinum Current Acc 	<ul style="list-style-type: none"> •Achiever: GO; PLUS •Elite Current Account •Prestige current account (Titanium) 	<ul style="list-style-type: none"> •Silver Current Acc •GOLD Current Acc •FNB Platinum Current Acc 		



MAKE THINGS HAPPEN

NEDBANK

RETAIL

A Member of the @OLD MUTUAL Group

Source Nedbank Internal marketing analysis document Feb.2011.

2.17 Summary

This chapter has given the researcher a high level view of the theory regarding cross-selling, various models and literature was used to highlight and investigate this topic. The South African Banking Sector analysis was done to give the reader the view a holistic picture of the financial services industry in South Africa. The next chapter will introduce research methods and the methodology that will be used for this study.

CHAPTER THREE

Research methodology

3.1 Introduction

This chapter seeks to discuss theoretical research methodology issues, that is, the quantitative paradigm and the influence on research methodology with specific reference to this study. It also touches very briefly on the history of research and against this backdrop, the choices made are justified. This explains and justifies the choice of techniques employed for gathering data. In this case and, in particular, in order to put into perspective the methodological approaches, the researcher regards the outline and reflection on the process of development of the study, especially with reference to methods, as very important and worthy of mention.

Table 3.1 represents the research process that will be followed as suggested by Gilbert and Churchill, (1996:54).

Table 3.1: The Research Process

Step 1.	Formulate the Problem
Step 2	Determine the research design
Step 3	Develop the data collection method
Step 4	Design data collection approach
Step 5	Design the sample and collect data
Step 6	Analyse and interpret the data
Step 7	Prepare the research report

Source: Gilbert and Churchill (1996:54)

3.2 The theory of research

The term research has been used in so many contexts and with such a variety of meanings that it is difficult to sort it all out. True research is a quest driven by a specific question which needs an answer. According to Webster (1985), to research is to search or investigate exhaustively. It is a careful or diligent search, studious inquiry or examination especially into investigation or experimentation aimed at the discovery and interpretation of facts, revision of accepted theories or laws in the light of new facts or practical application of such new or revised theories or laws, it can also be the collection of information about a particular subject. (Internet 3.1)

Saunders (2003:3) defines “research as something that people undertake in order to find things in a systematic way, thereby increasing their knowledge. Two phrases are important in this definition: ‘systematic research’ and ‘to find out things’”. ‘Systematic’ suggest that research is based on logical relationships and not just beliefs to find things out suggests a multiplicity of possible purposes for research. Ghauri and Gronhaug(2003:3) expand further that research is a process of planning, executing and investigating in order to find answers to our specific questions. In order understand and believe in our interpretation and get reliable answers the researcher needs to do the research in a systematic manner.

In Saunders (2003:26) theory is defined by Gill& Johnson (1997:178), as “*“a formulation regarding the cause and effect relationship between two or more variables”*” which may or may not have been tested. There is probably no word that is more misused and misunderstood than the word theory. Specifically, Kerlinger (updated 2000 defined theory as being “a set of interrelated constructs, definitions, and propositions that present a systematic view of phenomena by specifying relations among the variables, with the purpose of explaining and predicting the phenomena”.

Although theory can be derived in a number of ways, it can only be tested quantitatively.

The reason for this is that theory is expressed in a system of propositions specifying how sets of constructs (variables) are related and the conditions under which they are related. Thus to test a theory, its constructs (even imperfectly) in a sample must be measurable whether the constructs are related (or differ) in the manner prescribed by the theory by ruling out change and other assumed causes pg9) QMIOB

3.3 Research Philosophy

A research philosophy is a “belief about the way in which data about a phenomenon should be gathered, analysed and used. The term epistemology (what is known to be true) as opposed to doxology (what is believed to be true) encompasses the Various philosophies of research approach. Two major research philosophies have been identified in the Western tradition of science, namely positivist (sometimes called scientific) and interpretivist (also known as antipositivist)” (Galliers, 1991).

3.4 Qualitative research methods

A study based upon a qualitative process of inquiry has the goal of understanding a social or human problem from multiple perspectives. Qualitative research is conducted in a natural setting and involves a process of building a complex and holistic picture of the phenomenon of interest. (QMIOB: 42)

Phenomenological inquiry, or qualitative research, uses a naturalistic approach that seeks to understand phenomena in context-specific settings. (Internet 3.2)More info needed

Where quantitative researchers seek causal determination, prediction, and generalization of findings, qualitative research seeks illumination, understanding, and extrapolation to similar situations. Qualitative analysis results in a different type of knowledge than does quantitative inquiry. However, it is not necessary to pit these two paradigms against one another in a competing stance. Patton ([1990](#)) advocates a "paradigm of choices" that seeks "*methodological appropriateness*" as the primary criterion for judging methodological quality." (internet) Non-scientific approach is often the main criticisms levelled against qualitative research. This view is normally espoused by those who use quantitative research. .

3.5 Quantitative research methods

Logical positivism, or quantitative research, uses experimental methods and quantitative measures to test hypothetical generalizations. (Internet) . Many people think of scientific inquiry strictly in terms of laboratory experimentation. However, it is neither possible nor desirable to study all phenomena of interest under controlled laboratory conditions. (internet)“Quantitative research is an inquiry into an identified problem, based on testing a theory, measure with numbers, and analysed using statistical techniques.

The goal of quantitative methods is to determine whether the predictive generalization of a theory hold true.” QMIOB pg 41. Qualitative research often involves a subjective element whereas quantitative research is objective. The researcher can remain detached and objective in analysing and interpreting quantitative data.

Quantitative research if conducted in a rigorous manner can have a great deal of power and influence. It has been the dominant kind of research for many years. It features a high level of reliability and can be used to gather large amounts of information into understandable forms. (internet)

Table 3.2 The distinction between quantitative and qualitative data

Quantitative data	Qualitative data
Based on meanings derived from numbers	Based on meanings expressed through words.
Collection results in numerical and standardized data	Collection results in non-standardized data requiring classification into categories.
Analysis conducted through the use of diagrams and statistics	Analysis conducted through the use of conceptualisation

3.6 The method chosen for this study

Galliers 1993 argues that the “distinction between quantitative and qualitative research is important to be able to identify and understand the research approach underlying any given study because the selection of a research approach influences the questions asked, the methods chosen, the statistical analyses used, the inferences made, and the ultimate goal of the research”.

The importance of the study should dictate what type of research methodology is employed. For the purpose of this study, and considering all critical aspects of it, it has been decided that this study will be conducted by means of the deductive, quantitative method using the survey technique, since the many positive features mentioned enable it to be seen as the best option.

3.7 The Research strategy

Empirical research is conducted to answer or enlighten research questions. Strategic choice of research design should come up with an approach that allows for answering the research problem in the best possible way and within the given constraints. Consequently the research design should be effective in producing the wanted information within the constraints put on the researcher. The choice of research design can be conceived as the overall strategy to the information wanted. As mentioned by GG Kornhause and Lazarsfeld, (1995), research designs play the role of master techniques while the statistical analysis of the data collected was termed servant techniques (2003:47).

3.8 Survey research

Survey strategy is a popular and commonly used deductive approach used in business research. It is popular since it is a highly economical manner of collecting large amounts of data. By using the survey strategy, the researcher has more control over the research process. (Saunders 2003:92) Surveys include cross-sectional and longitudinal studies using questionnaires or interviews for data collection with the intent of estimating the characteristics of a large population of interest based on a smaller sample from that population. (QMIOB: 43)

Survey research is used to determine the characteristics of a population so that inferences about the population can be made. (QMIOB:26). Today the word "survey" is used most often to describe a method of gathering information from a sample of individuals. This sample is usually a fraction of the population being studied. According to Peil (1995:56) survey methods are a useful source of information on population distribution, attitudes and behaviour. Questions can be asked personally in an interview or impersonally through a questionnaire. In this study, after much thought and consideration, a questionnaire was used as the preferred research tool. This was done due to the large population of the study and the dispersed location of the respondents. If well used, surveys can provide reliable, valid, and theoretically meaningful information.

3.8.1 Definition of population and sample

Before deciding how large a sample should be the most logical starting point will be to define the population of the study. However, it is not always possible to study the entire population so a study of a subset or sample of the population is used where results and findings are inferred to the entire population.

There is a wide range of possible options to consider when sampling. The purpose of the study needs to be in mind and the various strengths and weaknesses as well as the practicality of different sampling methods need to be weighed. Sampling involves selecting individual units to measure from a larger population. The population refers to the set of individual units which the research question seeks to find out about. A sample is representative when it allows the results of the sample to be generalized to the population. The two main types of sampling depends on whether or not the selection involves randomization

3.8.2 Sampling Methods

Sampling methods can be classified into those that yield probability samples and non-probability samples. Probably the best known form of probability sample is the random sample. In a random sample each person in the entire population has an equal probability of being chosen for the sample and every collection of persons has the same chance of becoming the actual sample. Peil (1995:28-29) mentions that the basis of all probability samples is the simple random sample in which each individual has an equal, non-zero, chance of being included and all possible combination could occur. A random sample may be chosen in a number of ways, depending on the size of the population. Simple random sampling is usually considered adequate if the chances or selection are equal to at any given stage of the sampling process.

3.8.3 Questionnaire

Questionnaire-based surveys are one of the most commonly used tools by market researchers to establish consumer preferences. Poor questionnaires can be misleading and most likely yield meaningless data, so an awareness of the techniques of questionnaire design is essential.

In addition a sound awareness of the principles of questionnaire design is necessary in order to look more critically at other research and to begin to question the methods and tools of analysis that were used. (Internet)

3.8.3.1 The Questionnaire Design

According to Smith, Thorpe and Lowe, (1991), the main decisions to be made in questionnaire design relate to the type of questions to be included and the overall format of the questionnaire.

Malhotra K, (1993:319), states “The greatest weakness of questionnaire design is lack of theory. Because there is no scientific principles that guarantee an optimal or ideal questionnaire, questionnaire design is a skill acquired through experience.”

In an effort to improve the validity of the questionnaire, all questions are clearly worded, using familiar terms. The use of ranking questions was also used. Saunders, Lewis and Thornhill, (2003:295), state that a ranking question asks the respondent to place things in rank order, in order to discover their relative importance to the respondent. A Likert scale will be used to determine the respondent’s perceptions about certain statements. According to Saunders, Lewis and Thornhill, (2003:296). “a Likert scale refers to a scaling technique, where a large number of items, which are statements of beliefs, are revealed.”

A short covering letter explaining the purpose of the research and how and why the respondents were selected is provided. Brief instruction on how to complete the questionnaire is included.

As with any research involving the use of human subjects, the questionnaire was presented to the University Research Ethics Review Committee for approval.

3.9 Data analysis

The sixth step of the research process discussed in the introduction of this chapter is data analysis. The transformation of the collected data into meaningful results is the essence of data analysis, according to Malhotra, (1993:95).

According to him, descriptive analysis is, “a type of conclusive research which has as its major objective the description of something – usually market characteristics or functions.” He further suggests that descriptive research assumes that the researcher has some prior knowledge about the problem situation. .

