



Final Dissertation

by Azhda Mustafa



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

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Abstract

This research was conducted to analyse how customers are retained in the UK banking industry by banks implementing strategic marketing management. The ability to retain existing consumers is increasingly considered critical to effective performance in marketing, particularly in the service business. The banking industry is an important aspect of the service sector, as it has an extremely significant role in economic development.

In this study, the strategic marketing management methods presently used by the UK banking sector will be analysed, as well as how they affect customer retention. The paper will evaluate different Customer relationship management strategies in the UK banking industry, as well as their potential challenges. It will focus on external and internal analysis, as well as the task of achieving sustainable competitive advantage.

The information was gathered from various sources, including books, the internet, journals, and others. Additionally, a survey is used to collect quantitative data for the study, which will support to assess the banking client's views and experiences. Consequently, based on the primary data collected and examined, recommendations on methods to increase customer satisfaction, retention and maintaining a loyal customer base will be provided.

Acknowledgments

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Abbreviations

AMA- The American Marketing Association

CLC- Customer Life Cycle

CLV- Customer Lifetime Value

CRM- Customer Relationship Management

CR- Customer retention

IDIC- Identify, Differentiate, Interact and Customize

KYC – Know your customers

MS- Marketing strategy

SM- Strategic management

SMM- Strategic marketing management

STP – Segmentation, Targeting, Positioning

UK- United Kingdom

US- United States

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Chapter 1. Introduction

1.1 Research Background

Nowadays, the service economy is gaining traction around the world and growing at a rate far exceeding that of the industrial sector, especially in developed countries.

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

The banking system is a subset of the financial services sector, and its operation and structure are key to a country's financial operation and economic development. (Sood, 2017, pp.107-108) Services dominate the UK economy, and the banking industry is one of the highly profitable sectors in the country. (IBISWorld, 2022a)

The UK central bank is the bank of England, founded in year 1694. (Bank of England, 2016) In the United Kingdom, the banking industry's revenue market size is estimated to be £92.3 billion in 2022. (IBISWorld, 2022b)

The UK has over 300 banks and 45 building societies, making it the largest banking scheme in Europe and the fourth biggest in the world (CFI, 2022). Also, the UK banking system is larger than the US system. (Davies *et al*, 2010) The top four performers in the industry are HSBC, Lloyds Banking Group, NatWest Group, and Barclays. HSBC generates a 23.6 percent share of the value of the UK banking sector, making it the dominant player. There is not much differentiation in the sector because all of the major competitors offer comparable financial services to consumers and employ similar business strategies. (MarketLine, 2022, pp.2-3)

The banks must develop marketing strategies and tactics to succeed in the indefinite market and aggressive financial sector in order to achieve a competitive edge. Relationships with existing customers and customer satisfaction are crucial factors in deciding a company's success or failure. By using strategic marketing techniques for customer retention, banks in the UK can acquire a sustainable competitive advantage. (Chuang and Hu, 2014, p.420)

1.2 Rationale of the study

Worldwide competition and the presence of constant innovation have come together in recent years to redefine market structures, reshape industries, and present customers with unprecedented value and choice. (Colin and Thomas, 2010)

Many businesses have changed significantly over the past two decades. The most major shift has been the move from a sellers' to a buyers' market. (Ahearne, *et.al*, 2021) Due to the significant buying power, research will be useful in determining the best strategic approach for the UK banking industry to keep existing clients and attract new ones.

According to the Business Development Bank of Canada, the most significant work of the companies is to know their client's needs and requirements. The consumer's choice to purchase or not purchase services is affected by a variety of factors. Understanding and employing these characteristics is important in service marketing. Marketing strategies need to take into consideration these buying behaviour factors which impact the success of the business. (BDC, 2021)

The Pareto Principle, sometimes well-known as the 80/20 rule, is yet another indicator of the significance of this research. According to the Pareto Principle, 20% of clients are responsible for 80% of sales. Customer Relationship Management must be emphasised because 20 percent of consumers are repeat buyers. (Leighton, 2020)

1.3 Literature gap

Regardless being the focus of this thesis, strategic marketing management is an important marketing topic. It is acknowledged as a developing concept that is preoccupying academia, and there is obviously not much information available about it. Other gaps in the literature include the need for research into customer retention and the banking industry. Additionally, there are gaps in the literature regarding SMM and the banking sector.

1.4 Aims, objectives, research questions and hypothesis

Research aim:

The main aim of the research is to examine how customers are retained in the UK banking industry by banks implementing strategic marketing management.

Research objectives:

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

Research questions:

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

1.5 Dissertation outline

Chapter 1 – Introduction

This section contains the topic introduction by explaining the background and importance of the research area. Additionally, the research aim, objectives, and questions are involved to assist the investigator to focus on the right field.

Chapter 2- Literature Review

This Part includes the research already conducted by other authors concerning the research topic and questions. The existing data will be critically analysed, along with advantages and disadvantages, major issues, and discussions on the subject area. Also, relevant existing theories will be selected and applied in detail.

Chapter 3- Research Methodology

This Stage will be focused on the research process by going through each stage of the Research onion. All the characteristics of the research methodology will be explained and evaluated in detail, in order to conduct and analyse the study.

Chapter 4- Analysis of Data

This Chapter will include data collected from banking industry customers in the United Kingdom via questionnaire. The collected primary data will be investigated and summarized in Microsoft Excel, through graphs, charts, and tables. Also, it will include written paragraphs commenting on the results for each question.

Chapter 5- Conclusion, Recommendations and Limitations

Based on the secondary and primary data, a summary of the research will be written to discuss the findings. Moreover, conclusion and recommendations will be given based on the researcher's point of view.

Chapter 2. Literature Review

2.1 Introduction

A literature review is a piece of academic writing that demonstrates comprehension and knowledge of the academic literature on a certain topic in context. A literature review also consists of a critical assessment of the sources. It gives knowledge and awareness of current research in a certain field before initiating new research. Also, a literature review allows to one learn about past research and discover what is unknown about the subject. (The University of Edinburgh, 2021)

Throughout this chapter, the literature review will show the understanding of the field and its key ideas, and concepts, as well as the major issues and discussions about the topic. In this part of the study will be applied appropriate strategies and theories to the banking industry to indicate their impact on customer retention.

2.2 Definition of key terms

- ***Marketing***

Armstrong *et al.* (2014, p.4) define marketing as "the activity, collection of institutions, and methods for producing, conveying, delivering, and exchanging offerings with value for clients, partners, customers, and society at large."

Iacobucci (2021, p.2) describes ***marketing*** as an exchange between a consumer and business, and marketing strengthens the customer-brand exchange.

Critical analysis of Marketing

According to the UK Chartered Institute of Marketing (2015) **marketing** is the management practice which supplies, identifies, and anticipates client needs effectively and successfully.

However, The American Marketing Association (2004) explains **marketing** as a process of executing and planning the concept, pricing, distribution and promotion of ideas, goods, and services to make an exchange and fulfil individual and organisational goals.

According to Blythe and Martin (2019, p.2), these two definitions have been criticised. The UK Chartered Institute of Marketing considers profit to be the only outcome of marketing, whereas marketing techniques and approaches are frequently adopted by non-profit organisations and government departments. The AMA definition has also been chastised for failing to account for marketing's growing importance in a broader social context, and for portraying customers as inactive members in the activity.

However, according to the father of modern marketing Kotler *et al.* (2019, pp.5-6) **marketing** is attracting buyers and managing profitable consumer relationships. Marketing's dual goals are to retain and grow present consumers by offering value and satisfaction, and to attract new customers by promising higher value.

The following are some advantages and disadvantages of marketing in the service industry, as shown in *Table 1*.

<i>Advantages of Marketing</i>	<i>Disadvantages of Marketing</i>
• Recognizes that the business must advertise its services in order to compete with other companies. • Increasing revenue • It emphasises the importance of focusing on price and the unique characteristics of a service. • Recognition of the brand • Emphasizes the need to differentiate services from competitors.	• Allocating resources to marketing activities can take time. • This can be an expensive task. • It is necessary to have foresight into the most effective marketing campaigns. • Requires a review or analysis of the promotional needs

Table 1. Advantages and disadvantages of Marketing in the service industry.
Source: (Ratten, 2022, pp. 59-60) (*Amended by the researcher*)

Foxall (2013, p.8) stated that the negative view of **marketing** is that it is a Trojan Horse that releases hordes of salespeople on the general public, convincing them to buy things they do not want. However, according to Hooley *et al.* (2020, p.7) and Ogbadu and Abdullahi (2013, p. 65) **marketing**, in any case, refers to customer needs being satisfied. The first phase entails figuring out what the customers want and then upgrading or changing the existing items to meet their needs. It also entails the demand for predicting future customer requirements and creating products that are suitable for those needs.

Ratten (2022, p.59) emphasised that **marketing** is frequently misinterpreted due to the numerous approaches that can be taken. Some people believe that marketing is unnecessary since it happens naturally. This means that the term "marketing" is not utilised because it refers to a planned activity. Another negative association with the term "marketing" typically refer to it being seen as a set of tactics. This indicates that it is treated more as a game than a professional endeavour. However, Chernev and Kotler (2018, p.9) pointed out that **marketing** is much more than tactics; it also includes strategic analysis and planning, which lay the groundwork for the success of tactical elements, and it is a business discipline that is first and foremost about creating value.

- **Marketing strategy**

According to Ferrell, Hartline, and Hochstein, (2021, p.16), a **marketing strategy** is a project for how a company will use its strengths and abilities to meet the market's needs and requirements. The marketing strategy of a firm defines how the company will meet the wants and requirements of its clients.

Kotler, Armstrong and Opresnik (2018, p.212) highlighted that the **marketing strategy** is a set of plans to accomplish something for a long period.

Day (2022, p.3) declares that **marketing strategy** is a fundamental component of a competitive strategy, addressing the questions: "*Where to play? How to*

win?" through gaining leadership in the area of customer value and regularly creating new value for the customers.

According to Mavis (2013, p. 66), a **marketing strategy** is a method that can let a firm to focus its limited resources on the best prospects to improve sales and establish a long-term competitive advantage. Patil and Bhakkad (2014, p.207) pointed out that banking institutions compete not only with other banks but also with non-bank financial intermediaries and alternative funding sources. Another strategic challenge affecting financial companies today is shifting client wants and expectations. Consumers are becoming more sophisticated and involved in their financial decisions as their education and wealth levels rise. The underlying concept of marketing strategy should be centred on the primary goal of customer satisfaction.

A **marketing strategy** integrates product creation, pricing, distribution, relationship management, promotion, and other circumstances; specifies the organization's marketing objectives and describes how they will be realised, ideally within a set timeline. Marketing strategy directs the selection of target market segmentation, positioning, marketing mix, and resource allocation. (Mavis, 2013, p.66)

- ***Strategic management (SM) and Strategic marketing management (SMM)***

Strategic management, according to Parnell (2017, p.2), is an approach that involves senior management's analysis of the environment in which the organisation operates prior to developing a strategy, as well as the idea for strategy implementation and control. The distinction between a strategy and the strategic management procedure is that the latter considers what needs to be done prior to the formulation of a strategy by evaluating whether or not a previously executed plan was successful. According to Dess *et al.* (2019, p.6), **strategic management** consists of the decisions, actions, and analyses a business undertakes in order to build and sustain competitive advantages. Thompson, and Martin (2010, p.11) say that rather than being a discipline that can be taught,

strategic management is a process or processes that must be understood. It is the process through which organisations define their objectives, purpose, and intended levels of achievement; decide on actions to reach these objectives in a realistic period, typically in a changing environment; implement the activities, and analyse progress and results. When and when necessary, the actions can be adjusted or updated.

Strategic marketing management (SMM), according to Aaker and McLoughlin (2010, p.10), is a system created to assist management in changing, developing, or retaining a business strategy; it involves choices that have a significant long-term influence on the organisation. Lynch (2018, pp.9-11) specified the ***SMM*** as the identification of the goal of the company and the techniques and plans to reach that purpose. Soundaian (2019, p.3) defined ***SMM*** as the process of applying superior skills in particular market segments while keeping in mind the long-term and environmental needs of the marketing organisation and providing the best service to the customers within those segments to rise their level of satisfaction and facilitate the development of a devoted customer base.

Marketing management transforms into ***SMM*** when it becomes tenacious and aggressive in tackling the competitors and ensuring customer satisfaction using human knowledge power not only in the short but also in the long run. SMM fully utilises human skills in marketing the goods and ensures that no gaps are created in this endeavour.

Critical analysis of SMM

Based on the explanations provided above, it is clear that SMM has benefits such as creating value for customers, assisting in customer satisfaction, strengthening customer relationships, assisting in gaining a sustainable competitive advantage, and improving business performance. According to Colin and Thomas (2010, p.5; p.24), other benefits of ***SMM*** are:

- ✓ Improving business productivity.
- ✓ Emphasizes a company's strategic imperatives.
- ✓ Assists in the clarification of marketing objectives.

- ✓ Reduces the risk.
- ✓ Increases the likelihood of success.
- ✓ Directs operational decisions.
- ✓ It conveys a strong sense of purpose.

One of the major criticisms of **SMM**, according to Colin and Thomas (2010, p.24), is that it focuses on what businesses should do without considering the organisational restrictions that prevent such rational decisions from being implemented.

Jagersma (2006, p.52) highlighted one of the main disadvantages of implementing **SMM** in the banking industry is that it can be a difficult process for bank managers. Banks must create concentrated tactics to recognize, segment, and exploit consumer demands that have the possibility to be profitable. Executives will need to reconsider their strategic goals and rethink their marketing strategies. Developing such strategies is difficult; putting them into action may be even more complicated. Foxall (2013, p.8) identifies another drawback in the implementation of **SMM** in the banking industry. He stated that there is a need for executives who have specific skills, qualifications, and education in order to succeed in such a difficult management process. Furthermore, he emphasises that there is keen competition among banks, and one of the first special qualifications of a branch manager should be the ability to apply skills and develop a strategy to increase the profitability of the branch's transactions and customer satisfaction.

- ***Customer Relationship Management (CRM).***

CRM originated with and is founded on the principles of Relationship Marketing. In their work, Peppers, and Rogers (1993) highlighted relationship marketing as one-to-one marketing, arguing that businesses will not try to sell one product to as many consumers as possible. Instead, they will try to sell as many products as possible to one customer over a longer period and across various product lines.

To accomplish this, businesses must focus on developing one-on-one relationships with individual customers. (1993, Peppers and Rogers)

CRM was identified by Kotler and Keller (2012) as one of the most significant new marketing trends of the twenty-first century. Therefore, it follows that a thorough revision of present business and marketing ideas is necessary if firms are to continue to prosper, particularly in light of the rapid advancement of technology.

Hooley *et al.* (2020, pp.373–374) declare that **CRM** improves customer relationships by showcasing the company's reliability and trustworthiness. It also facilitates the coordination of complex organisational capabilities around the customer to give the firm a competitive benefit.

According to Lin *et al.* (2010), **CRM** is progressively have being recognised as a way of creating new resources and offering a sustainable competitive advantage. CRM allows a company to better understand its customers by collecting customer data. It is critical in determining target customers and retaining them, boosting operations, and predicting demand. **CRM** as a idea regards customer loyalty as essential for enterprise productivity and long-term attractiveness. (Siddiqi, 2011).

