THE EFFECTS OF MARKET SEGMENTATION ON CUSTOMER SERVICE IN THE BANKING INDUSTRY IN GHANA, THE CASE STUDY OF BARCLAYS BANK GHANA LIMITED, KUMASI PREMPEH II STREET BRANCH.

by

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DECLARATION

I hereby declare that this submission is my own work towards the Executive Masters of Business Administration and that, to the best of my knowledge, it contains no material previously published by another person nor material which has been accepted for the award of any other degree of the University, except where due acknowledgement has been made in the text.

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DEDICATION

This dissertation is dedicated to the author and finisher of my faith, God Almighty for giving me life and the opportunity to come this far and of course to my mum and dad and my entire family for their immense support and contribution to my education. Their support has been a source of inspiration and strength for me in writing this dissertation.
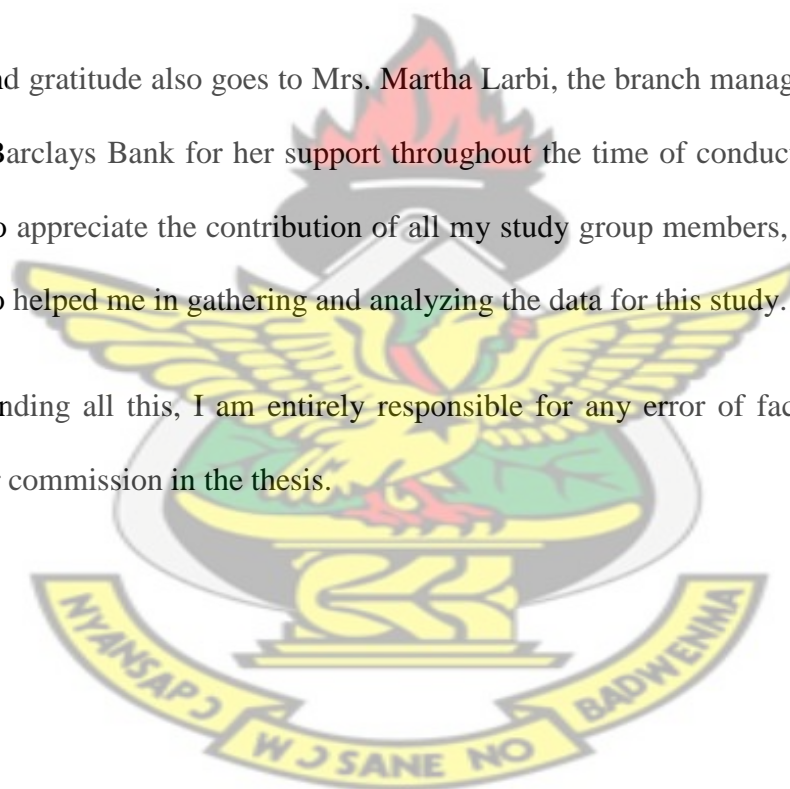
ACKNOWLEDGEMENT

ABSTRACT

In today's competitive banking industry, market segmentation as a critical strategic option is very important if players in the banking industry are to achieve customer satisfaction which could influence customer loyalty and profitability. In the case study of Barclays Bank Ghana Limited, the investigation focuses on how market segmentation has affected customer service in the Ghanaian banking industry. The aims and objectives of the study were to identify the various market segments of Barclays Bank Ghana Limited and the basis of segmentation, measuring the level of satisfaction in the various market segments and to establish the effects of market segmentation on customer service in the banking industry. The researcher used both quantitative and qualitative research methods in this study and has drawn from both primary and secondary sources of data. Questionnaire was used for the collection of data from fifty sampled customers and interview guide was administered to ten management staff members of Barclays Bank Ghana Limited. Quota sampling and purposive sampling methods were used, and the main statistical method used for this study was correlation. Moreover, the measurement of service quality was based on customer behaviour and attitude premised on the SERVQUAL models. The study revealed that Barclays Bank Ghana Limited groups various customers into four market segments as follows: standard or mass segment, premiere life or prestige segment, premiere segment and corporate banking segment. The main basis of market segmentation or variables of segmentation is the net worth of the customer and market segmentation has helped to enhance the customer service quality and customer delivery experience at Barclays as well as customer loyalty.

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LIST OF ABBREVIATIONS

ACRONYMS	MEANING
A.T.M.	Automated Teller Machine
B.B.G.L.	Barclays Bank Ghana limited
C.L.S.	Customer Loyalty Score
C.R.P.	Customer Relationship Profitability
G.C.B.	Ghana Commercial Bank
G.D.P.	Gross Domestic Product
I.T.	Information Technology
K.P.S.T.	Kumasi Prempeh II Street
MAD Day	Make A Different Day
P-E	Perception and Expectation
SERVQUAL	Service Quality measurement model
SMEs	Small and Medium scales Enterprise
S.P.S.S.	Statistical Package for Social Scientist
RC	Relationship Cost
RR	Relationship Revenue
RV	Relationship Volume
W.O.M.	Word of Mouth

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CHAPTER ONE

INTRODUCTION

1.1. BACKGROUND TO THE STUDY

Customers are the focal point of all marketing activities of the services industry which includes the banking industry. Organizations therefore have no other option than to define their products not as what the companies make or produce but as what they do to satisfy customers. Excellence in customer service can be achieved when organizations make efforts to understand and respond to customer expectations. The customer has largely been regarded as the lifeblood of every business organization. The marketing concept as a business philosophy holds the position that the long-term profitability of a business is best achieved by focusing the coordinated activities of the organization towards satisfying the needs of particular market segment(s) according to Gray et al. (1998). The banking industry as part of the financial services industry needs unwavering customer loyalty for profitability in this era of intense competition among the various financial intermediaries.

As a bank or financial services provider you cannot be all things to all people. The desire to treat all customers equally irrespective of their value to the organization is laudable but uneconomic service mantras that belong to the past. Players in the Ghanaian banking industry are utilizing their database management tolls together with individual customer information to categorize customers into various market segments to allow adjustments in the customer service levels, (including privilege fee waivers, customer supports, discounts, etc) to foster customer loyalty, customer retention and most impotently

profitability. However, as Hinson, et al., (2006) contend, in a competitive era, customer switching to other service providers is high especially when customers are dissatisfied with service provided. A study by Rosenberg and Czpeil (1984) however claims that it is between five to ten times more expensive to win a new customer than it is to retain an existing one. Bankers however should at least acknowledge that some customers are more profitable than others. It is therefore prudent from the business perspective to give more attention and priority to more profitable or attractive customer segments.

Marketing in the banking industry should be viewed as a strategic function that is charged with helping to lead a more customer-centric business model. Offering excellent customer service entails creating constant communication with all customers, most especially, high valued customers. Banks in Ghana gain competitive advantage for being able to price effectively; this demands sophisticated analysis of customer data, market segmentation and the use of information technology and bundling products in an attractive manner.

The importance of the role of an efficient banking industry in a developing economy like Ghana cannot be over-emphasized. The banking industry and other financial intermediaries facilitate the flow of funds for individuals, small and medium sized companies and other corporate bodies who use both long-term and short term credit facilities of banks for various purposes including investment and socio-economic development etc.

The last two decades have witnessed a drastic change in the way business is done in the financial sector, most especially in the banking industry. Information technology, government policies and globalization are some of the major factors that have gradually changed the operations of banks in Ghana over the last two decades. The significant

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increase in the number of banks in Ghana has resulted in intensive competition among all the twenty-eight licensed banks and other rural banks and savings and loans companies. This is partly due to the fact that all these financial intermediaries offer almost the same products and services.

The dwindling market share for most of the banks is due to competition; this therefore means efforts must be made to entice customers to stay loyal instead of spending more resources to win new customers. Kucukemiroglu (1999) recommended that banks follow market segmentation strategy in order to differentiate themselves by creating an image which is lined to or limited to the provisions of a few services or elements of service quality. The studies also revealed that among the common selection criteria for customers include the following; fast and efficient service and friendliness and convenience and efficiency for completing banking transactions. It is among these reasons that banks have adopted market segmentation in meeting the needs and expectations of their customers. In order to stay ahead of competitors banks have no other option than to provide superior and quality service to all class and segments of customers to foster customer loyalty and customer retention. Moreover, studies have shown that customers are six times more likely to repurchase a company's products over a period of one or two years when they are totally satisfied than when they are merely satisfied.

Market segmentation is a fundamentally important concept within the financial services industry. The customer segmentation process determines "the modus operandi" of all the functions that serve the customer. A key element for increasing market share and profitability in a fragmented market like the Ghanaian banking industry is through the strategy of market segmentation since stiffer competition in the financial services industry has resulted in the need for banks to identify various options for survival. The primary

objective of segmentation must be how to win and retain customers. Players in the financial services industry must concentrate on attracting new customers into their organization and most importantly efforts must be geared towards keeping such customers; market segmentation therefore offers an opportunity to do so. Unfortunately the financial services industry has been slow in taking advantage of market segmentation though it brings some benefits to such companies. However, most companies in various industries use market segmentation in achieving customer service excellence.

There are specific characteristics of the market of the finance industry including diverse customer base with varying needs and buying behaviour. These characteristics make the banking industry especially suitable for market segmentation. The changing and the increasingly more competitive market environment for financial service providers such as banks have recently resulted in some growing interest in market segmentation.

1.2.   STATEMENT OF THE PROBLEM

The dynamics of the business environment for financial services industry as well as the dynamics of the customer needs are not debatable. It is therefore very important for banks to respond to the changing needs of the customer and the business environment. Competition in the Ghanaian banking industry as a result of the proliferation of the banks in Ghana means customers now have a choice. Dissatisfied customers are therefore more likely to close their accounts and to take their accounts to competitors.

Poor customer service causes considerable damage to the goodwill of service industry players like banks and this eventually lead to financial loses and dwindling market share

since excellent customer satisfaction on the other hand has a positive correlation with profitability, growth and customer loyalty. To achieve excellent customer service in the service industry, banks must design products and services that meets the needs of various segments of customers and more so exceeds their expectations. Achieving customer satisfaction will be very difficult if financial service providers like banks fail to provide tailor-made products and services to high valued customers while simultaneously having a good package for the average customer.

In this era of shrinking markets, banks can gain competitive edge over rivals by devoting resources to improve customer satisfaction in order to retain existing customers instead of wasting useful time and resource to win new customers. In the various categories or market segments of banks, the needs of customers are diverse. It is therefore impossible for banks to access the needs of each and every specific customer separately since meeting the needs of customers on one-on-one basis is impossible. Banks therefore must adopt market segmentation strategy to overcome this problem by specializing to satisfy the needs of various segments of the market rather than addressing the requirements of individual customers separately.

The study therefore takes a critical look at how the banking industry in Ghana seeks to achieve customer service excellence by using market segmentation. The author will specifically narrow the study to Barclays Bank Ghana limited(BBGL) which has a good segmentation strategy to satisfy the various categories of customers in order to keep and increase the market share in the midst of stiffer competition from rival banks and other financial intermediaries.

1.3. OBJECTIVES OF THE STUDY

The specific objectives of the study are to:

1. To identify the various market segments and the basis of segmentation at Barclays Bank Ghana Limited (B.B.G.L.).

2. To measure the level of customer satisfaction for the various market segments of B.B.G.L.

3. To establish the effects of market segmentation on customer satisfaction, at Barclays Bank Ghana Limited.

1.4. RESEARCH QUESTIONS

The main research questions that were addressed by the study included the following:

1. What are the various market segments and the basis of segmentation at Barclays Bank Ghana limited.

2. What is level of customer satisfaction for the various market segments of B.B.G.L. customers?

3. What are the effects of market segmentation on customer satisfaction, at Barclays Bank Gh. Ltd.?

1.5.   SCOPE OF THE STUDY

The effect of market segmentation in achieving customer service excellence in the banking industry is the focus of the study. In this era of stiffer competition in the Ghanaian banking industry, this research has critically looked at how Barclays Bank Ghana ltd (B.B.G.L.) has segmented their various customers into various categories and how the bank has developed tailor-made products and services to meet the needs of the customers.

The choice of Barclays bank as the organization for this study was due to the fact that BBGL as the best foreign bank in Ghana (Emeafinance, African Banking Awards 2010) has successfully implemented market segmentation over the years to satisfy the various categories of customers. Barclays bank has operated in Ghana for the past ninety-four (94) years and currently has eighty three branches nationwide. Access to data for this study was easier than it would be for other financial institutions considering the constraints of time and other resources. Geographically, the study was conducted in Kumasi, the regional capital of the Ashanti region of Ghana. The motivation for the specific choice of the Prempeh II Street Branch in Adum (the major business or commercial area) in Kumasi was due to proximity and the fact that the branch has all the various departments, units and banking halls for all the market segments for the customer base of Barclays Bank Ghana Ltd. This branch therefore provides a good source of data for the study.

1.6.   SIGNIFICANCE OF THE STUDY

As Ghana seeks to attain middle income status, the importance of the financial sector in facilitating the development of the economy cannot be under-estimated. Competition in the Ghanaian banking industry has been triggered over the past decades after the passage of the universal banking law which caused the proliferation of banks nationwide. The Banking sector is now characterized by increased customer choice and new products and services development. The survival and profitability of financial intermediaries in Ghana depends largely on what will drive customer choice. Players in the Ghanaian banking industry must make efforts to attract the most profitable segments of the market and to forge closer relationship with such high valued customers whilst retaining the average customer who is part of the mass market. Most international banks all over the world, e.g. Citibank, Royal Bank of Canada, Barclays Bank Plc etc. are adopting market segmentation and customer relationship management as a strategy to serve their customers better and to increase customer loyalty in the face of stiff competition.

The significance of this study to the researcher includes the depth of knowledge the researcher will acquire in the area of market segmentation in the services and banking industry. This project also offers the researcher the platform to apply knowledge in the area of scientific research in the marketing field and other areas of academic pursuit. Among the stakeholders who can benefit from the study include the following;

The management and staff of Barclays Bank Gh. Ltd will get to know of the impact of market segmentation strategy on customer satisfaction. The study will identify problems customers encounter in the various segments for management to re-strategize by developing different products and services for effective customer satisfaction.

Customers who get access to findings from this study can recognize the market segments that better address their banking needs in Barclays Bank and hence make informed choice.

This study seeks to contribute to the body of knowledge that can be used by scholars and researchers in the field of academia to develop further studies. The study adds to the body of knowledge in the area of marketing in the banking industry.

Knowledge from the study can be used by the marketing department of other banks in the industry as a basis of developing business strategies and specifically, market segments for their customers and to promote customer service excellence.

1.7. BRIEF RESEARCH METHODOLOGY

In the quest to make this study`s results dependable and reliable, a scientific data collection method would be employed. Both primary and secondary sources of data would be used since the subject matter required an in-depth enquiry from both customers and the institution under study. Data used to execute the literature review of the study was gathered from the internet, professional magazines, research papers journals, textbooks, articles, unpublished papers, to mention but a few. The main instrument used for gathering primary data was Questionnaire because of the numerous advantages including cost and its ability to help cover a large number of respondents within a short time in order to achieve the objectives of the study. The specific sampling technique used for this study is the Quota sampling and purposive sampling. The total population of the study is thirty-four thousand and forty (34040), comprising of both customers and permanent staff

of K.P.S.T. branch of B.B.G.L. Microsoft Excel 2007 and the Statistical Package for Social Sciences (S.P.S.S.) would be used to analyse and interpret data with the help of various statistical methods such as correlation. These software have the ability to generate charts, percentages, frequencies, etc. from the computed data.

1.8. LIMITATIONS OF THE STUDY

The researcher found difficulties getting access to accurate information from customers. Some institutions were reluctant to open their doors to release classified information to the researcher. Funding was also one major problem encountered as this study was not sponsored by any organisation. Some constraints observed during questionnaires administration include: low response rates; no interviewer intervention; inability to seek clarification, etc.

1.9. ORGANIZATION OF THE STUDY

The study is organised to comprise of the following five main chapters:

Chapter one covers the introduction and background of the study, the statement of problem, the aims and objectives of the study, the research question, scope of the study, significance of the study, research methodology, problems of the study and finally the structure and organization of the study. Chapter two is about the review of the relevant literature on market segmentation, segmentation variables and customer service, overview of banking in Ghana and market segmentation in Barclays Bank Ghana Ltd. This helps to come up with a clear theoretical framework to be used in analyzing the findings of the

study and to acknowledge similar studies in this area of study. Chapter three elaborates on details of the methodology for the study. The reason for the selection of the data collection method is justified in this chapter. The sampling procedure, sampling unit and sampling size, data collection and analysis methods and data presentation is also included in this chapter. Chapter four contains the analysis of data, presentation of the report on the study and discussions on the findings of the study. Chapter five is the final chapter and comprises of the summary of findings, conclusions and recommendations of the study.

CHAPTER TWO

LITERATURE REVIEW

2.1. INTRODUCTION

"Market segmentation may be the critical marketing skill for financial institutions in the new environment...Simply put, yesterday segmentation was merely helpful for financial institutions; today and tomorrow it is either segment or die."

Donnelly et al. (1985).

A good conceptual or theoretical foundation is essential if a study is to be put in the right perspective, though concepts have the limitation of being abstract in nature (McGuire, 1989). However, concepts serve as guiding principles and provide a framework and scope within which a study is conducted since concepts make complex processes simple and systematic.

Under the literature review which is the second chapter of the study, we will discuss various research works for and against the research question related to market segmentation in the banking industry in Ghana and other related industries beyond national boundaries. The chapter goes on to establish the linkages between market segmentation and other key marketing strategy variables such as service quality, customer service, customer loyalty, market share and customer profitability. The review of prior literature will be discussed as follows: Market segmentation explained, market segmentation process and variables, segmentation basis in the banking industry,

importance of market segmentation and challenges in the implementation of market segmentation, etc.

In order to enable appreciation of the applicability of segmentation in different environmental settings and the banking industry in Ghana, the study will also focus on the application of market segmentation in the financial services industry in other countries and also take a look at the overview of the banking industry in Ghana, profile of Barclays Bank Ghana Ltd (BBGL) and market segmentation in BBGL.

Marketers all over the world have recognized that it is impossible for the target audience of a particular product to be alike. They differ in terms of demographics, attitudes, needs, location, social affiliations and etc. Most markets are made up of different individual customers, sub-markets or segments and they have different needs, expectations, taste and etc. Segmentation and targeting of customers allows the marketer to develop and deliver a product that satisfies the target audience needs and wants (Pickton and Broderick, 2005). It is therefore a necessity to establish the needs and values of the target customers within each segment, in order for companies to promote their products, brands or services appropriately.

Market segments can be characterized in different ways. One way is to characterize the preferences of the target customers; *homogeneous preferences*, referring to customers that roughly have the same preferences. Secondly there are d*iffused preferences* which mean that the customers vary in their preferences and finally *clustered preferences* which mean that the natural market segments emerge from groups of consumers with shared preferences (Kotler and Keller, 2009).

2.2.   AREAS OR TYPES OF MARKETING

When talking about market segmentation it is necessary to briefly mention the three areas of marketing which is to be taken into consideration when marketing a product.

The first area is *mass marketing*. It covers the area of mass production, mass distribution and mass promotion of products to all buyers (Gunter and Furnham, 1992). However, marketers have realized the great variety in each individual customer and therefore the market segmentation is a helpful tool for the marketers to customize their marketing programmes for each individual customer (Dibb and Simkin, 1999). The second area is *product differentiated marketing*. The marketer produces two or more products that display different features, styles, quality, sizes etc. The third, and dominating, area is *target marketing*. The marketer distinguishes among a variety of market segments, chooses one or more of the segments and then develops products and marketing mixes customized to each segment (Gunter and Furnham, 1992).

In business it is a matter of being able to communicate your message in a persuasive way. Companies therefore need to be able to adapt to their target audiences' needs, wants and values (Kotler and Keller, 2009). In order for companies to do so, they may ask themselves questions like; how the customers are? What do they buy? And where can they be found? It is not possible for the companies to reach out to all customers in large, broad, or diverse markets and therefore by dividing the customers into groups or segment(s), the company can choose which group they wish to target (Kotler and Keller, 2009).

