

Analysis of Corporate Identity on Customer Patronage of Banks in Nigeria.

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Abstract

The purpose of this study was to examine the impact of corporate identity on customer patronage of quoted Banks in south-south zone of Nigeria. The study population was 14 quoted Banks, which are functionally registered and listed with the Nigerian Stock Exchange (NSE). Our unit for data generation was the top level managers of the 14 quoted banks and customers. Therefore, forty two (42) managers on the ratio of 3 managers per bank constituted our respondents for the study. The generated data were presented and analyzed while the Spearman's Rank Correlation Coefficient (SPRCC) statistical tool was used in testing the stated hypotheses. The result of the analysis showed that there is a positive and significant correlation between corporate identity and customer patronage. The study specifically revealed that signs and symbols significantly impact on sales volume, profit margin, and customer retention. The authors concluded that bank's corporate identity affects customer patronage. The study therefore recommends that the solution to poor customer patronage is anchored on the bank's ability to efficiently improve on its corporate identity strategies/dimensions, since they significantly impact on banks level of customer patronage.

Key Words: Signs, Symbols, Artifact and Bank Customer Patronage.

Introduction

Signs are vital communication tools that communicate a company image, values and serves as implicit and explicit communication and directional indicators. Signs help a firm in reducing customer crowding, organizing customers in an orderly manner and helps to communicate organization's rules and employee expected behaviour.

Design factors can create attraction and uniqueness to appeal to people at the focal point by signaling a pleasant and worthwhile experience. The design aspects of banks and retail stores are an ideal convergence of artistic ideas, instinct and business in a planned and profitable manner. According to Din (2000), retailers need to create or find out new environment in which space, cost and flexibility are designed in such a way that they effectively communicate brand value and attract consumers. Bank's design layout may communicate value by increasing search efficiency, comfort, inventory capacity, product quality, price, product displays etc. Signage and window dressing is the face index of the store that can attract or repel customers from the store. Customers may develop associations of trust, value, quality of goods and services, price warranty and guarantees, as they come across visuals such as signage, window dressing, logo, etc based on past shopping experiences, signs and graphics used in the store act as bridge between the merchandize and the target market. Design factors create theoretical effect, add personality, beauty and

communicate store image. Therefore, this study is designed to examine the effect of corporate identity on customer patronage of banks in the south-south zone of Nigeria.

Theoretical Background

Nature of Corporate Identity in Banks (The Case of Signs, Symbols and Artifact)

Signs (corporate identity) are visual communication tools; which may include graphics and theatrical effects. It is used to assist the sale of goods by providing product information and product recommendations or special purchases. Signs and graphics also help customers to find a department or merchandise. Graphics, such as pictures, can add character, beauty and uniqueness to the image of the store (Levy, & Weitz, 2004). Furthermore, the use of signs should be clear. They must contain the information to be followed and indicators of the right direction.

The use of signs in the external environment in shopping centers should be more robust and appropriate because they are exposed to the weather and temperature uncertainties. In service organizations, the physical environment has an impact on customer satisfaction, retention, and ultimately on the business owners or organization (Baker *et al.*, 2007). However, satisfied customers are likely to remain loyal to the provider by re-patronizing the service/product, by spreading positive word of mouth (WOM), and by spending more (Han & Ryu 2009).

Signs are particularly important in forming first impression, for communicating new service concepts, for repositioning a service and in highly competitive industries where customers are looking for cues to differentiate the organization. Signs displayed on the exterior or interior of a structure are examples of explicit communicators. They can be used as labels (e.g. name of company, name of department), for directional purposes (e.g. entrances, exits), and to communicate rules of behaviour (e.g. no smoking, children must be accompanied by an adult). Signage can play an important part in communicating firm image – signs have even been found to reduce perceived crowding and stress in a Jail lobby setting (Wener & Kaminoff 2005).

