Client-centric strategy in South African banks: Perceptions of bank employees as staff members and as bank customers

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ABSTRACT

Client-centric strategy has been viewed by many authors as a winning strategy to gains and satisfy customers as products and services get more commoditised. Aside from commoditisation of services, the global banking sector has the additional problem of loss of trust and high dissatisfaction post the global financial crisis. Silo structures have also been found to hamper client-centricity in banks. In the South African banking sector, all banks have stated that client-centricity would form a key part of their strategies to win over and service customers. However, the prevalence of client-centricity in their strategies remains unexplored.

This research set out to measure the extent of client-centric practices used in South African banks from and triangulate these with customer perceptions. The study looked at four pillars of client-centricity from the available literature. These pillars were targeting, value proposition development, metrics and collaboration. The research also investigated the presence of some benefits of client-centricity, namely, trust, customer satisfaction, positive word of mouth, cross selling and customer loyalty were investigated in this research.

The study was conducted on one of the major South African banks. It was a mixed methods approach with a sample 57 senior bank officials to provide insights on the strategy and 394 other staff members who were surveyed as bank customers. The results show that while the bank states client-centricity as a key imperative, targeting and definition of their market is mostly segment driven and not client driven. As such, customers are not used in the product development process and metrics used in the bank are primarily product based with relationship and engagement metrics used to a lesser extent. Cross departmental collaboration is lacking despite a belief among senior bank staff that other departments are willing and able to improve value propositions to clients. While the client-centric practices were not used in the bank, customers in the survey indicated that they trust their bank, are satisfied, say positive things about their bank, are likely to use the bank for future needs and are loyal to their bank. The results did show that while the benefits were realised, over a third do not believe the bank they work for is not client-centric.

Key words: Client-centricity, customer activity cycle, contingency theory
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Declaration

I declare that this research project is my own work. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination in any other University. I further declare that I have obtained the necessary authorisation and consent to carry out this research.

Bruno Mubanga Ching’andu
1 CHAPTER 1: INTRODUCTION

1.1 INTRODUCTION

Client-centricity has been identified by many authors as an effective strategy for firms to ensure that they maximise customer value in order to create satisfaction and loyalty with the objective of increasing profitability (Bharadwaj, Nevin, & Wallman, 2012; Bonacchi & Perego, 2011; Macgillavry & Wilson, 2014; Roy, 2013). The strategy entails using customers’ voice in decision-making processes, performance metrics and reward systems (Bharadwaj et al., 2012). This customer involvement provides a firm with superior client sensing capabilities which result in the production of products and services more likely to match perceived customer values (Bharadwaj & Dong, 2014).

Despite its apparent effectiveness, many organisations have been unable to implement real client-centricity (Ethiraj, Ramasubbu, & Krishnan, 2012). Although management literature largely suggests that companies put customer needs first in their strategies, Ethiraj et al (2012) state that truly client-centric organisations tend to be the exception. While many companies claim that they are client-centric, some still use firm-based logic to drive their businesses (Mickelsson, 2013). This research aims to understand the extent of client-centric strategies in the South African banking sector using perceptions of bank employees.

Henk & Zhang (2010) found that customer-supplier collaboration can increase innovation in business to business relationship. A true client-centric strategy would require a company to include other providers who can increase value to the customer. As such, a client-centric strategy with multiple vendors all trying to maximise value could increase trust enabling the company to find more ways of addressing the value gaps experienced by customers.

Macgillavry & Wilson (2014) suggest that client-centred strategies were successfully used in the logistics industry by DHL to increase customer satisfaction and loyalty. By implementing a customer experience management, DHL was able to see logistics through a customer perspective (Macgillavry & Wilson, 2014). Involving customers in their decision-making process enabled DHL to discover what customers truly valued enabling them to identify differentiated ways of serving them. The resultant customer value commoditised logistics services which forced competitors to seek their own differentiation.
Given the successes cited by Macgillavry & Wilson (2014) on how DHL contributed to the transformation of the logistics industry, one would expect that banks would embark on client-centric strategies.

1.2 OBJECTIVES OF THE RESEARCH

Worthington & Welch (2011) argue that global financial crisis which started in 2008 had resulted in the development of customer distrust which negatively impacts loyalty. According to Worthington & Welch (2011), distrust of traditional banking organisations has created more opportunities for companies with established brands to provide financial services and steal clients from banking institutions. In addition to loss of trust of banking institutions, Tennant & Sutherland (2014) found that clients characterised bank fees as unfair and deceptive and perceived that the costs of banking services outweighed benefits.

Worthington & Welch (2011) note that the provision of financial services by non-banking institutions is not new. In Europe, retailers like Tesco's and Sainsbury's, as well as organisations like Virgin, have provided limited bank offerings to clients since the 1990's (Worthington & Welch, 2011). However, these organisations they appear to be moving towards more mainstream banking thus posing a real threat to existing banking establishments. An article published by Facebook, based on the company's audience data, conversation analysis and surveys in the United States of America, found that only 8% of millennials have trust for financial institutions (Facebook, 2016). The article also indicated that 44% of millennials, defined as individuals aged between 21–34 years were open to switching banks while 48% believed their banks did not understand them. However, Facebook also found that 60% of the millennials surveyed would like banks to partner with them. Similar research conducted in South Africa and found that over 90% would like financial advice, they mostly get this from family and friends and not the bank (Fin24, 2015).

Nätti, (2013) has found that client centricity is declining in the European banking sector. While the South African financial services sector is highly rated (World Economic Forum, 2015), this rating based on the regulatory and institutional frameworks and not the ability to maximise customer value.

The researcher found a gap in the academic literature of the paucity of client-centric strategies in the South African banking sector and how it impacts customers. The main objective of this research was to determine if South African banks use client-centric
practices in their strategies and, if they realise the benefits of such a strategy as suggested from literature.

1.3 BACKGROUND TO THE RESEARCH

The financial year-end reports of some of South Africa’s major banks indicate that they are attempting to be more client-centric in the conduct of their businesses (Barclays Africa, 2015; Capitec Limited, 2016; FirstRand Group, 2016; Nedbank Limited, 2015; Standard Bank Group, 2015). Standard Bank has stated it is realising that its “vision depends on placing our clients at the centre of everything we do. Achieving this objective begins with developing a precise understanding of their needs and what matters to them, and offering them the products, services and solutions to meet their goals. How we do this is equally important, and we are focused on making the changes necessary to serve our clients quickly, efficiently, reliably and respectfully online and in person, as they choose” (Standard Bank Group, 2015, p. 10).

The theme of customer-centricity was visible in various parts of the Standard Banks’ annual report including on its intentions to use customer centricty to drive innovations, processes, organisational culture, people and corporate architecture as a way to gain a better understanding of clients and earn their trust (Standard Bank Group, 2015).

FirstRand groups statement of intent states that the group operates in markets and segments where it can deliver on competitive, differentiated and client-centric value propositions (FirstRand Group, 2016).

Barclays Africa plans to occupy the first position in net promoter score by 2018 (Barclays Africa, 2015). Net promoter score is used to measure customer experience (Net Promter Network, n.d.). Clients are asked to rate on a scale of one to ten the likelihood that they would recommend a company or service to others. The percentage of detractors (clients who rated statement six or less) is subtracted from the percentage of promoters (clients that rated nine or ten) to give a net promoter score ranging from -100 if all are detractors to 100 if all are promoters.. As a self-defined customer and client-focused organisation, the bank intends to use customer insights and analytics to design new solutions with the stated objective of helping its customers and clients prosper and also to make their lives easier. (Barclays Africa, 2015). The third and fourth strategic focus is around process, employee, technology and innovation, to delight its customer base.

Capitec intends on leveraging off regular client feedback to provide simplicity to its customers (Capitec Limited, 2016). In its annual report, the bank stated that it strove to “give clients adequate insight to choose the best way to bank and the best way to run
their financial lives” as it believed that this created the best long-term relationship with customers (Capitec Limited, 2016, p. 22). Accordingly Capitec Bank stated that it viewed customer contact as an opportunity to review performance and find ways to differentiate itself from other banks (Capitec Limited, 2016).

Nedbank has also indicated how gaining a true understanding of its clients was central in the fast changing competitive environment (Nedbank Limited, 2015). In its recent integrated report, it stated that it used different forums and events to engage with its clients in order to “continuously understand what is important” to them (Nedbank Limited, 2015, p. 59). Other avenues to engaging with clients included face-to-face personal interviews as well as client surveys (Nedbank Limited, 2015, p. 59). In addition, Nedbank indicated that it also measured service levels. According to the bank, it utilises a client-centric strategy as a way to counter non-traditional competitors, reduce negative word of mouth by addressing customers’ demands for affordable customised offerings (Nedbank Limited, 2015).

1.4 **The Research Problem**

Worthington & Welch (2011) have found that non-banking companies with a strong grasp of customer information and client service could steal business from insular banks. Discovery, a South African financial services company, that predominantly engages in long and short term insurance and investments has recently announced that it intended to extend its services by including retail banking to its offering (Reuters, 2016). Discovery is not the only non-banking organisation intending to provide financial services. NASASA and Rainfin have entered this market. Rainfin provides borrowers with alternative debt providers by providing a forum for groups of borrowers and lenders to bid on customer interest rates (“Rainfin,” n.d.). NASASA leverages off the stokvel groups and uses the collective purchasing power of the group to provide financial services (“NASASA,” n.d.). A stokvels is a saving mechanism used in South Africa where a group of individual pool money together for a shared purpose (“NASASA,” n.d.). The number of non-banking organisations providing financial services in South Africa is increasing with retail chains such as Woolworths, now providing credit cards which also enables it track expenditure by its credit card holders outside its stores (“Woolworths,” n.d.). Apple Pay, Android Pay and Google Wallet allow owners of their devices to transact through them (“Android,” n.d., “Apple,” n.d., “Google,” n.d.).

The attempt by South African banks to move towards more customer centricity seems to be a response to the threats posed by non banking organisations starting to provide
banking services. In a research published in 2013, Nätti (2013) found that banking services are very firm oriented, giving primacy to the bank’s practices and processes which are then targeted towards clients as opposed to being generated from inception with the client. Even with internet banking, which was predicated on customers need for a digitised service, customers appear to be unsatisfied and feel that they have not gained enough value from their banking services (Nätti, 2013).

New regulations and policies also seem to be pushing banks towards more client-centricity. The introduction of the regulatory and supervisory approach by the Financial Services Board called Treating Customers Fairly (TCF) provides guidelines on the treatment of customers by financial services providers registered with the Board such as banks. South African banks have indicated that they prioritised compliance to TCF (Barclays Africa, 2015; Standard Bank Group, 2015; Nedbank Group, 2015; Capitec Limited, 2016).

Loss of clients to non-banking institutions seems to have also created a competition for customers amongst banks which seem to have engaged in cannibalising each other’s customers. BMI Research (2016) perceives an opportunity for the South African banking sector in the potential inflow of a large number of new banking clients from the rising black middle class and new millennials. The need to understand these potential customers and has resulted in the need for researching the rising Black middle class in South Africa (Chikweche & Fletcher, 2014).

Business research firms have listed targeting of new segments and identifying profitable niche products as additional opportunities for banks in South Africa (BMI Research, 2016). The opportunities identified are against a backdrop of currency volatility and rate hikes that will have a negative impact on the growth of loans and funding costs making the prospect more challenging. A client-centric approach is also likely to help identify needs of the new customers enabling a bank to find profitable customer segments and identify services to provide to them. Client centricity and customer loyalty are particularly important now as the threat of new entrants from non-banking firms is increasing (Worthington & Welch, 2011).

1.5 THE NEED FOR THE RESEARCH

Dahl (2016) and Hamilton (2016) have indicated that there is a general lack of consumer-based strategy literature. Ethiraj et al., (2012) indicate that while firms seem to attempt to gain closer proximity to customers, there is little evidence to suggest that truly client centric firms are increasing. Lack of client-centricity has also been observed particularly
in the banking sector (Nätti, 2013). Nätti (2013) found that the structural makeup in banking was comprised of silos presenting the biggest challenge to developing a truly client-centric strategy.

Silo structures have been viewed as one of the prominent obstacles to client centricity in firms (Nätti, 2013). Bonacchi & Perego (2011) indicate that managers of silo business units tend to push products onto customers before understanding the clients’ needs.

In reviewing literature for this research, the researcher did not find any literature indicating the presence of client-centricity in the South African banking sector. As such, the potential benefits of such a strategy to banks and clients remains unexplored. The main objective of this research was to determine if South African banks used client-centric strategies, or they merely communicated customer centricity as a marketing strategy. In situations where such strategies were implemented, the objective of the research was to establish whether they reaped any benefits as suggested in literature.

The resource-based view of the firm emphasises the organisational resources must provide the organisation with a competitive advantage (Wernerfelt, 1984; Barney, 1991). An organisation’s information gathering and processing abilities can be viewed as a resource if it provides gains. Contingency theory highlights the importance of organisational information processing abilities aligned to a context leading to a winning strategy (Glazer & Weiss, 1993). The marketing concept orients a firm to maximise customer value as a mechanism of being competitive (Sinkula, 1994). The “Customer activity cycle” is a tool developed to provide organisations with a framework to view the market space through using a customer lens (Vandermerwe, 1993).

As competition increases and resources are stretched, business leaders will turn to client centricity in search of ways to differentiate themselves from competitors and to gain customer loyalty. Molina & Águeda (2007) see relationship marketing as a way to build up a resource of loyal customers. The low costs associated with selling additional products and services to a loyal customer base can provide substantial gains to a firm and increase the customer lifecycle value (Bonacchi & Perego, 2011; Wernerfelt, 1984).

The study links these theoretical frameworks by examining client based organisational capabilities and information gathering and processing mechanisms using a survey of managers in a major South African bank. The information gathered will be used to measure the extent to which South African banks are client centric. The impact of these decisions on the customer will be derived from a survey to measure perceptions.
1.6 **SCOPE OF THE RESEARCH**

This research is focused on measuring the prevalence of client-centric practices in the organisational strategy of South African banks. Specific pillars of client-centric strategies will be identified in literature and the perceptions of experts within one of the major South African banks will be measured. The research also measures if gains of client-centricity are realised by the bank whether or not it is client-centric. These benefits of client-centric strategy will be taken from available literature and measured using the perceptions of employees in the same bank from the perspective as customers.

While there are many other strategies that banks can undertake, they are out of scope of this research.
2 CHAPTER 2: LITERATURE REVIEW

Chapter 1 of this document introduced the subject of this research whose title is “Dual perceptions of bank employees on client-centric strategy as staff members and bank customers”. The purpose of the research was to determine if South African banks used client-centric practices in their strategy. This chapter will review literature on the subject of client-centric strategy and the construct of client-centricity, from the perspective of organisational contingency theory, the resource-based view of the firm and the marketing concept, will also be reviewed. In addition, literature on Customer Activity Cycles, as a tool to achieve customer centricity in organisations, will also be reviewed.

2.1 CLIENT–CENTRICITY

The construct of client-centricity has been defined differently by different scholars. Similarly, there has been no consensus on the frameworks used to explain the construct. According to Seth, Sisodia, & Sharma, (2000), a client centric approach looks into trends of individual customers providing a forward-looking view to enable a firm to gain competitive advantage. Client-centric strategies also enable firms to identify and therefore prioritise profitable customers and outsource less profitable ones (Seth et al., 2000). According to (Bharadwaj & Dong, 2014), a client-centric strategy provides the firm with dynamic capabilities that help the firm provide superior products and services.

Bonacchi & Perego (2011) view client-centricity through the perspective of the use of customer-based information in the firm’s decision-making process, allocation of decision rights, metrics and incentives. According to Bonacchi & Perego (2011), client-centric firms align their selling activities with customer life cycles as opposed to aligning them from the transactional point in time. This perspective shifts the focus of marketing activities away from products to customers.

Vandermerwe (1993) suggests that product orientation has led to companies losing sight of their markets. According to Vandermerwe (1993), this orientation is a consequence of companies focus on growing market share and other short-term metrics that do not help the firm come up with products and services that will satisfy customers’ future needs. Including customer-specific information in the decision-making process could provide a firm with a platform to make decisions more likely to satisfy customers (Bharadwaj & Dong, 2014). Vandermerwe (1993), therefore, suggests that firms wanting to develop solutions for individual customers should focus on what they can do to help customers
achieve their outcomes. The clients’ desired outcomes must be viewed in the firms chosen market.

Understanding customer needs has been viewed as a way to increase the scope of products through market synergies (Kindström & Kowalkowski, 2014; Schmidt, Makadok, & Keil, 2016). (Schmidt et al., 2016) add that a firm with superior client knowledge needs and activities in a market space can convert two formally separate markets into one.

According to Kindström & Kowalkowski (2014) some product-centric firms are turning to client-centric practices to help them understand the markets in which they operate. They however, believe that to be effective, an understanding of the market space should be throughout the organisation in order to foster a healthy balance of exploration and exploitation of customer value gaps (Kindström & Kowalkowski, 2014). This concept of exploring and exploiting of value gaps has been mentioned in design thinking. Design thinking has been viewed as another way for firms to get closer to customers particularly during the innovation phase (Liedtka, 2015). She argues that design thinking focuses on exploring a customers’ journey from a point of empathy which creates a human centred and user driven design. This leads to prototyping solutions from which a firm can select the best ones (Liedtka, 2015).

Mickelsson (2013) suggests that a client-centric firm must view outcomes and service from a customers’ point of view. This perspective will effectively shift power to customers as they choose to lock onto the company as opposed to getting locked in by it. (Yang, Wang, Zhu, & Wu, 2012) argue that this client orientation perspective should start with an articulation and examination of customer needs which Roy (2013) suggests should be a pleasant journey that helps a customer achieve their desired outcome which in turn will increase customer satisfaction.

Given that different customers have different needs, a client-centric company must seek to target and please individual customers as opposed to market segments. Vandermerwe & Akehurst (1999) indicate that true insights into individual customers enables a company to provide meaningful value and growth through repeat purchases as well as buying a wider range of products from the same firm and generates positive word of mouth. By aligning itself to individual customers as opposed to mass segments, a firm is likely to take in more meaningful information per customer that can be used to design more relevant products and services.

Mickelsson (2013) argues that customer activities and processes, rather than company processes and activities drive client-centric strategies as customer activity approach
counters the firm dominant logic and replaces it with customer-dominant logic at the
centre of strategy. This approach, according to Vandermerwe (1993) provides an
intimate understanding of the end customer rather than operations. Hamilton (2016), on
the other hand, argues that a consumer-based strategy is a better approach as it focuses
on total market consumers and not the current customers. However, Vandermerwe
(2004) points out that using a customer-centric strategy that tracks activities before,
during and after interacting directly with the customer would include non-customers.

Ethiraj et al (2012), however, note that while client-centric strategies indicate that
customer demands should be prioritised, they indicate that there is a danger that too
much emphasis is placed on current customer and not potential ones. They suggest that
spending time addressing the needs of the current customers could leave little time to
understand non-customers and lost customers. Excluding these voices from an
organisation’s information loop could lead to missed opportunities to identify trends that
address future needs.

The banking industry initially relied on location to gain customers as the traditional branch
network was the key means on transacting (Brush, Dangol, & Brien, 2012). The
traditional response to the competition was to reducing internal costs and without
necessarily improving the service offering (Wisskirchen et al., 2006).

Other approaches such as “destination-centric revenue management” which is based on
mutually beneficial ways to maximise revenues among multiple firms by working together
where the customer spends money could be utilised to add value in banking (Kuokkanen,
2013). However, earlier research found no correlation with location convenience and
cross-selling in banking (Liu & Wu, 2007).

Cost cutting strategies are done purely from a company perspective and are unlikely to
add any value to customers if banks do not reduce fees or remove waste. Banks do not
seem to consider customer value when pursuing the cost-cutting strategies strongly.

2.1.1 The Customer activity cycle
For companies to gain meaningful proximity to clients, they must understand the
activities their customers go through to achieve their desired outcomes in a market
space. The customer activity cycle is a tool designed to help organisations track
customer actions before, during and after interacting with the organisation
(Vandermerwe, 1993). Customer journey mapping is a similar concept to customer
activity cycles that tracks the customer activities to achieve their desired service goals
(Patricio, Fisk, & Constantine, 2011; Tax, Mccutcheon, & Wilkinson, 2013; Zomerdijk &
Voss, 2010). Tax et al. (2013) argue that factors outside the organisation can influence the experience for customers and are critical in the service delivery design. They argue that placing the customer at the centre of the value delivery design makes it easier to include external activities. This process makes other parties in the value delivery network visible to the firm.

According to Vandermerwe (1993), the customer activity cycle enables organisations to move from a superficial client-centric view limited to interactions within the organisation, to all activities that a customer goes through to achieve their service goals and as a result, it increases the information available to add value to customers.

The customer activity cycle must differentiate core, related and unrelated activities that a customer goes through to achieve the final desired outcome (Mickelsson, 2013). Core activities relate to the direct interactions that customers have with a service provider, related activities are the ones close to direct interaction but are not easily observable to the firm and unrelated activities are those that are not seen by the firm but inform the client’s decision.

Mickelsson (2013) argues that access to information acquired through the customer activity cycle tool can enable an organisation to enhance its decision-making processes making it possible to design metrics aligned to the customer requirements. This is made possible because, as Vandermerwe (1999) argues, value identified in the customer activity cycles have depth of customer insights, are not obvious, are imperfectly imitable across organisations and industries to deliver an integrated customer experience.

