Leveraging Customer-centricity to attain Sustainable Competitive Advantage. The Case of Stanbic Bank Zimbabwe Limited

By

Tawanda Clive Maposah

R027835D

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Supervisor: Mrs. C.M.R. Tsikirayi

February 2014
DECLARATION PAGE

I Tawanda Clive Maposah do hereby declare that this dissertation is the result of my own investigation and research, except to the extent indicated in the Acknowledgements, References and by comments included in the body of the report, and that it has not been submitted in part or in full for any other degree to any other university.

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Student’s Signature

Date 28/02/2014

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Supervisor’s Signature

Date: 28/02/2014
DEDICATION

To my wife Ethel and son Nyasha-Tungamirai and all those who took part in research, thank you and may God bless you abundantly.
ACKNOWLEDGEMENTS

I appreciate all that took their time to assist me through my studies at graduate school. I am thankful to my wife and son for the love, support and patience as I was undertaking my studies. I am also grateful to my supervisor and colleagues for taking the time to shape me into the person I am today, May God bless all of you.
ABSTRACT

This study is of an investigation into leveraging customer-centricity to attain sustainable competitive advantage. It looks at how Stanbic Bank Zimbabwe (SBZ) can organise its vision, strategy, technology and employees to retain and attract high valued clients. With the local banking sector approaching saturation new avenues to grow revenues and profitability are critical to ensure sustainable profits going forward. The world over, financial institutions have realised that focusing on the customer is best way to grow revenues through focusing on growing the existing client base through value creation.

The research used a mixed approach with a bias towards quantitative research. Questionnaires were sent to SBZ staff members. For selected critical senior staff members interviews were used to collect the data. The response rate was high at 100%.

The study findings pointed out that although SBZ has fragments of customer-centricity embedded in its current strategy there is need for it to adopt full customer-centric measures to leverage it to achieve sustainable competitive advantage. The study further points out that SBZ does not have the adequate customer-centric technology for it to generate accurate client insights which will drive strategic direction. It was concluded that SBZ needs to align its vision, its culture, people and technology with the customer for it to enjoy the immense advantages that comes with putting clients at the centre of strategy. Furthermore, with a dedicated customer centric approach it can retain it valued clients, increase their satisfaction and increase its client profitability by up selling and cross selling to achieve a sustainable competitive advantage.
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LIST OF ABBREVIATIONS

CABS – Central African Building Society
CBZ – Commercial Bank of Zimbabwe
CRM – Customer Relationship Management
EIU – Economist Intelligent Unit
EU – European Union
i-banking – Internet banking
ICT – Information Communication Technology
IT – Information Technology
LTV – Lifetime Value
RBZ – Reserve Bank of Zimbabwe
SADC – Southern African Development Community
SBZ – Stanbic Bank Zimbabwe
SPSS – Statistical Package for Social Sciences
POSB – Post and Savings Bank
CHAPTER ONE

INTRODUCTION

1.1 Introduction to the study

The research aims to establish the importance of leveraging on customer-centricity to achieve sustainable competitive advantage. Customer-centricity is defined as an eco-system and operating model that enables an organisation to design and deliver a unique and distinctive customer experience (Leather, 2013). Stanbic Bank Zimbabwe’s (SBZ) as a leading financial services organisation needs to ensure that it retains and grows its core base of loyal and valuable customers so that it continues to enjoy strong business performance. According to Peppers and Rogers in their book Managing Customer Relationships (2011), there are only two sources of competitive advantage, the first one being learning more about your customers faster than competition and the second, to turn the learning into action faster than the competition. Customer-centricity involves both concepts discussed earlier and therefore, the study seeks to investigate ways in which the bank can optimise leveraging on customer-centricity to efficiently use the limited bank capital.

There is a belief that customer-centricity can be a source of competitive advantage if leveraged in appropriate manner because it can grow revenues through increased sales driven by a solid core base of loyal satisfied customers. Product innovations in isolation can become meaningless if they do not address the problems being faced by the customer. Therefore one needs to become a leading financial institution that organises its functions so that they are accessible to customers at any given time and addressing the needs of the customer at a profit. The chapter is going to give a brief background of SBZ and the banking industry analysis and the business environment in which the bank operates in.
1.2 Background to the study

1.2.1 The Zimbabwean Banking Sector
The Banking sector has 21 operating banking institutions, following the termination of Trust Bank operating licence in 2013. The sector has remained stable despite the policy shifts that occurred in the past 5 years. A small number of banks are affected by liquidity challenges and this has affected their ability to disburse loans. Furthermore, because the tough economic environment has affected several businesses in their performance, loans have not been paid as planned affecting the profitability of the sector in general. The few troubled banks are of low systemic importance as they accounted for less than 10% of the banking sector’s total assets and total loans respectively, as at 31 December 2013. Hence, the sector is generally stable and shows a lot of promise. The current study focused on the top quadrant of the banking as they control a substantial share of the market.

1.2.2 Environment Analysis:

The macro-environmental assessment will be done using the Political Economic Social Technological and Legal analysis (PESTL), a business analysis that examines the external macro-environment in which an organisation exists. At its best PESTL can be used for evaluating market growth or decline, and as such the position, potential and direction for a business.

Political Environment

According to the Economist Intelligence Unit (EIU) 2014, Zimbabwe’s International relations are in a state of flux in the wake of the July polls, the results of which were broadly accepted by the Southern African Development Community (SADC) and criticised by Western states. Thus, the United States US and the European Union (EU) are likely to maintain some form of targeted sanctions. The new government's policy agenda and execution remains unclear, and in any event the protracted nature of Zimbabwe's political impasse has eroded both international and regional patience. The Zimbabwean economy in past used to receive substantial foreign aid which would contribute balancing foreign currency position, however the donors attention has drifted to other areas.
(such as Syria), and furthermore aid budgets have not proved immune to the effects of economic slowdown in Europe.

In such a tough political environment banks have focused on survival, as a result current banks strategy has not revolved around the customer and as a result, some good customers continue to move from one bank to other or use services of many banks hoping to find a financial partner that understands their total needs and who is able to cater for them under one roof.

**Economic Environment**

The economy has been besieged with acute liquidity challenges, rapid de-industrialisation, amid falling capacity utilisation levels; shrinking Government revenue base, against a background of weakening economic activity; rampant under-declaring of mineral exports and side-marketing; ballooning import bill; drying up of lines of credit and waning business confidence. To address the shrinking economy the government announced a five-year economic programme, the Zimbabwe Agenda for Sustainable Socio-economic Transformation. This will form the bedrock of its attempt to spur economic growth, with the stated aim of boosting economic growth from an annual average of 6.1% in 2014 to 9.9% by 2018 (EIU 2014). According to the EIU, it is unclear how the government proposes to fund this, or to square its growth plans with its indigenisation programme, which continues to deter foreign investors. In these circumstances, official projections of 6.1% growth in 2014, up from an estimated 2.2% in 2013, are likely to prove over-optimistic. Furthermore continued weakness in the prices of tobacco and gold could affect investment in those sectors and, thus, Zimbabwean growth in the latter part of the forecast period is not as promising, although the international price of platinum is expected to increase by an annual average of 4% in 2016-18 (EIU 2014).

The impact of the economic environment on customer-centricity has meant that banks have relied on survival strategies to remain profitable in the tough environment. These strategies have neglected the customer who has, in turn, engaged a number of banks to give the service which normally one bank would
have been able to provide, thus reducing the bank’s share of wallet. Customers have resorted to diverting business to where they are offered services they require. Although the economic environment has been filled with many challenges, some business enterprises have been growing profits year on year and expanding their operations. Banks are now aware that it is possible to anchor business activity around strategic, profitable customers and the concept of customer-centricity becomes crucial to the ability of the bank to strategically provide all the services requested by the clients using the limited capital resources available at the right price.

**Social Environment**

Rampant corruption has also become the biggest scourge, bleeding the economy of its resources and worsening the economic plight of the broader populace. Zimbabwe is placed at number 154 out of 182 countries in the Corruption Perception Index (Transparency International, 2011). All these factors increase the business operational risk and it becomes very important for financial institutions to fully know who they are dealing with to avoid losses through fraud and misappropriation of funds.

**Table 1.1 Corruption Perception Index**

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<td>United States</td>
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<td>New Zealand</td>
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Secondly business continues to be redefined by technologies which are changing the way in which people live. Social change refers to an alteration in a society’s Social order (Harper, 1993). It describes a systemic transformation, over time, in patterns of thoughts, behaviour, social relationships, institutions and social structure (Praszkeriet al/2012). Banks should keep their organizational strategies updated in the face of continually evolving social technologies, ensure that their
organizations continue to look ahead, and use technologies to improve internal performance. Banks will also need to keep their employees’ skills up-to-date and balance the potential benefits of emerging social technologies with the risks they sometimes pose. Banks now need to focus on their customer as social technology environment continues to evolve and offer customers services that are in line with developments in the social environment and increase risk mitigants and price accordingly to make a profit.

**Technological Environment**
The world continues to be changed by massive improvements in the technological environment. Customers are more demanding as a result of technology advancements and require financial partners that they can interact with from anywhere and at any time. Customer-centricity requires that you provide your customer with a complete, consistent and integrated performance. Customer impacting technology is a powerful tool to engage your customers in their experience and to efficiently manage their data, to enable the activation and delivery of your customer strategy. The goal of business is to transform the use of technology so that it improves the customer experience and take advantage of latest trends (Leather, 2013).

**Legal Environment**
Examining the relationship between the legal systems and banking development is valuable irrespective of issues associated with long-run growth. With the enormous potential that customer impacting technology will have on business it is important that privacy measures be put in place to ensure that email and text listing only include customers and prospects who have given the bank permission to contact them. Zimbabwean customers are becoming more and more intolerant of communication without permission due to an onslaught of contact from every direction.

**1.2.3 Industry Analysis**
Porter (2008) came up with factors that characterise each industry and these elements are usually outside the industry but affect the nature of competition within it.

Figure 1.1 Porter’s five forces model in the local banking industry.


Potential Entrants

New entrants mean significant loss of share of customer business to new players. The capital and other requirements imposed by the regulator in order for a bank to attain or retain a trading license have proved quite stringent. In addition to that, economists believe that the economy is over-banked, five commercials banks control 62% of the deposits and the remaining 10 banks jostle for the remaining 38% (RBZ, 2013). It is extremely difficult for new players to enter into the saturated market.

Industry competitors

In 2003/2004, about 10 banks were closed by the RBZ for various reasons, including weak management and liquidity challenges (RBZ, 2012). The past banking and economic crisis have resulted in intense competition and rivalry between the current players as they jostle for the clientele.
**Threats of substitutes**

Products like Econet’s EcoCash and Netone’s Isikwama are infiltrating into the banking sector’s territory and eating into the market share by offering convenience to the customer (Chulu, 2012). Other traditional competitors include Western Union which now offers domestic money transfers. However, for now, some products and services like interbank transfers and Custom Declaration Forms (CD1s) are protected and are only accessed through banks.

**Bargaining power of suppliers**

Banks deal with a number of suppliers depending on what they will be financing for their clients. Generally, the bargaining power of suppliers is low in liquidity starved market.

