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Identifying Effective Direct Marketing Channels for Credit Providers Targeting Lower to Middle Income Groups in the South African Market

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ABSTRACT The study investigates the most effective direct marketing communication channels which could be employed by unsecured credit providers in order to attain competitive advantage in the industry. It further sought to establish the direct marketing channel approaches adopted by the unsecured credit provider under research, to target low income consumers in the South African market and their impact on the credit provider's competitive advantage. Using simple random sampling, one hundred and fifty respondents were selected from the customer database. The findings revealed that face-to-face communication and cell-phone calling were the most preferred communication channels for this consumer segment, with the short message service (SMS) option gaining popularity. The results of the study identified the most appropriate direct marketing communication channels and areas of focus that would enable the selected credit provider and other credit providers to be able to determine the most effective means of targeting potential low income customers and ensuring higher conversion and satisfaction rates.

INTRODUCTION

The sustainable competitive advantage of business organisations, for example, a banking institution derives from the formation, possession, protection and inability to reproduce commercial and industrial knowledge assets, as stated by Teece (2000) cited in Denford and Chan (2011). Customers' ever changing tastes and preferences require banks to proactively improvise products and embark on projects that produce product lines as quickly as possible to ensure that the bank remains in business. Kotler and Keller (2016) advise that organisations must be in constant communication with their present and potential stakeholders and the generic public in order to ensure that they remain competitive with other entities in their respective specialist field. Technology has vastly changed the marketing communications environment, especially in the way in which organisations are communicating with their current and potential customers. Modern marketing communications demands more than merely developing products that are priced well, delivered on time and communicated broadly. In order for organisations to be competitive and outplay their competitors, they need to adapt the four Ps in marketing to incorporate the SAVE Model (Solutions, Access, Value and Education) (Ettenson et al. 2013) and six additional Ps, namely: physical evidence, processes and systems, people, passion, philosophy and payment options. Organisations are now opting for integrated communications solutions, creating an omni-channel experience, with the key focus on improved direct marketing techniques.

Literature Review

Direct marketing has in the past, been perceived as a dubious sales method by which advertisers approach potential customers directly with products or services, and at times, use unethical means to persuade a customer to buy a product. The most common forms of direct marketing are telemarketing, solicited or unsolicited emails, catalogues, pamphlets, brochures, direct sales, coupons, interactive marketing, blogs and instant messaging using mobile phones/tablets (Kotler and Keller 2016). Successful direct marketing also involves compiling and maintaining a large database of personal information about potential customers and clients thus tailoring offers and product news for customers at agreed intervals.

Researchers such as Kathuni and Mugenda (2012) maintain that organisations have been using direct marketing techniques for years, however, the banking industry only began to adopt this technique recently. They cite privatisation, demographic changes, restructuring of banks to accommodate market deregulation, improved efficiencies, rapid advancement of information technology (IT), pressure to reduce costs and communicating via media that are focused to generate substantial brand awareness. Braun (2012) and Sanap (2015) also state that the financial services industry is going through dramatic changes due to channel proliferation, changing customer behaviour, and the digitisation of business and society as a whole. Wright (1998) cited in Kathuni and Mugenda (2012) and Singh (2014) write that IT has advanced so much in a short space of time thereby changing the way in which banking is done worldwide. A physical visit to the bank is a rare occurrence today as all banking services can be accessed by the customer from any location by utilising various technological channels. According to Singh (2014), the following trends are changing the banking industry:

- "Transactions processing and customer service becoming increasingly independent of the branch channel.
- New technologies are gaining widespread adoption, allowing customer relationship management to become channel independent.
- Changes in the regulatory environment are altering the playing field.
- Shifting of customer demographics; Generation Y (the generation born in the 1980s and 1990s, who are increasing perceived to be technology savvy) gaining importance."

Banks can use direct marketing channels to acquire, track and service customers from opening an account, to, fund transfers, third party transfers, utility payments, cash deposits and balance enquiries. The use of direct banking channels removes the middlemen between banks and the customer resulting in direct engagement between the customers and their banks. The automated teller machine (ATM) was one of the first channels in direct banking that eliminated the need for assistance of a teller when a customer is doing withdrawals, deposits, payments and/or balance enquiries. Thereafter banks began using other channels such as Internet Banking, Mobile Banking, Real-Time Gross Settlement Systems (RTGS), National Electronic Funds Transfer (NEFT) and Card Technology Services (CTS) to perform these functions (Singh 2014).

