PERCEPTIONS ON THE USE OF SOCIAL MEDIA IN THE BANKING INDUSTRY

By

Nicole Cupp

Submitted in fulfilment of the requirements for the degree of

MASTER OF COMMERCE

To be awarded at the

Nelson Mandela Metropolitan University

April 2016

Supervisor: Prof C Rootman

DECLARATION

I, Nicole Cupp, hereby certify that:

- the content of this dissertation, *“Perceptions on the use of social media in the banking industry”*, is my own original work;
- sources used and quoted have been acknowledged and documented by means of complete references; and
- this dissertation has not been previously submitted for a degree at any other tertiary institution.

____

NICOLE CUPP

Port Elizabeth
March 2016

ACKNOWLEDGEMENTS

I would like to express my deepest gratitude and sincere thanks to all who contributed to the completion of this study:

- First and foremost, to Prof C. Rootman for her knowledge, guidance, patience and support throughout the completion of this study.
- Dr J. Pietersen for conducting the statistics for this study.
- Nancy Morkel for conducting language editing and proofreading for this study.
- To the respondents for their cooperation, for without them this study would not have been possible.
- My family for their motivation, support and interest.

ABSTRACT

As banks operate in a competitive environment, it is important for managers and marketers to identify how customer satisfaction and customer retention levels can be can be improved through social media aspects. Although models of customer satisfaction and customer retention have been well researched for client products/services, the literature available on social media as a marketing tool is limited in quantity compared to other more established areas of marketing.

This research study reviews existing literature on the banking industry in terms of its characteristics and challenges. Literature on customer satisfaction and customer retention as relevant to the banking industry is reviewed, as well as how social media aspects can improve customer satisfaction and customer retention. Thus the primary objective of this study is to identify the social media aspects (benefits, clients' trust and content) that influence the intervening variable (customer satisfaction) and dependent variable (customer retention) in the banking industry.

An empirical investigation was undertaken to establish whether the independent variables; namely benefits, clients' trust and content as related to social media can possibly influence customer satisfaction and ultimately customer retention in the banking industry. A positivistic research paradigm was followed for this study. Quantitative data was gathered by distributing questionnaires to a sample of bank clients and managers. The sample size consisted of 150 bank clients and 30 bank managers in the Nelson Mandela Metropolitan area in South Africa. The questionnaires were statistically analysed using the computer programmes Microsoft Excel and Statistica Version 12.0. The validity of the study was measured by utilising Exploratory Factor analysis. Cronbach's Alpha correlation coefficients were calculated to measure the reliability and internal consistency of the measurement instrument of this study.

Data was analysed in four phases. Descriptive statistics concerning the respondents and variables were calculated for this study. The validity of the measuring instrument was tested by performing EFA to consider construct validity. Thereafter, the internal reliability of the data was assessed using Cronbach's Alpha correlation coefficients. Pearson's product-moment correlation coefficients and multiple regression analyses were calculated. Through multiple regression calculations, the relationships predicted by the four hypotheses were analysed. Finally, t-tests and analysis of variance (ANOVA) tests were conducted.

The empirical investigation revealed that significant positive relationships exist between the independent variables benefits, trustworthy content and the intervening variable customer satisfaction, as well as between these two independent variables and the dependent variable customer retention. From the empirical results it was concluded that if banks offer benefits and trustworthy content to their clients through social media channels, clients are likely to be satisfied with and retained by their bank.

This study established and confirmed the significant positive relationship that exists between customer satisfaction and customer retention in the banking industry. All bank managers and marketers will benefit from the empirical results as well as the recommendations of this study on how to improve customer satisfaction and customer retention through social media channels which will ultimately improve the performance of banks.

KEYWORDS:

Banking industry, banks, benefits, clients' trust, content, customer retention, customer satisfaction, marketing, social media.

TABLE OF CONTENTS

PAGE

CHAPTER ONE

INTRODUCTION TO THE STUDY

TABLE OF CONTENTS (CONTINUED)

TABLE OF CONTENTS (CONTINUED)

CHAPTER FOUR

SOCIAL MEDIA AS A MARKETING TOOL

TABLE OF CONTENTS (CONTINUED)

PAGE

TABLE OF CONTENTS (CONTINUED)

TABLE OF CONTENTS (CONTINUED)

TABLE OF CONTENTS (CONTINUED)

LIST OF FIGURES

LIST OF TABLES

LIST OF TABLES (CONTINUED)

PAGE

CHAPTER ONE
INTRODUCTION TO THE STUDY

1.1 INTRODUCTION TO AND BACKGROUND OF THE RESEARCH

The banking industry plays an essential role in the economic growth of a country, by raising gross domestic product (GDP) growth and lowering the unemployment rate (Kumbirai & Webb 2010:30-31). An effective banking industry helps a country's economy to grow by stimulating technological innovation, bridging the imbalance between the savings and investment needs of a country, offering funding to entrepreneurs who successfully implement innovative products and production processes, direct a country's scarce resources to the most profitable channels, and identify and fund productive investments (Abubakar & Gani 2013:48-49; Awdeh 2012:53; Vaithilingm, Nair & Samudram 2006:2). In contrast, a weak banking industry could threaten the long-term sustainability of an economy and trigger a financial crisis, which could lead to an economic crisis (Vaithilingm *et al*. 2006:1).

Banks offer various banking products/services to clients (Chavan 2013:19). In literature the terms customer, consumer and client are often used interchangeably. A customer typically refers to someone who has purchased a product from a firm for the first time, whereas a consumer or client is someone who makes use of a firm's service repeatedly (Du Plessis 2010:8-9). The term 'client' will be used, for the purpose of this study, as the focus is on the banking industry, which mainly offers services.

Over the past few decades, technology has changed the way in which the banking industry operates (Adewoye & Omoregie 2013:2; Malhotra & Singh 2009:44). South African banks are faced with intense competitive pressure, high concentration and a rapidly changing business environment which makes it difficult for banks to gain strategic advantage through banking products alone (Chigamba & Fatoki 2011:71; Rizan, Warokka & Listyawati 2014:2).

The high concentration of banks in South Africa makes it easy for clients to switch, therefore, signifying the need for banks to create more effective marketing campaigns which aim to retain clients (Chigamba & Fatoki 2011:72). Rizan *et al*. (2014:2) agree and add that globalisation has intensified the challenges in the banking industry, compelling banks to recognise the importance of customer retention. In the past, marketing efforts were focused on the completion of a transaction and attracting new clients (Rizan *et al*. 2014:1-2). However, it is clear that retaining the firm's existing clients is more profitable than attracting new ones (Du Plessis 2010:2-3; Gan, Cohen, Clemes & Chong 2006:83; Kheng *et al.* 2010:58; Sim, Mak & Jones 2006:7). Therefore, firms increasingly set strategies to measure and ensure customer retention (Mohsan, Nawaz, Khan, Shaukat & Aslam 2011:264).

Customer satisfaction and customer retention is particularly important for service firms (Mohsan *et al.* 2011:263; Rizan *et al*. 2014:2-3). Customer satisfaction can be defined as the clients' attitude or behaviour towards a service provider, or an emotional reaction towards the difference between what clients expect and what they receive, regarding the fulfilment of some desire, need or goal (Mohsan *et al.* 2011:263). The terms customer retention and customer loyalty are often used interchangeably (Boohene, Agyapong & Gonu 2013:84; Alshurideh, Masa'deh, Alkurdi 2012:70; Kaur & Kiran 2014:7). For the purpose of this study, the term customer retention will be used. Customer retention can be defined as the degree to which a client displays repeat purchasing behaviour from a service provider, possesses a positive attitudinal disposition towards the provider, and considers using only this provider when a need for this service exists (Kheng, Mahamad, Ramayah & Mosahab 2010:58).

The banking industry, operating in the financial services industry, is customer oriented and therefore depends upon customer relationships to ensure the performance and profitability of the firm (Karim & Chowdhury 2014:1; Mohsan *et al.* 2011:263-264; Kheng *et al.* 2010:57). The managers and marketers of banks should aim to nurture customer relationships as this will improve customer satisfaction and customer retention and, ultimately, increase the firm's profitability (Rizan *et al*. 2014:3-4). Therefore, customer satisfaction and customer retention are important in the banking industry.

Customer satisfaction and customer retention are based in the field of marketing (Khan 2013:11). Marketing is the process used to determine which products or services would be of interest to the client (Assaad & Gómez 2011:15). Marketing is a business function and a set of processes for creating, communicating, and delivering value to clients and for managing customer relationships in ways that benefit the firm and its stakeholders (Gundlach & Wilkie 2009:259). To achieve their marketing goals, service firms use the marketing mix or 7Ps. The marketing mix is a set of tools that originally consisted of four elements decided on by firms, namely, product, price, promotion and place. Three additional elements were included, namely, personnel, physical assets and procedures, because marketing is more customer oriented for service firms than for product marketing and therefore needs another type of marketing mix (Jain 2013:24; Yasanallah & Vahid 2012:195). Promotion is an element of the 4Ps. Promotion is commonly referred to as marketing communication (Masterton & Pickton 2014:473). Traditional marketing communication channels include television, newspaper, radio and magazine (Assaad & Gómez 2011:18; Saravanakumar & SuganthaLakshmi 2012:4444). However, social media has become the preferred communication channel for marketing communications (Clark & Melancon 2013:138; Muhammad & Abdul 2012:249).

Marketing, marketing communication, and marketing communication media have rapidly developed and changed since the rise of the internet (Erragcha & Romdhane 2014:8). The internet and e-commerce have had a tremendous impact on how firms operate and market their products/services (Bashar *et al.* 2012:88). The technological and digital revolution has seen the emergence of the internet as a media delivery system, which has transformed the structure of media and communication throughout the world, as well as how people interact and how business is conducted (Bashar, Ahmad & Wasiq 2012:88; Kaul 2012:114-115). The convergence of communication and the internet is bringing the advancement of digital communication to its peak, with media and communication playing a central and defining role in this revolution (Kaul 2012:114-115). The rise of digital media has fundamentally changed the complex relationships between firms and clients, allowing firms to engage with clients online through social media (Assaad & Gómez 2011:13; Kaul 2012:119; Neti 2011:2).

Social media can be defined as the platforms that facilitate communication through a specific social media tool or channel (Neti 2011:2). Social media marketing is a form of internet marketing, using technology and the internet to market a firm's products/services to the target market through social media channels (Baruah 2012:1; Bashar *et al.* 2012:88-89; Lekhanya 2013:2; Ramsaran-Fowdar & Fowdar 2013:74). Social media improves the marketing efforts of a firm by offering innovative ways to implement basic marketing programmes (Assaad & Gómez 2011:15). Various authors (Assaad & Gómez 2011:13-14, 18-19; Clark & Melancon 2013:132; Farooq & Jan 2012:627) believe that social media present a marketing opportunity that transcends the traditional middleman and allows firms to market their products/services and directly connect with clients on a deeper and more direct level. With the rise of social media and the internet, it has become increasingly important for marketers (including banks) to attract and retain clients through social media marketing. This is in order to differentiate themselves and increase their competitive edge so as to ultimately improve performance (Anjum, More & Ghouri 2012:100; Assaad & Gómez 2011:21; Chigamba & Fatoki 2011:72; Clark & Melancon 2013:138; Muhammad & Abdul 2012:249; Rizan *et al*. 2014:2).

1.2 PROBLEM STATEMENT

The banking industry plays a vital role in the economy, however, it faces challenges. South African banks face rising costs, increased competition, high concentration and a rapidly changing business environment which negatively impacts their performance (Chigamba & Fatoki 2011:66; Kumbirai & Webb 2010:30).

Many authors (Du Plessis 2010:2-3; Gan *et al.* 2006:83; Kheng *et al.* 2010:58; Sim *et al.* 2006:7) have emphasised the importance of customer satisfaction and customer retention to a firm's profitability and performance, as well as the many benefits a firm yields from retained clients. Improving customer satisfaction and customer retention is particularly important to the performance and profitability of banks (Karim & Chowdhury 2014:1; Mohsan *et al.* 2011:263-264; Rizan *et al*. 2014:2). Social media is an important marketing tool and can be used to increase customer satisfaction and customer retention in the banking industry.

Social media marketing can be used as a tool to attract clients and escalate customer satisfaction and the customer retention rate (Anjum *et al*. 2012:100). Ramsaran-Fowdar and Fowdar (2013:75-76) found that clients are spending much more time with internet marketing, for example, by gathering product information, viewing advertisements and purchasing online (Baird & Parasnis 2011:9), than with any other marketing channel. However, the literature available on social media as a marketing tool is limited in comparison to the work available on other more established areas of marketing (Clark & Melancon 2013:133). There is a need to assist marketers with information which can facilitate successful social media marketing in the banking industry, thereby increasing customer satisfaction and customer retention (Chigamba & Fatoki 2011:71).

It has, therefore, become increasingly important for marketers to investigate the perceptions on the use of social media in the banking industry. The problem statement of this study then emphasises that it is necessary to determine the perceptions held regarding the use of social media in the banking industry, to develop successful social media marketing strategies, in order to increase the customer satisfaction and customer retention of South African banks.

1.3 LITERATURE OVERVIEW

In the section that follows, an overview of the literature on the banking industry, customer satisfaction and customer retention, as well as social media as a marketing tool will be provided.

1.3.1 THE BANKING INDUSTRY

Roberts-Lombard (2011:3487) believes that the service industry has become immensely important in the world economy in recent years. The South African service industry contributed 73% of South Africa’s total GDP in 2014 (Trading

Economics 2015). The financial services industry leads the services industry in South Africa, employing 65% of the total workforce (Roberts-Lombard 2011:3487). The banking industry plays an important role in the economic growth of a country, by raising GDP growth and lowering the unemployment rate (Kumbirai & Webb 2010:30-31). The Banking Association South Africa (2011) agrees that banks play an important role in the economic development of a country by providing the necessary lending to viable initiatives aimed at growth and expansion of sectors, promoting capital formation, investing in new and existing enterprises, balancing development of different regions, transferring surplus funds and influencing economic activity by increasing amounts of money in circulation through credit creation and adjustments in interest rates (Abubakar & Gani 2013:48-49; Awdeh 2012:53; The Banking Association South Africa 2011; Vaithilingm *et al.* 2006:2). The main operations of a bank include accepting deposits and granting credit facilities (Kolapo, Ayeni & Oke 2012:32).

South Africa is recognised as having the most sophisticated and developed financial system amongst emerging-market countries. South Africa has a sound banking system, healthy contractual savings institutions, risk-spreading capabilities, high levels of liquidity and sophisticated financial markets (Du Plessis 2010:36). However, the banking industry has experienced many changes in recent years due to changes in technology and globalisation (Agbolade 2011:102; Scott & Arias 2011:209). This is consistent with Kumbirai and Webb (2010:30) who concur that retail banks in South Africa have undergone immense regulatory and technological changes since the attainment of constitutional democracy in 1994. Regulatory requirements, financial and technological innovation, the entry of large foreign banks in the retail banking environment and challenges of the recent financial crisis have caused South African banks to face rising costs and increased competition. This has had a major impact on the performance of retail banks (Chigamba & Fatoki 2011:66; Kumbirai & Webb 2010:30). Gan *et al.* (2006:83) concur by stating that the competitiveness in the banking industry has increased significantly in recent years due to deregulation and globalisation.

The banking industry in South Africa is highly concentrated and it has reached its saturation stage with five large banks dominating the retail banking industry and holding 86.4% of the total industry assets (Chigamba & Fatoki 2011:66; Fin24 2013; Fin24 2015; Kumbirai & Webb 2010:34). The highly concentrated and competitive banking industry makes it easy for clients to switch (Chigamba & Fatoki 2011:72). Most of the core products/services in retail banking are fairly generic, making it difficult to compete purely on this core service (Rizan *et al*. 2014:2,4). Banks need to emphasise their stability in marketing and build a strong brand image as the majority of clients prefer to have accounts in prominent banks where security arrangements are good so they can be assured of the safety of their money (Chigamba & Fatoki 2011:68).

It is clear that the banking industry is important to the South African economy, however, banks face many challenges, making it difficult to remain competitive (Chigamba & Fatoki 2011:71; Rizan *et al.* 2014:2-3). Banks are therefore required to be more customer focused (Chigamba & Fatoki 2011:66). Relationship marketing, customer satisfaction and customer retention are becoming more important marketing strategies than others in the business environment, especially in financial services (Mohsan *et al.* 2011:263; Rizan *et al*. 2014:2). Relationship marketing is defined as the continuation of the mutual relationship between a service provider and a client, which will lead to profitability for the firm (Rizan *et al*. 2014:3).

To overcome the many challenges in the banking industry, banks need to use relationship marketing to distinguish themselves and improve communication and the flow of information between the bank and clients. Relationship marketing increases the client's positive feelings towards the bank, which has been found to increase customer satisfaction and build loyalty with each client; this will improve the retention rate, leading to improved financial and market performance, and an increased competitive edge (Rizan *et al*. 2014:2,4). Gan *et al.* (2006:84) found that retained clients demonstrate resistance to competitive pull, elaborating that if the bank-client relationships were strong, clients did not pay attention to competitors' advertising or make comparisons to other banks. The more products a client makes use of at a certain bank, the less likely they are to switch (Gan *et al.* 2006:89). This shows that banks can implement relationship marketing by focusing on customer satisfaction and customer retention.

1.3.2 CUSTOMER SATISFACTION AND CUSTOMER RETENTION

In the past, firms devoted greater attention and marketing effort to attracting new clients rather than retaining existing ones (Rizan *et al.* 2014:2). However, it is evident that it can cost up to five times more to acquire new clients than to retain current clients (Du Plessis 2010:2-3; Gan *et al.* 2006:83; Kheng *et al.* 2010:58; Sim *et al*. 2006:7). Firms are recognising the importance of customer retention as opposed to traditional transaction marketing, which focused on the completion of a single transaction and the pursuit of maximizing profits for each transaction (Mohsan *et al.* 2011:263; Rizan *et al*. 2014:1-2).

Customer satisfaction is an antecedent of customer retention and there is a perception that a firm can increase its customer retention by satisfying clients. According to Sim *et al*. (2006:2-3), the relationship between customer satisfaction and customer retention has been researched for many years and it has been found that enhancing customer satisfaction and customer retention are important factors in improving the performance of firms and determining their success (Khan & Fasih 2014:331; Kheng *et al.* 2010:57; Mohsan *et al.* 2011:263). Customer satisfaction is regarded as how clients can get more benefits from the firm than their cost of doing business with the firm, for example, the time, effort and money spent at a certain firm (Ganiyu, Uche & Elizabeth 2012:16).

Customer retention can be defined as the continuity of the business relations between the client and the firm (Keiningham, Cooil, Aksoy, Andreassen & Weiner 2007:364; Khan 2012:107). It is important for firms to satisfy and retain clients (Rahmani-Nejad, Firoozbakht & Taghipoor 2014:262-263). In order for a firm to retain existing clients, clients must be satisfied (Gan *et al.* 2006:89; Khan 2012:107; Kheng *et al.* 2010:58; Mohsan *et al.* 2011:268). Sim *et al.* (2006:2) agree, stating that customer satisfaction is significantly related to customer retention, and add that the retention of clients can be improved by enhancing satisfaction.

In order to achieve customer satisfaction, firms must build and maintain long lasting relationships with clients through satisfying various client needs and demands which encourages them to continue to do business with the firm (Mohsan *et al.* 2011:264). Satisfaction results in clients being highly likely to share their experiences with the people around them, making them a highly credible volunteer sales force (Ganiyu *et al.* 2012:15; Karim & Chowdhury 2014:1; Mohsan *et al.* 2011:263; Sim *et al*. 2006:2).

Customer satisfaction is especially important for the success of service firms, such as banks. For retail banks, customer retention is defined as continuing to maintain an account relationship with the bank (Keiningham *et al.* 2012:364). The banking industry is customer oriented and therefore banks depend upon their clients in order to survive in the market (Karim & Chowdhury 2014:1). In the banking industry, a key element of customer satisfaction is the nature of the relationship between the client and the firm (Mohsan *et al.* 2011:264). Kheng *et al.* (2010:57) agree, stating that the success of a bank depends on the high quality relationship with clients, which determines customer satisfaction and ultimately customer retention. It is therefore important to continuously measure satisfaction levels, as satisfied clients are the real asset for a firm and ensure long-term customer retention and profitability (Karim & Chowdhury 2014:4). Previous research has shown that there are many factors that determine customer satisfaction in the banking industry. Karim and Chowdhury (2014:4) state that service quality is an antecedent to customer satisfaction. Mohsan *et al.* (2011:264) agree that service quality is a criterion of customer satisfaction, adding that factors such as fast and efficient service, confidentiality of the bank, speed of transaction, friendliness of bank personnel, accuracy of billing, billing timeliness, billing clarity and competitive pricing are key factors which significantly affect customer satisfaction. Customer satisfaction is also considered a very important factor in the determination of banks' competitiveness (Karim & Chowdhury 2014:4).

Retained clients are also more profitable, with their profit rate increasing over time. (Berndt, Du Plessis, Klopper, Lubbe & Roberts-Lombard 2009:228-229; Du Plessis 2010:2-3; Kotler & Keller 2006:156; Sim *et al.* 2006:9). When client defections are decreased by 5%, the profits of a firm can increase between 25% and 85%, depending on the industry. According to Gan *et al.* (2006:84), the benefits of customer retention include an increase in the value of purchases; an increase in the number of purchases; the clients' better understanding of the firm and positive word-of-mouth promotion. Khan and Fasih (2014:331) state that enhancing customer satisfaction and customer retention will lead to the success of banks by increasing their profitability and market share.

1.3.3 SOCIAL MEDIA AS A MARKETING TOOL

Banks need to create more effective marketing campaigns with the aim of attracting and retaining clients (Chigamba & Fatoki 2011:72). Anjum *et al.* (2012:100) believe that, in the twenty first century, social media marketing is imperative for firms aiming to attract and retain clients. Social media has become the preferred communication channel for clients. Marketers are, therefore, increasingly using social media to communicate with clients and build relationships with them. The use of social media as a marketing tool has been found to increase customer satisfaction and customer retention (Clark & Melancon 2013:138; Muhammad & Abdul 2012:249). It is, therefore, clear that bank managers need to identify how to implement effective social media aspects influencing customer satisfaction and customer retention in the banking industry, in order to increase customer satisfaction and customer retention and ultimately improve the performance of South African banks. For the purpose of this study, perceptions on the use of social media in the banking industry will be investigated.

The term social media can be defined as the use of web-based and mobile technologies to turn communication into an interactive dialogue (Baruah 2012:1; Bashar *et al.* 2012:88-89; Lekhanya 2013:2; Ramsaran-Fowdar & Fowdar 2013:74). The terms social media and social networking are often used interchangeably, however, social networking is a sub-category of social media (Bashar *et al.* 2012:89; Cohn n.d.). Social media is the format that delivers the message, whereas social networking depends on two-way communication, engagement and the building of relationships (Hartshorn 2010). Social networks refer to the specific channels used to facilitate social media, such as Facebook, Twitter and LinkedIn (Assaad & Gómez 2011:13; eBizMBA 2015). Social media marketing can be defined as the attempt to use social media through social networks to persuade clients that one's firm, products and/or services are worthwhile (Assaad & Gómez 2011:15; Neti 2011:3).

Social media marketing offers innovative ways to implement basic marketing programs using online communities, social networks and blog marketing, among other marketing avenues. Social media marketing considers the client at all levels of the marketing process, allowing each client to become an active player in the marketing process rather than a single receiver of information (Assaad & Gómez 2011:15; Erragcha & Romdhane 2014:8; Lekhanya 2013:2). Ramsaran-Fowdar and Fowdar (2013:74) agree that social media marketing is a useful tool that can be used to manage existing firm-client relationships while creating new ones, by facilitating online exchange, connection, and communication.

However, for social media marketing, various means can be used. According to Anjum *et al.* (2012:97-98) and Baruah (2012:4), social media can be classified into several categories including social networks, blogs, media sharing sites and user appraisal sites. For the purpose of this study, when referring to these social media categories, the term social media channels will be used. A social network allows for interactions over the internet and the building of social networks or social relations amongst people (Baruah 2012:4; Hartshorn 2010). A webpage is an individual page on the internet, whereas a website or site is a collection of webpages (Sonline Media n.d.). A social networking site allows the internet user, or 'user', to construct personalised profiles or personal homepages online, share with other users and view and traverse their list of connections. The page can be customised at any time, and can include video clips, music files or photos. People use social networking sites to connect with friends, both those they know offline and those who are online-only friends (Anjum *et al.* 2012:98; Baruah 2012:4; Bashar *et al.* 2012:89). The most popular websites offering social networking include MySpace (started in 2003), LinkedIn (started in 2003), Facebook (started in 2004) and Twitter (started in 2006) (Baruah 2012:4; eBizMBA 2015; Erragcha & Romdhane 2014:3-4).

Baruah (2012:4) explains that a blog, derived from the word weblog, is an online journal where an individual, group, or firm presents a record of activities, thoughts, or beliefs. Media sharing sites allow users to create and upload multimedia content (Anjum *et al.* 2012:98). Photo-sharing sites include Instagram, Flicker.com and picasaweb.google.com; video sharing sites include youtube.com; slide sharing sites include slideshare.com and document sharing sites include Dropbox and docstoc.com (Baruah 2012:4). User appraisal sites serve as a platform for appraisals of various products/services. It is possible for clients to express their appraisals of products/services in any social media channel; however, user appraisal sites are mainly used for product/service reviews, appraisals and ratings. Sites including www.mouthshut.com and www.pagalguy.com are prime examples of such websites. User appraisal sites assist clients' decision making by providing information about products/services they are contemplating buying (Baruah 2012:4; Erragcha & Romdhane 2014:3-4). Overall, the most popular social media sites, all also social networking sites, include Facebook, Twitter, YouTube, LinkedIn and MySpace (Assaad & Gómez 2011:13; eBizMBA 2015; Farooq & Jan 2012:627; Neti 2011:2; Ramsaran-Fowdar & Fowdar 2013:74).

Firms can use the social media channels discussed above as a tool for social media marketing, from which the firms can gain many benefits (Assaad & Gómez 2011:14). According to Neti (2011:3), there are two main benefits of social media that are important to firms: cost reduction by decreasing staff time, and increasing the probability of revenue generation. According to Baruah (2012:8) and Neti (2011:3), social media enables firms to:

- Share their expertise and knowledge, as firms are able to publish information that will reach a large audience.
- Tap into the wisdom of their clients by communicating with clients and receiving feedback on products/services and recommendations.
- Use user appraisal sites in order to help clients help other clients.
- Attract new clients through positive client reviews on various social media channels.

According to various authors (Anjum *et al*. 2012:100; Assaad & Gómez 2011:13; Baruah 2012:8; Neti 2011:3), the benefits of social media in marketing also include: increasing revenue, brand reach and awareness, improving client interactions, a better understanding of client needs, the ability to build better relationships with clients, attracting more clients and escalating retention rates by engaging with clients on their websites. However, the disadvantages of social media in marketing include privacy concerns amongst internet users and the fact that bad news and bad client experience regarding the firms' products/services can spread rapidly (Assaad & Gómez 2011:20; Farooq & Jan 2012:628). The main barrier to the success of social media and internet marketing is the privacy concerns amongst internet users (Assaad & Gómez 2011:20-21; Farooq & Jan 2012:628).

According to Ramsaran-Fowdar and Fowdar (2013:76-77), traditional media allowed firms to position the brand in the mind of the client through marketing strategies, as clients had restricted access to brand information. However, social media has allowed the client to position the brand and not the firm, as the client is actively participating in the creation of information as they are offering their opinions based on personal experiences. Social media offer user-generated content, which causes firms to have a lack of brand control. This could be an advantage or a disadvantage, depending on how clients perceive the brand (Assaad & Gómez 2011:20-21; Farooq & Jan 2012:628; Ramsaran-Fowdar & Fowdar 2013:76). To elaborate, social media can help firms spread good news fast, but bad news can spread quickly too, as clients can vent their anger about a firm's product/service on the firm's social network account (Assaad & Gómez 2011:20).

Clients are willing to interact with firms via social media if they believe it is to their benefit. Clients can benefit from interacting with firms on social media in many ways, including receiving discounts or coupons, purchasing products/services, viewing reviews and product ratings, accessing general and exclusive information, learning about new products/services, submitting opinions on products/services, accessing customer service, participating in events, feeling connected, submitting ideas for new products/services, and being part of a community (Baird & Parasnis 2011:8). For the purpose of this study, the benefits that clients can obtain from social media will be referred to as ‘benefits’. Clients are also willing to interact with firms via social media if they feel that they can trust the firm (Baird & Parasnis 2011:8). Trust is a necessary aspect in building and maintaining customer relationships, and is an essential component in developing customer retention for the firm (Rizan *et al*. 2014:4). As customer retention is an outcome of trust in the firm it is imperative that firms understand the relationship between clients’ perceived importance of social media and trust (Hamid, Akhir & Cheng n.d.). The trust clients have in the firm and the firm’s social media channel will be referred to as ‘clients’ trust’ for the purpose of this study. The effectiveness of social media marketing is significantly influenced by the content and quality of its messages (Pradiptarini 2011:1). Posts and messages on the firm’s social media sites should be on subjects that are relevant to the clients and something that they can relate to, in order to get them engaged and connected to the firm (Pradiptarini 2011:5). For the purpose of this study, the subject and content of a firm’s social media channel will be referred to as ‘content’. The benefits, clients’ trust and content of social media are important aspects that can influence the customer satisfaction and customer retention of a firm. The benefits, clients’ trust and content of social media will be referred to as ‘social media aspects’ in this study.

This study will assist marketers with information that can facilitate successful social media marketing, which will increase the customer satisfaction and customer retention of South African banks. The influence of certain variables, namely, the benefits, clients’ trust and content of social media on customer satisfaction and customer retention in the banking industry will be investigated, as perceived by bank clients and managers. The following section discusses the purpose of the study, as well as its research questions and research objectives.

1.4 PURPOSE OF THE STUDY, RESEARCH QUESTIONS AND RESEARCH OBJECTIVES

The purpose of this study is to investigate clients’ and managers’ perceptions on the use of social media in the banking industry in order to increase the customer satisfaction and customer retention of South African banks.

1.4.1 RESEARCH QUESTIONS

Given the purpose of this study, the following research questions are presented:

- What are the characteristics of banks and what challenges do banks face?
- What is the importance of customer satisfaction and customer retention for firms and particularly for banks?
- How can social media be used as a marketing tool by firms, including banks, to increase customer satisfaction and customer retention?
- What perceptions do clients and managers hold regarding the use of social media in the banking industry?
- Which social media aspects should be focussed on in the banking industry in order to increase customer satisfaction and customer retention?

1.4.2 PRIMARY RESEARCH OBJECTIVE

The primary objective of this study is to identify the social media aspects (benefits, clients' trust and content) that influence customer satisfaction and customer retention in the banking industry.

1.4.3 SECONDARY RESEARCH OBJECTIVES

The following secondary research objectives will assist in achieving the primary objective of this study:

- To conduct a literature review of the banking industry in terms of its characteristics and challenges.
- To highlight the importance of customer satisfaction and customer retention to banks.
- To provide an overview of the use of social media as a marketing tool.
- To empirically assess the perceptions of clients and managers regarding the use of social media in the banking industry.

- To provide guidelines and recommendations to banks on how to use social media channels in the banking industry, in order to increase customer satisfaction and customer retention.

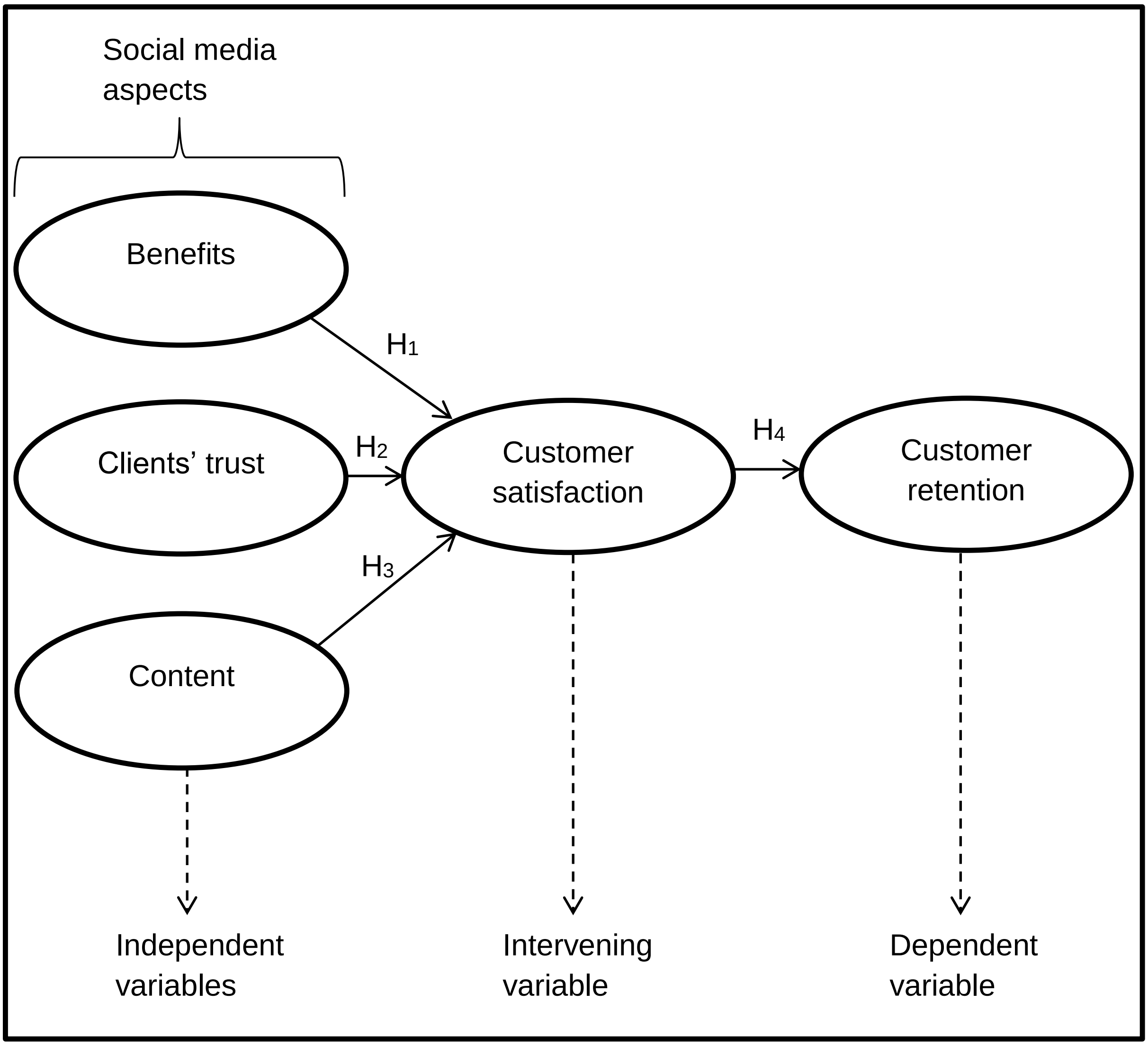
1.5 RESEARCH HYPOTHESES

The primary objective of this study is to identify the social media aspects (benefits, clients' trust and content) that influence customer satisfaction and customer retention in the banking industry. Thus, a hypothetical model for aiding this investigation will be constructed, and will include variables that have been identified through secondary sources of information.

A hypothesis can be defined as an unproven theory that tests the relationship between certain variables, which can be empirically tested (Burns & Burns 2008:212; Zikmund 2006:44). For the purposes of this study, the social media aspects, namely, benefits, clients' trust and content will be the independent variables. Customer satisfaction will be the intervening variable and customer retention will be the dependent variable. These variables have been identified in literature, and will be used to investigate the perceptions on the use of social media in the banking industry.

The possible influence of the selected variables on customer satisfaction and customer retention in the banking industry are depicted in the hypothetical model in Figure 1.1, below.

FIGURE 1.1: Hypothetical model on the variables influencing customer retention



As evident in Figure 1.1, above, the following hypotheses have been prepared in order to test the relationships in the proposed hypothetical model:

H_1 – There is a significant positive relationship between the *Benefits* of social media and *Customer Satisfaction*.

H_2 – There is a significant positive relationship between the *Clients' trust* of social media and *Customer Satisfaction*.

H_3 – There is a significant positive relationship between the *Content* of social media and *Customer Satisfaction*.

H_4 – There is a significant positive relationship between *Customer Satisfaction* and *Customer Retention.*

1.6 RESEARCH DESIGN AND METHODOLOGY

In this section, the research design and methodology, which will be followed to achieve the objectives of the study, will be discussed. Primary and secondary data collection methods, as well as the methods for analysing data will also be explained herein.

1.6.1 RESEARCH PARADIGM

According to Collis and Hussey (2003:46), a research paradigm is a pattern or model of how something is structured, how it functions, the progress of scientific practice based on people's philosophies and assumptions about the world and nature of knowledge; and about how the research should be conducted (Burns & Burns 2008:13; Collis & Hussey 2003:46; Collis & Hussey 2009:56; McGregor & Murnane 2010:420). There are two main research paradigms, namely the positivistic research paradigm and the phenomenological research paradigm (Burns & Burns 2008:13).

A positivistic research paradigm is based on the logical positivist philosophical approach. The positivistic research paradigm brings about the natural scientific method in human behavioural research, and suggests that feelings and opinions of people should not influence one's observation and measurement. This research paradigm thoroughly tests hypotheses by means of information gathered from quantitative measurements (Welman, Kruger & Mitchell 2005:6). A phenomenological research paradigm is designed on the basis that researchers look for the social meaning that people associate with their situations, circumstances, experiences and the meanings placed by people into text and other objects. A phenomenological research paradigm therefore explores the way in which individuals view the world in light of their own experiences and human behaviour. (Burns & Burns 2008:14; Collis & Hussey 2003:53; Davies 2007:240; Nagy & Leavy 2011:8). A quantitative research methodology is associated with a positivistic research paradigm, and a qualitative research methodology is associated with a phenomenological research paradigm (Wood & Welsh 2010:56). The positivistic research paradigm will be used in this study as it will make use of statistics and quantitative analysis (Burns & Burns 2008:13; Struwig & Stead 2013:4).

Quantitative research is an objective, obtrusive and controlled measurement involving large representative samples and fairly structured data-collection procedures. The primary role of quantitative research is to test hypotheses which are derived from a theoretical proposal. (Collis & Hussey 2003:47; Lancaster 2005:66-67; Struwig & Stead 2013:4). This study can be classified as quantitative research as this study will consist of a large sample and hypothesised relationships will be tested using different statistical analyses.

1.6.2 RESEARCH DESIGN

Creswell (2009:3) and Zikmund (2006:65) define a research design as a plan demonstrating the methods and procedures by which required data will be gathered and analysed. It is, therefore, a framework of the plan of action to be followed in the research to be conducted. Therefore, the research design indicates the methodology to be adopted in the study. The research design for this study was derived from the problem statement and research objectives.

1.6.3 SAMPLING AND DATA COLLECTION

This section discusses the research sampling and data collection methods employed in the study. Secondary and primary sources will be used to collect data.

1.6.3.1 Secondary data

Secondary data is information which has been previously researched, gathered and compiled by other researchers for different purposes (Burns & Burns 2008:49; Tasić & Feruh 2012:32). Secondary data can be collected using sources such as studies, statistics, reports, archives, academic books, articles, magazines, newspapers, films, videos and broadcasts (Collis & Hussey 2003:84-85). The secondary sources consulted for this study will be collected by reviewing academic journals, books, reports, articles and websites. This data will also be used to cover and research the main problem statement as well as to investigate whether the variables – benefits, clients' trust and content – influence customer satisfaction and customer retention.

1.6.3.2 Primary data

Primary data is data which is collected for the first time and for the purpose of the specific study under investigation (Zikmund 2006:63). As previously mentioned, the primary data to be collected for this study will be quantitative in nature. Quantitative research involves large representative samples and fairly structured data collection procedures (Collis & Hussey 2003:47). According to Khalid, Hilman and Dileep (2012:22), quantitative data can be collected through questionnaire surveys, observation or experiments. Questionnaires gather information about the sample group that is studied and used to make generalisations about the population (Collis & Hussey 2003:66). For the purpose of this study, primary data will be collected by distributing questionnaires to a minimum sample of 150 bank clients and a minimum of 30 bank managers to assess their perceptions on the use of social media in the banking industry. The questionnaires will be answered anonymously to encourage confidentiality and voluntary participation.

A population is defined as the entire group of people of interest to the study (Hanlon & Larget 2011:7; Zikmund 2006:369). The population for this study will include bank clients and managers within the banking industry in the Nelson Mandela Metropolitan area in South Africa. A sample is a sub-set of the population, which represents the population (Collis & Hussey 2003:56). Criterion and snowball sampling will be used to draw a sample from the population. Criterion sampling involves reviewing and studying all cases that meet some predetermined criterion of importance (Suri 2011:69). Snowball sampling involves asking respondents to recommend other respondents (Khalid *et al.* 2012:22). For the purpose of this study, non-probability sampling will be used as no sample frame is available. In non-probability sampling, not all members of the population have the opportunity for selection in that specific sample (Khalid *et al.* 2012:22).

A self-administered questionnaire will be used as the measuring instrument in this study. The questionnaire will comprise of two sections. Section A will include statements developed to identify the social media aspects (benefits, clients' trust and content) that influence customer satisfaction and customer retention in the banking industry. This section will be answered by using a five-point Likert-type scale ranging from one (strongly disagree) to five (strongly agree). Section B will collect data on the biographical and demographical information of the respondents; this includes data regarding the individual's age, gender, population group, education level and social media channels used. The questionnaire will be coded using basic coding procedures, after which the coded data will be analysed statistically.

1.6.4 DATA ANALYSIS

The data that will be collected will be statistically analysed using Microsoft Excel and Statistica Version 12. The data analysis will involve determining consistent patterns and summarising the information that was revealed in the questionnaires that were completed by clients and managers in the banking industry. Descriptive statistics including means, standard deviations and frequency distributions will be calculated to analyse and simplify the data collected using the questionnaires. Collis and Hussey (2003:346) define descriptive statistics as a group of statistical techniques used to explain or present quantitative data used in exploratory data analysis. The mean is the sum of all the scores collected, divided by the number of scores (Gravetter & Wallnau 2012:11,62). Standard deviation is used to determine how each score deviates from the mean (Howell 2008:82).

