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Considerations for Effective Distribution of Banking Services in Nigeria

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Abstract
In recent time, service delivery and distribution effectiveness of bank services have been jeopardized and many of today's customers of banks have critically complaint about poor service delivery and inconsistent services distribution. In this work, we demonstrated the considerations towards providing effective banking services distribution in Nigeria. We identified the objectives to include: to find whether significant relationship exist between service delivery of banks and consumers choice and to ascertain the extent to which of excellence of bank services distribution on the growth and survival of Nigerian banks. To accomplish these objectives, the study utilizes survey design to seek responses from 30 Staff of the three selected banks in Nigeria. Questionnaire was used and the data from questionnaire were analyzed using frequency table. Statistic proportion test (x^2) Chi-square was used in testing the the hypotheses. Having done the analysis, the research findings show that significant relationships exist between bank-service delivery and Consumers choice of Banks. Excellency in bank-service delivery and distribution can have positive impact on the growth and survival of Nigerian banks. Based on these, we recommend that there should be improvement in bank service-delivery and also, Nigerian banks must enhanced and advanced their distribution participants as well as improve their service process in order to stimulate repeat patronage from existing customers.
Keywords: Service Delivery, Efficiency, Distribution, Bank-Services and Financial Sector.

Introduction

Marketing Channel/Distribution channel decisions are among the most pivotal decision that marketing Managers face. A company's distribution decisions are linked with every other marketing and corporate decision. The company's pricing depends on whether it uses mass merchandisers or high-quality specialty stores. The firm's sales force and advertising decisions depends on how much persuasion, training, motivation, and support the dealers' needs. Whether a company develop, or acquire certain new products, this may depend on how well those products fit the capabilities of its channel members.

Companies often pay little attention to their distribution channels, however, sometimes with damaging results. In contrast, many companies have used imaginative distribution systems to gain a competitive advantage. Distribution Channels decisions often involve long-term commitments to other firms. Therefore, management must design its channels carefully, with an eye on tomorrow's likely selling environment as well as today's.

The concept of distribution is not only limited to the selling of physical goods. Services product also need reliable and effective distribution management. Generally, since most services are produced and consumed simultaneously and because services are inseparable from their producers, hence, services are sold directly to Consumers. It means that that direct channel is the only possible channel of distribution. In order to make service delivery a worthwhile experience, some veritable actions and activities must be put into place.

This work examines distribution strategy vis-à-vis how effective it could be utilize in services product most especially banking Services. The paper reviews the cardinal considerations for effective distribution of banking services in Nigeria.

Problems Statement and Study Objectives

The question of the effectiveness and efficiency of service delivery in Nigerian Banking Sector has become one of the most arguable – topic in today's financial system parlance. Many buying-switching habits and most consumers' choice of banks in recent time have severally received input from service delivery which basically emanate from distribution phenomenon.

In addition to the above, most banks in Nigeria failed to imbibe the spirit of Excellency in Services distribution and delivery, and this have strongly affected the growth and organizational survival of many these financial institutions.

Furthermore, continued declining in market Share and consumer base of one financial institution and bank against others has been on increase in current time. There has been limited research on the causes of this but most often, consumers' complaint severally on low service-quality and poor service delivery being the main factors accounting for their change in favourable disposition towards certain banks.

The above are the fundamental problems that researcher seeks to solve. It is in the light of these problems that we seek to re-consider the strategies for making effective distribution of Banking Services in Nigeria.

In line with the above problems, this study is guided by the following objectives:

(1) To determine whether the service-delivery of Nigerian banks have any significant relationship with consumers' choice of banks.

(2) To ascertain if excellence in banks-service distribution and delivery will have impact on the growth and survival of Nigerian banks.

RESEARCH QUESTIONS

In relations to the objectives, the following questions and hypotheses are formulated:

RQ_1: Is there any significant relationship between Nigerian banks service delivery and consumers choice of banks?

RQ_2: To what extent does excellence in banks service delivery and distribution have impact on the growth and survival of Nigerian banks?

RESEARCH HYPOTHESES

Ha: 1There is significant relationship between Nigerian banks service delivery and consumers choice of banks.

Ha_2: 2 Excellency in bank's service delivery and distribution have impact on the growth and survival of Nigerian banks.

Review of Related Literatures

The Concept and Meaning of Distribution:

Most firms and producers use intermediaries to bring their products to Market. They try to forge a distribution channel – a set of interdependent organizations involved in the process of making a product or service available for use or consumption by the consumer or business user. (Kotler and Amstrong, 2006).

Stanton (1985) defines distribution as the movement of goods or service from point of production to the point of use or consumption. This definition takes cognizance of the movement of raw materials as well as that of finished goods. Thus, it enables the right goods or raw materials to be available at the right place and at the right time and at the right price.

