**THE EFFECT OF RELATIONSHIP MARKETING TACTICS ON CUSTOMERS’ LOYALTY IN COMMERCIAL BANKS IN GEITA DISTRICT, TANZANIA**

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**A DISSERTATION SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION OF THE OPEN UNIVERSITY OF TANZANIA**

**2013**

**CERTIFICATION**

I hereby certify that the dissertation titled; **“***The Effect of Relationship Marketing Tactics on Customers’ Loyalty in Commercial Banks in Geita District, Tanzania****”* is** the original and individual work of Mdasilu Iddi Kelema. This has been done under my supervision and is ready for submission for the award of a degree of Master of Business Administration of the Open University of Tanzania.

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Dr. Gerry Batonda

(Supervisor)

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Date

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**DECLARATION**

I, Mdasilu Iddi Kelema, do hereby declare that, this research work titled **“*The Effect Of Relationship Marketing Tactics On Customers’ Loyalty In Commercial Banks In Geita District, Tanzania*”** is my own original work and it has been presented for an award of a Masters degree in Business Administration of the Open University of Tanzania (OUT). It has not been submitted for any similar degree in any other University or higher learning institution.

………………………………………….

Signature

…………………………..

Date

**DEDICATION**

I dedicate this dissertation to the almighty God, my dearest wife, mum, dad, brothers, sisters, my son and daughters, and pertinent friends who stood by me when I needed them.

# ACKNOWLEDGEMENTS

This research work would not have been a success without the assistance of many people. It is not easy to mention and thank everybody who helped me but I will mention a few of them.

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**ABSTRACT**

The emergence of new forms of banking, automated teller machines (ATM), phone and SIM banking and also maturing financial market coupled with global competition have forced banks to engage into relationship marketing activities so as to improve customer loyalty. The purpose of this research was to examine the effect of relationship marketing tactics on customer loyalty in commercial banks in Geita district Tanzania. The following research objectives guided (i) to determine the type of relationship marketing factors being used in commercial banks in Geita district; (ii) to analyze how relationship marketing tactics impact on customer loyalty and (iii) to determine which one of these relationship marketing tactics is most effective in Geita district. The study was carried out using questionnaire whereby a sample size of 108 customers and 31 management staff from three commercial banks (CRDB, NBC and NMB) was chosen. The findings of this research revealed that banks use a variety of relationship marketing tactics/ practices to gain customer loyalty and these include application of service quality dimensions, enhancing their brand name with slick (innovative), promotional campaigns (value offers) and competitive pricing strategies. The study recommended that commercial banks should tailor their relationship marketing tactics to local environment rather than applying urban practices to rural communities. It also recommended immediate training of all services delivery personnel on service quality as it applies to customer loyalty. The study also suggests the need for conducting extensive research in other towns/ regions before generalization as well as longitudinal studies to gauge changes of the effect of relationship marketing tactics on customer loyalty over a period of time.

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**LIST OF ABBREVIATION AND ACRONYMS**

EAC East African Community

OUT Open University of Tanzania

ROI Return on Investment

RQ Relationship Quality

NBC National Bank of Commerce

NMB National Microfinance Bank

CRDB Cooperative and Rural Development Bank

RMT Relationship Marketing Tactics

SET Stock Exchange of Thailand

SPSS Statistical Package for Social Science

Dr Doctor

B2 B Business to Business

**CHAPTER ONE**

**1.0 INTRODUCTION**

**1.1 Introduction**

This chapter provides the background to the study, problem statement, significance and justification for research. It also presents the research objectives and research questions, scope and delimitations of the study as well as definitions of terms and conceptual framework for this study.

**1.2 Background**

In today’s competitive environment, the most important issue the sellers face is no longer to just provide excellent service and good quality products or services but more to do with ways of retaining loyal customers who will contribute long-term goal of profit maximization (Bose & Bansel, 2007; Kotler 2009). Furthermore, the current age is the period of speed and unpredictable changes and the companies face with most difficult competition condition by presence of factors including vague boundaries among markets, fragmentation marketing, shortening of product life span, speed change of customer purchase patterns and becoming aware and skillful that was unprecedented (Wong & Shool, 2002; Rahnama et al, 2012). As result, marketers are now forced to look beyond the application of traditional marketing strategy (4Ps) if they have to achieve sustainable competitive advantage. One of methods is to use of relation– based marketing (Bose & Bansel, 2007).

Relationship marketing has become an alternative means for organizations to build strong, long-term or ongoing associations with their customers. This relationship marketing strategy seeks to acquire and retain customers by providing good quality customer services, and therefore has become one of the keys to success in acquiring strong competitiveness in the turbulent competitive markets. This is because it has the effect of accessing the markets, generation of repeat purchase, creation of exit barriers for customers and in long-run all parties benefit (Tseng 2007; Kheng et al 2010; Razal & Rehman 2012).

In last few decades, relationship marketing has received a lot of attention from both academic and practice areas. During this period relationship marketing became a major trend in marketing and management business (Egan, 2001). Relationship marketing is concerned with building customer loyalty through providing value to all the parties involved in the relational exchanges (Peng and Wang, 2006; Tseng 2007) and the final goal of relationship marketing is customer loyalty. Buyers and sellers in markets achieve mutual benefits through developing relationships, which are not simple that a customer is 100 per cent loyal to a vendor (Stone et al 2000; Kanate et al 2010). There are often switching behaviors occurred in different stages of a partnership relationship.

Relationship marketing tactics are thus approaches to apply relationship marketing in practice to minimize switching behaviour (Grönroos, 2004). Effective customer-oriented relationship marketing tactics may help marketers to acquire customers, keep customers, and maximize customer profitability, and finally build up customer loyalty. The banking industry is becoming one of the most important industries in the world and it influences the world economy. The competition in banking industry is also becoming more and more intense. In order to obtain sustainable competitive advantage, banks and other financial institutions are forced to be innovative and do the best for customer satisfaction. Because of this, customer relationship marketing plays an important role in banking industry. It demands a relationship-oriented strategy in marketing (Kanate et al 2010, Rehnama et al, 2012).

Facing the fierce competition and all banks offering essentially the same products, it is becoming increasing important for each bank to execute relationship marketing tactics in order to retain loyal customers who will bring long-term profit and create competitive advantage to firms. Considering the significant importance of relationship marketing in today’s business, it will make sense to understand how the relationship marketing are executed in practice and how this type of marketing take effect, for example, factors influencing long-term relationship building and customer loyalty. The question to be posed, “are these relationship marking tactics making customer stay loyal to their service providers”. Therefore, this study aims to examine how relationship marketing tactics influence relationship quality and customer loyalty in commercials banks in Geita district, Tanzania.

**1.3 Statement of Research Problem**

Given the prevailing intensive competition in today’s banking marketplace, fragmentation of markets, short life circles of products and increased customer awareness and complexity, banks have been forced to use relationship marketing strategy to create, maintain and enhance strong relationships with their customers so as to secure their loyalty. Generally, the emphasis of almost all business organizations not only banks, in virtually all sectors has shifted from short-term and transactions focus to long-term relationship focus.

Banks and service providers in general have used many marketing strategies just to attract and retain customers, and eventually to secure their loyalty. Consumers are frequently disturbed by a number of marketing activities ranging from aggressive sales tactics, telemarketing, direct mail, doorstep selling, radio advertisement, TV advertisement, and internet promotion to customer loyalty programmers (Peng and Wang, 2006; Raza & Rehman 2012). There is also evidence to show that consumers tend to move to other competitors when they are not satisfied with the service quality even though the product is of good quality (Peng and Wang, 2006; Zhang & Feng 2009).

Relationship marketing strategy is being viewed as one of the best ways for service providers to retain customers and build customer loyalty. Empirical studies have provided evidence that relationship marketing tactics have impact on behavioral loyalty which affects customer retention (Peng and Wang, 2006; Zhang & Feng 2009). Therefore, being aware of the target consumers and making effort to build good relationship with them is a significant issue that organizations are taking seriously. The challenge for banking service providers is to attract more customers, focus on building good relationship quality with customers, make customers satisfied and step by step obtain customers’ loyalty, through relationship marketing tactics.

To date, not much research appears to have been done on relationship marketing and its impact on customer loyalty in the banking industry in Tanzania, despite the various marketing strategies being employed by individual banks. Historically, early banking in Tanzania was characterized by “arm chair banking” whereby bankers were to sit back and wait for customers who need bank services to visit them in office. During that period banking was transaction focused, with emphasis on short term, single sale activity rather than long term, customer retention activity. Consequently, the banks were unable to attract and retain customer leading to failure to achieve competitive advantage needed to achieve the bank’s profitability.

Commercial banks in Tanzania have been growing since deregulation. Several international banks such as Barclays, Standard Chartered, and Tropical Bank of Africa have also entered the Tanzanian market and mostly concentrated in regional towns in Tanzania. Consequently, there has been fierce competition among the emergent banks making it necessary for the manager of these banks to pursue more rigorously relationship marketing with their customers.

 Moreover, there has been very limited study of relationship marketing and customer loyalty in banking sector generally (Srijumpa, et al., 2002; Rotchanakitumnuai and Speece 2003; Chiu, et al., 2003). Although relationship marketing is firmly established as a marketing approach to retaining customers, it remains one of the least understood (Zineldin and Philipson, 2007). Furthermore, studies in relationship marketing have been largely confined to Sweden (Zhang & Feng 2009), Malaysia (Kheng et al 2010), Thailand (Kanate et al 2010), Iran (Rahnama 2012), and Pakistan (Razal & Rehman 2012). Thus, this study will bridge the gap in literature and its general thrust is to empirically investigate the effect of relationship marketing tactics on customers’ loyalty in commercial banks in Geita district, Tanzania.

## 1.4 General Objective of the Study

The study examined the effect of relationship marketing tactics on customers’ loyalty in commercial banks in Geita district, Tanzania.

**1.5 Specific Research Objectives**

The following specific objectives guided this research.

1. To determine relationship marketing practices used in commercial banks in Geita district.
2. To analyze how the relationship marketing practices (tactics) impact customer loyalty of banks in Geita district.
3. To determine the most effective relationship marketing tactics on customer loyalty in commercial banks in Geita district.

**1.6 Research Questions**

The researcher aims to answer the three primary questions:

1. What are the different relationship marketing practices used by commercial banks in Geita district?
2. What is the effect of relationship marketing tactics on customer loyalty in commercial banks in Geita district?
3. What are the most effective relationship marketing practices on customer loyalty among commercial banks in Geita district?

**1.7 Justification and Significance of the Study**

This research about the effect of relationship marketing tactics on customer loyalty in Banking sector in Geita district, Tanzania is worthy of academic study on four grounds: the size and spread of banking, importance of commercial banks, absence of adequate study on the subject of service quality and the potential usefulness of the research outcomes.

**1.7.1 Importance of Banking Sector**

The importance and role of banking sector cannot be overemphasized as it is well known banking serves the community in various ways such as custody of customers’ money, social responsibility and provision of a variety of banking services. The banking industry (which is part of the global service industry) not only plays a leading role within the financial system in a country but also has an important socio-economic function. Banks facilitate economic development and it is the objective of the government to build an efficient, effective and a stable banking industry in Tanzania that will support both the needs of the real economy and the socio-economic objectives of the country. The banking industry provides short term as well as long term funds for investment. Banks provide liquidity on demand to depositors through the current account and extend credit as well as liquidity to their borrowers through lines of credit (Kashyap et al, 1999).

**1.7.2 Size and Geographic Spread of Commercial Banks**

Commercial banks in Tanzania have been growing since deregulation. Several international banks such as Barclays, Standard Chartered, and Tropical Bank of Africa have also entered the Tanzanian market and mostly concentrated in regional towns in Tanzania. Commercial banks provide a good percentage of employment and also provide banking services in Tanzania especially in urban areas. It is therefore important to understand how relationship marketing tactics impact on customer loyalty in these banks and help to take the appropriate action.

**1.7.3 Inadequate Research in the Banking Sector**

The relationship marketing tactics offers firms an opportunity to build loyal customers to differentiate themselves and create a competitive advantage in the markets (Karatepe et al., 2005). Customer loyalty can lead to greater willingness to suggest and or recommend to someone else, reduction in customer defection rates to a great extent (Bitner, 1990; Headley and Miller, 1993; Zeithaml et al., 1996; Danaher, 1997). Thus, it is important that aspects of relationship marketing tactics are known so that the bank can develop appropriate strategies to stay in existence. Most research in the Tanzanian banking sector has been loan management and portfolio management. Very little or no studies have been undertaken on customer relationship marketing tactics in Tanzania. Consequently, there is need to study these strategies in banking industry and how they influence customer retention in banking.

**1.7.4 Usefulness of Research Outcomes**

The findings from this study will be useful for several reasons. Firstly, the research has developed a theoretical framework to clarify the understanding of the issues involved in relationship marketing and customer loyalty. It will identify key relationship marketing tactics and their impact on customer loyalty in the banking sector. It will also form a basis for further research. Secondly, since this will be one of the first studies in customer relationship marketing in banking in Tanzania, the research will add to the body of knowledge concerning the attitude and views of customers about relationship marketing tactics.

Thirdly, the research will provide practical guidance and suggestions to managers in the banking sector on how to improve customer loyalty and retention relating to customer retention and loyalty as well as give suggestions on possible ways of gaining competitive advantage through relationship marketing within banking sector in Tanzania. Most importantly, because Tanzania shares many marketing practices and developmental attributes with other East Africa Community (EAC) countries, this investigation could be of immense benefit to the banking industry across the region (Srijumpa,Chiarakul and Speece, 2007).

**1.8 Scope and Limitations of the Study**

First, in terms of the constructs indicated in the extant literature, this research will focus only on four relationship marketing tactics (service quality, brand image, price perception and value offers). Other tactics and service quality measurements are beyond this study. Furthermore, the study specifically will focus on individual customers who have been with commercial banks (NMB CRDB and NBC) in Geita district for at least twelve months. That is, this study will be done only from customers’ point of views; the service firms’ perspective about this subject will not be researched. The study will also include service delivery personnel in the commercial banking section.

**1.9 Organization of the Study**

The study is organized into five chapters. Chapter one presents background information to the study; statement of the research problem; objectives of the study and research questions; Justification and significance of the study; Scope and delimitation of the study. Chapter two is about review of the extant literature that consists of the theoretical and empirical review on the study topic. Chapter three explains the research methodology used in this research. Chapter four provides a presentation and discussion of the research findings. Finally, Chapter five presents summary, conclusions and recommendations from the study as well as suggested areas for future research.

**1.10 Conclusion**

This chapter presented the background to the study, statement of the research problem and objectives to guide the research work. The chapter also presented scope and delimitation of the study. The next chapter provides detailed literature review relevant to the research problem.

**CHAPTER TWO**

**2.0 LITERATURE REVIEW**

**2.1 Introduction**

This chapter presents literature review which is divided into two major parts namely theoretical and empirical literature.

**2.2 Definition of Key Terms**

**2.2.1 Customer Loyalty**

Customer loyalty means that customers are committed to purchasing goods and services from a specific service provider and will resist the actions of competitors attempting to usurp their patronage (Poovalingam and Veerasamy (2007). The psychological contract serves as a bond between a customer and the service provider.

**2.2.2 Service Quality**

Means the difference between the customers’ expectation of service and their perceived service. In this study, the assessment standards of Zeithaml, Parasuraman & Berry (1990) will be used, which consist of five dimensions: tangibles, reliability, responsiveness, assurance, and empathy. It is a measure of the degree to which customer expectations matches experience of the service delivered (Lewis 1990).

**2.2.3 Customer Expectations**

**B**ean uncontrollable factors including past experience, personal needs, word of mouth, and external communication (Parasuraman et at 1988, 1991, Zeithaml, Bitner and Gremler 2009, p.32).

**2.2.4 Customer Satisfaction**

Is customer’s overall evaluation of the performance of an offering to date. This overall satisfaction has strong positive effect in customer loyalty intentions across a wide range of product and service categories (Gustsson 2005).

**2.2.5 Customer Service**

Is the service provided in support of company’s core products (Zeithaml, Bitner and Gremler 2009, p. 5)

**2.2.6 Relationship Marketing**

Is the process of creating, maintaining and enhancing strong relationship with customers and other stakeholders (Jobber 2004, p.914).