In order to assess validity, two assessment methods will be used, namely, a pilot study to assess the content validity and Exploratory Factor Analysis (EFA) to determine construct validity. A pilot study is a small study which helps plan further confirmatory studies (Arain, Campbell, Cooper & Lancaster 2010:2). The pilot study will be completed by using experts and academics in the fields of marketing and management. If necessary, based on the results of the pilot study, changes to the questionnaire will be made to ensure that the respondents interpret the questionnaire items or statements as intended by the researcher. EFA is a widely used statistical procedure. Norris and Lecavalier (2009:8-9) explain that the procedure is used when there is little supporting evidence for the factor structure or when research goals are to identify the number of common factors/patterns of factor loading. The common factor model expresses apparent variables as a function of common factors, unique factors and errors of measurement (Norris & Lecavalier 2009:8-9). The EFA will be used to assess whether the items developed to measure the various variables do indeed measure the variables. Furthermore, ethical clearance for the study will be obtained from the NMMU Business and Economic Sciences' Faculty Research Technology and Innovation (FRTI) committee.

Cronbach's Alpha correlation coefficient will be used as a reliability measure, to measure the internal consistency of the test or scale, and is expressed as a number between zero and one (Gleim & Gleim 2003:87; Robbins 2009:33; Tavakol & Dennick 2011:53). The closer Cronbach's Alpha coefficient is to one, the greater the internal reliability of the items in the scale and vice versa (Gleim & Gleim 2003:87; Robbins 2009:33). Internal consistency can be defined as the extent to which the items tested measure the same concept or theory (Tavakol & Dennick 2011:53). When measuring Cronbach's Alpha correlation coefficient, an item or measuring instrument should have a Cronbach's Alpha coefficient of 0.70 to 1.0 (Gleim & Gleim 2003:87; Robbins 2009:33). According to Tavakol and Dennick (2011:53-54), the adequate Cronbach's Alpha coefficient range is 0.70 to 0.90. Zikmund, Babin, Carr, and Griffin (2010:302) consider items with a Cronbach's Alpha coefficient of 0.60 and above to be reliable. A Cronbach's Alpha coefficient of 0.60 or above will be used as an indication of reliability in this exploratory study.

The Pearson's product-moment correlation coefficient is used to conclude whether correlations exist between the independent and dependent variables (Chung 2007). Multiple regression involves the analysis of a simultaneous investigation of the effect of at least two independent variables on a dependent variable (Zikmund 2006:535). Multiple regression will be used to test whether the formulated hypotheses should be accepted or not. Multiple linear regression analysis will therefore be used to determine which predetermined variables, namely, benefits, clients' trust and content, influence customer satisfaction and customer retention in the banking industry.

The above sections have discussed the research design and methodology of the study. The following section will discuss the scope and demarcation of the study, as well as the significance of the study.

1.7 SCOPE OF THE STUDY

This study will identify the social media aspects (benefits, clients' trust and content) that influence customer satisfaction and customer retention in the banking industry. This study will focus on bank clients and managers associated with retail banks in the Nelson Mandela Metropolitan area in South Africa. Other variables might exist for future studies, but only the three independent variables mentioned above will be covered for this exploratory study.

The literature available on social media as a marketing tool is limited in comparison to research available on other more established areas of marketing (Clark & Melancon 2013:133), with the existing literature on retail banks and bank performance in South Africa focused on branch performance (Kumbirai & Webb 2010:30).

No previous research has been conducted on the specific independent variables identified in this study in relation to social media used in the banking industry in South Africa.

1.8 SIGNIFICANCE OF THE STUDY

The importance of the study at hand stems from the fact that South Africa is recognised as having the most sophisticated and developed financial system among emerging-market countries (Du Plessis 2010:14). Customer satisfaction and customer retention are two of the most important factors regarding the profitability and improved performance of a firm (Gan *et al.* 2006:84). Social media marketing has also been found to increase revenue, as well as attract and retain clients (Anjum *et al.* 2012:100). It is therefore important for retail banks to improve customer satisfaction and retention through the use of social media marketing.

This study attempts to make additional contributions to the existing body of knowledge on the use of social media as a marketing tool in the banking industry. The findings of this research are expected to assist marketers to facilitate successful social media marketing in the banking industry, by increasing customer satisfaction and customer retention and, ultimately, improving the bank's performance.

1.9 STRUCTURE OF THE RESEARCH

This study consists of seven chapters. The chapters of the study are outlined below.

Chapter One serves as a brief introduction to the study. The problem statement is identified and a brief literature review is provided. The primary and secondary objectives are discussed as well as the research methodology. Lastly, the chapter outlines the scope and significance of the study.

Chapter Two provides an overview of the financial services industry, specifically focussing on the banking industry. The banking industry is discussed in terms of its importance and challenges. The importance of relationship marketing in the banking industry is highlighted.

Chapter Three presents an overview of customer satisfaction and customer retention. The importance of customer satisfaction and customer retention in the banking industry is emphasised, by highlighting its many benefits for banks.

Chapter Four provides a discussion of the use of social media as a marketing tool. The various social media channels that firms can use to communicate and build relationships with clients are discussed herein. There are many advantages for firms that use social media as a marketing tool. It is identified that there are social media aspects that influence clients' perceptions of social media channels, and could thereby increase the firm's customer satisfaction and customer retention.

Chapter Five covers the research methodology that was followed in this study. The data collection methods are outlined herein, including aspects related to the population and sample of the study, the measuring instrument that will be used in this study and the ethical considerations of the study. The independent, intervening and dependent variables are defined and operationalised. Thereafter, data analysis methods will be discussed.

Chapter Six presents the empirical results of the study. The biographical information pertaining to the study's respondents as well as descriptive statistics will be presented. The validity and reliability of the measuring instrument will be measured, followed by the results of the relationships that exist between the independent, intervening and dependent variables. Finally, the results of the relationships that exist between respondents' biographical variables and the independent, intervening and dependent variables will be discussed in this chapter.

Chapter Seven draws conclusions based on the literature chapters and the results that were outlined in Chapter Six. The limitations of the study, followed by recommendations on how to improve customer satisfaction and customer retention in the banking industry through social media channels, will be discussed in this chapter.

1.10 SUMMARY

In this chapter the introduction to and background of the study were presented, followed by the problem statement and a brief literature review. The research hypotheses were described and depicted, followed by a discussion of the research methodology as well as the scope and significance of the study. This chapter concluded with a brief outline of the structure of the research that illustrates how the chapters of the study will be presented.

The following chapter will provide an overview of the financial services industry, specifically focusing on the banking industry. The importance of banks to the South African economy as well as the challenges faced by banks will also be discussed in the ensuing chapter.

CHAPTER TWO

THE BANKING INDUSTRY

2.1 INTRODUCTION

Chapter One provided a brief discussion on the overall layout of the study. This discussion outlined the banking industry in terms of its characteristics and challenges, the importance of customer satisfaction and customer retention to firms, including banks, and how social media can be used as a marketing tool. The primary objective of this study was formulated so as to identify the social media aspects (benefits, clients' trust and content) that influence customer satisfaction and customer retention in the banking industry.

As highlighted in Chapter One, banks play an important role in the economy, however, banks have faced rising costs and increased competition in recent years, which has had a major impact on their performance (Chigamba & Fatoki 2011:66; Kumbirai & Webb 2010:30). The banking industry is customer oriented and, therefore, depends upon customer relationships to ensure improved performance and profitability (Karim & Chowdhury 2014:1; Kheng *et al.* 2010:57; Mohsan *et al.* 2011:263-264).

In order to achieve the secondary objective of providing an overview of the banking industry in terms of its characteristics and challenges, Chapter Two will consist of various sections focusing on the nature of the South African banking industry. Firstly, this chapter will address the financial services industry in general. Secondly, the banking industry will be discussed, with regard to its characteristics, importance and challenges. Lastly, the importance of relationship marketing in the banking industry will be discussed.

2.2 OVERVIEW OF THE FINANCIAL SERVICES INDUSTRY

According to Lashmi and Kumar (2012:627), the service industry is the largest and fastest growing industry, as it contributes more to global economic production and employs more people than any other industry. The service industry has become more important in recent years as advances in technology have permitted new means of providing services across borders. An efficient service industry is crucial for the growth and competitiveness of an economy (Lashmi & Kumar 2012:627). The largest industry of the South African economy is also the service industry which accounts for approximately 73% of GDP (Stats SA 2015; Trading Economics 2015).

Within the service industry, the most important are the financial services industry, real estate and business services, which collectively contribute 21.6% to the country's GDP (Stats SA 2015; Trading Economics 2015). The financial services industry leads the services industry in South Africa, employing 65% of the total workforce (Roberts-Lombard 2011:3487). The financial services industry has an important role to play in a country. This role includes offering clients products/services that will provide protection against economic hardship and unforeseen events, such as death and critical illness (Faurie 2014). Abubakar and Gani (2013:47) agree that the financial services industry plays a significant role in the growth of the economy by channelling funds from savers to borrowers in an efficient way so as to facilitate investment in physical capital and spur innovation. There is a significant and strong link between the financial services industry of a country and the performance of the country's overall economy. Countries that have a good financial services industry develop economic growth faster by directing the country's scarce resources to areas for its most productive use (Aurangzeb 2012:45; Awdeh 2012:53). According to Awdeh (2012:53-54), an effective financial services industry can positively influence economic growth in the following ways:

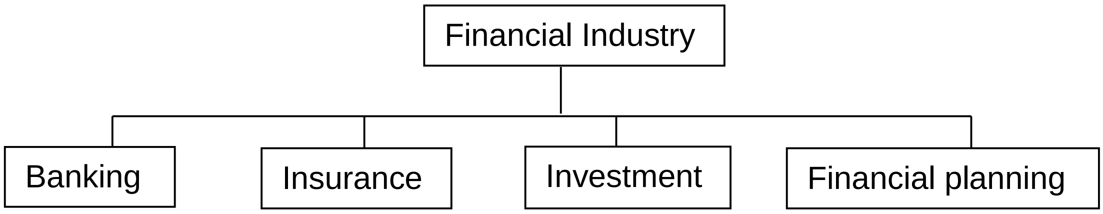
- by increasing the productivity of investments;
- by reducing transaction costs, thus increasing the share of savings channelled into productive investments;
- by promoting savings;
- by directing a country's scarce resources to areas for its most productive use; and
- by improving the efficiency of the financial decisions of individuals and of the country as a whole.

According to Stats SA (2015), the fourth quarter of 2014 has seen a growth in the financial services industry, which was due to increases in activities in the financial markets and the banking industry. South Africa, despite its "emerging market" status, has a sophisticated financial services industry (Media Club South Africa 2015). According to PricewaterhouseCoopers (2011), the South African financial services industry is seen as one of the finest in the world. Faurie (2014) agrees, and adds that South Africa has the most developed insurance market on the continent and is a trendsetter in terms of its influence on the continent, by taking the lead in Africa with a clear focus on future expansion. The financial services industry has consistently added to South Africa's total real annual growth, even in years when the total growth percentage has declined. In 2007 and 2008 the financial services industry added 1.5 percentage points to South Africa's growth and, in 2009, when overall growth was negative (-1.5), the financial services industry still added 0.2 percentage points (Young 2013).

Since the attainment of constitutional democracy in 1994, the regulations governing the financial services industry have undergone considerable refinement in order to align them to internationally recognised standards and best practice (Kumbirai & Webb 2010:30; Media Cub South Africa 2015). In South Africa, firms face many challenges and significant amounts of legislation. The Western world is focusing on reducing the rules and formalities in order to overcome the global financial crisis and enhance competitiveness. However, South African firms are disadvantaged, facing increased legislation, which stifles the competitiveness of firms. Some of the changes South African firms have to face include the Broad-Based Black Economic Empowerment Act of 2003, the Employment Equity Act of 1998, the Consumer Protection Act of 2008, Protection of Personal Information Bill of 2013, the Short-Term Insurance Act of 1998 and the Financial Services Laws General Amendment Bill 2001 (Faurie 2014). However, Stokes (2009) states that legislation is important to regulate the financial services industry to protect both firms and their clients. The Financial Service Board (FSB) provides the legislation by which the financial services industry is managed (Stokes 2009).

The legislation relates to various sub-components within the financial services industry, as illustrated in Figure 2.1, below.

FIGURE 2.1: Flow diagram of the financial services industry



Source: Oldert (2014:77)

As seen in Figure 2.1, above, the financial services industry consists of components including banking, insurance, investment and financial planning. The banking industry operates within the financial services industry and consists of retail banks such as Amalgamated Banks of South Africa (Absa), Capitec, First National Bank (FNB), Nedbank and Standard Bank. The main functions of banks include accepting deposits and granting credit facilities (Kolapo *et al.* 2012:32). Insurance relates to insuring assets such as houses, motor vehicles, furniture and household appliances with firms such as Liberty, Old Mutual and Sanlam. The main role of the investment component includes investors investing in investment vehicles or asset classes (Oldert 2014:77). Financial planning relates to personal financial planning, which involves providing a variety of services, normally advisory in nature, concerning the management of financial resources based on the needs of individual clients (Botha, Rossini, Geach, Goodall, du Preez & Rabenowitz 2013:5). However, the focus of the study is only on one component of the financial services industry: the banking industry.

2.3 THE IMPORTANCE OF BANKS

At the heart of the South African banking system is the South African Reserve Bank (SARB), established in 1921. Whereas the FSB oversees the regulation of financial markets, the SARB oversees the banking industry, sets monetary policy and decides on domestic interest rates (Media Club South Africa 2015; Young 2013). The banking industry consists of 10 locally controlled banks, six foreign controlled banks and three mutual banks (Council for Medical Schemes 2014). Further, the banking industry has 40 international banks with authorised representative offices in South Africa (Council for Medical Schemes 2014; Kumbirai & Webb 2010:34). The South African banking industry consists of five main banks, namely, Absa, Capitec, FNB, Nedbank and Standard Bank, which are identified on the basis of market share (Fin24 2015). Their respective market shares and estimated number of clients are depicted in Table 2.1, below.

TABLE 2.1: Market share and estimated number of clients for the five main banks in South Africa

Bank	Market share	Estimated number of clients
Absa	32.9%	12 million
Capitec	10.8%	6.7 million
FNB	25.2%	7 million
Nedbank	10.7%	6.5 million
Standard Bank	23.9%	10 million

Source: Fin24 2013; Young 2013.

As evident in Table 2.1, above, Absa is the leading bank in South Africa in terms of market share (32.9%) and number of clients (12 million). The South African banking industry is in healthy shape with the majority of banks generating strong return on equity (ROE) (PricewaterhouseCoopers 2013). South Africa's banking industry compares favourably with those of industrialised countries. Foreign banks are well represented and electronic banking facilities are extensive; with a nationwide network of automated teller machines (ATM), with internet banking available (Media Club South Africa 2015).

The banking industry is the most important component of the financial services industry (Awdeh 2012:54; Stats SA 2015). Banks play a critical part in the economy by, amongst others, significantly contributing to GDP and stimulating the economic growth of a country, lending and transferring funds as well as funding entrepreneurs.

2.3.1 GROSS DOMESTIC PRODUCT CONTRIBUTION AND ECONOMIC GROWTH

The banking industry plays a significant role in the growth of the economy by raising GDP growth (Abubakar & Gani 2013:47; Kumbirai & Webb 2010:30-31). GDP can be defined as the total market value of all final goods/services produced within the country in a given period of time, normally one year (Kira 2013:149). GDP is the most important indicator of the health of a country's economy and determines a country's economic growth (Kira 2013:148; Koba 2011).

According to Lashmi and Kumar (2012:627), the growth of the primary and secondary industries are directly dependent on the financial services industry, including banking. The banking industry also contributes to the growth of the financial services industry (Awdeh 2012:54; Stats SA 2015). Awdeh (2012:53) believes that an efficient banking industry plays an important role in helping a country's economy to grow. The World Bank (2015) states that the banking industry enhances economic growth, which is the main factor in poverty reduction. Banks significantly contribute to the economic development of a country by growing and expanding industries through lending funds (The Banking Association South Africa 2011). Banks play an important role in long-term economic growth by promoting an efficient payment mechanism and providing savers a means of saving and investment (Sibindi & Bimha 2014:51). For an economy to grow there should be a reliable payment system because it acts as a conduct that influences financial, monetary and price stability (Mbaeri, Adioha, Uzokwe Nnamdi 2015:66).

Banks finance employment generating activities such as providing loans for the education of young people and advancing loans to young entrepreneurs (Chand n.d.). Abubakar and Gani (2013:47) as well as Kumbirai and Webb (2010:30-31) agree that the banking industry helps lower the unemployment rate, which helps raise GDP growth. The banking industry influences economic activity by increasing the amount of money in circulation, through credit creation and adjustments in interest rates (Abubakar & Gani 2013:48-49; Awdeh 2012:53; The Banking Association South Africa 2011; Vaithilingm *et al.* 2006:2).

In a country with a repressed banking industry, economic growth is severely hindered by the low level of savings and by the lack of investment opportunities (Abubakar & Gani 2013:48). A weak banking industry can jeopardise the long-term sustainability of an economy, and it can be a trigger for a financial crisis which can lead to an economic crisis (Vaithilingm *et al*. 2006:1). Mbaeri *et al.* (2015:66) agree that where the majority of banks are weak, the ability of the industry to foster economic growth will be impaired. The authors add that a weak banking industry can lead to, amongst others, weakened efficient credit allocation, distortion of the structure of interest rates, disruption of monetary policy, significant financial cost, as well as adverse consequences on the stabilisation of the economy (Mbaeri *et al.* 2015:66).

2.3.2 LENDING AND TRANSFERRING FUNDS

Mamman & Hashim (2014:174) state that lending is one of the most important functions of banks. Lending refers to funds granted to individuals and firms to meet their temporary or long-term deficit operations. For most banks, loanable funds account for about fifty percent of their total assets and about half to two-thirds of their revenue (Mamman & Hashim 2014:174). The banking industry plays an important role in bridging savings and investments as well as identifying and funding productive investments (Abubakar & Gani 2013:47; Awdeh 2012:54; Kumbirai & Webb 2010:30-31; Stats SA 2015). Sibindi and Bimha (2014:51) agree that banks mobilise savings efficiently and channel credit to the best investment opportunities. The Banking Association South Africa (2011) states that banks play an important role in the economic development of a country by providing the necessary lending to viable initiatives aimed at the growth and expansion of industries, promoting capital formation, investing in new and existing enterprises, balancing the development of different regions and transferring surplus funds (Abubakar & Gani 2013:48-49; Awdeh 2012:53; The Banking Association South Africa 2011; Vaithilingm *et al.*

2006:2). Another important reason as to why the lending function of banks is crucial and important in every economy is that it is generally accepted that there is a positive relationship between bank credit and economic growth (Mamman & Hashim 2014:174).

Banks are the main lenders to individuals and firms, and they play an important role in financing the government (Awdeh 2012:54). Banks provide loans to retailers and wholesalers to stock goods in which they deal; and advance loans to clients for the purchase of assets such as houses, motor vehicles, and refrigerators. This helps raise the standard of living of clients by providing loans for consumptive activities (Chand n.d.). These loans provided by banks fuel economic activity by allowing firms and clients to invest beyond their cash on hand (The Herald 2013). Lending can also be used to assess a bank's stability. Banks that are willing and able to give out loans are considered more stable than those that mostly reject the loans proposals of their clients (Mamman & Hashim 2014:174).

Banks are also the main direct providers of liquidity, both through offering demand deposits that can be withdrawn at any time and by offering lines of credit. This protects businesses and households against unexpected needs for cash (Baily & Elliot 2013). In addition, banks help in financing internal and external trade by providing foreign exchange facilities to the importers and exporters of goods (Chand n.d.; Claessens, Hassib & van Horen 2014:2).

2.3.3 ENTREPRENEUR FUNDING

Banks stimulate future growth in the economy and spur technological innovation by offering funding to new and existing entrepreneurs who successfully implement innovative products/services and production processes (Abubakar & Gani 2013:47; Awdeh 2012:53; Kumbirai & Webb 2010:30-31; The Banking Association South Africa 2011). Entrepreneurs require credit in order to finance business ventures, and banks are viewed as an essential source of funding and facilitating these financial intermediating activities to enable the entrepreneur's business venture (Abubakar & Gani 2013:47). When banks fund entrepreneurs, the funds are channelled from small savers to large investors, thereby stimulating and increasing economic growth (Sibindi & Bimha 2014:52). Several authors (Chand n.d.; Entrepreneur 2013; Mamman & Hashim 2014:175) agree, and add that by funding entrepreneurs, banks are developing the economy as well as creating employment. With its high unemployment rate, South Africa depends on successful entrepreneurship for economic growth (Lamna 2015).

2.4 CHALLENGES IN THE BANKING INDUSTRY

It is clear that the banking industry plays an important role in the economy; however, banks face many challenges such as an unpredictable economic climate, intense competition, high concentration and saturation, regulatory requirements, and technological innovation.

2.4.1 COMPETITION, CONCENTRATION AND SATURATION

The banking industry is characterised by changing conditions and a highly unpredictable economic climate (Agbolade 2011:102). In the South African economy, banks face many economic challenges including higher inflation and interest rates, labour unrest and the weak Rand (PricewaterhouseCoopers 2014:1). In addition, banks have traditionally operated in a relatively stable environment for decades. However, the industry is facing dramatically aggressive competition in a new deregulated environment (Jumaev, Kumar & Hanaysha 2012:48). The banking industry faces intense competition and operates in a complex environment which presents a challenge to the profitability of retail banks (Agbolade 2011:102; Chigamba & Fatoki 2011:66; Jesri, Ahmadi & Fatehipoor 2013:305; Taleghan, Gilaninia & Mousavian 2011:155). Competition has further increased with the entry of large foreign banks in the retail banking environment, which negatively affects the performance of banks (Kumbirai & Webb 2010:30).

South Africa's banking industry is highly concentrated, which indicates the presence of an oligopoly. An 'oligopoly' can be defined as an imperfectly competitive market structure in which a few institutions dominate the industry. The five main banks in

South Africa hold 86.4% of the total industry assets, thereby dominating the banking industry (Kumbirai & Webb 2010:34). High levels of concentration tend to reduce the overall level of efficiency of banks (Chigamba & Fatoki 2011:66; Fin24 2013; Fin24 2015; Kumbirai & Webb 2010:34; Moloi 2014:20). However, despite the concentration, the banking industry remains highly competitive (Chigamba & Fatoki 2011:66). The South African banking industry also has high saturation rates (Alshurideh *et al.* 2012:70; Chigamba & Fatoki 2011:66). High saturation means that the amount of products/services provided in a market has been maximized in the current state of the marketplace. At the point of saturation, further growth can only be achieved through product improvements, market share gains or a rise in client demand (Investopedia 2015).

2.4.2 REGULATORY REQUIREMENTS

The SARB is responsible for bank regulation and supervision in South Africa. The purpose is to achieve a sound, efficient banking system in the interest of the depositors of banks and the economy as a whole (SARB 2015). PricewaterhouseCoopers (2013:28) states that regulatory requirements are regarded as the most significant weakness facing the banking industry. These regulatory requirements cause banks to incur rising costs, which negatively affect their performance (Kumbirai & Webb 2010:30).

The various legislation governing banks in South Africa include the Banks Act (No. 94 of 1990) and the Mutual Banks Act (No. 124 of 1993), and the regulations related thereto (SARB 2015). Basel III dominates the regulatory requirements for banks in South Africa (PricewaterhouseCoopers 2013:28-29). Basel III is a comprehensive set of reform measures developed by the Basel Committee on Banking Supervision (primarily in response to the global economic crises) to strengthen the regulation, supervision and risk management of the banking industry (Moloi 2014:5-6). The top three implications of Basel III include risk-weighted assets optimisation and compliance with the Net Stable Funding Ratio and Liquidity Coverage Ratio. These regulatory requirements compel banks to undertake significant process and system changes in order to achieve upgrades in the areas of stress testing, counterparty risk and capital management infrastructure. At the same time, banks are also required to invest in functionality systems to track, monitor and report on a variety of transactions, thus ensuring compliance with international legislation (PricewaterhouseCoopers 2013:28-29).

The challenges of the 2009 financial crisis negatively affected the performance of banks (Kumbirai & Webb 2010:30). This global financial crisis resulted in worldwide banking regulation reforms and requirements in different scales, with more stringent regulations on bank capital, liquidity and corporate governance structures being seen as the best way to restore the stability of financial markets (Deloitte 2012:1).

2.4.3 TECHNOLOGICAL INNOVATION

The performance of banks is negatively affected by technological innovation (Kumbirai & Webb 2010:30). Technology and globalisation have intensified the challenges faced by banks. Over the past few decades, technology and globalisation has changed the way in which the banking industry operates (Adewoye & Omoregie 2013:2; Agbolade 2011:102; Malhotra & Singh 2009:44; Scott & Arias 2011:209). With the improved technology, banks have come to be firms that offer services for 24 hours a day through the telephone, internet and ATMs (Koçoğlu & Kirmaci 2012:285).

Information and Communication Technology (ICT) has been the main factor influencing the challenges faced by banks. ICT directly affects the various management functions of planning, organising and the nature of how services are offered in the banking industry. ICT continuously changes the way in which banks plan various product/service offerings and communicate with clients, with a variety of innovative devices available to enhance the speed and quality of service delivery. ICT has made the banking industry change from the traditional mode of operations to presumably better ways with technological innovation that improves efficiency and profitability (Agbolade 2011:102,106).

In regards to ICT, the internet has also changed the way banks operate, the banking industry and the delivery and development of banking services. Internet banking has affected the financial services offered by banks and the resulting financial performance of these banks (Adewoye & Omoregie 2013:2; Malhotra & Singh 2009:44). Banks need to invest in technology to address revenue, cost and competitiveness concerns, as well as enhance operations. These investments aim to increase near-term profitability and establish a competitive position or avoid falling behind the competition (Malhotra & Singh 2009:44; Oluwatolani, Joshua & Philip 2011:66). Technologies such as ATMs and transactional internet websites allow banks to interact more efficiently with their clients, regardless of geographic proximity (Agbolade 2011:103; Oluwatolani *et al.* 2011:65; Scott & Arias 2011:211). Internet banking has replaced traditional banking practice. Internet banking is a sophisticated payment system where the currency and notes are converted to data, which are in turn transmitted through telephone lines and satellite transponders (Chavan 2013:19). The main challenge related to the internet in the banking industry is the growing threat of cybercrime, the high levels of card fraud and internet fraud. Data security has therefore increased in importance for banks (PricewaterhouseCoopers 2013:51). However, despite the challenges, internet banking has many benefits which add value to customers' satisfaction in terms of better quality of service offerings and, at the same time, enabling banks to gain competitive advantage over their competitors (Chavan 2013:19). By investing in ICT, banks can achieve cost savings and enhance customer satisfaction (Adewoye & Omoregie 2013:2).

2.4.4 TRENDS AND DEVELOPMENTS IN THE BANKING INDUSTRY

Banks will be able to maintain their competitive advantage by keeping up with current trends and developments. The banking industry is evolving fast, with a number of trends and developments currently shaping the global landscape for financial services and the banking industry in particular. These trends could either contribute to or detract from a bank's ability to achieve sustainable revenue growth (PricewaterhouseCoopers 2013:13). According to PricewaterhouseCoopers (2013:14), key trends shaping the banking industry include:

- External developments relating to the combination of local and global factors that directly impact the banking industry and typically detract from a bank's ability to achieve its ROE targets. These factors include the sluggish economic environment, large-scale regulatory change and competition in various attractive market segments.
- Macro trends: Macro trends shape the global landscape for all industries, in particular the banking industry. Strategic alignment to these trends, which include the rise and interconnectivity of emerging markets, urbanisation and demographic shifts, could contribute significantly to strong ROE growth over the medium to long term. However, it could also represent a lost opportunity for firms that do not respond to the macro trends.
- Internal responses: Tactical and strategic responses already implemented or planned by the banks are regarded as internal responses. In general, these responses aim to improve ROE (if properly implemented) and include cost control, innovation and technology activities. Talent shortages amongst bank employees are also explored as part of this dimension. The inability to source the right employees with the right skills could detract significantly from achieving growth objectives, while competitors could establish a competitive edge that is hard to match.
- Stakeholder expectations: Banks cannot maintain control of their long-term success without the confidence of a variety of stakeholders, such as investors, government and the societies in which they operate. These stakeholders could influence, either favourably or obstructively, how banks achieve their growth objectives.

By monitoring these trends and developments in the banking industry, banks will be able to remain competitive and overcome some competitive and saturation challenges. These challenges and trends in the banking industry thus require banks to be more customer focused. Clients are exposed to diversified choices and they are concerned about value for money. This means that there are unlimited switching choices (Chigamba & Fatoki 2011:66). 'Unlimited switching choices' imply that clients have a variety of banks to choose from, will move to the bank which offers the best value, and will not remain loyal to one bank. The core and actual banking products/services being offered to clients could be considered reasonably homogenous (Rizan *et al.* 2014:2; Taleghan *et al.* 2011:155). Consequently, there is an increased need for banks to differentiate themselves from competitors at the augmented product level (Taleghan *et al.* 2011:155). This means that banks should focus on both the product/service as well as the way in which it is delivered, which adds value to the product/service (Das 2013:211-212; Rizan *et al.* 2014:2). One way that this might be achieved is to develop long-term relationships with their clients, which is termed 'relationship marketing' (Rizan *et al.* 2014:2; Taleghan *et al.* 2011:155).

2.4.5 RELATIONSHIP MARKETING IN THE BANKING INDUSTRY

Relationship marketing can assist banks in overcoming their many challenges (Taleghan *et al.* 2011:155). Relationship marketing consists of developing and maintaining lasting relationships with clients in order to strengthen a firm's competitive edge (Nguyen, Leclerc & LeBlanc 2013:96). In relationship marketing, the firm aims to achieve profitability through the decrease of client turnover and the strengthening of customer relationships (Jumaev *et al.* 2012:48). Relationship marketing focuses on how to develop, maintain and enhance customer relationships over time, rather than on attracting new clients (Taleghan *et al.* 2011:156).

Some of the techniques that firms use in relationship marketing include providing consistently excellent customer service, getting to know the client individually and anticipating their future needs, as well as offering discounts and special perks through loyalty programs, for repeat clients (Harbour 2015). For example, the electronic delivery of banking services has become ideal for banks in meeting clients' expectations and building close customer relationships (Chavan 2013:21). Relationship marketing is implemented by firms to develop strong connections with clients and to foster customer satisfaction and customer retention (Nakhleh 2012:539). Alshurideh *et al.* (2012:70) as well as Velnampy and Sivesan (2012:1) also emphasise the focus on customer satisfaction and customer retention as part of relationship marketing. Moreover, in the banking industry, a focus on relationship marketing, and thus customer satisfaction and customer retention, can contribute to a bank's success (Rizan *et al.* 2014:2).

2.5 SUMMARY

This chapter provided an overview of the financial services industry. The most important component of the financial services industry is the banking industry, which plays an important role in the South African economy by contributing to GDP and economic growth, lending and transferring funds as well as funding entrepreneurs. However, the banking industry faces many challenges such as competition, concentration and saturation, regulatory requirements as well as technological innovation.

It was found that in order to overcome these challenges, banks need to focus on relationship marketing, which consists of developing and maintaining lasting relationships with clients, which will increase customer satisfaction and customer retention. This will strengthen the bank's competitive edge and ultimately contribute to the success of the bank.

The following chapter will provide a detailed literature review on the importance of customer satisfaction and customer retention for firms in general, and in the banking industry, specifically.

CHAPTER THREE

CUSTOMER SATISFACTION AND CUSTOMER RETENTION

3.1 INTRODUCTION

As identified in Chapter One, increasing customer satisfaction and customer retention will lead to the success of banks by increasing their profitability, competitiveness and market share (Karim & Chowdhury 2014:4; Khan & Fasih 2014:331). Chapter Two provided an overview of the financial services industry, with a specific focus on the banking industry, its characteristics and challenges. Relationship marketing was identified as important to the performance and profitability of banks (Taleghan *et al.* 2011:155). Relationship marketing is implemented by firms to develop strong connections with clients and foster customer satisfaction and customer retention (Nakhleh 2012:539).

A secondary objective of this study includes highlighting the importance of customer satisfaction and customer retention for banks. Therefore, this chapter will discuss the importance of customer satisfaction and customer retention for firms in general, and then banks in particular. The chapter is subdivided into sections which focus on the importance of customer satisfaction and customer retention, the benefits of customer satisfaction, the relationship between customer satisfaction and customer retention, the benefits of customer retention, the importance of customer satisfaction and customer retention in the banking industry, and how to increase customer satisfaction and customer retention in the banking industry.

3.2 CUSTOMER SATISFACTION AND CUSTOMER RETENTION IN PERSPECTIVE

A strong relationship exists between customer satisfaction and customer retention (Akbar & Parvez 2009:36; Ganiyu *et al.* 2012:14). Firstly, customer satisfaction can be defined as the difference between the client's expectation and the performance of the firm and its products/services (Mosahab, Mahamad & Ramayah 2010:73). Customer satisfaction is the client's perception that a product/service feature, or the product/service itself, provides a pleasing level of contentment and fulfilment (Ganiyu *et al.* 2012:15). It is the evaluation of a product/service in terms of whether the product/service has met the client's needs and expectations (Akbar & Parvez 2009:27; Ganiyu *et al.* 2012:15). Customer satisfaction is also a reliable predictor of repurchase intentions (Abdollahi 2008:24). According to Nakhleh (2012:541), there are five emotions perceived by clients as related to their customer satisfaction levels:

- Satisfaction: the products/services can be accepted or tolerated
- Content: the products/services bring clients positive and happy experiences
- Relieved: the products/services remove clients' negative states
- Novelty: the products/services bring clients freshness and excitement
- Surprise: the products/services make clients unexpectedly pleased

These emotions assess the customer satisfaction level of clients and predict re-purchasing. Customer satisfaction is thus the assessment of the pre-purchasing expectations from the product/service, with the results reached after the act of purchasing. Customer satisfaction means that customer needs, wishes and expectations are met or exceeded during the product/service period, giving way to re-purchasing and customer retention (Koçoğlu & Kirmaci 2012:282).

Customer retention can be defined as the continuity of the firm relations between the client and firm (Keiningham, Cooil, Aksoy, Andreassen & Weiner 2007:364; Khan 2012:107). Akbar and Parvez (2009:27) relate customer retention to the mind-set of clients who hold favourable attitudes toward a firm, commit to repurchase the firm's product/service, and recommend the product/service to others. Customer retention is a deeply held commitment to rebuy or repatronise a preferred product/service consistently in the future, despite situational influences and marketing efforts that might cause switching behaviour (Abdollahi 2008:23; Madjid 2013:50).

Customer retention consists of both behavioural and attitudinal aspects. The behavioural aspect, or 'stochastic approach', views customer retention as a behaviour manifested in clients' shares of purchase, purchasing frequency, repeat purchase, recommendations, repurchase intentions, and willingness to pay premium prices. The attitudinal aspect, or ‘deterministic approach’ addresses customer retention as an attitude manifested through clients’ preferences, buying intentions, supplier patronisation, recommendation willingness, emotional attachments and advocacy of clients toward the firm (Abdollahi 2008:23; Khan 2012:106; Madjid 2013:50; Rai & Medha 2013:140-141). Customer retention, therefore, relates to the client’s liking, identification with, commitment, trust as well as willingness to recommend and repurchase from the firm, with the first four being attitudinal constructs and the last two being behavioural intentions (Boohene 2013:84).

A focus on customer retention means that a firm wants to reduce client defections. The aim of ensuring customer retention starts with the first contact a firm has with a client and continues throughout the entire lifetime of the firm-client relationship (Singh & Khan 2012:1). Customer retention occurs when the client feels so strongly that the firm can best meet their relevant needs that competitors are virtually excluded from the client’s consideration set and the client buys products/services almost exclusively from one firm, referring to the firm as “theirs”- ‘their restaurant’, ‘their hotel’ or ‘their bank’ (Bose & Rao 2011:545).

3.3 THE IMPORTANCE OF CUSTOMER SATISFACTION AND CUSTOMER RETENTION

A firm can benefit from increased customer satisfaction and customer retention in many ways, including increased revenue, predictable sales and profit streams, a good reputation and goodwill, which lead to increased profitability and increased performance of the firm. Clients have always been important for firms (Singh & Khan 2012:1). Increasing customer satisfaction and customer retention is becoming the most important strategic goal in the competitive business environment (Jumaev *et al.* 2012:37). The high rate of competition in every market has made it critical for firms to retain their clients (Singh & Khan 2012:1). It is therefore important for firms to satisfy and retain clients (Rahmani-Nejad *et al.* 2014:262-263).

3.3.1 THE BENEFITS OF CUSTOMER SATISFACTION

Customer satisfaction is the best indicator of a firm's future profit and competitiveness (Deng *et al.* 2010:291; Ganiyu *et al.* 2012:15). Koçoğlu and Kirmaci (2012:282) state that a highly satisfied client:

- continues purchasing at the firm for a long time;
- buys a larger amount of products/services as long as the firm produces new products/services and the existing products/services are improved;
- speaks of the firm and its products/services with praise;
- remains indifferent to the trademarks that are in competition with the products/services of the firm and will not switch;
- does not place emphasis on the price; and
- offers the firm suggestions and ideas about products/services.

It is vital for firms to satisfy their clients, as dissatisfied clients are more prone to complain to the firm to relieve cognitive dissonance and bad consumption experiences, spread negative word of mouth and switch to competitor firms (Ganiyu *et al.* 2012:14). Most dissatisfied clients will eventually tell nine other people about their problem, whereas only 4% of dissatisfied clients actually complain to the firm (Singh & Khan 2012:2). In contrast, satisfied clients are highly likely to share their experiences with the people around them, usually telling five to six other people about their positive experience with the firm, making them a highly credible volunteer sales force (Ganiyu *et al.* 2012:15; Karim & Chowdhury 2014:1; Mohsan *et al.* 2011:263; Sim *et al*. 2006:2; Singh & Khan 2012:2). It is therefore important for firms to continuously measure customer satisfaction levels, as satisfied clients are the real asset for a firm and ensure long-term profitability (Karim & Chowdhury 2014:4).

However, customer satisfaction alone is not enough. Less than half a firm's satisfied clients will return to the firm. Firms therefore need to not only satisfy clients, but take the firm-client relationship further to ensure that clients are retained (Singh & Khan 2012:1).

3.3.2 THE RELATIONSHIP BETWEEN CUSTOMER SATISFACTION AND CUSTOMER RETENTION

The relationship between customer satisfaction and customer retention has been researched for many years and it has been found that enhancing customer satisfaction and customer retention are important factors in improving the performance of firms and determining their success (Khan & Fasih 2014:331; Kheng *et al.* 2010:57; Mohsan *et al.* 2011:263; Sim *et al*. 2006:2-3). Sim *et al.* (2006:2) state that customer satisfaction is significantly related to customer retention. Akbar and Parvez (2009:36) and Ganiyu *et al.* (2012:14) agree that there is a strong relationship between customer satisfaction and customer retention. Customer satisfaction positively influences customer retention (Deng *et al.* 2010:291; Ganiyu *et al.* 2012:15). Wahab, Noor, Ali and Jusoff (2009:123) found that customer satisfaction has the most significant impact on customer retention. Many authors (Boohene *et al.* 2013:85; Bose & Roa 2011:544; Karim & Chowdhury 2014:4; Rai & Medha 2013:143) agree that customer satisfaction is the key antecedent of customer retention and is a fundamental determinant of long-term customer behaviour and customer retention.

Customer retention is the ultimate objective of customer satisfaction (Deng, Lu, Wei & Zhang 2010:290; Jumaev *et al.* 2012:36-37). In order for a firm to retain existing clients, clients must be satisfied (Bose & Roa 2011:544; Gan *et al.* 2006:89; Khan 2012:107; Kheng *et al.* 2010:58; Mohsan *et al.* 2011:268). The retention of clients can, therefore, be improved by enhancing satisfaction (Alshurideh *et al*. 2012:75; Sim *et al.* 2006:2). By focusing on customer satisfaction and customer retention, firms will be able to overcome some challenges, such as increased competition, high concentrated markets, all of which will assist the firm’s survival (Abdollahi 2008:26-27).

3.3.3 THE BENEFITS OF CUSTOMER RETENTION

Customer retention has been found to be a key determinant of a firm’s long-term viability, success, profit and performance (Deng *et al.* 2010:290; Jumaev *et al.*

2012:36-37). When aiming to increase customer retention, the firm’s ultimate goal is to increase profitability and performance (Abdollahi 2008:27).

Retained clients are considered the base of any firm (Mosahab *et al.* 2010:72). Retained clients tend to repurchase more often and spend more money. Thus, retained clients do not only increase the value of the firm, but also enable firms to maintain costs lower than those associated with attracting new clients (Jumaev *et al.* 2012:37). Many authors have found that it can cost up to five times more to acquire new clients than it does to retain current clients (Alshurideh *et al.* 2012:70; Du Plessis 2010:2-3; Gan *et al.* 2006:83; Jesri *et al.* 2013:307; Kheng *et al.* 2010:58; Sim *et al*. 2006:7; Singh & Khan 2012:1; Taleghan *et al.* 2011:156). The high cost of acquiring new clients pushes firms to strengthen customer relationships with their existent clients (Alshurideh *et al.* 2012:70). Marketing resources may therefore be better spent on keeping existing clients than acquiring new ones (Boohene *et al.* 2013:82). Increasing customer retention will decrease defections. A reduction in defections can contribute to increases in profits far more than increases in market share. The profits of a firm can increase by 100% through retaining 5% more of their clients (Abdollahi 2008:28-29; Singh & Khan 2012:2). According to various authors (Abdollahi 2008:27; Ganiyu *et al.* 2012:15; Singh & Khan 2012:1-2), firms derive many benefits from retained clients. These benefits include:

- Likelihood to continue purchasing the firm’s products/services, at minimum, at the same level. As the firm has built a good and reliable relationship with the clients, it will lead to the selling of more products/services. This comes naturally as the client relies solely on the firm’s products/services. A higher sales volume means higher profits.
- Likelihood of purchasing other products/services that are offered by the firm. Retained clients have faith in the quality and varieties of the firm’s products/services. This creates a great opportunity for the firm to fulfil more of the client’s needs than the traditional needs which are currently meet. This means that the firm can make sales to retained clients across product lines and thus increase overall sales volume without needing to focus extensively on attracting new clients.