2.3.   WHAT IS MARKET SEGMENTATION?

Markets consists of customers that have varying needs and buying behaviour and for most companies it is not realistic to try to satisfy all those needs because the customers are too many having too different needs and buying behaviour. The aim of market segmentation instead, is to overcome the conflict between the intentions to satisfy the customers' needs as individually as possible and to allocate marketing resources as economically as possible.

Historically sellers were engaged in mass marketing. They were into the mass production, mass promotion and mass distribution of one product to all consumers in order to obtain economies of scale. This approach of marketing segmentation made the producers to compete against their competitors in terms of products and services. Kotler says "the product differentiation is to provide variety to the buyers rather than to appeal to different segments". Mass marketing, the marketing of a single product to everyone, is rarely a viable strategy, just as it is to customize products to an individual.

Market segmentation is, briefly, the subdividing of a heterogeneous market into homogeneous subsets called segments, within which customers have the same or similar requirements satisfied by a distinct *marketing mix*. Marketing mix refers to the 'tools' or means available to an organization to improve the match between benefits sought by customers and those offered by the organization. This is usually the appropriate mix of product features, price, place (service and availability) and promotion and is often referred to as the 4Ps. Market segmentation is one of the fundamental principles of marketing. The basic tenet of market segmentation is that a heterogeneous group of customers can be grouped into homogeneous groups or segments exhibiting similar

wants, preferences, and buying behaviour. The process enables companies to target specific market segment(s), design more suitable marketing mix variables (price, product, promotion, and distribution), and develop more effective positioning strategy

A group of individuals or organizations having similar characteristics causing them to also take on a similar product or service need is called a *market segment*. This term applies to consumers who are classified into groups according to the use of a similar product or service. Market segmentation involves the grouping of customers together with the aim of better satisfying their needs whilst maintaining economies of scale. It consists of three stages and if properly executed should deliver more satisfied customers.

Kotler and Armstrong define market segmentation as "*dividing a market into distinct groups of buyers who have distinct needs, characteristics, or behaviour and who might require separate products or marketing mixes*" (Armstrong and Kotler, 2005). The concept of market segmentation is mentioned as being one of the key elements of modern marketing and is, as mentioned, the process of dividing the market into several groups or segment(s) based on factors such as demographic, geographic, psychological and behavioural factors. By doing so the marketers will have a better understanding of their target audience and thereby make their marketing more effective (Gunter and Furnham, 1992). This is due to the fact that by using the analytical process that puts customers first, the marketer will get more satisfied customers and thereby gain a great advantage over competitors (Dibb and Simkin, 1996).

2.4.   THE SEGMENTATION PROCESS

The three stages of the segmentation process are; segmentation, targeting, and positioning.

Segmentation variables: The first stage of the segmentation process involves the selection of suitable variables for grouping customers. These are also referred to as base variables or the segmentation basis. There is rarely one best way of segmenting a market and more than one variable can be used. *Segmentation analysis*: Research also plays a very vital role in segmentation as segmentation analysis requires a range of data form a wide variety of sources on markets, customers' attitudes, motives and behaviour as well as competitor information.

Targeting: Targeting is the next step in the sequential process and involves a business making choices about segment(s) on which resources are to be focused. There are three major targeting strategies: undifferentiated, concentrated, and differentiated. During this process the business must balance its resources and capabilities against the attractiveness of different segments.

Positioning: This follows on logically from the segmentation and targeting stages. Customer perceptions are central to the product position especially in relation to the competition's offering. The product or service has to satisfy key customer requirements and this has to be clearly communicated to customers.

From the above, one can draw the conclusion that, the sequential logic used in most marketing management text books are the following: identify your target segment; describe the characteristics of the segment members; determine their needs as to the

product that you are selling, adapt the marketing mix components according to the segment's needs, sell the products, get increased product profitability and thus increased profitability of the firm. Criticism from one school of thought is that it is increasingly difficult to build marketing activities on the notion of a market. The "markets" are fragmenting rapidly and we are moving towards a time when the only relevant segment is the individual customer.

2.5. BENEFITS OR IMPORTANCE OF MARKET SEGMENTATION

Globally, the need for market segmentation arises as markets are becoming increasingly diverse and it is rare for mass marketing to be a profitable strategy. Market segmentation therefore enables more accurate and effective communication of benefits in relation to needs. Market segmentation also helps to identify growth opportunities for the bank. Market segmentation leads to better understanding of the customers and competitors, more effective allocation of resources, and capitalization on the opportunities (i.e. niche markets). Research has shown that companies that implement formal, research-based segmentation strategies receive higher revenues and market share than competitors.

Market segmentation can bring about many benefits for companies such as the following;

Better communications with and understanding of customers' needs and wants.

Improved design of products and services which better fit the needs of the segment.

Gaining a reputation for expertise and quality in serving specific segments of the market.

Enabling the most profitable customer groups to be given special attention thus improving loyalty and retention, also more efficient use of company resources.

Segmentation aids clearer identification of market opportunities.

It also generates more positive responses on the product and service offer.

Ultimately, segmentation leads to customer satisfaction.

2.6. BASIS OF MARKET SEGMENTATION OR SEGMENTATION VARIABLES

"The largest problem is how to subdivide the market." (Moriarty & Reibstein 1986)

Companies have many variables to use, alone or in combinations, when trying to find the best way to view their markets. Often researchers group the different segmentation variables into four broad categories; geographic variables, demographic variables, psychographic variables, and behavioural variables. Players in the banking industry segment their market into more or less homogeneous groups, in terms of their needs and expectations from the banking industry. Marketing strategy of a bank should involve dividing or categorizing the market into major segments; targeting the segments to be catered by the bank; and finally, developing the products and marketing programs to take care of the selected segments. Each segment of the market may demand different products and require different marketing mix to address the demand. Banks should, therefore, develop the profile of different market segments and then the targeted market segments should be selected based on their attractiveness. After banks have identified the market segments that they might address, the next steps will be positioning of the product into the targeted market segment. Retail market can be segmented on the basis of demography, geography, social class and cultural value.

1. **Demographic Segmentation**

This variable divides customers into segments based on demographic values. Among the demographic bases are age, gender, family size, family life cycle, income, occupation, education, religion, race, generation, social class and nationality (Armstrong and Kotler, 2005).

The demographic segmentation is often used in market segmentation for the reason that the variables are easy to identify and measure; finally they provide a description of the target customers so marketers can target a desired target market.

2. Geographic Segmentation

The geographic segmentation divides customers into segments based on geographical areas such as nations, states, regions, counties, cities or neighbourhoods. It is important to segment according to geographic, due to the fact that the purchasing behaviour of the customers are influenced by where they live, work etc. (Gunter and Furnham, 1992). Furthermore as a result of an increase in the globalisation today the geographic segmentation has been linked to other differences in socio-economic and demographic characteristics. The result of this type of segmentation is referred to as *geodemographics* (Gunter and Furnham, 1992).

3. Psychographic Segmentation

This variable is derived from two principal profile of customers; personality profiles and lifestyle profiles (psychographics). Psychological profiles are often used as a supplement to geographic and demographics when these does not provide a sufficient view of the customer behaviour. Psychographic segmentation therefore divides people according to

their attitudes, values, lifestyles, interests and opinions (Pickton and Broderick, 2005). Furthermore some marketers have used personality variables to segment the markets.

4. **Behavioural Segmentation**

This is based on the customers' attitude toward, use of, or response to a product. Many marketers believe that the behavioural variables such as occasions, benefits, user status, usage rate, buyer-readiness stage, loyalty status and attitude are the best starting points for constructing market segments By combining the different behavioural variables, it is possible for marketers to get a view of a market and its segments and thereby the marketer can enhance its targeting strategies (Kotler and Keller, 2009).

2.7. MARKET SEGMENTATION VARIABLES IN THE BANKING INDUSTRY

'Marketing' arrived in the financial world in a big way during the 1980s (Jenkins & McDonald, 1995). Fortunately, unlike many businesses, banks clearly know who their customers are. But the switching costs for these customers are high when compared to other industries. This means that banks have traditionally enjoyed a high level of customer retention. This therefore offers a great opportunity for developing financial products and selling the variety of services available from the bank into a known customer base. The need for segmenting the customer base is a function of the differences between customers in terms of preferences, sales volume, transaction intensity, and customer profitability. The Bank presents a different type of situation where the organization has a customer based approach as to how it segments the market place.One

of the rational ways of segmentation could be diving the banking market into retail and wholesale market and subdivide the market into various segments. Subsequently, Retail market can be segmented on the basis of demography, geography, social class and cultural values. We argue that the key attribute to be used in order to determine the need for segmenting the customer bases is the distribution of profitability within the customer base. Market segmentation must have certain qualities that make it possible to specialise the marketing approaches. The segmentation must be measurable in terms of the criteria used for segmentation; accessible through the distribution system; and sizable in volume in order to generate the economy of operations.

Furthermore, review of literature has brought to the light four basic ways to segment customer bases: (1) segmentation based on combining relationship revenue and relationship cost, (2) segmentation based on relationship volume, (3) segmentation based on customer relationship profitability, (4) segmentation based on combining relationship volume and customer relationship profitability. (Storbacka, 1994; Shapiro et al., 1987; Howell and Soucy, 1990). The interesting finding in these applications is that the different segmentation solutions emphasize different aspects of the customer bases and different profitability drivers. Thus, the choice of segmentation solution strongly influences the design of the strategic development of the bank.

2.7.1. SEGMENTATION BASED ON RELATIONSHIP REVENUE AND RELATIONSHIP COST

Customers can be grouped into four clusters of customers:

SOURCE: Storbacka, K(1997).

Relationship Revenue (RR)
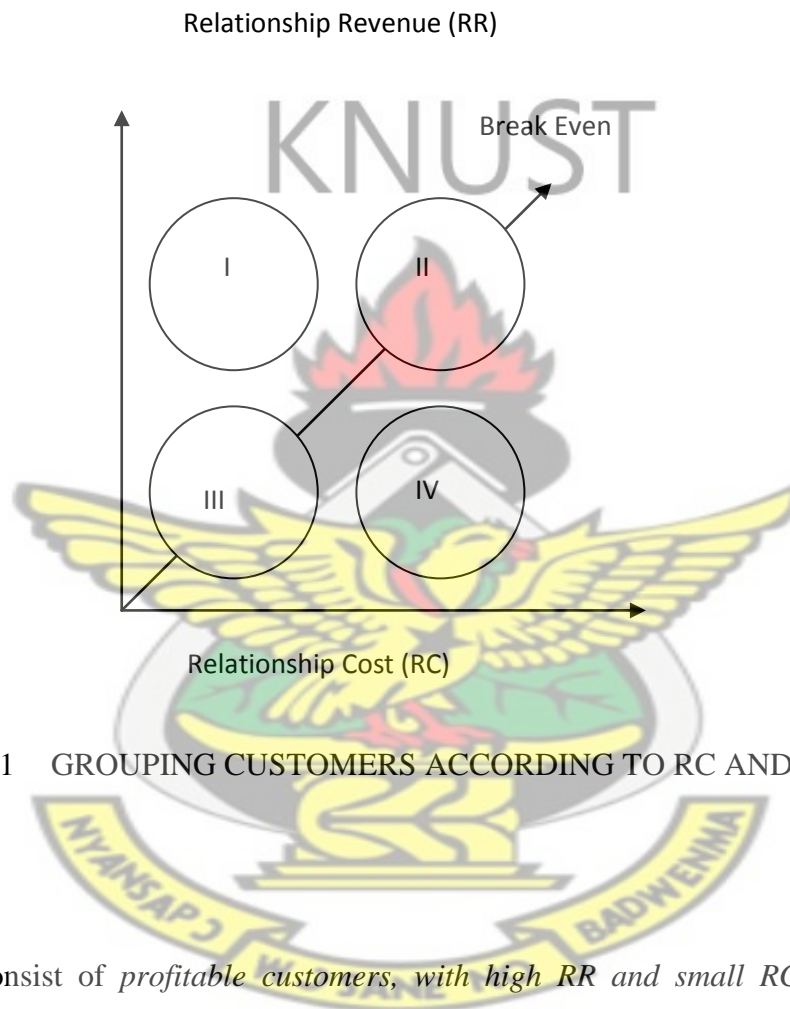
FIGURE 2:1   GROUPING CUSTOMERS ACCORDING TO RC AND RR

Group I consist of *profitable customers, with high RR and small RC.* Based on our understanding of the structure of RR and RC we can expect these customers to be passive customers with fairly big relationship volume and limited transaction behaviour. The customers in this quadrant are probably customers towards whom the bank needs to adopt a defensive strategy. The basic aim of the defensive marketing strategy would be to reduce customer exiting and switching.

Group II consists *of customers with high RR and high* RC. This group includes both profitable and unprofitable customers. The customers are probably active, with high relationship volume and many interactions with the bank. Their RC is high, and at the same time they represent a major potential: by changing the behaviour of the unprofitable customers, the customer base profitability can be greatly improved.

Group III consists of *customer with low RR and small RC.* This group, too, includes both profitable and. unprofitable customers, but as their RR is limited, they do not represent the same kind of profitability potential as the customers in group II. The bank would need to know the possibilities for increasing the customers' patronage concentration.

Group IV consists of *unprofitable customers, with low RR and high RC.* These customers are probably not partial customers; more likely the customers in this group are low net worth customers who are still active. The proportion of younger customers in this group might be expected to be high.

Volume Based Segmentation:

This is the simplest and the most popular way to segment bank customers. The basic idea is to use some sort of volume indicator (deposit volume, loan volume, a combination of both, or some other volume indicator) to generate groups. Most commercial banks have employed volume based segmentation at least in order to find target groups for "private banking" activities. The volume indicators have usually been customer holdings in the bank in the form of deposits and investment activities. According to Donnelly, et al. (1985), **t**hese customers are usually in literature) related to as "high net worth" customers.

Bank's ability to help a customer to produce value for her/himself is evaluated using totally different criteria among high volume customers compared to low volume customers.

Profitability Based Segmentation:

This is the third possible way to segment the customer base and it is to base the grouping directly on customer relationship to profitability. The two basic approaches to do this are: to base the grouping on relative profitability (relative to the total customer base) or to group customers based on their absolute profitability. The customer base may thus be grouped in for instance four groups. Group A consists of the 20% most profitable customers, group B consists of the next 30%, group C of the next 30%, and group D of the 20% that are the most unprofitable. Based on the segmentation, we can determine that group A consists of the customers that the bank has to defend against other competitors, the basic idea being to increase relationship strength, etc.

2.7.2. SEGMENTATION BASED ON RELATIONSHIP VOLUME AND RELATIONSHIP PROFITABILITY

The fourth way to segment customer bases is to combine volume-based segmentation and Profitability based segmentation. The customers are grouped into four groups: high volume/positive contribution (winners); high volume/low or negative contribution (problems); low volume/positive contribution (potential); and low volume/low or negative contribution (losers). In Figure 2.2, we have depicted four different groups of customers that can be identified based on combining relationship volume (RV) and customer relationship profitability (CRP).

Relationship Revenue (RR)

Relationship Volume
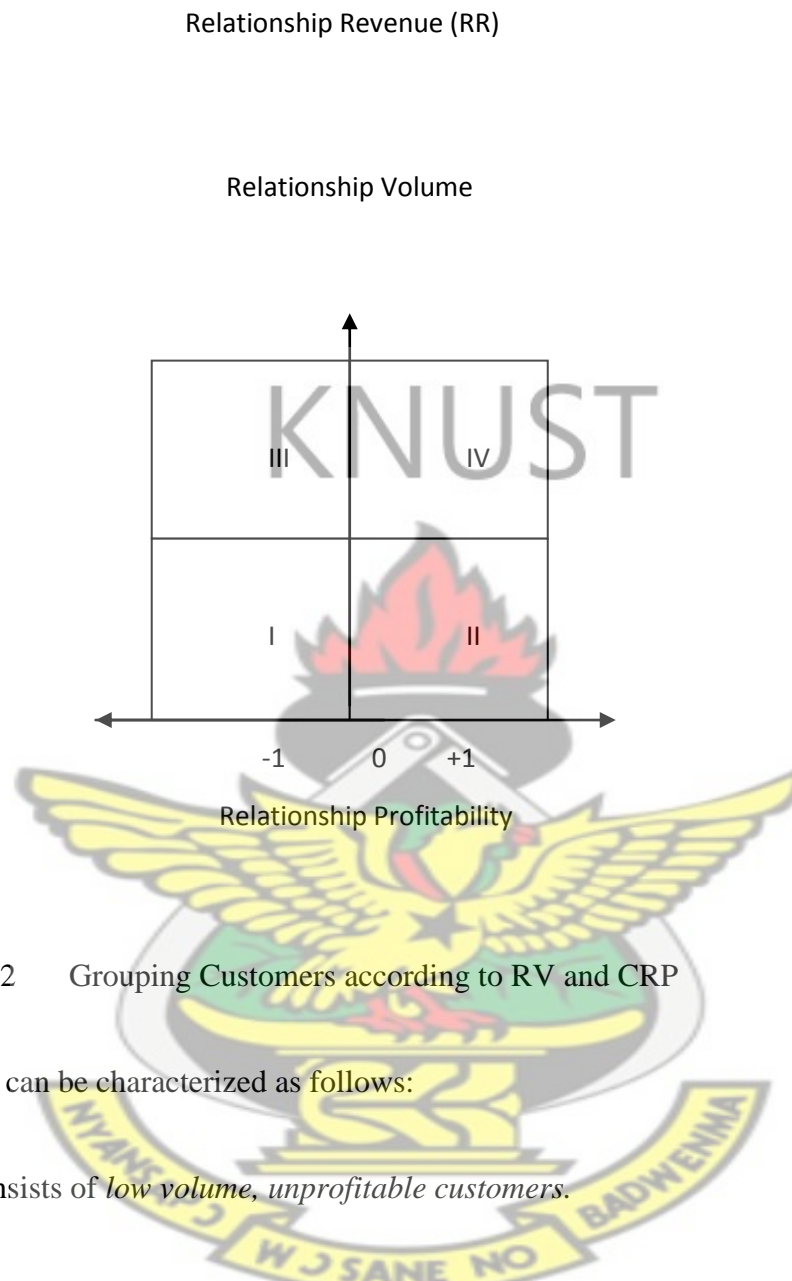
FIGURE 2.2   Grouping Customers according to RV and CRP

The groups can be characterized as follows:

Group I consists of *low volume, unprofitable customers*.

Customers in this group are unprofitable because of their unfavourable transaction behaviour in combination with their low volumes. The only way to-in the short term-improve the profitability of the customers is to concentrate development efforts on their transaction behaviour; to change the behaviour and/or price of the transactions that create the problem in order to get more relationship fee revenue.

Group II consists of *low volume, profitable customers.*

These customers are mostly "passive" customers, i.e., customers with limited transaction behaviours. This can be as a result of one of two things: they use the bank under investigation as their second or third bank and thus generate their transactions in the bank where they have their salary account, or they have a very limited need for transactions.

Group III consists of *high volume, unprofitable customers.*

These are the "dogs" of the customer base. Customers in this group may be unprofitable either because of unfavourable pricing or because of excessive usage of low or un-priced transactions. As the customers in this group are high volume customers, there may be a notable profit potential in managing to influence the factors decreasing the performance of the customers.

Group IV consists of *high volume, profitable customers.*

These are the "cash cow" customers of the bank. Most of these customers are among the first quartile in the profitability and thus the bank is very dependent on this group. Defections in this group may seriously damage the profitability of the total customer base.

In conclusion, when identifying the target customers it is necessary to consider the variables of the different types of segmentation. The next step is to evaluate the market segments and decide on which segments to direct their marketing strategies at. The final step is to position the product so the product satisfies the target customers' expectations and desires.

2.8.   CHALLENGES OF MARKET SEGMENTATION

Among the factors posing challenges to the market segmentation practices include one-to-one marketing (or mass customization) and the characteristics of postmodern consumers. It is argued that in the postmodern era the market is fragmented, where the postmodern consumer wants to experience the diversity and exhibit multiple self-images and lifestyles for different occasions. It is therefore said that consumers try several or many images, brands and products, both sequentially and simultaneously. Therefore the implementation of market segmentation practices may not be useful (Firat and Shultz, 1997). This, indeed, represents a significant challenge for marketers because per the suggestions of the concept of market segmentation an individual may belong to different segments not only at the same time, but also at different points in time. It is further argued that there is the need for more future research on overlapping segments in identification of multiple consumer images, benefits, and/or motivations and more empirical studies will be needed to examine the stability of segments overtime, which will require longitudinal and cohort studies. The option is that perhaps the companies will use occasion-based segmentation. The two key factors that will affect segmentation in the future are competitive and technological forces. In addition, there is a rising trend towards one-to-one marketing.