**Bargaining power of buyers**

Blue chip companies have substantial bargaining power because they are well sought after clients. These include Zimplats, Delta, Schweppes, Econet, Zimra and Old Mutual, just to name a few (Standard Bank Research 2014). These companies use their strategic position of being multi-banked to play the banks to their benefit. They can get preferential rates and treatment knowing the banks require their accounts. However, for the mass market it is usually a different situation all together, with the clients bargaining power next to non-existent. Banks’ interest and service charges for mass market are not negotiable (Standard Bank Research 2014).

All banks want loyal customers who will become brand advocates. Customer-centricity is the key to building customer loyalty which will propel a company to a leading position in the market place. With customer-centricity long term sustainable performance becomes obtainable.
1.2.4 Financial Performance of the Banking Sector.

**Half Year Profitability Analysis**

Despite the challenges highlighted previously, the banking sector remains profitable and tightly contested in top quadrant of performance. According to the half year results for the period ended 30 June 2013, Central African Building Society (CABS) was the most profitable bank at US$10.7m, followed by Standard Chartered Bank (SCBZ) at US$10.1m, SBZ at US$8m; Commercial Bank of Zimbabwe (CBZ) at US$8m and BancABC at US$6.8m among others (Standard Bank Research 2014). From a profitability market share perspective, 73% of profits were split between five banks with CABS leading the pack with 17.8%, followed by SCBZ 16.9%, SBZ with 13.5%, CBZ with 13.4% and Banc ABC at 11.4% completed the top 5 (Standard Bank Research 2014).

![Half year Profitability Comparison of June 2012 vs. June 2013](https://example.com/figure12.png)

**Figure 1.2: Half year profitability for June 2013 “Banking Sector Half Year Results” Source:BancABC Report 2013.**

In terms of profitability, all the 5 leading banks have been successful at driving sales of the main product lines. CABS have been very successful in launching mortgage product in a market that has very limited long term finance thus enjoying healthy margins in their products. SCBZ and SBZ have relied on their strong international brands to successfully dominate the wholesale banking sector. CBZ’s strong performance has been driven by banking the public sector and government related agencies which have contributed to their profits.
Therefore success of the top five banks has been driven by product sales in a market recovering from hyperinflation.

Peer discussions reveals that none of the banks have solely focussing on customer experience as their models are based on cost cutting in liquidity strapped market and driving product sales through an efficient organisational design(Standard Bank Research 2014). One wonders if focussing on the needs of the customer will enable a bank to grow it share of profits and competitive position. Leading to the question, does leveraging customer-centricity enhance a bank’s competitive advantage?

![Profitability Market Share as of Jun-13](image)

**Figure 1.3 Profitability Market Share as at June 2013: Banking Sector Half Year Results” From BancABC Report 2013.**

**Deposit Analysis in US$ millions as at 30 June 2013**

As at 30 June 2013, CBZ was leading deposit market share with US$1,124billion, followed by CABS with US$450million, Banc ABC at US$ 407million, Stanbic Bank at US$336million and Standard Chartered, at US$329million, complete the top five as at June 2013. The deposits trend is the same with profitability, with 5 banks controlling 62.9% of the country’s total deposits. A common feature in all five banks that control 62.9% of deposits is that they are able to give clients value and confidence to keep large balances in the bank.
1.2.5 Stanbic Bank Zimbabwe (SBZ)

SBZ formerly known as ANZ Grindlays Bank of Zimbabwe is a registered commercial bank, which has been operating since 1988. It is fully owned by Standard Bank Group of South Africa and has 19 branches in Zimbabwe and operates in 19 countries in Africa. SBZ is clear in that it wants to outperform all banks in the top quadrant of financial services in Zimbabwe. Successful business performance in Zimbabwe is dependent on solid revenue base against a contained cost base. SBZ has been operating using a lean workforce to survive in the turbulent Zimbabwean market that is characterised by liquidity challenges and policy inconsistency. As SBZ is part of a large group, it is expected to generate significant return on investment to justify operating in tightly contested and risky Zimbabwean market. Furthermore, adopting a wait and see approach is no longer adequate as the competition continues to take strategic positions on its key clients and thus future profitability of the bank is under threat.

1.3 Problem Statement

SBZ has maintained a position in the top five banking performers in terms of profitability and market share in a highly contested sector with competition from
the likes of Standard Chartered, Ecobank, CABS and BancABC. Furthermore, competition is likely to increase as some sleeping giants in the local banking market for example Barclays Bank have realised that the political environment will not improve and this has become the new normal (Standard Bank Research 2014). As a result Barclays have successfully lobbied their stakeholders for dispensations to compete in the tightly contested top quadrant of the banking sector(Standard Bank Research 2014). Furthermore, all banks will be competing to retain quality and valuable clients. It is therefore upon this background that SBZ wishes to defend its pool of quality clients so as to retain them. At the same time the bank intends to grow its wallet share in the existing clients and even pursue new quality clients to ensure future growth in profitability. SBZ believes that by concentrating on its existing client base and focusing on delivering value to client it can not only retain but effectively grow the revenues through cross selling and upselling. By delivering value to the client it will simultaneously grow and retain its high valued clients and at the same time grow its revenue through growth in share of wallet. The study will search for means in which the bank can leverage customer-centricity to achieve sustainable competitive advantage.

1.4 Significance of Study
The study seeks to discover ways in which the bank can leverage on customer-centricity to attain sustainable competitive advantage. Furthermore, it is envisaged that the study will enable the bank to:

- Identify effective customer-centricity strategies
- Leverage on customer-centric strategies to retain its core base of valued clients.
- Detect strengths and weaknesses of its internal processes and systems to improve customer satisfaction.
- Grow the share of wallet of existing relationships and at the same time attract quality clients.

The researcher also expects the study to add value to various stakeholders in that:

- Customers will benefit from better and efficient service as a result of the research.
Improved business performance will entail that Shareholders will receive a greater rate of return on their investment. The banking industry will benefit from industry analysis carried out during research, as well as recommendations put forward.

1.5 Research Objectives

The major objective of this research is to investigate how Stanbic Bank Zimbabwe can leverage on customer-centricity. The specific objectives of the study are to:

1. Establish the awareness of customer-centricity within the bank.
2. Establish whether there are institutional frameworks for customer-centricity.
3. Analyse the importance of customer-centricity to the bank.
4. To explore likely challenges that SBZ faces in leveraging on a customer centric strategy.
5. To provide recommendations on how Stanbic Bank can effectively leverage on customer-centricity to attain competitive advantage.

1.6 Research Questions

The primary question: Is Customer-centricity a source of sustainable competitive advantage?

Other questions include:

1. What is customer-centricity to the bank?
2. How does customer focus, technology and people management influence competitive advantage?
3. How can Stanbic Bank leverage on customer focus to attain sustainable competitive advantage?
4. What are the challenges of leveraging on customer-centricity to the bank?
5. What are the solutions those challenges?
1.7 Research Proposition

If SBZ invests adequate funds into customer centric technology it will increase competitive advantage.

1.8 Justification of Research

The research aims to provide solutions to SBZ as it is in a highly competitive banking sector. If SBZ is successful in leveraging customer-centricity it will become a benchmark for other subsidiaries in different markets in Africa in which the Standard Bank Group has presence and as a result this will improve the standard and quality of services and products offered by the Standard Bank Group in Africa.

1.9 Scope of Research

The study will examine how Stanbic Bank can leverage on customer-centricity to achieve sustainable competitive advantage. The study will concentrate on SBZ, one of the largest commercial banks in Zimbabwe. The research will be mainly confined to Harare because decisions are made centrally at the head office. The capital Harare, also contributes to about 70% of the clientele and 80% of business.

1.10 Limitations of the study

The researcher works for SBZ and is familiar with the culture and processes of the organisation. To ensure objectivity the researcher will give the respondents adequate time to complete the questionnaires and therefore the researcher does not expect challenges in getting potential respondents to complete questionnaires objectively.
1.11 Dissertation Structure

Chapter 1  Introduction, here the researcher will introduce the research topic and environment where the research was carried out. The researcher will also look at research objectives and questions, research proposition, justification of the research then finally the scope of research.

Chapter 2  Literature review, here the researcher will look at customer-centricity concepts and how they can be used to attain competitive advantage. Customer centric models being applied in other geographies are also considered.

Chapter 3  Research methodology will look deeper into the way the researcher approached the study explaining the selected design and strategy.

Chapter 4  Findings in this chapter center on the objectives stated in chapter 1. It summarizes opinions of the studied target.

Chapter 5  Recommendations and conclusion are found in the penultimate chapter where the researcher gives possible solutions and also identifies areas needing further study.

1.12 Chapter Summary

The opening chapter aimed at introducing the research therefore it started by highlighting on the background on the research. There is a current summary of the Zimbabwe situation. The chapter then briefly analysed the local banking sector. SBZ was also briefly discussed before covering the problem statement, research objectives and questions, research proposition, justification of the research then finally the scope of research. The next chapter is the literature review which is a critical analysis of the work done by other authors.
CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

Literature review involves a critical analysis of work done by other authors in the same area of study. It is a brief overview of what has been studied, argued, and established about a topic (Neill, 2007). The study attempts to show what has been studied in the field of customer-centricity to relate to the topic under study. It is interesting to note most successful companies of the 21st century have organised their business models, organisational structures and processes around the customer thus confirming that the concept is to be taken very seriously as a guiding strategic principle for a wide range of businesses (Fader, 2012).

2.2 Origins of Customer-centricity

Customer-centricity is a fairly new concept that became popular with management writers in 2000 (Peppers et al, 1996). Its origins can be traced to a change in the reasoning and culture of the business by Sears. Their approach was to build the company around its customers and ‘developing a business model’ (the employee-customer-profit model) that changed the way managers and employees think and behave (Rucci et al, 1998). Also Peppers et al (1996) published their concept of ‘one to one marketing. A concept which was based on premise mass customization, that companies should analyse the precise needs of every customer and deliver a product or service personally tailored to those needs.

As concept the concept evolved Sheth - et al. (1992) defined Customer centric marketing as an understanding and satisfying the needs, wants and resources of individual consumers or customers rather than those of mass markets or market segments. Their argument was that with the increasing diversity of the market, and the advent of enabling technologies organization could not afford to place the product at the start of the planning process as they had done previously. Instead, they had to start planning on the customer. They further argued that the guiding
foundations of an organisation may have to shift from its origins (for example banking) to become customer centric; and the dominant leadership style would be crucial in adopting such a focus. See diagram below.

Figure 2.1 Customer Centricity Concept - Beyond Customer-Centricity: Anticipating the Consumer by Stevenson Financial Marketing.

2.3 Product Centricity vs. Customer-centricity Approach

In today’s world, there needs to be a clear distinction between business focus as this will inform the strategy. There is a clear distinction between a product centric approach and a customer centric approach even though both directly or indirectly focus on the customer. Fader in his book Customer-centricity describes a product centric view a one which seeks to maximize profit, market share and market capitalization. The view refers to organizations that are built on competing on the market place through product innovation and branding. Profits are maximized through volume and market share. All strategic advantage is based upon product and the expertise behind those products. The long term focus is about strengthening the product portfolio and continually finding new ways to expand it. In essence the brand is perceived greater than the customer.
Table 2.2 Critique Product Centric against Customer-Centric. Source - Fader (2012) in Customer-centricity.