3.9.1.Editing and coding

Malhotra, (1993:455), describes editing as a review of the questionnaires with the objective of increasing accuracy and precision. According to him, it consists of screening questionnaires to identify illegible, incomplete, inconsistent and ambiguous responses. In the event that a respondent has provided two answers to a particular closed question, the answer will be ignored. Depending on the importance of the question, the entire question may be ignored or the researcher will assign missing values to unsatisfactory responses. After editing, the questionnaires will then be coded.

Coding refers to assigning a code, usually a number, to each possible response to each question. (Malhotra:1993:456). As an example, the sex of the respondents will be coded as 1 for females and 2 for males. All codes in respect of structured questions will be assigned before the field work is conducted. Codes will only be assigned to unstructured or open ended questions after the questionnaires have been returned. The answers to the open ended questions will be coded according to the type of response given. All similar types of answers will be coded in one category.

3.9.2 Descriptive data analysis technique

The responses from the coded questionnaires were captured using the SPSS software from The University of Kwa-Zulu Natal. .

Basic data analysis, according to Malhotra, (1993:509), provides valuable insights and guides the rest of the data analysis as well as the interpretation of the results. Saunders, Lewis and Thornhill (2003:339) reveal that the simplest way of summarizing data for individual variables so that specific values can be read is to use a table (frequency distribution). According to Malhotra, (1993:481), “ a frequency distribution is a mathematical distribution whose objective is to obtain a count of the number of responses associated with different values of one variable and to express these counts in percentages”.

A frequency distribution was obtained for each variable in the data. This analysis will produce a table of frequency counts, percentages and cumulative percentages for all values associated with each variable.

The descriptive analysis discussion will also be supported by graphs. Saunders, Lewis and Thornhill (2003:343), recommend the use of pie charts. According to them, “it is the most frequently used diagram to emphasise the proportion or share of occurrences.” Pie charts will be therefore be used in the analysis discussions.

Individual responses to the questions in the questionnaire will not provide sufficient information for conclusions to be drawn. The cross tabulations, which will be done, will assist with the drawing of conclusions, but more simplified measures will be used to make the final analysis and conclusions. The simplified measures, which will be used, entail the following:

- The Median - Lind, Marchal and Wathen (2005:62), defines the median as the midpoint of the values after they have been ordered from the smallest to the largest or from the largest to the smallest. They further state that the median is unique in that there is only one median for a set of data.
- The Mean - Lind, Marchal and Wathen (2005:58), state that the sample mean is equal to the sum of the values in the sample divided by the number of values in the sample. The mean will be calculated to determine the average value of a variable.
- The Mode – is defined by Lind, Marchal and Wathen (2005:63) as the value of the observation that appears most frequently in the sample.

The use of the mean, mode and medium of the frequency distribution will be used to measure the central tendency of the results.

Further analyses will be done to determine the relationship among the variables. The analyses will be done with the following measurement.

- Standard Deviation – The calculations, which will be used to determine the variation, is called the standard deviation. Tull and Hawkins (1993:616), state that the standard deviation measures how “spread out” the data is. It follows therefore that the smaller the deviation, the more the observations will cluster around the mean and thus little variability will exist among the responses.

- The correlation coefficient – The correlation coefficient will be used to determine the relationship between two variables, which were stated in the questionnaire.

3.10 Summary

This chapter described the research methodology that will be used and defines the problem statement and outlines both the primary and secondary objectives of this study. While the research to be conducted is viewed as exploratory in nature, it is anticipated that the subsequent data and results will provide insight into the research problem. The purpose of the methodology description in this chapter was to construct a blueprint, which will direct the empirical part of the research to be conducted.

It was determined that the data collection will be through the use of questionnaires. Various measurement scales will be applied in the questionnaire to collect the data. Both open and closed questions will be used in the questionnaire in an attempt to extract value from the information received from the respondents.

- The study will make use of descriptive statistics and frequency distributions. Frequency distributions will, therefore, be the main technique used to analyse the data collected. A frequency distribution will be obtained for each variable in the data. This analysis will produce a table of frequency counts, percentages, and cumulative percentages for all the values associated with that variable. The mean, mode, and median of a frequency distribution will be the measures of central tendency. Spearman's correlation coefficient will be used in this study.

CHAPTER FOUR

Presentation of results

4.1 Introduction

In this chapter, the data obtained from the survey questionnaire is analysed. The statistical methods mentioned in the previous chapter were applied to the data collected. After accurate coding, the interpretation of results obtained from the commonly used computerized and international standard quantitative statistical software SPSS (Statistical Program for Social Research) is presented.

4.2 Statistical methodology

SPSS version 15.0 (SPSS Inc., Chicago, Illinois, USA) was used to analyze the data. A p value <0.05 was considered as statistically significant.

It was assumed that the questions followed a 5-point scale, hence 'Not Yet' was scored as 3, 'Agree' as 4 and 'Strongly Agree' as 5. There no Strongly disagree or Disagree answers.

The following dimensions were computed by averaging the scores of the questions relating to each dimension.

Value avg Q1-Q5

Actioning avg Q6-Q10

Customer Knowledge avg Q11-Q15

Actioning avg Q17-Q20

Customer Information avg Q21-Q25

4.3 Descriptive statistics

Descriptive statistics in the form of frequency and percentage were computed for the variables.

Mean and Std deviation were computed for the dimensions.

Reliability

Cronbach's alpha was computed to determine reliability of the set of data for each dimension

4.4 Test for Normality

The results of the One-Sample Kolmogorov-Smirnov Test reflect that the data does not follow a normal distribution ($p < 0.05$) for Value & Actioning avg Q17-Q20.

	N	Kolmogorov-Smirnov Z	p
Value avg Q1-Q5	65	1.751	.004
Actioning avg Q6-Q10	65	1.094	.183
Customer Knowledge avg Q11-Q15	65	1.111	.170
Actioning avg Q17-Q20	65	1.743	.005
Customer Information avg Q21-Q25	65	.945	.334

Kruskal-Wallis Analysis of variance (Anova) Anova

Anova was computed to determine differences in means between areas.

One-sample chi-square

One-sample chi-square was computed for each question.

Table 4.1 : Frequency distribution of demographical variables

		n	%
Age	Between 20-30	3	4.6%
	Between 31-40	23	35.4%
	Between 41-50	28	43.1%
	Between 51-60	11	16.9%
Position in Area Manager Company	Branch Manager	9	13.8%
	Branch Manager	43	66.2%
	General Manager	1	1.5%
	Other	12	18.5%
How many years have you worked at this company	0-5 years	5	7.7%
	6-10 years	13	20.0%
	11-15 years	14	21.5%
	16-20 years	10	15.4%
	21-25 years	11	16.9%
	More than 25	12	18.5%

Area	years		
Durban Arterial	6	9.2%	
Durban CBD	11	16.9%	
Durban North	10	15.4%	
Durban South	7	10.8%	
Greater South Coast	5	7.7%	
North Central	4	6.2%	
North Coast	5	7.7%	
Pinetown	7	10.8%	
PMB	10	15.4%	

The responses in Table 1 reflect the distribution of the sample according to the demographic characters. Of the 65 respondents, a large proportion were between 31-40 and 41-50 years. A total of 66% were Branch Managers and at least 70% had been working for the company at least 10 years.

Table 4.2: Comparisons of responses to each question using one-sample chi-square

	Not Yet		Agree		Strongly Agree		Chi-square	P	
	n	%	n	%	n	%			
Value (Org... Q1: Our organization is achieving its full potential from our customer base	57	87.7%	6	9.2%	2	3.1%	86.800	2	0.000

	Not Yet		Agree		Strongly Agree				
	n	%	n	%	n	%	Chi-square		P
Value (Org... Q2: Our organization is able to quantify the gap between potential and actual customer value (customer value may be measured by products per customer, profit per customer, retention rates, cross-sell rates, etc.).	27	41.5%	31	47.7%	7	10.8%	15.262	2	0.000
Value (Org... Q3: There is a formalized strategic plan in place to fully realize opportunities from customer acquisition, retention and growth.	13	20.0%	41	63.1%	11	16.9%	25.969	2	0.000
Value (Org... Q4: Our organization has a senior executive who is responsible for monitoring strategic outcomes for customer acquisition, retention and growth.	7	10.8%	47	72.3%	11	16.9%	44.800	2	0.000
Value (Org... Q5: Our executive group understands the	4	6.2%	35	53.8%	26	40.0%	23.477	2	0.000

	Not Yet		Agree		Strongly Agree		Chi-square	2	P
	n	%	n	%	n	%			
importance and relevance of our customer data as a core strategic asset.									
Actioning ... Q6: Our organization develops customer retention programs based on current customer knowledge.	24	36.9%	35	53.8%	6	9.2%	19.785	2	0.000
Actioning ... Q7: Our organization develops customer growth programs based on current customer knowledge.	22	33.8%	37	56.9%	6	9.2%	22.185	2	0.000
Actioning ... Q8: Our customer facing employees use scripted messages (based on customer knowledge) to assist them in cross-selling.	45	69.2%	17	26.2%	3	4.6%	42.215	2	0.000
Actioning ... Q9: Our customer facing employees are trained in cross-sell and up-sell techniques.	30	46.2%	31	47.7%	4	6.2%	21.631	2	0.000

	Not Yet		Agree		Strongly Agree		Chi-square		P
	n	%	n	%	n	%			
Actioning ... Q10: Our customer facing employees' Key Performance Indicators are directly related to the value they generate with customers.	31	47.7%	29	44.6%	5	7.7%	19.323	2	0.000
Customer K... Q11: Our organization develops unique profiles for individual customers.	28	43.1%	30	46.2%	7	10.8%	14.985	2	0.001
Customer K... Q12: Our customers are segmented using predictive and behavioral models (i.e. beyond simply value and potential value models).	26	40.0%	31	47.7%	8	12.3%	13.508	2	0.001
Customer K... Q13: Customer knowledge is effectively distributed to all relevant customer-facing staff.	35	53.8%	20	30.8%	10	15.4%	14.615	2	0.001
Customer K... Q14: Our organization knows what information we need to	18	27.7%	36	55.4%	11	16.9%	15.354	2	0.000

	Not Yet		Agree		Strongly Agree		Chi-square	P
	n	%	n	%	n	%		
effectively manage our high value and high potential value customers.								
Customer Knowledge Q15: The status of customer knowledge for all high value and high potential value customers is reported regularly to senior executives.	26	40.0%	36	55.4%	3	4.6%	26.431	2 0.000
Actioning ... Q16: Our organization knows what customer information is needed to fully understand our customers' needs, relationship, preferences and value.	13	20.0%	44	67.7%	8	12.3%	35.108	2 0.000
Actioning ... Q17: Our organization has a plan in-place to enrich the information we hold about our customers (e.g. customer value, contact history, future behavior, ready to buy triggers, permissions & preferences	18	27.7%	43	66.2%	4	6.2%	36.031	2 0.000

	Not Yet		Agree		Strongly Agree		Chi-square		P
	n	%	n	%	n	%			
and competitor information).									
Actioning ... Q18: Our organization develops derived customer data (e.g. customer value/profitability, vulnerability, potential value/profitability).	19	29.2%	39	60.0%	7	10.8%	24.123	2	0.000
Actioning ... Q19: Our organization has the necessary tools and expertise to effectively derive customer data (i.e. appropriately experienced personnel, modeling tools, data warehouse/data marts).	22	33.8%	36	55.4%	7	10.8%	19.415	2	0.000
Actioning ... Q20: Our organization has a basic customer segmentation model based on customer value/profitability.	13	20.0%	45	69.2%	7	10.8%	38.523	2	0.000
Customer I... Q21: The overall quality of our	44	67.7%	14	21.5%	7	10.8%	35.662	2	0.000

	Not Yet		Agree		Strongly Agree		Chi-square		P
	n	%	n	%	n	%			
customer information is of a high standard.									
Customer I... Q22: Our organization has documented customer information standards that are enforced in all data entry systems.	23	35.4%	35	53.8%	7	10.8%	18.215	2	0.000
Customer I... Q23: Our customers can be uniquely identified throughout the organization, along with their individual product holdings.	27	41.5%	29	44.6%	9	13.8%	11.200	2	0.004
Customer I... Q24: Our organization has appointed a senior executive who is responsible for customer information.	8	12.3%	52	80.0%	5	7.7%	63.908	2	0.000
Customer I... Q25: The status of customer information (completeness, accuracy, currency, etc.) is reported regularly to senior	15	23.1%	41	63.1%	9	13.8%	26.708	2	0.000

	Not Yet		Agree		Strongly Agree		Chi-square	P
	n	%	n	%	n	%		
executives.								

