THE IMPACT OF SOCIAL MEDIA ON MARKETING COMMUNICATIONS IN COMMERCIAL BANKS IN ZIMBABWE: THE CASE OF AGRI BANK

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A DISSERTATION SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION

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DEDICATION

To Tsumbedzo, my wife; my children; Panashe, Prince and Prosper, the Lord has rewarded your patience. This work is dedicated to you guys.
DECLARATION

I, Nyararai Mavenga, 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 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.

………………………………………..    ……………………………..  
Student Signature                          Date

………………………………………..    ……………………………..  
Supervisor Signature                      Date
ACKNOWLEDGEMENTS

Deservedly, all thanks to the Almighty God, first, for His divine guidance throughout my Masters in Business Administration degree project at the University of Zimbabwe. I am also very grateful to the entire family and friends for the encouragement and unwavering moral support.

I also extend unreserved thanks to my supervisor during this research, Dr Dennis Maravanyika who assisted me in putting this dissertation together. What a knowledgeable and astute mentor, who brought out the best in me. Thank you Doc and let the good Lord continue blessing many people through your hands.

To the Agribank team and the institution at large, it was such an experience to go through this research and you all made it possible. My gratitude also extends to the Graduate School of Management lecturers and staff for the profound knowledge I have gained over the past two years.
ABSTRACT
The aim of this study was to evaluate the impact of social media in commercial banks in Zimbabwe through a case study of Agribank. The bank has been struggling to break even posting increasing losses in the midst of low business volumes and loss of market share. Although there is conclusive literature on the benefits of social media in commercial banking marketing communications in Zimbabwe, the literature relates to other countries. This motivated the conducting of this research, as a way of filling the gap left in the literature. The main objective of the study was to establish if Agribank uses social media in its marketing communications and their impact. Although the study was specifically focussed on Agribank, it would as well benefit the banking industry at large, the banking community and those interested in studying this area, (the academic community).

The research was carried out using the semi-structured interview approach, where five senior Agribank managers selected on the basis of functional responsibilities were interviewed as well as four key customer representatives. This ensured that responses were at the highest possible levels. This study sought to understand the bank’s perceptions on social media hence a qualitative study. Therefore a qualitative research philosophy was adopted.

The major findings were that although social media indeed positively impact on marketing communications in commercial banks, Agribank has no social media in its marketing communications mix and only relies on the traditional marketing communications tools. It was also apparent that the market has moved to modern communications tools. Inherently, there is a disconnection between the bank’s marketing communications strategies and customer expectation. The major inhibitors to the achievement of this goal were the organizational culture which fails to realize and appreciate the power of social media, and the financial resource limitations faced by the bank. In the end, it was recommended that the bank should adopt social media to stay in tune with its clients. This might improve its market share.
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<th>Full Form</th>
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<tr>
<td>AFC</td>
<td>Agriculture Finance Corporation</td>
</tr>
<tr>
<td>ATM</td>
<td>Automatic Teller Machine</td>
</tr>
<tr>
<td>CEO</td>
<td>Chief Executive Officer</td>
</tr>
<tr>
<td>ESAP</td>
<td>Economic Structural Adjustment Programme</td>
</tr>
<tr>
<td>EY</td>
<td>Ernst &amp; Young</td>
</tr>
<tr>
<td>HBR</td>
<td>Harvard Business Review</td>
</tr>
<tr>
<td>ICT</td>
<td>Information Communication Technology</td>
</tr>
<tr>
<td>IT</td>
<td>Information Technology</td>
</tr>
<tr>
<td>POS</td>
<td>Point of Sale</td>
</tr>
<tr>
<td>PR</td>
<td>Public Relations</td>
</tr>
<tr>
<td>SADC</td>
<td>Southern Africa Development Community</td>
</tr>
<tr>
<td>SEO</td>
<td>Search Engine Optimization</td>
</tr>
<tr>
<td>SMEs</td>
<td>Small and Medium Enterprises</td>
</tr>
<tr>
<td>SMS</td>
<td>Short Messaging Service</td>
</tr>
<tr>
<td>UK</td>
<td>United Kingdom</td>
</tr>
<tr>
<td>USA</td>
<td>United States of America</td>
</tr>
<tr>
<td>WOM</td>
<td>Word of Mouth</td>
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CHAPTER 1: INTRODUCTION

1.1. Introduction
Social media has revolutionized the way businesses interact with customers, KPMG, (2012). Market new products and maintaining a brand's image have been made easy. The social media phenomenon has also irrevocably changed the relationship and communication between businesses and their clients, employees and stakeholders. Organizations can now bring together their customer data, products and services into a single IT platform to make them more accessible and responsive to their customers. Social media bridges the gap between “rapidly increasing complexity of modern life and the business environment”, CISCO, (2009). Other key benefits of social media include its ability to drastically reduce marketing communications costs, increased brand awareness, ability to monitors and respond to conversations, development of targeted marketing activities, data mining capabilities and identification of early warning signs. These benefits on social media are relative to other countries. Hence this study on the impact of social media on marketing communications in commercial banks in Zimbabwe, with a case study of the Agricultural Bank of Zimbabwe Ltd, (Agribank).

1.2. Background to the study

1.2.1. General Overview of Zimbabwe Banking Industry
Agribank is a commercial bank operating in Zimbabwe’s banking sector. The Zimbabwe banking sector is fairly sophisticated, comprising of 7 classes of participants. The following diagram is a schematic representation of the Zimbabwe banking industry structure.
The Reserve Bank of Zimbabwe (RBZ), sits at the apex of the Zimbabwe banking industry with regulatory authorities. It is the regulatory supervisor of the banking industry. Each player had a clearly defined role. The market is highly regulated. This was the case until the liberalization of the banking sector in the mid 90s following the shift in government economic ideologies from a communist economy to a capitalist (ESAP) approach in 1990. Only 5 banks operated in Zimbabwe until the trade liberalization. Since then there has been increased competition as new players joined the sector. The commercial banking sector can be broken down into a 3 tier structure. The industry analysis will be done using the PESTEL analysis and Porter’s five forces analysis.

1.2.2. Industry analysis
The Zimbabwean Banking industry was analyzed using two models, PESTEL and Porter’s Five forces model.

1.2.2.1. PESTEL Analysis
The PESTEL Analysis involves identifying the political, economic, social, technological, environment (international) and legal factors impacting on the Bank.
1.2.2.1.1. Political/Legal
The political environment in terms of perceived stability and rule of law has a significant impact on the operations of Agribank, as it requires stability in the farming sector to ensure sustainable agricultural production. Persistent threats of economic and political sanctions affect the thrust of Bank’s endeavours to source foreign lines of credit to finance procurement of critical agricultural inputs and equipment, as well as the establishment of new product markets.

1.2.2.1.2. Economic
The current low capacity utilization by all players in the economy is a source of worry for all bankers. The world economic recession is also contributing to the woes. Thus business has not been able to access any funding to resuscitate their production capacities to acceptable levels. Besides, the business would only want to borrow if there is sustained demand. With most consumers still earning below the poverty datum line (PDL), companies have found it difficult to plan production schedules based on such income levels which cannot stimulate adequate demand. This is the reason why banks have been fighting over a constant level of deposits. The subdued economy has also witnessed increasing risk of default by borrowers.

1.2.2.1.3. Social
The impact of HIV/AIDS on the productive work force has resulted in a drain of the technical skills in Zimbabwe and the economic crisis led to skilled manpower migrating to other countries. Labour shortages in the farming sector have been exacerbated by comparatively higher returns from increasing illegal mining activities.

1.2.2.1.4. Technological
The bank has been slow on bringing in technology. When the multi currency system was introduced, other banks like CBZ discovered that it was a serious challenge to allow access to depositors’ funds through provision of cash. They flooded the market with the point of sale machines and eased transacting blues for their clients.
1.2.2.1.5. Environmental (International)
The sustained political/economic sanctions by the European Union and other Western countries affected the bank’s ability to mobilize lines of credit to augment its capital. Foreign lines of credit from the traditional sources dried up or were withdrawn, thereby severely reducing banks’ capacity to lend.

1.2.2.2. Porter’s Five (5) Forces Analysis
The Five Forces Competitive Model, developed by Michael Porter, assesses the level of competition in an industry by examining the extent to which the five (5) forces, (i.e. threats of new entrants; bargaining power of buyers; bargaining power of suppliers; threats of substitutes; and competitive rivalry) affect each player’s strategies and operations. The five forces model also helps banks to determine the attractiveness of the industry in terms of returns. The following diagram is an illustration of how the five forces work.

Figure 1.2 Porter’s five forces

1.2.2.2.1. Threats of new entrants
There has been a proliferation of new banks since the trade liberalization. The only barriers being high regulatory capital thresholds set at $50m and the huge investment required in setting up the offices and branch networks for service delivery. However, other banks find the latter not a challenge as they come in leveraging on technology, e.g. Ecobank.

1.2.2.2.2. Bargaining power of buyers
Due to the increased entrants in the field of agricultural financing and development as well as competitive rivalry among the financial institutions, the bargaining power of buyers/leverage has increased. Customers and the banking public in general have a wider choice of banks and switching costs are very low.

1.2.2.2.3. Bargaining power of suppliers
The bargaining powers of suppliers (who provide products and services) to the banking sector have also increased due to the increased number of financial institutions in the market.

1.2.2.2.4. Threats of substitutes
There are increasing threats by banks and private companies that now provide competitive substitute products and services to the same customer base as that of banks. These include corporate entities engaged in contract farming arrangements, and funding of developmental resources through other public entities such as Tobacco Industry Marketing Board (TIMB), Grain Marketing Board (GMB), and farmer development trusts. Recently Ecocash was launched as a money transfer agent and has taken a significant share of the banks’ business in exchanges of small to medium personal and even business cash from one person to another. The mobile money transfers are spreading wider as they now incorporate bill and subscriptions payments.
1.2.3. Agribank History

The Agricultural Development Bank of Zimbabwe’s (Agribank) history dates back to the 1920s when the then Land Bank was established in 1924, (www.agribank.co.zw). Then the Agricultural Finance Corporation was formed in 1971 through an act of Parliament, the AFC Act. The commercial banking entity, Agribank, was incorporated in 1996 and a banking license was only granted in 1999. It is jointly owned by the Ministry of Agriculture, and the Ministry of Finance. The bank began operations as an agricultural development bank on 10 January 2000. In 2004, the bank became a fully fledged commercial bank offering the full spectrum of commercial banking facilities to all the sectors of the economy. Until recently, the bank largely depends on statutory funding for farmers over the years. Therefore until the introduction of multi-currency systems, the bank’s loan portfolios largely comprised of concessionary funding instruments created by the Reserve Bank of Zimbabwe.

With a Head Office in Harare, Agribank has 48 branches spread out in all provinces of the country. It is one of the few banks with a very big countrywide representation. The bank mainly serves the mass market which constitutes its clientele base. Unlike other banks which have heavy presence in major cities, Agribank only has few convenient branches in Harare and Bulawayo. It offers generic products and services. The bank has been recently redefined its markets and business model. This saw the introduction of Corporate and Executive Banking units in 2007. The bank’s business environment is limited to the domestic economy. Agribank rarely pursues any business opportunities outside Zimbabwe.

Because of its origins and strong links in agriculture, coupled with rural presence, the bank’s major clients are civil servants and farmers. However, in terms of portfolio values, the 80/20 rule applies, and Corporate customers are always the largest. The Corporate customers constitute the smallest portfolio in numbers but the biggest in value. As at 31 December 2010, the bank’s corporate book was $45.513m comprising of 64 corporate clients against $26,718m in the hands of 13 676
individual and SME customers and farmers, (Agribank management accounts, December 2011).

The bank’s management structure is no different from any modern company where the Board of Directors supervises the Executives. A team of professional managers head the bank’s various divisions, departments and other units. The financial performance of the bank has always been characterized by year on year losses. Figure 1.3 shows the bank’s financial profitability and asset growth since 2009 when the economy started using a multi-currency trading system.

![Figure 1.3 Agribank financial performance 2009 – 2012](source: Agribank annual reports 2009 - 2012)

For the 4 years to December 2012, the bank has been posting losses. Reasons for losses have always been attributed to low business volumes which do not generate sufficient revenues to meet minimum business expenses. This, put in other words
implies that the bank does not have sufficient numbers in terms of profitable relationships. However, the bank’s assets have been recording positive growth during the same period. This is because the shareholder has been injecting money for recapitalization of the bank after the new currency as required by the Reserve Bank of Zimbabwe. The bank is expected to continue building up its capital base to $100m by June 2014. This was different during the Zimbabwe dollar era where the bank was profitable.

1.2.4. Agribank SWOT analysis

1.2.4.1. Strengths
Agribank has an existing wide branch network, as well as a long tradition of agri-lending experience and expertise, in the rural and remote areas, which effectively positions it to capture the “big market” inconvenienced by the withdrawal of other banks, thus expand its product offering and market share. The bank also enjoys strong shareholder support from the government. The bank also prides itself in recruiting highly qualified staff in most of its clerical positions. The bank has many staff with university degree qualifications. If sufficiently capitalized, the bank can easily leverage on these advantages.

1.2.4.2. Weaknesses
The Bank lacks an aggressive entrepreneurial culture that sees and seizes opportunities. The absence of a clear marketing and business development plan, coupled with ineffective and inefficient processes and procedures, contribute to the Bank’s failure in effectively positioning itself to capitalize on existing potential market gaps to boost its market share and improve customer perceptions. The bank does not also have a Research and Development arm which is the engine room for future products and developments. The bank’s weak financial position and string of losses is also a weakness. The bank risks losing market confidence and inability to remunerate its staff adequately as long as the losses persist.
1.2.4.3. **Opportunities**
The Bank has vast potential to cross sell its products and services by strengthening and expanding products and services through Corporate Banking, Executive Banking, Advisory Services and establishment of foreign lines of credit. Agribank has been the only bank that continued supporting farmers during the land reform program. There is still more scope for the bank as the same sector still remains seriously underfunded. Micro businesses and SMEs in agriculture have potential to become productive and viable large scale commercial farmers and entrepreneurs, particularly those diversifying into more profitable non-traditional enterprises. The Bank has the potential to target viable agri-exporters and support the development market systems, facilitate value addition processes and export promotion to generate foreign currency.

1.2.4.4. **Threats**
There was over reliance by the Bank on subsidized Government of Zimbabwe (GOZ) and Reserve Bank of Zimbabwe (RBZ) funding for agricultural development on-lending, particularly with the capping of concessional facilities by the Government. Government funding significantly declined since 2009 and the bank has been struggling to raise capital. The government has had plans for the past 2 years to dispose 49% of its stake in Agribank. No suitors have consummated any interests. This has largely been due to perceived political risk and there has been a wait see attitude with most interested investors waiting for a conclusive general election to see the way forward. Competitor banks have established vibrant agri-business units due to probable improved returns on investments in agriculture with the anticipated economic turnaround. With the increased competition, the Bank’s expert and experienced human resource base can be easily lured by other financial institutions due to Agribank’s inadequate staff recruitment, retention and development programmes.

According to RBZ’s June 2012 monetary policy statement, commercial banks core minimum capital thresholds were staggered as detailed in the following table.
Table 1.1 Minimum capital thresholds for Zimbabwean commercial banks

<table>
<thead>
<tr>
<th>Deadline</th>
<th>Minimum Core Capital Threshold (in US$)</th>
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<tbody>
<tr>
<td>31 December 2012</td>
<td>$25m</td>
</tr>
<tr>
<td>30 June 2013</td>
<td>$50m</td>
</tr>
<tr>
<td>31 December 2013</td>
<td>$75m</td>
</tr>
<tr>
<td>30 June 2014</td>
<td>$199m</td>
</tr>
</tbody>
</table>

Source: Reserve Bank of Zimbabwe 2012 Mid-term Monetary Policy Statement issues 31 July 2012

The core capital is defined by the RBZ Statutory Instrument 205/2000 as issued and paid up share capital plus retained earnings. The loss making position of the bank therefore threatens the bank’s compliance with this requirement. Non compliance has a penalty of revocation of the banking license, Banking Act, Chapter 24:03. One threat that the bank has been facing for a while now has been international isolation. Because of its strong links with the government (shareholder), the bank was placed under sanctions until early this year. This risk has not gone away as the shareholding remains the same.

1.2.5. Summary of Agribank competitiveness

The competitiveness of banks was measured through three indicators, market capitalisation, size of total deposits, and the size of the bank’s loans and advances book. These indicators have a direct relationship on the bank’s market position. Market share is then derived from the average of these three factors. This is the basis on which the RBZ ranks banks in Zimbabwe. The following table summarizes Agribank’s market position in terms of the indicators that were considered.
Table 1.2 Analysis of Agribank market position

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
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<tbody>
<tr>
<td>Market Capitalisation</td>
<td>12</td>
<td>12</td>
<td>12</td>
<td>15</td>
</tr>
<tr>
<td>Total Deposits</td>
<td>13</td>
<td>12</td>
<td>12</td>
<td>13</td>
</tr>
<tr>
<td>Loans and Advances</td>
<td>13</td>
<td>12</td>
<td>12</td>
<td>13</td>
</tr>
<tr>
<td>Overall Market share percentage</td>
<td>3.5%</td>
<td>3%</td>
<td>3.1%</td>
<td>2.9%</td>
</tr>
</tbody>
</table>


This analysis was done using 17 commercial banks operating in Zimbabwe.