Bharadwaj et al. (2012) have suggested that the ability to gain a deep understanding of customers allows a client-centric firm to create superior value propositions. The customer insights gained from customer activities allow a firm to find new ways of linking value adds to service offerings for customers. (Patricio et al., 2011) suggest that the linkages encourage co-creation of value by including other providers and customers in the information loop. Identifying value gaps and building competencies to fill them with linkages across departments and external providers increases the firm’s gains from intangibles making the strategy more difficult for competition to imitate.

The customer activity cycle increases interactions with customers. According to Mickelson (2013) such interactions make up the building blocks of customer engagement. (Brodie, Hollebeek, Juric, & Ilic, 2011) have described customer engagement as interactions that go beyond the transaction which have been found to be a key research point due to their ability to impact viral marketing.
Patricio et al. (2011) indicate that the examination of the constellation of activities and diverse providers a customer goes through from deciding to evaluating products and services provides a rich canvas from which a firm could identify value gaps. Vandermerwe (1993) argued that gains from a client-centric strategy are derived from linkages of value gaps with providers to fill them. These gaps can also be filled by other departments or third parties as long as it is done to maximise customer value. Including other third parties who help achieved the customers’ desired goal can create value for customers (Patricio et al., 2011). (S Vandermerwe & Akehurst, 1999) suggest that linking gaps to departments and third parties who are best equipped to fill them moves the firm from a single industry departmental silo approach to multiple industry cross-functional collaborations and partnerships. (Bharadwaj & Dong, 2014) suggests that an organisation’s activities should be synchronised to market changes to facilitate the development of superior value propositions.

Bonacchi & Perego (2011) also argue that information and decision rights must be coordinated across functional areas in a truly client-centric company. They argue that cross-functional decision making and information flow also reduces chances of data manipulation. Decision rights and information distributions support cross-departmental collaboration and intelligence gathering abilities.

As opposed to product marketing that focused on demand management through promotions, client-centric marketing is supply based using the customer as the starting point of the process (Seth et al., 2000). Selling strategies are based on selling multiple products to fill multiple customer needs as opposed to the sale of a product to as many customers as possible (Bonacchi & Perego, 2011).

Vandermerwe (1993) argues that a firm’s ability to add value by linking unconventional values together and providing them to customers on a platform creates customer lock on. Vandermerwe (1999) points out that customer lock on is different from locking customers in by putting obstacles preventing them from leaving as it is driven by customers gravitating towards the firm and wanting to stay. Yang et al. (2012) found that customer-oriented strategies are most beneficial in competitive markets that have matured and are highly commoditised.

2.1.2 Information

Rumelt (2012) suggests that building a strategy centred on clients would require having the customer at the centre of the organisation’s guiding policies. This would ensure that such policies incorporate information obtained from evaluating customer activities. Sawhney, Balasubramanian, & Krishnan (2004), on the other hand, state that by
explicitly articulating the market and the outcomes desired by customers, a firm can map out the core, related and unrelated activities that clients go through. As a consequence customer activity cycle expands the information that a firm can obtain and enables a firm to fill value gaps from primary or adjacent activities by providing value adding services (Sawhney et al., 2004). Mickelsson (2013) notes that it also enables a firm to bring in information that is not directly visible to customer and service provider interaction.

Kaishev, Nielsen, & Thuring, (2013) suggest that advances in database technology and monitoring customer information allows a firm to select profitable customers to which would enable it to cross-sell. Bonacchi & Perego (2011), on the other hand, note that the ability to keep large amounts of data and the introduction of new delivery channels has made it possible to develop better value propositions and appropriate customer metrics.

Cokins (2015) has, however, found that companies have experienced challenges in measuring and reporting customer profitability using traditional managerial account systems. This complicates analysis required for identifying customers to acquire, retain, grow, or win back. Despite this inability to accurately measure the benefits, there is a movement by organisations towards customer centric strategies.

Seth et al. (2000) suggest that as customer demographics change and customer needs get more demanding, client-centric marketing will become more important. Seth et al. (2000) argue the improvement in technology has enhanced the information gathering and processing abilities. This will allow firms to track the changing needs at a client level and not a market level in a client-centric firm (Seth et al., 2000).

2.1.3 Decision rights
Bonacchi & Perego (2011) believe that client-centric strategy should be supported by an organisational structure that allows information and decisions to travel across departments. They suggest that the success of client-centric implementation was based on the integration of decision rights, metrics and incentives (Bonacchi & Perego, 2011).

To ensure that customer value was prioritised over business units, a specialised relationship management function should be established to oversee customer experience while functional areas are categorised into customer segments and not product lines. This cross-functional decision making allows for the firm to see the client and not confine focus to specific products or departments.

Bonacchi & Perego (2011) note that some organisations have central customer relationship officers to ensure that innovations are driven to add value to clients across business units. Having a senior person maximising customer value across departments
ensures that after information has run through its value adding algorithm, divisional interest do not precede client value.

2.1.4 Metrics and rewards

According to Bonacchi & Perego (2011) customer equity drives the firm's profitability and metrics are designed to measure the extent to which it is grown. Used to measure performance against business targets, metrics include measurement of churn, service and acquisition costs and lifetime revenue (Bonacchi & Perego, 2011). Such metrics ensure that firm activities are directed towards delivering value to customers (Seth et al., 2000).

Seth et al, (2000) note that metrics and performance incentives in customer-centric firms are oriented towards the customer relationship management, customer equity and customer share of wallet, as opposed to non-customer specific metrics like market share. Bonacchi & Perego (2011) suggest that customer-centric firms view customer equity, which they define as the difference of profits in the client’s life cycle and the acquisition costs as a core business asset.

Market share is seen as a problematic metric by researchers as it primarily provides a historical perspective which does not give insights into how best to deliver value in the future nor inform a company on how satisfied its current customers are. One of the problems note of this metric is that companies can have a high market share in a declining market and also miss out on opportunities in adjacent ones.

Customer feedback is an important part in metrics of a client-centric company as this is how unmet needs are identified (Galbreath, 2007). In assessing performance, 720-degree review methods which include the feedback of important customers can be used to complement internal managerial contributions, employee and vendor metrics. In the process, customers can have a strong voice in the creation of services leading to co-value creation marketing and in how the company can serve them better in future. It increases the role of clients (Patricio et al., 2011; Seth et al., 2000; Tax et al., 2013; Zomerdijk & Voss, 2010).

Reward systems reinforce the strategy by motivating staff to be more productive and better meet organisational goals (Bonacchi & Perego, 2011). Rewards in customer-centric firms must be linked to customer equity metrics like satisfaction, interactions, customer life cycle profits, cross-sell or duration (Bonacchi & Perego, 2011).
2.2 A CONTINGENCY THEORY PERSPECTIVE

Client-centric strategies are aligned with the contingency theory which states the optimal strategy of an organisation is not fixed but is rather dependent on internal and external contexts. This relates to how an organisation sources information from the environment in which it operates, processes it internally and uses it to make decisions that translate into products and services from the customer (Glazer & Weiss, 1993). Figure 1 is a representation of the traditional view of contingency theory.

**Figure 1 Organisational contingency theory**

![Organisational contingency theory diagram](image)

Source: Authors own

Bharadwah & Dong (2014) argue that the ability to learn and sense changes about customers and the market has become critical in the current age of temporal advantage. By using individual customer needs to provide the external and internal context for the firm’s success (Seth et al., 2000) the success of an organisation is therefore based on its ability to source external information, process it internally and use it to make decisions (Glazer & Weiss, 1993).

Yang et al. (2012) also note the importance of aligning resources to the external environmental conditions of firms. By aligning themselves to customer activities, client-centric firms can bring in information that tracks changes in the market and customer needs (Bharadwaj & Dong, 2014). According to Bharadwaj & Dong (2014), failing to maintain a continuous flow puts a firm at risk of producing products and services that do not match customer needs. As such a client-centric strategy is contingent on the being aligned to customers in the environment that a firm operates in. Figure 2 is a representation of client-centric strategy from an organisational contingency theory perspective.
Figure 2 Client-centric strategy

Source: Authors own
2.3 RESOURCE-BASED VIEW OF THE FIRM

The resource-based view of the firm sees an organisation's resources as a source of its competitive advantage (Wernerfelt, 1984). (Brush et al., 2012) suggest that for such a resource to provide a competitive advantage, it must be rare, have substantial benefits and be easily replicable. If the three conditions outlined by Brush et al., (2012) are met, customer-centric strategies can therefore provide a firm with a competitive advantage.

Kindström & Kowalkowski (2014) views the ability of client-centric firms to make linkages and exploit the various actors in a market space to add value to customers as a resource. This is achieved by having superior knowledge about customers that enables firms to develop better products and services or reshape the market space by creating new needs. Good customer-based information and knowledge allow the firm to develop strategies that balances adding new services to maintain loyal customers and developing services to induce marginal customers (Schmidt et al., 2016).

The ability to develop better ways of filling customer needs has been viewed a valuable resource for client-centric firms (Bharadwaj & Dong, 2014; Yang et al., 2012). Client-centric strategies have also been found to increase customer loyalty which in turn increases cross-selling and lifetime value (Bonacchi & Perego, 2011; Brodie et al., 2011; Galbreath, 2007; Roy, 2013). Customer loyalty and the ability to exploit value gaps provides material benefits for companies. The ability to develop better value propositions by exploiting value gaps using the customers’ activates in the environment is based on the internal processes shown in Figure 2. This ability can be seen as an asset that provides the firm with a competitive advantage.

Other authors see product-centricity as a way of getting a competitive advantage. These firms have attained competitive advantage in the past through product modification and lowering cost as they proceed along on the quality learning curve (Mallick, Ritzman, & Sinha, 2013). While product-centric firms use continuous improvement is used to improve the quality and reduce the price of products, the Mallick et al. (2013) found it could isolate the client resulting in products that only add value to the firm and not the customer.
2.4 THE MARKETING CONCEPT

According to Seth et al., (2000), client-centricity is an extension of the marketing concept of adding value popularised by Kotler. The marketing strategy gained dominance as gains from product focused marketing led to commoditization which resulted in customer dissatisfaction (Seth et al., 2000).

The marketing concept has positioned firm success as being contingent on understating and satisfying customer needs. Kotler & Keller (2011) suggest that the decision of firms must be geared towards satisfying customer needs by ensuring that the controllable parameters of the marketing mix are aligned to the customer..

A client centric approach enhances this concept by ensuring that decisions and information about customers is collected and distributed throughout the organisation. Metrics and remuneration linked to customer-specific metrics incentivises firms to client needs and determine how best to satisfy them (Seth et al., 2000).

The customer activity cycle also opens the door for collaboration with third parties who can provide certain aspects of the customer desired outcomes better than the company (Mickelsson, 2013; Patricio et al., 2011; Tax et al., 2013).

A client-centric firm goes beyond identifying the needs of customers by understanding how and when to introduce products and services (Li, Sun, & Montgomery, 2011). By using customer activities before, during and after direct interactions with a company, information about customers evolving needs is brought into the organisation. By understanding the needs and behaviour of customers as they evolve, tailor made targeting can be used to fill value gaps in a meaningful way and improve long-term relationships with customers and maximise long-term profitability.

2.5 BENEFITS OF CLIENT-CENTRIC STRATEGY

The benefits of a customer oriented strategy are well documented in marketing literature (Bharadwaj et al., 2012; Bonacchi & Perego, 2011; Brodie et al., 2011; Brush et al., 2012; Wisskirchen et al., 2006). The following section expands on the theoretical gains of a client-centric strategy based on how it impacts on customers from previous researchers.

2.5.1 Trust

Trust is viewed as an essential component of building long-term relationships with organisations (Liu & Wu, 2007). The increase in trust makes purchasing more likely for customers to make additional purchases with the firm by reducing uncertainty (Andrew Petersen & Kumar, 2015; Liu & Wu, 2007).
Roy (2013) argues that customer advocacy has a positive impact on trust. Customer advocacy was defined by focusing on customer success, increasing customer involvement, creating partnerships with customers and increasing transparency (Roy, 2013). Customer advocacy was seen as a form of client-centricity. The main principle was that by placing the customer's interests first, customers reciprocate with loyalty and trust in the firm (Roy, 2013).

The customer activity cycle attempts to remove the boundaries between companies and their customers (Vandermerwe, 1993). Vandermerwe (1993) argues that borders between companies and customers must be more elastic and porous enough to engender sharing and trust.

Using customer activities and increasing engagement can lead to benefits such as brand connection, loyalty and trust (Brodie et al., 2011). As customer purchasing activity iterates, trust can become an antecedent for future purchases (Brodie et al., 2011).

Researchers have found trust in traditional banks to be on the decline after the global financial crisis (Worthington & Welch, 2011). The unpopularity of banks has made the industry look more attractive to trusted non-banking brands (Worthington & Welch, 2011). A client-centric approach is likely to increase trust by placing customer needs at the forefront of the organisational direction.

2.5.2 Customer satisfaction

Being customer focused enables firms to deal better with complex and fast changing customer needs and expectations due to the intimate understating firms have of their clients (Bader & Enkel, 2014). Client satisfaction and loyalty are seen as competitive advantages to companies as this enhances the firm's sustainability (Wang, 2010).

Providing a firm with abilities to collect and use superior customer information enables it to design services better than the competition. It also allows the firm to determine implicit needs that it can satisfy with future service offerings. This ability to design better products and services leads to high customer satisfaction.

Filing value gaps identified through customer activities using external providers, networks and departmental strengths increases the value delivered to the customer. The customer experience generated through such deep client-centric strategies is likely to increase customer satisfaction.

Bringing customers and suppliers into the innovation of service offerings increases interactions which create trust in the market space (Henk & Zhang, 2010). The trust encourages more information sharing, providing the firm with more ways of adding value.
by linking benefits. The increased interaction also develops customer engagement that later increases positive word of mouth (Brodie et al., 2011).

2.5.3 Positive word of mouth
Satisfaction has manifested itself in many ways including recommending the service or product to other customers (Wang, 2010). The viral nature of word of mouth has been found to have the ability to influence adopters expectations and thoughts about a service or product (Parthasarathy & Forlani, 2010).

If products and services provided by a customer centric firm create more stratified customers due the superior capabilities, customers are likely to speak positively about it. Research on customer advocacy, which is a form of customer centricity, found that customers will advocate their service providers to peers provided that they are satisfied with the offerings (Roy, 2013).

2.5.4 Cross selling
Profitability can be increased through cross-selling behaviour that is created by customers avoiding switching costs and purchasing more products and services from the same firm (Brush et al., 2012).

Client-centric strategy has the potential to reduce acquisition and serving costs customer enabling firms to take advantage of economies of scale and scope (Schmidt et al., 2016). Optimal matching of resources and markets maximises the value of shared resources (Schmidt et al., 2016). This can be enhanced if a firm can provide customers with more services that are in different markets to the same customer within a market space (Schmidt et al., 2016).

A client-centric approach would position the banks to identify needs that can be serviced outside to the traditional banking industry would increase the willingness to purchase (Schmidt et al., 2016). Convergence between the insurance and wealth management industries would create a one-stop shop for customers, adding value to customers while potential creating new revenue streams as agents non-banks (Liu & Wu, 2007).

2.5.5 Customer loyalty
Customer loyalty is defined as a deep attachment to a product, service or brand (Wang, 2010). Customers with high satisfaction due to better-perceived service offerings than the competition are likely to remain loyal to the firm (Chebat, Davidow, & Borges, 2011). This limits the potential loss of customers to disrupters.

Research has shown that focusing solely on switching costs can be used to retain customers to improve a firms’ performance. This has been applied specifically in the
banking sector (Brush et al., 2012). Switching costs have been defined as the costs involved in moving from one company to another for the same product or service (Wang, 2010). These include both monetary and non-monetary costs.

Switching costs have been seen as a defensive tool that deters customers from moving to other providers thereby encouraging repeat purchases and loyalty (Chebat et al., 2011). There is a danger of creating trapped customers as opposed to loyal ones by increasing switching costs without adding customer value (Jones, Mothersbaugh, & Beatty, 2002). This combination of unsatisfied customers and a real threat of new entrants could leave a firm in a vulnerable position.

Chebat et al. (2011) found that high switching costs were likely to increase the probability of dissatisfied customers staying. Firms might not respond to their unhappy customers as they feel dissatisfaction is not urgent but are protected by high switching costs (Chebat et al., 2011).

An increasing portfolio of unhappy customers could have negative impacts on word of mouth. With the viral nature of information, bad word of mouth could reach a large number of potential customers and dissuade them from joining (Brodie et al., 2011; Parthasarathy & Forlani, 2010).

Researchers have found the move towards customer centricity to be inevitable as it is likely to strategies enhance the customer loyalty, share of wallet and increase marketing efficiency (Seth et al., 2000). As competition increases and resources are stretched, business leaders have turned to client centricity to as a way to differentiate themselves from competitors. (Bonacchi & Perego, 2011). Customer loyalty is seen by managers as a source of competitive advantage (Wang, 2010).

### 2.6 CONCLUSION

In summary, four pillars were identified to measure client-centricity from the banks perspective. The four pillars were are targeting, value proposition development, metrics and cross-departmental collaboration. Successful client-centric strategy should lead to benefits for customers and ultimately the bank. The benefits are customer trust in the bank, satisfaction with banking products, positive word of mouth, loyalty and switching costs.
CHAPTER 3: RESEARCH PROPOSITIONS AND HYPOTHESES

This research seeks to determine the level of client-centricity in the South African banking system and its impact on customers. Given multiple references of client-centric strategies in annual reports of the major South African banks, the impression given was that there should be independent evidence for this. However, the researcher was unable to find any academic literature on customer-centric strategies in the South African banking industry. Despite the apparent need for customer-centricity in banking following the global financial crisis, research into banking in other countries has found that customer-centricity was lacking. This was ascribed mostly to the prevalence of silo structures in most banking operations (Nätti, 2013; Worthington & Welch, 2011). However, there is a general view that companies are attempting to get more client-centric to keep up with changing customer demands (Bharadwaj & Dong, 2014; Roy, 2013).

The absence of South African studies on customer-centric strategies in the South African banking industry revealed the gap in literature that this study is attempting to fill. Given that, in their annual reports the major South African banks make references of client-centric strategies, the assumptions made in the process of conducting this research was that the banks do engage in client-centric strategies although the level and effectiveness of their engagement was not known. This establishment of the level of client-centricity in the South African banking system and its impact was therefore made the focus of this study.

Client-centric strategies have specific characteristics which were used to create propositions for this research. These characteristics are:

- Client-centric strategies must target individuals and not segments (Seth et al., 2000);
- A truly client-centric bank must use customer activities before during and after client interaction to identify value gaps that can be addressed with new service offerings (Mickelsson, 2013; Sawhney et al., 2004; Vandermerwe, 2004);
- The organisation must use metrics that measure life-cycle value and customer share of wallet as opposed to market share (Bonacchi & Perego, 2011);
- The bank must also have a high level of collaboration and coordination across business units and product houses (Bonacchi & Perego, 2011; Seth et al., 2000).
Accordingly, four propositions were made to measure client-centricity in the South African banking industry.

**P1:** South African banks target customers at an individual level and not at a mass market or segment level.

**P2:** South African banks use client-centric practices of co-creation and customer activities outside the organisation to develop new value propositions.

**P3:** South African banks use client-centric metrics such as share of wallet and engagement and relationship to measure performance.

**P4:** South African banks have a dedicated customer officer responsible for maximising customer value and supporting collaboration and information flows throughout the organisation.

The propositions are intended to provide insights into the practices employed by the bank. The researcher intends to triangulate these perceptions with customers. These will be obtained by hypotheses to test bank customer perceptions of South African bank customers. The first test is to determine if customers believe South African banks are customer centric. This will be triangulated with the findings from the propositions. As such, the first hypothesis is

**H1:** South African bank customers do not believe banks are client-centric

**H1:** South African bank customers believe banks are client-centric

Strategies that place customers success, engagement and co-creation have been found to improve trust (Roy, 2013). Brodie et al. (2011) suggest that while consumer engagement can engender trust in new customers, trust is also an antecedent for existing customers to engage. South African bank customers are likely to have trust in their banks if the banks practice client-centric strategies. This leads to the second hypothesis

**H2:** South African bank customers do not have trust in the banks

**H2:** South African bank customers have trust in the banks

Client-centric organisations regard customer satisfaction as a key performance metric (Bonacchi & Perego, 2011). The existence of client-centric strategies is meant to provide
a firm with client sensing capabilities that allow it to better satisfy customer needs (Bharadwaj et al., 2012; Bonacchi & Perego, 2011; Tax et al., 2013). Customers are more involved in the value creation process and believe that the firm can proactively identify and address their needs, increasing client satisfaction. By aligning itself with customers and their evolving needs, a client-centric bank would be better positioned to fill client needs and therefore have satisfied customers (Bharadwaj et al., 2012). The third hypothesis tests the satisfaction of bank customers.

\[ H3_0: \text{South African bank customers are not satisfied with their bank's service offerings.} \]
\[ H3_1: \text{South African bank customers are satisfied with their bank's service offerings.} \]

Positive word of mouth has stood out in relationship marketing literature (Molina & Águeda, 2007). This is due to the power it has on influencing customers to join a company. Positive word of mouth has been identified by different authors as one of the outcomes of customer satisfaction (Brodie et al., 2011; Molina & Águeda, 2007). Client engagement that goes beyond a purely transactional relationship has been seen as a mechanism to increase positive word of mouth (Zomerdijk & Voss, 2010). This led to the fourth hypothesis.

\[ H4_0: \text{South African bank customers are not likely to say positive things about their bank} \]
\[ H4_1: \text{South African bank customers are likely to say positive things about their bank} \]

By going beyond a transactional relationship with their customers, client-centric firms can increase satisfaction and loyalty and reduce churn (Bonacchi & Perego, 2011; Zomerdijk & Voss, 2010). Roy (2013) also suggests that placing customers’ interest first will increase trust and satisfaction which will be reciprocated with loyalty to the company. Brodie et al., (2011) views customer engagement and co-creation, which are key for client-centricity, as a way of driving customer loyalty. Some research has found that customer focus did not necessarily have a strong effect on customer loyalty (Bharadwaj et al., 2012; Leverin & Liljander, 2006). As such, the fifth hypothesis determines loyalty of South African bank customers to their banks.

\[ H5_0: \text{South African bank customers are not loyal to their bank.} \]
\[ H5_1: \text{South African bank customers are loyal to their bank.} \]
A firm that can identify needs builds the ability to provide more capabilities that serve the customer. If these capabilities are perceived to be unique to the firm, it creates high switching costs as they feel that changing providers will result in losing these benefits. As such, the sixth hypothesis tests client-centric strategies impact on capability based switching costs.

