



DISSERTATION PROPOSAL

by Azhda Mustafa



*"Customer retention through strategic marketing
management and application in the UK banking industry."*

Student name: Azhda Mustafa

Student ID: 1907558

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Instructor's name: Tushara Balendran

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Chapter 1. Introduction

Nowadays, the service economy has gained traction around the world and is growing at a rate that is far beyond that of the industrial sector, particularly in developed countries.

With the rise of the service economy, service marketing methods and techniques have evolved as well. In order to position themselves in their chosen target markets, service organisations were compelled to employ marketing principles. The rapid growth of the service industry, as well as increased rivalry, have created a solid foundation for applying modern marketing techniques to service firms. (Sood, 2017, p.5)

The banking sector is an important aspect of the service industry, as it has extremely significant role in the economic development. The banking system of any economy is the track on which it runs. Its structure and operation are critical to a country's financial performance and economic progress. (Sood, 2017, pp.107-108)

In the UK, the market size of the banking industry measured by revenue is £92.3bn in 2022. However, over the past 5 years, the banking sector in UK has declined 3.3% per year. (IBISWorld, 2022) The banks are competing aggressively, and they must make every effort to survive in a competitive and indefinite market. Customer satisfaction and relationship are important characteristics in determining whether a company will succeed or fail. Banks in the UK can gain sustainable competitive advantage by implementing the strategic marketing methods on customer retention. (Chuang and Hu, 2014, p.420)

1.1 Rationale of the study

Many industries have experienced substantial change over the last two decades. The transition from a sellers' to a buyers' market has been the most significant revolution. (Ahearne, *et.al*, 2021) As the buyers power is high, the research will be helpful to identify right strategic approach in the UK banking industry to retain customers and to attract more.

According to the Business Development Bank of Canada, the most important work of the business is to know their customer's needs and wants. The consumer's decision to purchase or not purchase services is influenced by a variety of factors. Understanding and utilising these characteristics is critical in service marketing. Marketing strategies need to consider these buying behaviour factors which affect the success of the firm. (BDC, 2021)

Another evidence for the importance of this research is the Pareto Principle, which has known as 80/20 rule. According to Pareto Principle, the 20% of the customers are generating 80% of the sales. These 20% of consumers are repeat customers, as a result it's critical to focus on Customer Relationship Management. (Leighton, 2020)

1.2 Research Aim

The research's aim is to strengthen client retention in the UK banking sector by implementing strategic marketing management.

1.3 Research objectives

- ✓ To determine the strategic marketing management strategies currently being implemented by companies in the UK banking industry.
- ✓ To investigate the various customer relationship management strategies utilised by banks in the UK.
- ✓ To identify the potential challenges in implementing customer relationship management strategies.
- ✓ To analyse the impact of strategic marketing management strategies on customer retention in the UK banking sector.

1.4 Research questions

- What are the strategic marketing management strategies currently being implemented by companies in the UK banking industry?
- What are the various customer relationship management strategies utilised by banks in the UK?
- What are the potential challenges in implementing customer relationship management strategies?
- What is the impact of strategic marketing management strategies on customer retention in the UK banking sector?

Chapter 2. Literature Review

“Marketing is the whole business seen from the point of view of its final result, that is, from the customer’s point of view.” (Chernev and Kotler, 2018, p.6)

According to Aaker and Moorman (2018, p.15) strategic marketing management is a method that assists management in developing, changing, or retaining a corporate strategy as well as developing new strategies for the future. It entails external and internal analysis, strategy creation and adaptation, strategy implementation, and corporate value creation. Lynch (2018, pp.9-11) defined the strategic marketing management as the identification of the objective of the business and the procedures and plans to reach that purpose. Barney and Hesterly (2019, p.27) stated that the strategic marketing management method is a series of analyses and decisions that enhancing the probability that an company will choose a good strategy, that is, a strategy that builds competitive advantages. According to Drummond, Ensor, and Ashford (2008, p.13) strategic marketing management is the process of developing and deploying procedures, processes, and techniques that confirm market strategy is relevant to the current/future business environment, sustainable, creating optimal benefits for both the customers and organisation.

According to Coltman, Devinney and Midgley (2011) Customer Relationship Management (CRM) is a well-known marketing strategy for establishing long-term relationships with particular customers.

