STRATEGIC MARKETING PLANNING AND THE NIGERIAN BANKING INDUSTRY

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Abstract

Marketing strategy is the effective deployment and coordination of marketing resources to achieved the business enterprise objectives within a particular product market. However, banks often have problem of formulating good marketing strategy plan that will enhance the bank general performance. The study examine whether good marketing plan and strategy from business perspective will gain sustainable competitive advantage and determine whether marketing department is the main revenue generating department in the banking industry. Primary data were used for the study; the primary data were generated through the use of questionnaire. Systematic random sampling techniques were used in selecting the participating staff. The data were presented using tables and percentages, while chi-square technique were use in testing the formulated hypotheses, the result shows that marketing department is the main revenue generating department in the banking industry. The study conclude that, for a bank to successfully achieve its goals and objectives of procuring an increase in long – run profitability it has to develop a good marketing plan and strategy. In light of this, the study recommend that, a clear understanding of the relevant environment factors impacting on bank marketing strategies will assist in efficient and effective service delivery in the banking industry.

Keywords: Impact, strategic, marketing, planning, banking

Introduction

For a policy to be meaningful there must be some operational strategy that will translate it into courses of action. Strategies are means of operationalising a policy and for achieving some predetermined objectives. According to Aliyu (2004), strategies are schemes, methods, maneuvers which management hopes to deploy in order to move the organization from its present position to arrive at its target goals by the end of a specified period, a host of changes are going to take place in the environment. The General Electric Company sees strategy as a statement of what resources are going to be used to take advantage of which opportunities to minimize which treats and produce a desired result (Seltiz, 1996).

Mills (2001) on the other hand sees strategy as “the determination of basic long range goals and objectives and the adoption of courses of action with the allocation of the necessary resources” (Seltiz, 1996). According to Glueck (1984) strategy is a unified, comprehensive and integrated plan relating to the strategic advantages of the firm to the challenges of the environment. It is designed to ensure that the basic objectives of the enterprises are achieved (Stone, 1995). For Osuagwu and Eniola (1997), strategy is the forging of company mission, setting of objectives for the organization in the light of external and internal forces, formulating polices and strategies to achieve objectives and assuming their proper implementation so that the basic purpose and objectives of the organization will be achieved” (Stone, 1995).

Finally, Osuagwu and Eniola (1997), see strategy as a hierarchical system of basic objectives, fulfilling objectives and policies as well as establishing the plans and allocating the resource to achieve these objectives. Both authors see the hierarchy as basically three; the first consisting of the basic objectives, the second containing the fulfillment of objective; and the third as being made up of policy.

According to Agbadudu (1994) strategy is concerned with where an organization should be headed in the future. It concentrates on the major moves to be taken by the particular company at the present stage in her development. In essence, a strategy is a chosen course of action for pursuing an objective. For business organization decisions are primarily concerned with external rather than internal problems at the firm and specifically with the selection of the product mix which the firm will produce and market to which it will sell” (Stone, 1995). In other words, a business firm which chooses to pursue the profit objectives will have to content with strategies for achieving it through what products it should produce and sell (Product mix) and when it intends to sell them (markets) in the light of the intention of other company firms. (Drucker. 1989).
A company or organization trying to grow profitably must decide on its strategic options. It can either choose to expand its present market through penetration or develop new markets for the future if competitors saturate the present ones. On the other hand, it can choose the strategic option of developing new products for the future in the present markets to upstage the competition or diversify into new areas entirely to stabilize income. But as Drucker argues, as an organization grows and expands towards diversification, it is expected that its strategies will change in response to growth (Drucker, 1989).

However, whatever, strategic option an organization develops and chooses, they must be strictly within the framework of pre-established policy. As Drucker further argues, strategy is developed in a generalized form and it meaning sharpened, clarified and tested by policy. Indeed, no strategy has really been thought out through until its implications for policy (and programmes) have been explored” (Seltiz and Weightman, 1996) Strategy must thus be supported by policy rationalized justified by effective strategies. Hence there are two types of policy, i.e strategic policy and tactical policy.