H6$_0$: South African bank customers do not have high switching costs.

H6$_1$: South African bank customers have high switching costs.
4 CHAPTER 4: RESEARCH METHODOLOGY

The following section provides the details of how this research was conducted. The aim of the research was to determine the prevalence of client centricity in the strategy of South African retail banks, and how this impacts customers. This chapter presents the method followed in determining the propositions and hypotheses identified in chapter 3 of this study. The design, sampling, unit of analysis, the instrument used and data collection and design will be presented.

4.1 RESEARCH DESIGN

Saunders & Lewis (2012) have described the research process as similar to peeling through layers like an onion from approaches and philosophies down to research instruments. A mixed methods research approach was chosen for this research as it was deemed the most appropriate. Mixed methods have been perceived as the most appropriate in to tackling different aspects of a study (Saunders & Lewis, 2012). The mixed methods approach was therefore selected to allow the researcher to corroborate findings on the bank's use of client-centric practices in its strategy with the views of its customers.

Critical realism philosophy was used to allow a deeper look into the decision-making patterns while still being scientific (Saunders & Lewis, 2012). Saunders & Lewis (2012) state that critical realism adds subjective processing to what is immediately observed providing a deeper understanding. Due to time constraints, the research was a cross-sectional snapshot at a point in time.

To answer the propositions and hypotheses in chapter 3, one of the major banks in South Africa was selected for the study which had two phases. The first phase of the research involved gaining the perceptions of bank staff members on the bank’s strategy. Research can be conducted using experience surveys to obtain the perceptions of people who are knowledgeable about a topic (Malhotra, 2010). Senior bank officials are seen to be the developers and drivers of the strategy employed by an organisation and as such are likely to have knowledge of the strategy.

The second phase of the research explored bank customers’ perceptions the client-centricity of their bank and to identify if banks were likely to realise some benefits of client-centric strategy.
The first stage was used to measure the levels of client-centric practices in the strategy. To obtain perspectives of the banks’ strategy, both quantitative and qualitative data was obtained from the purposefully selected senior bank officials. The senior bank officials were viewed as subject matter experts on the banks’ strategy. The strategy experts selected were the top three levels of all client-facing retail business units. Both qualitative and quantitative approaches were used as a way of corroborating responses on the strategy used by the bank. Saunders & Lewis (2012) state that a mixed methods approach is appropriate for corroborating findings among methods. Face-to-face interviews were conducted on the strategy experts in the bank. This process was used to obtain data based on a questionnaire which was followed up by a structured interview that allowed the respondents to elaborate on their responses without limitations. Online questionnaires were sent to more senior officials who did not get a debriefing after the filling it in. This was done to include the perspectives of more subject matter experts.

The initial phase comprised of questionnaires that were distributed to senior staff members in the bank as strategy experts. A five-point Likert scale was used to measure employee perceptions of aspects of the strategy employed by the retail cluster of the bank. Likert scale measurements are useful in measuring direction and magnitude of perceptions (McBurney, 2000). The Likert scale was used as it has been found to conform to linear models which are useful for correlation models (Weijters, Cabooter, & Schillewaert, 2010).

After completion of the questionnaire, respondent debriefings were used to allow the managers to provide in-depth feedback on each of the questions asked. The feedback was also used to change the wording in questions to align to business language which made the questionnaire easier to understand. Interviewer and respondent debriefings have been used to test and improve on the survey designs (Blair, Czaja, & Blair, 2013). The respondent debriefings were conducted on the most senior staff members who were available as the researcher believed them to have a better view of the overall strategy of their department and the retail cluster of the bank.

The initial interviews were used to pilot the instrument used. After the first three interviews, the wording of some questions was changed based on recommendations made by bank officials. The researcher discarded the three questionnaires from the quantitative part of the study to prevent obtaining data from two different instruments. The data from the interviews, however, was still used for the qualitative part of the study. The qualitative part of the study used high-level questions to allow respondents to expand on the questions in the questionnaire.
Two more face to face interviews were conducted and then before the final questionnaire was converted to an online questionnaire and sent to the top three tiers of management in each of the client facing departments of the retail cluster. These departments were home loans, personal loans, credit card, vehicle loans and transactional accounts. The researcher had nine more post questionnaire debriefings with senior officials in the bank from the various retail departments. Managers were purposefully selected for follow-up interviews based on their seniority. This was done to ensure the respondents had more knowledge on the strategy. After reaching saturation in the post interview debriefings, an online version of the questionnaire was used to get more data from senior staff members. Saunders & Lewis (2012) suggest that online questionnaires are useful in obtaining data in a short time frame (Saunders & Lewis, 2012).

Customer perceptions were obtained through surveys. This was seen as appropriate because the basic elements of the analysis were statistical in nature.

To obtain staff members perceptions from a customer perspective, the researcher designed an online questionnaire that was pre-tested with MBA students. After receiving feedback and making changes based on the recommendations, a survey of staff members of the same bank was conducted. This population was seen as appropriate because all staff members of the bank will have a bank account. Staff surveys were only conducted after the researcher was provided written permission to do so.

Staff members were asked to provide responses from the perspective of a client and not an employee. Only staff members who used the same bank were included in the study. Staff members who were also customers off the bank were identified by a question in online questionnaire that asked if they were customers. Staff members who indicated that they were not were excluded from the sample. The senior managers used in the initial survey on the bank strategy were excluded from the client survey to avoid answering the questionnaire after being primed by the first questionnaire.

4.2 Population and Sampling

Malhotra (2010) describe a population as an aggregate of elements sharing common characteristics that comprise the universe for the purpose of the research. A subset of the population is then used to participate in the research. This subset is called the sample (Malhotra, 2010).

The total population of senior managers in the retail banking business units was used to obtain a sample of appropriate senior managers to assess the level of client-centricity in
the overall strategy. These were limited to the top three levels of management for each business unit.

Saunders & Lewis (2012) describe judgement sampling as a non-probability sampling where the researchers’ judgement is used to select sample members. Judgement sampling was used to identify the senior banking officials used in this research. This sampling method requires the researcher to select units of analysis according to a predefined criteria (Balnaves & Caputi, 2001). The basis of the selected bank was access to the employees and senior staff members as the researcher was also a staff member of the bank.

Data on the bank’s strategy was obtained from purposefully selected senior staff members working within the retail banking cluster. This was done to allow the researcher to select subject matter experts to provide strategy insights (Saunders & Lewis, 2012).

The researcher evaluated the impact the bank’s strategy has on clients with convenience sampling to get data. As in the strategy convenience sampling, the customer sampling was based on access to bank employee contact details. Employees of the bank who are also customers were sent an online questionnaire using SurveyMonkey. Employees were asked to provide feedback from a customer perspective. Employees from the strategy questionnaire were excluded from the customer questionnaire.

This approach provided insights into the perceptions of bank staff both as employees and as customers.

Results from the questionnaire was then be analysed using SPSS Software. The formatting and presentation of the data obtained was done using Microsoft Excel.

4.3 Unit of Analysis
The unit of analysis is the perceptions of bank employees as from the perspective of managers and bank staffs point of view as customers. This allows the researcher to triangulate how well the perceptions align to form the two perspectives.

4.4 Research Instrument
The researcher conducted face to face surveys of managers using a questionnaire designed from concepts in the literature used. Follow-up interviews were structured on around the questions answered allowing the senior executives to provide deeper context. The questions used in the research will be developed from Bonacchi & Peregos (2011) model and the customer activity cycle tool developed by Vandermerwer (1993). More
questions from the literature on strategic orientations by Yang et al. (2012) were included in the internal questionnaire.

Face to face surveys were conducted on purposefully selected manager across the retail cluster of the bank to increase the response rate within the time frame (Blair et al., 2013). The method allowed the researcher to provide clarity on any questions that the respondent might misunderstand.

The framework from Bonnachi & Perego (2011) into client-centricity for a mobile content provider will be used to frame questions about targeting, value proposition development, metrics and collaboration within the bank. Concepts from the customer activity cycle will be framed into questions to determine how much of the customer journey is used in designing of service offerings (Roy, 2013; Sawhney et al., 2004; Vandermerwe, 1993, 2004). These questions were then translated to an online questionnaire using SurveyMonkey and sent out to managers. A copy of the questionnaire can be found in the appendix 8.1 as Strategy Questionnaire.

The second part of the study focused on customer perceptions. Bank staff’s perceptions of the banks client-centricity were obtained from retail staff members using an online questionnaire. The questionnaire went further to understand if the client’s behaviour is in line with the expectations of literature around client-centric strategy. Getting the necessary data from a statistically large group in a short time frame limited the researcher to an online questionnaire (Saunders & Lewis, 2012).

The questionnaires were sent out to staff members of the same bank. This allowed the researcher to determine if the bank strategy is seen the same as employees and as customers. The questionnaire comprised of questions used by previous research into customer advocacy, which is a deeper form of client centricity (Roy, 2013). Questions about switching costs will be taken from research into complaint management in banking to enhance switching costs (Chebat et al., 2011). Additional questions on satisfaction were taken from research on relationship marketing in the banking sector (Leverin & Liljander, 2006). Constructs of client-centricity from the organisations perspective were taken from research into how customer orientation yielded superior value propositions and influenced future buying decisions (Bharadwaj et al., 2012). The questions were formatted in SurveyMonkey and sent out to staff members. This questionnaire can be found in the appendix 8.2 as Customer questionnaire,
4.5 DATA COLLECTION
Questionnaires were sent to purposefully sampled senior officials in the retail bank cluster of the bank. Initially, the researcher conducted face to face surveys in order to enable the researcher to explain any questions that might not have been clear to respondents.

Follow-up interviews were conducted to gain a deeper understanding of respondent answers. Information obtained from the interviews was also used to modify the questionnaire for the next group of senior officials.

After five rounds of face to face surveys, the questions were finalised and sent to the top three tiers of management in the client facing departments. A total of 171 questionnaires were sent out to senior officials in retail banking.

To obtain data for bank customers, the researcher sent out an online questionnaire to bank staff members who were not in the sample of the top bank officials used to gain insights into the bank’s strategy. This allowed the researcher to gain perspectives of the bank's employees as customers. This method was used to triangulate how client centricity, through the eyes of bank employees as staff and as customers. A total of 5659 emails were sent out.

4.6 DATA ANALYSIS
The researcher used a cross-sectional approach where perceptions were measured at a point in time (Saunders & Lewis, 2012). Monitoring results over a period would have required more time than allowed for this research.

Reliability and validity tests of constructs were conducted using Pearson correlations and Cronbach’s alpha at a 95% confidence level. Descriptive statistics were used to describe the populations. The mean scores were compared using t-tests to test the proposed hypotheses in the previous chapter. SPSS software was used to conduct the statistical tests. Microsoft Excel 2013 was used for the descriptive statistics and to represent the findings.

4.7 LIMITATIONS
The sample of senior staff did not contain large samples of employees from the various retail departments. This limited the ability of the researcher to compare the extent to which client-centric practices were used in the departmental strategies. The prevalence of bank silos could result in different strategies per silo. The availability of bank officials senior enough to provide meaningful feedback was hard to obtain. As such the most
senior officials available were used to provide qualitative insights in the debriefing interviews.

The sample of customers used is not representative of all customers as it is comprised of the bank’s employees. Therefore, the sample is biased, and responses could be influenced by knowledge of internal operations in the bank. The sample could also be affected by having preferential rates as employees. While the sample used was biased, employees provided a highly concentrated population of customers that have at least one product with the bank due. Further to the high concentration of clients, insights obtained could be meaningful regarding the strategy employed if responses as managers and as customers do not align.

By looking into one bank in South Africa, the researcher was unable to compare levels of client-centricity across the different banks. Such an approach would provide stronger insights into strategies employed by South African banks. Availability of senior staff officials on one bank was challenging. Finding availability in the calendars of senior employees in other banks would have been an even bigger challenge in the time frame allowed. As such, the study focused on one bank.
5  Chapter 5: Results

5.1 Introduction
This chapter presents the results of the findings from the analysis conducted as was outlined in chapter 4 of this research. As presented in the methodology chapter, the study took two stages. The first stage measured strategy by collecting data from senior management in the retail cluster of the bank.

The research was used to determine which of the client-centric approaches identified in the literature are employed by the bank. The research was also triangulated the strategy findings with customer perceptions on the banks’ client-centricity. The researcher went further to determine if the benefits of a client-centric strategy in relations to customers exists. The study did not prove causality between the strategy employed and its impact on customers. Finding causal links between the bank strategy and impacts on customers has proven difficult due to numerous uncontrolled factors.

P1: South African banks target customers at an individual level and not at a mass market or segment level.

P2: South African banks use client-centric practices of co-creation and customer activities outside the organisation to develop new value propositions.

P3: South African banks use client-centric metrics such as share of wallet, engagement and relationship to measure performance.

P4: South African banks have a dedicated customer officer responsible for maximising customer value and supporting collaboration and information flows throughout the organisation.

The second phase measured perceptions of client-centricity in the bank from a customers’ perspective. Insights into how the bank strategy impacts customers were also obtained. The study investigated customers’ trust of the bank, satisfaction, positive word of mouth, loyalty and switching costs. The following hypotheses were tested

H10: South African bank customers do not believe banks are client-centric

H11: South African bank customers believe banks are client-centric

H20: South African bank customers do not have trust in the banks

H21: South African bank customers have trust in the banks
H3_0: South African bank customers are not satisfied with their bank's service offerings.

H3_1: South African bank customers are satisfied with their bank's service offerings.

H4_0: South African bank customers are not likely to say positive things about their bank

H4_1: South African bank customers are likely to say positive things about their bank

H5_0: South African bank customers are not loyal to their bank.

H5_1: South African bank customers are loyal to their bank.

H6_0: South African bank customers do not have high switching costs.

H6_1: South African bank customers have high switching costs.

The two samples of experts and customers were quantified with the demographic split of respondents. High order concepts were derived from the questionnaire to reduce the number of questions to be analysed. Multivariate correlation was used to measure the validity of the constructs and the reliability of the responses was tested using Cronbach’s alpha. The responses from the Likert scale were tested against the midpoint using a t-test.

Internal interviews were used to supplement the findings. This provided meaningful insights into the strategy employed by the retail bank to determine how client centric it was. Quotes and keywords provided by the interviewees will be displayed.

The following sections detail the results of both the internal and external results from the research instruments to answer the propositions and hypotheses. The section starts with the describing bank strategy data, proceeds to the bank customer data summary of the results and finally the conclusion. The propositions of the extent of client-centric practices obtained from senior bank officials will be answered in the strategy data while the hypotheses measuring the staff members’ perceptions as customers will be detailed in the bank customer section.
5.2 **Bank Strategy Data**
The bank selected for the study was one of the big four banks in South Africa. The following section will highlight the findings on the perceptions of senior management in the retail bank with regards to the strategy.

5.2.1 **Sample and responses**
Internal data from 57 senior managers in retail banking was obtained using an online questionnaire described in detail in the methodology chapter of this research. Fourteen managers provided follow-up interviews to give more depth on their responses to the questionnaire. Titles of the managers selected from within the various business units of the bank included Managing Executive, Head of Risk, Head of Value Analytics, Head of Operations, Senior Manager of Client Insights and Senior Strategy Specialist.

All selected staff members were deemed as pivotal in the formulation and operationalising of the strategy in the respective business units.

The table below shows the designations of the bank managers who responded to the online questionnaire as well as the products provided to customers in their respective divisions.

**Table 1 Senior retail bank staff**

<table>
<thead>
<tr>
<th>Product Type</th>
<th>Executive</th>
<th>Senior management</th>
<th>Middle management</th>
<th>Management</th>
<th>Specialist</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transactional accounts</td>
<td>3</td>
<td>2</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>5</td>
</tr>
<tr>
<td>Credit cards</td>
<td>1</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>Home loans</td>
<td>3</td>
<td>10</td>
<td>5</td>
<td>2</td>
<td>1</td>
<td>21</td>
</tr>
<tr>
<td>Personal loans</td>
<td>4</td>
<td>3</td>
<td>4</td>
<td>1</td>
<td>-</td>
<td>12</td>
</tr>
<tr>
<td>Vehicle loans</td>
<td>1</td>
<td>5</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>7</td>
</tr>
<tr>
<td>Private banking</td>
<td>1</td>
<td>7</td>
<td>3</td>
<td>-</td>
<td>-</td>
<td>11</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>13</strong></td>
<td><strong>27</strong></td>
<td><strong>13</strong></td>
<td><strong>3</strong></td>
<td><strong>1</strong></td>
<td><strong>57</strong></td>
</tr>
</tbody>
</table>

Follow-up interviews were conducted on some of the senior retail banking staff members to gain more depth of their questionnaire responses. The most senior executives available were selected for the follow-up interview as they were more likely to have a greater oversight of how the functional areas come together to formulate the strategy. The table below shows the breakdown of the staff members interviewed.
Table 2 Senior retail bank staff (interviews)

<table>
<thead>
<tr>
<th></th>
<th>Executive</th>
<th>Senior management</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transactional accounts</td>
<td>3</td>
<td></td>
<td>3</td>
</tr>
<tr>
<td>Credit cards</td>
<td>1</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Home loans</td>
<td>3</td>
<td></td>
<td>3</td>
</tr>
<tr>
<td>Personal loans</td>
<td>2</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Vehicle loans</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Private banking</td>
<td>1</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Total</td>
<td>11</td>
<td>3</td>
<td>14</td>
</tr>
</tbody>
</table>

Respondents were asked to define the market space that their business units operate in to provide more context. This was done using a free text box in the questionnaire to allow the senior staff members to express feeling how they viewed the market space. The responses were grouped into themes. The table on the following page summarises the responses and themes picked up from the responses. Responses are split by the various business units to identify differences. Questions that were not completed were excluded.

Themes used identified from the market space definition were used to determine how the bank views its overall purpose. The themes identified were grouped into competition based, product based, macroeconomy based, market segment based and client based definitions. The market spaces as defined by senior bank staff is shown by business unit in Table 3.

The respondents views of the customers desired outcome in the market space were grouped into themes. Themes for desired outcome that were identified were customer-based, product based and process based. A breakdown of the desired outcomes is in the various business units is shown in Table 4.
### Table 3 Market space definition by business unit

<table>
<thead>
<tr>
<th>Business unit</th>
<th>Words used to define market space</th>
<th>Theme</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Home loans</strong></td>
<td>Competitive given the homogenous; little movement in margin; competitive yet slow changing market; competitive and saturated industry; competitive with non-banking entities holding the power</td>
<td>Competition</td>
</tr>
<tr>
<td></td>
<td>Sensitive to the macro economy; mainly driven by prime interest rate; difficult for customers to service their debt; Volatile at the moment with interest rate hikes</td>
<td>Macroeconomy</td>
</tr>
<tr>
<td></td>
<td>Salaried individuals requiring home loan; Home Loans between R 100 000 and R 5 million; middle and lower income residential property ownership; Retail low to middle market segments; Residential home finance</td>
<td>Market segment</td>
</tr>
<tr>
<td><strong>Personal loans</strong></td>
<td>Best described as mass market; low to middle-income segments; Segments like entry level, middle market and affluent market; Top end ELB/ Middle market; Rising middle market</td>
<td>Market segment</td>
</tr>
<tr>
<td></td>
<td>It is high-risk lending business; consumers ranging from a very low likelihood of default to a very high likelihood</td>
<td>Product based</td>
</tr>
<tr>
<td></td>
<td>Very competitive and lucrative; Competitive, high risk, profitable, dynamic; very competitive</td>
<td>Competition</td>
</tr>
<tr>
<td><strong>Credit card</strong></td>
<td>Facilitation of payments. Both P2B, B2B, P2P. All segments card acceptance and issuing in 24 hours</td>
<td>Client based</td>
</tr>
<tr>
<td><strong>Transactional accounts</strong></td>
<td>A continuous battle to retain the clients we have; Very competitive but not much differentiation; Highly Competitive; the market is very competitive, and customers are under financial strain</td>
<td>Competition</td>
</tr>
<tr>
<td></td>
<td>Transactional and investments banking; focus on the transactional and investment space</td>
<td>Product based</td>
</tr>
<tr>
<td></td>
<td>All segments; Broad base of the market covering the youth, entry level and middle markets; consumer market</td>
<td>Market Segments</td>
</tr>
<tr>
<td><strong>Vehicle finance</strong></td>
<td>Highly competitive, margin squeezing; competitive motor dealer industry; Competitive dealer driven motor finance</td>
<td>Competition</td>
</tr>
<tr>
<td></td>
<td>Car market (vehicle space)</td>
<td>Product based</td>
</tr>
<tr>
<td></td>
<td>medium priced mostly used vehicles; Retail - salaried individuals</td>
<td>Market segment</td>
</tr>
<tr>
<td><strong>Private banking</strong></td>
<td>Small business and professionals; Small business and affluent personal banking clients</td>
<td>Market segment</td>
</tr>
<tr>
<td></td>
<td>Value proposition design and implementation</td>
<td>Client based</td>
</tr>
</tbody>
</table>
The customer-desired outcome in each of the market spaces was provided by respondents in the questionnaire. The table below is a summary of the responses and themes identified.

