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Marketing Strategies and Bank Performance in Nigeria: A Post-Consolidation Analysis

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ABSTRACT
This paper examines the effect of marketing strategies on banks performance in the Nigeria consolidated industry using fifteen of the twenty consolidated banks in Nigeria. Qualitative data were sourced through the administration of structure questionnaire while the quantitative data were sourced from the Central Bank of Nigeria publications and the Nigerian Stock Exchange fact book. The quantitative data were transformed to quantitative data with the use of Likert scale. The Ordinary Least Square estimation technique was employed for analysis while the Marketing Efficiency Model Approach was adopted and modified to suit the Nigerian context. The findings in this study shows an overall significance of the marketing variables adopted, although not much effect is seen when a marketing variable is compared with bank performance in isolation of other variables. The coefficient of multiple determinations of about 71% and 56% for the models formulated showed that the explanatory variables reasonably explained the behaviour of the explained variables; the F-statistic results revealed that both models were adequate and significant. It was recommended among others that Banks should embark from time to time on marketing research and should compare the different marketing techniques to access the success and the failure of such strategies in the industry. Apart from these, banks are also encouraged to be more customers-focused and embrace relationship marketing rather than transaction marketing as well as embark on effective management of depositors' funds.
Keywords: Marketing Strategy, Marketing Efficiency Model, Banking Reforms, Ordinary Least Square Estimation Technique, Marketing Mix.

1.1 BACKGROUND OF THE STUDY

A market-focused organization first determines the potential customer's desire, and then builds the products or services. Marketing theory and practice are justified in the belief that customers use a product or service because they have a need, or because it provides a perceived benefit (Kotler and Keller, 2006). Two major factors of marketing are the recruitment of new customers (acquisition) and the retention and expansion of relationships with existing customers (base management. For marketing plan to be successful, the mix of the four "Ps" must reflect the wants and desires of the consumers in the target market. Trying to convince a market segment to buy something they do not want is extremely expensive and seldom unsuccessful. Marketers depend on insights from marketing research, both formal and informal, to determine what consumers want and what they are willing to pay for. Marketers hope that this process will give them a sustainable competitive advantage (Meldan, 1984). The study of Akinyele (2011) for the oil and gas sector in Nigeria suggest that strategic marketing is a driver of organizational positioning in a dynamic environment, and that it helps to enhance the development of new product/service for existing markets.

Banks offer a wide range of financial services, to personal and business customers; some of these services which are bank account, guarantorship, and investment adviser are needed by an appreciable number of customers, but many other financial services such as import/export services, money transfers, credit cards and so on have to be brought to the attention of potential users, who then must be persuaded to use them (Abolaji, 2009, Eckie, 1973). Many services offered by banks are also offered by 'rival' organisations. Building societies have developed customer accounts which are similar in many ways to a bank account. Thrift and cooperative societies provide lending services to their numerous members and indirectly to the society at large. Solicitors act as executors, and trustees and accountants give advice and so on. Banks not only compete with each other but also have to contend with challenges from other types of organisation in the market (Soyinbo, 1988). To do this successfully, bankers need an understanding of the process of marketing which will aid in improving banks performance. Marketing is an area of activity infamous for re-inventing itself and its vocabulary according to the times and the culture.

The major problem in the Nigeria banking industry is that bank services are still lacking in so many spheres in Nigeria,yet the banks perception of marketing has not shifted from mere advertising until recently as a result of stiff competition brought about by reforms.Banks fail to focus on marketing research and new product development that could attract the unbanked thereby leading to inadequate exploitation of its benefits as well as not giving appropriate value to the banking public. The study will focus on the relationship betwwen marketing strategies and banks performance. Thee objectives of this study are to examine the effect of marketing strategies on bank performance, identify the problems facing marketing of banking services with the aim of providing solutions and to examine the marketing strategies of banks with the view to establishing its effectiveness.

2. LITERATURE REVIEW

Banking sector reforms and consolidation all over the world are predicted upon the need for repositioning of the existing state of affairs in the sector in order to attain an effective and efficient status. This is more so in the developing nations like Nigeria where the banking sector has not been able to effectively provide the needed funds and services for the development of the real sector as expected. Hence, banking reforms become inevitable in the light of the global dynamic exigencies and emerging landscape. Consequently, the banking sector, as an important sector in the financial landscape needs to be reformed in order to enhance its competitiveness and capacity to play a fundamental role of financing investments. The Nigerian experience indicates that banking sector reforms are propelled by the need to deepen the financial sector and reposition it for growth; to become integrated into the global financial architecture; and evolve a banking sector that is consistent with regional integration requirements and international best practices.