2.9.   CUSTOMER SERVICE

A service is the intangible equivalent of an economic good. It is important to deliberate on the *characteristics of Service* before customer service can be appreciated

Intangibility: The service cannot be touched or viewed, so it is difficult for clients to tell in advance what they will be getting;

Inseparability: The service provider is indispensable for service delivery as he must promptly generate and render the service to the requesting service consumer. The service is being produced at the same time that the client is receiving it (e.g. during a legal consultation);

Perishibility: unused capacity cannot be stored for future use. For example, spare seats on one aeroplane cannot be transferred to the next flight, The problem of perishibility is sometimes overcome by pricing strategies or other incentives to use the service at 'unpopular' times (e.g. cheap rate phone calls, or guarantees of faster service at certain times of day).

Heterogeneity (or variability): Each service is unique. It is one-time generated, rendered and consumed and can never be exactly repeated as the point in time, location, circumstances, conditions.services involve people, and people are all different. There is a strong possibility that the same enquiry would be answered slightly differently by different people (or even by the same person at different times). It is important to minimize the differences in performance (through training, standard-setting and quality assurance)

Simultaneity: Services are rendered and consumed during the same period of time. As soon as the service consumer has requested the service (delivery), the particular service must be generated from scratch without any delay and friction and the service consumer instantaneously consumes the rendered benefits for executing his upcoming activity or task.

People often try to overcome some of these difficulties by ensuring that the physical manifestations of the service (the people running it, the library building, printed search

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results, web pages etc) indicate the quality of the service. The people running the service are more likely to inspire confidence in the service if they are responsive, reliable, courteous, and competent.

Customer service is the provision of service to customers before, during and after a purchase of a product or service. Customer service is the practice of providing customers with a positive, helpful experience when they enter a business, throughout the time they stay at the business, and even after the customer leaves, i.e. should they have additional questions or products to return. Customer service is a series of activities designed to enhance the level of customer satisfaction-that is, the feeling that a product or service has met the customer expectation. Good customer service is the lifeblood of any business. Customer service is also about how an organization delivers its product or service. Excellent customer service is the process by which an organization delivers its products or services in a way that allows the customer to access them in the most efficient, fair, cost effective, and humanly satisfying and pleasurable manner possible. Excellent customer service refers to the ability of an organization to constantly and consistently exceed the customer's expectations; this promotes customer retention and loyalty.

2.10. SERVICE QUALITY

There are two main schools of thought on service management. The European school of thought led by the work of Gronroos (1994) believes that consumers perceive service quality from two perspectives: the technical quality and the functional quality of the service. Technical quality asks the question of whether the service meets customers' expectations. The functional quality measures how consumers perceive the production and delivery of the service. Both are required to influence consumers' service quality

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evaluations and loyalty behaviours (Richard and Allaway, 1993). The European school attracted criticism because it excludes the service physical environment.

The American school of thought later presented a new conceptualisation of service quality and leans on the work of Parasuraman, et al., (1985, and 1988) and has since been adopted by many scholars researching service quality. Parasuraman, et al., (1985, 1988) conceptualised service quality as overall assessment of the difference between perception and expectation of service delivery based on data collected on 12 groups of consumers. Parasuraman, et al., (1985) concluded that consumers evaluated service quality by comparing service to be received (expected) and service actually received (perceived) on 10 dimensions which were subsequently collapsed to 5 dimensions because they overlapped amongst each other. This pioneering research suggested that perceived service quality is based on multi-dimensional factors relevant to the context. The five dimensions of service quality that customers rely on to form their judgement of perceived service quality as posited by Parasuraman et al., (1988) include the following:

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

2. *Responsiveness*: willingness to help customers and provide prompt service.

3. *Assurance*: employees' knowledge and courtesy and their ability to inspire trust and confidence.

4. *Empathy*: caring, individualised attention given to customers.

5. *Tangibles*: appearance of physical facilities, equipment, personnel, and written materials.

In order to operationalise the five dimensions of perceived Service Quality a scale, known as SERVQUAL, consisting of 22 items was developed to measure service quality based on the gap between Perception and Expectation (P-E). Customers provide two scores, in identical Likert scales, for each of 22 service attributes; one score indicating their expectations of the service delivered by excellent companies in a specific service sector and the other reflecting their perceptions of the service delivered by a service provider within that sector (Tsoukatos and Rand, 2006). Service quality for each attribute is then quantified as the difference between these two scores. Thus SERVQUAL measures gaps in a firm's service delivery and has been used extensively in the United States and Europe. However, critics have questioned its reliability, operationalisation of the gap score (Brown, et al., 1993), definition of expectation, generalisation of the dimensions and the definition of good service quality. This has led to an alternative conceptualisation of service quality.

The numerous criticisms levelled against Parasuraman, et al., (1988) SERVQUAL have given rise to the introduction of new service quality measures but SERVQUAL model remains the cornerstone of a majority of all other works. Cronin and Taylor (1994) developed a performance-based measure of service quality labelled SERVPERF following on from their beliefs that the conceptualisation and operationalisation of service quality (SERVQUAL) were inadequate. They argue that 'performance' rather than 'perception-expectation' determines service quality and provide substantial evidence to show expectations have little or no impact on the evaluation of consumers, particularly in relation to service quality. For example, combining expectations and perceptions into a single measure outperforms the SERVQUAL scale in terms of both reliability and validity (Babakus and Boller, 1992; Brown, et al., 1993; Dabholkar, et al., 2000).

From the review of the theoretical concepts underpinning service quality, it is evident that blanket adoption of the SERVQUAL scale is not always beneficial and there is the need to modify the scale to suit the research purpose in order to provide valid and reliable results.

2.11.   THE CONCEPT OF CUSTOMER LOYALTY

Customer loyalty is undeniably indispensable in strategic decision making especially in the financial services industry. This is because has to do with the fact that it costs more to attract new customers than to retain old ones. Loyalty conceptualisation has two dimensions- attitudinal and behavioural. Attitudinal loyalty reflects a situation whereby different feelings create an individual's overall attachment to a product, service or organisation (Fornier, 1994). The other dimension is behavioural. This reflects the degree to which attitudinal feelings are translated into loyalty behaviour. In other words it reflects intentions being translated into actions. Examples of loyalty behaviours include continuing to purchase services from the same supplier, increasing the scale and scope of a relationship, or the act of recommending a product or service (Yi, 1990; Best, 2009). Other authors have noted customer loyalty to reflect purchase frequency and Word of Mouth (WOM) recommendation (De Ruyter et al., 1998). Reichheld (2003) opined that the strongest evidence of customer loyalty is the percentage of customers who are ready to recommend others to a particular product or service.

The question is "*what is true loyalty*"? In the observation by Dick and Basu, (1994) sustained loyalty is attainable when customers exhibit both positive attitude toward the object, and repeat patronage behaviour. The behavioural intention of being loyal is influenced by whether the customer is satisfied or dissatisfied with the service provided.

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The attitudinal aspect of customer loyalty encompasses long-term emotional commitment and trust to the organisation, its services, products and prices. The prevailing idea is that service quality is an antecedent of customer satisfaction and that satisfaction influences the loyalty behaviour of customers.

Best (2009) has developed the concept of customer loyalty into measurable metrics. He expressed customer loyalty as an index computed as: Customer Loyalty Score (CLS) = customer satisfaction x customer retention x customer recommendation. Based on the literature we shall use the following cues as measures of customer loyalty in the Ghanaian banking industry.

Satisfaction: level of customer contentment with the products and services of their banks.

Word of Mouth: the frequency or potential to recommend others to patronise the services of a customer's primary bank.

Repeat Purchase: consistent repeat purchase of a bank's product and services. This is reflected in the intention to remain with the bank for the long term.

2.12. SERVICE QUALITY, CUSTOMER SATISFACTION, CUSTOMER LOYALTY AND PROFITABILITY

Rust, et al., (1996) in some studies have come out with findings that establish positive relationship of customer satisfaction to customer retention in retail banking. Literature on service management proposes that customer satisfaction influences customer loyalty (Hallowell, 1996) which in turn affects profitability. Yi (1990) carried out a critical

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review of customer satisfaction and concludes "many studies found that customer satisfaction influences purchase intentions as well as post purchase attitude."

Higher levels of customer satisfaction increase loyalty, decrease price elasticity, protect current market shares; decrease the cost of failures and of attracting new customers and help companies to build a positive corporate image (Anderson, et al., 1994). According to Tsoukatos and Rand (2006) financial service suppliers, worldwide, have recognized that a persistent customer satisfaction program is a most effective method of retaining customers and, hence, reducing the need of investments for attracting new ones. Buzzell and Gale (1987) earlier on found out that services of high quality result in more repeat sales and market share improvement. Lewis (1993) supports these findings and considers service quality as one of the most effective, and yet most difficult, means of creating competitive advantage and improving business performance. Lee and Hwan (2005) found that in banking, from the customer's perspective, customer satisfaction directly influences purchase intentions while, from the perspective of management, it significantly influences profitability. Bhatty, et al., (2001) have found that the top 5 loyalty drivers expressed as a percentage included (1) staff attitude (2) delivering on advertising promises, (3) favourable return policy (4) accurate product information and (5) treating customers as valued individuals.

2.13. OVERVIEW OF THE BANKING INDUSTRY IN GHANA

As a developing economy Ghana which is an agrarian economy has suddenly become the investment destination of Africa because of the discovery of oil in commercial quantities. Ghana can also boast of a vibrant financial or banking industry which is well regulated to provide the needed flow of funds for investment. According to the Ghana banking survey

(2009), Ghana had 25 regulated banks in 2009 and currently the number of licensed banks is twenty-eight. The bank of Ghana is the central bank of Ghana and it has the mandate to regulate the activities of banks in Ghana under the banking law in Ghana. The universal banking law in Ghana allows banking that includes investment services in addition to the services related to savings and loans. The banking sector in Ghana used to operate along the segments of Merchant, Commercial (retail), and development banks before the passage of the universal banking law to allow banks the freedom to engage in legal, unrestricted banking business under the same banking entity. The passage of the universal banking law in Ghana as well as allowing free market participation in the economy has contributed to the proliferation or establishment of new banks in Ghana over the past two decades; this has triggered or escalated competition in the banking industry in Ghana. There were twelve banks in Ghana by the year 1983. From the year 1993 till now there have been thirteen new banks (both foreign or international and local private/public banks). Over the past few years there have been mergers, acquisitions, privatization of state owned banks, etc. A key source of the funding for local banks is borrowing from foreign banks. Almost all the banks have adopted modern technology to network their branches and re-engineer their business operations for faster and efficient service, convenience to their customers through the use of automatic teller machines. There is also the introduction of internet banking and mobile banking via cell phone etc. to allow customers to get access to their accounts twenty four hours a day.

According to the Ghana Banking Survey report for the year 2011, the economy of Ghana recorded an end-year inflation of 8.6% in the year 2010 and reserve cover for 3.8 months of imports. The macroeconomic target for the year 2011 are: Real Gross Domestic Growth Rate of 12.3%, Average inflation target of 8.8% and end-period inflation target of

8.5%, there is also a target of not less than three months of import cover. The bank of Ghana policy rate as at December 2010 was 13.5%. The Ghana banking industry remained relatively stable in spite of the global financial crises. The impact of the recession caused Ghana to get a GDP rate of 5.1% for the year 2009 as compared to the rate of 7.3% achieved in the year 2008. Remittances and capital flow from other countries around the world have been seriously reduced because of the financial crises. 34% share of the total GDP is contributed by the Agriculture sector because of the continuous increase in the price of cocoa which is the major commercial crop exported to the international market by Ghana. On the other hand, the Ghanaian currency (the Cedi) lost grip against all the three major international trading currencies in the year 2008 according to the 2009 Ghana Banking Survey.

The bank of Ghana authorized an increase in the stated capital of banks in Ghana. This was sixty (60) million Ghana cedis foreign banks, i.e.; banks with foreign ownership by the year 2009 and twenty-five (25) million Ghana cedis for local majority ownership banks in 2008. According to the Ghana banking Survey the year 2008 saw most banks focusing on promoting existing products to improve visibility and upgrading their banking Information Technology (IT) platforms to enhance service delivery. Barclays bank had the highest additions (i.e. fifty-eight new branches) to the existing branches in 2008. In the same year the bank of Ghana introduced a common electronic platform (the E-zwich) to facilitate further development of the payment and settlement systems by linking all banks with a biometric smart card for all customers and non-customers

According to the Ghana Banking survey (2010), Barclays Bank Ghana Limited (BBGL) and Ghana Commercial Bank (GCB) collectively holds 29.4% of the industry's assets. GCB has 20.01% and BBGL has 13.3%. BBGL on other hand continued in the year 2008

to hold the largest share of the deposits in the banking industry (i.e. 15.7%). The gross loans and advances for the banking industry in Ghana grew by 47% for the year 2007 to the year 2008 with a larger part going into commerce and finance sector. In the year 2009 most banks increased their loan profitability. Refer to the appendix three for the list of banks in Ghana.

2.14. CHAPTER SUMMARY

The chapter reveals several literature and findings from various researchers on the subject matter of market segmentation to better give a clear understanding of it. The benefits and challenges of market segmentation are exposed in this study as well as the segmentation process. The general variables of segmentation and specific segmentation bases in the banking industry are also practically explained. The chapter further reviews literature on customer service, service quality, customer satisfaction and their relationship with customer loyalty and profitability.

In order to make the literature review more relevant for the purpose of this study, the researcher takes a look at the overview of the banking industry in the pre-reform and post-reform era of the Ghanaian banking industry. There is also a brief profile of Barclays Bank Ghana ltd and application of market segmentation in Barclays Bank Ghana limited.

CHAPTER THREE

RESEARCH METHODOLGY

3.1. INTRODUCTION

This chapter focuses on the research method or approach used in achieving the objectives of the study. The scientific research method used for conducting this study discussed in this third chapter.

3.2. DATA COLLECTION METHODS AND RESEARCH DESIGN

Cassell and Symon, (2004) defines Research Design as the argument for the logical steps which will be taken to link the research question(s) and issues to data collection, analysis and interpretation in a coherent way.

Data collection and analysis is the base of any scientific research. The method used should be chosen according to the problem and purposes of the research. In order to achieve the research objectives, the data collection method used for this study are both qualitative and quantitative methods. Qualitative approach is a useful tool in answering questions pertaining to the nature of phenomena with the main emphasis or focus on describing and giving meaning to them. Qualitative methods draw inductive conclusions from the study of issues in its entirety giving preference to detail (Creswell, 1994; Cassell and Symon, 2004). In contrast, quantitative methods of data collection examine aggregates and quantify data to arrive at deductive conclusions. Silverman (2005) points

out that contrary to the belief that one method is superior to the other, preference is based on suitability. However in exploring social phenomena, the effectiveness of qualitative research is unparalleled. The issue of preference is more of a tradeoff between breadth and depth as the strength of qualitative research lies in its careful attention to detail and in-depth analysis of issues at the cost of foregoing the study of a larger sample.

Qualitative methods include interviews, direct participation and case studies. For the purpose of achieving the objectives of the study, the researcher employed the case study approach. Note that Case studies come in handy when the "*research in question seeks to explore, describe and explain certain topics*" (Yin, 2002). Case study has the potential to extract rich, varied and in depth information about the organisations in focus. Again, it constitutes legitimate knowledge by combining data derived from both primary and secondary sources thus giving credence to validity, and reliability in data collected.

3.3. POPULATION

The population of a study may be considered as the number of all units of the phenomenon to be investigated that exists in the area of investigation, (Kumekpor (2002); Nachmias and Nachmias (1996), assert that population is the aggregate of all cases that conform to some designated set of specifications. As at 2010, Barclays Bank, K.P.S.T. Branch, Adum, Kumasi has a customer population of thirty-four thousand (34000) from all the various market segments with a larger percentage of the population belonging to the Standard Market Segment. The population of the study also includes forty (40)

permanent staff members including management members. The total population is therefore thirty-four thousand and forty (34040) people.

3.4. SAMPLE SIZE

In a study of this nature, it is highly impossible to study all the entire population or universe to provide an accurate description of them and to generalise the findings of the study. Due to practical problems involved in the research like limited time, money, energy and the need for data accuracy and other resources constraints, etc, a sample of the universe to be studied is sufficient for the purpose of this research (Twumasi, 2001). A sample is a part taken to represent a whole or entirety of the population. A sample taken should have all the characteristics of the population or universe. Kumekpor (2002) states that a sample of a population consists of that proportion of the number of units selected for investigation. Jankowiez (2002), further stressed that sampling is the deliberate choice of a number of people who are to provide the data from which conclusions about these people can be drawn. The sample therefore refers to the respondents who are the people selected by the researcher for interviews to get answers to the research questions (Twumasi, 2001).

From this huge customer population, a random customer sample size of fifty (50) were selected to administer questionnaires. An interviewe guide was also given to ten (10) management staff members of Barclays bank to seek some very important information

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from them. This sums up the total sample size as sixty (60). The questionnaires were evenly distributed to the sampled customers in all the four market segments based on the secondary data delivered by the institution under study as follows:

GROUP	SAMPLE SIZE
Corporate customers	Ten (10)
Premiere customers	Ten (10)
Premiere – life customers	Ten (10)
Standard banking customers	Twenty (20)
Management staff members of B.B.G.L.	Ten (10)
TOTAL SAMPLE SIZE	**Sixty (60)**

Table 3.1 Number of samples selected from various groups or segments within Barclays.

SOURCE: Researcher's own conceptualization based on secondary data from field.

3.5. SAMPLING TECHNIQUE OR APPROACH

There are two main types of sampling techniques used in various research studies: Probability sampling and non-probability sampling. Probability sampling gives each and

every unit within the population an equal chance of being selected. On the other hand non probability sampling procedure does not really give all the units the chance of being selected as part of the sample and hence the selected sample is not representative of the entire population.

The specific sampling technique used for this study is the Quota sampling: this type of non-probability sampling technique involves the selection of some people from each sector of the population. The elements are taken according to the proportion in which the researcher thinks they appear in the population and the critical requirement is that there should be enough cases from each segment of the population to get enough estimation of the population-stratum value. Basically, quota sampling remains non probabilistic in the sense that the sampling estimation and selection procedures are determined in a practical manner. It is therefore, difficult for the sampler to calculate meaningfully the extent and nature of error inherent in the sample estimates (Twumasi, 2001).

After identifying the various elements within each segment the researcher further used purposive sampling technique for selection of ten (10) Management staff members. An interview guide was administered to the management staff of Barclays to seek very important information for the purpose of this study. In purposive sampling, as the name implies, the researcher adhering to the objectives of the study, selects respondents who can answer his research questions. With good calculation and relevant research strategy the researcher picked the respondents he wanted to include in his sample. Using this technique, the researcher selected samples that are judged to typify the views of the group.

3.6. SOURCES OF DATA COLLECTION

3.6.1. SECONDARY DATA COLLECTION

Secondary data would be extensively used as it provides an opportunity to validate the information. Secondary data can be described as sources of information that are collected by a person or organization other than the users of the data and include both qualitative and quantitative data which are used in both exploratory and descriptive research. Secondary data consist of already processed data existing elsewhere. This type of data enabled the researcher to gather enough information on the subject matter (Kotler, et al., 1996).

The secondary data collected from the Barclays Bank, K.P.S.T. Branch, Adum, Kumasi revealed customers comments and population for the four major market segments for 2009 and 2010, and features of the market segments.

3.6.2. PRIMARY DATA COLLECTION

Kotler, et al., (1996), describe primary data as data obtained for the specific purpose at hand. In order to obtain current information about the phenomenon, the researcher used primary data to address the objectives. The primary data are collected using questionnaires as the research instrument. Knowing the secrecy attached to banking information like the marketing strategies, which can influence a company's competitive advantage, a letter of permission was issued by the researcher to the authorities of the

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bank. Upon agreement, the questionnaires were issued to the selected sample of respondents who fairly represent the population. Other source of primary data were also taken from the internet, electronic libraries, textbooks, academic journals, general business publications, company brochures, trade publications, unpublished and published thesis, research reports, annual reports government publications and etc. to review the literature for this study.

