

Research Article

The Effect of Advertising as a Marketing Tool for Customer Retention in Selected Banks in Benin-City, Nigeria

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Received: May 7, 2020

Accepted: May 16, 2020

Published: May 21, 2020

Abstract: A product or service is advertised to create awareness in the minds of potential buyers through various advertising media such as Newspaper, Magazines, Television, Radio, Posters, Hoardings, Billboard and, in recent times, internet and web advertising are regularly coming up on screen on Facebook, WhatsApp, Instagram and some other known social media platform. It is a promotional activity for marketing a commodity or services under which the bank's services or even products fall and if appropriately done could impact on its services leading to retention of her customers. Hence this has elicited the interest of several researchers in identifying the effect of this all important phenomenon of advertising as marketing tools on customer retention in selected banks in Benin-City, Edo State, Nigeria. This article examines how the choice of advertising media used impact on customer retention in selected banks as well as the compelling contents of advertisement used by the banks to convey messages to customers to aid their retention. 80 customers of the selected banks in Benin-City, Nigeria were sampled randomly using convenience sampling method by administration of a well-structured questionnaires. The findings indicates that there is a significant relationship between the choice of advertising media and compelling contents with customer retention in the selected banks in Benin-City. It is then recommended that banks should pay serious attention to the choice of media used for advertisement as well as the compelling contents of the advertisement to avoid wastage of resources by the banks. It will also enable them to reach large number of prospects so they can be aware of new products in offer by the banks thereby increasing customer base and retaining the existing ones.

Keywords: Advertising, marketing tool, customer retention, banking services.

I. Introduction

Advertising has been variously defined by authors and it includes that it is the means of informing as well as influencing the general public to buy a product or service through visual or oral messages. A product or service is advertised to create awareness in the minds of potential buyers through various advertising media such as Newspaper, Magazines, Television, Radio, Posters, Hoardings, Billboard and in recent times, internet and web advertising are regularly coming up on screen on Facebook, WhatsApp, Instagram and some other known social media platforms. It is a promotional activity for marketing a commodity or services under which a bank's services or even products fall and if appropriately done could impact on its services leading to retention of her customers. Since after the deregulation of the banking sector with new capital base under Prof. Charles Soludo as the Governor of the Central Bank of Nigeria (CBN) where the banks had to merge and therefore the number reduced from almost 100 banks to 25 as a result of increase in capital base required for banks to operate, the sector has since been struggling to remain afloat chunking out different

services to attract patronage from the public. This study therefore attempts to investigate the effect of advertisement as marketing tool in customer retention in selected banks in Benin-City.

The list of service offered by banks include acceptance and safe keeping of deposits and other valuables, granting of loans and overdraft to customers, transfer of funds, business services, foreign exchange services, money creation, cash credit facility, project financing service, funds transfer within and outside Nigeria, letter of credit and foreign currency domiciliary account, etc., However, the mode of rendering these services has become the marketing efforts to be deployed in order to attract customers and retain existing ones. For instance, improvement in technology has made it possible that from your comfort zone back in one's place of habitation one could transact banking operations without physically present in the bank which also includes opening of any form of account or services of the bank. Hence, a lot of marketing efforts through advertisement has to be made in order to attract or convince customers of the need for of those services.

Financial service customers are interested in knowing what service(s) are available by the institutions and the value being added in order to encourage them for more patronage or bringing on board new customers to improve their financial positions. In this present day, worldwide mass production and distribution, as well as advertising serves as a powerful tool in the marketing process. Advertising is used for communicating business information to the present and prospective customers as technology emerges and makes it the driver to achieve this feat. It usually provides information about the advertising firm, its product qualities, place of availability and its services, etc.

Advertising is the integral part of our daily life. It is a pervasive method of marketing in society which encourages people to purchase goods and services. Advertising contributes to bringing about all round development of the economy by increasing demand and by encouraging economic activities which in turn improves the income of the organization. It motivates people to consume more material and thereby improves their standard of living. Effective advertising generates demand for goods and services and calls for more production which requires more physical and human resources, thus creating employment opportunities. Advertising is an impersonal promotional tool which is used to draw public attention towards a product or service, through a selected paid media. It is a means of communication that helps to communicate a single message, to a large number of people in a shorter time. In a nutshell, advertising is nothing but "telling and selling" of commercial items. The effect of which is expected to be positive by the organization advertising its products or services and hence also retaining its existing customers. Due to extreme competition between organizations especially in the financial sectors whose products are not tangible but intangible services, the cost of advertising a single product could be very high as seen in recent times. However, in general, people get attracted when advertisement is made and the demand for that product increases as long as the advertisement is able to achieve its purpose. So, the effects of advertising are expected to be positive hence improving the financial position of the organization and in particular the bank.