According to Muro, Magutu and Getembe (2013, pp.329-332) **CRM** cannot be successfully implemented in an organisation without the use of technology. The CRM system is computer software that helps businesses maintain track of and simply gain access to data about their clients or clients. It is a combination of information systems, organisational strategy, and technology aimed at improving customer service. Rao and Patel (2018, p.18) underlined that **CRM** helps the entire company process through technology to get in touch with the customers. The attention of company managers and academic researchers has attracted CRM who are interested in increasing repeat business and customer loyalty. Furthermore, decreasing complaints and thus boosting customer satisfaction is part of the essential elements of successful CRM implementation.

Buttle (2008, p.4) defines **CRM** as a core customer-centric corporate strategy aimed at acquiring and retaining profitable customers.

Due to the various characteristics and definitions of CRM given above, Buttle (2008, p. 4) in his book separates **CRM** into four forms: Strategic, Operational, Analytical and Collaborative, which have a common objective.

Laketa *et al.* (2015, p.244) highlighted that the adoption of the **CRM** concept in the banking industry necessitates a collaborative effort across all areas (*Figure 1*). Integration of all types of CRM is required to optimise bank processes and satisfy customer needs.



Figure 1. Types of CRM. Source: Buttle (2008, p.4) (Created by the researcher)

- **Strategic** – helps banks manage their relationships with existing customers as well as attract new ones by aiming at key issues such as customer acquisition and retention strategies. (Gessner, 2022; Buttle, 2008, p.4)
- **Operational**- it provides information about bank customers and maintains marketing, customer service and sales. (Laketa *et al.*, 2015, p.244)
- **Analytical**- it gives customer-related data for strategic purposes. It provides efficient options for analysing and processing data to gain

valuable insights into what's going on in a bank. (Kravchenko, 2019; Buttle, 2008, p.4)

- **Collaborative**- It is focused on efficient collaboration across bank departments to optimize customer value, company, and partner. (Kravchenko, 2019) This CRM is in charge of creating customer communication through the appropriate network of interaction. (Laketa *et al.*, 2015, p.245)

Muro, Magutu and Getembe (2013, pp.329-332) clarify that a **CRM** system enables a bank to have a thorough understanding of the requirements and preferences of its customers. It can track performance, automate multi-step processes, and improve teamwork with its assistance. CRM in banks maximises an enterprise's income and profitability while delivering the highest level of customer satisfaction by combining classic resources, customer-centred strategy, and IT application. Kravchenko (2019) explored other features of **CRM** in the banking industry such as:

- ✓ It gives a 360-degree vision of each customer with their social status, habits, inclinations, and their history of transactions.
- ✓ It shows all the records of the contracts if there were any loans, mortgages, etc.
- ✓ It predicts the future needs and wants of the customers and what kind of service they will need, enabling to test innovative ideas, and see the outcomes in real-time.
- ✓ It generates reports that analyse marketing campaigns and customer behaviour and forecast the profits the bank will achieve within a particular amount of time.

Rao and Patel (2018, p.18) highlighted the use of **CRM** in the banking industry keeping the customer informed about all the services and products through all communication channels, as well as inspiring customers to have strong cooperation with the bank. On the other hand, Patil and Bhakkad (2014, p. 95) emphasised that banks can offer more individualised services through **CRM** because it provides up-to-date customer information. Additionally, employees have more time to serve customers, which enables them to provide high-quality service and meet their expectations.

According to Chitra and Subashini (2011), **CRM** tools have been designed and utilized in the banking industry to boost client acquisition and retention and to maintain important analytical tasks such as categorization and predictive modelling. However, according to Laketa *et al.* (2015, p.252), the acquisition of individualised customer data presents a challenge in the **CRM** implementation process. The gathering of personal information is a crucial and delicate aspect of connecting with clients. Only with the customer's express written authorization may the bank utilise personal data for analysis. Therefore, Gessner (2022) emphasised that a lack of customer-related information prevents banks from thoroughly analysing customer behaviour and providing them with the value of services they want. And as a result, **CRM** theory that is solely based on technology, without defining CRM strategies and organisational changes, would not be successful.

- ***Customer retention***

Ratten (2022, p. 59) stated that **customers** are significant because they make purchasing decisions that can affect a company's market competitiveness. Once a customer has purchased something from a company, they are more likely to become repeat buyers. This suggests that it is easier to get repeat purchases from existing consumers than it is to find new customers. Businesses should consider their consumer interactions from the standpoint of goodwill.

According to Buttle (2008, p.260), **customer retention** is an effective technique for banks to grow and its development is an important objective for many CRM

applications. It's vital to remember that the goal of concentrating CRM attempts on consumer retaining is to make sure that the organisation maintains relationships with customers that add value. Landis (2019) explains **customer retention** as a cost-effective and profitable strategy and states that the costs of customer acquisition are generally higher than retention.

According to Akintunde and Akaighe (2016, p.81), **customer retention** can be outlined as an company's capability to keep a significant portion of its customer base for an extended period of time. Customer retention cannot be over-emphasized for a business to be successful and meet its goals.

- **Customer Life Cycle (CLC)**

The term "customer life cycle" in CRM refers to the series of actions a customer takes when contemplating, choosing, utilising, and remaining loyal to a service. Jim Sterne and Matt Cutler, marketing experts, created a matrix (*Figure 2*), which divides the CLC into five separate steps.

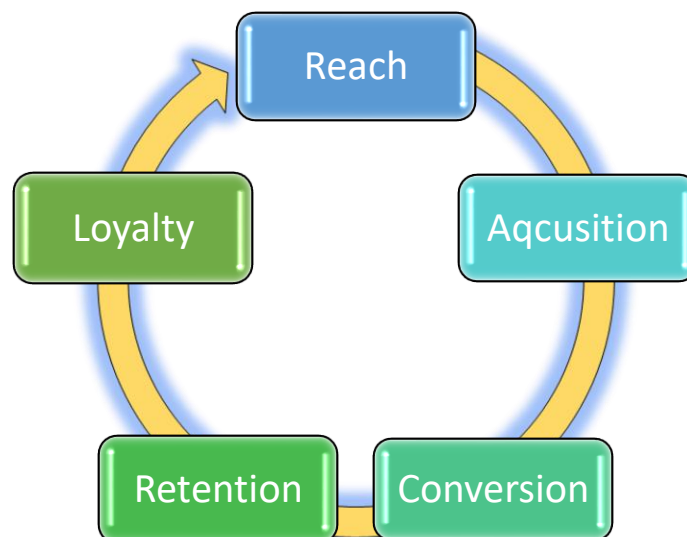


*Figure 2. Customer Life Cycle. (Source: Ashokkumar and Murthy, 2021, p.29)
(Created by the researcher)*

The aforementioned phases align with the idea of the product life cycle, where it may be assumed Customer retention is correlated with the maturity level. From this point, developing customer relationships will support cross-selling and brand awareness. But the following stage, advocacy, will be in opposition to the product life cycle, which is in decline. Customers will recommend the services to their family and friends here, where strong relationships and client loyalty will be created. (Ashokkumar and Murthy, 2021, p.30)

Cvijovic, Kostic-Stankovic and Reljic (2017, p. 153) pointed out that in every interaction with consumers, banks must constantly keep in mind that they are not just promoting and offering their goods and services, but also the reputation of their entire company. Therefore, in order to add distinctive values to their services and the relationships they develop with clients, banking service providers must go above and beyond. It has been found that customer loyalty is more influenced by values like friendliness, politeness, helpfulness, transaction correctness and care, efficiency in resolving errors, speed of services, and decision-making process than the pricing of services.

2.3 Relevant theories and models

In this part of the research, the relevant theories and models will be utilized to identify UK banks' strategic approach. Different SMM and CRM models will be applied to the UK banking sector. The examples will include a variety of UK banks, but due to the large size of the industry, the researcher will focus on the major players.

SMM Strategic frameworks

1. **STP marketing model** - it is a well-recognized strategic marketing approach. Market segmentation, market targeting, and product positioning are the three stages in the process (*Figure 3*). STP helps to select the best worthwhile segments for a business then creating a marketing mix and product positioning strategy for every segment. This technique makes it easier to communicate with each target audience using customised communications. (Hanlon, 2022)



Figure 3. Source: (Geoghegan, 2019)

- **Segmentation** is the method of separating a market into various groups of consumers with varying traits, demands, or behaviours who may require different marketing techniques or product mixtures. (Kotler *et al.*, 2019, p.199)

Demographic and Behavioural:

For example, Barclays bank have discovered nine key customer segments based on demographic profile and spending habits. Barclays bank divided the customers by their characteristics: age, income, spending behaviour, family size, life cycle and social class. (Barclays,2018) Within the personal banking market, the bank also has segments such as graduates, students, "new to work," mature, and families. Barclays has been able to create appropriate banking deals for clients in various segments by using segmentation. Barclays launched a new student proposition in 2009, with key features such as no monthly fee, interest-free overdraft up to £2000, and so on. This strategy is helping Barclays in expanding its market share in the student account market. (The times 100, 2011) Additionally, segmentation is particularly helpful for banks when deciding which communication channels to use to reach certain consumer groups. (Persson, 2011, p.109)

Geographic:

For example, Lloyd's bank reshaped its strategy, and it is mainly focused on UK-centric customers. In order to reduce its international presence, Lloyd's reshaped its portfolio in 2013 by disposing of various assets, including its stake in St. James's Place (Gray,2013). In order to help Britain, prosper, the bank has focused on where they can service customers with ties to the UK. Following large disposals in 2013, including Australia, Lloyd's has now left or announced leaving 21 nations in order to better focus on the British market. (Lloyds, 2013)

- **Targeting** - After defining its market segments, a company can enter one or more of them. A company should target segments where it can generate the most customer value profitably and sustain it over time. (Kotler *et al.*, 2019, p.50)

Concentrated (niche marketing)

When using a concentrated marketing (or niche marketing) approach, a bank chases a large share of one or a few smaller segments or niches rather than a small portion of a large market. Business accounts are one of example niche

marketing in the banking industry. Another example is HSBC offers a Premier Bank Account to customers who have £50,000 in savings within six months of opening an HSBC current account, have an individual yearly salary of at minimum £75,000, and have one of the following accounts with HSBC UK: an investment, a mortgage, life insurance, a protection product, or an investment. This HSBC segment gets special features such as Premier Financial advice, Travel insurance, Relationship Management Services, personalised investment advice and many others. Banks compete and achieve a strong market position through concentrated marketing due to their greater understanding of consumer needs in the niches they serve and the distinctive image they acquire. (HSBC, 2022; Kotler *et al*, 2019, p.209)

Mass (Undifferentiated) marketing:

This is a strategy in which a firm chooses to ignore market segment differences and target the entire market with a single offer. (Kotler *et al.*, 2019, p.208)

Reaching the whole UK market through the use of "simplified" distribution techniques and mass media is Lloyds' main marketing approach. All UK citizens with a monthly salary of at least £500, regardless of age or gender, are eligible to open current and savings accounts. This strategy has been employed to help Britain prosper and to build an inclusive society. (Lloyds, 2021)

Differentiated (segmented) marketing:

It is a strategy, in which a business chooses to target several market segments and designs distinct offers for each. (Kotler *et al.*, 2019, p.209) For example, NatWest bank differentiates its products by providing different personal accounts for adults and children (NatWest, 2022). Creating separate marketing plans for different segments necessitates forecasting, additional marketing research, promotion planning, sales analysis, and channel management. As a result, this can be an expensive task for banks. (Kotler *et al.*, 2019, p.209)

- **Positioning-** ensuring that a market offering has a distinct, desired position in relation to competitor offerings in the minds of target customers. (Kotler *et al.*, 2019, p.200) Banks must have a strategic promotional plan or a favourable marketing mix in order to achieve this.

From the perceptual map (*Figure 4*) is clear that the UK banking industry demand is “underserved” because big banks mostly concentrate on large business customers and others on a product-centric approach. The lack of sophistication presented by large banks to customers gives clear opportunities for new entrants to differentiate themselves and their offerings. New entrants may be able to adequately serve and capture the market by offering particular products and services that concentrate on meeting the specific needs of various segments. As a result, they can easily compete while maintaining customer retention and loyalty.

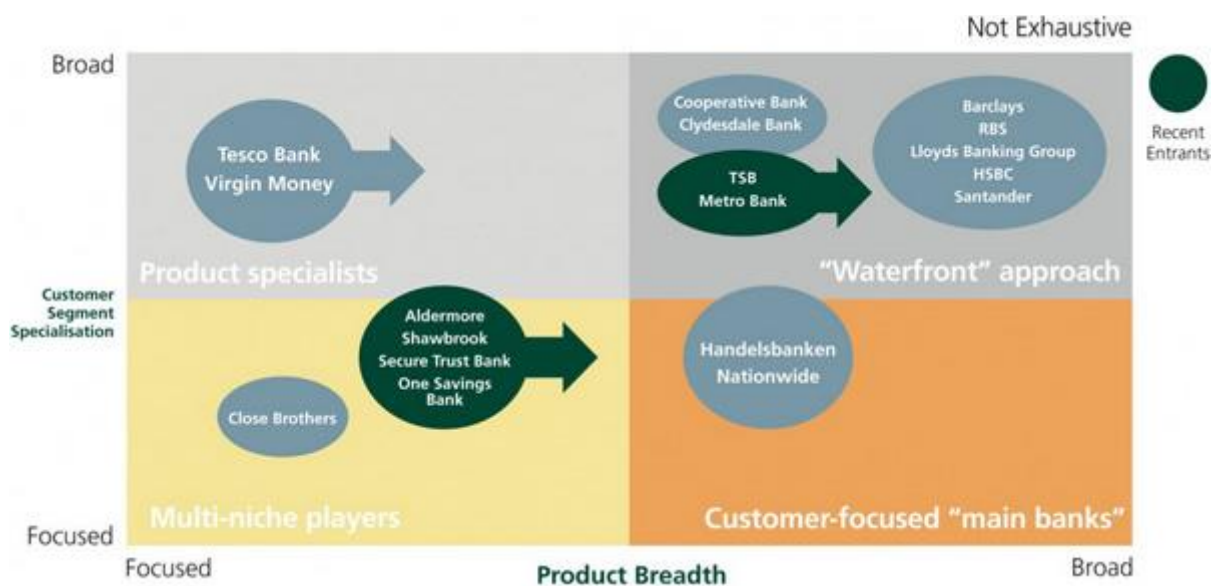


Figure 4. Perceptual mapping based on Product Breadth and Customer Segment Specialisation. (Consultancy.uk, 2015)

Different banks position themselves with their logos, for example Lloyds with Black Horse (Lloyds, 2013), Barclays with Blue Eagle (Barclays, 2018), and etc. Brand image builds recognition, and consumers form opinions about the business. (Thimothy, 2016)

In 2000, Barclays designed advertisement campaign with commercials starring Samuel L Jackson, called "Fluent in finance" and intended to be thought provoking, positioning Barclays as money experts (Whitehead, 2002). Also, HSBC Bank has become the most recent high-level-profile brand to announce a commercial partnership with tennis player Emma Raducanu. (Tennis365, 2022) Currently, major companies employ celebrities as part of their marketing communications strategy to help corporate or brand imagery. Celebrities can help raise brand awareness as well (Agarwal and Garg, 2021).