3.7.   DATA COLLECTION TOOL OR RESEARCH INSTRUMENT

By definition a research instrument is any type of written or physical device used to measure variables for the purpose of a study. The choice of a research instrument depends on many factors such as reliability, validity, ease of administering and interpretation among others. In this study, both Questionnaires and interview guide were designed to ascertain facts, test knowledge or information or discover opinions, attitude or beliefs. To test the reliability and truthfulness of respondents' answers, some similar questions that seek the same answers were asked to see whether the answers given were consistent.

Fifty (50) questionnaires were administered to the sampled customers. Each questionnaire had thirty nine (39) questions. This comprised of close-ended and open-ended questions. The close-ended questions provided possible answers for respondents to choose from and were relevant for the reason that they were easy and quick to answer. Analysis of closed-ended questions was also fairly easy and straight forward. Open-ended questions on the other hand were difficult to analyze but provide a very good means of getting respondents to express their views freely whist simultaneously probing customers for consistency and clarification of answers.

The justification for the use of a structured questionnaire includes the fact that it is affordable (economical) in terms of cost as compared to other instruments, and quite feasible considering the time frame since it allows researchers to cover a large number of respondents within a short time. The questionnaire also guarantees the anonymity of respondents thereby facilitating accurate information from the respondents. Accessibility is another benefit of this type of method as the sample elements could easily be reached. Convenience is also an important factor as the sample elements can undertake the survey in their convenient time. Questionnaires were administered by personal contact between the researcher and respondents. A sample of the questionnaire is provided in Appendix Three.

The interview guide administered to the ten management staff of Barclays comprised of fourteen unstructured (14) questions covering various aspects of the topic under investigation. The interview offered flexibility and created a learning environment in which both the researcher and respondents were involved in a purposive discussion.

3.8. PRETESTING OF QUESTIONNAIRES

In order to obtain information in such a way to make the results tenable, dependable and predictive, the questionnaire used for the study were taken through pr-testing. The researcher pre-tested the questionnaire by engaging ten (10) respondents who were made to read and answers question and provide feedback at the end of the studies. To ensure

comprehension and subsequently achieve the study's purpose, feedback from the respondents was used to revise the questionnaires whilst eliminating ambiguous questions that are quite irrelevant to the study's objectives. However, answers received during pre-testing stage were not used as part of the actual study but used for testing purposes only.

3.9. DATA PROCESSING AND ANALYSIS APPROACH

Findings and conclusion of studies like this can only be arrived at after the processing and analysis of data. The importance of data analysis in research is undisputable according to Yin (1989). The ultimate objective is to treat the evidence fairly, to produce compelling analytical conclusions and to rule out alternative interpretations. Therefore, the raw data collected through the questionnaires were taken through data cleaning and editing to eliminate errors and to ensure completion of all relevant questions. This involves the proofreading of the data to identify and correct errors and inconsistent codes (Nachmias and Nachmias, 1996). The next is coding which involves, classifying responses into meaningful categories. Coding is a system for preparing quantitative analysis of data using a number to symbolize words. Each questionnaire was identified by assigning serial numbers ranging from 01 – 50. And since some of the questions were open ended, a Coding Scheme was prepared to facilitate smooth transference of information from the questionnaires to the coding forms.

The coded data was then processed using computer software called the "Statistical Package for the Social Scientist" (S.P.S.S.) and Microsoft Excel 2007. The computer

programmer processed the data and translated them unto statistical tables for interpretation.

3.10. CORRELATION ANALYSIS TO DETERMINE THE EFFECTS OF MARKET SEGMENTATION ON CUSTOMER SATISFACTION

Correlation refers to the relationship between two variables. To determine association, we must first quantify both variables. For instance, customers' population would be quantified by using various market segments population in 2009 and 2010, determining the type of relationship existing between the response variable 2010 and the predictor variable 2009, vice versa using scatter diagram, and evaluating, the strength of the relationship between the two variables. When variables have been quantified, a measure of association needs to be calculated to determine the strength of the relationship. One of the most common measures of association is the *correlation coefficient, r*, which is a number derived from the data that can vary between −1 and +1. The method of calculation appears below as

$$r = \frac{n \sum (xy) - \sum x \sum y}{\sqrt{(n \sum x^2 - (\sum x)^2)(n \sum y^2 - (\sum y)^2)}}$$

When $r = 0$, it means there is no association between the two variables. An example of this might be the correlation between standard Segment and the number of customers having saving account. This is because saving account is a product that can be found in

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all the remaining market segments. When $r = +1$, a perfect positive correlation, it means there is a direct relationship between the two variables: a market segment that has a high customer population on one variable and also has a high customer population on the other, for example, 2009 can be exactly predicted from the customer population on the other variable, 2010. This kind of correlation exists only in deterministic models, where there is really a functional relationship. A correlation coefficient of -1 indicates a perfect inverse relationship, where a high customer population on one variable means a low customer population on the other and where, as in perfect positive correlation, there is no error of measurement. Correlation coefficients between 0 and +1 and between 0 and -1 indicate varying strengths of associations. These correlation coefficients apply when the basic relationship between the two variables is linear.

3.11. LIMITATIONS OF THE STUDY

The researcher encountered some problems in this research work. Among the problems were;

Time Frame: The time span within which to complete this work was not enough to allow for the study of all the banks in Ghana hence the case study the Prempeh II street branch of Barclays Bank Ghana limited in Kumasi Metropolis.

Sampling error: The choice of non-probability sampling technique for the study gives course for sampling error. In sampling theory, the larger the sample size, the more likely it is to approximate the true images of the population. The idea is to select a

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representative sample whose means approximates the population mean. The difference between sample mean and population mean is an error, (Twumasi, 2001).

Data Limitation: Due to the banking secret codes and the sensitive nature of some banking information especially concerning clients, some respondents were reluctant to give the information required. Limited time as stated above, restricted the author to a case study of only one bank. The researcher therefore was concerned that the findings would not be true representative of the customer service situation in the Ghanaian Banking industry.

Finally as in many human situations the researcher foresaw that some unintentional human errors would not be ruled out. Notwithstanding the above problems, the researcher assures all those who would read and use this piece of work that all efforts were made to eliminate or reduce to the barest minimum the problems above to ensure that findings will be representative or near representative of customer service in the Ghanaian banking industry. Overall, an all inclusive methodology was employed to ensure reliability and validity of the study. The use of documented information available at the companies', website, bank of Ghana's website, other journals and annual reports gave a general view of what banks say they practice. Secondly, the follow up investigation using primary sources served as reference points and a source of comparison to test for consistency of information provided.

3.12. ORGANISATIONAL PROFILE

Barclays Bank Ghana Limited (BBGL):

Barclays plc is a global bank which provides a range of financial services in 56 countries. Barclays provides retail banking services to both individual customers and businesses. Globally Barclays offers a broad range of financial products and services including current accounts, savings accounts and general insurance (www.barclaysplc.org), 14th March, 2011.

Established in Ghana in 1917 as Barclays Bank DCO (Dominion Colonial Overseas), the name of the bank was subsequently changed to Barclays bank Ghana limited (B.B.G.L.) to comply with government legislation. Barclays has operated in Ghana for ninety-four (94) years. BBGL is currently a wholly owned subsidiary of Barclays Bank PLC. BBGL is part of the Barclays Africa group comprising ten African markets under Barclays PLC. The vision of Barclays is to become the best bank for every customer, in every branch, for every product and every time. There are five guiding principles that are key to the way Barclays operates, these are:

Winning together: This is about achieving collective and not individual success.

Best people: this entails developing talented colleagues to reach their full potential, to ensure Barclays retains a leading position in the global financial services industry.

Customer and client focus: this is about understanding customers and serving them brilliantly.

Pioneering: driving new ideas, adding diverse skills and improving operational excellence.

Trusted: Acting with the highest intergrity to retain the trust of customers, essential stakeholders and colleagues.

With eighty-three branches and sales centres and one-hundred and thirty automatic teller machines (A.T.M.) across the country, BBGL has an expensive retail and commercial banking network in Ghana. The products and services of BBGL are targeted at businesses and corporate as well as retail customers who are individuals who belong to all class of society. In Ghana Barclays operates the following: RETAIL BANKING: everyday personal banking offered to individuals and CORPRATE BANKING: offers business banking services to corporate clients. There are treasury products and services and a range of commercial and retail products. Barclays offers various types of current and savings accounts for individuals. Barclays also offers business solution Accounts for Small and Medium scale enterprises (SMEs). There are corporate current accounts and call accounts for corporate institutions. Barclays has partnered with Enterprise Life Assurance Company ltd to offer insurance products to their numerous customers. There are also various types of loans offered to customers as well as foreign exchange services

Barclays bank Ghana ltd has been named as the biggest foreign bank in Ghana and also the largest bank in terms of capacity to handle transactions in Ghana (Ghana Banking survey 2010). According to the 2010 Ghana Banking survey, BBGL controlled 10.8% of the total assets of the banking industry in Ghana in the year 2009. BBGL also earned the accolade of the best bank in information technology in the year 2001, the bank of the year in Ghana for the year 2000 and 2002, etc. In the year 2010 at the Emeafinance African

Banking Awards, Barclays Bank Ghana ltd. was awarded the best foreign bank in Ghana. (Business and financial times 2/3/2011)

3.13. CHAPTER SUMMARY

This section discussed the methodological issues connected to our study. The chapter examined the research design, data collection methods, , study population, sample and sampling method, , sources of data collection, research instrument, and data processing and analysis approach, statistical method (correlation), limitations of the study, and finally, the organization profile of Barclays Bank Ghana Ltd. (the organization being studied). The focus here was on the approach used to achieve the aims and objectives of the study.
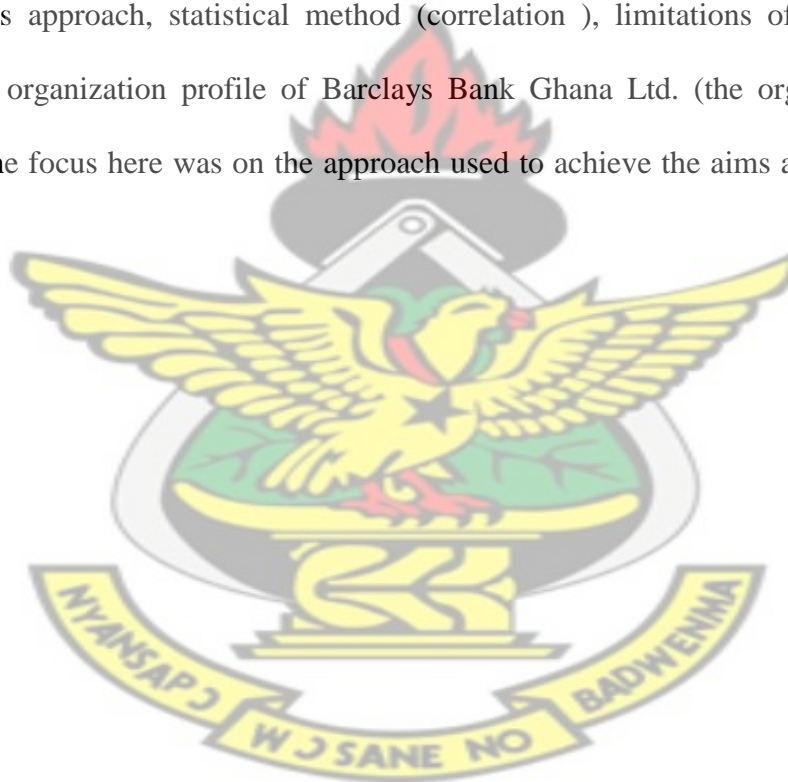
CHAPTER FOUR

DATA ANALYSIS AND DISCUSSION OF RESULTS

4.1.   INTRODUCTION

This chapter summarizes the findings from the research and provides details pertaining to the implications of the findings. Data obtained from the field through questionnaires are presented, analyzed and discussed. Though much detail is provided in this chapter, more data is in the detailed statistical tables in appendix one. This will provide additional information from a variety of perspectives. The discussions centre on how the strategy of market segmentation affects the customer service delivery of Barclays bank Ghana limited. The specific the objectives of the study are to identify the various market segments and the basis of segmentation at Barclays bank Gh. Ltd, to measure the level of customer satisfaction for the various market segments of BBGL customers, and finally to establish the effects of market segmentation on customer satisfaction, at Barclays bank Gh. Ltd.

Statistical tables and charts have been used to describe the responds provided by the respondents in answering the questionnaires which address the specific objectives of the study. A questionnaire was designed to seek information from fifty (50) customers and these involved thirty nine questions whilst an interview guide was designed to seek information from ten (10) staff members involving fourteen questions.

4.2.0. FINDINGS FROM CUSTOMERS DATA COLLECTIONS

This has been categorized under four different sub-sections which address the personal data of respondents and the three objectives of the study.

4.2.1. PERSONAL DATA OF RESPONDENTS

Information collected from the selected sample indicates that out of fifty customers selected, sixty percent (60%) of them are males whilst the other forty percent (40%) are females. Analysis of the age of respondents indicates that forty-eight (48%) percent falls within the range of twenty one to thirty years of age whilst thirty-four (34%) percent falls within thirty-one to forty years. The rest of the respondents have sixteen percent (16%) within the range of forty-one and sixty years whilst only two percent (2%) are under twenty years of age. All the respondents are literates as they have some level of education. Thirty-two percent of respondents have either a diploma or HND and twenty-eight percent have a university degree whilst eighteen percent have a second degree, sixteen percent of respondents have S.S.S.C.E. or A & O level and only six percent of sampled customers have primary level of education. When asked about the number of years for which the various customers have operated their accounts, thirty-eight percent of customers indicated three to six years, twenty-four percent have operated for only one to three years. Twenty percent of customers have also operated their account for six to ten years whilst sixteen percent of customers have operated their account for ten years and more. Two percent of customers failed to respond to this question on period of operating their account. Among the fifty customers selected as the sample, fifty-eight are individual customers whilst corporate or large business customers, small and medium scale

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customers and club or society customers have a representation of fourteen percent respectively. More so, forty-two percent of the selected samples have savings and student's accounts, twenty-six percent have currents accounts, salary / bank accounts and corporate accounts are twelve percent respectively whilst eight percent of them have foreign accounts.

4.2.2. MARKET SEGMENTATION VARIABLES IN BARCLAYS BANK

This section addresses the first objective of the study and seeks to identify the various market segments of Barclays and the basis of segmentation. Findings from the data indicates that forty percent of respondents belong to the standard or mass segment whilst the prestige or premiere life segment, Premiere segment and corporate banking segments have twenty percent each. The distribution is due to the fact that the researcher targeted specific number of customers from the various market segments. The standard market segment of Barclays has the largest number of customers and hence the reason for the forty percent of the sample.

Though the respondents belong to various market segments, they all have their own particular preferred segment they would like to join. Forty-two percent of respondents prefer to join the Premiere Banking segment and Prestige or Premiere Life segments account for twenty-two percent of customers' preference. However, Corporate Banking segment has twenty percent customer preference from the selected sample and finally a minority of sixteen percent prefer the standard or mass segment though the segment has the largest number of respondents. Refer to Table 4.1 below.

Table 4.1   Market Segment that customer would like to join.

	Market Segment	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Standard / Mass Segment	8	16.0	16.0	16.0
	Prestige or Premier life	11	22.0	22.0	38.0
	Premier Banking	21	42.0	42.0	80.0
	Corporate Banking segment	10	20.0	20.0	100.0
	Total	**50**	**100.0**	**100.0**	

Source: Field data, 2011

Customer service is the major reason for which Barclays bank customers would like to switch their present market segments for majority to choose premiere banking instead of the other segments as indicated by the Figure 4.1 below, thirty-six percent of customers would make the switch due to the desire to receive excellent or quality customer service at the premiere banking segment. Twenty-percent of customers who would like to opt for corporate banking would like to do so for the reason that they want access to a higher amount of loan or credit facility. Sixteen percent of the customers think that getting or having access to a relationship manager at the premiere banking suite is a tangible reason for the preference of premiere banking and finally, the choice of sixteen percent of respondents is based on the reason of lower cost of banking charges. Finally, eight percent of customers would want to make the choice due to quick service they would receive form their preferred segments and four percent of customers are interested in investment advisory service as the reason for their preferred market segment.

Figure 4.1   Reasons for Preferred market Segment

Reasons for prefered market segment
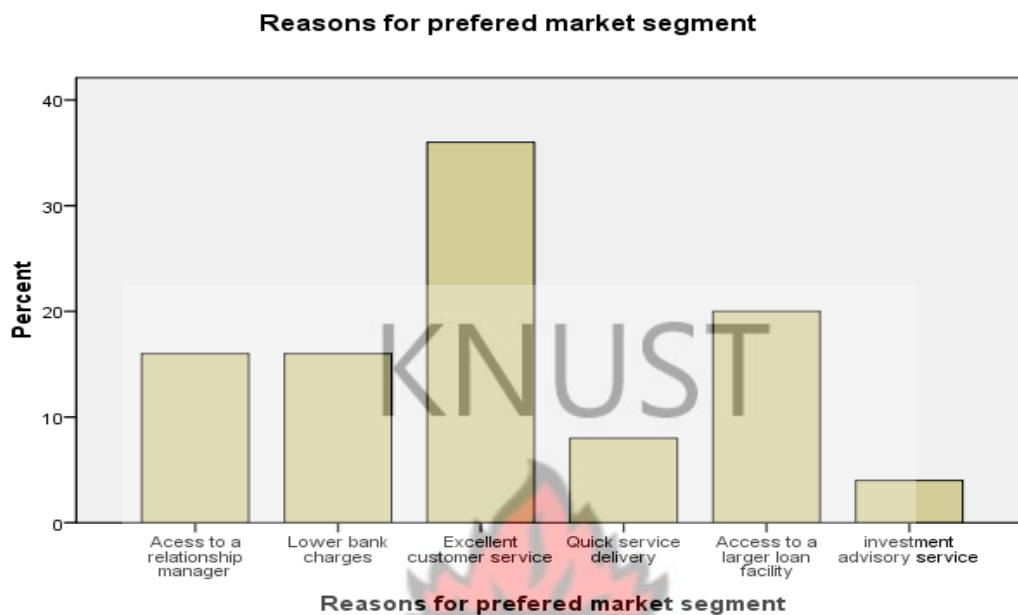
Source: Field data, 2011

Among the various services provided by B.B.G.L to the various customers, twenty-six percent of the selected samples of customers chose quick service as the service they enjoy most from their market segment. Twenty-six percent of respondents also enjoy lower bank charges whilst twenty percent of interviewed customers enjoy the low bank charges offered especially by the standard segment. Refer to table 4.2 below.

Table 4.2   Service that customers enjoy most from their Market Segments

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Quick Service	13	26.0	26.0	26.0
	Low Bank Charges	10	20.0	20.0	46.0
	Access to a relationship Manager	7	14.0	14.0	60.0
	Investment Advisory services	2	4.0	4.0	64.0
	Longer Banking hours	3	6.0	6.0	70.0
	Extra Attention from staff	1	2.0	2.0	72.0
	Free Cash and ATM withdrawals	6	1.0	12.0	84.0
	Free ATM and cash withdrawals	8	16.0	16.0	100.0
	Total	50	100.0	100.0	

Source: Field data, 2011

On the other hand, the findings from data collected from customers in Figure 4.2 below indicates that forty percent of customers dislike long queues in the banking halls because customer spend several minutes in the queues before they are served though the banks promise fast service. Twenty-four percent of customers hate the high bank charges imposed on them by the banks whilst low interest on savings and shorter banking hours accounted for eight percent each.