The proportion of respondents who responded ‘Not Yet’, ‘Agree’ or ‘Strongly agree’ to each question is statistically different.

Value (Org... Q1: “Our organization is achieving its full potential from our customer base:” 87.7% Responded ‘Not Yet’ while 9.2% Agreed and 3.1% Strongly agreed. The differences are statistically significant at the 95% level ($p < 0.05$).

Value (Org... Q2: “Our organization is able to quantify the gap between potential and actual customer value (customer value may be measured by products per customer, profit per customer, retention rates, cross-sell rates, etc.)”. : 41.5% Responded ‘Not Yet’ while 47.7% Agreed and 10.8% Strongly agreed. The differences are statistically significant at the 95% level ($p < 0.05$).

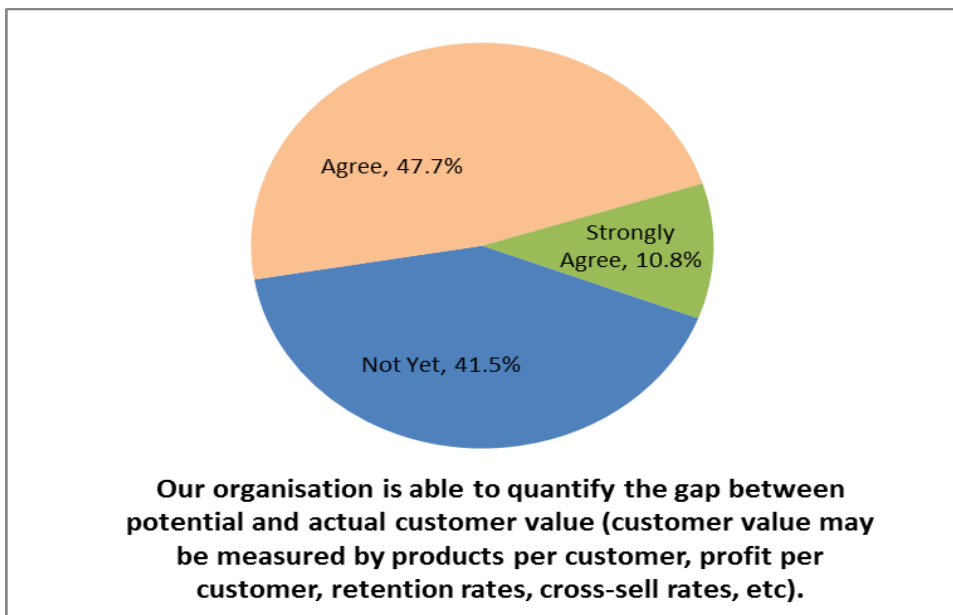


Figure 4.1 Qu 4. How do you identify customers that want to defect and retain them?

Value (Org... Q3: “There is a formalized strategic plan in place to fully realize opportunities from customer acquisition, retention and growth”. : 20.0% Responded ‘Not Yet’ while 63.1% Agreed and 16.9% Strongly agreed. The differences are statistically significant at the 95% level ($p < 0.05$).

Value (Org... Q4: “Our organization has a senior executive who is responsible for monitoring strategic outcomes for customer acquisition, retention and growth.” : 10.8% Responded ‘Not Yet’ while 72.3% Agreed and 16.9% Strongly agreed. The differences are statistically significant at the 95% level ($p < 0.05$). Value (Org... Q5: “Our executive group understands the importance and relevance of our customer data as a core strategic asset.” : 6.2% Responded ‘Not Yet’ while 53.8% Agreed and 40.0% Strongly agreed. The differences are statistically significant at the 95% level ($p < 0.05$).

Actioning ... Q6: “Our organization develops customer retention programs based on current customer knowledge.” : 36.9% Responded ‘Not Yet’ while 53.8% Agreed and 9.2% Strongly agreed. The differences are statistically significant at the 95% level ($p < 0.05$).

Actioning ... Q7: “Our organization develops customer growth programs based on current customer knowledge.” : 33.8% Responded ‘Not Yet’ while 56.9% Agreed and 9.2% Strongly agreed. The differences are statistically significant at the 95% level ($p < 0.05$).

Actioning ... Q8: “Our customer facing employees use scripted messages (based on customer knowledge) to assist them in cross-selling.” : 69.2% Responded ‘Not Yet’ while 26.2% Agreed and 4.6% Strongly agreed. The differences are statistically significant at the 95% level ($p < 0.05$).

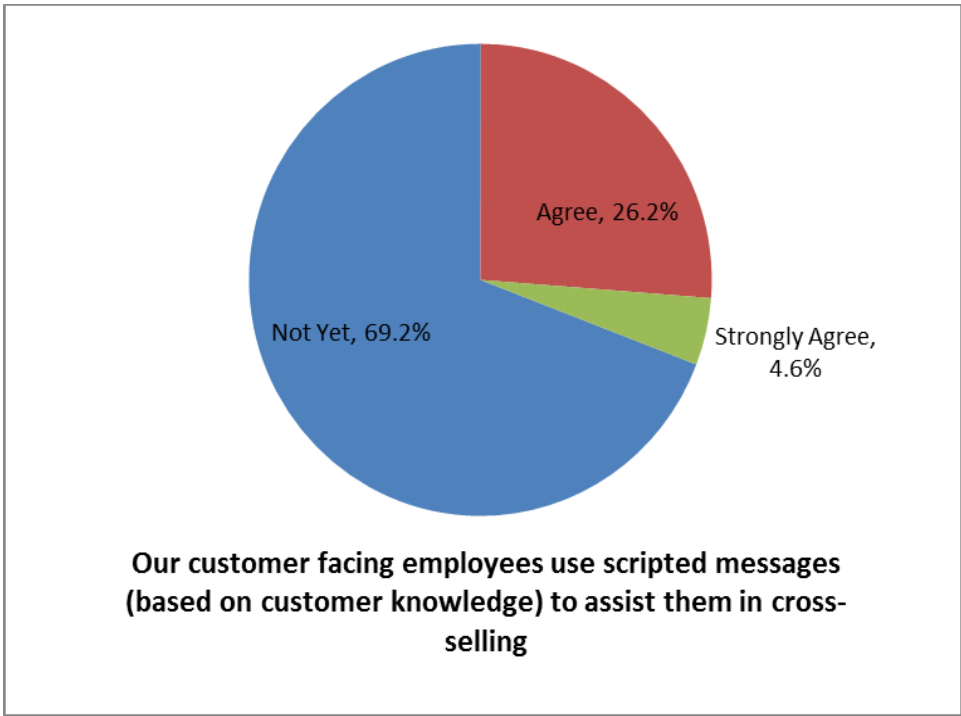


Figure 4.2 Qu.2. How do you create lifetime value through cross-selling ?

Actioning ... Q9: “Our customer facing employees are trained in cross-sell and up-sell techniques.” : 46.2% Responded ‘Not Yet’ while 47.7% Agreed and 6.2% Strongly agreed. The differences are statistically significant at the 95% level ($p < 0.05$).

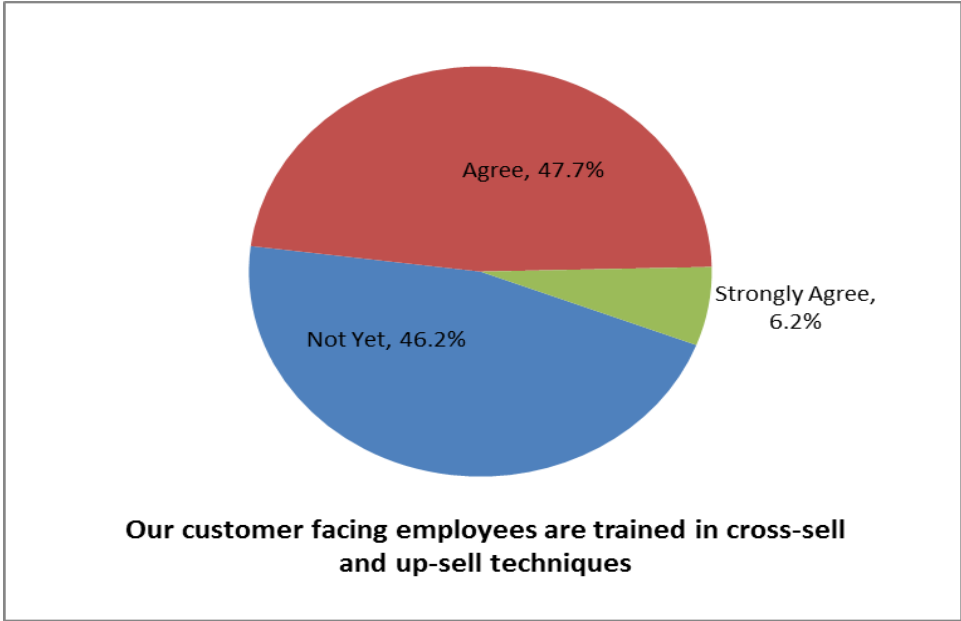


Figure 4.3 Qu. 6. How do you maximize marketing initiatives ?

Actioning ... Q10: “Our customer facing employees' Key Performance Indicators are directly related to the value they generate with customers.” : 47.7% Responded ‘Not Yet’ while 44.6% Agreed and 7.7% Strongly agreed. The differences are statistically significant at the 95% level ($p < 0.05$).

Customer K... Q11: “Our organization develops unique profiles for individual customers.” : 43.1% Responded ‘Not Yet’ while 46.2% Agreed and 10.8% Strongly agreed. The differences are statistically significant at the 95% level ($p < 0.05$).