It has been argued by Page and Luding (2003) and Brandirali and Ghigliano (2014) that a major challenge for banks has been the need to address the traditional factors associated with purchasing banking products and services: such as convenience, quality of services, processing time, safety, accuracy, accessibility, transparency and face-to-face contact with the bank's staff. Another challenge has been to avoid the negative attitude associated with direct marketing efforts in general. Many customers' are annoyed by the constant barrage of junk postal mail, junk telephone calls, and junk e-mail and consider it an invasion of their privacy. It is therefore important for bank managers and marketers to understand the customers' attitudes toward direct marketing in general and towards the banks' direct marketing efforts in particular. Moreover, it is vital that the relationship between customer attitudes and intention to purchase is explored further. Page and Luding (2003) suggest that the effective use of direct marketing channels on an existing customer base will increase customer retention which is important to the banking industry because long-term customers tend to buy more, use less of the bank's time and refer friends and relatives. Brandirali and Ghigliano (2014) build on the sentiments of Page and Luding's research indicating that European banks' customers switch easily, thus banks need to ensure value is achieved in every touch point with the customer to attain long-term customer relationships. Due to this, banks are solidifying their acquisition and retention efforts paying very close attention to transparency, simplicity and effective communication. "Customer interactions with their banks are moving from a physical to remote-channel framework, and are increasingly split between self-served and intermediated. However, personalised, human-based contact is still preferred for complex needs, but openness to remote counselling is growing. This requires banks to move from a silo multi-channel approach to an omni-channel model, supported by effective segmentation, to deliver a customer-centric experience" (Brandirali and Ghigliano 2014).

According to a Delloite report on Evolving Models of Retail Banking there is prevalent importance of direct banking channels, with customers' usage of the Internet, ATM, mobile and the phone increasing while transactions at the branch decreasing. These findings are similar to the four-year study conducted by McKinsey on the USA banking system, indicating that direct banking channels are growing more quickly than traditional channels as cited in Singh (2014). Sanap (2015) writes that there has been a substantial growth in online banking worldwide, with penetration rates reaching over eighty percent of adults in some countries where customers use online banking regularly.

According to the website i-Scoop (n.d), research conducted by Nielsen, found that "82 percent of US consumers banked online at least once in the last 30 days while in the same period, only sixty eight percent visited a physical branch. With the growing preference for e-commerce, it seems that the role of contact centres are declining while the role of mobile options (now at 36%) is rapidly increasing." The write up on the blogs indicates that it is not a specified medium that is important but with the focus being on customers, who are channel-agnostic and multichannel hoppers, the media they prefer requires aligning the channel distribution function to being an omni-channel approach. As Braun (2012) indicates, the consistency and clarity of a message is important, so too does i-Scoop emphasize consistency in the banking experience. As per the blog write up, a Nielson finding on channel preference in banking established that that nineteen percent of the respondents preferred checking their balances on their mobile devices, seventy seven percent preferred paying their bills online, while sixty percent preferred making deposits at their bank's branch, seventy five percent preferred withdrawing cash at an ATM and thirty eight percent preferred resolving issues via a call centre. Similar findings were found by Brandirali and Ghigliano (2014) were customers are increasingly disintermediating simple transactions, enquiries and administration using self-service options however, they still prefer personal contact, preferably in branches, when seeking advice and new products, or when lodging a complaint. Be that as it may, customers are electing to use remote channels for more complex enquiries, with some customers in Russia and Turkey becoming more open to remote counselling namely: receiving advice by phone, online or via video chat. Brandirali and Ghigliano (2014) highlight that dividing customer interactions between branches and remote channels were found to be misleading for banks and confusing for customers. The researchers further recommend that it is more helpful to segment customers' interactions between those that are intermediated by a bank professional, whether in the branch or remotely, and those that are managed through self-service.