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Product centric</th>
<th>Customer centric</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goal</td>
<td>Best product for customer</td>
<td>Best solution for customer</td>
</tr>
<tr>
<td>Main offering</td>
<td>New products</td>
<td>Personalised packages of products, services, support, education, consulting</td>
</tr>
<tr>
<td>Value creation route</td>
<td>Cutting edge products, useful features, new applications</td>
<td>Customising for best total solution</td>
</tr>
<tr>
<td>Strategy</td>
<td>Most important customer</td>
<td>Most profitable, loyal customer</td>
</tr>
<tr>
<td>Most important customer</td>
<td>Most advanced customer</td>
<td>Portfolio of customers – customer profitability</td>
</tr>
<tr>
<td>Priority setting basis</td>
<td>Portfolio of products</td>
<td>Portfolio of customers – customer profitability</td>
</tr>
<tr>
<td>Pricing</td>
<td>Price to market</td>
<td>Price for value</td>
</tr>
<tr>
<td>Structure</td>
<td>Organisational concept</td>
<td>Product profit centres, product reviews, product teams</td>
</tr>
<tr>
<td>Organisational concept</td>
<td>Product profit centres, product reviews, product teams</td>
<td>Customer segments, customer teams, customer P+L</td>
</tr>
<tr>
<td>Processes</td>
<td>Most important processes</td>
<td>New product development</td>
</tr>
<tr>
<td>Most important processes</td>
<td>New product development</td>
<td>Customer relationship management and solutions development</td>
</tr>
<tr>
<td>Rewards</td>
<td>Measures</td>
<td>Number of new products Market share</td>
</tr>
<tr>
<td>Measures</td>
<td>Number of new products Market share</td>
<td>Lifetime value of customer Market share of most valuable customers Customer retention</td>
</tr>
<tr>
<td>People</td>
<td>Approach to personnel</td>
<td>Power to people who develop products</td>
</tr>
<tr>
<td>Approach to personnel</td>
<td>Power to people who develop products</td>
<td>Power to people who know customer</td>
</tr>
<tr>
<td>Mental processes</td>
<td>Transaction oriented</td>
<td>Relationship oriented</td>
</tr>
<tr>
<td>Mental processes</td>
<td>Divergent thinking: how many uses for our product?</td>
<td>Convergent thinking: what combination is best for this customer?</td>
</tr>
<tr>
<td>Sales bias</td>
<td>On the side of the seller</td>
<td>On the side of the buyer</td>
</tr>
<tr>
<td>Culture</td>
<td>Product experimentation</td>
<td>Searching for customer needs to satisfy</td>
</tr>
</tbody>
</table>
Today, customers are becoming better organised, well informed and more demanding. Those changes are the reason why companies may develop customer-centric orientation. Some Banks have realized that having products and services is no-longer adequate. It is becoming harder and harder to provide meaningful differentiation and Gartner research is highlighting that less that 10% of brands will be able to provide meaningful differentiation through differences in their core products and services (Alvarez et al 2012).

The majority of companies need to move beyond products and services to drive meaningful competitive advantage and sustainable profits. They need to find new ways to create and deliver value (Fader, 2012). They need to view the world through the lens of a customer rather than through the way they do business. This analogy brings about the customer centric approach which seeks to address the multitude of issues which the product centric approach does not address. This approach is not based on the expertise in the realm of product development but is based on a deep understanding of what the customer actually wants, when and how they will want it and what they are willing to give you in return (Fader, 2012)

Sustainable business performance is the ultimate objective for any business be it product centric or customer centric. There is, however a greater opportunity to generate economic value and competitive advantage in customer centric business model thorough designing and staging differentiated and relevant experiences at premium pricing. A customer centric company looks at the world through the lens of a customer and then engages with the customer community in a way that supports their needs. Customer-centricity can be defined as the ecosystem and operating model that enables an organization to design and deliver unique and distinctive

2.4 Customer-centricity and Customer Relationship Management
Customer relationship management (CRM) states that customers are individuals with unique needs, treating them as such is conducive to fostering long-term customer-firm bonds and the appropriate development and management of these
relationships is profitable to firms. The core concepts behind CRM have many similarities with the customer-centricity. However, the CRM pure form concept faces many challenges in today’s world. The CRM faces challenges especially in terms of understanding the needs of diverse customers, and creating customized products and services that meet these needs. As a result, companies take short cuts by clustering people on the basis of their similarities on some demographic, behavioral or psychographic characteristics (Fader et al 2001). Standardized products/services that address the average needs of chosen customer segments are then created and marketed.

Most of the challenges of the CRM have been addressed by the invention of powerful Information Technology (IT) systems and this has allowed for the collection, storage, and analysis of extremely large quantities of customer data at individual level (Fader et al 2001). Also evolution in production technology has made it possible to act on customer knowledge by developing individualized products with greater ease. As a result the concept of CRM itself has evolved and now permits the notion to be embedded again within the broader relationship marketing concept that is holistic in nature, and considers the entire network of ongoing relational exchanges a focal firm is engaged in.

Research in the field of services marketing, in the earlier stages concerned itself with attracting, developing, and retaining customers as a means to creating customer equity (Berry, 1983). Moreover, retaining customers and sustaining long lasting relationships with them was argued as being more beneficial to firms than acquiring new customers (Berry, 1997). New research therefore needed to focus on the following:

a) Identifying and developing metrics to help guide customer management decisions.

b) Understanding the true value of customers, in comparison with others.

c) Determining the best methods for incorporating the tenets of customer relationship management (CRM) within marketing decision-making
2.5 Customer-centricity
Customer-centricity is a strategy to fundamentally align a company’s products and services with the wants and needs of its valuable customers (Fader, 2011). It starts with having the ability to know what your customers want and having the foresight to align business strategy to generate an effective execution platform that delivers on the needs and wants of the customers at a profit. For all this to be truly effective there needs to be an effective technology infrastructure to support the end to functions of the business (Leather, 2013). All customer interaction is important whether it’s a transaction or feedback on external channels like Facebook or Twitter as these will describe the help to define their needs or potential needs. See the diagram below:

**Figure 2.3 Customer-centricity Framework**

Source- Beyond Customer-Centricity: Anticipating the Consumer by Stevenson Financial Marketing

The world has changed since Henry Ford first proved the viability of the tried-and-true product-centric business model. That model worked wonderfully in the 1920s, and some authors like Fader (2012) in Customer-centricity argue that product-centric model is broken and that it is not applicable in the situations today. Technology, deregulation, globalization, and other factors have conspired to rob even the most wildly successful product-centric companies of the full set of
inherent advantages that used to arise automatically from a well-executed product-centric strategy. Technological barriers have been broken down. Geographic barriers are all but nonexistent. But what remains are the relationships that companies have or don’t have with their customers (Fader, 2011).

Some Financial Services companies have managed to be successful without customer-centricity but their success in the future cannot be guaranteed. According to Fader (2011) the companies that will enjoy the most success in the years and decades to come will be the companies that dedicate the resources necessary to not only understand their most loyal and committed customers, but also make the effort to then serve these valuable customers and serve them in a way that will not only make them feel special but also maximize their value to the company (Fader 2011). The study will explore an awareness of customer-centricity with SBZ with the intention of showing how best to leverage it to attain sustainable competitive advantage.

2.6 Value generation from relationships
At SBZ, transactions with its customers were treated as discrete activities. To improve profitability, SBZ focuses on costs, product lines, and the competition. Customers are generally not on the radar screen; that the customer generates revenues that result in higher profitability was not evident in the decision making process within firms (Jain et al, 2002). A shift towards value-based analysis away from product profitability or single-period customer profitability analysis has been made. Value-based analysis is forward looking, unlike profit which relies on historic data. Marketing strategies based on conventional profit based thinking focus on increasing the returns from low value customers (Jain et al, 2002). Returns are increased by increasing the income from those customers (weight of purchase, frequency of purchase, etc.) and/or reducing their costs (incentivizing them to shop at off-peak times, introducing self-checkouts for loyal shoppers, switching them to Internet or telephone ordering rather than counter service and so on) (Ryals, 2002).
However, value-based thinking opens up an additional range of strategies because value can be increased by reducing the cost of capital as well as by increasing returns. The cost of capital can be reduced either by reducing the amount of capital used in the customer relationship or by reducing the cost of that capital (in other words, by reducing the risk). Value based thinking encourages marketers to think about managing the risk (the volatility) of customer relationships as well as the returns. Existing management accounting systems may have to be adjusted to accommodate this change (Ryals, 2002). As companies move towards one-to-one marketing, they need a longer-term view of the value of their customer relationships.

2.7 Customer value, experience, lifecycle and customer-centricity.
(Huber et al., 2001) stated that the concept of “value” has been applied to many settings in the management, strategy, finance, information systems, and marketing literatures. Although replete with in contemporary research and practice in these disciplines, the value concept is multifaceted and complicated by numerous interpretations, biases, and emphases. The term value has multiple connotations in the marketing literature. For example, perceived value is used to refer to the ratio of perceived quality relative to price. Customer values are psychological constructs that pertain to consumer moral judgments (Mulhern, 1999). The derivations of various value dimensions have been evident from the point of view of “strategic value” (Katz, 1993), “value” as equal to revenue minus purchases (Strassmann, 1990), the economic contribution that “value” makes to profit maximization (Banker and Kauffman, 1991) and, most particularly, the value of customers to an organization (Kumar, 2007), customer values (Engel et al., 1990), and the principles of customer perceived value (Zeithaml, 1988).

On the other hand Customer experience encompasses every aspect of a company’s offering the quality of customer care, of course, but also advertising, packaging, product and service features, ease of use, and reliability whilst Customer Life Cycle relates to the stages of the relationship between a customer and a business (Leather 2013). The customer life cycle is important because it relates to long-term or lifetime customer value (LTV). Three ways to increase
value of customers include increase their usage/purchase of the products they already use, sell them more or higher-margin products and keep them for a longer period of time. Determining lifetime customer value (LTV) involves identifying the cash flows received from a customer or group, the outflow of cash necessary to establish and maintain the relationship, and the period over which the relationship will continue. A profitable customer is “a person, household, or company whose revenues over time exceed, by an acceptable amount, the company costs of attracting, selling, and servicing that customer (Kotler & Armstrong, 2008)

![Customer-centricity: Erik van Roekel, ING Group 11 February 2013](image)

Customer-centricity means finding that sweet spot between value, experience and customer lifecycle (Roekel, 2011). Forward-thinking banks recognize the importance of an effective customer relationship strategy and the need to be more customer-centric for ensuring long-term success (Leather, 2013). Achieving greater customer-centricity requires banks to address key operational challenges in order to know, understand and service their customers better than they do today: managing customer information more effectively; integrating and coordinating multiple channels serving the market; and improving the efficiency of
core processes driving the business. The expected rewards for banks like SBZ are in reduced customer attrition and a larger share of wallet.