1.2.5.1. Market Capitalization

Although the bank is one of the biggest by branch network, in terms of market capitalisation, the bank which has been on the 12th position since 2010 is now occupying the 15th spot as of 31 May 2013. This is a decline from the bank’s previous market share of assets. The leading bank in this regard is CBZ as demonstrated in the following graph.
1.2.5.2. Total Deposits
In terms of deposits CBZ again is the leading bank with Agribank taking the 13th place. This is against a background of an average of 12th position in the last 2 years.

Figure 1.4 Zimbabwe commercial banks market capitalisation as at 31 May 2013

Source: Agribank competitor analysis reports, May 2013

Figure 1.5 Zimbabwe commercial banks total deposits market share – May 2013

Source: Agribank competitor analysis reports, May 2013
1.2.5.3. Loans and Advances

The following table represents Zimbabwe commercial banks market share by loans as at 31 May 2013.

Table 1.3 Zimbabwe commercial banks market share by loans and advances; 31 May 2013.

<table>
<thead>
<tr>
<th>Bank</th>
<th>Total Loans</th>
</tr>
</thead>
<tbody>
<tr>
<td>CBZ</td>
<td>914,579,089</td>
</tr>
<tr>
<td>BancABC</td>
<td>364,141,993</td>
</tr>
<tr>
<td>Stanbic</td>
<td>249,108,451</td>
</tr>
<tr>
<td>Stanchart</td>
<td>245,622,904</td>
</tr>
<tr>
<td>NMB Bank</td>
<td>185,904,014</td>
</tr>
<tr>
<td>ZB Bank</td>
<td>161,796,811</td>
</tr>
<tr>
<td>FBC bank</td>
<td>159,526,011</td>
</tr>
<tr>
<td>Steward bank</td>
<td>146,607,409</td>
</tr>
<tr>
<td>Kingdom</td>
<td>139,600,755</td>
</tr>
<tr>
<td>Barclays</td>
<td>115,950,638</td>
</tr>
<tr>
<td>Met bank</td>
<td>107,612,679</td>
</tr>
<tr>
<td>MBCA Bank</td>
<td>102,748,205</td>
</tr>
<tr>
<td>Agribank</td>
<td>92,301,854</td>
</tr>
<tr>
<td>Ecobank</td>
<td>82,271,205</td>
</tr>
<tr>
<td>Capital Bank</td>
<td>63,998,061</td>
</tr>
<tr>
<td>Trust bank</td>
<td>13,449,994</td>
</tr>
<tr>
<td>Allied bank</td>
<td>5,267,258</td>
</tr>
<tr>
<td>Interfin</td>
<td>-</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>3,150,487,331</strong></td>
</tr>
</tbody>
</table>

Source: Agribank competitor analysis reports, May 2013

From the $3.150bn lend to the Zimbabwean economy by local commercial banks, CBZ accounts for the largest portion at $914.6m. Agribank’s share of loans and advances is $92.3m, at position 13. In the preceding 2 years, the bank had occupied 12th position.

1.2.5.4. Overall market position

Averaging the market share from the 3 indicators, the bank’s average market share is 2.9%. As all other indicators have been declining, the overall market share has
been on the downward trend as it has a direct relationship with these indicators. The pie chart below summarises the market shares of most of the commercial banks in Zimbabwe as at 31 May 2013.

![Pie chart showing market shares of commercial banks in Zimbabwe as of 31 May 2013.](image)

**Figure 1.6 Zimbabwe commercial banks market share as at 31 May 2013**

*Source: Agribank competitor analysis report 31 May 2013*

Agribank is fighting it out with relatively smaller banks such as Allied Bank (formerly Zimbabwe Allied Banking Group – ZABG), Trust Bank, Ecobank (formerly Premier Banking Corporation), and Capital Bank (formerly Renaissance). All these are new players in banking who cannot match the bank’s unrivaled history of close to a century. Some banks which were started barely a decade ago, such as Kingdom Bank, Met Bank, FBC Bank and Steward Bank (formerly TN Bank), have even outgrown this league.

Based on this analysis, the Zimbabwe commercial banking sector can be broken down into a three-tier system, the upper, mid and lower tiers. Refer to figure 1.7 below. The upper tier is characterised by banks that have consistently maintained
high profitability, controlling sizeable portfolios in terms of deposits and advances. These are perceived stronger and dependable than the rest. Generally, big corporate customers such as multi nationals, prefer dealing with these banks. The mid tier players are those that have also maintained consistent profits but have a smaller portion of deposits and advances individually but combined, they have a significant portion of the market share. The lower tier group consists of banks that are fighting to keep afloat, with losses, undercapitalization, and persistent liquidity challenges. Their combined market share is quite low and could add up to just one mid tier bank.

![Figure 1.7 Grouping of Zimbabwe commercial banks](image)


1.3. Problem statement
According to section 1.1, organizations with social media representation can enjoy many benefits such as increased brand awareness, cheaper marketing
communications tools, ability to monitor and respond quickly to conversations about the organization’s brand or products or services, and development of targeted marketing activities. This has the potential to improve their financial performance in terms of increased profitability and generation of new business. Section 1.2.3 also heralds Agribank’s wide branch network and long track record in the financial services industry, attributes which should work to its advantage in customer retention and attracting new business. However, as highlighted in section 1.2.3 figure 1.3 and section 1.2.4, this is not the case for Agribank whose market share is falling. If no action is taken to address the problem of falling market share and loss of business, the bank’s financial performance will not improve and losses will persist. This is not a sustainable scenario as stakeholders with their interest at stake are bound to take action. The shareholders may decide to change management or sell off the business or the bank may collapse or face regulatory intervention from the Reserve Bank of Zimbabwe who have been placing other troubled banking institutions under curatorship and/or liquidation.

1.4. Research Objectives

1.4.1. To identify the marketing communications mix employed by Agribank

1.4.2. To find out whether Agribank uses social media for marketing communications.

1.4.3. To determine the benefits or functions of social media in Agribank’s marketing communications.

1.4.4. To understand the challenges in the use of social media in Agribank’s marketing communications.

1.4.5. To recommend appropriate uses and strategies of social media in Agribank’s marketing communications.
1.5. Research Questions
1.5.1. What marketing communication tools does Agribank use?

1.5.2. Is social media part of Agribank’s marketing communications tools?

1.5.3. What are the benefits to Agribank derived from using social media as part of its marketing communications tools?

1.5.4. What key challenges or risks does the bank face in using social media for marketing communications?

1.6. Proposition
The absence of social media in marketing communications at Agribank is due to lack of management expertise, inadequate investment, and/or corporate culture.

1.7. Justification of the study
This study benefits Agribank, the Zimbabwean banking industry in general, the banking community and the student. How these stakeholders benefit is briefly described in the following paragraphs.

The company under study, Agribank has the opportunity to consider the recommendations coming out of this study as part of a solution to the management problem identified herein. Adopting these recommendations will improve their customer relationship management and therefore ensure customer satisfaction. A detailed discussion of the bank’s weaknesses relating to the subject matter is also covered. Management will have access to the insightful discussions on how to improve their product offering and service delivery. The bank can use these discussions to diagnose the nature of their problem.

The Zimbabwean banking industry in general also stands to benefit as the study explores new opportunities that accrue to banks from the use of the social media in their customer marketing communications. Social media is a new phenomenon that banks can leverage to reduce costs and increase profits. The regulatory authorities, the RBZ in this instance, can also use the results of this study to develop new ways to monitor what is happening in the market. Recently the RBZ has been engaged in
fierce discussions with banks in terms of interest rates and charges and the advent of the social media will make their research much easier. Financial inclusion of the unbanked sectors of the economy can also be enhanced through the social networks.

The study also benefits the banking public as its results have the potential to influence banks to move onto the social networks where it will be more convenient and easy for them to interact with their banks in terms of communication and even transacting.

For the academia, the study also adds to the existing body of knowledge on marketing communications as social media is a relatively new phenomenon, especially in banking. Therefore, the academic community has something to benefit.

Lastly, the student, both as an employee in the banking sector, and student, benefited from the good practical and referral relevance, a massive contribution to his career and future studies.

1.8. Scope of Research
This was a single case study focusing on Agribank. Due to the qualitative nature of the research, the study was conducted through semi structured interviews. This therefore limited the research to just 9 interviews done with the bank’s selected senior management and its key customers. The study also looked at the current period, although reflecting back into history to ensure that discussions, arguments and comments were put into perspective. Any financial comparative analysis was limited to 2009 and not beyond. This was because of the change of currency from the Zimbabwe dollar to the United States Dollar, which is the country’s reporting currency.

1.9. Limitations to the study
During this study, the researcher experienced a couple of challenges which impact on the analysis and evaluation of the research. The first one is the time factor. This research had to be planned, and conducted within 6 months. Qualitative studies ordinarily require more time to study patterns and behaviour. Respondents were also
not easy spare time for interviews. Thus, there were delays in data collection as the researcher had to constantly negotiate with interviewees for audience. Lastly, information on overall banking performance is generally not available and the researcher relied on internal reports from the bank under study. These reports may be biased.

1.10. Dissertation structure
The five chapters of this dissertation are outlined below.

Chapter 1 introduces the research topic by giving background information on the area of study. It also explains the research problem, lists the research objectives to be achieved using research questions and proposition of the study. The justification, scope and limitations of the study are also covered in this chapter.

Chapter 2 covers literature review concentrating on the direction of previous writers and a critique of their theories and models.

Chapter 3 looks at the research methodology where the methods of data collection, i.e. data to be collected and how to collect it are extensively discussed and outlined.

Chapter 4 deals with the actual data collection, analyzing and discussing the findings.

Chapter 5 concludes the whole project and offers study based recommendations.

1.11. Chapter Conclusion
This chapter introduced the subject of research and the literature gap that has given rise to the need for further research. It looked at the background of the study, summarized the research problem, listed the research objectives and questions, and identified the research proposition and justification of the study. The scope of the research and limitations of the study were also considered before giving the layout of the dissertation structure. However, available literature on the impact of social media on commercial banks looked at the subject in relation to other countries and not Zimbabwe and hence cannot be generalized. The next chapter looks at a detailed study of the available literature.
CHAPTER 2: REVIEW OF RELATED LITERATURE

2.1. Introduction

According to Neuman (2006), we carry out a literature review to learn from others and stimulate new ideas. Therefore the literature reviews assists the researcher in establishing the general direction of other prior writings on the same subject matter. Thus the researcher can easily formulate hypotheses and general framework of his study by reviewing literature. This is the reason why Oliver, (2010) also said that a literature review basically should concentrate on the main subject matter of the research study and not any other aspects of the research such as research methodology. This chapter focuses on three main areas namely, marketing communications framework, social media as a marketing communications tool, and banking and social media. The chapter is then concluded by a summary of the main literature areas, a critique of them and the researchers' focus areas which will be the justification of the study.

2.2. Marketing Communications

2.2.1. What is marketing communications?
Marketing communication is a management process through which an organization engages with its various audiences, Fill and Jamieson (2006). This definition brings out three key aspects of modern marketing communications namely engagement, audience and cognitive response. Smith and Taylor (2004) defined marketing communication as a medium to transfer information from company to customer. The need to communicate is driven by the cardinal reasons for communication, Frey and Rudloff (2010). According to them, communication assists in customer awareness on products being offered. Firms are in business to sell and therefore should communicate with customers and potentials; otherwise, they will not be able to create value if they do not sell. Secondly, communication influences decision making. By communication, buyers and potential buyers are convinced about the attractiveness of products and services offered and that they should acquire them pursuant to an identified need. The reason for communication was given as a means
to appeal or reinforce already existing experiences of customers. In short, communication is also used as a customer retention tool. Lastly, Frey and Rudloff say communication is used for product and/or service differentiation from competition. This is achieved by building brand image and attributes through communication.

However, for this to be achieved, firms should communicate effectively. Effective communication depends on good understanding of the communication process. The traditional communication model/process by Wickham (1999) is illustrated in the following diagram.

*Figure 2.1. Communication model*

*Source: Adapted from Wickham, (1999)*

Firms should also understand the above communication model to be able to employ effective marketing communications programmes. All marketing communication tools and mix should be based on this model as well.
2.2.2. Evolution of Marketing Communications

Human communication has been around for millennia, (Williams 1981). Marketing communications are always adapting and changing to meet changing market circumstances, Egan (2007). Driven by the advancement and technological innovations in communications, marketing communications has gone through various orientations. The following table identifies and describes the evolution (orientations) of marketing communications.

*Table 2.1 Marketing communications orientation*

<table>
<thead>
<tr>
<th>Orientation</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Information and promotion</td>
<td>Communications are used to persuade people into product purchase, through mass media communications. The emphasis is on rational, product-based information.</td>
</tr>
<tr>
<td>Process and imagery</td>
<td>Communications are used to influence the different stages of the purchase process that customers experience. A range of tools are used. The emphasis is on product imagery and emotional messages.</td>
</tr>
<tr>
<td>Integration</td>
<td>Communication resources are used in an efficient and effective way to enable customers to have a clear view of the brand proposition. The emphasis is on strategy, on media neutrality, and on a balance between rational and emotional communication.</td>
</tr>
</tbody>
</table>
Relational Communications are used as an integral part of the different relationships that organizations share with customers. The emphasis is on mutual value and meaning, plus recognition of the different communication needs and processing styles of different stakeholder groups.


The early years of marketing communications was centered on persuasion. The ideology was that people needed to be persuaded to buy products or services. Then the ideology shifted from persuasion to influence. Marketing communications were aimed at influencing buyer decisions instead of persuading them. This also even determined the type and media used to communicate. Brand positioning preceded influence. Firms jostled to ensure that their brand occupied ‘top spots’ in the mind of the consumer. Thus a lot of effort was placed on brand awareness. The latest ideology is the building of relationships with the audience or target market. This gives a partnership inclination and therefore consumers feel they are part of the brand. They are part of the brand community. Foster (2006) heralded the journey of marketing communications arguing that it changed from marketplace to marketplace, and generation to generation (industrial age, information age to communication age as he puts it). He concurred with Fill and Jamieson that marketing communications moved from the simplified traditional one-to-many models to the complicated many-to-many, (Hoffman and Novak, 1996), with the passage of time. Hoffman and Novak also highlighted that the traditional models were linear as opposed to later and current models that they imply are circular and relational. Egan also indicated that the obtaining marketing communications has moved towards an integrated approach, hence recent writings are focused on integrated marketing communications.
2.2.3. The Role of marketing communication
Marketing communications are about the organisation and its offerings, Fill and Jamieson (2006). Marketing communications must therefore, in general, contribute to the sustenance of relationships within the channel network or amongst a business and all its stakeholders. Fill and Jamieson proffered three main roles of marketing communications. Firstly, marketing communications differentiates a firm’s products or services from competition. In other words, it helps in brand or image building so that there is a preference towards a specific brand. This therefore assists is the selling effort. The second reason is that of creating awareness among all relevant stakeholders such as customers, investors, executives and management. Fill and Jamieson put this across as communication and maintenance of strategy. Lastly, marketing communications also assists in informing all ‘publics’ of a company. Thus marketing communications addresses specific communication needs of members of the distribution network and other audiences.

2.2.4. The Marketing communication mix
A marketing communication mix can be referred to as a set or combination of tools/disciplines that can be employed, in varying levels of intensity, to communicate with a target audience, Fill and Jamieson, (2006). Foster (2006) also made reference to the marketing communications mix as a collective term used to describe the techniques used in communicating with a firm’s stakeholders. Fill and Jamieson looked at the marketing communication mix as an eco-system comprising of the target audience, media and the tools, see figure 2.2.
However, Wells, Burnet and Moriarty (2000) as cited in Foster (2006), identify two more tools in addition to the ones in the diagram above. These are point-of-sale and packaging. The word mix, as explained by De Pelsmacker, Geuens and Van de Bergh, (2005), means an area or component that the various tools reside. As can be seen, marketing communications is a discipline within the marketing mix paradigm. The marketing mix revolves around the 4Ps as espoused by Kotler, (2000). These are product, price, promotion and place. Promotion is primarily concerned with activities that communicate the merits of a product and persuade target customers to buy it, (Nekatibebe, (2012). It is not surprising therefore that the marketing communications mix is centred on one of the 4ps of the marketing mix; promotion.