According to the Global Mobile Economy Report of 2015, at the end of 2014, the mobile phone industry had a total of 3.6 billion unique mobile subscribers. "Half of the world's population now has a mobile subscription — up from just one in five 10 years ago. An additional one billion subscribers are predicted by 2020, taking the global penetration rate to approximately 60 percent." These statistics have a serious implication on direct marketers with regards to optimising the use of mobile marketing and mobile banking.

Tode (2009) argues that although the majority of the banks' direct marketing budget is often directed at acquiring new customers, but due to the uncertain economic climate and complex challenges involved in attracting new clients, banks are paying more attention to existing customers by cross-selling products to them via direct mail and e-mail. Brandirali and Ghigliano (2014) and Rinaldi (2015) postulate that financial marketers will focus on making a meaningful connection with customers and members while differentiating from their competition by humanising their brand, and delivering interesting and valuable information, with a consistent voice, to consumers in ways that they can relate to. Rinaldi (2015) goes on to say that marketers should focus on:

- improved branding;
- enhancing the mobile experience thereby drawing in the consumer via mobile banking;
- ensuring consistency in e-mail marketing;
- enhancing the banking experience with visual stories using video marketing and personalisation; and
- retargeting by helping consumers make conversion decisions to acquire new products.

Due to the competitive nature of the banking industry and the entry of new banks in the industry, there has been a heightened increase in securing market share using innovative product offerings and services. To meet the broad goals of increasing market share, reducing cost and improving customer service, banks are pursuing various marketing strategies with an increased focus on direct marketing strategies, namely, direct sales, telemarketing, e-mail marketing, mobile marketing, online banking and messages in the post. According to the credit provider under research, between the period October 2012 to March 2014 over four million one-on-one marketing communications were executed through Short Message Services (SMS), Electronic Mail (E-mail), call-centre services, Multimedia Messaging Service (MMS) and face-to-face channels.

The most widely used communication channels were SMS, face-to-face contact and the call-centre. These communications are costly and will not be beneficial to the credit provider if it is not yielding the returns. When correctly executed and implemented, direct marketing channels can contribute significantly to a credit provider's sales performance. Due to the proliferation of financial institutions and a tough economic climate, credit providers have been experiencing low customer response rates which could result in sub-optimal effects on the bank's communication strategy and bottom line. Major effort and capital are being placed on executing a large number of campaigns to achieve target volumes; however this still results in low campaign response rates. Therefore, the credit provider believes that by optimising its direct marketing campaigning it can be effective in its one-on-one communication with customers.

Using a myriad of direct marketing channels is not beneficial to the credit provider and therefore in order to reach customers in a very short space of time the most effective channels must be used. For example, the study conducted by Kathuni and Mugenda (2012) and Ondieki et al. (2014) in Kenya, found that direct sales strategies were the most competitive and effective amongst commercial banks in securing customer acquisition. Ondieki et al. (2014) further concludes that although direct sales strategies were used predominately by the banks, the strategy did not focus on customer retention and after sales support, with many customers indicating that they were abandoned once the sales representative recruited them, which frustrated these customers quite frequently.

Braun (2012) highlights that the focus of financial services should be shifting to customer retention and increasing sales to existing customers. At VidyoWorks™, the team believes that while "online banking offers customer convenience, many banks are finding that face-to-face interaction is key to customer loyalty and are looking to integrate visual communications into mobile video chat, wealth management consultations and even video-enabled ATM machines." Brandirali and Ghigliano (2014) expressed similar sentiments on visual communications and customer retention. To satisfy this face-to-face interaction in the Internet of Things Era, VidyoWorks™ created an application for one of the fastest growing new-generation private sector banks, IndusInd, in India providing their customers with free real-time face-to-face video chat conversations with branch managers and relationship managers or with a centralized Video Branch executive, via a smartphone application (Team Vidyo n.d).

Relying on a few communication channels can be effective in some instances but, from a banking perspective, this can prove to be insufficient. However, with the growing sophistication of consumers and proliferation of new types of media, and the wide range of communication tools, messages and audiences, it becomes imperative for credit providers to move towards integrated marketing communications. Organisations, such as the credit provider in this study, must not only ask how they should reach customers but also ask how customers should reach the company. Therefore, effective inbound marketing strategies play a major role in enticing customers to reach out to the company and engage with them.