### 2.8.1 Beating the competition and maximizing profitability

In Europe, Customer-centric banking organizations are able to understand who their most valuable customers are, what they want and how they will likely behave in the future have strong competitive edge. More importantly, they are able to act on those insights in order to improve marketing return on investment, increase customer satisfaction retention and grow revenue. Analysing the demographic and behavioural data of customers, banks can determine how to optimize offers to maximize positive response. Customer-centricity creates a platform to enhance the customer experience speed through tailor made products and channels. Equipped with the right information customer service representatives can increase deal closure rate. Furthermore, measurement of service efficiency and customer satisfaction will ensure that every interaction offers the greatest value for both the client and the bank (Leather 2013). With a centralised customer data pool, the bank can have a single view of profitable customers. This view is powerful in that the bank can accurately predict their most valuable customers and devise way to keep them happy. Moreover by tracking the most valuable customers the banks to (execute retention) offers and take actions that will retain these profitable customers.

![Figure 2.5 Business Objective Led Approaches to Leverage Customer Data – Capgemini Analysis 2013.](image-url)
According to the diagram on the previous data from a number of sources is collected and streamlined into customer, system and media data. All collected data is then analysed to generate useful customer insights that determine course of action and successful outcome for the bank. The study will further explore why similar measures are not being undertaken by Zimbabwean banks with an emphasis on SBZ.

2.8.2 Financial Institutions – Banks

![Diagram showing pressures on modern financial institutions](image)

**Figure 2.6 Pressure on Modern Financial Institutions – Optimising banking operating model - KPMG 2012**

Modern International banks in Europe face difficult choices in a market of increased regulatory oversight, changing customers, declining economic conditions and changing technology as shown above. The same situation is also prevalent in the Zimbabwean market. In Europe they have to choose either to improve customer profitability by building a ‘high-volume low-cost model or to offer a ‘differentiated service’ model designed to attract and retain the most profitable customer segments. Banks opt for the second approach and focus on service improvements to high net worth customers. They seek to improve cross-sales, restructure bank fees and charges and make greater use of capital-light products (Deloitte Research, 2011).
International financial institutions are transforming their operations and using analytic tools to develop customer loyalty and trust, and improve their financial results. The banks recognize that their global industry has experienced turbulence in recent years, such as reductions in revenue and demand for services, coupled with changing customer expectations for service, all of which are creating higher competition for valuable customers amongst themselves (Standard Bank Research 2014).

Similar to Zimbabwe, International banks are focusing more on the customer to power growth. This requires greater customer focus and business intelligence, and thus banks are examining new approaches and solutions to achieving a new level of customer-centricity. To be competitive, banks need to mine the vast amounts of data they have on customers and develop reporting algorithms that move their business from reacting to issues to anticipating and then acting on them before they become problems (Standard Bank Research 2013).

For many banks, it is just a case of running all the transactional data they have on a client to find out as much information about that customer. Banks will need to integrate compliance and risk management practices into their analytics capability as well, in light of growing regulatory pressures (Leather, 2013). Banks are striving to differentiate their products and services, develop a deeper understanding of customer needs, and build customer relationships at a price that is competitive and profitable.

Leading globally banks are positioning themselves for the recovery by staying connected with customers, even those who have stopped buying or have deferred major purchases. These banks are making the most of the economic lull by devoting resources to learning more about their customers’ needs, wants, and expectations of their banking relationships. Its becomes critical for Banks to
invest in new technology to capture better data for profiling customers, enabling these institutions to gain deeper insight into ways to build more loyal and profitable customer relationships (Leather, 2013).

Figure 2.7 Five core areas of customer-bank relationship – Capgemini Analysis 2013.

Recently futuristic banks also are developing the next generation of products and services to meet the projected needs and expectations of customers and prospects going forward. Thus banks are trying to leverage customer focus to attain competitive advantage. Competitive advantage exists when the firm is able to deliver the same benefits as a competitor but at a lower cost or delivering benefits that exceed those of competitor products (Fader, 2012).

Zimbabwean banks on the other have been concentrating on profitability through driving product sales and have partially neglected the customer on most of the core areas above. The study will reveal the situation for SBZ to improve customer experience.

2.9 The case for Customer-centricity
The traditional financial based forms of measurement on their own do not adequately address sustainable business performance. The approach needs to
alter its view of customer value and view the customer as an asset requiring investment as well as a unique experience to deliver superior lifetime value (Leather, 2013). The customer-centric approach is addressing issues that the product-centric approach was not able to solve. This approach is based on the expertise realm of product development and a deep understanding of what customers actually want (Leather, 2013). To truly win the loyalty of customers companies need to stage an experience. Staging an experience requires differentiation and will make you relevant to the customer. When you are relevant you move from market pricing method to premium pricing enabling you extract maximum value from the client as shown in the diagram below:

![The Progression of Economic Value](image)

**Figure 2.8 The Progression of Economic Value by V Kumar (2008)**

### 2.9.1 Customer Experience Management
Customer experience can be defined as a blend of the physical product, service and the emotions evoked before, during and after engaging with the organisation across any selected touch point (Leather, 2013). A touch point is a physical or non-physical point of engagement with the customer. It is very important for customer-centric companies to track experience because it is an important determinant in repeat businesses and client retention. Customer experience management captures what customer thinks about the company at all points of customer interaction or touch points (Meyer et al. 2007). This is done through a
combination of survey, targeted studies and voice of customer research. The information collected is used by business or functional leaders in order to create fulfilled expectations and better experiences with the product and services. It is very important to customer-centricity because it locates gaps to add offering in the gaps between what is expected and the actual experience (Meyer et al 2007).

Currently, most banks in Zimbabwe are not engaged in experience management and no surveys are being carried out to find out the customer experience to improve the services. Their systems currently rely on feedback from the sales team, which might be biased because they would like to attain targets to get adequate remuneration.

2.10 Critical Evaluation of Literature
Some authors (Thompson, 2012) believe that customer-centricity will not last because it is a combination of different ideas. Start with a little CRM, then add customer engagement, add process management and analytics. Hence there’s no common implementation model (Thompson 2012). However, according to Drucker, the starting point of the business is the customer and it is on that basis that the researcher does not think the concept will fade. It might evolve because it is based on the fundamental concepts of business which is the customer. At its best customer-centricity can improve the way your customers view you even as those customers pour more money into your coffers (Fader, 2011).

According to Walters (2013, it is impossible to strike a balance; customers, they (customers) are individualist and with consumer empowerment strengthening their bargaining powers they want it all for themselves. It is upon this basis that the assumption of customer-centricity that customers are looking for win-win relationships with companies is challenged. The customer-centricity thinking resolves this by identifying smart companies such as Apple that are successful
because they strive to deliver value for customers while driving company value, therefore a Win-win strategy is a company strategy, not the customer’s strategy.

Others believe that the new reality is that, they are diverse personal market segments which businesses cannot accurately tap into (Walter, 2012). Thompson on the other hand believes that analytics technology is getting simultaneously more powerful and easier to use. The future of universes of one is finally becoming possible because of developments in technology.

Customer-centricity is about delivering customer value in a profitable business model. This will ensure banks remain sustainable and offer the customer desired service convenience which goes a long way in improving on company performance and profit.

2.11 Chapter Summary

This chapter aimed at pre-empting studies on previously done research which are related to the researcher’s topic. Literature seems to point out that Customer-centricity delivers value to the customer and the business simultaneously because the business will find the sweet spot where needs of both parties are met. As such the researcher has to consider at the back of their mind the fact that operating environments of these scenarios are usually more stable as compared to Zimbabwe’s which has market that is finding it way after the recent dollarisation. The chapter looked at the historical progression of customer-centricity and also touched on its importance to competitiveness and service delivery. The next chapter outlines the research methodology.
CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Introduction
This chapter gives the research design and philosophy, the research strategy and data collection and analysis. Each operational step in the research process states the researcher’s choice from a multiplicity of methods, procedures and models of research methodology which will help to best achieve the objectives of the study (Dawson, 2002).

3.2 Research Design
There are various schools of research with differing assumptions and different criteria of what counts as good research. At the same time there are different research designs which are independent of the various schools of research (DeVaus, 2001). DeVaus (2001) argues that the function of a research design is to ensure that the evidence obtained enables the answering of the initial question as clearly as possible. He defines it as the theoretical structure within which a study would be conducted. The main objective of research design is to timeously and effortlessly assist in data collection of appropriate details at a low cost (Dawson, 2002). Good research design prevents manipulative use of data by taking into account possible alternative explanations and enabling comparisons and judgments’ between them (Kumar, 2005).

3.3 Research Philosophy
Leedy (2005) mentions two forms of research paradigms which are qualitative and quantitative. These paradigms determine the research approach, methods of data collection, type of data analysis and methods of data presentations. Qualitative research aims at understanding as it answers primarily to “how” questions whilst quantitative research aims at causal explanation. It answers primarily to “why” questions. Nature of the project, the type of information is needed; the context of the study and the availability of resources (time, money and human) determine choice between the two. Both qualitative and quantitative research can aim at description of social reality and are complementary, not contradictory (Hathaway, 1995). Factors which determine the research method to make use of include time period, researcher’s familiarity and inclination, funding,
type of population and resource availability (Badenhorst, 2007). In this study the researcher is well conversant with the financial services sector and the operations of SBZ.

For the purposes of this research, the researcher used the mixed method approach where both the quantitative and qualitative methods were simultaneously utilised. This is mainly to benefit from advantages of both, with the former being the dominant one pronounced. The Quantitative approach is useful because of its objectivity and reliability, whilst the qualitative approach gives the researcher a holistic view of the phenomenon under investigation. In addition, it has the ability to deduce descriptive information from primary and secondary data, as well as to depict the emotional side of the participants (Babbie, 2004).

Mixed methods research is a research design with philosophical assumptions as well as methods of inquiry. As a methodology, it involves philosophical assumptions that guide the direction of the collection and analysis of data and the mixture of qualitative and quantitative approaches in many phases in the research process (Dawson, 2002). As a method, it focuses on collecting, analysing, and mixing both quantitative and qualitative data in a single study or series of studies. Its central principle is that, the use of quantitative and qualitative approaches in combination provides a better understanding of research problems than either approach alone (Cresswell, 2003).

3.3.1 Qualitative
Qualitative research can be defined as multi-method in focus, involving an interpretive, naturalistic approach to its subject matter (Denzin& Lincoln, 1994). By being part of the situation the researcher finds out a lot. Quantitative researchers Miles, Huberman and Kerlinger (1994) state that, "Qualitative data does not exist thus everything will either be 1 or 0". On the contrary Campbell (2000) asserts "all research ultimately has a qualitative grounding". However both concur with the fact that the two research methods work hand in glove frequently. In this research the Qualitative aspect answers the question how does leveraging customer-centricity lead to competitive advantage?
3.3.2 Quantitative
It attempts to understand meanings that people give to their deeds or to social phenomena. Quantitative research involves making useful descriptions of observed phenomena and explaining the possible relationships between descriptive surveys, longitudinal developments, correlational and ex post factors research designs (Leedy, 2005). It is generally an iterative process whereby evidence is evaluated; theories and hypothesis are refined and tested. Quantitative research generates reliable population based and generalised data and is well suited to establish cause and effect relationships. Quantitative research enables the research and description of social structures and processes that are not directly observable. It is well-suited for quantitative description and comparisons between groups and areas (Booth, Colomb & Williams, 2003).