**2.3 Conceptual Framework**

The purpose of this section is to develop a conceptual framework that would guide the researcher in the study. Miles and Huberman (1994, p.18 ) noted that conceptual framework explains either graphically or in a narrative form, the main issues to be studied, factors or constructs and presumed relationship in conceptual framework. The study focused variables that are most important, relationship of variables to be most meaningful and giving information that should be collected and analyzed. Figure 2.1 presents the conceptual framework for this study.

Figure 2.1 shows the relationship between variables pertaining to effect of relationship marketing tactics on customer loyalty in banking industry in Geita district. Several variables were explored in the extant literature to establish how relationship marketing tactics influence customer loyalty within the banking industry.

**Independent Variables Dependent variable**

**Customer Loyalty**

* Commitment to repatronise
* Long-term mutual relationship with customer
* Customer referrals

**Relationship marketing tactics**

* Service Quality
* Price perceptions
* Brand image
* Value offers

**Intervening variables**

* Government policy
* Cultural differences

**Intervening Variables**

**Figure 2.1: Conceptual Framework Showing Effect of Relationship Marketing Tactics on Customer Loyalty in a Banking Industry**

**Source:** Developed for this research (2013)

The independent variables included service quality, price perception (charges), brand image, value offer and other factors such as service features. The customer loyalty was conceptualized in terms of commitment to repatronize and long-term mutual relationship with customer .The influence of intervening variables such as government policy, business practices and culture were recognized in the relationship and taken into consideration.

The relationship marketing tactics as identified from the literature have been shown as factors that influence customers to stay committed and develop long-term relationship with service providers such as the bank and hence are used as predictor of customer loyalty (Oliver 1997; Zhang & Feng 2009; Chu 2009; Tseng 2009; Kheng et al 2010; Raza & Rehman 2012). There is greater deal of evidence suggesting that stronger relationship commitment leads to buyers’ repeat patronage (Wulf et al 2001; Wan 2003; Kumar et al 2009).The research sought to find out whether these variables plus service features determine customers’ loyalty with the service in a bank. Also customer satisfaction has been shown to be influenced by specific features, perception of service quality and price of service.

In brief, figure 2.1 provides a conceptual framework of the relationship between variables. The research aims a finding out whether these variables interact to influence the stay customers with certain banks in Geita district to address the research problem. Other factors such as government policy on banking, cultural differences of customers and the business practice at three commercial bank will also be taken in consideration a they have a moderating effect on the dependent variables.

**2.4 Theoretical Review**

There are as many definitions of relationship marketing as there are scholars. This section examines several definitions to highlight the diversity of thought. One of the first definitions of relationship marketing is attracting, maintaining and enhancing customer relationships (Berry, 1983, pp. 25-28). Relationship marketing is defined as the process of establishing and maintaining mutually beneficial long-term relationships among organizations and their customers, employees and stakeholders. This shift to building relationships is offered as a solution to organizations in promoting sustainable relationships in this era of ever-increasing competition (Rensburg & Cant, 2003, p.119). Wulf et al. (2001) suggested that different levels of relationship duration would result in different levels of consumption experience, producing different results, satisfaction and loyalty with different relationship marketing tactics.

Compared with traditional marketing, relationship marketing is more concerned about building customer relationships in order to achieve long-term mutual benefits for all parties involved in the exchanges. Relationship marketing essentially means developing customers as partners, where the approach is different from traditional transactional marketing (Bowen and Shoemaker, 2003). Table 2.1 shows the differences between relationship marketing and the traditional (transactional) marketing.

According to Kotler (2001, p.7), relationship marketing aims at building long-term mutually satisfying relations with key parties such as customers, suppliers and distributors in order to earn and retain their long-term preference in business that the company is doing (Poovalingam and Veerasamy, 2007) . However, the most comprehensive definition of relationship marketing was proposed by Gronroos (2000, pp.42-3) who submits that the objectives of relationship marketing are to identify and establish, maintain and enhance, and, when necessary, terminate relationships with customers and other stakeholders, at a profit so that the objectives of all parties involved are met. This is done by mutual exchange and fulfillment of promises.

**Table 2.1: Comparison between Transaction Marketing and Relationship Marketing**

|  |  |  |
| --- | --- | --- |
| **The strategy continuum** | **Transaction marketing**  | **Relationship marketing** |
| Time perspective  | Short-term focus | Long-term focus |
| Dominating marketing function | Marketing mix | Interactive marketing (supported by marketing mix activities  |
| Price elasticity  | customers tend to be more sensitive to price | customers tend to be less sensitive to price |
| Dominant quality dimension  | quality of output (Technical quality dimension) is dominating  | quality of interactions (functional quality dimension grows in importance and may become dominant  |
| Measurement of customers satisfaction | monitoring market share(indirect approach  | managing customer base (direct approach  |
| Customer information system  | Ad-hoc customer satisfaction surveys  | Real time customer feedback system  |
| Interdependency between marketing and personnel | Interface of no or limited strategic importance | Interface of substantial importance  |
| The role of internal marketing | Internal marketing of no or limited importance to success | Internal marketing of substantial strategic importance to success |

**Source:** Gronoos, (1994) and Dwyer, Schurr & Oh (1987)

As noted in the above definitions, it is clear that relationship marketing is influenced by contributions from diverse relational schools. Relationship marketing incorporates the purpose, process, focus and key elements of relationship marketing as explained by Evans, O’Malley and Patterson (2004, p. 210):• the purpose is to satisfy the objectives and enhance the experience of the parties involved, the focus is on key customers and other parties, the process involves the identification, specification, initiation, maintenance and dissolution of relationships, and the key elements include mutual exchange, fulfillment of promise and adherence to relationship norms.

Furthermore, one of the main principles of relationship marketing is to identify the most profitable customers so that the business can focus on customers appropriate to its strategy. Wood (2000, p.15) supports this definition and maintains that the main idea behind relationship marketing is to build relationships with customers in order to retain them instead of concentrating efforts on recruiting new ones.

Evans, O’Malley and Patterson (2004, p.210), maintain that as a result of participating in a number of different relationships, certain benefits accrue to the organization: • supplier relationships improve value or reduce costs through more efficient ordering systems, • relationships with distributors accommodate new product introductions, and the network of relationships in which the organization is involved will enhance its competitive position. Therefore, all of these relationships in some way contribute to adding value, reducing costs and increasing innovation. This combination of relationships ultimately helps the organization to enhance its relationships with its own customers. In case of customers in the banking industry, relationship marketing can be very satisfying, in that: • they feel an affinity with the service provider beyond mere purchase, they feel an acquaintance with the organization and are not just anonymous customers, they often receive special (preferential) treatment and extra pampering by the service provider, and they are likely to receive timely and relevant communications of offers that would be of interest to them from their service provider.

In general, the benefits of relationship marketing for the service provider as explained by Lucas (2005, p.323), include the following: there is less need to obtain new customers through marketing efforts since current customers are aware of offerings and take advantage of them, marketing costs are reduced since direct mail, follow-up and other customer recruitment activities are reduced, there is an increased return on investment (ROI) since marketing can target specific customer needs, it enhances customer loyalty due to pricing and product service offerings that meet current customer needs, and there is elevated profitability due to increased sales, customer referrals and longer customer retention during its life cycle. Thus, relationship marketing builds strong economic, technical and social ties among the parties and cuts down on transaction costs and time. The ultimate outcome of relationship marketing is the building of a unique company asset called a marketing network, which consists of the company and its supporting stakeholders (customers, employees, suppliers, distributors, and others) with whom it has built mutually profitable business relationships.

Hart (2003, p.144), outlines a number of organizational attributes of service providers that may help foster sustainable customer relationships. These include an organizational culture that focuses on customer service, employees that have good interpersonal communication skills since this influences how service providers interact with customers, employee motivation and training which is very important especially in services that involve high employee/customer contact, where social benefits are valued and where technology plays a significant role in building and maintaining relationships, for example service providers contacting customers via SMS, and developing an ability to calculate relationship performance and to assess the impact of marketing strategies on customer satisfaction, trust, commitment and loyalty.

The common theme among the above definitions is that relationship marketing involves activities aimed at developing long-term cost effective links between an organization and its customers for their mutual benefit. Organizations can maintain and enhance relationships by treating customers fairly, offering service augmentations and essentially making customer stay in long-term relationship and become loyal customers. In contrast, for the service provider, a valued relationship is one that is financially profitable in the long run. According to Lovelock and Wright (2002, pp102-103), customers define a valued relationship as one in which the benefits received from service delivery significantly exceed the associated costs of obtaining them.

**2.4.1 Relationship Marketing Tactics**

There are various ways for marketers to implement relationship marketing tactics, which are expected to have impact on customer retention and loyalty. Bansal, Taylor and James (2005) suggested that relationship marketing tactics can be executed through service quality, price perception, value offers, alternative attractiveness, and so on. Tseng (2007) discussed that relationships tactics such as direct mail, tangible rewards, interpersonal communication, preferential treatment and membership could enhance long-term relationship and increase relationship satisfaction, trust and commitment. Peng and Wang (2006) and Raza & Rehman (2012) examined the application of relationship tactics in service quality, reputation (brand), price perception, and value offers. Based on the early theories, certain relationship marketing tactics have been considered to be important in service industry and these include service quality, price perception, value offers and brand image. Each is discussed next.

**2.4.2 Service Quality**

Services are different from physical products. Compared with physical products, services are thought to be intangible, heterogeneous, produced and consumed simultaneously, unable to be kept in stock, etc (Zeithaml et al 2009). A widely accepted definition of *service* is proposed by Grönroos in 1990 as: “a service is a process consisting of a series of more or less intangible activities that normally, but not necessarily always, take place in interactions between the customer and service employees and/or physical resources or goods and/or systems of the service provider, which are provided as solutions to customer problems” (Grönroos, 2000, p.46). This definition implies that service is a process where interactions between customer and service provider most often exist. Hence, in a service context, there are almost a relationship between customer and service provider, and such relationship can be used as a basis for marketing (Grönroos, 2000). In order to retain loyal customer who will bring long-term profit to the firm, the key issue for service provider has to make use of this relationship in such as way that it manages customers by offering what the customers needs and wants.

The quality of a service is subjectively perceived (or assessed) by customers during the interactions with a firm (Grönroos, 2000). Parasuraman *et al.* (1988) defined *service quality* as the consumers’ judgment about a firm’s overall excellence or superiority. What happens and perceived by customers in the interaction process will obviously have critical impacts on customers’ evaluation of service quality (Grönroos, 2000). Because of the peculiar attributes of service, the evaluation of service quality is more complex than evaluation of quality of a physical product. There are various ways for measurements of service quality proposed by previous researches and literatures.

The famous measurement model of service quality is SERVQUAL developed by Parasuraman et al.(1988), who measured the differences between customer expectations and perceptions across five determinants as follows:

*Tangibles*: Physical facilities, equipment and appearance of personnel.

*Reliability*: Ability to perform the promised service dependably and accurately.

*Assurance*: Knowledge and courtesy of employees and their ability to inspire trust and confidence.

*Responsiveness*: Willingness to help customers and provide prompt service.

*Empathy*: Caring, individualized attention the bank provides to its customers.

Basing on previous studies and conceptual works, Grönroos (2000) came up with a summary of seven criteria of good perceived service quality as: (1) professionalism and skills; (2) employees’ attitudes and behavior; (3) accessibility and flexibility; (4) reliability and trustworthiness; (5) service recovery; (6) servicescape; and (7) reputation and credibility. The first criteria is outcome-related and thus a technical quality dimension; the last one is image-related and fulfils a filtering function; and the rest five ones are process-related and present the functional quality dimensions (Grönroos 2000).

High service quality is regarded as a key to success in competitive service markets (Zeithaml, Bitner & Gremeler 2009). Many researches have showed that service quality perceived by customers directly influence customers’ satisfaction, as well as their trust in the service firm (Parasuraman *et al.*, 1988; Aydin and Özer, 2005; Ismail et al., 2006; Raza & Rehman 2012). Customers are presumed to be satisfied when a firm provides better services than their pre-purchase expectations.

Customer trusts also emerge when customers perceive positive service quality from a firm, and believe the service firm would bring preferable outcomes for them. In banking industry which belongs to service industry, service quality is an important indicator to assess a service provider’s performance (Zeithaml, Bitner & Gremeler 2009). Offering a high quality service is considered to be a visible way to create customers trust and satisfaction, as well as obtaining competitive advantages and building a long-term relationship with customers.

**2.4.3 Price Perception**

Price is the amount of money charged for a product or service or the sum of values consumers exchange for the benefit of having or using a product or service (Kotler and Armstrong 2009).It is the only element in the marketing mix which generates revenue, other elements represent costs. It is the critical determinant that influences customer buying decision. Customers usually select their service providers strongly relying on perceived price (cost of the service). How much consumers are willing to pay differs due to their different needs and wants. Thus, the price perceptions to the same service products may differ among individuals. Higher pricing perceived by consumers might negatively influence their purchase probabilities (Peng and Wang, 2006, Raza and Rehman 2012; Koi-Akrofi, Koi-Akrofi and Welbeck, 2013).

Price perception is also thought to be related to price searching (Lichtenstein *et al.*, 1993). Consumers are likely to be attracted by perceived high-quality services at perceived competitive prices during the searching process. Oliver (1997) suggested that consumers often judge price relating to service quality, and accordingly generate satisfaction or dissatisfaction, depending on the equity principle. If a consumer perceives price as fair, he or she is willing to conduct a transaction with the service provider.

Based on previous studies, Cheng *et al.* (2008) proposed that price perception can be measured by two dimensions: one is reasonableness of prices, which reflects the way that price is perceived by customers comparing to that of competitors; another is value for money, which implies the relative status of the service provider in terms of price. In general, high-quality services are considered to cost more than low-quality equivalents (Chitty *et al.*, 2007; Zeithaml, Bitner & Gremeler 2009; Raza & Rehman 2012).

Many researchers have pointed out that price perception influences customer satisfaction and trust (Oliver, 1997; Peng and Wang, 2006; Cheng *et al.*, 2008; Kim *et al*., 2008; Raza & Rehman 2012). Customers often switch mainly due to some pricing issues, e.g. high price perceived, unfair or deceptive pricing practices (Peng and Wang, 2006). Therefore, in order to increase customer satisfaction and eventually build customer loyalty, it is essential for service firms to actively manage their customers’ price perceptions, for example, carrying out attractive pricing, offering reasonable prices mix, lower prices without decreasing quality, etc.

**2.4.4 Brand Image**

 *Brand image* has been defined by Keller (1993, p.3) as the “perceptions about a brand as reflected by the brand associations held in consumers’ memory.” A brand is the "name, term, design, symbol, or any other feature that identifies one seller's product distinct from those of other sellers. Brand concept is very common in marketing literatures. Brand building is not only an important driving force for marketing physical products, it is also a vital issue for service firms. It is thought as the perception or mental picture of a brand formed and held in customers’ mind, through customers’ response, whether rational or emotional (Dobni and Zinkhan, 1990). According to Grönroos (2000, p.287), “a brand is not first built and then perceived by the customers, instead, every step in the branding process, every brand massages, is separately perceived by customers and together add up to a brand image, which is formed in customers’ minds”. Thus, brand image is a consequence of how a customer perceives the relationship with a brand over time (Grönroos 2000, p.287).

The concept of relationship marketing in services displays the importance of one-to-one relationships between businesses and customers as well as relationships between consumers and the brands (O’Loughlin, Szmigin, and Turnbull, 2004). The development of a brand relationship with customers is thus based on a series of brand contacts experienced by customers (Grönroos, 2000). What customer perceives the brand image during such experience is critical issue for a service firm to realize. Furthermore, customers are likely to form brand image in mind from various ways, such as word of mouth from other consumers, a company’s reputation in public, marketing communication, and so on.

A positive brand image makes it easier for a firm to convey its brand value to consumers, also generates favorable word of mouth communication among people. The converse is true, that is, a negative image affect people in opposite direction; a neutral or unfamiliar image may not cause any damage, but it does not increase the effectiveness of communication and word of mouth either (Grönroos 2000). The more customers consider a brand valuable, the more sales can be expected to be achieved. Therefore, a positive brand image is supposed to meet customer’s expectation and offer more benefits to customers, which may lead to customer satisfaction and trust (Raza & Rehman 2012).