Strategic policy decisions involve the commitment of substantial fund for long-term capital development that is concerned with an organization’s external environment. Thus, a resources allocation issues or a revised allocation of resources is inherent in a strategic decision. Strategic decisions include the definition of the business, products, markets to be served, function to be performed and major policies required for the organization to execute these decisions to achieve objectives Kotler (1988). Tactical policy decision relate to day-to-day routine operation of the organization.

The research problem

In formulating a marketing plan and strategy, consideration must be given to the fact that it should derive from and fit into the overall corporation plan and strategy of the organization concerned. It should be so designed as to incorporate the marketing element in the corporate plan which it must be designed to implement. Beside, the marketing objectives in the marketing plan must be such that their achievement will contribute to the achievement of the overall corporate objectives. However, banks often have problem of formulating good strategic marketing plan that will enhance the general performance of the organization. In view of this, the study seeks to provide means of which good strategies will be formulated in order to achieve the organizational objectives, growth and development.

The main objective of the study is to examine the effect of strategic marketing planning on Commercial Banks (A case study of First bank Nigeria Plc).

Strategic marketing planning

Strategic marketing planning can be defined as a means of assessing and appraising market opportunities, adjusting one’s product and services to meet market demands. (Stanton, 1981). Producing new products, modifying existing product, altering price and receding, containers broadening and in semen instances trembling services in sum. Strategic marketing planning established the relationship between the firm and its environment, its primary purpose is to enable the firm to develop and maintain a variable means of goods and services to be offered in the market place. This involves decision about raw materials, production processes, product design distribution, and even financial consideration.

The four steps in strategic marketing planning are: Conduct a situation analysis, determine marketing objectives, select target market and measure market demand, and design strategic marketing mix.

1. Situation Analysis: This is a major aspect of marketing planning. The past and current situation analysis of a firm useful in developing marketing plan for the future, Situation analysis is the review of the Company existing marketing programmes, the analysis of where the programmes have been and where they will be in future. It is that aspect of marketing planning that provides information on the position of the firm and product or services provided.

2. Market objectives: This is cornerstone of all marketing planning. Objectives are needed so that everybody knows exactly what is required.

3. Target market: This is where a particular segment is selected as a focus for specific marketing activity. This will enable the firm to decide the extent to which it will segment its market and also forecast sales in its target market.

4. Marketing mix: This includes place, price, product and promotion. In the globalize world three are added which are period, people and personnel. The design and implementation of the marketing mix elements constitute the bulk of company’s marketing.
Contents of a marketing plan

The contents of a marketing plan are explained presently.

(i) The Executive Summary is a synopsis of the plan. It is equivalent to the plan's abstract. Here the main goals and recommendations contained in the plan are highlighted, such that any reader, especially management, is able to immediately grasp the main trust of report (Kotler, 1988).

(ii) The current marketing situation deals with relevant background data on the market, product competition, data concerning size, growth etc on the server market is presented, including data on customer needs, perceptions and buying behaviors. The product situations data on sales, prices and contributions with the treatment of the company’s major competition their size, goals, marketing strategy and product quality. Distribution situation deal with data on distribution channels used by the company their number; type, size location, the dealers and the terms of distribution they have with the company, including motivational tools used for their benefits. Finally, the micro environment situation looks at broad macro - environment situation issues, patterns and trends, in areas like demography, political, technology etc. (Kotler, 1988)

(iii) Opportunity and issue analysis deals with what is known as “SWOT analysis” when SWOT stands for strengths, weakness, opportunities, Threats. Usually, these are identified as they affect the company, as a result of information available from the sections is then plan dealing with current marketing situations analysis, with the terms of the plan specifying time period of consideration. Opportunities/threats are usually external factors while strengths /weakness are usually internal factors. Addressing SWOT analysis properly, leads to setting proper plans, objectives, strategies and tactics (Kotler, 1988)

