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The Impact of E-marketing on Commercial Banks in Harare, Zimbabwe (1994 -2014).

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Abstract: *The purpose of this study was to analyse the effects of e-marketing on commercial banks between 1994 and 2014. The researchers dwelt on the adoption of e-marketing services in the commercial banks. The adoption of e-marketing was examined with a special focus on perceived ease of use and usefulness, perceived cost and trust. Data from this study was collected through the use of questionnaires and semi-structured interview guide. There was however a very remarkable response from participants with a response rate of 77%. The researcher also made use of the secondary data. From the data, the researchers found out that customers considered adopting e-marketing services as long as it was perceived to be useful and easy to use. Most of the critical factors customers worried about were on the risks involved in carrying out some transactions using electronic channels as well as the reliability of banks, network providers and infrastructure. However at the end the study, the researcher recommended some marketing strategies for banks to consider. The researcher recommended that banks should take into account customers' needs such as communication, informing and training on e-marketing services as some were ignorant of Internet usage.*
Keywords: *e-marketing, impact, Internet, benefits and challenges*

I. Background of the Study

E-marketing in Zimbabwe enabled commercial banks to advertise their products and offer services to customers through the Internet. E-marketing products and services were methods used by Zimbabwean banks to carry out their transactions without physically coming in contact with their clients.

In Zimbabwe, electronic technologies emerged in the early 1990's with banking sector leaders like Standard Chartered Bank and Barclays Bank PLC rolling out the "zib zeb" machines. These worked by placing the debit or credit card on a metal surface with two slips of paper separated by a carbon sheet and the merchant user would move the handle back and forth so that the credit card number would imprint on the slip and the transaction would be later delivered to the bank for clearance. Following this came the Automated Teller Machine (ATM) which had the capability to dispense cash after an account holder inserted a card and verified the transaction using a Personal Identification Number (PIN). The ATM was developed further and was eventually able to process enquired balances, accept deposits, perform utility bill payments and transfer funds between accounts. Credit card was one of the few remarkable innovations introduced successfully by commercial banks in Harare, for instance banks such as Met Bank, FBC, CBZ, Kingdom, MBCA, Stanbic, Stan Chart, NMB, BancABC, Barclays and Tetrad. The credit card is still an expensive means of payment for e-commerce and many on-line shoppers would prefer other payment forms for their purchase.

Competitors in the industry also responded by making huge capital investment in technology and seeking strategic partnerships like in the case of Ecocash and Steward Bank. Complementary mobile service providers like Econet, Netone and Telecel also responded by launching money transfer, savings and bill payment products through their Ecocash, One Wallet and Telecash products respectively.

Despite all these developments it remained unclear how e-marketing strategies were used to convince customers to adopt new banking technologies. The impact of e-marketing on the Zimbabwean banking sector still remains unknown

II. Statement of the Problem

The effects of e-marketing on commercial banks performance and competitiveness were not clear. This study aimed at evaluating the impact of e-marketing on the banking sector in Zimbabwe with special reference to commercial banks in Harare for the period 1994 to 2014.

III. Objectives of the Study

Objectives of this study were to:

- Determine whether e-marketing technology advancements had changed the nature and quality of services offered in the banking sector.
- Identify how customers were adapting to the introduction of e-marketing in the banking sector.

- Identify the challenges and benefits that customers experienced in adapting to the introduction of e-marketing in the banking sector.

IV. Research design and Methodology

The researchers used descriptive research design that allowed for the collection of both qualitative and quantitative data. Some statistical techniques were used to analyse the data. Through descriptive research, the researchers were able to use both primary and secondary data. Qualitative research methodology generated rich, detailed and valid data that contributed to in-depth understanding of the context. The researchers employed qualitative research as their primary methodology and quantitative as their secondary methodology. Both interviews and questionnaires were used as data collection methods.

