

Better Understanding the Loyalty Strategies of Commercial Banks in Côte d'Ivoire: An Exploratory Qualitative Study

Coulibaly Issa

Université Félix Houphouët Boigny (UFHB)d'Abidjan

Unité de Formation et de Recherche des Sciences Economiques et de Gestion

Laboratoire des Sciences des Organisations (LSO), Côte d'Ivoire

Abstract: The objective of this research is to apprehend through an exploratory qualitative study, the loyalty practices of commercial banks in Côte d'Ivoire.

The thematic content analysis of the accounts of interviews with 7 bankers shows that customer loyalty is achieved according to a customer relationship management approach in which the main actor is the customer advisor. Based on customer segmentation carried out mainly on the basis of income, banks set up loyalty programs in order to optimize customer relations and improve financial performance.

Keywords: Relationship Marketing, Loyalty Practices, Exploratory Qualitative Research, Customer Relationship Management, Commercial Banks

I. Introduction

The issue of winning over and retaining customers is now a challenge for companies in general and banks in particular, which operate in an increasingly competitive environment (Coulibaly and Koné, 2024).

In a global economic context of globalized markets where competition is increasingly open, companies are now led to place the customer at the heart of their marketing and sales strategies (Coulibaly, 2021). Thus, practitioners and theorists insist on the role of relationship marketing in customer loyalty.

Due to the very high cost of acquiring a new customer, companies in general and banks in particular recognize the value of building loyalty by taking an interest in customer relationship management. According to Crié (1999), loyalty is the set of marketing efforts and techniques used to maintain loyalty.

Customer loyalty is therefore a concern for both researchers and managers.

In a competitive and uncertain environment, customer loyalty is a key issue for companies. It is in fact a question of retaining its customers and establishing a solid and lasting relationship with them.

The well-known study by Reicheld and Sasser (1990) showed the value of customer loyalty in promoting financial performance. In order to deal with this situation, banks have embarked on a process of recruiting and retaining customers by introducing and modernizing customer relationship management (CRM) systems.

The purpose of these services is to ensure good management of the customer portfolio while preserving customers in the long term. Webster (1992) points out that companies that place their marketing strategy in a relational perspective are more successful. However, the difficulty faced by companies in general and banks in particular is to integrate relationship marketing into their managerial practices.

Indeed, relationship management tools are not yet fully integrated into a relational approach.

According to the WAMU Banking Commission, the Ivorian banking system dominates the banking landscape with 33.6% of the market share as of December 31, 2023.

It is made up of 28 banks and 4 financial institutions with a banking rate that has increased from 26.2% at the end of 2021 to 31.2% in 2024 according to BCEAO figures.

The dynamism of the Ivorian market is pushing bank managers to use innovative marketing strategies to stay in the race (APBEF, 2021). Thus, we are witnessing an orientation of banks towards digital through the increasingly increasing establishment of electronic payment service points.

In addition, competition has increased with customer volatility in the face of the multitude of products and services offered. Indeed, some customers do not seem to clearly perceive the distinction between banks in terms of relationship and financial offer (Brou, 2016, Coulibaly 2022). However, it is important for bank managers to optimize customer relationship management in order to retain them. Which leads us to ask the following questions: How do banks retain their customers? What is the place of relationships in loyalty strategies?

To our knowledge, few studies have analysed banks' loyalty practices and the place of the relational dimension in the banking sector in Côte d'Ivoire.

This research work uses a qualitative approach to understand the loyalty strategies deployed by commercial banks. Specifically, it is a question of:

- Explore retention practices within banks
- situate the place of the relational factor in the loyalty strategies deployed by banks

With this in mind, we first present a literature review on the subject. Then the methodological approach is explained and finally we end with the results, their discussion as well as the implications and avenues of future research.

II. Conceptual and Theoretical Framework

2.1 The concept of relationship marketing

Relationship marketing is the subject of different definitions in the literature. We retain that of the pioneer Berry (1983) for whom "Relationship marketing aims to establish, develop and successfully maintain relational exchanges, more precisely it sets itself the objective of acquiring and retaining customers".

The seminal work on relationship marketing is that of Berry (1983) who was the first to talk about relationship marketing as opposed to transactional marketing.

Berry (1995) shows that relationship marketing is particularly suited to the service sector.

Many authors have tried to distinguish between the relational approach and the transactional approach. Indeed, relationship marketing only makes sense through its opposition to transactional marketing and vice versa (N'goala, 1998; Flambard, 2002). Dwyer et al. (1987) distinguish between a simple transaction that "has a distinct beginning, a short duration and an end in relation to performance" and a relational exchange "that follows agreements, has a longer duration, and reflects a continuous process". In this sense, the product, the act of purchase, the time and the amount of the transaction are valued and the parties are deemed insensitive to the personality of their partner, but simply expect him to fulfill his obligations (Frisou, 1997).