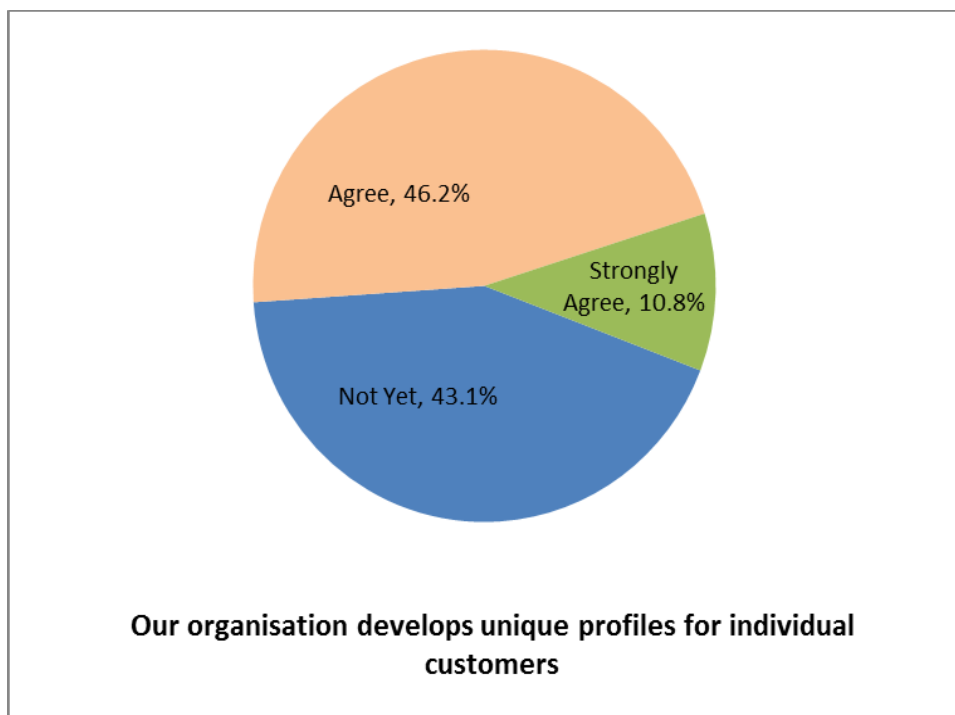


Figure 4.4. Qu.1 How do you promote long term loyalty and build relationship?

Customer K... Q12: “Our customers are segmented using predictive and behavioral models (i.e. beyond simply value and potential value models).” : 40.0% Responded ‘Not Yet’ while 47.7% Agreed and 12.3% Strongly agreed. The differences are statistically significant at the 95% level ($p < 0.05$).

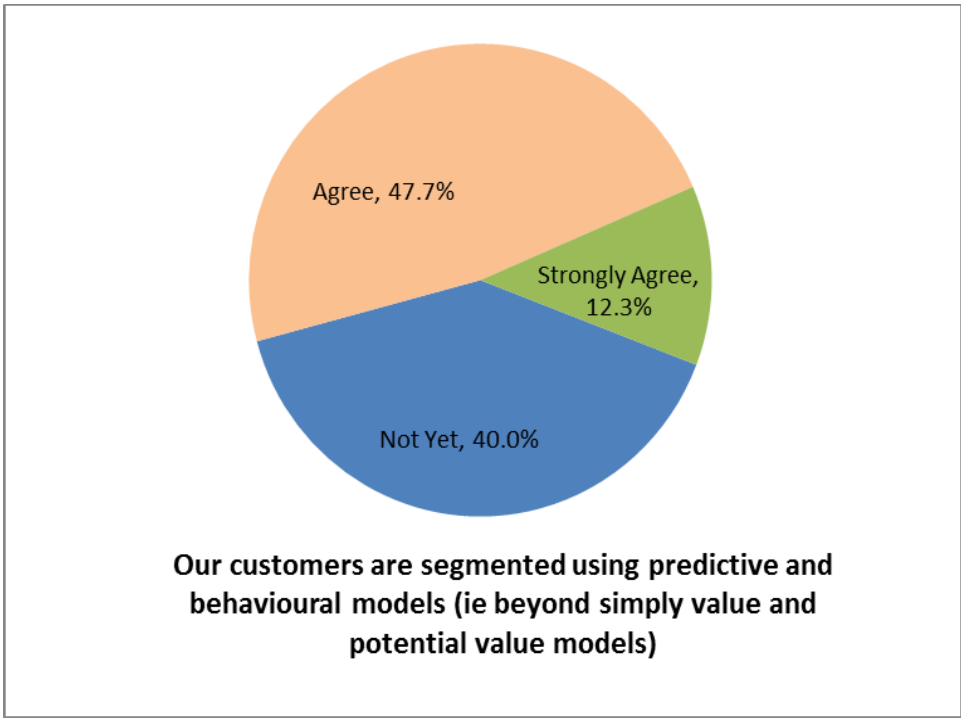


Figure 4.5 Qu 4. How do you identify customers that want to defect and retain them?

Customer K... Q13: “Customer knowledge is effectively distributed to all relevant customer-facing staff.” : 53.8% Responded ‘Not Yet’ while 30.8% Agreed and 15.4% Strongly agreed. The differences are statistically significant at the 95% level ($p < 0.05$).

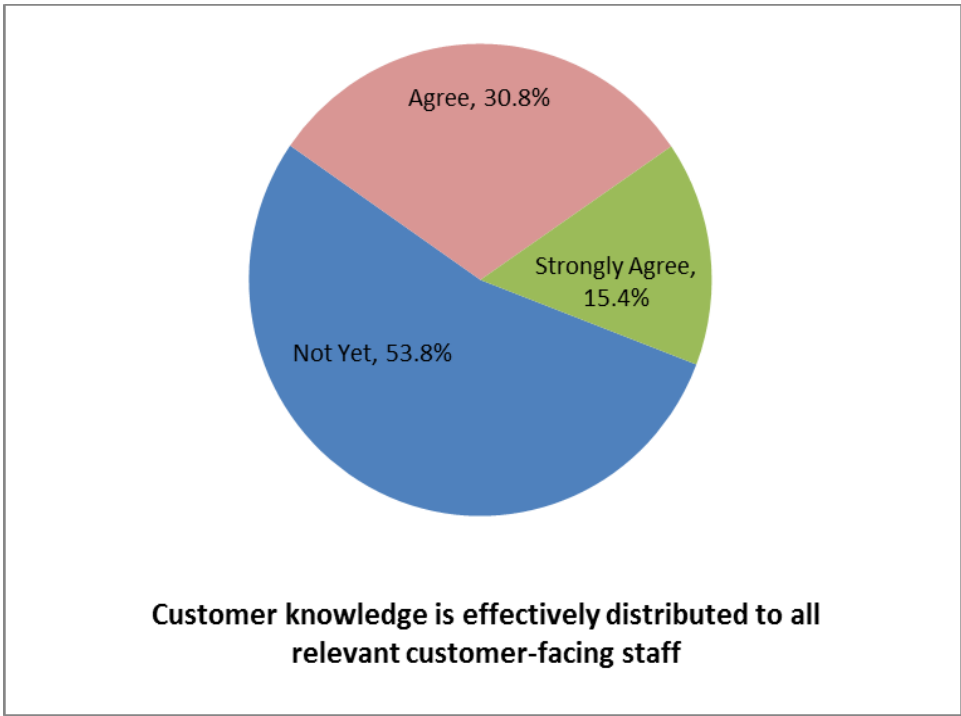


Figure 4.6 Qu. 2. How do you create lifetime value through cross-selling ?

Customer K... Q14: “Our organization knows what information we need to effectively manage our high value and high potential value customers.” : 27.7% Responded ‘Not Yet’ while 55.4% Agreed and 16.9% Strongly agreed. The differences are statistically significant at the 95% level ($p < 0.05$).

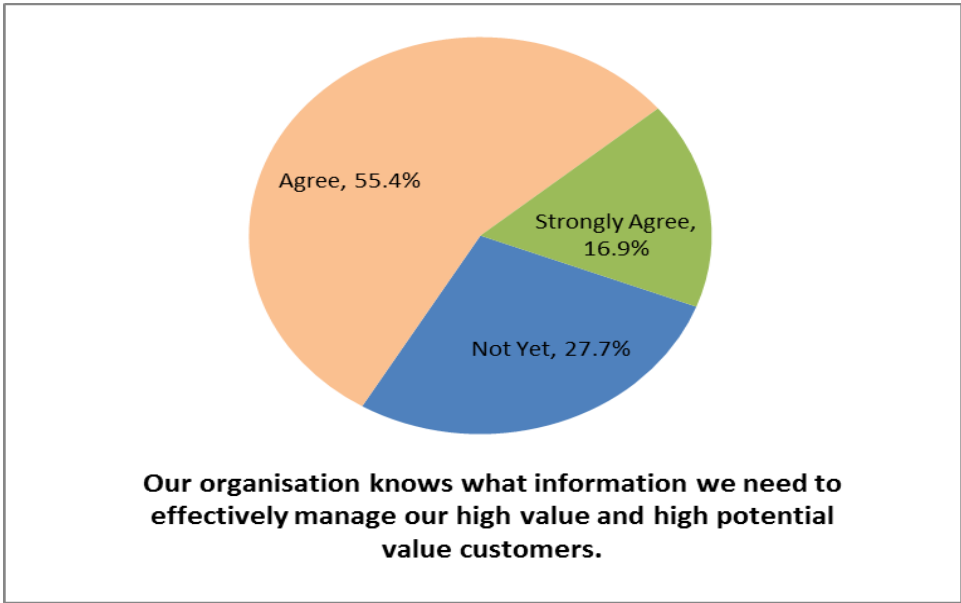


Figure 4.7 Qu. 3. How do you retain valuable customers ?

Customer K... Q15: “The status of customer knowledge for all high value and high potential value customers is reported regularly to senior executives.” : 40.0% Responded ‘Not Yet’ while 55.4% Agreed and 4.6% Strongly agreed. The differences are statistically significant at the 95% level ($p < 0.05$).