(vi) Two types of objectives are usually set. These are marketing objectives and financial objectives. In the financial objectives, the long n- term, return on investment (ROT) and target profit rates are set. While the marketing objectives concern converting these financial objectives to marketing objectives. This is in terms of specific units of products to be sold to achieve the specified profits, the specifies goals of distribution converge e.t.c and thus the specified financial objectives. These objectives must be clearly stated and must be consistent. They must be ranked according to the order of importance and must be such that they are actually achievable or attained and thus be able to stimulate a challenging effort (Kotler, 1988).

(v) The marketing strategy section deals with broad statement of the means to be employed or used in achieving then specified objectives. It contains the basic choice among different options available. For example, in considering an objective, like better promotion, the strategy could be to increase the promotions budget by 10% so as to have more ‘points of sales’ (P.O.S) materials and also to be able to attend more trade events. In the same report another objective like “sales force improvement” could be achieved by choosing an option or strategy like cutting the sales force by 5% and employing an additional supervisor. Therefore, before strategy options are chosen, the marketing manager must make sure that it has need discussed with the appropriate quarters in the company like senior management to ensure practicability and corporation (Kotler, 1988).

(vii) The control section deals the mechanism to be used in evaluating and correcting progress towards achieving the objectives. The controls that will be applied to monitor the plan progress is thus outlined in this section of the profit. It must clearly state the terms of evaluation, performance expected and managers responsible for it e.t.c. (Kotler, 1988).

No matter how careful business may plan certain objectives will always prove difficult to achieve, deviation thus exist between actual and forecasted results. As additional section dealing with contingency plans may thus inserted, It deals with alternative courses of action with respect to actions that may adopted in the short term to minimize or maximize possible consequence of deviation from plan and the medium to long — term actions to be used in exploiting a change environment. Innovation must be a consistent feature in the planning activities of organization (Kotler, 1988).
Research methodology

Four branches of First bank Nig. Plc. In Ilorin were used for the study. Primary data were use for the study; the primary data were generated through the use of questionnaire. A systematic random sampling technique was used in selecting the participating staff in the four branches of First bank Nig. Plc. A total number of 150 copies of questionnaire were distributed among the respondents, however, on return 100 copies of questionnaire were recovered. Data were analyzed using tables and simple percentages, while chi-square techniques were use in testing the hypotheses.

Data presentation and analysis

The analysis of the responses on Yes or No and Uncertain questions resulted as follows. The 100 respondents were asked whether they think that a good strategy from a business perspective should have the objective gaining sustainable competitive advantages 99 of them making 99% said yes, while 1 of them making 1% said No

The 100 respondents were asked whether they think that marketing strategy is the effective development and coordination of marketing responses of achieving the business enterprise’s objectives, 96 of them making 96% said yes while 2 of them making 2% said no and 2 of them making 2% were uncertain.

The 100 respondents were asked whether they think that a bank should seek distinctive competence and synergy in planning a well integrated programme of marketing elements tailored to the need of customers 96 of them making 96% said yes, while 3 of them making 3% said No and 1 of them making 1% them were uncertain.

The 100 respondents were asked whether they agree that planning is a pervasive human activity which exercises some control over the future 94 of them making 94% said yes, while 2 of them making 2% said No and 4 of them making 4% were uncertain.

The 100 respondents were asked whether they agree that, First bank has a planning committee and all of them making 100% of them said yes.

The 100 respondents were asked if First bank has no other methods of planning and control use by the bank, 1 of them making 1% said yes, while 97 of them making 97% said no and 2 of them making 2% were uncertain.

Table 1: The responses on how reasonable are the decisions of the market planning committee.