II. Literature Review

2.1 Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large America Marketing Association (AMA, 2017). A brand is a name, term, design, symbol or any other feature that identifies one seller's good or service as distinct from

those of other sellers. ISO brand standards add that a brand “is an intangible asset” that is intended to create “distinctive images and associations in the minds of stakeholders, thereby generating economic benefit/values.” Therefore how will this address the needs of consumers of bank’s services in order to encourage them to remain with the providers or attract new sets of customers to improve their position in the market or industry needs to be addressed.

2.1.1 Advertising

Advertising is the means of informing as well as influencing the general public to buy a product or services through visual or oral messages. A product or service is advertised to create awareness in the minds of potential buyers through various advertising mediums such as Newspaper, Magazines, Television, Radio, Posters, Hoardings, Billboard and in recent time internet and web advertising. It is a promotional activity for marketing a commodity.

Similarly, the most widely accepted definition of advertising is the one which is given by the American Marketing Association, according to which advertising is "any paid form of non-personal presentation and promotion of goods, services and ideas by an identified sponsors" (Kazmi and Batra, 2008). But the definition has some limitations because it does not talk about the persuasion aspect of advertising, without which it is very difficult to achieve advertising objectives. A survey of recent advertising and marketing textbooks makes it obvious that there is no universally accepted definition of advertising; however certain recurring elements such as paid, non-personal, identified sponsors, mass media, act of persuasion makes advertising to be controlled means of mass communication, may take any form-visual, oral or written to promote a product through persuasive communication to achieve a pre-determined objectives, changing and reinforcing the desired attitude of the consumers at the point of purchase.

A person or an organization that buys goods or services is referred to as a customer or client who habitually returns to a seller, develops customs that allow for regular, sustained commerce that makes the seller to develop statistical models to optimize production processes which change the nature or form of goods or services and supply chains and changes the location or formalizes the changes of ownership or entitlement transactions. Considerable research focuses on advertising as an antecedent of brand loyalty (Agrawal, 1996; Yoo *et al.*, 2000). Advertising spending is not only a signaling device but also an informational device (Moorthy and Zhao, 2000). Advertising has an important effect in reinforcing perceived performance and usage experience of a particular brand or service (Kirmani and Wright, 1989; Moorthy and Hawkins, 2005). Since we are focused on the customer perspective we follow Kirmani and Wright’s (1989) use of a proxy perceptual measure of advertising spending and adapt Yoo *et al.*, (2000) conceptualization to define advertising spending as: consumer perceptions on advertising spending as measured by their perceptions of advertising frequency and expenditure.

2.1.2 Customer retention

Customer retention is the collection of activities a business uses to increase the number of repeat customers and to increase the profitability of each existing customer. When a person buys goods or services and felt satisfied and willing to continue to patronise the organisation through repeat purchases, such returned purchase is also referred to as customer retention. Customer retention strategies enable one to both provide and extract more value from an existing customer base. Hence you want to ensure the customers you worked so hard to acquire stay with you, have a great customer experience, and continue to get value from your products or services. In short, acquisition creates a foundation of customers while your

retention strategy is how you build customer relationships and maximize revenue for each one. But how much time and resources should you devote to your retention program? The answer to that depends on your store. Advertiser can use any of the several advertising media to convey the message. Widely used media are print media (newspapers, magazines, pamphlets, booklets, letters, etc.), outdoor media (hoardings, sign boards, wall-printing, vehicle, banners, etc.), audio-visual media (radio, television, film, Internet, etc.), or any other to address the target audience, however, the success of the use is largely dependent upon the media.

2.1.3 Advertising as an Art

Today's advertising task is much complicated. Message creation and presentation require a good deal of knowledge, creativity, skills, and experience. So, advertising can be said to be an art. It is an artful activity to be created in order to show or convince the one who is to be the beneficiary of the advertisement of the correct message being passed.