Bank consolidation is viewed as the reduction in the number of banks and other deposit-taking institutions with a simultaneous increase in size and concentration of the consolidated entities in the sector. It is mostly motivated by technological innovations, deregulation of financial services, enhancing intermediation and increased emphasis on shareholder value, privatization and international competition (Berger, N. Allen., (1998); De Nicolo and Gianni 2003; IMF, 2001). The nexus between consolidation and financial sector stability and growth is explained by two polar views. Proponents of consolidation opine that increased size could potentially increase bank returns, through revenue and cost efficiency gains. It may also, reduce industry risks through the elimination of weak banks and create better diversification opportunities (Berger, 2000,). On the other hand, the opponents argue that consolidation could increase banks' propensity toward risk taking through increases in leverage and off balance sheet operations. In addition, scale economies are not unlimited as larger entities are usually more complex and costly to manage.

Banking reforms involve several elements that are unique to each country based on historical, economic and institutional imperatives. For example, in the reforms in the banking sector proceeded against the backdrop of banking crisis due to highly undercapitalization of state owned banks; weakness in the regulatory and supervisory framework; weak management practices; and the tolerance of deficiencies in the corporate governance behaviour of banks (Gyargy Szapáry, 2001). In the Yugoslav economy, banking industry restructuring was motivated by the need to establish a healthy banking sector that will carry out its financial intermediation role at a minimal cost; effectively provide services consistent with world standards and which will involve foreign financial institutions; and banks privatization as the ultimate goal. The central focus was to shore up the capital base of banks consolidated through mergers and take overs of local banks and selection of strategic investors for additional capitalization. Specifically, foreign banks permeated the industry exclusively by providing additional capitalization through investment in the existing infrastructure, particularly new banking products and operating technologies and buying shares of the existing banks. Also, the banking sector reforms and consolidation in Japan involved the reform of the regulatory and supervisory framework, the safety net arrangements, as well as mechanisms to speed up attempts at resolution of banks' non-performing loans. From the above, it is obvious that the fundamental objective of banks consolidation is the repositioning of the banking industry to attain an effective and efficient status that will promote economic development. Consequently, consolidation has increased the level of competition in the industry and this in turn has increased the marketing activities in the Nigerian banking industry as well as other nations of the world.

2.1 MARKETING STRATEGY MODELS

Various models and have been developed emperically to analyse the impact of marketing strategies on corporate performance. Some of these empirical studies are reviewed below:

The Resource Based View (RBV)

This model recognizes the importance of a firm's internal organizational resources as determinants of the firm's strategy and performance (Grant 1991; Wernerfelt 1984,). Grant (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 (Collis, 1991). Some intangibles resources of the firm are the market-assets such as customer satisfaction and brand equity.

The Dynamic Capabilities Model

The Dynamic Capabilities view strengthens the RBV, it emphasis on how combinations of resources and competences (Teece et al., 1997) can be developed, deployed and protected. The factors that determine the essence of a firm's dynamic capabilities are the organizational processes where capabilities are embedded, the positions the firms have gained (e.g. assets endowment) and the evolutionary paths adopted and inherited. Based on this perspective, the marketing factors that determine the competitive advantage are marketing efficiency resulting from the marketing organizational process and the endowments of market assets that has generated such as customer satisfaction and brand equity, i.e. marketing positions.

In the context of global competition, RBV and Dynamic capabilities theory suggest that historical evolution of a firm (accumulation of different physical assets and acquisition of different intangible organizational assets through tacit learning) constrains its strategic choice and so will affect market outcomes (Collis, 1991). According to Douglas and Craig (1989), the development of a Marketing Strategy is carried out during the stage of global rationalization. It means that the firm has had to take the step of initial foreign market entry and expansion of national markets during its process of internationalization. Consequently, in the two previous stages, the firm learned and accumulated not only different physical assets but also different intangible organizational assets; likewise, it faced and took risks in different and complex market contexts. This process of learning affected its performance.