Direct Marketing Communication Channels

On the one hand, direct mail costs are much higher than the costs of using mass media whilst on the other hand the targeting of customers are more accurate. Telemarketing can help companies increase revenue, reduce selling costs and improve customer satisfaction. The main challenge of telemarketing is the cost associated with using telephones. According to Telkom (2010) and Sotunde (2012), South Africa had one of the most expensive telephone tariffs in the Southern African region. Telemarketing is a potentially intrusive tool and most customers are not comfortable with this channel (Brown et al. 2009; Kotler and Keller 2016). For instance the Register for Information and Communication Act (RICA 2009) has made it possible for companies to access customers' cellular numbers thus enabling them to call customers or send unsolicited marketing messages usually against the customers' will.

Catalogue marketing, usually in print form can also be sent as DVDs to customers and prospective customers. Companies can now place their entire marketing catalogue on the Internet in order to access global consumers who could not be reached previously. Online catalogues can save printing and mailing costs. Electronic channels are now the newest and fastest growing channels for communicating and selling to customers. Almost every organisation has embraced the Internet in their operations. The Internet provides customers and marketers with opportunities for much greater interaction and individualisation. Credit providers use automated processes and systems which helps them to manage customer relationships. Marketers can tailor messages that engage customers by reflecting their special interests and behaviour. The technologically savvy younger generation of consumers prefer communicating through technology aided applications and devices, for example: social media.

Internet enabled applications such as Blogs, Wiki, Social networking applications and Instant Messaging allow users to share information and collaborate with each other (Science Direct 2013). Brown et al. (2009) indicates that blogs can serve as personal online diaries and can also provide commentary on a particular subject. Blogs include text, images and links to other websites. According to Hill (2013), the following are the most favourite smart phone chat applications: WhatsApp; Skype; BBM; iMessage and FaceTime; Hangouts; Facebook Messenger, Chat Heads and Viber. A vast majority of these applications allow users to collaborate with the use of text chat, group chat, make voice and video calls and share files (Hill 2013).

According to Exact Target (2012), six primary factors are considered by consumers, when choosing a channel, namely, content, immediacy, accessibility, privacy, formality, and initiation. Berger and Gensler (2007) noted that consumers of a higher economic standing prefer using online channels with some showing no regular need for personal contact with the banks' sales personnel. Banks need to identify these customers and make sure that they receive full attention and their full sales potential is exploited. The direct marketing execution process forms a critical aspect of the customer acquisition and this study attempts to determine the most preferred direct marketing channels by low income customers. The study also investigates all outbound direct marketing channels used by a specific credit provider and discusses the most effective channels that serve customers' needs thereby making practical recommendations to credit providers in order to strengthen their direct marketing communications.

MATERIAL AND METHODS

Due to the nature of the study which sought to determine the most effective direct marketing channels that could be employed by an unsecured credit provider, the methodology utilised in this research was quantitative, namely survey research, adopting random sampling techniques. Furthermore, through the analysis of the data collected, a greater understanding relating to the appropriateness and the impact of current marketing channels on customers and the most effective and efficient methods to be employed to achieve the sales and marketing objectives were achieved. A random sample of one hundred and fifty respondents were selected from a complete list of the credit provider's active customer base, using the computer programme and Excel plug-in. The research attained a ninety-seven percent response rate. Face validity of the questionnaire can be claimed for the study. Cronbach's Alpha conducted on relevant items in the questionnaire emerged at .832, indicating an acceptable reliability of the responses.

RESULTS AND DISCUSSION

Preferred Communication Language

As South Africa is a diverse society with multiple languages, the study sought to establish the communication languages that were most preferred by the credit provider's customers. Thirty-five percent of the study respondents indicated that English was their most preferred language, with IsiZulu and Xhosa being the second and third most preferred languages (18% and 15% respectively).

Access to Communication Mediums

Ninety-nine percent of the respondents indicated that they possessed cell-phones, ninety-two percent indicated that they had access to postal mail, twenty-seven percent had access to the internet and thirty-two percent to E-mail. Based on the results, the cell-phone and post were found to be the most effective communication media. Companies can differ in media and channel choices. The choice of media or communication channel alone is not adequate to attract customers or prospects but the messages should be designed to fit the channel as well as address the needs of the respective audience. This is corroborated by Rinaldi (2015) who states that, financial marketers will have to focus on making a meaningful connection with customers and members while differentiating from their competition by humanising their brand, and delivering interesting and valuable information to consumers with a consistent voice that they can relate to.