V. Literature Review

According to Czerniawska and Potter (2000), one of the benefits acquired in the implementation of e-marketing in commercial banks was increased revenue. This was because there was attraction of more customers and retention of old ones. There was also improved customer satisfaction since products and services were readily available, cost reduction because of reduced wage bill, reduced space requirements and hence reduced rent or lease payments. Other benefits they explained included increased efficiency since automation enabled organisations to do more with less input, increased level of output and employee satisfaction and motivation since less work was involved. There was a larger market share through attraction of new customers and customer loyalty was gained.

The uptake of e-commerce was influenced by its potential to create business value and by awareness of its participants of the potential benefits (Magutu et al., 2009). The major reason for most companies, irrespective of size, to participate in business was to extract some benefit from it and e-commerce was no different. The benefits of e-commerce identified from the current literature were classified in two main categories tangible and intangible. The tangible benefits were those that were directly accrued to the organization and contributed directly to increase in revenue and profit where as intangible benefits were those that did not directly contribute to increase in revenue but gave goodwill and customer loyalty to the organization. They included, enhancing well-being and education of customers. By providing information to customers online, they were able to learn more about the organization and carry out their transactions effectively and efficiently at reduced time and cost (Lee 2001).There was improved consumer loyalty, when quality services and products were provided. Customers made repeated purchases and related well with the organization (Lee 2001). Intangible benefits gave organizations competitive advantage in that the organizations that used automated business processes were able to provide products and services at reduced prices than their competitors. This enabled them to beat their competitors and close out entry of new entries (Straub, 2000). E-marketing offered convenient shopping to customers. Also, customers were enabled by e-marketing to carry out their transaction at any place in the world and at any time of the day that was convenient to their unique lifestyle. To extract benefits from e-marketing, it was important for businesses to overcome the e-commerce inhibitors and challenges.

E-marketing enabled accessibility of markets that had been otherwise inaccessible without automation. For example, customers who wished to carry out transaction at night were taken care of by the use of ATMs. This process led to transformation of traditional market chain (Fraser et al. 2000) as well as retained and expanded customer base and acquisition of a niche market. The introduction of e-commerce enabled banks to serve customers who were in places where they did not have ATMs and electronic transfers. When people were replaced by machines in an organization, the amount of salary paid out was reduced (Grover and Ramanlal, 2000).

Hoffman and Bateson (2001) stated that e-marketing also enabled the organization to achieve customer satisfaction which led to repeat purchases that led to loyal customers (retention) which in turn led to enhanced brand equity and higher profits. The provision of high quality services was an important tool for creating and fostering good and long lasting customer relations.

Furthermore, Zairi (2000) found that satisfied customers possibly shared their experiences with five or six people while dissatisfied clients might inform another ten. Highly satisfied customers produced several benefits to the company. They were less price sensitive and they talked favourably to others about the company and its products and remained loyal a longer period that are high customer retention levels.

Keegan (2002) stated that the principle of customer retention was to concentrate on loyalty and not just on satisfaction. Gummerson (2002) also argued that the principle of customer retention commanded the company to build intimate relationships with the customers, intimate enough to learn about the customer's needs and wants and close enough to understand customer's expectations in order to be able to provide quality. It makes more sense in today's business environment to make sure the organisation retain current customers before spending money on attracting new ones.

Customer service encompassed all points of contact between a supplier and a buyer and included tangibles as well as intangible elements (Christopher et al, 1991). Customer service was the service provided in support of a company's core products (Zeithaml and Bitner 2003). They went on to say that quality customer service was essential to build customer relationships. Adrian Payne (2001) suggested that there was a link between customer service and quality and it was concluded that customer service initiatives were closely related to quality initiatives. This was so because quality must be determined from the customer base on regular research and monitoring.

Customers maintained long term relations with an organization where they were constantly provided with high quality services and satisfactory value for money and time (Zeithaml and Bitner, 2003).