*Figure 2.2 Marketing communications mix*

*Source: Fill and Jamieson, (2006).*
According to Frey and Rudloff (2010), marketing communications can be broken down into two broad classifications; offline and online marketing communications tools. Offline tools include TV, radio, newspapers, magazines, some aspects of personal selling (fairs, exhibitions or fairs), product placement, and outdoor advertising (billboards, flyers, and transit media). Nekatibebe also referred to the offline marketing communications tools as the traditional media. The online marketing communications tools refer to mainly web based tools to include but not limited to search engine marketing, online PR, interactive advertising, opt-in-e-mail marketing, and viral marketing. Social media is the new baby within the online marketing communications tools sphere.

2.3. Social Media

2.3.1. Social media in marketing communications
There has been a major shift from traditional marketing communications media in the last decade due to the advancement and fast growth of cyberspace and 2nd generation web based applications (Web 2.0), Shih, (2009). According to Comscore (2009), the use of the internet and social media in marketing communications has been growing exponentially. Social media should be looked at as part of the integrated marketing communications model, Castronovo and Huang, (2012). Traditional media or tools should be integrated through social media platforms to achieve better results.

2.3.2. Definition of Social Media
Definitions of social media seem to evolve around common key words and phrases such as user generated content (UGC), interaction or collaboration, peer-to-peer as opposed to one-to-one or one-to-many (broadcasting), web based applications, technologically driven, and scalability or adaptability of platforms. The Oxford online dictionary, (www.oxforddictionaries.com, accessed 07/03/2013), defined social media as a collection and connection of websites and applications facilitating users to create and share content or participate in social networking. This definition
matches Kaplan and Haenlein, (2010) who defined social media as “a group of internet based applications that build on the ideological and technological foundations of Web 2.0 to allow the creation and exchange of user generated content.” The Forrester Research, (2006) rightfully dramatized their definition by referring to social media as a “groundswell” in which consumers interact through Web 2.0 enabled technologies. Forrester refers to it as groundswell because of the convergence of technologies, users, consumers, publishers, platforms and applications. Charlene (2008) saw social media as “a social trend in which people use technologies to get information they need from one another, rather than from traditional institutions like companies”. Solis (2007a) weighed in with a more technical look at social media as he says social media is a fusion of sociology and technology transforming information flow from monologue (i.e. one-to-many) into dialogue (many-to-many). Merril et al (2011) gave a very comprehensive definition of social media by looking at what it does, participants, purpose and features of social media. They defined social media as “…a galaxy of sites that includes: personal and business blogs, news sites with interactive or comment features, group forums, wikis, social and business networking sites, online community sites, social bookmarking sites, micro blogging sites, and gaming as well as virtual world sites.” This definition, although it lacks the clarity of explaining what the term then is, it is quite useful in acknowledgement of what constitutes the social media in terms of types of social media activities.

2.3.3. History and Evolution of social media
Social media comes in two broad categories, general social networks such as Facebook, Twitter and YouTube, and special interest/niche sites such as LinkedIn. According to the webdesigner website, (www.webdesignerdepot.com, accessed 22/03/2013), there were internet sites where people could post photos or posts (news) in the 70s to 90s. These were called usenet systems. The most common was the Bullet Board Systems (BBS). These hosted news bulletins on personal computers and for one to interact; you would dial in through the modem to the host’s computer system. The BBS also allowed users to interact with one another but had serious limitations in terms of number of participants and speed. The modern social
media has its traces back to 1997 with the launch of Six Degrees, which enabled users to create a profile and also befriending other users. The site eventually closed down in 2001. These sites did not last long as more and more sites were developed trying to build on the shortcomings of earlier ones. Each time a new site was developed it had additional features to try and make the site more user friendly and less technical. Other early social networks included LiveJournal (1999), Friendster (2002), Hi5 (2003), Photobucket (2003), Orkut (2004), and many others. Since 2004, there has been a proliferation of social networks with different kinds of functionalities and capabilities. What seems to be driving these developments are the features and ease of scalability among platforms. With the fast pace development and dynamism in ITC innovation, the launch and “discovery” of new social networks and applications is here to stay. The only concern is which ones can live longer? The growth of social media is closely linked to the growth of the internet.

![Internet Users Growth in the World Between 2000 and 2008](image)

*Figure 2.3 Internet users growth in the world between 2000 and 2008*

*Source: Ivanauskas, (2009)*
Between 2000 and 2008, the worldwide internet users grew by an average of 290%. The graph also shows that there was more growth of internet users in emerging markets, (Middle East, Africa, Latin America and Asia). The social media is a growing phenomenon which no marketer can ignore. Duggan and Brenner (2012) say that 67% of internet users also use social networks. They also give a wide ranging array of social media statistics based on demographics that are quite insightful and helpful to marketers. These include the pattern and trends of women and generation X (young people) on different social networks. Stelzner (2012) found out that 92% of marketers use Facebook while 82% use Twitter. A point to note is that these marketers do not exclusively use one channel.

2.3.4. Key features or characteristics of social media

Smith and Zook (2011) summed up some of the key characteristics of social media when they talk of outbound marketing and inbound marketing. According to these authors, outbound marketing is when businesses and organisations initiate the interaction and marketing with their outreach via advertisements, direct mail, sending out messages and telemarketing, while the inbound marketing is a result of what they termed as the game changer, social media which brings conversations from the audience into the organisation or forces them the business to engage in conversation. Hennig-Thurau et al (2010), summed up 6 key characteristics of social media. These are digital, pro-activeness, visibility, real-time and memory, ubiquity and networks. The social media platform is a digital game where participants interact virtually through self initiation. First, the social media platform is a digital game where participants interact virtually through self initiation. All activity and exchanges are done online. This brings huge savings in terms of the cost of engagement and marketing. Products and services are digital, making it relatively easy and cheaper to distribute and market them. The traditional ways would involve use of samples and give aways. The second attribute is the pro-activeness of social media. Social media allows users and other players to take the initiative in engagement. Thus customers can actually post unsolicited product reviews. This then enables the concept of co-creation. The players are able to view and track activities of each other in the forums, blogs and social communities, (visibility).
Companies are therefore able to follow and track activities and comments of their target group via social communities. These interactions can be real time or delayed. However, one critical phenomenon of these platforms is their availability 24/7, with no geographical barriers. These comments and chats are stored online and anyone can read or access them anytime in the future. This allows for social media analytics to be performed. The fourth feature is the concept of “anyone, anywhere any time”. Social media enables players to be able to reach each other anywhere any time. The advent of mobile technologies such as smart phones, tablets and ipads has even improved this feature. Thus flexibility has become embedded on social media. The advent of social media has also facilitated the creation of networks. These are a collection of relationships of social media users, (Gordon, 2010; Libai et al. 2010) cited in Hennig-Thurau (2010). These relationships are based on a variety of factors that include common interests e.g. auditors may chose to create a network of auditors on any of the social media platforms such as LinkedIn to share and exchange their experiences and views. Thus networks can also be ad hoc or on a long term basis. Ad hoc networks may be necessitated by the need to gather and share information on urgent issues such as disasters and war. A social media network could have been an ideal and fastest way of spreading information and tips in Zimbabwe during the 2008 cholera outbreak.

Cronin (2009), added simplicity as another feature. He addressed the issue of simplicity in user interface brought about by the social media. They include enabling one-to-many or many-to-many conversations (i.e. peer-to-peer conversations), featuring of content created and posted by consumers of that content, ease of use (simplicity), high accessibility (everyone), scalability (everyone and everywhere) and operating in real time (everyone, everywhere and every time), and entirely public and transparency.

2.3.5. Social media tools and Landscape
Social media combines a number of applications, Frey and Rudloff, (2010), which Nekatibebe, (2012) said users use to share content, profiles, opinions, insights,
experiences, perspectives and media itself, thus facilitating conversations and interaction online. Tools are the actual applications that drive the transactions while the landscape are the various platforms on which these transactions take place. The platforms are also referred to as sites, Frey and Rudloff, (2010). The classification or categories of these tools are function driven. The following table summarizes some of the common social media tools.

Table 2.2: Social media landscape and tools

<table>
<thead>
<tr>
<th>Tool</th>
<th>Objective</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chat Rooms</td>
<td>• improve customer service</td>
</tr>
<tr>
<td></td>
<td>• create sense of community</td>
</tr>
<tr>
<td></td>
<td>• garner customer feedback</td>
</tr>
<tr>
<td>Blogs</td>
<td>• drive WOM recommendations</td>
</tr>
<tr>
<td></td>
<td>• build meaningful relationships</td>
</tr>
<tr>
<td></td>
<td>• increase loyalty</td>
</tr>
<tr>
<td>YouTube</td>
<td>• harness power of video to increase embedding of content in other sites</td>
</tr>
<tr>
<td>Facebook</td>
<td>• advertising</td>
</tr>
<tr>
<td></td>
<td>• develop a community</td>
</tr>
<tr>
<td></td>
<td>• target specific audiences</td>
</tr>
<tr>
<td>LinkedIn</td>
<td>• connect with professional communities</td>
</tr>
<tr>
<td>Twitter</td>
<td>• customer engagement</td>
</tr>
<tr>
<td></td>
<td>• conversation propagation</td>
</tr>
<tr>
<td>Google Wave</td>
<td>• increase collaboration and engagement</td>
</tr>
<tr>
<td></td>
<td>• crowd-sourcing</td>
</tr>
<tr>
<td>Four Square</td>
<td>• increase local and mobile connectivity</td>
</tr>
<tr>
<td></td>
<td>• increase network engagement</td>
</tr>
</tbody>
</table>

Source: Castronovo and Huang, (2012)

Chat rooms – these are ideal and more discussions of broad topics.

Blogs - Nekatibebe (2012), described a blog as a web page of brief articles, published by a single person or group of people, displayed in reverse
chronological order. They differ from other such like platforms in that they are easily updated and are less formal. They can be used as a forum to offer tips and advice, publish an incentive program, hold contests, answer questions, respond to stakeholder comments etc.

**YouTube** - sharing experiences and histories through short videos.

**Facebook** - this a real-time information feed used to announce news and updates, which then drop into the feeds of other Facebook users that have chosen to receive them, Frey and Rudloff, (2010).

**Twitter** - Twitter is a combination of a microblogging and social networking. According to Twitter’s official statistic (Twitter, 2012) the website handles more than 340 million active tweets a day.

**LinkedIn** - is mainly ideal for building professional networks. LinkedIn groups are usually industry specific communities created on the site that allow for networking within one’s own industry.

According to Stelzner, (2012), the top five social media networks or tools are Facebook, Twitter, LinkedIn, blogs and YouTube, in that order. There are also real-time instant messaging applications such as whatsapp and G-talk, (www.whatsapp.com, www.google.com, accessed 02/06/2013). Whatsapp is a cross-platform technology founded in the famous Silicon Valley. It is a multi-media platform where people can chat (one-on-one or group), share photos, audio and videos via smartphones or ipads. The whatsapp application costs much less than the normal SMS messaging. G-talk is a no charge g-mail enabled Windows web-based application for both instant messaging (text) and VOIP (Voice over Internet Protocol). Users can both chat and talk despite their geographical locations or jurisdictions. This application can run on both smartphones and any type of computer. These two applications are churning out billions and billions of both inbound and outbound messages.

The social media landscape is characterized by a growing list of platforms. Again these applications can be categorized in terms of functionality such as conversation applications, photo and video sharing, search engines, live-chatting, aggregators,
social networking and micro-blogging to mention just but a few. The diagram below, though not exhaustive, is a comprehensive collection of platforms that are currently in use.

![Social media landscape](www.mirbard.com)

**Figure 2.4 Social media landscape**

Source: [www.mirbard.com](http://www.mirbard.com), accessed 12/05/2013.

### 2.3.6. The role of social media (functions)

Social media should address specific business goals. According to Castronovo and Huang (2012), social media can be used to address three business goals namely, building awareness, increasing sales and building loyalty. The Harvard Business Review (HBR), (2010) said social media offers businesses the opportunity to “engage millions of customers in conversation everywhere, anytime, everyday.” The key word here is conversation which differentiates social media from other traditional methods of interaction, communication and marketing. This differentiation
by HBR is also acknowledged by the Merrill et al (2011), who go on to expound that conversation means talking \textit{with} and not \textit{at} customers and prospects, with the objective of deepening the existing relationship(s). Thus, the functions and role of social media is distinct from other marketing communications and marketing media. According to a KPMG (2011), the Retail and Wholesale sector is leading in the adoption of social media for business purposes. This is followed by Business services/Communications/Finance/Insurance sector. Leading the adoption of social media in their business processes is the retail and wholesale sector with 76.1\% of the sector now employing social media. The following table summarizes the adoption of social media by sector.

\begin{table}
\centering
\begin{tabular}{|l|c|}
\hline
\textbf{Business Sector} & \textbf{\% adoption of social media} \\
\hline
Retail/Wholesale & 76.10\% \\
Business services/Communications/finance/Insurance & 74\% \\
Hospitality/Cultural/Recreational services & 72.10\% \\
Agriculture/mining/manufacturing/construction & 72\% \\
Health & 71.3\% \\
Private sector - Scientific/technical services & 71.2\% \\
Public sector & 67.3\% \\
Private sector – other & 59.2\% \\
\hline
\end{tabular}
\caption{Adoption of social media}
\end{table}

The private sector (other) has the lowest adoption rate of social media at just above 59\% of businesses in this sector using social media. However, this is quite a good response rate to social media as this implies that more than half the businesses in
this sector are now using social media. The survey also identified six (6) key function areas for social media. These are marketing and sales, business development/research, customer service (feedback, support and complaints handling), corporate brand and reputation management, recruitment, and product/sand or services.

Although these are not new functions in business, the way social media achieves them is revolutionary. Key functional areas are worth more detailed analysis on how businesses use social media. The North Social, (2009), gave a detailed account of how businesses can use social media in various business facets. This is summarized below.

2.3.6.1. Public Relations

The Facebook platform now has more than 1.5 billion followers, although some of them are not humans, The Daily Mail, http://www.dailymail.co.uk/sciencetech/article-2326049/Ten-cent-Facebook-users-human-including-Mark-Zuckerbergs-dog-Beast.html, accessed 17/06/2013). This is a unique opportunity for public relations practitioners and marketers to reach out so many people at the least possible cost, without geographical barriers. Just by following this multitude on their normal day to day activities on the social networks, public relations and marketers are able to find “supporters and evangelists” of their brands using different social media analytics. For an effective outreach, a business has to participate on a number of platforms as there seems to be different social media preferences for different target groups.

2.3.6.2. Customer support and customer education

Customer support involves pre and after sales service. To build a stronger brand image, a company must always ensure that customers are adequately supported during their decision making process and how to enjoy their new acquisition. Most social media sites have interactive linkages or portals that
achieve this at very minimal costs. Customer support in the traditional media has always demanded significant budgets.

2.3.6.3. Marketing
This item incorporates market research, brand marketing, sales and promotions. This is one critical area for any type of business. Traditionally, the 4Ps of marketing have been done through print and electronic media, which is often costly and inefficient. Companies run huge budgets for television advertising, sales promotions which are supported by displays, sales teams and public relations activities. They would also pay dearly to advertising and market research organizations to know what their customers want or think about them. These can now be done directly and at minimum cost. Companies can now solicit for their customers’ views and comments interactively through engagement on social media. Promotions to spruce up or enhance brand perceptions can also be launched online. With advanced technology and good investment in it, sales can also be boosted through social media. “Having access to tens of millions of consumers who are openly talking about their rational and emotional needs is a newly discovered goldmine for market research”, (www.branchannel.com, accessed 12/05/2013).

2.3.6.4. Product development
Good innovation is never institutionalized. The advent of social media means that companies have entire networks to tap into and leverage a public pool of brainpower. Products and services, or even problem solving can be achieved through the use of social media technique known as crowd-sourcing. This means that suggestions and inputs are welcome from all and sundry. The work for the company is to synthesize these ideas and come up with a workable solution.

2.3.6.5. Customer Relationship Management
It is much easier to keep relationships intact for a longer time on social media than any other methods. One of the major enablers of customer relationship
management is the existence of networks of friends and relations which can help track down customers or prospects. With an avalanche of analytics and data mining techniques on social media, companies can also easily ensure that they are up to date on customer events and situations.

The social media is found across all sectors of business activity. However, according to research done by the MHP Communications in the UK in 2011, it was established that more people use social media for personal means than in a business context. Originally, social media was thought to be a marketing and public relations platform. However, Brian Solis in his undated e-book entitled “The Essential Guide to Social Media”, argued that the use of social media should not emphasize marketing but dialogue, i.e. a two way discussion to discover and share information. Participants on the social platforms interact through various methods which include but are not limited to blogging and discussion forums, “friending” (Facebook) and followership (Twitter), Skerik.S, (2011). Different industries, sectors and companies are at different levels of adopting social media. Mattei and Gombeski, (2012) discussed 4 levels of social media engagement.

