

## **Efficacy of Products Marketing Strategy on the Performance of United Bank of Africa, Plc in South-Western Nigeria**

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### **Abstract**

*This study examines the efficacy of Product Marketing Strategy on the performance (bank deposit) of UBA PLC. The secondary data was generated from the records of the published of UBA Brochure in the selected branches. Both descriptive and inferential statistics were used to analyse the data generated from the published brochure, using table multiple presentations and regression technique. The association between the product marketing strategy and the bank deposit profile showed a significant relationship with a Multiple R-value of 0.92 while the individual correlation of the identified product marketing strategy with the bank deposit were 0.860 (No wahala loan), 0.750 (customer kinsmen), 0.923 (Asset Finance), 0.440(Executive Loan) and 0.515 (Borderless banking). These values were higher than the critical table value at 5 percent level of significant. The regression analysis revealed a multiple determination ( $R^2$ ) of 0.84.8 percent variation.*

**Key Notes:** Asset; Customer's kinsman; Boarderless banking; No wahala loan; Executive Loan

### **Introduction**

The marketing strategies in the Nigeria Banking industry has witness tremendous changes since the post consolidation era of the industry. Several marketing strategies have been employed by different s with the sole aim of increasing the bank deposits base. Marketing strategies was viewed by Roger (2002) as the techniques employed by management to identify anticipate and satisfy customer requirement profitably. When successful, they are expected to be executed as an established marketing strategy. However, when the results are disappointing, a change or turnaround strategy may be called for in order to help performance get back on track. In such cases, performance diagnostics are needed to identify turnarounds and to quantify the role of marketing strategies shifts in this process. This study proposes a framework for diagnosing and identifying the various form of product marketing strategy available to UBA Plc. with a view to analyzing the marketing effect on UBA deposit base.

### **Marketing Plan**

Nowadays, Marketing has to face some situations that the new business environment brings with it. One of them is related to the evolution of business atmosphere from Marshall Economy labelled as bulk-processing (Arthur 1996) to the Positive Feedback Economy known as the increasing returns (Arthur 1989, 1990, 1999) as well as the knowledge-processing.

In addition, the second situation is linked to the operational and business unit level that Marketing take up in the organization (Ambler 2000). The last situation is connected not only with the increasing expectative of the board to get short-term profits but also with the rising relevance of the financial perspective on the top management (Webster et al. 2003). The Resource Based View (RBV) recognizes the importance of a firm internal organizational resource as determinants of the firm's strategy and performance (Barney 1991; Grant 1991; Wernerfelt 1984). Barney (1991) defines the term internal organizational resources as all assets, capabilities, organizational processes, firm attributes, information, knowledge, that are controlled by a firm and that enable it to envision and implement strategies to improve its efficiency and effectiveness.

Although the RBV recognizes that a firm's physical resources are important determinants of performance, it places primary emphasis on the intangible skills and organizational resources of the firm (Barney 1991 Collis 1991). Some intangibles resources of the firm are the market-assets (Srivastava, et al. 1998) such as customer satisfaction and brand equity. Market research can provide small business owners with the information they need to answer a wide range of questions, including: Who are my customers? Where are they located? How much and how often will they buy? And what product attributes do they prefer? Given the importance of market research—and its potential cost—experts recommend that businesses follow a step-by-step approach in order to gain the most benefits from their research activities.

The first step in the market research process is to define the marketing problem to be addressed. Next, a marketer should determine what information is needed to solve the problem, as well as what sources should be used to acquire the information. Many businesses make a preliminary investigation at this early stage in order to give their definition of the problem more focus and to develop tentative answers that can be tested during the next stage of the process. The third step involves planning the research. This step includes selecting the techniques to be used for gathering data and deciding on an appropriate group, or sample, to be included in the research. Fourth, a marketer actually gathers the necessary data. The fifth step involves analyzing and interpreting the information that has been gathered. Finally, the marketer reaches a conclusion about the marketing problem and translates the findings into changes in the firm's overall marketing strategy.

### **Marketing Impact and Marketing Efficiency**

There are three general types of market research suppliers that can assist small businesses with one or more steps in the above process. Some firms specialize in conducting overall market research that they release to a variety of clients for a fee. This type of firm includes syndicated services such as A.C. Nielsen and Company, which provides viewership ratings for national television programs. There are also custom market research firms that handle all aspects of the process, from defining the marketing problem and designing research techniques to evaluating results and formulating new marketing strategies. In contrast, smaller, specialty line suppliers usually concentrate on one aspect of the process. Marketers who wish to secure the services of a market research firm usually obtain bids from a number of suppliers. The following sections provide more information about the various types of market research that such suppliers perform.