Many items in the physical environment serve as explicit or implicit signals that communicate about the place to its users. (Baker, 2000; Wineman, 2002; Davis 2001). Other environmental objects may communicate less directly than signs, giving implicit cues to users about the meaning of the place and norms and expectations for behavior in the place. Quality of materials used in construction, artwork, presence of certificates and photographs on walls, floors coverings, and personal objects displayed in the environment can all communicate symbolic meaning and create an overall esthetic impression.

Furthermore, in office environments; certain cues such as desk size and placement symbolize status and may be used to reinforce professional image (McCaskey 2000; Peters 2001; Pfeiffer 1995). Studies of faculty office design indicate that desk placement; presence of diplomas on the wall, and tidiness of the office can influence student's beliefs about the person occupying the office (Campbell, 2000; Morrow & McElroy, 2003).

Relationship between Corporate Identity and Customer Patronage

A study by Mehrabian and Russell (1974) was one of the first to be based on the stimulus-organic body response (SOR) theory to construct their M-R environmental psychology model and explore the influence of the "buying environment" on customer purchases. The M.R environmental psychology model suggests that when individuals face the external environment, there are two opposing behaviours: approach and avoidance. The "pleasure emotion" and "arousal emotion" induced by the environment can cause the customer to remain longer in the store and experience a greater buying impulse. This research follows Baker *et al.* (2002), in using three different environmental cues as the store environment dimension (1)

“store design cues” refers to all aesthetic-related objects; tangible and visible environment components exist in the forefront of the customer’s perception; such are the more obvious sources of visual stimulation to the customer, and include internal and external architecture, decorations, color, product arrangement, signs, space arrangement etc. All of these man made environment may be deliberately designed to enhance customer patronage.

Furthermore, other store environmental dimensions include “store music cues” and “store employee cues”. The importance of attaining distinctive atmosphere has gained growing attention among hospitality firms, scholars and managers since it is considered one of the key factors in attracting and satisfying customers in the hospitality industry (Hans Ryu, 2009; Jang & NamKung, 2009; Liu & Jang, 2009 and Jang, 2007).

Furthermore, facility aesthetics refers to a function of architectural design, along with interior design and décor, all of which contribute to the attractiveness of the physical environment (Wakefield & Blodgett, 2005). From an external view point, as customers approach or drive by restaurants, casinos, stadiums and other leisure services they are likely to evaluate the attractiveness of the exterior of the facility. These evaluations are apt to influence their attitudes towards the place (Baker *et al* 1987).

In addition to the appeal of the facility is architectural design, customers may be affected by the colour schemes of the facility walls, facades, floor love rings, and seats. Unpainted or dull coloured facades, seats, and steps may be relatively unattractive compared with brightly coloured walls, seats and steps (Tom *et al*, 1987).

Other aspects of interior design, such as ornamental signs, banners, pictures, and other fixtures may also serve to enhance the perceived quality of the servicescape. However, any organization with beautifully designed and easy to understand signage and artifacts will have a clearer way of communicating their products and services to their customers better than their competitors. When customers are at home with an organizations’ corporate identity/branding they will ultimately increase patronage, satisfaction and retention rate as a result of their positive image and goodwill.

The physical environment is an important determinant of consumer psychology (e.g. disconfirmation and satisfaction) and behaviour (e.g. patronage and word-of mouth)- when a service is consumed primarily for hedonic purposes and when customers spend moderate to long time periods in the atmospheric place (Ryu & Jang, 2007). More so, innovative interior design, pleasing music, subdued lighting, unique color, scheme, ambient odor, spacious layout, appealing table settings, and attractive service staff will determine to a large extent the degree of overall patronage and loyalty (Han & Ryu, 2009; Kim & Moon, 2009).

However, from the forgone discussion, we are inclined to believe that a significant relationship exists between an organization’s corporate identity signs and its patronage level. This argument is hinged on the fact that when customer crowding is reduced due to the use of signs in banks, the tellers will be allowed to work without distraction or much stress thereby accomplishing or attending to more customers within a short period of time.

