

**SOCIAL MEDIA AND CUSTOMER SERVICE AT THE KENYA  
COMMERCIAL BANK (KCB)**

**BY**

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**A RESEARCH PROJECT PRESENTED IN PARTIAL FULFILMENT  
OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE  
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**DECLARATION**

This research project is my original work and has not been presented for examination in any other university.

Signed.....

Date.....

**Onyancha Winnifred Syowai**

This research project has been submitted for examination with my approval as university supervisor.

Signed.....

Date.....

**Dr. Raymond Musyoka**

## **DEDICATION**

This study is dedicated to greatest cheerleader in life, my Son Andrew Baraka for giving me inspiration through his sunny laughter and bubbly nature. I also dedicate this to someone special Imani, for giving me faith and hope for new beginnings and trust for the things yet to come. Lastly I will not forget my lovely mother Stella-Maris Muli for the encouragement and support and my sister for setting the standards and all my friends for pushing me to reach the finish line, I would not have made it if not for your immeasurable support.

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## **ABSTRACT**

This research project was a study on the role of social media in customer service in Kenya Commercial Bank (KCB). The objective of the study was to establish the role of social media in customer service with focus to Kenya Commercial Bank. The research study was a descriptive study which was concerned with finding out the what, where and how of a phenomenon. This study therefore enabled to generalize the findings of the social media department. The main focus of this study was qualitative. The research design was a method of study in depth rather than breadth and placed more emphasis on the full analysis of a limited number of events or conditions and other interrelations. Primary data collected from such a study was more reliable and up to date. The study found out that at least Fifty (50) customer enquiries are handled in a day through social media by the staff at KCB. This was an indication that customers were turning into social media for customer service. This proved that social media was a tool of customer service and matched Zeithmal and Bitner (2003) literature that customer service is the service provided in support of a company's core product. In conclusion Social Media has changed the way people across the globe communicate with one another. However, it is worth noting that social networking has been there right from the beginning of humanity. KCB has embraced social media since the inception of its contact centre in the year 2009. Since then, social media has moved KCB from one level to another in customer service. The study has revealed that KCB has effectively embraced social media to enhance service delivery to its customers not only in the region but those in the Diaspora.

## **ABBREVIATIONS**

KCB

–KenyaCommercialBank

## **CHAPTER ONE INTRODUCTION**

### **1.1 Background of the study**

A company's business environment consists of the actors and forces outside marketing managements' ability to build and maintain successful relationships with target customers. Companies constantly watch and adapt to the changing environment than any other group in the company, marketers must be environmental trend trackers and opportunity seekers (Kotler and Armstrong, 2012). The business environment consists of the micro-environment and macro-environment. The micro-environment consists of the actors close to the customers that affect its ability to serve customers. The macro-environment consists of the larger societal forces that affect the micro-environment-demographic, economic natural, technological political and cultural forces.

The beginning of the new century brought a series of new challenges: the steep decline of the stock market, which affected savings, investment and retirement funds; increasing unemployment and rise of terrorism these dramatic events were accompanied by the continuation of other already existing longer term trends that have influenced the global landscape leading to the global economic meltdown (Kotler and Keller, 2005). Customer's relationships and value are more important today as the nation's economy has recovered following the worst down town since the great depression; more frugal consumers are spending more carefully and reassessing their relationships with brands. For businesses to remain competitive they must observe they have to build profitable relationships with target customers and understand their customers' needs better than competitors do and deliver more customers value. To the extent that a company can

differentiate and position itself as providing superior customer value, it gains competitive advantage. If a company positions its product as offering the best quality and service, it must differentiate the product so that it delivers the promised quality and service.

A firm can differentiate a product in the lines of product, services, people or channels to remain competitive (Zeithmal and Bitner,2003).Service differentiation can be done through speedy, convenient careful service delivery as well as offering high quality customer service. Customers form expectations about the value and satisfaction that various market offerings will deliver. Satisfied customers buy again and tell others about their good experiences. Dissatisfied customers often switch to competitors and disparage the product to others.

### **1.1.1 Concept of Customer Service**

Customer service is the service provided in support of a company's core product. Customer service most often includes answering questions, taking orders, dealing with billing issues, handling complaints and scheduling maintenance or repairs. Customer service can occur on site or it can occur over the phone or via the internet. Many companies operate customer service call centers often staffed round the clock. Typically there is no charge for customer service. Quality customer service is essential to building customer relationships (Zeithmal and Bitner, 2003)

According to Wilson (2002) customer service is a concept that enables an organization to tailor specific products or services to each individual customer according to his or her need. In the most advanced scenario, customer service may be used to create a personalized, customized, one-to-one experience that will give the individual customer a

sense of being cared for, thus opening up new marketing opportunities based on the preferences, previous behavior and history of the customer.

Technology is dramatically changing the nature of services, resulting in a new tremendous potential for new service offerings not imaginable even a decade ago. Technology is profoundly changing the way service is delivered enabling both customers and employees to get and provide better, more efficient customized services. Technology facilitates the global reach of services that historically were tied to their home locations. Together with globalization the influence of technology on service is the most profound trend affecting the field today (Zeithmal and Bitner, 2003) Good customer service creates customer delight. In turn, delighted customers remain loyal and talk favorably to others about the company and its products. The ultimate aim of customer service is to produce high customer equity. Customer equity is the total combined customer lifetime values of all the company's current and potential customers. As such it's a measure of the future value of the company's customer base. The more loyal the firms profitable customers, the higher its customer equity. Companies seeking to expand their profits and sales have to spend considerable time and resources retaining existing customers and attracting new customers. The best way to attract and retain existing customers is by delivering high customer service, leading to customer satisfaction.

### **1.1.2 Concept of Social Media**

Social media are media for social interaction, using the highly accessible and scalable web and mobile technology to turn communication into interactive dialogue. It is a group of Internet-based applications that allow the creation and exchange of user-generated

content. Social media constitutes collaborative projects, blogs, micro-blogs, content communities, virtual worlds and social networks. Social media is the combination of various internet tools that enable users to generate exchange and modify content continuously (Munuera, 2011).

According to (Kotler and Armstrong,2012) Countless independent and commercial websites have arisen that give consumers online places to congregate, socialize, and exchange views and information. These days it seems almost everyone is budding up on face book, checking in with twitter, tuning into the days hottest video on You Tube or checking out photos on Flickr. In a place where consumers congregate marketers will surely follow. More and more organizations are now riding on the huge social networking wave. Some of the Major social networks are huge. The largest social network –Face book commands 70% of all social network traffic. 47% of the online population visits social media every day. That rivals the 55% who watch any TV channel and trounces the percentage listening to radio 37% and reading newspaper 22% daily. Social media has signed in more than 400 million members and is adding in new members at the rate of five million every week. According to Pew research centre 73% of teens, 72%of young adults, and 40% of adults over 30 have an account on at least one social network. A running tally of emerging social networks beyond 7000 by estimation suggests an explosive market. It is thus only logical to believe that businesses today, irrespective of the industry, cannot ignore the huge potential of social media.