**Table 4 Customers desired outcome in the market space**

<table>
<thead>
<tr>
<th>Business unit</th>
<th>Words used to describe customer desired outcome</th>
<th>Theme</th>
</tr>
</thead>
<tbody>
<tr>
<td>Home loans</td>
<td>Simple, effective, competitive offering; Efficient management of their requirements and quick, honest feedback; Quick informed response required</td>
<td>Process based</td>
</tr>
<tr>
<td></td>
<td>Asses to finance on favourable terms; fairly high LTV and good price; Better pricing; Best price; Approval of their Home Loan Finance application; Finance for property; A successful application</td>
<td>Product based</td>
</tr>
<tr>
<td></td>
<td>Find finance for a home to live in; To purchase ideal residential property; need to obtain a home; want us to put them in homes; access their dream homes; Happy clients</td>
<td>Client based</td>
</tr>
<tr>
<td>Personal loans</td>
<td>A slick process; minimal red tape; Smooth, frictionless Finance; Funds made available relatively quickly</td>
<td>Process based</td>
</tr>
<tr>
<td></td>
<td>Access to funds with reasonable interest rate; competitive pricing; Meet needs in terms of loan amount, monthly instalment and price; Quick and easy loans</td>
<td>Product based</td>
</tr>
<tr>
<td></td>
<td>Improve their lifestyle; improvements to their home; Their need of requiring a loan and funds to be met; Whatever the need ; Cash to meet day to day needs</td>
<td>Client based</td>
</tr>
<tr>
<td>Credit card</td>
<td>Facilitation of transactions</td>
<td>Client based</td>
</tr>
<tr>
<td>Transactional accounts</td>
<td>To do better with the money they have; answering the client's financial needs</td>
<td>Client based</td>
</tr>
<tr>
<td></td>
<td>A great client experience; Clients are looking for great experiences; Clients want simplicity; ease of use; convenience</td>
<td>Process based</td>
</tr>
<tr>
<td>Vehicle finance</td>
<td>Having a low priced, tailor made transactional financial product</td>
<td>Product based</td>
</tr>
<tr>
<td></td>
<td>Prepared to pay for a service but demand value</td>
<td>Client based</td>
</tr>
<tr>
<td></td>
<td>To purchase a car</td>
<td>Product based</td>
</tr>
<tr>
<td></td>
<td>Quick turnaround time; Smooth Frictionless Finance; hassle free and easy; dealers mainly needs a quick answer; Affordable and good service;</td>
<td>Process based</td>
</tr>
<tr>
<td>Private banking</td>
<td>Banking services that support their aspirations</td>
<td>Client based</td>
</tr>
<tr>
<td></td>
<td>Products and services</td>
<td>Product based</td>
</tr>
</tbody>
</table>
5.2.2  Validity test
To reduce the number of questions to be analysed, bivariate correlation was used to create high order constructs. The mean score of similar questions was used to create a high order score.

The new variable created for high order concepts was tested for validity using Pearson correlations. According to McBurney (2000), validity are intended to test that the measurement actually tests what it is supposed to test.

Table 5 Individual customer focus

<table>
<thead>
<tr>
<th>We customise products and services to target specific individuals based on their needs.</th>
<th>We customise products and services to target specific individuals based on their interests.</th>
<th>We customise communication of products and services per individual based on their needs.</th>
<th>Individual customer focus</th>
</tr>
</thead>
<tbody>
<tr>
<td>We customise products and services to target specific individuals based on their needs.</td>
<td>Pearson Correlation</td>
<td>1</td>
<td>( .763^{**} )</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td></td>
<td>0.000</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td></td>
<td>56</td>
</tr>
<tr>
<td>We customise products and services to target specific individuals based on their interests.</td>
<td>Pearson Correlation</td>
<td>1</td>
<td>( .574^{**} )</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td></td>
<td>0.000</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td></td>
<td>47</td>
</tr>
<tr>
<td>We customise communication of products and services per individual based on their needs.</td>
<td>Pearson Correlation</td>
<td>1</td>
<td>( .814^{**} )</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td></td>
<td>0.000</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td></td>
<td>55</td>
</tr>
<tr>
<td>Individual customer focus</td>
<td>Pearson Correlation</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>45</td>
<td></td>
</tr>
</tbody>
</table>

The constructs for individual customer focus measures how much the retail bank targets customers at an individual level as opposed to a segment or mass market. The three questions showed significant correlation at a 99% confidence level. Correlations between the questions and the high order construct were above 0.7 which is deemed as a strong correlation by previous researchers. Mogotsi (2009) cited Franzblau (1958) as suggesting that correlations with \( r \) values less than 0.2 as having no correlation, 0.2 to 0.4 as having a weak correlation, 0.4 to 0.6 as having a moderate correlations, 0.6 to 0.8 as having a marked correlation and 0.8 and above as having a strong correlation. For the purposes of this study, the three questions were used to measure the extent to which the bank strategy targeted and marketed at an individual customer level.
The constructs for market research measures the extent to which external and internal research is used to develop new ways to service customers through value propositions. The two questions showed a significant and high correlation at a 99% confidence level. For the purposes of this study, the three questions were used to measure the extent to which the bank used customer research in value proposition development.

<table>
<thead>
<tr>
<th>We frequently meet to identify our customer's future needs.</th>
<th>We carry out a lot of market research to understand customers.</th>
<th>Customer research</th>
</tr>
</thead>
<tbody>
<tr>
<td>We frequently meet to identify our customer's future needs.</td>
<td>Pearson Correlation</td>
<td>1</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td></td>
<td>0.000</td>
</tr>
<tr>
<td>N</td>
<td></td>
<td>55</td>
</tr>
<tr>
<td>We carry out a lot of market research to understand customers.</td>
<td>Pearson Correlation</td>
<td>1</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td></td>
<td>0.000</td>
</tr>
<tr>
<td>N</td>
<td></td>
<td>54</td>
</tr>
<tr>
<td>Pearson Correlation</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td></td>
<td>54</td>
</tr>
<tr>
<td>N</td>
<td></td>
<td>54</td>
</tr>
</tbody>
</table>
Table 7 External activities in value proposition development

<table>
<thead>
<tr>
<th></th>
<th>We track what customers do outside our business unit to improve our value propositions.</th>
<th>We track what customers do outside the bank to improve our value propositions.</th>
<th>We track what customers do before they interact with us to improve our value propositions.</th>
<th>External Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Correlation</td>
<td>1</td>
<td>.777**</td>
<td>.688**</td>
<td>.921**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
</tr>
<tr>
<td>N</td>
<td>54</td>
<td>54</td>
<td>53</td>
<td>53</td>
</tr>
</tbody>
</table>

Table 7 presents the correlation matrix of a construct that measures the extent to which customer activities outside the bank were used to improve value propositions. The three questions used showed a high level of significance and correlation with the high order construct. As such, external activities were used to measure how much external customer activities were used in the value proposition development.

Table 8 Post purchase feedback metrics

<table>
<thead>
<tr>
<th></th>
<th>Customer satisfaction</th>
<th>Customer complaints</th>
<th>Post purchase feedback</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer satisfaction.</td>
<td>Pearson Correlation</td>
<td>Sig. (2-tailed)</td>
<td>N</td>
</tr>
<tr>
<td></td>
<td>1</td>
<td>.626**</td>
<td>0.000</td>
</tr>
<tr>
<td></td>
<td>53</td>
<td>53</td>
<td>53</td>
</tr>
<tr>
<td>Customer complaints.</td>
<td>Pearson Correlation</td>
<td>Sig. (2-tailed)</td>
<td>N</td>
</tr>
<tr>
<td></td>
<td>1</td>
<td>.893*</td>
<td>0.000</td>
</tr>
<tr>
<td></td>
<td>53</td>
<td>53</td>
<td>53</td>
</tr>
<tr>
<td>Post purchase feedback.</td>
<td>Pearson Correlation</td>
<td>Sig. (2-tailed)</td>
<td>N</td>
</tr>
<tr>
<td></td>
<td>1</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>53</td>
<td></td>
<td>53</td>
</tr>
</tbody>
</table>
Table 8 presents the correlation matrix of a construct that measures the extent to which customer feedback was used as a metric. The two questions used showed a high level of significance and correlation with the high order construct. As such, post-purchase feedback was used to measure the extent to which customer feedback was used as a metric in the bank.

Table 9 Customer relationship and engagement metrics

<table>
<thead>
<tr>
<th></th>
<th>Customer lifetime value.</th>
<th>Building and deepening relationships with customers.</th>
<th>Customer engagement with the bank.</th>
<th>Relationship and engagement metrics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer lifetime value.</td>
<td>Pearson Correlation</td>
<td>1</td>
<td>.564**</td>
<td>.672**</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>54</td>
<td>53</td>
<td>53</td>
</tr>
<tr>
<td>Building and deepening relationships with customers.</td>
<td>Pearson Correlation</td>
<td>1</td>
<td>.765**</td>
<td>.871**</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td></td>
<td>0.000</td>
<td>0.000</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>53</td>
<td>52</td>
<td>52</td>
</tr>
<tr>
<td>Customer engagement with the bank.</td>
<td>Pearson Correlation</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td></td>
<td></td>
<td>0.000</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>53</td>
<td>52</td>
<td></td>
</tr>
<tr>
<td>Relationship and engagement metrics</td>
<td>Pearson Correlation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>53</td>
<td>52</td>
<td></td>
</tr>
</tbody>
</table>

Error! Reference source not found. presents the correlation matrix of a construct that measures the extent to which customer relationship and engagement was used as a metric. The three questions used showed a high level of significance and correlation with the high order construct. As such, this construct was used to measure the extent to which customer relationship and engagement was used to measure performance in the bank.
Table 10 Cross business unit information sharing

<table>
<thead>
<tr>
<th></th>
<th>Different business units collaborate when developing new service offerings</th>
<th>Different business units share their experiences in product development</th>
<th>Different business units share their information and data in product development</th>
<th>Information sharing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Correlation</td>
<td>1</td>
<td>.686**</td>
<td>.718**</td>
<td>.901**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
</tr>
<tr>
<td>N</td>
<td>53</td>
<td>53</td>
<td>53</td>
<td>53</td>
</tr>
<tr>
<td>Pearson Correlation</td>
<td>1</td>
<td>.716**</td>
<td>.892**</td>
<td>.897**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
</tr>
<tr>
<td>N</td>
<td>53</td>
<td>53</td>
<td>53</td>
<td>53</td>
</tr>
<tr>
<td>Pearson Correlation</td>
<td>1</td>
<td></td>
<td>.897**</td>
<td></td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td></td>
<td></td>
<td>0.000</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>53</td>
<td></td>
<td>53</td>
<td></td>
</tr>
</tbody>
</table>

Error! Reference source not found. presents the correlation matrix of a construct that measures the extent to which different business units in retail banking shared information and experience. The three questions used showed a high level of significance and correlation with the high order construct. As such, information sharing was used to measure the senior bank officials’ perceptions on information flow amongst business units.
Table 11 Value adding collaboration

<table>
<thead>
<tr>
<th>External business units add value to your CVPs.</th>
<th>External business units can influence service offerings to your clients.</th>
<th>Value adding collaboration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Correlation</td>
<td>Sig. (2-tailed)</td>
<td>N</td>
</tr>
</tbody>
</table>

| External business units can influence service offerings to your clients. | Pearson Correlation | Sig. (2-tailed) | N | 1 | .904** | 0.000 | 53 |

| Value adding collaboration | Pearson Correlation | Sig. (2-tailed) | N | 1 | 53 |

Error! Reference source not found. presents the correlation matrix of a construct that measures the extent to which different business units in retail banking could add value through collaboration. The two questions used showed a high level of significance and correlation with the high order construct. As such, value-adding collaboration was used as the high order construct to measure the perceptions senior bank staff members on how much they believed other business units could add value to their service offerings.

5.2.3 Reliability test

Internal consistency of the high order constructs created was tested using Cronbach’s alpha. Internal consistency measures how well different items measure the same thing on a scale. McBurney (2000) defines reliability as consistency, giving the same result on different occasions. The value of Cronbach’s alpha ranges from zero to one with results closer to one having a high internal consistency.

The table below shows the results of the internal consistency test of the items.

Table 12 Management constructs internal consistency

<table>
<thead>
<tr>
<th>Individual orientation</th>
<th>Market research</th>
<th>External activities</th>
<th>Post purchase activities</th>
<th>Loyalty and relationship metrics</th>
<th>Customer feedback metrics</th>
<th>Collaboration</th>
<th>Value adding collaboration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cronbach’s Alpha</td>
<td>Cronbach’s Alpha Based on standardised Items</td>
<td>N of Items</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>0.827</td>
<td>0.828</td>
<td>3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>0.842</td>
<td>0.842</td>
<td>2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>0.868</td>
<td>0.869</td>
<td>3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>0.665</td>
<td>0.666</td>
<td>2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>0.854</td>
<td>0.855</td>
<td>3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>0.768</td>
<td>0.770</td>
<td>2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>0.876</td>
<td>0.878</td>
<td>3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>0.768</td>
<td>0.768</td>
<td>2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Cronbach alphas of 0.6 or less have been found to have unsatisfactory internal reliability. (Malhotra, 2010). The results in Table 12 show that the items have Cronbach alphas above 0.6 indicating acceptable levels of internal consistency thus passing the reliability test.

5.2.4 Research propositions
The responses from the internal questionnaire measured how much the selected dimensions of client-centric strategy were visible in the retail bank. A two-tailed one sample t-test was used to measure the responses and constructs.

The t-test was used against the midpoint because the null hypothesis assumes a normal distribution. Values that significantly exceeded the midpoint were taken to mean the respondents agreed with the statement. Values significantly lower were considered to mean that respondents disagreed with the statement.

A 95% confidence level was used to measure how much respondents agreed or disagreed with the statements. The following section details the results obtained.

5.2.4.1 South African banks target individuals in their strategy
Client-centric organisations target individuals and not mass markets and client segments (Seth et al., 2000). The table below shows the results of the responses tested against the midpoint of the Likert scale.

Table 13 Individual Vs. Segment orientation

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>t-value</th>
<th>P-value</th>
<th>95% Confidence Interval of the Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual orientation</td>
<td>45</td>
<td>3.27</td>
<td>0.94</td>
<td>1.91</td>
<td>0.06</td>
<td>(-0.01, 0.55)</td>
</tr>
<tr>
<td>Market segment orientation</td>
<td>57</td>
<td>4.05</td>
<td>0.87</td>
<td>9.09</td>
<td>0.00</td>
<td>(0.82, 1.28)</td>
</tr>
<tr>
<td>Mass marketing strategies</td>
<td>55</td>
<td>3.73</td>
<td>0.99</td>
<td>5.45</td>
<td>0.00</td>
<td>(0.46, 0.99)</td>
</tr>
</tbody>
</table>

The results show that individual orientation has a mean score above the midpoint of three but that this is not at a significant level. This indicates that senior bank officials are not certain the bank was servicing and targeting clients at an individual level in the overall strategy.

Table 13 also shows that managers believe that market segment and mass marketing strategies are used in the strategy.
Post survey interviews support the mass and segmental orientation finding from the questionnaire. The overall targeting and marketing strategy was based on income segments with marketing that was not directed to individuals based on their needs.

“We have a marketing strategy, above the line appealing to aspirational borrowing. Below the line with direct marketing, we try to use big data from clients who have a product with Nedbank” (Personal loans executive)

When prompted on the use of big data at an individual level, the executive indicated that it was an aspirational goal but currently still conducted purely on a segment and income group match.

“So we look more for segment match and not needs analysis. Where you want to be, from the Retail banking certification I went through, banks like IMG in Amsterdam use your purchasing history to have a unique marketing strategy for you” (Personal loans executive)

Home loans executives gave similar responses on above the line advertising and batch targeting.

“We also have direct campaigns where we send in batch, SMSs to clients. We also have a lot of marketing in property magazines; banners google analytics. We also have a lot of radio adds. Sometimes we also go above the line with retail campaigns” (Home loans executive)

Another executive in Home loans elaborated on the targeting, indicating that it was driven towards economically profitable customers. This was driven by risk-based targeting.

“The main factor for us is economic profitability. The way we price reveals our targeting because we target more favourably for the ones we have. Include behavioural risk.” (Home loans executive)

Executives responsible for transactional accounts indicated that targeting was based on income and age segmentation. However, there was an attempt to personalise customers at an individual level using personas.

“At the blunt level, we look at age income. The SA landscape is very different from very poor to very wealthy. The needs change. Start with age income to give you a life stage view. The persona is to try and personalise the market. This gives us a better feel of how to service the market.” (Transactional account executive)
Executives in charge of vehicle finance indicated that targeting was not towards the end user purchasing a car but towards car dealerships as intermediaries. Car dealers are seen as the primary client for the business unit.

“We don’t target customers. All our energy is focused around the dealer. We get feedback from dealers.” (Vehicle finance executive)

Private banking executives indicated that their approach is highly income segment and occupation drive.

“We deliver full end to end bank services to affluent and small business market” (Private banking executive)

5.2.4.2 South African banks use customer activities to develop value propositions

Customer activities that clients use to achieve their desired goal in a market space are used by client centric organisations to find value gaps that provide new sources of products and service offerings to clients (Vandermerwe, 1993). The activities used must include external actions that a client goes through before making a purchase (Mickelsson, 2013). This provides the firm with insights into external activities that could influence a customer's decision to purchase.

Client-centric organisations also used customer feedback to co-create products using customer feedback and insights. The table below shows how much co-creation and customer activities are used in formulating new value propositions.

Table 14 Value proposition development

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>t-value</th>
<th>P-value</th>
<th>95% Confidence Interval of the Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer co-creation</td>
<td>54</td>
<td>2.98</td>
<td>1.11</td>
<td>-0.12</td>
<td>0.90</td>
<td>-0.32, 0.28</td>
</tr>
<tr>
<td>Customer research</td>
<td>54</td>
<td>3.47</td>
<td>1.04</td>
<td>3.34</td>
<td>0.00</td>
<td>0.189, 0.756</td>
</tr>
<tr>
<td>External activities</td>
<td>53</td>
<td>3.12</td>
<td>1.00</td>
<td>0.87</td>
<td>0.39</td>
<td>-0.16, 0.39</td>
</tr>
<tr>
<td>Post purchase activities</td>
<td>54</td>
<td>3.43</td>
<td>1.00</td>
<td>3.12</td>
<td>0.00</td>
<td>0.15, 0.70</td>
</tr>
</tbody>
</table>

The results indicate that managers believe the bank used customer research and interactions at or after making a purchase improve or develop new value propositions. Co-creation and activities before purchasing or outside the business are not monitored.

Interview feedback supports the findings from the questionnaire. Executives interviewed in personal loans indicated that there was little value propositions development.
“At the moment our sales guys say we sell money, and I agree with that but everybody sells money but why do some sell better than anyone else. That goes back to our CVP (customer value proposition). So we haven’t developed CVPs for a while. We are developing some. Now we are seeing that our CVP needs to be ramped up.” (Personal loans executive)

Other executives in personal loans also indicated that not enough was done to include customers in the value adding process.

Home loans executives indicated that the value propositions were driven by monitoring direct and post-purchase interactions. A second executive added that the overall organisational strategy was used to drive value propositions.

“What that helps us do is, for example, see areas where we are not competitive, then we would isolate those pockets and investigate why that is and how we can improve on our offering.” (Home loans executive)

“Value propositions must match the strategy in terms of how you want to compete. Our digital channel which we aimed at making the process much more convenient for clients and they can complete apps at home and get real-time responses. We are constantly looking at how we choose to compete in the market.” (Home loans executive)

Vehicle finance indicated activities around dealership feedback were given primacy when developing new ways to add value.

“Our customer is the dealer CVP is based on the dealer. DSI (dealer satisfaction index). How do we refine our CVP to the dealer.” (Vehicle finance executive)

Credit card monitors competitions very closely to understand how to deliver the best service. Post purchase feedback was also monitored closely to understand the existing customer's experience. Root cause analysis is used to develop new ways to add value to customers.