**2.4.5 Value Offers**

 In practice, consumers will judge the value of consumption after contrasting benefits gained from products and services with their costs (Zeithaml, 1988; Zeithaml, Bitner & Gremeler 2009). Service firms provide superior value through enhanced offers can improve customer satisfaction by increasing the customer’s perceived benefits and reducing the sacrifice so that customer retention and loyalty is improved (Ravald and Grönroos, 1996).

Ravald and Grönroos (1996) described the effect of value-adding strategies in long term relationship. That is, according to Ravald and Grönroos (1996), that companies execute certain value-adding strategies can increase customer’s perceived benefits and reducing customer’s perceived sacrifices, which in turn stimulate customer repurchasing activities and remain with the same service provider. In a long-term relationship, customer perceived value offers is related to both episodes and expectations (Ravald and Grönroos, 1996).

When customers’ expectations are satisfied, they will feel safety, credibility, and security as perceived value in this relationship, which all together increase trust and then enhance customer’s loyalty. Therefore, companies ought to concern themselves about customer’s value from customer’s point of view, and thoroughly understand customer’s value chain in order to be able to reduce customer-perceived sacrifice (Wilson and Jantrania, 1995).

Increasing the customer benefits means adding something to the core product that the customer perceives important, beneficial and of unique value (Wilson & Jantrania 1995; Zeithaml, Bitner & Gremeler 2009). In banking sector, it is essential for operators to offer something valuable to customers in service interaction process, such as rewards and promotional offers, in order to gain customer satisfaction and trust, which are expected to enhance customer loyalty.

**2.4.6 Customer Loyalty**

This section examines the definition of customer loyalty, its importance and customer loyalty in Financial Services Industry.

Customer loyalty means that customers are committed to purchasing goods and services from a specific service provider and will resist the actions of competitors attempting to usurp their patronage (Poovalingam and Veerasamy (2007). The psychological contract serves as a bond between a customer and the service provider. However, with almost similar interest rates offered by banks the likelihood of swapping among operators would be more real especially where banks offer essentially the same products. Egan (2001, pp.42-43) encapsulates the term loyalty as the biased behavioural response, expressed over time by customers with respect to one supplier out of a set of suppliers which is a function of decision making and evaluative processes resulting in brand or organization commitment.

Peppers and Rogers (2004, p. 56), approach customer loyalty from two different directions: attitudinal and behavioural. The attitudinal definition of loyalty implies that loyalty is a state of mind. That is, customers are loyal to a brand or company if they have a positive, preferential attitude toward it. They like the company, its products, or its brands, and they prefer to buy from it, rather than from the company’s competitors. It is assumed that the majority of customers are loyal to their chosen service provider and they have a positive ongoing relationship that is satisfying and enduring (Poovalingam and Veerasamy (2007). Any company wanting to increase loyalty in attitudinal terms will concentrate on improving its product, its image or other elements of the customer experience. In the behavioural definition, loyalty is not the cause, but the result of brand preference (Raza and Rehman 2012; Koi-Akrofi, Koi-Akrofi and Welbeck, 2013). A company wanting to increase customer loyalty will focus on whatever tactics, marketing or non-marketing that will increase the amount of repurchases behaviour.

Customer loyalty to an organisation ought to be seen as biased repeat purchase behaviour, or repeat patronage accompanied by a favourable attitude. Many companies tend to concentrate on seeking new customers and after securing a customer’s order they do nothing to keep customers. They do not understand the importance of maintaining and enhancing the relationships with their current customers i.e. too little emphasis is placed on generating repeat business from existing customers. Thus, the objective of relationship marketing is to turn new customers into regularly purchasing customers, and to progressively move them to being strong supporters of the organization (loyal customers). The statistics indicate that service providers in Tanzania such as commercial banks, telecommunication networks and insurance firms appear to be very successful in creating, enhancing and maintaining relationships with their customers (Kheng et al 2010; Koi-Akrofi, Koi-Akrofi and Welbeck, 2013).

Developing customer loyalty is about ensuring that current customers remain loyal by giving them more reasons to stay loyal. Foss and Stone (2000, p.484), maintain that most customer loyalty researchers would agree that loyalty is best defined as a state of mind, a set of attitudes, beliefs, desires, etc. They further explain that there are degrees of loyalty. Some customers are very loyal, some less so. Therefore, loyalty is developed by approaches that reinforce and develop a positive state of mind such as relationship marketing tactics. The aim is not to make all customers loyal, but rather to improve the loyalty of those customers most likely to respond to firm’s offering.

**2.4.7 Importance of Customer Loyalty**

Singh and Sirdeshmukh (2000) suggested the customer loyalty as “the market place currency of the twenty-first century”. Ndubisi (2005) and Pfeifer (2005) pointed out that the cost of serving a loyal customer is five or six times less than a new customer. This statement shows the importance of customer loyalty. Walsh *et al* (2005) mentioned that it is better to look after the existing customer before acquiring new customers.

Customer loyalty is the most important goal of implementing relationship marketing activities. Oliver (1997, p.392) defined customer loyalty as a “deeply held commitment to rebuy or repatronize a preferred product or service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behavior” .

Customers are the driving force for profitable growth and customer loyalty can lead to profitability (Hayes, 2008). For a customer, loyalty is a positive attitude and behavior related to the level of re-purchasing commitment to a brand in the future (Chu, 2009). Loyal customers are less likely to switch to a competitor solely because of price, and they even make more purchases than non-loyal customers (Bowen and Shoemaker, 2003). Loyal customers are also considered to be the most important assets of a company (Blackton, 1995). It is thus essential for vendors to keep loyal customers who will contribute long-term profit to the business organizations (Tseng, 2007). Attempt to make existing customers increase their purchases is one way to strengthen the financial growth of a company (Hayes, 2008). Furthermore, organization’s financial growth is dependent on a company’s ability to retain existing customers at a faster rate than it acquires new ones (Tseng 2007 and Hayes 2008). Therefore, good managers should understand that the road to growth runs through customers – not only attracting new customers, but also holding on the existing customers, motivating them to spend more and getting them to recommend physical product and services to other people or firms (Keiningham *et al*., 2008).

Customer loyalty has been generally divided into attitudinal loyalty and behavioral (Aydin and Özer, 2005). Attitudinal loyalty describes customer’s attitude toward loyalty by measuring customer preference, buying intention, supplier prioritization and recommendation willingness; on the other hand, behavioral loyalty relates to shares of purchase, purchasing frequency (Ibid). There is a lot of evidence suggesting that stronger relationship commitment leads to buyers’ repeat patronage. Wulf et al. (2001) defined the construct of behavioral loyalty as a composite measure based on a consumer’s purchasing frequency and amount spent at a retailer compared with the amount spent at other retailers from whom the consumer buys. Morgan and Hunt (1994) found significant relationships between the level of a buyer’s relationship commitment and his acquiescence, propensity to leave, and cooperation, all of which can be regarded as behavioral outcomes of relationships.

In brief, customer loyalty is the final purpose that firms implement relationship marketing. This study is seeking to investigate the effect of the above discussed relationship marketing tactics on customer loyalty in Tanzanian banking industry.

**2.4.8 Customer Loyalty in Financial Services Industry**

Loyalty is a vital instrument for financial institutions. In a highly competitive environment, keeping current customers is an essential marketing aim for all financial institutions. Ndubisi (2007)’s study of Malaysian bank customers suggested that customers tend to be loyal if the bank is trustworthy, committed to providing good service, reliable and efficient in communicating with customers and able to handle conflicts well. His study provided empirical evidence of the influence on customer loyalty of relationship marketing’s four keystones: trust, commitment, communications and conflict handling.

Ndubisi (2007) explained that banks aiming to develop loyal customers should be trustworthy, committed to the service ethics and communicate promptly and accurately. Moreover, companies must resolve conflict in a manner that minimizes loss and inconvenience to customers. Earlier, Ndubisi (2004) had pointed out that loyal customers are valuable communicators of positive word-of-mouth about the services and products of the organization. They attract new customers to the organization and may increase their own consumption, thus expanding organization’s sales and revenues. Finally, loyal customers can also be useful sources of new product/service ideas (Ndubisi, 2004; 2007).

In global financial services, the study by Eisingerich and Bell (2007) found that customers’ willingness to trust or recommend service providers resulted from how well they were treated by advisors, and how much they perceived that an organization was taking ‘very special care’ of them. In business to business (B2B) situations, an increasingly common initiative being taken by marketers in building and maintaining customer’s cooperative behaviours is the use of customer loyalty programme. These programmes are useful and important tools, not only in consumer markets, but also in the financial services industry. Loyalty programmes are designed to enhance closer and more cooperative relationships among pre-identified customers towards special products and services (Lacey et al., 2007).

In studying customer loyalty in securities brokerage firms in the financial services industry, the unique characteristics of customer loyalty in the services industry need to be accounted for. One notable result from the study of Lam and Burton (2006) was that loyalty in financial services may simply mean increased usage of services or increased probability of a firm being considered as a main service provider, while disloyalty stems from the unique advantages of different providers and the perceived risks of relying exclusively on one institution (Lam and Burton, 2006; Kheng et al 2010).

**2.4.9 Banking Industry and Relationship Marketing**

Banking sector globally has become a dynamic industry. New players are gaining entry in the market everyday and some old ones are exiting as competition heat becomes intense and the previously regulated industry is subject to free market forces. This section looks at the development of banking industry in Tanzania.

**2.4.10 Banking Industry in Tanzania**

The banking Industry in Tanzania has tremendously changed its dynamics for the last 10 years since its deregulation. Many banks have joined the industry both local and foreign. Notably, the non-banks financial institutions have been mushrooming by an alarming speed. For this very reason the players in the banking industry need to consider their competitive positioning and repositioning strategically.

In the late 1960s and 1970s the industry had only one bank, National Bank of Commerce (NBC). It can therefore be said that in 1970s the industry had a monopolistic structure. In 1986, Cooperative and Rural Development Bank (CRDB) was established and made the industry to experience a duopolistic market structure. More recently several foreign banks such as Stanbic Bank, Commercial Bank of Africa, Equity Bank, Standard Chartered and Barclays Bank as well as SACCOs have entered in Tanzanian banking industry, thus creating healthy competition and every financial institution is fighting for the slice of the once monopolistic industry.

In any industry such as the banking industry, the nature of competition is always a function of the market structure. The trend today is a perfect competition and the central bank has withdrawn from managing the market forces. Banks are now working on their own about what are relevant products and rates to be offered to the market. In this regard those who are already in the industry need to operate competitively by using a differentiation strategy to win the confidence of the customers who have higher bargaining power as well as retain the existing ones. Although a good customer service is necessary and has become a source of competitive advantage since banks offer essentially the same product to the market, there is need to find ways to retain existing customers.

Currently, there are a lot of complaints in Tanzania concerning the issue of commercial banks’ service quality and marketing strategies that appeal to entire customers to patronize the bank services. According to the pilot study I conducted on 6 customers of different commercial banks, only one out of three are strongly committed to continue doing business with their financial institutions and most of them go through the trouble of closing their accounts and establishing new ones elsewhere. What is being seen is that customers are flocking to microfinance institutions, because they are more attentive to customer needs and wants. Customers want "more personal service and better service as well as reason to stay with the service provider”.

There are several commercial banks in Geita district each providing various financial services and each of these commercial banks claiming to provide high service quality and having better interest rates. There is also lots of interpersonal communication and other myriad of relationship marketing strategies are being done to attract customers. This study examines the banks’ relationship marketing strategies/tactics and their effect on customers’ loyalty.

**2.5 Empirical Literature Review**

Several studies have been conducted on relationship marketing tactics and customer loyalty in different organizations and in different parts of the world. This section presents a review of some of the recent empirical studies on relationship marketing tactics. Peng and Feng (2006) conducted a study of the impact of relationship marketing tactics (RMTs) on switchers and stayers in a competitive service industry in Hong Kong. They surveyed 267 customers in five different service firms. The study showed that promotional offers and rewards were responsible for customer switching to and staying with a service firm. It also showed that high switching costs perceived by customer was positively related to customer loyalty.

A study on the impact of customer relationship marketing tactics on customer loyalty was conducted in Swedish Mobile Telecommunication industry by Zhang and Feng (2009). The study applied deductive quantitative approach using self administered questionnaire with students in Halmstad University. The findings showed that service quality, price perception, and value offers had impact on customer loyalty indirectly via the customer satisfaction and trust. Brand image was positively and directly related to customer loyalty. However, switching costs was found to have less correlation with customer loyalty, as well as satisfaction and trust in Sweden telecommunication industry.

Another relationship marketing study was conducted by Kanate (2010) about how effective is 'relationship marketing' in gaining customer loyalty in securities brokerage firms in Thailand. This study employed an inductive research approach to explore relationship marketing in securities brokerage firms in Thailand’s financial services sector and its main purpose was to gain an understanding of customers’ and other stakeholders’ views of relationship marketing activities and loyalty to brokerages in an emerging market.

The study found that securities brokerage firms in Thailand implemented relationship marketing practices but with differences in relationship marketing strategies, depending on the types of customers being targeted. The study further identified the main factors impacting on customer loyalty to both local and international securities brokerage firms and these included trust, commitment and pricing. Finally, the research confirmed that relationship marketing had a demonstrable impact in gaining customer loyalty to securities brokerage firms in The Stock Exchange of Thailand (SET), but with intriguing characteristics, for example, relationship marketing having positive impact on individual short-term investors’ loyalty, not to brokerage firms, but to particular brokerage staff.

Kheng, Mahamad, Ramayah & Mosahab (2010) examined the impact of service quality on customer loyalty in banking industry in Penang, Malaysia. Researchers used quantitative method that surveyed 341 bank customers. The findings showed that improvement in service quality can enhance customer loyalty. The service quality dimensions that play a significant role in this equation are reliability, empathy, and assurance. However, this study only looked at relationship between service quality dimensions and customer loyalty rather than relationship between relationship marketing tactics and customer loyalty in the banking industry as is in this study.

Raza and Rehman (2012) conducted a study of the impact of relationship marketing tactics on relationship quality and customer loyalty in telecom sector of Pakistan. They used analytical model to test the relationship between these tactics and customer loyalty and survey was carried out on 210 individual customers. The study showed that all the relationship marketing tactics were positively related to relationship quality. They also indicated that service quality has a significant impact on satisfaction, suggesting that if service quality is high, satisfaction will increase. Relationship quality is positively related to customer loyalty. The result supported the previous studies that satisfaction and trust may increase customer loyalty other than trust.

Rahnama; Alaei; Shafaee & Ariana (2012) recently studied the effect of relationship marketing dimensions on degree of customer's loyalty in insurance industry in Iran. Their results showed that trust, commitment and communications had influence on degree of insurance customers’ loyalty.

A recent study by Koi-Akrofi, Koi-Akrofi and Welbeck (2013) on four relationship marketing tactics (service quality, price perception, brand image and value offers) was typical of a service industry and examined their impact on customer loyalty in the Ghanaian mobile industry. The study used a self-completion questionnaire with a total of 40 closed questions using a five-point Likert-type response scales, defined with 5 as strongly agree and 1 as strongly disagrees. The study found that there is a positive significant relationship between each of the four relationship marketing tactics (namely service quality, price, value offers and brand image) and customer loyalty. An increase in each of the tactics results in a subsequent increase of customer loyalty and vice versa. Thus, from customers’ perspective, variations in service quality may affect customer loyalty. The kind of pricing plan being employed by mobile operators may influence customer’s decision to either switch or remain connected to the operator. Furthermore, attractive promotional activities and customer’s confidence in corporate brand image may also lead to customer’s decision to be loyal or not.

**2.6 Research Gap**

The studies discussed above did not look at the effect of relationship marketing tactics on customer loyalty in banking industry. In addition these studies were conducted outsideTanzaniaand there has been no research on the effect of relationship marketing tactic on customer loyalty on commercial banks in Geita district. Furthermore, these studies were mostly quantitative in nature. Thus, the current study bridges this research gap and will examine the effect of relationship marketing tactics in Tanzania banking industry, in Geita district, using both questionnaire and interview methods.