2. Marketing mix model - Marketing mix is the tactical instrument that marketers utilize to apply their strategies, deliver exceptional customer value, and engage customers. (Kotler, Armstrong, and Opresnik, 2018, p. 242)



Figure 5. Elements of Marketing mix. (Hanlon, 2021)

The marketing mix must be effectively handled if the bank is to maximise returns and improve its market position. Product, pricing, promotion, place, people, process, and physical proof are all part of the marketing mix (Figure 5). All of this can be incorporated into the design of banking services. (Ogbadu and Abdullahi, 2013, p.66)

- ***Product/Service***

Product strategy would answer the question about the design of bank services offered to meet customer needs. Varying on the requirements of the different target groups, alternative methods of providing services may have to be developed. (Bhakkad and Patil, 2014, p. 222) Marketing decisions concerning products include the issues of quality, variety, design, brand, services, features, and warranties. (Swaim, 2013) According to Kotler *et al.* (2008, p.507) quality "begins with customer needs, continues beyond customer satisfaction, and ends with customer retention." Banking is a market where many companies offer remarkably similar goods, so banking product quality forms the foundation of competitive advantage. (Bank of England, 2019)

The products in the banks are mostly intangible. This includes for example investments, loans, payments etc. (Chen, 2019)

One example of a core service provided by all banks is a broad branch network, which allows consumers to access their accounts and conduct simple transactions from any of the branch locations. Banks provide core banking services such as borrowing and lending, but additional services can also be provided based on the demands of the different target groups.

Barclays bank service portfolio includes Personal Banking, Retail Banking, Digital Banking services, Investment Banking, International, Premier Banking, Barclaycard, and others. (Bhasin, 2019) HSBC differentiates its services by ensuring that all small and medium-sized businesses may access services including phone banking, multi-branch banking, and doorstep banking. (MBA Skool, 2016a)

Barclays bank also uses a range extension strategy; With the introduction of two prepaid cards, Barclays has expanded its credit card portfolio. These are enabled once the client pays the charge and can then be utilised, although there is a £15,000 yearly load restriction. Following any purchase, the client receives a real-time balance alert. (MBA Skool, 2016b) However, many competitors in the market offer credit cards, such as supermarkets, credit unions, and pay-day loan companies. Some competitors are more flexible, even lending money to individuals who have a poor credit score. (Equifax, 2022)

Product/service strategy enables a bank to focus on a specific target market in order to meet customer requirements, to differentiate from the competitors, resulting in customer satisfaction and dedication.

- ***Promotion***

it is linked to the variety of media that banks will use to inform customers about their services and products. It is about communication with the client because, after creating programmes based on the needs of the target groups, decisions about communication media channels must be made in order to highlight the relevant features of the scheme. (Sood, 2017, p.126)

The use of celebrity endorsement promotion by Barclays and HSBC banks has been highlighted earlier in the study. To maintain and enhance the value of their brand, they have also employed many sponsorship initiatives. English Premier League from 2001 to 2016 was sponsored by Barclays bank (Bhasin,2019). HSBC on other hand sponsors teams like Telford Riders (rugby) and AS MONACO (football) (MBA Skool, 2016a). HSBC is also The Championships' official banking partner. (Tennis365, 2022)

UK banks promote their products through their websites, apps, press releases, direct mail, phone calls, visiting business customers, brochures, word of mouth, and a variety of other channels. (MBA Skool, 2016b)

HSBC has been reaching out to individuals in the form of radio, billboards, newspapers, the internet, television, etc. They try to reach out to as many customers as they can and maintain a positive image among the people. (MBA Skool, 2016a).

- **Price**

It is connected to the fees charged by banks for services such as interest costs on term deposits and various loans.

For example, Barclays charges a single rate overdraft fee of 35%, while Lloyds, TSB, Halifax, and Bank of Scotland charge a flat rate of 39.9% or 49.9% EAR on all overdraft borrowing. (Clark, 2020a; Clark, 2020b) Barclays' pricing strategy is so competitive, and in order to keep its customers' loyalty, it also provides loans and mortgages at reasonable rates. (Bhasin, 2019)

From the standpoint of the customer, price is extremely important in banking. Regardless of its role in generating revenue, price is also critical in generating customer value and developing customer relationships. (Kotler *et al.*, 2008). The majority of clients consider costs to be one of the most crucial factors when selecting a bank. (Taylor, 2022)

- **Place**

Barclays bank serves clients and businesses in nearly fifty countries around the world. It has a large distribution network at its disposal, which consist of 4,750 branches, 1,600 of which are in the UK. The majority of its branches have cash machines that are open 24 hours a day. (Bhasin, 2019)

All private and public banks have launched branches in metropolitan and rural areas to offer banking services to end consumers. Every bank in the United Kingdom has a website and, in most cases, an app. Customers can access their

website and apps more easily than going directly to the branch. (Sood, 2017, p.126)

- ***People***

Everyone involved, indirectly or directly, utilizes banking services. Employees, workers, other consumers, and management frequently add important value to the overall product or service offering. A bank's workers are the ones who represent the company to its customers. (Sood, 2017, p.126) For example, NatWest Group (2022) offers training and development programs to their employees such as a Learning academy, Physical health, and Social and Financial Wellbeing, to build future-focused skills and knowledge. On the other hand, Lloyds (2020) motivates its employees in 7 ways: Reward your staff, Consistent Leadership, be inclusive, agree on goals, foster resilience in your team, use feedback effectively and grow your talent.

Employees in banks interact closely with clients, so it is crucial to develop, inspire, and retain qualified employee-customers. As a result, an employee is crucial to a service company's marketing efforts, particularly in terms of the quality of its customer service. (Sood, 2017, pp.126-127)

- ***Process***

It is associated to the flow of norms, regulations, and activities. All main activities of private and public banks are governed by FCA, PRA, and Bank of England regulations. There has to be adherence to specific rules principles and rules in the banking procedures associated to the customer involvement, customization, simplicity, standardization, etc. This includes interest rate, bank rate, on lending and deposits. The FCA protects customers and controls bank behaviour. It tries to ensure banks operate effectively so that customers receive equitable fairness. (FSCS, 2022; Sood, 2017, p.127)

- ***Physical evidence*** is the material element of a product. The examples of physical evidence are:

- ✓ *Bank cards- debit, credit, etc.*
- ✓ *Signage: logo.*
- ✓ *Brochures.*
- ✓ *Furnishings*
- ✓ *The building itself*
- ✓ *Financial reports*
- ✓ *Business cards*
- ✓ *Tangible Items:* The bank provides writing pads and pens to internal customers. Even chequebooks and passbooks limit the fundamental intangibility of services.
- ✓ *Employee Dress Code:* A lot of banks have dress codes in place for their workers. This allows clients to feel at ease and comfortable. (Sood, 2017, p.127)

3. Ansoff Matrix - It is a tool that aids publishing companies in visualising their current product offerings and markets and thinking about expansion strategies. It carries Harry Igor Ansoff's name; he is regarded as the "father of strategic management." (Bullock, Jennings and Timbrell, 2019). One of the most popular frameworks in strategic management is the Ansoff Matrix. Although it is straightforward to understand, it offers important insights into the high-level strategic options at the bank's disposal to increase revenue and profit. (Rizq, 2020)

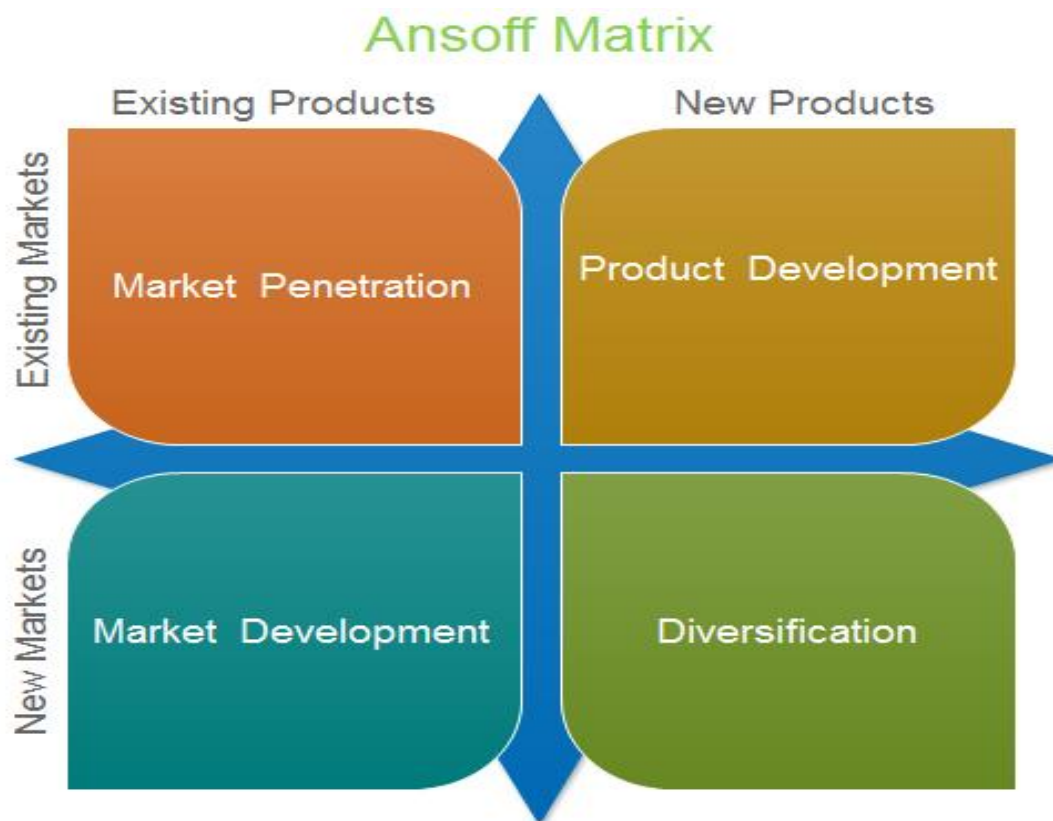


Figure 6. Ansoff Matrix. (Rahman, 2017)

Market penetration – this type of strategy involves increasing sales of an existing product to the existing market. (Figure 6)

A mutual retail banking strategy is to grow market share by present existing products in the bank's portfolio to prospects and existing customers to cross-selling or increase 'customer share.' It is a low-risk strategy because bank decision makers are familiar with the psychographic and demographic characteristics of existing customers. (Cabezas, 2022) Cross selling is important for banks for a variety of reasons. It is less costly to sell to an existing buyer than to a new customer, and it helps retention because customers who have several products are less expected to leave. (Hayes, 2019)

Market penetration can also be accomplished by a combination of competitive pricing strategies, sales promotion, advertising, loyalty schemes etc. (Goulding and Abley, 2018, p.221) For instance, Royal Bank of Scotland and NatWest are attracting clients away from competitors with a promotion that offers them cashback or benefits when using their debit cards at partner retailers. The banking organisation is expecting that the programme would enhance existing

and potential clients' use of debit cards and spending. (Parsons, 2013) Another example is the Barclays Blue Rewards programme, which offers a £5 cash prize per month to existing customers who have at least two direct debits that are paid from their current account. (Barclays, 2022)

These loyalty programs are designed by the banks to compete for customer retention. However, there is a challenge, according to Jayashree, Shojae, and Pahlavanzadeh (2011), by offering some unexpected facilities such as promotions, giving gifts, and bonuses, organisations rise their clients' expectations, so in the future, they may not be able to satisfy their customers, which can result in losing their loyal clients.

Market development- the strategy, which involves providing the same services to the new target market.

For example, HSBC expanded globally, it aims to be the worldwide leader in cross-border banking flows aligned to major trade and capital corridors. HSBC serves 40 million customers in 63 countries and regions in the Latin and North America, Middle East, Europe, Asia, and Africa. (HSBC UK; 2022; HSBC, 2022a) In contrast, Lloyds Bank left 21 countries in order to better serve the UK market described earlier in this study. Lloyds Bank employs a market development strategy as well, but it focuses on new target markets in the local area. For instance, its private banking service and Mayfair service for wealthy customers. Customers with £2 million or more in assets or an annual income of £500,000 or more are eligible for the Mayfair service. This target customer will have face-to-face and phone interactions with the Private Banking Manager who will be dealing with them. (Lloyds, 2022)

Market development is a risky strategy with many challenges, such as the need to research foreign markets and customer requirements, cultural differences, the behaviour of new target market, as well as national bank regulations. (Algie, 2021) When a business expands globally, this strategy appears to increase revenue, but banks would improve customer relationships better in the local market, as they are familiar with it, which could lead to customer retention and loyalty.

Product Development – it is a strategy, where the business provides new products or services to the existing markets. Banks are heavily financing in R&D to create new goods to meet the requirements of the existing market. For example, Royal Bank of Scotland spent £329 million, and HSBC invest £245 million, making them the biggest R&D spenders. (Finextra Research, 2006)

The internet has facilitated the development of new goods and services, such as online banking services developed by banks. Online banking provides a growth opportunity by facilitating the provision of future new services to customers. The vast majority of bank users think that having access to internet banking is insignificant to their relationship with the organisation.

Also, people of an older age would prefer to receive personal attention rather than using new services made available online.

Strategically speaking, if a company has a strong brand name and can feasibly link that reputation to new offers, growth through product or service development is appropriate. (Moore, Bruce and Birtwistle, 2007, pp.99-100)

Banks developed new services such as wealth management services, rewards credit cards and personalized products and services. (Deninzon, 2019) NatWest developed new Reward Credit Cards for existing customers, which offer cashback at petrol stations and with interest rates of 26.8% (NatWest, 2021). However, Barclays also introduced the same product, and it is with lower rate of 22.9%. (Shaw, 2021) Most banks developed similar services and any new product created can be easily imitated by competitors. As a result, creating unique or differentiated products or service that satisfies client needs and wants while offering affordable rates can help businesses acquire a competitive edge and retain customers.

Diversification- includes entering new markets with new products and services. (Riley, 2018) Lloyds, for example, has horizontally diversified into the insurance industry, and Royal Bank of Scotland has been operating as a standalone insurer since 2012. (Gangcuangco, 2020) On the other hand, Barclays is investing in government bonds. Bonds serve to control risk by providing diversification benefits in a multi-asset portfolio. (Barclays, n.d.)

This is the riskiest strategy because the bank has no experience in the market segment and is unsure whether the product features will meet customer

requirements. (Riley, 2018) Selling new products to an entirely new market is regarded as the most dangerous strategy of all. (Santander, 2016)

4. Porters' Generic Strategies

According to Porter (1998, p.50) there are three reliable generic strategies for establishing a competitive place in the long run and outperforming competitors in the business: Cost leadership, Differentiation and Focus. These strategies can be used by the banking sectors singly or by combination.



Figure 7. Porters' Generic Strategies. (Bruin, 2021)

These strategies can be used by the banking sectors singly or by combination.