1. Defense – to manage ongoing conversation threads, respond to customer service requests, diffuse negative events, and mirror the voice of the customer.
2. Engagement – for proactive participation, community building, enhancing product awareness and two way conversations.
3. Analytics – to capture social media data feeds, natural language processing, identify target audiences, and analytically based campaigns.
4. Active campaigns – to evaluate full ROI of social media campaigns, fully integrate multi channel sales and service, leverage “big data” into real-time campaigns, and link customer and social media data.

2.3.7. Benefits of going social
Social media is key in customer relationship management (CRM) where the focus is on building rewarding and profitable relationships, Castronovo and Huang, 2012). According to Reinatz and Venkatesan (2008), CRM itself is embedded in four
principal activities namely customer acquisition, customer retention, customer growth, and winning back customers. Arnett and Badrinarayanan (2005) complimented this view by pointing out that there are two main building blocks for CRM; competence in knowledge management and developing and maintaining profitable relationships over time. Competence in knowledge management simply addresses collection, analysis, dissemination and application of customer information. This capability helps organizations to segment and target their customers. The second building block is self explanatory. Thus social media acts as a rich database of user generated content for marketers, laden with customer preferences, behaviours and characteristics, Hennig-Thurau et al, (2010). This database is also continuously update as people change their status, habits behaviours etc and captured online.

Many benefits can accrue to any business for joining the social media platforms. CISCO (2009), say social media tries to bridge the gap between “rapidly increasing complexity of modern life and the business environment”. People have become highly mobile (both workers and customers) but social media allows businesses to reach them anytime, anywhere. The Forbes magazine dated 19 July 2010, (www.forbes.com, accessed 03/05/2013), argues that social media has power to improve worker productivity. The HBR (2010) identified the following 12 key benefits from using social media. These benefits are derived from the features or characteristics of social media.

1. Increased awareness of organization brand, products, or services among target customers. The fact that social media enable a company to reach out to millions of customers and potentials makes this more interesting. With increasing number of subscribers on the social networks, that means an even greater outreach.

2. Increased traffic to website. Increased traffic also means increased selling opportunities for companies.
3. More favorable perceptions of the organization, products, or services. Social media is closely associated with progressive companies and hence any player on the social media is likely to be perceived in the positive.

4. Ability to monitor what is being said about an organization. Since social media will allow for interactive direct dialogue, companies will find it easier to gather market perceptions about their brands through different social media analytics that are available.

5. Development of targeted marketing activities. It is relatively feasible and easier to understand customer needs and wants when interacting directly with them than through a survey by some agency. In addition, the concept of crowd sourcing also ensures that customers participate in product development.


7. Improved insights about target market. Data mining is one key feature that organizations can take advantage of. There is a lot of rich data about markets and consumer behaviours that can be gleaned and made use of by simply following customer activities on the social networks.

8. Identification of positive/negative comments.

9. Increase in new business. The advent of social media removed a lot of market barriers for marketers. Markets are no longer defined by geography or location. Cross selling of products has also been enhanced.

10. Identification of new product or service opportunities.

11. Ability to measure the frequency of discussion about an organization. This benefit assists companies in measuring and gauging reputational and strategic risk. The more a company is discussed, the more it increases market visibility and vice versa. However, of critical importance is what they say about the company than the frequency.

12. Early warning of potential product or service issues. The fact that social media users interact real time means companies can “nip a problem in the bud”. Interventions can be swift to contain negative debate or discussion about a product or service. “Conventional marketing wisdom long held that
a dissatisfied customer tells ten people. But... in the new age of social media, he or she has the tools to tell ten million people”, said Paul Gillion, in his book “The New Influencers”, cited by the HBR Analytic Services (2010). The impact can be devastating of unchecked on time.

KPMG, (2011), also identified 4 key benefits which can be added to this list. The consultancy firm says social media is faster and more consistent than e-mails and any other written communication that may be unreliable and at times subject to monitoring or censorship. They also state that social media is cost effective. The third benefit, which has been extensively covered and unbundled in some of the 12 benefits above is that social media assists in market information gathering for product development and planning. Lastly, social media allows directly talking to customers unlike relying on reports consultancy firms or field staff with the risk of receiving watered down sentiments or comments.

2.3.8. Social Media Critical Success Factors

Just going social does not automatically guarantee businesses of the envisaged benefits. There are conditions and pre-requisites that ought to be satisfied in order to reap these benefits. Every business facet is based upon critical success factors which need to be understood and then strategies drawn up to address them. Gates (2010) defines critical success factors as those key or critical aspects of the business which must be consistently done well to enable it to achieve its mission. These can be summarized as game changers. KPMG (2011) summarized key success factors for social media engagement.

2.3.8.1. Identifying new social media opportunities

The social media is an ever evolving concept. Thus businesses should identify and analyze the changing customer activities on the social media. New capabilities are being built into and embedded onto social networks.

2.3.8.2. Listening to or monitoring online conversations

A company can make huge investments into social media capabilities and platforms with no meaningful return if there is no clear strategy on how to
leverage the social media. The idea is to tap into conversations and interactions to improve customer service, product offering and many other concepts. Thus there should be mechanisms and tools to be able to do this tapping. Social media analytics and participation on the relevant forums and platforms is therefore essential.

2.3.8.3. Responding to conversations

It is never a strategy just being on any social media just for the sake of the presence. Customers and other stakeholders expect to benefit out of your presence on the social networks. Benefits to these stakeholders can only arise if they can do business and interact with the organization in a more efficient and better way than before. It is of no use engaging a company on social media which still writes a letter to me to advise of new product offerings.

2.3.8.4. Clearly defining a social media strategy

Every business activity should be based on a clear strategy that spells out the goals and objectives. Social media is no exception. There should be a clear strategy on the channels, what type of activity to engage in (e.g. marketing, sales, PR, research etc). This enables the company to measure and assess the effectiveness of the social media on its business.

2.3.8.5. Dedicating funding for social media initiatives

Contrary to public perception that social media activities are free, there is need to allocate a budget towards a company’s social media initiatives. Otherwise, all these initiatives will count to nothing and remain just ideas. Funding is required to resource the social media strategy from the human side to technological investments that may be required.

2.3.8.6. Defining policies to control/manage social media use

Defining the policies to manage social media comes in as part of the strategy.
2.3.8.7. **Allocating a team to manage the use of social media**
Although much of the activities on the social media are digital, someone has got to be directing the pace and coordinating the activities. Customers and other social media users will be engaging the organization on a variety of issues and topics. This needs a dedicated team that allows a smooth flow of dialogue without “disconnections”. The other reason is also to ensure that the investment on social media is being utilized for business purposes.

2.3.8.8. **Gaining top management ‘buy in’ for social media initiatives**
Top management are charged with the commitment of resources. It is therefore critical that they buy into the social media initiatives lest the project will not be given adequate attention by senior management and therefore suffers.

2.3.8.9. **Measuring the impact/success of social media engagement**
Every business activity should be assessed for impact and effectiveness. This then ensures that the set objectives can be evaluated.

2.3.9. **Impact of social media**
In 2005, the US magazine, “The Business Week” announced that social media is the biggest change since the industrial revolution, Smith and Zook (2011). The Economist (2011) followed up this announcement with their own proclamations that “companies that don't understand social communities will die”. However, the social media has not affected business functions in a uniform way, Accenture, (2011). Inherently some business functions have more uses of social media than others. Accenture highlights that most affected business areas are the customer facing units, (front office or front line) than other units such as operations, Finance, Legal and to some extent the supply chain.
Social media has had high impact on front line activities, ICT and human resources. Support departments or divisions have not had much impact from social media. This is because more focus is currently centered on usage of social media in customer relationship management than work collaboration and investor relations.

### 2.3.10. Social media metrics

Social media metrics or analytics are a set of tools used to analyze user sentiments, activities, behavior and characteristics to discern meanings and interpretations of these measures, IBM (2013). These analytics range from text analytics to statistical functions (metrics). Text or word analytics is key in the decipheration of conversations that take place on the social media. Advanced models have built-in business intelligence capabilities that give cutting edge information. For instance, text analytics can be programmed in such a way that every conversation that incorporates the word “Agribank” in it be reported through alerts. However, metrics are more common and this review will be limited to metrics. The IBM grouped them into three main functions namely to capture consumer data (to understand attitudes, opinions, trends and manage online reputation), predict customer behavior (and improve customer satisfaction by recommending next best actions), and create customized campaigns and promotions that resonate with social media participants. As already alluded to, the three principal goals of social media is to build awareness, increase sales and build loyalty. These become the deliverable in any social media programme.
Therefore every organization should have clear and specific goal(s) that they are pursuing through social media, Baer, (2009). Every business activity should have deliverables. The concept of social media in marketing communications should also be measurable by assessing and quantifying the benefits accruing from social media engagement, Castronovo and Huang (2012). The social media should therefore be assessed on two key measures; level of dialogue and engagement among members. Catronovo and Huang say that the currency for social media is two pronged; the relationships and the content. Measurable results in terms of social media, they continue, can be increased awareness (both product and the organization, i.e. the brand), increased sales (which impacts on return on investment or ROI) and increased loyalty (customer retention). According to Castronovo and Huang (2012), there are important categories of social media metrics. One category measures the social media marketing activity and the other measures the social media strategy goals. These two categories are summarized in the following tables.

Table 2.4: Measurement of social media marketing

<table>
<thead>
<tr>
<th>Analytical tools</th>
<th>Functions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Google Analytics, Woopra, Clicky, Piwik</td>
<td>✓ provide detailed reports on web visitor characteristics</td>
</tr>
<tr>
<td>Yahoo! Web Analytics</td>
<td>✓ provide key visitor information, including demographics and category interests ✓ provide campaign management features ✓ assist in the understanding of audience needs</td>
</tr>
<tr>
<td>Blog Tracker</td>
<td>✓ track blog visits in addition to other key statistics about the blog’s performance</td>
</tr>
<tr>
<td>Going Up</td>
<td>✓ integrate visitor information, referring URLs, and search engine traffic statistics to aid in searching in optimization</td>
</tr>
<tr>
<td>Gr.aidersss.com</td>
<td>✓ provide statistics on the number of times website posts are shared on social networking sites</td>
</tr>
<tr>
<td>Socialmeter.com</td>
<td>✓ measure a website’s social popularity</td>
</tr>
</tbody>
</table>
Statsaholic.com | ✓ compare up to three websites simultaneously on the basis of relative rankings and other information

Webslug.info | ✓ compare the performance of a website to the performance of any other site

Pagealizer.com | ✓ suggest ways to optimize website performance

**Source:** Castronovo and Huang, (2012).

**Table 2.5: Social media strategy goals and related metrics**

<table>
<thead>
<tr>
<th>Goal</th>
<th>Related Metrics</th>
</tr>
</thead>
</table>
| Build awareness   | ✓ web traffic and web traffic referrals  
|                   | ✓ search volume trends and volume of followers                                |
|                   | ✓ social mentions                                                                |
|                   | ✓ share of voice                                                                 |
| Increase Sales    | ✓ web traffic and time spent on site  
|                   | ✓ bounce rate and content acceptance rate                                      |
|                   | ✓ repeat visits and volume of followers                                          |
|                   | ✓ social mentions                                                                |
|                   | ✓ share of voice                                                                 |
| Build Loyalty     | ✓ time spent on site                                                              |
|                   | ✓ repeat visits and volume of followers                                          |
|                   | ✓ content acceptance rate                                                       |
|                   | ✓ repeated social mentions                                                       |
|                   | ✓ share of voice                                                                 |
|                   | ✓ recommendations and reviews                                                    |
|                   | ✓ social connectivity among purchasers                                           |

**Source:** Source: Castronovo and Huang, (2012).
2.3.11. The Downside of social media

Merrill et al, (2011), made an obvious but all the same important observation that like any other new technology, social media is not free from risks. In his famous book David Kirkpatrick also observed that social media brought fundamental changes and shifts in the way people communicate and interact, how governments are run and govern people, politics, and marketing activity and even how universities go about recruiting students. This also means a paradigm shift in risk management. Merrill et al talk of three types of risks; operational, reputational and legal. As much as businesses can no longer avoid social media, there is need to understand and mitigate the downside of social media. It’s not all a bed of roses. Social media has big potential to destroy business value. Major pitfalls for social media, according to PWC (2011) include the following:

1. content created outside your firewall – this opens your system to virus attacks and other cyber attacks or malware.
2. communications contrary to your business position – your company brand will be affected by negative perception.
3. losing control of a situation – brands and reputation can be destroyed overnight where online conversations get out of control and the company fails to counter or correct the negative comments.
4. growing too big, too fast – it is very easy to create the “buzz” and interest but without supporting structures to ensure that the demand is met. Gains can be easily reversed.
5. rising customer expectations – with the advent of social media customers and other stakeholders now expect instant feedback and responses. That means there is very little time for PR people to frame out a response.

KPMG (2011) identified five major challenges of social media.

a. Consumption of bandwidth – the adoption of social media will inevitably result in increased pressure on internet resources (measured in bandwidth). More and larger documents (in terms of mega bits, MB, or storage space), will now be part of the internet traffic. If uncontrolled, it clogs up the system and affects
smooth flow of internet traffic and therefore may require companies to increase bandwidth space for no benefit to the company.
b. Time wasting – resulted in reduced productivity as employees instead spent company time on social media for personal reasons.
c. Exposure to malware – most social sites allow downloads of some applications to user devices. This may see malware finding its way into the organization’s system.
d. Sensitive/confidential information – social media opens communication channel floodgates to all within the company. Even where it is restricted to appointed officials, there is always that danger that sensitive information about the organization or its customers may find its way into the wrong hands.
e. Negative representation – employees and customers engage in social media at personal levels. However, there is no mechanism for the organization to control how these third parties associate themselves with their brand. For instance, an employee may post on their profile their workplace and position. If their activity on the social network is negatively perceived, this may also damage the reputation/brand for the organization they associate with.

2.4. Social Media and Banking
“Social media probably will revolutionize the banking industry, in particular the customer relationship. It will also bring about new levels of risk”, KPMG (2012; page 8). Banking is largely technology driven and this ties in well with the fact that the advent of social media was also motivated by technological advancements. Nowadays, a lot of people want to take advantage of technology to manage their lives. This has seen customers demanding better service from their bankers. This service includes reducing the need to visit the bank and also engaging them in a ‘paperless’ ways. As pointed out by Malcolm Alder (Partner KPMG Digital Economy, Australia) in KPMG (2012), bankers have to follow their customers on social media, where they are spending their time and money on, KPMG, (2011). Although banks have been reluctant to adopt social media in their customer offerings, there are good opportunities presented by social media and digital channels,
This was the same story during the close of the 19th century as pointed out by Mattei and Gombeski, (2012) that banks spent many man hours and valuable resources debating on internet banking but this became one of the most profitable products for banks offering service delivery through the internet channel. Thus, the financial services sector is mostly believed to be at the first level of application (defensive). The majority of the banks on social media use it to dispel rumours and correct any misinformation that could be taking place. Innovation is an unstoppable train and so is social media. All banks can do is to adapt within acceptable risk frameworks.

2.4.1. Adoption of social media by the Banking sector
According to a white paper by Edelman (2011), the use of social media in the financial services sector was first recorded in 2009 when Wells Fargo, an American investment house introduced its merger blog, “Wells Fargo Wachovia”. In the same year, Robert Reynolds, Putman Investments CEO became the first mutual fund to post business messages on Twitter. LinkedFA, a social network for financial advisors was also launched in 2009. By 2010, more financial service providers adopted social media for public engagement, internal collaboration, employee recruitment, educational campaigns and lead generation. KPMG (2011) said that about 70% of organizations around the world are now active on social media. Unfortunately, banks were only an insignificant number of these organizations. However, Ernst & Young (EY) (2012) concluded that 44% of the world population is using social networking sites to source banking information on banking products. The same survey also proffers the major challenges facing banks since the onset of the global financial crisis in 2008. Generally banks are facing intense margin pressure, slow balance sheet growth, uncertain economic outlook, growing threat of new entrants (especially in the payments area), growing regulatory costs, increased demand for greater fairness and clarity in their interaction (transparency) with customers.

To demonstrate the adoption of social media, the following banks were surveyed for presence of the most popular social networks (Facebook, Twitter, LinkedIn,
YouTube or any other). The ranking of the banks was in terms of asset base, (www.gfmag.com, accessed 08/06/2013).