**2.7 Conclusion**

The chapter highlighted concepts relevant to the research problem such as service quality, price perceptions, value offers, alternative attractiveness, interpersonal communication, preferential treatment, membership and promotional offers. The theories of relationship marketing were reviewed. The chapter further discussed the specific studies done on the impact of relationship marketing tactics on customer loyalty. The next chapter is the presentation of methodology used in this research.

**CHAPTER THREE**

**3.0 RESEARCH METHODOLOGY**

**3.1 Introduction**

The previous chapter examined the literature relevant for this study. This chapter explains the methodology to be used in this study which is about examining the effect of relationship marketing tactics on customer loyalty in commercial banks in Geita district, Tanzania. Kothari (2004), define research methodology as a way of systematically solving the research problem. This chapter presents the research design, geographical area of study, target population of the study, sample size and sampling techniques. It further discusses data collection procedures, data analysis, and reliability and validity precautions related to the research design. Finally it explains the ethical considerations that the researcher took into account.

## 3.2 Research Design

Kothari (2008, p.31) defines research design as “the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure”. There are three categories of research designs namely exploratory, explanatory, and descriptive (Yin 1994, Easwaran and Singh 2010). In this research, descriptive research design was used because the research is concerned with describing the characteristics of the problem with narration of facts and characteristics of individuals, group or situation that the research is investigating. Thus, the justification for the adoption of this research design is hinged on its ability to generate the required data from the sampled customers for analysis. Within this descriptive research design, this study incorporated both quantitative and qualitative research approaches to better understand relationship between variables in the research problem.

**3.3 Area of the Study**

The study will focus on customers of commercial banks in, Geita distict, Tanzania.

**3.4 Population of the Study**

A population may be a group of people, organizations, houses, records, legislators, objects and so on having common observable characteristics (David 1991; Wiersma 1986, p. 455; Nachmias and Nachmias 1981, p 294). The specific nature of the population depends on the purpose of investigation.” (Finn et al. 2000, p.108). The target population for this study included two categories of respondents.

The first category was individual customers that have been banking with the bank for at least one year. The study involved this category of people because they are the respondents that were involved in receiving the banking services under study and were perceived to have the relevant information that would enable the researcher to assess customer satisfaction and loyalty with the bank.

 Another category was managers and customer service employees of the banks. The population in this category was included in order to see their perception of customers’ satisfaction and loyalty resulting from relationship marketing tactics. In brief, the study included these categories of the population because the researcher felt that they were diverse enough to provide meaningful data. The population in this study is customers, managers and employees of the three commercial banks (CRDB, NBC and NMB) in Geita district and is estimated to be 301. Details of each category is given in table 3.1

**Table 3.1: Population of the Study by Size and Number of Clients in the Target Population**

|  |  |  |
| --- | --- | --- |
| S/N | Categories of Population | Size/Number |
| 1 | Individual Customers of CRDB, NMB and NBC banks (who have been holding Savings Account for at least 12 months) | 270 |
| 2 | Management staff of CRDB, NMB & NBC  | 13 |
| 3 | Bank service delivery employees of NBC CRDB and NMB | 18 |
|  | **Total** | **301** |

**Source:** Developed for this Research (2013)

**3.5 Sample and Sampling Techniques**

**3.5.1 Sample Size**

A sample is a sub-set of the target population and it is used to represent the population of the study (McDaniel and Gates 2003; Kothari 2008) and samples usually provide a greater degree of flexibility than do census (Easwaran and Singh 2010, p. 148). Thus, information gathered from the sample can be generalized to general population of study if the samples are carefully selected to reflect the population characteristics. In order for the results to be reliable, the sample should represent a miniature of the population.

In the literature, there are several ways of determining a sample size such as mathematical formula, principle of 40% (Huysamen 1991), Godfrey’s (1977) 25% general rule of thumb and use of statistical tables (Bartlett, Kotrlik, and Higgins 2001). In this study, the researcher will use the principle of 40% (Huysamen 1991) to determine sample size from the target population in the study area. That is, a sample size of 108 respondents was determined by using the standard formula of Huysamen (1991) as shown below:

The formula is 0.4x 270 (customers) =108 respondents. Bartlett et al (2001) suggests that, for a population which is less than 100 units, the researchers have to take the entire population because it is not large enough to generate scientifically useful statistics. Since the population of managers and employees of the three commercial banks in Geita district is less than 100, the entire population of all 31 workers was be taken. Since this was not a statistical study, a sample size of 139 (108 + 31) respondents was taken. Table 3.2 shows the sample size from target population.

**Table 3.2 Sample Size for the Study**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **S/N** | **Categories of Population** | **Population** | **Sample Size** | **Percentage** |
| 1 | Banks’ customers | 270 | 108 | 40% |
| 2 | Banks’ employees | 18 | 18 | 100% |
| 3 | Banks’ management | 13 | 13 | 100% |
|  | **TOTAL** | **301** | **139** |  |

**Source:** Developed for this research (2013)

**3.5.2 Sampling Techniques**

There are two major categories of sampling techniques: probability sampling (random sampling, systematic sampling, stratified sampling, and cluster sampling), and non- probability sampling (purposive sampling, judgmental sampling, and convenience sampling and snow-ball sampling). Probability sampling is a method in which each unit in the population has a definite non-zero chance of selection in the sample following some objective statistical rule (Easwaran & Singh 2010). In contrast, non-probability sampling, the selection of the sample is based on such criteria as convenience, time, cost and researcher’s perception of the respondent’s knowledge of the subject under study (Easwaran and Singh 2010, p. 154). The choice between probability and non-probability methods of sampling is dependent on the type of information needed, error tolerance, and homogeneity of the population and cost of errors (Easwaran & Singh 2010). In this research, two sampling techniques namely, stratified random sampling and purposive sampling was used and next is the explanation and justification of each technique.

**(I) Stratified Random Sampling**

In this study stratified random sampling technique was used for selecting bank customers who are account holders of the three commercial banks (NMB, CRDB and NBC) in Geita district. In each commercial bank Customer database was used as a sampling frame. The population was then sorted from each commercial bank as the first strata. Then the researcher selected bank customers who have been with the respective bank for at least 12 months. Next, the researcher selected every next third customer in the queue. The process was repeated till the desired sample size was attained from each commercial bank. Kothari (2008) recommends that if the population, from which a sample is to be drawn, does not constitute a homogenous group as in this study then stratified sampling technique should be applied so as to obtain a representative sample as was the case in this study. Table 3.2 shows how the sample of 139 respondents were obtained

 **(Ii) Purposive Sampling**

In this method, the researcher targeted managers and customer service employees believed to be reliable and information resourceful for the study. Kombo and Tromp (2006) indicated that this procedure could be used with both, qualitative and quantitative researches and is particularly used to understand the audience and their behavior. Thus, the researcher used judgment in choosing the right bank representatives/managers and met them for the purpose of the research being conducted. This sampling method was used in this research when selecting the sample of respondents for in-depth interview of organization representatives/ managers. Thus, key members of the groups were purposely targeted and included in the sample basing on the researchers perception that they were in a better position to provide the required information for the study. Other issues of gender, geographical location and mix of banking patterns were incorporated in selecting the study sample within purposive sampling procedure.

**3.6 Data Sources**

**3.6.1 Primary Data**

In this study a questionnaire was used to collect primary data from the field. These were distributed to respondents depending on the targeted sample size.

**3.6.2 Secondary Data**

In this study documentary review was carried out whereby books and journals were reviewed.

**3.7 Data Collection Methods**

Data are facts and other relevant materials, past and present, serving as the basis for the study and analysis (Krishnaswami and Ranagnathan 2006). The data for this study were collected from the field as primary and secondary data using different methods as discussed next.

**(i) Questionnaires**

A questionnaire is a data collection technique in which each person is asked to respond to the same set of questions in a predetermined order (Saunders et al 2003, p. 486) and was used to collect quantitative data in this study. The questionnaire was given to two groups of respondents namely banks’ customers and management. The questionnaire for this research consisted of close-ended and very limited number of open-ended questions. The researcher used questionnaire because first, it was cheap and free from interviewer bias. Second, the respondents had adequate time to give well thought-out answers. Finally, the questions were presented with exactly the same wordings and in the same order to respondents to ensure that all respondents reply the same set of questions. The study used self administered questionnaire to collect data.

**(ii) In-depth Interview**

The second primary data collection instrument that was used was semi-structured in-depth interview and this was used to collect qualitative data. Interviewing is a promising method of data collection. It is a two systematic conversation between an investigator and informant, initiated for the purpose of obtaining information relevant to a specific study (Krishnaswami and Ranagnathan, 2006). The guiding questions on each research objective/ question was prepared in advance as indicated in the interview protocol in Appendix II (English). They were translated into Swahili language to be able to collect data from those people who do not know English but were back translated into English for data analysis.

The interview method was used with few selected bank customers and some managers who were knowledgeable and resourceful, to obtain their views, opinions, attitudes and experiences about impact of relationship marketing tactics on customer satisfaction and loyalty. The study used face to face in-depth interview because information was able to be gathered by further probing the interviewees. The method also assisted to get information from respondents who are illiterate or do not have to get through the questionnaire or were not comfortable with English language. The interviewer asked respondents questions about relationship marketing tactics and how it influenced their relationship with the banks.

The interview instrument was also used to supplement and corroborate data from questionnaire. However, this method is time-consuming as it took a long time to collect data from interviewees. Thus, only a few people were interviewed.

**(iii) Documentary Review**

For secondary data collection method, this study used documentary review method in collecting data and this involved gathering information from bank reports such as customer complaint register, length of stay with the bank and customer suggestions box about banking service. Thus, by using a variety of data sources it helped the researcher to get a broader picture of relationship marketing strategies employed by commercial banks in Geita district.

**3.8 Data Analysis**

In order to address the research problem, and its associated questions/objectives, data collected from various sources must be compiled and analyzed (Yin 1994). In this study both quantitative and qualitative tools were used to analyze and present data from all the different population categories. The results from the survey were tabulated, edited, and, entered into the computer Statistical Package for Social Science (SPSS) Software version 17.0 as coded data.

**3.9 Reliability and Validity of Data**

Reliability refers to “the degree to which the same results would be obtained in repeated attempts of the same test” (Gall & Gal in Ballinger 2000, p.102).That is, how consistent a research procedure or instrument is. In this study reliability was guaranteed in that a pre test of the questionnaire was carried out before using it in the field.

Maxwell (1996, p.87) defines validity as the correctness or credibility of a description, explanation, interpretation, account or conclusion. Validity is the degree to which an instrument measures what it was supposed to measure. In this study a pretest was used in order to get the best result which is accurate and reliable. The researcher pretested three percent of the data for accuracy before administering all the questionnaires.

**3.10 Ethical Considerations**

The major ethical considerations that affect rights of individuals, and ultimately quality of data obtained in a study are privacy, confidentiality and anonymity (Emory and Cooper 1995; Easwaran & Singh 2010). This study dealt with these issues as follows:

1. The purpose of the researcher was clearly explained to the respondents before data collection.
2. The respondents were not identified by their names.
3. The data collected was represented as a group aggregates rather than individuals analysis.
4. The researcher ensured as much as possible that there was voluntary participation of the respondents and respect to the right of the individual to withdraw from questionnaire or interview process at any time.
5. Confidentiality and assurance were emphasised to encourage interviewees to talk freely without fearing that readers would identify them.

In summary, adopting these ethical considerations, the researcher ensured that quality data was collected, which may not have been possible without the ethical concerns being addressed in the entire study.

**3.11 Conclusion**

The chapter has presented the research methodology and procedures used in this study for the data collection and analysis. Both qualitative and quantitative research approaches were explained. Data collection instruments used included questionnaire, interview and documentary review. Analysis of data collected through survey (questionnaire) and in-depth interview were explained. Precautions taken for ensuring validity and reliability of data were presented and ethical considerations were addressed. The next chapter is the data presentation and discussion.

**CHAPTER FOUR**

**4.0 DATA PRESENTATION, ANALYSIS AND DISCUSSION**

**4.1 Introduction**

This chapter presents the findings of the study and gives a discussion of the findings. This is because the interpretation and discussion of the presented data is very important to bring a clear meaning of the research findings and avoids distortion and the possibility of drawing misleading conclusion (Adam et al 2008, p, 229). The data in the research was about the effect of relationship marketing tactics on customers’ loyalty in commercial banks in Geita district, Tanzania. The researcher specifically examined the following objectives:

1. To determine relationship marketing practices used in commercial banks in Geita district.
2. To analyze how relationship marketing practices (tactics) impact customer loyalty of banks in Geita district.
3. To determine the most effective relationship marketing tactics on customer loyalty in commercial banks in Geita district.

This chapter is structured as follows: first, it presents the background information of the respondents. This includes personal information relating to gender, age, marital status, education level, and tenancy status. Next, data relating to specific research objectives is given and a discussion of the research findings follows and finally the chapter closes with an overall summary.

## 4.2 Background Information of Respondents

The findings in this section gives general characteristics of the study population.

1. **Categories of Respondents**

The study involved two categories of respondents namely, bank customers and management staff from three commercial banks in Geita district: CRDB bank, NMB bank and NBC bank. One hundred and forty (140) questionnaires were sent out and only 108 questionnaires were returned complete and useable. This represents a response rate of 77.1%. Also, 39 questionnaires were distributed to management staff where only 31 were returned complete. This represents a rate of 79.5% response rate. Thus, these response rates in the survey are above the industry average of 40% (Mugenda and Mugenda, 2003).

**Table 4.1: Categories of Respondents**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **S/N** | **Categories of respondents** | **Number** | **Percentage** | **Percentage** |
| 1 | Banks’ customers | 108 | 77.7 | 77.7 |
| 2 | Banks’ employees | 18 | 13.0 | 90.7 |
| 3 | Banks’ management | 13 | 9.3 | 100.0 |
|  | **TOTAL** | **139** | **100.0** |  |

**Source: Field data (2013)**

Table 4.1 shows that the majority of respondents 77.0 %) were bank customers, while management/service personnel made 23.0%. This was expected since the purpose of this research was to survey bank customers in Geita district.

Table 4.2 (i) indicates that 61.1% of the respondents were male while 38.9% were female. This is expected in Tanzania as males are the ones who mostly do banking for the family and so both genders were fairly represented in the study.

**ii. Characteristics of respondents**

1. **Respondents’ Gender**

**Table 4.2 (i) Respondents’ Gender (customers):**

| Gender | Frequency | Percent | Cumulative Percent |
| --- | --- | --- | --- |
| Male | 66 | 61.1 | 61.1 |
| Female | 42 | 38.9 | 100.0 |
| Total | 108 | 100.0 |  |

**Source: Field data (2013)**

**Table 4.2 (ii) Respondents’ Gender (management)**

|  | Gender | Frequency | Percent | Cumulative Percent |
| --- | --- | --- | --- | --- |
|  | Male | 18 | 58.1 | 58.1 |
| Female | 13 | 41.9 | 100.0 |
| Total | 31 | 100.0 |  |

**Source: Field data (2013)**

Table 4.2 (ii) shows that 58.1% of the second category of respondents (management/service delivery employees) is males and 41.9% are females. This is expected as the majority of management in the banking sector are males. So the sample is reasonably representative.

1. **Age of Respondents (Customers)**

**Table 4.3: Age of Respondents (Customers)**

|  Age |  | Frequency | Percent | Cumulative Percent |
| --- | --- | --- | --- | --- |
|  | 18-25 | 24 | 22.2 | 22.2 |
| 26-35 | 42 | 38.9 | 61.1 |
| 36-45 | 18 | 16.7 | 77.8 |
| 46-55 | 18 | 16.7 | 94.4 |
| >55 | 6 | 5.6 | 100.0 |
| Total | 108 | 100.0 |  |

**Source:** Field data (2013)

Table 4.3 shows that 55.6% of respondents (customers) are in 26-45 years of age, 33.4% are between 45-55 years and 22.2% are 18-25 years age category. These results suggest that the majority of the bank customers are young to middle age persons.