- Predictable sales and profit streams.
- Experiencing less competition: The more retained clients a firm has, the less competition the firm will experience, as clients are less prone to switch to competitor firms. Customer retention therefore creates immunity towards competitive forces.
- Not actively seeking alternative service providers.
- Believing that the firm's products/services are superior to that of competitors.
- Providing the firm with opportunities to correct problems and not using these as a basis for compromising the firm-client relationship.
- A good reputation and goodwill in the open market.
- Likelihood to recommend the firm's products/services to others.
- Increased revenue and profit. Attracting new clients takes time, energy, man power, and money, which means diminished profit. After the firm has successfully attracted new clients, the firm needs to spend time and energy on building a relationship with its new clients. The firm needs time to understand its clients' desires, aspirations, expectations, spending patterns, and their price sensitivity, as this will assist firms in retaining clients. The profit from new clients will remain on the lower side while the firm is building a relationship with the client and recovers the cost incurred during the acquisition process, but once the client is retained, profits will grow significantly.

It is clear that customer retention can benefit a firm in many ways. However, Kaur and Kiran (2014:6) state that the days of client dependence on one firm for all their needs have undergone a change. Most clients would prefer to choose and pick the best available firm. The days of a committed client are declining. Moreover, clients are now well educated and aware of the alternatives in the market (Kaur & Kiran 2014:6). Koçoğlu and Kirmaci (2012:282) state that with the increase in the amount of accessible information in recent years, the consciousness of clients has continually improved. Clients are able to reach the products/services easier, and are aware of the power they have on the market. Before choosing a given firm, product/service, clients look at the price, newness, accessibility of the product/service and additional services offered. As the alternatives increase, clients' retention in terms of products/services decreases (Koçoğlu & Kirmaci 2012:282). Clients do not depend on one firm for products and services, but will switch to the firm offering the best value. Therefore, firms need to identify and implement strategies to satisfy and retain clients, in order to reap the benefits associated with customer satisfaction and customer retention.

3.4 CUSTOMER SATISFACTION AND CUSTOMER RETENTION IN THE BANKING INDUSTRY

Customer satisfaction and customer retention is important for all industries (Abdollahi 2008:23). However, customer satisfaction and customer retention is particularly important for service firms (Mohsan *et al.* 2011:263; Rizan *et al*. 2014:2-3). The value of customer retention for service firms has been recognised by many researchers. Customer retention has the potential to develop a sustained competitive edge for the service firm (Rai & Medha 2013:139; Shien & Yazdanifard 2014:40). The distinctive nature of services, increased role of technology and higher client involvement in service delivery processes have furthered the importance of customer retention in the service industry (Rai & Medha 2013:139).

Top performing financial services firms always look into the needs and demands of their clients in order to survive and compete successfully in the dynamic corporate environment. Firms in the financial services industry depend on their clients for the future and security of the firm, and therefore focus much attention on customer satisfaction and customer retention (Mohsan *et al.* 2011:263). The banking industry, operating in the financial services industry, is customer oriented and therefore depends upon customer relationships to ensure the performance and profitability of the firm (Karim & Chowdhury 2014:1; Mohsan *et al.* 2011:263-264; Kheng *et al.* 2010:57). The tendency to focus on retaining clients is derived from the fact that the majority of service firms face problems in gaining new clients, especially in markets described as having high saturation rates such as the banking industry (Alshurideh *et al.* 2012:70). Therefore, it is evident that banks should also focus on customer satisfaction and customer retention.

3.4.1 THE IMPORTANCE OF CUSTOMER SATISFACTION AND CUSTOMER RETENTION IN THE BANKING INDUSTRY

Customer satisfaction and customer retention is important to banks as it can assist in overcoming the many challenges in the banking industry, allowing these firms to remain competitive. The banking industry has grown from a few firms primarily involved in deposit acceptance and trade finance into a complex multi-player market where a large number of banks are operating with various technologies and products/services (Boohene *et al.* 2013:82; Kolapo *et al.* 2012:32). This has created a competitive environment that is geared towards working more on increasing market share, in terms of retaining clients.

There have been several studies emphasising the significance of customer satisfaction and customer retention in the banking industry (Boohene *et al.* 2013:82). In recent years, customer satisfaction has gained a good deal of importance in the banking industry where there is strong competition (Koçoğlu & Kirmaci 2012:285). Customer satisfaction is considered a very important factor in the determination of a bank's competitiveness and overall performance (Karim & Chowdhury 2014:1,4). Customer retention in the banking industry has caused a major concern for experts due to severe competition and higher expectations held by clients (Fin24 2015; Jumaev *et al.* 2012:36-37). In the banking industry, customer retention is particularly important because of the "cradle to grave" customer relationship strategy, where youthful clients are recognised as being unprofitable in their earlier years, but becoming profitable as they move through the family lifecycle (Abdollahi 2008:23). It has frequently been pointed out that once clients have been acquired and connected to the firm, their long-term relations with the firm are of greater importance to the success of the firm in this competitive industry than in any other industry (Madjid 2013:50). Customer satisfaction and customer retention is particularly important for banks, as banks depend on customer relationships to ensure performance and profitability (Karim & Chowdhury 2014:1; Mohsan *et al.* 2011:263-264; Kheng *et al.* 2010:57; Rizan *et al*. 2014:2-3). Various authors (Khan & Fasih 2014:331; Jumaev *et al.* 2012:37) agree that enhancing customer satisfaction and customer retention will lead to the success of banks by increasing their success, profitability, performance and market share. Banks will only survive, compete effectively and protect market share in the midst of the current competition in the banking industry, if these firms take all the necessary steps to invest in and retain clients (Boohene 2013:82-83).

Customer satisfaction and customer retention is therefore also important for South African banks. As previously mentioned, the South African banking industry is dominated by five banks: Absa, Capitec, FNB, Nedbank and Standard Bank. The customer satisfaction levels of these banks are measured by the South African Customer Satisfaction Index (SAcsi), which is an independent measure of customer satisfaction. Considering the SAcsi, the South African banking industry has demonstrated that it competes favourably internationally with the traditional financial powerhouses such as the United States and the United Kingdom in terms of customer satisfaction. South African banks scored 76.3 out of 100; below the United States (78), but higher than the United Kingdom (74) and South Korea (73), in terms of customer satisfaction (Fin24 2015).

Specifically, comparing South African banks, according to the 2015 SAcsi, Capitec and FNB are the leaders in customer satisfaction, with scores of 82.2 and 79.3, respectively; both of these scores are significantly higher than the average SAcsi score of 76.3 out of 100. Absa's overall score was 74.8, Nedbank scored 74.8, and Standard Bank fell to the bottom of the log with an overall SAcsi score of 73.7 out of 100. There is a positive correlation between SAcsi scores and firm performance, which has been proven over a number of years through the American Customer Satisfaction Index (ACSI) (Fin24 2015). If SAcsi scores increase then bank performance increases. Therefore, it is important for South African banks to focus on and increase customer satisfaction and customer retention.

The banking industry has high interaction with its clients, so managers must understand the factors which influence customer satisfaction and customer retention (Jumaev *et al.* 2012:48).

3.4.2 HOW TO INCREASE CUSTOMER SATISFACTION AND CUSTOMER RETENTION IN THE BANKING INDUSTRY

It is clear that customer satisfaction and customer retention is important to banks. There are many different actions and strategies a bank can implement to increase customer satisfaction and customer retention. In order to achieve customer satisfaction, firms must build and maintain long lasting relationships with clients through satisfying various client needs and demands, which encourages them to continue to do business with the firm (Mohsan et al. 2011:264). As briefly mentioned in Chapter Two, in order to establish unique long-term relationships with clients, which foster customer satisfaction and customer retention, banks can use relationship marketing (Nakhleh 2012:539). Relationship marketing assists the firm in understanding its client's needs, reducing costs and it can ultimately lead to customer retention (Taleghan *et al.* 2011:155). According to various authors (Gilaninia, Almani, Pournaserani & Mousavian 2011:791; Hussain, Rawjee & Penceliah 2014:156; Taleghan *et al.* 2011:156), there are four fundamental values for relationship marketing. First, the activities regarding relationship marketing do not focus upon a specialised department. This means there must be a marketing orientation of the whole firm. Second, relationship marketing emphasises long term collaboration, so firms should view their clients as partners, where the goal is to create mutual value. The relationship must be meaningful for all those involved, with the purpose of retaining long-term relationships with clients. Third, the relationship must also be interactive, meaning that the client can initiate improvements or innovation of the products/services. Fourth, clients should be considered as individuals. The firm's task is to create value for the clients (Gilaninia, Almani, Pournaserani & Mousavian 2011:791; Hussain, Rawjee & Penceliah 2014:156; Taleghan *et al.* 2011:156).

Various authors (Mohsan *et al.* 2011:264; Kheng *et al.* 2010:57) agree that a key element of customer satisfaction in the banking industry is the nature of the relationship between the client and the firm, as the success of a bank depends on a high quality relationship with clients, which determines customer satisfaction and, ultimately, customer retention. A bank can increase its customer retention easier by satisfying the needs of the clients better than those of its competitors (Deng *et al.* 2010:291). Jumaev *et al.* (2012:37) concur and state that one of the ways to enhance customer retention in the banking industry is to focus on offering excellent products/services and meeting the needs of the clients. Banks will therefore be able to retain clients as long as the client feels that the firm provides better products/services than its competitors (Bose & Roa 2011:544). By treating different each client as unique and adapting to each client's needs and values, firms can achieve customer retention (Koçoğlu & Kirmaci 2012:282). Banks need to understand their clients' expectations and perceptions as this will assist them in determining the actions required to serve the client satisfactorily, thus allowing each firm to easily satisfy the client (Karim & Chowdhury 2014:1).

There are many different marketing tools and activities that firms can develop and implement to build relationships with a variety of clients in order to increase customer satisfaction and customer retention. Banks need to have a good understanding of their clients so that appropriate marketing strategies can be developed with the aim of building customer relationships and increasing customer retention (Jumaev *et al.* 2012:37). For example, a marketing tool to encourage clients to remain with the firm could be a loyalty program. Loyalty programs are considered to be highly effective in retaining clients and are readily accepted by both clients and firms. These loyalty programs offer rewards to clients in the form of relationships and financial rewards in order to encourage retention by providing targets at which clients can receive benefits (Abdollahi 2008:28-29; Bose & Roa 2011:544). For the client, loyalty programs can be a way to decrease price sensitivity, increase brand loyalty, reduce clients' willingness to consider competitors' products/services, encourage word-of-mouth support and endorsements, attract a larger group of clients and increase the amount of products/services bought. Loyalty programs thereby impact behavioural as well as affective aspects of customer retention. For the firm, loyalty programs can increase revenue by increasing purchase and usage levels and by increasing the range of products bought. Other reasons why firms develop loyalty programs are: to generate information; to reward retained clients; to manipulate clients' behaviour and as a defensive measure against competitors, as the loyalty program motivates clients to make their next purchase at the firm in order to receive the benefits of the loyalty program (Abdollahi 2008:28-29; Bose & Roa 2011:546-547).

Employing different marketing tools and activities to create customer retention has become increasingly important due to the increased use of social media as a marketing tool (Koçoğlu & Kirmaci 2012:283). Social media marketing has given clients the opportunity to be more powerful against the firm. Thus, firms noticed that they could only be successful if they adopted marketing tools centred around their clients (Koçoğlu & Kirmaci 2012:283). Banks are using social media channels to monitor and respond to client complaints in an effort to increase customer retention (PricewaterhouseCoopers 2013:52). According to Kaur and Kiran (2014:7), when banks interact with clients through social media channels, there are several aspects that firms need to consider regarding customer satisfaction and customer retention that are specific to social media:

- Personal services: Clients appreciate the personal service they receive from banks, but such interactions are slowly declining as the numbers of online, ATM and mobile banking transactions and social media interactions increase. Banks should, therefore, strive to make social media interactions with clients more personal.
- Confidence: Successful banks have to ensure client confidence or trust in the bank's social media channels in order to increase customer satisfaction and customer retention. Firms should provide tools, such as social media channels, to make it easier for clients to conduct their banking business when and where it is convenient for them.
- Problem resolution and client care: Banks can become successful by listening to what their clients are asking for and trying to reduce the number of problems that clients encounter. Banks can offer customer service through their social media channels. Clients may not mind paying a little extra for such service.
- Account information: Providing transaction details and statements regularly is another step towards enhancing satisfaction. Banks can provide this information to clients through social media channels.

- Ease of use of social media channels: Banks must ensure that its social media channels are accessible and offer quality of service. The rise of more sophisticated technologies have increased client convenience in conducting transactions, clients have therefore become even more demanding, as they expect better quality at lower costs.
- Technology adoption: In the banking industry, it is necessary to increase adoption of technology to better meet client requirements, improve efficiencies, reduce costs and ensure client delight. This can be achieved through social media interaction, online banking applications and internet banking.
- Channel activity: Interaction with clients via social media channels presents banks with the opportunity to deepen relationships with clients in order to enhance channel activity. The service quality of these social media channels is important for engaging clients to the firm.
- Technical expertise of staff: Banking staff play an important role for customer satisfaction in the banking industry. The technical expertise of staff is especially important to build relationships with clients via social media channels.

It is clear that there are many marketing tools, actions and strategies a firm can implement to increase customer satisfaction and customer retention in the banking industry. These tools should relate to relationship marketing, understanding clients' perceptions and expectations, as well as meeting the needs of clients through excellent products/services. The marketing tools could be varied depending on the firm and its clients; they could however include, for example, the use of social media channels to engage with clients and build relationships with clients in an attempt to increase customer satisfaction and customer retention.

3.5 SUMMARY

This chapter provided an overview of customer satisfaction and customer retention, emphasising its importance for firms in the banking industry specifically. Customer satisfaction was defined as the client's perception that a product/service has met their needs and expectations. Customer retention was defined as a deeply held commitment to re-buy or re-patronise a preferred product/service consistently in the future, despite situational influences and marketing efforts that might cause switching behaviour.

Customer satisfaction was found to be an important antecedent of customer retention. Therefore, in order for a firm to increase customer retention, clients must be satisfied. Firms, banks in particular, can benefit in many ways from increased customer satisfaction and customer retention, including increased revenue, predictable sales and profit streams, a good reputation and goodwill in the open market, which ultimately leads to increased profitability and performance. These benefits can assist banks in overcoming the many challenges faced in the banking industry, including increased competition, concentration and saturation, regulatory requirements as well as technological innovation, and they can assist in the survival of the firm. It was found that banks can increase customer satisfaction and customer retention through strategies related to relationship marketing, which build long-term relationships with clients.

As identified in Chapter One and highlighted in this chapter, social media can be used as a marketing tool to increase customer satisfaction and customer retention. Therefore, the ensuing chapter will discuss social media as a marketing tool, by focusing on how firms and banks, in particular, can effectively increase customer satisfaction and customer retention through social media marketing.

CHAPTER FOUR
SOCIAL MEDIA AS A MARKETING TOOL

4.1 INTRODUCTION

Chapter Three discussed the importance of customer satisfaction and customer retention in relation to the performance and profitability of firms, specifically in the banking industry. In Chapter One and Chapter Three, social media was briefly identified as an effective marketing tool to assist marketers, including those of banks, in increasing customer satisfaction and customer retention (Clark & Melancon 2013:138; Muhammad & Abdul 2012:249). Social media has become the preferred communication channel for clients, which has made it imperative for firms to use social media as a marketing tool to increase customer satisfaction and customer retention (Anjum *et al.* 2012:100; Clark & Melancon 2013:138; Muhammad & Abdul 2012:249).

The secondary objectives of this study include providing a literature review pertaining to the use of social media as a marketing tool in the banking industry. Therefore, this chapter will address social media as a marketing tool and how the use of social media can increase customer satisfaction and customer retention in the banking industry in terms of the benefits, clients' trust and content of social media.

4.2 SOCIAL MEDIA DEFINED

Social media can be defined as the communication and/or publication platforms which are generated and sustained by the interpersonal interaction of individuals through a specific social media tool or channel (Neti 2011:2). Social media uses web-based technologies to facilitate interactive communication and the sharing of information (Baruah 2012:1; Braude 2009:10; Muhammed & Abdul 2012:246). Social media is an online platform that enables clients to create and share content, communicate with one another, and build relationships (Hamid *et al*. n.d.). The terms social media and social networking are often used interchangeably, however, social networking can also be regarded as a sub-category of social media (Bashar *et al.* 2012:89; Cohn n.d.). Social media is the format that delivers the message, whereas social networking relates to two-way communication, engagement and the building of relationships through social networking sites or social networks (Hartshorn 2010). The top three social networking sites are Facebook, Twitter and LinkedIn (eBizMBA 2015).

Due to its nature, social media has changed the way firms do business (Ramsaran-Fowdar & Fowdar 2013:73). The preface of private computers, the internet, and e-commerce have had a great impact on how firms function, promote, conduct business and how people cooperate (Bashar *et al.* 2012:88; Kaul 2012:114-115; Saravanakumar & SuganthaLakshmi 2012:4445). Firms use social media to implement marketing actions. This is called social media marketing, which allows firms to manage customer relationships, create new relationships, facilitate online exchange, connect, and communicate with clients (Assaad & Gómez 2011:15; Erragcha & Romdhane 2014:8; Lekhanya 2013:2; Ramsaran-Fowdar & Fowdar 2013:74). Social media marketing is vital for firms that want to compete on a level playing field with competitors (Anjum *et al*. 2012:100; Assaad & Gómez 2011:21; Clark & Melancon 2013:138; Muhammad & Abdul 2012:249). The explosive growth of the smart phone market and mobile computing is helping social media to grow even faster, as social media connectivity is becoming easier (Saravanakumar & SuganthaLakshmi 2012:4445). As the number of social media users escalates, firms are advised to take advantage of the emerging social media marketing channels to effectively communicate and build relationships with clients (Hamid *et al*. n.d.).

4.3 SOCIAL MEDIA CHANNELS

Traditional media channels used for marketing include television, newspaper, radio and magazine. These are one-way, static technologies (Assaad & Gómez 2011:18; Saravanakumar & SuganthaLakshmi 2012:4444). Clark and Melancon (2013:132) state that there has been a decline in the effectiveness of traditional mass media marketing communications in recent years, as clients expect more interactive communication. Neti (2011:1) states that, unlike traditional media, social media helps win the trust of clients by connecting with them at a deeper level. Many authors (Anjum *et al.* 2012:97; Assaad & Gómez 2011:15) agree that social networks provide firms with the opportunity to communicate with clients on a personal level, which is usually difficult to achieve through traditional channels. Social media also allows for two-way communication between firms and clients (Muhammed & Abdul 2012:246).

The various social media channels include social networks, blogs, media sharing sites and user appraisal sites (Anjum *et al.* 2012:97-98; Baruah 2012:4). The top social media channels used by marketers are social networks, including Facebook (with 92% of marketers utilising this tool), Twitter (84% of marketers) and LinkedIn (71% of marketers); Blogs (68% of marketers); and media sharing sites, including YouTube (56% of marketers) (Clark & Melancon 2013:138).

4.3.1 SOCIAL NETWORKS

Social networking sites are instruments for building virtual communities or social networks for individuals with similar education levels and qualifications, lifestyles, interests, or activities (Bolotaeva & Cata 2011). According to Farooq and Jan (2012:627), people prefer spending time in playing games, browsing friend's profiles and communicating with their friends on social networking sites rather than physically meeting. Bashar *et al.* (2012:92) found that most people spend more than an hour online each day. Marketers can therefore use social networks to connect with clients (Assaad & Gómez 2011:13-14, 18-19; Bashar *et al.* 2012:89; Clark & Melancon 2013:132; Farooq & Jan 2012:627). The most popular social networking sites are Facebook, Twitter and LinkedIn.

4.3.1.1 Facebook

Facebook is a social networking website that was founded by Mark Zuckerberg in 2004 (Farooq & Jan 2012:628). Facebook has an estimated 900 million users, with a constantly growing population, making it the most popular social networking website (eBizMBA 2015; Ramsaran-Fowdar & Fowdar 2013:73).

Facebook has many benefits for firms. Clients are currently switching to the usage of social networks and are spending much more time with social media than with any other marketing channel (Ramsaran-Fowdar & Fowdar 2013:75-76). Facebook therefore allows firms to connect with many more people, and much more often, than the amount of people that firms would be able to approach through traditional media channels such as television, newspaper, radio and magazines, as well as phone calls, emails, or meetings (Ramsaran-Fowdar & Fowdar 2013:75-76). Facebook benefits the firm with lower communication costs, personalised and directed advertising, immediate feedback from clients, word-of-mouth referrals and has a positive influence on buyer behaviour (Clark & Melancon 2013:132; DeMers 2014; Ramsaran-Fowdar & Fowdar 2013:78). Information can be gathered by marketers by monitoring clients' comments on Facebook posts and articles posted by the firm (Carbone 2015; DeMers 2014). Marketers can use this data to understand clients by identifying clients' tastes and likes, which is essential in helping to serve clients' needs better (Ramsaran-Fowdar & Fowdar 2013:75).

Facebook has provided several tools for firms to market their products/services and communicate with clients (Farooq & Jan 2012:629). According to Farooq and Jan (2012:629) and Ramsaran-Fowdar and Fowdar (2013:75), these Facebook tools include:

- Profile pages: A profile page shows the firm's presence on Facebook and contains all the basic information about the firm.
- Groups: Groups allow the firm to create a place for clients to participate in firm discussions on Facebook. Groups are mostly used for viral marketing, which involves spreading a marketing message via the internet, but only the people added to the group can participate in the activities.
- Events: A Facebook event is the application used by firms to promote their events and product launches. A Facebook event creates a page that facilitates discussions and the sharing of photos, videos and links concerning firm events.
- Facebook pages: Facebook pages allow firms to integrate their profile page with other applications to extend their functionality and analyse the user's presence. Facebook pages also feature in the News Feed, which indirectly

invites the user’s “Friends” to also become members of the firm’s Facebook page.

According to Saravanakumar and SuganthaLakshmi (2012:4447), as well as Hendricks (2013), Facebook allows firms to capture and connect with clients in the following ways:

- Promotions: The key for firms is to treat "Facebook fans/friends" or clients that engage with the firm on Facebook differently to other clients. An example of this is by providing them with special access to offers and information, as well as providing Facebook-only discounts and “sneak peeks” at upcoming products. In terms of promotions, firms can also use Facebook to allow clients to query/complain and comment/share the firms’ Facebook posts.
- Crowd-sourcing: This involves inviting a large group to participate in shaping an offer or strategy. For example, a firm can offer a potential deal to “Facebook fans/friends” that is only activated if enough fans "like" the promotion, in effect, joining together to reach a goal. Another example of crowd-sourcing includes a firm inviting “Facebook fans/friends” to comment on its new logo design or submit their own designs.
- Check-ins: This is a popular way to electronically announce one’s arrival at a location. When a client checks-in at a firm on Facebook, their location and the name of the firm is displayed online for that client’s Facebook friends and followers to see, which creates a significant amount of exposure for the firm. Check-ins also have an enormous potential value for firms, by allowing firms to identify clients immediately after the client has checked-in. Typically, firms are not able to identify clients until checkout, at which point it is too late to influence a purchase. Firms offer Facebook deals which provide clients with electronic coupons, discounts and loyalty points when they check-in at the firm on arrival. This increases store traffic and sales, and gives firms a clearer picture of their clients’ behaviour.

4.3.1.2 Twitter

Twitter is the second most popular social media channel with an estimated 310 million users (eBizMBA 2015). However, it is the most popular social media site among firms (Pradiptarini 2011:1). Twitter is a form of micro-blogging, meaning that Twitter updates (Tweets) can contain only 140 characters (Evans, Twomey & Talan 2011:5; Kim & Hammick 2013:3; Saravanakumar & SuganthaLakshmi 2012:4446). Tweets enable firms to create communities, offer immediate feedback or assistance, and promote their products/services (Baruah 2012:1). Kim and Hammick (2013:3) state that Twitter has become a useful tool to exchange ideas and opinions between firms and clients.

According to Saravanakumar and SuganthaLakshmi (2012:4446), Twitter allows a firm to:

- Announce offers or events;
- Keep clients informed with links to important news stories;
- Keep in touch with the clients by subscribing to their Tweets and seeing what they are doing;
- Offer private discounts and sales announcements;
- Stay on top of what the competitor is doing by monitoring competitors' actions on Twitter;
- Get leads on business opportunities, trends, and a jump on late-breaking news; and
- Provide internal updates to team members and employees.

Twitter can therefore be considered an online tool for managers' branding and marketing communication (Kim & Hammick 2013:4).

4.3.1.3 LinkedIn

LinkedIn is the third most popular social media channel and the world's largest professional network with an estimated 255 million users (eBizMBA 2015; LinkedIn

2015). LinkedIn's mission is to connect the world's professionals to make them more productive and successful. By joining LinkedIn, users get access to people, jobs, news, updates, and insights that will enhance the users' knowledge and performance (LinkedIn 2015). LinkedIn provides a platform for firms to forge relationships with clients (LinkedIn 2014).

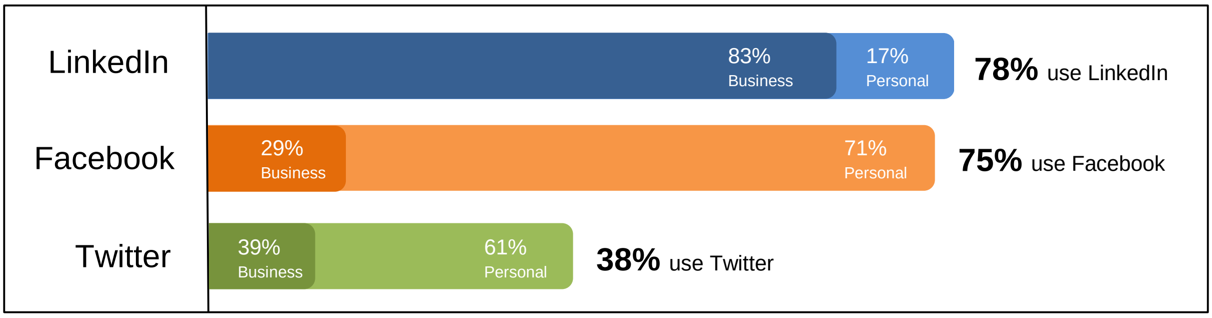
It was found that 50% of clients are more likely to buy from a firm they engage with on LinkedIn (LinkedIn 2014). There are five strategic marketing opportunities available to firms on LinkedIn (LinkedIn 2014):

- Company/firm pages: Through company pages, the firm is able to market its products/services to the LinkedIn community, tell the firm's story and give clients and prospective clients a place to learn about the firm, its employees, and the brand.
- Company/firm updates: It is important for firms to communicate with clients in a relevant and personal way. Firm updates are sent from the firm's company/firm page, and can be tailored to clients' professional interests. Specifically, firms can deliver highly targeted content into the feed of LinkedIn users, which will increase their engagement with and loyalty to the firm.
- Sponsored updates: Sponsored updates allow the firm to extend its reach by delivering updates into the feeds of LinkedIn users beyond those already following the firm on LinkedIn.
- Display advertising: Firms can display advertisements on various LinkedIn pages, including profile pages, home pages, personal message/inbox, search results pages, and group pages.
- InMail: Through InMail, firms can reach anyone on LinkedIn without an introduction or contact information. Firms get professional, credible outreach with their LinkedIn profile attached.

4.3.1.4 Main uses of social networks

It is important for firms to understand that clients use various social networks for different purposes (Raroque & Savio 2012:6). The main uses of social networks include business and personal uses (Friedman & Benedict 2012:4). Figure 4.1, below, shows clients' social network usage purposes for the top three social networks: Facebook, LinkedIn and Twitter.

FIGURE 4.1: Social network usage for business/personal purposes



Source: Friedman and Benedict (2012:4)

Figure 4.1, above, shows the overall usage of social networks for business and personal purposes. It can be seen that LinkedIn is primarily used for business purposes, whereas Facebook and Twitter are primarily used for personal purposes (Friedman & Benedict 2012:4).

Table 4.1, below, shows clients' specific activity preference when using Facebook, LinkedIn and Twitter.

TABLE 4.1: Clients' preferred activities by social networks

		Facebook	**LinkedIn**	**Twitter**
Personal Uses	Keep up with friends/family	**90%**	5%	3%
	Post personal updates about my life	**62%**	2%	2%
	Reconnect with classmates/alumni	**70%**	13%	2%
Professional Uses	Connect with business colleagues	17%	**76%**	1%
	Discuss business topics	8%	42%	4%
	Network for a job	5%	**66%**	2%
	Post work-related questions	7%	39%	10%
	Post business updates	17%	**63%**	12%
	Read colleagues' status updates	11%	**71%**	4%
	Receive updates on my industry	10%	50%	8%
	Research/develop business ventures	1%	34%	3%
Group Discussions	Collaborate with a group	25%	28%	6%
	Connect with groups	32%	40%	22%
Company relationships	Follow a company/brand	24%	16%	15%
	Friend/fan companies	53%	10%	14%
Additional resources	Obtain a review/recommendation	23%	8%	16%
	Find resources to help with specific questions	16%	23%	4%
	Sign up to news/events	18%	9%	32%
***Strong preference activities in bold**				

Source: Raroque and Savio (2012:6).

Compared to other social networks, Facebook is used by clients for more personal purposes, including keeping in touch and being up to date with family and friends, posting personal updates, and reconnecting with classmates/alumni (Friedman & Benedict 2012:4; Raroque & Savio 2012:6).

Clients prefer using LinkedIn for professional purposes, such as connecting with business colleagues, receiving industry updates, networking for a job and posting business updates (Raroque & Savio 2012:6). Clients use LinkedIn to search for people, jobs, firms or groups. LinkedIn then provides the most relevant results based on the client's professional identity, network, and how other clients in their network engage with LinkedIn (LinkedIn 2014).

The most popular use for Twitter is to stay up-to-date with news and events (Raroque & Savio 2012:6). Evans *et al.* (2011:5) agree, stating that clients turn to Twitter for first-hand accounts of breaking news, reviews and opinions.

For firms, social networks are mainly used to market their products/services to clients, to interact with clients, receive feedback from clients, for customer support and to generate clients' opinions on existing and future products/services (Baruah 2012:8; Saravanakumar & SuganthaLakshmi 2012:4444). Through this, social network users help the firm redesign and improve products/services (Baruah 2012:8; Saravanakumar & SuganthaLakshmi 2012:4444).

4.3.2 BLOGS

A blog is a type of content management system that makes it easy for anyone to publish short articles called 'posts'. Blogs can be personal or corporate, providing a variety of social features, including comments, blog rolls, trackbacks and subscriptions that can be effectively used for marketing purposes (Anjum *et al.* 2012:97; Saravanakumar & SuganthaLakshmi 2012:4445-4446).

Blogs help clients discover products/services, refine choices, get support and answers, and decide on a specific product or service (Saravanakumar & SuganthaLakshmi 2012:4446). Examples of blogs include Wordpress.com, Blogspot.com, and blogger.com. Anyone can create a blog on these websites and these blogs can be accessed by anyone by typing the web address or Uniform Resource Locator (URL) (Baruah 2012:4; Erragcha & Romdhane 2014:3-4).

4.3.4 MEDIA SHARING SITES

Media sharing sites allow users to upload photos, videos and audio to a website that can be accessed from anywhere in the world (Saravanakumar & SuganthaLakshmi 2012:4448). The content of media sharing sites is generated by the users and allows users to search for content, download as well as use the content available on these sites without any fee (Baruah 2012:4; Erragcha & Romdhane 2014:3-4). While social networking sites allow users to share all types of content and media with one another, media sharing sites allow them to share a specific kind of content, such as videos or pictures. Users and marketers can create videos with very little expertise and upload them to YouTube or other video sharing sites so as to reach millions of users (Anjum *et al.* 2012:98). The most popular media sharing sites are YouTube (videos) and Flickr (pictures) with 65 million users (eBizMBA 2015; Saravanakumar & SuganthaLakshmi 2012:4448).

4.3.5 USER APPRAISAL SITES

User appraisal sites serve as a platform for appraisals or reviews of various products/services, thereby assisting clients’ decision making by providing information about products/services that they are contemplating buying (Baruah 2012:4; Erragcha & Romdhane 2014:3-4; Zhu & Zhang 2010:133). User appraisal sites increase the amount of information available about product/service quality, and they allow clients to share their product/service experiences. This provides prospective clients with information about products/services that have quality that can only be observed after consumption (Luca 2011:2). As such, these user appraisal sites serve as important word of mouth sources of knowledge/information for clients and a source of expressing post-purchase feedback (Baruah 2012:4; Erragcha & Romdhane 2014:3-4). A major reason why clients use online reviews is to obtain quality information to reduce risk when buying products/services (Zhu & Zhang 2010:136). According to Sorokina (2015), more users are choosing to consult online reviews along with their friends, for recommendations of products/services. Zhu and Zhang (2010:133) agree with this suggestion; they state that 24% of internet users access online reviews before paying for a product/service which is to be delivered offline.

Accordingly, many firms are taking advantage of user appraisal sites as a marketing tool. It has been found that positive online client reviews can have a positive effect on sales (Mudambi & Schuff 2010:185). Firms therefore need to leverage user reviews, whether positive or negative, by addressing clients' concerns or questions in order to maintain client relationships (Sorokina 2015).

4.3.6 PREFERENCE OF SOCIAL MEDIA CHANNEL IN THE FINANCIAL SERVICES INDUSTRY

Following the above discussions, it is clear that social media improves relationships between firms and clients. Therefore, firms are advised to take advantage of social media channels and effectively communicate with clients (Hamid *et al.* n.d.). Gensler, Völckner, Liu-Thompkins and Wiertz (2013:251) state that Facebook and Twitter are better channels for firms to interact with clients. However, since this study focuses on the banking industry, within the financial services industry, it is important to identify the most suitable social media channel for banks.

Financial services firms need to use social media to actively engage with their clients. Raroque and Savio (2012:3) found that clients would perceive a financial services firm as "innovative," "a leader in the industry," or "on the cutting edge" if they made use of social media channels. However, clients believe that communications from financial services firms are only appropriate on certain social media channels.

Clients believe that LinkedIn is the best social media channel for financial services firms to communicate with clients online (Goi 2014:2; Raroque & Savio 2012:3). Compared to other social media channels, firms can improve clients' opinions of the firm more readily by using LinkedIn than other social media channels (Raroque & Savio 2012:1, 3). LinkedIn is the most widely utilised social network amongst financial firms, due to its trusted and professional context. Financial firms are especially likely to use LinkedIn to make professional connections, improve referral networks, build brand identity and deepen relationships with clients, more so than Facebook and Twitter (Friedman & Benedict 2012:4).

LinkedIn is therefore the preferred and most trusted social media channel for financial service firms to engage with clients when they are in a professional mind-set. Social media, LinkedIn in particular, improves the perceptions that clients hold of the firm (Raroque & Savio 2012:1,3). However, Goi (2014:2) found that Facebook and Twitter are the highest valued social media channels for retail banking engagements. The Financial Brand (2015a) agrees; in addition, they posit that Twitter is ideal for banks to stay connected with their clients in the most immediate way.

This section discussed social media channels which include social networks, blogs, media sharing sites and user appraisal sites. Clients use different social media channels for diverse purposes, such as communicating with family and friends, posting personal updates, networking for a job and obtaining information. It was found that clients prefer and trust LinkedIn over other social media channels for information about and from financial services firms, and prefer Facebook and Twitter for information about and from banks. Firms can use these social media channels to market their products/services and communicate with clients.

4.4 ADVANTAGES AND DISADVANTAGES OF SOCIAL MEDIA FOR FIRMS

As briefly mentioned earlier in this study, marketing through social media channels has many benefits for firms compared to marketing through traditional channels. The main benefit of social media marketing is the decrease in marketing costs, whereas the main downfall thereof is security and privacy concerns.

Despite the many advantages, marketing through social media should not be a substitute for traditional marketing. It should be treated as an additional channel that can complement other marketing activities, thereby increasing the effectiveness of each channel (Assaad & Gómez 2011:15). This is concurred by Bolotaeva and Cata (2011) who agree that social media marketing needs to be integrated with other traditional marketing channels, and considered as part of the marketing mix. Social media marketing should not replace traditional marketing channels such as newspaper, television, or radio, but should be regarded as another tool that is able to reach clients who prefer electronic media. For example, some traditional media firms have incorporated social media into their own practices, with 95% of the top 100 United States newspapers maintaining reporter blogs (Braude 2009:1-2).

Social media is widely used by almost all firms, in spite of their size, for advertising and promotion purposes (Saravanakumar & SuganthaLakshmi 2012:4446). Social media provides firms with a channel to deliver service and support to clients, thereby strengthening firm-client relationships (Raroque & Savio 2012:1). Social media allows firms to establish a direct communication channel with clients, market products/services, build brand equity, and boost client faithfulness (Saravanakumar & SuganthaLakshmi 2012:4444).

In 2014, 92% of marketers claimed that social media marketing was important for their firms, with 80% indicating that their efforts increased traffic, meaning more visitors to their websites (Carbone 2015; DeMers 2014). The advantages of social media marketing to the firm include increased exposure, increased traffic, improved search-engine rankings, increased trust of the product/service among clients, decreased marketing costs, and increased sales (Clark & Melancon 2013:132; Farooq & Jan 2012:635). Social media marketing can help the firm find employees, build brand awareness, find new clients, and help conduct brand intelligence and market research (Bolotaeva & Cata 2011). In support of this, DeMers (2014) states that a firm can build brand awareness and brand recognition as social media channels provide platforms for the firm's "voice" and content. This is important because it makes the firm more accessible for new clients, and makes the firm more familiar and recognisable to existing clients. According to Saravanakumar and SuganthaLakshmi (2012:4445), social media also enables firms to:

- Create a “buzz” (create awareness and interest) before launching a new product/service;
- Learn from clients by collecting client information via promotions; and
- Target clients more effectively by offering location-specific deals.

As previously mentioned, one of the main benefits of social media for firms is lower marketing costs, in terms of monetary and personnel resources. This is because social media allows firms to connect to many more clients, much more often, and at a lower cost than traditional marketing channels, whilst requiring less personnel (Ramsaran-Fowdar & Fowdar 2013:75-76). The potential losses of social media marketing are insignificant. The amount of time and money it takes a firm to create profiles and start posting is usually minimal, compared to other marketing channels (DeMers 2014). With the economic downturn, many firms are trying to find ways to cut spending, and social media provides channels for firms to market their products/services and reduce their costs (Ramsaran-Fowdar & Fowdar 2013:75-76). DeMers (2014) agrees that social media marketing decreases marketing costs, adding that 84% of marketers found that as little as six hours of effort per week spent on social media marketing was enough to generate increased traffic. Social media has allowed firms to drastically cut their costs of communication, creating opportunities for firms to communicate directly, quickly and consistently with millions of individual clients (Clark & Melancon 2013:132; Farooq & Jan 2012:635; Ramsaran-Fowdar & Fowdar 2013:75-76).

Social media is the only form of marketing that accompanies a client throughout their decision making, right from the stage when they are choosing between brands, through to the period after a purchase; their experience influences the brands they prefer in the future and their potential advocacy influences other potential clients (Saravanakumar & SuganthaLakshmi 2012:4445). An important aspect of social media is the fact that firms become more ‘humanised’ by interacting through social media channels. Social media channels allow firms to act like people do, which is important because clients like doing business with other people, not with firms (DeMers 2014). By using social media, a firm can customise messages for its target clients, which can lead to favourable relationship outcomes, for example, client trust (Kim & Hammick 2013:3).

Social media channels also allow firms to improve their client insights by gaining valuable information about what clients are interested in and how they behave. Firms can monitor clients' comments on social media channels in order to discover what clients think about the firm and identify which content on various social media channels generate the most interest, and then generate more of that type of content (Carbone 2015; DeMers 2014). Firms can learn the dominant languages spoken amongst social media audiences, as well as their age and gender categories. This knowledge can help the firm to create suitable campaigns and product/service offers to the target audience, which will provide a better return on investment (ROI). An important benefit of social media, for firms, is that clients who follow a firm on social media are more likely to be satisfied, spread positive word-of-mouth advertising, and become retained clients (Clark & Melancon 2013:138; DeMers 2014). Not only can firms monitor their clients on social media channels, but they can monitor their competitors as well. Firms can gain key information on competitors, thereby improving their market intelligence. This will allow the firm to make strategic business decisions in order to stay ahead of the competition (Cisnero 2014; Ramsaran-Fowdar & Fowdar 2013:75).

Before social media was available, clients had restricted access to brand information through traditional media. In those times, firms were able to position the brand in the mind of the client through their marketing strategies. However, social media has made it possible for the client to position the brand, and not the firm (Ramsaran-Fowdar & Fowdar 2013:76-77). Clients, who were previously referred to as 'the audience' are now actively participating in the creation of information as they are offering their opinions based on personal experiences. This could be a benefit to the firm if positive comments are made about the brand, although it can also turn against the brand's reputation if clients post negative remarks, as bad news and bad client experiences regarding the firm's products/services can spread rapidly (Assaad & Gómez 2011:20; Farooq & Jan 2012:628; Ramsaran-Fowdar & Fowdar 2013:75-77).