In addition to providing opportunities for new service offerings, social media is providing vehicles for delivering existing services in more accessible, convenient productive ways.

Social media facilitates customer service functions like answering questions, checking account records tracking orders as well as handling customer complaints. Social media allows companies to relate with customers in a deeper and more meaningful ways. Rather than relying on one-way, mass media messages only, social media allows for more interactive approaches that build targeted two way customer relationships. The new communication approaches makes companies create deeper customer involvement and a sense of community surrounding a brand- to make the brand a meaningful part of consumers conversations and lives. Becoming part of the conversation between consumers is infinitely more powerful than handing over information. People today want a voice and a role in their brand experiences; they want co-creation (Kotler and Armstrong, 2012). Many brands are creating dialogues with customers via their own or existing social networks. Twitter for example organizations ranging from Dell, Jet Blue airways and Los Angeles Fire Department have created twitter pages and promotions. They use twitter to address customer service issues, research customer reactions, and drive traffic to relevant articles, websites contests, videos and other brand activities. (Kotler and Armstrong, 2012)

Unlike traditional channels of marketing social media gives updated real time facts about a business such as the number of Facebook fans and likes, Twitter followers and YouTube views. Companies can track the number of conversations taking place over a new product or service offered by them and can immediately respond to reviews, comments and feedback. Most successful hotels are finding innovative ways to integrate social

media with traditional marketing methods stay ahead in the race (Lanz, Fischhof, & Lee, 2010).

Companies can use twitter to get the fastest, most honest research a company ever heard and it doesn't cost a cent he says. According to Ruiz (2006) more people are relying on sources that they trust such as social media reviews made by their friends, family and colleagues rather than trusting commercially drive institutions such as news broadcasting agencies and advertisers.

In terms of the benefits most businesses cite brand awareness and publicity as the highest return followed by an increase in foot traffic which was followed by finding new business partners, rise in search engine rankings and generating leads. Social media technology, such as Facebook, and Twitter, has enabled customers to express their feelings regarding a product or service they have purchased. With this feedback, businesses can improve decisions on how to serve clients and create more informed solutions, thus increasing customer loyalty.

In Kenya several companies already have a strong presence and existence in the Social Media sphere, These Companies include but are not limited to Safaricom @Safaricom\_care, Kenya Power and Lighting company@KenyaPower, The Central Bank of Kenya @CbkKenya , The university of Nairobi, @UniOfNbi and Kenya Commercial Bank,@KCBGroup.

Customer service through social media offer a full range of benefits for financial institutions, ranging from reduced customer support costs to improved customer



satisfaction and retention as well as revenue growth (Salzaman, Palen & Harper, 2001). Offering innovative, personalized customer services can also assist banks to attract and retain customers. Effective customer services such as online banking offers financial institutions the opportunity to target and acquire new customer segments that value mobility and real-time control of their finances, leading to increased customer growth and revenue (Pousttchi & Schurig, 2004). Regular introduction of highly-usable, compelling mobile services not only strengthens a bank's brand as innovative and future-oriented, it also offers numerous opportunities for tailored marketing and promotional campaigns to drive customer service effectively. Establishment of customer service infrastructure simplifies the complexity surrounding disparate data, device diversity and network convergence, enabling companies to leverage on existing Technology to their advantage.

### **1.1.3 Overview of Kenya Commercial Bank**

The Banking industry in Kenya is governed by a company's Act, the Banking Act, the Central Bank of Kenya Act and the various prudential guidelines issued by the central bank of Kenya -CBK. The CBK which falls under the minister for finance docket is responsible for formulating and implementing monetary policy and fostering liquidity solvency and proper functioning of the financial system. As at December 2008 there were forty six banking and non-banking institutions, fifteen microfinance institutions and one hundred and nine foreign exchange bureau. The banks have come together under the Kenya bankers' association KBA which serves as a lobby for the banking sectors interests.

The KBA serves a forum to address issues affecting members. Over the last few years the banking sector in Kenya has continued to grow in assets, deposits, profitability and products offering. The Kenyan Banking sector contributes hugely to the country's economy with Assets standing at Kshs. 2.4 Trillion, Loans and Advances amounting to Kshs.1.4 Trillion, while the Deposit base stood at Kshs.1.8 trillion and profit before tax of Kshs.28.2 Billion as at 31<sup>st</sup> March 2013. During the same period the number of bank customer deposit and loan accounts stood at 17.3million and 2.3 million respectively. The growth has been mainly underpinned by; an industry wide branch network expansion strategy both in Kenya and in east African community region, Automation of services, and leveraging on technology for innovative services and products.

The trend today is a perfect competition and the central bank has withdrawn from managing the market forces. Banks are now working on their own about what are relevant products and rates to be offered in the market. Kenya's banking sector is a cut throat business arena with forty four players including multinationals all scrambling for a slice of the pie.

The banking sector in Kenya has embraced changes occurring in Information Technology with most banks having already achieved branchless banking as a result of the adoption of communications options. According to The Central Bank Annual Supervision report (2003), the increased utilization of modern information and communications technology has for example led to several banks acquiring ATMs as part of their branchless development strategy measures.

The Central Bank notes that advancement in Information and Communications Technology (ICT) in the banking industry has enhanced efficiency and improved customer service. This is reflected particularly in the increased use of ATM cards resulting from broadening of ATM network, including additional ATM machines and a wider network of merchants that accept payment through credit/debit cards. Several banks have also entered into the Internet Banking and established websites. Internet banking however is still at its infancy and more in terms of utilization is expected in this sector. The level of competition between banks is therefore very high to attract the retail customers banks have to offer high quality products and services. There has been a shift from depending on walk in customers in the banks to banks going out there in the market to look for customers.

The KCB Limited group is the largest financial services group in East Africa, with an asset base estimated at over Kshs. 280Billion. KCB has the widest branch network in the country with two hundred and twenty two branches and over two hundred ATM machines countrywide. The Bank has a strong presence in East Africa with subsidiaries in Tanzania, Uganda, Burundi, Rwanda, and Southern Sudan. Since inception, the KCB Group has endeavored to provide quality and customer friendly services geared towards meeting the ever changing customer needs. This has ensured consistent growth in customer numbers and customer deposits that have in turn provided a strong reservoir for steady growth in customer borrowings every year. The Bank also sought to improve its customer services by leveraging on technology by setting up a state of the art customer

service center as well as embracing social media to provide customer service to its customers. This has increased the Banks brand loyalty and dominance in the market.