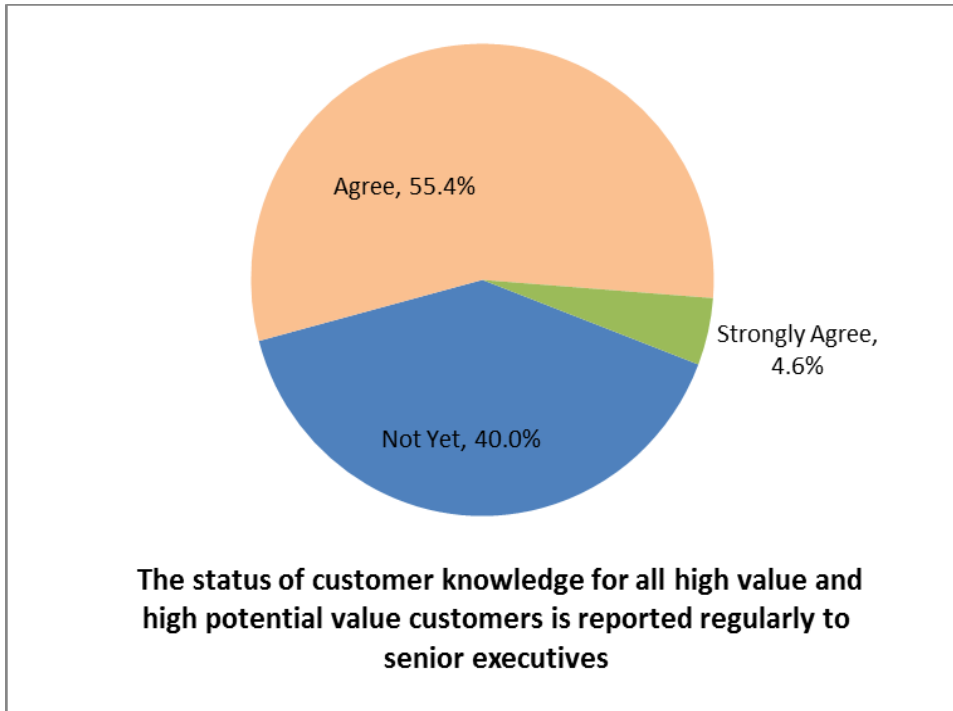


Figure 4.8 Qu. 3. How do you retain valuable customers ?

Actioning ... Q16: “Our organization knows what customer information is needed to fully understand our customers' needs, relationship, preferences and value.” : 20.0% Responded ‘Not Yet’ while 67.7% Agreed and 12.3% Strongly agreed. The differences are statistically significant at the 95% level ($p < 0.05$).

Actioning ... Q17: “Our organization has a plan in-place to enrich the information we hold about our customers (e.g. customer value, contact history, future behavior, ready to buy triggers, permissions & preferences and competitor information).” : 27.7% Responded ‘Not Yet’ while 66.2% Agreed and 6.2% Strongly agreed. The differences are statistically significant at the 95% level ($p < 0.05$).

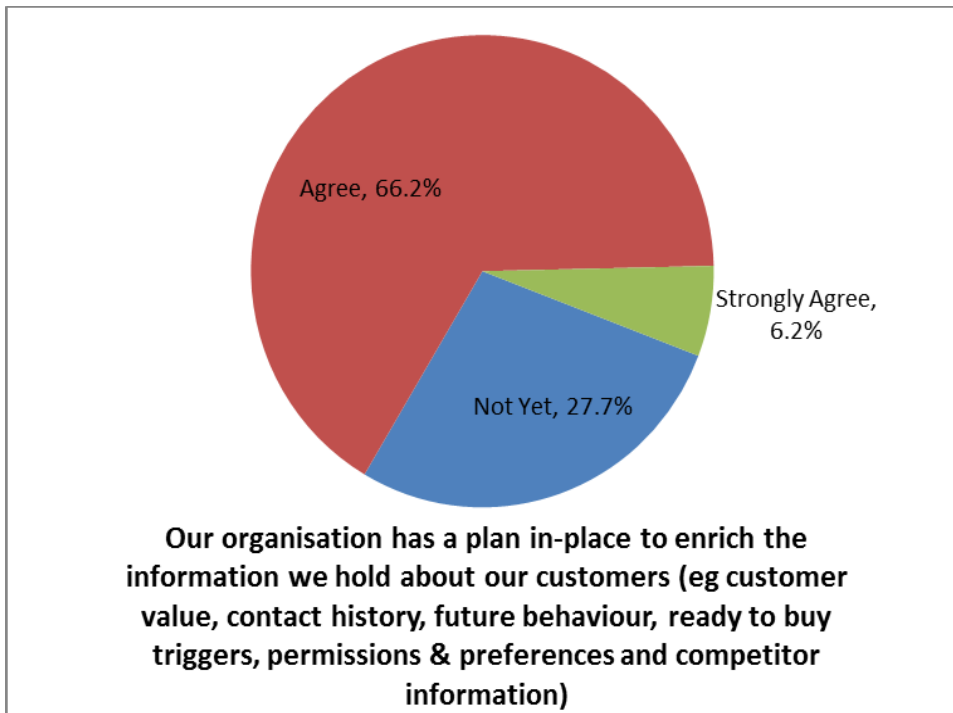


Figure 4.9 Qu. 3. How do you retain valuable customers ?

Actioning ... Q18: “Our organization develops derived customer data (e.g. customer value/ profitability, vulnerability, potential value/profitability).” : 29.2% Responded ‘Not Yet’ while 60.0% Agreed and 10.8% Strongly agreed. The differences are statistically significant at the 95% level ($p < 0.05$).

Actioning ... Q19: “Our organization has the necessary tools and expertise to effectively derive customer data (i.e. appropriately experienced personnel, modeling tools, data warehouse/data marts).” : 33.8% Responded ‘Not Yet’ while 55.4% Agreed and 10.8% Strongly agreed. The differences are statistically significant at the 95% level ($p < 0.05$).

Actioning ... Q20: “Our organization has a basic customer segmentation model based on customer value/profitability.” : 20.0% Responded ‘Not Yet’ while 69.2% Agreed and 10.8% Strongly agreed. The differences are statistically significant at the 95% level ($p < 0.05$).

Customer I... Q21: “The overall quality of our customer information is of a high standard.” : 67.7% Responded ‘Not Yet’ while 21.5% Agreed and 10.8% Strongly agreed. The differences are statistically significant at the 95% level ($p < 0.05$).

Customer I... Q22: “Our organization has documented customer information standards that are enforced in all data entry systems.” : 35.4% Responded ‘Not Yet’ while 53.8% Agreed and 10.8% Strongly agreed. The differences are statistically significant at the 95% level ($p < 0.05$).

Customer I... Q23: “Our customers can be uniquely identified throughout the organization, along with their individual product holdings.” : 41.5% Responded ‘Not Yet’ while 44.6% Agreed and 13.8% Strongly agreed. The differences are statistically significant at the 95% level ($p < 0.05$)

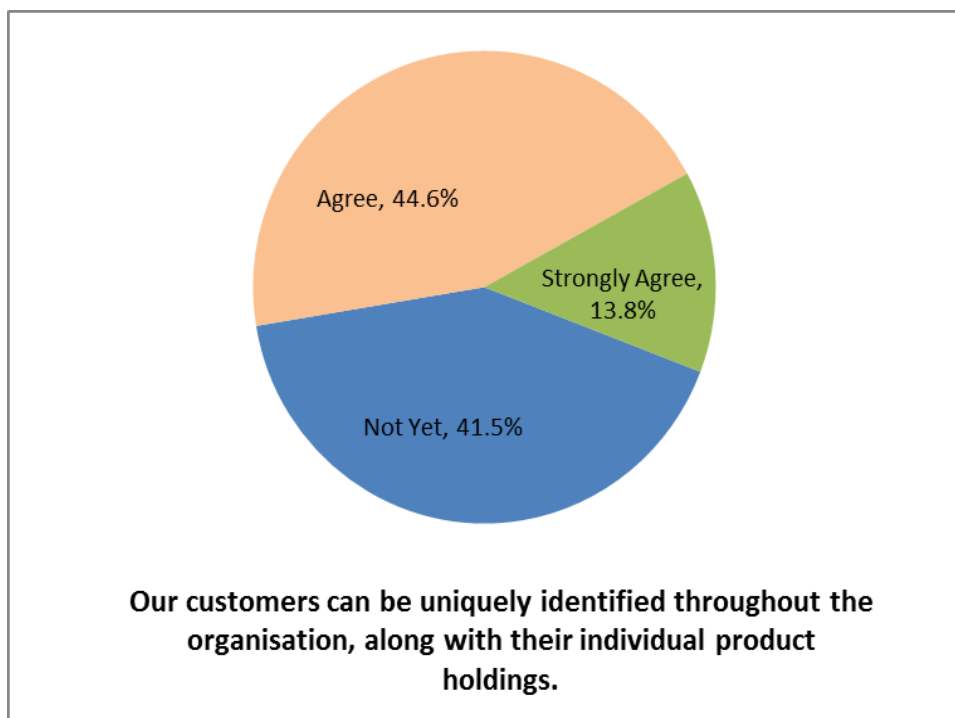


Figure 4.10 Qu. 5. How do you identify the need of customers and provide appropriate products?

Customer I... Q24: “Our organization has appointed a senior executive who is responsible for customer information.” : 12.3% Responded ‘Not Yet’ while 80.0% Agreed and 7.7% Strongly agreed. The differences are statistically significant at the 95% level ($p < 0.05$).

Customer I... Q25: “The status of customer information (completeness, accuracy, currency, etc.) is reported regularly to senior executives.” : 23.1% Responded ‘Not Yet’ while 63.1% Agreed and 13.8% Strongly agreed. The differences are statistically significant at the 95% level ($p < 0.05$).

	N	Cronbach's alpha
Value avg Q1-Q5	65	0.801
Actioning avg Q6-Q10	65	0.804
Customer Knowledge avg Q11-Q15	65	0.851
Actioning avg Q17-Q20	65	0.886
Customer Information avg Q21-Q25	65	0.854
Total Q1-Q25	65	0.955

The results in Table 3 reflect high scores for Cronbach's alpha for each dimension as well as the overall questions from 1 to 25. This reflects a high degree of internal consistency amongst the items relating to each dimension. These results confirm that the items within each dimension, measure a common construct.

Table 4 4 : Measures of central tendency & dispersion

	N	Minimum	Maximum	Mean	Std. Deviation
Value avg Q1-Q5	65	3.00	5.00	3.8431	.42646
Actioning avg Q6-Q10	65	3.00	5.00	3.6062	.45685
Customer Knowledge avg Q11-Q15	65	3.00	5.00	3.7108	.52682
Actioning avg Q17-Q20	65	3.00	5.00	3.8400	.48244
Customer Information avg Q21-Q25	65	3.00	5.00	3.7538	.49342

The results in table 4 reflect the mean scores for each of the dimensions. The mean values are close to 4 indicating that respondents generally agreed to most items within the dimensions. This reflects a positive attitude towards each of the dimensions with room for improvement. The std deviation values indicate a small spread around the mean.