Marketing Impact Model

The need for measuring marketing impact is intensified as firms feel increasing pressure to justify their marketing expenditures (Gruca and Rego 2005; Rust et al., 2004; Srivastava et al., 2001). Accordingly, marketing practitioners and scholars are under increased pressure to be more accountable for showing how marketing activities link to shareholder value. It is important to know that marketing actions, such as packaging, brand name, density of the distribution channel, advertising, permanent exhibitions, sponsoring, press bulletins, among others (Van Waterschoot and Van den Bulte, 1992) can help build long-term assets or positions as brand equity and customer satisfaction (Srivastava et al., 1998). These assets can be leveraged to deliver short-term profitability and shareholder value.

Marketing Efficiency Model/ Data Envelopment Analysis (DEA)

The other way by which research in Marketing has faced Marketing performance is related to efficiency. Charnes, Cooper and Rhodes (1978) define the efficiency as the comparison among firms of the ratio of outcomes over the inputs required to achieve them. On the other hand, Sheth et al. (2002) define marketing efficiency as the ratio of marketing output over input. Sheth and Sisodia (1995) in referring to their definition of marketing productivity, include two of the dimensions, efficiency as well as effectiveness, i.e. getting loyal customers at low marketing costs. On the other hand, Rust et al. (2004) use the term marketing productivity to refer to how marketing activities are linked to short-term and long-term profits. In reference to literature review, Charnes et al. (1985) first suggested applying DEA to gain insights into efficiency of marketing efforts. Since then, there have been some marketing studies that used the DEA as a methodology. Kamakura et al. (2002) used DEA to measure welfare loss and market efficiency. Mahajan (1999) studied a DEA model for assessing the relative efficiency of sales units that simultaneously incorporates multiple sales outcomes, controllable and uncontrollable resources, and environmental factors.

3 RESEARCH METHODOLOGY

This paper adopts the Data Envelopment Analysis (DEA) formulated by Charnes et al (1985). Data envelopment analysis is a model that tests marketing efficiency of an organisation. The method was developed as an evaluation tool to measure and compare decision-making unit productivity. It is a mathematical method of comparing different decision making productivity base on multiple inputs and multiple outputs.

The Data Envelopment Analysis also called marketing efficiency model has revenue and operating profit as the output variables and advertising as the input variables. Functionally, the relationship between marketing strtegy and performance can be expressed as:

Advertising $\longleftrightarrow$ Revenue $\longleftrightarrow$ Operating profit

This implies that:

Revenue and operating profit = f (Advertising)

From the above relationship, the model of Charnes et al (1985) shows that there is relationship between marketing strategies represented by advertising and profit represented by revenue and operating profit. This is what this study will adopt to test the effect of marketing strategies on banks performance.

3.1 MODEL SPECIFICATION

Based on the research design, the Data Envelopment Analysis model was modified and expressed in functional relationship to accommodate more marketing strategies apart from advertising. These include: Price, Product development and distribution channels. The essence of modification of the marketing efficiency model is to enable the model to fit into the analysis. The relationship between marketing strategies and bank performance will be represented with respect to the following two models:

Model 1

This model denote the effect of the various marketing mix on bank's performance represented by profit

$$PAT = f\ (PX, PD, PM, PL) \qquad (1)$$

Where

PAT = Profit after Tax

PX = Price of Service

PD = Product Development

PM = Promotional Activities

PL = Place and channel of distribution of banking services

Model 2

This model denotes the benefits and costs of marketing activities on bank's earnings.

$$EPS = f\ (TCD, LA, OPE) \qquad (2)$$

Where:

EPS = Earning Per Share

TCD = Total Customers' Deposit

OPE = Operating Expenses

3.2 RESEARCH HYPOTHESES

Based on the above models, the following hypotheses stated in the null forms are formulated and tested:

For model 1: H_O: There exists no significant positive relationship between marketing strategies and banks profitability

For model 2: (i) Ho: There exists no significant positive relationship between Total Customers' Deposit (TCD) and earning per share (EPS) (ii) H_O: There exists no significant positive relationship between Loans and Advances (LA) and Earning per share (EPS)

(iii) H_O: There exists no significant positive relationship between Operating Expenses and EPS

3.3 POPULATION AND SCOPE OF THE STUDY

In Nigeria as at today, there are 20 banks but 15 of these banks were selected for this study based on simple random techniques. The banks were grouped into 5 groups with five in each group. 3 banks were selected from each group to ensure adequate representativeness. The study population consists of all the officials and customers of the selected banks

3.4 DESCRIPTIONS OF VARIABLES

The above variables are briefly described below:

Profit after Tax (PAT): The difference between revenues (Sales) and cost of goods sold is called gross profit. When the other expenses, including interest and taxes are deducted from Gross profit we obtain profit after tax (PAT). Profit after tax or net profit is generally regarded as a traditional measure of performance.