- **Cost Leadership**

Cost leadership is a type of competitive strategy in which a business actively pursues effective large-scale production facilities, tight costs, and cost minimization in areas like sale force, service, R&D, advertising and so on. (Bruin, 2021) All these characteristics decrease product innovation. This technique demands mass production to be successful, but it may require inexpensive and low-quality resources. Reduced costs in critical areas such as customer priorities, customer service and reduced importance of feedback may cause customers who value customer service to switch to competitors. Therefore, this strategy is not appropriate for the banking industry to retain customers. (Future of working, 2018)

- **Differentiation**

The goal of the generic differentiation strategy is to perform the value creation functions in such a way that the product or service is perceived as unique by customers, thereby commanding a premium price in the market. Furthermore, in today's high-tech market, differentiation is critical. In fact, the more dimensions a company can differentiate its products on, the more competitive it is. (Stead and Stead, 2013, p. 134) A bank may use, unique product features, better performance, higher quality, creative advertising, , exceptional service, or new technology to succeed in a product being perceived as distinctive. (Bruin, 2021)

- **Focus**

The third generic strategy identified by Porter (1998, p.50) is the focus strategy, which is directed toward a market niche. The availability of unsatisfied or unfulfilled customer needs is an important requirement for implementing this strategy. (Abdelkafi, 2008)

A ***focused cost-leadership*** strategy is one in which a company serves a small market niche of customers by operating at a lower unit cost and thus offering a

lower price than competitors. This kind of strategy is already has been used in the financial sector, unfortunately by the different financial institutions, who are UK banks competitors. For example, financial institutions Nationwide Finance and EJ Finance offer loans to business owners at lower commission rates than UK banks such as NatWest and Royal Bank of Scotland. (Money, 2022) If the banks implement ***differentiation/cost leadership***, they are likely to stuck in the middle due to conflicting requirements of the strategies. A ***focused-differentiation*** strategy, on the other hand, operates a small market niche with products tailored to the specific preferences and needs of a well-defined group of buyers. As a result, If the banks utilize ***focused-differentiation*** strategies often will enjoy high customer retention and loyalty that discourages other firms from competing with them directly. (Stead and Stead, 2013, pp.133-137)

Comparing the strategic models: Ansoff Matrix vs Porter's Generic Strategies.

The main similarity between the Ansoff matrix and the Porters' generic strategies is that both provide future various strategic options for the UK banks. However, Porter aims to reach a competitive position in long run, while Ansoff's goal is to gain future growth in income and profit. Porter, on the other hand, highlights the competitors whereas Ansoff ignores them. These two strategies can be linked, rather than compared. For example, companies in product development and market penetration are using differentiation strategies. (Meyer, 2016) Furthermore, the advantages and disadvantages of these two models have been determined and are represented in *Tables 2* and *3* below.

<i>Advantages of Ansoff Matrix</i>	<i>Disadvantages of Ansoff Matrix</i>
• Provides high-level strategic options • Sets out aims and objectives • Alternative evaluation: shows the opportunity cost. (Munro, 2019) • It is simple. • Observes all possible options • It supports in the analysis of the risks associated with each strategy, allowing the company to plan ahead. (Parikh, 2019)	• It ignores the competitors • Lack of Cost Benefit Analysis • Difficult to predict- market and customers behaviours cannot be predicted on 100%. (Parikh, 2019) • Focuses on a wider, more demographic view of the market rather than on client experience (Reiling, 2021) • The product market growth matrix does not consider Porter's five forces. (MBA Skool, 2021)

Table 2. Advantages and Disadvantages of Ansoff Matrix. (Created by the researcher)

<i>Advantages of Porters' Generic Strategies</i>	<i>Disadvantages of Porters' Generic Strategies</i>
• It highlights the significance of competitive advantage • Prevent "stuck in the middle" • The concept of three generic strategies recognises how, despite the wide range of variables and industry situations that managers face, there are only a limited number of meaningful strategic options.	• The model's thinking is essentially based on firm assets rather than an understanding of markets and customers. Since then, significant power has shifted from the manufacturer to the consumer. • Market success was assumed to assume that the primary strategic challenge was out-manoeuvring competitors. Today, far more attention must be paid to the power and role of the distributor, as well as the ways in which retailers and end-users can leverage their position. • The model is essentially superficial, offering little real insight into the different types of competitive advantage that influence organisational performance.

Table 3. Advantages and Disadvantages of Porters' Generic Strategies. (Source: Wilson and Gilligan, 2013, p. 396) (Amended by the researcher)

5. CRM model – IDIC.

According to Peppers and Rogers (2004, p. 65), who created the IDIC model (Figure 8.), a business must follow a four-step process known as IDIC, which stands for identifying clients, distinguishing them, engaging with them, and customising for them. These actions describe the mechanics of any meaningful connection, which by definition will include mutuality and customer specific activity.

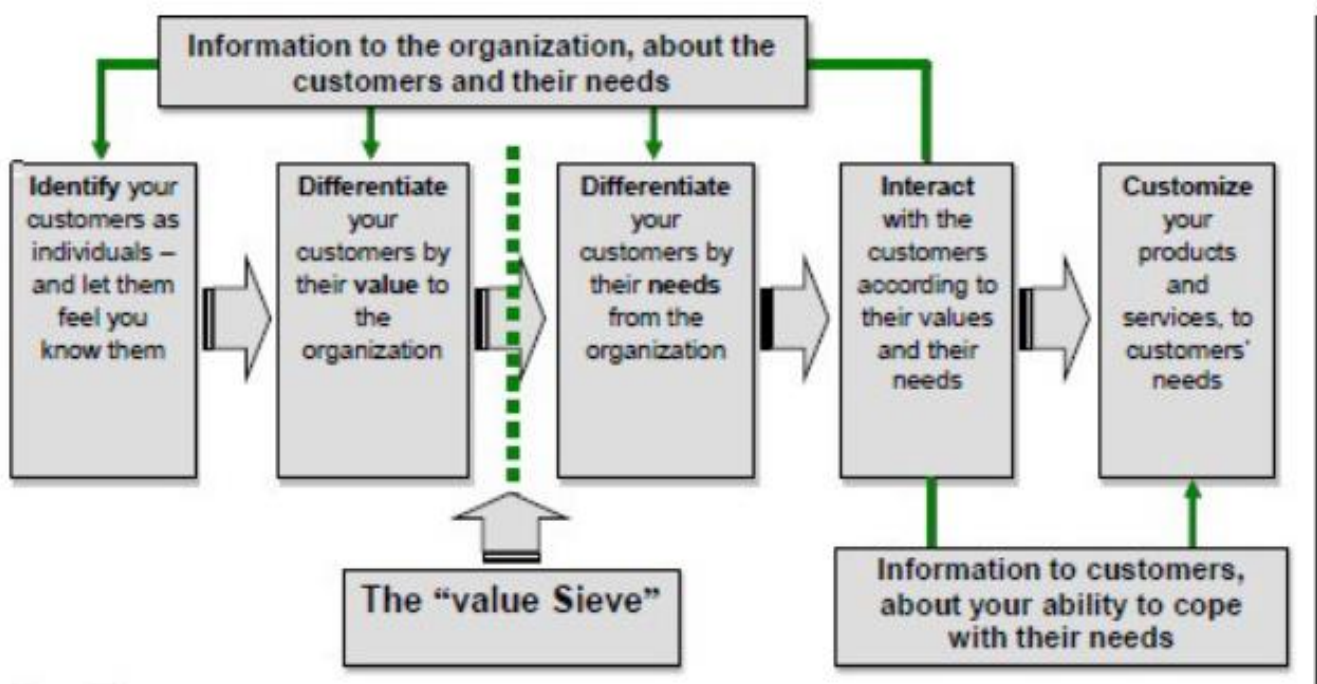


Figure 8. The IDIC Model. (Source: Tankeu, 2011)

- **Identify** – the UK banking industry must be able to recognize and identify individual and different clients. (Peppers and Rogers, 2004, p.66)

This stage necessitates the bank to locate and directly contact a large number of its customers, as well as to know as much information about them as possible. Under the name 'Know Your Customer (KYC)', UK banks are now requesting that their customers provide information such as their address, contact number, e-mail address, and so on. Every interaction with a customer, regardless of channel, should be viewed as an opportunity to learn about them, and this knowledge should be used to better serve them. (Kumar, 2014, p.168)

For example, Barclays employs CRM technology- a KYC system in which the bank reassesses customer information on an annual basis. Barclays Bank has a section on their website called "*Offers for you*" which gives customers the impression that the bank knows them. (Barclaycard, 2022). Customers feel more valued when they are recognised. (Buttle, 2008, p.41)

The primary objective of gathering customer information is to enable the development of more intimate, profitable relationships with specific customers. In many cases, the availability of information to the business that will make the consumer's following transaction faster, cheaper, simpler, and faster will facilitate these relationships. (Peppers and Rogers, 2004, p.100)

For the banks, however, gathering client data can be a challenging task. In order to make any of this work, the enterprise must first build trust with its customers so that they feel comfortable sharing information. In order to develop a trustworthy relationship with the consumer, the customer service representative must demonstrate adequate knowledge. (Gallego-Gomez, De-Pablos-Heredero and Montes-Botella, 2021, p.110) However, some bank employees will need the training to handle customer information packages. (Bhakkad and Patil, 2014, p.219) As a result, trust-based relationships are critical because they foster dedication and aid in the development of high-level relationships that are difficult for competitors to replicate. (Kaufman and Khan Panni, 2012, pp. 159-160)

- ***Differentiate*** – UK banks must know what makes one consumer different from another. For example, to identify which clients have the most value

now and offer the most for the time ahead. (Peppers and Rogers, 2004, p.66; Tankeu, 2011)

Differentiate by their value – Customers are typically differentiated in the banking sector based on the value they represent. Some retail banks report that their 110% profit comes from 30% of customers. In the banking sector, there are highly valuable and low value customers. (Peppers and Rogers, 2004, pp.122-124) The value represented represents the customer's worth to the bank; the more valuable they are, the more interested the bank should be in keeping them. (Kumar, 2014, p.168)

Customers are not separately categorised by retail banks according to value or needs. Instead, they distinguish between client groups and segments primarily based on specific customer attributes and overall present or future customer value. (Khera, 2020)

For instance, Barclays Bank conducted a Customer Lifetime Value analysis as part of its CRM strategy to determine which retail segments were the most important from a strategic standpoint. CLV is calculated using the bank's estimates of future income from interest, fees, and other charges over the customer's lifetime. The bank discovered that the most profitable customers were those between the ages of 25 and 35, who were professionally employed, and who had a credit-card product and/or mortgage. The bank also discovered that this segment had the greatest potential lifetime value for the bank, accounting for 12% more than any other segment. (Buttle, 2008, p.38)

Knowing which customers are more valuable allows a bank to concentrate its relationship-building efforts on the customers who will generate the greatest financial return. This differentiation helps banks to find great cross-selling, upselling or complementary selling opportunities. (Khera, 2020)

Differentiate by their needs - Differentiation should also be done based on customer needs. (Kumar, 2014, p.168)

The banks must understand and meet the needs of their most valuable customers if they want to keep them. Banks keep track of each client's typical behaviour patterns so they can immediately assess the degree of contact that is typically required from a consumer. If a consumer behaves differently from how they often do, it's frequently a sign that either they're not satisfied or that their needs have changed. (Peppers and Rogers, 2004, p.151) Then the banks can then use the customers' feedback to modify their products or service to meet their needs. (Peppers and Rogers, 2004, p.159) Furthermore, if the customer has specific requirements, this opens up opportunities for customization. (Kumar, 2014, p.168)

Customers are the master of their behaviour, and that behaviour will only change if the banks' strategy can appeal to the customer's needs persuasively. Understanding the situation from the customer's perspective is essential for any successful customer-based strategy. (Peppers and Rogers, 2004, p.143)

- **Interact** – the companies must be capable to cooperate separately with any client on the other end of a relationship. (Peppers and Rogers, 2004, p.66) The banks must interact with the clients to ensure their expectations. (Tankeu, 2011)

Banks are focusing on more efficient methods of customer interaction. If banks could properly coordinate and integrate multi-channel interactions, they could easily improve their customer relationships and two-way collaborations. They use a range of different channels: face-to-face direct communication, integrated marketing communications, phone, surveys, bank websites or ATMs. Customers of UK banks are frequently surveyed regarding their satisfaction with the branch, phone, or internet customer service they experienced. They are attempting to determine whether the client is satisfied and happy. Additionally, they are asking customers if there is anything they can do better to meet their needs and expectations. (Kumar, 2014, p.168; Peppers and Rogers, 2004, p.171) Interaction CRM strategy assists in delivering customer value, understanding customer requirements, and meeting customer expectations, resulting in customer

satisfaction and retention. (Buttle, 2008, 43) One study found that in the banking industry, extremely satisfied customers have balances that are 20% higher than those who are less satisfied. (Buttle, 2008, p.48)

The business can establish more profitable and less competitively vulnerable relationships with every single consumer by offering them any kind of dialogue tool. (Peppers and Rogers, 2004, p.169) For example, Lloyds is alerting its customers with text messages when approaching a credit limit, thereby avoiding unwelcome fees. This effective customer collaboration can help banks in strengthening their relationship with them. (Lloyds, 2022a)

Another instance of interaction is the customer complaint process. This is an opportunity for banks to adjust their relationships. Clients who are pleased with the answer to a problem are more likely to be loyal than customers who did not encounter a problem at all. (Peppers and Rogers, 2004, p.186)

- **Customize** - banks must somehow modify their operation to meet the unique requirements of the customer. (Peppers and Rogers, 2004, p.66)

Nowadays, banks compete aggressively, even presenting account-switching offers to customers in order to pull them away from their rivals. For example, Halifax is giving a £150 reward. (Halifax, 2022) To be able to compete banks can employ a customization strategy and can personalise services and products to each customer in order to retain them. When customization is carried out based on the preferences expressed by the client during his interactions, it enables the customer to experience a high level of convenience that cannot be duplicated by competitors. (Kumar, 2014, p.168)

However, the customization process in the banking industry is only partially possible because many of the financial products that banks offer are quite standardised and can only be personalised for groups of customers rather than for specific individuals, such as investment products with a specific risk profile or student loans with lower interest rates. Banks, for instance, have the option of

mass customising credit cards. The business might be able to provide customers with 10 various interest rates, 5 distinct yearly charge schedules, and 4 various physical card designs. So, the credit card firm has a total of 19 different product modules at its disposal. However, these modules can be combined to create 200 distinct credit card layouts.

The achievement of mass customization as a relationship-building instrument stems from the point that customers can contribute to the actual design and progress of their product. Because of their joint efforts, the client is far more likely to be satisfied with the product's overall performance and to consider it expensive to start over with a rival, even if that rival can do the same task in the same manner. (Marketing Evolution, 2021; Peppers and Rogers, 2004, pp.255-261)

2.4 Conclusion

The following essential concepts have been reviewed in the literature: marketing, marketing strategy, SM, SMM, CRM and customer retention. Additionally, a critical examination and a few benefits and drawbacks have been presented. The definition of essential terms and the viewpoints of different authors on the subject have been assessed. The following five theoretical frameworks were applied: STP, 7Ps, Ansoff Matrix, Porters' Generic Strategies and IDIC model. Such a thorough examination helped in the development of an effective questionnaire for data collection and the critical production of reliable results.