Use of Cell-phone Applications

The use of social media has changed the communications landscape. Most cell-phones have built-in social networking capabilities. As shown in Table 1, WhatsApp (22%), Internet (21%) and Facebook (19%) were indicated as the most common cell-phone applications used by the respondents. However, twenty-seven percent indicated that they did not use any of the communication applications on their cell phones. According to Kemp (2014), global cell-phone users were about fifty percent of the world population, thus making cell-phones the major communication channel which marketers can use to reach customers. Kotler and Keller (2016) state that due to cell-phones' ubiquitous nature and the marketers' ability to personalise messages based on demographics and behaviour, these factors enhance the appeal and prevalence of using mobile marketing. New electronic channels (for example, social media) change the way in which banks interact with their customers and may facilitate direct marketing, relationship marketing and mass customisation, which may increase customer loyalty (Mols 2001).

Table 1: Use of cell-phone applications

Use of cell-phone applications	*Percentage*
None	27
WatsApp	22
Internet	21
Facebook	19
BBM	7
Twitter	4

The Effectiveness of the Credit Provider's Advertising Media

According to the credit provider under research, their face-to-face (branch) and call centre channels contribute to more than ninety five percent of its customer take-up rates. The face-to-face and call centre channels are driven by one-on-one communication through outbound calling, SMS and MMS campaigns to both customers and potential customers. All respondents indicated that the television, radio, sponsorships, promotions, one-to-one and print advertising were effective advertising media. However, according to the credit provider, they do not advertise on television and in magazines. Sixty-five percent of the marketing budget is spent on radio advertising which is the most costly advertising channel for the credit provider. Credit providers face challenges in the accurate measurement of radio and print advertising as customers either go to the branch or contact the call centre to take up a product. Ten percent of a credit provider's marketing budget is spent on direct marketing (cost of SMS / MMS paid to service provider) to reach both existing and potential customers. It is understood that direct marketing (one-on-one communication) is more cost effective when compared to the credit provider's other marketing communication channels.

The data in Table 2 reflect that eighty-one percent of the respondents agreed that one-on-one communication is the most effective medium of communication, whilst twenty-three percent agree that sponsorships are effective for communication purposes. It is assumed that, the

Table 2: Effectiveness of the credit provider's communication channels

Communication channel	*Effective*	*Unsure*	*Not effective*
TV advertising	57%	37%	6%
Print Advertising	56%	39%	6%
Radio	50%	41%	9%
One-on-one Communications (Direct Marketing)	81%	15%	13%
Promotions	35%	58%	7%
Sponsorships	23%	68%	8%

respondents have different perceptions and expectations when it comes to choice of advertising media. Unfortunately investigating those perceptions and expectations are beyond the scope of this study. As pointed out in Kotler and Keller (2016), the effectiveness of a communication channel is dependent on whether marketing communication activities have been integrated so as to deliver a consistent message to achieve strategic positioning. Braun (2012) highlights the importance of message clarity in all communications, which has proven to be the key factor in increasing response rates. Although radio is the costliest form of marketing communication for the credit provider, nine percent of respondents mentioned that radio is not effective and forty-three percent mentioned that they hear the credit provider's radio advertisements most often. Although the credit provider's radio advertising is effective (50%), forty-one percent of the respondents have not heard it.

Channels Customers Use to Contact Credit provider

As per Table 3, seventy-eight percent of respondents indicated that they preferred face-to-face interactions, whilst fifteen percent contacted the bank through the call-centre, five percent used SMS and two percent used other mediums to learn about the credit provider's products. To enquire about bank balances and statements, forty-eight percent of the respondents indicated that they preferred face-to-face contact, thirty-seven percent would send an SMS and eight percent contacted the bank through the call-centre. To make arrangements for payments, sixty- seven percent indicated that they would go to the branches and have face-to-face discussions and twenty one percent made their

Table 3: Channels customers use to contact credit provider

	Make arrangements for payment	*Check balance and statements*	*Know about products and services*
Face to face	67	48	78
Call Centre	21	8	15
SMS	3	37	5
Email	2	1	2
Other	7	6	0

arrangements through the call centre. The rest (12%) used e-mail, SMS or other means to make payment arrangements. Based on these results, face-to-face communication emerged as the most preferred communication channel to contact the Credit provider. Kotler and Keller (2016) state that personal communication channels derive their effectiveness through individualised presentation and feedback.