Pricing: Prices means the value of a commodity or service expressed in monetary terms. Price in banks includes: interest charges on loans and advances, interest paid on deposits, commission and fees charge as well bank services. It is believed that banks fees and charges should not be exploitative but should reflect the true value of the service. Price as one of the marketing mix in banks is a major marketing strategy, because it has major impact on profit (Zethaml and Bittner, 2000).

Product: Kotler (2001) defines a product as anything that can be offered in a market that is satisfying a want or need. Product could be physical goods, service, experience, event, ideas etc. New product development that satisfies needs will have great impact on banks profitability. Banks products or services includes: (1) retail banking product such as current account and saving deposit. (2) Corporate banking products such as loan syndication, equipment leasing, treasury and foreign operation.

Promotion: This is regarded as the marketing function concerned with persuasive communication to target audience in order to facilitate exchange between banks and their customers. Promotion mix include –advertising, personal selling, sales promotion and public relations (Brassington and Pettitt, 2000). Promotional activities of banks in Nigeria have increased greatly because of the level of competition in the industry. Thus, promotional activities is believed to have great impact on banks returns

Place: This is simply the distribution strategy. It is concerned with making the banking products and services available at the desired time and place (Abolaji, 2009). Channel of distribution in Nigeria banks have greatly increased since the consolidation agenda of the Central Bank of Nigeria. Channels of distribution in banks includes Automated Teller Machine, Branch Network, Credit Cards, Mobile banking, Telephone Banking, and

E-mail Banking among others. The more channels of distribution a bank has, the more customers it serves and the more returns it makes.

Earnings Per-Share (EPS): Earning Per-Share shows the profitability of a firm on a per-share basis. It is generally taken in corporate organization as a measure of performance. The EPS is one of the major measures of performance in the capital market.

Mathematically, $EPS = \dfrac{\text{Profit after tax}}{\text{Numbers of common shares outstanding}}$

Total Credit/Loans and Advances (LA): Traditionally, banks are expected to give credit in form of loans and advances to the deficit sectors of the economy. This is to enhance the economic development of the nation. The ability of the bank to provide the necessary credits for investment activities will in turn promote economic development.
This is measure by the aggregation of credit given to the private sector for investment activities.

Total Customers' Deposit (TCD): Deposit refer to all form of account kept by bank customer. These include: Demand deposit, Savings deposits, Term deposits, special and other account of banks' customers. These deposits are the stock in trade of banks. For a bank to be regarded as performing, it must be able to mobilize scatter funds from the surplus sector of the economy.

Operating Expenses (OPE): these refer to the expenses incurred in the process of banking activities. Marketing activities involve huge expenses; such expenses include staff costs, expenses on new product development, expenses on promotional activities, sponsorship of programmes and branch networking among others. Since banking in the post consolidation era is more of marketing, the operating expenses can be taken as a proxy for marketing expenses
For estimation purposes, equation 1 and 2 cann be written as:
$PAT = a_0 + a_1 PX + a_2PD + a_3PM + a_4PL + U1$ ………………………….. (3)
$EPS = b_{0\,+} = b_1TCD + b_2\,LA + b_3OPE + U_2$ ……………………………….. (4)
From equation 3 and 4, the variables are defined as:
PAT, PX, PD, PM, PL, EPS, TCD, LA and OPE as defined earlier and a_o and b_0 are defined as the constant or intercepts of the regression line of the model while $a_{1,}$ $a_{2,}$ $a_{3,}$ $a_{4,}$ $b_{1,}$ $b_{2,}$ b_3 are the co-efficient of independent variables. The PAT and the EPS are the dependent variable or explanatory variables.