The KCB Limited group is the largest financial services group in East Africa, with an impressive asset base. KCB is a listed company in the stock exchange with the board of directors at the apex in the decision making of the bank. The board is also accountable to the shareholders, in the performance of the bank. The bank has the widest branch network in the country and still in the process of opening braches countrywide and also across the region.

The Bank also sought to improve its customer services by reaching the customer in unbanked region as well as making awareness of their service through open innovation and social media. The bank has been continuously improving its product and service offering, leveraging on technology to offer innovative and tech-savvy products. The bank won the most innovative products award in the year 2012 for its mobile banking solution and is currently enrolled for the SOMA social media awards 2013 in the customer service category.

## **1.2 Problem Statement**

A tremendous new customer service opportunity has emerged with the adoption of social media by consumers and the ability for companies to effectively listen to and track conversations about their brands. It only makes sense to have alignment in the organization as to who will manage the various functions of social media, and create a common voice and governance rules over the communication policies. The rapidly evolving shift in how we communicate and connect with each other requires companies

to rethink how they interact with customers. Companies need a new way to describe and measure the efforts employees make through social media to provide customer service. Social care gives companies a way to reference these efforts. Currently, there are 1,886,560 Facebook and Twitter users in the Kenya and most organizations want a piece of the market share. Kenya commercial bank has been in forefront in reaching its customer through social media such as Facebook, twitter, website page, among other sites. This has increased customer loyalty as well as improved customer service through giving immediate feedback resulting to the bank to improve its performance and dominance in the market.

Several studies have been done on social media, local study done includes, Nyambu (2012) did a survey of influence of social media marketing on performance of telecommunication firms in Kenya with focus to Safaricom. She found that social networking and effective customer feedback were some of the influence of social media marketing. Njuguna (2012) did a survey on the effects of social media on performance of Kenya Power and Lighting Company. He found that increased customer base, ROI and improved customer service are significant effect social media toward investing on social media. Maina (2012) she did a survey on effects of M-banking on customer service of Commercial Banks in Kenya.

Despite the immense contribution of the social media in organization performance, no study has focused on role of social media in customer service. It's against this backdrop that this study aims to bridge this knowledgeable gap by investigating the role of social

media in customer service with focus to Kenya Commercial Bank. The study seeks to find out, what is the role of social media in customer service?

### **1.3 Research Objectives**

To establish the role of social media in customer service with focus to Kenya Commercial Bank.

### **1.4 Value of the Study**

The study will help other organizations in appreciating social media and its contribution to customer service, and building brand loyalty. Explanations of social media activities in KCB and how it has impacted in customer service delivery will guide those banks that have not embraced role of social media on how it can realign customer service delivery for creating customer loyalty and creating strong brand leading to profitability.

The findings of this study will be invaluable to KCB management and company as a whole as its findings would appraise its customer service and link the same to the corporate performance. The study will offer an opportunity for review of how social media and customer service policies stipulate and improve them to become more customer centric so as to improve service and lead to high profitability.

The study will benefit academicians and future researchers in Kenya and beyond. Academicians and researchers are always searching for new information and references. They can benefit from this study as it will add to the wealth of already existing knowledge on social media in customer service with focus to Kenya Commercial Bank.

The study will, thus, broaden the knowledge on customer service and Social media role in the same.

The study will also provide knowledge to all the organizations that will want to bring on board the use of social media into their companies. It will reveal that the same can be done successfully and help many organization's to jump on board on the new technology to take advantage of the market that exists in the social media world.

## **CHAPTER TWO LITERATURE REVIEW**

### **2.1 Introduction**

This chapter looks at the past studies on role of social media in customer service and the link between the two. The chapter also presents literature on Customer Service and Social Media.

### **2.2 Theoretical Foundation of the study**

Consumers around the world vary in age, income, education level and tastes. They also buy an incredible variety of goods and services. How these diverse consumers relate with each other and with other elements of the world around them impacts their choices among various products, services, and companies. Some of the factors that affect consumer behavior are tackled below. Consumers make many buying decisions every day and the buying decision is the focal point of the marketers' effort. Most organizations research consumers buying decisions in great detail to answer questions about what consumers buy, where they buy, how and how much they buy, when they buy and why they buy. Often consumers themselves don't know exactly what influences their purchases. The central question for marketers is as follows; how do consumers respond to various marketing efforts the company might use? Marketing stimuli consist of the four Ps; product, price, place, and promotion. Other stimuli include major events in the buyers environment; economic technological, political and cultural. Consumer purchases are influenced strongly by cultural, social, personal and psychological characteristics. For the most part marketers cannot control such factors but they must take them into account. Such external influences include ,culture, sub-culture, social class, social factors like



groups and social networks, online social networks, family, roles and status, Age and life cycle stage, occupation, economic situation, lifestyle, motivation, perception, beliefs and attitudes(Kotler and Armstrong, 2012).

### **2.3 Concept of Social Media**

Several definitions of social media have been progressed, below are some of the definitions from the Internet.According to (Clayman 2011), Social Media is a new marketing tool that allows you to get to know your customers and prospects in ways that were previously not possible. This information and knowledge must be paid for with output of respect, trustworthiness and honesty. Social Media is not a fad bit I also think it is just the beginning of the marketing revolution.

According to (Cohen 2011), Social media are the platforms that enable the interactive web by engaging users to participate in, comment on and create content as means of communicating with their social graph, other users and the public. According to Cohen 2011,Social media has the following characteristics; Encompasses wide variety of content formats including text, video photographs, audio PDF and PowerPoint. Many social media make use of these options by allowing more than one content alternative. Allows interactions to cross one or more platforms through social sharing, email and feeds. Involves different levels of engagement by participants who can create, comment or link on social media networks. Facilitates enhanced speed and breadth of information dissemination. Provides for one to one, one to many and many to many communications. Enables communication to take place in real time or asynchronously over time. Is device indifferent, it can take place via a computer, tablet and mobile phones and extends

engagement by creating real-time online events, extending online interactions offline or argument live events online.

With the increase in the number of internet users the use of social media has grown over the past decade. And the usage has progressively grown from individuals to businesses. Many organizations today proactively use social media as a vehicle to reach out to millions of prospective and repeat customers. Businesses in the service industry, such as hospitality, that engage in constant communication with guests are drastically changing their marketing strategies by choosing this new age interactive media over traditional practices of marketing and public relations. Borges (2009) finds that today's buyers want to be engaged differently than in years past and many traditional marketing tactics simply do not work anymore. Social media marketing is a revolutionary way to build solid relationships with buyers. Low cost, brand building, staffing advantages, loyalty and level playing field are key benefits of social networking sites as a successful marketing media. Social networking sites offer the venue for those conversations to occur. Social media advertising is ideal for promoting brand recognition, although click-through rates are not so strong. Still, there is no doubt that advertising via social media sites is an effective way to increase your overall revenue stream (Brinlee, 2007).