“A lot of that is driven by, how the competition is what is going to drive your retention. Secondly, we look into root cause investigations into escalations for new and existing customer. We have a view that is something reaches executives office then more than one client is impacted by it, and they haven’t said anything”

(Credit card executive)

Transactional accounts executives indicated needs based analysis was conducted. Personas were identified, sized for profitability and analysed.
“What we try to do is we size the market, match the group of people with similar needs (age, income, persona) and go deeper and see psychographics.”

(Transactional accounts executive)

Private banking used client engagement to identify needs. Products were then taken from other business units and supplied to customers based on needs. Feedback was sent back to the respective product houses to help improve them for private banking customers.

“We do research continuously. Client engagement through daily customer feedback. We don’t own products. We grab from the group. We interact with product houses to provide feedback on the products.”

(Private banking executive)

5.2.4.3 South African banks use customer-based metrics to measure success

Metrics used by client centric organisations must include relationship and engagement (Bonacchi & Perego, 2011). This moves the organisation from only looking at financial metrics to more client based metrics. The table below shows the extent to which managers believe the bank used the items as measurements of performance.

Table 15 Performance metrics in retail banking

<table>
<thead>
<tr>
<th>Metric</th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>t-value</th>
<th>P-value</th>
<th>95% Confidence Interval of the Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market share</td>
<td>53</td>
<td>4.32</td>
<td>0.87</td>
<td>11.03</td>
<td>0.00</td>
<td>1.08, 1.56</td>
</tr>
<tr>
<td>Share of wallet</td>
<td>54</td>
<td>3.63</td>
<td>1.03</td>
<td>4.48</td>
<td>0.00</td>
<td>0.35, 0.91</td>
</tr>
<tr>
<td>Relationship and engagement</td>
<td>52</td>
<td>3.44</td>
<td>0.97</td>
<td>3.25</td>
<td>0.00</td>
<td>0.17, 0.71</td>
</tr>
<tr>
<td>Post purchase feedback</td>
<td>53</td>
<td>4.05</td>
<td>0.87</td>
<td>8.73</td>
<td>0.00</td>
<td>0.81, 1.29</td>
</tr>
</tbody>
</table>

Table 15 indicates that managers believe that relationship and engagement metrics are used as a measure of performance at a 95% confidence level. However, the mean scores show that of the four metrics in the questionnaire, relationship and engagement and share of wallet were the lowest used.

While the key metrics for the business units were selling and financial based, there was some indication from the interviews that customer-based metrics were being used or introduced.

“Total book value. How much of the current base that we sell to the other units. That is why cross-sell is so important. Now, what we have done is brought in a
CE (customer engagement) alignment for unsecured lending, not just personal loans.” (Personal loans Senior Manager)

A personal loans executive added that growth must be in the right segments to mitigate against risk.

“Market share in the right segments. Above the financials. It’s absolute. We look at ourselves in terms of market share in the right segments. The business SC will have financial, risk, credit loss ratio, audits, regulatory changes, HR.” (Personal loans executive)

Executives in home loans emphasised long run profitability and operational efficiency as key metrics used to measure the business performance.

“Overall success is in line with our strategy. That is to do quality selective origination with a focus on a profitable book with a high level of quality home loans where we are able to provide sustainable long-term profitability.” (Home loans executive)

“Economic profitability over the long run is the most important. The global financial crisis showed you can be profitable in the short period of time then extremely unprofitable.” (Home loans executive)

“Turn-around time is easy because we promise all in a day for branch and consultants, and we deliver in 4 or 5 hours against our 8-hour promise so we do it in half the time” (Home loans executive)

Credit card executives also highlighted the importance of financial measures. The department also included customer-based metrics that were closely monitored.

“We have 10 key moments of truth, from enablement to servicing, after sales and we refresh them every 2-3 years. We find 10 or 11 statements where we set strict targets based on customer expectations.” (Credit card executive)

Executives in transactional accounts emphasised engagement and brand awareness as a key metric.

“We have engagement, brand awareness; you recognise the brand (brand funnel). At the very basic level if we are aiming to increase the awareness of Nedbank. Consideration levels.” (Transactional accounts executive)

Other respondents interviewed in transactional accounts placed more emphasis on financial and sales measures.
“It’s not a charity shop. Revenue, client growth, stickiness, cross-sell, market penetration.” (Transactional accounts executive)

“Market share. It is key, and it is a strategic issue for the organisation. Then we have secondary measures like NPS cross-sell ratios, and we can fan out into other products.” (Senior manager transactional account)

Vehicle finance placed emphasis on selling metrics and dealer relationships.

“Market share is the main one. We look at approval rate. Have a consistent approach to the market to show that you are open for business. Sales teams interact with the dealers consistently. They complain very quickly.” (Vehicle loans executive)

Private banking indicated the core metrics used are around improving experiences and customer feedback. Happy customers are seen as a driver for sales.

“Customer feedback measure. Focus more on experience and less on sales. The sales will come if you have a happy client base.” (Private banking executive)

5.2.4.4 South African banks have good collaboration across business units

Client-centric organisations ensure information flow across the organisations and distribute decision rights across business units (Bonacchi & Perego, 2011). Bonacchi & Pergo (2011) indicated that client centric organisations have a customer officer in charge of clients across the organisation. The table below shows the perceptions managers on cross-departmental collaboration measured against the midpoint of a five-point scale.

Table 16 Business unit collaboration in retail banking

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>t-value</th>
<th>P-value</th>
<th>95% Confidence Interval of the Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Team spirit</td>
<td>51</td>
<td>3.39</td>
<td>0.87</td>
<td>3.21</td>
<td>0.00</td>
<td>0.15 - 0.64</td>
</tr>
<tr>
<td>Retail customer officer</td>
<td>52</td>
<td>3.08</td>
<td>1.19</td>
<td>0.47</td>
<td>0.64</td>
<td>-0.25 - 0.41</td>
</tr>
<tr>
<td>Departmental customer officer</td>
<td>43</td>
<td>3.44</td>
<td>1.18</td>
<td>2.45</td>
<td>0.02</td>
<td>0.08 - 0.81</td>
</tr>
<tr>
<td>Information sharing</td>
<td>53</td>
<td>2.92</td>
<td>0.97</td>
<td>-0.57</td>
<td>0.57</td>
<td>-0.34 - 0.19</td>
</tr>
<tr>
<td>Value adding collaboration</td>
<td>53</td>
<td>3.42</td>
<td>0.92</td>
<td>3.37</td>
<td>0.00</td>
<td>0.17 - 0.68</td>
</tr>
</tbody>
</table>

Table 16 shows that managers believed that a high team spirit existed and other departments could add value to their service offerings. They also believed that there was an internal department responsible for maximising customer value. However, the managers indicated that they did not agree that the bank had an area responsible for
maximising customer value across business units. The managers also indicated that other departments did not share information on customers during value proposition development.

Interview feedback supported the findings from the questionnaire. The various business units echoed the willingness to collaborate across retail banking. However, acting on the willingness to collaborate was not emphasised due to business units focusing on improving silo metrics.

“There is a willingness, but it always gets pushed out by the business needs. Our scorecard reground will always be more important than how we bring in incentives and customer benefit.” (Personal loans executive)

“Historically we haven’t been good at it. He had a silo approach to our business. We haven’t had a client-centric approach.” (Home loans executive)

“We are still very much in the intent phase; there is intention to deliver holistically, but I still don’t see the results where people are willing to compromise on their own revenue to deliver on the ultimate customer solution. We also have different views of what the customer wants.” (Credit card executive)

“We are getting better but not there yet. The difficulty was the different views of the different product. It becomes a very clumsy process when they want multiple products.” (Transactional accounts executive)

“There is a lot of collaboration I see going through. RRB and Private Wealth. The risks is around how the business is designed. It was designed as clusters.” (Vehicle loans executive)

“There are examples where we get it right but have a way to go. They only own one product. Client centricity is when you have one lens into the client.” (Private banking executive)

Some executives supported the lack of information sharing as a key issue. This was mostly seen as stemming from having multiple systems that did not speak to each other.

“They have their own systems and processes” (Vehicle loan executive)

“Historically we cannot share data because it is on different platforms that are not linked to each other. With our single decision platform will allow us to do deal scoring allowing us to have bundled offerings.” (Home loan executive)
The interviewees also indicated that there were regulatory requirements on the horizon that were forcing banks to collaborate and internally view customers differently.

“With TCF coming there are work streams and projects.” (Personal loans senior manager)

“We have moved in a different gear. Treating clients fairly. Regulator is looking at it more seriously. We are also looking at systems. It’s a journey and not an event.” (Transactional accounts executive)

Results from the interviews widely supported the responses on the questionnaires. The interview data also provided more depth and differences by the various business units.

5.2.5 Summary of strategy results
The figure below summarised the internal findings of the study measuring four aspects of the strategy employed by the retail bank.

Figure 3 Summary of strategy results

The bars in Figure 3 measure how much each of the constructs was used in the strategy. The solid bars indicate that the mean score was statistically significant when
tested against the midpoint of the scale. Statistically insignificant variation from the midpoint is indicated by the bars filled with lines.

5.3 BANK CUSTOMER DATA
Bank staff were surveyed using an online questionnaire to determine how client-centric they viewed the bank in their capacity as customers. The questionnaire went further to seek insights on whether bank customers exhibited behaviours that a client-centric strategy is meant to drive. The behaviours considered in this study were trust, satisfaction, positive word of mouth, loyalty and switching costs.

The researcher excluded staff used in the initial experience survey as their responses could be influenced by answers provided from a strategy perspective. The sample of customers used allowed the researcher to determine if perceptions of the bank's client centricity were aligned from an employee and customer perspective.

5.3.1 Sample and responses
After receiving written permission to conduct the survey on bank employees, a total of 5659 emails were sent and a total of 447 responses were received resulting in a 7.9% response rate. Of the 447 staff members who responded, 394 indicated that they were both customers and employees of the bank used in this study. The staff members were selected using stratified random sampling. Staff members were stratified into the various business units and the email addresses were selected at random.

Respondents who stated that they considered a different bank as their primary bank were discarded from the study. The remaining 394 respondents were seen as sufficient for the study.

Figure 4 shows the total population of employees responses. These employees are also customers of the bank surveyed in this study. The graph shows the distribution of products that the surveyed employees have with the bank.
The most used product, based on the results is a transactional account. However, of the 394 employees, 116 did not have a transactional account with their employer. A total of 257 employees had a credit card, and 236 had a personal loan, 233 had a home loan, 208 had investment products and 100 some form of insurance with the bank.

**Figure 5** shows how long the employees had been customers of the bank. The frequency chart is positively skewed. The majority of the staff members have been customers for less than 10 years.

**Figure 5 Number of Years as bank customers**
5.3.2 Validity test

To reduce the number of questions to be analysed, bivariate correlation was used to create high order constructs. The mean score of the similar questions was used to create a high order score. The high order concepts created to measure employee perceptions as bank customers were client-centricity, trust, satisfaction, word of mouth, loyalty and switching costs.

The new variable created for high order concepts was tested for validity using Pearson correlations. Pearson correlations measure how different variables move together. This was used to show that the individual questions and the high order constructs answer the same thing.

**Table 17 Client Centricity**

<table>
<thead>
<tr>
<th></th>
<th>Understands customer</th>
<th>Staff empowered</th>
<th>Learns about customer</th>
<th>Provides unbiased advice</th>
<th>Client Centricity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Understands customer</td>
<td>Pearson Correlation</td>
<td>1</td>
<td>.671**</td>
<td>.642**</td>
<td>.673**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td></td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
</tr>
<tr>
<td>N</td>
<td>361</td>
<td>361</td>
<td>358</td>
<td>360</td>
<td>357</td>
</tr>
<tr>
<td>Staff empowered</td>
<td>Pearson Correlation</td>
<td>1</td>
<td>.651**</td>
<td>.638**</td>
<td>.866**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td></td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
</tr>
<tr>
<td>N</td>
<td>365</td>
<td>361</td>
<td>364</td>
<td>364</td>
<td>357</td>
</tr>
<tr>
<td>Learns about customer</td>
<td>Pearson Correlation</td>
<td>1</td>
<td>.655**</td>
<td>.862**</td>
<td></td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td></td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>361</td>
<td>360</td>
<td>357</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provides unbiased advice</td>
<td>Pearson Correlation</td>
<td>1</td>
<td></td>
<td>.858**</td>
<td></td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td></td>
<td></td>
<td>0.000</td>
<td>0.000</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>364</td>
<td></td>
<td>357</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Client Centricity</td>
<td>Pearson Correlation</td>
<td></td>
<td></td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td></td>
<td></td>
<td></td>
<td>357</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Table 17** is a correlation matrix of a construct that measures client centricity from the perspective of the customer. The four questions showed a high level of significance and correlation with the high order construct. As such, client centricity was used as the high order construct to measure how client centric employees felt the bank was from a customer perspective.
Table 18 Trust of the bank

<table>
<thead>
<tr>
<th></th>
<th>Overall trust</th>
<th>Client interest</th>
<th>Not client interest</th>
<th>Trust</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Pearson Correlation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>1</td>
<td>.768**</td>
<td>.592**</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>373</td>
<td>361</td>
<td>371</td>
</tr>
<tr>
<td></td>
<td>Pearson Correlation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>1</td>
<td>.759**</td>
<td>.938**</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>368</td>
<td>366</td>
<td>359</td>
</tr>
<tr>
<td></td>
<td>Pearson Correlation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>1</td>
<td>.898**</td>
<td></td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>380</td>
<td>359</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Pearson Correlation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>359</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 18 shows the correlation matrix of a construct that measures the trust of the bank. The three questions used showed a high level of significance and correlation with the high order construct. As such, trust was used as the high order construct to measure how much employees trust the bank as customers.

Table 19 Customer Satisfaction

<table>
<thead>
<tr>
<th></th>
<th>Overall satisfaction</th>
<th>Product satisfaction</th>
<th>Service satisfaction</th>
<th>Satisfaction</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Pearson Correlation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>1</td>
<td>.790**</td>
<td>.925**</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>389</td>
<td>380</td>
<td>380</td>
</tr>
<tr>
<td></td>
<td>Pearson Correlation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>1</td>
<td>.660**</td>
<td>.897**</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>384</td>
<td>384</td>
<td>380</td>
</tr>
<tr>
<td></td>
<td>Pearson Correlation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>1</td>
<td></td>
<td>.887**</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>394</td>
<td>380</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Pearson Correlation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>380</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 19 shows the correlation matrix of a construct that measures the satisfaction of employees as bank customers. The three questions used showed a high level of significance and correlation with the high order construct. As such, satisfaction was used as the high order construct to measure employees satisfaction with the bank as customers.
Table 20 Positive word of mouth

<table>
<thead>
<tr>
<th>Recommend bank to others</th>
<th>Pearson Correlation</th>
<th>Sig. (2-tailed)</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recommend to bank others</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Say positive things about bank</td>
<td>1</td>
<td>.769*</td>
<td>0.000</td>
</tr>
<tr>
<td>Recommend bank to friends and family</td>
<td>1</td>
<td>.804*</td>
<td>0.000</td>
</tr>
<tr>
<td>Positive WOM</td>
<td>1</td>
<td>.931*</td>
<td>0.000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Saying positive things about bank</th>
<th>Pearson Correlation</th>
<th>Sig. (2-tailed)</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>Say positive things about bank</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recommend to bank others</td>
<td>1</td>
<td>.814**</td>
<td>0.000</td>
</tr>
<tr>
<td>Recommend bank to friends and family</td>
<td>1</td>
<td>.804*</td>
<td>0.000</td>
</tr>
<tr>
<td>Positive WOM</td>
<td>1</td>
<td>.919**</td>
<td>0.000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Recommend bank to friends and family</th>
<th>Pearson Correlation</th>
<th>Sig. (2-tailed)</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recommend to bank others</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Say positive things about bank</td>
<td>1</td>
<td>.942**</td>
<td>0.000</td>
</tr>
<tr>
<td>Recommend bank to friends and family</td>
<td>1</td>
<td>.862**</td>
<td>0.000</td>
</tr>
<tr>
<td>Positive WOM</td>
<td>1</td>
<td>1</td>
<td>383</td>
</tr>
</tbody>
</table>

Table 20 is a correlation matrix of a construct that measures positive word of mouth. The three questions showed a high level of significance and correlation with the high order construct. As such, loyalty was used as the high order construct to measure employees loyalty to the bank as customers.

Table 21 Customer loyalty

<table>
<thead>
<tr>
<th>Use one bank</th>
<th>Pearson Correlation</th>
<th>Sig. (2-tailed)</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>Use one bank</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Choose bank again</td>
<td>1</td>
<td>.448**</td>
<td>0.000</td>
</tr>
<tr>
<td>Use the same bank in future</td>
<td>1</td>
<td>.445**</td>
<td>0.000</td>
</tr>
<tr>
<td>Loyalty</td>
<td>1</td>
<td>.774**</td>
<td>0.000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Choose bank again</th>
<th>Pearson Correlation</th>
<th>Sig. (2-tailed)</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>Choose bank again</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Use one bank</td>
<td>1</td>
<td>.714**</td>
<td>0.000</td>
</tr>
<tr>
<td>Use the same bank in future</td>
<td>1</td>
<td>.860**</td>
<td>0.000</td>
</tr>
<tr>
<td>Loyalty</td>
<td>1</td>
<td>.862**</td>
<td>0.000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Use the same bank in future</th>
<th>Pearson Correlation</th>
<th>Sig. (2-tailed)</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>Use one bank</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Choose bank again</td>
<td>1</td>
<td>.862**</td>
<td>0.000</td>
</tr>
<tr>
<td>Use the same bank in future</td>
<td>1</td>
<td>1</td>
<td>363</td>
</tr>
<tr>
<td>Loyalty</td>
<td>1</td>
<td>1</td>
<td>363</td>
</tr>
</tbody>
</table>

Table 21 is a correlation matrix of a construct that measures customer loyalty. The three questions showed a high level of significance and correlation with the high order construct. As such, loyalty was used as the high order construct to measure employees loyalty to the bank as customers.
Table 22 Switching costs

<table>
<thead>
<tr>
<th>Time spent</th>
<th>Pearson Correlation</th>
<th>Time spent</th>
<th>Hassle</th>
<th>Capabilities</th>
<th>Switching Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>N</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Time spent</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hassle</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Switching Cost</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 22 is a correlation matrix of a construct that measures switching costs. The three questions showed a high level of significance and correlation with the high order construct. As such, switching costs was used as the high order construct to measure switching costs associated with leaving the bank.

5.3.3 Reliability test

The constructs created to measure employees’ perspective from a customer perspective were tested for reliability using Cronbach’s alpha. The table below shows a summary of the results.

<table>
<thead>
<tr>
<th>Table 23 Customer constructs internal consistency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cronbach's Alpha Based on Standardized Items</td>
</tr>
<tr>
<td>Cronbach's Alpha</td>
</tr>
<tr>
<td>------------------</td>
</tr>
<tr>
<td>Satisfaction</td>
</tr>
<tr>
<td>Positive WOM</td>
</tr>
<tr>
<td>Trust</td>
</tr>
<tr>
<td>Loyalty</td>
</tr>
<tr>
<td>Switching cost</td>
</tr>
<tr>
<td>Client centricity</td>
</tr>
</tbody>
</table>

The results in Table 23 show that the items have acceptable levels of internal consistency thus passing the reliability test.
5.3.4 Hypotheses testing
The questions and constructs developed to measure employees' perceptions as bank customers were tested against the midpoint of the scale. A two-tailed t-test measured the differentiation of the means at a 95% confidence level.

The table below shows the results of the test.

Table 24 Overall bank customer test results

<table>
<thead>
<tr>
<th>Construct</th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>t-value</th>
<th>P-value</th>
<th>95% Confidence Interval of the Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer satisfaction</td>
<td>394</td>
<td>3.84</td>
<td>0.78</td>
<td>21.441</td>
<td>0.000</td>
<td>0.76 - 0.92</td>
</tr>
<tr>
<td>Service similarity</td>
<td>382</td>
<td>3.06</td>
<td>0.93</td>
<td>1.314</td>
<td>0.189</td>
<td>-0.03 - 0.16</td>
</tr>
<tr>
<td>Product similarity</td>
<td>380</td>
<td>3.51</td>
<td>0.92</td>
<td>10.905</td>
<td>0.000</td>
<td>0.42 - 0.61</td>
</tr>
<tr>
<td>Positive WOM</td>
<td>383</td>
<td>4.06</td>
<td>0.78</td>
<td>26.703</td>
<td>0.000</td>
<td>0.98 - 1.14</td>
</tr>
<tr>
<td>Trust of bank</td>
<td>382</td>
<td>3.86</td>
<td>0.85</td>
<td>19.755</td>
<td>0.000</td>
<td>0.77 - 0.94</td>
</tr>
<tr>
<td>Customer loyalty</td>
<td>374</td>
<td>3.79</td>
<td>0.86</td>
<td>17.720</td>
<td>0.000</td>
<td>0.70 - 0.88</td>
</tr>
<tr>
<td>Switching cost</td>
<td>374</td>
<td>3.29</td>
<td>0.89</td>
<td>6.309</td>
<td>0.000</td>
<td>0.20 - 0.38</td>
</tr>
<tr>
<td>Customer centricity</td>
<td>365</td>
<td>3.48</td>
<td>0.87</td>
<td>10.646</td>
<td>0.000</td>
<td>0.39 - 0.57</td>
</tr>
</tbody>
</table>

5.3.4.1 Client centricity
To triangulate employees’ perceptions of client centricity from a customer perspective, four questions were asked and grouped to form a high-level client centricity construct. The total client centricity score was 3.48 out of 5. There was significant differentiation from the midpoint and therefore the null hypothesis was rejected.