<table>
<thead>
<tr>
<th>Respondent</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very Reasonable</td>
<td>63</td>
<td>63</td>
</tr>
<tr>
<td>Reasonable</td>
<td>31</td>
<td>31</td>
</tr>
<tr>
<td>Undecided</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Not Reasonable</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Not very Reasonable</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Field survey 2012

Table 1 above shows that, 63% of the respondents agree that, the committee are very reasonable, follow by 31% who said the committee members are reasonable, while, the remaining 6% belong to undecided, not reasonable and not very reasonable. This implies that, the marketing planning committee of first bank is reasonably performing their duty.

From another questionnaire on what extent has decisions made by this committee affected First bank of Nigeria Plc, very large extent ranked highest with 72%.
follow by large extent with 19%, while the remaining 9% were shared among undecided, little extent and very little extent. This means that, the committee job has indeed enhanced the performance of the bank.

Test of hypothesis

Hypothesis 1

$H_0$: That a good marketing plan and strategy does not gain a sustainable competition advantage to banks.

To test the above hypothesis, question 19 to 23 of the questionnaire is analyzed based on the respondents’ responses. This is shown in the table below, using 95% confidential level (i.e 5% significance level).

Hints: The Alphabets A, B, C, D and E represents:

A = Strongly Agreed
B = Agreed
C = Indifference
D = Disagreed
E = Strongly Disagreed

<table>
<thead>
<tr>
<th>Attributes</th>
<th>$F_0$</th>
<th>$F_e$</th>
<th>$F_0 - F_e$</th>
<th>$(F_0 - F_e)^2$</th>
<th>$(F_0 - F_e)^2/F_e$</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>72</td>
<td>20</td>
<td>52</td>
<td>2704</td>
<td>135.2</td>
</tr>
<tr>
<td>B</td>
<td>19</td>
<td>20</td>
<td>-1</td>
<td>1</td>
<td>0.05</td>
</tr>
<tr>
<td>C</td>
<td>3</td>
<td>20</td>
<td>-17</td>
<td>289</td>
<td>14.45</td>
</tr>
<tr>
<td>D</td>
<td>4</td>
<td>20</td>
<td>-16</td>
<td>256</td>
<td>12.8</td>
</tr>
<tr>
<td>E</td>
<td>2</td>
<td>20</td>
<td>-18</td>
<td>324</td>
<td>16.2</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
<td>0</td>
<td>$X^2 = 17.87$</td>
<td></td>
</tr>
</tbody>
</table>

Source: Field survey 2012

With df = 4 at 5% significance level

$X^2_t = 9.49$  
$X^2_c = 178.7$ and  $X^2_c > X^2_t$

Decision rule is to reject the null hypothesis (Ho) and accept the alternative (Hi), since the $X^2$ calculated (178.7) is greater than $X^2$ tabulated (9.49). This implies that good marketing plan and strategy will gain a sustainable competition advantage to banks.

Hypothesis 2

$H_0$: That proper marketing strategy does not increase the sale volume of Banks and also does not polish its image.
Table 3: Marketing strategy does not increase the sale volume of Banks and also does not polish its image.

<table>
<thead>
<tr>
<th>Attributes</th>
<th>F₀</th>
<th>Fₑ</th>
<th>F₀ - Fₑ</th>
<th>(F₀ - Fₑ)²</th>
<th>(F₀ - Fₑ)² / Fₑ</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>34</td>
<td>20</td>
<td>14</td>
<td>196</td>
<td>9.8</td>
</tr>
<tr>
<td>B</td>
<td>56</td>
<td>20</td>
<td>36</td>
<td>1296</td>
<td>64.8</td>
</tr>
<tr>
<td>C</td>
<td>3</td>
<td>20</td>
<td>-17</td>
<td>289</td>
<td>14.45</td>
</tr>
<tr>
<td>D</td>
<td>4</td>
<td>20</td>
<td>-16</td>
<td>256</td>
<td>12.8</td>
</tr>
<tr>
<td>E</td>
<td>3</td>
<td>20</td>
<td>-17</td>
<td>289</td>
<td>14.45</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
<td>0</td>
<td>x²=116.3</td>
<td></td>
</tr>
</tbody>
</table>

**Source:** Field survey 2012

\[ x² = 9.49 \]

\[ x² > x²_t \]

Decision rule is to reject the null hypothesis (H₀) and accept the alternative (H₁), since the X² calculated (116.3) is greater than X² tabulated (9.49). This implies that proper marketing strategy will increase the sales volume of banks.