## **2.4 Properties of Social Media**

Social media has certain characteristics and properties. Addressed below are some characteristics of social media. These include Interactive, Fast, Measurable and Viral.

Interactive-Social media has become a preferred inexpensive communication tool that encourages two-way communication between businesses and consumers, thus giving the latter a freedom like never before. Becoming part of the conversation between consumers and organizations is infinitely more powerful than handing down information, people today want a voice and a role in their brand experiences, and they want co-creation (Kotler & Armstrong, 2012). Social media interactive nature gives consumers greater power and control. Companies have to find unobtrusive ways to enter into consumers social conversations with engaging and relevant brand messages. Successful social media engagement means making relevant and genuine contribution to consumer's conversations. Nobody wants to be friends with a brand, your job as a brand is to be part of the other friends' conversation. (Kotler, Armstrong 2012).

Fast- Communication on social media is real time. Organizations can track the number of conversations taking place over a new product or service offered by them and immediately responds to reviews, comments and feedback. With customers reacting and expressing their views on public domain, social media concerns about an organization are responded with efficiency and speed. Social media has become a channel that allows interaction and gives companies an opportunity to address the problems and concerns of their customers, which if done effectively, contributes in building the brand (Carragher, Buchanan, & Puia, 2010).

Measurable-Unlike traditional channels of marketing, social media gives updated real time facts about a business such as the number of Face book fans and likes, Twitter followers and YouTube views. This ensures that organizations can measure the quality of

service that they offer to their customers based on the reviews that they receive on their social media pages. In the present economic times where many businesses are cutting their marketing budgets, most successful service industries are shifting from traditional marketing to social media as a means to communicate with consumers and also use the data collected on social media to measure service level, formulate more creative and innovative products based on customer feedback as well as retain best practices from customers feedback.

Viral -Viral general refers to the internet version of word of mouth. (Kotler&Armstrong,2012). This involves creating a twitter or face book post that is so infectious that customers will want to pass it along their friends. Because customers pass the message and the message comes from a friend, the recipient is more likely to view or read it. Although organizations have little control over where their viral messages end up, a well concocted viral message can gain vast exposure leading to increased brand awareness and customer loyalty.

## **2.5 Concept of Customer Service**

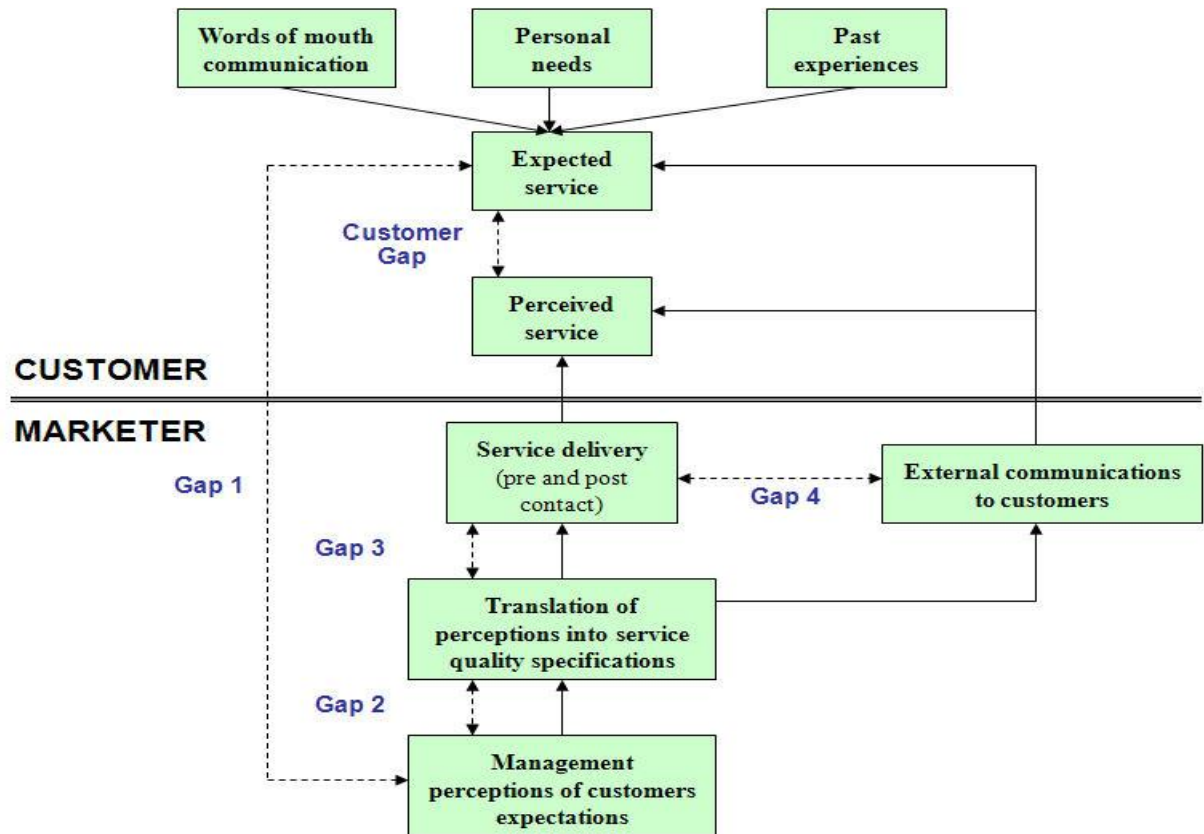
Customer service is the service provided in support of a company's core product. Customer service most often includes answering questions, taking orders, dealing with billing issues, handling complaints, and perhaps scheduling maintenance and repairs. Customer service can occur on site, over the phone or the internet. Quality customer service is essential to building customer relationships. (Zeithmal&Bitner,2003). There is growing market for services and increasing dominance of services in economies

worldwide. Companies should view customers as assets to be valued, developed and retained.

## **2.6 Gaps Model of Service Quality**

The central focus of the gaps model is the customer gap, the difference between customer expectations. Expectations are the reference point's customers have coming in to a service experience; perceptions reflect the service as actually received. The idea is that firms will want to bridge this gap – between what is expected and what is received- to satisfy their customers and build long term relationships with them. To close this all important gap, the model suggests that four other gaps – the provider gaps need to be closed (Zeithmal& Bitner, 2003).

## Gaps Model of Service Quality



Source, (Zeithmal and Bitner 2003).

### Gap 1

Not knowing what the customer expects; A primary cause in many firms for not meeting customer's expectations is that the firm lacks accurate understanding of exactly what those expectations are. A gap exists between company perceptions of customer expectations and what the customer actually expects.