*Table 2.6: Top 20 world banks presence on social media*

<table>
<thead>
<tr>
<th>Rank</th>
<th>BANK</th>
<th>PRESENCE ON SOCIAL MEDIA</th>
<th>Facebook</th>
<th>Twitter</th>
<th>LinkedIn</th>
<th>YouTube</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Deutchebank (Germany)</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>Flickr,</td>
</tr>
<tr>
<td>2</td>
<td>HSBC (UK)</td>
<td>X</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>X</td>
</tr>
<tr>
<td>3</td>
<td>BNP Paribus (France)</td>
<td>X</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>Pinterest, Instagram</td>
</tr>
<tr>
<td>4</td>
<td>Industrial &amp; Commercial Bank of China (ICBC)</td>
<td>X</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>✓</td>
<td>X</td>
</tr>
<tr>
<td>5</td>
<td>Mitsubishi UF Finance Group (Japan)</td>
<td>X</td>
<td>X</td>
<td>x</td>
<td>x</td>
<td>✓</td>
<td>X</td>
</tr>
<tr>
<td>6</td>
<td>Credit Agricole (France)</td>
<td>✓</td>
<td>✓</td>
<td>x</td>
<td>x</td>
<td>✓</td>
<td>Google+, RSS</td>
</tr>
<tr>
<td>7</td>
<td>Barclays Bank PLC (UK)</td>
<td>X</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>✓</td>
<td>X</td>
</tr>
<tr>
<td>8</td>
<td>Royal Bank of Scotland (UK)</td>
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<td>✓</td>
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<td>✓</td>
<td>Google+, RSS</td>
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<td>9</td>
<td>JP Morgan Chase (USA)</td>
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<td>✓</td>
<td>X</td>
<td>x</td>
<td>✓</td>
<td>X</td>
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<tr>
<td>10</td>
<td>Bank of America (USA)</td>
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<td>x</td>
<td>x</td>
<td>x</td>
<td>✓</td>
<td>X</td>
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<tr>
<td>11</td>
<td>China Construction Bank</td>
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<td>x</td>
<td>X</td>
<td>✓</td>
<td>X</td>
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<td>12</td>
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<td>x</td>
<td>x</td>
<td>x</td>
<td>✓</td>
<td>X</td>
</tr>
<tr>
<td>13</td>
<td>Mizuho Financial Group (Japan)</td>
<td>X</td>
<td>X</td>
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<td>x</td>
<td>X</td>
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<tr>
<td>15</td>
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<td>x</td>
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<td>X</td>
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<td>x</td>
<td>✓</td>
<td>X</td>
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<td>17</td>
<td>Union Bank of Switzerland</td>
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<td>x</td>
<td>x</td>
<td>x</td>
<td>✓</td>
<td>X</td>
</tr>
<tr>
<td>18</td>
<td>Lloyds Bank (UK)</td>
<td>X</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>✓</td>
<td>X</td>
</tr>
<tr>
<td>19</td>
<td>Credit Suisse (France)</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>X</td>
<td>Flickr</td>
</tr>
<tr>
<td>20</td>
<td>Standard Chartered Bank</td>
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<td>✓</td>
<td>✓</td>
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<td>✓</td>
<td>RSS</td>
</tr>
</tbody>
</table>

*Source: Adapted and conceptualized from www.gfmag.com, accessed 08/06/2013.*

The top 20 international banks are dominated by multi-national banks which tend to be risk averse by nature. This table shows that only 45% (9 out of 20) of the top 20 global banking institutions have a presence on social media. However, the mere presence does not in any way signify how active a particular bank is. Some may just
be actually maintaining an outdated presence. To be able to make a fair comparison, regional (SADC) banks were also looked at. For the regional analysis of the top 10 South African banks was looked at and the results were as follows.

Table 2.7: To 10 South African banks presence on social media

<table>
<thead>
<tr>
<th>Rank</th>
<th>BANK</th>
<th>PRESENCE ON SOCIAL MEDIA</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Facebook</td>
</tr>
<tr>
<td>1</td>
<td>Standard Bank of South Africa</td>
<td>✓</td>
</tr>
<tr>
<td>2</td>
<td>Nedbank</td>
<td>✓</td>
</tr>
<tr>
<td>3</td>
<td>FNB Bank</td>
<td>✓</td>
</tr>
<tr>
<td>4</td>
<td>ABSA Bank</td>
<td>✓</td>
</tr>
<tr>
<td>5</td>
<td>Bidvest</td>
<td>✓</td>
</tr>
<tr>
<td>6</td>
<td>Capitec</td>
<td>✓</td>
</tr>
<tr>
<td>7</td>
<td>Investec</td>
<td>X</td>
</tr>
<tr>
<td>8</td>
<td>African Bank Ltd</td>
<td>✓</td>
</tr>
<tr>
<td>9</td>
<td>Grindrod Bank</td>
<td>✓</td>
</tr>
<tr>
<td>10</td>
<td>Sasfin Bank</td>
<td>X</td>
</tr>
</tbody>
</table>

Source: Adapted and conceptualized from www.gfmag.com, accessed 08/06/2013

From this study, 100% presence is found on some form of social media. This means therefore that there is a driving force for such high presence of banks on social media in emerging markets than developed markets. This resonates with the 2011 KPMG survey, which discovered that there is widespread adoption of social media in emerging markets such as China, India, Brazil and South Africa. Two reasons were attributed to this phenomenon. First was the fact that there is lower dependency on “legacy systems” in emerging markets than mature markets, KPMG, (2011). Developed/mature markets, such as Europe and the Americas, had already built up effective and efficient systems that give them desired outreach. Secondly, there is rapidly declining cost of internet access in the emerging markets.
2.4.2. Challenges faced by banks in the wake of social media

Today's economy is fast moving towards the digital platforms, hence common reference to the e-economy. Social media is just an extension of the digitalization phenomena. Korner and Zimmermann, (2010) highlighted challenges faced by the retail banking sector in Europe due to the emergence of the digital economy.

1. Changing customer demands.
   Customers now have four (4) key demands which are being powered by the emergence of the digital economy namely;
   a) Convenience - demand for a ubiquitous availability of information and services 24/7.
   b) Need for self service for commodity products.
   c) Growing demand for individualizing information and problem solving.
   d) Provision of high quality communication channels with interactive capabilities for self service.

2. Low customer loyalty – nowadays retail banking customers are multi banker due to ICT enablers which allows them transact off site. EY (2012) highlighted that as of 2011, 32% of customers were multi-banked globally. In emerging markets, customers actually consider multi-banking as a hedging technique against bank failures.

3. Increased competition – the digital economy has removed geographical barriers (death of distance). Traditionally, competition was limited to geographical locations and territories. Now financial institutions enter markets through electronic means, thereby increasing the threat of new entrants.

4. New industry structures and business models – there has been disintermediation of traditional channels and re-intermediation of new channels and value chains. There has also been a shift towards customer oriented service.

2.4.3. How banks can benefit from social media

Banks can use social media in many ways among them the following, KPMG, (2012);

i) Brand presence - building awareness with customers.
ii) Deliver valuable information – e.g. through alerts.

iii) Creating visibility with partners and investors.

iv) Social media as an extended public relations tool.

v) Crisis management activity.

vi) Educate clients on topical issues through forums or communities – e.g.

   starting a discussion forum on fraud detection and prevention.

vii) Market intelligence – competitive edge.

viii) Solicit feedback.

ix) Respond to customer complaints.

x) Support customer acquisition strategies.

Given the statistics of adoption of social media by banks, there is scope for more leverage by banks. Silverstein (2011) highlighted three opportunities for banks in social media.

a) Reaching customers – instead of facilitating transactions and provide information,

   Banks can use their websites for active customer engagement by starting blogs, chats, discussions etc. The Well Fargo and Fidor Bank in the USA and Germany respectively were cited as examples.

b) Reducing costs – participation on the social media reduces costs of communication with customers. Engaging customers on the virtual network also reduces the demand for physical branches thereby cutting down on the cost of branch operations as in the case of the Deutche Bank (Germany) and the Spanish Banco Bilbao V.A (BBVA).

c) Restoring confidence – this is achieved through helping customers understand complex financial products through web based and enabled demonstrations.

2.5. Social Media Marketing Communications Model

There are no known models on social media that incorporates all social media marketing communications tools, Castronovo and Huang, (2012). Much literature looks at each of the platforms individually and independent of each other making
them not suitable for consideration as relevant models. The first attempt on building social media marketing communications model is found in Castronovo and Huang. The diagram below represents their model.

Figure 2.6: Social media marketing communications model
Source: Castronovo and Huang, (2012).

The model is premised on the word of mouth (WOM) as the starting point or foundation. It is so because WOM is part of viral marketing whose foundation is word of mouth. The main objective of viral marketing is creating and sustaining a “buzz” about the firm. All aspects of the model are integrated but ultimately, one message must go out to the customer who should also pass it on to others. This message is
that the customer should do business with us. The hub of the model is the firm’s social media platform because it connects the firm to the infinite number of people and also its instantaneous connectivity. The chosen platform (YouTube, Facebook, LinkedIn, foursquare, Twitter etc), reflect the firm’s objective in terms of the three broad goals of social media strategy. This will also be emphasized by the content posted on the platform(s) and conversations engaged in. Other marketing activities or initiatives/strategies act as inputs into this model. Thus guerilla marketing, events-based marketing and search engine optimization (SEO) all represent inputs. They generate the interest or provide the starting points. For example, a company displays its web pages and available social media during a public relations function. All interactions and activities go a long way in building long term relationships which are the bedrock of CRM. This CRM database CRM database is also automatically updated as customers also update their profiles or as their online activities are captured. In the end, viral marketing and brand communities are the outputs of the model.

2.6. Case Study

Source: KPMG, (2013), The Social Banker V2.0: Issues and insights

GT Bank is one of Nigeria’s retail banks. This bank charted new frontiers in 2009 when it discovered that there was a fan page on Facebook. The bank decided not to take a back seat but grabbed the opportunity and started engaging customers and potential clients. This strategy was simply to try and defend their brand. Today, it is touted as one of the most profitable banks in Nigeria. The bank started by just using the media as a customer service and engagement platform. Just out of this trial, the bank was able to identify where to place ATMs and also successfully identified that they needed to launch e-branches instead of full service branches, which they did.

One of the key drivers for GT Bank to take this route was the need to stay afloat in a highly competitive market. Nigeria is a very populous country, which however suffers from lack of transport and infrastructural deficiencies especially in remote and outlying areas. The test of social media effectiveness and efficiency came to the fore
in 2012 when the bank’s internet banking platform went down. Picking tips from social media comments and conversations the bank social media team successfully coordinated the resolution of this challenge with minimum disruptions and damage to their brand as they also actively engaged their audiences and stakeholders. The bank realized that they had an opportunity to reach out to more Nigerians who had previously been excluded as outreach was difficult.

GT Bank has now launched a Facebook banking application where people can open bank accounts through Facebook. Advanced plans are underway to allow customers to securely transfer money, purchase mobile air time, pay bills, and confirm their account balances, all through their Facebook accounts. GT Bank actually boasts of being more than a bank to its customers. In early 2013, it hit a record of having more than a million fans, a feat never achieved even by the online big banking brands in North America and Europe.

2.7. Conceptual framework of this study
The literature reviewed did not address sector and market specific factors that could drive social media adoption. Thus there is no literature covering this subject matter in Zimbabwe commercial banks, specifically focusing on Agribank, hence the reason for this study. This study will be guided by the conceptual framework in figure 2.7 and the research methodology as covered in Chapter 3.
2.8. Chapter Conclusion
This chapter revealed that social media has revolutionized the field of communication and people engagement in conversations and dialogue. People have changed lifestyles, socially and economically. This change is powered by the flexibility in communications, interaction, and collaboration facilitated by the ever-present and dynamic technological innovations around us. The majority of people are now on some social media platform where they are managing their everyday life.
from, and are using less and less of traditional media for both personal and business purposes. The chapter also demonstrated the potential for business to harness this massive power of social media for marketing communications effectiveness, adaptation to changing market needs, and increased outreach into untapped markets as the new technology brings new functionalities such as video sharing and real-time online collaboration. The chapter also revealed that despite the quick and widespread adoption of social media and the proven benefits, there are some business sectors, including banks, which are slow in adopting social media. Chapter 3 covers a detailed discussion on the research design, philosophy, paradigm and the research instruments.
CHAPTER 3: RESEARCH METHODOLOGY

3.1. Introduction

The literature review demonstrated how the current study into social media and marketing communications can be used to enhance business marketing communications in banking. It was established that marketing communications has become a game changer for marketers but how to do it is the puzzle among many organizations. This chapter examined the research methodology used in this research by first outlining the philosophy underpinning the approach, rationale for the research design adopted, overview of the data collection methods used and its analysis, and also comment on the ethical considerations and limitations of the research.

Research methodology addresses reasons why researcher collected certain data, what data was collected, where and how data was collected, and how it was analyzed, Collis and Hussey, (2003). Research methodology and research methods are often confused terms, (Rajasekar et al, 2006; Hussey and Hussey, 1997; Mason, 2002). The main difference between the terms, is that research methodology is wider and more encompassing thus research methodology can be defined as a procedure used by researchers to describe, explain, and predict phenomena in their work while they look at methods as those tools and instruments that help us collect samples, data and find a solution to a problem. Saunders et al (2003) look at research methodology as an onion; consisting of many components that are layered, Figure 3.1.
Figure 3.1 Research process Onion


You can only proceed to the next layer through the predecessor. In any research project, the ultimate goal/activity is to administer the research instruments (the core of the onion), to collect and analyze data, but it starts with the ideological perspective (philosophy) to the timing of the study (i.e. time horizons), or what Kumar (2005) referred to as reference period.

Accordingly, Oliver (2008) sums up methodology as both theoretical and practical aspects of the conduct of the research. He argues that research methodology should also include ethical issues and strategies to address them. Oliver also says the methodology should address the issue of the tense of the write up. Most researchers tend to use the past tense *(ibid)*, implying that Chapter 3 is written after the study and its findings. This study adopted the past tense.
3.2. Research Design
Oliver (2008) considers research design as the pragmatic aspects of the way the research was conducted. Research design lays the foundation on which the research work is grounded. It facilitates a systematic execution of the research project by clearly defining what comes first and what next step to take. According to Kumar, (2005), a research design is more of a plan, structure and strategy of investigation to establish or find out possible answers to the research question(s) and objectives. According to Yin (1984), the research design is determined by three conditions namely type of research question, degree of investor control possible, and degree of focus required on contemporary events. This was a single case design of Agribank and its components.

3.3. Research Philosophy
Philosophy is the way we think about certain matters in life, (Clarke, 2005), commonly held as ideology. Research is a social science which is also influenced by our thinking on the development of knowledge, Saunders et al (2003). In their later publication, Saunders et al (2007), identify four research philosophies namely positivism, realism, interpretivism and pragmatism. These philosophies relate to the three ways of thinking; ontology, epistemology and axiology. Ontology refers to nature of reality, while epistemology is relationship to that being researched and axiology being role of values, Creswell, (2003). Table 3.1 below summarizes Clarke’s work on research philosophies.
Table 3.1 Comparison of Research Philosophies

<table>
<thead>
<tr>
<th>Assumption</th>
<th>Question</th>
<th>Quantitative</th>
<th>Qualitative</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ontological</td>
<td>What is the nature of reality?</td>
<td>Reality is objective and singular, apart from the researcher.</td>
<td>Reality is subjective and multiple as seen from participants in a study.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Epistemological</td>
<td>What is the relationship of researcher to that researched?</td>
<td>Researcher is independent from that being researched.</td>
<td>Researcher interacts with that being researched.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Axiological</td>
<td>What is the role of values?</td>
<td>Value-free and unbiased.</td>
<td>Value-laden and biased.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rhetorical</td>
<td>What is the language of research?</td>
<td>Formal, based on set definitions, impersonal voice, and use of accepted quantitative words.</td>
<td>Informal, evolving decisions, personal voice, accepted qualitative words.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Methodological</td>
<td>What is the process of research?</td>
<td>Deductive process, cause and effect, static research design – categories isolated before study, context-free (independent); generalizations leading to predictions, explanation and understanding; accurate and reliable through validity and reliability (testing).</td>
<td>Inductive process, Mutual simultaneous shaping of factors; Emerging design – categories identified during research process; Context-bound; Patterns and theories developed for understanding; accurate and reliable through verification</td>
</tr>
</tbody>
</table>


However, a general consensus is that two main philosophies exist; positivism and interpretivism, White (2000).
3.3.1. Positivism
Babbie (2005) suggests that positivism is embedded in deductive theories where the starting point is a generalized view narrowing down to a specific view. Thus a number of propositions, as suggested by research questions and objectives, are generated for testing, with empirical verification then sought by data collection. Positivism generally favours quantitative research whereby quantitative methods are also applied to the data analysis problem, Travers, (2001). This is why Bryman and Bell (2007), say quantitative approaches seek to test theories specified at the start of the study, then generalize them through sampling. Key to positivism is the scientific perspective to observation of social behaviour.

3.3.2. Interpretivism/Qualitative
Interpretivism starts from a specific point to generalization, which is an inductive theory construction. The interpretivism philosophy has a phenomenological inclination where emphasis is on the fundamental difference between natural sciences and social sciences, Bryman and Bell, (2007). Thus, interpretivism refers to a qualitative approach. As argued by Easterby-Smith et al, the researcher’s role is analysis of interpretations of a particular phenomenon as seen by the actors.