Chapter 3. Research Methodology

3.1 Introduction

Research method is a set of specific procedures, techniques, and instruments used to obtain information for the purposes of research and for the assessment of the information gathered or created. (Duignan, 2016, p.27)

The fundamental theory and analysis of how research does or should continue, typically affected by discipline, is known as research methodology. It also allows critical assessment of a study's overall accuracy and validity. (Sachdeva, 2009, p.7)

The data collecting stages are located in the centre of the research onion in *Figure 9*. The investigator must go through each step to establish an effective methodology. (Saunders, Lewis, and Thornhill, 2019, p.128)

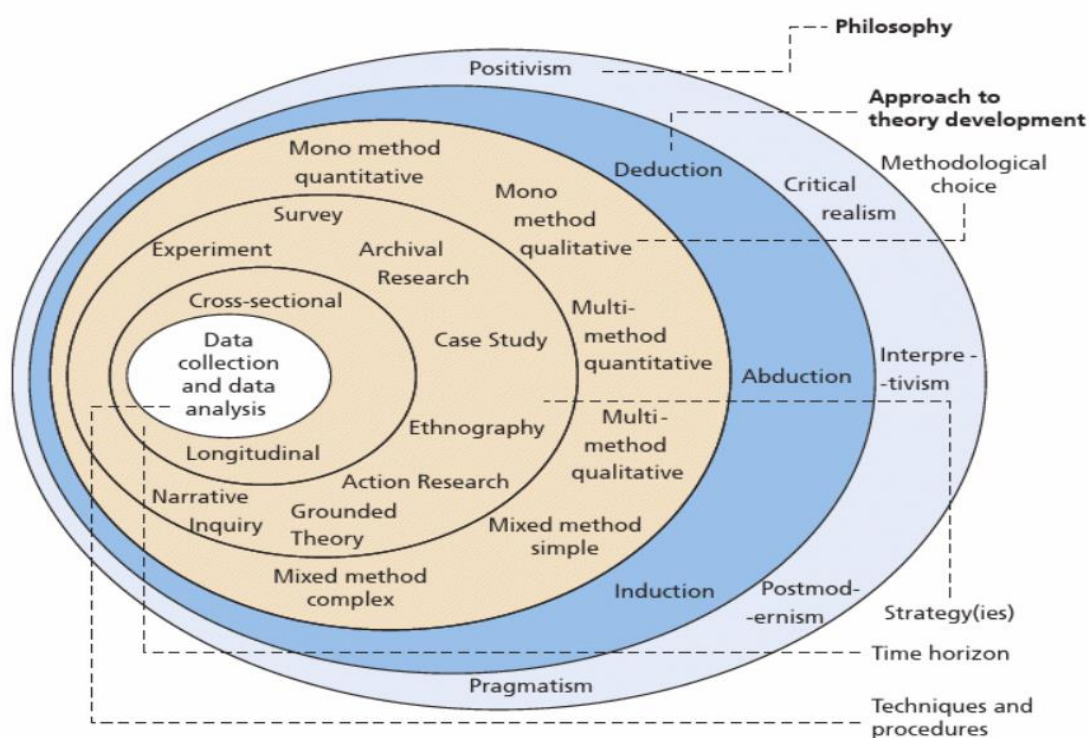


Figure 9. The “research onion”. (Saunders, Lewis, and Thornhill, 2019, p.130)

3.2 Research philosophy

According to Saunders, Thornhill, and Lewis (2016, p.124) the term research philosophy refers to a system of assumptions and beliefs about the development of knowledge.

Positivism is a philosophy that originated from the natural sciences. It is built on the notion that social reality is unique and objective, and that the act of researching it has no effect on it. The research employs a deductive approach with the goal of developing explanatory theories to better describe social activities. (Collis and Hussey, 2013, p.43)

The positivist approach to statistical science and quantitative approaches has helped it gain widespread acceptance in most fields of study, including a large portion of business research. (Duignan, 2016, p.23)

The study employed the research philosophy "positivism," as strategic management has always been guided by the positivist approach, which views strategy as logical planning and control. The positivist paradigm incorporates numerous strategy process tools. Scholars, for example, pay attention to Porter (1980) because he established strategic frameworks that can be empirically tested. (Rabetino, Kohtamäki and Federico, 2020)

3.3 Research approach

Research approach is a plan and method that contains of steps from common 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: deductive, inductive, and abductive. (Chetty, 2016; Dudovskiy, 2015)

The research study is theoretically driven and employ a deductive methodology because a distinct theoretical perspective has been selected and will be assessed through data collection. (Saunders, Thornhill, and Lewis, 2016, p.51)

Deductive research is a type of research in which a theoretical form is constructed and then tested empirically; therefore, specific cases are derived from broad assumptions. Therefore, the deductive technique is recognized as moving from the general to the specific. For example, you may have read about motivation theories and want to put them to the test in your own workplace. This will entail gathering particular data on the variables identified as crucial by the theories. (Collis and Hussey, 2013, p.7)

Deductive approach progress is called a "top-down" approach. (Sachdeva, 2009, p.55)

Deductive method is used to analyse the tactics and models that the UK banking sector is currently using, as well as any potential obstacles, in order to deliver answers to the study topic. The established theories and models, including the well-known Ansoff matrix, Porter's generic strategies, the marketing mix, CRM, and others, has been reviewed. (Mugo, Wanjau and Ayodo, 2012)

3.4 Research strategy

A deductive research approach is typically related to the survey strategy. The most frequently asked questions are "what," "who," "where," "how much," and "how many," and this approach is well-liked and widely employed in business and management research. Questionnaire-based survey methods are well-liked because they make it possible to obtain uniform data from a sizable population in a cost-effective manner that makes comparisons simple. In addition, the

general public views the survey technique as authoritative and finds it to be relatively simple to explain and comprehend. (Saunders, Thornhill, and Lewis, 2016, p.181)

It looks to be straightforward to collect information from people by asking them questions in person, conducting telephone surveys, or mailing postal questionnaires. (Adams, Khan and Raeside, 2014, p.96)

The survey technique made it possible to directly get information from British banking clients, which will be crucial for analysing the study's goal.

3.5 Types of investigation

In this research paper, secondary and primary research were utilized to gather vital data and support research arguments.

- **Primary research.**

Primary research entails collecting information that has not been gathered before. Techniques to collect it can involve observations, surveys, interviews, or any type of research that you go out and gather yourself. Primary research, such as an original document, study, object, or eyewitness account, will then serve as a primary source. If there is little data available on a subject or you want to compare results to previous research, you may require to conduct primary research. (Hunt, 2021)

According to Sachdeva (2009, p.109), primary data is a trustworthy source of information because the researcher knows where it came from, how it was obtained, and how it was processed because he did it himself. By using primary sources of knowledge, the learner can obtain original and unedited material.

This project conducted primary research by creating a survey with unique questions. The survey helped to gauge customers' perspectives and experiences, as well as their satisfaction and loyalty in the UK banking sector. Surveys, when

conducted correctly, provide solid facts about people's attitudes and behaviours that can be used to make critical decisions. (Survey monkey, 2022)

<i>Advantages of Primary Research</i>	<i>Disadvantages of Primary research</i>
• It ensures that the information gathered is current and relevant. • Gives the person or company control and ownership over the data. (SmartSurvey, 2021) • The data is unique; no one else will be able to access it. • It can be achieved immediately if certain techniques such as opinion polls are used. (BBC, 2022)	• It is expensive. • It is time demanding, and complicated. (Adams, Khan and Raeside, 2014, p.92) • Unreliable- It can produce misleading or inaccurate results, for example, if the sample size is not large enough or insufficient (BBC, 2022) • Inaccuracy- participants may give biased or wrong answers because they did not fully understand the question or because of their previous interactions with the organisation. (SmartSurvey, 2021)

Table 4. Advantages and disadvantages of the Primary research. (Created by the researcher)

- **Secondary research**

Secondary data are gathered from a source that already exists, such as books, databases, and internal documents. (Collis and Hussey, 2013, p.196)

In order to ascertain what previous study has been undertaken on the research topic and its related questions by various authors, a literature review was conducted as secondary research. This is a time-consuming task because the right, pertinent, current, and up-to-date information must be gathered, allowing for a critical analysis of key literature related to the study's research objectives. The review of the literature demonstrated knowledge of the subject matter, as well as its fundamental theories, concepts, and discussions. (Saunders, Thornhill, and Lewis, 2016, pp.77-79)

<i>Advantages of Secondary Research</i>	<i>Disadvantages of Secondary research</i>
✓ Generally, more thorough, valid, and easier to use than the data you will be collecting yourself. (Adams, Khan and Raeside, 2014, p.92) ✓ Easy to access, especially when gathering data from online sources, and enables the collection of a potentially larger dataset. ✓ Cost-effective ✓ Enables a researcher to locate knowledge gaps in a research	✓ Finding the precise data, you need for your study in published papers might be challenging. ✓ Missing information. ✓ Out of date data. (Taylor, 2022b) ✓ For instance, secondary data may be declared irrelevant. ✓ Availability of the Secondary Data - It is crucial to ascertain whether data on your chosen topic, demographic, or characteristics are accessible before contemplating

field at an early stage of the study. (Taylor, 2022a) ✓ Secondary sources offer a wide range of expert opinions and viewpoints. Peer-review frequently confirms the quality of sources, including academic publications. (Streefkerk, 2018)	secondary data uses. Primary data must be used despite its limitations if secondary data is not pertinent to your purposes. (Walker, 2021)
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Table 5. Advantages and Disadvantages of the Secondary Research.

3.6 [Choices](#)

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

- **Qualitative**

Observations or information on variables that describe characteristics, traits, behaviours, or viewpoints but do not have numerical values are referred to as qualitative data. They are frequently not appropriate for testing formal hypotheses since they do not prioritise gathering numerical data. Because it needs an accurate description of contributor responses in order to arrive at a classification of response types that is universally accepted by a variety of observers, objective analysis of qualitative data is likely to be more difficult than objective analysis of quantitative data. (Duignan, 2016, p.24)

- **Quantitative**

The primary components of quantitative research methods are systematic observation, recording, and collection of numerical data pertaining to variables, as well as the use of descriptive and inferential statistical tools to test hypotheses about differences and correlations between variables. The data received can be utilised, at the most fundamental level of analysis, to compute descriptive statistics for comparisons such sample means and standard deviations, as well as to display the data in graphs and tables. (Duignan, 2016, p.24)

This form of research adheres to the specifications of a precise research design created before the actual investigation and is based on positivist methodological principles. (Adams, Khan and Raeside, 2014, p.6)

The research used a mono method, which indicates that only one data type was applied. Based on data from the research onion phases, the quantitative method is suited for analysing and evaluating strategic marketing management for client retention in the banking sector in the United Kingdom. The application of quantitative methods can help to improve management efficiency and solve business difficulties. These techniques are commonly used in business to address marketing issues such as promotional mix in advertising, CRM, and market segmentation. (Curwin, Slater and Eadson, 2013, p.67)

Advantages of Quantitative Research	Disadvantages of Quantitative research
✓ It is more dependable and concrete since quantitative research focuses solely on	• This method does not consider the meaning behind social phenomena- Researchers are unable to examine

accurate data rather than opinions. ✓ It protects the information provider's identity. It just concentrates on gathering data. (Chukwuemeka, 2021) ✓ Can be used with large samples (Jones, 2014) ✓ Quantitative helps to test hypotheses. (David, 2021) ✓ Inexpensive and efficient- There is no expense when using Online questionnaires. (SmartSurvey, 2019) ✓ It provides accurate and repeatable information. Quantitative research demonstrates its reliability by consistently producing the same outcomes when the same data points are assessed under randomised circumstances. (Gaille, 2019)	respondents' behaviours and perspectives because they are preoccupied with numerical data, and they may overlook underlying themes and relationships. • There is no access to specific feedback. • Analysing quantitative data with large samples, can be difficult and time consuming. (David, 2021; Miller, 2020) • The characteristics of the participants may not be representative of the overall population; therefore it is hard to know whether the answers are correct or incorrect. - Researchers utilising the quantitative technique must presume that all of the answers they receive from surveys, testing, and experimentation are true. (Gaille, 2019)
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Table 3. Advantages and disadvantages of Quantitative Research.

3.7 Time horizons

The cross-sectional method is employed in this study since data collection and analysis are done at single point of time. In cross-sectional investigations, the survey strategy is frequently used. They could be attempting to define the

occurrence of a phenomenon or describing how components interact in different industries. However, they may use quantitative or mixed methods research strategies. (Saunders, Thornhill, and Lewis, 2016, p. 200)

3.8 Data collection and analysis

a) Sampling

Sampling is the method or process of choosing a representative sample in order to ascertain the parameters or characteristics of the entire population. When conducting a study, it is important to consider the sample size, if the size is statistically justified, and the sampling technique to be utilised. (Adams, Khan, and Raeside, 2014, p.72)

By taking into account only data from a subset rather than all probable elements or cases, sampling techniques allow for a reduction in the amount of data that is required to be gathered. (Saunders, Thornhill, and Lewis, 2016, pp. 272- 274)

- **Sample size** – To answer the study questions, a sample that is large enough is required since a sample that is too small can prevent some crucial statistical tests across its subsets. (Collis and Hussey, 2013, p.198)
CRM in UK banking sector was evaluated by the study. The researcher therefore selected a sample of 50 participants who are clients of various well-known UK banks.
- **Sampling type** – 50 customers were selected as a sample from various UK banks. The research targeted consumers who have more experience as bank customers to help determine which marketing method is helpful to their dedication, therefore the participants' ages ranged from 30 to 60.

Sampling method- The method of non-probability sampling is applied. The convenience sampling approach was chosen. Unrestricted non-probability samples are known as convenience samples. (Adams, Khan, and Raeside, 2014, p.75) This is the simplest method of sampling because contributors are chosen based on their willingness and availabilities to take part. Although relevant results can be obtained, they are subject to significant bias due to differences between volunteers and non-volunteers (volunteer bias), and the sample may not be representative of other reasons such as gender or age. (Health knowledge, 2018)

Advantages of Convenience Sampling	Disadvantages of Convenience Sampling
• Simple and quick implementation. • Cheap method of sampling (Duignan, 2016, p.7) • Easy to use. • It is less difficult to examine than other alternatives. It also aids in the generation of hypotheses. (Saeed, 2020)	• The sample or the survey results cannot be used to the whole population. (Saeed, 2020) • Lack of credibility. (David, 2021a)

Table 4. Advantages and disadvantages of Convenience Sampling.

b) Data collection method

- **Questionnaire** – The main benefits of questionnaire surveys are that they are a perfect technique for delivering strategy-related information; quantification that is easily understood/ communicated; repeat surveys that can study change over time; and surveys that can cover a wide range of actions and study attitudes, meanings, and perceptions of a population as a whole. (O’Gorman and MacIntosh, 2015, p.165)

The questionnaire consisted of ten closed-ended paper-based questions. Customers visiting and exiting famous bank branches such as Barclays, Nationwide, NatWest, Lloyds, and Halifax in various districts of Southeast London were kindly invited to participate.

Multiple-choice, matrix, and Likert scale questions were included in the survey, which respondents completed in 15 minutes. (The questionnaire is attached as an *Appendix*.)

- **Research Ethics** - Collecting, using, and sharing data in research with people demands adherence to acknowledged research ethical guidelines. To be valuable while minimising the chance of harm, research must be conducted ethically. Before beginning the survey, a Participation Consent Form issued by the university was completed, and no personal questions were asked. The investigation is in accordance with the Data Protection Act of 2018, and any primary data collected will be kept private and confidential. (Legislation.gov.uk, 2018)

Chapter 4. Analysis of data

4.1 Introduction

Analysis of data is an extremely significant part of any research. Data analysis is the method of summarising the data collected. It involves the analysis of data obtained by the application of logical and analytical reasoning to discover patterns or correlations. (Steynberg, 2022)

The main goal of this part is to analyse the primary data obtained from the survey in Microsoft Excel, by using graphs and tables. The questionnaire contains ten questions, and each question is analysed depending on the responses of the participants. The researchers designed all of the charts to present quantitative numbers.

4.2 Questionnaire Analysis and Discussion.

Question 1. What is your age?	
Answers:	Participants: 50
30-40	28
40-50	11
50-60	9
60+	2

Table 1. Question 1.