2.1.4 Element of Truth

It is difficult to say that advertising message always reveals the truth. In many cases, exaggerated facts are advertised. However, due to certain legal provisions, the element of truth can be fairly assured. But, there is no guarantee that the claim made in advertisement is completely true. Most advertisements are erotic, materialistic, misleading, and producer-centered. However, it must carry a message that conveys the needs of consumers so as to attract them to buy into it.

2.1.5 One-way Communication

Advertising involves the one-way communication. Message moves from company or an organization to customers, from sponsor to audience. Message from consumers to marketer is not possible. The marketer cannot know how far the advertisement has influenced the audience until results started trickling in as a fallout from the advertisement.

2.1.6 Advertising objectives

Advertising is aimed at achieving various objectives. Objectives may be commercial or social in nature, but for the purpose of this study, the commercial objectives of advertising will be the focus. The following commercial objectives of advertisement as a tool in marketing to customer retention in some selected banks are in consideration:

To Inform Buyers of products or services

This objective includes informing customers regarding product's availability, price, features, qualities and ability to sustain it, services, and performance. Besides, it also includes informing them about changes made in the existing product which could be an improvement over the existing one and introduction of new products.

As a result of competitions within the industry, the operators strive to outwit the others by introducing products or services that will make competitors difficult to imitate to retain its existing customers and possibly attract new ones.

2. To Persuade or Convince Buyers

Organization uses advertisement to persuade or convince the buyers about superior advantages offered by its product. This is done by communicating competitive advantages the product offers to induce customers to buy it. Comparative advertising is used to prove the additional benefits of product at a given price.

3. To Remind Buyers

Marketer uses advertising to remind the buyers regarding existence of company, products, maintenance of quality, superior services, and chasing customer-orientation. Mostly, the existing firms aim their advertising for this objective. Here, the purpose is to inform that the company is still in existence and serving customers in a better way. Due to huge information bombarded by a number of companies, customers are more likely to forget name of company and/or products and services it offers.

4. To Face Competition

Advertising is treated as the most powerful weapon to fight with competitors effectively. Advertising enables the firm to respond to the competitors strongly. It helps the firm to distinguish its total offerings from competitors. In brief, the firm can face competition, can prevent the entry of competitors, or can remove competitors away from the market. In competitive marketing environment, the firm cannot survive without an effective advertisement.

5. To Achieve Sales Targets

Increase in sales volume is one of the major advertising objectives. A company can advertise its products in various media to attract customers situated in different parts of the world. National and international marketing is the result of advertising. Even, non-users can be converted into users and usage rate can be increased. Thus, company can achieve its sales objectives by advertisement.

6. To Build and Improve Brand Image

Advertising is used for brand recognition and acceptance. A company can distinguish its brand by magnifying major benefits the product offers. Advertisement attracts customers toward the brand; they try it and accept it over time. In the same way, bad image related to brand can be changed by systematic presentation of facts and scientific evidences, and removing misunderstanding.

2.2.1 Statement of the Problem

Regardless of how well designed and appropriate a particular advertising process is, its success is continuously dependent upon whether it is transmitted or communicated through an appropriate media or not. An advertising medium is a channel of communication through which the advertising message is conveyed to a large group of prospect consumers, a bank who intends to advertise its new service of internet banking must use a channel that will attract the attention of the prospective users or adopters; however, issues that borders on effective message passage still persists. A wise selection of media is aimed at maximum effective coverage at minimum costs. Therefore the choice and selection of advertising media is a critical decision in the area of advertising. Again one of the hardest parts of advertising is identifying the effectiveness of the campaign. This becomes more difficult if the business is running different advertisements at the same time. The worse thing could be running the advertisement without verifying if it actually gets the job done. With the abundance of advertisements all over the place, how would you make your business stand out? The challenge begins in crafting the right message and transforming it into something that looks or sounds new. To give your business a voice, you need to identify your audience first. What would they like to hear? Would this type of message spark their interest? Do they need to know about this? Compelling content - this is the main challenge for every advertiser out there, and what every business owner hopes to have in his advertisement. Crafting the perfect sales pitch is not easy, as most people are already aware of those overused marketing bait

lines such as “buy now before it’s too late”, “wait there’s more”, or “for a limited time only” or “buy while stock last” etc. Nowadays, people look around, research, and rationalize before making a purchase. That is why in creating the ideal content; there should be sincere, detailed solutions that will answer the needs of the target customers.