Table 4 5a : Comparison of dimensions between areas

		N	Mean	Std. Deviation	Kruskal- Wallis	p
Q1-Q5	Durban Arterial	6	3.6333	.40825		
	Durban CBD	11	3.9273	.40272		
	Durban North	10	3.7600	.22706		
	Durban South	7	3.9143	.71979		
	Greater South Coast	5	3.7600	.16733		
	North Central	4	3.8000	.32660		
	North Coast	5	3.8800	.46043		
	Pinetown	7	3.7429	.45774		
	PMB	10	4.0200	.49396		
	Total	65	3.8431	.42646		
Q6-Q10	Durban Arterial	6	3.4000	.33466		
	Durban CBD	11	3.6182	.57588		
	Durban North	10	3.5000	.23570		
	Durban South	7	3.7429	.62944		
	Greater South Coast	5	3.6000	.24495		
	North Central	4	3.2500	.19149		
	North Coast	5	3.8000	.40000		
	Pinetown	7	3.4571	.37796		

	PMB	10	3.8800	.54324		
	Total	65	3.6062	.45685	11.087	0.197
Customer Knowledge Q11-Q15	Durban Arterial	6	3.5333	.43205		
	Durban CBD	11	3.7273	.49212		
	Durban North	10	3.4200	.27406		
	Durban South	7	4.0286	.76966		
	Greater South Coast	5	3.5600	.43359		
	North Central	4	3.5500	.41231		
	North Coast	5	3.8400	.60663		
	Pinetown	7	3.4571	.35989		
	PMB	10	4.1200	.52662		
	Total	65	3.7108	.52682	13.722	0.089

Table 4.5b : Comparison of dimensions between areas

	N	Mean	Std. Deviation	Kruskal-Wallis	p
Actioning avg Durban Arterial Q17-Q20	6	3.5667	.40825		
	11	3.8909	.49286		

	Durban North	10	3.7200	.30111		
	Durban South	7	4.0000	.82462		
	Greater South Coast	5	3.7600	.55498		
	North Central	4	3.6500	.41231		
	North Coast	5	3.9600	.35777		
	Pinetown	7	3.7143	.34365		
	PMB	10	4.1000	.46428		
	Total	65	3.8400	.48244	9.420	0.308
Customer Information Q21-Q25	Durban Arterial avg	6	3.3667	.32042		
	Durban CBD	11	3.7091	.53189		
	Durban North	10	3.7800	.23944		
	Durban South	7	3.7714	.73420		
	Greater South Coast	5	3.9600	.45607		
	North Central	4	3.4500	.19149		
	North Coast	5	3.8800	.41473		
	Pinetown	7	3.5429	.49952		
	PMB	10	4.1000	.50111		
	Total	65	3.7538	.49342	14.545	0.069

The results in Tables 5a and 5b indicate the means of the dimensions for each area and a comparison of ranked means between areas using the Kruskal-Wallis anova test. There are no statistical differences between areas with regards to each of the dimensions ($p>0.05$). This shows that each area has a similar perception with regards to each dimension.

4.5 Summary

This chapter explored the findings and went into detail at the analysis of the results captured from the sample population. Through the analysis of the findings in this chapter, the following chapter will concentrate on the conclusion that can be drawn.

CHAPTER FIVE

Discussion of results

5.1 Introduction

This chapter provides a discussion of the research findings. It explores the objectives stated in Chapter One and makes recommendations.

The objectives stated in Chapter One cover six main issues:

- Promoting long-term loyalty in the terms of relationship building.
- Increasing lifetime value of individual customer through cross-selling.
- Enabling instant action to keep hold of the most valuable customers.
- Identification of high-risk consumers and adjust services consequently.
- To enable the bank to fulfil consumer needs with the right offer at the right time.
- Increasing the rate of return on marketing initiatives.

5.2 Analysis of the questionnaire

5.2.1 Promoting long-term loyalty as relationship building.

From the demand point of view, the market is offering lots of opportunities for Financial services providers. In addition to this, “the increasing sophistication of the financial consumer is demanding more complex banking products (i.e. current account, savings accounts, transactional products)” (Marketing Manager, Company C, May 2005).

From the interviews and the analysis of financial services industry, it seems very clear that Nedbank is very competitive. Moreover, companies have tried very aggressive strategies to attract new customers based on cost leadership rather than in differentiating their offers (Valverde *et al.*, 2005). Therefore, the customer has become more sensitive about price, e.g. looking for the best (lowest) price for a service that they consider is standard.

Companies are not only trying to understand and increase satisfaction for their customers, but through conversations and interactions, they continuously take on board the concept of retaining and engaging customers in stronger relationships. “For example, Nedbank has begun to produce newsletters and magazines to inform their customers about the organisation and new products or services. In addition to this, companies are getting more involved with their communities – when they operate on a regional basis - or with national events by sponsoring sport activities and other cultural occasions. Nedbank initiative in this area is the Local Hero project and the green initiative. This is supported by question 12: wherein it is stated that customers are segmented using predictive and behavioral models (i.e. beyond simply value and potential value models). : 40.0% Responded ‘Not Yet’ while 47.7% Agreed and 12.3% Strongly agreed. The differences are statistically significant at the 95% level ($p < 0.05$).

5.2.2 Increasing lifetime value of individual customer through cross-selling.

Within the customer retention strategy, cross-selling and up-selling have been recognised to be highly relevant. As customers increase the number of products that they acquire from a company, it becomes more difficult to switch provider and easier to build a relationship between the company and the customer (Salazar et al., 2007). Thus creating life time value for Nedbank and satisfaction for the customer. Cross-selling is radically important in the banking Industry with a promising future over the following years. Experience has shown that when a customer has a good relationship with a company (the customer acquires more than one product), his/her retention and profitability increases” Actually, it is more difficult for competitors to “steal” a customer who consumes a few products from you than when they just have one product. The end result is, “if I don’t try to retain my customer, my competitors will do it”. Therefore, the question is not whether cross-selling has a future, but if the future exists without retaining and cross selling strategies. “The first advantage of cross-selling is retaining customers, but it also allows obtaining all the potential value from customers. This is supported by the following questions as presented in chapter four. Question 2, 4, 6 and 8,

5.2.3. Enabling instant action to keep most valuable customers

In order to corroborate what is in the literature review, in discussing this objective, and the data as presented in chapter four, it can be deduced that customer retention is broadly used in Nedbank, but with a short-run perspective.

“Companies are not talking about customer loyalty or affiliation. If retention activities are not embedded into a loyalty plan, those actions might have an impact now, but will not ensure a strong impact in the future, this is supported by almost 46.2% of customer facing staff are not trained to hold on to their high value customers.

Due to the realisation of the relevance of retaining customers, Nedbank has started implementing some initiatives by listening to its customers' voice (i.e. customer services, continuous contact with customers to track their satisfaction). The important issue here is not about companies asking the questions, but about listening to the answers, so, in that way, customers start receiving the benefits by being proper members of the Bank. In the idea of listening to customers, one of the areas of improvement relies on listening and learning from staff that are in contact with customers. “If there is no close relationship between Nedbank and the staff, no matter how much or how often, customers were questioned, their real issues would never be heard. This means involving staff in the development of the building of the customer strategy, due to the rich information that employees have.

5.2.4. Identification of high-risk consumers.

This objective is aimed at understanding the customer base, firstly, in order to group customers into meaningful segments, according to their characteristics and consumption. Due to these differences, grouping customers with specific needs and consumption patterns makes sense, under the original aim of discovering cross-selling strategies in order to enlarge their relationship with Nedbank in so doing identifying the high risk customers and tailoring services to meet to meet their need.

This is supported by the presentation of data in chapter four and specifically the following questions address this aspect, question 21, 22, 23, wherein high level of involvement by both staff and senior management is visible.

5.2.5. To enable the bank to fulfil consumer needs with the right offer at the right time.

The data presented supports the view that Nedbank somewhat fulfils the needs of the customer to a certain extent.

“Marketing is to establish, maintain and enhance relationships with customers and other partners, at a profit, so that the objectives of all parties are met. This is done by mutual exchange and fulfilment of promises” (Grönroos, 1990: 138). Nedbank needs to ensure that in terms of its strategy and footprint that it delivers the right offer at the right time.

Placing emphasis on the relationship rather than on a transaction approach to relationship marketing. The focus is to increase customer loyalty and customer retention. Nedbank need to know their customers, what their needs are and cross-sell throughout the branch network effectively. The relationship is also based on equal and respectful terms. As presented in chapter four it is quite evident that 87% of the staff believe that Nedbank does not effectively mine their data base for cross-selling purposes.

Marketing and quality customer service needs to be integrated. The extent to which the client perceives the relationship banker to be acting ethically will influence relationship quality. This will lead to the establishment of trust and will build commitment throughout the length of the relationship.

5.2.6. Increasing the rate of return on marketing initiatives.

Nedbank need to care for existing customers and increase their share of spending.

- The four P’s (marketing mix – product, price, promotion and place) do not adequately explain the key issues of building a sustained long-term relationship.
- There is a growing awareness of the importance of operational issues such as organisational structure and training for bank staff. As knowledge about the customer builds up, and Nedbank moves into a position to better satisfy individual customer needs.
- Relationship marketing can be applied to various market domains and not just consumer markets. Relationship marketing can differentiate a company and lead to competitive advantage. An example is customers who become less sensitive to price over time. It is quite evident that although marketing initiative are good to

create brand awareness and position Nedbank as a bank of choice, Relationship marketing activities, better satisfy return on investment by having a more targeted approach.

5.3 Summary

The results from the survey, as reflected in chapter four, as well as previous studies discussed in the literature review support the view that cross-selling and up – selling initiative enhances customer loyalty.

The research reflects that customers that have more than one product experienced a higher level of customer satisfaction. This supports the relationship banking offering as its aim is to provide a higher level of service and value offering to the customer. However, customers who are satisfied are not necessarily loyal (Novo, 2004). Satisfied customers will stay until a better alternative is offered or some problem arises, whilst loyal customers are not dependent on satisfaction alone and tend to forgive and understand if minor problems occur.

CHAPTER SIX

Recommendations

6.1 Introduction

As discussed in the previous chapter, the analysis and findings will be further dissected and used to interpret the findings. This will be done in a manner that will allow for recommendations to be made based on the objective of this study as mentioned in chapter one. The recommendations talk about the importance of cross-selling to Nedbank. Furthermore, in this chapter will be made to fulfill the objectives of this study while adding to the body of knowledge that exists on this subject.

6.2 Promoting long-term loyalty by relationship building.

6.2.1 Increasing lifetime value of individual customer through cross-selling.

The major component of capturing customer interest is the ability to leverage the data base this can be done at the point of sale. The key success of the cross-sell programme is to provide incentive and Nedbank needs to develop additional products to meet customer demand. Nedbank needs to include a streamlined process and the use of automation to simplify the process.

The long term loyalty initiative to maintain and enhance relationship building which Nedbank need to consider are the following.

6.2.2 Process and Alignment

Nedbank needs to design a customer process that has an end to end view of the customer. The customer needs to be cross-sold at the first iteration, that is at the first point on contact. Nedbank currently has a process called SIYAKA, this process is a computer based application that highlights the value of the customer upfront and the staff then needs to talk through this process to the customer. In integrating this process it must be seamless and without much complication.

6.2.3 Automation and technology update

To make a good process better technology is a great tool that can give Nedbank the leverage. It will be beneficial for bankers to offer additional products at the point of sale. It should be as easy as point and click, with the ability to seamlessly transfer information and even integrate into the product underwriting, if necessary. The key is a simple process for the customer and employee that drive additional value for both the customer and the bank. Nedbank has invested in computer software where you have a single view of the customer and the capturing of a client's details and product will not allow you to go further if a needs analysis was not done to determine further needs.