Customers Preferred Channel of Communication

Respondents were given three choices to indicate their preferences. As per Table 4, fifty-one percent indicated that their first preference was the SMS communication method, twenty-four percent preferred to be called on their cell-phones as first preference and thirty-five percent indicated their second preference to be communication through their cell-phones. Receiving a SMS received a twenty-nine percent response rate as a second preference. Only eight percent gave postal communication as their first choice mode of communication, whilst twenty percent and forty-two percent indicated postal communication method as their second and third preferences respectively.

Table 4: Customers preferred channel for communication

Communication channel	*First preference*	*Second preference*	*Third prefeence*
SMS/MMS	51%	29%	14%
Cell-phone	24%	35%	24%
Post	8%	20%	42%
BBM/Wats app	8%	10%	2%
Email	8%	6%	8%
Facebook/Twitter	0%	0%	6%
Landline	1%	0%	4%
Total	100%	100%	100%

WhatsApp/BBM, Facebook/Twitter, landline and E-mail are among the least preferred communication channels. Braun (2012) indicates that email response is declining, but not to extinction though, due to its invasive nature however, if planned properly with personalised content and a persuasive message to act on without spamming the reader, it can be successful. The credit provider's customers are gradually adopting Internet technology through personal computers and cell phones. With reference to access to communication, less than a third of the customers have access to the Internet and to e-mail. Based on these results, sending a SMS/MMS and a cell-phone call were regarded as the preferred communication channel in this instance. There is a direct relationship between the most preferred and the widely used communication channels of the credit provider.

What Makes Other Companies One-on-One Communication More Attractive than the Credit Provider?

Based on all the respondents having some kind of business with the other banks, fifty-six percent (representing the majority) of the respondents indicated that the other banks' communication channels are similar to that of the credit provider's. Mixed responses were also received from a small minority of customers who highlighted opportunities where the credit provider can improve as compared to its competitors. Respondents indicated that the competitors provide detailed information about their products and that competitor's consultants were not rude or impatient with them.

The Effectiveness of Credit Provider's One-on-One Communication

According to the credit provider, the team uses SMS, MMS, post, e-mail, call-centre and face-to-face (branch) channels as effective direct marketing techniques for one-on-one communication to customers and potentials customers. In this instance, respondents were asked to indicate the effectiveness of one-to-one communication by the credit provider. From the results presented in Table 5, sixty-three percent strongly agreed that the credit provider's one-on-one communication was easy to understand, professional and respected their privacy. Fifty-four percent of respondents strongly agreed that the one-on-one communication was informative and very efficient, creative, and communicated clearly by the call centre agent (56%).

Fifty-nine percent (45% + 14%) of the respondents collectively agree that the credit provider's one-on-one communication is convincing to take up a product. Thirteen percent (total average across all categories) of the respondents collectively disagree that the credit provider's one-one communication is effective. A study by Bakar (2014) found that "Ease of Use" and "Usefulness" continue to be an important element or value sought by customers in adopting Self-Service Technology (SST); "Time and convenience" was found to have the most dominant value. Therefore, it is important that the service provider's SST is easy to use and offer numerous benefits for its customers.

Hypotheses: t- test

Ho1: *There is no relationship between the credit provider's one-to-one communication and the client taking up a product and or service*

The two tailed t-test was performed to determine if there was a relationship between the credit provider's one-to-one communication and the client taking up a product and or service, which yielded a p-value of 0.000. Since this p-value was less than 0.05, the conclusion is that this was a significant relationship. Hence, the null hypothesis is rejected and it can be concluded that respondents agreed with the statement that

Table 5: Effectiveness of credit provider's one-to-one communication

	Strongly agree	*Agree*	*Neutral*	*Disagree*	*Strongly disagree*
Easy to understand	63%	19%	11%	4%	3%
Respects my privacy	63%	14%	10%	6%	6%
Professional	63%	12%	12%	8%	5%
Informative	54%	19%	16%	4%	8%
Communicated clearly by call centre agent	56%	15%	17%	3%	9%
Very efficient	54%	11%	17%	7%	11%
Creative	52%	17%	18%	5%	8%
Convincing to take up the product	45%	14%	21%	8%	13%

Source: Author

one-to-one communication was relevant to them when taking up a product and or service.