In regards to this, the disadvantages of social media marketing include too aggressive advertising, firms’ lack of e-commerce abilities, certain legal pitfalls, the lack of brand control and the invasion of user privacy (also referred to as data mining), amongst others. These disadvantages are explained below, as discussed by Bolotaeva and Cata (2011):

- Too aggressive advertising: if the firm targets the clients too aggressively with advertisements and product promotion and selling, the clients will not choose to stay within the network of that particular firm.
- Lack of e-commerce abilities: It is advised that firms should not become early adopters of e-commerce capabilities on social networks, as the users will not return or stay with the network if there is too much pressure to buy or if the network is viewed as too commercialised.
- Legal issues: There are certain legal downfalls when it comes to marketing on social networks. There are a number of existing media laws, since social network marketing involves the publishing or broadcast of online content. Thus, firms have to be especially careful in market research and advertising laws in order not to cross legal boundaries.
- Lack of brand control: Social media marketing brings risk to product brands. Social media channels are user generated content where clients write about their experiences with products/services and customer service. Firms, therefore, have very little control over what clients share on their social media channels. It is thus important for firms to monitor clients’ general perceptions via social media channels and address the issues discussed online, that had not previously been considered (Bolotaeva & Cata 2011). Dissatisfied clients can protest out loud on the social media sites which could damage the firm's image (Saravanakumar & SuganthaLakshmi 2012:4444). Because social media channels facilitate two-way communication, it requires effort and care to manage this communication format.
- Data mining: Social media marketing is an opportunity for marketers to collect client data; however, these data pools cannot just be tapped into. Social network users are becoming more wary of sharing their private data. In order to have access to client information, firms must build applications

that will protect client information from third parties (Bolotaeva & Cata 2011). The main barrier to the success of social media and internet marketing is the privacy concerns amongst internet users (Assaad & Gómez 2011:20-21; Farooq & Jan 2012:628).

It is evident that there are many advantages and several disadvantages of social media marketing for firms. However, it is suggested that when managed correctly, the advantages of social media marketing outweigh the disadvantages which can lead to increased levels of customer satisfaction and customer retention as well as improved competitiveness and profitability.

4.5 SOCIAL MEDIA ASPECTS

Considering the many advantages and disadvantages of social media to firms, they need to understand the social media aspects that satisfy and retain clients to their social media channels, in order to reap the benefits of using social media as a marketing tool. In 2014, 97% of marketers were participating in social media, but 85% of participants were not sure which social media tools were the best to use. This demonstrates a huge potential for social media marketing to increase sales, but a lack of understanding on how to achieve those results (DeMers 2014). It is therefore important for firms to understand clients' perceptions of social media (Hamid *et al*. n.d.). The widespread adoption of social media as a marketing tool calls for research investigating the social media aspects that are factors responsible for satisfying and retaining clients. In order to reap the benefits of having satisfied and retained clients as well as gaining competitive advantage via social media channels, banks need to develop a thorough understanding of the antecedents of satisfying and retaining clients on social media channels (Kaur & Kiran 2014:6). Therefore, the following section discusses social media aspects, which include the benefits, clients' trust and content of social media. These social media aspects will help banks to identify the areas in which they should improve their social media marketing and social media channels in order to satisfy and retain clients.

4.5.1 BENEFITS OF SOCIAL MEDIA

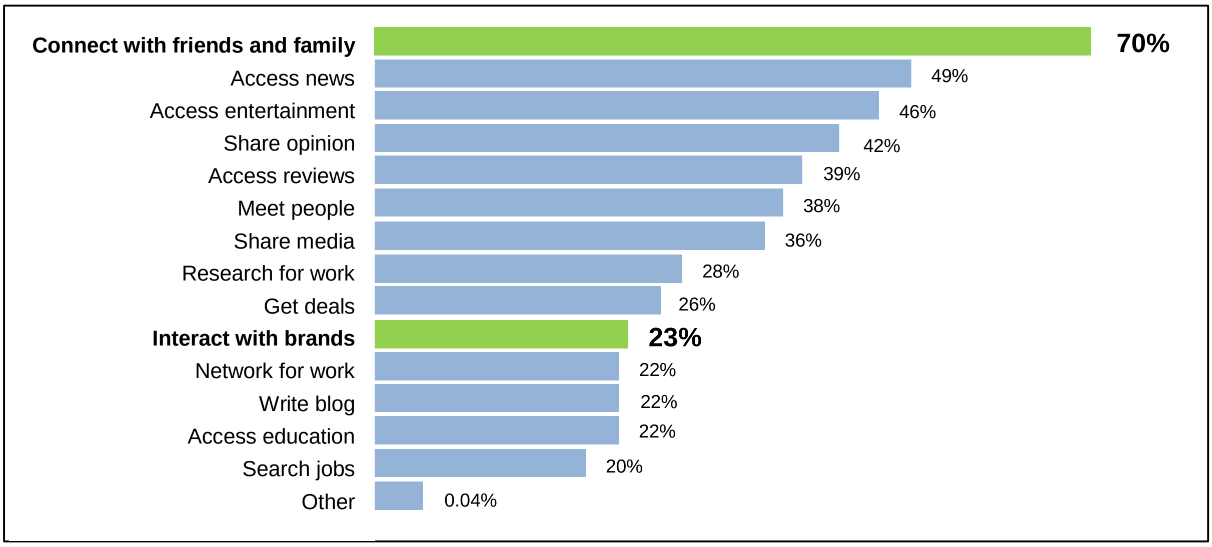
Clients use social media channels for a variety of purposes and, therefore, benefit from social media channels in different ways. It is important for marketers to understand the benefits that clients enjoy from social media channels in order to offer these benefits to clients on the firms' social media channels so as to possibly increase customer satisfaction and customer retention.

Clients are willing to interact with firms via social media if they believe that it is to their benefit and believe that, by using social media channels, they will get the value they seek. Firms thus need to make an effort to communicate openly and authentically with clients, learn what they value and offer benefits that entice and retain them (Baird & Parasnis 2011:8).

There are many reasons why clients interact with firms on social media channels. These reasons might include keeping up and in touch with family and friends, posting personal updates, reconnecting with classmates/alumni, connecting with business colleagues, networking for a job, posting business updates and reading colleagues' status updates (Raroque & Savio 2012:4), as was seen in Table 4.1.

In Figure 4.2, below, the reasons why clients use social media channels are illustrated.

FIGURE 4.2: Reasons clients use social media



Source: Baird and Parasnis (2011:7)

As evident in Figure 4.2, above, Baird and Parasnis (2011:2, 7) found that 70% of clients use social media and social networking for personal connections with friends and family, whereas only 23% engage with firms via social sites. Figure 4.2 also highlights some of the other reasons why clients use social media, such as accessing news, accessing entertainment and sharing their opinions.

There are many benefits that clients can gain from interacting with firms on social media. These benefits (visible in Figure 4.3 below) include receiving a discount/coupon, purchasing products/services, reading reviews and ratings, accessing information, submitting ideas, accessing customer service offerings and being part of a community (Anjum *et al.* 2012:100; Baird & Parasnis 2011:8,9; Goi 2014:3; Hainer 2015; Hamid *et al*. n.d.; Ramsaran-Fowdar & Fowdar 2013:78-79).

Individuals who connect with firms on social media do so to obtain tangible value, such as obtain discounts or coupons (Anjum *et al.* 2012:100; Baird & Parasnis 2011:8; Hamid *et al*. n.d.). Once a client likes a firm's Facebook page or follows a firm on Twitter, the firm will often include the client in early-bird sales or special deals designed specifically for its social media contacts (Hainer 2015). For example, firms offer clients rewards for 'checking in' a certain number of times at the firm (Clark & Melancon 2013:134).

Baird and Parasnis (2011:8) state that clients interact with firms via social media to purchase products/services. Hamid *et al*. (n.d.) concur with this and state that clients have shifted their interest to online shopping, where they are able to browse and purchase products/services online. Clients enjoy the convenience of online shopping as it frees the client from personally visiting the firm (Ali & Sankaran 2010:9; Jiang, Yang & Jun 2013:193). Alam and Yasin (2010:73) found that time and cost saving are the main advantages of online shopping, and will influence customer satisfaction. Other determinants of customer satisfaction for clients making online purchases include receiving the right quality and quantity of products/services, delivery performance and correct billing (Alam & Yasin 2010:73).

Clients can engage with firms via social media to view reviews and product ratings (Baird & Parasnis 2011:8). Clients are increasingly relying on social media channels to research their next purchase, filtering out traditional media channels and placing more importance on peer reviews (FINsights 2011). Clients are, therefore, able to actively seek information before making a purchasing decision (Hamid *et al*. n.d.).

Access to information is an important benefit for clients who interact with firms via social media (Goi 2014:3). This includes accessing general and exclusive information about the firm, its products/services and learning about new products/services (Baird & Parasnis 2011:8). Hainer (2015) agrees that access to information is one of the greatest benefits of social media interaction with firms for clients. The author states that clients who follow firms on social media channels are often knowledgeable of firm and/or products/services changes sooner than other clients. Clients are able to hear about sales, coupons and special deals through social media. If clients are interested in the future of a firm for various reasons, for example being a stakeholder, the client is able to receive instant communication on changes in the firm through social media channels. Before the information can be released to the press and disseminated throughout the media, the firm can post quick snippets on social media channels. This information could include new leadership, new product launches or financial statistics. Social media channels can provide the concise information faster than traditional media (Hainer 2015).

Ramsaran-Fowdar and Fowdar (2013:78-79) found that 49% of clients follow a firm on social media to find out about special offers or promotions, and 45% of clients would like more product information.

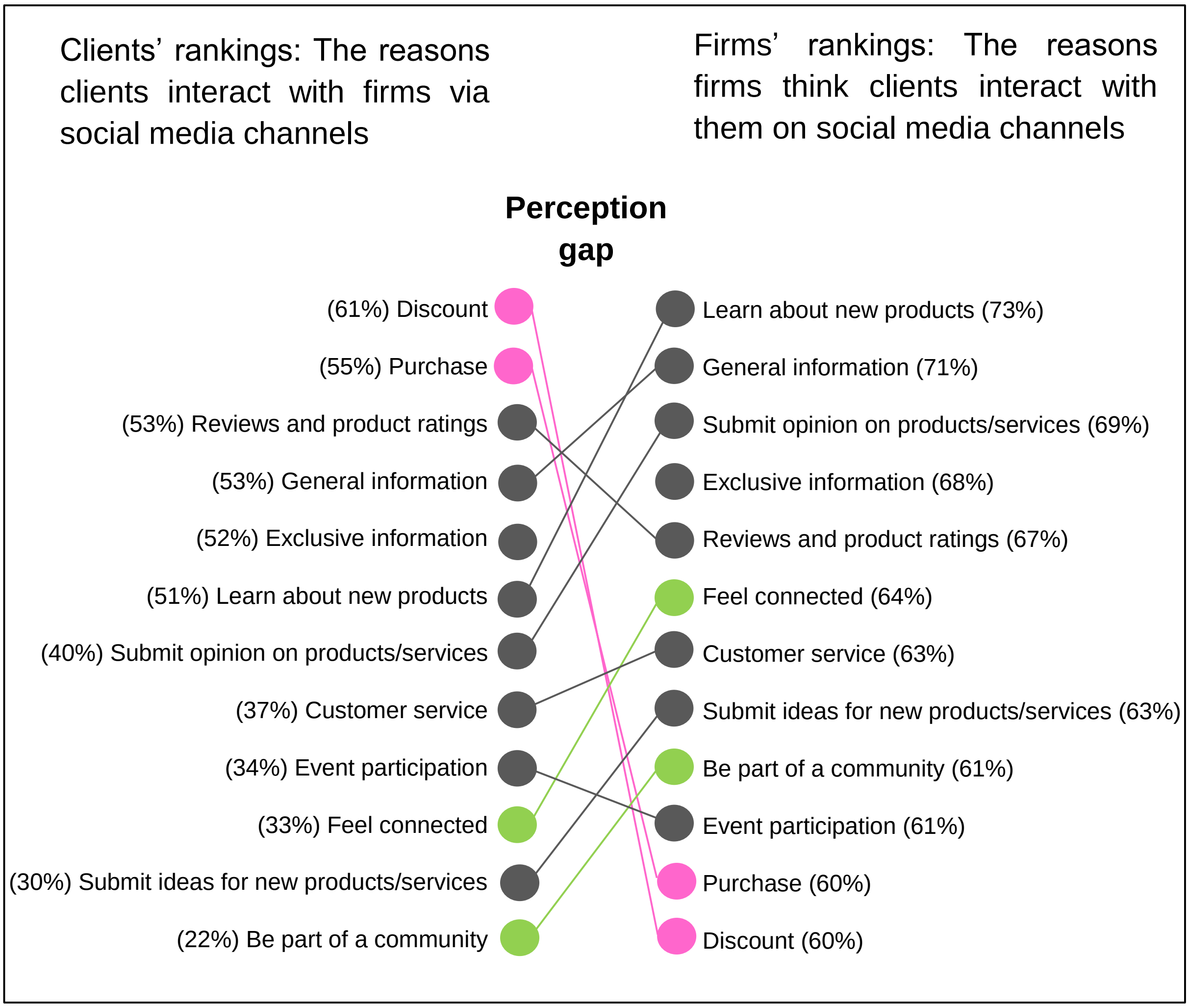
Social media channels make polling clients simple and fast. As a client, this is an ideal way to be heard and have one's opinion counted (Hainer 2015). When a firm sends out a poll or asks for opinions on a new product/service through social media, the client's response can help shape the future of that product/service by voting for or against it (Anjum *et al.* 2012:97; Baird & Parasnis 2011:8; Hainer 2015).

Clients can make use of customer service offerings through social media channels, as seen in Figure 4.3 (Baird & Parasnis 2011:8). Social media channels offer firms instant access to answers from both the firm and its other social media followers. Clients can post a question on the firm's social media channel and check for helpful answers to technical questions, product questions and/or inquiries about locations or sales (Hainer 2015).

Interacting with firms via social media can make clients feel connected and feel like they are part of a community. For example, clients are able to participate in events via social media, such as competitions hosted by firms (Anjum *et al.* 2012:100; Baird & Parasnis 2011:8).

However, Figure 4.3, below, also shows the difference in perceptions amongst firms and clients regarding why clients interact with firms via social media channels.

FIGURE 4.3: The perception gap about the reasons clients interact with firms via social media



Source: Baird and Parasnis (2011:9)

From Figure 4.3, above, it can be seen that there is a perception gap between the reasons clients interact with firms via social media and the reasons firms think clients follow them on social media (Baird & Parasnis 2011:8). According to Baird and Parasnis (2011:8), the top reasons clients interact with firms on social media include getting discounts or coupons and purchasing products/services. However, firms perceived these two as those that clients are least interested in when interacting with firms via social media. Firms believed that clients follow them on social media to learn about new products and for general information (Baird & Parasnis 2011:8). This perception gap thus also emphasises the need for research on how firms can use social media channels to satisfy and retain clients.

There are two elements that influence clients' perceptions of the benefits of social media, namely, perceived usefulness and perceived ease of use (Alam & Yasin 2010:72; Braude 2009:17-18). Perceived usefulness includes how well a particular social media channel will enhance a task or performance by providing timely, needed information or reducing the time to complete a task. The perceived ease of use represents a client's belief that using a particular social media channel will not take too much effort (Braude 2009:17-18). Therefore, if clients save time and/or effort by engaging with firms on social media channels, they will perceive it as a benefit (Jiang *et al.* 2013:193). Hindrances, such as waiting for information, losing a page, having to fill out forms more than once, or needing to enter the same information in multiple places, can prompt clients to switch firms, thereby decreasing the firm's client satisfaction and retention rate (Kaur & Kiran 2014:6).

4.5.1.1 Benefits of social media in the banking industry

Considering the many benefits clients can receive from interacting with firms on social media channels, firms need to offer the benefits that clients value in order to retain them (Baird & Parasnis 2011:8). Banks and clients can benefit from the use of social media in the banking industry (FINsights 2011).

As previously mentioned, clients interact with firms on social media to obtain tangible value, such as discounts or coupons (Baird & Parasnis 2011:8; Hamid *et al*. n.d.). According to Deloitte (2013), clients value bank promotions and specials on banks' social media channels. Absa, FNB and Standard Bank have offered this benefit, including discounts and rewards, in the form of points to clients who interact with the bank on social media channels. Absa gives clients the opportunity to earn Absa cash rewards by following the bank on social media channels (Absa Twitter 2015). FNB tweets that clients can earn a minimum of 10 000 rewards points for investing in a new FNB fixed deposit. These rewards points can be used to receive discounts on various products/services such as fuel, clothing or massages (FNB Twitter 2015). Similarly, Standard Bank rewards clients with points for tweeting pictures to the bank and interacting with the bank on social media channels (Standard Bank Twitter 2015). When clients feel that they are being treated as a preferred client by receiving extra benefits such a special discounts or promotional offers for engaging with firms on social media channels, customer satisfaction and customer retention is expected to increase (Ali & Sankaran 2010:23).

Clients interact with firms via social media to purchase products/services (Baird & Parasnis 2011:8). Banking through social media channels gives clients more choice and convenience in doing their banking (South Africa Information 2012). Clients expect social media channels to assist them in managing their financial dealings, in a more comfortable and secure manner (Kaur & Kiran 2014:6). For example, Capitec bank clients are able to purchase products/services online using their Capitec bank card. Online purchases are free and could include products/services such as music on iTunes, plane tickets and movie tickets (Capitec Bank Facebook page 2015). FNB tweets about their retirement investment and saving product/service options which help clients save for and during retirement. Clients are invited to apply for this service through Twitter (FNB Twitter 2015). FNB clients are able to do their banking through Facebook. To do this, clients must link their Facebook profiles to their cell phone banking profiles. This will allow clients to check their bank balances and purchase prepaid products such as airtime, SMS bundles and vouchers (South Africa Information 2012). Clients can also do their banking through Twitter, by texting their bank to retrieve information on their accounts, such as balances, holds and cleared checks as well as to transfer money between accounts (Cognizant 2014:2). Ali and Sankaran (2010:23-24) as well as Jiang *et al.* (2013:196) state that when clients are offered convenience, such as being able to purchase products/services through social media channels, customer satisfaction and customer retention is expected to increase.

Clients value financial product/service research and reviews on banks' social media channels (Deloitte 2013). When clients post reviews on the banks' social media channels regarding product/service experience, it benefits and helps other clients in choosing a product/service (Goi 2014:7). The bank is also able to gain insights into what their clients are looking for and this assists banks in launching new products/services based on the conversations on social media channels. Collaborating with clients in this way can increase customer satisfaction and customer retention. Satisfied clients will write reviews after their purchase, making them advocates for the bank's products/services. Banks can encourage clients to rate their products/services by offering an incentive such as a prize (FINsights 2011). Banks should use the insights collected on social media channels to predict client behaviour and understand clients better, as this will increase customer satisfaction and, possibly, customer retention (Cognizant 2014:2).

As previously discussed, access to information is an important benefit for clients who interact with firms via social media (Baird & Parasnis 2011:8; Goi 2014:3; Hainer 2015). Clients expect banks to use social media channels to deliver customised financial advice; share financial offers and upcoming events; offer knowledge about regulations; and provide a feedback mechanism about banking products/services (Cognizant 2014:1). Clients value banking insights and financial advice on banks' social media channels (Deloitte 2013). For example, Capitec Bank posts articles on their Facebook page and on Twitter regarding Capitec's performance on the stock market, market growth and share prices. These articles contain insight from portfolio managers and research analysts who advise shareholders that even though Capitec stock is relatively expensive, it is a 'hold' rather than a sell as the firm still has growth prospects (Business Day Live 2015; Capitec Bank Facebook page 2015; Capitec Bank Twitter 2015). Nedbank posts information on their Facebook page regarding their products/services. For example, information on the Nedbank Insurance Funeral Plan is made available on Nedbank's Facebook page. Clients are able to receive additional information on the funeral plan by commenting on the post, or following the link to Nedbank's website (Nedbank Facebook Page 2015). During the Absa Invest conference, the subjects being discussed are live tweeted, including subjects such as growth per capita, the global economy, financial markets, risk management and investment opportunities (Absa Twitter 2015).

Banks can also post information such as educational videos for financial management and planning basics, and upload how-to tutorials for online banking, mobile banking and other e-services (The Financial Brand 2015a). For example, FNB tweets tips for clients on how to understand bank fees and how to make the most of one's money (FNB Twitter 2015). Absa also tweets tips and hints on how to save money (Absa Twitter 2015). When there is an intermittent network connectivity issue on FNB’s online and cell phone banking, FNB tweets an apology for the inconvenience, informing clients that the problem is being investigated, and informing clients once the issue has been resolved. Clients are also advised to use the ATMs or FNB branches for transactions, until the issue has been resolved (FNB Twitter 2015). By providing clients with information on social media channels, clients are engaged; this increases customer satisfaction and customer retention (Bashar *et al.* 2012:97-98; Brodie, Ilic, Juric & Hollebeek 2011:8; Dasteel 2014; Ernst & Young 2013:4).

Social media allows firms to hear clients’ opinions (Baird & Parasnis 2011:8; Hainer 2015). When banks ask clients for their opinions, it creates a sense of ownership for clients and shows that the bank is willing to listen to what clients have to say (FINsights 2011). Capitec Bank makes use of this benefit by posting the latest Capitec advertisement on Youtube and sharing the link to the advertisement on Facebook and Twitter, asking clients for their opinion of the advertisement (Capitec Bank Facebook page 2015; Capitec Bank Twitter 2015). Similarly, FNB asks clients for their opinion on FNB’s online banking on Twitter (FNB Twitter 2015). According to Goi (2014:7), banks can use social media to gather clients’ opinions on new products/services. Banks can seek feedback from clients regarding specific features, pricing and processes. For example, if a bank is planning to launch a new liquidity management product, the bank can get client suggestions on the features and key product aspects that create value for the client. Appropriate client inputs will assist the bank in modelling a product which will have a ready client base as the product was designed to meet client expectations. Listening to clients’ ideas and opinions will help banks foster customer retention (FINsights 2011).

Clients increasingly expect banks to use social media channels to deliver faster and more effective customer service (Cognizant 2014:1). Banks should therefore utilise social media channels as a customer service channel to listen and respond to client questions and comments (The Financial Brand 2015a). Banks worldwide are using social media channels, specifically Facebook and Twitter, as customer service channels (Ali & Sankaran 2010:9; FINsights 2011; Goi 2014:4;

PricewaterhouseCoopers 2014:52). Capitec Bank makes use of this benefit by inviting clients to post any questions on their Facebook page, or send them a Facebook message (Capitec Bank Facebook page 2015). Nedbank also encourages clients who have queries or concerns to send their contact details to Nedbank via their Facebook page in order for Nedbank to get in touch with them (Nedbank Facebook Page 2015). For banks, the advantage of solving clients' problems on social media channels is that other clients can see that the problem is being resolved. Customer satisfaction and customer retention is also improved as every client receives instant service to address their problems, and clients feel that a personal experience is being provided (FINsights 2011). Ali and Sankaran (2010:20,23) as well as Clark and Melancon (2013:135) agree that customer satisfaction and customer retention can be enhanced by offering exceptional customer service through social media channels.

Firms can connect with clients and make them feel like part of a community by hosting events such as a competition (Baird & Parasnis 2011:8). The Financial Brand (2015a) states that banks should stimulate their user base with Facebook contests offering an on-brand prize incentive, such as a gift card. Nedbank makes their clients feel connected and feel like they are part of a community by hosting competitions on their Facebook page. Clients are invited to complete an online survey regarding their knowledge of online banking security in order to stand a chance to win a prize (Nedbank Facebook Page 2015). Similarly, FNB tweets that if clients open a new FNB Gold cheque account, they could stand a chance to be part of a music video (FNB Twitter 2015). By participating in events, clients are able to reap exclusive benefits, thereby increasing customer satisfaction levels (Clark & Melancon 2013:135).

It is clear that if marketers want to satisfy and retain clients through social media marketing, they must ensure that clients benefit from engaging with the firm via social media, such as receiving a discount/coupon, purchasing products/services, reading reviews and ratings, accessing information, submitting ideas, accessing customer service offerings and being part of a community. These benefits will help engage clients on the bank's social media channel, thereby possibly increasing customer satisfaction and customer retention (Baird & Parasnis 2011:12; Bashar *et al.* 2012:97-98; Brodie *et al.* 2011:8; Cognizant 2014:2; Dasteel 2014; Ernst & Young 2013:4; FINsights 2011). In addition to benefits, clients might be willing to interact with firms via social media, and customer satisfaction and customer retention might increase, if they feel that they can trust the firm (Baird & Parasnis 2011:8).

4.5.2 CLIENTS' TRUST OF SOCIAL MEDIA

Pradiptarini (2011:5) proposes that the marketing approach has changed over the years. Marketing used to be about persuading clients to buy products/services by bombarding them with numerous advertisements. However, marketing is about building relationships and trust through effective two-way communications (Pradiptarini 2011:5). Trust has gained considerable importance in the field of marketing during the last decade and is seen as a key mediator of customer relationship marketing (Madjid 2013:48). In business, trust is viewed as one of the most relevant antecedents of stable and collaborative relationships between the client and the firm (Akbar & Parvez 2009:26; Taleghan *et al.* 2011:157). Trust can be defined as the confidence that one partner, the client, has in the firm's reliability and integrity to deliver products/services (Rizan *et al*. 2014:4). Trust is the belief that a partner's word or promise is reliable and a party will fulfil their obligations in the relationship (Jumaev *et al.* 2012:41). Trust is a necessary aspect in building and maintaining customer relationships, and is an essential component in developing customer retention towards the firm (Akbar & Parvez 2009:26; Hamid *et al*. n.d.; Nguyen *et al*. 2013:96; Rai & Medha 2013:143-144; Rizan *et al*. 2014:4; Taleghan *et al.* 2011:161). When the client trusts the firm, customer satisfaction and customer retention towards the firm is expected to increase (Deng *et al.* 2010:291). Earning client trust is a main contributor to customer retention (Akbar & Parvez 2009:28; Deng *et al.* 2010:291). Boohene (2013:86) concurs with this statement, and posits that there is a significant positive relationship between clients' trust and customer retention. When clients trust the firm, they will remain with the firm and even recommend the firm to others (Akbar & Parvez 2009:28; Deng *et al.* 2010:291). Building client trust and convenience is the most appropriate strategy for commerce-based firms. Clients' trust in the firm significantly contributes to sales growth through customer satisfaction and customer retention (Boohene 2013:86).

As customer retention is an outcome of trust in the firm, it is imperative that firms understand clients' perceptions of trust regarding social media (Hamid *et al*. n.d.). Trust has often been studied in the social media context (Deng *et al.* 2010:291; Hamid *et al*. n.d.). According to Hamid *et al*. (n.d.), when using social media as a marketing tool, trust and customer retention are directly correlated. According to Baird and Parasnis (2011:8), clients are willing to interact with firms via social media if they feel that they can trust the firm.

Social media marketing gives a firm the capability to develop a trusting relationship with clients, by direct interaction, in order to address the needs and concerns of the clients (Bolotaeva & Cata 2011). However, there are several issues that hinder clients' trust in social media. Privacy concerns limit the success of e-commerce and social networking websites as clients are most worried about revealing their personal information to others (Farooq & Jan 2012:635,628). Anjum *et al.* (2012:100) state that security is the main feature that retains clients to a firm's social networking site or website, enabling clients to visit a firm's website more confidently and enter their personal information and preferences freely. Issues around privacy and security are major concerns for clients who interact with firms online (Boohene 2013:86).

Firms must ensure that they strictly follow privacy laws and that private information is not sold to or misused by third parties to the detriment of the client. Clients must always have the right to 'unlike' firms' pages or opt out from receiving marketing information from firms (Ramsaran-Fowdar & Fowdar 2013:79). To increase client trust, firms must provide accurate information and ensure a positive online experience so as to replace any bad perceptions (Braude 2009:19-20). Firms must strive to maintain a favourable reputation, as this can reduce client concerns regarding a purchase and encourage online shopping (Braude 2009:19). Nguyen *et al*. (2013:96) agree; they state that clients have a tendency to trust a firm that has an established reputation, adding that a strong reputation can restore clients' trust in a crisis situation. In order to increase the levels of trust, firms must focus on keeping promises made to their clients and meeting their clients' needs (Jumaev *et al.* 2012:41).

4.5.2.1 Clients' trust of social media in the banking industry

In the financial services industry, trust, together with honesty, fairness or excellence, are regarded as basic client needs (Boohene *et al.* 2013:86). In the banking industry, trust is defined as clients' confidence in the quality and reliability of the services offered by the firm (Rizan *et al*. 2014:4). The sensitive nature of the financial transactions between the firm and the client makes trust a major component between two parties. Client trust towards the bank is based on how the bank operates, and with transparency, and induces the element of trust in sensitive transactions (Jumaev *et al.* 2012:49). Since clients might need reassurance to release their personal details and preferences, banks have to prove that they deserve to be trusted. The development and upkeep of trust in an online environment is critically important, especially in such a highly unpredictable market with reduced product/service differentiation such as banking. In addition, the absence of face-to-face contact creates a feeling of uncertainty and risk for clients (Boohene *et al.* 2013:86). Trust is therefore an important antecedent of customer satisfaction and customer retention in the banking industry (Jumaev *et al.* 2012:49; Wahab *et al.* 2009:123).

Various authors (Kaur & Kiran 2014:6; Nguyen *et al*. 2013:99; Rizan *et al*. 2014:8) agree that when a client trusts a bank, the bank can benefit in many ways. A bank that a client trusts has a competitive advantage over other banks. A bank's profitability, growth, market share, and customer retention are the results of client trust in that bank. In order to gain a strategic advantage, maintain customer retention and survive in the increasingly competitive banking industry, firms should employ innovative customer relationship marketing strategies so as to gain the trust of their clients (Nguyen *et al*. 2013:99; Rizan *et al*. 2014:8).

There are many ways in which banks can increase clients' trust. In order to increase the clients' levels of trust, banks must focus on keeping promises to their clients and consistently carry their best interests at heart (Jumaev *et al.* 2012:49). By giving and keeping promises, showing concern for the security of clients' transactions, providing quality services, showing respect for clients, fulfilling obligations to clients, and always striving to enhance clients' confidence, banks can earn clients' trust and, as a result, retain their clients (Taleghan *et al.* 2011:161). In the banking industry, trust can be measured by factors such as bank security in transactions, bank service quality, promises of reliability, staff behaviour towards clients and bank commitment to clients (Jesri *et al.* 2013:306). Social media is extremely capable of informing clients and influencing their purchase decisions, as many users trust their peer opinions more than those of the marketing strategists (Bashar *et al.* 2012:89,97). According to Kim and Hammick (2013:3), a firm's social media messages can increase client trust and customer satisfaction. Marketers, including banks, therefore, need to build clients' trust in its social media channels in order to satisfy and retain clients through social media marketing. In addition to benefits and clients' trust, the content of social media channels might also influence customer satisfaction and customer retention.

4.5.3 CONTENT OF SOCIAL MEDIA

The effectiveness of social media marketing is significantly influenced by the content and quality of its messages (Pradiptarini 2011:1). There are several elements of the content of a firms' social media channel that influence clients' perceptions of social media and the firm, which could lead to customer satisfaction and customer retention (Peters, Chen, Kaplan, Ognibeni & Pauwels 2013:281). These elements include the content's vividness, interactivity, information, relevance, whether it is up-to-date and the new contents' loading speed.

Braude (2009:18) states that vividness is an important content element for a firm's social media channel. Various authors (De Vries, Gensler & Leeflang 2012:84; Peters *et al.* 2013:286) concur, and add that vividness enhances the salience of a firm's social media channel. Vividness can be achieved by the inclusion of dynamic animations, such as contrasting colours or pictures (De Vries *et al.* 2012:84). The extent to which a firm's social media channel stimulates the different senses reflects the degree of vividness of the social media channel. For example, a video is more vivid than a picture because a video stimulates not only sight, but also hearing (Chua

& Banerjee 2015:2; De Vries *et al.* 2012:85). Posts with high vividness were found to attract clients and encourage interactivity (Chua & Banerjee 2015:5).

Interactivity is an important content element for a firm's social media channel (Anjum *et al.* 2012:96,100; Bolotaeva & Cata 2011; Braude 2009:18; De Vries *et al.* 2012:84; Kim & Hammick 2013:3; Peters *et al.* 2013:286). De Vries *et al.* (2012:84) define interactivity as the degree to which two or more communication parties can act on each other, on the social media channel, and on the messages and the degree to which such influences are synchronised. Interactivity on social media allows firms to develop relationships with clients through dialogue (Kim & Hammick 2013:3). Interactivity is characterised by two-way communication between firms and clients, as well as between clients themselves (De Vries *et al.* 2012:84). Braude (2009:18) and Sashi (2012:254) state that interactivity should include social interactions between clients as well as between the firm and clients. Bashar *et al.* (2012:97-98) agree by stating that firms should communicate, interact and implement conversations with clients via social media channels. Examples of interactivity on a firm's social media channel include a link to a website and a question posted by the firm to clients (De Vries *et al.* 2012:84). Anjum *et al.* (2012:96) agree that links to related sites are important content elements which influence the retention of clients through social media. Hamid *et al*. (n.d.) add that interactions on social media channels are engaging for clients as information can be presented in various forms such as experiences, jokes, photos, videos and comments from peers. The sharing of opinions or experiences on social media can shape clients' perceptions of a firm's product/service (Hamid *et al*. n.d.). Furthermore, firms should identify the interactive actions clients should take to engage with them via social media and aim to become the clients' brand of choice (Bashar *et al.* 2012:97-98). Interactive actions could include liking, sharing or commenting on the firm's social media posts (Chua & Banerjee 2015:1). Kim and Hammick (2013:3) state that interactivity on a firm's social media channels can engage clients and create favourable impressions of the firm. The interactive nature of social media channels adds value, allows firms to better serve clients and increases customer satisfaction. Furthermore, if clients are satisfied with the interactions with the firm and other clients on social media channels they will continue to interact, thus leading to customer retention (Sashi 2012:254, 262).

De Vries *et al.* (2012:84) state that information-seeking is an important reason for clients to use social media channels. Firms need to provide accurate information on products/services (Boohene 2013:92). Firms' social media channels should be informative in order to satisfy clients' needs for information and experts' opinions (Pradiptarini 2011:6). Informative content engages clients on the firms' social media channels (Anjum *et al.* 2012:100). For example, firms could send advertisements to clients via social media channels (Bashar *et al.* 2012:97-98). However, firms need to strike a balance in terms of giving clients the product information they want, without sounding too much like salespeople (Bolotaeva & Cata 2011). Braude (2009:63) adds that clients like the options of update alerts, but do not want firms to bombard them with information. By providing clients with information via its social media channel, a firm is able to attract and engage clients, which will increase customer retention (Anjum *et al.* 2012:100; Bashar *et al.* 2012:97-98).

Information on firms' social media channels should be personally relevant and of interest to clients (Bolotaeva & Cata 2011). Bashar *et al.* (2012:97-98) and Pradiptarini (2011:5) agree by stating that posts and messages on the firm's social media channels should be on subjects that are relevant and valuable to the clients, as well as something that they can relate to, in order to get them engaged and connected to the firm. The efficiency of social media as a marketing tool will only be possible when firms provide the necessary and relevant information to clients, as this will increase customer satisfaction and customer retention (Bashar *et al.* 2012:89,97; Boohene 2013:92). Ali and Sankaran (2010:30) as well as Alshibly (2015:24) agree that a social media channel with relevant information will retain clients and keep them engaged and interacting with the firm on social media channels.

New content on social media channels is an important content element. Clients expect firms to remain on the cutting edge of technology and communication (Braude 2009:62). The latest information should therefore be provided in a fast and swift way (Anjum *et al.* 2012:96,100). Bashar *et al.* (2012:89) agree; they indicate that social media marketing will only be effective if firms provide information to clients in a timeous fashion. Firms, therefore, need to regularly update their social media channels and provide content that is dynamic, compelling and fresh (Anjum *et al.* 2012:96; Bolotaeva & Cata 2011). By experiencing new content on firms' social media channels, clients will be retained (Anjum *et al.* 2012:100). Anjum *et al.* (2012:96) identified rapid information loading time as an important content element. Braude (2009:18) agrees that the interaction speed of a firm's social media channels is important to clients and can create clients' positive or negative emotions toward the firm and the firm's social media channel. Gavalda (2014) states that rapid page loading speed amplifies client engagement, satisfaction and retention; then adds that for every 1 second delay in page loading, customer satisfaction decreases by 16%.

To summarise, Pradiptarini (2011:6) also states that in order for firms to publish more effective posts on their social media channels, their posts should reflect humbleness, honesty, and conciseness. Firms must be sure to maintain a consistent communication style through traditional channels and social media channels (Bashar *et al.* 2012:97-98).

4.5.3.1 Content of social media in the banking industry

It is possible for financial services firms to establish themselves as market leaders by providing clients with specific types of content on social media channels (Raroque & Savio 2012:4).

In order to enhance the vividness of social media content in the banking industry, banks need to ensure that content is presented in an entertaining and engaging format, such as a video (Fraiture 2012). Clients engage more effectively with visual content. Financial services firms therefore need to source custom photography, stock images, illustrative graphics, as well as various types of video marketing to post on their social media channels (Rinaldi 2015). However, financial services firms should also vary content between text- and image-based posts to enhance vividness (The Financial Brand 2015a).

Clients expect real time interaction and conversations with financial services firms on social media channels (Raroque & Savio 2012:7). Banks' social media channels therefore need to share content that is interactive (Nedbank 2014). By sharing interactive content and encouraging clients to interact with the bank, such as posting a question on the bank's social media page, banks are able to engage clients (Goi 2014:5).

Clients expect certain information from financial services firms that use social media channels, as seen in Table 4.2, below (Raroque & Savio 2012:4,7).

TABLE 4.2: Information clients expect from financial services firms on social media channels

	Mass Affluent	Affluent	Ultra Affluent
Market and economic trends and commentary	73%	70%	64%
New product information	62%	58%	57%
Company/firm background	60%	55%	55%
Product performance updates	54%	52%	50%
Best practices, case studies / thought leadership pieces	38%	34%	17%
Moderating a group discussion	21%	14%	7%
Low expectation; Moderate expectation; High expectation			

Source: Raroque and Savio (2012:4)

Table 4.2, above, summarises the expectations that High Net Worth Investors have regarding the types of information financial service firms make available on social media channels. High Net Worth Investors include Mass Affluent Investors, with \$100K < \$1M (R1.205K < R12.05K) in investable assets; Affluent Investors, with

$1M < $5M (R12.05K < R60.25K) in investable assets; and Ultra Affluent Investors with $5M+ (R60.25K+) in investable assets. The most significant result offered in Table 4.2 is that over 50% of High Net Worth Investors, regardless of asset size, would like to receive market and economic trends and commentary, new product information, firm background, and product performance updates (Raroque & Savio 2012:4).

Clients expect relevant content from financial services firms on social media channels (Raroque & Savio 2012:4). The content on banks' social media channels should be relevant and resonate with clients on a personal level (Nedbank 2014). Banks should share relevant content in the form of personal finance tips, industry updates and investment advice. Relevant content illustrates the supportive nature of the bank, increasing consumer confidence in the bank's dedication to its clients' financial well-being, thereby increasing customer satisfaction and customer retention (The Financial Brand 2015b).

Clients expect more timely updates from financial services firms on social media (Raroque & Savio 2012:4). The content on banks' social media channels needs to be updated continuously, as per the changing business environment (FINsights 2011). Banks should therefore post dynamic and current topics that surround the banking industry on their social media channels (The Small Business Company 2011).

The poor download speeds of banks' social media channels were found to decrease customer satisfaction (Ma 2012:102). Kaur and Kiran (2014:6) agree, by adding that waiting for information to load decreases the customer satisfaction and customer retention rate. Banks, therefore, need to increase the speed of social media channels for effective browsing and opening of pages, especially pages with videos and pictures which require more loading time (Nimako, Gyamfi & Wandaogou 2013:172).

If marketers want to satisfy and retain clients through social media marketing, they must ensure that the content conveyed via the firm's social media channels is captivating to the clients. Considering the discussions in this chapter, it is important to empirically identify how banks' benefits, clients' trust and the content of social media channels influence clients' customer satisfaction and customer retention.

4.6 SUMMARY

This chapter provided an overview of social media as a marketing tool. Social media was defined as platforms that facilitate interactive communication and sharing of information through web-based technologies, which enables clients to create and share content, communicate with one another, and build relationships.

Firms can use social media to implement marketing actions, such as manage customer relationships, create new relationships, facilitate online shopping, as well as establishing a connection and communication with clients; this is called social media marketing. There are various social media channels that firms can use to reach clients, including social networking sites, blogs, media sharing sites and user appraisal sites, all of which have different features and can, therefore, be used for different marketing strategies. The three most popular social media sites were identified as Facebook, Twitter and LinkedIn.

The use of social media by firms was found to have many advantages including increased exposure, increased traffic, improved search-engine rankings, increased trust of the product/service amongst clients, decreased marketing costs, increased sales, increased brand awareness, acquiring new clients, support in conducting brand intelligence and market research as well as increased customer satisfaction and customer retention. The main disadvantage was found to be privacy and security concerns amongst users.

The social media aspects, namely benefits, clients' trust and content of social media were found to influence clients' perceptions of social media. Clients are willing to interact with firms via social media if they believe it is to their benefit, such as receiving discounts or coupons and purchasing products/services. However, it was found that there is a perception gap between the reasons clients engage with firms on social media and the reasons firms think clients engage with them on social media, as firms believe that clients engage with them on social media to learn about new products and for general information. Clients are willing to interact with firms via social media if they feel that they can trust the firm. Earning client trust was found to be an important aspect of building relationships with clients, and it contributes to customer satisfaction and customer retention. The content of a firm's social media channel needs to be vivid, interactive, informative, relevant and new with a rapid loading speed, in order to engage clients and possibly increase customer satisfaction and customer retention.

In light of the above, it can be said that social media provides many advantages to firms, and is an effective marketing tool for firms that aim to increase customer satisfaction and customer retention. However, firms including banks need to understand the social media aspects which clients perceive to be important in order to meet their needs more effectively, thereby increasing customer satisfaction and customer retention.

The following chapter in this study explains the research methodology adopted to carry out the empirical investigation, in order to identify the social media aspects (benefits, clients' trust and content) that influence customer satisfaction and customer retention in the banking industry.

CHAPTER FIVE
RESEARCH METHODOLOGY

5.1 INTRODUCTION

Chapters Two, Three and Four have provided a literature review on the banking industry, the importance of customer satisfaction and customer retention as well as the use of social media as a marketing tool. As mentioned in these chapters, the banking industry is the most important component of the financial industry, as it makes a significant contribution to GDP and stimulates economic growth. However, banks face many challenges which make it difficult to remain competitive. Customer satisfaction and customer retention were found to be important to banks, offering many benefits which could assist in overcoming the many challenges faced in the banking industry. Social media was identified as a marketing tool that can be used to possibly increase customer satisfaction and customer retention, which will ultimately improve the performance and profitability of banks.