6.2.4 Incentives

The structure of the employee incentive for cross-sell will have an impact on results. Balance is important between an incentive based solely on individual product merits versus a more holistic approach based on the incremental value the cross-sold product brings to the relationship. For example, when a current account is cross-sold, the incentive may well be based on the profitability of the and / or the increased profitability of the current account (i.e. higher balances and increased retention and usage of account).

6.2.5 Holding on to most valuable customers.

In considering cross-sell initiatives, the somewhat obvious criteria often overlooked for success are adding value for the customer, incremental bank profitability, product bundling, and reporting and tracking.

Putting the customer first is a critical component for cross-sell success. It must be that the customer, more than anything else, is looking for sales or service team members within Nedbank that are focused on meeting or exceeding the customer's expectations.

Another key best practice is to focus on cross-sell initiatives that generate incremental bank profitability. This approach focuses on driving more revenue and income for the bank versus focusing on an individual product or channel goal.

This can be difficult with the various product and channel silos that may exist, but the focus must be on a collaborative approach that zeros-in on the value of the overall relationship.

6.2.6 Adjusting services for high risk customers

Nedbank must encourage the use of alternative touch points after the transaction has been completed.

In addition to the actual electronic channel i.e. mobile, internet, self-service terminals, and other electronic centres, Nedbank must ensure that based on the need of the customer Nedbank must ensure that the customer is placed in the appropriate client segment, to ensure that the client's needs are met and the services made available to him is world class.

The second part to this recommendation extended banking hours, and Sunday banking. Nedbank through client feedback and interaction must determine which branch in which geographic location is opened to service the need of a specific client.

6.2.7 Right offer at the right time.

Product Bundling is being leveraged at many banks to help drive higher customer satisfaction. This is accomplished through combined statements, linking of products, and free services to certain clients. From a front-end sales perspective, product bundling can create an easy-to-understand value proposition for bank staff and other bank personnel to articulate. Every additional product bought the client receives one month's free banking with auto debit is easy to remember and easy to communicate to prospective clients. With product bundling, the products may still reside on separate systems, but are seamlessly integrated from a customer service viewpoint – so both the bank's customer service area and the end customer have a holistic view of the relationship.

6.2.8 Holding of the most valuable customers.

Nedbank needs to ensure that they have an extensive understanding of the customer in terms of the life cycle of the customer, the model below graphically illustrate how valuable

customers should be managed and retained. Firstly Nedbank needs to understand customer value by looking at needs (functional value), thereafter the social value (status) and at what stage of their financial life are there in.

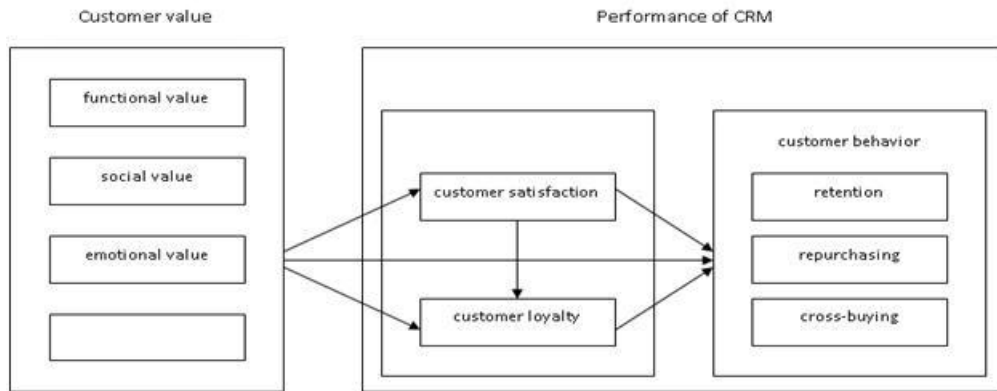


Figure 6.1 Model adapted and enhanced by researcher.

The second part of the diagram and a recommendation for Nedbank will be CRM (Customer Relationship Management)

Nedbank must have a customer-centric approach that focuses on the long-term relationship with customers. CRM aims to provide the customers' benefits and values from their point of view and not based on what Nedbank wants to sell. The main principles of CRM implementation include personalisation, loyalty, and lifetime value. Customers need to be treated individually; customer loyalty needs to be acquired and retained through a personal relationship; and they need to be selected based on lifetime value (select "good" customers, not "bad" customers). The three basic roles or goals of CRM that Nedbank needs to include is the following:

- **Customer identification.** Nedbank builds up information about its customers over time through transactions, interactions and other marketing channels. Nedbank need to know who their customers are and what their needs are to enable them to provide a value offering service or products.
- **Customer differentiation.** Customers are different based on lifetime value, unique demands and requirements.
- **Customer interaction.** Nedbank continuously needs to learn about the customers as their demands change. In addition, it is important that the company keeps track of customer behaviour and needs.

6.2.9 Increasing the rate of return on marketing initiatives.

Marketing is to establish, maintain and enhance relationships with customers and other partners, at a profit, so that the objectives of all parties are met. This is done by mutual exchange and fulfilment of promises.

Nedbank needs to embark on a marketing strategy that is seen as a combination of quality, customer service, and marketing. All of this reflects the notion that the centre of the marketing philosophy is to make the most of existing customers (retention) to enable the company to make long-term profits. This supports the view that there is potential to up-sell and cross – sell existing customers from the existing data base expressed by the staff, wherein they state that very little is being done to mine the existing data base.

Nedbank needs to find and keep the right customers. The 80/20 principle applies to focus loyalty building on the 20 per cent of customers who provide the majority of profits.

If Nedbank wants to maximise sustainable growth and profits need to focus on the right target customers. This can only be done by ensuring that a targeted approach from a marketing perspective.

6.3 Additional Recommendation

The dissertation covered the cross-selling and up-sell initiative, the recommendation that the researcher identified that was not part of the objectives, is the management of the infrastructure, process and organizational Performance.

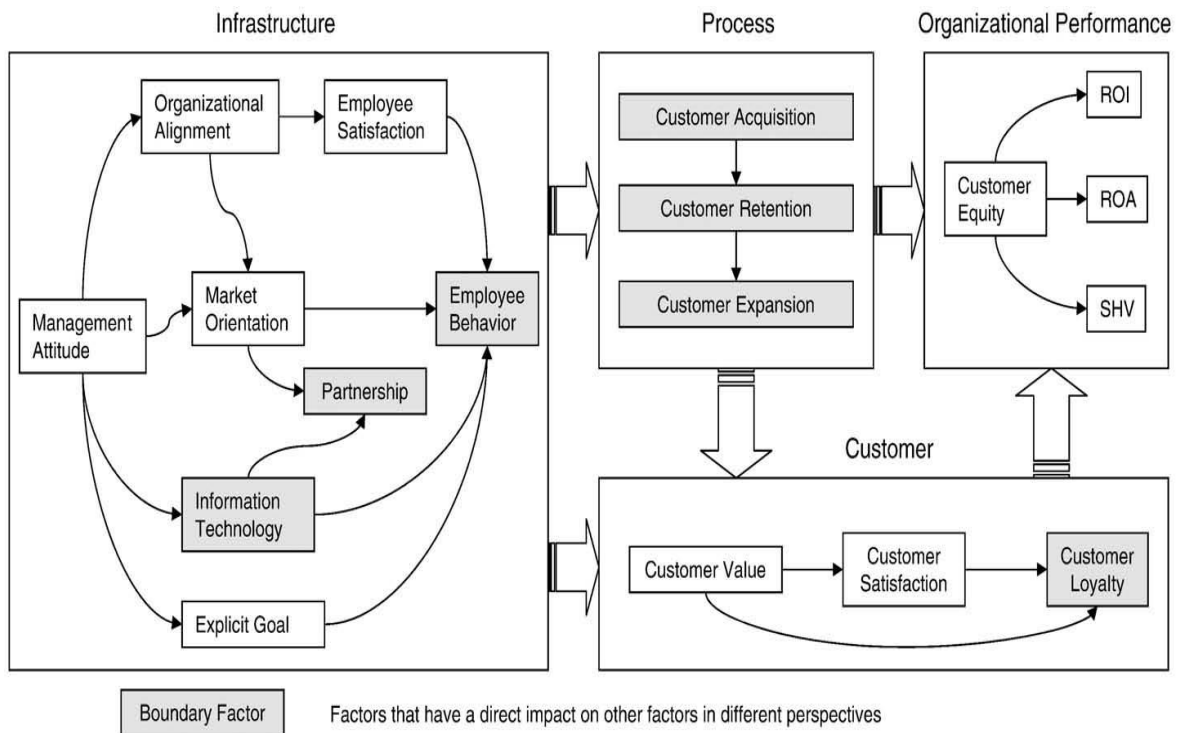


Figure 6.2 Integrated systems Nedbank Journal 2011.

The above figure shows how explicit goals can be achieved by effective infrastructure supported by good management that has organizational alignment which also leads to employee satisfaction. The seamless process is the glue that integrates this to achieve organizational performance.

6.4 Further research

The recommendations for future research are as follows:

- a) A broadened study, for Nedbank be conducted in all provinces and major cities. The results of a study based on a geographical basis may distort consumer sentiments.
- b) Research could be done to gain insight into the cross-selling and up - sell strategies currently implemented by companies in the financial services industry in South Africa. Comparisons could be made with overseas banks, followed by recommendations for improving South African banks.

6.5 Limitations

Identifying and Targeting Respondents

Management and senior staff of Nedbank were targeted with regards to the questionnaire. Further research and the targeting of respondents for the questionnaire could be expanded to other financial institutions and other levels of the organisation. This was restricted as a result of the direction the researcher has taken, which was specifically to investigate the cross-selling and up-selling process.

6.6 CRM Concept

The research conducted was specific to Nedbank. There are other models and lose arrangements that have been in operation which could be further investigated.

6.7 Summary

Cross-sell can absolutely add value, and Nedbank must have this as a focus for both new and existing customers. The difference in low performers and high performers is not availability of ideas but successful execution and tracking. Nedbank must put cross-sell as a focus, and develop and execute a solid cross-sell plan will see the results of their efforts both immediately and over time.

BIBLIOGRAPHY

Anonymous (2005). Tactical Marketing: Working to be different. Bank Marketing

Beckett, A. (2000) "Strategic and marketing implications of consumer behaviour in financial services"

Bergendahl, G., (1995) "DEA and Benchmarks for Nordic banks" – working paper, Gothenburgh University, Gothenburgh, Sweden

Boyd H.W, Westfall R, Stasch S.F, (1989), *Marketing Research*, Seventh Edition, Irwin, Boston, MA 02116.

Dalton, P. (2003). Starting a CRM program. ABA Bankers News, 11 (14) Day, G. S. (2000).

Capabilities for forging customer relations. MSI Working Paper 00-118, MSI, Cambridge, MA.

Consumer Behaviour, By Schiffman and Kanuk, 9th Ninth Edition, Hardcover, Publication Date 2007

Fakeideas. (2008). Revision: Reviewing the Marketing Mix. [Online] Available:

Foss, B & Stone, M. (2002). CRM in financial services: a practical guide to making customer relation ship management work.. London, UK: Kogan Page Ltd.

Gilbert A, Churchill J, (1996), *Basic Marketing Research*, Forth Worth, The Dryden Press.