Ho2: *There is no correlation between the credit provider's one-to-one communication and the bank being viewed as very efficient*

The two tailed t-test was performed and yielded a p-value of 0.000. Since this p-value was less than 0.05, the conclusion is that this was a significant relationship. Hence, the null hypothesis is rejected and it can be concluded that respondents agreed with the statement that one-to-one communication was relevant in pointing them to whether the Bank was very efficient or not.

Ho3: *There is no relationship between the credit provider's one-to-one communication and the bank being viewed as very professional*

The two tailed t-test was performed and yielded a p-value of 0.000. Since this p-value was less than 0.05, the conclusion is that this was a significant relationship. Hence, the null hypothesis is rejected and it can be concluded that respondents agreed with the statement that one-to-one communication was relevant in pointing them to whether the bank was professional or not.

Ho4: *There is no correlation between the credit provider's one-to-one communication and the bank respecting the client' privacy*

The two tailed t-test was performed and yielded a p-value of 0.000. Since this p-value was less than 0.05, the conclusion is that this was a significant relationship. Hence, the null hypothesis is rejected and it can be concluded that respondents agreed with the statement that one-to-one communication was relevant in making them believe that the bank respected their privacy.

The Chi square test was used to determine whether there were relationships between the variables, which were used to test the hypotheses H' .

The results indicate that there are relationships between language and TV advertising: p = 0.004; Credit Arrangement: p = 0.049 and Preferred Method of Communication: p = 0.035, since the p-value was less than 0.05.

CONCLUSION

The use of appropriate and effective communication channels play a significant role in the market place for the performance of an organisation's brand. The use of traditional communication channels in the South African banking industry is greatly influenced by content, accessibility, immediacy, privacy, formality and initiation of the message to be communicated. From the research findings it was revealed that face-to-face communication and cell-phone calling were the most preferred communication channels amongst low income customers. It also emerged that the SMS option was also gaining popularity.

It is assumed that face-to-face communication provides a platform for clarity in those areas where the customer does not understand an offering's attributes and the use of mobile phones enhances easy reach which is unlikely with a fixed landline telephone system. The SMS communication method was also preferred by customers because the message is directed to the right recipient thus eliminating chances of loss of communication. Majority of the respondents collectively agreed that the credit provider's one-on-one communication was informative, creative, communicated clearly by the call centre agent, professional, easy to understand and respected their privacy.

More than half of the respondents collectively agreed that the credit provider's one-on-one communication is perceived as sufficiently convincing to take up a product offer and is an effective and efficient method of communication. Based on these results it can be deduced that the credit provider's one-on-one communication is effective. Thus, credit providers in general should continuously explore ways in which to improve on their effectiveness of their one-on-one communication with their clients. Respondents pointed out that the bank which is leading in product and service innovation (with the use of social networking communication) as opposed to all other banks in the market was, First National Bank (FNB). Thus, the credit provider under study and credit providers in general should use FNB's marketing strategy as a benchmark for guiding their marketing strategies based on their specific target markets.

The success of South African banks are attributed to these institutions being able to customise and personalise messages, build continuous relationships with their customers and offering innovative products and services that clearly differentiate them from their competitors. The use of communication channels will have to vary for different income segments as the study found that the lower income segment preferred face-to-face communication, SMS and calls, while as per the literature review, the higher income earners preferred the internet, online and mobile banking.