This, will however help in reducing customer waiting time, improving service quality, customer retention rate, transaction volume and ultimately on the profit margin of the firm at last. On this basis thus, we develop the hypotheses of the study. The hypotheses are stated as follows:

- Ho₁:** There is no significant relationship between signs and sales volume.
- Ho₂:** There is no significant relationship between signs and profit margin.
- Ho₃:** There is no significant relationship between signs and customer retention.

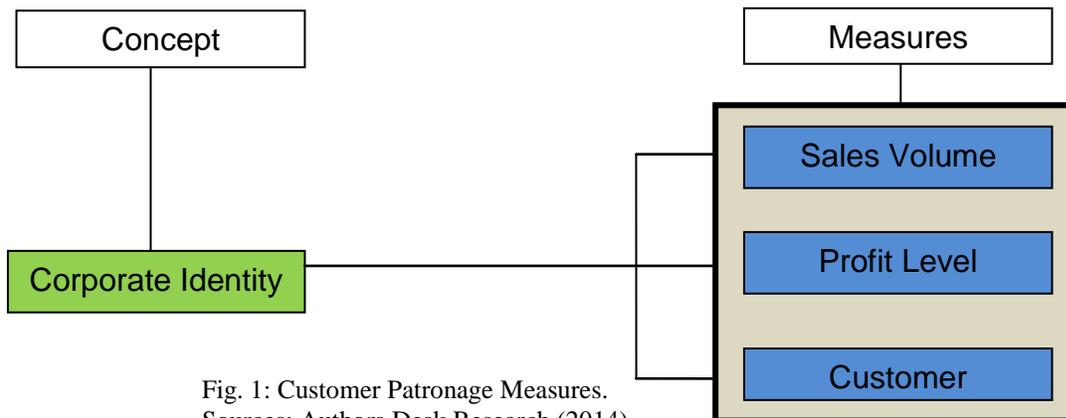


Fig. 1: Customer Patronage Measures.
Sources: Authors Desk Research (2014)

Study Methodology

Ontologically, this study took a realist view and a positivist epistemology. It therefore adopted quantitative research approach and cross-sectional survey research design in a non-contrived setting, where the researchers were not in complete control of the elements of the research.

The primary data were drawn from fourteen (14) functional and registered quoted banks in the south-south zone of Nigeria which also constitute our level of analysis and target population. Moreover, these banks were registered with the Corporate Affairs Commission (CAC), Nigerian Deposit and Insurance company (NDIC), and the Nigeria Stock Exchange (NSE). Forty two (42) copies of structured questionnaire were distributed on the ratio of three copies per bank and our units of analysis constitute the bank's general managers and other top management staff who have direct contact with the customers. Ideographically, qualitative data (using the interview method) were obtained from fourteen (14) customers of these banks which were randomly selected.

Furthermore, the generated data were presented in tables and percentages and the hypotheses were tested by employing the Spearman's Rank Correlation Coefficient (SRCC) Statistical tool, which was facilitated by the Statistical Packages for the Social Sciences (SPSS) version 15.0. The research instrument adopted the likert scale point method in the measurement of the two Constructs Corporate Identity and Customer Patronage which ranges from "very high extent" to "very low extent". Most of the instruments used to measure the constructs in this study were adapted from (Campbell, 2000; Morrow and McElroy, 2003), in order to ensure content validity. Items measuring Corporate Identity, including signs, symbols and artifacts were adapted from Bitner (1992), Rosebaum and Messiah (2011), and Lucas, (2003). Customer patronage was measured by items including sales volume, profit level and customer retention which were adapted from Cronin *et al* (2000), Asiegbu *et al* (2011), Adiele *et al* (2011) and Athanasoglou *et al* (2005). The validation process led us to seeking the opinion of experts in services marketing and service environment strategist. The questionnaire was pretested on five randomly selected managers of the different banks within the context of our study. In addition, the questionnaire was carefully designed to avoid ambiguity, contradictory questions, poor wording of questions, misleading or poor instructions etc.