Distribution is of great importance and economic significance in marketing. Adrika et al (1996) argued that because of huge expense involved in distribution, its role can't be overemphasized. It goes a long way in determining not only the prices of goods but also the success of any marketing activities. Therefore, effective planning of distribution is sin qua non to success in marketing.

McGurry (1957) explained that distribution channel moves goods and services from producers to consumers. It overcomes the major time, place and possession gaps that separate goods and services from those who would use them. Members of the marketing channel perform many key functions. Some help to complete transaction. These functions according to McGurry (1957) are:

- Information: gathering and distributing marketing research and intelligence information
- Promotion: developing and spreading persuasive communications about an offer.
- Contact: finding and communicating with prospective buyers.
- Matching: shaping and fitting the offer to the buyers needs including activities such as manufacturing, grading, assembling and packaging.
- Negotiation: reaching an agreement on price and other terms of offer so that ownership or possession can be transferred.
- Physical Distribution: transporting and strong goods.
- Financing: acquiring and using funds to covers the cost of the channel work.
- Risk taking: assuming the risks of carrying out the channel work.

Distribution Roles and Problems in Nigeria

Many texts on marketing management have widely discussed the relevance of distribution. The central point among most of the definition revolves round the same thing. Adrika et al (1996) submissions are:

(1) Creation of time and place utility
(2) It ensures price stability in the face of irregular demand or supply
(3) It enhance seasonal production
(4) It gives room for occupational division of labour
(5) Allows geographical specialization of product
(6) Ensures continuous supply of goods

The above and many more others are the supporting roles that distribution plays in marketing. However, inspite all these advantages, several problems still militate against the effective distribution of goods/services.

These according to Adeoti (2004) and Farayola and Adeyanju (2008) are:

(i) It is subject to social and political maneuvers. The air, sea and land operations depend to a large extent on legal contradictions of the government.

(ii) Inadequate or lack of support facilities. The facilities needed for smooth and undistributed operations of distribution are not significantly available in Nigeria.
(iii) The incidence of theft, ranging from sea piracy to stealing of other fixed assets, is hampering the operational efficiency of distribution.
(iv) Distribution Management is poor and this is currently gaining prominence in management, because of its increasing importance.
(v) Modern communication facilities which are of importance in distribution, are two few to many any meaningful impact.
(vi) In some cases, channel members are too many causing in price increase.

Companies often pay too little attention to their distribution channels, however, sometimes with damaging results. In contrast, many companies have used imaginative distribution systems to gain a competitive advantage. Distribution channels decisions often involve long-term commitments to other firms. Therefore, management must design its channels carefully as well as with an eye on tomorrow's likely selling environment with the inclusions of today's.

Kotler and Keller (2006) stated that distribution problems to be minimized must be specified by the number of channel levels that firms wants to utilize. Each layer of the marketing intermediary, which solves and bridges the gap through bringing the product and its ownership closer to the final buyer, is a channel level.

Service and Its Characteristics

Adeoti (2004) defines service as any undertaking, activity or benefit that one party can offer to another for value. Kotler and Keller (2009) define service as any act of performance that one party can offer to another that is essentially intangible and does not result in the ownership of anything. Its production may or may not be tied to a physical product. Activities such as renting an hotel room, depositing money in a bank, visiting the physician, getting advice of a lawyer, all has to do with a "service". Although, a service is essentially referred to as intangible product, yet, it is quite obvious that there is both a tangible and service component in the sale of most goods.

It should be noted that theoretically, service marketing and product marketing are the same. In both cases, marketing programmes are designed around the elements of marketing mix such as product (service), price, distribution system and promotion among others.

Kotler and Amstrong (2006) explained that a Company must consider four special characteristics of marketing programs:

- Intangibility
- Inseparability
- Variability
- Perishability
- **Intangibility:** Service intangibility means that services cannot be seen, tasted felt, heard or smelled before they are bought. Such services include cosmetics, surgery, travelling by air etc. To reduce uncertainty, buyers will look for "signals" of service quality.
- **Inseparability:** This is another very feature of intangible product known as service. Physical goods are produced, stored, sold and later consumed. In contrast, service are first sold, then produced and consumed at the same time. Service inseparability means that services cannot be separated from their providers, whether the providers are people or machines.
- **Variability:** Variability of services means that the quality of services depends on who provides them as well as when, where and how they are provided. Service firms can take several steps to help manage their service variability. They can select and carefully train their personnel to give good service.
- **Perishability:** Service perishability means that services cannot be stored for later sale or use.

Marketing Financial (Banking) Services

Finance is a service that operates virtually in every field of our daily struggles to create consumer goods. Finance provides capital for our enterprise, collect funds from who do not wish to claim their full share of consumption goods at present (the savers) and making them available to those who wish to spend more funds than they have at present (the borrowers) (Carter, 1980).

