

Gaining a competitive edge in retail banking



Despite being a concentrated industry, South African retail banking remains competitive and continues to diversify and broaden its product and service offerings. Accordingly, with the intense and growing competitiveness in this industry, retail banks in South Africa are recognising the importance of building and maintaining relationships with current and new customers.

A study was conducted by Amalia van Schalkwyk, a [Master's](#) student in the [Department of Marketing Management](#), to investigate how South African retail banks, who are faced with an increasingly competitive market, can employ relationship marketing, enhanced with the implementation of a relationship quality (RQ) approach as a strategic organisational tactic to build and retain a loyal customers base. This study specifically focussed on the three sub-dimensions of RQ, namely customer satisfaction, trust and commitment due to the positive behavioural outcomes thereof on customer loyalty and positive word-of-mouth (PWOM). A total of 258 valid responses from South African retail banking customers was acquired as secondary data, collected from a previous research study that collected data through a voluntary, self-administered questionnaire distributed among two South African national companies.

The findings of this study revealed that, unlike commitment, customers' satisfaction and trust predict their loyalty towards their retail bank. The findings of this study moreover revealed that customers' satisfaction, trust and commitment predict their PWOM towards their retail bank. Lastly, the findings revealed that customer

satisfaction is the most significant predictor of customer loyalty and PWOM towards retail banks.

The researcher recommends that it would be wise for South African retail banks to invest in customer relationships as it result in positive behavioural outcomes, including customer loyalty and PWOM. Further, it is recommended that retail banks create a competitive market offering that satisfies current and new customers' needs in order to build the foundation for strong relationship trust and commitment which, in turn, contributes to customer loyalty and PWOM. Lastly, retail banks should gain a deeper understanding of RQ and the outcomes of the three sub-dimensions thereof on the positive behavioural outcomes, as it will assist in retaining loyal customers as well as gaining new customers who spread PWOM in the competitive retail banking industry.

This research was conducted as part of the fulfilment of the [Master's degree](#) in Marketing Management in 2017 with the [Department of Marketing Management](#) by Amalia van Schalkwyk under the supervision of [Prof PG Mostert](#).