3.5 EXPECTED RESULT

From equations 3 and 4, the following relationships are expected:
Equation 3
$a_1 > 0$: This means adequate pricing of banking services is expected to have a positive effect on returns (Profitabilty)
$a_2 > 0$: This means that new product development should impact positively on banks profit.
$a_3 > 0$: Promotional activity such as advertising, personal selling, sales promotion and good public relation should impact positively on revenues and returns of banks.
$a_4 > 0$: This implies that convenience banking service through adequate distribution should positively affect bank performance (profitability).
Equation 4
$b_1 > 0$: This means Total Customers' Deposit (TD) is expected to have a positive with EPS.
$b_2 > 0$:
This means that the coefficient of loans and advances is expected to have a direct relationship with EPS. Meaning that increase in LA is expected to increase the banks' investment, which is a function of profitability, hence increase in EPS.
$b_3 < 0$: it is expected that OPE has either a direct or indirect relationship on EPS.
This indicates that all things being equal, all the marketing strategies and marketing activities adopted in this study should be positively related to the dependent variables

3.6 ESTIMATION TECHNIQUES

The Ordinary Least Square (OLS) techniques of multiple regressions was adopted to examine and determine the effect of the independent variables (Price, Product, Promotion, Place, Total customers' deposit, Loans and advances and operating expenses) on the dependent variable (PAT and EPS) The multiple regression analysis was employed to analyse both equation 3 and 4. The OLS was adopted because it has been used in a wide range of economic relationship with fairly satisfactory results.

3.7 METHOD AND ADMINISTRATION OF DATA COLLECTION

The data for this study were generated from both primary and secondary sources. This is to capture both the quantitative and qualitative aspect of marketing. The primary data were sourced through structured questionnaire. Copies of the questionnaire were administered to both the administrative and the management staff of the selected banks. The questionnaire was administered in state capital of the each of the selected banks and the responses of the questionnaire were ranked with the aid of Likert Scale. Cross sectional secondary data were sourced from the financial statement of the selected banks, Nigeria Stock Exchange Fact book, Central Bank of Nigeria publication. Some of the secondary data sourced for the study are: Incomes and Profit figures of the banks, Operating Expenses of the banks, Deposit base of the banks and Total credit to the private sector among others.

4 DATA ANALYSIS AND DISCUSSION

Table 4.1 Summary of result for model 1

Variables	Coefficient	Standard Error	T-Stat	Prob.
C	-1598021.	10984484	-0.145480	0.8872
PX	-22112.69	9841.279	-2.246933	0.0484
PM	-27296.30	12848.22	-2.124519	0.0596
PD	-13702.94	15072.59	-0.909129	0.3847
PL	75074.17	15496.45	4.844604	0.0007

$PAT = a_0 + a_1PX + a_2PM + a_3PD + a_4PL + \mu_1$

$PAT = -1598021 - 22112.69PX - 27296.30PM - 23820.38PD + 7507.17PL$

$R^2 = 0.717191$, Adjusted $R^2 = 0.604067$F-stat = 6.339885, D.W = 2.036715

The above result explained the combined effect of marketing strategies or variables on banks performance. The coefficient of the constant parameters which explains the value of the dependent variable, i.e profit after tax (PAT) at zero level of the explanatory or independent variable is given as -1598021. This indicates a negative relationship between the constant parameter and profit after tax. Although, constant parameter has no significant meaning in the model. Again, the result exert a negative relationship between pricing of bank services and PAT. The coefficient of price, which is -22112.69 shows that a percentage increase in price will cause the profit or revenue to decrease by –22112.69 naira. Though, the banking institution in Nigeria operate under a guided price regulated regime, the banks are still able to take advantage of weak regulation by charging hidden costs in form of commissions and charges on services rendered to customers.

The coefficient of product development shows a negative relationship with profit after tax (PAT). This give -13702.94, indicating that a slight change in new product development will reduce the profit after tax (PAT) by approximately –N1370.94. If banks genuinely carry out market research and such research bring out new product that will satisfy the need of the bank and public, this will definitely increase patronage and increase revenue. But a situation whereby banks are merely duplicating the services of other banks, the effect may not be well pronounced on the revenue generated. On the other hand, the analysis shows a positive relationship betweeen the placement of banking services and PAT. It was observed that a slight change in the distribution channel of banks will cause a N75074.17 change in PAT. Generally, better channels of distribution such as more branches, the use of mobile banking and electronic banking are channels of distributing banks services.