The drive to grow the deposit base of banks among the healthy competition witnessed in the banking industry is no longer news. The quest is evidence from the fact that size of a bank deposit base is not only a notable pedigree for active banking activities but also strong criteria to becoming a global player. To achieve this objective various strategies have been employed by different banks with committed huge resources. The fundamental subject of controversy is how effective are this strategy. Managers are constantly faced with problem of how best to evaluate the strategy of achieving a desired deposit base and how to identify the strategy that has significant impact on the deposit base.

Arising from this, the study seek to address the following research

- i. What are the marketing strategies employed by United Bank for Africa (UBA)?
- ii. Is there any relationship between UBA marketing strategies and the performance (deposit base] of UBA bank PLC?
- iii What are the effect of the marketing strategy on the performance (deposit base) of UBA Bank PLC.

Trailing behind this, the broad objective of the study is to examine the efficacy of UBA marketing strategy on the performance (deposit base) of the UBA. Hence, the specific objective is to:

- i. identify the product marketing strategy employed by UBA PLC;
- ii. ascertain the relationship between UBA product marketing strategy and performance (bank deposit) of UBA PLC and;
- iii examine the effect of the product marketing strategies on the performance of the bank.

### **Methodology**

The study was carried out in selected branches of United Bank for Africa in South-western Nigeria. The choice of the bank was due to the historic mega -merger that brought two prominent banks together [UBA and STB]. The choice was also influenced by the fact that the bank has the largest branches in Nigeria and its prevalence proximity as such access to data for the study was easily facilitated.

The entire marketing product of the bank, the deposit base of the bank as well as the marketing staff of the bank constituted the population of study. The data for the study (No wahala loan, Asset finance, Executive loan, Borderless Banking, Customers kinsmen and Bank deposit) was sourced from UBA brochure in the selected branches of the bank within a period of January 2009 – June 2011.

The study adopted time series techniques due to nature of the data which is parametric in nature. For the purpose of this study, five key variables were identified as the predictors of the bank deposit (No wahala loan, Asset finance, Executive loan, Borderless Banking, Customers kinsmen and Bank deposit).

### **Method of Data Analysis**

Descriptive Statistics which involves tables was used to describe the observations. Economic and statistical and economical criteria which involve correlation and regression were used for the analysis. The choice of the model was due the parametric nature of the data. Pearson product moment was use to evaluate the relationship between the independent ariable and dependent variable. Regression equation was also introduced to explain the effect of the explanatory variable (No Wahala Loan, Asset Finance, Executive Loan, Borderless Banking, and Customers Kinsmen) on the dependent variable Bank deposit.

Mathematical function specified to determine the bank deposit and list of regressors (No Wahala Loan, Asset Finance, Executive loan, Borderless Banking, and Customers kinsmen) are:

$$Y = F (X_1, X_2, X_3, \dots X_n)$$

Where Y = bank deposit

X<sub>1</sub> = Asset Finance

X<sub>2</sub> = Boarder Less banking

X<sub>3</sub> = No Wahala Loan

X<sub>4</sub> = Executive loan

X<sub>5</sub> = Customer kinsmen

### **Result and Discussion**

Inferential analysis of the efficacy of product marketing strategy on the performance of selected UBA Branches whereby Correlation analysis was used to test significant relationship between UBA deposit profile and UBA product marketing strategy.

Table 1 shows a strong positive relationship between NO WAHALA loan and the deposit profile of UBA. The relationship had a strong correlation of 0.860 which was significant at 0.01 level of significant. Customer's kinsmen also had a correlation of 0.730 with UBA deposit profiles. This is an indication of a strong relationship with the UBA deposit profile which was also significant 0.01 level of significant. Asset Finance also displayed a strong relationship at 0.923 which was significant at 0.01 level of significance. Executive loan on the other hand had a lower positive relationship of 0.444 with UBA deposit profile which was significant at 0.05 level of significant. This may be due to the low level of awareness giving to the package which was targeted towards top management staff of organization. Borderless banking a: 'ad a positive relationship of 0.515 with UBA deposit base which was significant at 0.05 level of significant. Board less banking was an effective strategy that aid in the enrichment of the bank deposit profile. The result in Table 2 shows the effect of each product marketing strategy on the UBA deposit base "No Wahala" loan was found to have contributed positively to UBA plc deposit base.

The coefficient of No wahala was 3.464, which means that for every increase in the patronage of No wahala loan scheme UBA deposit profile will increase by 3.464 with a significant t-value 2.249 which was significant at 0.01 level of significant. This may be due to high level of convenience and satisfaction the scheme has to offer. It could also be traced to the level of awareness the scheme has received from the customer. Customer's kinsman was also found to have contributed positively to the deposit profile of the bank with a t- value of 1.141 which was statistically significant at 0.05 levels significant. The effect was that every increase in the number of major customer kinsmen present as employee in the bank, corresponding 2.421 increases in the deposit profile of the bank is imminent. Hence the commitment of the major client to the development of bank as a result of the employment offered their kinsman has no doubt boosted the deposit profile of the UBA. Executive loan though had a positive contribution on the bank deposit profile but at a very low effect of 0.296 which implies that every effect of executive loan can only transformed the UBA deposit profile by 0.296 and this was evidence from the level of Significance of 0.05 and a t-value of 1.541. The low contribution of this scheme may be due to the fact that the scheme was tailored towards top management of organization who are not many and may not likely need the loan facilities.