3.4 Research Strategy
Research strategy, according to Fossey et al. (2007), is the methodology or plan followed to find information on a subject or research topic. The determination of the research strategy helps the researcher to identify the appropriate way for collecting data and to ensure the success of study in the accomplishment of the objectives and aim. Each research strategy has its own pros and cons and this will depend on the type of research question, focus on contemporary as opposed to historical phenomena and amount or control the researcher has on actual behavioural events. There are various methods used in research and these include experimental, case study and survey (Dawson, 2002).
3.4.1 Research Strategy used by researcher

**Case Study**

A case study is a research method which allows for an in-depth examination of events, phenomena, or other observations within a real-life context for purposes of investigation, theory development and testing, or simply as a tool for learning (Yin, 2003). In this instance SBZ, or a group of workers, an event. Case studies are often described as exploratory research used in areas where there are a few theories like leveraging on customer-centricity. In exploratory case studies, existing theory is used to understand and explain its happening which is the ideal strategy in this study (Kumar, 2005). Case study answers how and why questions and defines topics broadly rather than narrowly. In our case, researcher needs to know why there is need to focus on customer-centricity. In addition to either having single case source or multiple sources of evidence it covers contextual condition, not just the phenomenon of study (Booth et al, 2003). A case study research may be exploratory, descriptive or explanatory at the same time it may be positivist or interpretivist. Case studies are particularly useful in depicting a holistic portrayal of a client’s experiences and results regarding a program (Kothari, 2007). The former is more fitting in this study as the basis of banking is to ensure clients experiences are known for continuous improvement. According to Yin (2003):

1. Case studies provide rich raw material for advancing theoretical ideas
2. Provide insight at all stages of the theory building, process and probably most valuable in testing new theories
3. New information that holds across many cases can stimulate new theoretical thinking
4. Can be used as both a research and teaching tool

According to Robson (1993), case studies have a considerable chance to generate answers to why, what and how during an in-depth study of a situation. He further argues that a case study approach allows several data collection techniques for example questionnaires, interviews, observation and documentary analysis to be used at the same time. In this study all but the observation technique are utilised and it proves quite handy and informative. The case study
is used to organise a wide range of information about SBZ and the contents are analysed by seeking patterns and themes in the data. Further analysis is done through cross comparison with other players in the commercial banking sector McNamara (2011).

The case study strategy helped the researcher to investigate the real world information and to relate them with the objectives.

3.5 Population and Sampling Techniques
The population is any set of people or events from which the sample is selected and to which the study results will generalise or all the members of the group that you are interested in. All the employees at SBZ, totalling 600, will form the population for this study. It looks at the full complement of people individuals, organisations, groups and communities who provide the researcher with information or collect information about them (DeVaus, 2001). The researcher chose quota sampling

3.5.1 Sampling methods
There are many sampling methods and these can be classified under two umbrella terms probability sampling and non-probability (purposive) sampling methods. The major sampling methods as viewed by Badenhorst (2007) are random, systematic, stratified, convenience, judgment sampling, snowball sampling and quota sampling.

Quota sampling is the non-probability equivalent of stratified sampling. Like in stratified sampling, the researcher first identifies the strataums and their proportions as they are represented in the population. Then convenience or judgment sampling is used to select the required number of subjects from each stratum. Strata are members of the population unique in that they share at least one common characteristic. The researcher first identifies the relevant strataums and their actual representation in the population. It reduces sampling error. This differs from stratified sampling, where the strataums are filled by random sampling (Booth et al., 2003).
3.5.2 Sampling method
To select participants, the researcher used quota sampling. The population was divided into two relevant and significant strata based on one or a number of attributes. These individuals were identified from SBZ staff. The attributes to select the 60 employees were level of management and business class, as shown in Table 3.1. Most responses were from top and middle management as they were the decision makers and were well informed.

Table 3.1 Sampling strata

<table>
<thead>
<tr>
<th>Staff Position</th>
<th>Customer Interfacing Units</th>
<th>Business Support Functions</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior Management</td>
<td>20%</td>
<td>20%</td>
<td>40%</td>
</tr>
<tr>
<td>Middle and Lower</td>
<td>20%</td>
<td>20%</td>
<td>40%</td>
</tr>
<tr>
<td>Management</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Staff</td>
<td>10%</td>
<td>10%</td>
<td>20%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>50%</td>
<td>50%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Thus, a perfect representative sample should exactly represent the population from which it is taken. As it is important to ensure that the sample is a true representation of the population from which it is drawn the above divisions were adhered to. Having finalized on the sample the next step was to decide how to get the respondent’s views and opinions.

3.6 Data Collection

3.6.1 Primary Data
Primary data was collected using questionnaires and interviews.

Questionnaires

A questionnaire is simply a “tool” for collecting and recording information about a particular issue of interest. It is mainly made up of a list of questions, but should also include clear instructions and space for answers or administrative details. Questionnaires should always have a definite purpose that is related to the objectives of the research, and it needs to be clear from the outset how the findings will be used (Oppenheim, 1992). The aim of a questionnaire is to gather
information for purposes of research for market surveys, analysis or even to corroborate other research findings. For the sake of consistence all respondents are to answer to the same questions in the same order (Patton, 2005).

The researcher gave the respondents ample time to fill up as some got free time during breaks or after hours depending on work pressure and type of job done. The audience acknowledged that the instrument was easy to understand and not time consuming, thus this increased the response rate.

3.6.2 Secondary Data
The research used the following data collection techniques for secondary data: internal bank information, relevant banking and finance publications, bank annual reports and bank literature. Secondary data is a cheap method of gathering information. The information was often out of date and collected for a different purpose with more recent information not yet published. Secondary data availed background information, current trends and other views and perspectives which were important for the study.

3.6.3 Triangulation
Data triangulation involves using different sources of information in order to increase the validity of a study (Olsen, 2004). The researcher used a combination of methods: questionnaires to collect information from research subjects, and then interviews to get more in-depth information from certain respondents to the questionnaires. In turn case studies could then be used for more in-depth analysis unique and cases. The researcher used questionnaires and interviews in the case study. The benefits of triangulation include “increasing confidence in research data, creating innovative ways of understanding a phenomenon, revealing unique findings, challenging or integrating theories, and providing a clearer understanding of the problem (Thurmond, 2001)
3.6.4 Reliability and validity
The designed data collection instrument was tested for reliability and validity on a pilot basis with seven randomly selected members of staff, before the data was gathered.

Piloting of research instruments

After designing the draft questionnaire and interview guides there were piloted to see if there were obtaining the required result. The following process was carried out:

1. Seven staff members were asked to read through and fill out to see if there were any ambiguities which might not have been noticed.
2. A detailed discussion was made with the test users and constructive criticism was given on the length, structure, sequence of the questions and wording on the questionnaire and interview. Some of the instrument’s questions were altered accordingly in line with the recommendations to produce the final document.

The pilot test also allowed the researcher to determine how much time was required to complete the questionnaire and interviews and also eliminate some of the questions which users were not answering.

3.6.5 Ethical Issues

Ethical issues were of great interest to researcher based on the avoidance of bias of any form. Reporting was carried out appropriately avoiding changes to serve personal interest and the collected data was not abused in any way whatsoever (Kothari, 2007). The researcher ensured that the participants were not pressured to be part of the research. They were advised that they could only become participants if they were willing. In addition, each and every time before an interview or filling in of a questionnaire was done; the respondent’s consent was sought. No incentives were provided and when soliciting for sensitive information. Furthermore, the participants were assured that there was no intent to cause any harm to them and that confidentiality would be strictly observed.
3.7 Limitations

The researcher created a friendly atmosphere to enable the respondents to freely participate with sensitive information. Cost of the research limited the extensiveness of the research hence the limitation of concentrating on reachable and limited staff only. It would have been ideal to interview the entire staff compliment but administrative and financial costs would have been unmanageable. To cut on costs, more easily accessible staff was used but the selected sampling method was strictly adhered to so as to ensure diversity and representativeness.

3.8 Data Analysis

Data analysis is a systematic search for meaning. It is a way to process qualitative data so that what has been learned can be communicated to others (Hatch, 2002). Results were analysed using a variety of statistical methods ranging from simple graphing to the use of statistics. Statistical Package for Social Sciences (SPSS) version 20 was used as it is quite appropriate for the data collected.

3.9 Chapter Summary

This chapter looked at various elements of research methodology and design, which includes description, comparison, classification, explanation and also discusses the target population, research units, methods of data collection that were selected and used. The next chapter outlines the findings of the research.
CHAPTER FOUR

RESULTS AND DISCUSSION

4.1 Introduction

The previous chapter looked at various elements of research methodology and design. This chapter describes the findings of the research. Generally, most questionnaires were completed and sent on time. 8 of questionnaires where spoilt and these were excluded from the research. To replace the spoilt ones researcher distributed fresh questionnaires within the same quota and as a result the targeted number of questionnaires was maintained. Also Data processing was carried out and it included amongst other things, screening spoilt and invalid questionnaires. The Statistical Package for Social Sciences (SPSS) version 20 was used in the analysis of data gathered. Presentation of the data was done using descriptive statistics in the form of tables and bar graphs and to simplify the analysis and enhance communication. The results were analysed, compared and contrasted across categories and relevant literature. After quantitative analysis all the information which could not be subjected to meaningful quantitative analysis was analysed using qualitative means and results are as outlined below.

4.2 Response Rate and respondents

The overall response rate of 100% which is adequate to warranty validity of research results presented in this chapter. The response rate for each group is shown in the table below. The questionnaire was used for SBZ staff, whilst interviews were used for senior SBZ staff members.

Table 4.1 Response Rate

<table>
<thead>
<tr>
<th>Respondent Class</th>
<th>Target</th>
<th>Responses Received</th>
<th>Response Rate %</th>
</tr>
</thead>
<tbody>
<tr>
<td>SBZ Staff— questionnaires</td>
<td>70</td>
<td>70</td>
<td>100</td>
</tr>
<tr>
<td>SBZ Senior Management – interviews</td>
<td>10</td>
<td>10</td>
<td>100</td>
</tr>
<tr>
<td>OVERALL</td>
<td>80</td>
<td>80</td>
<td>100</td>
</tr>
</tbody>
</table>
4.3 Profiling Respondents

Of the respondents from SBZ that took part in the research 20% represented senior management, whilst an additional 60% represented middle management and 20% represented general staff.