1. **Education of Respondents (Customers)**

**Table 4.4 Education of Respondents (Customers)**

|  | Education level | Frequency | Percent | Cumulative Percent |
| --- | --- | --- | --- | --- |
|  | Primary school | 60 | 55.6 | 55.6 |
| Secondary & High | 18 | 16.7 | 72.2 |
| College diploma | 18 | 16.7 | 88.9 |
| University degree | 12 | 11.1 | 100.0 |
| Total | 108 | 100.0 |  |

**Source:** Field data (2013)

Table 4.4 indicates that the majority of respondents (55.6%) are of primary school education level, 16.7% are secondary and high schools leavers and 27.8% are diploma and degree holders. The result means that the majority (72.2%) of the bank customers in Geita district are of low education people.

**Table 4.5 Distribution of Respondents Among Banks in Geita District**

|  | Bank name | Frequency | Percent | Cumulative Percent |
| --- | --- | --- | --- | --- |
|  | NMB | 30 | 27.8 | 27.8 |
| NBC | 36 | 33.3 | 61.1 |
| CRDB | 36 | 33.3 | 94.4 |
| OTHERS | 6 | 5.6 | 100.0 |
| Total | 108 | 100.0 |  |

**Source:** Field data (2013)

 **(f) Types of bank accounts used by respondents**

**Table 4.6: Types of Bank Accounts used by Respondents (Customers)**

|  | Type of account | Frequency | Percent | Cumulative Percent |
| --- | --- | --- | --- | --- |
|  | Saving account | 48 | 44.4 | 44.4 |
| Fixed deposit account | 18 | 16.7 | 61.1 |
| Personal loan | 6 | 5.6 | 66.7 |
| Current account | 36 | 33.3 | 100.0 |
| Total | 108 | 100.0 |  |

**Source:** Field data (2013)

Table 4.6 shows that 44.4% of the respondents (customers) are saving accounts holders; 33.3% hold current account, 16.7% have fixed deposit accounts and 5.6% are holders of personal loan. These results suggest that the majority customers of the three major banks in Geita district are involved in retail banking and are small depositors.

**(g )**

**Table 4.7 Monthly Incomes of Respondents (Customers)**

|  | Monthly income | Frequency | Percent | Cumulative Percent |
| --- | --- | --- | --- | --- |
|  | < 100,000 | 12 | 11.1 | 11.1 |
| 100,001 - 300,000 | 12 | 11.1 | 22.2 |
| 300,001 - 500,000 | 42 | 38.9 | 61.1 |
| 500,001 - 1,000,000 | 24 | 22.2 | 83.3 |
| > 1,000,000 | 18 | 16.7 | 100.0 |
| Total | 108 | 100.0 |  |

**Source:** Field data (2013)

As indicated in table 4.7, 38.9% of the respondents are in monthly income bracket of 300,000 -500,000, 22.2% in 500,000 - 1000,000 range, 16.7% in the over 1,000,000 range, 11.1% in 100,000-300,000 range and another 11.1% in the less than 100,000 range. The results means that 61.1% of the bank customers in Geita district have monthly income of 100,000 to 500,000, suggesting that the majority of bank customer base is dominated by low income client.

Table 4.8 shows that 55.6% of the respondents are self employed 27.8% are workers in public sector, 11.1% works in private sectors and 5.6% are workers in the mining sector. These results suggest that the majority of bank customers in Geita district are those that are self employed followed by people employed in public sector.

**(h)**

**Table 4.8 Respondents’ Occupation (Customers)**

|  | Occupation | Frequency | Percent | Cumulative Percent |
| --- | --- | --- | --- | --- |
|  | Self employed | 60 | 55.6 | 55.6 |
| Private Sector | 12 | 11.1 | 66.7 |
| Public Sector | 30 | 27.8 | 94.4 |
| Mining Sector | 6 | 5.6 | 100.0 |
| Total | 108 | 100.0 |  |

**Source: Field data (2013)**

**(i) Type of Distribution Channels Used by Respondents to do their Banking Activities**

**Table 4.9: Type of Channel Used by Respondents (Customers) for Banking Transactions**

|  | Type of banking | Frequency | Percent | Cumulative Percent |
| --- | --- | --- | --- | --- |
|  | Branch Banking | 24 | 22.2 | 22.2 |
| ATM | 84 | 77.8 | 100.0 |
| Total | 108 | 100.0 |  |

**Source: Field data (2013)**

Table 4.9 shows that the majority (77.8%) of respondents (customers) use ATM to do their banking and only 22.2% do branch banking. These results suggest that customers in rural areas such as in Geita district choose a 24 hour banking service to do their transactions because normal banking hours do not suit their rural life style.

**4.3 Research Objectives**

This research had three research objectives and results of each objective are presented in the following sections.

**4.3.1 Research Objective 1**

To determine relationship marketing tactics used by commercial banks in Geita district.

**Table 4.10: Relationship Marketing Tactics of three Commercial Banks in Geita District**

|  |  |  |  |
| --- | --- | --- | --- |
| Relations marketing tactics | Strongly Disagree + Disagree | Neutral | Strongly Agree + Agree |
| Count | Percentage | Count | Percentage | Count | Percentage |
| Service quality tactics | 2 | 4.3% | 9 | 31.1% | 20 | 65.8% |
| Enhancing brand image | 4 | 13.8% | 8 | 24.4% | 19 | 61.8% |
| Promotional campaigns(value offers) | 7 | 24.3% | 5 | 14.5% | 19 | 61.3% |
| Price fairness | 4 | 12.9% | 11 | 35.3% | 16 | 51.7% |
| Average | 4 | 13.8% | 9 | 26.3% | 18 | 60.1% |

**Source: Field data (2013)**

Table 4.10 shows that 60.1% of respondents (management) strongly agree that they are running four different relationship marketing tactics, 13.8% strongly disagree/disagree and 26.3% are neutral to the statement. The relationship marketing tactics were identified as service quality, enhancing brand image, promotion campaigns (value offers) and price fairness.

That is, the RM tactics that management believes in order of importance are service quality, enhancing brand image, value offers, and the least frequently used is price fairness. These results suggest that there are general relationship marketing tactics targeting mainstream customers and specific tactics targeting special groups.

**4.3.2 Research Objective 2**

To analyze how relationship marketing practices (tactics) impact customer loyalty of banks in Geita district.

**(i) Service Quality**

**(a) Following up Customers on Timely Manner**

**Table 4.11: (a) (1) Bank Responds Timely on Customer Requests**

|  |  | Frequency | Percent | Cumulative Percent |
| --- | --- | --- | --- | --- |
|  | Disagree | 12 | 11.1 | 11.1 |
| Agree | 96 | 88.9 | 100.0 |
| Total | 108 | 100.0 |  |

**Source:** Field data (2013)

**Table 4.11: (a) (2) Bank Responds Timely on Customer Requests**

|  |  | Frequency | Percent | Cumulative Percent |
| --- | --- | --- | --- | --- |
|  | Disagree | 6 | 19.4 | 19.4 |
| Neutral | 8 | 25.8 | 45.2 |
| Agree | 16 | 51.6 | 96.8 |
| Strongly agree | 1 | 3.2 | 100.0 |
| Total | 31 | 100.0 |  |

**Source:** Field data (2013)

Table 4.11 (a) (1) shows that 88.9% of the respondents (customers) agree that their bank responds to customers requests on timely basis and 11.1% disagree to the statement.

In contrast, table 4.11 (a) (2) shows that 54.8% of the respondents (management) strongly agree/ agree that the bank follows up customers requests on timely basis, 19.4% disagree and 25.8% are neutral to the statement. The results in table 4.11 (a) (1) do not match with those in table 4.11 (a) (2) suggesting that customers perceive that their requests are followed up on timely basis, while the management knows that they do not follow up customers requests as quickly as they ought to. Thus, there is a mismatch in the perception of what timely follow up is.

Table 4.12 (b) (1) shows that 94.4% of the respondents (customers) agree that front line employees are always willing to help customers (responsiveness), and 5.6% are neutral to the statement. In contrast, table 4.12 (b) (2) shows that 64.6% of the respondents (management / service personnel) strongly agree/ agree that the banks front line employees are always willing to help customers, 16.1% disagree and 19.4% are neutral to the statement.

**(D)** **Front Line Employees Willingness to Help Customers**

**Table 4.12: (b) (1) Frontline Employees are Willing to Help me (Customers)**

|  |  | Frequency | Percent | Cumulative Percent |
| --- | --- | --- | --- | --- |
|  | Neutral | 6 | 5.6 | 5.6 |
| Agree | 102 | 94.4 | 100.0 |
| Total | 108 | 100.0 |  |

**Source:** Field data (2013)

The results suggest that customers’ perception of the concept of front line willingness to help them (table 4.12 (b) (1) ) is much greater than that bank management/ services delivery personnel that is, management are aware of what they ought to be doing to help customers and are probably not doing so as they expect.

**Table 4.12: (b) (2) Frontline Employees are Willing to Help me (Management)**

|  |  | Frequency | Percent | Cumulative Percent |
| --- | --- | --- | --- | --- |
|  | Disagree | 5 | 16.1 | 16.1 |
| Neutral | 6 | 19.4 | 35.5 |
| Agree | 18 | 58.1 | 93.5 |
| Strongly agree | 2 | 6.5 | 100.0 |
| Total | 31 | 100.0 |  |

**Source:** Field data (2013)

**(c) Response to Customers’ Complaints**

**Table 4.13: (c) (1) Customers’ Complaints are Always Taken Quickly (Customer Respondents)**

|  |  | Frequency | Percent | Cumulative Percent |
| --- | --- | --- | --- | --- |
| Valid | Disagree | 6 | 5.6 | 5.6 |
| Agree | 102 | 94.4 | 100.0 |
| Total | 108 | 100.0 |  |

**Source: Field data (2013)**

Table 4.13 (c) (1) shows that 94.4% of respondents (customers) strongly agree/agree that the bank always responds to customers complaints quickly and 5.6% are neutral to the statement.

**Table 4.13: (c) (2) Consumers’ Complaints are Always Taken Quickly (Management Respondents)**

|  |  | Frequency | Percent | Cumulative Percent |
| --- | --- | --- | --- | --- |
|  | Disagree | 6 | 19.4 | 19.4 |
| Neutral | 6 | 19.4 | 38.7 |
| Agree | 16 | 51.6 | 90.3 |
| Strongly agree | 3 | 9.7 | 100.0 |
| Total | 31 | 100.0 |  |

**Source: Field data (2013)**

Table 4.13 ( c) (2) indicates that 61.3% of the respondents (management) strongly agree/ agree that bank always responds to customers complaints quickly, 19.4% disagree and 19.4% are neutral to the statement. In brief, the perception of customers on how the bank responds to customers’ requests [table 4.13 (c) (1)] being higher than that by management [table 4. 13 (c ) (2), is possibly because customers are not aware of bank’s standard of responding to customers’ complaints.

**(d) Banks Offering Personalized Services to Individual Customers**

**Table 4.14: (d) (1) The Bank Offers Personalized Services to Meet Needs**

|  |  | Frequency | Percent | Cumulative Percent |
| --- | --- | --- | --- | --- |
|  | Neutral | 6 | 5.6 | 5.6 |
| Agree | 102 | 94.4 | 100.0 |
| Total | 108 | 100.0 |  |

**Source: Field data (2013)**

Table 4.14 (d) (1) indicates that 94.4% of respondents (customers) agree that the bank offers personalized services to meet customer needs and only 5.6% are neutral to the statement.

Table 4.14 (d) (2) shows that 44.2% of the respondents (management) strongly agree/ agree that banks offer personalized services to individual customers to meet their needs, 25.8% disagree and 29.0% are neutral to the statement. The results in table 4.14 (d) (2) shows that customers perceptions is much greater than that of management [(table 4.14 (d) (1)] on the personalized services to meet individual customers needs. These results suggest that customers may not be aware of what personalized services are and so their normal banking services are viewed as personalized services.

**Table 4.14: (d) (2) The Bank Offers Personalized Services to Meet Needs**

|  |  | Frequency | Percent | Cumulative Percent |
| --- | --- | --- | --- | --- |
|  | Disagree | 8 | 25.8 | 25.8 |
| Neutral | 9 | 29.0 | 54.8 |
| Agree | 13 | 41.9 | 96.8 |
| Strongly agree | 1 | 3.3 | 100.0 |
| Total | 31 | 100.0 |  |

**Source:** Field data (2013)

**(e) Provision of Timely Information about New Products/Services**

**Table 4.15: (e) (1) The Bank Provides Timely Information for New Services**

|  |  | Frequency | Percent | Cumulative Percent |
| --- | --- | --- | --- | --- |
|  | Agree | 108 | 100.0 | 100.0 |

**Source:** Field data (2013)

Table 4.15 (e) (1) shows that all (100.0%) of the respondents (customers) agree that their banks provide timely information on the new services. These results suggest that customers are 100% satisfied with the way their banks lets them know when introducing new services.

In contrast, table 4.15 (e) (2) indicates that 64.5% of the respondents (management) strongly agree/ agree that their banks provides timely information to customers when they are introducing new services, 12.9% disagree and 29.0% are neutral to the statement.

**Table 4.15: (e) (2) The Bank Provides Timely Information for New Services**

|  |  | Frequency | Percent | Cumulative Percent |
| --- | --- | --- | --- | --- |
|  | Disagree | 4 | 12.9 | 12.9 |
| Neutral | 7 | 22.6 | 35.5 |
| Agree | 17 | 54.8 | 90.3 |
| Strongly agree | 3 | 9.7 | 100.0 |
| Total | 31 | 100.0 |  |

**Source:** Field data (2013)

The results in table 4.15 (e) (2) in comparison to those in table 4.15 (e) (1) suggest that customers have higher perception on timing of release of information about new banking services than the management and bank employees. This difference could be due to lack of knowledge on what is timely release of new services on the part of customers in rural areas such as in Geita district. This calls for education programs to bank customers.

**(f) Educating Customers about Bank Pricing Policies**

**Table 4.16: (f) (1) The Bank Effectively Help to Know her New Pricing Policies**

|  |  | Frequency | Percent | Cumulative Percent |
| --- | --- | --- | --- | --- |
|  | Disagree | 6 | 5.6 | 5.6 |
| Agree | 102 | 94.4 | |100.0 |
| Total | 108 | 100.0 |  |

**Source:** Field data (2013)

Table 4.16 (f) (1) shows that 94.4%% of respondents (customers) agree that their banks use effective ways to educate them about pricing policies (such as interest rates, services charges / fees), and 5.6% are neutral to the statement.

**Table 4.16: (f) (2) The Bank Effectively Help to Know her new Pricing Policies**

|  |  | Frequency | Percent | Cumulative Percent |
| --- | --- | --- | --- | --- |
|  | Disagree | 1 | 3.2 | 3.2 |
| Neutral | 7 | 22.6 | 25.8 |
| Agree | 20 | 64.5 | 90.3 |
| Strongly agree | 3 | 9.7 | 100.0 |
| Total | 31 | 100.0 |  |

**Source:** Field data (2013)

Table 4.16 (f) (2) indicates that 74.2% of the respondents (management) strongly agree/ agree that their banks use effective ways to educate customers about pricing policies of their products/ services, 22.6% are neutral to the statement. The results in table 4.16 (f) (1) suggest that customers perception of education programs banks use to inform customers about their pricing policies is slightly higher than that of management (table 4.16 (f) (2). These results mean that customers are not well informed about rates/fees that the bank charges its customers and in absence of such information, customers will unrealistically rate their perception.

**(g) Competitiveness of Interest Rates and Charges At Banks**

Table 4.17 (g) (1) shows that 100.0% of the respondents (customers) agree that their bank rates an d charges are attractive to customers.

**Table 4.17: (g) (1) The Bank's Pricing Policies are Effective**

|  |  | Frequency | Percent | Cumulative Percent |
| --- | --- | --- | --- | --- |
|  | Agree | 108 | 100.0 | 100.0 |

**Source: Field data (2013)**

Table 4.17 (g) (2) shows that 67.8% of the /respondents(management)strongly agree/ agree that their bank rates and charges are attractive to customers, while 32.3% are neutral to the statement.