As shown in Figure 6, 28% of employees are neutral on how client centric the bank was from a customer perspective. An additional 6% provided a score less than or equal to 2 indicating that they felt the bank was not client centric. Another 1% provided client centricity scores of 1 indicating that they strongly disagreed that the bank was client centric.
5.3.4.2 Trust in the bank

Trust in the bank was measured with three questions. The overall trust score was 3.86 out of 5. There was significant differentiation from the midpoint and therefore the null hypothesis was rejected. The distribution of scores is provided in the chart below.

Figure 7 Trust in the banks

Of all employees surveyed, 15% were neutral, 3% indicated that they did not trust the bank and an additional 1% indicated that they strongly distrusted the bank.
5.3.4.3 Customer satisfaction
Customer satisfaction was measured with three questions. The overall satisfaction score was 3.84 out of 5. There was significant differentiation from the midpoint and therefore the null hypothesis was rejected.

While the null hypothesis was rejected, the researcher felt it necessary to view the split of employees who were satisfied with the bank as customers. The distribution of scores for the high order customer satisfaction construct are shown in the chart below.

**Figure 8 Bank customer satisfaction**

![Customer satisfaction chart](chart)

Figure 8 shows that 16% of the employees surveyed were neutral about the satisfaction with the bank and 4% had a total score less than or equal to 2 indicating that they were dissatisfied with the bank.

5.3.4.4 Positive word of mouth
Positive word of mouth measures the likelihood of customers saying good things about the bank. Three questions were grouped to create a high order construct to measure positive word of mouth. As shown in Table 24, the overall satisfaction score was 4.06 out of 5. This was above the midpoint of the scale at a 95% confidence level.

The distribution of scores for positive word of mouth is shown in Figure 9.
Figure 9 indicates that the vast majority of employees surveyed would say positive things about the bank from their perspective as customers. Some of the employees were neutral with 3% of the employees indicating that they would be unlikely to say positive things about the bank.

5.3.4.5 Customer loyalty
Three questions were used to determine how loyal the bank employees were to the bank as customers. The overall loyalty score was 3.79 out of 5 as indicated in Table 24. There was significant differentiation from the midpoint and therefore the null hypothesis was rejected. The distribution of scores for customer loyalty is shown in Figure 10.
While the majority of employees indicated that they were loyal to the bank, 18% gave the indication that they were neutral. An additional 6% of the employees had a loyalty score below two indicating that they were not loyal to the bank.

5.3.4.6 Switching costs
The Switching costs of employees were measured with three questions. The overall switching cost was 3.29 out of 5. There was significant differentiation from the midpoint and therefore the null hypothesis was rejected. The distribution of scores is shown in the pie chart on Figure 11.

**Figure 11 Switching costs**
A total of 32% of the employees surveyed indicated that they did not have high switch costs. 13% indicated that they had low switch costs while an additional 1% indicated that they strongly disagreed with the switching costs as they would keep them from changing banks.

5.3.4.7 Differentiation among banking products
To determine if products influenced the perceptions of employees, independent t-tests were conducted. This was used to test for differences in the scores based on what product the employee had used.

5.3.4.7.1 Home loans
The population of employees was split by bank customers with and without a home loan. The constructs of satisfaction, loyalty, trust, positive word of mouth, switching costs and client centricity were tested using independent sample t-test at a 95% confidence level. The results are shown in Table 25.

Table 25 Home loan customer Vs no home loan

<table>
<thead>
<tr>
<th></th>
<th>No Home loan</th>
<th>Home loan</th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>P-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service similarity</td>
<td></td>
<td></td>
<td>151</td>
<td>3.08</td>
<td>0.96</td>
<td>0.777</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>231</td>
<td>3.05</td>
<td>0.92</td>
<td></td>
</tr>
<tr>
<td>Product similarity</td>
<td></td>
<td></td>
<td>150</td>
<td>3.48</td>
<td>0.89</td>
<td>0.570</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>230</td>
<td>3.53</td>
<td>0.94</td>
<td></td>
</tr>
<tr>
<td>Customer satisfaction</td>
<td></td>
<td></td>
<td>161</td>
<td>3.76</td>
<td>0.77</td>
<td>0.091</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>230</td>
<td>3.89</td>
<td>0.78</td>
<td></td>
</tr>
<tr>
<td>Positive WOM</td>
<td></td>
<td></td>
<td>152</td>
<td>3.96</td>
<td>0.84</td>
<td>0.034</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>231</td>
<td>4.13</td>
<td>0.73</td>
<td></td>
</tr>
<tr>
<td>Trust of bank</td>
<td></td>
<td></td>
<td>152</td>
<td>3.79</td>
<td>0.85</td>
<td>0.238</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>230</td>
<td>3.90</td>
<td>0.84</td>
<td></td>
</tr>
<tr>
<td>Customer loyalty</td>
<td></td>
<td></td>
<td>147</td>
<td>3.67</td>
<td>0.89</td>
<td>0.027</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>227</td>
<td>3.87</td>
<td>0.84</td>
<td></td>
</tr>
<tr>
<td>Switching cost</td>
<td></td>
<td></td>
<td>147</td>
<td>3.21</td>
<td>0.87</td>
<td>0.148</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>227</td>
<td>3.34</td>
<td>0.89</td>
<td></td>
</tr>
<tr>
<td>Customer centricity</td>
<td></td>
<td></td>
<td>144</td>
<td>3.50</td>
<td>0.85</td>
<td>0.799</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>221</td>
<td>3.47</td>
<td>0.88</td>
<td></td>
</tr>
</tbody>
</table>

Table 25 shows the mean scores and the p-values of clients with and without home loans. This shows that clients with a home loan had a significantly positive word of mouth (4.13 Vs 3.96) and customer loyalty score (3.87 Vs 3.67) than those without a home loan.
5.3.4.7.2 Personal loans

Differentiation of customer perceptions was tested on clients with and without personal loans using an independent t-test. The results are provided in Table 26.

### Table 26 Personal loans Vs no personal loans

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>P-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service similarity</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No personal loan</td>
<td>155</td>
<td>3.11</td>
<td>0.90</td>
<td>0.419</td>
</tr>
<tr>
<td>Personal loan</td>
<td>227</td>
<td>3.03</td>
<td>0.96</td>
<td></td>
</tr>
<tr>
<td>Product similarity</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No personal loan</td>
<td>155</td>
<td>3.47</td>
<td>0.89</td>
<td>0.458</td>
</tr>
<tr>
<td>Personal loan</td>
<td>225</td>
<td>3.54</td>
<td>0.94</td>
<td></td>
</tr>
<tr>
<td>Customer satisfaction</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No personal loan</td>
<td>158</td>
<td>3.83</td>
<td>0.76</td>
<td>0.881</td>
</tr>
<tr>
<td>Personal loan</td>
<td>236</td>
<td>3.84</td>
<td>0.79</td>
<td></td>
</tr>
<tr>
<td>Positive WOM</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No personal loan</td>
<td>155</td>
<td>4.05</td>
<td>0.73</td>
<td>0.862</td>
</tr>
<tr>
<td>Personal loan</td>
<td>228</td>
<td>4.07</td>
<td>0.81</td>
<td></td>
</tr>
<tr>
<td>Trust of bank</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No personal loan</td>
<td>155</td>
<td>3.83</td>
<td>0.81</td>
<td>0.596</td>
</tr>
<tr>
<td>Personal loan</td>
<td>227</td>
<td>3.88</td>
<td>0.87</td>
<td></td>
</tr>
<tr>
<td>Customer loyalty</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No personal loan</td>
<td>151</td>
<td>3.72</td>
<td>0.85</td>
<td>0.184</td>
</tr>
<tr>
<td>Personal loan</td>
<td>223</td>
<td>3.84</td>
<td>0.87</td>
<td></td>
</tr>
<tr>
<td>Switching cost</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No personal loan</td>
<td>151</td>
<td>3.24</td>
<td>0.83</td>
<td>0.398</td>
</tr>
<tr>
<td>Personal loan</td>
<td>223</td>
<td>3.32</td>
<td>0.92</td>
<td></td>
</tr>
<tr>
<td>Customer centricity</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No personal loan</td>
<td>148</td>
<td>3.45</td>
<td>0.86</td>
<td>0.592</td>
</tr>
<tr>
<td>Personal loan</td>
<td>217</td>
<td>3.50</td>
<td>0.88</td>
<td></td>
</tr>
</tbody>
</table>

There was no significant differentiation of score across all constructs tested between clients with personal loans against those without a personal loan. This indicates that the difference in the scores is by chance.

5.3.4.7.3 Vehicle loans

Differentiation of customer perceptions was tested on clients with and without vehicle loans using an independent t-test. The results of the test are shown in Table 27.
Table 27 Vehicle loan Vs no vehicle loan

<table>
<thead>
<tr>
<th></th>
<th>No vehicle loan</th>
<th></th>
<th></th>
<th>P-value</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>N</td>
<td>Mean</td>
<td>Std. Deviation</td>
<td></td>
</tr>
<tr>
<td>Service similarity</td>
<td>178</td>
<td>3.04</td>
<td>0.92</td>
<td>0.727</td>
</tr>
<tr>
<td></td>
<td>204</td>
<td>3.08</td>
<td>0.95</td>
<td></td>
</tr>
<tr>
<td>Product similarity</td>
<td>178</td>
<td>3.43</td>
<td>0.92</td>
<td>0.086</td>
</tr>
<tr>
<td></td>
<td>202</td>
<td>3.59</td>
<td>0.91</td>
<td></td>
</tr>
<tr>
<td>Customer satisfaction</td>
<td>184</td>
<td>3.79</td>
<td>0.76</td>
<td>0.204</td>
</tr>
<tr>
<td></td>
<td>210</td>
<td>3.88</td>
<td>0.79</td>
<td></td>
</tr>
<tr>
<td>Positive WOM</td>
<td>178</td>
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<td>0.77</td>
<td>0.071</td>
</tr>
<tr>
<td></td>
<td>205</td>
<td>4.13</td>
<td>0.78</td>
<td></td>
</tr>
<tr>
<td>Trust of bank</td>
<td>177</td>
<td>3.79</td>
<td>0.86</td>
<td>0.177</td>
</tr>
<tr>
<td></td>
<td>205</td>
<td>3.91</td>
<td>0.83</td>
<td></td>
</tr>
<tr>
<td>Customer loyalty</td>
<td>171</td>
<td>3.65</td>
<td>0.90</td>
<td>0.004</td>
</tr>
<tr>
<td></td>
<td>203</td>
<td>3.91</td>
<td>0.81</td>
<td></td>
</tr>
<tr>
<td>Switching cost</td>
<td>171</td>
<td>3.25</td>
<td>0.91</td>
<td>0.467</td>
</tr>
<tr>
<td></td>
<td>203</td>
<td>3.32</td>
<td>0.86</td>
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<tr>
<td>Customer centricity</td>
<td>165</td>
<td>3.51</td>
<td>0.88</td>
<td>0.665</td>
</tr>
<tr>
<td></td>
<td>200</td>
<td>3.47</td>
<td>0.86</td>
<td></td>
</tr>
</tbody>
</table>

Clients with a vehicle loan gave a total loyalty score of 3.91 out of 5 compared to 3.65 for all customers without a vehicle loan. The difference in the scores was significantly different with a p-value of 0.004.

5.3.4.7.4 Credit card

Differentiation in the perceptions of customers with and without a credit card was tested using an independent t-test. The results of the test are shown in the table below.
Table 28 Credit card Vs no credit card

<table>
<thead>
<tr>
<th></th>
<th>No credit card</th>
<th></th>
<th></th>
<th></th>
<th>Credit card</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>N</td>
<td>Mean</td>
<td>Std. Deviation</td>
<td>P-value</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service similarity</td>
<td>133</td>
<td>3.11</td>
<td>0.96</td>
<td>0.517</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>249</td>
<td>3.04</td>
<td>0.92</td>
<td></td>
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<tr>
<td>Product similarity</td>
<td>133</td>
<td>3.44</td>
<td>0.90</td>
<td>0.230</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>247</td>
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<td>0.93</td>
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<tr>
<td>Customer satisfaction</td>
<td>137</td>
<td>3.75</td>
<td>0.79</td>
<td>0.106</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>257</td>
<td>3.88</td>
<td>0.77</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Positive WOM</td>
<td>133</td>
<td>3.98</td>
<td>0.78</td>
<td>0.134</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>250</td>
<td>4.11</td>
<td>0.78</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trust of bank</td>
<td>132</td>
<td>3.78</td>
<td>0.88</td>
<td>0.223</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>250</td>
<td>3.90</td>
<td>0.83</td>
<td></td>
<td></td>
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<td>125</td>
<td>3.65</td>
<td>0.90</td>
<td>0.026</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
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<td>249</td>
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<td>0.84</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Switching cost</td>
<td>125</td>
<td>3.22</td>
<td>0.89</td>
<td>0.269</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>249</td>
<td>3.32</td>
<td>0.88</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer centricity</td>
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<td>3.52</td>
<td>0.84</td>
<td>0.541</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td></td>
<td>243</td>
<td>3.46</td>
<td>0.88</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Clients with a credit card gave a total loyalty score of 3.86 out of 5 compared to 3.65 for all customers without a vehicle loan. The difference in the scores was significantly different with a p-value of 0.026.

5.3.4.7.5 Transactional account
Differentiation in the perceptions of customers with and without a transactional account was tested using an independent t-test. The results of the test are shown in Table 29.
Table 29 Transactional account Vs no transactional account

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>P-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service similarity</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No transactional account</td>
<td>111</td>
<td>3.14</td>
<td>0.93</td>
<td>0.334</td>
</tr>
<tr>
<td>Transactional account</td>
<td>271</td>
<td>3.03</td>
<td>0.94</td>
<td></td>
</tr>
<tr>
<td>Product similarity</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No transactional account</td>
<td>111</td>
<td>3.39</td>
<td>0.92</td>
<td>0.086</td>
</tr>
<tr>
<td>Transactional account</td>
<td>269</td>
<td>3.57</td>
<td>0.91</td>
<td></td>
</tr>
<tr>
<td>Customer satisfaction</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No transactional account</td>
<td>116</td>
<td>3.71</td>
<td>0.77</td>
<td>0.040</td>
</tr>
<tr>
<td>Transactional account</td>
<td>278</td>
<td>3.89</td>
<td>0.77</td>
<td></td>
</tr>
<tr>
<td>Positive WOM</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No transactional account</td>
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<td>4.00</td>
<td>0.79</td>
<td>0.289</td>
</tr>
<tr>
<td>Transactional account</td>
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<td>4.09</td>
<td>0.78</td>
<td></td>
</tr>
<tr>
<td>Trust of bank</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No transactional account</td>
<td>111</td>
<td>3.78</td>
<td>0.86</td>
<td>0.262</td>
</tr>
<tr>
<td>Transactional account</td>
<td>271</td>
<td>3.89</td>
<td>0.84</td>
<td></td>
</tr>
<tr>
<td>Customer loyalty</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No transactional account</td>
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<td>3.70</td>
<td>0.89</td>
<td>0.206</td>
</tr>
<tr>
<td>Transactional account</td>
<td>267</td>
<td>3.83</td>
<td>0.85</td>
<td></td>
</tr>
<tr>
<td>Switching cost</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No transactional account</td>
<td>107</td>
<td>3.24</td>
<td>0.82</td>
<td>0.527</td>
</tr>
<tr>
<td>Transactional account</td>
<td>267</td>
<td>3.31</td>
<td>0.91</td>
<td></td>
</tr>
<tr>
<td>Customer centricity</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No transactional account</td>
<td>105</td>
<td>3.54</td>
<td>0.85</td>
<td>0.444</td>
</tr>
<tr>
<td>Transactional account</td>
<td>260</td>
<td>3.46</td>
<td>0.87</td>
<td></td>
</tr>
</tbody>
</table>

Clients with a credit card gave a total satisfaction score of 3.89 out of 5 compared to 3.71 for all customers without a vehicle loan. The difference in the scores was significantly different with a p-value of 0.040.

5.3.4.7.6 Investments
Differentiation in the perceptions of customers who had investments products with the bank was tested using an independent t-test. The results of the test are shown in the table below.
### Table 30 Investments Vs no investments

<table>
<thead>
<tr>
<th></th>
<th>No investments</th>
<th></th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>P-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service similarity</td>
<td>No investments</td>
<td>180</td>
<td>3.05</td>
<td>0.99</td>
<td>0.800</td>
</tr>
<tr>
<td></td>
<td>Investments</td>
<td>202</td>
<td>3.07</td>
<td>0.88</td>
<td></td>
</tr>
<tr>
<td>Product similarity</td>
<td>No investments</td>
<td>179</td>
<td>3.48</td>
<td>0.97</td>
<td>0.513</td>
</tr>
<tr>
<td></td>
<td>Investments</td>
<td>201</td>
<td>3.54</td>
<td>0.87</td>
<td></td>
</tr>
<tr>
<td>Customer satisfaction</td>
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<td>3.77</td>
<td>0.79</td>
<td>0.115</td>
</tr>
<tr>
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<td>Investments</td>
<td>208</td>
<td>3.90</td>
<td>0.76</td>
<td></td>
</tr>
<tr>
<td>Positive WOM</td>
<td>No investments</td>
<td>180</td>
<td>4.01</td>
<td>0.81</td>
<td>0.228</td>
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<tr>
<td></td>
<td>Investments</td>
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<td>0.75</td>
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</tr>
<tr>
<td>Trust of bank</td>
<td>No investments</td>
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<td>3.84</td>
<td>0.85</td>
<td>0.726</td>
</tr>
<tr>
<td></td>
<td>Investments</td>
<td>202</td>
<td>3.87</td>
<td>0.85</td>
<td></td>
</tr>
<tr>
<td>Customer loyalty</td>
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<td>Investments</td>
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<td>3.94</td>
<td>0.79</td>
<td></td>
</tr>
<tr>
<td>Switching cost</td>
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<td>175</td>
<td>3.22</td>
<td>0.89</td>
<td>0.148</td>
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<tr>
<td></td>
<td>Investments</td>
<td>199</td>
<td>3.35</td>
<td>0.88</td>
<td></td>
</tr>
<tr>
<td>Customer centricity</td>
<td>No investments</td>
<td>172</td>
<td>3.49</td>
<td>0.90</td>
<td>0.917</td>
</tr>
<tr>
<td></td>
<td>Investments</td>
<td>193</td>
<td>3.48</td>
<td>0.84</td>
<td></td>
</tr>
</tbody>
</table>

Clients with an investment product gave a total satisfaction score of 3.94 out of 5 compared to 3.62 for all customers without a vehicle loan. The difference in the scores was significantly different with a p-value of 0.000.

#### 5.3.4.7.7 Insurance

Perceptions of clients who used the bank's insurance offerings were measured and compared using an independent t-test. The results of the test are shown in the table below.
### Table 31 Insurance Vs no insurance

<table>
<thead>
<tr>
<th>Service similarity</th>
<th>No insurance</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>P-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insurance</td>
<td>283</td>
<td>3.09</td>
<td>0.93</td>
<td>0.305</td>
</tr>
<tr>
<td></td>
<td>99</td>
<td>2.98</td>
<td>0.94</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Product similarity</th>
<th>No insurance</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>P-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insurance</td>
<td>282</td>
<td>3.46</td>
<td>0.92</td>
<td>0.080</td>
</tr>
<tr>
<td></td>
<td>98</td>
<td>3.65</td>
<td>0.91</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Customer satisfaction</th>
<th>No insurance</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>P-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insurance</td>
<td>294</td>
<td>3.79</td>
<td>0.79</td>
<td>0.019</td>
</tr>
<tr>
<td></td>
<td>100</td>
<td>4.00</td>
<td>0.72</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Positive WOM</th>
<th>No insurance</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>P-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insurance</td>
<td>284</td>
<td>4.00</td>
<td>0.81</td>
<td>0.004</td>
</tr>
<tr>
<td></td>
<td>99</td>
<td>4.26</td>
<td>0.67</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Trust of bank</th>
<th>No insurance</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>P-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insurance</td>
<td>283</td>
<td>3.84</td>
<td>0.85</td>
<td>0.396</td>
</tr>
<tr>
<td></td>
<td>99</td>
<td>3.92</td>
<td>0.83</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Customer loyalty</th>
<th>No insurance</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>P-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insurance</td>
<td>275</td>
<td>3.75</td>
<td>0.89</td>
<td>0.083</td>
</tr>
<tr>
<td></td>
<td>99</td>
<td>3.92</td>
<td>0.78</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Switching cost</th>
<th>No insurance</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>P-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insurance</td>
<td>275</td>
<td>3.26</td>
<td>0.86</td>
<td>0.327</td>
</tr>
<tr>
<td></td>
<td>99</td>
<td>3.36</td>
<td>0.94</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Customer centricity</th>
<th>No insurance</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>P-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insurance</td>
<td>268</td>
<td>3.49</td>
<td>0.85</td>
<td>0.877</td>
</tr>
<tr>
<td></td>
<td>97</td>
<td>3.47</td>
<td>0.92</td>
<td></td>
</tr>
</tbody>
</table>

The results show that clients who used the bank’s insurance offerings had a higher level of satisfaction and positive word of mouth. These clients gave a 4 out of 5 score for satisfaction versus the 3.79 provided by customers who did not have insurance with the bank. This was at a p-value of 0.019 showing that the difference was statistically significant. The total positive word of mouth score was 4.26 out of 5 versus 4 provided by clients without insurance with a p-value of 0.004.