Similarly, the Cronbach's Alpha coefficient was used to ascertain or test the instrument reliability, which is also an indicator of the internal consistency of a measure (Witney, 1996), Ahiauzu, 2006). From the analysis and output of SPSS windows version 15.0, the results were all above (0.70) threshold as suggested by Nunnally (1978), indicating that our research instrument were both reliable and valid. We are therefore permitted to regard the items in the instrument as being internally related to the factors they are expected to measure (See table 1).

Table 1: Reliability Coefficient Of Variables Measured

S/NO	Dimensions/measures of the study variables	Number of Items	Number of Cases	Cronbach's Alpha
1	Signs	5	42	0.878
2	Sales Volume	5	42	0.906
3	Profit Margin	5	42	0.875
4	Customer Retention	5	42	0.935

Source: SPSS Output version 15.0

Data Presentation and Results

The hypotheses and generated data on corporate identity (Signs) and Customer Patronage of banks in the south-south zone of Nigeria are presented and discussed in tables 2, 3 and 4 respectively; and discussed accordingly.

Result of Spearman Rank Correlation Coefficient between Corporate Identity (Signs) and Sales Volume

Ho₁: There is no significant relationship between Signs and Sales Volume in the Banks in South-South Zone of Nigeria.

Table 2 Correlation

			Signs	Sales Volume
Spearman's rho	Signs	Correlation Coefficient	1.000	.761**
		Sig. (2-tailed)	.	.000
		N	42	42
	Sales Volume	Correlation Coefficient	.761**	1.000
		Sig. (2-tailed)	.000	.
		N	42	42

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

Source: Research Data 2014 and SPSS ver. 15 Output window

The rs value result in table 2 indicates that there is a strong positive rank correlation between signs (x) and sales volume (Y). rs value is (.761) and the Cronbach's Alpha value for signs and sales volume are (.878) and (.906) respectively as shown in table 1. The p-value (0.000) is less than 5% level of confidence. Hence, the null hypothesis is rejected, which therefore implies that there is a significant relationship between signs and Sales Volume in Banks in south-south zone of Nigeria.

Result of Spearman Rank Correlation Coefficient between Corporate Identity (Signs), Sales Volume and Profit Margin

Ho₂: There is no significant relationship between Signs and Profit margin in the Banks in South-South Zone of Nigeria.

Table 3 Correlations

			Signs	Profit Margin
Spearman's rho	Signs	Correlation Coefficient	1.000	.633**
		Sig. (2-tailed)	.	.000
		N	42	42
	Profit Margin	Correlation Coefficient	.633**	1.000
		Sig. (2-tailed)	.000	.
		N	42	42

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

Source: Research Data 2014 and SPSS ver. 15 Output window

The rs value result in table 3 indicates that there is a high and strong positive rank correlation between signs (x) and profit margin (Y) with the value (0.633) which is significant at 5% level confidence. Also, the Cronbach's Alpha value for signs and profit margin are (0.878) and (0.875) respectively, as shown in table 1.

Furthermore, the p-value (0.000) .The alternate hypothesis is therefore upheld. This implies that there is a significant relationship between signs and profit margin in the Banks in south-south zone of Nigeria.

Result of Spearman Rank Correlation Coefficient between Corporate Identity (Signs) and Customer Retention

Ho₃: There is no significant relationship between Signs and customer retention in the Banks in South-South Zone of Nigeria.