This study involved study of human beings. The researcher was part of that being researched as indicated in Table 3.1. There was an element of subjectivity. The investigation sought to increase the understanding of a complex social phenomenon, (Yin 2003); Agribank’s behaviour and attitude in the usage of social media as part of its marketing communication tools. This determined the philosophy as interpretivist.

3.4. Research Strategy
This is a social science research as determined by the chosen philosophy and approach. These ways are what are called strategies. Saunders et al (2003) refer to a strategy as a general plan of how one goes about answering his research questions. These strategies include case study, survey, experiments, ethnography, and grounded theory, among others. Each strategy has attendant benefits and
shortfalls according to Yin, (2003). He underpins these benefits and shortcomings on three conditions which he says determine the suitability or otherwise of each strategy. The conditions are a type of research question, control investigator has over actual behavioural events, and the focus on contemporary and not historical phenomena. The following table details the applicability of the conditions in each of the social science research strategies.

Table 3.2 Relevant situations for different research designs

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Form of research question</th>
<th>Requires control of behavioural events?</th>
<th>Focuses on contemporary events?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Experiment</td>
<td>How, why?</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Survey</td>
<td>Who, what, where, how many, how much</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Archival analysis</td>
<td>Who, what, where, how many, how much</td>
<td>No</td>
<td>Yes/No</td>
</tr>
<tr>
<td>History</td>
<td>How, why</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Case Study</td>
<td>How, why</td>
<td>No</td>
<td>Yes</td>
</tr>
</tbody>
</table>


3.4.1. Experiment

Although the experiment seeks to answer the how and why questions, and requires control over behavioural events, and also focuses on contemporary events, it significantly differs in its conduct approach, Saunders et al (2003). An experiment would naturally call two sets of studies. One where all conditions are prevalent (the control experiment) and one where the conditions are altered and then measurements about variations taken and interpreted. Thus the cause and effect relationship is the main focus of study.
3.4.2. Survey
According to Yin (2003), a survey seeks to is premised on the who, what, where, how many, and how much type of questions. The research goal is to describe the incidence or prevalence (frequency) of a phenomenon. A survey involves the study of large number of elements to generalize the findings, Verschuren and Doorewaard (2010), using statistical means. Because of the statistical approach, the processing of the data is therefore quantitative.

3.4.3. History
History and case studies have two distinctions, Yin (2003), in terms of control and focus. History is a study about dead past while case studies takes the dead past and then overlaps into present. Overlapping means the researcher can observe and/or interview persons involved in the events.

3.4.4. Case study
Miles and Huberman (1994; pg25) define a case as “a phenomenon of some sort occurring in a bounded context”. Verschuren and Doorewaard, (2010) identified three relevant characteristics, among others, of case studies. These are that case studies comprise of small number of research units; allow a selective (i.e. strategic) sample; and qualitative data and research methods. Case study research involves an empirical investigation of a particular contemporary phenomenon, Robson (2002) cited in Saunders et al, (2003). Although Yin (2003) says a case study is when “how” and “why” questions are asked, Saunders et al (2003) add the “what” series of questions. If a research is dominated by “what” questions, there are two possible responses, Yin (2003). It is either probing for further enquiry, which requires an exploratory case study or is probing for enumeration (quantitative enquiry) which is matched with a survey case study. As a general approach, Yin (2003) says if a research seeks answers to “how” and “why” questions in a contemporary, real-life context phenomenon, the strategy is a case study. He points out that in case studies; there is always a distinctive desire to understand complex social phenomena. Case studies, which are confined it time and space, (Verschuren and Doorewaard, 2010), allow studying of organizations in real life context, Yin (2003).
The following table comparing characteristics of research strategies captures the key characteristics for the case study approach.

*Table 3.3 Comparison of research strategies*

<table>
<thead>
<tr>
<th>Model</th>
<th>Purposes</th>
<th>Focus</th>
<th>Key terms</th>
<th>Characteristics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Experiment</td>
<td>Comparing under controlled conditions</td>
<td>Initial states, intervention and outcomes</td>
<td>Pre-test and post-test</td>
<td>Control and experimental groups</td>
</tr>
<tr>
<td></td>
<td>Making generalizations about efficacy</td>
<td>Randomized controlled trials</td>
<td>Identification, isolation and control of key variables</td>
<td>Treats situations like a laboratory</td>
</tr>
<tr>
<td></td>
<td>Objective measurement of treatment</td>
<td></td>
<td>Generalizations</td>
<td>Causes due to experimental intervention</td>
</tr>
<tr>
<td></td>
<td>Establishing causality</td>
<td></td>
<td>Comparing Causality</td>
<td>Does not judge worth</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Simplistic</td>
</tr>
<tr>
<td>Survey</td>
<td>Gathering large scale data in order to make generalizations</td>
<td>Opinions, Scores</td>
<td>Measuring, Testing</td>
<td>Describes and explains</td>
</tr>
<tr>
<td></td>
<td>Generating statistically manipulatable data</td>
<td>Outcomes, Conditions</td>
<td>Representativeness</td>
<td>Represents wide population</td>
</tr>
<tr>
<td></td>
<td>Gathering context-free data</td>
<td>Ratings</td>
<td>Generalizability</td>
<td>Gathers numerical data</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Much use of questionnaires and assessment/test data</td>
</tr>
<tr>
<td>Case study</td>
<td>To portray, analyze and interpret the uniqueness of real individuals and situations through accessible accounts</td>
<td>Individuals and local situations Unique instances, A single case Bounded phenomena and systems: individual group roles organizatio ns community</td>
<td>Individuality, uniqueness In-depth analysis and portrayal Interpretive and inferential analysis Subjective, Descriptive Analytical, Understanding specific situations Sincerity, Complexity Particularity</td>
<td>In-depth, detailed data from wide data source Participant and non-participant observation Non-interventionist Empathic Holistic treatment of phenomena What can be learned from the particular case</td>
</tr>
</tbody>
</table>

The unit of this study was Agribank and its components. The study sought to understand “how” and “why” social media impacted on marketing communications at Agribank. This perfectly fits the spheres of a case study research. The researcher is also part of what is being observed as a member of Agribank.

3.5. Population and Sampling Techniques

Having decided the philosophy, selected the research approach and strategy, a researcher is faced with data collection decisions, starting with selection of candidates (sampling) to the instruments to use to collect data, and the type of data to be collected. This is addressed by looking at the data collection methods.

Frey and Rudloff (2010) advises that a researcher has to divide collection of data into two different segments; primary and secondary data collection. They also say that if the number of data sources for the research can be larger, it strengthens the research.
3.5.1. Population
According to Saunders et al (2003; pg151), a population is a “full set of cases from which a sample is taken”. This implies two things; that there is an inclusive set of all possible subjects that can be selected for study and secondly that there are key common characteristics that enables a subject meet the specifications. These common characteristics then allows for generalization where the study was based on data collected from a section of the population (sampling). In this study, the population was Agribank management and key customers. Thus the following management respondents were identified and interviewed;

1. Strategic level - Divisional Director: Strategy, Marketing and Business Development, and Divisional Director: Corporate and Executive Banking
2. Technical Level - ICT Executive, and Risk Management Executive
3. Operational Level - Marketing Manager

3.5.2. Sampling
A researcher may not be able to gather data from every member, (Oliver, 2008), due to cost, time, and distance constraints. Thus, a researcher then has to select a representative, (ibid,) subsection of the population for study. This is called sampling. There are a number of reasons why sampling is necessary. Saunders et al say sampling arises when;

a. practically, it is not possible or feasible to carry out a census,

b. there are budget constraints,

c. there are time constraints, and

d. results are required quickly making a census non feasible.

Sampling starts with the choice of the sampling frame. A sampling frame is a list of all possible candidates eligible for selection in a study. The researcher therefore has
to decide how he is going to select his study elements (sampling) where a census is not being conducted.

There are two main approaches to sampling, (Saunders et al, 2007; Oliver, 2008). These are random and non-random sampling. Random sampling involves selecting sample elements at random using either random tables or computer packages. Random samples are subject to probability permutations and hence are sometimes referred to as probability sampling. When using random sampling, the chance of selecting a member can be determined using statistical probability. Thus, Oliver (2008) says this is a quantitative study. By being a quantitative study, it therefore means that the sample size should be determined scientifically and the sample is usually large. On the other hand, non-random sampling is based on researcher's subjective judgment, Saunders et al (2007). It enables the researcher to use judgment to select cases that suit the needs of his study. This is why it is called judgmental or purposive sampling which seeks to gather quality data to address specific purposes. Non random sampling is not subject to statistical inferences as in the case of random sampling as the main objective is to gather rich information laden with values and meanings). Verschuren and Doorewaard (2010) also refer to this approach as strategic sampling. One of the critical components of non random sampling is to meet the needs of the researcher given his research objectives and question(s). Thus it is quite acceptable to select people with insight into the research problem or question. The researcher can also justify the selection by selecting people with influence or who are more affected by the subject matter. The choice of the most appropriate sampling technique and the sample is a function of a number of variables or factors, (Saunders et al, 2003) such as research question(s) and objectives, the need to make statistical inferences from the sample, type of study, size of sample, and structure of sampling frame.

This research was based on non-random or judgmental sampling techniques. There was a clear need to ensure that the research covers both the internal and external perspective. The internal perspective could not be met by merely picking any members of the Agribank family but by carefully selecting members of senior
management with the required seniority, authority and exposure to properly articulate the bank’s policies, initiatives and philosophies on marketing communications. Thus, a judgmental or purposive sample was drawn up of key executives to be interviewed. On the external perspective, the researcher selected the bank’s key customers. Why key customers? Just as in the case of senior management, key customers are more likely to influence the bank’s marketing initiatives. Key customers are those whose relationship with the bank has a higher monetary value attachment. In this regard, the key customers were selected on the basis of two key factors; either top depositors or top borrowers. A deliberate strategy was also employed where the sample was allowed to include both corporate and individual customers to ensure both types of customers’ responses were captured as their communication requirements are likely to differ. For the individual customers, the bank has an Executive Banking unit where all its high net-worth customers are housed. The selection was therefore biased in this direction. However, the following classes of customers were excluded for the reasons explained against them.

i. Government institutions/departments – their decision on who to bank with is not based on their consumption of marketing communications but usually is a directive. Their comments would therefore not reflect a normal relationship.

ii. Outside Harare respondents – time and budgetary constraints did not permit their inclusion.

iii. Internal vehicles e.g. Agribank Staff Pension Fund – these were most likely to be compromised on objectivity and were therefore considered biased participants.
3.6. Data Collection Methods

3.6.1. Data Sources
There are two categories of data sources. The first is the primary data source which is gathered directly from the elements of the population. Therefore the main sources of primary data are interviews, questionnaires, experiments, observations, among others. Secondary data sources are collections from records holding primary data, Salant and Dillman, (1994) cited in Frey and Rudloff, (2010). Secondary data sources include annual reports, websites, marketing material, policies and procedures and other company publications such as strategic plans, newsletters, memos and press releases.

The primary data source was the semi-interview. These formed the larger part and essence of the data that was gathered and analysed. Secondary data sources, used mainly as supporting evidence and corroborative sources, were the bank’s marketing policy and procedure manual was also perused to establish the marketing communication policy in place. The bank’s strategic plan was also consulted for strategic fit and guidance in relation to the bank’s marketing initiatives and intentions. Lastly, the bank’s website was also used to determine its social media activity and other web based issues.

3.6.2. Data collection instruments
Another important decision in a research project is the data collection instrument. There are several tools that can be used to collect data, Saunders et al (2003). These include the interviews, observation, questionnaires, and experiments. The choice of the data collection instruments is closely related to the research strategy, type of data to be collected, and the research objectives and question(s). Where a quantitative study is being conducted, the thrust is collecting data from a very large sample and the questionnaire is ideal. However, for qualitative studies, qualitative data is also required and this is possible through research instruments that focus on quality and richness of data. Interviews, experiments and observation collect qualitative data. These instruments ordinarily focus on small samples.
Interviews can either be structured, semi-structured or informal, in-depth interviews, Saunders et al (2003). During structured interviews, predetermined, standard questions are asked using a questionnaire while the semi-structured interview makes use of the interview guide where a list of themes and probing questions guides the researcher in the discussions. One major differentiator of structured and semi-structured interviewees is that the questioning in semi-structured interviewees may be varied from interviewee to interviewee.

This was a single case study focusing on Agribank and its components. The study focused on understanding of the bank’s behaviour regarding use of social media for marketing communications. Because of the need to collect rich data on the Agribank and its components, the semi-structured interview was ideal for this purpose.

3.6.3. Contact Method
The data collection instrument chosen will also determine the contact method. The choice of questionnaires will imply two choices on the contact method. Questionnaires are either self-administered, postal, online or through assistants. Observation and experiments can only be conducted personally by the researcher. On the other hand, interviews are either personal, postal, or by telephone. The semi-structured interview in this study was conducted through personal interviews. The researcher conducted the interviewees where he captured all the responses from interviewees. Non-verbal communication such as facial expressions, tone of voice, and other body languages were also observed. These helped the researcher do a deeper analysis of responses, which was not possible using other methods of contacting the interviewees. This inevitably would have possibly resulted in a different interpretation of responses.

3.6.4. Data collection approach for this research
The data collection strategy for this research was two-phased. The first approach was the internal perspective seeking to gather data from an internal perspective, (strategic, technical, risk management, and operational levels). The strategic level helped to put the bank’s strategic focus regarding marketing communications into perspective as strategy drives the business. The technical level, which included the
risk management function, basically dealt with assessment of institutional capacity to design, implement, monitor and control a social media marketing communications programme. Lastly, the operational level concentrated on the execution of the plan and measurement of the effectiveness and returns on the bank’s marketing communications initiatives which would naturally assess whether the set marketing communications are being met or not and possibly explanations for the variance. This phase captured Agribank’s behaviour and attitude on usage of social media in its marketing communications.

The second approach was the customer (external) perspective whose main focus was to establish customer participation and nature of activity on the social networks. This was then linked to the bank’s marketing communications initiatives and strategies, and the customers’ views and evaluation of the bank’s attitude and behaviour towards social media as part of its marketing communications arsenal. This helped formulate customer preferences in term of information dissemination. This was also a good basis for determining customer behaviour. Therefore, the research also canvassed for customer expectations and views on the bank’s marketing communications initiatives.

3.6.5. Data analysis
Data analysis incorporates examining, tabulating, categorising or any other combinations used in an effort to address the research objectives, Yin (1994). The analysis depends on whether the study was qualitative or quantitative. For qualitative data analysis, there is no standard format, (Neuman, 2006). The data in this study was analyzed in line with the recommendation by Miles and Huberman, (1994), using data displays and detailed write ups.

3.7. Research Procedure
Basically there are two approaches to research, Saunders et al, (2003). A research can be deductive or inductive. When a research is deductive, it seeks to test theory, thus it works from data to theory. On the other hand, an inductive research gathers data to form a theory, thereby working from theory to data.
3.7.1. Deductive Approach
Saunders et al (2003) enunciate key characteristics of a deductive approach. They highlight that a deductive approach seeks to explain causal relationships and therefore collects quantitative data for testing a hypothesis. Therefore it is a highly structured study that seeks to operationalize a hypothesis before generalizing it.

3.7.2. Inductive Approach
On the other hand, an inductive approach’s aim is to build theory, Saunders et al, (2003). Thus, this approach is used to formulate a theory. The approach favours the study of small sample of subjects. As pointed out by Easterby-Smith et al (2002) cited by Saunders et al, an inductive approach triangulates data collection methods to establish different views of phenomena. This approach tends to work with qualitative data.

Easterby-Smith et al makes a very important note on the need to appreciate research approaches as they assist in the researcher is adapting a research design that caters for constraints. Traditionally, case studies are inductive in nature and this one was no exception. Research philosophy and approach go hand in hand. According to Table 3.1, a qualitative study is process inductive and context bound.
Patterns and theories are developed for understanding, instead of theory testing. This is why inductive approaches are said to be theory building as opposed to theory testing. Because this research sought to formulate theory using qualitative data, thus study used the inductive approach.