#### 5.3.5 Summary of customer results

The customer feedback provided by employees of the bank indicated that they were satisfied, they promote the bank, have trust in the bank, are loyal to the bank, have high switch costs and believe the bank is customer centric. The employees also felt products are similar to other banks. When asked about the service similarity with other banks, a total score of 3.06 out of 5 was given by the employees. This was not significantly different from the midpoint of the scale indicating that there was a perception of service differentiation in banking.
Table 32 is a summary of the constructs that showed differentiation by products that the customers had. Customer satisfaction, positive word of mouth and customer loyalty showed significant differentiation by product. Customers with transactional accounts and insurance with the bank showed a higher level of customer satisfaction. Customers with a home loan or an insurance product with the bank gave higher scores for positive word of mouth. Customer loyalty was higher for customers with a home loan, credit card, vehicle loan or investments. Customers with a personal loan did not show any differentiation across any of the constructs.
### Table 32 Customer differentiation by product

<table>
<thead>
<tr>
<th>Customer satisfaction</th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>P-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>No transactional account</td>
<td>116</td>
<td>3.71</td>
<td>0.77</td>
<td>0.040</td>
</tr>
<tr>
<td>Transactional account</td>
<td>278</td>
<td>3.89</td>
<td>0.77</td>
<td></td>
</tr>
<tr>
<td>No insurance</td>
<td>294</td>
<td>3.79</td>
<td>0.79</td>
<td>0.019</td>
</tr>
<tr>
<td>Insurance</td>
<td>100</td>
<td>4.00</td>
<td>0.72</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Positive WOM</th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>P-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>No Home loan</td>
<td>152</td>
<td>3.96</td>
<td>0.84</td>
<td>0.034</td>
</tr>
<tr>
<td>Home loan</td>
<td>231</td>
<td>4.13</td>
<td>0.73</td>
<td></td>
</tr>
<tr>
<td>No insurance</td>
<td>284</td>
<td>4.00</td>
<td>0.81</td>
<td>0.004</td>
</tr>
<tr>
<td>Insurance</td>
<td>99</td>
<td>4.26</td>
<td>0.67</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Customer loyalty</th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>P-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>No Home loan</td>
<td>147</td>
<td>3.67</td>
<td>0.89</td>
<td>0.027</td>
</tr>
<tr>
<td>Home loan</td>
<td>227</td>
<td>3.87</td>
<td>0.84</td>
<td></td>
</tr>
<tr>
<td>No credit card</td>
<td>125</td>
<td>3.65</td>
<td>0.90</td>
<td>0.026</td>
</tr>
<tr>
<td>Credit card</td>
<td>249</td>
<td>3.86</td>
<td>0.84</td>
<td></td>
</tr>
<tr>
<td>No vehicle loan</td>
<td>171</td>
<td>3.65</td>
<td>0.90</td>
<td>0.004</td>
</tr>
<tr>
<td>Vehicle loan</td>
<td>203</td>
<td>3.91</td>
<td>0.81</td>
<td></td>
</tr>
<tr>
<td>No investments</td>
<td>175</td>
<td>3.62</td>
<td>0.92</td>
<td>0.000</td>
</tr>
<tr>
<td>Investments</td>
<td>199</td>
<td>3.94</td>
<td>0.79</td>
<td></td>
</tr>
</tbody>
</table>

#### 5.4 CONCLUSION OF RESULTS

The results obtained from answering the questions provided valuable insights into bank employees' perceptions from a strategic and a customer perspective. From a strategic perspective, interviews and open-ended questions showed that there were multiple interpretations of market spaces across the various business units. The business units also had a different interpretation of what customers wanted.

Senior bank officials showed that they favoured segment or mass targeting of customers. Targeting customers at an individual level based on needs or interests did not seem to be used by the bank.

The customer's activities before direct interaction with the bank were not used in developing value propositions. Customers were not brought into the value development process showing little co-creating with customers. Direct and post-purchase activities were utilised to a great extent in the value development process. Customer based metrics, like client engagement, seem to be strongly used by the bank. However, financial and selling based metrics were paramount.

Cross-departmental collaboration showed varying results. There was a high level of team spirit and willingness to collaborate. However, this was limited by lack of information flow. The senior staff members interviewed felt that they had an internal function dedicated to
customer value but did not feel there was an independent retail wide division to maximise customer value.

From a customer perspective, the staff indicated that they were satisfied, would say positive things about the bank, trusted the bank, had high switching costs and were loyal to the bank. However, switching costs and the perceptions of how customer centric the bank was got the lowest scores.

A closer look into the distribution of responses revealed that 20% appeared to be unsatisfied, 15% would not say positive things about the bank, 24% were not loyal to the bank, 18% did not trust the bank, 46% had low switching costs and 35% did not feel that the bank was customer centric.

Customers without a transactional account showed less satisfaction that those with one. Employees with a home loan or an insurance product with the bank showed a higher likelihood of saying positive things about the bank. Employees with a home loan, credit card, vehicle loan, investments or insurance showed a higher level of loyalty to the bank. Clients with personal loans did not show any difference from the population across all constructs.

In conclusion, the results obtained have the following implications for the propositions:

**P1: South African banks target customers at an individual level and not at a mass market or segment level.**

The evidence suggests that this is not true. There was a strong focus towards market segment targeting and mass marketing. This was seen across all product houses.

**P2: South African banks use client-centric practices of co-creation and customer activities outside the organisation to develop new value propositions**

Results obtained do not support this. The bank used market research and activities during and after purchase to improve service offerings. Activities before and outside the bank that clients went through were not included in the value proposition development. The respondents did not feel that co-creation was practiced at the bank.

**P3: South African banks use client-centric metrics such as share of wallet and engagement and relationship to measure performance.**

Evidence from the questions shows that this was true. However, primacy was given to financial and selling metrics. Engagement and relationship metrics seem to play a smaller role in measuring performance for the bank.
South African banks have a dedicated customer officer responsible for maximising customer value and supporting collaboration and information flows throughout the organisation.

While the evidence suggests that there was good team spirit and willingness to collaborate, there was a lack of information flow across business units. The bank did not have a department that aligned the business units to maximise customer value. Interviews also revealed that departmental silo performance hampered collaborative efforts.

From a customer’s point of view, bank staff gave a mean score of 3.48 out of 5. This was significantly higher than the midpoint. As such, the null hypothesis was for the:

\( H_{10} \): South African bank customers do not believe banks are client-centric

\( H_{11} \): South African bank customers believe banks are client-centric

To gain an understanding of trust that bank customers have in them, the following hypothesis was tested:

\( H_{20} \): South African bank customers do not have trust in the banks

\( H_{21} \): South African bank customers have trust in the banks

Employees in the study gave a mean score of 3.86 for trust. This was significantly larger than the midpoint and as such, the null hypothesis was rejected.

Customer satisfaction was tested with the following hypothesis:

\( H_{30} \): South African bank customers are not satisfied with their bank's service offerings.

\( H_{31} \): South African bank customers are satisfied with their bank's service offerings.

The results show that the satisfaction score of 3.84 was significantly higher than the neutral point at a 95% confidence level. The null hypothesis was rejected indicating that customers are satisfied with the bank.

The likelihood of customers to promote the bank was tested using the following hypothesis.

\( H_{40} \): South African bank customers are not likely to say positive things about their bank

\( H_{41} \): South African bank customers are likely to say positive things about their bank
The results show a mean score of 4.06. This was above the midpoint. The null hypothesis was rejected indicating that the customers were likely to say positive things about the bank.

Loyalty of bank customers was tested using the following hypothesis:

\[ H_{50}: \text{South African bank customers are not loyal to their bank.} \]

\[ H_{51}: \text{South African bank customers are loyal to their bank.} \]

The customer loyalty score was 3.75 and was significantly above the midpoint thus rejecting the null hypothesis.

The final hypothesis tested in this study was for customer switching costs. The hypothesis below was tested and results show a mean score of 3.29 was achieved. The score was significantly different from the midpoint and as such the null hypothesis was rejected.

\[ H_{60}: \text{South African bank customers do not have high switching costs.} \]

\[ H_{61}: \text{South African bank customers have high switching costs.} \]

From a customer perspective, all customer based outcomes of a client-centric strategy were realised despite the bank not using three of the four practices investigated. The following section is a discussion of the results.
CHAPTER 6: DISCUSSION OF RESULTS

The main objective of this research was to determine if South African banks used client-centric strategies and in situations where they did, whether they attained any gains as suggested in literature. The practices investigated were limited to targeting, value proposition development, metrics used and collaboration across the business silos. The gains of client-centric strategies identified in the literature reviewed for this study were customer satisfaction, trust, loyalty, high switching costs and positive word of mouth. Responses from 57 senior staff officials of the bank were obtained to understand management perceptions of the strategies employed by one of the big four banks in South Africa. These perceptions were complimented with 14 post questionnaire interviews to get more depth into the constructs. Customer perceptions were obtained from 399 customers of the same bank. This was used to triangulate the perceptions of employees as bank officials and as customers.

6.1 MARKET SPACES AND CUSTOMER DESIRED OUTCOME

Literature reviewed in chapter 2 of this research indicates that a customer-centric strategy begins with an articulation of the market space as it defines how an organisation intends to add value to customers (Vandermerwe, 1993). This must be articulated from a customer’s perspective with the ultimate goal of benefitting the customer. Results indicate that there are different variations of market spaces and customer goals across the different business units.

From a contingency theory perspective, a client-centric organisation must position in a situation where it would be able to source relevant customer information. Bharadwaj & Dong (2014) suggests that an organisation that fails to align itself with customer-desired outcome runs the risk of developing products and services that did not meet customer requirements. The definition of the market space defines where the organisation wants to add value while the desired outcome highlights the customer's goal.

The results show that definitions of the market space were mostly given from a customer segment or competition perspective. There were some responses from various departments that defined the market space from the customer perspective such as the credit card department which defined its role as facilitation of payments, or transactional accounts who defined their role as money management. However, the overwhelming feedback from the open-ended questions and the interviews revealed that boundaries were mostly defined from a customer segment perspective and not the customer's desired outcome.
When asked specifically about their views of the customer’s outcomes, the answers from respondents varied within and across the business units. Many of the responses provided operationally-based outcomes like efficiency, simplicity, customer experience, and support. While these enable the organisation to provide value to the customer, they are not the final outcome that a customer is looking for. Some articulations of the outcome were business specific. Examples of this are providing homes, loans to improve lifestyle and helping customer purchase vehicles. While these outcomes are customer based there does not seem to be a high-level goal that enables the bank to view a customer. Such a high-level goal would allow for easier alignment across the business units of the bank.

6.2 TARGETING PRACTICES
Client-centric organisations target individuals and grow through a market of one as the satisfied customer becomes an advocate of the organisations to others (Bonacchi & Perego, 2011; Seth et al., 2000). Bonacchi & Perego (2011) found that many organisations overestimated their segmentation. They viewed the shift from product centric to customer centric as interaction strategy that exploits feedback of a specific customer. They tailor-made approaches for each customer aggregate to provide the firm with high overall gains.

Targeting practices that provide a firm with superior customer information not easily imitable by competition gives it a competitive advantage. A truly client-centric approach must allow an organisation to track changes in the customer that help it identify when customers need a product and the best channel to reach them (Li et al., 2011). This increases the firm’s ability to cross-sell products to existing customers.

The increase in segment based organisations led to the proliferation of brands and channels as the segments got smaller (Seth et al., 2000). As technological abilities to analyse information improved, firms moved to more customer-centric practices that focused on understanding the needs and wants of individual customers (Seth et al., 2000) providing the firm with a way to provide a differentiated product to the customer.

Results from the study show that the bank favoured mass and segment-based targeting and marketing. Results in Table 13 show segment orientation had the highest score (4.05 out of 5) with mass orientation at 3.73. Both had mean scores significantly higher than the midpoint indicating that they were more likely to be used by the bank. Individual orientation had a score of 3.27. While the score was above three of the scale, the scores
were not significantly different from the midpoint of the scale with a p-value of 0.06. This indicates that the higher individual score was due to chance.

Interview data and descriptions of the market space show that the segmentation approach was favoured by the bank which viewed its market space through segments. This was aligned to its targeting. The results show that the bank did not target individuals.

6.3 VALUE PROPOSITION DEVELOPMENT

Mickelsson (2013) found that literature on activities focused on the firm and not the customer. Customer activities with multiple actors in a value adding network can provide a company with deep insights. This would help a client-centric firm gain insights into goals, value and value gaps that customers experience as they try to achieve their desired outcomes (Mickelsson, 2013). Customer journeys have been viewed as a way to enhance experiences through engaging with customers at various touch points (Zomerdijk & Voss, 2010). Zomerdijk & Voss (2010) saw customer value propositions in service industries as being comprised of experience, service and price. These value propositions are designed by filling the value gaps in the customer journey.

The use of customer activities aligns the organisation towards the customer goals providing it with customer sensing abilities. This allows it to bring in relevant customer information based on the customer journey towards a goal. By synchronising itself with customers needs, the firm is able to maintain high standards of products and services (Bharadwaj & Dong, 2014). The ability to identify value gaps in the journey, and track changes in customer needs as they evolve, can be seen as a firm’s resource that improves the ability to cross-sell at the right time to the right client, thus increasing long-term profitability (Li et al., 2011).

Tax et al. (2013) see customer journeys as a way to map out the entire service delivery network. They contend that gaining insights into the aggregators used by customers to achieve their desired goal is beneficial to the organisation. By companies having sight of the customer journey and the full view of players in the network, they can find linkages and ways to coordinate with third parties to improve customer value (Patricio et al., 2011; Tax et al., 2013).

Activities to be used in the process must include related and unrelated interactions with the organisation. While indirect interactions can potentially influence the decision to make a purchase, they are generally not visible to the organisation. A client-centric organisation must look at activities before, during and after making a purchase in order to gain insights into customer value gaps (Vandermerwe, 1993). This allows for a deeper
understanding of clients, and therefore providing an opportunity to design products and services better suited to customer needs.

Evidence from the study suggests that post contact activities were used in the value development process. This enabled the bank to use existing customers to design better value propositions. Co-creation with customers and activities not in the bank or the department were not used. This implies that the activities of potential customers who moved to other banks were excluded from the value development process. Table 14 summarises how much each of the tested constructs is used in developing customer value propositions.

6.4 PERFORMANCE METRICS
Client-centric organisations used customer-based metrics to measure performance (Seth et al., 2000). Engagement and relationship metrics are the main metrics with share of wallet taking preference over market share. Seth et al. (2000) suggest that client-centric organisations shift from segment based metrics to customer-based metrics to maximise value around the customer based activities. This leads to the full integration of activities across departments ensuring that activities behind the scene are aligned with the customer journey (Seth et al., 2000; Zomerdijk & Voss, 2010).

Bonacchi & Perego (2011) suggest that metrics of a client-centric firm must maximise customer equity. This requires accurate measurement of customer acquisition cost, lifetime value and churn of customers. They argue that between traditional metrics and have kept companies from becoming client-centric.

Metrics that maximise customer based interactions, such as engagement, share of wallet and relationship, are used to drive organisational behaviour. Such metrics support a client-centric strategy and determine how the organisation processes customer-based information to define products and service choices (Glazer & Weiss, 1993).

Results from the study show that the bank used customer-based metrics like customer engagement, share of wallet, deepening relationship metrics and post-purchase feedback. However, of the four metrics investigated, relationship metrics and share of wallet were used the least by the bank. Table 15 shows that customer relationship and engagement metrics had a mean score of 3.44 and share of wallet had 3.63 compared to 4.32 for market share and 4.05 for post-purchase feedback.
6.5 BUSINESS UNIT COLLABORATION

Bonacchi (2011) argues that for an organisation to be truly client-centric, decision rights must be distributed across departments. This prevents departmental managers from stopping potential value adding products and services that do not favour their metrics. Bonacchi (2011) indicated that many customer-centric organisations have a dedicated chief customer officer to oversee customer value across the organisation. The organisation's processes and structure must allow for information to flow across the organisations to support collaboration.

Truly client-centric firms have proven to be the exception rather than the rule. Banking, in particular, has had client-centricity hampered by strong silo structures (Nätti, 2013). Distribution of decision rights and information throughout the organisation has been used to counter this in some firms (Bonacchi & Perego, 2011). The rare nature of truly client-centric banks is likely to provide a bank with a competitive advantage provided that the strategy is not easily imitated.

Results from the study suggest that the bank does not have a department the looks after customers at a retail level. However, such a function seems to exist within departments. The results also showed that the senior bank officials believed that there was a low flow of information across the business units in the value proposition development process. This implies that there was low sharing of experiences and customer insights across the business units. This is summarised in Table 16. The lack of information flow in an organisation could potentially lead to delays or prevention of projects that could have material gains for a firm if they impact divisional success metrics (Bonacchi & Perego, 2011).

The lack of a central department that maximises customer value across departments has led to little customer based information. This means that each department drives to meet the customer desired outcomes in the various market spaces based solely on departmental learnings. Experiences and insights that come from other departments are not included by the various departments. Customers could potentially get varied experiences from the same bank when interacting with the different business units.

In summary, the bank in the study seemed to use some customer-centric practices and post-purchase activities in the metrics to design and improve products and services. However, the bank did not use information at an individual level to target or communicate with customers. This implies that mass targeting, which does not address individual needs but rather hopes for a needs match, was used. Activities outside of the bank that a customer goes through before making a purchase were not included in the value
proposition development process. Information flow was seen as lacking by the respondents. While internally each department felt there was a department responsible for customer value, such a function did not exist at the retail level.

6.6 Customer Centricity
Bharadwaj et al. (2012) investigated how the voice of the customer can lead to meaningful product and process improvements for customers. Customer focus was measured by looking at how the firm places primacy on the customer, gathering intelligence and customer evaluation. Customer’s perceptions of the bank’s client-centricty were measured to determine if there was alignment with management perceptions using similar questions. This was done to triangulate the perceptions on client-centricity of employees as staff with those as customers.

The results from employees who used the bank showed that they felt the bank was client-centric. Table 24 summarises results from employees as customers. It shows that the mean score of client-centricity is at 3.45. This is significantly different from midpoint at a 95% confidence level. However, 35% of the employees of the bank did not feel that it was client-centric. The distribution of scores is shown in Figure 6.

The results indicate that bank employees felt that the bank was client-centric from their perspectives as customers. However, more than one-third of the employees did not agree that the bank was client-centric.

6.7 Customer Satisfaction
Multiple authors have indicated that client-centricity leads to better products and services that satisfy customers (Bharadwaj & Dong, 2014; Bharadwaj et al., 2012; Bonacchi & Perego, 2011). This is done by gaining deep insights into what customers value in the journey to achieve an outcome. These insights are then used to provide products and services that satisfy customers.

Leverin & Liljander (2006) studied the impact of customer focus on loyalty and satisfaction. They found that customer focus explained little of the level of satisfaction, but this could be due to different interpretations of satisfaction.

This study found that while the bank did not use some of the customer-centric practices, employees were satisfied with the bank as customers. The nature of the sample is likely to have influenced the results due to employee conditions such as preferential rates that normal customers do not enjoy.
6.8 \textbf{POSITIVE WORD OF MOUTH}

Positive word of mouth occurs when customers recommend and say positive things about organisations. Satisfaction has been found to have a positive impact on positive word of mouth by many authors (Bharadwaj et al., 2012; Wang, 2010; Wisskirchen et al., 2006). This turns customers into advocates for the firm. Client-centric companies have the ability to create products and services that satisfy customers which could lead to positive word of mouth as they are likely to recommend the firm to others.

Results from the study show that bank employees who were also customers were likely to promote the bank to others. The overwhelming majority of employees would promote the bank as shown in \textbf{Figure 9}. This positive result is likely to be viewed as providers of the service and products. Employees might feel the offerings that they provide customers are superior to other institutions.

A large portfolio of satisfied customers can be seen as a resource due to the positive word of mouth. Authors have cited the increase of positive word of mouth as having a more significant role in today's marketing due to the viral nature of information (Brodie et al., 2011; Parthasarathy & Forlani, 2010).

The strategic perspectives from senior bank officials have revealed that only one of the four client-centric constructs investigated was being used. The high likelihood to promote the bank could be driven from the perspective of trying to get more customers than the belief that the bank provides superior products and services.

6.9 \textbf{TRUST IN THE BANK}

Satisfaction has been seen to have a positive influence on trust by some authors (Molina & Águeda, 2007). A study by Molina & Águeda (2007) found that trust and confidence are essential for a long-term relationship in retail. A higher level of satisfaction expected from a client-centric strategy should positively influence the level of trust. Roy (2013) found that customer advocacy had a positive impact on trust. He argues that customer advocacy is a form a client-centricity (Roy, 2013). Trust has also been viewed as a consequence and antecedent of customer engagement creating a positive feedback loop between customers and organisations or brand (Brodie et al., 2011).

Worthington & Welch (2011) have cited the global financial crisis as having generated high levels of mistrust in banks. This has created a new threat as non-banking
organisations with good customer knowledge, and strong brand presence have an opportunity to enter financial services and take customers away from banks.