According to Benamour and Prim (2000), two approaches are used to understand the notion of relational orientation of clients:

- One based on contextual elements such as the characteristics of the service offered or the relationship maintained (Jackson, 1985; Bendapudi and Berry (1997));
- The other based on psychological elements such as the client's personality and his attitude towards the relationship (Perrien and Ricard 1995; Sheaves and Barnes 1996).

Barnes (1997) also distinguishes between two types of consumers: the first is looking for a warm and close relationship (relational customer), the second is looking for a more distant relationship (transactional customer).

2.2 Customer relationship management: a tool for relationship marketing

Customer Relationship Management (CRM), introduced by Sheth in 1995, is an effective tool for managing and maintaining these relationships. It's a concept that's booming. Its goal is to create and maintain a mutually beneficial relationship for the company but also for customers. Increasingly, customer loyalty within companies in general and banks in particular is done according to a customer relationship management (CRM) approach. According to Kamal et al (2017), this approach consists first of all in knowing the needs of customers and then giving appropriate responses in order to better satisfy them. Customer relationship management (CRM) in service companies, especially banking institutions, not only has the motivation but also the means to build close relationships and deliver more value to their customers.

2.3 From customer loyalty to customer loyalty: a literature review

While the literature abounds on brand loyalty, particularly to the brand, there are fewer studies devoted to loyalty (Coulibaly, 2022). According to Crié (1999), loyalty is the set of marketing efforts and techniques used to maintain loyalty. If loyalty is a quality that is directly attributable to the customer, loyalty requires the company to put in place specific policies.

Typically, these policies are intended to either change the repeat purchase or change attitude, or both. In a transactional approach, they will focus on communication, quality and satisfaction. On the other hand, these policies will be based on real programs that are spread over time and the customer's life cycle in a relational approach. They are looking to channel consumer purchases towards greater frequency and/or volume.

Barlow (1992) defines loyalty by insisting on the profitable aspect of the relationship:

For this author, "Loyalty is a strategy that identifies, maintains and increases the performance of the best customers through a value-added, interactive and long-term relationship."

Ultimately, the purpose of loyalty is to design strategies, policies or actions capable of increasing customer loyalty.

Historically, three approaches to fidelity have emerged over time: behavioral, attitudinal and composite (Jacoby and Chestnut, 1978).

According to the behavioural approach, a consumer is loyal when he or she regularly buys the same brand (Sheth, 1968). Loyalty is then measured by actual purchasing behavior: the purchase sequence, the rate of food, the RFM measurement (recency, frequency, amount), the probability of purchase...

The main limitation of this behavioral approach is that it does not consider the fact that the client's behavior is the result of a psychological process. However, the observation of repetitive purchasing behavior is not enough to properly describe a phenomenon as complex as loyalty. These measures also ignore the situational elements of the purchase such as the lack of alternatives, the inertia linked to the nature of the service, the cost of switching too high or the attractiveness of competing offers (Dick and Basu, 1994). In addition, because it focuses only on the buyer, it does not allow for differentiation between the decision-maker and other stakeholders during the purchase decision process. To address this disadvantage, the model requires the integration of a concept of attitude which is a significant component in the purchase decision.

For the attitudinal approach (Jacoby, 1971), the customer is loyal when he develops a favorable attitude towards the brand. This approach is based solely on the psychological predispositions (attitudes, emotions, intentions, etc.) of the consumer without considering his or her actual behavior.

The literature on the behavioral approach and the attitudinal approach to fidelity reveals that these approaches cannot separately apprehend a phenomenon as complex as fidelity (Coulibaly, 2021). The appearance of the composite dimension, which is the mixture of the two dimensions, makes it possible to overcome this problem.

Jacoby (1971) explains composite fidelity as "a redemption behavior based on cognitive, affective, evaluative and predispositional factors, the classic components of attitude." It combines the advantages of the two approaches presented above. There is only one major criticism, that of Tarpey (1974), according to which this definition does not provide sufficient knowledge of the factors determining the behaviour of the client.

Faced with the limitations of behavioural and attitudinal approaches to loyalty widely developed in the marketing literature, contemporary research tends towards the adoption of a relational approach to loyalty (Boyer and Nefzi, 2008).

Generally speaking, unlike the transactional approach, the relational approach to exchange aims to obtain long-term customer loyalty (Ngoala, 2003). According to the latter, this approach considers different manifestations of brand loyalty (sensitivity to competition, tolerance to dissatisfaction, tendency to opportunism, propensity to complain, recourse to negative word of mouth and tendency to integrative negotiation) and broadens the study of loyalty beyond the simple purchase of a product, whether intentional or observed.