Grönroos, C., (2009) "Marketing as promise management: regaining customer management for

Guo, G. (2003). The Applications and Implications of the CRM and Cross-selling in the Financial Industry in the USA. Journal of Shandong University (Philosophy and Social Sciences), No.5, 79-84.

Hislop, A., Patersen, O. and Ziegler, R. (2002) "Making bancassurance really work: from product

How Swiss Bank Accounts Work. How Stuff Works.

<http://money.howstuffworks.com/personal-finance/banking/swiss-bank-account.htm>.

Retrieved 2009-02-06.

Howcroft, B. and Beckett, A., (1993) "Change in the UK bank branch networks: a customer

<http://fakeideas.co.uk/2008/03/07/revision-reviewing-the-marketing-mix>.

ibm.com/service/strategy/e_strategy/fsbancassurance.html

intensity of price and non-price competition in banking: an application to the Spanish case” –

International, April 2005, Retrieved 2006-05-20 from:

Kamakura, W., Ramaswami, S.& Srivastava, R. (1991). Applying Latent Trait Analysis in the Evaluation of Prospects for Cross-Selling of Financial Services. *International Journal of Research In Marketing*, Vol.8, 329-349.

Kotler, P & Armstrong, G (2004), 'Principles of Marketing', Tenth Edition, New Jersey: Pearson Education Inc

Kotler, P. (2003). Marketing Management. (11th ed.). Upper Saddle River, USA:

Kotler, P. (2005). Marketing: Answered by the guru of Marketing. London, UK: Cyan Communications Ltd.

Kotler, P., Wong, E., Saunders, J. & Armstrong, G. (2005). Principles of Marketing (4th ed.). Harlow: Financial Times/ Prentice Hall

Lancaster, G. & Reynolds, P. (2005). Management of Marketing. Oxford, UK: Elsevier Butterworth-Heinemann

Lauterborn, R (1990), 'New Marketing Litany: 4P's Passe; C-Words Take Over', Advertising Age, Oct 1, 1990:26

Lazer, W (1971), 'Marketing Management: A Systems Perspective' New York: John Wiley & Sons

MANAGEMENT RESEARCH: AN INTRODUCTION EASTERBY-SMITH, M., THORPE, R. and LOWE, . 2000.

Marketing Management by A Van der Walt, JW Strydom, S Marx, JC Jooste: Juta. 1996. This is a South African publication. A.H. Maslow, *A Theory of Human Motivation*, Psychological Review 50(4) (1943):370-96. Updated 1996.

marketing” - Journal of Business & Industrial Marketing -Vol. 24 (5/6), pp351-359

Martins J.H, Loubser M and Van Wyk H, (1996), *Marketing Research - A South African Approach*. Parow. Unisa Press

McCarthy, E J (1960), 'Basic Marketing - A Managerial Approach', Illinois: Irwin

Moller K. E. (2006). Comment on: The Marketing Mix Revisited: Towards the 21st Century Marketing? by E.Constantinides. *Journal of Marketing Management*, 22 (3): 439-450.

orientated cross-selling to customer focused cross-buying” www

Pearson Education Inc.

Peppard, J. (2000). Customer Relationship Management (CRM) in Financial Services.

European Manage

perspective” - Service Industries Journal – Vol. 12 (4) pp267-288

Porteous, Bruce T.; Pradip Tapadar (December 2005). *Economic Capital and Financial Risk Management for Financial Services Firms and Conglomerates*. Palgrave Macmillan.

Price comparison sites face probe. BBC News. 2008-01-22.

<http://news.bbc.co.uk/1/hi/business/7201345.stm>. Retrieved 2009-02-06.

Private Banking definition. Investor Words.com.<http://www.investorwords.com/5946/privatebanking.html>. Retrieved 2009-02-06.

Proctor, T (2000), 'Strategic Marketing: An Introduction', London: Routledge

Prudential: Securities Processing Primer

Salazar, M., Harrison, T. and Ansell, J., (2007) “An approach for the identification of cross-selling and up-selling opportunities using a financial services customer database” – Journal of Financial Services Marketing – Vol12. 2, pp.115-131

Saunders M, Lewis P, Thornhill A, (2003), *Third Edition, Research Methods for Business Students*, Pearson Education Limited, Edinburgh Gate, Harlow, England.

Schoppmann, Henning (Edit.); Julien Ernoult, Walburga Hemetsberger, Christoph Wengler (September 2008). *European Banking and Financial Services Law - Third Edition*. Larcier. ISBN 2-8044-3180-0. Retrieved from <http://en.wikipedia.org/wiki/Financialservices>

Simpson J, Dore B (2004) Marketing in South Africa. Second Edition. Van Schaik: Pretoria

The Mistakes Of Our Grandparents?. Contrary Investor.com. February 2004. <http://www.contraryinvestor.com/2004archives/mofeb04.htm>. Retrieved 2009-02-06.

The Opportunity: Small Global Market Share, Page 11, from the Sanford C. Bernstein & Co. Strategic Decisions Conference - 6/02/04

The Service industries Journal – Vol.20 (3) pp. 191-208

Tull D S, Hawkins D, (1993), *Marketing Research*, Sixth Edition, Prentice Hall Inc, Upper Saddle River, New Jersey, 07458

Valverde, S., Fernández de Guevara, J., Humphrey, D. and Maudos, J., (2005) “Estimating the

Watchdog warns of criminal gangs inside banks. *The Guardian* (London). 2005-11-16.
http://money.guardian.co.uk/news_/story/0,1456,1643860,00.html. Retrieved 2007-11-30.

Yadin, D. (2002). International Dictionary of Marketing: Over 1000 Professional Terms and Techniques. Kogan Page Ltd.ment Journal, 18 (3), 312-327.

APPENDIX TWO: QUESTIONNAIRE

Complete the survey below to assess the status of Customer Management in your organisation.

Value (organisation and Customer): Driving value for both the organisation and customer by the effective application of customer management processes
Our organisation is achieving its full potential from our customer base
Our organisation is able to quantify the gap between potential and actual customer value (customer value may be measured by products per customer, profit per customer, retention rates, cross-sell rates, etc.)
There is a formalised strategic plan in place to fully realise opportunities from customer acquisition, retention and growth
Our organisation has a senior executive who is responsible for monitoring strategic outcomes for customer acquisition, retention and growth
Our executive group understands the importance and relevance of our customer data as a core strategic asset
Actioning Customer Knowledge to create Organisational and Customer Value: By using the customer knowledge that has been created, customer facing staff can more effectively acquire new customers, retain existing customer and grow the business with all customers to increase revenue and profit.
Our organisation develops customer retention programs based on current customer knowledge
Our organisation develops customer growth programs based on current customer knowledge.
Our customer facing employees use scripted messages (based on customer knowledge) to assist them in cross-selling.
Our customer facing employees are trained in cross-sell and up-sell techniques.
Our customer facing employees' Key Performance Indicators are directly related to the value they generate with customer.
Customer Knowledge: The knowledge that an organisation has about its customers in terms of the products and services they hold with the organisation, an both the potential and the value of its customer to the organisation. It includes advanced customer segmentation, analytics, data mining and unique customer profiling.
Our organisation develops unique profiles for individual customers
Our customers are segmented using predictive and behavioural models (i.e. beyond simply value and potential value models)

Customer knowledge is effectively distributed to all relevant customer facing staff

Our organisation knows what information we need to effectively manage our high value and high potential value customers

The status of customer knowledge for all high value and high potential value customers is reported regularly to senior executives

Actioning Customer Information to create Customer Knowledge: The tools, methodologies, actions and processes that the organisation utilised to create knowledge from the customer information that is held about the customer. These include enriching the customer information, developing derived customer data, developing customer data models, data warehousing and basic customer segmentations

Our organisation knows what customer information is needed to fully understand our customers' needs, relationship, preferences and value

Our organisation has a plan in-place to enrich the information we hold about our customers (e.g. customer value, contact history, future behaviour, ready to buy triggers, permissions & preferences and competitor information)

Our organisation develops derived customer data (e.g. customer value/ profitability, vulnerability, potential value / profitability)

Our organisation has the necessary tools and expertise to effectively derive customer data (i.e. appropriately experienced personnel, modelling tools, data warehouse / data marts)

Our organisation has a basic customer segmentation model based on customer value / profitability.

Customer Information: Information that an organisation retains about its customer that enables the organisation to communicate with the customer and derive knowledge about the customer. It includes information of customer identification, contact details, products and services and basic relationship information

The overall quality of our customer information is of a high standard

Our organisation has documented customer information standards that are enforced in all data entry systems

Our customer can be uniquely identified throughout the organisation, along with their individual product holdings

Our organisation has appointed a senior executive who is responsible for customer information

The status of customer information (completeness, accuracy, currency, etc) is reported regularly to senior executives

Objective of the study:

Promoting long-term loyalty in the terms of relationship building

Increase lifetime value of individual customer through cross-selling

Enable instant action to keep hold of the most valuable customer

Identification of high-risk consumers and adjust services consequently
To enable the bank to fulfil consumer needs with he right offer a the right time
Increase the rate of return on marketing initiatives

Are we driving value for both the organisation and the customer by the effective application of customer management processes?
Actioning Customer Knowledge to create Organisational and Customer Value: By using the customer knowledge that has been created, customer facing staff can more effectively acquire new customers, retain existing customer and grow the business with all customers to increase revenue and profit
Customer Knowledge: The knowledge that an organisation has about its customers in terms of the products and services they hold with the organisation, and both the potential and the value of its customer to the organisation. It included advanced customer segmentation, analytics, data mining and unique customer profiling
Actioning Customer Information to create Customer Knowledge: The tools, methodologies, actions and processes the the organisation utilises to create knowledge from the customer information, developing derived customer data, developing customer data models, data warehousing and basic customer segmentations
Customer Information: Information that an organisation retains about its customer that enables the organization to communicate with that customer and derive knowledge about that customer. It includes information for customer identification, contact details, products and services and basic relationship information.

Ethical Clearance

Your Ethical Clearance application Ref GSB 05/11 was approved on the 9th March 2011 and the form will be forwarded to the Research Office.

When you submitted your application your Letter of Informed Consent did not appear on two separate pages - please make sure that it is on two separate pages when you send it out to the participants. They will keep page 1 and you will retain page 2

You may proceed with your research (conducting your questionnaires/interview)

NBIf you at any stage during your research you decide to send questionnaires to a company/organisation where you have not obtained a gatekeepers letter a letter will be required and needs to be submitted to my office.

1. If you change your questionnaire you must submit a copy of the new questionnaire to the committee for approval
2. If you change the title of your research please advise the administrator at your school.

The Research Office will supply the Faculty Office with an official letter on which will be your EC No. This will be sent to you by post and a copy will be sent to the school for filing.

Kind Regards
Christel Haddon

Assistant Faculty Officer (Post Graduate)

Faculty of Management Studies

Westville Campus,

University of KwaZulu - Natal

Tel : 031 - 260 1553

Fax : 031 - 260 1312

E-mail : haddonc@ukzn.ac.za