Apart from the above, the result also shows that promotional activities of banks have a negative relationship with PAT. Thus, a unit change in promotional activities of banks will constitute a fall in PAT by – N27296.30. This suggests that banks must compare the cost of their promtional activities with returns generated. The coefficient of determination which explained the explanatory power of the model is given as 0.717191 or 72%. This indicates that not less than 72% of variation in the PAT of Banks is being explained by the variation in the explanatory variable such as pricing (PX), placement and distribution channels (PL), new product development (PD) and promotional actvities (PM) such as advertisement, public relation, sales relation and personal selling. The R^2 of 72% suggests that other variables such as management ability, quality of asset regulation among others not captured by the model formulated in the study account for about 28% variation not explained by the model. Thus, the model sufficiently determined the behaviour of the independent variables.

Table4.2 Presentation of Result for Model 2

Variables	Coefficient	Standard Error	T-Stat	Prob.
C	58.07431	25.42515	2.284129	0.0455
TCD	1.90E-07	1.22E-07	1.558387	0.1502
LA	-4.13E-07	3.71E-07	-1.113324	0.2916
OPE	2.07E-06	1.82E-06	1.137352	0.2819

R^2 = 0.559291, Adjusted R2 = 0.427079, F-stat = 4.230245, D.W = 1.57504

The coefficient of the constant parameters which explains the value of the dependent variable, i.e Earnings per-share (EPS) at zero level of the explanatory or independent variable is given as 58.39190. This indicates a positive relationship between the constant parameter and Earning Per Share. Although, constant parameter has no significant meaning in the model.

Also, the Total Customers' credit (TCD) is appropriately signed and has a positive relationship as expected. It shows that a naira change in TCD wil increase the EPS by N1.90. In contrast, the Loan and advances (LA) has an inverse relationship with the dependent variable (EPS). This is not appropriately signed and could be caused by poor quality of loan for the period under review. It shows that a unit change will decrease the EPS by N4.13. The Operating Earnings (OPE) exerts a positive relationship with the EPS, it shows that an increase in OPE by a naira; will increase the EPS by N2.07.

T-ratio Statistics

The t-test for the parameters was done by comparing the t-calculated with the t-tabulated at 5% level of significant which is approximately 0.025 for a two-tail test. The decision rule is that, if t-calculated is greater than t-tabulated (i.e. t-cal>t-tab), we reject the null hypothesis and accept the alternative hypothesis The results of the t-test for the model are presented below:

Table 4.3: Summary of T-Statistical Test for model 1

Coefficients	T-calculated	T-tabulated	Decision rule	
Constant (a_0)	-0.145480	2.131	t-cal<t-tab	Not significant
a_1 (PD)	-2.246933	2.131	t-cal>t-tab	Significant
a_2 (PL)	-2.124519	2.131	t-cal<t-tab	Not Significant
a_3 (PM)	-0.909129	2.131	t-cal<t-tab	Not Significant
a_4 (PX)	4.844604	2.131	t-cal<t-tab	Significant

Table 4.4: Summary of T-Statistical Test for model 2

Coefficients	T-calculated	T-tabulated	Decision rule	
Constant (b_0)	2.284129	2.201	t-cal<t-tab	Significant
B_1	1.558387	2.201	t-cal>t-tab	Not Significant
B_2	-1.113324	2.201	t-cal<t-tab	Not Significant
B_3	1.137352	2.201	t-cal<t-tab	Not Significant

The t-ratio statistics revealed that the parameter employed for the analysis exert both positive and negative impact on the explained variables. In model 1,it was revealed that only the parameter a_1 which denote the product development (PD) coefficient and parameter a_4 which denote price (PX) are significant at 5% level of significance showed a negative and positive relationship respectively while in model 2, only the constant parameter a_0 is significant at 5% level of significance showed a positive relationship.

Test of overall significance of the Models

The value of F-distribution table (F-tabulated) is given as 3.48 while the F-cal for model 1 is 6.3398. Thus, it is concluded that the model has an overall significance when all the marketing mix are combined (i.e. pricing strategy, product strategy, promotional strategy and distribution strategy). Thus, we accept the alternative hypothesis 1 which states that market strategies have a positive relationship with bank profitability.

For model 2, the F-cal is 4.719490 while the F-tab is 3.59. Thus, it is concluded that the model has an overall significance when all the marketing activities are combined (i.e. EPS, TCP, LA, and OPE). Thus, we accept the alternative hypothesis and reject the null hypothesis

The Durbin Watson (DW) statistics value of model 1 which gives 2.036 and that of model 2 which gives 1.57 falls within the inconclusive region. Hence, we conclude that the presence of autocorrelation in both models are indeterminate. Hence, it is difficult to detect the presence of autocorrelation in the models.