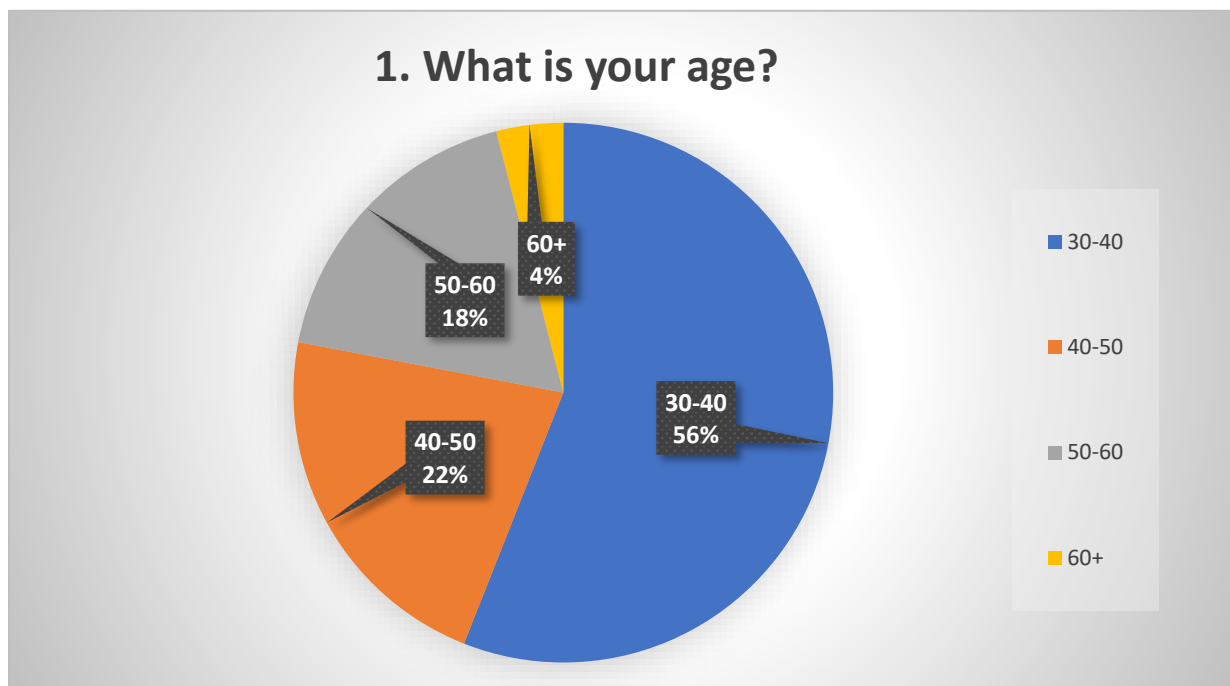


Figure 1. Question 1.

Results: The survey involved 50 people, and the data in *Figure 1* shows that the majority of contributors were between the ages of 30 and 40. This age group consists of 56% of the overall response, while 22% were between the ages of 40-50 and 18% were 50-60 years old. Only 2 participants were over the age of 60.

Discussion: By collecting data from various age groups, the researcher can analyse different points of view, which aids in better understanding the significance of **CRM** and **SMM** in the UK banking sector.

Question 2. What is your gender?	
Answers:	Participants: 50
Male	27
Female	23

Table 2. Question 2.

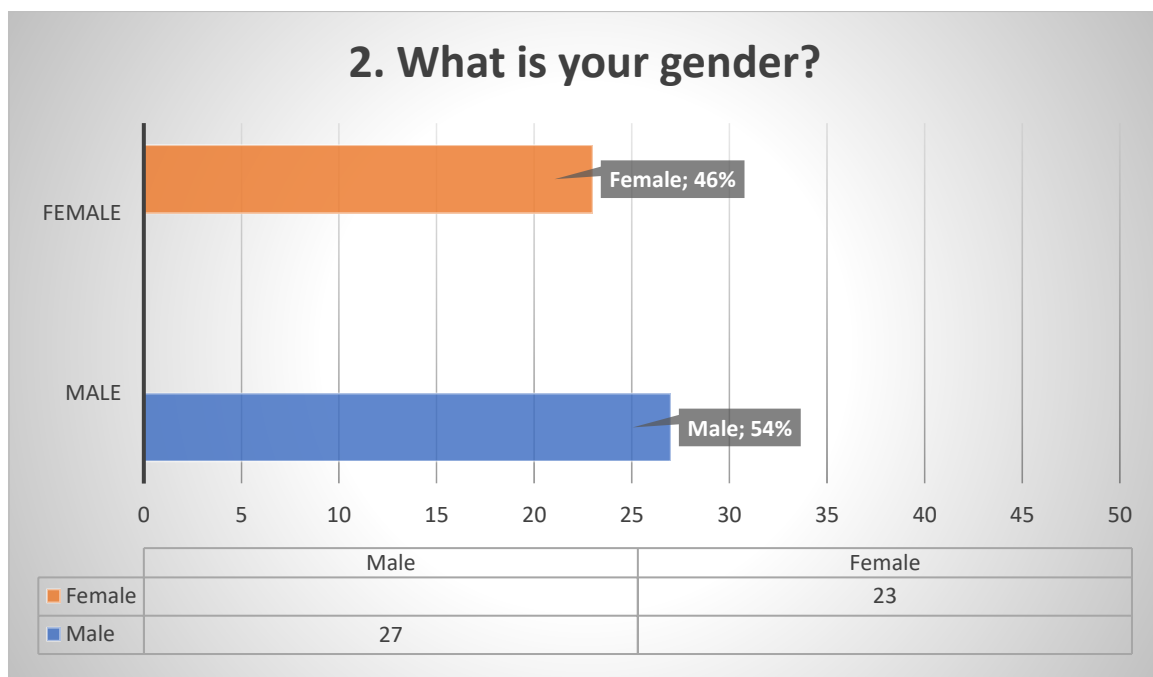


Figure 2. Question 2.

Results: According to Figure 2, the questioned bank customers were 27 male and 23 female.

Discussion: The balanced gender statistic and the demonstration of each gender's perspectives will aid in the evaluation of the research questions.

Question 3. How long have you been a bank customer in the United Kingdom?	
Answers:	Participants: 50
Less than 1 year	4
1-5 years	12
5-10 years	9
More than 10 years	25

Table 3. Question 3.

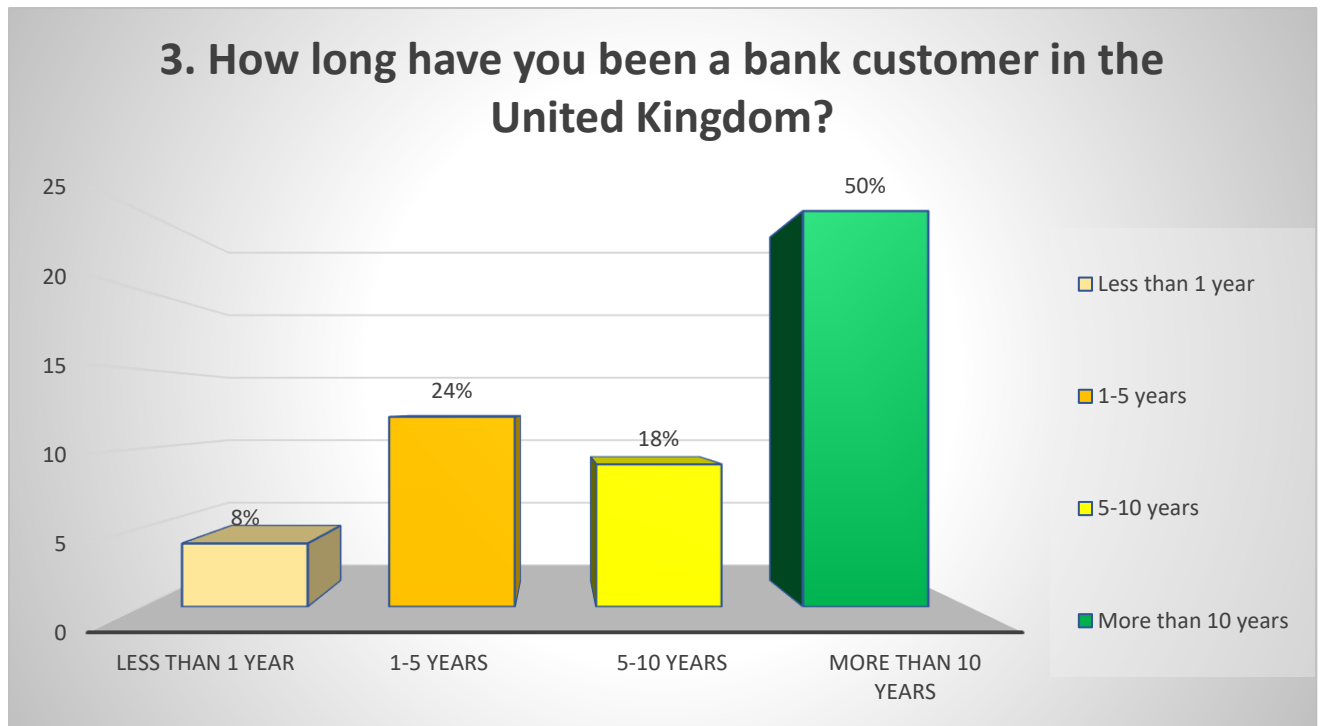


Figure 3. Question 3.

Results: According to the data in Figure 3, 50% of customers have been using bank services for more than 10 years. Furthermore, 24% of respondents have been bank customers for 1-5 years, while 18% have been bank customers for 5-10 years. Only 8% have been banking customers in the UK for less than a year.

Discussion: Most of the participants have more experience as bank customers, which will be very useful in determining which marketing strategy is effective for their dedication and loyalty, as well as for the research accuracy.

Question 4. Does your bank have a positive brand image?	
<i>Rating 1 to 10</i>	<i>Participants: 50</i>
Not at all likely 1	2
2	0
3	0
4	3
5	3
6	6
7	9
8	4
9	8
Extremely likely 10	15

Table 4. Question 4.

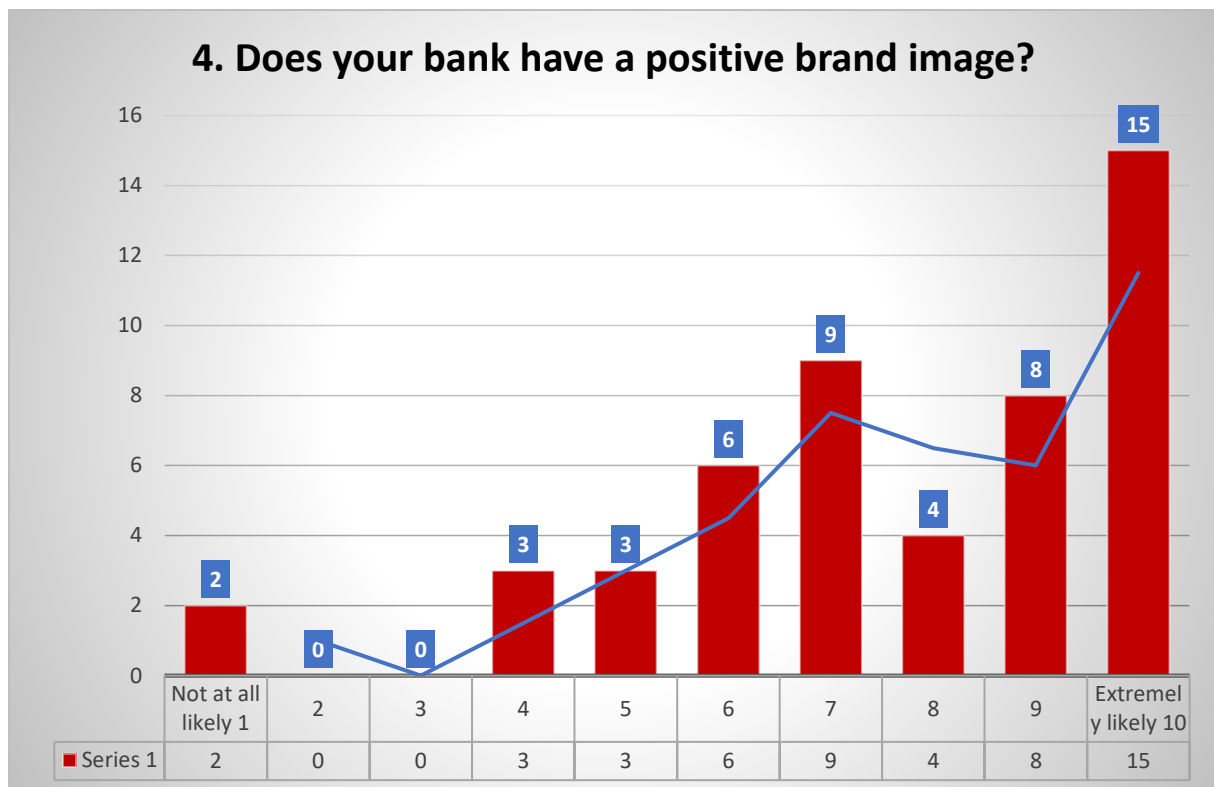


Figure 4. Question 4.

Results: From the customers' viewpoint, do not have an extremely positive brand image. Only 15 people out of 50 rated it as extremely likely. The other said somewhat likely, and unsure, and two customers said their bank has a negative brand image.

Discussion: Brand image is the idea of a company that a customer has of it and how they feel about it in general. The influence of bank brand image on client attitudes and behaviours has become an important issue in the competitive banking industry. The success of the companies is largely due to the recognition of the brand and consumers rely on trusted brands. (Ratten, 2022, p.59) Customers normally form a bank's brand image based on their own banking experiences. UK banks need to work on improving their brand image. UK banks should put more effort to improve their brand image because it influences customer retention positively. Banks can create a positive brand image by constantly meeting or exceeding the expectations of customers. (Onyancha, 2013, p.36-37) According to Laketa *et al.* (2015, p.246), the banking sector needs to create value for the customers and needs to increase the frequency of communication to build a positive brand image. Rao and Patel (2018, p.19), on the other hand, suggested that every client should be given special and

appropriate attention in order to make them feel unique, and the products offered should be customizable according to their needs and wants, which helps boost customer loyalty and brand value and awareness. As a result, well-implemented CRM strategies such as interaction strategy, value-creation, and customization strategy can help UK banks to improve their brand image.

Question 5. Does your bank offer competitive service charges?	
Answers:	Participants: 50
Yes	15
No	11
Maybe	24

Table 5. Question 5.