2.2.2 Objectives of the study

The main objective of this study is to determine the effect of advertisement as a marketing tool for customer retention in selected banks in Benin-City. While specific objectives are:

- i. To know how the choice of advertising media used affect customers retention in the selected banks in Benin-City;
- ii. To determine whether the compelling contents of the advertising impact on customer retention of selected banks Benin-City.

2.2.3 Hypotheses testing

The study is premised on the following hypotheses:

2.3 Hypothesis Development

In examining the effect of advertising as a marketing tool for customer retention in selected banks in Benin-City, Edo State, Nigeria, it is necessary to look at how the media used for the advertising address the reasons for the advertisement; that is, the impact made by the choice of media used. Similarly it is also necessary to look at the impact of the compelling contents of the advertisement in customer retention in the selected banks in Benin-City, Edo State, Nigeria.

H₀₁: There is no significant relationship between the choice of advertising media used and customer retention in selected banks in Benin-City; Edo State, Nigeria;

H₀₂: There is no significant relationship between compelling contents of advertising and customer retention in selected banks in Benin-City, Edo State, Nigeria.

III. Research Methodology

This research started with a general literature review with an aim to define the research objectives and questions. Cross sectional design method was adopted in order to elicit data from respondents through the administration of a well-structured questionnaire which tries to gather data that aided in analyzing them in relations to the identified variables. In parallel, a more focused literature review was carried out to develop a survey instrument. Afterwards, the survey validity was conducted while the instrument shows a positive reliability and validity. The questionnaire templates were randomly distributed among the staff of the selected banks using convenience sampling methods in Benin-City, Edo state, Nigeria. The questionnaire was divided into two sections of demographic characteristics and variables being analyzed. Each variable elicited questions that are related to capturing or measuring the said variable. The population of this study is customers of the selected banks in Benin-City, however sample size of 80 was obtained by convenience sampling methods.

A minimum of Cronbach alpha value of 0.7 was obtained from the pilot study conducted showing the reliability of the instrument, while the instrument was subjected to content validity, which is expert opinion validity as used in (Osugwu, 2004). The analysis of the study was conducted using descriptive and inferential statistics done through correlation and regression analysis. Specifically; Pearson Product Moment Correlation was used to measure the relationship between the study variables.

IV. Analysis, Results and Discussion of findings.

The table below represents the responses from the respondents.

Table 1. Respondents’ responses to the choice of media used in the study.

S/N	Items	SA	A	D	SD
1	Any advertising media can impact on customer retention in an organization	0	15	55	10
		0	18.7%	68.8%	12.5%
2	It is important to use media that is popular in order to impact positively on its intended audience	58	12	10	0
		72.5%	15%	12.5%	0
3	Advertising does not really impact on customer interest on any product	5	7	15	53
		6.3%	8.8%	18.8%	66.1%
4	The choice of advertising media play a major role in customer retention in an organization	53	17	8	2
		66.3%	21.3%	10%	2.4%
Source: Field Survey, 2020					

Table 1 shows that 81.3% of the respondents disagree that any advertising media impact on customer retention in selected banks in this study confirming that it is important to choose the media that will sound convincing and hence make an impact in the minds of the public in order to do a purchase of the services.

Similarly, 87.5% agreed it is important to use popular media for advertisement so as to enhance its impact on its intended audience which in this case are the customers of the selected banks in Benin-City in order to encourage them to remain loyal to its services.

However, 94.9% of the respondents disagreed with the notion that advertising does not really impact on customer interest on any product, meaning it does, hence advertising should be used as a marketing tool by the financial industries in order to influence retention of its customers. Similarly, 87.6% agreed that the choice of advertising media play a major role in customer retention in an organization, again this confirms the position of the choice of media to be used for advertisement in order to be impactful in an organization.

Table 2. Pearson Product Correlation for choice of media used in the study.

		Advertising Media Used	Customer Retention
Advertising Media Used	Pearson Correlation	1	.399**
	Sig. (2-tailed)		.000
	N	80	80
Customer Retention	Pearson Correlation	.399**	1
	Sig. (2-tailed)	.000	
	N	80	80
**. Correlation is significant at the 0.01 level (2-tailed).			

Table 2 shows significant relationship between advertising media used and customer retention in the selected banks. The correlation coefficient (r) advertising media used to customer retention is .399 and the significance level is 0.01 ($p < .01$). Hence the Table 2 further shows that the p-value is 0.000, which is less than 0.01. Therefore by the rule the null hypothesis is then rejected while the alternative hypothesis accepted. This result indicates that the choice of advertising media used has a positive and significant relationship with customer retention in selected banks.