Table 4.2 Staff Profiling

<table>
<thead>
<tr>
<th>Employee Level</th>
<th>Customer Interfacing Units</th>
<th>Business Support Functions</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior Management</td>
<td>10%</td>
<td>10%</td>
<td>20%</td>
</tr>
<tr>
<td>Middle Management</td>
<td>30%</td>
<td>30%</td>
<td>60%</td>
</tr>
<tr>
<td>General Staff</td>
<td>10%</td>
<td>10%</td>
<td>20%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>50%</td>
<td>50%</td>
<td>100%</td>
</tr>
</tbody>
</table>

4.3.1 Demographic Information

![Demographic Information](image)

As shown on Figure 4.1 the 6-10 years' banking experience has the most of the respondents at 50%. The respondents are relatively experienced in the banking
sector with 71.4% having more than 5 years in banking. Other respondents, 28.6%, have been in the current position for less than 5 years whilst 21.4% have got more than 11 years’ experience. Cross tabulation revealed that 80% of respondents were in management whilst the remainder were not in management. The researched focused slightly towards the decision makers in the bank hence the above was expected. Generally, there is an adequate level of experience of SBZ and banking in general for the customer centric discussion to take place.

4.3.2 Level of education
At least 70% of the employees have undergraduate degrees; only 20% have diplomas whilst the remainder have advance levels. Of the 20% with diploma’s 50% have more than 10 years banking experience. A significant percentage of the 21% who have postgraduate degrees are in the top management levels. These results show that the educational levels at SBZ are high and provide a good platform for a customer centric culture revolution (Leather, 2013). Further, it will be expected that since they are highly educated the level of understanding of customer and business concepts will be also be high thus creating a customer focused environment, if need be, will be much easier.

4.4 Awareness of Customer-centricity and Strategy

<table>
<thead>
<tr>
<th>Understand Customer-centricity</th>
<th>Understand Competitive advantage</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Value</strong></td>
<td><strong>Count</strong></td>
</tr>
<tr>
<td>Valid Values</td>
<td>Yes</td>
</tr>
<tr>
<td>No</td>
<td>0</td>
</tr>
<tr>
<td>Not sure</td>
<td>0</td>
</tr>
</tbody>
</table>

Table 4.3 Awareness of Customer-centricity and Competitive advantage

A total of 100% of the respondents stated that they were aware of customer-centricity and competitive advantage; however 72.86% confirmed that it was embedded in the corporate strategy. Only 17.14% said that it was not embedded in the strategy whilst 10% were not sure. Of the result above, all senior management confirmed that customer-centricity was embedded in their strategy. Close scrutiny of those who said it was not embedded revealed that 80% of them
were from business support functions which do not relate directly with the bank customer whilst those that “not sure” were from the general staff class and with less than 5 years’ experience in the bank. This result suggests that although senior management have full knowledge of their business strategy, the same cannot be said of general staff and management of business support functions. The results may suggest that a deliberate plan needs to be put in place to enhance the level of awareness of corporate strategy across the entire bank.

4.4.1 Factors that influence strategy at SBZ

In ranking the factors that influence strategy a total of 45.71% ranked profitability highest, whilst only 40% ranked customer experience highest, growth was ranked highest by only 8.57% and 5.71% ranked competition highest. On the other side, Sustainability was ranked lowest by 85.71% whilst Competition was ranked lower than Growth by 64.29 respondents. The overall analysis revealed that the respondents scored profitability higher than customer experience clearly indicating that objective of strategy was to attain a profit then customer experience after profit objective has been met. Leather 2013, in his book “The Customer centric blueprint” also revealed that most companies that purported to be fully customer centric when they were not. It is however not surprising that profitability ranked higher than customer experience for a financial services institution given the turbulent environment where most firms focused on survival. One would have thought that if customers experience was higher it would lead to profitability and hence it would be ranked much higher. From the results it can be deduced that the bank does not totally embrace the concept that customer-centricity can drive profits. This may further explain why there were a significant percentage of respondents that view profitability ahead of customer experience.

4.5 Importance of Customer-centricity to the bank

4.5.1 Banks Objective in the Customer Space

In response to the Banks objective in customer space, 80% of respondents agreed that the bank had a customer vision in place. All respondents from customer facing unit agreed that there was a customer vision in place, whilst 20% from business support functions, spilt equalled said that there was no vision in place or did not know. If an organisation is serious about obtaining an edge in the
market place it has to have a clear vision that guides it in the customer space (Peppers et al 2011). Results suggest that though a vision is in place, it is not supported by an effective client engagement strategy as a further 60% of the respondents said that there were no rules when engaging with customers whilst 30% said they were not in place. Only 50% agreed that a customer culture was in place whilst 30% did not think that a customer culture was in place. The results suggest that there is need to revise the customer vision and positioning strategy in the customer space.

Figure 4.2 Bank’s objective in the Customer space

<table>
<thead>
<tr>
<th>Question</th>
<th>Yes</th>
<th>No</th>
<th>Don’t Know</th>
</tr>
</thead>
<tbody>
<tr>
<td>Is there a customer vision in place?</td>
<td>80%</td>
<td>10%</td>
<td>10%</td>
</tr>
<tr>
<td>Are there rules of engaging customers?</td>
<td>60%</td>
<td>30%</td>
<td>10%</td>
</tr>
<tr>
<td>Is there a customer culture?</td>
<td>50%</td>
<td>30%</td>
<td>20%</td>
</tr>
<tr>
<td>Are there any customer value objectives?</td>
<td>80%</td>
<td>10%</td>
<td>10%</td>
</tr>
<tr>
<td>Are there key customer performance indicators?</td>
<td>90%</td>
<td>10%</td>
<td>0%</td>
</tr>
</tbody>
</table>

Most respondents (80%) of the respondents agreed that the bank had laid out customer value objectives in place whilst an even higher 90% of them agreed that they were key customer performance measures in place. From the results above one can conclude that there are fairly clear objectives set objectives in place, however these can become meaningless if they are not supported with the right customer culture as only 50% of the respondents agreed that customer culture was in place and adversely of 60% are clear on the criteria to engage with customers in the client space. Results suggest that there is a mis-alignment of vision and its execution. The ability to do more than expected does not come
from influencing others to do something they are not committed to, but rather to
nurture a culture that motivates and even excites individuals to do what is
required for the benefit of the customer (Temkin, 2012)

4.5.2 The Customer Engagement Model
The Customer Engagement model is crucial because it determines what the
organisation is trying to achieve and who it is engaging with and when (Leather,
2013). Only 90% of the respondents agreed that a segmentation model was in
place. Only 30% of the respondents agreed that there was lifecycle tracking. Only
10% agreed that there was an experience journey design in place and
unsurprisingly on 10% agreed that there were contact plans in place as diagram
below. The results suggest that although meaningful segmentation in place there
is no lifecycle tracking clearly showing that segmentation is not to enhance
preference of the customer. The results further also suggest that customer
experience has not been catered for in the segmentation model as there is very
little channel management evidenced by the 60% response rate that support the
notion that no channel management is in place. Cross tabulation further reveals
that even senior management is aware that there in lifecycle tracking evidenced
by 50% respondents in their class that support the notion of no lifecycle
tracking.
The results are shown in the diagram below.

![Figure 4.2 Customer Engagement Model.](image-url)
4.5.3 Customer-centricity and profitability

On the importance of customer-centricity to the bank only 72.86% believe that customer-centricity increases bank profitability, whilst 17.14% are the opposite. The remaining 10% are not sure if the two are related. All customer interfacing respondents plus all senior management believe that customer-centricity increases profits whilst remainder comprising of business support management and general staff does not. Furthermore the response that support the view that customer-centricity increases bank profitability all came from employees with experience greater than 5 years. The pattern emerging is that those who have been in bank longer tend to appreciate the success that comes with being customer-centric.

![Customer-centricity and bank profitability](image)

**Figure 4.2 Customer-centricity and bank profitability**

To further support its importance to the bank 90% of the respondents believed that customer penetration, retention and efficiency are major contributors to profitability whilst 40% view customer acquisition as an average to low contributor to profitability. This result is in line with the organisational belief that states that it is extremely hard to maximise revenue on new clients that are consuming a small number of products and services.

In grouping themes of various explanations provided to the question in interviews, 20% viewed customer acquisition as an important pillar in growing the business in the long run through acquisition of quality clients. Whilst 90% believed that the
importance its customer-centricity is through cross sell and up to increase wallet share on existing business relationships. The same group also believed that customer retention contributed the most to profitability through loyalty and repeat purchases.

<table>
<thead>
<tr>
<th>Factors in Customer-centricity</th>
<th>Response rate in Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Acquisition</td>
<td>Low: 40%  Average: 40%  Major: 20%</td>
</tr>
<tr>
<td>Customer Penetration (cross sell and up sell)</td>
<td>Low: 5%  Average: 5%  Major: 90%</td>
</tr>
<tr>
<td>Customer Retention</td>
<td>Low: 5%  Average: 5%  Major: 90%</td>
</tr>
<tr>
<td>Customer Efficiency (cost to serve ratio)</td>
<td>Low: 5%  Average: 5%  Major: 90%</td>
</tr>
</tbody>
</table>

Table 4.4 Importance Customer-centricity factors

Only 70% of the respondents marked leadership, employees, technology and systems as major contributors to customer-centric strategy, whilst financial resources, size of organisation and business brand did not feature as major contributors to customer-centricity and only featured in the low contribution section.

<table>
<thead>
<tr>
<th>Factor</th>
<th>Response rate in Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leadership</td>
<td>Low: 0.00  Average: 17.14  Major: 82.86</td>
</tr>
<tr>
<td>Employees</td>
<td>Low: 5.71  Average: 10.00  Major: 84.29</td>
</tr>
<tr>
<td>Organisational Culture</td>
<td>Low: 25.71  Average: 24.29  Major: 50</td>
</tr>
<tr>
<td>Data management</td>
<td>Low: 10.00  Average: 7.14  Major: 82.86</td>
</tr>
<tr>
<td>Technology and Systems</td>
<td>Low: 0.00  Average: 18.57  Major: 81.43</td>
</tr>
<tr>
<td>Business structure</td>
<td>Low: 10.00  Average: 41.43  Major: 48.57</td>
</tr>
<tr>
<td>Financial resources</td>
<td>Low: 22.86  Average: 35.71  Major: 41.43</td>
</tr>
<tr>
<td>Size of Organisation</td>
<td>Low: 20.00  Average: 41.43  Major: 38.57</td>
</tr>
<tr>
<td>Business brand</td>
<td>Low: 10.00  Average: 67.14  Major: 22.86</td>
</tr>
</tbody>
</table>

Table 4.5 Factors that influence Customer-centricity

4.6 Technology and Customer-centricity

According to Thompson (2012) in Solving the Digital Experience Conundrum, 70% of customer experiences are created by people and not technology, yet when technology goes wrong everything goes wrong. Technology plays three key roles which are star of the show, supporting actor and background support (Thompson, 2012). In line with that earlier assertion, 60% of the respondents believe that technology has a greater bearing on customer strategy than employees. Technology and Employees are key sources of competitive
advantage because they are the main channels or points for the customer to interface with the organisation (Leather, 2013). Cross examination revealed that the 40% that supported that employees have a greater bearing on customer strategy all are from customer interfacing units. The results may suggest that a deliberate plan needs to be put in place to ensure a meeting of minds on issues that relate to the customer. It seems that business support function and customer interfacing perception of the customer and strategy is different. According to QCi Assessment Ltd. State of the Nation 2005, a ‘line of sight” business philosophy and measurement would address this mis-alignment, as it an approach in which everyone understands and aligns with the overall purpose and aspirations of the organisation.