As identified in Chapter One, the primary objective of this study is to identify the social media aspects (benefits, clients' trust and content) that influence customer satisfaction and customer retention in the banking industry. Therefore, Chapter Five provides and explains the research methodology relevant to this study. This study is exploratory in nature. Exploratory research provides an orientation for the researcher by gathering information on a lesser known topic (Manerikar & Manerikar 2014:95). The chapter begins with an overview of the research paradigm and methodologies, followed by the research design, which elaborates on the data collection as well as data analysis techniques employed in this study.

5.2 RESEARCH PARADIGM AND METHODOLOGY

As stated in Chapter One, a paradigm is a pattern, model or framework used for observation, and understanding which variables contribute to how individuals see and comprehend (Jonker & Pennink 2010:26,152; Wahyuni 2012:69). A research paradigm is the process of scientific practice based on people's philosophies and assumptions about the world and nature of knowledge, and about how the research should be conducted (Collis & Hussey 2003:46; Collis & Hussey 2009:56; McGregor & Murnane 2010:420). There are two main research paradigms, namely, the positivistic (quantitative) research paradigm and the phenomenological (qualitative) research paradigm (Burns & Burns 2008:13; McGregor & Murnane 2010:422).

5.2.1 A POSITIVISTIC RESEARCH PARADIGM AND METHODOLOGY

A positivistic research paradigm is based on the logical positivism philosophical approach. The positivistic research paradigm brings about the natural scientific method in human behavioural research (Aliyu, Bello, Kasim & Martin 2014:81-82; Asif 2013:26; Collis & Hussey 2009:56; Welman *et al.* 2005:6). Furthermore, this research paradigm suggests that feelings and opinions of people should not influence one's observation and measurement. It also implies that research should not go beyond what human beings can observe and measure objectively (Scotland 2012:10; Welman *et al.* 2005:6). This research paradigm thoroughly tests hypotheses by means of information gathered from quantitative measurements (Welman *et al.* 2005:6; Wood & Welsh 2010:56). According to Creswell (2009:6), positivism is assumed to have been accepted as the traditional form of research.

According to Collis and Hussey (2003:48,50), as well as Tuli (2010:98), a benefit associated with positivistic research is that all phenomena regarded as knowledge are valid as they are observable and measurable. Positivistic research also allows the findings of a study to not be distorted by a researcher's personal opinions and values (Asif 2013:26; Collis & Hussey 2009:57). However, a downfall associated with positivistic research is that it is impossible to treat individuals as separate from their social contexts. Individuals cannot be understood without investigating the perceptions they have of their own actions (Collis & Hussey 2003:48,50; Collis & Hussey 2009:56; Tuli 2010:98). The positivistic research paradigm is also a highly structured design which can lead to imposed constraints on the results, and relevant results can be disregarded (Collis & Hussey 2009:57).

A quantitative research methodology is associated with a positivistic research paradigm (Asif 2013:26; McGregor & Murnane 2010:422; Wood & Welsh 2010:56). Quantitative data can be collected through questionnaire surveys, observations or experiments from large samples, and can be expressed numerically (Borrego, Douglas & Amelink 2009:54-55; Burns & Burns 2008:19; Collis & Hussey 2009:73; Creswell 2009:4; Driscoll 2011:165-167; Johnson & Christensen 2012:33; Khalid, Hilman & Dileep 2012:22; Neuman 2011:167). Questionnaire surveys gather information from the sample group that is studied and are often used to make generalisations about the population (Collis & Hussey 2003:66; Collis & Hussey 2009:73). Observations can be made on nearly any subject matter, by recording patterns, making discoveries and formulating theories (Driscoll 2011:160-161; Lee 2000:1-3). Zikmund (2006:257) defines an experiment as a test conducted in a controlled environment in order to test a hypothesis.

5.2.2 A PHENOMENOLOGICAL RESEARCH PARADIGM AND METHODOLOGY

A phenomenological research paradigm revolves around research that identifies and investigates the social meaning that people associate with their situations, circumstances, experiences and the meanings placed by people into text and other objects (Collis & Hussey 2003:53; Tuli 2010:98-99; Zikmund *et al.* 2010:137). Stated differently, phenomenological research explores the way in which individuals view the world in light of their own experiences and human behaviour. On the whole, it allows individuals to interpret each other's expressions and actions through a medium of their own subjective frame of reference (Collis & Hussey 2009:58; Zikmund *et al.* 2010:137). The phenomenological research paradigm was mainly developed in reaction to the positivist research paradigm (Burns & Burns 2008:14; Collis & Hussey 2003:53; Davies 2007:240; Nagy & Leavy 2011:8).

Collis and Hussey (2003:48-56) state that an advantage of phenomenological research is that it can be used for studies with relatively unknown environments which seek to understand phenomena. This research paradigm leads to researchers having a better and genuine understanding of the respondents who are approached in the investigation (Keegan 2009:12). However, a disadvantage associated with phenomenological research is that, when interpreting the data, researchers are subjective and impose their own values and opinions on the data collected. Due to the researcher being subjective, there is no clear line between the facts of an investigation and the researcher's opinion of the data collected (Collis & Hussey 2009:73).

A qualitative research methodology is associated with a phenomenological research paradigm (Asif 2013:27; McGregor & Murnane 2010:422; Wood & Welsh 2010:56). Qualitative data is textual information collected through interviews, observations, focus groups and unobtrusive measures (Borrego *et al.* 2009:54-55; Burns & Burns 2008:19; Creswell 2009:4; Johnson & Christensen 2012:33; Neuman 2011:167). Various authors (Collis & Hussey 2003:167; Collis & Hussey 2009:73; Driscoll 2011:164-165) describe interviews as a method of collecting information by questioning participants in order to learn their attitudes, behaviours and feelings. Observations can be made through participant observation, which involves participants being observed in the research, or non-participant observation, which is an unobtrusive method of observation. Observation aims to record patterns, ask relevant questions, make discoveries and formulate theories to uncover and understand behaviour (Driscoll 2011:160-161; Lee 2000:1-3). Focus groups use interaction within a group to elicit rich data. Participants are encouraged to talk, ask questions, and comment on each other's opinions and experiences in order to understand the perceptions and attitudes of the group (Driscoll 2011:154; Jamieson & Williams 2003:272). Unobtrusive measures collect data without the direct involvement of research subjects, which avoid the problems caused by the researcher's presence (Lee 2000:1).

The positivistic research paradigm was used in this study, as it made use of scientific quantitative research methods, statistics and quantitative analysis (Burns & Burns 2008:13; Struwig & Stead 2013:4).

The primary role of positivistic research is to test hypotheses that are derived from a theoretical proposal (Collis & Hussey 2003:47; McGregor & Murnane 2010:423). Quantitative research is an objective, obtrusive and controlled measurement involving large representative samples and fairly structured data collection procedures (Asif 2013:27-28; Lancaster 2005:66-67; Struwig & Stead 2013:4). This study can be classified as quantitative research, as its empirical investigation included a large sample and hypothesised relationships were tested using statistical analysis.

5.3 RESEARCH DESIGN

Creswell (2009:3), Wahyuni (2012:72) and Zikmund (2006:65) define a research design as a plan demonstrating the methods and procedures by which required data will be gathered and analysed. It is therefore a framework of the plan of action to be followed in the research to be conducted (Zikmund *et al.* 2010:66). The research design for this study was derived from the problem statement and research objectives discussed in Chapter One.

A quantitative research approach was followed in this study, as the researchers' aim was to determine whether relationships exist between the independent variables (benefits, clients' trust and content), the intervening variable (customer satisfaction) and the dependent variable (customer retention). This section, therefore, focuses on the quantitative research methods employed in this positivistic study in order to collect and analyse data.

5.3.1 DATA COLLECTION

It is important to decide how information will be gathered. The two types of data that exist are secondary data and primary data, which will be collected in order to test the constructed hypotheses.

5.3.1.1 Secondary data collection

Secondary data has been previously researched, gathered and compiled by other researchers for a different project (Burns & Burns 2008:49; Tasić & Feruh 2012:32; Zikmund *et al.* 2010:161). Secondary data can be collected using sources such as studies, statistics, reports, archives, academic books, articles, magazines, newspapers, films, videos and broadcasts (Collis & Hussey 2003:84-85; Saunders, Lewis & Thornhill 2009:256). The secondary sources consulted for this study were collected by reviewing academic journals, books, reports, articles and websites. Secondary data collection focused on the banking industry in terms of its characteristics and challenges; the importance of customer satisfaction and customer retention to banks; and how social media can be used as a marketing tool to increase customer satisfaction and customer retention.

5.3.1.2 Primary data collection

Primary data is data that is collected for the first time and for the purpose of the specific study under investigation (Saunders *et al.* 2009:597; Zikmund 2006:63). According to Khalid, Hilman and Dileep (2012:22), quantitative data can be collected through questionnaire surveys, observations or experiments (Collis & Hussey 2003:66; Driscoll 2011:160-167).

For the purpose of this study, a survey method was used to collect primary data by constructing and distributing a questionnaire to the sample respondents. The questionnaire was distributed online. This method is advantageous in that the questionnaire can be distributed to many respondents and eliminates travelling and printing costs (Zikmund 2006:219-220). Online research benefits the researcher, by allowing data to be captured easily and faster. Online research is also more convenient for respondents in that it allows them to complete the questionnaire in their own time and with ease (Loureiro-Koechlin 2009). The collection of primary data also involves decisions related to the population, sample and sampling techniques.

a) Population and sample

Hanlon and Larget (2011:7), and Zikmund (2006:369), define a population as the entire group of people of interest to the study. A population group could be any group of people or firms that share a similar set of characteristics. The target population for this study was all clients and managers within the banking industry in the Nelson Mandela Metropolitan area.

A sample is defined as a sub-set of the population, which represents the population (Collis & Hussey 2003:56; Jonker & Pennink 2010:158). Based on the sample, generalisations can possibly be made about the population (Collis & Hussey 2003:56; Hanlon & Larget 2011:7; Jonker & Pennink 2010:158; Manjunath, Ravindra & Archana 2012:14). The sample for this study was a minimum of 125 clients and a minimum of 30 managers, within the banking industry in the Nelson Mandela Metropolitan area, which represent the target population for this study (Acharya, Prakash, Saxena & Nigam 2013:332; Burns & Burns 2008:203).

b) Sampling techniques

Probability and non-probability sampling are the two types of sampling techniques identified by Burns and Burns (2008:198), Manjunath *et al*. (2012:14) and Zikmund (2006:379). In probability sampling, each member of the population has a known chance of being selected for the sample (Zikmund *et al.* 2010:69). Probability methods include random sampling, systematic sampling, and stratified sampling, amongst others. In non-probability sampling, not all members of the population have the opportunity for selection in that specific sample. Non-probability methods include convenience sampling, judgemental sampling, quota sampling and snowball sampling, amongst others (Beins & McCarthy 2012:99; Khalid *et al.* 2012:21-22; Manjunath *et al*. 2012:14; Zikmund *et al.* 2010:655-656).

Probability sampling techniques can be used when a sample frame is available. Sampling frames are resources from which a sample can be selected (Teddlie & Yu 2007:81-82). For the purpose of this study, non-probability sampling was used as no sample frame was available. Criterion and snowball sampling was used to draw the sample from the population. Criterion sampling is a type of judgemental sampling, which involves reviewing and studying all cases that meet some predetermined criterion of importance (Suri 2011:69). Sampling criteria, or qualifying criteria, is therefore the list of essential characteristics or elements that have been determined beforehand, which are essential for eligibility to form part of the sample (Hassan 2015). In order to complete the questionnaire, respondents needed to meet certain qualifying criteria. Qualifying criteria are unbiased statements or questions mentioned at the beginning of questionnaire surveys which eliminate respondents who do not match the sample requirements (Pirc 2012). For the purpose of this study, respondents were required to be a bank client or manager, and live in the Nelson Mandela Metropolitan area. Snowball sampling involves asking respondents to recommend the study to other potential respondents (Khalid *et al.* 2012:22; Pattison, Robins, Snijders & Wang 2011:2). In addition, as part of snowball sampling, respondents were asked to forward the questionnaire link to other potential respondents.

5.3.1.3 Research instrument

For the purpose of this study, primary data was collected by distributing questionnaire surveys to a sample of bank clients and managers in order to assess their perceptions on the use of social media in the banking industry. A copy of the research instrument is included in Annexure A.

The self-administered questionnaire was used to collect primary data in the Nelson Mandela Metropolitan area. English was the language of communication used in the questionnaires. A cover letter accompanied the questionnaire, in order to explain the purpose and objective of the study. It explained the implications of the study, and encouraged the respondents to participate in the study by completing and submitting the questionnaire via the online link (Zikmund 2006:215). Potential respondents were assured that the study is voluntary, anonymous, confidential, and withdrawal is allowed at any stage, without penalty. The respondents were not subjected to any statements related to a private or personal matter. Considering the data, no specific respondents could be identified or linked to responses. For this reason, a proforma ethics clearance form (Form E) was completed and submitted to the Business and Economic Sciences' FRTI Committee of the institution where the study was conducted (see Annexure B).

The questionnaire consisted of two sections, namely Section A and Section B. Section A consisted of statements related to the independent variables (social media aspects: benefits, clients' trust and content), the intervening variable (customer satisfaction) and the dependent variable (customer retention). This section made use of a five-point Likert-type scale where the respondents had to indicate the extent to which they agreed or disagreed with the statements, based on their perceptions. A Likert-type scale measures the level of agreement of the respondents, whether agreement is negative or positive, thereby providing their perceptions on the topic under investigation (Burns & Burns 2008:473; Zikmund 2006:312). A five-point Likert-type scale was used, with the response options ranging from "strongly disagree" to "strongly agree" on a scale of 1 to 5. The possible responses included strongly disagree (1); disagree (2); neutral (3); agree (4) and strongly agree (5).

Section B included only close-ended questions, which allowed the researcher to easily quantify the biographical and demographical data (Penwarden 2013). According to Bird (2009:1310), when constructing a questionnaire, researchers can include closed-ended questions, open-ended questions or both. Sarantakos (2005:464) states that closed-ended questions are typically difficult to construct but easy to analyse. Moreover, Penwarden (2013) adds that closed-ended questions are conclusive in nature as they are designed to create data that is easily quantifiable. Closed-ended questions are therefore easy to code, which makes them particularly useful when trying to prove the statistical significance of a survey's results. Furthermore, the information gained by closed-ended questions allows researchers to categorise respondents into groups based on the options they have selected (Penwarden 2013). Alternatively, open-ended questions are easy to construct but difficult to analyse (Sarantakos 2005:464). Open-ended questions allow for freedom and spontaneity of answers, inviting respondents to share their understandings, experiences, opinions and interpretations of, as well as their reactions to, social processes and situations (Bird 2009:1310-1311; Burns & Burns 2008:502). Section B focused on gathering biographical and demographical data related to each respondent's age, gender, population group, education level and social media channels used.

5.3.1.4 Scale development and operationalisation

In Table 5.1, below, the independent, intervening and dependent variables of this study are defined. Literature sources were used to define variables and construct related items for the study's research instrument, as described above. In addition, the number of statements in the measuring instrument that will cover each variable are provided in Table 5.1.

TABLE 5.1: The independent, intervening and dependent variables

INDEPENDENT VARIABLE: BENEFITS	**STATEMENTS**
Benefits refers to the various tangible and intangible advantages clients receive from engaging with a bank's social media channels.	15
Sources: Baird and Parasnis (2011:8); Hainer (2015); Hamid *et al*. (n.d.)	
INDEPENDENT VARIABLE: CLIENTS' TRUST	**STATEMENTS**
Clients' trust refers to the degree to which clients believe in the reliability and integrity of the bank's social media channels.	13
Sources: Akbar and Parvez (2009:26); Baird and Parasnis (2011:8); Bolotaeva and Cata (2011); Boohene (2013:86); Farooq and Jan (2012:635,628); Jumaev *et al.* (2012:41); Nguyen *et al*. (2013:96,99); Ramsaran-Fowdar and Fowdar (2013:79); Rizan *et al*. (2014:8); Taleghan *et al.* (2011:157)	
INDEPENDENT VARIABLE: CONTENT	**STATEMENTS**
Content refers to the composition and quality of subject matter of a bank's social media channels.	13
Sources: Anjum *et al.* (2012:96,100); Bolotaeva and Cata (2011); Braude (2009:35); Boohene (2013:92); Hamid *et al*. (n.d.); Pradiptarini (2011:1,5,5); Ramsaran-Fowdar and Fowdar (2013:78-79); Raroque and Savio (2012)	
INTERVENING VARIABLE: CUSTOMER SATISFACTION	**STATEMENTS**
Customer satisfaction refers to the client's level of contentment with the bank's products/services.	17
Sources: Deng *et al.* (2010:291); Ganiyu *et al.* (2012:15); Karim and Chowdhury (2014:1,4); Khan & Fasih (2014:331); Kheng *et al.* (2010:57); Koçoğlu and Kirmaci (2012:282); Mohsan *et al.* (2011:264); Sim *et al*. (2006:2); Singh and Khan (2012:2)	
INDEPENDENT VARIABLE: CUSTOMER RETENTION	**STATEMENTS**
Customer retention refers to the continuity of the relations between the clients and a bank, which results in many benefits for both parties.	11
Sources: Abdollahi (2008:26-27); Deng *et al.* (2010:290); Gan *et al.* (2006:83); Jumaev *et al.* (2012:37); Sim *et al.* (2006:7); Singh and Khan (2012:1)	

Table 5.1, above, identified and defined the independent, intervening and dependent variables as well as the number of statements in the measuring instrument that will cover each variable. As evident, the research instrument consisted of 69 statements in Section A, related to the five specified variables. The above definitions are based

on existing literature that was covered in Chapters Two, Three and Four. The literature sources where used to construct the questionnaire items.

5.3.1.5 Content validity of the research instrument

Aspects of validity were given special attention when the questionnaire was designed. According to Oluwatayo (2012:391), as well as Tavakol and Dennick (2011:53), validity can be defined as the degree to which an instrument measures what it is intended to measure and relates to how well the instrument fulfils its function. There are two main types of validity, namely, content validity and construct validity, of which the latter will be discussed in the next section wherein the data analysis procedures will be explained (Arain *et al.* 2010:2).

Content validity was employed to ensure that the test scores were valid for the sample being tested. Content validity ensures that the elements of the main issue to be covered in the research are fairly and comprehensively represented (Oluwatayo 2012:392-393; Zikmund 2006:302). A pilot study was conducted in order to test the content validity of the questionnaire. A pilot study is a small study which helps plan further confirmatory studies (Arain *et al.* 2010:2). A total of 10 respondents were approached to make up the pilot sample in order to determine whether the questionnaire had any apparent defects, and to correct these if necessary. Experts and professionals in the fields of marketing and management at the Nelson Mandela Metropolitan University were also approached to ensure the content validity of the questionnaire.

5.3.1.6 Administration of questionnaires and missing data

As previously mentioned, the questionnaire was distributed online. Respondents were encouraged to participate in the study by completing and submitting the questionnaire via the online link. Regarding the managers who were respondents, banks within the Nelson Mandela Metropolitan area were approached in August 2015. By making use of snowball sampling, the bank managers who were willing to participate in the study were asked to forward the online questionnaire to their colleagues. Once the researcher published the online questionnaire, respondents were given four weeks to complete and submit the questionnaire. The minimum aim for the sample included 125 bank clients and 30 bank managers. However, at the closing date of the online questionnaire, 150 bank clients and 30 bank managers had completed the online questionnaire. According to the statistician, this was an acceptable number of respondents for statistical calculations.

As the questionnaires were completed online, the researcher set all questions as mandatory or compulsory. Respondents could therefore not submit their questionnaire without completing all questions. For this reason, missing data was not a concern, as all the submitted questionnaires were complete.

5.3.2 DATA ANALYSIS

A number of statistical methods were used to analyse the primary data gathered from the questionnaires in order to test the hypotheses constructed for this study.

5.3.2.1 Statistical methods employed in this study

Using the primary data collected, basic coding procedures were employed using Microsoft Excel so as to make it easier for the researchers to analyse and interpret the primary data of the study. The data was imported into Statistica, which is a statistical software package.

a) Descriptive statistics

Descriptive statistics are statistical procedures used to summarise, organise and simplify data (Beins & McCarthy 2012:106; Gravetter & Wallnau 2012:11:62). Babbie (2010:467) and Bell (2010:215) state that descriptive statistics such as means, medians, modes, ranges and standard deviations can be used to describe the characteristics of a sample (e.g. demographic statistics) and the variables in a study. In this study, the descriptive statistics used were means and standard deviations. The mean is the sum of all scores collected, divided by the number of scores (Beins

& McCarthy 2012:109-111; Zikmund *et al.* 2010:415-418). Furthermore, standard deviation is used to determine how scores deviate from the mean (Gravetter & Wallnau 2012:11 & 62; Howell 2008:82). In addition, frequency distributions were presented to summarise and compress data by grouping it into classes and recording how many data points fall into each class (Accountability Modules 2012). The means, standard deviations and frequency distributions were used to summarise the data obtained. Descriptive statistics were used to summarise data related to the respondents as well as the variables.

b) Exploratory factor analysis

As previously mentioned, there are two main types of validity: content validity and construct validity (Arain *et al.* 2010:2). Measuring the construct validity of the research instrument is also important (Zikmund *et al.* 2010:593). Construct validity is the degree to which the measuring instrument correctly measures what it claims to measure (Beins & McCarthy 2012:68; Collis & Hussey 2009:64-65). Exploratory Factor Analysis (EFA) is a statistical procedure used to determine construct validity (Collis & Hussey 2003:173; Zikmund *et al.* 2010:593).

According to Henson and Roberts (2006:294), EFA is an empirical technique used to find factors that are most suitable to reproduce variables under maximum likelihood situations. EFA is used to discover and analyse the construction of a large set of variables that is unknown to the researcher (Beins & McCarthy 2012:68; Zikmund *et al.* 2010:593). EFA is the type of factor analysis wherein researchers have no expectations on the number or nature of the factors associated with the study. EFA is used when there is little supporting evidence for the factor structure or when research goals are to identify the number of common factors/patterns of factor loading. The common factor model expresses apparent variables as a function of common factors, unique factors and errors of measurement (Norris & Lecavalier 2009:8-9; Zikmund *et al.* 2010:593,601). The nature of the research is exploratory, as it enables researchers to investigate key aspects of a topic and generate a theory or model from underlying constructs that are characterised by a set of items (Zikmund *et al.* 2010:593,601). In this study, EFA was used to evaluate the construct validity of the measuring instrument (Zikmund *et al.* 2010:593). The cut-off point for statements'/items' loading on factors was 0.50 (Yuet, Yusof & Mohamed 2014:4).

c) Cronbach's Alpha correlation coefficients

Cronbach's Alpha correlation coefficients were calculated in the study to measure the internal consistency or reliability of the research instrument (Saunders *et al.* 2009:374). Reliability focuses on the instrument's ability to measure consistently across time. The application of reliability in research is to determine whether a particular technique, applied repeatedly to the same object, would yield the same result each time (Oluwatayo 2012:395; Tavakol & Dennick 2011:53). An instrument cannot be valid unless it is reliable. However, the reliability of an instrument does not depend on its validity (Beins & McCarthy 2012:68; DeFour-Howard 2015:124; Kraska-Miller 2009:19; Tavakol & Dennick 2011:53).

When measuring a Cronbach's Alpha correlation coefficient, an item, factor or measuring instrument should have a Cronbach's Alpha correlation coefficient of 0.70 to 0.90 (Oluwatayo 2012:395; Tavakol & Dennick 2011:53-54). However, the Cronbach's Alpha correlation coefficient normally ranges between 0 and 1.0. A greater internal consistency implies a greater internal reliability of an item (Gleam & Gleim 2003:87; Robbins 2009:33). When the Cronbach's Alpha correlation coefficient is closest to 1.0 it implies that the internal consistency of an item or measuring instrument is high. Tavakol and Dennick (2011:53-54) state that if the Cronbach's Alpha correlation coefficient is too high it may indicate that certain items are redundant as they may be the same question but asked in different ways. In this study, the Cronbach's Alpha correlation coefficient cut-off point was 0.60, which is an acceptable cut-off point in exploratory research (Adapa 2011:14). Factors with Cronbach's Alpha coefficients of 0.60 and above were used for further analysis and considered reliable; furthermore, factors with a Cronbach's Alpha coefficient of less than 0.60 were removed (Zikmund *et al.* 2010:302).

d) Pearson’s product-moment correlation coefficients

Pearson’s product-moment correlation coefficient (r) is a measurement used to determine whether a link or association exists between independent and dependent variables (Beins & McCarthy 2012:282; Chung 2007; Robbins 2009:244; Zikmund *et al.* 2010:559). In this study, the Pearson’s product-moment correlation coefficients were calculated to analyse the correlations between the independent variables (benefits, clients’ trust and content), the intervening variable (customer satisfaction) and the dependent variable (customer retention). According to Robbins (2009:244), the Pearson’s product-moment correlation coefficient is a continuum that ranges from -1.00 to +1.00. The positive and negative signs illustrate the direction of the correlation. A correlation coefficient of -1.00 suggests that the independent and dependent variables have a perfectly negative correlation, whereas a +1.00 correlation coefficient suggests a perfectly positive correlation between the independent and dependent variables. A correlation coefficient of 0.00, however, represents no correlation between the independent and dependent variables (Beins & McCarthy 2012:289; Zikmund *et al.* 2010:559).

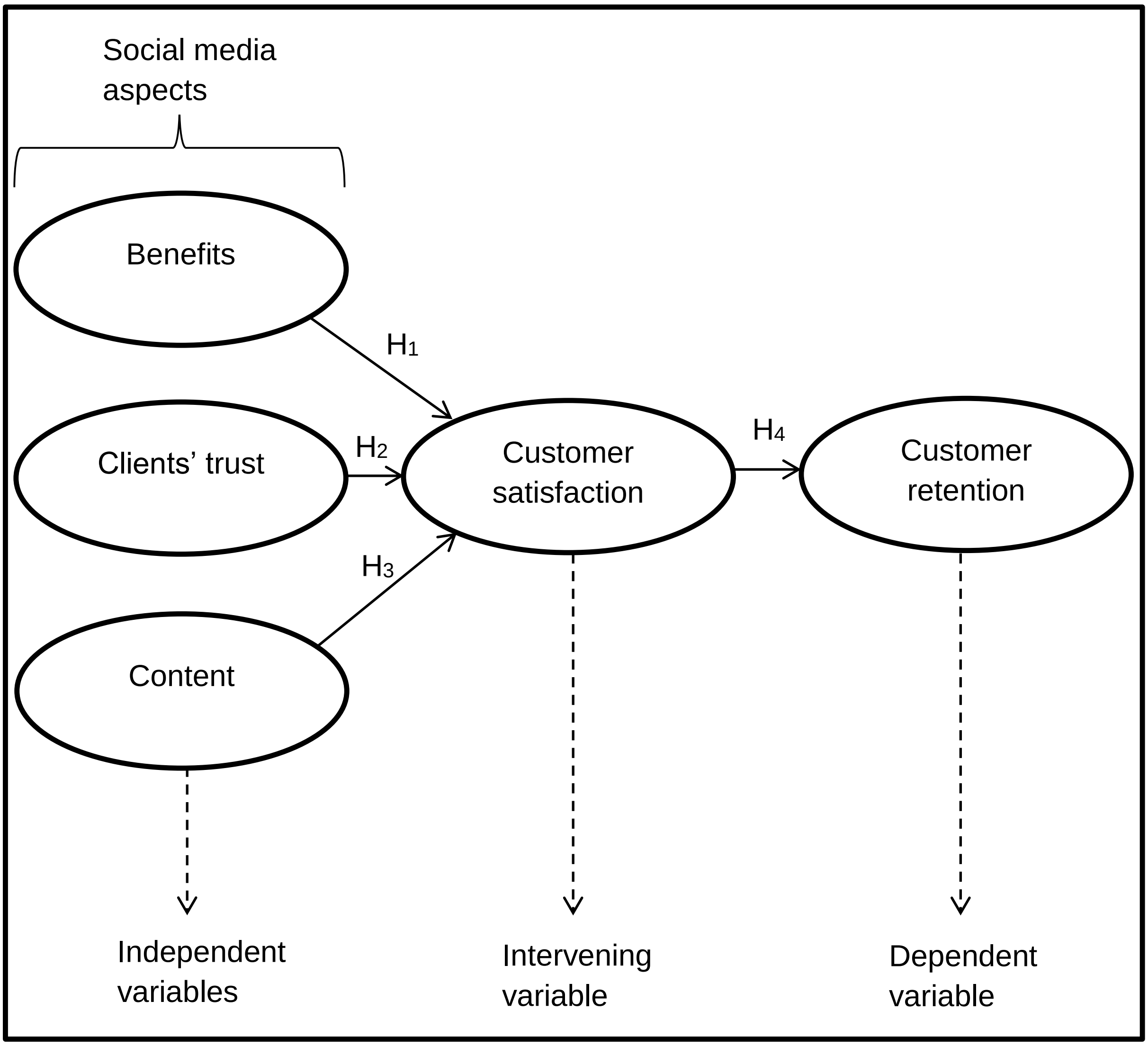
e) Multiple regression analysis

Multiple regression involves the analysis of a simultaneous investigation of the effect of at least two independent variables on a dependent variable (Zikmund 2000:535). In this study, multiple regression was used to test whether statistically significant relationships exist between the three independent variables (benefits, clients’ trust and content), the intervening variable (customer satisfaction) and the dependent variable (customer retention). Based on the results of the multiple regression analysis, decisions will be made to either accept or reject the formulated hypotheses.

f) Hypotheses testing

According to Welman *et al.* (2005:12), a hypothesis is an uncertain assumption about the relationship between at least two variables that needs to be investigated. In Chapter One, a number of hypotheses were constructed to facilitate the achievement of the primary objective of this study. These hypotheses were determined in order to determine whether relationships exist between the three independent variables (benefits, clients' trust and content), the intervening variable (customer satisfaction) and the dependent variable (customer retention). Figure 1.1, in Chapter One, was constructed and the hypotheses are listed and reproduced as Figure 5.1, below, for ease of reference.

FIGURE 5.1: Hypothetical model on the variables possibly influencing customer retention



To achieve the primary objective of this study, the following hypotheses (H_1 – H_4) were then empirically tested.

H_1 – There is a significant positive relationship between the *Benefits* of social media and *Customer Satisfaction*.

H_2 – There is a significant positive relationship between the *Clients' trust* of social media and *Customer Satisfaction*.

H_3 – There is a significant positive relationship between the *Content* of social media and *Customer Satisfaction*.

H_4 – There is a significant positive relationship between *Customer Satisfaction* and *Customer Retention.*

g) T-test and ANOVA

A t-test is undertaken to identify and observe whether two mean values of a population differ. An analysis of variance (ANOVA) is undertaken to identify and observe whether the mean values of two or more groups of the population differ (Zikmund *et al.* 2010:541). The main difference between an ANOVA and a t-test is that a t-test can only be used to compare two groups while an ANOVA can be used to compare two or more groups (Sow 2014:103). For the purpose of this study, ANOVA and t-tests were undertaken to identify whether significant relationships exist between respondents' biographical aspects and the independent, intervening and dependent variables. For example, Generation Y accounts for the largest share of activity on social media channels, followed closely by Generation X, and Baby Boomers (Baird & Parasnis 2011:3). Therefore, an ANOVA test will identify whether respondents from different generations (based on their age category) have different perceptions of banks' social media. Where applicable, post-hoc tests will be conducted to identify significant differences in the mean scores of the different categories of respondents (Abdi & Williams 2010:1).

5.4 SUMMARY

This chapter discussed the research methodology followed in order to give effect to the primary objective of the study. Attention was given to research paradigms and methodologies, as well as the research design, data collection and data analysis methods employed in this study.

The positivistic research paradigm was used in this study, as it made use of quantitative research methods, as the researchers' aim was to determine whether relationships exist between the independent variables (benefits, clients' trust and content), the intervening variable (customer satisfaction) and the dependent variable (customer retention). The research process included collecting secondary and primary data. Primary data was collected by means of a self-constructed five-point Likert-type scale online questionnaire in order to identify the perceptions on the use of social media as a marketing tool in the banking industry. Thereafter, the details regarding the population, sample and sampling techniques employed in this study were highlighted. A sample of 150 bank clients and 30 managers was obtained. To select the respondents, criterion and snowball sampling techniques were discussed and deemed most appropriate for this study. The content validity of the research instrument was ensured by conducting a pilot study, and by approaching experts and professionals in the fields of marketing and management. The statistical methods employed in this study include descriptive statistics, an EFA, Cronbach's Alpha correlation coefficients, Pearson's product-moment correlation coefficients, multiple regression analyses for the hypotheses testing, as well as t-tests and ANOVA tests.

The following chapter presents the empirical results of the study. The statistical methods discussed in Chapter Five are implemented; in addition, the ensuing chapter will elaborate upon the results of the data collected using the identified statistical methods employed in the study.

CHAPTER SIX
EMPIRICAL RESULTS

6.1 INTRODUCTION

Chapter Five of this study discussed the research methodology that was followed in order to give effect to the primary objective of the study. The research paradigms and methodologies, as well as the research design and data collection methods employed in this study were discussed; in addition, reference was made to the population and sample, measuring instrument as well as the ethical considerations applicable to this study. The independent, intervening and dependent variables were operationalised, and each variable was defined. Finally, the data analysis methods were discussed. The data analysis methods include the use of descriptive statistics, EFA, Cronbach's Alpha correlation coefficients, Pearson's product-moment correlation coefficients, multiple regression analyses for hypotheses testing, as well as t-tests, ANOVA tests and, where applicable, relevant post-hoc tests.

The primary objective of this study is to identify the social media aspects (benefits, clients' trust and content) that influence customer satisfaction and customer retention in the banking industry. To attain the primary objective, the empirical investigation, as described in Chapter Five, was conducted and this chapter will present and discuss the empirical results.

6.2 BIOGRAPHICAL INFORMATION

Section B of the measuring instrument gathered the biographical data of the respondents. There were two groups of respondents, namely, clients and managers. The biographical data for clients included the respondents' gender, population group, age, occupation, education level and their main bank. Table 6.1, below, presents the biographical data of the study's client respondents.

TABLE 6.1: Biographical data of respondents – Clients

Gender	Frequency	Percentage
Male	74	49.33
Female	76	50.67
Total	**150**	**100.00**
Population group	**Frequency**	**Percentage**
Asian	1	0.67
Black	30	20.00
Coloured	40	26.67
White	74	49.33
Not willing to say	5	3.33
Total	**150**	**100.00**
Age	**Frequency**	**Percentage**
< 20 years	17	11.33
20-29 years	110	73.33
30-39 years	6	4.00
40-49 years	13	8.67
50-59 years	3	2.00
60+ years	1	0.67
Total	**150**	**100.00**
Occupation	**Frequency**	**Percentage**
Student at Tertiary institution	103	68.67
Employed – Permanent	19	12.67
Employed – Temporary (contract)	10	6.67
Self-employed	16	10.67
Unemployed	2	1.33
Total	**150**	**100.00**

TABLE 6.1: Biographical data of respondents – Clients (cont.)

Education level	Frequency	Percentage
Matric	65	43.33
Certificate	9	6.00
Undergraduate diploma	15	10.00
Undergraduate degree	29	19.33
Postgraduate diploma	10	6.67
Postgraduate degree	16	10.67
Other	6	4.00
Total	**150**	**100.00**
Main bank	**Frequency**	**Percentage**
ABSA	30	20.00
Capitec	14	9.33
FNB	44	29.33
Nedbank	23	15.33
Standard bank	38	25.33
Other	1	0.67
Total	**150**	**100.00**

From Table 6.1, above, it can be seen that the majority of the client respondents were female (50.67%), while 49.33% were male. Most of the respondents were from the White population group (49.33%), followed by the Coloured (26.67%), Black (20%) and Asian (0.67) population groups. The majority of the respondents were between the ages of 20 and 29 (73.33%), followed by those younger than 20 years of age (11.33%) and those between the ages of 40 and 49 (8.67%).

The majority of the respondents were students at tertiary institutions (68.67%). A number of respondents were employed permanently (12.67%), 10.67% were self-employed and 6.67% were contract employees. Regarding the education level, most of the respondents have a matric qualification (43.33%), followed by 19.33% who possess an undergraduate degree.

FNB was the main bank used by the majority of the respondents (29.33%), followed by Standard bank (25.33%), ABSA (20%) and Nedbank (15.33).

The biographical data for managers include the respondents' gender, population group, age, job title, education level and the bank by which the respondent is employed. The biographical data of the study's manager respondents is shown in Table 6.2, below.

TABLE 6.2: Biographical data of respondents – Managers

Gender	Frequency	Percentage
Male	17	56.67
Female	13	43.33
Total	**30**	**100.00**
Population group	**Frequency**	**Percentage**
Asian	0	0
Black	8	26.67
Coloured	1	3.33
White	21	70.00
Not willing to say	0	0
Total	**30**	**100.00**
Age	**Frequency**	**Percentage**
< 20 years	0	0
20-29 years	3	10.00
30-39 years	7	23.33
40-49 years	11	36.67
50-59 years	8	26.67
60+ years	1	3.33
Total	**30**	**100.00**

TABLE 6.2: Biographical data of respondents – Managers (cont.)

Job title	Frequency	Percentage
Regional manager	5	16.67
Branch manager	10	33.33
Personal banking manager	1	3.33
Personal financial advisor	2	6.67
Business banking manager	1	3.33
Client service manager	4	13.33
Other	7	23.33
Total	**30**	**100.00**
Education level	**Frequency**	**Percentage**
Matric	3	10.00
Certificate	6	20.00
Undergraduate diploma	4	13.33
Undergraduate degree	6	20.00
Postgraduate diploma	5	16.67
Postgraduate degree	5	16.67
Other	1	3.33
Total	**30**	**100.00**
Bank employed by	**Frequency**	**Percentage**
ABSA	1	3.33
Capitec	1	3.33
FNB	23	76.67
Nedbank	3	10.00
Standard bank	2	6.67
Other	0	0
Total	**30**	**100.00**

Table 6.2, above, shows that the majority of the manager respondents were male (56.67%), while 43.33% were female. Most of the respondents were from the White population group (70.00%), followed by Black (26.67%) and Coloured (3.33%). The majority of the manager respondents were between the ages of 40 and 49 years (36.67%), followed by 50 to 59 years (26.67%) and 30 to 39 years (23.33%).

Regarding the job titles, branch managers made up the majority (33.33%) of the respondents. In addition, respondents were regional managers (16.67%) and client service managers (13.33%). An equal percentage of respondents had a certificate (20.00%) and an undergraduate degree (20.00%), followed by an equal percentage of respondents with a postgraduate diploma (16.67%) and a postgraduate degree (16.67%). The vast majority of respondents were employed by FNB (76.67%). Nedbank managers made up 10% of respondents, followed by Standard Bank managers who constituted 6.67% of the respondents.

Table 6.3, below, shows the number of client respondents that use various social media channels as well as the number of respondents that use their main bank's social media channels. The respondents could select more than one option, as applicable. Therefore, percentage totals do not equal 100.00%.

TABLE 6.3: Social media channel use – Clients

Social media channels used	Total users	Percentage
Facebook	137	68.50
Twitter	60	30.00
LinkedIn	34	17.00
Blogs	16	8.00
Media sharing sites	76	38.00
User appraisal sites	17	8.50
Other	36	18.00
Social media channels of main bank used	**Total users**	**Percentage**
Facebook	91	45.50
Twitter	25	12.50
LinkedIn	4	2.00
Blogs	5	2.50
Media sharing sites	21	10.50
User appraisal sites	11	5.50
Other	44	22.00

Facebook was found to be the most popular social media channel, with 68.5% of the respondents being Facebook users. Media sharing sites (38.00%) were the second most popular social media channel, followed by Twitter (30.00%). With regard to the use of the social media channels of their main bank, 45.50% of the respondents engage with their bank on Facebook and small percentages on blogs (2.50%) and on LinkedIn (2.00%).

Table 6.4, below, identifies the number of manager respondents that use various social media channels as well as the number of respondents that use the social media channels of the bank by which they are employed. Respondents could select more than one option, as applicable. Therefore, percentages do not equal 100.00% in each of the categories.

TABLE 6.4: Social media channel use – Managers

Social media channels used	Total users	Percentage
Facebook	25	83.33
Twitter	13	43.33
LinkedIn	21	70.00
Blogs	2	6.67
Media sharing sites	12	40.00
User appraisal sites	11	36.67
Other	7	23.33
Social media channels of employee bank used	**Total users**	**Percentage**
Facebook	20	66.67
Twitter	13	43.33
LinkedIn	15	50
Blogs	4	13.33
Media sharing sites	7	23.33
User appraisal sites	10	33.33
Other	6	20

It is evident from Table 6.4, above, that Facebook was also found to be the most popular social media channel amongst bank managers, with 83.33% of these respondents being Facebook users. LinkedIn (70%) was the second most popular social media channel. With regard to the social media channels of the bank by which the managers are employed, Facebook is also the most popular, with 66.67% of the bank managers using Facebook to engage with the bank by which they are employed. LinkedIn is the second most popular social media channel (50%) and bank blogs (13.33%) were the least used social media channel.

6.3 VALIDITY AND RELIABILITY OF THE MEASURING INSTRUMENT

As mentioned in Chapter Five, validity can be defined as the degree to which an instrument measures what it is intended to measure, and relates to how well the instrument fulfils its function (Oluwatayo 2012:391; Tavakol & Dennick 2011:53).

Content validity was assured by conducting a pilot study and by consulting experts and professionals in the fields of marketing and management (Arain *et al.* 2010:2). Construct validity was assured by performing EFA analyses (Collis & Hussey 2003:173; Zikmund *et al.* 2010:593). Cronbach's Alpha correlation coefficients were used to test the reliability or internal consistency of the measuring instrument of this study (Saunders *et al.* 2009:374). Items with Cronbach's Alpha coefficients of 0.60 and above were used for further analysis and considered reliable, where items with a Cronbach's Alpha coefficient of less than 0.60 were removed (Adapa 2011:14; Zikmund *et al.* 2010:302).

The following section will discuss the validity and reliability results of the study.

6.4 RESULTS OF THE VALIDITY AND RELIABILITY ANALYSIS FOR THE INDEPENDENT VARIABLES

For this study, two separate EFAs were conducted for the independent variables and for the intervening and dependent variables. The following section presents the validity and reliability results for the independent variables.