3.8. Reliability and Validity

Data reliability reduces the likelihood of a wrong answer to research questions emanating from incorrect measures, interpretations or lack of transparency, Saunders et al, (2003). Thus, according to Saunders et al, reliability is affected by subject or participant error and/or bias, and observer error and/or bias. Reliability addresses the question whether another researcher can do the same test and get the same results. If this condition is satisfied, that means the results can be generalized. Validity, which roughly is about correctness, on the other hand, deals with if the findings really relate to what they are about? Key factors that affect validity, (ibid), include history, testing, instrumentation, mortality (i.e. participant drop out), maturation, and ambiguity of causal direction. History relates to timing of the study if it is not a special time for the study subject such that inferences and results are not reflective of normal time. Testing and instrumentation may all sum up the concept of stage managing. Thus, depending on the way the study was done, respondents or participants may stage manage results such that they distort findings. Maturation may be taken to refer to intervening events that may change the complexion of the subject matter and the study. According to Verschuren and Doorewaard (2010), reliability and validity can be enhanced through methods and sources triangulation. Reliability and validity in this study was enhanced through sources triangulation. Data sources where multiple. Primary data was gathered through interviewing both members of the bank senior management and the key customers. Secondary data was from both internal sources (annual reports, policies, and website) and external (press reports, journals and other media reports).
3.9. Ethical Considerations
Saunders et al (2003) give a very detailed account of ethical considerations and issues at various stages of a research study. These are summarised in this paragraph. The general ethical consideration is that the research design should ensure that no members of the population are disadvantaged in any way. Ethics affect three main parties to any research study, namely participants, researcher and sponsor. Ethical issues pertaining to the participant evolve around confidentiality, freedom of participation, discomfort, and disclosure which should be addressed before hand. Relating to the sponsor, ethical considerations’ main discussion points are on the use of research findings and the attainment of deliverables by the researcher. The sponsor should always ensure that research findings are used for the purpose for which the research was undertaken and not other ulterior motives. For instance, the sponsor should not turn around and institute disciplinary proceedings against workers based on the research findings. Regarding the researcher, ethical considerations overlap with some of those considered for the participant such as confidentiality. However, one researcher specific ethical consideration is the issue of access. A researcher should honestly and appropriately negotiate for access to company records, resources and premises, trading on benefits of the research to the business and the academia.

This study addressed all these ethical considerations. Firstly, each respondent or participant was clearly briefed, before the interview or through the introductory letter, on the purpose and objective(s) of the research. Furthermore, express consent was also secured from each respondent, including the organization, for participation in the study. The participants were also assured and given guarantees that the research findings will be kept confidential and will not be used in any way against them but for the purposes and objectives as articulated.

3.10. Research Limitations
The major weakness of the case study is that of establishing external validity, Verschuren and Doorewaard, (2010). It is often quite difficult to apply results of a
case study to a broader population or similar cases. Case study research, according to Yin (2003), also lack rigor because they do not follow systematic procedures and allow bias (judgmental). Thus generalizing the results from interviewing senior managers of the bank and a handful of its key customers may not be acceptable across the commercial banking sector in Zimbabwe.

3.11. Chapter Conclusion
Chapter 3 gave a detailed analysis and description of the research methodology. The research used the single case study approach to explore, describe and analyze the impact of social media on marketing communications in Zimbabwean commercial banks. The study had a phenomenological or interpretivist approach. Therefore the data collection methods and sources were also qualitative in nature. The question of ethical considerations was also addressed. What now remains is a detailed analysis and discussion of results in Chapter 4 before the conclusions and recommendations in Chapter 5.
CHAPTER 4: RESULTS AND DISCUSSION

4.1. Introduction
This Chapter concentrates on the research findings and analysis. The researcher carried out semi-structured face-to-face personal interviews with senior management at Agribank and key customers. The results and findings are analyzed and discussed in line with the research objectives and questions set out in Chapter 1. The data from these interviews was analyzed using data displays or content analysis tables which would then be followed up by detailed write ups. The detailed write ups analyzed the results and then evaluated them with the underpinning literature.

4.1. Key Respondents
The researcher had targeted to carry out face-to-face semi-structured interviews with 10 respondents comprising of 5 senior Agribank managers and 5 key customers of the bank. The researcher successfully interviewed all the 5 senior managers but only 4 key customers. One customer kept postponing the interview. For all corporate clients, the person heading the Finance department was interviewed. This was mainly because the Finance people are the ones that interface with the bank and would be more appropriate to discuss and evaluate any communications matters between the bank and the company.

For senior Agribank senior managers interviewed, eight sets of questions covering marketing communications mix, use of social media platforms, benefits of social media, social media target, social media critical success factors, levels of adoption, social media analytics, and risks of social media, were posed to the respondents. Customers were asked to evaluate the bank’s marketing communications on the tools, usage of social media, benefits of social media, and its application. A general
section on demographic information was also included on both sets of interview guides.

4.2. Demographic information

Table 4.1 summarizes the length of service at Agribank and total banking experience in general of the senior managers interviewed.

Table 4.1 Demographic information of Agribank senior management

<table>
<thead>
<tr>
<th>Respondent</th>
<th>Years of service with Agribank</th>
<th>Length of experience in Banking (in Yrs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Divisional Director; Strategy, Marketing and Business Development</td>
<td>1½</td>
<td>21</td>
</tr>
<tr>
<td>Divisional Director; Corporate and Executive Banking</td>
<td>6½</td>
<td>16</td>
</tr>
<tr>
<td>Credit &amp; Risk Management Executive</td>
<td>6½</td>
<td>29</td>
</tr>
<tr>
<td>ICT Executive</td>
<td>2</td>
<td>13</td>
</tr>
<tr>
<td>Marketing Manager</td>
<td>8</td>
<td>12</td>
</tr>
</tbody>
</table>

In Chapter two, marketing communications was properly placed as part of the strategic initiatives as it addresses one of the 4 Ps of the marketing mix, (promotion) a strategic issue. All respondents were members of the bank’s strategic team. They had the right exposure in terms of experience and been with the bank long enough to articulate the bank’s strategy. The bank’s 5 year strategic plan clearly articulates its marketing objectives by stipulating its intent and initiatives chosen to achieve this. The demographic information collected on key Agribank customers is also summarized in Table 4.2.
### Table 4.2 Customer demographic information

<table>
<thead>
<tr>
<th>Respondent</th>
<th>Banking experience with Agribank</th>
<th>Age/Years established in Business</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dicomm Advertising</td>
<td>2 ½yrs</td>
<td>15</td>
</tr>
<tr>
<td>IDC Zimbabwe</td>
<td>2yrs</td>
<td>50</td>
</tr>
<tr>
<td>Pioneer Seed</td>
<td>15yrs</td>
<td>27</td>
</tr>
<tr>
<td>Albert Mugabe</td>
<td>10yrs</td>
<td>36</td>
</tr>
</tbody>
</table>

All customers interviewed had relationships with Agribank long enough to form an informed opinion. The least was IDC Zimbabwe which had 2 year relationship with the bank. New customers may not have had ample time to know all systems and channels of communication used by the bank. Notable was also the age or years of establishment in business. This buttressed the point of being an informed customer. A customer who has been in business or older person knows what to expect from banks and can therefore form a fair opinion.

### 4.3. Marketing communication mix in use at Agribank

Table 4.2 summarizes the marketing communications tools which senior Agribank managers cited.

#### Table 4.3 Marketing communication tools used by Agribank

<table>
<thead>
<tr>
<th>Respondent</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Divisional Director; Strategy,</td>
<td>Internet banking, SMS, print media, radio, trade shows, sales teams, POS terminals</td>
</tr>
<tr>
<td>Marketing and Business Development</td>
<td></td>
</tr>
<tr>
<td>Divisional Director; Corporate and</td>
<td>Letters, e-mail, SMS</td>
</tr>
<tr>
<td>Executive Banking</td>
<td></td>
</tr>
<tr>
<td>Credit &amp; Risk Management Executive</td>
<td>Agricultural shows, SMS, and all other traditional</td>
</tr>
</tbody>
</table>
Although some respondents mentioned more tools than others, the responses show that the bank’s senior management have an appreciation of the marketing communications tools at the bank’s disposal. The tools identified are in line with the marketing communications mix by Fill and Jamieson, (2006). In an effort to back test the data gathered during interviews with the bank’s senior management, the researcher asked the same question but in a different way to key customers selected. Table 4.3 summarises customer responses.

Table 4.3 Communication tools used by Agribank customers

<table>
<thead>
<tr>
<th>Respondent</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dicomm Advertising</td>
<td>Telephone, E-mails, and letters.</td>
</tr>
<tr>
<td>IDC Zimbabwe</td>
<td>Telephone, letters, meetings.</td>
</tr>
<tr>
<td>Pioneer Seed</td>
<td>Telephones, e-mails, formal letters, SMS, field days.</td>
</tr>
<tr>
<td>Albert Mugabe</td>
<td>Face-to-face communications, telephones, and SMS messages.</td>
</tr>
</tbody>
</table>

Most of the customers managed to mention telephones, letters and e-mails as the main means of communication between them and Agribank. However, IDC Zimbabwe and A Mugabe also included meetings or face-to-face communications in their responses. The SMS platforms were mentioned by only two customers, Pioneer and A Mugabe. Pioneer Seed was the only customer to mention field days. Despite the fact that some tools were mentioned lesser than the other, the
customers’ responses were in line with the marketing communications mix outlined in literature.

Respondents were also asked on what motivates the choice of the tools. The bank, through its senior managers interviewed, mainly cited the element of cost of choosing alternative strategies. These come at a huge cost in terms of setting up the support structure to implement them. For instance, using Facebook would require that the bank should invest in the required technologies and training of its staff in terms of usage and protocols to be observed on Facebook. Some of the reasons were also indicating towards organizational culture where the argument was that “our target audience is not that sophisticated” as put in by the Credit and Risk Management Executive. However, the main reason for customers in using these tools was that it is what the bank wanted as there were not many alternatives. The reasons cited were compatible with literature which says the choice of the tools is driven by, among other things the cost, type of message and the target audience.

It was also evident that the bank has no marketing communications policy and strategy in place. Although the bank’s management could identify some of the tools being used, some were just from common knowledge perspectives. This prompted the researcher in two of the interviews to probe if the bank had any policy on marketing communications. The bank runs the risk of non-uniformity in its marketing communications. Objectives and plans are drawn on the basis of policy provisions that spells out what can or cannot be done. It was highlighted in Chapter 2 that for successful campaigns, there should be a clear strategy and policy framework.

4.4. Use of social media by Agribank as a marketing communications tool

To understand the use of social media by Agribank in its marketing communications mix, discussion points were identified by the researcher. Key questions were designed to address the type of information intended to be collected. The questions therefore sought to understand and gather data on whether or not the bank was
using any social media platform, in what ways, and the reasons for non-participation. To corroborate these responses, the researcher also asked another question on what level of social media adoption the bank was. Table 4.4 summarises responses by its senior managers on the bank’s participation on social media.

**Table 4.5 Agribank participation on social media**

<table>
<thead>
<tr>
<th>Respondent</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Divisional Director; Strategy, Marketing and Business Development</td>
<td>No, but it is work in progress.</td>
</tr>
<tr>
<td>Divisional Director; Corporate and Executive Banking</td>
<td>Not at the moment</td>
</tr>
<tr>
<td>Credit &amp; Risk Management Executive</td>
<td>No</td>
</tr>
<tr>
<td>ICT Executive</td>
<td>Not yet but in the pipeline.</td>
</tr>
<tr>
<td>Marketing Manager</td>
<td>No</td>
</tr>
</tbody>
</table>

All respondents said that Agribank had no social media presence. The Credit and Risk Management Executive and the Marketing Manager responded with a categorical “no”. The other three managers used relative terms. The Divisional Director; Strategy, Marketing and Business Development said “the issue of the bank going on social media is work-in-progress” while the Divisional Director; Corporate and Executive Banking responded by saying “not at the moment”. The ICT Executive’s response was, “not yet, but in the pipeline”. The last three responses are loaded responses, hinting that the bank has realized the need to embrace modern methods and technologies in customer communication and interaction.

The bank’s customers indicated that they had no knowledge of the bank’s social media presence. Dicomm Advertising qualified their statement by adding that “not even any staff member”. This is an indication that the customers are expressing concern over the state of affairs. This is a negative perception which affects brand image as the absence of the bank on social networks is not in line with customer expectations. Asked what sort of information they would want to see their bank convey through social media, their responses were in synchronisation with literature
on how banks can apply social media. Their responses are summarized in Table 4.6 below.

Table 4.6 Information Agribank customers want to see conveyed through social media

<table>
<thead>
<tr>
<th>Respondent</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dicomm Advertising</td>
<td>Business terms and conditions, branch network, new developments, product testing, generating ideas</td>
</tr>
<tr>
<td>IDC Zimbabwe</td>
<td>Share, prices, rates, performance of the economy, networking.</td>
</tr>
<tr>
<td>Pioneer Seed</td>
<td>Bank products and services, useful social networking communities, soliciting ideas during product development, upcoming events.</td>
</tr>
<tr>
<td>Albert Mugabe</td>
<td>Product and service offering, supplier information, service availability.</td>
</tr>
</tbody>
</table>

Generally, customers wanted information on the bank products and services, general business conditions, branch networks, financial advisory data (e.g. exchange rates, interest rates), conveyed through the social networks. Customers indicated that they want to receive this general information without soliciting for it. One customer, Mr A Mugabe expected the bank to be proactive and disseminate information service availability, rather to let customers travel all the way to the bank to be advised that service was not available. Customers also expected the bank to facilitate networking on social media. This makes connecting with similar interest or like-minded customers easy. This brings together common interests and sharing of experience, and exchange of ideas. One example given was that Agribank could sponsor through its website, a social media community of tobacco farmers. This will attract not just a large number of tobacco farmers, but other interested parties such as tobacco contract companies, merchants, insurers and other specialists who would want to be together with these farmers. This will undoubtedly enhance the bank’s brand. Pooling such an assortment of stakeholders together also brings in an added advantage. The bank can easily solicit for the market’s contribution on
product formation and development, concepts known as crowd sourcing, and co-creation respectively.

The suggested initiatives and application of social media were in line with some of the key features, characteristics, functions, and benefits of social media as covered in the literature. Hennig-Thurau (2010), said that co-creation is a central feature of social media while the Harvard Business Review (2010), touted social media as a good platform for crowd-sourcing.

4.5. Reasons for non participation
Because the bank had no social media presence, Agribank senior management were asked to explain the major reasons. Table 4.5 is a summary of their reasons.

<table>
<thead>
<tr>
<th>Respondent</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Divisional Director; Strategy, Marketing and Business Development</td>
<td>Lack of financial resources</td>
</tr>
<tr>
<td>Divisional Director; Corporate and Executive Banking</td>
<td>Cost, nature of clients, and outdated website</td>
</tr>
<tr>
<td>Credit &amp; Risk Management Executive</td>
<td>Culture, and outdated website</td>
</tr>
<tr>
<td>ICT Executive</td>
<td>Cost, and readiness to go social</td>
</tr>
<tr>
<td>Marketing Manager</td>
<td>Budgetary constraints, and fear of bad publicity</td>
</tr>
</tbody>
</table>

All respondents cited lack of financial resources as an inhibitor on the bank’s participation on social media. They said that the bank would require a significant investment in hardware and software resources to make this happen. This was also reiterated by others when they pointed out that the bank’s website was outdated and needed to be revamped but progress was being installed by lack of funding. The Divisional Director; Corporate and Executive Banking also singled out nature of clients as part of the reasons of non-participation arguing that the bank’s types of customers were just the ordinary lot with very limited knowledge on the use of social media even in their personal lives. Culture, as an inhibitor was mentioned by the
Credit and Risk Management Executive who believed that it was part of the corporate culture not to be trendsetters in innovation but to follow others if they (management) believed there was value. The ICT Executive added that the was not ready to go social in terms of the website which is outdated and not interactive, financial resources which need to be mobilized to update the website and acquire necessary ICT resources, and setting up a dedicated team to manage the social media platform.

Although the responses were in line with literature on resistance to new ways of doing business by banks, just as in the case of internet banking when it was first introduced, there was lack of appreciation by respondents on the threats of non-participation rather than by participation. Korner and Zmmermann (2010), dwelt at length on the fact that due to the advent of social media, banks were facing the threat of changing customers’ demands unless if they adapt. They also highlighted that this flexibility affects customer loyalty among others.

4.6. Social media demographic target groups
Senior management respondents were also asked what they consider the prime social media demographic target groups. Although it had already been established that the bank was not using social media, this question was meant to gauge management’s appreciation of market segmentation. This question was mainly targeted for the two respondents in Marketing and the Divisional Director; Corporate and Executive Banking whose part of their knowledge base should include such phenomenon. Table 4.7 summarises their opinions.
Table 4.8 Targeted social media demographic groups

<table>
<thead>
<tr>
<th>Respondent</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Divisional Director; Strategy, Marketing and Business Development</td>
<td>Recent university and college graduates, university and college students, mid-layer professionals, low income groups, remote areas.</td>
</tr>
<tr>
<td>Divisional Director; Corporate and Executive Banking</td>
<td>Young generation, high net-worth individuals, women.</td>
</tr>
<tr>
<td>Credit &amp; Risk Management Executive</td>
<td>Young generation, older generation, professionals.</td>
</tr>
<tr>
<td>ICT Executive</td>
<td>Mainly young market, but other groups as well</td>
</tr>
<tr>
<td>Marketing Manager</td>
<td>12 – 40 year age groups and professional people.</td>
</tr>
</tbody>
</table>

According to Agribank senior management responses, their prime target demographic group for social media engagement is the young market, commonly known as Generation X. Other demographic groups targeted include professionals and women. The Divisional Director; Strategy, Marketing and Business Development categorized the young market as recent college graduates (under 29 years) and those still in college and university (under 24 years). The Divisional Director; Corporate and Executive Banking made a very interesting psychological comment on the key behaviour of the young market. She sees them as “thinking with a 3D mind” and therefore would identify well with social media. The Divisional Director; Corporate and Executive Banking, also pointed out women as a good target group. She says, it is not because she is also a woman, but because it has been established that women are heavy users of social networks and also the fact that “women’s social and economic life are intertwined”, so any business interacting with women on social media “achieves a 2 in 1”. The high net-worth individuals are also a good target according to the Divisional Director; Corporate and Executive Banking. This group mainly comprises of busy executives in their prime time with very little time to visit banks or read newspapers. They are likely to spare a few minutes to check into their social networks in between commitments or schedules. All other
respondents concurred with these contributions. Observations made in this section were in line with the Pew Research results on internet and social media usage.