Table 4 Correlations

			Signs	Customer Retention
Spearman's rho	Signs	Correlation Coefficient	1.000	.645**
		Sig. (2-tailed)	.	.000
		N	42	42
	Customer Retention	Correlation Coefficient	.645**	1.000
		Sig. (2-tailed)	.000	.
		N	42	42

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

Source: Research Data 2014 and SPSS ver. 15 Output window

The rs value result in table 4 indicates that there is a strong positive rank correlation between signs and customer retention (0.645) which is significant at 5% level of confidence. The Cronbach's Alpha values for signs and Customer retention are (0.878) and (0.935) respectively, as shown in table 1. Furthermore, the p-value (0.000) is less than the level of significance, hence we posit that the null hypothesis is rejected, which revealed that there is a significant relationship between signs and Customer retention in the Banks in south-south zone of Nigeria.

Discussion of the Findings

Relationship between Signs and Customer Patronage

The test of hypotheses one, two and three as shown in Spearman Rank result tables (2, 3, and 4) respectively depicts that there is a strong positive relationship between signs and each of the measures of customer patronage in the sample of banks in south-south zone of Nigeria.

However, the positive large values of (0.761, 0.633 & 0.645) show the strength of the relationship between the variables. The Cronbach's Alpha values of 0.878 (Signs), 0.906 (sales volume), 0.875 (profit margin) and 0.935 (customer retention), indicates the reliable rate of our research instruments. (See table1, page 8). In addition, the p-value (0.00) is less than the level of significance at (0.05), therefore, we reject the null hypotheses and conclude that there is a significant relationship between signs, sales volume, profit margin and customer retention in the bank in south-south zone of Nigeria.

Furthermore, this finding supports the views of (Levy & Weitz, 2001). They opined that any organization with beautifully designed and easy to understand signage and artifacts will have a clearer way of communicating their products and services to their customers better than their competitors. When customers are at home with organizations corporate identity/brand; they will ultimately increase patronage thereby impacting significantly on the company's profit level.

Our findings are consistent to that of (Kim and Moon, 2009), which states that signs are visual communication tools which contain information to be followed and indicators of the right direction. Signs are vital communication tools that communicate a company corporate image, values and serves as implicit and explicit communication and directional indicators. Signs help a firm in reducing customer crowding, organizing customers in an orderly manner and helps to communicate organization's rules and employee expected behaviour.

Similarly, in service environment like banks, the physical environment has an impact on Sales Volume/Loyalty and ultimately on the business owners or organization (Baker *et al* 2007). Well managed customer retention programs that are communication and tactics driven, which strive to improve customer service are generally used to encourage customer's loyalty in a competitive market place (Malan, 2003).

Notably, this findings support the views of (Wener & Kaminoff 2005). They opined that Signs are particularly important in forming first impression for communicating new service concepts, for repositioning a service and in highly competitive industries where customers are looking for cues to differentiate organizations. Signs displayed on the exterior or interior of a structure are examples of explicit communications. They can be used as labels, for directional purposes, and to communicate rules of behaviour. Signs have also been found to reduce perceived crowding and stress in a banking setting (Wener & Kaminoff 2005).

Remarkably, when banks efficiently use their signs to reduce customer crowding in the hall, communicate their values and operational patterns, and for implicit and explicit communication, the result is that they will end up increasing their customer level of satisfaction, retention which will eventually impact on their volume of transactions and profit margin. Every firm should, in principle, seek profitable growth over maximum sales. For example, profitability index and market share studies (PIMS) found that strong positive link exists between sales volume and return on investment (Hooley *et al*, 2005). Similarly, they argued that superior (customer patronage) likely results in superior financial performance (profitability). From the forgone discussion, it is therefore evident that a firm's level of patronage cans proxy with its level of sales volume/volume of transactions, profit margin and customer retention rate. Signs on the other hands, are particularly important in forming first impression, for communicating new service concepts, for repositioning a service, differentiating a company's product from competing industries, and in reducing

perceived crowding and stress in a banking setting (Wener & Kaminoff 2005). From this discussion, we have ample empirical evidence to conclude that signs positively and significantly affect customer patronage.