## **Gap 2**

Not selecting the right service designs and standards; Even though a firm does clearly understand its customer's expectations, there still may be problems if that understanding is not translated into customer driven design and standards.

## **Gap 3**

Not delivering to service standard; once service designs and standards are in place, it would seem the firm is well on its way to delivering high quality service. This is true but still not enough. There must be people, systems and processes in place to ensure that service delivery matches the designs and standards in place

## **Gap 4**

Not matching performance to promise; Finally, with everything in place to effectively meet and exceed customer expectations, the firm must make sure that what is promised to the customers matches what is delivered. The focus is on communicating effectively with customers and for ensuring that promises, once made can and will be kept.

In a broad sense the gaps model says that a service provider must first close the customer gaps between customer perceptions and expectations. To do so the provider must close the four provider gaps or discrepancies' within the organization that inhibits delivery of quality service. The gaps model focuses on processes that firms can employ to drive service excellence.

## **2.7 Customer Satisfaction**

Customer satisfaction is the customer's fulfillment response. It is a judgment that a product or service feature, or the product or service itself, provides a pleasurable level of consumption related fulfillment (Zeithmal& Bitner 2003). It can also be defined as the customer's evaluation of a product or service in terms of whether that service or product has met their need and expectations. Customer satisfaction is dynamic and may evolve overtime influenced by various factors. In services industries, customer experience depends strongly on the service encounter, which can significantly affect the level of overall satisfaction. Understanding customer perceptions of the service interaction is critical to building customer satisfaction. Customer satisfaction is also driven by responsiveness to service failures (unavailable service, unreasonably slow service, and other core service failures). Organizations can maintain and enhance relationships by treating customers fairly and offering service augmentations. In order for customers to trust in their service provider, they must have confidence in their service provider's ability and willingness to keep their promises. Trust is particularly important for services, which by their nature are highly intangible. The trust that a customer places with the service provider is mainly based upon their own experience with that provider or with similar organizations. Trust in a relationship brings harmony and stability. Individual interaction through emerging marketing device such as social media and website leads to a better learning relationship between a customer and an organization. It is the rapport, the empathy, the dialogue, the relationship and the communication that the marketer



establishes with the prospect that makes the difference that separates him/her from the rest particularly to the potential customers' satisfaction.

Determinants of customer satisfaction include; Product and service features.-Customer satisfaction with a product or service is influenced significantly by the customer's evaluation of product or service features. Consumer emotion-Customers emotion can also affect their perceptions of satisfaction with product and services. Attributions for service success or failure- the perceived causes of events, influence perception of satisfaction as well. When they have been surprised by an outcome (service either much better or worse than expected) consumers tend to look for the reasons and there assessment of the reasons can lead to satisfaction or dissatisfaction. Perception of equity or fairness-customers satisfaction is also based on perception of equity and fairness. Customers ask themselves, have I been treated fairly compared to other customers? Other consumers, family members, coworkers-in addition to product and service features and one's own individual feelings and beliefs, consumer satisfaction is often influenced by other people. (Zeithmal & Bitner, 2003).

Firms have discovered that increased customer satisfaction can be linked to customer loyalty and increased profits. This relationship is particularly strong when customers are very satisfied. Patterson (2000) revealed that the relative impact of performance and disconfirmation on satisfaction varies with service complexity, stake holding and experience. Customer satisfaction is also driven by responsiveness to service failures (unavailable service, unreasonably slow service, and other core service failures). Of course, customers are more satisfied with error-free service than with recovery after error

which can be effective if only the organization adopt emerging marketing techniques such as open innovation (McCollough et al., 2000), but high performance recovery can still contribute substantially to customers retention. Organizations can maintain and enhance relationships by treating customers fairly and offering service augmentations. For the service provider, a valued relationship is one that is financially profitable in the long run. According to Lovelock and Wright (2002), customers define a valued relationship as one in which the benefits received from service delivery significantly exceed the associated costs of obtaining them. Evans and Patterson (2004), consider trust to be the basis of relationships and the glue that holds it together. Unless there is a minimum level of trust between the parties, it is unlikely that a relationship will be initiated at all. If trust breaks down, the relationship is likely to be dissolved.

## **2.8 Service Failure Recovery**

Service recovery refers to the actions taken by an organization in response to a service failure. Failure occur for all kinds of reasons- the service may be unavailable when promised, it may delivered too late or slowly, the outcome may be incorrect or poorly executed or employees may be rude and uncaring. All these types of failures may bring about negative feelings and responses' from customers. Left unfixed, they can result in customer leaving, telling others about their negative experience and even challenging the organization through consumer rights organizations or legal channels. (Zeithmal &Bitner, 2003). Research has shown that resolving customer complaints and problems effectively has strong impact on customer satisfaction, loyalty and bottom line performance. That is customers who experience service failure but are ultimately satisfied based on recovery

efforts by the firm will be more loyal than those whose problems or complaints were never resolved. The loyalty translates to profitability. The recovery paradox suggests that customers, who are dissatisfied but experience a high level of excellent service recovery, may ultimately be even more satisfied and more likely to repurchase than those who are satisfied in the first place.

## **2.9 Quality Customer Service and Social Media**

For many services, customers are participants in service production and co-creators of value (Vargo and Lusch, 2004) and therefore, play a key role in the service delivery process. That is, customers themselves can influence whether the service meets customer-defined specifications and can potentially contribute to effective organization performance. Members of organizations at all levels require communicating with business colleagues, customers, shareholders, the media and members of the public on a daily basis. No organization can function properly or reach its goals without a good system of communication. Dabholkar (2006) notes that some studies have found that consumers enjoy interacting and playing with the organization directly through application of technology and it is suggested that this enjoyment reduce consumers' need for interaction with service staff.

Self-service through technology automatically puts customers in a coproduction role, changing the nature of service delivery dramatically. This shift results in customers having expectations and perceptions related to their own abilities and performance that will influence their overall assessment of service excellence beyond what the employee or service provider may do. Marketing technique has also dramatically changed how

customers learn about services. Customers' ability to search the web and view photos of service locations, compare prices and even experience services through virtual tours has changed the amount and type of information customers have prior to purchasing services. The availability of this information directly influences their expectations and ability to compare and judge services. In earlier days, customers found it difficult to gather this type of information and did not have the ability to compare services as easily as they could tangible goods that were displayed side-by-side in a retail store. To some extent the Internet now provides this same type of comparability for services.