**Table 4.17: (g) (2) The Bank's Pricing Policies are Effective**

|   |  | Frequency | Percent | Cumulative Percent |
| --- | --- | --- | --- | --- |
|  | Neutral | 10 | 32.3 | 32.3 |
| Agree | 19 | 61.3 | 93.5 |
| Strongly agree | 2 | 6.5 | 100.0 |
| Total | 31 | 100.0 |  |

**Source:** Field data (2013)

Customer perceptions of what is reasonable and attractive rates/ charges from the banks are much higher (table 4.17 (g) (1) than what bank management perceive [table 4.17 (g) (2)], suggesting that customers do not know each bank has different rates and charges for its services.

Table 4.18 (h) (1) shows customers have high levels of satisfaction (88.9 to 94.4%) about all service quality dimensions regarding relationship marketing tactics. This unusual higher perception was summed up by one respondent (customers):

*“Customers here in Geita simply go to banks not because there is something attractive but because they go there as a traditional or where the bank it is dictated upon them by their employers. We do not bother to find out what is new or on offer from other banks. So we think, everything one bank offers is excellent”*

**(h) Overall Assessment of Satisfaction Levels on Services Quality**

**Table 4.18: (h) (1) Overall Assessment of Satisfaction Level of the Service Quality Tactics**

| Service Quality Tactics | Strongly Disagree + Disagree | Neutral  | Strongly Agree + Agree |
| --- | --- | --- | --- |
| Count | Percentage | Count | Percentage | Count | Percentage |
| Bank responds timely on customer requests | 12 | 11.1% | 0 | .0% | 96 | 88.9% |
| Frontline employees are willing to help me | 0 | 0.0% | 6 | 5.6% | 102 | 94.4% |
| Consumers complaints are always taken quickly | 6 | 5.6% | 0 | .0% | 102 | 94.4% |
| The Bank's good quality services are consistent | 6 | 5.6% | 0 | .0% | 102 | 94.4% |
| The Bank offers personalized services to meet needs | 0 | 0.0% | 6 | 5.6% | 102 | 94.4% |
| The Bank provides timely information for new services | 0 | 5.6% | 0 | .0% | 108 | 94.4% |
| The Bank effectively help to know her new pricing policies | 6 | 5.6% | 0 | .0% | 102 | 94.4% |
| The Bank's pricing policies are effective | 0 | 5.6% | 0 | .0% | 102 | 94.4% |
| The Bank's charges/fees are reasonable | 0 | 0.0% | 6 | 5.6% | 102 | 94.4% |
| The Bank offers competitive prices to services I need | 0 | 0.0% | 6 | 5.6% | 102 | 94.4% |

**Source:** Field data (2013)

These comments indicate that there is little education among customers on available bank services and because of that ignorant customers do not switch to other banks so often.

**Table 4.18: (h) (2) Overall Assessment of Satisfaction Level of the Service Quality Tactics**

| Service Quality tactics | Strongly Disagree + Disagree | Neutral  | Strongly Agree + Agree |
| --- | --- | --- | --- |
| Count | Percentage | Count | Percentage | Count | Percentage |
| The bank follows up customers request on timely | 6 | 19.4% | 8 | 25.8% | 17 | 54.8% |
| Our Bank front line employees are willing to help customers | 5 | 16.1% | 6 | 19.4% | 20 | 64.6% |
| The Bank always responds to customers complaints quickly | 6 | 19.4% | 6 | 19.4% | 19 | 61.3% |
| The Bank offers personalized services to meet individual customers | 8 | 25.8% | 9 | 29.0% | 14 | 45.1% |
| The bank provides timely information | 4 | 12.9% | 7 | 22.6% | 20 | 64.5% |
| The bank use effective ways to explain or educate customers | 1 | 3.2% | 7 | 22.6% | 23 | 74.2% |
| The Banks interest rates and charges are competitive/attractive  | 10 | 0.0% | 10 | 32.3% | 21 | 67.8% |

**Source: Field data (2013)**

As noted in table 4.17 (h) (2), the overall satisfaction levels of management and employees with service quality as a relationship marketing tactics range from 54.8% to 74.2% and are less than 50.0% about their ability to personalize their services to meet specific individual customers needs. These results suggest that banks are aware that they do not customize their services to individual customers’ needs as most of their transactions are small value and routine in nature. However, some bank manager’s comments for large clients such as those from mining sector, they offer personalized services to meet mining sector they offer personalized services to meet the mining’s specific/ unequal needs.

**(ii) Brand Image**

1. **Banks’ Reputation in the Community**

**Table 4.19: (a) (1) The Bank's Reputation is High and Highly Admired**

|  |  | Frequency | Percent | Cumulative Percent |
| --- | --- | --- | --- | --- |
|  | Disagree | 6 | 5.6 | 5.6 |
| Neutral | 6 | 5.6 | 11.1 |
| Agree | 96 | 88.9 | 100.0 |
| Total | 108 | 100.0 |  |

**Source: Field data (2013)**

Table 4.19 (a) (1) shows that 88.9%n of the respondents (customers) agree that their banks are well respected in the community, 5.6% disagree and 5.6% are neutral to the statement. Tables 4.19 (a) (2) indicates that 87.1% of respondents (management) agree/ agree that their banks is well respected in the community, 6.5% disagree and 6.5% are neutral to the statement. The results in both table 4.19 (a) (1) and table 4.19 (a) (2) indicate that the two categories of respondents have nearly the same high perception about good reputation of banks in the community. These results suggest that banks in Geita district are those which have been established in Tanzania for sometimes and are well known in the communities where they operate.

**Table 4.19: (a) (2) The Bank's Reputation is Highly and Highly Admired**

|  |  | Frequency | Percent | Cumulative Percent |
| --- | --- | --- | --- | --- |
|  | Disagree | 2 | 6.5 | 6.5 |
| Neutral | 2 | 6.5 | 12.9 |
| Agree | 14 | 45.2 | 58.1 |
| Strongly agree | 13 | 41.9 | 100.0 |
| Total | 31 | 100.0 |  |

**Source:** Field data (2013)

1. **Social responsibility in bank activities**

**Table 4.20: (b) (1) Bank Undertakes Social Responsibility Activities**

|  |  | Frequency | Percent | Cumulative Percent |
| --- | --- | --- | --- | --- |
|  | Agree | 102 | 94.4 | 94.4 |
| Strongly Agree | 6 | 5.6 | 100.0 |
| Total | 108 | 100.0 |  |

**Source:** Field data (2013)

Table 4.20 (b) (1) shows that all respondents (customers) (100.0%) strongly agree/ agree that their banks do social responsibility activities such as cleaning the environment and sponsoring community activities programs.

**Table 4.20: (b) (2) Bank Undertakes Social Responsibility Activities**

|  |  | Frequency | Percent | Cumulative Percent |
| --- | --- | --- | --- | --- |
|  | Disagree | 2 | 6.5 | 6.5 |
| Neutral | 13 | 41.9 | 48.4 |
| Agree | 11 | 35.5 | 83.9 |
| Strongly agree | 5 | 16.1 | 100.0 |
| Total | 31 | 100.0 |  |

**Source:** Field data (2013)

Table 4.20 (b) (2) indicates that 57.6% of the respondents (management) strongly agree/ agree that banks undertake social responsibility activities (corporate citizenship), 35.1% disagree and 6.5% are neutral to the statement. The results in table 4.20 (b) (1) shows that customers have a higher perception on banks social responsibility activities than bank management do (table 4.20 (b) (2). These results suggest that may be customers because of their low education do not understand what social responsibility is as the management does. Hence there was unusual high view by customers that banks do corporate citizenship activities.

**(c) Bank Enhancing Corporate Image to Customers**

Table 4.21 (c) (1) shows that all (100.0%) the respondents (customers) strongly agree/ agree that the bank enhances its image to customers.

Table 4.21 (c) (2) indicates that 58.0% of the respondents (management) strongly agree/ agree that their banks enhance their corporate image to customers through wearing bank inform, bank brand name, and creating brand specific items, and 41. 9% are neutral to the statement. There is a big difference between what customers consider enhancing bank corporate image (table 4.21 (c) (1) and the management view (table 4.21 (c) (2). These results suggest that customers do not know what enhancing corporate image is as all of them either agreed or strongly agreed to the statement.

**Table 4.21: (c ) (1) The Bank enhances its corporate image to customers**

|  |  | Frequency | Percent | Cumulative Percent |
| --- | --- | --- | --- | --- |
|  | Agree | 102 | 94.4 | 94.4 |
| Strongly Agree | 6 | 5.6 | 100.0 |
| Total | 108 | 100.0 |  |

**Source:** Field data (2013)

**Table 4.21: (c ) (2) The Bank enhances its corporate image to customers**

|  |  | Frequency | Percent | Cumulative Percent |
| --- | --- | --- | --- | --- |
|  | Neutral | 13 | 41.9 | 41.9 |
| Agree | 13 | 41.9 | 83.9 |
| Strongly agree | 5 | 16.1 | 100.0 |
| Total | 31 | 100.0 |  |

**Source:** Field data (2013)

**(d) Overall Assessment of Brand Image**

Table 4.22 (d) (1) shows that overall, 89.9% to 100.0% of the customers perceive the bank has high reputation in community, performs its social responsibility role and enhances its corporate image to customers. These results show that customers have a better positive image of the banks they patronize than the bank workers. These results suggest, there is a very important relationship marketing factor that the three commercial banks in Geita district, NBC, NMB and CRDB are not using to boost customers’ loyalty.

**Table 4.22: (d) (1) Overall Assessment of Banks’ Enhancing their Corporate Image**

|  |  |  |  |
| --- | --- | --- | --- |
| Overall assessment of banks | Strongly Disagree + Disagree | Neutral  | Strongly Agree + Agree |
| Count | Percentage | Count | Percentage | Count | Percentage |
| The bank's reputation is highly and highly admired | 6 | 5.6% | 6 | 5.6% | 96 | 88.9% |
| I have good feeling on the Bank's social responsibility | 0 | 0.0% | 0 | 0.0% | 108 | 100.0% |
| The Bank delivers a good image to its customers | 0 | 0.0% | 0 | 0.0% | 108 | 100.0% |

**Source: Field data (2013)**

**Table 4.22: (d) (2) Overall Assessment of Banks’ Enhancing Their Corporate Image**

|  |  |  |  |
| --- | --- | --- | --- |
| Overall assessment | Strongly Disagree + Disagree | Neutral  | Strongly Agree + Agree |
| Count | Percentage | Count | Percentage | Count | Percentage |
| Our bank reputation is well respected in the community | 2 | 6.5% | 2 | 6.5% | 27 | 87.1% |
| Bank undertakes social responsibility activities | 2 | 6.5% | 13 | 41.9% | 16 | 51.6% |
| The Bank enhances its corporate image to customers | 0 | 0.0% | 13 | 41.9% | 18 | 58.0% |

**Source:** Field data (2013)

Table 4.22 (d) (2) shows that management rate high (87.1%) for their banks reputation in the community but rate their social responsibility and enhancing corporate image to customers to be 51.6% and 58.0% respectively. However, about 40% of the management were undecided suggesting this relationship marketing tactic is either not much used or its potential to increase customers’ loyalty is not being exploited. In general, bank management need to view their banks through the eyes of customers than they are currently doing.

**(iii) Value offers to Customers**

1. **Presence of Attractive and Exciting Promotions Done by the Bank**

Table 4.23 ( a) (1) shows that 5.6% of the respondents (customers) strongly agree/ agree that banks exciting and attractive promotions are worth the money and 5.6% disagree with the statement.

**Table 4.23 (a) (1) The Bank's Promotion Offers are Worth the Money**

|  |  | Frequency | Percent | Cumulative Percent |
| --- | --- | --- | --- | --- |
|  | Disagree | 6 | 5.6 | 5.6 |
| Agree | 96 | 88.8 | 94.4 |
| Strongly Agree | 6 | 5.6 | 100.0 |
| Total | 108 | 100.0 |  |

**Source: Field data (2013)**

Table 4.23 (a) (2) on the other hand, shows that 74.2% of the respondents (management) agree that their banks run very attractive and exciting promotion about their services, 6.5% disagree and 19.4% are neutral to the statement.

**Table 4.23: (a) (2) The Bank's Promotion offers are Worth the Money**

|  |  | Frequency | Percent | Cumulative Percent |
| --- | --- | --- | --- | --- |
|  | Disagree | 2 | 6.5 | 6.5 |
| Neutral | 6 | 19.4 | 25.8 |
| Agree | 23 | 74.2 | 100.0 |
| Total | 31 | 100.0 |  |

**Source: Field data (2013)**

In general, customers (table 4.23 (a) (1) are more positive (94.5%) about what the bank offers than bank management/ employees themselves (table 4.23 (a) (2). These results suggest that bank management/ employees appear not to believe in their promotions campaign and this could make them rather less confident in their promotional officers.

1. **Banks’ Promotional/Loyalty Programs Offered by Banks**

**Table 4.24: (b) (1) The Bank Offers Loyalty Programs to Customers**

|  |  | Frequency | Percent | Cumulative Percent |
| --- | --- | --- | --- | --- |
|  | Agree | 96 | 88.9 | 88.9 |
| Strongly Agree | 12 | 11.1 | 100.0 |
| Total | 108 | 100.0 |  |

**Source:** Field data (2013)

Table 4.24 (b) (1) shows that all (100.0%) of the respondents (customers) strongly agree/ agree that their banks offer loyalty programs to attract and keep customers.

**Table 4.24: (b) (2) The Bank Offers Loyalty Programs to Customers**

|  |  | Frequency | Percent | Cumulative Percent |
| --- | --- | --- | --- | --- |
|  | Strongly disagree | 2 | 6.5 | 6.5 |
| Disagree | 11 | 35.5 | 41.9 |
| Neutral | 3 | 9.7 | 51.6 |
| Agree | 14 | 45.2 | 96.8 |
| Strongly agree | 1 | 3.2 | 100.0 |
| Total | 31 | 100.0 |  |

**Source:** Field data (2013)

In contrast, Table 4.24 (b) (2) shows that 48.4% of respondents (management) strongly agree/ agree that their banks offer loyalty programs to attract and keep customers, 41.9% strongly disagree/ disagree and 9.7% are neutral to the statement. These results in table 4.24 (b) (1) suggest that banks are offering enough incentives to keep them, while management / employees are not convinced that their promotions (Table 4.24 (b) (2) are geared to attract and keep their customers, since their perception of the attractiveness of their promotion/ loyalty programs is comparatively low.

This result could also mean that banks in Tanzania do not truly have loyalty programs or do not see the value of establishing loyalty program such as premium customers and dinner’s club offered in overseas banks. Nevertheless, some customers indicated that presence of customers loyalty programs would attract them and make them stay with bank as summarized by one respondent:

*“We have been with one bank for many years. But if another bank gives incentives such as chance to win a prize, and privileges of being member of clubs established by bank for its customers, I will definitely switch to that bank. If my current bank rewards me for being their customer for long term and there are even more future benefits, I would stay with this same bank”.*

These comments emphasize that running customer loyalty programs can increase customer retention and loyalty to a bank.

**( C) Overall Assessment of Value Offers Made by the Bank.**

**Table 4.25: (C ) (1) Overall Assessment of Value Offers Made to Customers**

|  |  |  |  |
| --- | --- | --- | --- |
| Items | Strongly Disagree + Disagree | Neutral  | Strongly Agree + Agree |
| Count | Percentage | Count | Percentage | Count | Percentage |
| The Bank's promotion offers are worth the money | 6 | 5.6% | 0 | 0.0% | 102 | 94.5% |
| The Bank promotional offers' benefits are easy to get  | 0 | 0.0% | 0 | 0.0% | 108 | 100.0% |

**Source: Field data (2013)**

Table 4.25 (c) (1) shows that overall, a very high percentage (94.5 to 100.0%) of bank customers are positive about value offers made in the promotion and they see them as incentives for them to want to stay as customers to their banks.