2.4 Theoretical positioning of the research

To explain the loyalty behavior of individual banking customers in the Ivorian context, we will base ourselves on the theories of the preferred relationship (reasoned action theory) and the desired relationship (commitment theory) at the cognitive level. Indeed, the definition we have adopted to explain fidelity is that of (Jacoby and Kyner, 1973) because of its consensual nature. This definition is the most comprehensive in the current literature and it evokes the psychological process that influences a customer's loyalty.

The theory of reasoned action (Fishbein and Ajzen, 1975) is based on the assumption that individuals are generally rational and that they use the information around them to make decisions. From this perspective, loyalty is the consequence of a rational decision based on the evaluation of the different benefits of each brand, it is necessarily intentional.

The theory of commitment (Kiesler, 1971) admits that only our actions commit us to varying degrees. The individual is therefore above all faithful to his actions and to himself.

III. Methodological Approach

3.1 The conduct of the study

Unlike the quantitative phase, the exploratory qualitative study has the advantage of dealing with phenomena that are still very little explored (Wacheux, 1996) such as banking marketing in relation to customer relationship management and loyalty practices.

As for the interview, it takes place on the basis of a pre-established interview guide. This interview guide is developed on the basis of the objectives pursued by the research.

As part of our investigations, we interviewed seven (7) expert bankers in order to understand the loyalty strategies deployed by commercial banks.

These are discussions using an interview guide lasting approximately forty and five (45) minutes.

3.2 Sampling and Data Collection

In the context of a qualitative study, the quality of the respondents takes precedence over the representativeness of the sample (Evrard et al, 2009). In addition, the sample size is determined by the criterion of semantic saturation of the information (Dano et al, 2004), i.e. the information is stopped when the respondent does not provide new information compared to that previously collected.

Thus, we have designed a structured interview guide to address a series of previously defined themes as recommended (Thiétart et al; 2014).

Non-directive interviews of an average duration of 45 minutes took place with 3 customer advisors, 3 marketing managers and a branch manager. We stopped at 7 bankers because after the 7th person, we found that the information provided by the other bankers was identical to that provided by the first 6 bankers. Indeed, Dano et al (2004) recommend the observation of two rules for sampling and data collection during a qualitative study: to have a sample that represents the diversity of the phenomenon studied and to obey the rules of semantic saturation of information.

3.3 Processing of qualitative data

We started with a total transcription of the interviews recorded on tape recorders. Then the transcribed interviews were the subject of a division of the text, and then a grouping of these units according to the defined theme.

The various interviews were the subject of a thematic content analysis. According to Evrard et al. (2009), this consists of "... to divide the text into basic units of analysis, to group them into homogeneous, exhaustive and exclusive categories (...)"

According to Bardin (1998), the technique of thematic analysis consists of dividing the corpus into themes, which are units of meaning.

To this end, an analysis grid corresponding to the themes mentioned in the interview guide has been developed. This allowed a thematic analysis of each interview and then horizontal analyses by interview and vertical analyses by comparison of the different narratives.

IV. Results

To reproduce the results, we based ourselves on the categorization technique of Paillé and Mucchielli (2003), which consists of describing the excerpt and attributing meaning to it.

Analysis of bankers' discourse

The theoretical study carried out beforehand made it easier for us to interpret the results of our qualitative study.

The interviews with the bankers focused on 4 themes:

Theme 1: The bank's loyalty strategy or policy

More often than not, the strategy is not homogeneous. It depends on the size and level of maturity of the bank. The level of formalization depends on the guidance given by senior management or the parent company (for international banks). In addition, this policy is mixed: a transactional approach based on the 4Ps (Price, Product, Promotion and Placement) and a relational approach (loyalty programs, preferential treatment).

The strategy is also a function of the bank's customer segmentation. In general, retail customers are grouped into 3 segments according to their income (bank account) and their needs: consumer or mass market customers, privilege or middle market customers and VIP or top market customers.

The words of bankers 4 and 6 confirm this trend: "As needs differ from one segment to another, the loyalty policy also depends on the segment in which the customer is located. It is a question of satisfying the customer's needs as best as possible according to their expectations and the category in which they are located. Banker 6: "Loyalty is necessarily a long-term process. »

Theme 2: Relationship management, the place of the relational dimension in loyalty practices

Customer loyalty within the bank is done according to a Customer Relationship Management (CRM) approach. The objective is to know the needs of the customer, to meet these needs in order to better satisfy them. It is an operation that takes place with the intervention of 3 parties: the customer, the customer advisor and the CRM tool (computer platform, internal information system). However, the customer advisor is the linchpin of customer relationship management and loyalty actions.