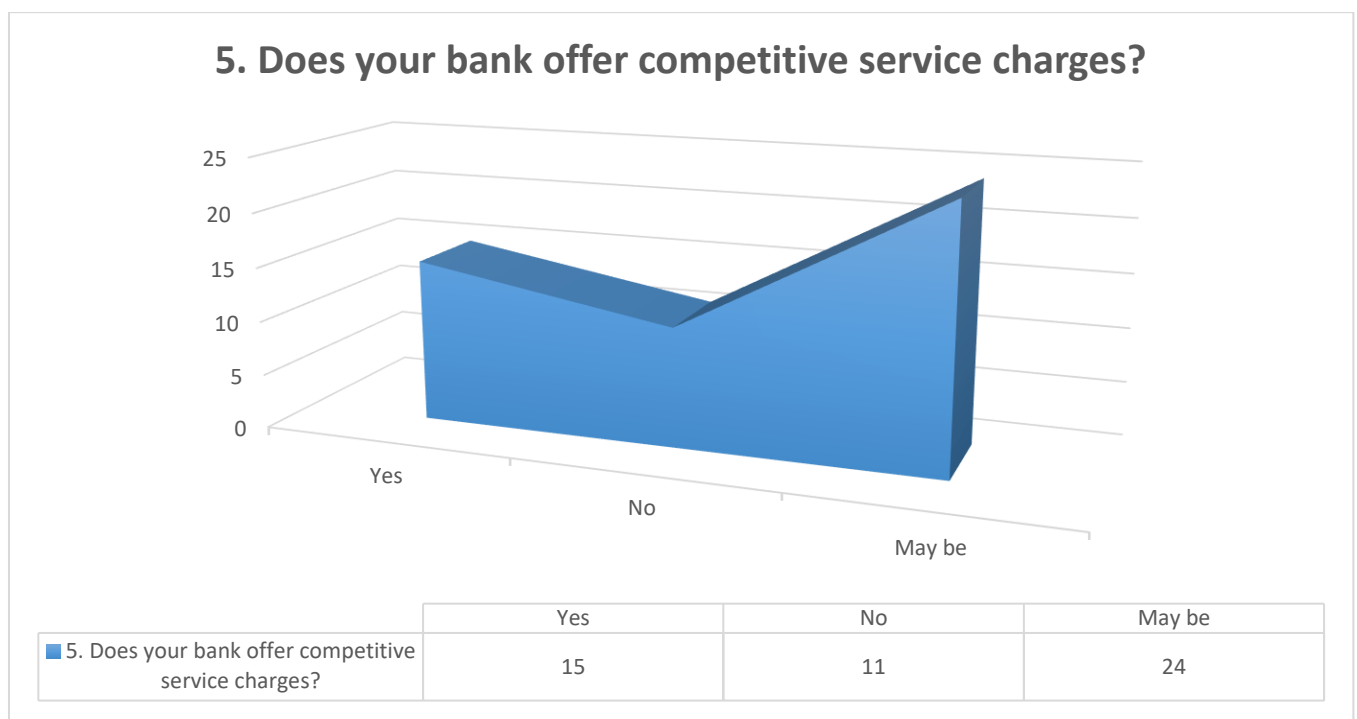


Figure 5. Question 5.

Results: Most of the customers (24) responded to this question as a “Maybe”. 15 respondents claimed that their banks offered competitive service fees, whereas 11 respondents stated that their banks did not.

Discussion: Customers are not well-informed about bank service charges, and there is a need for communication strategies. Cvijovic, Kostic-Stankovic, and Reljic, (2017, pp.160-161) underlined the significance of integrated marketing communications in customer relationship management, particularly in terms of influencing the behaviour of diverse customer segments. Furthermore, it was proved that banks may sustain and improve client relationships by enhancing communication channel efficiency in terms of conveying crucial and correct information as well as acquiring valuable information from customers.

Question 6. What is the first thing that comes to your mind when you think of your bank?	
Answers:	Participants: 50
Customer service	21
Core banking	9
Personalized service	6
Broad branch network	14

Table 6. Question 6.

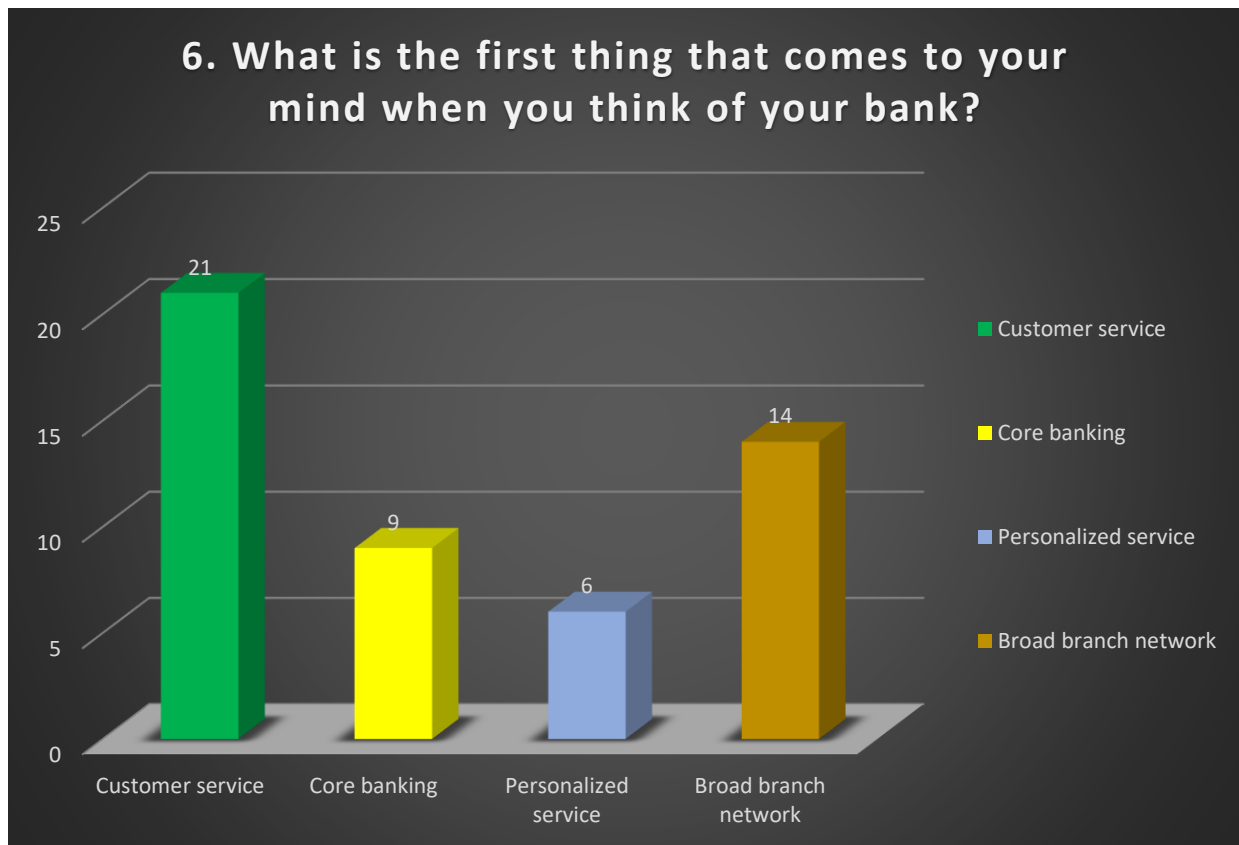


Figure 6. Question 6.

Results: According to Figure 6, 21 bank customers responded that the first thing that comes to mind when they think of their bank is "Customer service". Furthermore, 14 of them said "Broad branch network," 9 said "Core banking," and only 6 said "Personalized service."

Discussion: In the banking industry, providing good customer service is important because it helps meet their needs, makes customers feel valued more effectively, and improves overall customer retention. UK banks, on the other hand, should try to implement product/service development strategies, as well. Personalized service provides a competitive advantage that differentiates the bank from competitors by allowing it to understand customers' needs better and this can lead to their dedication.

Question 7. Do you use the service of alternative banks?	
Answers:	Participants: 50
Yes	32
No	18

Table 7. Question 7.

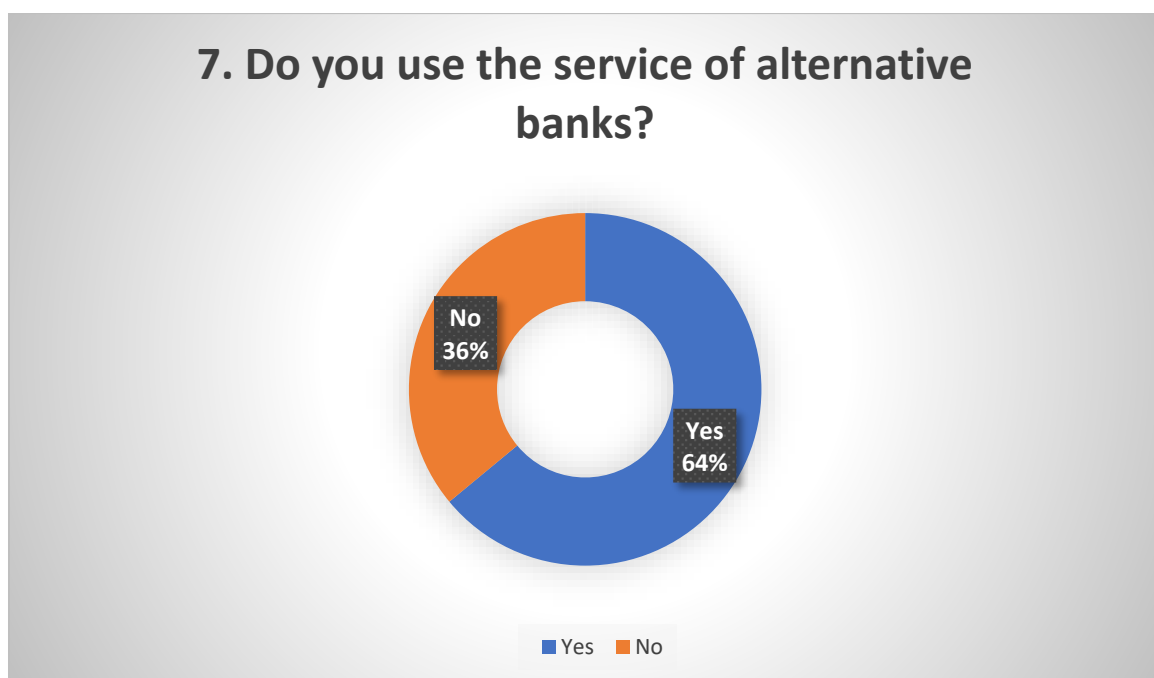


Figure 7. Question 7.

Results: According to Figure 7, 64% of bank customers use alternative banking services, while 36% do not.

Discussion: Customers switch or use alternative bank accounts for a variety of reasons. As previously stated in this study, customers may switch to a new bank in order to receive free cash or another benefit. Another reason is if the bank experiences a technical problem, such as TSB customers being unable to access their wages or pay their rent. Customers may use the services of another bank to assist with budgeting, therefore the bank may take advantage of this need by

offering the customer a variety of services to meet his requirements. The banks should look for the factors that are causing clients to switch to other banks or require different banking services so that they can build their strategy based on those matters. (Web, 2022)

Question 8. Where would you acquire a loan if you needed one?	
Answers:	Participants: 50
My existing banking service provider	19
Different bank	13
Credit unions	4
Advisory firms	2
Other financial institutions	12

Table 8. Question 8.

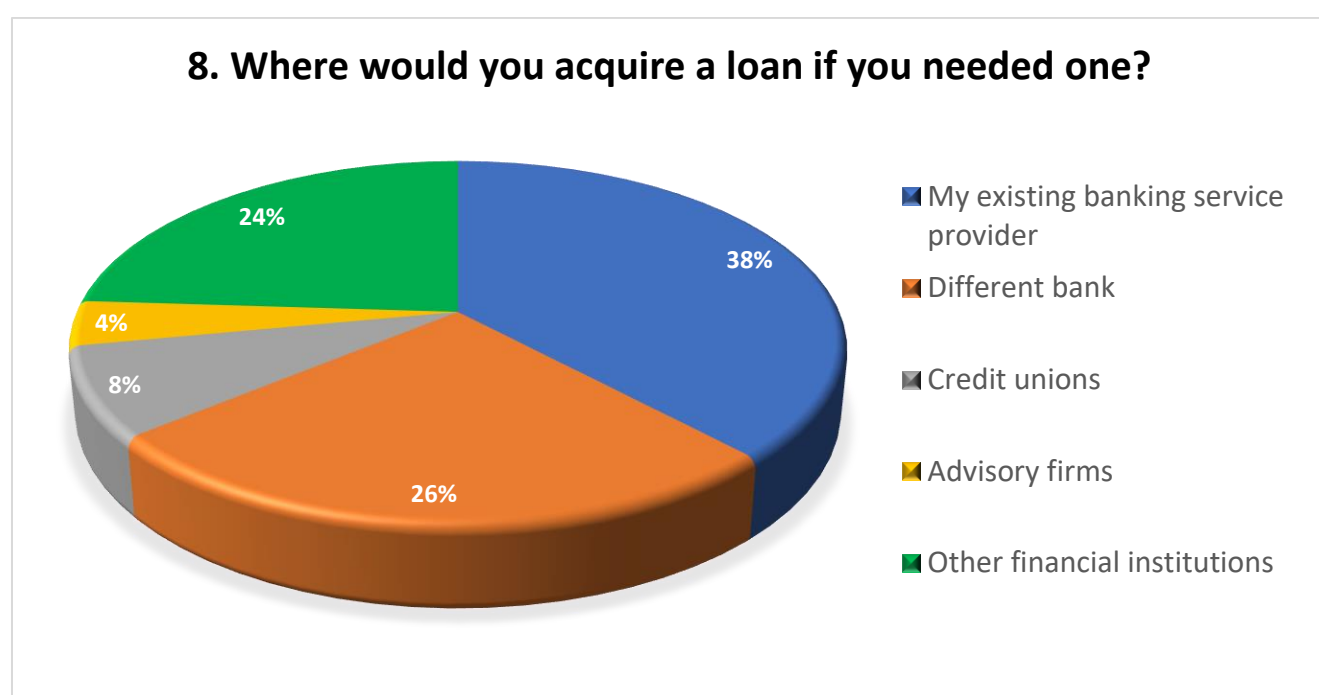


Figure 8. Question 8.

Results: According to *Table 8.*, 19 of the customers are happy to take a loan from their existing bank, while 13 stated that they will take from different banks and 12 from other financial institutions. Furthermore, 4 customers stated that they will use credit unions and 2 responders stated advisory firms.

Discussion: The customers are taking loans usually from different banks and other financial institutions for many reasons. For instance, is easier and quicker, and they are still providing money to the customer even though their credit score is low. Another example is Sainsbury's, which is very popular in providing loans to people, whether they are customers or not. People are interested in taking out loans from Sainsbury's because of the low-interest rates (Mossman, 2022). As a result, the suggestion for UK banks is to renew their pricing strategy and focus on the customer rather than the profit.

Question 9. Which of the following marketing strategies can your bank use to increase retention and loyalty?	
Answers:	Participants: 50
Differentiation (<i>development of unique product, different from those of competitors</i>)	10
Diversification (<i>entering to new market or industry and creating new product</i>)	5
Cost leadership (<i>low service costs</i>)	5
Customer Relationship Management (<i>prioritising customers and enhance relationship</i>)	30

Table 9. Question 9.