Figure 4.2   Service Customers dislike most

Service customers dislike most
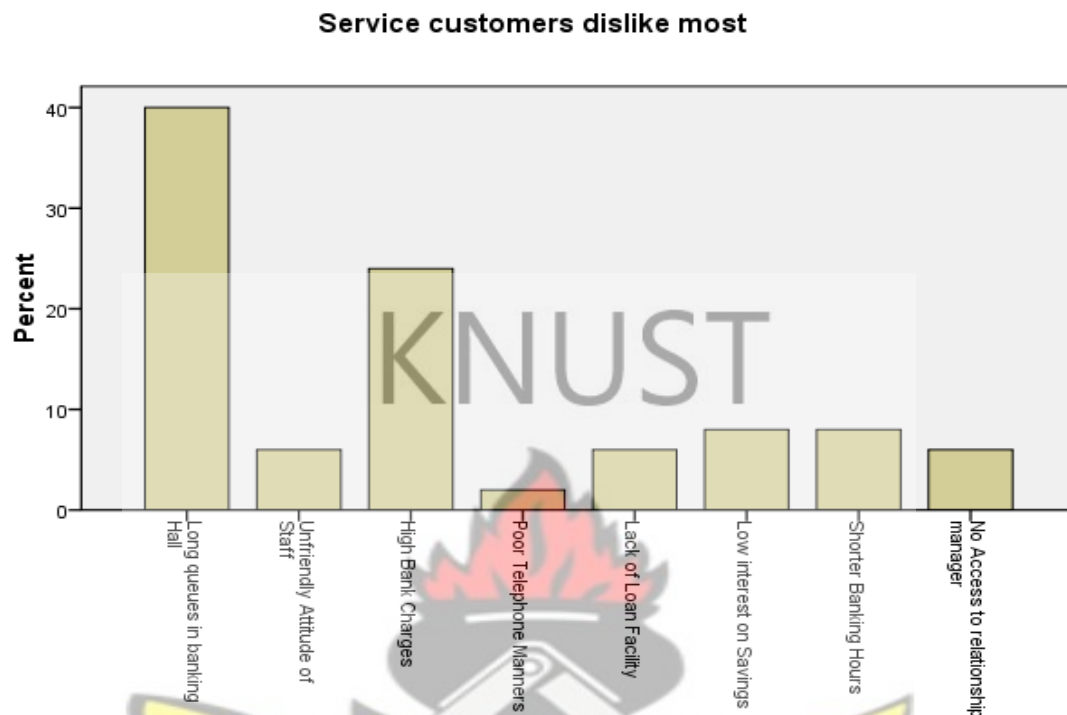
Source: Field data, 2011

4.2.3. EFFECTS OF MARKET SEGMENTATION ON CUSTOMER SERVICE

This section addresses findings related to the second objective of the study which is to measure the level of customer satisfaction for the various market segments of BBGL customers. Fifty percent of the customers strongly believe that market segmentation enhances customer service experience of Barclays bank, whilst forty-four percent of respondents agree to the position that segmentation enhances customer service and only a minority of six percent of respondents have a neutral position on this issue that market segmentation enhances customer service delivery as exhibited in the figure below.

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Figure 4.3   segmentation has enhanced customer service.
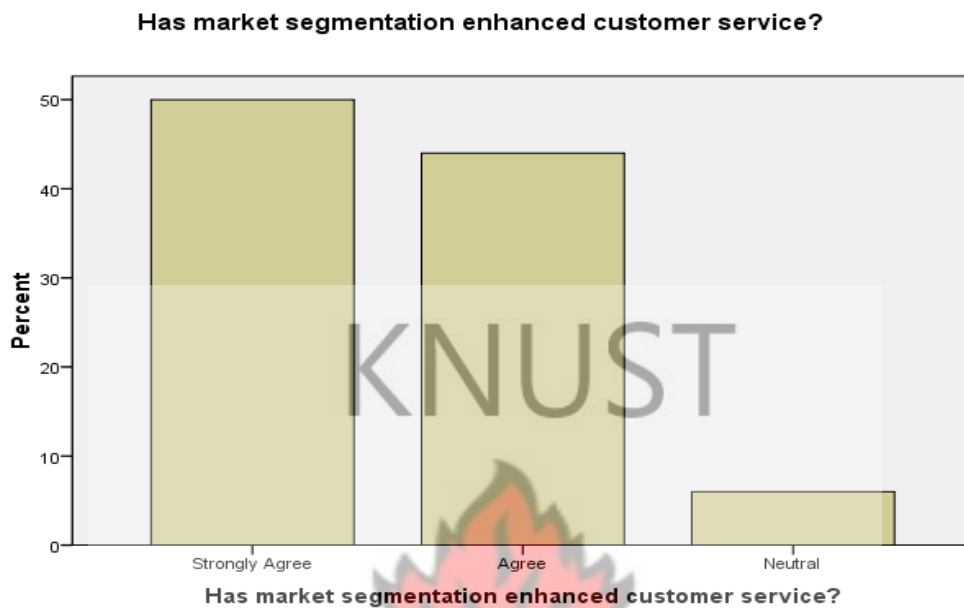
Source: Field data, 2011

In the measurement of service quality from the perspective of a customer, the gap between expectation and perception of the service is very important. In the study by Lewis (1991*),* an international comparison of bank customer's expectations and perceptions of service quality were made. The finding from the study was that in spite of the existence of very high expectations of service quality and high perception of service received, gaps did exist. The findings from the data from this study has revealed that fifty percent of respondents agree that the service experience they receive from Barclays meets and exceeds their expectations, whilst twenty-four percent of respondents strongly agree to the same position as exhibited in the table below. It is only four percent of respondents

who disagree to the fact that the service experience does not exceed their position whilst twenty-two percent of them are neutral on the issue as exhibited in table 4.3 below.

Table 4.3   My segment's service exceeds my expectation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	12	24.0	24.0	24.0
	Agree	25	50.0	50.0	74.0
	Neutral	11	22.0	22.0	96.0
	Disagree	2	4.0	4.0	100.0
	Total	**50**	**100.0**	**100.0**	

Source: Field data, 2011

Also, data collected from respondents revealed that thirty-four percent of respondents strongly agree that they still operate their account with Barclays because of the service they receive from their market segment, and forty-six percent of respondents also agree to the same issue. This largely confirms the fact that customer loyalty is largely influenced by quality customer service. However, customers of Barclays have some mix reaction on the fact that Barclays is an elite's bank. This is because twenty four percent of customers strongly have the perception that Barclays is an elite's bank whilst thirty-four percent of them disagree to this position with another twenty-eight percent of customers who strongly disagree that the bank is a bank for only the elites or rich in society.

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Customers of B.B.G.L. in the various segments are of the view that they can receive better service from the other market segments of B.B.G.L. With their knowledge of the various market segments and the unique and tailor-made services provided by the various segments, fifty-four percent of respondents are of the view that they can receive better service from other segments like premiere. Sixteen percent of the sample strongly agrees to the same position whilst four percent of them have a contrary view and another eight percent also strongly disagree as exhibited in the Figure 4.4 below.

Figure 4.4   Can I receive better service from other segments?.
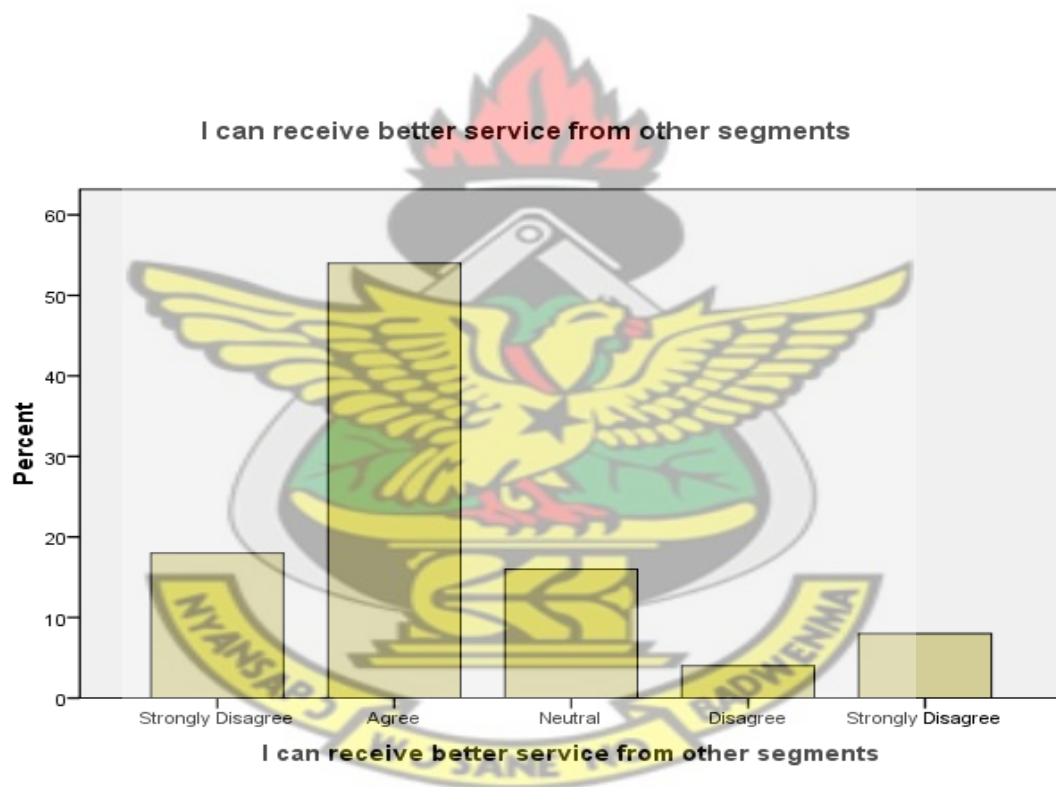
Source: Field data, 2011

Gerard and Cunningham (2000) have developed a model of bank switching that contained six switching incidents. The results showed that the types of incident that most often influenced bank switching were 'inconvenience', followed by 'service failures' and

'pricing'. Similarly in this study, membership fee and extra bank charges have been the reasons why thirty percent of respondents strongly agree prevents them from joining other market segments where they think they can be offered excellent customer service that exceeds their expectation. Thirty-two percent of the sample of customers also agrees to the same issue whilst a minority of eighteen percent strongly disagree because they believe other factors prevents them from switching to join other segments.

Segmentation aims at allowing a service provider to design tailor – made products and service strategies that meets the unique needs of a homogenous segment of customers. In this study, customers of Barclays bank Gh. Ltd have a mixed reaction to the question of whether customers in different market segments receive the same level of service like what is being offered them in other segments. As exhibited in the table below, twenty-four percent of respondents agree to the issue whilst twenty-six percent of them also strongly disagree and twenty-six percent of them are neutral on the issue.

Table 4.4   Customers in different segments receive the same level of service

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly agree	5	10.0	10.0	10.0
Agree	12	24.0	24.0	34.0
Neutral	13	26.0	26.0	60.0
Disagree	7	14.0	14.0	74.0
Strongly Disagree	13	26.0	26.0	100.0
Total	**50**	**100.0**	**100.0**	

Source: Field data, 2011

4.2.4. CUSTOMER SERVICE QUALITY MEASUREMENT

The measurement of service quality is quite different for quality measurement of physical products. For the purpose of this study service quality measurement has been categorised under tangibles, reliability, responsiveness, assurance, empathy, customer perceived overall service quality and the issue of segmentation and its effect on customer loyalty. The researcher designed a questionnaire that has three questions under each subheading which readers can get detailed statistical tables about the findings in appendix 3, but in this section, only a few of such relevant questions are analyzed and discussed with tables and bar chart exhibits as below.*Tangibles:* This refers to the appearance of physical facilities, equipment, personnel, and written materials.

Figure 4.5   Barclays uses state of the Art Technology and Equipments in their Service

Source: Field data, 2011
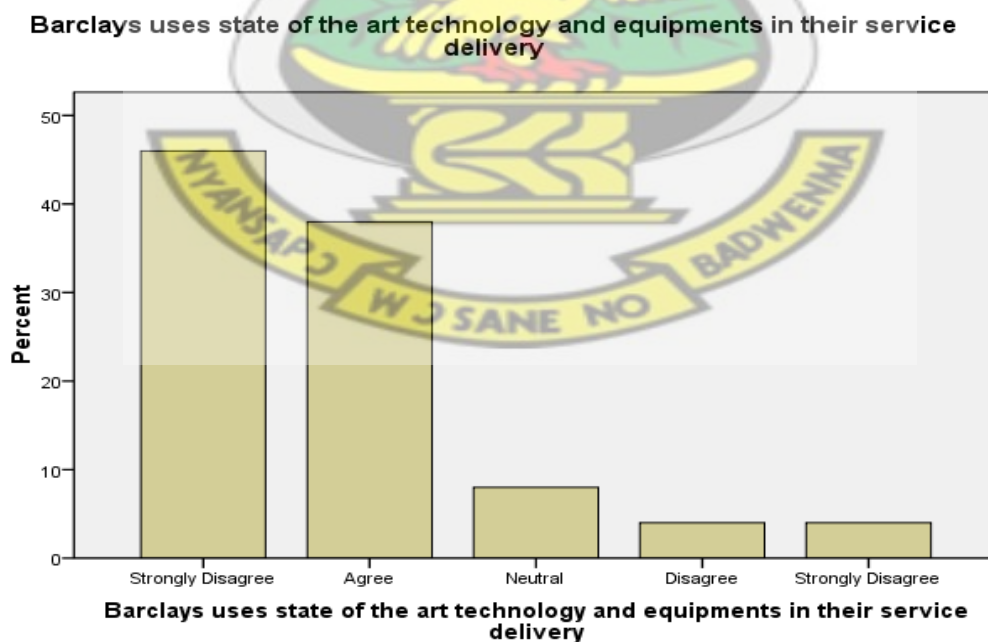
The Figure 4.5 above illustrates the position of the respondents on the physical facilities and equipments available at Barclays for service delivery. From the above, forty-six percent of respondents strongly agree and another thirty-eight percent of respondents have the opinion that B.B.G.L. uses state of the art technology in their service delivery. These physical features give confidence to the customers and largely contribute to the satisfaction they receive from the service firms like banks and other financial institutions.

The appearance of the customer facing staff of banks is very important in contributing to service quality. For this reason employees of Barclays pay particular attention to their appearance and this is the reason why sixty percent of sampled customers strongly agree that employees of Barclays are well dressed and neat in appliance whilst forty percent of respondents also have the same position regarding employees' appearance.

Reliability: This is the ability to perform the promised service dependably and accurately. To be a reliable service provider is a significant contributor to service quality from the customer's perspective. Fifty-two percent of respondents agree that when B.B.G.L. promises to do something by a certain time, it does so whilst thirty percent of customers strongly have the same view on the reliability of B.B.G.L. as exhibited in the Figure 4.6 below. The implication is that customers in the various market segments will continue to do business with the bank as long as they can rely on the bank to deliver right on time.

Figure 4.6   When Barclays promises to do something by a certain time it does so

When barclays promises to do something by a certain time it does so
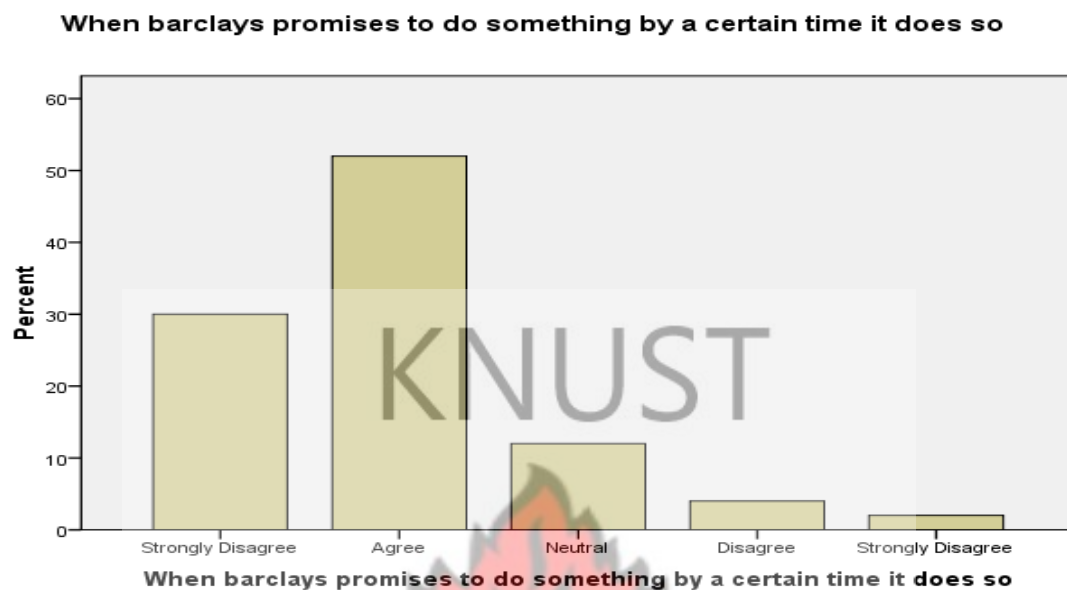
Source: Field data, 2011

More so, getting a service delivered right the first time is very important to diminish or completely avoid dissatisfaction among customers because it prevents the cumbersome complaint resolution process that frustrates customers. Thirty percent of the sampled customers for this study strongly agree that Barclays performs service right the first time and fifty percent of respondents also have the same view. It is only a minority of four percent of respondents who disagree whilst sixteen percent of respondents are neutral on the issue as exhibited in the table below.

Table 4.5   Barclays performs the service right the first time

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Disagree	15	30.0	30.0	30.0
Agree	25	50.0	50.0	80.0
Neutral	8	16.0	16.0	96.0
Disagree	2	4.0	4.0	100.0
Total	50	100.0	100.0	

Source: Field data, 2011

Responsiveness is the willingness to help customers and provide prompt service. Assessment of service quality largely depends on how helpful employees of banks are to customers. Findings from the data collected from the field of study indicate that thirty-two percent of customers strongly agree that employees of Barclays give them prompt service and fifty percent of them also are of the same view. The effect is that customers would be satisfied that employees respond quickly to their request and hence largely contribute to service quality of B.B.G.L. especially in the premiere life and premiere banking halls where the customers in those market segments are limited and so get the best of service from staff quickly as exhibited in the Appendix 1.2.

Similarly, as exhibited in Appendix 1.1, sixty-two percent of staff agrees that employees of Barclays are always willing to help whilst thirty-six percent of staff also strongly agrees that the employees are helpful. This has the effect of largely causing a decline in

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the switching rate of customers in this era of intense competition in financial services industry in Ghana.

Assurance refers to employees' knowledge and courtesy and their ability to inspire trust and confidence. Customers decide to save their hard earned currency in banks like Barclays largely because of the confidence they have in the structures and systems available for keeping their cash in save custody and more so, the confidence they have in the staff of B.B.G.L. thirty-six percent of the sampled customers of this study believe the behaviour of employees of Barclays instil confidence in customers whilst fifty percent of the respondents also agree that employees' behaviour gives customers confidence. This perception about staff behaviour largely contributes to service quality in the various market segments of B.B.G.L. as exhibited in the figure below.

Figure 4.7   The Behaviour of employees of Barclays instils confidence in Customers.
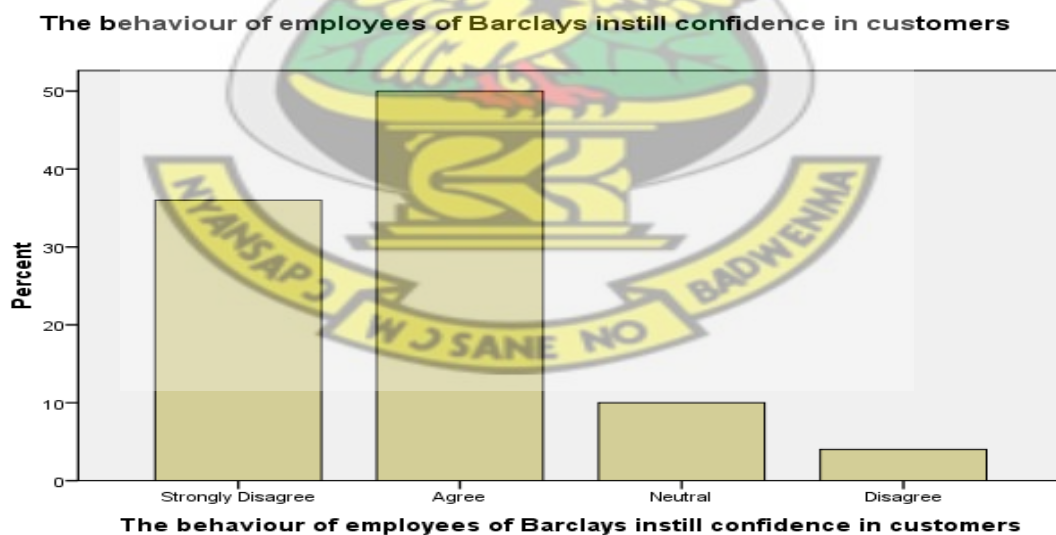
Source: Field data, 2011

One other dimension of assurance as a contributor to service quality is the courteous attitude of especially customer facing staff of banks. In this regard the researcher sought to test the perception of customer with regard to staff's attitude. The results was that thirty-six percent of staff strongly agree that B.B.G.L. employees are consistently courteous to them and fifty-four percent of respondents also agree to the same issue of courtesy from staff as exhibited in Appendix 1.4.