**Table 4.25: (c ) (2) Overall Assessment of Value Offers Made to Customers**

|  |  |  |  |
| --- | --- | --- | --- |
| Overall Assessment | Strongly Disagree + Disagree | Neutral  | Strongly Agree + Agree |
| Count | Percentage | Count | Percentage | Count | Percentage |
| The Bank run very attractive and exciting promotions | 2 | 6.5% | 6 | 19.4% | 23 | 74.2% |
| The bank offers loyalty programs to customers | 13 | 42.0% | 3 | 9.7% | 15 | 48.4% |

**Source: Field data (2013)**

In contrast, as shown in table 4.25 ( c) (2) a low percentage of management agree that generally their promotion are attractive and exciting with potential to attract and keep customers. However, they are less optimistic (only 48.4%) strongly agree/ agree that they offer loyalty programs with the intention to attract and keep customers to their banks. There is need to investigate why this would be so.

**( iv) Price fairness (interest rates and bank charges / fees)**

1. **Bank pricing policies are well communicated to customers**

Table 4.26 (a) (1) shows that 94.4 % of respondents (customers) agree that the banks pricing policies interest rates, fees and charges of their products and services are openly explained / communicated to customers, and 5.6% are neutral to the statement.

Table 4.26 (a) (2) shows that 6.5% of the respondents (management) strongly agree/ agree that their banks ensures that pricing policies of their products and services are well explained/ communicated to customers (through pamphlets, websites) 12.9% disagree, and 32.3% are neutral to the statement.

**Table 4.26: (a) (1) Explanation and Communication of Banks’ Pricing Policy to Customers**

|  |  | Frequency | Percent | Cumulative Percent |
| --- | --- | --- | --- | --- |
|  | Neutral | 6 | 5.6 | 5.6 |
| Agree | 102 | 94.4 | 100.0 |
| Total | 108 | 100.0 |  |

**Source: Field data (2013)**

**Table 4.26: (a) (2) Explanation and Communication of Banks’ Pricing Policy to Customers**

|  |  | Frequency | Percent | Cumulative Percent |
| --- | --- | --- | --- | --- |
|  | Disagree | 4 | 12.9 | 12.9 |
| Neutral | 10 | 32.3 | 45.2 |
| Agree | 15 | 48.4 | 93.5 |
| Strongly agree | 2 | 6.5 | 100.0 |
| Total | 31 | 100.0 |  |

**Source: Field data (2013)**

In comparison, the results in table 4.26 (a) (1) suggest that customers are satisfied with the explanation about banks interest rates/ changes/ fees but this information is probably not communicated through employees/ management (but through word of mouth communication) as the latter is not as optimistic about their formal communication. That is, only 6.5% of respondents strongly agree/ agree in table 4.26 (a) (2 ). This explanation is supported by a comment from the respondents:

 *“Banks in Tanzania do not openly tell customers of their interest rates/charges, unless you personally ask bank loan officers. We get to know this interest through friends/ relatives who have obtained bank loans or have access to bank statement. There is this culture of secretiveness in the way we do business in Tanzania and people do not get value for money because of lack of open information”.*

These comments mirror the management low perception about communicating pricing policies [table 4.26 (a) (2)].

1. **Competitiveness of pricing policies (interest rates and charges)**

**Table 4.27: (b) (1) The Bank Pricing Policies are Competitive to Customers**

|  |  | Frequency | Percent | Cumulative Percent |
| --- | --- | --- | --- | --- |
|  | Neutral | 6 | 5.6 | 5.6 |
| Agree | 90 | 83.3 | 88.9 |
| Strongly Agree | 12 | 11.1 | 100.0 |
| Total | 108 | 100.0 |  |

**Source: Field data (2013)**

Table 4.27 (b) (1) shows that 83.3% of respondents (customers) strongly agree/ agree that the banks’ pricing policies (interest rates and charges) of their products and services are attractive to customers, and 5.6% are neutral to the statement. These results suggest that without knowing how bank interest rates and charges are set, customers tend to believe that their charges/ rate are reasonable and so they get attracted to the bank product and services. This was echoed by comment from one respondent.

*“I will remain with this bank unless interest rates/ charges are significantly different. This is because the bank rates/ changes are more or less the same”.*

These results suggest that customers get caught up in certain banks in absence of innovative financial products.

**Table 4.27: (b) (2) The Bank Pricing Policies are Competitive to Customers**

|  |  | Frequency | Percent | Cumulative Percent |
| --- | --- | --- | --- | --- |
|  | Disagree | 4 | 12.9 | 12.9 |
| Neutral | 12 | 38.7 | 51.6 |
| Agree | 12 | 38.7 | 90.3 |
| Strongly agree | 3 | 9.7 | 100.0 |
| Total | 31 | 100.0 |  |

**Source:** Field data (2013)

In contrast, table 4.27 (b) (2) shows that 9.7% of respondents (management) strongly agree/ agree that banks pricing policies (interest rates and charges) of its products and services are attractive (competitive) to customers, 12.9% disagree and 38.7% are neutral to the statement. These results suggest that the management themselves know that their rates/ charges are high and these may not be attracting customers to do business with them.

**( c) Overall Assessment of Banks Pricing Policies**

**Table 4. 28: (c) (1) Overall Assessment of Price Fairness at Banks**

|  |  |  |  |
| --- | --- | --- | --- |
| Price fairness tactics | Strongly Disagree + Disagree | Neutral  | Strongly Agree + Agree |
| Count | Percentage | Count | Percentage | Count | Percentage |
| The Bank effectively help to know her new pricing policies | 6 | 5.6% | 0 | 0.0% | 102 | 94.4% |
| The Bank's pricing policies are effective | 0 | 5.6% | 0 | 0.0% | 102 | 94.4% |

**Source: Field data (2013)**

Table 28 (c) (1) indicates that 94.4% of respondents (customers) are satisfied (or at least accept) of their current bank’s pricing policies and a very small percentage (5.6%) are dissatisfied. These results suggest that, in absence of other financial products; customers find current pricing policies good enough to continue doing business with their bankers.

**Table 4.28: (c) (2) Overall Assessment of Price Fairness at Banks**

|  |  |  |  |
| --- | --- | --- | --- |
| Overall Assessment | Strongly Disagree + Disagree | Neutral  | Strongly Agree + Agree |
| Count | Percentage | Count | Percentage | Count | Percentage |
| The bank ensures that pricing policy of its products are communicated to customers. | 4 | 12.9% | 10 | 32.3% | 17 | 54.9% |
| The bank's pricing policies are attractive (competitive) to customers | 4 | 12.9% | 12 | 38.7% | 15 | 48.4% |

**Source:** Field data (2013)

In Contrast, Table 4.28 ( C) (2) Shows That 54.9% Of Management Agree That Their Banks Pricing Policy Is Well Communicated To Customers And 48.4% Agree That The Bank’s Pricing Policies Of Its Products And Services Are Attractive To Customers. These Results Suggest That Management Themselves Believe That Their Current Bank Charges And Rates Are Attractive Enough To Retain Customers. This Is An Area That Would Need Immediate Attention.

**4.3.3 Research Objective 3**

To Determine The Most Effective Relationship Marketing Tactic On Customers’ Loyalty Among Commercial Banks In Geita District.

 Table 4.29 Shows That 71.0% Of The Respondents (Management) Strongly Agree/ Agree That Relationship Marketing Tactics Are Used To Attract And Retain Customers Among Banks In Geita District, And 29.0% Are Neutral To The Statement.

**Table 4.29 Effectiveness of Relationship Marketing Tactics**

| Effectiveness of RM |  | Frequency | Percent | Cumulative Percent |
| --- | --- | --- | --- | --- |
|  | Neutral | 9 | 29.0 | 29.0 |
| Agree | 19 | 61.3 | 90.3 |
| Strongly agree | 3 | 9.7 | 100.0 |
| Total | 31 | 100.0 |  |

**Source:** Field data (2013)

These results suggest that relationship marketing tactics applied by banks in Geita district are having an impact on attracting and retaining customers. This was summed up by a comment from management of CRDB bank.

“*These days we are seeing customers seeking for information about various aspects of the bank our customer base is growing and we have very few of customers taking their business elsewhere. I believe these marketing or promotion campaigns of CRDB marketing team at head quarters are beginning to yield fruits”*

Another manager NBC bank had this to say:

*We have a corporate division here at Geita and we are getting more of these mining accounts and some of them have stayed with us for five years. We also dedicate special officers to manage their accounts at individual level and always call them to our annual functions, and recognize their contribution to our business up-to-date on rates/ charges build professional relationship with them and thus helps us to keep them with us”*

In brief relationship marketing tactics when applied, they improve customer loyalty both in corporate and retail banking.

Table 30 shows that Service quality is ranked as the most important relationship marketing tactics (RMT) (44.4%) in terms of its effectiveness, followed by brand image (33.3%), value offers (22.2%) and the least is price perception. These results suggest that service quality in terms of following on customers’ requests on timely basis, willingness to help customers, responding to customers’ complaints, personalizing services to individuals, providing information on new products and as well as educating customers about charges/interest rates and charges is what attracts and keeps customers in service company such as banks.

**Table 30: Ranking of Relationship Marketing Tactics in Order of the Importance/Effectiveness**

|  | Most important | Second most important | Third most important | Least important |
| --- | --- | --- | --- | --- |
| Ranking of relationship Marketing tactics | Count | Row N % | Count | Row N % | Count | Row N % | Count | Row N % |
| Service quality encourage/motivate me to stay with the bank | 48 | 44.4% | 12 | 11.1% | 12 | 11.1% | 6 | 5.6% |
| Price perception encourage/motivate me to stay with the bank | 0 | .0% | 54 | 50.0% | 24 | 22.2% | 18 | 16.7% |
| Brand Image encourage/motivate me to stay with the bank | 36 | 33.3% | 6 | 5.6% | 36 | 33.3% | 18 | 16.7% |
| Value offers encourage/motivate me to stay with the bank | 24 | 22.2% | 12 | 11.1% | 24 | 22.2% | 42 | 38.9% |

**Source:** Field data (2013)

**4.4 Other Issues**

The interview with selected customers focused on the relationship of marketing tactics. Several interesting issues emerged. First, customers indicated that the banks they patronize are used mostly for deposit and withdraw services. Some customers have been using the same bank either as a matter of following tradition in the family or because they are forced to have their account with certain bank by their employers. So they only use one particular bank and this was true for NMB bank customers. So the relationship marketing factors may not apply to the choice of the banks.

Furthermore, customers indicated that they stay with certain banks because they have a good reputation and well respected in the community. Nevertheless some customers indicated that several banks are persuading them to switch using several tactics such as introducing new services, reducing their interest rates providing written materials about their services and some promoting to act on customers request with 48 hours. Other respondents (customers) especially the self employed responded that they have either switched to other banks because of their attractive and exciting promotions or offers incentives such as free bank statement, free calendars and cheque books to encourage them to stay.

Interviewees also indicated that all the banks in Geita district are telling their clients that they offer them good customer service but really these are mere tricks and in fact there are no serious innovative loyalty programs to influence them to stay loyal to certain banks. Their concerns were that most of these relationship marketing tactics are easily understood by ordinary people and they do not have as much effect as they intended to.

**CHAPTER FIVE**

**5.0 SUMMARY, CONCLUSION AND RECOMMENDATIONS**

**5.1 Introduction**

This chapter presents the summary of the research findings as well as conclusions on each research objective as given in chapter 4. The chapter presents implications of the results for the policy makers, for the industry and for academicians in terms of theory development. Conclusions are also drawn on the findings presented in the chapter. The chapter make conclusion in the field of study to contribute to the body of knowledge of customer satisfaction in the service industry. The chapter further presents recommendations to commercial banks (CRDB, NBC and NMB) based on the views of the respondents (bank customers) on the research findings.

**5.2 Summary of Findings**

This research had three objectives. Next is summary and conclusion on each objective.

**5.2.1 Research Objective 1**

To determine relationship marketing practices used in commercial banks in Geita district.

The research findings indicated that retail banks in Geita district use four main relationship marketing tactics to improve customer loyalty. These include service quality, price perception value offers and brand image. Offering a high quality services is considered to be visible way to create customer trust and satisfaction to want to stay with a bank. Bank customers are satisfied with the service quality they are getting from bank with satisfaction level of over 85%. They appreciated the way employees were quick to handle their complaints, attending to their requests, and providing information on timely manner.

However, the banks’ management thought that their service quality was not as high as customers perceived them with satisfaction level of 54% to 74.0%. Management stressed that the banks offer limited personalized services to individual customers because of their small nature of transaction. In conclusion, this relationship marketing tactic though is one way of differentiating one bank from another; it received the less attention from management.

**5.2.1 Research Objective 2**

To analyze how the relationship marketing tactics (practices) impact customer loyalty to banks in Geita district.

The research findings revealed that relationship marketing tactics overall are having impact on customers loyalty. The management has noticed the increase in low income customers and retention of high net worth customers. Most new customers were found to be those who were attracted by new bank offers and others were stimulated to stay with the banks because of good perception of the brand image in the community. In addition, safety and credibility of the banks increased their trust and enhanced their tendency to stay with the same bank. Next, the research revealed that promotional value offers and loyalty programs were considered by customers to be some of the reasons for staying loyal to the banks as most customers had high satisfaction level on value offers. The customers appreciated perceived benefits and these perceived benefits were noted to increase their trust with the bank and this enhanced their propensity to stay loyal to banks.

However, management perceived attractive promotion to be enhancing customer loyalty but less so by loyalty programs which banks are not currently running. Therefore banks ought to concern themselves with customers’ point of view and add complimentary/ supplementary services to the core product to increase its attractiveness. In banking sector it is essential to offer something of value to customers in the service interaction process such as gifts or free bank statement in order to improve customers’ satisfaction which enhances customer loyalty.

 The research also indicated that brand image was most effective relationship marketing tactics in enticing customers to stay loyal to their banks. Most customers were lured to stay because of the banks social responsibility (100.0%) and banks image (100.0%). However, bank management only perceived banks’ reputation as the most important relationship marketing tactics in keeping customers loyal (87.1%) and other brand image factors of social responsibility and enhancement of corporate image were viewed to have a mirror less puling effect.

 Finally, the research findings indicated that, customers perceived banks’ interest rates/ charge to be fair and reasonable and were communicated to them both in formal ways such as bank brochures as well as through word of mouth communication. Customers did switch to other banks due to high perceived price fairness but the percentage of indecision was high (32.3 to 38.7%). They perceived that banks in Tanzania offer more or less the same interest rates/ and charges and only a limited number of customers have special (lower) rates/charges but it did not apply to most customers. However, they emphasized that if a customer perceived price fairness i.e. (low charges/rates) they would be willing to conduct business with a bank much longer. It can be concluded from the results of this research that, there are mixed views of the impact of relationship marketing on customer loyalty between customers and bank management.

**5.2.2 Research objective 3**

To determine the most effective relationship marketing tactics on customer loyalty in commercial banks in Geita district.

The research findings indicated that of the four relationship marketing tactics, services quality was rated higher, followed by brand image, value offers, promotion offers and price perception. Service quality still remains a differentiation factor banks can use to gain competitive advantage in the market place and use it to meet customers’ needs better. This will become the pulling factor of customers to the bank.

These findings are in agreement with previous research findings by Zeithanul, Bitner and Gremler (2009), Raza and Rehman (2012) and Koi-Akrofi (2013) who showed that services quality is not only a key success in competitive service markets, but also it is perceived by customers as an influencer of customer satisfaction and enhances the bank’s ability to build long- term relationship with its customers.

 In conclusion, this study has shown that there is a relationship among different relationship marketing tactics and customer loyalty in retail/ commercial banking sector in Geita district. That is, relationship marketing (RM) tactics have an effect on customer loyalty in banking industry even in developing countries such as Tanzania although the perception of level of effectiveness of each RM tactics was mixed between customers and management.

This study confirms that there is a positive relationship between the relationship marketing tactics (services quality, brand image, value offers and price fairness) and customer satisfaction. However, service quality and enhancement of bank image had the greatest effect on customer loyalty in commercial banks in Geita district. The study also suggests the methodology used in this research was rigorous and suitable for examining the effect of relationship marketing tactic on customer loyalty in Geita district, Tanzania.