Kotler (2003) suggested that customers pay for the service provided and not customer service thus an organization needs to provide good value to customers. Lovelock and Wirtz (2005) defined customer value as the worth of a specific action relative to an individual's needs at a particular time, less costs involved in obtaining those benefits. Customers demanded value for their money and if not provided customers turned their backs to business thus organizations must be concerned with providing good value to customers. Firms created value by offering services that customers required. Satisfied customers not only tend to return to buy but also talked about the service to others. Word of mouth referral was realised to be the most effective form of promotion. It costed nothing and carried a lot of credibility as it was based on personal experience.

E-marketing challenges identified from the literature were classified as technological, managerial, and business related. Technological challenges were related to the acquisition, installation and maintenance of the necessary hardware and software. These challenges were security and Web site issues (Koved et al. 2001). The organizations data faced threats from hackers and data loss occasioned by things like viruses. This proved costly to the organization for instance in their prevention (Czerniawska and Potter, 1998). Technology issues included costs, software and infrastructure, an e-commerce system required great expenditure in monetary terms. Others were managerial challenges and included people and organizational issues. The people in the organization, resisted adoption of the new technology as they feared that, it would lead to loss of jobs. They were reluctant to adopt new methods as they feared change. Another thing was that, there was need to restructure the organization and this was a challenge on its own (Hoffman et al. 1999; Feeny2000). There was need for obtaining senior management backing, which was a major activity in any organization. If the management did not support the e-commerce project, it meant that the project lacked the necessary resources and was thus bound to fail (Feeny 2000). Business challenges included customer service where the bank lost the personalized service that it offered its customers. When this personal feel was lost, customer loyalty was reduced and entirely lost (Whinston et al. 1997, Lee 2001). The other challenge was the customers' old habits. Customers remained stuck with their old habits and were not ready to adopt change. They lacked trust for the new technology and hence the e-marketing system was under-utilized (Schwartz, 1999).

VI. Data Analysis and Discussion

The total response rate for both bank employees and customers was 77%. Data analysis revealed that the e-marketing strategies were effective as the bank's profit margins increased. The respondents outlined that the implementation of strategies contributed to increase in profit as the strategies increased the service quality which increased sales and profit. From the analysis the bank employees explained further that the increase in profit also came from other sources that included cutting of cost and revenue from interests.

Data also showed that, customer satisfaction and retention increased as indicated by bank employees. From the analysis the bank's strategies increased the customer retention and the number of new customers as they were attracted to the improved customer service strategies. This was evidenced by an increasing rate in the account opening and a decreasing rate of account closure. The researchers concluded that the strategies had enabled banks to meet customer expectations which in turn increased customer satisfaction which led to repeat purchases that led to loyal customers who in turn led to enhanced equity and higher profits. E-marketing helped to retain customers in an organisation. This finding concurred with Zairi (2000), Keegan (2002) and Gummerson (2002).

Data analysis also showed that the strategies had enabled the banks to reduce the service quality gap that was between customers' expectations of the service and the perception of the actual service delivered which resulted to dissatisfaction. The analysis asserted that e-marketing strategies helped management and employees to have full understanding of how customers formulated their expectations and how to provide the service exceedingly.

The researchers found out that the strategies were effective as the banks' competitiveness increased because customers perceived the services offered as unique from other competitors. The bank employees admitted that it was difficult to meet and deliver excellent service as quality differed with individuals and viewed from different perspectives. This finding was supported by Christopher et al (1991), Payne (2001) and Zeithaml and Bitner (2003).

Some employees indicated that goal achievement was a result of the banks' ability to implement some of the objectives. They also reflected that not all the objectives were achieved as there were areas which needed to be improved to achieve the targeted position.

Some employees agreed that the strategies improved the processes which resulted in fast, and efficient service delivery that reduced bottlenecks and waiting time. The researchers asserted that the processes that had been developed for the delivery of service added value to customer experience and led to service excellence. However some respondents argued the banks needed to improve on the processes and systems as they were having challenges with system failures and limited resources which had an adverse effect on the processes.

The researchers found out that more than half of the employees indicated that the e-marketing implementation had enabled the organization to adequately select and train and select employees. Employees became empowered and that resulted in quick decision making hence fast reaction to customers' requirements and problems (Dobbs 1993). E-marketing enabled employees to be customer service oriented and enhance attainment of a genuine sustainable source of competitive advantage.