9. Which of the following marketing strategies can your bank use to increase retention and loyalty?

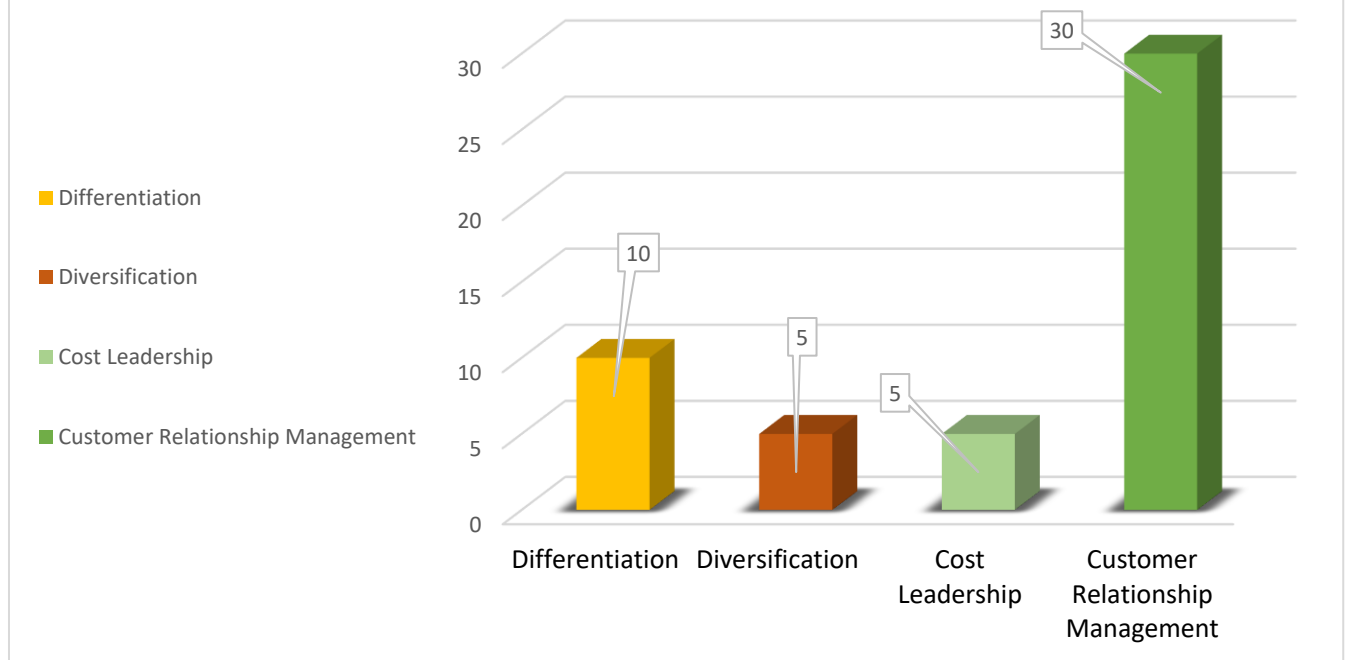


Figure 9. Question 9.

Results: 30 of the consumers said the use of CRM strategy in banks may help with customer loyalty and retention, while 10 stated differentiations. Additionally, 5 clients indicated cost leadership and 5 highlighted diversifications as strategies that can help the bank keep them as a client.

Discussion: It is clear from the responses to this question that people want more one-to-one marketing. Customers expect personalised service and relevant offers from their bank. Customers desire value and convenience, and they are willing to trade their private information for good offers and discounts. The advantages of CRM for banking customers include continuity, contact points, individualised services, higher levels of satisfaction, and customised services. Banks can benefit from long-term profitability, business growth, and customer retention by implementing more CRM methods. (Stevanović and Gavrilović, 2018, p.290).

Question 10. Rate your level of agreement with each statement.					
	<i>Strongly agree</i>	<i>Agree</i>	<i>Neither agree nor disagree</i>	<i>Disagree</i>	<i>Strongly disagree</i>
Customer Relationship Management is important in today's competitive business environment.	29	18	3	0	0
Comparing with other banks, the effectiveness of Customer Relationship Management in my bank is excellent.	8	26	12	4	0
In my bank, the effectiveness of Customer Relationship Management in customer retention is excellent.	7	26	11	4	2
I am very satisfied with the quality of my bank's service and would recommend it to friends and family.	14	19	10	5	2

Table 10. Question 10

10. Rate your level of agreement with each statement.

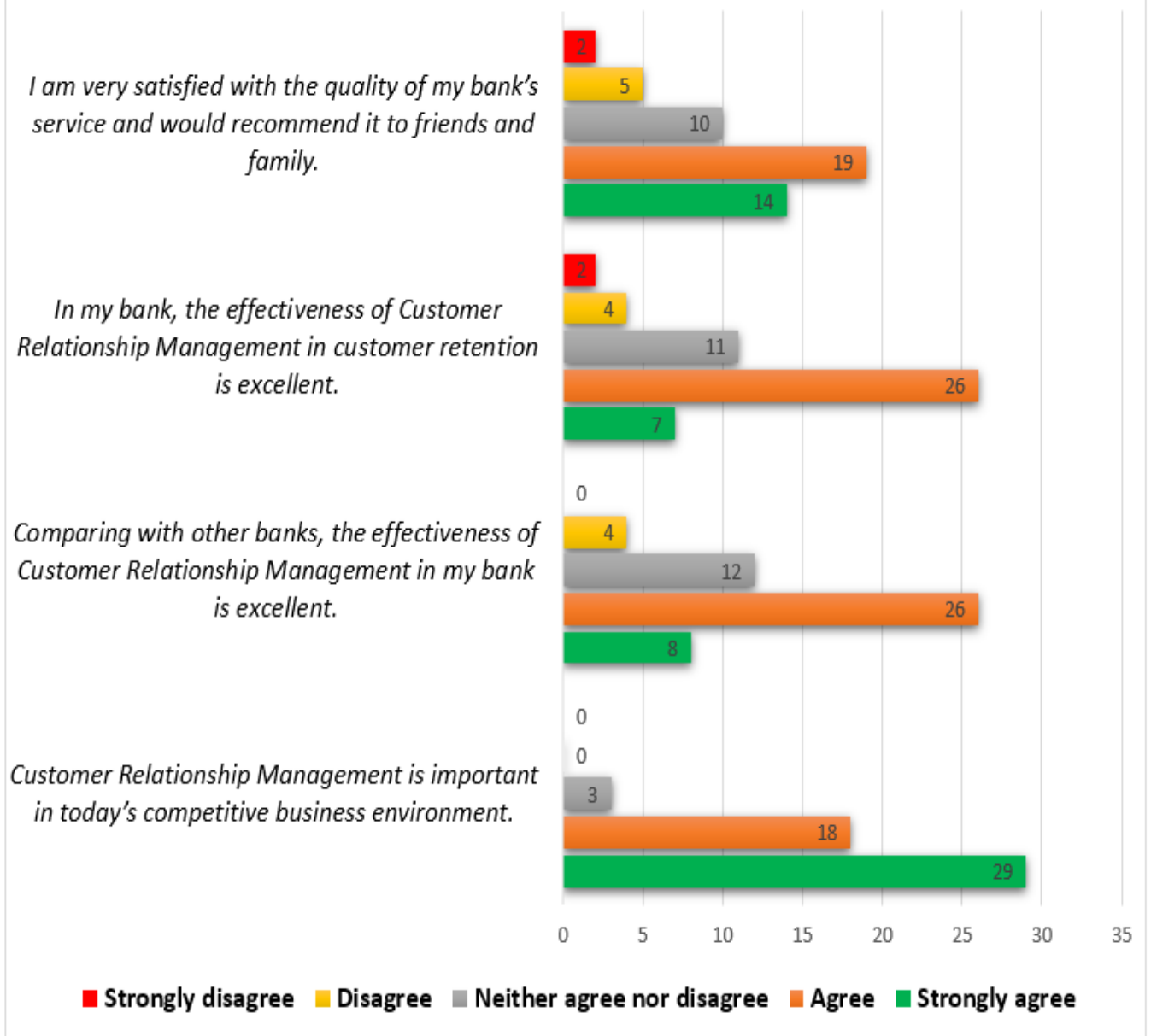


Figure 10. Question 10.

Results: On Question 10, customers rated their level of agreement with each statement. 29 customers strongly agree, and 18 agree that CRM is important for businesses.

In response to the second statement “CRM in my bank is excellent”, 26 customers agree, 8 strongly agree, 12 neither agree nor disagree and 4 disagree.

Concerning to the next statement “in my bank, CRM in customer retention is excellent”, 26 customers agree, 7 strongly agree, while 11 neither agree nor disagree, 4 disagree and 2 strongly disagree.

Furthermore, 14 customers strongly agree and 19 agree that they are very satisfied with the service quality of their bank, and they would recommend it to their friends and family. However, 10 customers neither agree nor disagree, 5 disagree and 2 strongly disagree with the last statement.

Discussion: The majority of respondents think that the CRM is significant, that they are happy with the bank's CRM, and that they would be pleased to recommend their bank to others. Many consumers weren't sure, however, and only a small number said they weren't happy with their banks' CRM and wouldn't suggest it to others.

Customer satisfaction is most strongly influenced by a bank's relationship with its customers. People want to feel important and valued. They want to have a relationship with their bank, and they want it to do more than just promote products to them. Poor customer service, pushing consumers away from branches and relying on digital space to cut costs are common banking mistakes that decrease customer satisfaction. These banking faults leave out the interpersonal dialogue and relationship building that banking clients value so highly. Improving customer experience can be the best way to differentiate a bank from its competitors and enhance customer commitment. (Vaslow, 2018)

Furthermore, according to Vaslow (2018), business customers are more likely to recommend their bank service provider to others. As a result, UK banks can experiment with more niche marketing (concentrated) strategies.

Chapter 5. Conclusion and recommendations

5.1 Conclusion

This study was intended to accomplish four main objectives which were met through the use of primary and secondary data. Firstly, this research determined the strategic marketing management strategies currently being implemented by companies in the UK banking industry. Secondly, the study investigated various customer relationship strategies utilized by banks in the UK. In addition, the study identified the potential challenges in implementing customer relationship management strategies. Furthermore, analysed the impact of strategic marketing management strategies on customer retention in the UK banking sector.

Addressing the objectives:

This **first objective** was critically examined using a literature review, where different authors' perspectives on SMM were included. One of them, Soundaian (2019, p. 3), defined SMM as the process of applying superior skills in selected market segments and providing the best customer service in order to increase customers' levels of satisfaction and foster the development of a loyal customer base. The SMM frameworks assisted in determining which SMM was adopted by various UK banks. Different UK banks were found to use mostly segmentation strategy, mass marketing, 7Ps, concentrated marketing, product development, market penetration, and market development strategies. It has been discovered that differentiation and diversification strategies are being implemented less commonly. Furthermore, primary research indicates that UK banks should reconsider their pricing strategies and employ more differentiation techniques in order to acquire a competitive advantage and retain existing consumers.

In the literature review part, with the different authors' view critically analysed the **second objective** and has been described CRM as one of the most important new marketing trends of the twenty-first century. They stated that CRM is a

customer-centric business strategy that increases customer happiness, strengthens customer relationships, increases sales and revenue, and aids in ensuring a sustainable competitive advantage and customer retention. The CRM IDIC model found that UK banks are using collaborative CRM, customization, and “CLV” and “KYC” technologies as a part of their CRM strategy. Additionally, it has been discovered through primary research that CRM for bank customers is crucial for their loyalty.

Regarding the **third objective**, the challenges in the implementation of CRM are customers changing behaviours and gathering data from customers, and lack of customer-related information prevents banks from carefully analysing customer behaviour and providing them with the quality of services they desire.

In terms of the study's **final objective**, it has been determined that SMM strategies boost client retention. Product strategy in which the quality of service toward customer commitment and satisfaction has a direct impact on client retention. Promotions establish trust among bank customers, and there is a considerable positive relationship between promotion and customer retention. Furthermore, market penetration in terms of well-designed loyalty programmes has a significant impact on customer retention. The influence of product development strategy and differentiation on customer retention is major. Developing new unique products and services to meet customers' needs can help banks gain a competitive edge and keep existing customers.

5.2 Recommendations

As banks are key contributors to any economy, maintaining client connections and stability through client retention is critical for the sustainability of these organisations. The following are the recommendations for UK banks may take into consideration.

- Satisfactory service charges- Banks should emphasis on certifying that customers regard their prices as acceptable and reasonable, considering

client comparisons of their rates with other banks and within customer categories, in order to establish deeper and longer-term customer connections. Banks should provide specific fee perks to loyal consumers, such as automatically assessing annual price rises.

- Communication improvements- banks can use the customers' preferred languages, use the customers' preferred channels of communication, and be truthful, honest, non-misleading in their communication and ensure the availability of bank managers for client appointments. They should also let customers know about new or altered services.
- Employee empowerment- there is a need for skilled and experienced employees in Customer Relationship Management positions. Banks can provide employees with training sessions, and development workshops, and educate employees on changes affecting the banks and customers. career paths can be discussed with employees to empower them. The bank should continually update employee training to ensure that they understand the importance of maintaining customer satisfaction.
- Personalized offers- Banks should personalise their offers to meet unique customer requirements and for example guarantee that cash machines automatically choose the desired languages of customers.
- Banks need to avoid technical issues- Regularly inspecting and maintaining POS or ATM equipment to make sure that it is always operational, 24 hours a day, 7 days a week, and has enough funds.
- Managing Complaints- Having a complaint management team that deals with issues and uses them as a chance to offer the best solution to the customer. This can help banks to succeed and get long-lasting competitive advantages by keeping consumers.
- Enriching knowledge level of customers- Banks should use CRM systems to comprehend the diversity of experience and wants of different clients

in order to create relevant offers. Banks should use the system to conduct customer education projects to increase understanding of bank practices and decision-making, as well as to increase client comfort.

- Banks' Customer Relationship Management needs to analyse their gap and act accordingly.

Chapter 6. Further research

During the research, I had the opportunity to expand my teaching availability. It strengthened my analytical and critical thinking skills. Future research might include:

- ✓ Performing the same study on a single company rather than an industry since it was difficult to provide instances and apply theoretical models, and I had to communicate with my supervisor, Tushara Balendran.
- ✓ Or conducting the same research topic on airline companies, because the lack of research on the banking sector made it difficult to find information, but data about the airline sector was available in any book.

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Appendix: Questionnaire.

The aim of this research is to carry out a critical examination of customer retention through strategic marketing management in the UK banking industry. The aim of this questionnaire is to collect data from various bank customers who will be asked questions about the topic of this research. There will be ten close ended questions, and no one's answer will be considered as correct or incorrect. The collected data will be kept strictly confidential and will be deleted once the study is completed. In order to conduct reliable research, please provide honest responses. Thank you for your time.

1. What is your age?

- a) 30-40
- b) 40-50
- c) 50-60
- d) 60+

2. What is your gender?

- a) Male
b) Female

3. How long have you been a customer of a bank in the United Kingdom?

- a) Less than 1 year
- b) 1-5 year
- c) 5-10 year
- d) More than 10 years

4. Does your bank have a positive brand image?

Not at all likely

Extremely likely

1 2 3 4 5 6 7 8 9 10

5. Does your bank offer competitive service charges?
- a) Yes
 - b) No
 - c) May be
6. What is the first thing that comes to your mind when you think of your bank?
- a) Customer service
 - b) Core banking
 - c) Personalized service
 - d) Broad branch network
7. Do you use the service of alternative banks?
- a) Yes
 - b) No
8. Where would you acquire a loan if you needed one?
- a) My existing banking service provider
 - b) Different bank
 - c) Credit unions
 - d) Advisory firms
 - e) Other financial institutions
9. Which of the following marketing strategies can your bank use to increase retention and loyalty?
- a) Differentiation (*development of unique service, different from those of competitors*)
 - b) Diversification (*entering to new market or industry and creating new product*)
 - c) Cost leadership (*low service costs*)

- d) Customer Relationship Management (*prioritising customers and enhance relationship*)

10. Rate your level of agreement with each statement.

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree
<i>Customer Relationship Management is important in today's competitive business environment.</i>	☐	☐	☐	☐	☐
<i>Comparing with other banks, the effectiveness of Customer Relationship Management in my bank is excellent.</i>	☐	☐	☐	☐	☐
<i>In my bank, the effectiveness of Customer relationship management in customer retention is excellent.</i>	☐	☐	☐	☐	☐
<i>I am very satisfied with the quality of my bank's service and would recommend it to friends and family.</i>	☐	☐	☐	☐	☐