RECOMMENDATIONS

Based on the analysis of data collected, the following recommendations have been made for unsecured credit providers targeting differing income markets:

Customer Segmentation

Educated customers are more likely to have disposable income which will greatly influence the type of communication channels they use and as per literature they prefer the internet, online and mobile banking. Credit providers need to segment their customers based on income, education and behavioural factors in order to determine which communication channels are suited to the segmented groups thereby creating an effective customer relationship management (CRM) database where customised products, services and content can be developed and communicated to the customer. Thus, credit providers will have to develop a new customer-centric experience, using key data analytical tools to create a data driven approach towards customer relations. They will need to understand what the customer wants, when they want it, the manner they want it to be delivered and what they as credit providers can provide at each point of contact.

Value Creation=Customer Excellence= Customer Loyalty=Profitability.

Customers Preferred One-on-One Communication Channel

The second recommendation is for credit providers to identify its customers preferred one-on-one communication channel. Credit providers should modify their account origination and account management systems to capture the customers preferred communication channels for collections and direct marketing activities. Outbound campaigns for direct marketing and collections are to be executed according to the customers preferred communication channel and preferred time to be contacted. A seamless, omni-channel experience must exist to accommodate the increasing flexibility and ease sought by customers.

Using the customers' preferred communication channel, the credit provider should inform customers who wish to be informed of account discrepancy and/or reminded of payment dates. The SMS channel can be used to remind customers of payments dates and a call-centre agent should notify customers when there are account discrepancies.

Credit providers should determine which channels are ineffective at responding to customer requests as customers may leave voice messages, send text and email messages and wait for a response from the credit provider. Since contacting customers on their cell phones and via SMS is the preferred channels for customers, the credit provider should set-up a customer response facility to promptly respond to customers' voice and text messages.

Customer Communication

Based on the credit provider's selected target market and customer segmentation, it is advised that communications be written in the customer's preferred language to ensure that understanding and effectiveness of the communication is achieved.

The credit provider should establish easy communication channels which complement each other and its customers should have access to the channels as and when they feel the need to communicate with the bank. It is advised that the communication process be changed by redirecting customers away from the branch network to the SMS, online and banking application options for balance enquiries, payments and transfers. With regard to providing customers with product information, the call-centre, website, mobile and banking applications should provide general product information that is accessible seven days a week as well as working in conjunction with branches as required when the customer requires detailed product information. Virtual video assistants can aid customers in a seamless banking process. Based on the customer segmentation, key (high income) customers can be assigned a dedicated adviser or relationship manager, via electronic channels rather than in a branch.

Consultant Training

Customers value personal service and advice from their credit provider which are one of the key drivers of customer engagement. Customers attach a high value to credit providers that prioritise their welfare, understand their needs and goals, identify ways to achieve those goals and satisfy those needs, and work with customers to reach them together. Hence, relationship marketing taking precedence. Face-to-face interaction with the customer is of vital importance in creating a good customer experience. Call-centre and branch consultants are to be assessed, trained and equipped with the necessary skills and resources to deliver a customer-centric experience. Consultants should be trained to provide detailed information about the product offerings.

Use of Accessible Advertising Media

The study also recommends that traditional, non-expensive and accessible advertising media should be used. Many lower income households have either a television, radio or access to newspapers, therefore, the use of these media would inform current and prospective customers of the credit provider's product and services offerings. This in turn will motivate customers to seek more information via the online mediums or the branch. Hence a seamless process and consistent message across all the media channels is vital. Educating low income consumers on the ease of use of the online/self-service mediums and the benefits and security is vital in adopting these new mediums. The use of advertising media planning services offered by advertising agencies could be very useful to help credit providers develop an advertising campaign media plan to reach the credit provider's target markets.

Social Networking and Modern Technology

The credit provider's customers are slowly adopting the use of social media and have indicated very little preference for this medium. With many credit providers still learning to master the art of social media for one-on-one communication and relationship building, they should instead of investing on setting up work streams and implementing technology to support social media, direct the expenditure towards other communication technology such as mobile messaging servers to facilitate and record the distribution of bulk SMS's and MMS's and other consumer preferred channels. The mobile messaging servers are to be integrated with the various customer touch point systems to ensure customers are not overwhelmed with too many mobile text messages.

LIMITATIONS

Finances and time were the main limitations to this study, which prevented a larger sample being drawn from other credit providers and a comparison being conducted on the preferred one-on-one communication channels of different income segments. Thus, it is recommended that further studies be conducted using a more representative sample.

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