CRM (customer relationship management) is a growing trend in banks today, and many financial institutions have adopted it in recent years. CRM evolved from business procedures like relationship marketing. Furthermore, it emphasises better client retention and satisfaction through effective customer relationship management. CRM can be described as the use of customer-related information or expertise to deliver related products or services. CRM is also considered to be technology oriented. (Chuang and Hu, 2014, p.420) According to Payne (2006, p.9) CRM emphasizes on client retention and increasing the ‘lifetime value’ of customers through strategies that concentrate on keeping targeted customers. Hooley *et al.* (2020, pp.373-374) stated that the CRM strengthens customer relationships by demonstrating the company's

trustworthiness and reliability; it achieves the coordination of complicated organisational capabilities around the customer to generate a competitive advantage for the company. According to Chitra and Subashini (2011) CRM tools have been created and used in the banking industry to increase client acquisition and retention and to maintain significant analytical tasks such as classification and predictive modelling. Generally, CRM applications hold a massive set of data about each individual client. This information is obtained from a customers' activity at the bank.

Currently, companies should focus more on retaining existing consumers than on acquiring new ones. (Jahromi, Stakhovych, & Ewing, 2014) According to Buttle (2008, p.260) customer retention is effective method for banks to grow and its improvement is an essential objective for many CRM applications. It's crucial to remember that the goal of concentrating CRM efforts on customer retention is to guarantee that the organisation retains relationships with customers that add value.

Chapter 3. Research methodology

A research method is a technique for collecting and analysing data and implementing research. The science and philosophy that underpins all research is known as research methodology. It is an approach to the process of the research, used to identify and analyse the information about the topic. (Adams, Khan and Raeside, 2014, p.5) The underlying theory and analysis of how research does or should progress, typically impacted by discipline, is known as research methodology. It also enables critical assessment of a study's overall validity and accuracy. (Sachdeva, 2009, p.7)

The data gathering steps are located in the centre of the research onion in *Figure 1*. The researcher must go through each stage to establish an effective methodology. (Saunders, Lewis, and Thornhill, 2019, p.128)

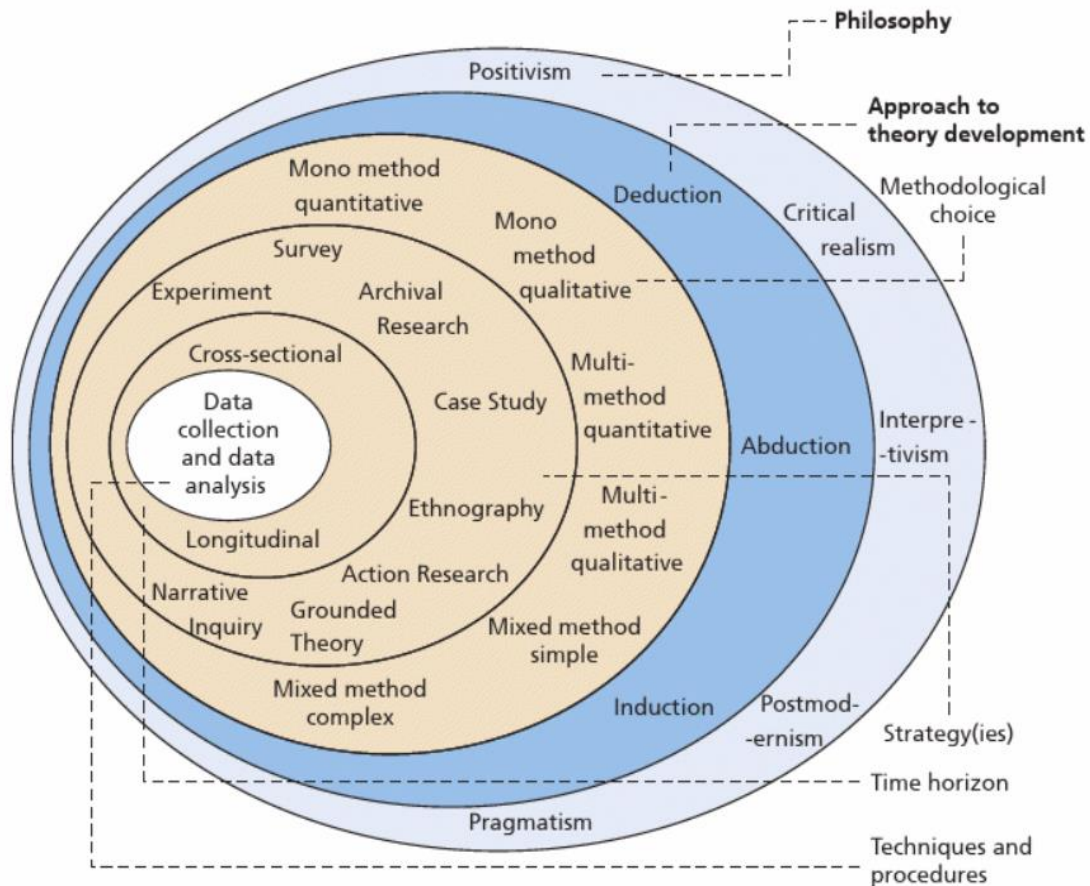


Figure 1. The “research onion”. (Saunders, Lewis, and Thornhill, 2019, p.130)