Empathy is about caring, individualised attention given to customers, this can contribute immensely to customer service experience of Barclays Gh. ltd The researcher ascertained whether staff of Barclays give customers individual attention. The findings from the data indicates that thirty-two percent of customers strongly agree that Barclays gives individual customers attention and forty-four percent of staff also agree on this. Six percent of respondents have a contrary view so they disagree whilst another six percent of customers also disagree. In effort to achieving customer service excellence and satisfaction, customers must be treated as individuals. From the findings of this study staff of Barclays gives customers individual attention and this is partly possible because of the application of the strategy of market segmentation. This is exhibited in figure 4.6 below.
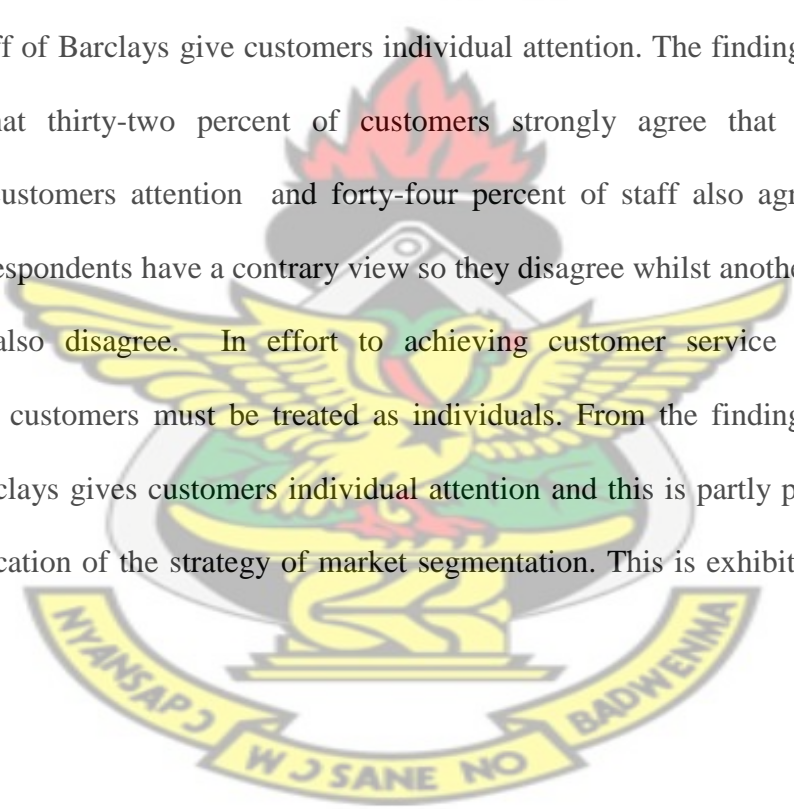
Table 4.6   Barclays gives customers individual attention

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	16	32.0	32.0	32.0
	Agree	22	44.0	44.0	76.0
	Neutral	6	12.0	12.0	88.0
	Disagree	3	6.0	6.0	94.0
	Strongly Disagree	3	6.0	6.0	100.0
	Total	**50**	**100.0**	**100.0**	

Source: Field data, 2011

The researcher sought to ascertain whether Barclays' customers feel the bank has their interest at heart since this can largely influence the customer satisfaction level. From the sample of fifty customers who answered questionnaires for this study, twenty six percent strongly agree that Barclays has their interest at heart whilst a larger percentage of fifty also agree to this claim. As exhibited in Appendix 1.6, only ten percent of customers are neutral on this issue whilst a smaller percentage of eight and six disagree and strongly disagree respectively.

The location of branches for a bank like Barclays must be at the convenience of customers for them to easily have access to the service offered by the bank. This can help improve service quality to a large extent in the perspective of customers. As a result the respondents were asked if Barclays has convenient branch locations and the findings were that a majority of fifty percent of respondent strongly agree that the branch locations of Barclays is convenient to them whilst another thirty-eight percent of the respondents also

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agree that the location of Barclays' branches offer convenience to customers. On the other hand only four percent of customers disagree with the claim that Barclays has convenient branch locations and eight percent of them are neutral on this issue of branch locations. The convenience of the branch's locations can greatly contribute to customer satisfaction in Barclays bank Gh. Limited as exhibited in Appendix1.7.

4.2.5. CUSTOMER PERCEIVED OVERALL SERVICE QUALITY

The intensive nature of competition and rivalry in the financial services industry globally means firms in the banking industry must aim at excellence and quality in their service delivery. Customer service quality can best be assessed in the eyes of the customer who consumes the service, and so to achieve the purpose of the study, the researcher ascertained information from customers regarding how Barclays delivers excellent overall service. A large percentage of seventy respondents agree and twenty-two percent of them also strongly agree that Barclays always delivers excellent overall service. On the other hand only four percent and another four percent of respondents are neutral and disagree respectively as exhibited in the Figure 4.8 below. This implies that customer satisfaction in Barclays bank Gh. ltd. is rated very high always amongst customers.

Figure 4.8   Barclays always delivers excellent overall service

Barclays always delivers excellent overall service
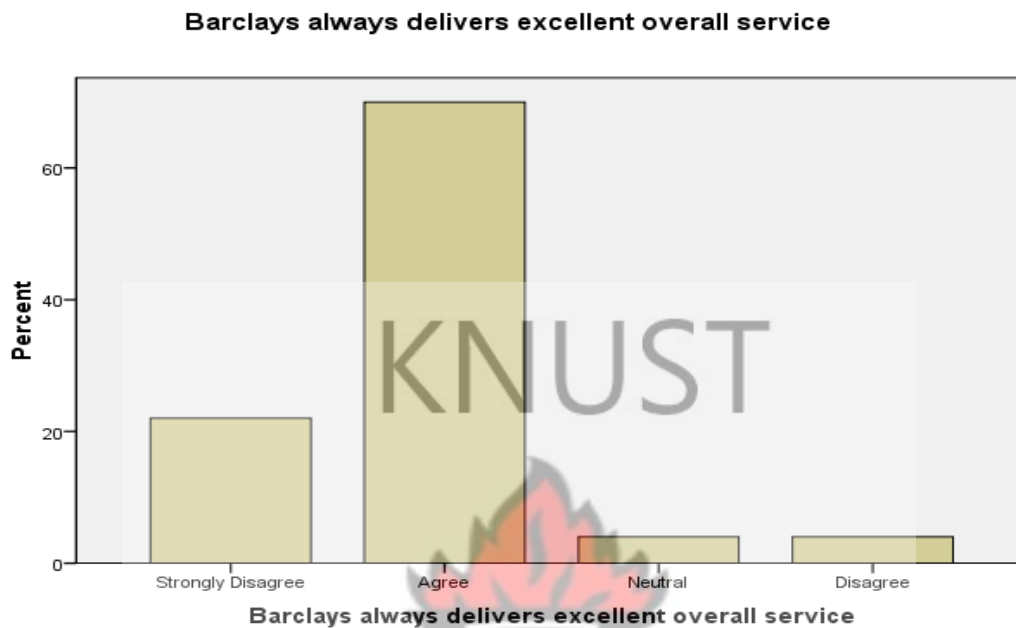
Source: Field data, 2011

In order to test the validity and consistency of the responds from customers, the researcher asked for the ratings from customers on the fact that the service offered by Barclays are of high quality. Sixty-six percent of customers feel that the service delivered by B.B.G.L. is of high quality and twenty four percent also strongly agree that Barclays' service is of high quality. It is only a minority of two percent and another two percent of customers who are neutral and disagree respectively as demonstrated in the Figure 4.9 below. These findings therefore largely aid in achieving the broader objective of the study because from the perspectives of the customers, the market segmentation strategies of Barclays bank Gh. ltd has largely affected customer service quality.

Figure 4.9   The services offered by Barclays are of High Quality

The service offered by Barclays are of high quality
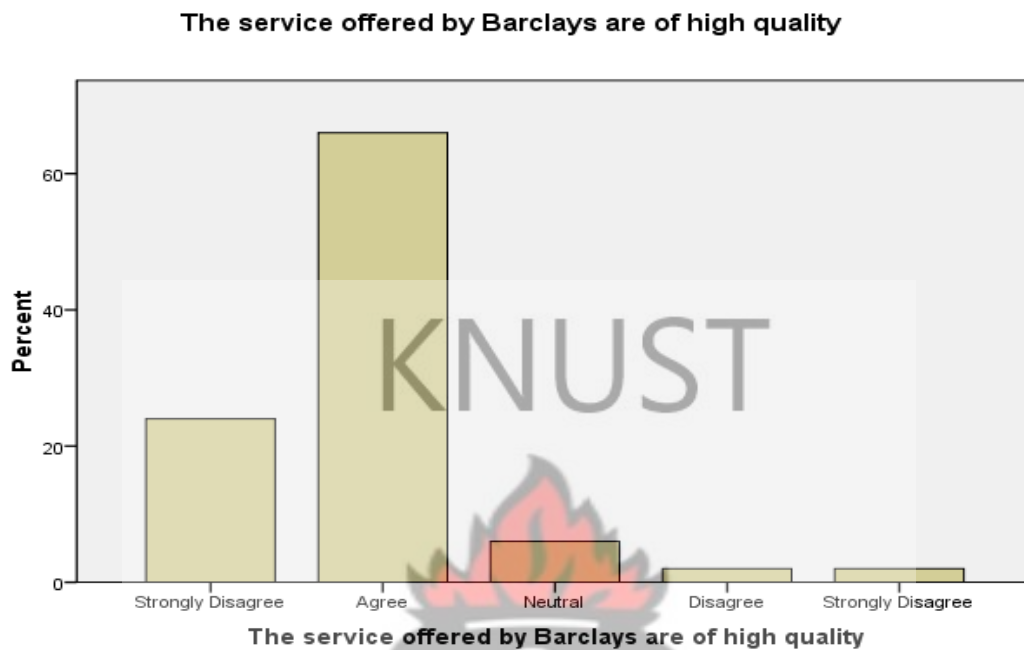
Source: Field data, 2011

Customer service can largely contribute to give Barclays a competitive advantage over rivals in the banking industry in Ghana. Customers being rational, they will switch and operate their accounts with competitors if they feel competitor banks are offering a consistently superior service in every way than Barclays bank Gh. Ltd. However, sixty-two percent of staff feels Barclays repeatedly delivers superior service in every way than competitors in the banking industry in Ghana. Additionally, twenty-four percent of the sample size strongly agrees that Barclays consistently delivers superior service than rival banks, whilst there are ten percent of respondents who are neutral on the issue and only four percent of respondents strongly disagree as demonstrate by Appendix 2.0.

4.3.   SEGMENTATION AND BRAND LOYALTY

The study seeks to find the link between market segmentation and customer service which also can trigger brand loyalty on the part of customers. The researcher therefore sought to ascertain how loyal Barclays' customers are by asking about customers who would like to remain as customers of Barclays bank Gh. Ltd. As shown in the figure below, fifty-two percent of customers strongly agree that they would like to remain as customers of Barclays. As much as forty-four percent of the respondents again agree that they would like to remain as customers of Barclays and only a small percentage of four is neutral to the issue of remaining as customers of Barclays bank Gh. Ltd.

Customer loyalty can largely be measured by the likelihood of the customer recommending the firm in question to friends and relatives or other potential customers. Fifty-two percent of staff strongly agreed that they would recommend Barclays to friends and people they know. Thirty-eight percent of staff also agreed that they would also like to recommend Barclays to friends and people they know. Only two percent of the samples have a contrary view whilst eight percent of staffs were neutral on the issue. This more or less contributes to customer loyalty as customers seek to recommend friends and relatives to come and experience the excellent customer service they experience in various segments at Barclays.

Table 4.7   I would like to recommend Barclays to friends and people I know

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	26	52.0	52.0	52.0
	Agree	19	38.0	38.0	90.0
	Neutral	4	8.0	8.0	98.0
	Disagree	1	2.0	2.0	100.0
	Total	**50**	**100.0**	**100.0**	

Source: Field data, 2011

Finally the importance of the loyalty of individual customers cannot be underestimated. The researcher therefore sought to find how individual customers consider themselves loyal to Barclays bank Gh. Ltd. and the findi.ngs is not very different from the above. A large percentage of fifty-two out of the sample of customers strongly agreed that they consider themselves   to be loyal to Barclays and thirty-eight percent of respondents agree that they are loyal to B.B.G.L. and four percent of staff have a neutral position. However, four percent of respondents strongly disagreed whilst another two percent also disagree because they feel they are not loyal to Barclays as exhibited in Appendix 2.3.

4.4. ANALYSIS OF INTERVIEW WITH THE MANAGEMENT OF BARCLAYS BANK GHANA LIMITED.

This is about findings from the data collected from the permanent staffs of Barclays bank Gh. Ltd. who are at the senior management level. These employees form the senior staff association and their roles include vault custodians, personal bankers, operations managers and branch managers.

Findings from this data are categorised under three main subheadings namely; profile of respondents, knowledge on market segmentation, segmentation and customer service.

4.4.1. PROFILE OF RESPONDENTS

This information is about the profile and personal data of the sampled management members interviewed for this study. The sample size is ten management members from a total of forty employees. This sums up the total sample size for the entire study as sixty. That is fifty customers and ten senior management members of B.B.G.L. Six of the management members interviewed as respondents are females whilst the remaining four are males. Seven of the management members belong to the age range of thirty-one to forty years and two of them within the range of twenty-one to thirty years. The management staffs of Barclays Ghana ltd belong is a youthful team since only one of them belongs to the range of forty-one to sixty years. Majority of the interviewed management members have worked with the bank for less than five years, the rest of them have between five and ten years of working experience whilst only one senior management member has worked with the bank for twenty years. Findings from the data indicate that Barclays has as staff base that has a very good educational background. This

is because majority of the management member interviewed have university degrees and four more people have masters' degrees in various fields in addition to their first degree.

The management staff interviewed for this study work at the four main market segments or units within the branches of Barclays. The distribution is as follows; three of respondents belong to the standard segment, two works with the premiere branch, three members work with the premiere-life branch and two more management members belong to the corporate banking unit. The Prempeh II Street Branch (K.P.S.T) has separate banking halls and offices to serve customers who belong to all the various market segments and hence the choice of that branch for this study. The distribution of the employees from the various units of B.B.G.L has the effect of presenting findings that largely represents the position of all management staff of Barclays Ghana limited. Among the specific roles being played by the management staff interviewed for this study includes the following vault custodians, personal bankers, operations managers, and branch managers. Together, these employees are part of the senior staff association of Barclays bank Ghana limited and therefore have indebt knowledge that can be ascertained for the purpose of achieving the aims and objectives of the study.

4.4.2. KNOWLEDGE ON MARKET SEGMENTATION

The study seeks to among others; find the various market segments and the basis of segmentation in Barclays Ghana Ltd. The researcher therefore sought to find out to test the knowledge level of the management staff of Barclays on the existence of the strategy of market segmentation within the bank. All the interviewed staff indicated that the bank groups customers into various groups or market segments. The respondents were further

asked about the specific market segments Barclays use in categorising various customers. Again all the interviewed management staff were able to specify the names of all the four various market segments namely Standard or mass segment, prestige or premiere-life segment, premiere segment and corporate banking segment which takes care of both large corporate organisations and businesses as well as small and medium scale enterprises (formally of the local business segment).

The variables used as the criteria in segmenting the market are the basis of market segmentation. The most basic variables as discussed in the literature in the previous chapters include demographic segmentation, geographical segmentation, psychographic segmentation (derived from personality profiles and lifestyle profiles), behavioural segmentation (based on the customers' attitude toward, use of, or response to a product.), etc. (Kotler and Keller, 2009). The researcher ascertained whether the management staffs of Barclays have knowledge of the basis of market segmentation in the bank. All of the respondents stated that the net worth of the customer is the basis of segmentation with the exception of one person who stated psychographic / lifestyle as the basis of segmentation.

A strategic management decision like the basis of segmentation must be communicated to employees at all levels of the organisation. All of the respondents said the criteria for segmentation are communicated by top management to the staff.

4.4.3. SEGMENTATION AND CUSTOMER SERVICE

As part of the objectives of the study the researcher sought to find how market segmentation has enhanced customer service in the Ghanaian banking industry. From the perspective of the majority of the management staff of B.B.G.L., market segmentation has helped to enhance the customer service delivery of Barclays bank Ghana limited. Through segmentation Barclays is able to design products and services that meet the needs of various groups of customers and this largely leads to customer satisfaction in all the market segments.

More so, since customer service quality can best be judged from the angle or perspective of the customers themselves, feedback from customers is a good measure of the performance of employees of Barclays in meeting the expectations of customers. All of the management staff interviewed had the opinion that feedback from customers shows customers are satisfied with the service they receive from Barclays bank Ghana limited through the various market segments

Employees of Barclays are the internal customers of the bank and for that matter, have the ability to judge or rank orderly the market segment that delivers the best of service to customers. The findings from the interview indicates that majority of sampled management members were of the view that premiere banking segment delivers the best of customer service because of the attention they give to their customers and the swiftness with which they attend to the needs of customers through the tailor-made products offered by the relationship managers.

More so, the various market segments offer unique products and services to different customers as stated above. Respondents were therefore asked to decide on which market segment they would choose to join if they were external customers. For various reasons almost all of the management members opted to join the premiere banking segment due to the excellent customer service offered by the segment and extra attention offered to customers by their relationship managers, etc., whilst a few of them also intend to join premiere-life banking segment.

Customer complaints must be very appreciated by service delivery firms because they can largely be used to streamline the customer service strategies in order to meet the expectations of customers. In this study, long queue in the banking hall and high bank charges are issues that management members disclosed as major problems that customers mostly complained about.

More so, the management members of Barclays interviewed for the purpose of this study enumerated the importance or benefits of market segmentation to Barclays bank Ghana limited. Among the benefits include the fact that market segmentation leads to enhanced customer service quality, this largely influences customer loyalty and reduces the rate at which customers move from Barclays to rival banks. Additionally, in the perspective of the management members of B.B.G.L., market segmentation gives Barclays bank competitive advantage over rivals in the industry and eventually leads to maximization of profits. Therefore, segmentation allows institutions to serve their customers better and to give more attention to especially high valued customers who are responsible for contributing a larger percentage of the profitability of the banks.

Finally, the sampled management staffs for this study were asked to give their reasons for the choice of premiere banking segment as the segment they might have joined as external customers. Majority opted for premiere because of the excellent customer service delivered to customers. Others prefer premiere segment because of the access to a relationship manager who attends to their needs and gives them attentions as individual customers. The rest of the management members of B.B.G.L. also prefer premiere because of the quick service delivery of the premiere banking segment.

4.5.   FINDINGS ON THE EFFECTS OF MARKET SEGMENTATION ON CUSTOMER SATISFACTION USING CORRELATION ANALYSIS

Based on the information given by BBGL, KPST, Adum, as shown in Table 4.8, the Standard/Mass Market Segment leads both 2009 and 2010 with 20,933 and 23,596 respectively. Prestige, Premier and Corporate segments increased their customer population in 2010 by 661, 33 and 217 respectively. Taking the customer population for various market segments for 2010 as response variable and that of 2009 as predictor variable, correlation analysis is now applied to determine the strength of linear relationship between the response variable (2010) and the predictor variable (2009). Correlation between the two variables does not necessarily mean that one variable causes the other. Considering the situation at hand, we cannot conclude that the various market segment populations for 2009 cause that of 2010 as customers randomly closes and open account at any given time.