**5.3 Implications of the Results for Policy Makers, for Industry and for Academics in Terms of Theory Development**

**5.3.1 Implication of the Study for Academicians**

The findings from this study will be useful to academicians for several reasons. Firstly, the research has developed a theoretical framework to clarify the understanding of the issues involved in relationship marketing and customer loyalty. It will identify key relationship marketing tactics and their impact on customer loyalty in the banking sector. It will also form a basis for further research. Secondly, the study will add to the body of knowledge concerning the attitude and views of customers about relationship marketing tactics. Thirdly, not much research appears to have been done on customer relationship marketing tactics in Tanzania. Consequently, this study will bridge the gap in literature.

**5.4.2 Implication of the Study for Policy Makers**

The findings from this study will be useful to the government and other policy makers to build an efficient, effective and a stable banking industry in Tanzania that will support both the needs of the real economy and the socio-economic objectives of the country. The findings will also assist the policy makers to formulate an appropriate legal and regulatory framework for the banking industry in the country.

**5.3.3 Implication of the Study for Banking Industry**

 The findings from this study will be useful to the banking industry and other service providers in several ways. First, relationship marketing tactics offers firms an opportunity to build loyal customers to differentiate themselves and create a competitive advantage in the markets. With such an understanding, banks can develop appropriate strategies to stay in existence. Secondly, the study will provide practical guidance and suggestions to managers in the banking sector and other service providers on how to improve customer retention and loyalty relating to customer retention and loyalty as well as give suggestions on possible ways of gaining competitive advantage through relationship marketing within banking sector in Tanzania.

**5.4 Conclusions**

The study empirically examined the effect of relationship marketing tactics on customer’s loyalty in commercial banks in Geita district, Tanzania. Four relationship marketing tactics/constructs (service quality, brand image, value offers and price fairness) were employed to measure customer loyalty which is the dependent variable. The study revealed that there was a positive relationship between the RM tactics and customer loyalty in commercial banks in Geita district implying that the higher the level of service quality by the banks, the greater the level of loyalty the customers have to their banks. Thus, it can be concluded that investment on RM pays off because it has a positive effect on customer loyalty.

**5.5 Recommendations**

There were several issues of concern identified in this research that need to be addressed and a recommendation for each one is presented next.

First, the research findings revealed that bank customers in Geita district were somewhat unconcerned of relationship marketing factors employed by the bank because of low education and little efforts made by the bank to enlighten customers at local level. In absence of this customers might be tempted to switch banks. The bank managers of each bank in conjunction with their headquarters should develop and run a campaign to educate customers about its products so that customers can stay loyal with them. This will improve customer’s loyalty and even attract new customers.

 Second, the research findings revealed that although promotion campaign is having impact on customer loyalty, their massages are geared towards urban and educated customers. This has reduced the effectiveness of the relationship marketing tactics. The Marketing Department head office of each bank should adopt their promotion campaigns to local situation rather than treat all bank customers the same. This will improve the impact of the relationship marketing tactics on customer loyalty. Third, customers commented that most of the promotional materials are mostly in English and yet the majority of Tanzanians are not comfortable with English. The Marketing Department head office of each Bank should produce multilingual literature. That way, both English and Swahili speaking customers will be able to understand the promotional materials.

Finally, although service quality was rated high as one of RM tactics there is room for improvement as in some cases there were some discrepancy between customers’ perception and management expectations leaving on large service quality gap. The bank management and service delivery personnel should be offered training on customer care with particular emphasis on service quality. Also an education promotion campaign should be developed to educate customers about bank services. That way, both customers and services delivery personnel will know their specific expectation during service delivery. This will also improve the impact of service quality on customer loyalty.

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**APPENDICES**

**APPENDIX I: RESEARCH QUESTIONNAIRE – CUSTOMERS ONLY**

**THE OPEN UNIVERSITY OF TANZANIA (OUT)**

**FACULTY OF BUSINESS MANAGEMENT**

Dear Participant,

My name is Mr Mdasilu Iddi Kelema, I am currently pursuing an MBA degree course with the Open University of Tanzania. I am conducting a survey in Tanzanian banking markets and especially I would like to know your attitudes and views about what attracts you to a bank and keep you doing business with certain bank you frequently go. This survey is a part of my master thesis, and your kind help is very important for the successful completion of this research project. Your responses to questions in this questionnaire will be anonymous; data will be combined and analyzed as a whole. Please answer all the questions and tick or circle one appropriate box that best suits your perspective for each statement. If you feel you need extra information to be filled attach a plain paper at the back of the questionnaire. Other instructions are indicated as per requirement of the question.

Your participation in the study will be greatly appreciated. Thank you very much for your time and assistance.

Mdasilu Iddi Kelema

MBA Student

Mobile: 0754 740156

**RESEARCH QUESTIONNAIRE – CUSTOMERS ONLY**

**PART 1: INDIVIDUAL CHARACTERISTICS**

1. Gender

 Male

 Female

1. Age (years)

 18 – 25

 26 – 35

 36 – 45

 46 – 55

 > 55

 3. Education level

 Primary school (standard seven)

 Secondary High school

 College Diploma

 University degree

 4. Which is your main bank?

 NMB

 NBC

 CRDB

 Other (please specify) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 

5. What type of bank account(s) do you have with your bank

 Saving account

 

 Investment account

 

 Fixed deposit account

 

 Personal loans

 

 

Current account

 

Other (please specify)

6. Monthly income (Tz Shs)

 

 < 100,000

 

 100,001 – 300,000

 300,001 – 500,000

 

 500,001 – 1000,000

 

 > 1,000,000

 

7. Current occupation

 

 Self employed

 

 Working in Private sector

 

 Working Public sector

 Working Mining sector

 

 Others (please specify) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

8. Type of channel used to carry out banking transactions

 Branch banking

 

 

ATM

Internet banking

 

SIM Banking (phone)

 

 

Other (please specify)

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**PART 2: RELATIONSHIP MARKETING TACTICS**

**SERVICE QUALITY**

1. This bank follows up on a timely manner to customer requests

1. Strongly disagree 2. Disagree 3. Neutral 4. Agree 5. Strongly Agree

2. The frontline employees of this bank are always willing to help me

1. Strongly disagree 2. Disagree 3. Neutral 4. Agree 5. Strongly Agree

3. The response to consumers complaints are always taken quickly

1. Strongly disagree 2. Disagree 3. Neutral 4. Agree 5. Strongly Agree

4. This bank is consistent in proving good quality service

1. Strongly disagree 2. Disagree 3. Neutral 4. Agree 5. Strongly Agree

5. This bank offers personalized services to meet customers’ needs

1. Strongly disagree 2. Disagree 3. Neutral 4. Agree 5. Strongly Agree

6. This bank provides timely information when there are new services

1. Strongly disagree 2. Disagree 3. Neutral 4. Agree 5. Strongly Agree

7. This bank took effective ways to help me know its pricing policies of products and services

1. Strongly disagree 2. Disagree 3. Neutral 4. Agree 5. Strongly Agree

8. The pricing (interest rate and charges) policies of products and services from this bank are attractive.

1. Strongly disagree 2. Disagree 3. Neutral 4. Agree 5. Strongly Agree

9. The bank fees/changes for various services are reasonable.

1. Strongly disagree 2. Disagree 3. Neutral 4. Agree 5. Strongly Agree

10. This bank is offering competitive pricing (changes interest rate) for various services that meet my needs.

1. Strongly disagree 2. Disagree 3. Neutral 4. Agree 5. Strongly Agree

11. I will continue to stay with this bank unless the interest rate/changes are significantly higher for same service.

1. Strongly disagree 2. Disagree 3. Neutral 4. Agree 5. Strongly Agree

**BRAND IMAGE**

12. I consider that this bank’s reputation is high and highly admired.

1. Strongly disagree 2. Disagree 3. Neutral 4. Agree 5. Strongly Agree

13. I have a good feeling about the bank’s social responsibility.

1. Strongly disagree 2. Disagree 3. Neutral 4. Agree 5. Strongly Agree

14a. The bank delivers a good image to its customers.

1. Strongly disagree 2. Disagree 3. Neutral 4. Agree 5. Strongly Agree

14b. People love to be associated with the brand of this bank.

1. Strongly disagree 2. Disagree 3. Neutral 4. Agree 5. Strongly Agree

**VALUE OFFERS**

15. The promotion offers from this (my) bank were worth of the money.

1. Strongly disagree 2. Disagree 3. Neutral 4. Agree 5. Strongly Agree

16. It is easy to get benefits from the promotional offers.

1. Strongly disagree 2. Disagree 3. Neutral 4. Agree 5. Strongly Agree

17. The proposed rewards from this bank were what I wanted.

1. Strongly disagree 2. Disagree 3. Neutral 4. Agree 5. Strongly Agree

18. It is highly likely that I will get the proposed reward.

1. Strongly disagree 2. Disagree 3. Neutral 4. Agree 5. Strongly AgreE

**CUSTOMER LOYALTY**

19. I intend to continue using services from this bank for a long time

1. Strongly disagree 2. Disagree 3. Neutral 4. Agree 5. Strongly Agree

20. If I want to change a new bank service, I am wiling to continue selecting this bank

1. Strongly disagree 2. Disagree 3. Neutral 4. Agree 5. Strongly Agree

21. Even if another bank’s price (changes interest rate) is lower I will go o using this bank

1. Strongly disagree 2. Disagree 3. Neutral Agree 4. Strongly Agree

22. I am willing to say positive things about this bank to other people.

1. Strongly disagree 2. Disagree 3. Neutral 4. Agree 5. Strongly Agree

23. I will encourage friends and relatives to use the services offered by this bank

1. Strongly disagree 2. Disagree 3. Neutral 4. Agree 5. Strongly Agree

24. To me, this bank is able to provide the best service

1. Strongly disagree 2. Disagree 3. Neutral 4. Agree 5. Strongly Agree

25. Rank the following strategies in order of importance in terms of what is encouraging/motivating you to stay with the bank.

1. Most important, 2. Second most important, 3. Third most important, 4. Fourth most important,

5. Least important

 Service Quality

 

 

Price Perception (charges, fees, interest rates)

Brand Image (reputation of the name)

 

Switching Costs (cost you have meet or forgo if you change the bank)

 

Value offers (promotional offers or rewards)

 

**PART C: GENERAL QUESTION**

#### 40. What other comments can you make about the ways the banks tries to keep you as its customer? Please write your comments below.

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#### Thank you for your time

**APPENDIX II: RESEARCH QUESTIONNAIRE – MANAGEMENT ONLY**

Dear Participant,

My name is Mr Mdasilu Iddi Kelema, I am currently pursuing an MBA degree course with the Open University of Tanzania. I am conducting a survey in Tanzanian banking markets and in particular I would like to know your attitudes and views about the practices/tactics your bank uses to attract and keep customers. This survey is part of my master thesis, and your kind help is very important for the successful completion of this research project. Your responses in this Questionnaire will be anonymous; data will be combined and analyzed as a whole. Please answer all the questions and tick or circle one appropriate box that best suits your perspective for each statement.

Your participation in the study will be greatly appreciated. Thank you very much for your time and assistance.

Thanks in advance

Mdasilu Iddi Kelema

MBA Student

Mobile: 0754 740156

**RESEARCH QUESTIONNAIRE – MANAGEMENT ONLY**

**SECTION A: PERSONAL INFORMATION**

1. Gender
* Male
* Female
1. How long have you been working at your bank
* < 2 years
* 2 – 5 years
* 6 – 10 year
* > 10 years
1. What is your position at your bank
* Branch Manger
* Operations manager
* Supervisor
* Other (Please specify)\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
1. Which bank do you work for
* NMB
* NBC
* CRDB
* Other (please specify)\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**SECTION B: RESEARCH OBJECTIVES**

Which of the following practices does your bank use to attract and retain customers?

**SERVICE QUALITY**

1. The bank follows up customers request on timely manner

 1. Strongly disagree, 2. Disagree, 3. Neutral, 4. Agree, 5. Strongly Agree

1. Our bank front line employees are always willing to help customers

1. Strongly disagree, 2. Disagree, 3. Neutral, 4. Agree, 5. Strongly Agree

1. The bank always responds to customers complaints quickly

1. Strongly disagree, 2. Disagree, 3. Neutral, 4. Agree, 5. Strongly Agree

1. The bank offers personalized services to meet individual customers’ needs

1. Strongly disagree, 2. Disagree, 3. Neutral, 4. Agree, 5. Strongly Agree

1. The bank provides timely information when they are introducing new services

1. Strongly disagree, 2. Disagree, 3. Neutral, 4. Agree, 5. Strongly Agree

1. The bank use effective ways to explain or educate customers about pricing policies of its products and services

1. Strongly disagree, 2. Disagree, 3. Neutral, 4. Agree, 5. Strongly Agree

1. The banks interest rates and charges are competitive/attractive to customers

1. Strongly disagree, 2. Disagree, 3. Neutral, 4. Agree, 5. Strongly Disagree

**BRAND IMAGE**

1. Our bank reputation is well respected in the community

1. Strongly disagree, 2. Disagree, 3. Neutral, 4. Agree, 5. Strongly Agree

1. Bank undertakes social responsibility activities

1. Strongly disagree, 2. Disagree, 3. Neutral, 4. Agree, 5. Strongly Agree

1. The bank enhances its corporate image to customers

1. Strongly disagree, 2. Disagree, 3. Neutral, 4. Agree, 5. Strongly Agree

**VALUE OFFERS**

1. The bank runs very attractive and exciting promotions

1. Strongly disagree, 2. Disagree, 3. Neutral, 4. Agree, 5. Strongly Agree

1. The bank offers loyalty programs to customers

1. Strongly disagree, 2. Disagree, 3. Neutral, 4. Agree, 5. Strongly Agree

**PRICE FAIRNESS**

1. The bank ensures that pricing policy of its products and resources are well explained/communicated to customers

1. Strongly disagree, 2. Disagree, 3. Neutral, 4. Agree, 5. Strongly Agree

1. The bank’s pricing policies (interest rates and charges) of its products and services are attractive (competitive) to customers

1. Strongly disagree, 2. Disagree, 3. Neutral, 4. Agree, 5. Strongly Agree

**Research Objective 2: Effectiveness of relationship marketing tactics/practices**

1. The relationship marketing practice/tactics are working (are attracting and retaining customers)

1. Strongly disagree, 2. Disagree, 3. Neutral, 4. Agree, 5. Strongly Agree

**Research Objective 3: Order of importance in terms of impact in retaining customers**

1. Which of the following relationship marketing tactics/practices are helping to retain customers to your bank (customer loyalty) Rank them in order of their impact in retaining customers
2. Has most impact on customer loyalty
3. Has second most impact on customers loyalty
4. Has the third most impact on customer loyalty
5. Has the least impact on customer loyalty
* Service quality
* Price perception (interest rates, charges, fees)
* Brand image (reputation of the name)
* Value offers (promotion offers or rewards)

**SECTION C: GENERAL QUESTION**

1. What other comments can you make about relationship marketing tactics/practices banks use to attract and keep customers to remain loyal? Please write your comments below:

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**Thank you for your time**

**APPENDIX III : INTERVIEW GUIDE FOR CUSTOMERS ONLY**

Dear Participant,

My name is Mr Mdasilu Iddi Kelema, I am currently pursuing an MBA degree course with the Open University of Tanzania. I am conducting an interview in Tanzanian banking markets and especially I would like to know your attitudes and views about what attracts you to a bank and keep you doing business with certain bank you frequently go to. This interview is part of my master thesis, and your kind help is very important for the successful completion of this research project. Your responses to questions in this interview will be anonymous; data will be combined and analyzed as a whole.

Your participation in the study will be greatly appreciated. We may now commence the interview.

Thanks in advance

Mdasilu Iddi Kelema

MBA Student

Mobile: 0754 740156

**INTERVIEW GUIDE FOR CUSTOMERS ONLY**

1. Please tell me a story of how your experience with your current bank in terms of how it attracted you and why you are still doing business (banking) with the bank in Geita town.

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1. What attracted you to your present bank in Geita town and why are you still banking with it?

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1. Are you happy with the bank services you get from your present bank in Geita town? Are you likely to stay with the same bank in the next three years?

YES/NO? How/Why?

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4. What other comments can you make about the things your present bank does to keep you going back to do business with them over and over again?

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5. What suggestions can you make to your bank or any other bank to improve the way they (banks) attract and keep customers going bank over and over again? Please tell me.

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 **Thank you for your time and assistance**