While word-of-mouth communication has always been critical for learning about and forming expectations for service providers, technology has changed the nature of word-of-mouth communication. Web sites now include customer recommendations, glowing praise, and horror stories for just about any type of service imaginable (Ward & Ostrom, 2006). And, groups have formed online for people who are interested in particular service categories to exchange information. Many companies even sponsor these types of interactive websites themselves in order to involve customers in helping each other. Emerging marketing technique has significantly impacted how customers learn about, form their expectations of, and judge services. Given these changes, it is clear that companies face new challenges as well in understanding these new expectations and designing and delivering services to meet them. In the next sections, we examine each of the provider gaps in the model, first by reviewing basic strategies for closing each one and then analyzing the effects of technology on these strategies.

Emerging marketing technique enables both customers and employees to be more effective and productive in receiving and providing service. Through self-service technologies, customers can now serve themselves more effectively. Via online services customers can access their accounts, check balances, pay for fees and take care of just about any service need they might have all without the assistance of the employees (Parasuraman & Colby, 2001). Social Media results in the potential for reaching out to customers around the globe in ways not possible when, in the not-so-distant past, services were limited to local provision. The Internet itself knows no boundaries, and therefore information, customer service and transactions can move across countries and across continents, reaching any customer who has access to the Web. Social Media also allows employees of international companies to stay in touch easily to share information and serve on virtual work teams together, thus allowing employees to work remotely and services to be provided by global workers.

## **CHAPTER THREE RESEARCH METHODOLOGY**

### **3.1 Introduction**

This chapter presents the approach that was used to conduct the research. It encompasses the research design, data collection and analysis.

### **3.2 Research Design**

This refers to the methods and procedures to be followed in conducting the study. For this study, the research design was case study due to the fact that the unit of analysis is one organization. A case study allowed an investigation to retain the holistic and meaningful characteristics of real life events. It will involve a careful and complete observation of the social units.

According to Cooper and Schindler (2003), a descriptive study is concerned with finding out the what, where and how of a phenomenon. This study therefore enabled to generalize the findings of the social media department. The main focus of this study was qualitative. The research design is a method of study in depth rather than breadth and places more emphasis on the full analysis of a limited number of events or conditions and other interrelations. Primary data collected from such a study was more reliable and up to date.

### **3.3 Data Collection**

The study employed primary data and secondary data. An interview guide was used in collecting the primary data, this was used in order to gain a better understanding and enabled a better and more insightful interpretation of the results from the study. The

second part was devoted to the identification of the responses to the role of social media in customer service in KCB Bank. The respondents of the study were three managers drawn from customer service department- social Media section and seven customer service representatives from social media department who represent the social Media department in KCB Bank. The interview guide was administered through personal interviews in order to get their opinions on the role of social media in customer service in the KCB Bank.

### **3.6 Data Analysis**

Before processing the responses, the completed interview guides were edited for completeness and consistency. The study generated qualitative data hence content analysis was used to analyze the data.

According to cooper and Schindler (2003), content analysis is a technique for making inferences by systematically and objectively identifying specified characteristics of messages and using the same to relate trends. The data obtained was compared with existing literature in order to establish areas of agreement and disagreement.

## CHAPTER FOUR RESEARCH FINDINGS

### 4.1 Introduction

This chapter presents the findings and results of the study in the order of the research objectives. The analysis is based on the comments mentioned by the interviewed staff. The analysis is grouped according to the frequency on how related texts or comments were mentioned by the interviewed staff. The results are based on a response rate of 90% (n=10).

### 4.2 Response rate

The response rate was high at 9(90%). Only 1(10%) of the administered questionnaires were returned unanswered or with errors.

### 4.3 Respondents' designation at KCB

From table 4.1, majority of the respondents were clerks 7(77%) while 2(22%) of the respondents are managers.

**Table 4.1: Respondents' designation at KCB**

<b>Content</b>	<b>Frequency</b>	<b>Percentage</b>
Clerical	7	77
Management	2	23
<b>Total</b>	9	100

### 4.4 Respondent's highest level of education

From the findings, 6(67%) of the respondents have Bachelor's degree while 3(33%) of the respondents have attained a master's degree.



#### **4.5 Respondents know how on the customer enquiries handled in a day**

From table 4.2, 2(23%) of the respondents cite that above 80 customer enquiries are handled in a day with 4(44%) of the respondents citing between 50 and 80 customer interactions in a day. 3(33%) cited between 20 and 50 customer interactions in a day.

**Table 4.2: Respondents know how on the customer enquiries handled in a day**

<b>Content</b>	<b>Frequency</b>	<b>Percentage</b>
Between 20 and 50	4	44
Between 50 and 80	3	33
Above 80	2	23
<b>Total</b>	9	100

#### **4.6 Nature of customer service inquiries from social media platform**

The study sought to find out the nature of customer service inquiries from social media platform

**Table 4.3: Nature of customer service inquiries from social media platform**

<b>Content</b>	<b>Frequency</b>	<b>Percentage</b>
Account enquiries	8	88
Product enquiries	7	77
General enquiries	9	100
Lost debit and credit cards	5	55

The study sought to find out the nature of customer service inquiries from social media platform. Table 4.3 show the responses from the interview guide grouped into similar contents. 8(88%) of the respondents cited account enquiries as one of the enquiries made by customer via social media. Account enquiries include account balances, account status, cheque enquiries and other enquiries related to the account. 7(77%) cited product enquiries and in this study, product enquires include loan application, loan rates, credit card application among other enquiries related to KCB products. 9(100%) of the respondents cited general enquiries as some of the enquiries made by customers via social media and in this study, the general enquires are ATM location, Branch contacts and location, Branch opening and closing time. 5(55%) of the respondents cited lost debit and credit cards as enquiries made by customers via social media and in this study, this category include customers making requests to block their lost or stolen debit and credit cards.

#### **4.7 Presence of a process flow of handling the different kinds of inquiries**

The findings proved that 9(100%) of the respondents agree that there is presence of a process flow of handling the different kinds of inquiries made to the bank through social media.

#### **4.8 Turnaround time of handling social media inquiries**

The study sought to find out the turnaround time of handling social media inquiries. Table 4.4 show the responses from the interview guide grouped into similar contents

**Table 4.4 Turnaround time of handling social media inquiries**

<b>Content</b>	<b>Frequency</b>	<b>Percentage</b>
Within 20 mins	6	66
Within 1 hour	2	22
More than 1 hour	1	12

(Source: Syowai Onyancha 2013)

The study sought to find out the turnaround time of handling social media inquiries. Table 4.4 show the responses from the interview guide grouped into similar contents. 6(66)% of the respondents cited that social media enquiries are handled within 20 minutes while 2(22%) of the respondents cited within one hour while 1(12)% of the respondents cited handling time of more than one hour.

#### **4.9 Service level agreement on handling customer inquiries and complaints' with other business units in the bank**

The findings proved that, 9(100%) of the respondents cited that the social media department has a service level agreement on handling customer inquiries and complaints' with other business units in the bank.