Table 4.8   Customer Population for Various Segments for Year 2009 and 2010

Market Segment	Customer Population for Year	
	2009	**2010**
Standard	20933	23596
Prestige	4473	5134
Premier	1704	1737
Corporate	3316	3533
Total	**30426**	**34000**

Source: internal report, BOO4. B.B.G.L, K.P.S.T branch for 15th july,2011.

The Scatter Diagram in Figure 4.10 below shows a positive linear correlation when all the
customer population for the respective market segment in (2009, 2010) on the scatter
diagram seem to cluster near the straight line. It is due to the result of increase in one
market segment customer population in 2009 also increases the other in 2010 in an
approximately linear manner.

Figure 4.10   Scatter Diagram for 2009/2010 Customers Population in the Various
Market Segments. **Source**: field Data, 2011.
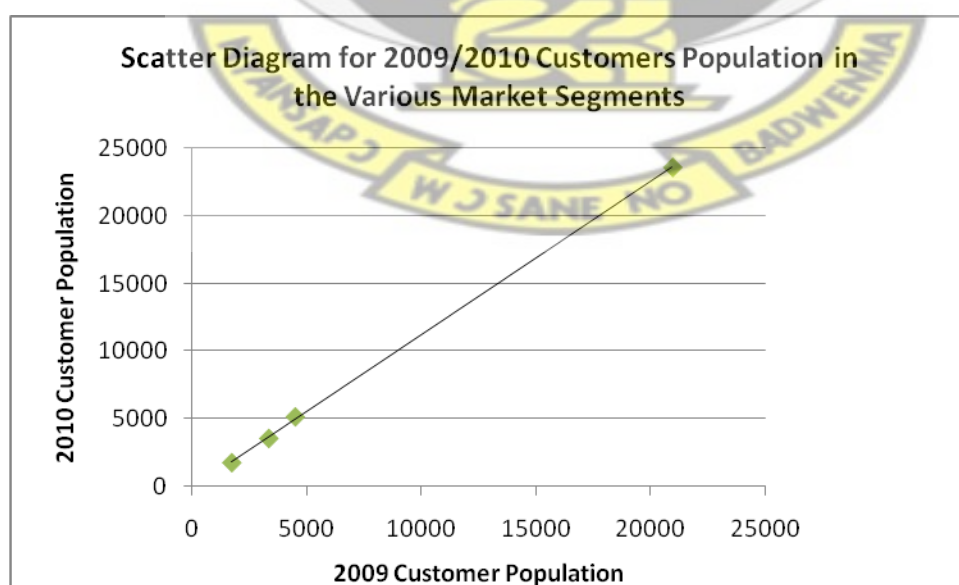
All points lie on the line as depicted by Figure 4.10 confirm to have a perfect positive correlation and this can be proved by using the *correlation coefficient*. Let variable 2009 be x and that of 2010 be y. Dividing Customer Population in the Various Market Segments for 2009 and 2010 by 1000 to obtain x and y respectively, Table 4.9 below starts calculating for the correlation coefficient by finding $\sum x$, $\sum y$, $\sum xy$, $\sum x^2$ and $\sum y^2$. Let the total number of segments be $n = 4$.

Table 4.9   Correlation Coefficient calculation

Market Segment	2009	2010	$x = \dfrac{(2009)}{1000}$	$y = \dfrac{(2010)}{1000}$	xy	x^2	y^2
Standard	20933	23596	20.93	23.60	493.94	438.19	556.77
Prestige	4473	5134	4.47	5.13	22.96	20.00	26.36
Premier	1704	1737	1.70	1.74	2.96	2.90	3.02
Corporate	3316	3533	3.32	3.53	11.72	11.00	12.48
Total ($\sum$)	**30426**	**34000**	**30.43**	**34.00**	**531.58**	**472.10**	**598.63**

Source: Field data, 2011

$$r = \frac{n\sum(xy) - \sum x \sum y}{\sqrt{(n\sum x^2 - (\sum x)^2)(n\sum y^2 - (\sum y)^2)}}$$

$$r = \frac{4 \times 531.58 - 30.43 \times 34.00}{\sqrt{(4 \times 472.10 - 30.43^2)(4 \times 598.63 - 34.00^2)}}$$

$$r = \frac{1091.7}{1091.77394622} = 0.9999323$$

The *r = 0.9999323*, is very close to one (1). It indicates a very strong positive correlation between the customer population for the four market segments in 2009 and 2010 and hence as the customer population for Standard, Prestige, Premier and Corporate for 2009 increase, then so does 2010. This affirms customers' satisfaction with the market segmentation within BBGL.

4.6. MARKET SEGMENTS IN BARCLAYS BANK GHANA LTD (BBGL)

Through segmentation, Barclays has been able to devise appropriate banking offers for customers in different segments. This approach is helping Barclays to improve its market share of the market. The products and services of Barclays bank Ghana ltd. have been segmented into four (4) broad categories or segment as follows;

Standard / mass segment: This offers a range of products and services for small income earners and the average income earners in society. This segment is the largest group of customers who have various accounts with BBGL. In Barclays Africa retail and business banking the mass segment refers to customers who typically earn below one hundred pounds or its Ghanaian cedi equivalent. These mainly include micro traders manning a small stall in the market or engaged in farming. Customers in the standard category typically earn income between two hundred to eight hundred Ghana cedis (GHS200 – GHS800) monthly income. They have simple financial needs in most instances and require simple solutions to these needs. The typical standard customer will be a government salaried worker, first to middle line officer in a multinational corporation or large corporate organisation. The focus of B.B.G.L. is on the high end of the standard segment to the affluent segment (high value customers).

Premier life banking segment: Formally called Prestige Banking, this segment offers a range of products and services for customers who require convenient banking, quick and efficient service as well as a high level of privacy and recognition. Membership of premiere life banking is opened to interested customers who meets the minimum income criteria of eight hundred Ghana cedis (GH800) a month. There is a number of prestige or premiere -life centres nationwide.

Premier banking segment: The premiere proposition have been designed to service the sophisticated financial needs of customers who require special attention and world class financial expertise. Premiere operates on relationship management banking model and it is exclusive to members who are invited by Barclays. These are Chief Executive officers (CEOs) of medium to large scale organisations, high government officials, expatriates, etc. Tailor made solutions are offered on one-on-one basis is to high net worth customers. Premier banking offers dedicated banking suites, financial planning, lifestyle alliances, global access to premier lounges (airports), etc. This service is for the very rich and affluent in society.

Corporate banking segment: Large scale corporate organisations and small and medium scale enterprises (S.M.E) belong to this market segment. This segment also includes churches, organizations and community accounts. BBGL has cash management systems, overdraft and loan facilities and other accounts (including local business accounts, corporate accounts, and call accounts) for this market segment.

4.7. CHAPTER CONCLUSION

The analysis and the interpretation of the data collected on this study was the subject matter for this chapter. The data obtained from the questionnaire were analyzed using the Statistical Package for Social Studies (SPSS). Presentation of results was done with the aid of tables and bar charts for easy understanding. A questionnaire was designed to collect data from fifty customers and an interview guide was also designed for ten management members of B.B.G.L. The results showed that both customers and staff have knowledge on market segmentation and customers and staff also admitted that market segmentation has enhanced customer service delivery for the bank. The sampled management staff of Barclays stated that net worth is the segmentation variable used for grouping customers into segments. The chapter finally concludes with the practice of market segmentation in Barclays Bank Ghana Limited.
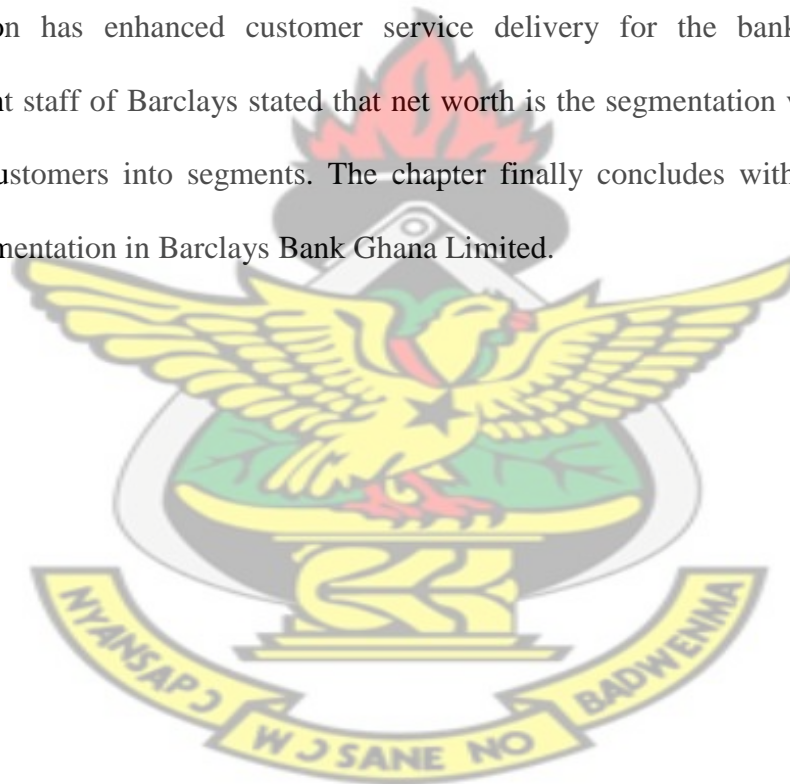
CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1.   INTRODUCTION

This final chapter has been categorised into three sections comprising the summary of findings, conclusion for the study and we end the chapter with brief discussion of the recommendations of the study.

5.2.   SUMMARY OF FINDINGS

The major findings of the study are as follows:

THE VARIOUS MARKET SEGMENTS AND THE BASIS OF SEGMENTATION AT BARCLAYS BANK GHANA LIMITED:

The study revealed that Barclays bank Ghana limited groups various customers into the following four market segments: standard or mass segment, premiere life or prestige segment, premiere segment and corporate banking segment. Both customers and staff have adequate knowledge of the existence of the various market segments of B.B.G.L.

Findings from the study indicated that the main basis of market segmentation or variables of segmentation is the net worth of the customer; (example monthly income or monthly turnover of the customer).

THE LEVEL OF CUSTOMER SATISFACTION FOR THE VARIOUS MARKET SEGMENTS OF B.B.G.L. CUSTOMERS:

In the study it was found that Premiere banking segment is the best market segment in terms of customer service. The preferred choice of market segment for both customers and staff of B.B.G.L. is the premiere banking segment because of the excellent customer service offered by the premiere segment to its numerous customers.

The study further revealed that market segmentation has helped to enhance the customer service quality and customer delivery experience at Barclays Ghana limited and the service provided by Barclays meets and exceeds the expectations of customers. The effects of market segmentation on customer satisfaction at B.B.G.L. is highly felt as all the various market segments show a very strong positive correlation with a correlation coefficient of 0.9999323.

The findings from the study has revealed that, from the perspective of the customers of Barclays, the bank always delivers excellent overall quality service and Barclays repeatedly delivers superior service in every way than competitors.

The study has revealed that there are five dimensions of the measure of service quality namely; tangibles, reliability, responsiveness, assurance and empathy. Customers of Barclays bank Ghana limited have ranked the service they receive from the bank very high in all these five areas of service quality measurement.

THE EFFECTS OF MARKET SEGMENTATION ON CUSTOMER SATISFACTION AT BARCLAYS BANK GHANA LIMITED:

Findings from the study indicated that market segmentation has largely influenced customer loyalty in the Ghanaian banking industry.

The study revealed that from the various market segments, the major complain from customers of Barclays bank Ghana limited is about the long queues and high bank charges. The services that customer from various segments enjoy most are the quick service delivery, low bank charges and free cash and ATM transactions.

The study further revealed that membership fees and extra bank charges are what prevents customers from joining their preferred market segment.

5.3.   CONCLUSION

The subject matter of this study was the effects of market segmentation on customer service in the Ghanaian banking industry. The specific objectives of the study were to identify the various market segments and the basis of segmentation at Barclays bank Ghana limited, to measure the level of customer satisfaction for the various market segments of B.B.G.L. customers and finally to establish the effects of market segmentation on customer satisfaction, at Barclays bank Ghana limited.

The study was organized into five main chapters which have made contributions to service marketing research in general and market segmentation in particular. The first chapter covered the introduction and background of the study, the statement of problem,

the aims and objectives of the study, the research question, scope of the study, significance of the study, brief research methodology, limitations of the study and finally organization of the study. Chapter two was about the review of the relevant literature on market segmentation, segmentation variables and customer service quality and an overview of banking in Ghana. Chapter three elaborated on the methodology for the study. The fourth chapter of the study contained the data presentation, analysis of data and discussions on the findings of the study. Finally, chapter five of the study is about the summary of findings, conclusions and recommendations of the study.

The main research instruments used for the study were questionnaire and interview. The level of customer service in all the three market segments of Barclays bank Ghana limited has been thoroughly discussed in the study. The premiere market segment of B.B.G.L. emerged as the preferred market segment of both customers and staff due to the level of customer service experience in that market segment. The study has therefore made some findings on how market segmentation has positively affected the level of customer service in all the various market segments of Barclays Bank Ghana limited.

5.4.   RECOMMENDATIONS

The purpose of this study was to develop a body of knowledge that would add to the existing literature on service marketing in the specific strategy of market segmentation. The findings of the study have several managerial implications since the findings can assist in future managerial decisions or policy on market segmentation, especially in the Ghanaian banking industry. In light of the above conclusion, the researcher recommends the following for effective implementation of the strategy of market segmentation.

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First and foremost, the main weaknesses of the various segments of Barclays bank Ghana limited have been identified as long queues in the banking halls and high bank charges. It is recommended that B.B.G.L. and all other Ghanaian banks should make an effort to do well to reduce turnaround time especially in the standard segment and banking charges in other segments. This will enhance the institution's competitive advantage.

Secondly, the top management team of banks in Ghana should launch promotional campaigns that will make customers aware of the existence of the various market segments, the services offered in each segment and the advantages of being part of the segments. This campaign can help bring new customers from other banks and would discourage dissatisfied customers from switching to other banks instead of joining other segments that can meet their needs.

Furthermore, in this era of stiff competition in the Ghanaian banking industry as a result of globalisation and etc., the experts responsible for market segmentation in the Ghanaian banking industry must undergo training to be abreast with current trends in service marketing and the use of customer database with the aid of technology in order to develop very good segmentation variables that can help achieve customer satisfaction and competitive advantage.

Finally, the study has established that membership fees and extra bank charges are the reasons why B.B.G.L. customers do not join the other market segments though they know they can get better services in these segments. The researcher therefore recommends that new customers who sign to be part of segments like premiere life or corporate should be given about three months free membership to experience and enjoy services for free in order to help customers in taking permanent membership decision afterwards.

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Appendices one below shows tables describing findings from data collected from customers of B.B.G.L., K.P.S.T. branch.

Appendix A   Type of Customer

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	corporate / large business	7	14.0	14.0	14.0
	SME	7	14.0	14.0	28.0
	Club or Society	7	14.0	14.0	42.0
	Individual	29	58.0	58.0	100.0
	Total	50	100.0	100.0	

Source: Field data, 2011

Appendix B   Account Type

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Savings / Student Account	21	42.0	42.0	42.0
	Current Account	13	26.0	26.0	68.0

		Frequency	Percent	Valid Percent	Cumulative Percent
	Salary / Bank Account	6	12.0	12.0	80.0
	Corporate Account	6	12.0	12.0	92.0
	Foreign Account	4	8.0	8.0	100.0
	Total	50	100.0	100.0	

Source: Field data, 2011

KNUST

Appendix 1.0 Employees of Barclays give me prompt service

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	16	32.0	32.0	32.0
	Agree	25	50.0	50.0	82.0
	Neutral	7	14.0	14.0	96.0
	Disagree	2	4.0	4.0	100.0
	Total	50	100.0	100.0	

Source: Field data, 2011

Appendix 1.1 Employees of Barclays are always willing to help you

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		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	18	36.0	36.0	36.0
	Agree	31	62.0	62.0	98.0
	Neutral	1	2.0	2.0	100.0
	Total	50	100.0	100.0	

Source: Field data, 2011

Appendix 1.2 Employees of Barclays are never too busy to respond to your request

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	14	28.0	28.0	28.0
	Agree	29	58.0	58.0	86.0
	Neutral	2	4.0	4.0	90.0
	Disagree	4	8.0	8.0	98.0
	Strongly Disagree	1	2.0	2.0	100.0
	Total	50	100.0	100.0	

Source: Field data, 2011

Appendix 1.3 The behaviour of employees of Barclays instil confidence in customers

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	18	36.0	36.0	36.0
	Agree	25	50.0	50.0	86.0
	Neutral	5	10.0	10.0	96.0
	Strongly Disagree	2	4.0	4.0	100.0
	Total	50	100.0	100.0	

Source: Field data, 2011

Appendix 1.4 The employees of Barclays are consistently courteous with me

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	18	36.0	36.0	36.0
	Agree	27	54.0	54.0	90.0
	Neutral	3	6.0	6.0	96.0
	Disagree	2	4.0	4.0	100.0
	Total	50	100.0	100.0	

Source: Field data, 2011

Appendix 1.5 The employees of Barclays have the knowledge to answer my questions

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	17	34.0	34.0	34.0
	Agree	26	52.0	52.0	86.0
	Neutral	5	10.0	10.0	96.0
	Disagree	2	4.0	4.0	100.0
	Total	50	100.0	100.0	

Source: Field data, 2011

Appendix 1.6 Barclays gives customers individual attention

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	16	32.0	32.0	32.0
	Agree	22	44.0	44.0	76.0
	Neutral	6	12.0	12.0	88.0
	Disagree	3	6.0	6.0	94.0
	Strongly Disagree	3	6.0	6.0	100.0

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	16	32.0	32.0	32.0
	Agree	22	44.0	44.0	76.0
	Neutral	6	12.0	12.0	88.0
	Disagree	3	6.0	6.0	94.0
	Strongly Disagree	3	6.0	6.0	100.0
	Total	50	100.0	100.0	

Source: Field data, 2011

Appendix 1.7   Barclays has convenient branch locations

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid		1	2.0	2.0	2.0
	Strongly Disagree	24	48.0	48.0	50.0
	Agree	19	38.0	38.0	88.0
	Neutral	4	8.0	8.0	96.0
	Disagree	2	4.0	4.0	100.0
	Total	50	100.0	100.0	

Source: Field data, 2011

APPENDIX TWO

Appendix Two shows some figures for the analysis of this study.