Hypothesis 3

H₀: That marketing department is not the main revenue generating department in the Banking industry.

Table 4: Marketing department is not the main revenue generating department in the Banking industry.

<table>
<thead>
<tr>
<th>Attributes</th>
<th>F₀</th>
<th>Fₑ</th>
<th>F₀ - Fₑ</th>
<th>(F₀ - Fₑ)²</th>
<th>(F₀ - Fₑ)² / Fₑ</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>41</td>
<td>20</td>
<td>21</td>
<td>441</td>
<td>22.05</td>
</tr>
<tr>
<td>B</td>
<td>52</td>
<td>20</td>
<td>32</td>
<td>1024</td>
<td>51.2</td>
</tr>
<tr>
<td>C</td>
<td>2</td>
<td>20</td>
<td>-18</td>
<td>324</td>
<td>16.2</td>
</tr>
<tr>
<td>D</td>
<td>4</td>
<td>20</td>
<td>-16</td>
<td>256</td>
<td>12.8</td>
</tr>
<tr>
<td>E</td>
<td>1</td>
<td>20</td>
<td>-19</td>
<td>361</td>
<td>18.05</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
<td>0</td>
<td>x²=120.3</td>
<td></td>
</tr>
</tbody>
</table>

**Source:** Field survey 2012

Decision rule is to reject the null hypothesis (H₀) and accept the alternative (H₁), since the X² calculated (120.3) is greater than X² tabulated (9.49). This implies that marketing department is the main revenue generating department in the banking industry.

**Conclusion**

In this research study all the objectives have been fully achieved. However, there were high opinions by respondents that, planning is a passive human activity which exercise some control over the future therefore it has been established that planning has to do with forecasting activities that will happen in the future. As a result of that, for a bank to successfully achieve is goals and objectives of procuring an increase in long-run profitability it has to develop a good marketing plan and strategy.

It is established that the marketing department is main revenue generating department in the banking industry. And a good marketing plan and strategy will lead to
sustainable competition advantage to banks if formulated and effectively implemented.

**Recommendation**

After careful analysis of the investigation the study proffers useful suggestions and recommendation base on the finding above. The research finding reveals that marketing department generates the greatest revenue and for the marketing department to succeed a good marketing plan and strategic development should be organized by the planning committee. It is recommended therefore that, the planning committee should be provided adequate materials and communication facilities to enable the production of a second marketing plan.

To improve their marketing strategic in the face of and perceived competition in the banking industry, greater discipline and possibly a code of conduct should be enforced by the management of the bank to ensure that the staff acts with decorum, especially in handling and managing the bank funds and other resources.

A clear understanding of the relevant environment factors impacting on bank marketing strategies will assist in efficient and effective service delivery in the industry. This can be done through a systematic and continues marketing research.

Also, an intelligent monitoring of the bank environment through SWOT (Strength, weakness, opportunity and threats) analysis is desirable as this will provide the needed information and data to base corporate strategic marketing decision. Operational procedures need to be reviewed in line with present day marketing situations.

The directors most is prepared to attend courses and seminars organized by higher institution from time to time in order to known better ways of managing business concerns in the unfolding world economy.

To consider the principle and concept of synergy in the bank service marketing, this may entails considering the implication of any marketing strategy decision in the other organic business functions. This will eliminate the managerial problem associated with functional excellence at the detriment of corporate excellence.

**References**