It is likely that they have this view because they interact with the customer frequently and understand the client space better. Senior management viewed technology as the main fundamental pillar on customer strategy. The common theme was that customer facing personnel would need a reliable system to give the customer strategic intelligence as they communicate with the customer to enable them to maximise on the existing business and pursue potential business.

![Technology and Employees on Customer Strategy](Image)

**Figure 4.3 Technology and Employees on Customer Strategy.**

The minority that viewed employees as critical were of the view that most banking products are dependent on the customer facing staff ability to close the deal. They also viewed front office people as the face and human element in the
business to which much credit should be given. They also put forward a notion that technology does not realise potential to suggest that focusing entirely on technology can be misleading.

Figure 4.4 Business Structure and Customer Strategy

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
<th>Not sure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Responses</td>
<td>80%</td>
<td>10%</td>
<td>10%</td>
</tr>
</tbody>
</table>

Only 80% of the respondents believe that the current business structure supports the customer strategy whilst 10% are not sure and are of the view that there is no link respectively. Despite the high percentage of respondents that believed that business structure supports strategy only 50% believed that there was an IT strategy in place to support the customer strategy. This revelation cited a discord in the business structure and IT strategy. The result suggests that the organisation has not implemented the system thinking as evidenced by the divergence of IT strategy and business structure. Lack of system thinking is the problem that organisations face when implementing improvements in customer management (Leather, 2013). Furthermore, 70% of the respondents believed that there was no appropriate technology to synchronise customer data across customer facing units and business facing units. The main themes that emanated from the responses were that most departments used different systems which are not compatible. In the few instances where they are compatible the units concentrate on different functions which are parallel and do not add value to customer. Customers see the organisation as one regardless of what channel they use to access the service and secondly they are diverse individuals with
different aspirations, without the ability to synchronise data from different touch points, you will not be able to understand meaningful customer information to obtain competitive advantage.

Figure 4.5 Synchronisation Capabilities.

Cross tabulation of results revealed that senior management believed that the technology to synchronise data was available because they all supported the notion, however middle management and staff believed that the technology to synchronise data was not available. Without the adequate technology to synchronise data organisational silos are created, where part of the business does know what the other is doing and as a result they cannot collaborate meaningfully. The responses also revealed a common theme of silos. Only 80% of the respondents cited that the reason why the organisation failed to synchronise effectively was due to technology. They further explained that each unit view, store customer data differently creating enormous redundant data. The way data is stored cannot be quickly retrieved and therefore does not add value to other divisions.
Only 84.29% of respondents believe that there is no platform to collaborate meaningfully using customer information, from the results it can be deduced that there are inadequate institutional frameworks for customer-centricity. According to the study only 14.29% believe that meaningful collaboration can take place using customer data.

One of the likely reasons is separate and incompatible client databases that have been highlighted earlier, as both client facing and business support units store information separately. Absence of synchronisation capability means that available information is not being fully taken advantage to attain meaningful competitive edge. Furthermore, according to the respondents only 32.86% believe that senior management had an encouraging attitude towards the role data within the bank. This highlights institutional framework problems that need to be addressed to enable the bank to leverage customer-centricity to attain competitive edge.
Table 4.6 Factors that influence Customer-centricity

<table>
<thead>
<tr>
<th>Senior Management Response – Importance of Customer Data</th>
<th>Response rate in Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sees it as very important and provides support</td>
<td>32.86%</td>
</tr>
<tr>
<td>Sees it as important but does not provide support</td>
<td>47.14%</td>
</tr>
<tr>
<td>Sees it as a waste of time</td>
<td>8.57%</td>
</tr>
<tr>
<td>They do not understand it</td>
<td>7.14%</td>
</tr>
<tr>
<td>Other</td>
<td>4.29%</td>
</tr>
</tbody>
</table>

Figure 4.7 Customer Information Analytics

The results of the research show that transactional and revenue information can be analysed using the current system. 90% believe that they are revenue information analytics embedded in the system and 50% also believe that transactional analytics are also embedded in the system. This result can be related to the previous results as profitability is a key measure with the bank. There are no financial, tactical and strategy information as shown by results of 50%, 70% and 62.8% respectively.

Mechanisms to capture feedback and experience

The results further show an absence of clear feedback and client experience tracking channel. Only 11.43% believe that there mechanisms in place to capture feedback. A further 34.29% believe that mechanisms in place are not wholesome as they of capture feedback and not experience. This response is not surprising
given the attitude of senior management towards data, and is clearly a problem that needs to be addressed. The results suggest that the bank does not have effective measurement of experience.

<table>
<thead>
<tr>
<th>Factor</th>
<th>Response rate in Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes, there are mechanisms to capture feedback and experience</td>
<td>11.43%</td>
</tr>
<tr>
<td>Yes, but there are mechanisms to capture feedback only</td>
<td>34.29%</td>
</tr>
<tr>
<td>Yes, but there are mechanisms to capture experience only</td>
<td>5.71%</td>
</tr>
<tr>
<td>No mechanisms in place</td>
<td>48.57%</td>
</tr>
<tr>
<td>Other</td>
<td>0%</td>
</tr>
</tbody>
</table>

Table 4.7 Mechanisms to capture feedback and experience

4.7 Challenges or Impediments to Customer-centricity

Incompatible customer systems technology is the major impediment to customer-centricity as it was ranked in the top two 42% of the time. It was at number three and four 37% of the time implying it was in the top four in 72% of the responses. In addition only economic goals of the firm at 64% and absence of channels and media at 60% were ranked by over 50% of the respondents. However, lack of strategic focus was close at 48% and organisational culture was also recognisable at 42%. The unstable economic and political the lowest rated as a challenge at 3% with poor bank physical infrastructure next at 21%.

The results suggest that technology plays a vital role in customer centricity and this is supported by Leather (2013) in his book customer-centric blueprint states that a single integrated view of the customer and their information increases the capability to prompt your frontline employees for any customer management actions required in real time. He further asserts that channels are critical vehicles through which you deliver a superior, consistent and relevant customer experience, clearly highlighting the importance of technology.

The result also suggests that economic environment as an impediment to customer-centricity. Most respondents were of the view that the economic had changed the focus for most customers to survival mode and their chief concern
was to ensure that they received value when they required it given the liquidity that prevailed in the market. As a result the banks had also shifted and prioritised their view to ensure they would weather the tough economic environment through survival strategies.

Lastly, the absence of channels and media also scored highly as an impediment to customer-centricity. Media and channels at a wholesome level can also be categorised under technology. Organisational framework elements in lack of strategic vision and organisation structure completed the top impediments to customer-centricity whilst infrastructure did not feature at all.

According to the results, technology has a strong bearing on competitive advantage of the bank because it is the platform where critical value processes rely on. Technology is the medium through which customers access the majority of products and services. It is also the through which important customer insight and foresight is generated. If SBZ invests adequate funds into customer-centric technology only it is unlikely to sustainable competitive advantage because its vision and organisational culture need to be re-aligned. Addressing technology though very important, can achieve very little on its own because customer-centricity also relies on employees, their culture and strategic leadership and direction of the bank.

4.8 Chapter Summary
The chapter concentrated on the research findings hence the data collected from staff and documents was analysed and discussed. The next chapter gives recommendations and conclusions of the findings discussed in this chapter.
CHAPTER FIVE

CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter covers the research conclusions which are based on the findings discussed in chapter 4 and provides recommendations.

5.2 Conclusions

The results as analysed in chapter 4 point towards the following conclusions:

5.2.1 Awareness of customer-centricity with the bank.

- There is a general appreciation and awareness of customer-centricity by most of the employees of SBZ, however customer interfacing unit appreciate the concepts more than business support units.
- The vision and strategy does on recognise the importance of customer-centricity as all performance measures and incentives do not take into account customer experience.
- SBZ purports to customer-centric when it is not, on the ground the organisation pursues profitability more and very minimal customer experience.

5.2.2 Institutional frameworks for customer-centricity.

- The Information Technology Strategy does not support the customer strategy. Customer data is store separately with minimum sharing capability.
- There are information silo’s where one department does not share customer data with the other and as a result no collaboration is taking place.
- The bank does not have the requisite technology to generate the required customer information which will aide in decision making.
• Client segmentation is according to sectors not according to the requirements of the customer or customer value.

• Technology has the greatest bearing on customer experience because it provides the medium through which SBZ communicates with the client.

• Current technology does not support customer facing and business support employees to synchronise information and to explore the enormous advantages of collaboration.

• There are different views of one client with the bank. Client data is not store centrally.

• There is no lifecycle tracking as result the product and services are one size fits all.

• Whilst channels are present to complement existing physical infrastructure the bank does not have the effective channel management strategies in place.

• There are no governance systems to ensure consistency of the customer experience. Customer experience management is minimal. No customer reviews and surveys are carried out.

• To leverage on customer-centricity, SBZ needs to ensure that entire system compliments each other. Currently, improvement are introduced in isolation and do not add value to the complete system.

5.2.3 Importance of customer-centricity to the bank.

• Economic and Financial measures are more important to the bank than customer experience.

• Senior management do not fully appreciate the role that customer data plays within the bank.

• Client insight is important to the bank but does not receive adequate attention.

• No effective channel management system in place. What the customer experiences when they consume the product and service is not taken into account.
5.2.4 Customer-centricity as a source of competitive advantage

- Customer-centricity is a source of competitive advantage and is dependent on the ability of SBZ to align its strategy and structure to ensure that its vision, business, tactical and operational strategy works in unison with the organisational framework to put the client at the centre of business decisions. If it enables data gathering, sharing of data across business units on offering customer product and services that add value to their business and continuous to track their experience to retain valuable clients.

- The key impediments to customer centricity are technology, economic goals, channels and media, strategic focus and organisational culture in that order.

5.2.5 Technology and Customer-centricity

- If SBZ invests adequate funds into customer-centric technology it will not be able to leverage it to achieve competitive advantage. For it to leverage successfully it needs to address the strategic focus, channel and media and business culture to ensure unison of purpose in the customer space. There if SBZ invests adequate funds into customer centric technology alone it will not increase its competitive advantage.

5.3 Recommendations

The following recommendations are drawn in line with the conclusions above:

- The starting point for SBZ is the vision and positioning. SBZ needs to come up with a clear customer vision. This will provide the strategic direction and will shape the image of the bank in the eyes of the customer. A detailed assessment of the current reality to will help SBZ in developing the strategic focus required, and in coming up with strategic themes that are clear so that all employees know how to view, treat and manage customer. To ensure that the vision is reinforced in the mind-set of employees, the banks needs to ensure that all customer-centric initiatives are ably supported by organisational framework in business structure and
business performance measures like the Balance Score Card so that customer-centric performance is measured and rewarded accordingly.

• SBZ needs to invest in a universal technology platform that will extract and gather critical client data and at the same time pick up feedback from the market. The system should incorporate an intelligent and user friendly platform of gathering customer intelligence, customer planning and measurement of customer value. The customer insights system will need to be fused with organisational capabilities and governance required to sustain momentum. This customer insight generated from the system will be an essential input for strategic decisions taken by the bank.