#### **4.10 Customers inquires that the respondent is able to resolve at his/her level**

**Table 4.5: Customers inquires that the respondent is able to resolve at his/her level**

<b>Content</b>	<b>Frequency</b>	<b>Percentage</b>
Account enquiries	5	55
Product enquiries	8	88
General enquiries	9	100

(Source: Syowai Onyancha 2013)

The study sought to find out the customers inquires that the respondent is able to resolve at his/her level. Table 4.5 show the responses from the interview guide grouped into similar contents. 9(100%) of the respondents cited that they can handle all general enquires without escalation while 8(88%) of the respondents cited that they can handle product enquiries. 5(55%) of the respondents cited that they can handle account enquiries at their level.

#### **4.11 Access to all the banks operating systems to enable you resolve customer service issues with speed Table.**

From table 4.6, 8(88%) of the respondents cited that they can access all the banks operating systems to enable you resolve customer service issues with speed will 1(12%) cited that they cannot access all the systems.

#### **4.6: Access to all the banks operating systems to enable you resolve customer service issues with speed**

<b>Content</b>	<b>Frequency</b>	<b>Percentage</b>
Yes	8	88
No	1	12
<b>Total</b>	<b>9</b>	<b>100</b>

(Source: Syowai Onyancha 2013)

#### **4.12 Staff training on social media**

From table 4.7, 100% of the respondents cite that they access training on social media.

**Table 4.7: Staff training on social media**

<b>Content</b>	<b>Frequency</b>	<b>Percentage</b>
Yes	9	100
No	0	0
<b>Total</b>	<b>9</b>	<b>100</b>

(Source: Syowai Onyancha 2013)

#### **4.13 Staff motivation**

The findings proved that 9(100%) of the respondents are motivated in their work

#### 4.14 Social media and interdepartmental interaction

The study sought to find out how the social media interacts with other departments in the bank

**Table 4.8 Social media and interdepartmental interaction**

Aspect	Yes		No	
	F	%	F	%
social media staffs involved in formulation and piloting of new customer service initiatives in the bank	2	22	7	78%
social media customer service staff adequately sensitized on the importance of customer service in the bank	8	88	1	12
staffs adequately trained on offering delightful and efficient customer service	0	100	0	00
staffs sensitized on the confidential nature of banking in relation to the open access to social media	7	78	2	22
Has social media changed the way in which customer service is done in the bank	6	67	3	33
Does social media have impact on customer service in the bank	8	88	1	12

(Source: Syowai Onyancha 2013)

From table 4.8 and figure 4.5, 7(78%) of the respondents cite that social media staff are not involved in formulation and piloting of new customer service initiatives in the bank and 8(88%) of the respondents cite that social media customer service staff are

adequately sensitized on the importance of customer service in the bank. 9(100%) of the respondents cite that staffs are adequately trained on offering delightful and efficient customer service. 7(78%) of the respondents cite that staff are sensitized on the confidential nature of banking in relation to the open access to social media and 6(67%) of the respondents cite that social media changed the way in which customer service is done in the bank. Lastly, 8(88%) of the respondents cite that social media has impact on customer service in the bank.

#### **4.15 Strategies for the improvement of customer service delivery through social media**

The study sought to find out the strategies for the improvement of customer service delivery through social media.

**Table 4.9 Strategies for the improvement of customer service delivery through social media**

<b>Content</b>	<b>Frequency</b>	<b>Percentage</b>
Laying a solid foundations in social media internally	4	44
Defining an effective social media channel strategy	5	55
Educating the customer on social media use	6	66
Staff training	3	33
Implementing a change management programme	3	33
Improving on Turn Around Time (TAT)	2	22

The study sought to find out the strategies for the improvement of customer service delivery through social media. Table 4.9 show the responses from the interview guide grouped into similar contents. 4(44%) of the respondents cited laying a solid foundations in social media internally and 5(55%) cited defining an effective social media channel strategy. Other strategies cited are educating the customer on social media use, staff training, implementing a change management programme and Improving on Turnaround Time (TAT).



## **CHAPTER FIVE SUMMARY, DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS**

### **5.1 Introduction**

This chapter presents the summary of findings of the research, discusses the results, draws conclusions and makes recommendations for the study.

### **5.2 Summary**

The response rate was at 9(90%) and majority of the respondents were clerks 7(77%). All the respondents have attained a Bachelor's degree with 3(33%) already having completed their masters degrees. The nature of customer service enquiries from social media platform as cited by the respondents are account enquiries, product enquiries, general enquiries and lost debit and credit cards. All the respondents 9(100%) cite that there is a flow in handling of all the inquiries made through social media. Most of the respondents 6(67%) cited the turnaround time of handling social media inquiries as within 20 minutes.

All the respondents 9(100%) cited that there is an agreed service level for handling customer inquiries between social media and other business units and that they can all access computers, laptops and internet. The customer inquiries that the social media is able to solve without escalation are account enquiries, product enquiries and general enquiries. All the respondents 9(100%) agree that they receive enough training on social media and that they are all motivated to work.

### **5.3 Discussion**

The study found out that at least 50 customer enquiries are handled in a day through social media by the staff at KCB. This is an indication that customers are turning into

social media for customer service. This matches Dabholkar (2006) literature when he notes that some consumers enjoy interacting and playing with the organization directly through application of technology and this enjoyment reduce consumers' need for interaction with service staff. There is no physical interaction with the staff and one does it from the comfort of his or her office, house, car or any other place.

The study found out that four key enquiries are made by customers via social media: Account enquiries Product enquiries, General enquiries, lost debit and credit cards. Account enquiries include account balances, account status, cheque enquiries and other enquiries related to the account. Product enquires include loan application, loan rates, credit card application among other enquiries related to KCB products. General enquiries in this study are ATM location, Branch contacts and location, Branch opening and closing time. Lost debit and credit cards in this study include customers making requests to block their lost or stolen debit and credit cards. This shows that social media is a tool of customer service and matches Zeithmal and Bitner (2003) literature that customer service is the service provided in support of a company's core product. Customer service most often includes answering questions, taking orders, dealing with billing issues, handling complaints, and perhaps scheduling maintenance and repairs. Customer service can occur on site, over the phone or the internet.

In the study 100% of the respondents cited that there is presence of a process flow of handling the different kinds of inquiries made to the bank through social media. The study found out that most of the social media enquiries are handled within 20 minutes and

only few of the enquiries made are handled for a period of more than one hour. This real time response to enquiries matches Carraher, Buchanan, & Puia, (2010) literature that fast- communication on social media is real time and that organizations can track the number of conversations taking place over a new product or service offered by them and immediately responds to reviews, comments and feedback. Hence when customers react and expressing their views on public domain, social media concerns about an organization are responded with efficiency and speed. This also matches Lanz, Fischhof, & Lee (2010) literature that unlike traditional channels of marketing social media gives updated real time facts about a business such as the number of Facebook fans and likes, Twitter followers and You tube views.