Conclusion and Research Implications

Corporate identity (signs, symbols and artifacts) are vital communication tools that communicate a company corporate image, values and serves as implicit and explicit communication and directional indicators. Signs help banks in reducing customer crowding, organizing customers in an orderly manner and to communicate organization’s rules and employee expected behaviour.

However, based on the findings obtained from the summary of discussion, empirical data analyses and the review of empirical related literature thus far, we conclude that Bank’s corporate identity is a major predictor of customer patronage of banks in the south-south zone of Nigeria. Specifically, signs account or explain (76.1%) of the change in Bank’s sales volume as evidenced in (table 2, page 8).

Notably, the implications of the study are that banks within the context of our study, are expected to improve on their corporate identity policy and programmes. This will help in substantiating their products and services from their competitors, and also strengthen their corporate image in the perception of their customers and organization’s public. The use of signs and symbols should be encouraged whether they are used for implicit or explicit purposes; this is because empirical evidence has proved that they significantly affect customer patronage. Furthermore, the banks are expected to appreciate the use of quality materials in the design of their signage items as they have been proven to be perfect communication indicators. From our findings and discussion, we develop a corporate identity and customer patronage heuristic model presented in figure 2.

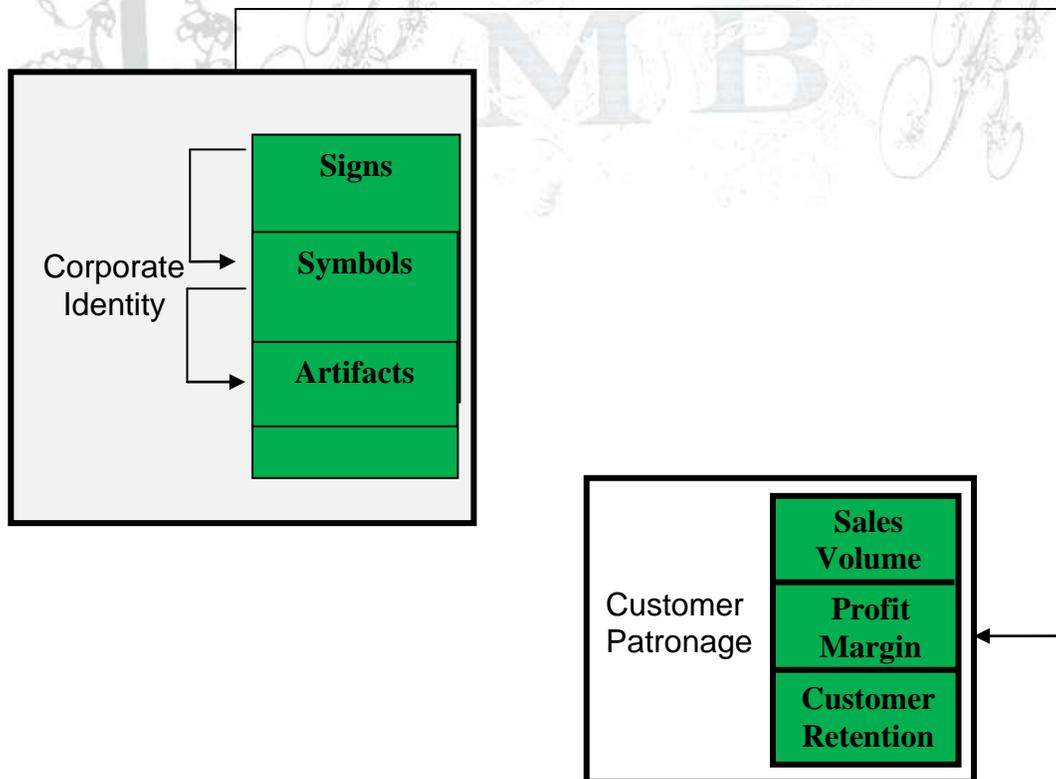


Figure. 2: Corporate Identity and Customer Patronage Model.

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