• The customer insight generated will be fused or seamless integrated into one core banking system to generate a single view of the customer across all customer facing business units and their support functions to empower its staff to make decisions on their clients. The bank needs to adequately invest in customer-centric technology and systems as these have been identified as critical building blocks in the leveraging customer centricity to attain sustainable competitive advantage. This system will break the current information silos that exist within divisions in the financial institution. Furthermore client insights will assist SBZ to integrate compliance and risk management practices into their analytics capability as well, in light of growing regulatory pressures by the Central Bank.

• SBZ needs to address its Customer Engagement framework. The banks needs to revamp or invest intelligently in all customer channels or touch points as these are the vehicles through which customer’s access products and services. Customer-centricity requires that the bank offers a consistent, relevant and superior customer experience regardless of means of the channel used to access the service. Customers prefer a combination of mobile and internet banking as a basic requirement and these platforms should provide feedback to the system administrators to ensure that customer feedback and experience measured and improved in line with the customer’s requirements. In this case digital is not the solution, but it is a critical enabler to delivering the experience customers
want. Unavailability of the technology will complicate the process and frustrate customers if it is not joined seamlessly with other channels.

- Customer feedback is critical in any customer-centric business model and as such once every year the bank should find a suitable third party to conduct a Client satisfaction survey to ensure that customer feedback is accurately captured and included in business process formulation. This feedback will highlight challenges or bottlenecks in the system and present senior management with the opportunity to address the challenges that would have been highlighted by the customer.

5.4 Evaluation of the recommendations

The Suitability-Feasibility-Acceptability (SFA) framework developed by Johnson and Scholes is used to evaluate the strategic recommendations. The evaluation uses three key success criteria Suitability, Feasibility and Acceptability. Suitability analyses the strategic choice to determine the viability given condition that exist in the external environment. Feasibility looks at the choice in the context of resource availability. Whilst acceptability looks at stakeholders expectations and the expected performance outcomes so it answers to, will they work it. Furthermore, the key stakeholders in the study are SBZ and its clients hence the evaluation will be aware of the influence of the key stakeholders in the adoption and effectiveness of the recommendations. Table 5.1 summarises the results of the evaluation.

Table 5.1 Recommendations: SFA framework

<table>
<thead>
<tr>
<th>Recommendation</th>
<th>S</th>
<th>F</th>
<th>A</th>
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<tbody>
<tr>
<td>1 Vision and positioning</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>2 Systematic generation of customer intelligence</td>
<td>✓</td>
<td></td>
<td>✓</td>
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<tr>
<td>3 Single view of the customer</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>4 Customer Engagement Framework</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
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<tr>
<td>5 Customer Feedback Mechanisms</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>6 Customer Insights Management</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>
5.5 Areas for further Study

An interesting area for future study is the role of mobile technology in attaining sustained incremental profitability in the Zimbabwean Banking Sector. Furthermore the survey on customer satisfaction of the Zimbabwean banking institutions post dollarization can reveal useful information.

5.6 Chapter Summary

This chapter summarised the recommendation and conclusions on how SBZ, can leverage customer centricity to attain competitive advantage. Recommendations to help SBZ in making informed and strategic decisions that can help build on its strong brand and competitive position where also tabled before areas for further study were noted.
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http://stevensonfinancialmarketing.wordpress.com/2012/06/15/beyond-customer-centricity-anticipating-the-consumer/
Research Questionnaires for Stanbic Bank Zimbabwe.

This is an independent study on leveraging Customer-centricity to attain Sustainable Competitive Advantage. The questionnaire will cover the following: strategy, customer-centricity and competitive advantage. The information gathered will be used for academic purposes and will be treated as confidential. The questionnaire may take 15 minutes to complete.

### Section A: Demographic information (Tick applicable)

1. a) Department:  
   - Customer Interfacing Units
   - Business Support Functions

2. b) Number of years at your bank:  
   - > 5 years
   - 6 – 10 years
   - 11 – 15 years
   - > 15 years

3. c) Highest level of education  
   - Advanced Level
   - Diploma
   - Degree
   - Postgraduate

4. d) Position  
   - General Staff
   - Management
   - Senior Management

### Section B: Awareness of Customer-centricity and Strategy

2. a) Have you ever heard of the term Customer-centricity?  

   1. Yes  
   2. No  
   3. Not Sure  
   4. Never Heard of it

   b) Have you ever heard of the term Competitive Advantage?  

   1. Yes  
   2. No  
   3. Not Sure  
   4. Never Heard of it
3. If **Yes**, Is Customer-centricity embedded in your corporate customer strategy?

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
<th>Not Sure</th>
</tr>
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<tbody>
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<td>1.</td>
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<td>3.</td>
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</tbody>
</table>

4. Tick the factors covered by your customer strategy

<table>
<thead>
<tr>
<th>Probable Factors</th>
<th>Yes</th>
<th>No</th>
<th>Don’t Know</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) What are trying to achieve in the customer space</td>
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<td></td>
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<tr>
<td>1. Is there a customer vision in place?</td>
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<td>2. Are there rules of engaging customers?</td>
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<td>3. Is there a customer culture?</td>
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<td>4. Are there any customer value objectives?</td>
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<td>5. Are there key customer performance indicators?</td>
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<tr>
<td>b) Who are engaging with and when</td>
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<tr>
<td>1. Is there a segmentation model in place?</td>
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<tr>
<td>2. Are there any life cycle tracking?</td>
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<td>3. Is there any experience journey design?</td>
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<tr>
<td>4. Is there any channel management in place?</td>
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<td>5. Are there any propositions and contact plans in place?</td>
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</tbody>
</table>

5. Rank the factors that influence strategy by your bank.

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<thead>
<tr>
<th>(1=lowest; 5=highest)</th>
<th>1</th>
<th>2</th>
<th>3</th>
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<th>5</th>
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<tbody>
<tr>
<td>Profitability</td>
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<tr>
<td>Growth</td>
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<tr>
<td>Customer Experience</td>
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<tr>
<td>Sustainability</td>
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<tr>
<td>Competition</td>
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</tbody>
</table>

6. a) Of the two factors below, which one has a greater bearing on your customer strategy?

<table>
<thead>
<tr>
<th>1. Technology</th>
<th>2. Employees</th>
<th>3. None</th>
</tr>
</thead>
</table>

7. Does customer-centricity increase bank profitability?

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
<th>Not Sure</th>
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</thead>
<tbody>
<tr>
<td>1.</td>
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<td>2.</td>
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<td>3.</td>
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</table>

Explain ..................................................................................................................................................................................
8. In your view, how does each of the factors below contribute to bank profitability in terms of importance? Tick your choice in the boxes below using the following ratings for each option:

<table>
<thead>
<tr>
<th>Factor</th>
<th>Low</th>
<th>Average</th>
<th>Major</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Acquisition</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Customer Penetration (cross sell and up sell)</td>
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<tr>
<td>Customer Retention</td>
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<td></td>
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<tr>
<td>Customer Efficiency (cost to serve ratio)</td>
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</table>

Explain ........................................................................................................................................
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9. How does each of the factors below contribute to customer-centricity in your strategy? Tick your choice using the following ratings for each option:

<table>
<thead>
<tr>
<th>Factor</th>
<th>Low</th>
<th>Average</th>
<th>Major</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leadership</td>
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<td></td>
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<tr>
<td>Employees</td>
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<tr>
<td>Organisational Culture</td>
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<tr>
<td>Data management</td>
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<tr>
<td>Technology and Systems</td>
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<tr>
<td>Business structure</td>
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<tr>
<td>Financial resources</td>
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<td></td>
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<tr>
<td>Size of Organisation</td>
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<td></td>
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<tr>
<td>Business brand</td>
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</tbody>
</table>

10. Does your business architecture support your customer strategy?

1. Yes  2. No  3. Not Sure

Section C: Technology and Customer-centricity

11. a) Do you have an IT system in place currently to support your customer strategy?

1. Yes  2. No  3. Not Sure

b) Does your organisation have appropriate technology to synchronise data across different systems?

1. Yes  2. No  3. Not Sure

Explain ........................................................................................................................................
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12. Is there a system that recognises the importance of customer financial, tactical, revenue and transactional, product usage and strategy information? Tick your choice using the following ratings for each option:

<table>
<thead>
<tr>
<th>Factor</th>
<th>Yes</th>
<th>No</th>
<th>Don’t Know</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Information</td>
<td></td>
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<tr>
<td>Tactical Information</td>
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<tr>
<td>Strategy Information</td>
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<tr>
<td>Transactional Information</td>
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<tr>
<td>Revenue information</td>
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</tbody>
</table>

13. Are there ways in which all customer interfacing staff can collaborate using client information?

1. Yes  
2. No  
3. Not Sure

14. What is the attitude of senior management in relation to understanding the importance of data and the role it plays within the bank? Tick the appropriate.

1. Sees it as very important and provides support  
2. Sees it as important but does not provide support  
3. Sees it as a waste of time  
4. They do not understand it  
5. Other

Explain ........................................................................................................................................................................
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15. Does your customer system enable you capture what customers think, feel and experience when they engage your organisation?

1. Yes, there are mechanisms to capture feedback and experience  
2. Yes, but there are mechanisms to capture feedback only  
3. Yes, but there are mechanisms to capture experience only  
4. No mechanisms in place  
5. Other
Section D: Challenges or Impediments to Customer-centricity

16. Rank the challenges of in adopting your customer centric strategy in order of importance.

<table>
<thead>
<tr>
<th>(1=lowest; 5=highest)</th>
<th>1</th>
<th>2</th>
<th>3</th>
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<th>N/a</th>
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</thead>
<tbody>
<tr>
<td>Probable Factors</td>
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<tr>
<td>1. Poor bank physical infrastructure</td>
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<td>2. Economic goals of the firm</td>
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<td>3. Incompatible customer technology systems</td>
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<td>4. Lack of strategic customer focus</td>
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<td>5. Incompetent staff</td>
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<td>6. Absence of training in job areas</td>
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<td>7. Organisational culture</td>
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<td>8. Absence of channel and media</td>
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<td>9. Low investment in appropriate customer technology</td>
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<tr>
<td>10. Unstable economic and political environment</td>
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<tr>
<td>11. Other Factors:</td>
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17. Suggest practical solutions to the constraints identified in question above.

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18. Recommendations on how the bank can leverage customer-centricity to attain sustainable competitive advantage?

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END OF QUESTIONNAIRE
Interview Guide for Senior Management

1. How would you describe the level of awareness of customer-centricity with the bank?
   a. Is your vision built around customer promise?

2. What are the key pillars of customer-centricity in your view?
   a. Are all customer oriented activities rooted in economic goals?
   b. Does the bank have a clear understanding of customer experiences?
   c. Does the bank have an organisational structure to enable customer centricity?

3. How does technology and people management influence competitive advantage?
   a. What are the current technology interface points available to the customer?
   b. Does the bank invest in customer centric technology?
   c. In your view, do employees have the mind-set and capabilities required by your customer strategy?

4. How can Stanbic Bank leverage on customer focus to attain sustainable competitive advantage?

5. What are the challenges of leveraging on customer-centricity to the bank?

6. What are the solutions those challenges?

END