Table 3. Responses to the compelling contents of the advertising to customer retention.

S/N	Items	SA	A	D	SD
1	The content of an advertisement influences its effectiveness and customer retention	61	11	8	0
		76.1	13.8	0.1	0
2	The retention of customers in a bank is as a result of the compelling contents of the advertisement used	22	30	28	0
		27.6	37.4	35	0
3	To have new customers in a bank the contents of the advertisement must be impactful	13	49	18	0
		16	61	23	0
4	If the contents of an advertisement is not adequate, customer retention will be impaired	57	17	6	0
		71	21	8	0

Source: Field Survey

Table 3 shows that 89.9% of the respondents agreed that the contents of an advertisement influences its effectiveness and hence customer retention in selected banks in Benin-City. Similarly, 65% of the respondents agreed that retention of customers in a bank is a result of the compelling contents of the advertisement used which convinced them of the need of the products. Also, 77% of the respondents believed that to have new customers in a bank the compelling contents of the advertisement must be impactful.

Furthermore, 92% of the participated respondents agreed that if the contents of an advertisement is not adequate, customer retention will be impaired. Hence banking industries particularly the ones where this study was conducted must ensure the adequacy of the compelling contents of the advertisement to address the needs of customers and hence encourage its retention by repeat purchase or patronage by their customers and prospects.

Table 4. Pearson Product Correlation for compelling contents of advertisement

		Customer retention	Compelling contents of Advert.
Customer retention	Pearson Correlation	1	.411**
	Sig. (2-tailed)		.000
	N	80	80
Compelling contents of Advertising	Pearson Correlation	.411**	1
	Sig. (2-tailed)	.000	
	N	80	80

**. Correlation is significant at the 0.01 level (2-tailed).

Table 4 shows there is significant relationship between choice of method of advertisement and customer retention. The correlation coefficient (r) of compelling contents of advertisement in customer retention of selected banks is .411 and the significance level is 0.01 ($p < .01$). The Table 4 further shows that the p-value is 0.000, which is less than 0.01. The null hypothesis was therefore rejected and alternative hypothesis accepted concluding that the compelling contents of advertising has a positive and significant relationship on customer retention in selected banks. This shows that for bank to witness continuous patronage by customer retention the compelling contents of the advertisement must carry messages that will appeal and convince them of the need to continue to remain with them as they serve them.

V. Conclusion and Recommendation

5.1 Conclusion

Based on the research analysis, hypothesis testing and interpretation of results it was observed that there is a significant and positive relationship between the choice of advertising media used and customer retention in the selected banks in Benin-City. In particular that it is important to use media that is popular in order to impact positively on its intended audience and also that the choice of advertising media play a major role if it is the one that can be readily accessible by the concerned customers and also relaying messages in line with the needs of the banks customers which in turned aids its retention and possibly encouraged the emergence of new customers. The findings also shows that there is significant relationship between the compelling contents of advertising and customer retention of the selected banks in Benin-City meaning that the contents of the advertisement of the banks must align with the needs of their customers to make any meaningful impact on them to remain loyal to its services hence retaining them and again possibly attracting new ones.

5.2 Recommendation

Given the importance attached to this services that is banking services visa-a-vice its customers and the retention of their patronage as it relates to advertising as a marketing tool, it is recommended that the banks should pay serious attention to the choice of media used in its advertising programmes as well as the compelling contents of the advertisement so that by this:

- ✓ The bank do not waste their resources advertising in the media that are not popular or known;
- ✓ Large numbers of customers or prospects can be reached;
- ✓ Customers can be easily accessible and to be aware of the existence of new products and how they could meet their needs;
- ✓ The banks if they cannot increase their customer base immediately at least can retain the existing ones by rendering satisfactory services to them;
- ✓ The actual message being passed to customers can be properly understood;
- ✓ Stakeholders' funds will increase by new customers and continuous patronage of older ones.

Conflicts of interest

There is no conflict of interest of any kind.

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Citation: Akerejola, W.O., Ohikhena, P.S., Okpara, E.U. and Emenike, P.O. 2020. The Effect of Advertising as a Marketing Tool for Customer Retention in Selected Banks in Benin-City, Nigeria. *International Journal of Recent Innovations in Academic Research*, 4(5): 21-30.

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