Asset finance product marketing strategy from the table above had a strong effect on UBA deposit profile with a coefficient of 3.954 which was significant at 0.01 levels. Asset finance scheme had the tendency of supporting an increasing in the deposit profile of UBA by 3.954 for every increase or change in its effort. This effect was significant at 0.01 level of significant with a t-value 2.45. The significant contribution of asset finance to UBA deposit profile may be due to the ease of acquiring assets which the scheme has offered UBA numerous customers and probably the duration of repaying the principal with low interest rate which was designed to favour the convenience of the customers.

Borderless banking was also an effective strategy that facilitates the growth of UBA PLC deposit base. For every attempt by UBA PLC to source fund from outside its domain the deposit profile of UBA will also increase by 2.967 this was also significant at 0.01 % level of significant with a t—value of 2.001. These contribution was as a result of the banks aggressive marketing strategy of reaching out to customer even at their place of duty just to ensure that their fund get to the bank. This approach encourages the customers to patronize the bank because the frequent visit of the marketers gives the customer a sense of recognition and security. Table 2 further indicates that the entire product marketing strategy of UBA accounted for 84.8% variation in UBA deposit base. This contribution was significant at 0.01 level of significant with an f-value of 187.9.

### ***Summary and Conclusion***

The study identifies various problems confronting marketing of product in the banking industry it identifies among other things problems of identifying the best marketing strategy that will boost the bank deposit profile. It further identifies the problem of how to measure the effect of available product marketed to customer in the banking industry. It also seeks to evaluate the controversy that product marketing has no significant effect or contribution to the deposit profile of the bank.

In other to address these problems the study identifies the available product marketed by UBA with a view to evaluating their contributions to the banks deposit profile. Two hypotheses were postulated to examine the relationship between UBA product marketing strategy and UBA deposit and to evaluate the effect of the product marketing strategies on the performance of UBA PLC. In attaining this objective records of individual product strategy were sourced from UBA brochure of selected branches South-western Nigeria. The records of UBA deposit base was also sourced from the selected bank branches. Correlation and regression analysis was used to examine the relationship and effect of the product strategy on the bank deposit profile

The findings of the study revealed that there was a positive relationship between the product marketing strategy of UBA and UBA deposit profile, further findings revealed that the product marketing strategy has significant effect on the deposit base UBA.

Following the findings of the study it was concluded that, UBA Products Marketing strategy was found to have significant relationship with the bank deposit base; asset finance package has the highest significant positive effect on the bank deposit base whilst, executive loan package, though significant had a low contribution on the bank deposit profile and the entire product market strategy were found to have accounted 84.8% variation on the bank deposit base.

Thus, based on the findings and conclusion of the study, it was recommended that:

- (i) More effective Product capable of sustaining and enhancing the bank deposit profile should be developed.
- (ii) Periodic review of the existing product marketing strategy should be encouraged for control and effective performance.
- (iii) Executive Loan package should be review with primary aim of expanding its targeted customers to also include lower level managers.
- (iv) Adequate and effective publicity should be given to all the product marketed by the bank.

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**Table 1: Correlation result of the relationship between UBA Product Marketing Strategy and UBA Bank Deposit.**

Variable	Bank Deposit	No Wahala Loan	Customers Kinsmen	Asset Finance	Executive Loan	Borderless Banking
Bank deposit	1.000					
No-wahala loan	0.860**	1.000				
Customer kinsmen	0.730**	0.553*	1.000			
Asset finance	0.923**	0.645**	0.413	1.000		
Executive loan	0.444*	0.370	0.238	0.416	1.000	
Borderless banking	0.515*	0.491	0.388	0.667**	-0.89	1.000

\*\*Correlation is significant at 0.01

\*Correlation is significant at 0.001

Source: Data analysis 2011

**Table 2: Result of the Multiple Regressions Between Uba Products Marketing Strategy and Uba Plc Deposit**

Predictors constant	No wahala loan	Customer kinsman	Executive loan	Asset finance	Borderless banking	R <sup>2</sup>	F-value
Parameter	56.418	3.464	2.421	0.296	3.954	2.967	0.848 187.9**
t-value	22.220**	2.249**	1.141*	1.541*	2.45**	2.001**	
Std. Error	2.5413	1.540	2.122	0.192	1.614	1.483	

\* Significant at 0.05

\*\* Significant at 0.01

Source: Data analysis 2011