3.1 Research philosophy

Research philosophy refers to a set of attitudes and assumptions about the development of knowledge. Positivism promises unambiguous and accurate knowledge. Positivism advocates developing hypotheses based on current theory. These statements provide hypothetical explanations that can be explored and confirmed, in whole or in part, or denied, resulting in the construction of a theory that can then be evaluated by further research. (Saunders, Lewis, and Thornhill, 2019, pp.144-146)

The research philosophy “positivism” will be used in the study, as strategic management has usually been led by the positivist approach, which sees strategy as rational planning and control. The positivist paradigm encompasses a wide range of strategy process techniques. For example, scholars pay attention to Porter (1980), because he set out strategic frameworks amenable to empirical testing. (Rabetino, Kohtamäki and Federico, 2020)

3.2 Research approach

Research approach is a technique and plan that contains of steps from general assumptions to precise data collecting, analysis, and interpretation processes, depending on the nature of the research questions. The research approach is classified into three classifications: inductive, deductive, and abductive. (Chetty, 2016; Dudovskiy, 2015)

The deductive research method explores a well-known theory or phenomenon to establish whether or not it is true in particular situations. "The deductive approach most closely follows the logic road." (Dudovskiy, 2010)

Deductive approach progresses from the general to the specific. It may be called a "top-down" approach. (Sachdeva, 2009, p.55)

To find the answers to the research question, the deductive technique is used to identify currently implemented strategies and models by the UK banking industry, as well as their possible challenges. Consequently, the established theories and models such as well-known Ansoff matrix, Porter's generic strategies, Marketing mix, CRM as well as others will be examined. (Mugo, Wanjau and Ayodo, 2012)

3.3 Research strategy

The survey strategy will be used in this study, which is associated to the deductive research approach. The survey is an organised method of asking the same questions to different respondents in the same order and compiling a database of responses for analysis. (O'Gorman and MacIntosh, 2015, p. 165) It appear to be simple to obtain information from people by asking them questions face to face, conducting telephonic surveys, or sending them postal questionnaires. Without a doubt, surveys are the most widely used data collection method in business and management research. (Adams, Khan and Raeside, 2014, p.96)

The survey strategy will aid in the direct collection of data from clients of the banking industry in the United Kingdom, which will be useful in the analysis of the research aim.

3.4 Types of investigation

Primary and secondary research will be used in this research paper, and they will collaborate to gather vital data and will support research arguments.

Primary research

Primary sources are employed to obtain initial information during the research process. Primary data is information gathered by the researcher utilizing techniques such as direct observations, surveys, interviews, and logs. Primary data is a credible source of information since the researcher knows where it came from, how it was acquired, and how it was processed because he did it himself. The learner can get original and unedited material by using primary sources of knowledge. A primary source involves the student interacting with the source in order to retrieve information. (Sachdeva, 2009, p.109)

Primary research will be undertaken in this project by producing a survey with unique questions. Survey will help to gauge the customers views and experiences, their satisfaction and loyalty in the UK banking sector. When conducted correctly, surveys provide solid facts about people's attitudes and behaviours, which can be applied to generate critical decisions. (Survey monkey, 2022) Primary data collection has several disadvantages, such being expensive, time demanding, and complicated. (Adams, Khan and Raeside, 2014, p.92)

Secondary research

Secondary data is information that has been obtained by someone else and can be found in books, libraries, and online. This data can be utilized as a main source of information or as a supplement to the collected data. Secondary data is frequently utilised to confirm the validity of the sample. (Adams, Khan and Raeside, 2014, p.104)

A literature review was carried out as secondary research, where has been determined what research has already been conducted by different authors regarding the research topic and questions. This is time-consuming task since the appropriate, related, up to date and relevant data must be gathered, providing a critical examination of essential literature related to the study's research objectives. The literature review needs to show the understanding of the field, and its key theories, ideas, concepts, as well as the major issues and discussions about the topic. (Saunders, Thornhill, and Lewis, 2016, pp.77-79)

3.5 Methodology

The tools and techniques used to collect data are determined by the type of data, which can be quantitative or qualitative.