To meet these needs, all sorts of specialists' institutions have arisen namely: Commercial Banks, Merchant Banks, Discount Houses, Finance Houses, and Money Lenders etc. All these institutions are out to identify service and satisfy their target customer's needs profitably (Branssigton & Pettitt, 2003).

In developing financial services and products, organizations must ensure that they researches into these markets to identify customer requirements. These requirements are then packaged into products or (problem solutions). The firm will thereafter formulate the appropriate pricing, promotion and distribution strategies for its successful marketing. Also, the process, people and physical evidence involved must be considered. Achieving these marketing activities require adequate understanding of the environment in which we operate.

Nigerian Banking and Financial Environment is one of the most developed and complex in Africa. The environment is full of intricacies. It is therefore imperative for operators of the system to be educated on the composition of the system, and how that affects their respective functions; in order to identify how best they are to operate effectively.

According to Gambo (2003), the Nigeria Banking and Financial Environment consist of the infrastructures for financial services and the framework within which the infrastructure operate. While the infrastructure refers to the various banking and other financial institutions operating in the industry, the framework refers to the conditions under which the institutions operate.

The Impacts of the Environment of Banking Practice

The impact of the environment is evident in the intense competitions reigning in bank industry. This is because the banks and other financial institutions offer near uniform services. The banks, because of this development have embarking on three (3) major programmes namely (Gambo, 2003):

(a) They resorted to intensive and aggressive marketing of their services and products. These include:
   (i) Geographical expansion through branch networks
   (ii) Market penetration through segmentation.
   (iii) Introduction of new services and products e.g. weekend banking, electronic financial products.
   (iv) Adoption of market leader and challenger strategies.
   (v) Swift service delivery.
(b) They have invested heavily in the state-of-the-art technologies with the aim of having competitive edge over the competitors
(c) Banks have been forced to adopt strategic management practice that dictates the use of strategic planning in the formulation and execution of their policies. It is very common nowadays to hear banks talking about their mission statement, corporate turnaround etc.

Nature of Banking Services and Implications for Marketers

As mentioned earlier, a financial institution generally provides services, which characteristically are intangible, inseparable, heterogeneous (variable), Perishable and lacking ownership.

Adeoti (2004) gave several features of banking and financial services mix and highlighted what financial institutions must do to succeed.

(1) **Intangibility:** Financial services cannot be seen, heard, touched or tasted. Ultimately, the customers may not have prior experience of a service in which he/she is interested.
   Action: The firms may attempts to reduce the level of intangibility by:
   (a) Increasing the level of tangibility, for instance by providing physical or conceptual representation (packaging and branding leaflets).
   (b) Focusing attention of the customer upon the principal benefits consumption.
   (c) Differentiating the service and building up its regulation, its service excellence, reliability, efficiency etc. Zenith Bank has imbibed this practice.
(2) **Inseparability:** The creation of a service may be conterminous with its consumption. The provision of a service may not be separable from the person or personality or the seller.
   Action: Therefore, organizations providing service need to instill clear service ethics amongst the management and operational Staff alike.
(3) **Heterogeneity:** It may be difficult to maintain a high degree of consistency of output standard when providing services. Variations between units of services are almost imitable.
   Action: To wage this, marketers must ensure:
   (a) Consistency quality of bank services
   (b) Consistency of customer services
   (c) Effective staff selection, training and motivation.
(4) **Perishability:** Generally speaking, services are perishable and cannot be stored in advance of demand, worse still, that demand may fluctuates. Yet operational capacity may have to be made available to meet a level of customer demand that may or may not materialize.
   Action: The operation's management process may attempt to optimize or smooth the relationship between supply and demand by:
   (a) Using pricing variations to encourage off-peak and discourage demand at peak-periods.
   (b) Using promotion to stimulate off-peak period.

Distribution of Banking Services:

Generally, since most services are produced and consumed simultaneously, and since service are inseparable from their producers, hence such services are sold directly to consumers. It means that the direct sale is the only possible channel of distribution. For example, Medical Care, Public utilities and repair services do not use intermediaries. This enables the sellers to personalize their services and get quick detailed customer feedback.

However, some services have one middleman. The only channel frequently used is one agent middleman. Some type of agent or broker is frequently used in the marketing of securities, insurance policies etc.

Many service producers do not encounter physical distribution problems because of the intangible nature of such services.

In relation to Banking and financial products, these must be distributed so as to reach those they are meant for. This can be used and achieved through an intensive and integrative branch network, mobile banking, tele-marketing, cash offices, interact service delivery, internet link and non-line service delivery. It is aimed at providing availability and convenience.