Figure 1 below shows how customers assessed banks' e-marketing services.

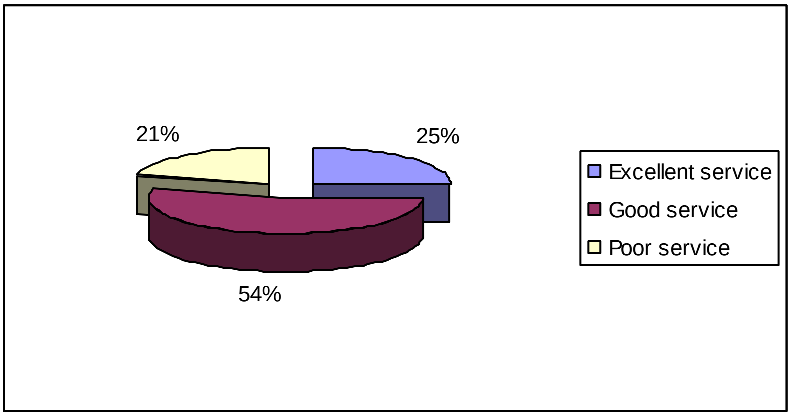

Figure 1: Customer Assessment of E-marketing service

Most of the customers rated e-marketing services as good. Twenty-five percent rated them as excellent and regarded them as dependable. This was evidenced by one of the customers who wrote a compliment letter to the bank's branch notifying that he had received good and quality service and that his requirements were attended to quickly in a tactful and professional manner and he felt valued. More than half argued that the services were acceptable and were satisfied with the bank's service delivery and quality of service as they thought the bank took service delivery to its customers seriously. On the other hand 21% of the respondents were frustrated with the inaccuracy, follow through promised action and responses to complains or queries that they pointed to the banks.

Most of the customers were not really satisfied with the speed, accuracy and response of the banks to their needs. One of the customers argued that it took him more than an hour to access portal from one of the banks as the site was continually under maintenance. He had to physically visit the bank for his query to be attended to. This was supported by literature (Czerniawska and Potter 2000). To a larger extent the banks were following through promised actions as indicated by only 52% satisfied with 40% dissatisfied. Dissatisfied customers argued that most of the time they were not conversant with the Internet and the cost thereof. Generally the banks were able to satisfy most of their customers. There was still some work to be done.

The banks faced challenges in the implementation of the customer service strategies which included employee lack of skills, fewer resources which limited the ability and capabilities of the bank.

VII. Research Findings

From the responses it can also be outlined that there was an increase in customer retention and new customers as the number of customers opening new accounts increased and the rate of account closure decreased. As highlighted by Kotler and Armstrong (1996), customer service led to customer satisfaction since all the organization activities were directed towards the overall customer satisfaction. Hill and Alexander (2000) were of the view that customer service strategies were used to win and retain customer's satisfaction.

The top management also commented that the strategies of e-marketing to a larger extent were effective as they were more competitive and that e-marketing improved together with process efficiency as a result of the introduction of e-banking. This view was supported by Payne (2001), who suggested that there is a link between e-marketing and quality and can be concluded that customer service initiatives could be closely related to quality initiatives.

The research found out that the bank's service delivery was satisfactory according to customers. Although most customers were satisfied, some argued that most time was taken to attend to queries and sometimes shelved until they were tired of making follow ups.

VIII. Recommendations

The study makes the following recommendations for the e-marketing to make positive impact on commercial banks:

Continual e-marketing training was required to sharpen and upgrade employees' skills. This would enable employees to know their products and be able to sell them to the customers. The banks should provide different training programmes in order to widen the knowledge and keep employees and customers with up to date information so as to be competitive and flexible in offering a wide range of e-marketing services.
The bank should take into account the areas which required improvements in relation to e-marketing as highlighted by customers.

The bank would need to communicate, inform and train customers on how to use the e- marketing services as some customers were ignorant about the use of Internet.

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