Banker 7: "Customer loyalty within the bank is done according to a Customer Relationship Management (CRM) approach. When you build customer loyalty, you can sell them new products. »

He/she ensures the electronic management of data (archiving of the client's administrative and commercial information); thus allowing to keep track and history of the relationship as well as the overall information about the prospects. So basically, bankers make sure that the customer journey is as simple as possible: first the customer reception, then the sales interview and finally the proposal of the appropriate product or service with a certain follow-up of the customer. Thus, practices combine the transactional and the relational.

The intensity of the relationship depends on the type of customer. Banks are developing more of a personalized relationship with large customers (VIPs). For small customers (general public), it is the transaction that wins with credit offers and generic products.

For privilege customers (middle market), the strategy is hybrid (personalization of the relationship and credit offer).

Theme 3: Existence of loyalty programs and measurement of their effectiveness

These tools and programs are formalized in the major banks, for the others the customer advisor takes initiatives to achieve profitability objectives.

Banker 3 "I regularly follow the client, the evolution of his needs in order to satisfy them as best as possible. It is necessary to get the customer to engage in the relationship through regular follow-up, reminders, speed in the management of his operations, messages during holidays and birthdays. »

The observation is that there is no loyalty card backed by these programs.

The effectiveness of these programs is measured by satisfaction surveys, the improvement of Net Banking Income (NBI), and the management of complaints in the major banks by a management or a quality department.

Theme 4: Axes of the loyalty strategy

- Axis 1: relational aspect: optimizing the customer relationship

The predominance of relationships is felt by large customers (VIPs). For the others, the transaction takes precedence over the relationship. This desire of banks to improve the quality of their relations with customers can be felt through the accounts of the interviews.

This relational aspect of the loyalty strategy appears in the accounts of the bankers interviewed: quality of service, satisfaction, trust, commitment, loyalty.

Banker 1: "The other factor is to play on the customer's emotions, the customer experience: it's the added value that will make the customer want to stay with you, otherwise all banks have almost the same products. »

- Axis 2: Transactional aspect: improving financial performance

Banks are looking to retain the most profitable customers. In general, these are the large customers, those who have a good financial capacity and contribute to improving profitability through the increase in Net Banking Income (NBI). Customer segmentation is essentially based on financial criteria (income, financial capacity). Customer loyalty is then measured in relation to the frequency and volume of transactions (savings, debt capacity): it is behavioural loyalty that is perceived by bankers.

The account of Banker 2 illustrates this trend well : "Net banking income (NBI) is important, it is the purpose of any loyalty strategy. You don't build customer loyalty to look at him like that, in return it brings you something, you try to improve the GNP. The loyal customer is not necessarily the most profitable. The profitable customer is the one who fits into your 10-80 years (the 10 big customers who make 80% of your turnover). It is this customer that the bank is trying to keep at all costs. »

V. Discussion of Results and Managerial Implications

According to the thematic analysis we presented, loyalty practices within banks in the Ivorian context are carried out according to a customer relationship management (CRM) approach. This customer relationship management is part of a mixed approach: both transactional and relational. But it is clear that relationships are not the most decisive factor. It is more developed for large customers (prestige or VIP customers) who are the fewest in number but the most profitable (can bring in up to 80% of turnover). With them, the relationship is hyper-personalized.

The transactional aspect therefore takes precedence over the relational aspect. For example, for the most numerous consumer customers, the strategy is based on the financial offer through the sale of generic products (credit, new services).

These results are consistent with those of Barlow (1992), for whom a loyalty strategy is an operation to select, maintain and develop profitable customers. They are contrary to those of Ouhna et al (2013) and Kamal et al (2017), who enshrined the primacy of the relationship over the transaction.

Even if the relational aspect is part of the loyalty strategy, transactional exchanges are predominant. The customer is treated according to his purchasing power.

Therefore, the theory of reasoned action seems more relevant to explain banks' loyalty strategies as well as customer loyalty behavior.

VI. Conclusion

The objective of this research was to better understand the loyalty practices of commercial banks in Côte d'Ivoire.

The results of this qualitative study show that loyalty strategies are part of a customer relationship management (CRM) system in which the bank account manager is the major player. However, this system is geared towards profitability objectives. Indeed, the relationship is personalized only for major customers who contribute significantly to the achievement of turnover. Loyalty is perceived in its behavioral approach by bank managers in the Ivorian context.

It is therefore necessary for banks to adapt their loyalty strategies to the needs and profiles of customers. This strategy should also take into account the management of the staff in contact, the management of complaints and the pricing policy.

This qualitative research could be enriched by another of a quantitative nature.

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