Qualitative

This type of research employs data gathering and analysis that are non-quantitative, and research approach is inductive. Qualitative research methods have long been involved in the social sciences. These methodologies have a lot to offer when it comes to examining people's well-being and health, as well as their everyday lives in business and at home. (Adams, Khan and Raeside, 2014, p.6)

Quantitative

This type of research follows to the requirements of a precise research design prepared before to the actual investigation and is founded on the methodological principles of positivism. (Adams, Khan and Raeside, 2014, p.6) Quantitative research assesses relationships between variables that are statistically measured and evaluated utilizing a range of graphical and statistical techniques. (Saunders, Lewis, and Thornhill, 2019, p. 178)

The research will use mono method, which means only one data type will be applied. Based on information from research onion stages, the quantitative method will be appropriate in order to analyse and evaluate the strategic marketing management for customer retention in banking industry in the UK. The use of quantitative method can help to be more efficient in management and solving business problems. These methods are widely utilised in the corporate world to address marketing difficulties such as the promotional mix in advertising, market segmentation, and Customer Relationship Management. (Curwin, Slater and Eadson, 2013, p.67)

3.6 Time horizons

The cross-sectional method is used in this study, as data collection and analysis are performed at a single point of time.

The survey strategy is regularly utilized in cross-sectional studies. They may be trying to define the occurrence of a phenomenon or to describe how factors interact in different businesses. They may, however, employ quantitative or mixed methods research strategies. (Saunders, Thornhill, and Lewis, 2016, p. 200)

Chapter 4. Data collection and analysis

4.1 Sampling

Whatever the research questions and aims, the researcher must assess if sampling is required. Sampling techniques enables to decrease the quantity of data that is needed to gather by taking into account only information from a subgroup rather than all possible cases or elements. Additionally, sampling saves time, an essential consideration when deadlines are tight. (Saunders, Thornhill, and Lewis, 2016, pp. 272- 274)

- **Sample size** - The study aims to assess customer relationship management in the banking industry in UK. As a result, the researcher will use sample of 50 participants, who are customers of different popular banks in the UK.
- **Sampling type** – A sample of 50 customers from different banks in the UK were chosen. The participants' ages will range from 30 to 60 years old, because the research will focus on consumers who have more experience as bank customers to assist in determining which marketing strategy is effective to their dedication.
- **Sampling method**- The non-probability sampling method will be used. The chosen method is convenience sampling. This is possibly the easiest method of sampling because contributors are selected based on accessibility and willingness to take part. Although relevant results can be obtained, they are prone to significant bias since volunteers may differ from those who do not (volunteer bias), and the sample may not be representative of other factors such as age or gender. (Health knowledge, 2018)

4.2 [Data collection method](#)

- **Questionnaire** – The main advantages of questionnaire surveys are a perfect technique of delivering strategy-related information; quantification that is simply understood/ communicated; repeat surveys that can study change over time; surveys that can cover a wide series of actions and can study attitudes, meanings, and perceptions of a population as a whole. (O’Gorman and MacIntosh, 2015, p.165)
The questionnaire will be formulated from 10 closed-ended questions, also it will be paper based. The survey will consist of questions from multiple choice format and Likert scale type questions, which respondents have to answer within 15 minutes.
- **Analysis of data** - The extremely significant part of any research is data analysis. Data analysis is the method of summarising the data collected. It involves the analysis of data obtained by the application of analytical and logical reasoning to discover patterns or correlations. (Steynberg, 2022) The primary data obtained from the survey will be analysed in Microsoft Excel, through using graphs and tables.
- **Research Ethics** - Collecting, using, and sharing data in research with people necessitates adhering to accepted ethical norms for research. In order for research to be beneficial while minimising the possibility of harm, it must be conducted ethically. Before starting the survey Participation Consent Form, which is provided by the university will be given and no personal questions will be asked. The research will conform with the Data Protection Act 2018, and any primary data collected will be kept private and confidential. (Legislation.gov.uk, 2018)

4.3 Gantt Chart

To organise and schedule the Dissertation project, a Gantt Chart was prepared.

Tasks of the project: Dissertation	We ek 1	We ek 2	We ek 3	We ek 4	We ek 5	We ek 6	We ek 7	We ek 8	We ek 9	We ek 10
Introduction (background, rationale of the study, aim, research objectives, research questions)										
Literature review										
Research methodology										
Creating the questionnaire										
Data collection										
Data analysis										
Discussion/Interp retation of data										
Conclusion and recommendation s										

Table 1. Gantt Chart.

4.4 Research budget and expenses

ACTIONS	BUDGET
Books to access secondary information.	£30-£50
Necessary resources for the survey: such as paper, printer.	£20-£30
Travel expenses.	£10-£20
Total:	£50-£100

Table 2. Research expenses.

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