6.4.1 INDEPENDENT VARIABLES

Two factors emerged from the first EFA that was conducted. The resulting factor structure that emerged is depicted in Table 6.5, below.

TABLE 6.5: Factor structure – independent variables

Item	Clients' trust and content	Benefits
1.1	0.010	**0.534**
1.3	0.238	**0.451**
1.6	0.007	**0.752**
1.7	-0.228	**0.887**
1.8	-0.210	**0.893**
1.9	-0.209	**0.837**
1.10	0.004	**0.704**
1.11	0.136	**0.638**
1.12	0.029	**0.617**
1.13	0.119	**0.623**
1.15	0.231	**0.536**
2.1	**0.822**	-0.012
2.2	**0.863**	-0.112
2.3	**0.867**	-0.147
2.4	**0.820**	-0.164
2.5	**0.804**	-0.020
2.6	**0.756**	0.035
2.7	**0.800**	0.062
2.8	**0.850**	-0.014
2.9	**0.707**	0.142
2.10	**0.515**	0.239
2.11	**0.879**	-0.008
2.12	**0.876**	-0.014
2.13	**0.706**	0.025
3.1	**0.816**	-0.074
3.2	**0.826**	-0.076
3.4	**0.859**	-0.054
3.5	**0.820**	-0.025

TABLE 6.5: Factor structure – independent variables (cont.)

3.6	**0.503**	0.212
3.7	**0.701**	0.083
3.8	**0.770**	-0.014
3.9	**0.801**	-0.125
3.10	**0.833**	-0.095
3.11	**0.814**	-0.074
3.12	**0.651**	0.091
3.13	**0.812**	0.050
1.4	**0.420**	0.259
1.5	**0.401**	0.319
% Variance explained	**40.420%**	**14.890%**

It is evident from Table 6.5, above, that two factors emerged from the EFA on the independent variables. Based on the item loadings, the resulting factors were named benefits and trustworthy content. Each of the resulting factor structures are discussed below.

6.4.1.1 Benefits

Table 6.6, below, depicts the validity and reliability results of the factor *benefits*.

TABLE 6.6: Validity and reliability results of *benefits*

% of Variance explained: 14.890%			Cronbach's Alpha: 0.90	
Item	**I interact with my bank via social media channels to…**	**Factor loading**	**Item total correlation**	**Cronbach's Alpha after deletion**
1.1	browse products/services offered by my bank	0.534	0.494	0.903
1.3	receive discounts, e.g. rewards in the form of points	0.451	0.496	0.903
1.6	learn about new products/services	0.752	0.715	0.890
1.7	read client reviews	0.887	0.754	0.888
1.8	view product ratings	0.893	0.780	0.886
1.9	submit opinions on product/services	0.837	0.736	0.889
1.10	submit ideas for new products/services	0.704	0.679	0.893
1.11	make use of customer service offerings, e.g. submit a query	0.638	0.641	0.895
1.12	participate in events, e.g. entering a competition	0.617	0.592	0.897
1.13	view images and videos posted by my bank	0.623	0.616	0.896
1.15	receive benefits as a client, e.g. receiving the latest banking information	0.534	0.580	0.898

Fifteen statements were developed to measure the variable *benefits*. One item (1.2) did not load onto any factor and is therefore disregarded for further analysis. One item (1.14) cross-loaded and is therefore also disregarded from further analysis. Table 6.6, above, indicates that 11 of the 15 statements (1.1; 1.3; 1.6-1.13; 1.15) loaded together onto a single factor and, therefore, this factor was named *benefits*. The 11 items that loaded onto *benefits* explain 14.890% of the variance in the data.

Based on the items that loaded onto *benefits*, the definition of *benefits* has remained unchanged. Therefore, *benefits* refers to the various tangible and intangible advantages clients receive from engaging with a bank's social media channels. From Table 6.6 it can be observed that factor loadings ranging from 0.451 to 0.893 were reported for this factor, which provides sufficient evidence of validity for this construct. The factor *benefits* returned a Cronbach's Alpha correlation coefficient score of 0.90. Satisfactory evidence of reliability for this factor is thus provided.

6.4.1.2 Trustworthy content

Table 6.7, below, depicts the validity and reliability results for the factor *trustworthy content.*

TABLE 6.7: Validity and reliability results of *trustworthy content*

% of Variance explained: 40.420%		**Cronbach's Alpha: 0.97**		
Item	**I TRUST my bank's social media channels because through its social media channels my bank…**	**Factor loading**	**Item total correlation**	**Cronbach's Alpha after deletion**
2.1	provides quality services	0.822	0.823	0.971
2.2	portrays correct banking information	0.863	0.828	0.971
2.3	fulfils obligations to me	0.867	0.815	0.971
2.4	keeps promises	0.820	0.771	0.971
2.5	protects my information	0.804	0.809	0.971
2.6	shows concern for the security of my transactions e.g. it has appropriate security settings	0.756	0.758	0.971
2.7	strives to enhance my confidence in the bank e.g. it has adequate privacy settings	0.800	0.807	0.971
2.8	shows me respect	0.850	0.822	0.971

TABLE 6.7: Validity and reliability results of *trustworthy content* (cont.)

2.9	has a better relationship with me	0.707	0.719	0.971
2.10	has an established and strong reputation	0.515	0.534	0.972
2.11	shows me that it deserves to be trusted	0.879	0.875	0.970
2.12	allows me to directly interact with my bank	0.876	0.864	0.970
2.13	allows me to ‘unlike’ or opt out of receiving bank marketing information	0.706	0.728	0.971
	My bank’s social media channels have CONTENT that…			
3.1	is easily accessible	0.816	0.790	0.971
3.2	is vivid (clear, easily visible)	0.826	0.801	0.971
3.4	allows interactivity (between myself and the bank)	0.859	0.831	0.971
3.5	ensures rapid interaction	0.820	0.779	0.971
3.6	allows social interactions (between myself and other clients)	0.503	0.536	0.973
3.7	provides product/service information	0.701	0.716	0.971
3.8	provides dynamic banking content/information e.g. new (the latest) information	0.770	0.759	0.971
3.9	provides information quickly, in a fast and swift way (regularly updated)	0.801	0.766	0.971
3.10	provides information on relevant banking subjects	0.833	0.790	0.971
3.11	provides accurate information	0.814	0.747	0.971
3.12	provides expert opinions on banking matters	0.651	0.631	0.972
3.13	is appropriate and relevant for me	0.812	0.823	0.971

TABLE 6.7: Validity and reliability results of *trustworthy content* (cont.)

	I interact with my bank via social media channels to…			
1.4	access general banking information	0.420	0.500	0.973
1.5	access exclusive banking information, e.g. information relating to my specific banking requirements	0.401	0.496	0.973

Thirteen statements were developed to measure client's trust and 13 statements were developed to measure content, all of which loaded together onto one factor. One item (3.3) cross-loaded and is therefore disregarded for further analysis. Two items (1.4 and 1.5) that were originally intended to measure *benefits* also loaded onto this factor.

The reason why items from the original clients' trust and content factors loaded together onto a single factor might be because the respondents regarded their trust of and the content of social media channels to be highly related, and that the content of social media channels could influence their trust levels thereof. The reason that the two items originally intended to measure *benefits* loaded onto this factor might be because respondents considered access to banking information on social media channels as content rather than a *benefit.* Therefore, this factor was named *trustworthy content.*

The 27 items that loaded onto *trustworthy content* explain 40.420% of the variance of the data. Based on the items that loaded onto this one factor, *trustworthy content* is a new factor and is, therefore, defined as clients' belief in the reliability and integrity of the composition and quality of subject matter of a bank's social media channels. From Table 6.7, above, it can be observed that factor loadings ranging from 0.401 to 0.879 were reported for this factor. Sufficient evidence of validity for this construct is thus provided. The factor also returned a Cronbach's Alpha correlation coefficient of 0.97, which provides satisfactory evidence of reliability for this construct.

6.5 RESULTS OF THE VALIDITY AND RELIABILITY ANALYSIS FOR THE INTERVENING AND DEPENDENT VARIABLES

A second EFA was conducted for the intervening and dependent variables. This section presents the validity and reliability results for the intervening and dependent variables. Two factors resulted from this second EFA that was conducted. Table 6.8, below, presents the EFA factor structure.

TABLE 6.8: Factor structure – intervening and dependent variables

Items	Customer satisfaction	Customer retention
4.1	**0.655**	0.124
4.2	**0.843**	-0.023
4.3	**0.875**	-0.036
4.4	**0.808**	0.040
4.5	**0.767**	0.035
4.6	**0.907**	-0.158
4.7	**0.836**	-0.038
4.8	**0.789**	-0.129
4.9	**0.481**	0.037
4.11	**0.622**	-0.021
4.12	**0.617**	0.045
4.13	**0.860**	-0.109
4.14	**0.807**	0.067
4.15	**0.700**	0.151
4.16	**0.788**	0.043
4.17	**0.447**	0.201
5.1	**0.473**	0.295
5.11	**0.435**	0.329
5.2	0.188	**0.635**
5.3	-0.025	**0.787**
5.4	-0.275	**0.993**
5.5	-0.044	**0.932**
5.6	0.321	**0.560**
5.7	0.258	**0.593**
5.9	0.246	**0.638**
5.10	0.209	**0.741**
% Variance explained	**36.12%**	**18.18%**

The factors that emerged, namely customer satisfaction and customer retention are discussed below.

6.5.1 INTERVENING VARIABLE

Table 6.9, below, depicts the validity and reliability results of the factor *customer satisfaction.*

TABLE 6.9: Validity and reliability results of *customer satisfaction*

% of Variance explained: 36.12%		Cronbach's Alpha: 0.95		
Item	**My bank…**	**Factor loading**	**Item total correlation**	**Cronbach's Alpha after deletion**
4.1	provides products/services that meet my needs	0.655	0.712	0.951
4.2	understands my banking needs	0.843	0.806	0.949
4.3	responds to my banking needs	0.875	0.827	0.949
4.4	satisfies my banking needs	0.808	0.804	0.950
4.5	offers all the services I expect from a bank	0.767	0.762	0.950
4.6	conducts business in a professional manner	0.907	0.787	0.950
4.7	provides speedy services	0.836	0.795	0.950
4.8	provides transaction details regularly	0.789	0.691	0.951
4.9	provides statements regularly	0.481	0.485	0.955
4.11	uses the latest technology e.g. social media interaction, banking apps and online banking	0.622	0.600	0.953
4.12	offers technical support	0.617	0.641	0.952

TABLE 6.9: Validity and reliability results of *customer satisfaction* (cont.)

4.13	takes corrective action without delay when I have a complaint	0.860	0.789	0.950
4.14	never fails to fulfil expectations	0.807	0.829	0.949
4.15	has never disappointed me	0.700	0.772	0.950
4.16	satisfies me through its products/services	0.788	0.790	0.950
4.17	have effective social media channels	0.447	0.552	0.953
	I will…			
5.1	continue to make use of the products/services of my bank	0.473	0.614	0.953
5.11	remain a client of my bank because of its effective social media channels	0.435	0.616	0.953

Seventeen statements were developed to measure the variable *customer satisfaction.* Table 6.9, above, shows that of these 17 statements, 16 statements (4.1 – 4.9; 4.11 – 4.17) loaded onto one factor, as well as two statements (5.1; 5.11) originally intended to measure customer retention. One factor (4.10) did not load onto any factor and is therefore disregarded for further analysis. The 16 items that loaded onto *customer satisfaction* explain 36.12% of the variance in the data. As most of the items that loaded onto the first factor relate to *customer satisfaction*, this factor was named *customer satisfaction.* Therefore, the definition of *customer satisfaction* has been retained. For the purpose of this study, *customer satisfaction* refers to the client's level of contentment with the bank's products/services.

From Table 6.9 it can be observed that factor loadings ranging from 0.435 to 0.907 were reported for *customer satisfaction*. Sufficient evidence of validity for this construct is thus provided. The factor *customer satisfaction* returned a Cronbach's

Alpha correlation coefficient of 0.95, providing satisfactory evidence of reliability for *customer satisfaction*.

6.5.1 DEPENDENT VARIABLE

Table 6.10, below, shows the validity and reliability results of the factor *customer retention.*

TABLE 6.10: Validity and reliability results of *customer retention*

% of Variance explained: 18.18%		Cronbach's Alpha: 0.93		
Item	**I will…**	**Factor loading**	**Item total correlation**	**Cronbach's Alpha after deletion**
5.2	not switch to a competitor in the near future	0.635	0.718	0.923
5.3	never change from this bank even if I found another bank which offer better terms	0.787	0.730	0.923
5.4	never consider switching from this bank (to bank at a competitor bank)	0.993	0.765	0.920
5.5	always use this bank	0.932	0.866	0.911
5.6	build a long term relationship with my bank	0.560	0.727	0.922
5.7	say positive things about my bank to other people	0.593	0.702	0.924
5.9	recommend my bank to others	0.638	0.752	0.921
5.10	remain a client of my bank	0.741	0.841	0.915

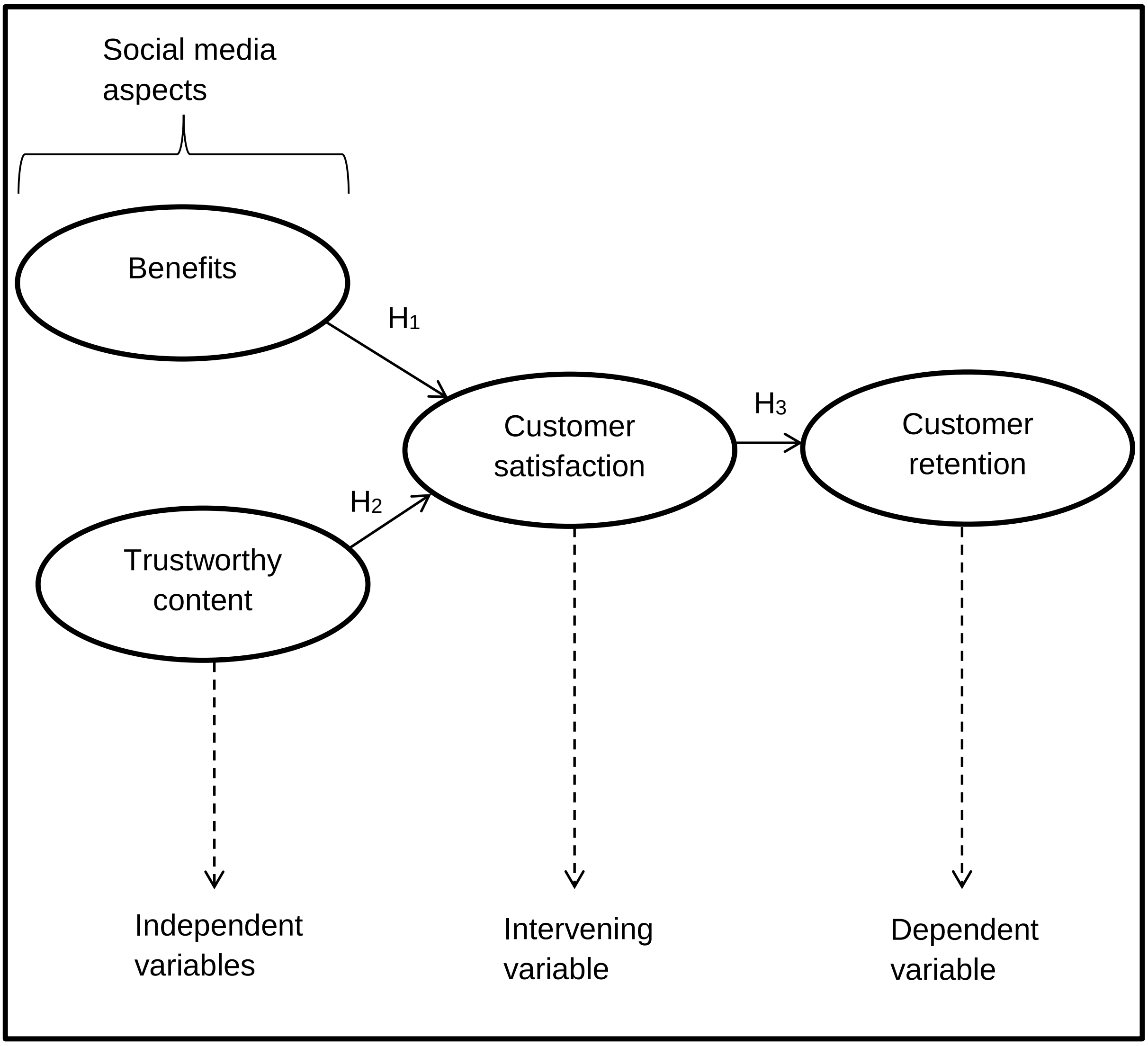
To measure the variable *customer retention,* eleven statements were developed. Table 6.10, above, indicates that of these 11 statements, nine statements (5.2 – 5.10) loaded onto a single factor. However, one item (5.8) cross-loaded onto another factor and is therefore disregarded for further analysis. The factor *customer retention* explains 18.18% of the variance in the data. Based on the items that loaded onto this factor, it has been named *customer retention*. The definition of *customer retention* has thus been retained based on the loaded items. For the purpose of this study, *customer retention* refers to the continuity of the relations between the clients and a bank, which results in many benefits for both parties.

Table 6.10, above, provides evidence that *customer retention* factor loadings ranged from 0.560 to 0.993, thereby providing sufficient evidence of validity for this construct. The factor *customer retention* returned a Cronbach's Alpha correlation coefficient of 0.93. Satisfactory evidence of reliability for this factor is thus provided.

6.6 REVISED HYPOTHETICAL MODEL AND HYPOTHESES

The factors resulting from the two EFAs lead to revised hypotheses and a modified hypothetical model, illustrated in Figure 6.1, below.

FIGURE 6.1: Hypothetical model on the variables possibly influencing *customer retention*



The hypotheses have been reformulated as follows:

H_1 – There is a significant positive relationship between the *Benefits* of social media and *Customer satisfaction*.

H_2 – There is a significant positive relationship between the *Trustworthy content* of social media and *Customer satisfaction*.

H_3 – There is a significant positive relationship between *Customer satisfaction* and *Customer retention.*

6.7 DESCRIPTIVE STATISTICS ON VARIABLES

Descriptive statistics are statistical procedures used to summarise, organise and simplify data (Beins & McCarthy 2012:106; Gravetter & Wallnau 2012:11; 62). Descriptive statistics include means, medians, modes, ranges and standard deviations which can be used to describe the characteristics of a sample (e.g. demographic statistics) and the variables in a study (Babbie 2010:467; Bell 2010:215). Descriptive statistics including means, standard deviations and frequency distributions were calculated to summarise data on the study's variables. The measuring instrument used a Likert-type scale consisting of the following five parameters: 1 = strongly disagree; 2 = disagree; 3 = neutral; 4 = agree and 5 = strongly agree. For the purpose of this study, the frequency response was categorised into three parameters with the following range: 1 – 2.33 (Low), 2.36 – 3.67 (Medium) and 3.69 – 5 (High). Cramer's V tests were used to compare the descriptive statistics of clients and managers. Table 6.11, below, presents the descriptive statistics on the independent, intervening and dependent variables for clients.

TABLE 6.11: Descriptive statistics on variables (N=150) – Clients

Factors	Mean	Std. Dev	Low %	Medium %	High %
Independent variables					
Benefits	2.593	0.930	41.333	46.000	12.667
Trustworthy Content	3.500	0.895	12.000	39.333	48.667
Intervening variable					
Customer satisfaction	3.609	0.817	10.000	38.000	52.000
Dependent variable					
Customer retention	3.301	0.907	13.333	56.667	30.000

From Table 6.11, above, it can be observed that the factor *benefits* reported the lowest mean score of 2.593, with 41.333% of client respondents indicating a low level of agreement regarding interacting with their bank on social media channels in order to obtain *benefits*. The factor *benefits* also returned the highest standard deviation score of 0.930. Standard deviation is used to determine how scores deviate from the mean (Gravetter & Wallnau 2012:11). This means that client respondents varied the most regarding their perceptions of *benefits.*

The factor *customer satisfaction* returned the highest mean score of 3.609, with the majority (52%) of client respondents agreeing that they are content with their banks' products/services. *Trustworthy content* returned the second highest mean score of 3.500, with 48.667% of the client respondents agreeing that *trustworthy content* is an important social media aspect. It is interesting to note that most clients agreed to being satisfied with their bank, but most clients are only in moderate agreement that they will be retained by their bank. It is therefore evident that the *customer satisfaction* levels of banks are high, whereas *customer retention* levels are lower. This means that clients might not remain loyal to their bank, and will move to the bank that offers the best value.

Table 6.12, below, presents the descriptive statistics on the independent, intervening and dependent variables for managers.

TABLE 6.12: Descriptive statistics on variables (N=30) – Managers

Factors	Mean	Std. Dev	Low %	Medium %	High %
Independent variables					
Benefits	3.694	0.810	3.333	46.667	50.000
Trustworthy Content	4.130	0.526	0.000	16.667	83.333
Intervening variable					
Customer satisfaction	4.091	0.497	0.000	16.667	83.333
Dependent variable					
Customer retention	3.775	0.732	0.000	43.333	56.667

It is evident from Table 6.12, above, that the factor *benefits* reported the lowest mean score of 3.694. However, half of the manager respondents (50%) indicated a high level of agreement and 46.667% of the respondents indicated a medium level of agreement regarding the *benefits* clients could receive on social media channels. The factor *benefits* also received the highest standard deviation score of 0.810, meaning that manager respondents had the most varied responses concerning *benefits*. *Trustworthy content* returned the highest mean of 4.130, with the vast majority (83.333%) of manager respondents agreeing that *trustworthy content* is an important social media aspect. The factor *customer satisfaction* returned the lowest standard deviation of 0.497. This standard deviation shows that manager respondents had the least varied responses concerning *customer satisfaction.* Regarding *customer retention,* there is a perception gap, or difference in perceptions, between clients and managers. The majority of managers believe that clients will be retained by their bank, whereas the majority of clients are only in moderate agreement that they will be retained by their bank.

Comparing the descriptive statistics of the clients and managers with Cramer's V tests, it was found that the variable *benefits* scored a Cramer's V score of 0.40, indicating medium practical significance. A perception gap is therefore evident, which corresponds with information gained from literature reviewed in Chapter Four. This means that clients and managers have different perceptions regarding the *benefits* that clients can receive from interacting with banks on their social media channels.

6.8 EMPIRICAL RESULTS ON VARIABLE RELATIONSHIPS

In the following section, Pearson's product-moment correlation coefficients and multiple regression analyses are conducted to analyse the relationships that exist between the independent, intervening and dependent variables. Finally, t-tests, ANOVA tests and the relevant post-hoc tests were undertaken to identify whether relationships exist between respondents' biographical variables and their responses on the independent, intervening and dependent variables.

6.8.1 PEARSON'S PRODUCT-MOMENT CORRELATIONS

Pearson's product-moment correlation coefficient (r) is a measurement used to determine whether a link or association exists between independent and dependent variables (Beins & McCarthy 2012:282; Chung 2007; Robbins 2009:244; Zikmund *et al.* 2010:559). Table 6.13, below, presents the results of the Pearson's product-moment correlation coefficients that were calculated for this study.

TABLE 6.13: Pearson's product-moment correlation coefficients

Factors	Benefits	Trustworthy content	Customer satisfaction	Customer retention
Benefits	1.000			
Trustworthy content	**0.276**	1.000		
Customer satisfaction	**0.112**	**0.807**	1.000	
Customer retention	**0.224**	**0.438**	**0.618**	1.000

Based on the clients' responses, it is evident from Table 6.13, above, that the Pearson's product-moment correlation coefficients show positive links between all the variables. The strongest positive correlation is reported between *trustworthy content* and *customer satisfaction* (0.807) and the weakest correlation, although still positive, between *benefits* and *customer satisfaction* (0.112). As these relationships are positive, it indicates that the more banks offer *benefits* and *trustworthy content* through their social media channels, the more likely it is that the banks' *customer satisfaction* and *customer retention* will improve. Whether these relationships are statistically significant are determined by multiple regression analysis.

6.8.2 RESULTS OF THE MULTIPLE REGRESSION ANALYSES

Multiple regression involves the analysis of a simultaneous investigation of the effect of at least two independent variables on a dependent variable (Zikmund 2000:535). Two separate multiple regression analyses were conducted.

Table 6.14, below, presents the results of the first multiple regression analysis that was conducted to identify, based on the clients' responses, the influence of the independent variables on the intervening variable, *customer satisfaction*.

TABLE 6.14: Influence of the independent variables on *customer satisfaction*

Intervening variable: Customer satisfaction			**R-square = 0.66**
Independent variables	**Beta**	**t-value**	**Sig.(p)**
Benefits	-0.105	-2.402	**0.018**
Trustworthy content	0.767	16.898	**0.000**

From Table 6.14, above, it can be seen that a significant positive relationship (0.018; $p<0.05$) is reported between *benefits* and *customer satisfaction*. As this relationship is positive, it suggests that if clients are offered certain *benefits* for engaging with banks on their social media channels, *customer satisfaction* is likely to increase. A significant positive relationship also exists between *trustworthy content* (0.000; $p<0.001$) and *customer satisfaction*. As this relationship is positive, it suggests that if banks provide reliable, quality subject matter on their social media channels, *customer satisfaction* is likely to increase.

The second multiple regression analysis is shown in Table 6.15, below, which was conducted to identify, based on the clients' responses, the influence of the intervening variable on *customer retention*, while excluding the independent variables.

TABLE 6.15: Influence of the intervening variable on *customer retention*

Dependent variable: Customer retention			**R-square = 0.38**
Intervening variable	**Beta**	**t-value**	**Sig.(p)**
Customer satisfaction	0.686	9.569	**0.000**

Table 6.15, above, provides evidence that a significant positive relationship (0.000; $p<0.001$) exists between *customer satisfaction* and *customer retention*. This means that if banks increase their *customer satisfaction*, *customer retention* is expected to increase.

To conclude the empirical results of the multiple regression analyses, the hypotheses that were previously developed can now be evaluated:

H_1 – There is a significant positive relationship between the *Benefits* of social media and *Customer satisfaction*.

H_2 – There is a significant positive relationship between the *Trustworthy content* of social media and *Customer satisfaction*.

H_3 – There is a significant positive relationship between *Customer satisfaction* and *Customer retention.*

Based on the empirical results, the hypothesised relationships between *benefits* (H_1) as well as *trustworthy content* (H_2) and *customer satisfaction* can be accepted. Support is also found for the hypothesised relationship between *customer* *satisfaction* (H_3) and *customer retention*. Therefore, hypotheses H_1, H_2 and H_3 are accepted.

6.9 RESULTS OF THE ANALYSIS OF THE INFLUENCE OF BIOGRAPHICAL INFORMATION

The following section discusses techniques used to identify whether significant relationships exist between the respondents' biographical variables and their responses to the items related to the independent, intervening and dependent variables. Thus, for the purpose of this study, t-tests and ANOVA tests were undertaken and the empirical results pertaining to these tests are discussed below.

6.9.1 RESULTS OF THE T-TESTS

Two separate t-tests were performed. The first t-test was conducted to test whether a significant relationship exists between the biographical variable *gender* and the independent, intervening and dependent variables. Cohen's d values were also calculated in order to assess the practical significance of these results (Cahan & Gamliel 2011:1)

The following hypotheses were formulated:

HG_1 – There is no significant relationship between the mean scores of *gender* and *benefits*.

HG_2 – There is no significant relationship between the mean scores of *gender* and *trustworthy content*.

HG_3 – There is no significant relationship between the mean scores of *gender* and *customer satisfaction*.

HG_4 – There is no significant relationship between the mean scores of *gender* and *customer retention*.

Table 6.16, below, presents the t-test results of the relationship between the biographical variable *gender* and the independent, intervening and dependent variables.

TABLE 6.16: Relationship between *gender* and the independent, intervening and dependent variables

Independent variable	t-value	Sig(p)
Benefits	-0.782	0.435
Trustworthy content	0.168	0.867
Intervening variable		
Customer satisfaction	0.305	0.761
Dependent variable		
Customer retention	-1.307	0.193

Table 6.16, above, shows that there is no significant relationship ($p>0.05$) between the *gender* of the respondents and the independent, intervening and dependent variables. Thus, whether the respondents were male or female, no significant influence of their *gender* on their views of the social media aspects, *customer satisfaction* and *customer retention* in the banking industry is evident. Therefore, all four hypotheses, namely, HG_1, HG_2, HG_3 and HG_4 are accepted.

The second t-test attempted to test whether a significant relationship exists between the biographical variable *occupation* and the independent, intervening and dependent variables.

The following hypotheses were formulated:

HO_1 – There is no significant relationship between the mean scores of *occupation* and *benefits*.

HO_2 – There is no significant relationship between the mean scores of *occupation* and *trustworthy content*.

HO_3 – There is no significant relationship between the mean scores of *occupation* and *customer satisfaction*.

HO_4 – There is no significant relationship between the mean scores of *occupation* and *customer retention*.

The t-test results of the relationship between the biographical variable *occupation* and the independent, intervening and dependent variable are shown in Table 6.17, below. Only two groups were tested, namely Students and Employed. The reason for this decision was that respondents who are employed are expected to use more products/services offered by their bank than respondents who are students. Therefore, it would be noteworthy to identify whether more heavy users of banking products/services have different views regarding banks' social media than other clients.

TABLE 6.17: Relationship between *occupation* and the independent, intervening and dependent variables

Independent variable	**t-value**	**Sig(p)**
Benefits	2.194	**0.030**
Trustworthy content	0.788	0.432
Intervening variable		
Customer satisfaction	0.083	0.934
Dependent variable		
Customer retention	-0.567	0.572

Table 6.17, above, reveals that there is no significant relationship between the *occupation* of the respondents and the independent variable *trustworthy content*, as well as the intervening and dependent variables. Thus, whether respondents were students or employed, their *occupation* would have no significant influence on their perceptions regarding *trustworthy content, customer satisfaction* and *customer retention* in the banking industry. Therefore, the hypotheses HO_2, HO_3 and HO_4 are accepted.

From Table 6.17 it is, however, clear that there is a significant relationship between the *occupation* of the respondents and the independent variable *benefits* (0.030; $p<0.05$). A Cohen's d value of 0.390 indicates mean scores of small practical significance. Since a significant relationship does exist between the *occupation* of the respondents and the independent variable *benefits*, hypothesis HO_1 is rejected. This implies that whether respondents are students or employed, their *occupation* will influence their perceptions of the *benefits* that their bank offers through their social media channels. This might suggest that banks should offer different benefits on their social media channels for clients in different occupational groups.

6.9.2 RESULTS OF THE ANALYSIS OF VARIANCE

Analyses of variance (ANOVA) tests were conducted to test whether significant relationships exist between the biographical variables *population group*, *age*, *education level*, as well as *main bank*, and the independent, intervening and dependent variables. In addition, post-hoc Tukey's HSD tests were completed to identify significant differences in the mean scores of the different categories of respondents (Abdi & Williams 2010:1). Cohen's d values were also calculated to assess the practical significance of the mean scores.

Table 6.18, below, shows the ANOVA results of the relationships between the biographical variable *population group* and the independent, intervening and dependent variables.

TABLE 6.18: Relationships between *population group* and the independent, intervening and dependent variables

Independent variable	F-value	Sig(p)
Benefits	2.182	0.117
Trustworthy content	0.917	0.402
Intervening variable		
Customer satisfaction	2.954	0.055
Dependent variable		
Customer retention	1.701	0.186

It is evident in Table 6.18, above, that no significant relationships (all p-values > 0.05) exist between the biographical variable *population group* and respondents' views on the independent, intervening and dependent variables.

As this study considers social media channels, which is a fairly recent technological development and use for firms, an ANOVA was conducted to investigate the impact of age on perceptions of social media channels. The ANOVA results of the relationships between the biographical variable *age* and the independent, intervening and dependent variables are presented in Table 6.19, below. Three *age* categories were created: respondents <20 years old, those between 20-29 years old and respondents >30 years old.

TABLE 6.19: Relationships between *age* and the independent, intervening and dependent variables

Independent variable	F-value	Sig(p)
Benefits	0.028	0.972
Trustworthy content	1.030	0.360
Intervening variable		
Customer satisfaction	0.899	0.409
Dependent variable		
Customer retention	1.256	0.288

Table 6.19, above, reveals that no significant relationships (all p-values > 0.05) exist between the biographical variable *age* and the respondents' perceptions of the independent, intervening and dependent variables.

Table 6.20, below, presents the ANOVA results of the relationships between the biographical variable *education level* and the independent, intervening and dependent variables. Three *education level* categories were created, namely, respondents with a Matric/Grade 12 qualification, those with a certificate/undergraduate qualification and those holding a postgraduate qualification.

TABLE 6.20: Relationships between *education level* and the independent, intervening and dependent variables

Independent variable	**F-value**	**Sig(p)**
Benefits	3.929	**0.022**
Trustworthy content	4.575	**0.012**
Intervening variable		
Customer satisfaction	6.659	**0.002**
Dependent variable		
Customer retention	5.395	**0.006**

From Table 6.20, above, it is evident that significant relationships exists between the biographical variable *education level* and respondents' views on the variables *benefits* (0.022; p<0.05), *trustworthy content* (0.012; p<0.05), *customer satisfaction* (0.002; p<0.05) and *customer retention* (0.006; p<0.05).

The post-hoc Tukey's HSD test revealed that respondents possessing a certificate/undergraduate qualification (x = 2.853) scored the highest mean, followed by respondents possessing a Matric/Grade 12 qualification (x = 2.498). Respondents possessing a postgraduate qualification (x = 2.287) scored the lowest mean regarding *benefits*. This means that *benefits* from banks via social media channels are more important for respondents with a certificate/undergraduate qualification than they are for respondents with other qualification levels. A Cohen's d value of

0.58 indicates that these mean scores are of medium practical significance. This means that respondents’ education levels influence their perceptions regarding the *benefits* offered by their bank on social media channels.

From the post-hoc Tukey’s HSD test, it was evident that a difference in terms of the *education level* and the independent variable *trustworthy content* exists. The post-hoc Tukey’s HSD test revealed that respondents possessing a Matric/Grade 12 qualification (x = 3.752) scored the highest mean score. Respondents possessing a postgraduate qualification (x = 3.355) scored the second highest mean and respondents possessing a certificate/undergraduate qualification (x = 3.286) scored the lowest mean. This shows that respondents possessing a Matric/Grade 12 qualification trust the content of their banks’ social media channels more than respondents with other qualifications. A Cohen’s d value of 0.57 indicates that these mean scores are of medium practical significance, thus indicating that respondents’ perceptions of the *trustworthy content* on their banks’ social media channels is influenced by their education levels.

The post-hoc Tukey’s HSD test provides evidence that a difference in terms of *education level* and the intervening variable *customer satisfaction*. The post-hoc Tukey’s HSD test revealed that respondents possessing a Matric/Grade 12 qualification (x = 3.867) scored a higher mean score than respondents possessing a postgraduate qualification (x = 3.622) and respondents possessing a certificate/undergraduate qualification (x = 3.331). The mean scores indicate that respondents possessing a Matric/Grade 12 qualification are most satisfied with their bank, followed by those possessing a postgraduate qualification. Respondents possessing a certificate/undergraduate qualification were least satisfied with their bank. Medium practical significance between these mean scores was revealed, with a Cohen’s d value of 0.67. Therefore, respondents’ *education level* influenced their satisfaction with their bank.

It was evident from the post-hoc Tukey’s HSD test that there is a difference in terms of the *education level* and the dependent variable *customer retention*. The post-hoc Tukey’s HSD test revealed that respondents possessing a Matric/Grade 12 qualification (x = 3.558) scored a higher mean score than respondents possessing a postgraduate qualification (x = 3.216) and a certificate/undergraduate qualification (x = 3.028). This means that respondents with a Matric/Grade 12 qualification are more likely to be retained by their bank compared to respondents with other education levels. A Cohen's d value of 0.59 indicates that these mean scores are of medium practical significance.

As a result, respondents possessing a Matric/Grade 12 qualification are less likely to interact with their bank via social media channels in order to obtain *benefits* compared to respondents possessing a certificate/undergraduate qualification, but more likely than respondents possessing a postgraduate qualification. In addition, respondents possessing a Matric/Grade 12 qualification trust their banks' social media channels because of the content and quality more than respondents possessing a certificate/undergraduate qualification and postgraduate qualification. Respondents possessing a Matric/Grade 12 qualification were most likely to be satisfied with their bank. Respondents possessing a certificate/undergraduate qualification were the group least likely to be satisfied with their bank. Similarly, respondents possessing a Matric/Grade 12 qualification were most likely to be retained by their bank. Respondents possessing a certificate/undergraduate qualification were the group least likely to be retained by their bank.

Table 6.21, below, presents the ANOVA results of the relationships between the biographical variable clients' *main bank* and the independent, intervening and dependent variables.

TABLE 6.21: Relationship between clients' *main bank* and the independent, intervening and dependent variables

Independent variable	F-value	Sig(p)
Benefits	0.666	0.617
Trustworthy content	0.622	0.648
Intervening variable		
Customer satisfaction	1.380	0.244
Dependent variable		
Customer retention	**3.248**	**0.014**

Table 6.21, above, shows that a significant relationship exists between the biographical variable, clients' *main bank*, and the dependent variable, *customer retention* (0.014; $p<0.05$).

The post-hoc Tukey's HSD test revealed that, in regards to *customer retention,* Nedbank clients (x = 3.685) scored a higher mean than Capitec clients (x = 3.607), FNB clients (x = 3.349), ABSA clients (x = 3.267) and Standard Bank clients (x = 2.928). Therefore, respondents who use Nedbank as their *main bank* are more likely to be retained by their bank compared to those from other banks. A Cohen's d value of 0.87 indicates that these mean scores are of large practical significance.

6.10 SUMMARY

This chapter focussed on the presentation and discussion of the empirical results of the study. These results included the presentation of biographical information pertaining to the study's respondents, and determining the validity and reliability of the measuring instrument. Thereafter, descriptive statistics, Pearson's product-moment correlation coefficients and multiple regression calculations were discussed to analyse the relationships that exist between the independent, intervening and dependent variables. Finally, t-tests, ANOVA tests and post-hoc Tukey's HSD tests were calculated and discussed in order to identify whether relationships exist between respondents’ biographical variables and the independent, intervening and dependent variables.

The following and final chapter of this study will present a summary of the research and the main empirical results will be highlighted. Recommendations will also be provided to bank managers and marketers in South Africa on how to increase *customer satisfaction* and *customer retention* with the use of social media channels, which will ultimately improve the performance of banks.

CHAPTER SEVEN

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

7.1 INTRODUCTION

Chapter Six reported the empirical results of this study, which included a presentation of the biographical information of the study's respondents and determining the validity and reliability of the measuring instrument. To analyse the relationships that exist between the independent, intervening and dependent variables, descriptive statistics, Pearson's product-moment correlation coefficients and multiple regression analyses were calculated and discussed. Lastly, t-tests, ANOVA tests and post-hoc Tukey's HSD tests were calculated and discussed to identify whether relationships exist between the respondents' biographical variables and the independent, intervening and dependent variables.

This chapter will present a summary of the research study. An overview of the research will be provided and the main empirical results will be highlighted. Thereafter, recommendations will be provided to marketers and bank managers in South Africa on how to improve *customer satisfaction* and *customer retention* through the use of social media channels, which will ultimately improve the performance and profitability of South African banks. The chapter will conclude with a discussion on the limitations of the study and will provide possible areas for future research.

7.2 OVERVIEW OF THE RESEARCH

Chapter One served as a brief introduction to the study. A brief literature review was provided and the primary and secondary objectives of the study were identified. The primary objective was to identify the social media aspects (benefits, clients' trust and content) that influence *customer satisfaction* and *customer retention* in the banking industry. In order to address the primary objectives of this study, the following secondary research objectives were formulated:

- To conduct a literature review of the banking industry in terms of its characteristics and challenges.
- To highlight the importance of *customer satisfaction* and *customer retention* to banks.
- To provide an overview of the use of social media as a marketing tool.
- To empirically assess the perceptions of clients and managers regarding the use of social media in the banking industry.
- To provide guidelines and recommendations to banks on how to use social media channels in the banking industry, in order to increase *customer satisfaction* and *customer retention*.

After the primary and secondary objectives were discussed, the research hypotheses as well as research design and methodology were discussed. Lastly, the scope and the significance of the study were discussed.

An extensive literature review was presented in Chapters Two, Three and Four of the study. Chapter Two provided an overview of the financial services industry, with a specific focus on the banking industry. The banking industry was found to be the most important component of the financial services industry and plays a significant role in the economy by contributing to GDP and economic growth, lending and transferring funds as well as funding entrepreneurs. However, the banking industry faces many challenges, and it was found that these challenges could be overcome through relationship marketing. Relationship marketing is implemented by firms to develop strong connections with clients and to foster *customer satisfaction* and *customer retention*.

Chapter Three focussed on discussing *customer satisfaction* and *customer retention*. An overview of *customer satisfaction* and *customer retention* was provided, emphasising its importance in the banking industry, specifically. *Customer satisfaction* was found to be an important antecedent of *customer retention*. Therefore, in order for a firm to increase *customer retention*, clients must be satisfied. A firm, banks in particular, can benefit in many ways from increased *customer satisfaction* and *customer retention*. These benefits could possibly assist banks in overcoming the many challenges faced in the banking industry. It was found that banks can increase *customer satisfaction* and *customer retention* through strategies related to relationship marketing, with social media being identified as a marketing tool that could be used to increase *customer satisfaction* and *customer retention*.

Chapter Four provided an overview of social media as a marketing tool. Social media was defined, and the various social media channels that firms can use to reach clients were discussed. These social media channels included social networking sites, blogs, media sharing sites and user appraisal sites, all of which have different features and can therefore be used for different marketing strategies. The three most popular social media sites were found to be Facebook, Twitter and LinkedIn. The social media aspects, namely, benefits, clients' trust and content of social media were found to possibly influence clients' perceptions of social media. It was found that clients are willing to interact with firms via social media if they believe it is to their benefit, if they feel that they can trust the firm, and if engaging content is provided on social media channels. Banks therefore need to understand the social media aspects which clients perceive as important in order to meet clients' needs more effectively, thereby increasing *customer satisfaction* and *customer retention*. Therefore, the first three secondary objectives of the study were achieved in Chapters Two, Three and Four.