Barclays repeatedly delivers superior service in every way then competitors
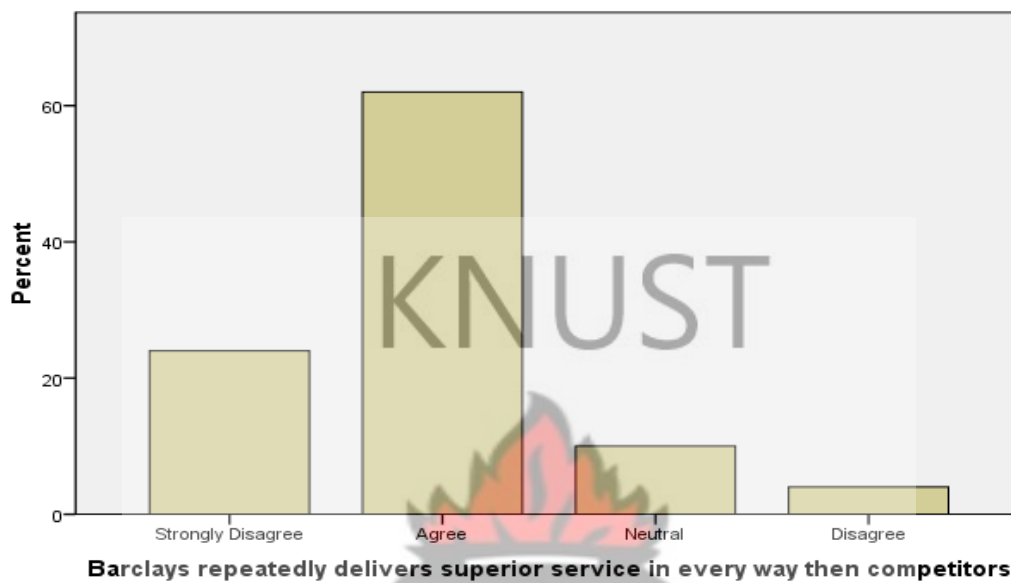
Appendix 2.0 Barclays delivers superior service in every way then competitors
Source: Field data, 2011

I would like to remain as a customer of Barclays
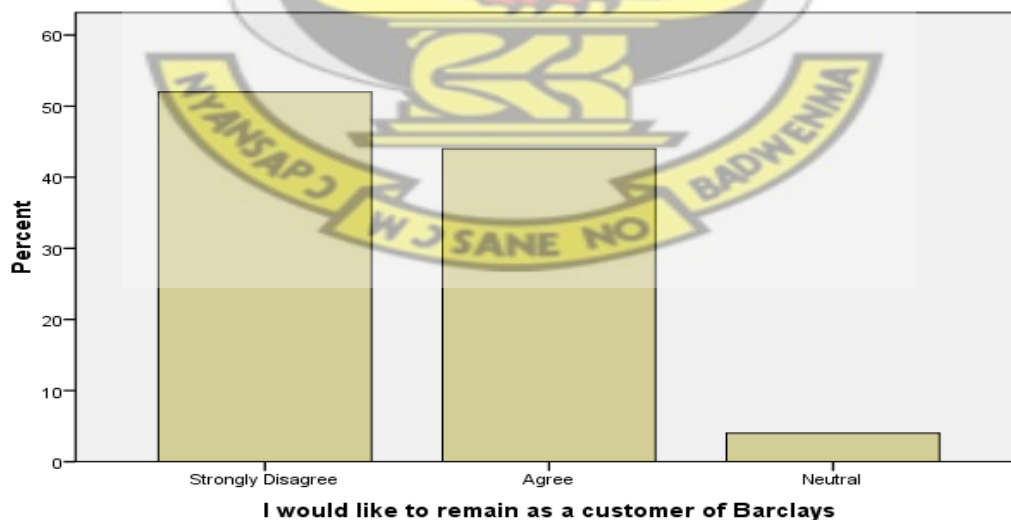
Appendix 2.1 I would like to remain as a customer of Barclays

I would like to recommend Barclays to friend and people I know

I would like to recommend Barclays to friend and people I know

Appendix 2.2 I would like to recommend Barclays to friend and people I know

Source: Field data, 2011

I consider my self to be loyal to Barclays
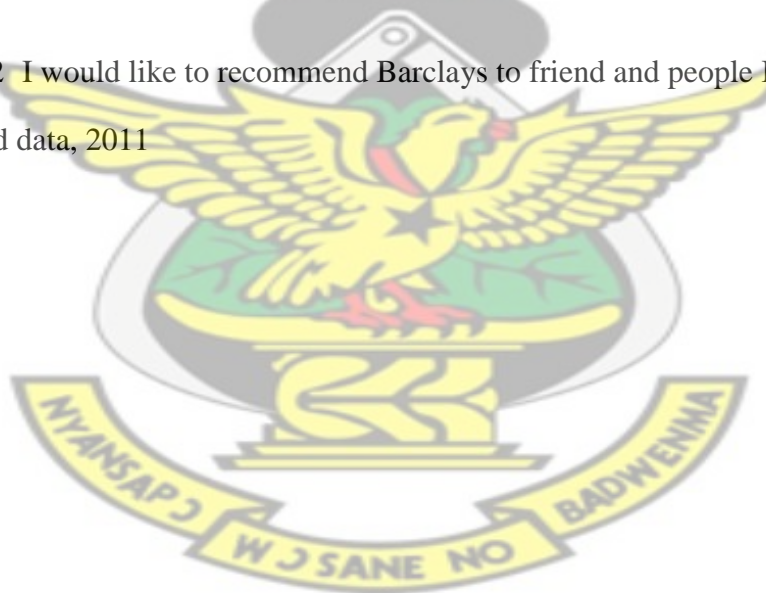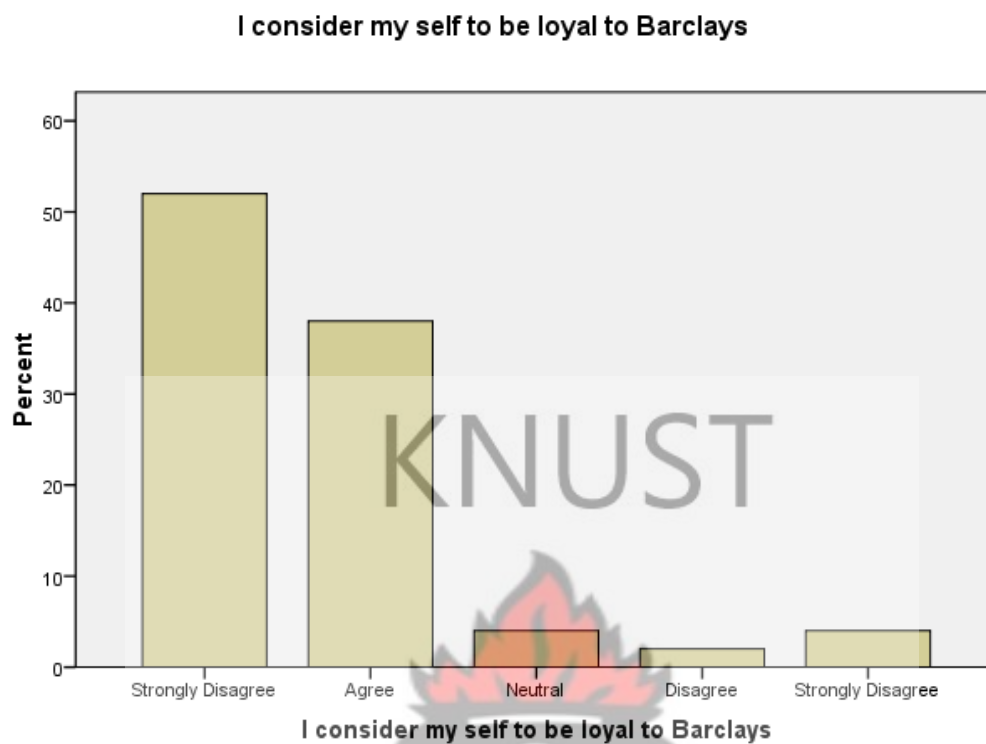
Appendix 2.3 I consider myself to be loyal to Barclays

Source: Field data, 2011
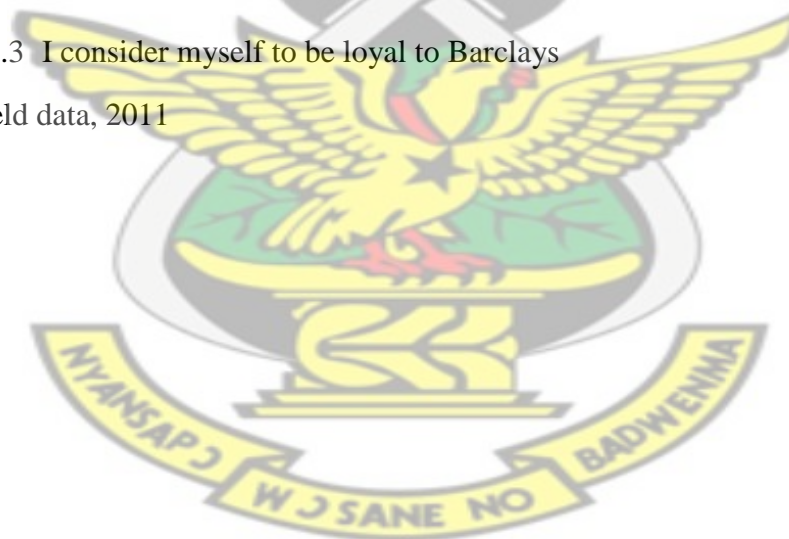
APPENDIX THREE

Table 3.0   List of Banks in Ghana:

NAME OF BANK	YEAR OF INCORPO-RATING	MAJORITY OWNERSHIP	NUMBER OF BRANCHES
Access Bank Ghana Ltd	2008	Foreign	2
Agricultural Development Bank Ltd	1995	Local	58
Amalgamted Bank Ltd	1997	Foreign	19
Bank Of Baroda (Ghana) Ltd	2007	Foreign	1
Barclays Bank Ghana Ltd	1917	Foreign	83
Bsic (Ghana) Ltd	2008	Foreign	10
Cal Bank Ltd	1990	Local	14
Ecobank Ghana Ltd	1990	Foreign	48
Fidelity Bank Ltd	2008	Local	17
First Atlantic Merchant Bank Ltd	1994	Local	6
Ghana Commercial Bank Ltd	1953	Local	157
Guaranty Trust Bank (Ghana) Ltd	2004	Foreign	18
HFC Bank Ghana Ltd	1990	Local	23

Intercontinental Bank Ghana Ltd	2006	Foreign	22
International Commercial Bank Ltd	1996	Foreign	12
Merchant Bank Ghana Ltd	1971	Local	22
National Investment Bank Ltd	1983	Local	27
Prudential Bank Ltd	1993	Local	21
SG-SSB Bank Ltd	1975	Foreign	40
Stanbic Bank Ghana Ltd	1999	Foreign	22
Standard Chartered Bank Ghana Ltd	1896	Foreign	22
The Trust Bank Ghana Ltd	1996	Local	20
Unibank (Ghana) Ltd	1997	Local	13
United Bank For Africa (Gh.) Ltd	2004	Foreign	25
UT Bank Ltd	1995	Local	10
Zenith Bank (Ghana) Ltd	2005	Foreign	16

SOURCE: GHANA BANKING SURVEY 2010

KNUST

KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY.

QUESTIONNAIRE FOR CUSTOMERS OF BARCLAYS BANK GH LTD.

INTRODUCTION:

The purpose of this questionnaire is to gather information on the effects of market segmentation on customer service in the banking industry, (the case of Barclays bank GH. Ltd.). The researcher is a student conducting the study for the fulfilment of the requirement for the award of a Master of business Administration degree (MBA) from the KNUST. Your contribution towards completion of this questionnaire is highly appreciated and information provided will be used only for academic purposes and treated with the utmost confidentiality needed. Thank you.

SECTION A: PERSONAL DATA OF RESPONDENT:

INSTRUCTON: PLS TICK ONE APPROPRIATE ANSWER

1. Gender :   Male [ ]   Female [ ]

2. Age: under twenty [ ]   21-30 [ ]   31-40 [ ]   41-60 [ ]

3. Highest education qualification achieved.
   Primary [ ]   S.S.S.C.E/O&A level [ ]   Diploma / HND [ ]   Degree [ ] 2nd degree
[ ]

4. How long have you operated an account with Barclays bank GH ltd?

   1-3 years [ ]   3-6 years [ ]   6-10 years [ ]   10 years and above [ ]

5. Indicate the type of customer you are.

   Corporate / large business [ ] SME [ ]   club or society [ ]   individual [ ]

6. What type of account do you operate with Barclays bank GH ltd.?

   Savings / student [ ]   Current [ ] Salary / Bank [ ]   Corporate account [ ] Foreign

SECTION B: MARKET SEGMENTATION VARIBLES IN BARCLAYS BANK

7. Which group or market segment do you belong to?

   Standard / Mass segment   [ ]   Corporate banking segment   [ ]

    Prestige or Premier life   [ ]   Royal lifestyle banking   [ ]

    Premier banking   [ ]   Luxury banking   [ ]

8. Which particular market segment would you like to join?

Standard / Mass segment   [ ]   Corporate banking segment   [ ]

 Prestige or Premier life   [ ]   Royal lifestyle banking   [ ]

 Premier banking   [ ]   Luxury banking   [ ]

9. What   is   the   reason   for   your   answer?

....

....

....

10. What specific service do you enjoy most from the market segment you belong to? Please, one answer only.

Quick service   [ ]   Longer banking hours   [ ]

Low bank charges   [ ]   Extra attention from staff   [ ]

Access to a relationship manager   [ ]   Free cash and ATM withdrawals [ ]

Investment advisory service   [ ]   others, please specify.......................

11. What do you dislike most about the market segment you belong to? One answer please.

Long queues in the banking halls   [ ]   lack of loan facility   [ ]

Unfriendly attitude of staff   [ ]   low interest on savings   [ ]

High bank charges   [ ]   shorter banking hours   [ ]

Poor telephone manners   [ ]   no access to relationship manager

SCALE OR INSTRUCTION: Please specify the score provided that matches your opinion.

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

SECTION C: EFFECTS OF MARKET SEGMENTATION ON CUSTOMER SERVICE

Segmentation and customer service	1	2	3	4	5
12. Market segmentation helps to enhance the customer service experience of Barclays					
13. The service experience I receive from my market segment at Barclays meets and exceeds my expectations.					
14. I still operate my account with Barclays because of the service I receive from my market segment?					
15. I have the perception that Barclays is a bank for only the elite or rich in society.					
16. I think I can receive better customer service from other market segments than where I belong to.					
17. The membership fee and extra bank charges are what prevents me from joining the other market segments					
18. Customers in different market segments receive the same level of service like what I receive from my segment.					

SECTION D: CUSTOMER SERVICE QUALITY MEASUREMENT:

Tangibles	1	2	3	4	5
19. Barclays uses state of the art technology and equipments in their service delivery.					
20. Barclays' physical facilities are visually appealing.					

21. The employees of Barclays are well dressed and neat in appearance.					

| Reliability	1	2	3	4	5
22. When Barclays promises to do something by a certain time, it does so					
23. Barclays shows a sincere interest in my complaints					
24. Barclays performs the service right the first time.					
Responsiveness	1	2	3	4	5
25. Employees of Barclays give me prompt service.					
26. Employees of Barclays are always willing to help you					
27. Employees of Barclays are never too busy to respond to your requests					

Assurance	1	2	3	4	5
28. The behaviour of employees of Barclays instills confidence in customers					
29. Employees of Barclays are consistently courteous with me					
30. Employees of Barclays have the knowledge to answer my questions.					

Empathy	1	2	3	4	5
31. Barclays gives you individual attention.					

32. Barclays has your best interests at heart.					
33. Barclays has convenient branch locations.					

Customer Perceived overall service quality	1	2	3	4	5
34. Barclays always delivers excellent overall service.					
35. The services offered by Barclays are of high quality.					
36. Barclays repeatedly delivers superior service in every way than competitors.					

Segmentation and brand loyalty	1	2	3	4	5
37. I would like to remain as a customer of Barclays					
38. I would like to recommend Barclays to friends and people I know.					
39. I consider myself to be loyal to Barclays					
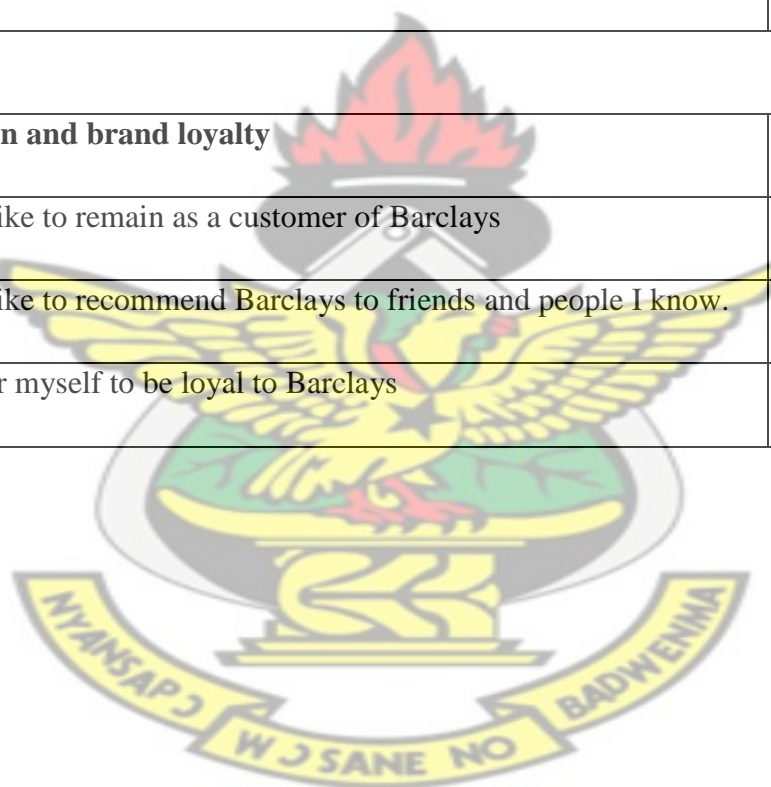
APPENDIX FIVE

KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY.

INTERVIEW GUIDE FOR THE MANAGEMENT OF BARCLAYS BANK GH LTD.

The purpose of this interview is to gather information on the effects of market segmentation on customer service in the banking industry, (the case of Barclays bank Gh. Ltd). The researcher is a student conducting the study for the fulfillment of the requirement for the award of a master of business Administration degree (MBA) from the KNUST. Your contribution towards completion of this questionnaire is highly appreciated and information provided will be used only for academic purposes and treated with the utmost confidentiality needed. Thank you.

SECTION A: PROFILE OF RESPONDENT:

1. Gender:

2. Age:

3. How long have you worked with Barclays bank Ghana limited.

4. What is your educational level?

5. Which specific department or unit of Barclays do you work with?

6. What is your position or role in the bank?

SECTION B: KNOWLEDGE ON MARKET SEGMENTATION

7. What are the various market segments into which your company groups customers?

8. What criteria are used by Barclays bank in grouping the various customers into market segments?

SECTION C: SEGMENTATION AND CUSTOMER SERVICE

9. What has been the effect of market segmentation on the customer service delivery of Barclays bank Ghana limited?

10. From feedback, in which way are customers satisfied with the service they receive from your unit or market segment?

11. Per your experience, which market segment within Barclays delivers the best of service to customers? Please give reasons for your answer.

12. What are the specific problems customers mostly complaint about in your department?

13. What are some of the benefits of market segmentation to Barclays bank?

14. If you were an external customer which market segment would you opt to belong to?

Please state reasons for your answer.

THANK YOU VERY MUCH

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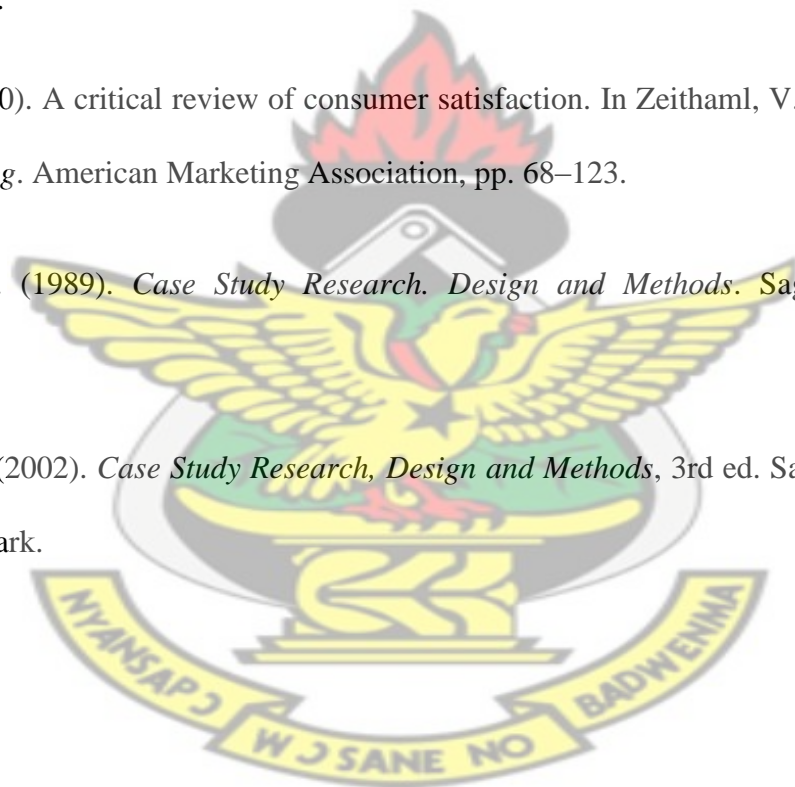
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