The study found out that three types of enquiries are handled within the first enquiry and do not need escalation. The enquiries are account enquiries, product enquiries and general enquiries. The study also found out that 8(88%) of the respondents can access all the banks operating systems and this enables them to resolve customer service issues with speed. The study found out that the social media staff range from 8 to 10 and the department operates 24 hours. The study found out that 9(100%) of the respondents have and can access training on social media and are fully motivated with their work. The staff receive numerous trainings on social media and the reason behind them being motivated to work may arise from the fact that majority of the respondents are young, techno savvy and use the internet on daily basis.

The study found out that there is interdependence between social media department and the other department. However, 7(78%) of the respondents cited that social media staff are not involved in formulation and piloting of new customer service initiatives in the bank. 8(88%) of the respondents cited that social media customer service staffs are adequately sensitized on the importance of customer service in the bank with 100% of the respondents citing that staffs are adequately trained on offering delightful and efficient customer service. 7(78%) of the respondents cited that staffs are sensitized on the confidential nature of banking in relation to the open access to social media. The staff cited being sensitised on utmost confidentiality when handling customer information and the sharing of account details to third parties. 6(67%) of the respondents cited that social media changed the way in which customer service is done in the bank and the respondents cited the channel as effective for conveying customer requests. Lastly, 8(88%) of the respondents cite that social media has impact on customer service in the bank.

## **5.4 Conclusion**

Social Media has recently changed the way people across the globe communicate with one another. However, it is worth noting that social networking has been there right from the beginning of humanity. Just like any other form of innovation, this concept has evolved and is currently becoming sophisticated with the advancement of technology. KCB has embraced social media since the inception of its contact centre in the year 2009. Since then, social media has moved KCB from one level to another in customer service.

Social media has facilitated customer service through the use of social sites such as facebook and twitter. Today, KCB has a facebook page (kcbbankgroup) and a twitter handle (@kcbbankgroup) where customers make enquiries about their accounts, KCB products and services, ATM and branch locations among others. The department that handles the social media works 24hrs a day and the enquiries are responded to immediately. Other efforts to utilize social media to increase customer service, the bank introduced web chat in august 2013 to reach as many customers as possible.

A closer look at the bank social sites show that each day four different products and services promoted on the sites. The study has revealed the advantages associated with social media as a customer service tool such as faster response to enquiries, platform to raise complaints and grievances, many customers turn to social media to connect with the business itself, openness and transparency of individual interactions. In KCB, customers have used the social media to raise their complaints on poor service at the branches, loan delay, salary advance delay, systems down turn among others. When the complaints are raised, they are escalated to the back office team where they coordinate with the respective branches to resolve the complaint. The second importance of social media in enhancing customer service is the provision on faster response to enquiries. All enquiries made to the bank through social media are handled immediately. Enquiries that need escalation are handled within 72 working hours and this is communicated to the customer immediately after resolution.

## **5.5 Recommendations**

The study has revealed that KCB has effectively embraced social media to enhance service delivery to its customers not only in the region but those in the Diaspora. However, the bank should adopt several strategies to ensure effective utilization of social media. One of the strategies is to lay a solid foundations in social media and utilize it as one of the customer touch points. This will give the channel an opportunity to serve more customers. The second strategy is to educate the customers on social media use to ensure that more customers are able to interact freely on the banks social sites. This can be achieved by providing customers with information templates in the branches, ATM points and KCB mtaani agents.

The study has realised the roles and advantages of social media on customer service over the traditional methods of customer service and recommends banks and other service industries to embrace social media. The study found out that the commonly used forms of social media are social network sites such as twitter and facebook and the study recommends for the adoption of other forms of social media for diversification. The study recommends for the banks to publicise their social media pages and request the customers to be visiting them even if its once a day.

## **5.6 Suggestions for further research**

From the findings of this study, it is suggested that further research be carried out on the interrelationship between social media and other forms of communication within the banking industry. This is because social media does not work on its own to facilitate customer service. From the study, it was revealed that even when customers raised complaints, they were requested to provide their email addresses or telephone numbers to be called back for more details on the complaint.

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## APPENDICES

### Appendix I: Introduction Letter

Dear Sir/Madam,

**REF: REQUEST TO CARRY OUT DATA COLLECTION.**

I am a student at UON pursuing a Master's degree in Business Administration. As a requirement in fulfillment of this degree, am carrying out a study on the '**SOCIAL MEDIA AND CUSTOMER SERVICE AT KENYA COMMERCIAL BANK**'.

You have been chosen as you are well positioned to provide reliable information that will enable the study achieve its objectives. I intend to research the above through the use of interview guide.

Any assistance accorded to me in my noble cause and information given shall be treated as confidential and will be used purely for the purpose of this research and a final copy of the document shall be availed to you upon request. Your cooperation will be highly appreciated and thank you in anticipation.

Yours Faithfully,

**WINNIFRED SYOWAI**

## **Appendix II: Interview Guide**

### **Section One: Bio Data**

1. What is your designation in KCB?
2. What is your highest level of education?
3. How many customer service staff in social media department do you supervise?

### **Section Two: Quality of services**

4. How many customer service inquiries do you handle in a day from the social media platform?
5. What is the nature of customer service inquiries from social media platform?
6. Is there a process flow of handling the different kinds of inquiries?
7. What is the turnaround time of handling social media inquiries?
8. Do you have a service level agreement on handling customer inquiries and complaints' with other business units in the bank?

### **Section three: Service and Environment**

9. Do you have access to laptops/ computers/ tablets at your desk?
10. Do you have access to Internet?
11. What is the nature of customer service inquires that you are able to resolve at your level?
12. Do you have access to all the banks operating systems to enable you resolve customer service issues with speed?

### **Section Four: Staff attributes**

13. How many staff are you at the social media department?

14. What are your working hours?
15. Are you all Tech savvy? Do you have social media handle yourself?
16. Are you motivated?

**Section Five: Social Media department operations**

17. Are the social media staffs involved in formulation and piloting of new customer service initiatives in the bank?
18. Are the social media customer service staff adequately sensitized on the importance of customer service in the bank?
19. Are the staffs adequately trained on offering delightful and efficient customer service?
20. Are the staffs sensitized on the confidential nature of banking in relation to the open access to social media?
21. Has social media changed the way in which customer service is done in the bank?
22. Do you think social media has impact on customer service in the bank?
23. What strategies do you propose for the improvement of customer service delivery through social media?

Thank you for your participation.