Chapter Five offered a discussion on the research methodology that was employed in the study. For the purpose of this study, a positivistic research paradigm following quantitative research methods was implemented. The data collection methods were discussed; in this regard, the aspects that were discussed were related to secondary data collection, primary data collection, the study's population and sample, sampling techniques, as well as the research instrument. The sample for this study was 150 clients and 30 managers within the banking industry in the Nelson Mandela Metropolitan area. Non-probability sampling, including criterion and snowball sampling, was used to draw the sample from the population. A self-administered online questionnaire was used to collect primary data. Finally, the data analysis methods were discussed. The resultant data from the questionnaires were subject to statistical analysis. The statistical methods included descriptive statistics, EFAs, Cronbach's Alpha correlation coefficients, Pearson's product-moment correlation coefficients, multiple regression analyses, t-tests, ANOVA tests and post hoc Tukey's HSD tests.

Chapter Six presented the results of the empirical investigation of the study. In light of this, the main empirical results of the study are herein summarised. The chapter first presented the biographical information of the client and manager respondents. Construct validity was assured by performing EFAs to test the validity of the data obtained from the questionnaires. Four factors emerged from the EFAs that were conducted. Factor loadings above 0.400 are considered to be reasonable, indicating validity. All four factors that emerged had factor loadings above 0.400. Sufficient evidence of validity for all four constructs was provided.

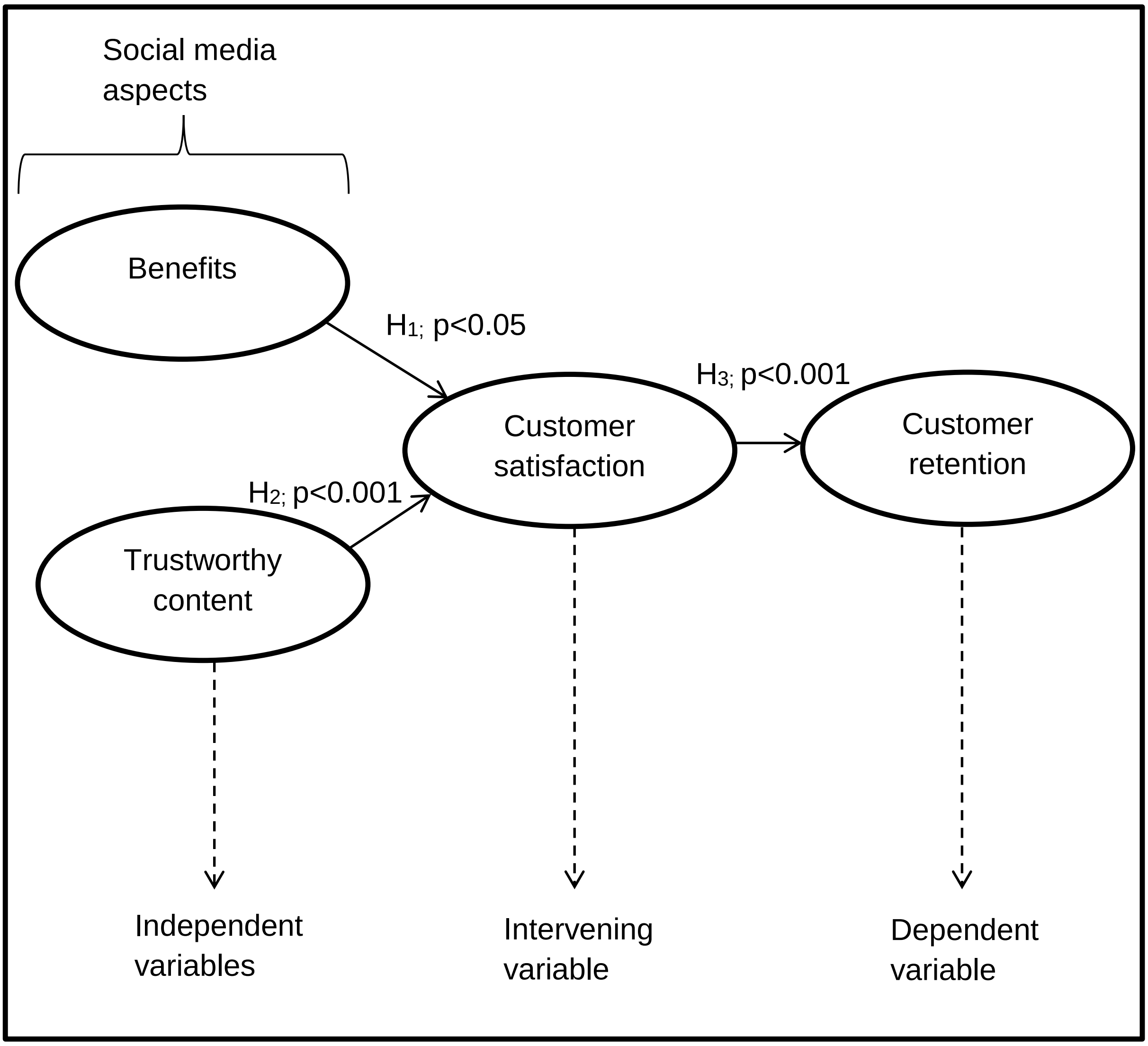
To examine the reliability of the data obtained from the measuring instrument, Cronbach's Alpha correlation coefficients were calculated for all factors. Cronbach's Alpha correlation coefficients above 0.60 were regarded as acceptable, indicating reliability. Amongst the reliability tests, a minimum Cronbach's Alpha correlation coefficient of 0.90 and a maximum Cronbach's Alpha correlation coefficient of 0.97 were reported. Therefore, it is evident that the reliability or internal consistency of the measuring instrument is satisfactory.

To review the data that was collected, further descriptive statistics were calculated. Descriptive statistics including means, standard deviations and frequency distributions were calculated, as related to the variables. For client respondents, the intervening variable, *customer satisfaction*, returned the highest mean score of 3.609 and the lowest standard deviation of 0.817. For manager respondents, the independent variable, *trustworthy content*, returned the highest mean score of 4.130 and the lowest standard deviation score of 0.526.

Pearson's product-moment correlation coefficients were also calculated. Positive links were found between all the variables. The strongest positive correlation was between *trustworthy content* and *customer satisfaction* (0.807) and the weakest correlation, although still positive, between *benefits* and *customer satisfaction* (0.112).

Multiple regression analyses were conducted to analyse the relationships that exist between the independent, intervening and dependent variables. The significant relationships between the independent, intervening and dependent variables, which became evident from the results of the multiple regression analyses, are depicted in Figure 7.1, below.

FIGURE 7.1: Empirical model



From Figure 7.1, above, it is evident that significant positive relationships exist between the independent variables *benefits* and *trustworthy content* and the intervening variable *customer satisfaction*. A significant positive relationship also exists between the intervening variable *customer satisfaction* and the dependent variable *customer retention.*

T-tests, ANOVA tests and post-hoc Tukey's HSD tests were conducted to identify whether relationships exist between the biographical variables and the independent, intervening and dependent variables. The t-tests reported that there were no significant relationships between the *gender* of the respondents and the independent, intervening and dependent variables. The biographical variable *occupation* showed a significant relationship to the independent variable *benefits*, implying that respondents' *occupation* will influence their perceptions of the *benefits* their bank offers through their social media channels. No significant relationship was reported between the independent variable *trustworthy content*, the intervening and the dependent variables, regarding respondents' *occupation*. The ANOVA tests reported that the biographical variables *population group* and *age* show no significant relationships to respondents' views on the independent, intervening and dependent variables, whereas the biographical variables *education level* and *main bank* show significant relationships to respondents' views on the independent, intervening and dependent variables. These results reveal that respondents possessing a certificate/undergraduate qualification are the most likely to interact with their bank via social media channels in order to obtain *benefits*. Respondents possessing a Matric/Grade 12 qualification trust their banks' social media channels the most and are most likely to be satisfied with and retained by their bank.

It is evident that the fourth secondary objective was achieved in Chapters Five and Six.

7.3 RECOMMENDATIONS

The following section will present recommendations to bank managers and marketers based on the main empirical results of this study.

7.3.1 BENEFITS

Benefits showed a significant positive relationship with *customer satisfaction*. This suggests that if clients are able to obtain certain *benefits* from interacting with their banks on social media channels, clients are likely to be satisfied with their banks' products/services. Therefore, social media *benefits* can improve *customer satisfaction* in the banking industry. The following recommendations have been prepared:

- Banks should offer benefits with tangible value to clients who interact with the bank on social media channels, such as discounts or rewards in the form of points. For example, when a client comments on a bank's post on their Facebook page regarding a new banking product/service, the bank could reward the client with loyalty points. These points could be redeemed by the client for certain purchases at specified retailers.
- Banks' social media channels should allow clients to browse products/services offered by the bank and learn about new products/services.
- Banks should offer clients the convenience of online banking, where clients can make online purchases and check their balances through their banks' social media channels.
- Banks should allow clients to post reviews about the banks' products/services as well as rate the banks' products/services on social media channels. This will assist other clients when choosing products/services and it will allow the bank to gain insight into the needs and expectations of clients, in order to meet these needs better in the future.
- Banks should use their social media channels as customer service channels, allowing clients to submit queries, share opinions and provide feedback to the bank via social media channels. Banks should have a well-informed team managing incoming communications in a positive, direct manner.
- Banks should host competitions on their social media channels. This stimulates interaction between clients and the bank, thus making clients feel that they are part of a community.

- Banks must supply the latest banking information to their clients on social media channels, thus benefitting clients who interact with their bank on social media channels.
- As *benefits* are more important to clients with a certificate/undergraduate qualification, banks can specifically target these clients with certain *benefits*. For example, banks could post links to new affordable banking products/services suitable for clients starting their careers, which could be posted specifically to these clients' Facebook pages.

7.3.2 TRUSTWORTHY CONTENT

As the empirical investigation showed that *trustworthy content* has a significant positive relationship with *customer satisfaction*, it is evident that *trustworthy content* can improve *customer satisfaction* within banks. This shows that if banks provide reliable and quality subject matter on their social media channels, clients are prone to be satisfied with their banks' products/services. The researcher proposes the following practical recommendations:

- Banks' social media channels should allow clients to directly interact with their bank, for example, by sending a direct message on Facebook or tweet the bank on Twitter. Banks should have dedicated employees monitoring the social media channels of the bank; these employees should react to client comments, queries and suggestions within a short space of time.
- Banks need to gain clients' trust by consistently keeping their promises to clients and fulfilling obligations made to clients via social media channels, such as replying to clients' comments within 24 hours.
- Banks need to offer secure transactions and protect clients' information on the banks' social media channels, for example, with security and privacy settings.
- Banks must offer quality services as well as show respect to clients on social media channels. For example, when there is an intermittent network connectivity issue on a bank's online facilities, the bank could tweet an apology for the inconvenience, informing clients that the problem is being

investigated, and further informing clients when the issue has been resolved. In addition, banks could post encouraging messages on their social media channels during certain religious holidays, festivals, feasts or seasons. This will ensure that clients feel valued and respected, which will ensure that they remain satisfied.

- Banks' social media channels should be vivid, and include text, images and videos. A bank's Facebook page could, for example, have links to videos of the bank's products/services in order to invite and/or convince clients to make use of more products/services from their bank. Another example could be how-to tutorials for online banking.
- Banks' social media channels should allow interactivity with the bank and with other clients. Content on banks' social media channels should therefore be interactive. For example, banks can post banking related questions on their Facebook page, encouraging clients to respond by commenting on the post and by conversing with other clients.
- Banks' social media channels should allow clients to easily access information. Information should be accurate, relevant and interesting to clients. For example, short and relevant financial and banking tips could be posted on the banks' Twitter feed.
- Banks should continuously load new, dynamic, compelling and fresh content onto their social media channels, such as current news on the banking industry and the economic state of the country.
- Banks' social media channels should provide expert opinions on banking matters, such as savings tips and investment options.
- Banks' social media channels should have a rapid loading speed.
- Banks should publish information on products/services on their social media channels, such as a new interest-free savings account.
- Clients should be able to access general banking information as well as exclusive banking information related to clients' specific banking requirements on banks' social media sites, such as statements and balances. Banks should therefore post links to their secured website on their Facebook page where clients can click and be redirected to view their bank statements and balances.

- Clients should be able to opt out of receiving marketing information at any time, such as ‘unliking’ the banks’ Facebook page or unfollowing the bank on Twitter.
- Clients with a Matric/Grade 12 qualification trust the content of their banks’ social media channels the most. Banks should, therefore, target these clients by offering content specifically relevant to them, such as student loan information.

7.3.3 CUSTOMER SATISFACTION AND CUSTOMER RETENTION

The results of this study reveal that the factor *customer satisfaction* has a significant positive relationship with the factor *customer retention*. Therefore, if a bank satisfies their clients’ needs and expectations, it can improve *customer retention* in the banking industry. This means that banks with satisfied clients would more easily retain their existing clients, and the risk of clients switching to competitors would decrease. Banks are, therefore, advised to consider the following recommendations:

- Banks must build and maintain long lasting relationships with clients through the *benefits* and *trustworthy content* offered to clients on the banks’ social media channels.
- Banks must satisfy clients’ various needs and demands through their products/services, as well as through social media channels. In other words, not only should banking products/services meet client expectations, social media channels used by the banks should also adhere to client requirements. For example, the Facebook and Twitter pages of banks should be inviting, easy to use and useful to clients.
- Banks must conduct business in a professional manner. To give an example, banks must respectfully and promptly reply to the queries that clients submit on social media channels, and should provide clients with a reference number for their query.
- Banks must provide transaction details and statements regularly to clients through social media channels. Banks can do this by sending notifications to clients through Facebook, to notify clients of their transactions and bank

statements. Clients can then open the notification which could be a link to the bank's secure website where this information can be viewed. Similarly, banks can allow clients to tweet to them in order to retrieve information on their accounts.

- Banks must use the latest technology such as social media interaction, banking applications and online banking.
- Banks must take corrective action, without delay, when clients have a complaint; for example, replying to a client's Facebook message and ensuring them that their complaint is being resolved.
- Banks must make use of customer satisfaction surveys on their social media channels. For example, a link to a short customer satisfaction survey could be posted on a bank's Twitter page and clients could be encouraged to complete the online survey.
- Banks must offer technical support through their social media channels. For example, clients can send a direct message to their bank on Facebook when they experience technical difficulties while conducting banking transactions online.

By implementing the above, banks are more likely to retain clients. By providing recommendations to banks on how to use social media channels to increase customer satisfaction and customer retention, the fifth secondary objective was achieved in Chapter Seven.

7.3.4 BIOGRAPHICAL VARIABLES

A t-test result showed a significant relationship between the *occupation* of respondents and the independent variable *benefits*. Therefore, whether respondents are students or employed their *occupation* will influence their perceptions of the *benefits* that their bank offers through social media channels. It is recommended that banks offer specific *benefits* that are appealing to clients of different *occupation* groups. For example, *benefits* aimed at students could include discounts or lower fees for interacting with the bank on social media channels, as well as the provision of product/service information to students on special student saving and investment accounts. Special customer service offerings can be made available to students who are new clients or are opening their first bank account. This can be performed through direct Facebook messaging between the bank and client. Banks should have a specific team devoted to managing student and new client queries. To target clients who are employed, information on banks' social media channels regarding banking products/services such as home loans, retirement annuities, wills and trusts and insurance should be provided.

The results of an ANOVA test revealed that a significant positive relationship exists between the biographical variable *education level* and respondents' views on the variables *benefits*, *trustworthy content*, *customer satisfaction* and *customer retention.* The post-hoc Tukey's HSD test revealed that respondents possessing a certificate/undergraduate qualification were most likely to interact with their banks via social media channels to obtain *benefits*, whereas respondents possessing a postgraduate qualification were least likely to interact with their banks via social media channels to obtain *benefits*. In addition, respondents possessing Matric/Grade 12 qualifications were most trusting of the content on their banks' social media channels. With regard to *customer satisfaction*, respondents possessing Matric/Grade 12 qualifications were the most satisfied with their bank. The least satisfied where respondents possessing a certificate/undergraduate qualification. Respondents possessing Matric/Grade 12 qualifications were also the most likely to be retained by their bank, with respondents possessing postgraduate qualifications being least likely to be retained by their bank.

The results of another ANOVA test revealed that a significant positive relationship exists between the biographical variable, clients' *main bank*, and the dependent variable, *customer retention*. The post-hoc Tukey's HSD test revealed that respondents that use Nedbank as their *main bank* are most likely to be retained by their bank, and respondents that use Standard Bank as their *main bank* are least likely to be retained by their bank. This might show that the other four main banks namely ABSA, Capitec, FNB and Standard Bank would need to concentrate more on customer retention strategies than Nedbank. Considering all of the above, the following recommendations have been prepared:

- Banks should offer *benefits* on their social media channels that are attractive to clients of all education levels. Respondents possessing a postgraduate qualification were least likely to interact with their banks via social media channels to obtain *benefits.* However, for clients with a certificate/undergraduate qualification, *benefits* were very important. Therefore, appropriate social media *benefits* should be designed for this group of clients. Banks should thus identify the specific *benefits* each client category wants, in order to better meet their needs and increase their *customer satisfaction.*
- Banks must strive to improve the trust of clients with higher education levels through the content of their social media channels. Respondents possessing a certificate/undergraduate qualification had the lowest level of agreement regarding *trustworthy content.* Banks, therefore, need to identify and provide specific content that will increase the trust of these clients. For example, banks can post articles on their Facebook page and on Twitter regarding the bank's performance on the stock market, market growth and share prices. These articles should contain insight from portfolio managers and research analysts, who advise clients. These relevant information posts might increase the levels of trust that these clients have for the bank.

7.3.5 SOCIAL MEDIA CHANNEL PREFERENCE

It was found that LinkedIn is the best social media channel for financial services firms to interact with clients. However, Facebook and Twitter were found to be the best social media channels for banks to interact with clients. This is interesting because Facebook is the most used social media channel amongst bank clients and bank managers. Media sharing sites were the second most used social media channel by clients, followed by Twitter. Therefore, it is recommended that banks use Facebook, Twitter and media sharing sites, such as YouTube, to communicate and interact with clients. This will allow banks to communicate with clients where they are, through clients' preferred social media channels.

All of the above recommendations might increase *customer satisfaction* and, ultimately, *customer retention* in the banking industry, through the use of social media channels. Therefore, taking all of the above into consideration, the primary objective of this study has been achieved.

7.4 CONTRIBUTIONS OF THE STUDY

As mentioned in Chapter One, *customer satisfaction* and *customer retention* are two of the most important factors contributing to the profitability and improved performance of a firm (Gan *et al.* 2006:84). The same applies to banks. For a bank to be successful, the importance of retaining satisfied clients as well as using tools and strategies to achieve these objectives must be understood. This study confirmed that social media can be used as a marketing tool to increase *customer satisfaction* and *customer retention*. This study therefore contributed to the new field of social media marketing, by testing the *benefits* and *trustworthy content* of social media for the first time. By means of developing the hypothetical model for this study, this study has contributed to previous knowledge on the subject of *customer retention*. Furthermore, the study also established and confirmed the significant positive relationship that exists between *customer satisfaction* and *customer retention* in the banking industry, specifically.

The measuring instrument developed for this study proved to be valid and reliable and can be used in further research studies.

All banks in South Africa can benefit from the empirical results and recommendations of this study, in terms of how to improve *customer satisfaction* and *customer retention* through the *benefits* and *trustworthy content* on their social media channels. These recommendations will ultimately increase the performance and profitability of banks in the banking industry.

7.5 LIMITATIONS OF THE STUDY AND RECOMMENDATIONS FOR FUTURE RESEARCH

This study has made a substantial contribution in identifying the perceptions on the use of social media, and relationships between social media aspects in the banking industry from both clients' and managers' perspectives, specifically in relation to *customer satisfaction* and *customer retention*. However, some research limitations were experienced during the completion of the study. As mentioned in Chapter Five, the sample size consisted of only 150 bank clients and 30 bank managers in the Nelson Mandela Metropolitan area. Therefore, generalisations cannot be made from the research results as the sample size does not represent the entire population. For future research, the sample could be expanded to include other metropolitan areas in South Africa. Bank managers were also difficult to contact and many were hesitant and unwilling to participate in the study or to disclose information.

This study focused on three independent variables, namely, *benefits*, *clients' trust* and *content*. Other variables may exist but, for the purpose of this exploratory study, only these three variables regarding banks' social media channels were identified and investigated. Furthermore, this study also focused on a predetermined intervening variable, namely *customer satisfaction*. *Customer satisfaction* explained 36.12% of the total variation in the dependent variable *customer retention*. Other intervening variables might exist but, for the purpose of this study, only *customer satisfaction* was identified as an intervening variable and, therefore, investigated. Therefore, future research can possibly include other independent and intervening variables. Other studies have suggested that there might be other independent variables that exist that could influence the perceptions that clients have regarding *customer satisfaction* and *customer retention* in the banking industry. Possible variables are, for example, competitive advantage, customer value, corporate image, level of involvement, attraction of alternatives and service quality (Boohene *et al.* 2013:83; Gan *et al.* 2006:86; Karim & Chowdhury 2014:5; Nguyen *et al*. 2013:97).

7.6 CONCLUDING REMARKS

Customer satisfaction and *customer retention* are important factors in the determination of banks' competitiveness, overall performance and success (Boohene *et al.* 2013:82-83; Karim & Chowdhury 2014:1,4; Koçoğlu & Kirmaci 2012:285). *Customer satisfaction* and *customer retention* therefore need to be continuously researched. The results of this study have emphasised the importance of *customer satisfaction* as well as the benefits of *customer satisfaction* for firms, especially banks. The results of this study have also made a valuable contribution to banks regarding the importance of *customer retention* and the influence that *customer retention* can have on the performance and profitability of a bank. This study also drew valuable conclusions regarding specific aspects of the banking industry, namely, banks' social media *benefits* and the *trustworthy content* thereof. In addition, a valuable contribution of this study is the recommendations provided to banks, specifically, on the social media aspects pertaining to the *benefits* and *trustworthy content* of banks' social media channels.

This study's collection of practical recommendations on banks' social media channels' *benefits*, *trustworthy content*, as well as ideas for improvement in *customer satisfaction* and *customer retention* levels should be implemented by banks. Once implemented, these recommendations will increase the *customer satisfaction* and *customer retention* of banks through the more effective use of social media channels.

REFERENCES

Abdi, H. & Williams, L.J. 2010. *Tukey's Honestly Significant Difference (HSD) Test.* Thousand Oaks, CA: Sage.

Abdollahi, G. 2008. *Creating a model for customer loyalty in banking industry of Iran.* Unpublished Masters dissertation. Lulea University of Technology: Iran.

Absa Twitter. 2015. *Absa.* [Online]. Available: https://twitter.com/Absa (Accessed on 09 July 2015).

Abubakar, A. & Gani, I.M. 2013. Impact of banking sector development on economic growth: another look at the evidence from Nigeria. *Journal of Business Management & Social Sciences Research,* 2(4):47-57.

Acharya, A.S., Prakash, A., Saxena, P. & Nigam, A. 2013. Sampling: Why and how of it? *Indian Journal of Medical Specialities*, 4(2):330-333.

Accountability Modules. 2012. *Data analysis: Describing data - Descriptive statistics*. [Online]. Available: http://www.preciousheart.net/chaplaincy/Auditor_Manual/9freqdid.pdf (Accessed on 24 November 2015).

Adapa, S. 2011. Continued and frequent use of internet banking by Australian consumers: identification of the factor components. *Journal of Internet Banking and Commerce,* 16(2):1-22.

Adewoye, O.J. & Omoregie, N.V. 2013. the impact of automatic teller machines on the cost efficiency of Nigeria. *Journal of Internet Banking and Commerce,* 18(3):1-20.

Agbolade, O.K. 2011. Information and communication technology and banks profitability in Nigeria. *Australian Journal of Business and Management Research,* 1(2):102-107.

Akbar, M.M & Parvez, N. 2009. Impact of service quality, trust, and customer satisfaction on customers loyalty. *ABAC Journal*, 29(1):24-38.

Alam, S.S. & Yasin, N.M. 2010. An investigation into the antecedents of customer satisfaction of online shopping. *Journal of Marketing Development and Competitiveness,* 5(1):71-78.

Ali, P. & Sankaran, S. 2010*. 'Online Shopping' customer satisfaction and loyalty in Norway.* Unpublished Masters dissertation. Sweden: University of Karlskrona.

Aliyu, A., Bello, M.U., Kasim, R. & Martin, D. 2014. Positivist and non-positivist paradigm in social science research: Conflicting paradigms or perfect partners? *Journal of Management and Sustainability,* 4(3):79-95.

Alshibly, H.H. 2015. Customer perceived value in social commerce: An exploration of its antecedents and consequences. *Journal of Management Research,* 7(1):17-37.

Alshurideh, M., Masa'deh, R. & Alkurdi, B. 2012. The effect of customer satisfaction upon customer retention in the Jordanian mobile market: An empirical investigation. *European Journal of Economics, Finance and Administrative Sciences,* 47:69-78.

Anjum, A., More, V.S., & Ghouri, A.M. 2012. Social media marketing: a paradigm shift in business. *International Journal of Economics Business and Management Studies*, 1(3): 96-103.

Arain, M., Campbell, M.J., Cooper, C.L. & Lancaster, G.A. 2010. What is a pilot or feasibility study? A review of current practice and editorial policy. *Bio Med Central Medical Research Methodology*, (10):1-7.

Asif, M. 2013. Methodological pluralism with reference to recent literature. *European Journal of Research in Social Sciences,* 1(1):24-37.

Assaad, W. & Gómez, J.M. 2011. Social network in marketing (social media marketing) opportunities and risks. *International Journal of Managing Public Sector Information and Communication Technologies (IJMPICT),* 2(1):13-22.

Awdeh, A. 2012. Banking sector development and economic growth in Lebanon. *International Research Journal of Finance and Economics,* 100:53-62.

Babbie, E. 2010. *The practice of social research.* 12th edition. Wadsworth: Cengage Learning.

Baily, M.N. & Elliot, D.J. 2013. *The role of finance in the economy: Implications for structural reform of the financial sector.* [Online]. Available: http://www.brookings.edu/research/papers/2013/07/11-finance-role-in-economy-baily-elliott (Accessed on 2 May 2015).

Baird, C.H. & Parasnis, G. 2011. From social media to social CRM- What customers want. *IBM Institute for Business Value.* [Online]. Available: https://www.ibm.com/smarterplanet/global/files/se__sv__commerce__from_social_media_to_social_crm.pdf (Accessed on 2 February 2015).

Baruah, T.D. 2012. Effectiveness of social media as a tool of communication and its potential for technology enabled connections: A micro-level study. *International Journal of Scientific and Research Publication,* 2(5):1-10.

Bashar, A., Ahmad, I. & Wasiq, M. 2012. Effectiveness of social media as a marketing tool: an empirical study. *International Journal of Marketing, Financial Services & Management Research,* 1(11):88-99.

Beins, B.C. & McCarthy, M.A. 2012. *Research methods and statistics.* New Jersey: Pearson.

Bell, J. 2010. *Doing your research project.* 5th edition. London: McGraw Hill.

Berndt, A., Du Plessis, L., Klopper, H.B., Lubbe, I. & Roberts-Lombard, M. 2009. *Starting out in marketing*. Roodepoort: Future Vision Business Consultants.

Bird, D.K. 2009. The use of questionnaires for acquiring information on public perception of natural hazards and risk mitigation- a review of current knowledge and practice. *Natural Hazards and Earth System Sciences,* 9:1307-1325.

Bolotaeva, V. & Cata, T. 2011. Marketing opportunities with social networks. *Journal of Internet Social Networking and Virtual Communities,* [Online]. Available: http://www.ibimapublishing.com/journals/JISNVC/jisnvc.html (Accessed on 10 March 2015).

Boohene, R., Agyapong, G. & Gonu, E. 2013. Factors influencing the retention of customers of Ghana commercial bank within the Agona Swedru Municipality. *International Journal of Marketing Studies,* 5(4):82-95.

Borrego, M., Douglas, E.P. & Amelink, C.T. 2009. Quantitative, qualitative, and mixed research methods in engineering education. *Journal of Engineering Education*, 98(1):53-66.

Bose, S. & Rao, V.G. 2011. Perceived benefits of customer loyalty programs: validating the scale in the Indian context. *Management and Marketing,* 6(4):543-560.

Botha, M., Rossini, L., Geach, W., Goodall, B., Du Preez, L. & Rabenowitz, P. 2013. *The South African financial planning handbook 2013*. Durban: Lexisnexis.

Braude, R. 2009. *Social media's effect on consumer perception of organizational reputation and innovation*. Unpublished Masters dissertation. Glassboro: Rowan University.

Brodie, R.J., Ilic, A., Juric, B. & Hollebeek, L. 2011. Consumer engagement in a virtual brand community: An exploratory analysis. *Journal of Business Research,* 66(1):105–114.

Burns, R.B. & Burns, R.A. 2008. *Business research methods and statistics using SPSS*. London: SAGE.

Business Day Live. 2015. *Capitec stock far outpaces peers with 40% rise.* [Online]. Available: http://www.bdlive.co.za/business/financial/2015/07/06/capitec-stock-far-outpaces-peers-with-40-rise (Accessed on 06 July 2015).

Cahan, S. & Gamliel, E. 2011. First among others? Cohen's d vs. alternative standardized mean group difference measures. *Practical Assessment, Research & Evaluation*, 16(10):1-6.

Capitec Bank Facebook page. 2015. *Capitec Bank.* [Online]. Available: https://www.facebook.com/CapitecBank?fref=ts (Accessed on 07 July 2015).

Capitec Bank Twitter. 2015. *Capitec Bank SA.* [Online]. Available: https://twitter.com/capitecbanksa (Accessed on 08 July 2015).

Carbone, L. 2015. *What are the benefits of social media marketing? Business2Community*. [Online]. Available: http://www.business2community.com/social-media/benefits-social-media-marketing-01140985 (Accessed on 26 March 2015).

Chand, S. n.d. *Commercial Banks: 7 Important role of commercial banks in a developing country.* [Online]. Available: http://www.yourarticlelibrary.com/banking/commercial-banks-7-important-role-of-commercial-banks-in-a-developing-country/10968/ (Accessed on 12 July 2015).

Chavan, J. 2013. Internet banking- benefits and challenges in an emerging economy. *International Journal of Research in Business Management,* 1(1):19-26.

Chigamba, C & Fatoki, O. 2011. Factors influencing the choice of commercial banks by university students in South Africa. *International Journal of Business and Management,* 6(6):66-76.

Chua, Y.K. & Banerjee, S. 2015. Marketing via social networking sites: A Study of brand-post popularity for brands in Singapore. *International MultiConference of Engineers and Computer Scientists,* 1:1-6.

Chung, M.K. 2007. Correlation Coefficient. *Encyclopedia of measurement and statistics.* [Online]. Available: http://srmo.sagepub.com/view/encyclopedia-of-measurement-and-statistics/n109.xml (Accessed on 23 April 2015).

Cisnero, K. 2014. 10 benefits of social media for business every skeptic should know. *Hootsuite.* [Online]. Available: http://blog.hootsuite.com/social-media-for-business/ (Accessed on 26 March 2015).

Claessens, S., Hassib, O. & van Horen, N. 2014. *How foreign banks facilitate trade in tranquil and crisis times: Finance or information?* [Online]. Available: https://www.imf.org/external/np/seminars/eng/2014/trade/pdf/VanHoren.pdf (Accessed on 28 June 2015).

Clark, M & Melancon, J. 2013. The influence of social media investment on relational outcomes: a relationship marketing perspective. *International Journal of Marketing Studies,* 5(4):132-142.

Cognizant. 2014. How banks can use social media analytics to drive business advantage. [Online]. Available: http://www.cognizant.com/InsightsWhitepapers/How-Banks-Can-Use-Social-Media-Analytics-To-Drive-Business-Advantage.pdf (Accessed on 10 July 2015).

Cohn, M. n.d. *Social media vs social networking*. CompuKol Communications LLC. [Online]. Available: http://www.compukol.com/blog/social-media-vs-social-networking/ (Accessed on 25 February 2015).

Collis, J. & Hussey, R. 2003. *Business research: A practical guide for undergraduate and postgraduate students.* 2nd edition. Great Britain: Palgrave Macmillan.

Collis, J. & Hussey, R. 2009. *Business research: A practical guide for undergraduate and postgraduate students.* 3rd edition. Basingstoke: Palgrave Macmillan.

Council for Medical Schemes. 2014. *Registered banks as at 31 December 2014.* [Online]. Available: www.medicalschemes.com/files/.../Rgstrdbnks20141231.xlsx (Accessed on 13 July 2015).

Creswell, J.W. 2009. *Research design qualitative, quantitative and mixed methods approaches.* 3rd edition. California: SAGE.

Das, S.K. 2013. Social and innovative banking strategies for sustainable banking in India. *International Journal of Economics, Finance and Management,* 2(2):209-223.

Dasteel, J. 2014. *Customer loyalty is dead. Long live engagement!* [Online]. Available: http://www.forbes.com/sites/oracle/2014/03/28/customer-loyalty-is-dead-long-live-engagement/ (Accessed on 14 July 2015).

Davies, M.B. 2007. *Doing a successful research project.* New York: Palgrave Macmillan.

DeFour-Howard, J. 2015. *Research methods: A handbook for beginners...*Outskirts press: Colorado.

De Vries, L., Gensler, S. & Leeflang, P. 2012. Popularity of brand posts on brand fan pages: An investigation of the effects of social media marketing. *Journal of Interactive Marketing*, 26(2):83-91.

Deloitte. 2012. *Deloitte on Africa Banking regulatory environment and supervision in Africa.* [Online]. Available: http://www2.deloitte.com/content/dam/Deloitte/au/Documents/international-specialist/deloitte-au-aas-banking-regulatory-environment-supervision-africa-12.pdf (Accessed on 06 June 2015).

Deloitte. 2013. *Who says banks can't be social? Become a social bank, inside and out.* [Online]. Available: https://www2.deloitte.com/content/dam/Deloitte/global/Documents/Financial-Services/gx-fsi-ca-who-said-bank-cant-be-social-2013-10.pdf (Accessed on 09 July 2015).

DeMers, J. 2014. *The top 10 benefits of social media marketing*. Forbes. [Online]. Available: http://www.forbes.com/sites/jaysondemers/2014/08/11/the-top-10-benefits-of-social-media-marketing/ (Accessed on 25 March 2015).

Deng, Z., Lu, Y., Wei, K. & Zhang, J. 2010. Understanding customer satisfaction and loyalty: An empirical study of mobile instant messages in China. *International Journal of Information Management,* 30:289-300.

Driscoll, D.L. 2011. *Introduction to primary research: observations, surveys, and interviews.* [Online]. Available: http://www.parlorpress.com/pdf/driscoll--introduction-to-primary-research.pdf (Accessed on 28 May 2015).

Du Plessis, L. 2010. *Customer relationship management and its influence on customer loyalty at Liberty Life in South Africa.* Unpublished Masters dissertation. Johannesburg: University of Johannesburg.

eBizMBA Online. 2015. *Top 15 most popular social networking sites.* [Online]. Available: http://www.ebizmba.com/articles/social-networking-websites (Accessed on 25 February 2015).

Entrepreneur. 2013. *Small business loans.* [Online]. Available: http://www.entrepreneurmag.co.za/advice/starting-a-business/small-business-advice/small-business-loans/ (Accessed on 12 July 2015).

Ernst & Young. 2013. *The journey toward greater customer centricity.* [Online]. Available: http://www.ey.com/Publication/vwLUAssets/The_journey_toward_greater_customer_centricity__US/$FILE/Customer_Centricity_Paper_29_April_Final_US.pdf (Accessed on 14 July 2015).

Erragcha, N. & Romdhane, R. 2014. Social networks as marketing tools. *Journal of Internet Banking and Commerce,* 19(1):1-12.

Evans, A., Twomey, J. & Talan, S. 2011. Twitter as a public relations tool. *Public Relations Journal,* 5(1):1-20.

Farooq, F. & Jan, Z. 2012. The impact of social networking to influence marketing through product reviews. *International Journal of Information and Communication Technology Research,* 2(8):627-637.

Faurie, J. 2014. *The true motive behind regulation: is the FSB working towards improvement?* FA News. 9 April. [Online]. Available: http://www.fanews.co.za/article/front-page-features/25/the-stage/1145/the-true-motive-behind-regulation-is-the-fsb-working-towards-improvement/15800 (Accessed on 02 March 2015).

Fin24. 2013. *Capitec ousts Nedbank from No 4 slot.* [Online]. Available: http://www.fin24.com/Companies/Financial-Services/Capitec-ousts-Nedbank-from-No-4-slot-20130508 (Accessed on 18 March 2015).

Fin24. 2015. *Customers slightly happier with SA banks – index.* [Online]. Available: http://www.fin24.com/Companies/Financial-Services/Customers-slightly-happier-with-SA-banks-index-20150302 (Accessed on 12 March 2015).

FINsights. 2011. *The rise of social media in financial services- balancing risk and reward.* [Online]. Available: http://www.infosys.com/FINsights/Documents/pdf/issue9/social-media-financial-services-risk-reward.pdf (Accessed on 08 July 2015).

FNB Twitter. 2015. *FNB South Africa.* [Online]. Available: https://twitter.com/FNBSA (Accessed on 08 July 2015).

Fraiture, C. 2012. *Private banks summary social media report.* [Online]. Available: http://eenennul.nl/private-banks-summary-social-media-report/ (Accessed on 11 July 2015).

Friedman, E. & Benedict, N. 2012. *Financial advisors' use of social media moves from early adoption to mainstream.* [Online]. Available: https://business.linkedin.com/content/dam/business/marketing-solutions/global/en_US/site/pdf/wp/linkedin-research-financial-advisors-use-social-media.pdf (Accessed on 02 July 2015).

Gan, C., Cohen, D., Clemes, M. & Chong, E. 2006. A survey of customer retention in the New Zealand banking industry. *Banks and Bank Systems,* 1(4):83-99.

Ganiyu, R.A., Uche, I.I. & Elizabeth, A.O. 2012. Is customer satisfaction an indicator of customer loyalty? *Australian Journal of Business and Management Research,* 2(7):14-20.

Gavalda, M. 2014. *Beginner's guide to website speed optimization.* [Online]. Available: https://kinsta.com/learn/page-speed/ (Accessed on 15 July 2015).

Gensler, S., Völckner, F., Liu-Thompkins, Y. & Wiertz, C. 2013. Managing brands in the social media environment. *Journal of Interactive Marketing,* 27:242–256.

Gilaninia, S., Almani, A.M., Pournaserani, A. & Mousavian, S.J. 2011. Relationship marketing: A new approach to marketing in the third millennium, *Australian Journal of Basic and Applied Sciences*, 5(5):788-799.

Gleim, J.A. & Gliem, R.R. 2003. Calculating, interpreting and reporting Cronbach's Alpha coefficient for Likert-type Scales. *2003 Midwest research to practice conference in adult, continuing, and community education*. Columbus: The Ohio University.

Goi, C. 2014. The impacts of social media on the local commercial banks in Malaysia. *Journal of Internet Banking and Commerce,* 19(1):1-10.

Gravetter, F.J. & Wallnau, L.B. 2012. *Essentials of statistics for the behavioural sciences.* 8th edition. Belmont CA: Wadsworth Cengage Learning.

Gundlach, G.T. & Wilkie, W.L. 2009. The American Marketing Association's new definition of marketing: perspective and commentary on the 2007 revision. *Journal of Public Policy & Marketing,* 28(2):259-264.

Hamid, N.R.A., Akhir, R.M. Cheng, A.Y. n.d. Social media: An emerging dimension of marketing communication. *Journal of Management and Marketing Research,* [Online]. Available: http://www.aabri.com/manuscripts/121420.pdf (Accessed on 12 March 2015).

Hanlon, B. & Larget, B. 2011. *Samples and populations*. Wisconsin: Madison.

Harbour, S. 2015. *The Difference between Relationship Marketing & CRM.* [Online]. Available: http://smallbusiness.chron.com/difference-between-relationship-marketing-crm-57555.html (Accessed on 15 March 2015).

Hassan, M.A. 2015. *Research Population.* [Online]. Available: http://www.academia.edu/5563491/Research_Population (Accessed on 31 July 2015).

Hartshorn, S. 2010. 5 Differences between social media and social networking. *Social Media Today,* 4 May. [Online]. Available: http://www.socialmediatoday.com/content/5-differences-between-social-media-and-social-networking (Accessed on 25 February 2015).

Hendricks, D. 2013. *8 Ways you can encourage check-ins at your business.* Forbes. [Online]. Available: http://www.forbes.com/sites/drewhendricks/2013/09/16/8-ways-you-can-encourage-check-ins-at-your-business/ (Accessed on 07 June 2015).

Henson, R.K. & Roberts, J.K. 2006. Use of Exploratory factor analysis in published research: Common errors and some comment on improved practice. *Educational and Psychological Measurement*, 66(3):393-416.

Hainer, R. 2015. *What are the benefits for customers of major companies using social media?* [Online]. Available: http://smallbusiness.chron.com/benefits-customers-major-companies-using-social-media-29682.html (Accessed on 25 March 2015).

Howell, D.C. 2008. *Fundamental statistics for the behavioral sciences*. 6th edition. Belmont CA: Thomson/Wadsworth.

Hussain, S.B., Rawjee, V.P. & Penceliah, S. 2014. The applicability of relationship marketing at non-profit organizations: a developing country perspective. *Problems and Perspectives in Management*, 12(4):155-160.

Investopedia. 2015. *Market saturation.* [Online]. Available: http://www.investopedia.com/terms/m/marketsaturation.asp (Accessed on 12 July 2015).

Jamieson, L & Williams, L.M. 2003. Focus group methodology: Explanatory notes for the novice nurse researcher. *Contemporary Nurse*, 14(3):271–280.

Jain, M. K. 2013. An analysis of marketing mix: 7Ps or More. *Asian Journal of Multidisciplinary Studies,* 1(4):23-28.