5. DISCUSSION AND IMPLICATIONS OF FINDINGS

Two model were formulated to evaluate the effect of marketing strategy on bank performance. In the first model, the profit after tax (PAT) of the selected banks were used as a dependent variables to capture the performance of banks while pricing, product development, promotional activities, and product distribution were used as proxies for the marketing strategies. The multiple regression analysis technique (OLS) was adopted to test the relationship between the explained and the explanatory variables. The primary data obtained through structured questionnaire were converted from qualitative to quantitative through the use of Likert scale. The estimated result explained that, though the parameters in terms of sign were posiive and negative, the overall model was significant at 5% level of significance. The T-test and the standard error test equally reveal that as individual variable, there was not much significance. This implies that marketing strategies cannot be employed in isolation but rather an optimal combination of marketing mix has to be determined by the banks.

In the second model, the earning per-share (EPS) was adopted as another proxy of bank performance measure while the total customers' deposits (TCD), loans and advances (LA) and operating expenses (OPE) were the explanatory variables. High volume of customers' deposits and increase credits to the private sector of the economy reveal how well banks are performing thier expected role of financial intermidiation between the deficit and the surplus units of the economy .The operating expenses also revealed that an increase in marketing activities will have a positive effect on the organisational performance. The analysis showed that the model has an over all significance at 5% level of confidence.

Effective marketing mix is what can guarantee improved performance in service industry like financial institutions. This fact was attested to in the analysis under the overall significance when all the marketing mix or strategies adopted in this study were combined. Each bank must determine the appropriate marketing mix that will suit a particular market or region to ensure high return. Since it is believed that profit is not the only measure of performance, the study adopted another measure of performance, the EPS in addition to profit after tax (PAT) as a measure of bank performance. The study does not suggest that profit is the only goal a bank must pursue as a service industry, rather, it also needs to satisfy the needs of the customers and shareholders so that patronage and loyalty will be ensured. This will definitely increase the long run profitablity of the bank as well as rendering quality service to the banking public.

Generally, the responses from the questionnaire of the pilot and the main study revealed a similar over all positive relationship between the marketing strategies variables and banks' returns. Thus, the findings of the analysis is consistent, reliable for the prediction of the entire banking population.

5.1 CONCLUSION

The study revealed that marketing has become a major function in the banking industry as a result of increased competition brought about by bank consolidation and reforms. As a matter of fact, banks staff involved in marketing activities in the post consolidation era have surpassed those in the pre consolidation era.

Thus, there is a connection between banks competition brought about by banks reforms and marketing activities. The competition is supposed, among others, to facilitate effective deposit mobilization, technical efficiency, varieties of services, convenience banking services, productive efficiency, allocative efficiency, lower cost of fund, absence of customer explolitaion, higher compensation to depositors, safety of depositors' funds, availability of funds for investment, increase savings that will transform and high quality services among others.

The findings in this study shows an overall significance of the marketing variables adopted,although not much effect is seen when a marketing variable is compared with bank performance in isolation of other variables.This helps to conclude that the marketing strategies techniques must be adequately combined in order to bring about improved performance. For example,if a bank should engage in promotional activities without adequate knowledge of the market,the aim of marketing will be defeated.

5.2 RECOMMENDATIONS

In view of the above discussion and findings, the following recommendations will be useful to banks in the process of marketing their services for better delivery of services to their customers which will in turn increase performance through patronage and customer loyalty.

1. Banks should embark, from time to time on marketing research. This is because effective marketing strategies are a product of marketing research. Thus, good and adequate marketing mix is a product of effective marketing research too. Marketing research will bring about innovation, better services for customer and better method of production and processing
2. In adopting marketing strategies, banks should also compare different company's strategies and access the success and the failure of such strategies in the industry.
3. In addition, banks are encouraged to be more customers-focused and embrace relationship marketing rather than transaction marketing.This will enable them to gain customers loyalty and maintain a long term relationship with customers.
5. The management of the banking institutions should be transparent and follow the laid down rules so as to create and sustain public confidence. This will definitely increase savings and in turn improve the level of economic growth.
6. Effective management of depositors' fund that will disallow failure should be stipulated by the monetary authourities.
7. Banks should avoid unethical marketing behaviour such as: dishonesty, unexpected price change, being rigid, abuse of position, misuse of information, violation of confidentiality, lack of equitable treatment, and poor product quality among others.

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