Results show that employees trusted the bank from their perspectives as customers. Trust in the bank was high despite the lack of some client-centric practices in the overall strategy employed by the bank. However, 19% of employees did not indicate a high level of trust in the bank as seen in Figure 7.

While the global financial crisis sent shockwaves throughout the financial systems, the South African financial sector remains one of the highest rated in the world (World Economic Forum, 2015). This global rating could influence the perceptions of bank employees leading to their high rating of trust from a customer perspective. Bank employees could have viewed the questions on trust as being directed at them as staff, causing them to provide positive answers.

6.10 CUSTOMER LOYALTY
Customer loyalty has been described as a deep commitment to continue purchasing products and services from one firm despite marketing efforts or situations that increase the likelihood of switching (Chebat et al., 2011). Loyalty is gained by client-centric organisations as they maximise customer lifetime value by reducing the churn rate (Bonacchi & Perego, 2011). The increase in loyalty is achieved by improving customer satisfaction which is essential in acquiring loyal customers who would also recommend a company to another customer (Molina & Águeda, 2007).

The perceived value derived from a customer focused firm has been found to increase loyalty (Bharadwaj et al., 2012). The higher loyalty is due to an increased level of performance resulting from being customer focused. Bharadwaj et al., (2012) found that the level of customer focus had an indirect relationship on customer loyalty.

While there is an expectation of improved service and loyalty from being customer oriented, research into relationship marketing in banking showed that customer focus did not influence levels of satisfaction which enhanced customer loyalty (Leverin & Liljander, 2006). The inability of relationship banking to positively impact satisfaction was attributed to customers not receiving benefits of the personal marketing attention.

The results of the study show that while employees were mostly loyal, 24% indicated that they had low loyalty to the bank. Banking customers in South Africa might also remain loyal due to the oligopolistic nature of the banking industry. Four major banks take up the majority of banked individuals with a few banks trying to break in. This
limitation of choice could reduce the likelihood of customers using other banks if they believe products will be the same at other institutions.

### 6.11 DEPARTMENTAL DIFFERENCES

Business unit differentiation was observed in satisfaction, loyalty and positive word of mouth showed differentiation. Clients with personal loans did not show any differentiation across all constructs measured. Customer satisfaction was found to be higher for clients with a transactional account with the bank. Loyalty to the bank was higher for clients with home loans, credit cards, vehicle loans, investment or insurance products with the bank. Employees with a home loan or insurance indicated that they were more likely to say positive things about the bank.

### 6.12 SUMMARY OF RESULTS

The results suggest that the South African bank used in this research used one of the four client-centric practices in its strategy. Targeting practices were mostly oriented towards market segments and not identifying needs and interests at an individual level. Customers were not used in the development of value propositions.

The activities that were considered to improve the service offerings were during and after clients made a purchase. Customer activities before clients directly interacted with the bank or those outside the bank were unlikely to be included in decision making.

Client-centric metrics such as share of wallet, engagement, and relationships appear to be used in the bank. However, they appear to be used less than market share and post-purchase feedback metrics to measure performance.

Collaboration among the business units appears to be in the intent phase with high good team spirit. However, information flow and an independent division dedicated to maximising customer value are lacking. Individual departments have an area dedicated to maximising customer value.

While the survey to obtain management's perceptions of the strategy did not indicate that the bank was client-centric, the bank’s employees, surveyed as customers, indicated that they felt the bank was client-centric. However, 35% of the employees had a neutral or negative score indicating that they did not agree or were unsure of the bank’s client-centricity.

There was a high level of satisfaction and likelihood to say positive things about the bank among the employees surveyed as customers. This could be influenced by the preferential rates and benefits awarded to employees. Employees might view promotion
of the bank as a reflection of their work, driving them to provide high scores. The high rate of promotion scores might not be driven by superior products and service levels.

While the majority of the employees indicated that they were satisfied with the bank as customers, 25% of them did not agree that they were satisfied with the banks. The trust scale showed that 19% were not above the midpoint indicating that they did not have a high amount of trust in the bank.

Almost half of the employees in the customer survey did not show high switching costs. There was a perception that products provided by the banks were highly similar. However, employees surveyed viewed service levels as being different from other banks.

The research has shown that perceptions of employees on the four pillars of client-centricity are not aligned with perceptions of employees as customers. The research further reveals that gains of client-centric strategies of satisfaction, loyalty, trust, positive word of mouth and high switching costs are realised by the bank despite not using all four pillars identified in the literature. This could be due to the oligopolistic nature of the banking industry that limits choices for customers.
CHAPTER 7: CONCLUSION

The purpose of this study was to determine if South African banks used client-centric strategies. The study investigated four pillars of client-centricty from a strategy perspective underpinned by organisational contingency theory. It sought to determine the extent to which banks were aligned to customers which enable them to bring in relevant customer information to develop superior ways of adding value. The study then extended to determine if customers believed that South African banks were client-centric. Perceptions of bank customers were then used to determine if the bank could realise the theoretical gains of a client-centric strategy.

The four practices of client-centric strategy investigated where targeting practices, value proposition development, metrics and cross-departmental collaboration. Bonacchi & Pergo (2011) and Seth et al. (2000) indicate that a truly client-centric firm must understand and target customers at an individual level and not as a segment. Individual targeting allows a firm to tailor make its approach based on the customer's unique characteristics.

The evidence suggests that the bank being studied was more likely to use segmental and mass marketing strategies. Mass marketing strategies might be able to reach a large base of customers, but banks risk spending resources trying to reach customers they cannot make happy. The churn rate of unhappy customers could impact customer lifetime value reducing customer equity and profitability for the bank.

Co-creation with customers and using activities that customers go through to achieve a goal in a particular market space enables a client-centric firm to gain deep insights and build trust with customers (Bharadwaj & Dong, 2014; Roy, 2013; Vandermerwe, 1993).

The results do not support the view of co-creation and using external activities to develop value propositions. The absence of customers’ voice in the creation of value propositions could leave them feeling unheard and isolated. By not including activities that customers go through, the bank ignores the customer reality and places emphasis on firm based activities. External processes and providers that could potentially influence a potential customer's decision to purchase are invisible to the bank. The bank then remains vulnerable to new players who have a better understanding of customer needs.

Metrics used by client-centric organisations are future oriented and meant to increase engagement, relationships and customers’ share of wallet (Bonacchi & Perego, 2011). The goal is to increase customer lifetime value by reducing acquisition costs, reducing churn or increasing loyalty.
The results suggest that South African banks use engagement and share of wallet as metrics. However, these are used to a lesser extent than market share and post-purchase feedback. While market share provides a view of success in the past, it does not provide insights into future success. The possibility of having a growing market share filled with unhappy customers could chase potential future customers. Post-purchase feedback allows the bank to maintain the current base of customers but does not address potential customers who do not join the bank. Use of post-purchase feedback could result in the bank working to satisfy the current customers without finding ways to source and grow new customers.

Collaboration across business units is essential to a client-centric firm. Silo structures have been one of the biggest obstacles to client-centric banking (Nätti, 2013). Information and decision rights must be distributed across the banking product houses to ensure value adding services are not stifled by divisional interests when they can benefit customers and the banks as a whole (Bonacchi & Perego, 2011).

The bank in the study showed evidence of a strong will to collaborate. However, information sharing was not prevalent. Maximisation of customer value was only done at the departmental level and not centralised at a retail banking level. The absence of information sharing and a customer officer could create duplication of efforts and give customers varying experiences and service levels at the same bank. The differentiation would be based on the department being interacted with at a point in time. It also could give the bank fragmented views of the same client.

Employees who were surveyed to provide feedback from a client’s point of view of the bank, mostly indicated that they felt the bank was client-centric. However, 35% of them did not feel the bank was client-centric. Insider knowledge of the bank’s operations could negatively influence staff members’ perceptions. Despite this, having over a third of staff not believing that the bank is client-centric shows a low level of buy in. Staff members who have not bought into the client-centricity hinder implementation of future client-centric initiatives.

Client-centric strategies are meant to provide superior products and services by basing them on customer value gaps (Bharadwaj & Dong, 2014; Bharadwaj et al., 2012; Vandermerwe, 1993, 2004; Wissskirchen et al., 2006; Yang, Wang, Zhu, & Wu, 2012). These superior products must increase the satisfaction of bank customers.

Employees indicated a high level of satisfaction with the bank. However, the nature of the population is skewed towards customers who have benefits reserved for staff such
as preferential interest rates. Furthermore, a quarter of the customers did not indicate that they were satisfied with the bank.

Client-centric strategy is viewed as a way to gain trust from customers by breaking down the barriers and including them in the value creation process (Liu & Wu, 2007; Roy, 2013; Vandermerwe, 1993). Trust is particularly important due to the low levels of trust identified by researchers post the global financial crisis (Worthington & Welch, 2011). Evidence suggests that there is a high level of trust in the bank despite the lack of client-centric practices. South Africa’s position in the rating of financial institutions could have an impact in the credibility and trust in South African banks.

Trust in organisations has been seen as a way to increase loyalty and cross-selling by removing perceived risk (Liu & Wu, 2007; Roy, 2013). Evidence suggests that staff members surveyed are loyal. However, almost a quarter of the staff indicated that they were not loyal to the bank.

7.1 IMPLICATIONS OF THE RESEARCH

The research has shown that the bank in the study does not practice the four aspects of client-centricity in its strategy. While some of the metrics used were client-centric, senior bank officials placed more currency in market share and customer complaints to measure success.

However, bank staff surveyed to provide their perspectives as customers indicated that they felt the bank was client-centric. Gains of client-centric strategy such as satisfaction, trust, loyalty and positive word of mouth were also likely for these employees.

Employees who provided negative responses could be seen as high. The negative responses would likely be higher on ordinary customers as they do not receive the benefits enjoyed by staff members. Negative staff members could also hamper efforts to be more client-centric.

Financial reports of all the major South African banks have highlighted the need for a more client-centric approach (Barclays Africa, 2015; Capitec Limited, 2016; Nedbank Group, 2015; Standard Bank Group, 2015). To achieve a truly client-centric strategy, the banks must be prepared to realign themselves towards customer needs and drive decisions based on customer value and not firm-based logic. This change would require positioning close to the customer to provide a view of the goal through the customer’s lens, the creation of processes that use the customer information, metrics that maximise customer lifecycle value and collaboration across departments to maximise information flows and value for customers.
7.2 FUTURE RESEARCH
The research conducted measured the retail banking strategy in one of the big four banks in South Africa. However, this should not be construed as providing a view of South African banks. The levels of client-centric practices across South African banks could provide valuable insights into the progress made to orient themselves towards the customer.

The sample used to triangulate customer perceptions was skewed by being comprised of bank staff members. While this provided some insights into how staff viewed the bank, it might not provide an accurate depiction of ordinary bank customers.

This study aggregated the bank’s strategy at a retail level and did not investigate differences among the product. Some of the results from the various departments point towards silo differences. An in-depth study of varying levels of client-centricity in the different departments might provide insights into the alignment of the bank’s strategy.

The use of mixed methods provided some breadth and depth of information. However, a study that is purely qualitative will allow for more depth in the organisational strategy. Such a study would be able to provide more insights into other strategies that are employed by South African banks.
REFERENCES


260–276.


response styles: The number of response categories and response category labels.

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8 APPENDIX

8.1 STRATEGY QUESTIONNAIRE

Introduction

Dear Colleague,

The purpose of this survey is to fill in the academic gap in information with regards to client centricity in the South African banking sector. The study specifically focuses on measuring the prevalence of client centricity in retail banking. This study will further determine how the presence or lack of client centricity impacts on customer satisfaction and loyalty. The benefit of this study will depend on the honesty of your responses. It should not take more than 5 minutes of your time to complete the questionnaire. Your participation is voluntary, and you can withdraw at any time without penalty. Respondents can rest assured that all questionnaires will be treated in strictest confidence. By completing the questionnaire, you indicate that you voluntarily participate in this research. If you have any concerns, please contact my supervisor or me. Our details are provided below.

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1. Please select which of the following designations best describes your role within Nedbank.
   - [ ] Executive
   - [ ] Senior management
   - [ ] Middle management
   - [ ] Management
   - [ ] Specialist

2. Please select the financial products that your business unit provides to customers.
   - [ ] Personal loans
   - [ ] Home loans
   - [ ] Credit cards
   - [ ] Cheque/Savings accounts
   - [ ] Investments
   - [ ] Vehicle asset finance

3. How would you define the market space that your business unit operates in?

4. How would you define your client’s desired outcome in the market space your business unit operates in?
The following section is on your business units targeting strategy in your defined market space. Kindly rate the accuracy of the following statements with regard to your business unit targeting customers.

5. We design products and services to target market segments.
   - Strongly agree
   - Agree
   - Neutral
   - Disagree
   - Strongly disagree

6. We customise products and services to target specific individuals based on their needs.
   - Strongly agree
   - Agree
   - Neutral
   - Disagree
   - Strongly disagree

7. We customise products and services to target specific individuals based on their interests.
   - Strongly agree
   - Agree
   - Neutral
   - Disagree
   - Strongly disagree

8. We use mass targeting strategies to communicate our products and services to clients.
   - Strongly agree
   - Agree
   - Neutral
   - Disagree
   - Strongly disagree

9. We customise communication of products and services per individual based on their needs.
   - Strongly agree
   - Agree
   - Neutral
   - Disagree
   - Strongly disagree
The following section is on how your business comes up with value propositions in the market space. Kindly rate the accuracy of the following statements from strongly agree to strongly disagree.

10. We frequently meet to identify our customers future needs.
   - Strongly agree
   - Agree
   - Neutral
   - Disagree
   - Strongly disagree

11. We carry out a lot of market research to understand customers.
   - Strongly agree
   - Agree
   - Neutral
   - Disagree
   - Strongly disagree

12. We ask for customers advice in our CVP (customer value proposition) development process
   - Strongly agree
   - Agree
   - Neutral
   - Disagree
   - Strongly disagree
13. We monitor direct interactions with the customer to improve our value propositions.
   ○ Strongly agree
   ○ Agree
   ○ Neutral
   ○ Disagree
   ○ Strongly disagree

14. We track what customers do outside our business unit to improve our value propositions.
   ○ Strongly agree
   ○ Agree
   ○ Neutral
   ○ Disagree
   ○ Strongly disagree

15. We track what customers do outside the bank to improve our value propositions.
   ○ Strongly agree
   ○ Agree
   ○ Neutral
   ○ Disagree
   ○ Strongly disagree

16. We track what customers do before they interact with us to improve our value propositions.
   ○ Strongly agree
   ○ Agree
   ○ Neutral
   ○ Disagree
   ○ Strongly disagree

17. We track what customers do after they have made a purchase to improve our value propositions.
   ○ Strongly agree
   ○ Agree
   ○ Neutral
   ○ Disagree
   ○ Strongly disagree
The following section is on metrics used in your business unit. Please rate from 1 to 5 how much you agree or disagree that the following are used as performance metrics in your business unit.

18. Market share of your existing service offerings.
   - Strongly agree
   - Agree
   - Neutral
   - Disagree
   - Strongly disagree

19. Customers share of wallet in your chosen market space.
   - Strongly agree
   - Agree
   - Neutral
   - Disagree
   - Strongly disagree

   - Strongly agree
   - Agree
   - Neutral
   - Disagree
   - Strongly disagree
   - Strongly agree
   - Agree
   - Neutral
   - Disagree
   - Strongly disagree

22. Building and deepening relationships with customers.
   - Strongly agree
   - Agree
   - Neutral
   - Disagree
   - Strongly disagree

   - Strongly agree
   - Agree
   - Neutral
   - Disagree
   - Strongly disagree

   - Strongly agree
   - Agree
   - Neutral
   - Disagree
   - Strongly disagree
The following section measures the cross-business unit collaboration in the bank. Please rate the accuracy of the following statements from strongly agree to strongly disagree.

25. Different business units collaborate when developing new service offerings.
   - Strongly agree
   - Agree
   - Neutral
   - Disagree
   - Strongly disagree

26. Different business units share their experiences in product development.
   - Strongly agree
   - Agree
   - Neutral
   - Disagree
   - Strongly disagree

27. Different business units share their information and data in product development.
   - Strongly agree
   - Agree
   - Neutral
   - Disagree
   - Strongly disagree
28. There is a good team spirit among the business units.
   ☐ Strongly agree
   ☐ Agree
   ☐ Neutral
   ☐ Disagree
   ☐ Strongly disagree

29. The bank has an independent division focused on maximising customer value across retail.
   ☐ Strongly agree
   ☐ Agree
   ☐ Neutral
   ☐ Disagree
   ☐ Strongly disagree

30. External business units can influence service offerings to your clients.
   ☐ Strongly agree
   ☐ Agree
   ☐ Neutral
   ☐ Disagree
   ☐ Strongly disagree

31. There is an internal department that is dedicated to maximising customer value in your business unit.
   ☐ Strongly agree
   ☐ Agree
   ☐ Neutral
   ☐ Disagree
   ☐ Strongly disagree

32. External business units add value to your CVPs.
   ☐ Strongly agree
   ☐ Agree
   ☐ Neutral
   ☐ Disagree
   ☐ Strongly disagree
8.2 CUSTOMER QUESTIONNAIRE

I am conducting research into client centricity in the South African banking sector. The research will be used to help banks find better strategies to meet customer needs and increase loyalty. To that end, you are asked to complete a survey on a set number of questions. The questionnaire should take no longer than 5 minutes of your time to complete. Your participation is voluntary, and you can withdraw at any time without penalty. Of course, all data will be kept confidential. By completing the survey, you indicate that you voluntarily participate in this research. If you have any concerns, please contact my supervisor or me using the details provided below:

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1. Do you consider Nedbank your main bank?
   ○ Yes
   ○ No

2. Do you consider yourself a loyal Nedbank customer?
   ○ Yes
   ○ No

3. Please select which of the following Nedbank products have you used in the last five years?
   ○ Home loans
   ○ Personal loans
   ○ Credit card
   ○ Vehicle loan
   ○ Transaction account
   ○ Investments
   ○ Insurance
4. How long have you been a Nedbank customer (years)?

5. Overall how satisfied are you with Nedbank?
   - Very satisfied
   - Satisfied
   - Neutral
   - Dissatisfied
   - Very dissatisfied

6. How satisfied are you with your Nedbanks products?
   - Very satisfied
   - Satisfied
   - Neutral
   - Dissatisfied
   - Very dissatisfied

7. How satisfied are you with Nedbanks service?
   - Very satisfied
   - Satisfied
   - Neutral
   - Dissatisfied
   - Very dissatisfied
8. Other banks have the same level of service as Nedbank?
   - Strongly agree
   - Agree
   - Neutral
   - Disagree
   - Strongly disagree

9. Other banks have the same products as Nedbank.
   - Strongly agree
   - Agree
   - Neutral
   - Disagree
   - Strongly disagree

10. You would recommend Nedbank to people seeking financial services?
    - Strongly agree
    - Agree
    - Neutral
    - Disagree
    - Strongly disagree

11. You say positive things about Nedbank to other people.
    - Strongly agree
    - Agree
    - Neutral
    - Disagree
    - Strongly disagree
12. You would encourage friends and family to choose Nedbank.
   - Strongly agree
   - Agree
   - Neutral
   - Disagree
   - Strongly disagree

13. Overall you trust Nedbank.
   - Strongly agree
   - Agree
   - Neutral
   - Disagree
   - Strongly disagree

14. You believe Nedbank has your best interests at heart.
   - Strongly agree
   - Agree
   - Neutral
   - Disagree
   - Strongly disagree

15. You believe Nedbank does NOT have your interests at heart
   - Strongly agree
   - Agree
   - Neutral
   - Disagree
   - Strongly disagree
16. You do all your banking and borrowing with Nedbank.
   - Strongly agree
   - Agree
   - Neutral
   - Disagree
   - Strongly disagree

17. If you were to choose a bank again it would be Nedbank.
   - Strongly agree
   - Agree
   - Neutral
   - Disagree
   - Strongly disagree

18. You are likely to only use Nedbank for your future banking and borrowing needs
   - Strongly agree
   - Agree
   - Neutral
   - Disagree
   - Strongly disagree

19. You would not switch to another bank because you have been with Nedbank for too long
   - Strongly agree
   - Agree
   - Neutral
   - Disagree
   - Strongly disagree
20. You would not switch to another bank because it requires too much effort
   ○ Strongly agree
   ○ Agree
   ○ Neutral
   ○ Disagree
   ○ Strongly disagree

21. You would not switch to another bank because they will not match Nedbank's current offerings
   ○ Strongly agree
   ○ Agree
   ○ Neutral
   ○ Disagree
   ○ Strongly disagree
22. Nedbank understands your needs.
   - Strongly agree
   - Agree
   - Neutral
   - Disagree
   - Strongly disagree

23. Nedbank's staff are empowered to make decisions to satisfy your needs.
   - Strongly agree
   - Agree
   - Neutral
   - Disagree
   - Strongly disagree

24. Nedbank does a lot to learn about your needs.
   - Strongly agree
   - Agree
   - Neutral
   - Disagree
   - Strongly disagree

25. Nedbank provides unbiased advice to help you choose the best services based on your needs.
   - Strongly agree
   - Agree
   - Neutral
   - Disagree
   - Strongly disagree