Jesri, P., Ahmadi, F. & Fatehipoor, M. 2013. Effects of relationship marketing (RM) on customer loyalty (case study: Mehr bank, Kermanshah Province, Iran). *Interdisciplinary Journal of Contemporary Research In Business,* 4(11):304-312.

Jiang, L., Yang, Z. & Jun, M. 2013. Measuring consumer perceptions of online shopping convenience. *Journal of Service Management,* 24(2):191-214.

Johnson, B. & Christensen, L. 2012. *Educational research*. 4th edition. California: SAGE.

Jonker, J. & Pennink, B. 2010. *The essence of research methodology*. London: Springer Heidelberg Dordrecht.

Jumaev, M., Kumar, D. & Hanaysha, J. 2012. Impact of relationship marketing on customer loyalty in the banking sector. *Far East Journal of Psychology and Business*, 6(3):36-55.

Karim, R.A. & Chowdhury, T. 2014. Customer satisfaction on service quality in private commercial banking sector in Bangladesh. *British Journal of Marketing Studies,* 2(2):1-11.

Kaul, V. 2012. The digital communications revolution. *Online Journal of Communication and Media Technologies*, 2(3):113-130.

Kaur, N. & Kiran, R. 2014. Customer satisfaction and customer loyalty in e-banking in India: the intricacies of relationship*. Journal of Business and Management,* 16(9):6-13.

Keegan, S. 2009. *Qualitative research*. London: Kogan Page.

Keiningham, T.L., Cooil, B., Aksoy, L., Andreassen, T.W. & Weiner, J. 2007. The value of different customer satisfaction and loyalty metrics in predicting customer retention, recommendation, and share-of-wallet. *Customer satisfaction and loyalty,* 1(4):361-384.

Khalid, K., Hilman, H. & Dileep, M. 2012. Get along with quantitative research process. *International Journal of Research in Management*, 2(2):15-29.

Khan, I. 2012. Impact of customers satisfaction and customers retention on customer loyalty. *International Journal of Scientific & Technology Research*, 1(2):106-110.

Khan, S. 2013. Attaining customer satisfaction! The role of customer value and relation base marketing a study of policy holders of Peshawar Pakistan. *International Journal of Managing Value and Supply Chains*, 4(1):11-24.

Khan, M.M. & Fasih, M. 2014. Impact of service quality on customer satisfaction and customer loyalty: evidence from banking sector. *Pakistan Journal of Commerce and Social Sciences,* 8(2):331-354.

Kheng, L.L., Mahamad, O., Ramayah, T. & Mosahab, R. 2010. The impact of service quality on customer loyalty: a study of banks in Penang, Malaysia. *International Journal of Marketing Studies*, 2(2):57-66.

Kim, J.Y. & Hammick, J.K. 2013. Corporate communication on Twitter: Relationship effects on audience behaviour. *PRism* 9(1):1-14.

Kira, A.R. 2013. The factors affecting Gross Domestic Product (GDP) in developing countries: The case of Tanzania. *European Journal of Business and Management,* 5(4):148-158.

Koba, M. 2011. *Gross Domestic Product: CNBC explains.* [Online]. Available: http://www.cnbc.com/id/44505017 (Accessed on 12 July 2015).

Koçoğlu, D. & Kirmaci, S. 2012. Customer relationship management and customer loyalty; a survey in the sector of banking. *International Journal of Business and Social Science,* 3(3):282-291.

Kolapo, F.T., Ayeni, K.R. & Oke, O.M. 2012. Credit risk and commercial banks' performance In Nigeria: a panel model approach. *Australian Journal of Business and Management Research,* 2(2):31-38.

Kotler, P. & Keller, K.L. 2006. *Marketing Management*. 12th edition. New Jersey: Pearson Prentice Hall.

Kraska-Miller, M. 2009. *Nonparametric statistics for social and behavioral sciences.* CRC Press: Northwestern.

Kumbirai, M & Webb, R. 2010. A financial ratio analysis of commercial bank performance in South Africa. *African Review of Economics and Finance,* 2(1):30-53.

Lamna. 2015. *Small businesses struggle to get bank loans.* [Online]. Available: http://www.lamna.co.za/blog/2015/01/small-businesses-struggle-to-get-bank-loans/ (Accessed on 19 September 2015).

Lancaster, G. 2005. *Research methods in management*. Oxford: Elserivier.

Lashmi, P. & Kumar, S. 2012. Economic growth and impact of service's sector in India. *International Journal of Business Management and Economic Research,* 3(5):627-632.

Lee, R. M. 2000. *Unobtrusive Methods in Social Research*. Open University Press: Philadelphia.

Lekhanya, L.M. 2013. The use of social media and social networks as the promotional tool for rural small, medium and micro enterprises in KwaZulu-Natal. *International Journal of Scientific and Research Publications,* 3(7):1-7.

LinkedIn. 2014. *The sophisticated marketer's guide to LinkedIn.* [Online]. Available: https://business.linkedin.com/content/dam/business/marketing-solutions/global/en_US/campaigns/pdfs/Linkedin_SophGuide_011614.pdf (Accessed on 01 July 2015).

LinkedIn. 2015. *About us.* [Online]. Available: https://www.linkedin.com/about-us?trk=hb_ft_about (Accessed on 15 March 2015).

Loureiro-Koechlin, C. 2009. *Interviews v Online Surveys*. [Online]. Available: http://brii-oxford.blogspot.com/2009/03/interviews-v-online-surveys.html (Accessed on 22 May 2015).

Luca, M. 2011. *Reviews, Reputation, and Revenue: The Case of Yelp.com.* Working paper. Harvard Business School: Boston.

Ma, Z. Factors affect the customer satisfaction of internet banking: An empirical study in China. *Journal of Convergence Information Technology,* 7(3):101-109.

Madjid, R. 2013. Customer trust as relationship mediation between customer satisfaction and loyalty at bank Rakyat Indonesia (BRI) Southeast Sulawesi. *The International Journal of Engineering and Science,* 2(5):48-60.

Malhotra, P. & Singh, B. 2009. the impact of internet banking on bank performance and risk: *The Indian Experience. Eurasian Journal of Business and Economics*, 2(4):43-62.

Mamman, A. & Hashim, Y.A. 2014. Impact of Bank Lending on Economic Growth in Nigeria. *Research Journal of Finance and Accounting,* 5(18):174-182.

Manerikar, V. & Manerikar, S. 2014. A note on exploratory research. *A Peer Reviewed Research Journal,* 17(1):95-96.

Manjunath, T.N., Ravindra, S.H. & Archana, R.A. 2012. A Study on Sampling Techniques for Data Testing. *International Journal of Computer Science and Communication,* 3(1):13-16.

Masterton, R. & Pickton, D. 2014. *Marketing an introduction*. 3rd edition. De Montfort University: SAGE.

Mbaeri, C.C., Adioha, N.F. & Uzokwe Nnamdi, J. 2015. Bank reform and economic growth in Nigeria. *International Journal for Innovation Education and Research*, 3(5):66-72.

McGregor, S.L.T., & Murnane, J.A. 2010. Paradigm, methodology and method: Intellectual integrity in consumer scholarship. *International Journal of Consumer Studies,* 34(4): 419-427.

Media Club South Africa. 2015. *South Africa's economy: key sectors.* [Online]. Available: http://www.mediaclubsouthafrica.com/africa/37-economy/economy-bg/111-sa-economy-key-sectors (Accessed on 27 March 2015).

Mohsan, F., Nawaz, M.M., Khan, M.S., Shaukat, Z. & Aslam, N. 2011. Impact of customer satisfaction on customer loyalty and intentions to switch: evidence from banking sector of Pakistan. *International Journal of Business and Social Science,* 2(16):263-270.

Moloi, T. 2014. *Banking regulatory and market framework in South Africa.* [Online]. Available: http://www.academia.edu/7474016/Banking_regulatory_framework_in_South_Africa (Accessed on 06 June 2015).

Mosahab, R., Mahamad, O. & Ramayah, T. 2010. Service quality, customer satisfaction and loyalty: a test of mediation. *International Business Research,* 3(4):72-80.

Mudambi, S.M. & Schuff, D. 2010. What makes a helpful online review? A study of customer reviews on amazon.com. *MIS Quarterly,* 34(1):185-200.

Muhammad, T. & Abdul, G. 2012. “Embracing the social media bandwagon” –A study of micro firms. *American International Journal of Contemporary Research,* 2(3):246-251.

Nagy, S. & Leavy, H. 2011. *The practice of qualitative research.* 2nd edition. India: SAGE.

Nakhleh, H. 2012. The relationship between customer relationship marketing tactics, relationship quality and customer's loyalty in mobile communication industry. *Academic Research International,* 3(2):538-547.

Nedbank. 2014. *Current Media Release.* [Online]. Available: https://www.nedbank.co.za/website/content/mediakit/media_content.asp?page=top&article=current&prID=1588 (Accessed on 11 July 2015).

Nedbank Facebook Page. 2015. *Nedbank.* [Online]. Available: https://www.facebook.com/Nedbank?fref=ts (Accessed on 07 July 2015).

Neti, S. 2011. Social media and its role in marketing. *International Journal of Enterprise Computing and Business Systems,* 1(2):1-15.

Neuman, W.L. 2011. *Social research methods*. 7th edition. Columbus: Pearson.

Nguyen, N., Leclerc, A. & LeBlanc, G. 2013. The mediating role of customer trust on customer loyalty. *Journal of Service Science and Management,* 6:96-109.

Nimako, S.G., Gyamfi, N.K. & Wandaogou, A.M.M. 2013. Customer satisfaction with internet banking service quality in the Ghanaian banking industry. *International Journal of Scientific & Technology Research,* 2(7):165-175.

Norris, M. & Lecavalier, L. 2009. Evaluating the use of exploratory factor analysis in development disability psychological research. *Journal of Autism and Development Disorders,* 40(1):8-20.

Oluwatayo, J.A. 2012. Validity and Reliability Issues in Educational Research. *Journal of Educational and Social Research,* 2(2): 391-400.

Oluwatolani, O., Joshua, A. & Philip, A. 2011. The impact of information technology in Nigeria's banking industry. *Journal of Computer Science and Engineering,* 7(2):63-67.

Oldert, N. Ed. 2014. *Profile's unit trusts & collective investments*. March. Johannesburg: Profile Media.

Pattison, P.E., Robins, G.B., Snijders, T.A.B. & Wang, P. 2011. *Conditional estimation of exponential random graph models from snowball sampling designs*. [Online]. Available: http://sna.unimelb.edu.au/__data/assets/pdf_file/0007/668320 /snowballTechReport.pdf (Accessed on 26 April 2015).

Penwarden, R. 2013. *Comparing closed-ended and open-ended questions.* [Online]. Available: http://fluidsurveys.com/university/comparing-closed-ended-and-open-ended-questions/ (Accessed on 29 July 2015).

Peters, K., Chen, Y., Kaplan, A.M., Ognibeni, B. & Pauwels, K. 2013. Social media metrics - A framework and guidelines for managing social media. *Journal of Interactive Marketing,* 27:281–298.

Pirc, J. 2012. *Qualifying questions – making sure you are hitting your target.* [Online]. Available: http://blog.lab42.com/qualifying-questions-making-sure-you-are-hitting-your-target (Accessed on 29 July 2015).

Pradiptarini, C. 2011. Social media marketing: measuring its effectiveness and identifying the target market. *Journal of Undergraduate Research,* 14:1-11.

PricewaterhouseCoopers. 2011. *The Southern Africa Financial Services Journal.* [Online]. Available: https://www.pwc.co.za/en/assets/pdf/Financial-Services-Journal-2011.pdf (Accessed on 03 March 2015).

PricewaterhouseCoopers. 2013. *Shaping the bank of the future South African banking survey 2013.* [Online]. Available: http://www.pwc.co.za/en_ZA/za/assets/pdf/south-african-banking-survey-2013.pdf (Accessed on 20 March 2015).

PricewaterhouseCoopers. 2014. *Stability amid uncertainty South Africa – Major banks analysis.* [Online]. Available: http://www.pwc.co.za/en_ZA/za/assets/pdf/major-bank-analysis-september-2014.pdf (Accessed on 07 June 2015).

Rahmani-Nejad, L., Firoozbakht, Z. & Taghipoor, A. 2014. Service quality, relationship quality and customer loyalty (case study: banking industry in Iran). *Open Journal of Social Sciences*, 2:262-268.

Rai, A.K. & Medha, S. 2013. The antecedents of customer loyalty: An empirical investigation in life insurance context. *Journal of Competitiveness,* 5(2):139-163.

Ramsaran-Fowdar, R.R. & Fowdar, S. 2013. The implications of Facebook marketing for organizations. *Contemporary Management Research*, 9(1):73-84.

Raroque, J. & Savio, C. 2012. *Social media's growing influence among high net worth investors.* [Online]. Available: https://business.linkedin.com/content/dam/business/marketing-solutions/global/en_US/site/pdf/cs/linkedin_hnw_investor_research_us_en_130314.pdf (Accessed on 15 March 2015).

Rinaldi, C. 2015. *15 Digital strategies for financial marketers in 2015.* [Online]. Available: http://thefinancialbrand.com/49927/digital-marketing-strategies-for-banks-credit-unions/ (Accessed on 15 July 2015).

Rizan, M., Warokka, A. & Listyawati, D. 2014. Relationship marketing and customer loyalty: do customer satisfaction and customer trust really serve as intervening variables? *Journal of Marketing Research and Case Studies*, 2014(2014):1-12.

Robbins, D. 2009. *Understanding research methods.* Boca Raton: Taylor & Francis Group.

Roberts-Lombard, M. 2011. Customer retention through customer relationship management: The exploration of two-way communication and conflict handling. *African Journal of Business Management*, 5(9):3487-3496.

Sarantakos, S. 2005. *Social Research*. 2nd edition. Palgrave Macmillan: Hampshire. 464.

Saravanakumar, M. & SuganthaLakshmi, T. 2012. Social media marketing. *Life Science Journal*, 9(4):4444-4451.

SARB. 2015. *Banking Legislation*. [Online]. Available: https://www.resbank.co.za/RegulationAndSupervision/BankSupervision/BankingLegislation/Pages/default.aspx (Accessed on 06 June 2015).

Sashi, C.M. 2010. Customer engagement, buyer-seller relationships, and social media. *Management Decision,* 50(2):253-272.

Saunders, M., Lewis, P. & Thornhill, A. 2009. *Research methods for business students.* 5th edition. Essex: Prentice Hall.

Scotland, J. 2012. Exploring the philosophical underpinnings of research: Relating ontology and epistemology to the methodology and methods of the scientific, interpretive, and critical research paradigms. *English Language Teaching,* 5(9):9-16.

Scott, J.W. & Arias, J.C. 2011. Banking profitability determinants. *Business Intelligence Journal,* 4(2):209-230.

Seyyednejad, S.M., Alipur, H. & Feizi, M. 2013. Surveying the relationship between relationship marketing and customer loyalty case study: Pasargad bank in

Mazandaran province. *International Journal of Management and Social Sciences Research,* 2(3):71-75.

Shien, L.W. & Yazdanifard, R. 2014. Relationship marketing vs. internet marketing; which one contribute to gain higher level of consumer loyalty. *Global Journal of Management and Business Research: E Marketing,* 14(7):40-48.

Sibindi, A.B. & Bimha, A. 2014. Banking sector development and economic growth: evidence from Zimbabwe. *Banks and Bank Systems,* 9(2):51-58.

Sim, J., Mak, B. & Jones, D. 2006. A model of customer satisfaction and retention for hotels. *Journal of Quality Assurance in Hospitality and Tourism*, 7(3):1-23.

Singh, R. & Khan, I.A. 2012. An approach to increase customer retention and loyalty in B2C world. *International Journal of Scientific and Research Publications,* 2(6):1-5.

Sonline Media. n.d. *Webpage vs. website; what's the difference?* [Online.] Available: http://sonline.media/webpage-vs-website-whats-the-difference/ (Accessed on 26 February 2015).

Sorokina, O. 2015. *8 Types of Social Media and How Each Can Benefit Your Business.* [Online]. Available: http://blog.hootsuite.com/types-of-social-media/ (Accessed on 06 May 2015).

South Africa Information. 2012. *FNB takes banking to Facebook.* [Online]. Available: http://www.southafrica.info/business/trends/newbusiness/fnb-190712.htm#.VZ5snF-qpBd (Accessed on 09 July 2015).

Sow, M.T. 2014. Using ANOVA to examine the relationship between safety & security and human development. *Journal of International Business and Economics,* 2(4):101-106.

Standard Bank Twitter. 2015. *Standard Bank SA.* [Online]. Available: https://twitter.com/StandardBankZA (Accessed on 09 July 2015).

Stats SA. 2015. *Gross domestic product Fourth quarter 2014.* [Online.] Available: http://beta2.statssa.gov.za/publications/P0441/P04414thQuarter2014.pdf (Accessed on 06 March 2015).

Stokes, G. 2009. *The 'big four' financial services industry trends* .FA News. 2 December. [Online]. Available: http://www.fanews.co.za/article/intermediaries-brokers/7/general/1227/the-big-four-financial-services-industry-trends/7261 (Accessed on 04 March 2015).

Struwig, F.W. & Stead, G.B. 2013. *Research: Planning, designing and reporting*. 2nd edition. Cape Town: Pearson.

Suri, H. 2011. Purposeful sampling in qualitative research synthesis. *Qualitative Research Journal,*11(2):63-75.

Taleghani, M., Gilaninia, S. & Mousavian, S. J. 2011. The role of relationship marketing in customer orientation process in the banking industry with focus on loyalty (case study: banking industry of Iran). *International Journal of Business and Social Science,* 2(19):155-166.

Tasić, S. & Feruh, M.B. 2012. Errors and issues in secondary data used in marketing research. *Socioeconomica: The Scientific Journal for Theory and Practice of Socioeconomic Development*, 1(2): 326-335.

Tavakol, M. & Dennick, R. 2011. Making sense of Cronbach's Alpha. *International Journal of Medical Education,* (2):53-55.

Teddlie, C. & Yu, F. 2007. Mixed methods sampling: A typology with examples. *Journal of Mixed Methods Research,* 1(1):77-100.

Tewksbury, R. 2009. Qualitative versus quantitative methods: Understanding why qualitative methods are superior for criminology and criminal justice. *Journal of Theoretical and Philosophical Criminology*, 1(1):38-58.

The Banking Association South Africa. 2011. The role of commercial banks in providing funding for small enterprises. *The Department of Trade & Industry (The DTI) SME Summit*. Bloemfontein: Free State.

The Financial Brand. 2015a. *Financial marketer's guide to the top 5 social media platforms.* [Online]. Available: http://thefinancialbrand.com/51381/guide-to-social-media-in-banking/ (Accessed on 11 July 2015).

The Financial Brand. 2015b. *9 Social Media Marketing Solutions for Banks and Credit Unions* [Online]. Available: http://thefinancialbrand.com/50594/social-media-marketing-strategies-in-banking/ (Accessed on 11 July 2015).

The Herald. 2013. *Role of banks in the economy.* [Online]. Available: http://www.herald.co.zw/role-of-banks-in-the-economy/ (Accessed on 12 July 2015).

The Small Business Company. 2011. *Targeting small business: How banks can drive customer loyalty and growth with business focused web content.* [Online]. Available: https://www.tsbc.com/wp-content/uploads/2015/03/How-banks-target-SMEs-online.pdf (Accessed on 15 July 2015).

The World Bank. 2015. *Financial Sector.* [Online.] Available: http://data.worldbank.org/topic/financial-sector (Accessed on 20 August 2015).

Trading Economics. 2015. *South Africa GDP annual growth rate.* [Online.] Available: http://www.tradingeconomics.com/south-africa/gdp-growth-annual (Accessed on 06 March 2015).

Tuli, F. 2010. The basis of distinction between qualitative and quantitative research in social science: reflection on ontological, epistemological and methodological perspectives. *Ethiopian Journal of Education and Science,* 6(1):97-108.

Vaithilingm, S., Nair, M. & Samudram, M. 2006. Key drivers for soundness of the banking sector: lessons for developing countries. *Journal of Global Business and Technology,* 2(1):1-11.

Velnampy, T. & Sivesan, S. 2012. Customer relationship marketing and customer satisfaction: A study on mobile service providing companies in Srilanka. *Global Journal of Management and Business Research,* 12(18):1-7.

Wahab, S., Noor, N., Ali, J. & Jusoff, K. 2009. Relationship between customer relation management performance and e-banking adoption: a look at Malaysian banking industry. *International Journal of Business Management,* 4(12):122-128.

Wahyuni, D. 2012. The research design maze: Understanding paradigms, cases, methods and methodologies. *Journal of Applied Management Accounting Research,* 10(1):69-80.

Welman, C., Kruger, F. & Mitchell, B. 2005. *Research methodology.* 3rd edition. Cape Town: Oxford.

Wood, M. & Welch, C. 2010. Are 'qualitative' and 'quantitative' useful terms for describing research? *Methodological Innovations Online,* 5(1): 56-71.

Yasanallah, P. & Vahid, B. 2012. Studying the status of marketing mix (7Ps) in consumer cooperatives at Ilam province from members' perspectives. *American Journal of Industrial and Business Management*, 2:194-199.

Young, J. 2013. *Overview of the financial services sector in South Africa.* [Online]. Available: http://www.matchdeck.com/article/2347-overview-of-the-financial-services-sector-in-south-africa#/index (Accessed on 20 March 2013).

Yuet, F., Yusof, H. & Mohamed, S. 2014. Confirmatory Factor Analysis of the Niche-Malaysian teacher leadership measurement model. *International Journal for Innovation Education and Research,* 2(7):1-10.

Zikmund, W.G. 2000. *Business research methods*. 6th edition. Orlando: Harcourt.

Zikmund, W.G. 2006. *Business research methods.* 7th edition. USA: South Western.

Zikmund, W.G., Babin, B.J., Carr, J.C. & Griffin, M. 2010. *Business research methods*. 8th edition. USA: South-Western.

Zhu, F. & Zhang, X. 2010. Impact of online consumer reviews on sales: the moderating role of product and consumer characteristics. *Journal of Marketing,* 74:133–148.

ANNEXURE A: QUESTIONNAIRE

Nelson Mandela Metropolitan University
for tomorrow

Unit for Applied Management Sciences
Summerstrand South Campus
DEPARTMENT OF BUSINESS MANAGEMENT
Tel. +27 (0)41 504 4063
chantal.rootman@nmmu.ac.za
s211059463@nmmu.ac.za

11 June 2015

Dear Sir/Madam

I am a Masters student at the Nelson Mandela Metropolitan University (NMMU) conducting a research study in the field of Business Management. The topic of my study is:

"Perceptions on the use of social media in the banking industry"

The aim is to investigate clients' and managers' perceptions on the use of social media in the banking industry in order to increase South African banks' customer satisfaction and customer retention levels. Social media channels (such as Facebook, Twitter, LinkedIn, YouTube and blogs) can be used as marketing tools to attract and retain clients. Marketers therefore need to understand clients' perceptions on social media marketing, in order to increase customer satisfaction and customer retention in the banking industry.

It would be greatly appreciated if you could respond to the following questions. Participation will take approximately 15 min. Please note that participation in this study is **voluntary** and you will have the **opportunity to opt out** at any time. **All information will be treated in the strictest confidence** and will be used for research purposes only. **No individual information and/or responses will be published.**

Completion of the online questionnaire will be considered as implied consent. Thank you for your time and effort in completing this questionnaire. If you have any queries, please do not hesitate to contact us.

Yours sincerely,

N Cupp	*C Rootman*
Miss Nicole Cupp	Prof Chantal Rootman
Researcher	Supervisor

SECTION A: SOCIAL MEDIA ASPECTS

CLIENTS

Please answer the following questions based on your own perceptions. There are no right or wrong answers.

When answering the following statements please take note:
- When statements refer to 'my bank', answer with regard to **your MAIN bank**
- When statements refer to social media channels, the following are examples: **Facebook, Twitter, LinkedIn, YouTube, blogs, etc.**

Please indicate to what extent you **agree** with the following statements.
(1) strongly disagree, (2) disagree, (3) neutral, (4) agree, (5) strongly agree

1 BENEFITS

	I interact with my bank via social media channels to…	**Disagree ------------- Agree**				
1.1	browse products/services offered by my bank	1	2	3	4	5
1.2	purchase products/services, e.g. using banking apps and conducting online transactions	1	2	3	4	5
1.3	receive discounts, e.g. rewards in the form of points	1	2	3	4	5
1.4	access **general** banking information	1	2	3	4	5
1.5	access **exclusive** banking information, e.g. information relating to my specific banking requirements	1	2	3	4	5
1.6	learn about new products/services	1	2	3	4	5
1.7	read client reviews	1	2	3	4	5
1.8	view product ratings	1	2	3	4	5
1.9	submit opinions on product/services	1	2	3	4	5
1.10	submit ideas for new products/services	1	2	3	4	5
1.11	make use of customer service offerings, e.g. submit a query	1	2	3	4	5
1.12	participate in events, e.g. entering a competition	1	2	3	4	5
1.13	view images and videos posted by my bank	1	2	3	4	5
1.14	be part of a community/feel connected	1	2	3	4	5
1.15	receive benefits as a client, e.g. receiving the latest banking information	1	2	3	4	5

2 CLIENTS' TRUST

	I TRUST my banks' social media channels because <u>through</u> its social media channels my bank…	**Disagree ------------- Agree**				
2.1	provides quality services	1	2	3	4	5
2.2	portrays correct banking information	1	2	3	4	5
2.3	fulfils obligations to me	1	2	3	4	5
2.4	keeps promises	1	2	3	4	5
2.5	protects my information	1	2	3	4	5
2.6	shows concern for the security of my transactions e.g. it has appropriate security settings	1	2	3	4	5
2.7	strives to enhance my confidence in the bank e.g. it has adequate privacy settings	1	2	3	4	5
2.8	shows me respect	1	2	3	4	5

	I TRUST my banks' social media channels because through its social media channels my bank…	Disagree ------------- Agree				
2.9	has a better relationship with me	1	2	3	4	5
2.10	has an established and strong reputation	1	2	3	4	5
2.11	shows me that it deserves to be trusted	1	2	3	4	5
2.12	allows me to directly interact with my bank	1	2	3	4	5
2.13	allows me to 'unlike' or opt out of receiving bank marketing information	1	2	3	4	5

3 CONTENT

	My banks' social media channels have CONTENT that…	Disagree ------------- Agree				
3.1	is easily accessible	1	2	3	4	5
3.2	is vivid (clear, easily visible)	1	2	3	4	5
3.3	is easy to understand	1	2	3	4	5
3.4	allows interactivity (between myself and the bank)	1	2	3	4	5
3.5	ensures rapid interaction	1	2	3	4	5
3.6	allows social interactions (between myself and other clients)	1	2	3	4	5
3.7	provides product/service information	1	2	3	4	5
3.8	provides dynamic banking content/information e.g. new (the latest) information	1	2	3	4	5
3.9	provides information quickly, in a fast and swift way (regularly updated)	1	2	3	4	5
3.10	provides information on relevant banking subjects	1	2	3	4	5
3.11	provides accurate information	1	2	3	4	5
3.12	provides expert opinions on banking matters	1	2	3	4	5
3.13	is appropriate and relevant for me	1	2	3	4	5

4 CUSTOMER SATISFACTION

	My bank…	Disagree ------------- Agree				
4.1	provides products/services that meet my needs	1	2	3	4	5
4.2	understands my banking needs	1	2	3	4	5
4.3	responds to my banking needs	1	2	3	4	5
4.4	satisfies my banking needs	1	2	3	4	5
4.5	offers all the services I expect from a bank	1	2	3	4	5
4.6	conducts business in a professional manner	1	2	3	4	5
4.7	provides speedy services	1	2	3	4	5
4.8	provides transaction details regularly	1	2	3	4	5
4.9	provides statements regularly	1	2	3	4	5
4.10	provides the latest facilities e.g. ATMs, overdraft facilities	1	2	3	4	5
4.11	uses the latest technology e.g. social media interaction, banking apps and online banking	1	2	3	4	5
4.12	offers technical support	1	2	3	4	5
4.13	takes corrective action without delay when I have a complaint	1	2	3	4	5
4.14	never fails to fulfil expectations	1	2	3	4	5
4.15	has never disappointed me	1	2	3	4	5
4.16	satisfies me through its products/services	1	2	3	4	5
4.17	have effective social media channels	1	2	3	4	5

5 CUSTOMER RETENTION

	I will…	Disagree ------------- Agree				
5.1	continue to make use of the products/services of my bank	1	2	3	4	5
5.2	not switch to a competitor in the near future	1	2	3	4	5
5.3	never change from this bank even if I found another bank which offer better terms	1	2	3	4	5
5.4	never consider switching from this bank (to bank at a competitor bank)	1	2	3	4	5
5.5	always use this bank	1	2	3	4	5
5.6	build a long term relationship with my bank	1	2	3	4	5
5.7	say positive things about my bank to other people	1	2	3	4	5
5.8	communicate positive things about my bank to family and friends	1	2	3	4	5
5.9	recommend my bank to others	1	2	3	4	5
5.10	remain a client of my bank	1	2	3	4	5
5.11	remain a client of my bank **because** of its effective social media channels	1	2	3	4	5

SECTION B: BIOGRAPHICAL DATA

6 When completing your biographical details below, please note that these responses will be used for statistical purposes only. No individual information will be published.

(Please mark your selection with an (X))

6.1 Gender

Male		1
Female		2

6.2 Population group

Asian		1
Black		2
Coloured		3
White		4
Other		5
Not willing to say		6

6.3 Age

< 20		1
20 – 29		2
30 – 39		3
40 – 49		4
50 – 59		5
60+		6

6.4 Occupation

Student at Tertiary institution		1
Employed – Permanent		2
Employed – Temporary (contract)		3
Self-employed		4
Unemployed		5

6.5 Highest education qualification

Matric (Grade 12)		1
Certificate		2
Undergraduate diploma		3
Undergraduate degree		4
Postgraduate diploma		5
Postgraduate degree		6
Other		7

6.6 Which social media channels do you use? (You may tick more than one option)

Facebook		1
Twitter		2
LinkedIn		3
Blogs		4
Media sharing sites (e.g. YouTube)		5
User appraisal sites (product review and customer rating sites, e.g. Hello Peter, Word of mouth forum (WOMF))		6
Other		7

6.7 Which social media channels **of your MAIN bank** do you use? (You may tick more than one option)

Facebook		1
Twitter		2
LinkedIn		3
Blogs		4
Media sharing sites (e.g. YouTube)		5
User appraisal sites (product review and customer rating sites, e.g. Hello Peter, Word of mouth forum (WOMF))		6
Other		7

6.8 I **MAINLY** bank at… (Only choose one)

ABSA		1
Capitec		2
FNB		3
Nedbank		4
Standard Bank		5
Other		6

THANK YOU FOR YOUR PARTICIPATION

SECTION A: SOCIAL MEDIA ASPECTS

MANAGERS

Please answer the following questions based on your own perceptions. There are no right or wrong answers.

When answering the following statements please take note:

- When statements refer to 'the bank', answer with regard to the bank **YOU ARE CURRENTLY EMPLOYED AT**
- When statements refer to social media channels, the following are examples: **Facebook, Twitter, LinkedIn, YouTube, blogs, etc.**

Please indicate to what extent you **agree** with the following statements.
(2) strongly disagree, (2) disagree, (3) neutral, (4) agree, (5) strongly agree

1 BENEFITS

	Clients interact with the bank via social media channels to…	**Disagree ------------- Agree**				
1.1	browse products/services offered by the bank	1	2	3	4	5
1.2	purchase products/services, e.g. using banking apps and conducting online transactions	1	2	3	4	5
1.3	receive discounts, e.g. rewards in the form of points	1	2	3	4	5
1.4	access **general** banking information	1	2	3	4	5
1.5	access **exclusive** banking information, e.g. information relating to their specific banking requirements	1	2	3	4	5
1.6	learn about new products/services	1	2	3	4	5
1.7	read client reviews	1	2	3	4	5
1.8	view product ratings	1	2	3	4	5
1.9	submit opinions on product/services	1	2	3	4	5
1.10	submit ideas for new products/services	1	2	3	4	5
1.11	make use of customer service offerings, e.g. submit a query	1	2	3	4	5
1.12	participate in events, e.g. entering a competition	1	2	3	4	5
1.13	view images and videos posted by the bank	1	2	3	4	5
1.14	be part of a community/feel connected	1	2	3	4	5
1.15	receive benefits as a client, e.g. receiving the latest banking information	1	2	3	4	5

2 CLIENTS' TRUST

	Clients TRUST the banks' social media channels because <u>through</u> its social media channels the bank…	**Disagree ------------- Agree**				
2.1	provides quality services	1	2	3	4	5
2.2	portrays correct banking information	1	2	3	4	5
2.3	fulfils obligations to clients	1	2	3	4	5
2.4	keeps promises	1	2	3	4	5
2.5	protects clients' information	1	2	3	4	5
2.6	shows concern for the security of clients' transactions e.g. it has appropriate security settings	1	2	3	4	5
2.7	strives to enhance clients' confidence in the bank e.g. it has adequate privacy settings	1	2	3	4	5
2.8	shows clients respect	1	2	3	4	5

	Clients TRUST the banks' social media channels because through its social media channels the bank…	Disagree ------------- Agree				
2.9	has a better relationship with clients	1	2	3	4	5
2.10	has an established and strong reputation	1	2	3	4	5
2.11	shows that it deserves to be trusted	1	2	3	4	5
2.12	allows clients to directly interact with the bank	1	2	3	4	5
2.13	allows clients to 'unlike' or opt out of receiving bank marketing information	1	2	3	4	5

3 CONTENT

	The banks' social media channels have CONTENT that…	Disagree ------------- Agree				
3.1	is easily accessible	1	2	3	4	5
3.2	is vivid (clear, easily visible)	1	2	3	4	5
3.3	is easy to understand	1	2	3	4	5
3.4	allows interactivity (between clients and the bank)	1	2	3	4	5
3.5	ensures rapid interaction	1	2	3	4	5
3.6	allows social interactions (between clients)	1	2	3	4	5
3.7	provides product/service information	1	2	3	4	5
3.8	provides dynamic banking content/information e.g. new (the latest) information	1	2	3	4	5
3.9	provides information quickly, in a fast and swift way (regularly updated)	1	2	3	4	5
3.10	provides information on relevant banking subjects	1	2	3	4	5
3.11	provides accurate information	1	2	3	4	5
3.12	provides expert opinions on banking matters	1	2	3	4	5
3.13	is appropriate and relevant for clients	1	2	3	4	5

4 CUSTOMER SATISFACTION

	The bank…	Disagree ------------- Agree				
4.1	provides products/services that meet clients' needs	1	2	3	4	5
4.2	understands clients' banking needs	1	2	3	4	5
4.3	responds to clients' banking needs	1	2	3	4	5
4.4	satisfies clients' banking needs	1	2	3	4	5
4.5	offers all the services clients expect from a bank	1	2	3	4	5
4.6	conducts business in a professional manner	1	2	3	4	5
4.7	provides speedy services	1	2	3	4	5
4.8	provides transaction details regularly	1	2	3	4	5
4.9	provides statements regularly	1	2	3	4	5
4.10	provides the latest facilities e.g. ATMs, overdraft facilities	1	2	3	4	5
4.11	uses the latest technology e.g. social media interaction, banking apps and online banking	1	2	3	4	5
4.12	offers technical support	1	2	3	4	5
4.13	takes corrective action without delay when clients have a complaint	1	2	3	4	5
4.14	never fails to fulfil expectations	1	2	3	4	5
4.15	has never disappointed clients	1	2	3	4	5
4.16	satisfies clients through its products/services	1	2	3	4	5
4.17	have effective social media channels	1	2	3	4	5

5 CUSTOMER RETENTION

	Clients will…	Disagree ------------- Agree				
5.1	continue to make use of the products/services of the bank	1	2	3	4	5
5.2	not switch to a competitor in the near future	1	2	3	4	5
5.3	never change from this bank even if they found another bank which offer better terms	1	2	3	4	5
5.4	never consider switching from this bank (to bank at a competitor bank)	1	2	3	4	5
5.5	always use this bank	1	2	3	4	5
5.6	build a long term relationship with the bank	1	2	3	4	5
5.7	say positive things about the bank to other people	1	2	3	4	5
5.8	communicate positive things about the bank to family and friends	1	2	3	4	5
5.9	recommend the bank to others	1	2	3	4	5
5.10	remain a client of the bank	1	2	3	4	5
5.11	remain a client of the bank **because** of its effective social media channels	1	2	3	4	5

SECTION B: BIOGRAPHICAL DATA

6 When completing your biographical details below, please note that these responses will be used for statistical purposes only. No individual information will be published.

(Please mark your selection with an (X))

6.1 Gender

Male		1
Female		2

6.2 Population group

Asian		1
Black		2
Coloured		3
White		4
Other		5
Not willing to say		6

6.3 Age

< 20		1
20 – 29		2
30 – 39		3
40 – 49		4
50 – 59		5
60+		6

6.4 Position (Job title)

Regional manager		1
Branch manager		2
Personal banking manager		3
Personal financial advisor		4
Personal trust manager		5
Business banking manager		6
Electronic banking manager		7
Portfolio manager		8
Loan manager		9
Retirement plans specialist		10
Marketing manager		11
Client service manager		12
Other		13

6.5 Highest education qualification

Matric (Grade 12)		1
Certificate		2
Undergraduate diploma		3
Undergraduate degree		4
Postgraduate diploma		5
Postgraduate degree		6
Other		7

6.6 Which social media channels do you use? (You may tick more than one option)

Facebook		1
Twitter		2
LinkedIn		3
Blogs		4
Media sharing sites (e.g. YouTube)		5
User appraisal sites (product review and customer rating sites, e.g. Hello Peter, Word of mouth forum (WOMF))		6
Other		7

6.7 Which social media channels of **THE BANK YOU ARE CURRENTLY EMPLOYED AT** do you use? (You may tick more than one option)

Facebook		1
Twitter		2
LinkedIn		3
Blogs		4
Media sharing sites (e.g. YouTube)		5
User appraisal sites (product review and customer rating sites, e.g. Hello Peter, Word of mouth forum (WOMF))		6
Other		7

6.8 I am employed by… (Only choose one)

ABSA		1
Capitec		2
FNB		3
Nedbank		4
Standard Bank		5
Other		6

THANK YOU FOR YOUR PARTICIPATION

ANNEXURE B: ETHICS FORM

Nelson Mandela Metropolitan University

for tomorrow

FORM E

ETHICS CLEARANCE FOR TREATISES/DISSERTATIONS/THESES

Please type or complete in black ink

FACULTY: Business and Economic Sciences

SCHOOL/DEPARTMENT: Business Management

I, (surname and initials of supervisor) Rootman, C

the supervisor for (surname and initials of candidate) Cupp, N

(student number) 211059463

a candidate for the degree of Mcom: Business Management

with a treatise/dissertation/thesisentitled (full title of treatise/dissertation/thesis):

Perceptions on the use of social media marketing in the banking industry

considered the following ethics criteria *(please tick the appropriate block):*

	YES	NO
1. Is there any risk of harm, embarrassment of offence, however slight or temporary, to the participant, third parties or to the communities at large?		✓
2. Is the study based on a research population defined as 'vulnerable' in terms of age, physical characteristics and/or disease status?		✓
2.1 Are subjects/participants/respondents of your study:		
(a) Children under the age of 18?		✓
(b) NMMU staff?		✓
(c) NMMU students?		✓
(d) The elderly/persons over the age of 60?		✓
(e) A sample from an institution (e.g. hospital/school)?		✓
(f) Handicapped (e.g. mentally or physically)?		✓

3. Does the data that will be collected require consent of an institutional authority for this study? (An institutional authority refers to an organisation that is established by government to protect vulnerable people)		✓
3.1 Are you intending to access participant data from an existing, stored repository (e.g. school, institutional or university records)?		✓
4. Will the participant's privacy, anonymity or confidentiality be compromised?		✓
4.1 Are you administering a questionnaire/survey that:		✓
(a) Collects sensitive/identifiable data from participants?		✓
(b) Does not guarantee the anonymity of the participant?		✓
(c) Does not guarantee the confidentiality of the participant and the data?		✓
(d) Will offer an incentive to respondents to participate, i.e. a lucky draw or any other prize?		✓
(e) Will create doubt whether sample control measures are in place?		✓
(f) Will be distributed electronicallyvia email (and requesting an email response)? Note: • If your questionnaire **DOES NOT** request respondents' identification, is distributed electronically and you request respondents to return it *manually* (print out and deliver/mail); **AND** respondent anonymity can be guaranteed, your answer will be NO. • If your questionnaire **DOES NOT** request respondents' identification, is *distributed via an email link and works through a web response system (e.g. the university survey system);* ***AND***respondent anonymity can be guaranteed, your answer will be NO.		✓
Please note that if ***ANY*** *of the questions above have been answered in the affirmative* ***(YES)****the student will need to complete the full ethics clearance form (REC-H application) and submit it with the relevant documentation to the Faculty RECH (Ethics) representative.*		

andhereby certify that the student has given his/her research ethical consideration and full ethics approval is not required.

SUPERVISOR(S)	23/11/2015 **DATE**
HEAD OF DEPARTMENT	23/11/2015 **DATE**
Nicole Cupp **STUDENT(S)**	23/11/2015 **DATE**

Student(s) contact details (e.g. telephone number and email address):

073 9962291 s211059463@live.nmmu.ac.za

Please ensure that the research methodology section from the proposal is attached to this form.

ANNEXURE C: LANGUAGE EDITING CERTIFICATE

• PO Box 77000 • Nelson Mandela Metropolitan University
• Port Elizabeth • 6031 • South Africa • www.nmmu.ac.za

Nelson Mandela Metropolitan University

for tomorrow

04 December 2015

To Whom it May Concern

I herewith confirm that I have proofread the following thesis:

Title of study: *Perceptions on the use of social media in the banking industry.*
Student Name: Nicole Cupp
Student Number: 211059463
Qualification: MCom

I suggested relevant changes, where I saw fit, using the "Track Changes" function in MSWord; the student could thus either accept or reject the suggested changes at her own discretion.

I trust that this is in order.

Kind regards,

Nancy Morkel
MA English (NMMU), PGDHET (UFH), BA Hons English (UPE), BA MCC (UPE)
Editing Methodology (SUN)
nancy.morkel@nmmu.ac.za