4.7. Benefits of social media
This was a question targeted at marketing, ICT and the relationship management people. Even though Agribank was not using social media, the main objective here was to determine whether management were aware of the benefits of social media as their background requires them to do so. The following table summarizes the responses of senior management on benefits of social media to Agribank.

Table 4.9 Benefits of social media as a marketing communication tool to Agribank

<table>
<thead>
<tr>
<th>Respondent</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Divisional Director; Strategy, Marketing and Business Development</td>
<td>Cheap, wider scope, better market segmentation, increased outreach, and greater visibility.</td>
</tr>
<tr>
<td>Divisional Director; Corporate and Executive Banking</td>
<td>New opportunities, favourable perception, convenience, and cost effective.</td>
</tr>
<tr>
<td>Credit &amp; Risk Management Executive</td>
<td>Better perception, new markets, better segmentation, cheaper, better outreach, and faster.</td>
</tr>
<tr>
<td>ICT Executive</td>
<td>Convenient, increased outreach, easy and faster, cheaper, and better perception.</td>
</tr>
<tr>
<td>Marketing Manager</td>
<td>Customer intimacy, increased outreach, fast, better image, and increased opportunities.</td>
</tr>
</tbody>
</table>

Common benefits cited by respondents were cost effectiveness (cheaper), increased outreach, better market segmentation, new business opportunities, convenience, favourable perception, and speed of communication (faster). Chapter 2 highlighted that the central objectives of social media strategy should be increased sales, awareness, and increased loyalty. The benefits highlighted by respondents were in line with available literature. Customers were also asked what they understand as benefits of using social media. Their responses are summarized in the following table.
Table 4.10 Key customer benefits of social media engagement

<table>
<thead>
<tr>
<th>Respondent</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dicomm Advertising</td>
<td>Better availability of information, flexibility, instant feedback, reduced costs, and better voice.</td>
</tr>
<tr>
<td>IDC Zimbabwe</td>
<td>Low transaction costs</td>
</tr>
<tr>
<td>Pioneer Seed</td>
<td>Uncensored information exchange, flexibility, networking, and cheaper.</td>
</tr>
<tr>
<td>Albert Mugabe</td>
<td>Convenient, cheaper, faster, and networking.</td>
</tr>
</tbody>
</table>

The customers are aware of the benefits emanating from social media engagement. They clearly identified these benefits as convenience, cost effectiveness, flexibility, ease and fastness, and networking capabilities of social media. However, there were two responses from Dicomm Advertising and Pioneer Seed which deserve singling out. Dicomm Advertising pointed out that social media gives customers a better voice. This is because the customer now has the ability to start a conversation with his bank. Control its direction and tone, and also can decide when it can be ended. This was not the case with conventional tools as they were controlled by the bank. Pioneer Seed added that customers now enjoy uncensored exchanges or conversations with the bank. Conventional tools had rigid rules of engagement as stipulated by those controlling them. For instance, when given an opportunity during a market survey, the customer opinion expressed always runs a risk of being watered down or diluted by the consultant or the Marketing Department to tone the opinion down to some business level. Today, customers make direct comments and can influence the behaviour, decision and attitude of the bank. The BP Oil case is referred to. This improves customer loyalty.

Literature revealed that customers also stand to benefit from the use of social media by their banks. Some of the benefits were in the form of advantages such as the facilitation of the voice of the customer. Customers now have the power to control conversations and influence decisions.
4.8. **Social media success factors**

This question was asked in full recognition of the fact that Agribank was not using social media. The rationale of asking the question was to establish what the respondents thought was required to make social media successful. The question was earmarked for people with marketing and IT background. The responses are summarized in Table 4.10 below.

Table 4.11 *Social media critical success factors of Agribank*

<table>
<thead>
<tr>
<th>Respondent</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Divisional Director; Strategy, Marketing and Business Development</td>
<td>Planning, understanding market dynamics, continuous website updates, and sound social media governance system and structures.</td>
</tr>
<tr>
<td>Divisional Director; Corporate and Executive Banking</td>
<td>Management buy-in, sufficient investment in social media, and training.</td>
</tr>
<tr>
<td>Credit &amp; Risk Management Executive</td>
<td>Availability of resources, and commitment.</td>
</tr>
<tr>
<td>ICT Executive</td>
<td>Market segmentation, monitoring and responding to conversations, continuous website update, connectivity and security.</td>
</tr>
<tr>
<td>Marketing Manager</td>
<td>Security, management buy-in, culture change, and adequate investment in social media.</td>
</tr>
</tbody>
</table>

All respondents identified a number of the critical success factors. Management buy-in, sufficient investment in social media, availability of resources, and ensuring a secure environment, were the social media critical success factors which all respondents singled out. The Divisional Director; Strategy, Marketing and Business Development said key for him was the issue of planning, governance structures and understanding of market dynamics. On continuous website updates, he shared the view with the ICT Executive. Basing on her customer relationship management (CRM) role, the Divisional Director; Corporate and Executive Banking singly pointed out training of users and other internal resource persons. The ICT Executive added monitoring and responding to conversations, market segmentation and connectivity. The Marketing Manager believed culture change should also be on the agenda.
Planning pointed out by the Divisional Director; Strategy, Marketing and Business Development, although not a critical success factor in terms of literature, is inherent in the entire process. The critical success factors given were as per literature.

4.9. Challenges faced by Agribank in using social media

Even though the bank had no experience of social media to talk of the challenges, this question was included as a way of finding out if management was aware of the challenges of social media. On the downside of social media, Table 4.12 summarizes responses from the interviews.

*Table 4.12 Social media challenges for Agribank*

<table>
<thead>
<tr>
<th>Respondent</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Divisional Director; Strategy, Marketing and Business Development</td>
<td>Security and negative comments.</td>
</tr>
<tr>
<td>Divisional Director; Corporate and Executive Banking</td>
<td>Time wasting and loss of control.</td>
</tr>
<tr>
<td>Credit &amp; Risk Management Executive</td>
<td>Time wasting, loss of control, and fast dissemination of negative information.</td>
</tr>
<tr>
<td>ICT Executive</td>
<td>Exposing weaknesses and shortcomings, overplaying challenges, and loss of control.</td>
</tr>
<tr>
<td>Marketing Manager</td>
<td>Fast pace technological changes, loss of control, fast dissemination of negative information, and security.</td>
</tr>
</tbody>
</table>

Respondents exhibited limited knowledge of the risks of social media. Most responses were based on general information. Despite the limited knowledge, the responses were not outside literature coverage.

Most interviewees exhibited fear of losing control of conversations which has the potential of damaging brands overnight. The Credit and Risk Management Executive made reference to the famous BP Oil spill case in which the BP CEO, Tony Hayward
eventually resigned. The CEO had tweeted, “I’d like my life back” following a round of personal and professional criticism on how he was handling the disaster. Time wasting, security concerns, and exposure of weaknesses and shortcomings to the entire world were also among the risks identified by respondents.

4.10. Summary of findings
The following is a list of key findings.

1. Agribank uses the traditional, one-to-one or one-to-many models of marketing communications.

2. The bank does not use social media in its marketing communications.

3. Agribank management were aware of social media benefits

4. The bank’s management was also conversant with what should be done to make social media successful.

5. The bank fully understood the challenges it faces in using social media.

4.11. Chapter Conclusion
Chapter 4 detailed the findings and extensively discussed them. These findings were related to literature to unravel underlying meanings and implications of these responses from the data collected through semi-structured interviews. The data was collected through the research methodologies discussed in Chapter 3. These methodologies were influenced by the direction of existing literature as covered in Chapter 2 and the research objectives and questions in Chapter 1. The next chapter summarises the whole research project and offers appropriate recommendations.
CHAPTER 5: CONCLUSION AND RECOMMENDATIONS

5.1. Introduction
This chapter wraps up this research by evaluating whether the research objectives set out in Chapter 1 have been achieved or not testing the proposition of the research. This is done using results from data analysis in Chapter 4. Recommendations and areas of further study are also proposed.

5.2. Marketing communications mix employed at Agribank
The bank only uses conventional or traditional one-to-many tools in its marketing communications mix as established in Chapter 4. This is against current trades of embracing the many-to-many tools Cronin, (2009), which allow more of dialogue between the bank and its customers than a one way communication. The fact that customers only used the one-to-many tools not out of choice but because that’s the only way to communicate with their bank indicates that the bank constraining and confining its customers to the bank’s preferred model which is now outdated and becoming increasingly inefficient. Literature has shown that there is preference to the many-to-many models of communication. There is therefore a huge probability that a significant portion of the market is shunning Agribank due to this reason.

Customer relationship management, a core principle and strategy in service industries, calls for at least a match between customer expectation and service delivery or offering. Ideally, customer expectations should be exceeded.

It was also evident that the bank has no marketing communications policy and strategy in place. Although the bank’s management could identify some of the tools being used, some were just from common knowledge perspectives. This prompted the researcher in two of the interviews to probe if the bank had any policy on marketing communications.
5.3. **Use of social media in Agribank marketing communications**

The bank has no social media activity. Marketing communications strategies always require a diversified mix to cater for different customer categories and not a 'one size fits all' approach. The limited options at Agribank disenfranchises some sections of the market and worse still, with market preference now moving towards easy, ubiquitous channels, it would be extremely difficult for the bank to effectively stay in touch with its customers as there will be an inherent disconnect.

5.4. **Benefits of social media to Agribank**

The responses by Agribank senior management demonstrated that they are aware of these benefits, even if the bank is not using social media. A number of benefits to both the bank and its customers were identified and evaluated in the results chapter. The bank is denying both itself and customers to enjoy these benefits for no plausible reason. History has demonstrated that you cannot stop or avoid technological advancement and innovation, but can only wise-up and adapt accordingly. These benefits actually outweigh the value of the legacies the bank is running on at the moment.

5.5. **Critical success factors**

Although the bank is not using social media, management is fully aware of what is required of the bank to be successful on social media. The most critical of all factors identified in the case of Agribank is management buy-in. All other factors depend on it. Management is charged with commitment of resources and decision making on behalf of the company. Therefore, gaining top management support facilitates all other factors.
5.6. Risks faced by Agribank in using social media

Indeed, it was clearly demonstrated in the findings and results that there are potential high impact risks in the bank using social media and these threaten its existence. However, risks are inherent in banking or any business. The answer is not avoidance but coming up with robust and sufficient risk mitigation strategies. One of the chief risks in banking is credit risk, (default risk by borrowers) but banks still lend and at increased levels. There is no justification in citing risk as a reason for not following its customers on social media.

5.7. Specific Conclusion

Therefore, this study concludes that social media enhances marketing communications. This is evidenced by the fact that all objective tests were negative because Agribank is not using social media as part of its marketing communications tools. If it was using this tool, most if not all the comments would have been in the affirmative.

5.8. Recommendations

In today’s competitive world, marketing is a game changer in business. Competitive advantages are becoming fewer and fewer, but yet more important. The social media marketing communications mix model by Castronovo and Huang (2012) in Chapter 2 is recommended. Agribank should start at the analytics level, and then move to engagement and defense. Specific actionable recommendations are given below.

5.8.1. Customer survey on changing tastes in communication models

The bank should carry out a full market survey to establish how their customers have adapted to social media and other technological innovations. This will assist the bank in crafting better and customer driven marketing communications strategies. Assuming that their customers are not sophisticated and therefore may not be using social media could be misleading. There is now a wide network
coverage of telecommunications across the country including the farming and rural communities where the bank has its stronghold.

5.8.2. Crafting of policy framework on marketing communications
The bank needs to urgently drawn up policy guidelines on its marketing communications. This will help it to have better co-ordination of all marketing communications efforts. There could be total confusion throughout the bank’s units and marketing in particular about the bank’s marketing philosophy and thrust. The 5 year strategic plan where there is an attempt to formalise marketing activities is a high level document that should be reduced to a policy and procedure level.

5.8.3. Adoption of social media
It is high time that Agribank revisits and revises its marketing communications strategies. Given the benefits of social media highlighted in the findings, this is one way of arresting the declining market share the bank is experiencing. The adoption of social media can be done on a graduated approach using the following suggested options.

5.8.3.1. Bystander approach
The bank should start from a bystander approach where it just collects data and uses social media for analytics to study and understand social media activity. In the process, it can then define and identify its target audience for engagement. This way, it can assess and plan resource requirements.

5.8.3.2. Selective engagement
Next, the bank then uses a selective engagement process where top management establish official presence on social media and link up with key customers at executive level. This can be done through non sophisticated platforms such as LinkedIn. This approach facilitates management buy-in and consequent commitment of resources if managed properly. The risk is of course, if the pilot project flops, the entire strategy may never see the light of the day.
5.8.3.3. Building communities
Building from 5.7.2, the bank then moves a gear up and starts fostering social media communities (building communities), e.g. starting a social media community for tobacco farmers where the bank will be constantly posting news on tobacco farming depending on the time of the season. The bank will also be constantly updating farmers on average selling prices and quantities of sales at national level during the tobacco selling season. This will ensure viral marketing through creation of a “buzz” which, in itself, increases Agribank brand visibility and perception.

5.8.3.4. Open up to other Staff
At this juncture, Agribank would then also open up its website or encourage its own staff members to use social media platforms for business, before a full social media marketing communications roll out. The bank has all managers and other key non-managerial staff who enjoy bank cell phones. These can be the initial targets for mobile interactions. This will increase the outreach and the viral nature of social networks will do the rest.

5.8.4. Critical success factors
The bank should also investigate what other banks identify as social media critical success factors.

5.9. Study Limitations and areas of further study
This research was a single case study which obviously suffers from the inherent limitation on generalization. To be able to generalize, a further industry wide research on the same concepts and objectives should be conducted industry wide. This will also even assist policy formulation and regulatory activity at supervisory level (i.e. the Reserve Bank of Zimbabwe). Further research can also be done to investigate other areas of application for social media such as Human Resources and supply chain management.
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APPENDIX I: INTERVIEW QUESTIONNAIRES

1. Agribank Senior Management (internal)

Name ...........................................................................................................
Position ........................................................................................................
Length of Service at Agribank ...........................................................................
Years of experience in banking .........................................................................

Question 1 – Marketing communications mix employed

a) Please explain the types of marketing communications tools used by Agribank

(Marketing communications are means by which companies convey information and messages to their target audience)
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b) Please explain the reasons for this marketing communications strategy

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Question 2 – Use of Social media platforms
a) Does the bank use any social media platform as part of its marketing communications tools and why? (Social networks or social media are internet based communication and interaction platforms such as facebook, twitter, LinkedIn, foursquare etc.)

b) If answer to 2 (a) above is yes, please explain in what ways Agribank employs social media in marketing communications?

c) If answer to 2 (a) above is no, what could be the reasons for non participation?

Question 3 – Benefits of social media
Describe what you consider to be the benefits to Agribank from using social media as a marketing communications tool

Question 4 – Social media target

Explain what you believe to be the primary target demographics of social media in marketing communications

Question 5 – Social media critical success factors

What do you consider as critical success factors, *(things an organization must do right to be successful)*, for Agribank’s social media strategy?

Question 6 – Challenges of social media
What are the major risks/challenges Agribank faces in using social media for marketing communications?

THE END
2. Key customers (External)

Name .........................................................................................................................

Occupation/Nature of business .....................................................................................

Age/Established since ......................................................................................................

Years of banking with Agribank ......................................................................................

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**Question 1 - Type of marketing communications mix**

3. How often do you communicate with your bank (Agribank) and what are the methods/channels of communication?

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4. Please explain your reasons for the choice in question 1 (a) above?

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**Question 2 – Use of social media platforms**
a) Explain the extent to which Agribank communicates with you through any social networks such as facebook, twitter, LinkedIn, foursquare etc.

Question 3 – Benefits of social media

Explain the advantage(s) or benefits you perceive in engaging your bank or your bank communicating via social media

Question 4 – application of social media

Please explain what sort of information you would want to see Agribank convey to you through social media and why

THE END