Considerations for Distribution of Banking Service:

As already defined above that banking and finance is that one which operates to provide capital for our enterprises, collect funds from surplus areas and invest them in the deficit areas. To make this funds meaningful and transferrable from those who are ready to supply and to those who are ready to utilize them, certain considerations of marketing distribution regarding services are important.

Zeithaml, Berry and Parasunama (2007) stated the following as the cogent factors to consider in the distribution of service products (Be it financial or non-financial):

(i) How tangible and inseparable the services are
(ii) The effectiveness of working with reliable agent/broker or not
(iii) The goal and marketing objective that the service-form want to accomplish
(iv) The competitors service-distribution strategies
(v) The impact of service-distribution on the other marketing-mix tools (e.g. physical evidence, process, people, promotion, price etc)
(vi) The target-market characteristics
(vii) How frequent and technical is the service-product mix in the consumer or business market
(viii) The Buyers behavior, characteristics and buying motivation.

Methodology:

This study utilizes Survey Research Design. There are two main sources of data that were used for the study, Primary sources and Secondary sources. The primary data are sourced by the researcher himself and the main primary source instruments used for this work were questionnaire and oral interview.

The secondary sources were sources other than primary, which the researchers relied upon for additional materials to support the information available. These secondary sources include magazines, internets, books, journals, etc.

Population of the Study and Sample Size:

The work uses three (3) selected Banks in Nigeria. The banks are **GTBank, Zenith Bank and Skye Bank** to determine the banks services delivery and distribution policy. The Head Offices of the selected Banks in Ibadan were used. Only 10 top executives from each of the branch of the banks constitute the population of the work.

Because the total population is thirty (30), the researcher carried out the study on the total population due to smaller size. Hence, the sample size consists of 30 selected top executives of the three (3) chosen Banks in Ibadan.

Discussions and Findings:

Data gathered from this study through the questionnaire were analyzed using frequency tables. The three questions relating to the main objectives as well as hypothesis are shown below.

Question 1: On whether there is any significant relationship between Nigerian bank-service delivery and consumers' choice of Banks.

Options	Frequency	Percentage
Yes	18	60%
Can't Say	3	10%
No	9	30%
Total	**30**	**100%**

Source: Field Survey, 2013

The above shows that 60% of the respondents believed that a significant relationship exists between the service delivery of banks and consumer choice of selection of banks. 10% were neutral while 30% were negative.

Testing of Hypothesis 1

Having tested the hypothesis using Chi-square (x^2) test, we discovered that the Chi-square calculated is greater than the Chi-square table i.e. x^2calc >x^2tab, we therefore reject the Null hypothesis and accepted the alternate which state that "There is a significant relationship between Nigerian bank-service delivery and choices of banks among the Consumers".

Question 2: On if Excellency in Bank-Service delivery and distribution can have impact on the growth and survival of Nigerian Banks.

Options	Frequency	Percentage
Agree	22	73%
Neutral	6	20%
Disagree	2	7%
Total	**30**	**100%**

Source: Field Survey, 2013

The response to research question 2 shows that the sampled bank executives believe that the distribution and delivery of bank services can have a strong impact on the growth and survival of Nigerian banks. This was evidenced by 73% response rate. 20% of the respondents were neutral, while 7% negative.

Testing of Hypothesis 2:

Having test the hypothesis two using Chi-square (x^2) test, we discovered that Chi-square calculated value is much greater than x^2 tabulated value i.e. x^2calc >x^2tab, we therefore reject the Null hypothesis and accepted the alternate which state that "excellence in bank-service delivery and distribution can have a positive impact on the growth and survival of Nigerian banks".

Conclusions and Recommendations:

Based on the Research Findings, it is therefore concluded that, a significant relationship exists between service delivery in Banks and choices of Banks among the Consumers. We also found out that Excellency in banks service-delivery can have a very strong positive impact on the growth and survival of Nigerian Banks. Finally, we also concluded that there is a very strong negative effect of low service delivery and poor service distribution of Banks on the market share and consumers base of the Financial Sector.

In line with the above conclusions, Banks in Nigeria must:

(i) Improve on service delivery as well as pursue growth strategies towards building a virile banking state.

(ii) There must be a constant improvement in facility enhancement and service productivity in order to stimulate repeat patronage from already existing Consumers as well as generate new customers.

(iii) The distribution participants and services-process of banks in Nigeria needs to be advanced so as to facilitate favourable word of mouth from Nigerian banks current customers.

(iv) Banks must work with reliable agent/brokers especially when one or more of their service delivery needs such.

(v) There must also be an in-depth study of buyers behavior as well rigorous consumers' survey to identify and determine how the banks customers want them to be attend to, as well as the delivery and distribution policy that they intend the Banks to utilize.

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