BRAND ASSOCIATION AND AFFECTIVE LOYALTY IN SELECTED DEPOSIT MONEY BANKS

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Abstract

Banks across the world are expected to build powerful brands that communicate their values through every point of contact they have with customers; particularly in services that need a great deal of interaction between customers and front-line employees. Brand association has a direct influence on customers' trust, commitment, and satisfaction in the banking industry. However, as competition becomes intense and switching costs are actively innovated against, modern banks in developing countries need an inclusive understanding of what drives loyalty in customers. The charges placed on specific bank services such as card maintenance fees, notification charges are major threats in the Nigerian banking system as price sensitive customers still feel reluctant in associating with specific banks. As a result, deposit money banks are faced with challenges of high marketing costs in attracting new customers and retaining existing customers which on the long run affects brand association. Hence, this study ascertains the extent to which brand association can be used to influence the affective loyalty of customers in Nigerian deposit money banks. The study adopted a descriptive research design to obtain the opinion of customers on brand association and affective loyalty. The descriptive research design was adopted and the study population consists of customers of the five selected banks in Lagos State, Nigeria. A multiple (purposive, stratified and convenience) sampling was adopted and a structured questionnaire was developed to acquire quantitative data from the customers of the five selected banks. The data were analysed with the Statistical Package for Social Solutions (SPSS) version 25. This findings indicate that successful brand association helps consumers to recognise customer preferences and differentiate brands from their rivals, with the result that customers are more likely to patronise their brands. The study recommends that, convenience hours should be introduced into the banking system in order to afford customers coming into the banking hall as at when opportune as this will increase the customer base and attachment with the bank.

Keywords: Affective loyalty, Brand association, Customers, Deposit money banks.

1. INTRODUCTION

The role of brands in identifying the company's products in today's growing markets is undeniable as innovation and technical superiority are not the only fundamental factors to success. Hence, in markets where products and services are combined, a strong brand may be the only characteristic that distinguishes them from competitors' (Ridwan, Sabrina & Sobhi, 2020; Koch, & Gyrd-Jones, 2019). In creating association with a brand, organisations implant strong and positive memories in customers' mind. A representation of the clues and signals that a customer links to a particular bank when exposed to their services is referred to as brand association which includes, brand name, service attributes, and relative price offering (Mazurek, 2019). Sasmita, and Mohd, (2015) affirmed that customers' commitment and satisfaction in the banking industry is based on the level of brand association. This implies that customers' purchase decision in the long run is determined by how they desires, associate and accept a brand. The charges placed on specific bank services such as card maintenance fees, notification charges are major threats in the Nigerian banking system as price sensitive customers still feel reluctant in associating with specific banks. As a result, deposit money banks are faced with challenges of high marketing costs in attracting new customers and retaining existing customers which on the long run affects brand association. However, this study revealed how brand association can be used to facilitate affective loyalty of customers in the banking industry especially in Nigerian context. The objective of this study is to ascertain the effect of brand association on affective loyalty of customers in selected Nigerian deposit money banks which covered the five divisions of Lagos State. Which are; Ikeja, Badagry, Ikorodu, Lagos Island, and Epe respectively.

2. LITERATURE REVIEW

Brand association has different levels of strength based on the number of communications, experience, and how many links relate to a brand. Brand associations play an important role for consumers as a basis of processing/retrieving information, differentiation, motivation, creation of attitudes (positive or negative) and a base for extensions. Brand associations represent what the brand stands for and what the promises are that have been given to the consumers (Ansary, & Nik, 2018; Aaker, 1996). In this study, brand associations are related to the product in term of perceived value, associations related to organisations and associations that are related to personalities of human beings, where the brand has a unique personality. By implication, implanting strong and positive associations in customers' mind is very crucial for banks. A representation of the clues and signals that a customer links to a particular bank when exposed to their services is referred to as brand association. According to Keller (2012) "a brand's influence resides in the minds of the customer". Brand association can be created or transformed when customers experience the services rendered by the brand.

The types of brand association were highlighted by Keller (2016) which are; attributes, benefits, and attitudes. However, for this study value and uniqueness were added to the types of brand association. Langaro, Rita, and Salgueiro, (2018) stated that, customers make use of brand associations in their decision-making process. Keller (2012) gave a definition of attitudes as "the customer's overall evaluation of the brand which often form the basis for purchase behaviour. The favourability dimension of attitudes deals with the satisfaction that the customer derives from a bank services. Also, strength refers to the extent to which brand image is introduced and maintained in the customer's mind. The uniqueness dimension refers to the level in which information recall relates to the selected bank.

The benefits dimension refers to values and meanings that bank customers attach to the services rendered to them by their banks. Benefits are further categorized into three types. Which are: functional, experiential, and symbolic. Functional benefits describe the intrinsic advantages of the service which describes the core purpose of the service rendered. Experiential benefits relate to feelings and sensations generated from brand experiences and they are related to pleasure seeking. While, symbolic benefit deals with the underlying need that customers get from the services they receive from their bank. Also, the benefits refer to extrinsic benefits like social status, an enhancement of self-esteem and self-concept attached to the service as shown in Figure 2.1.
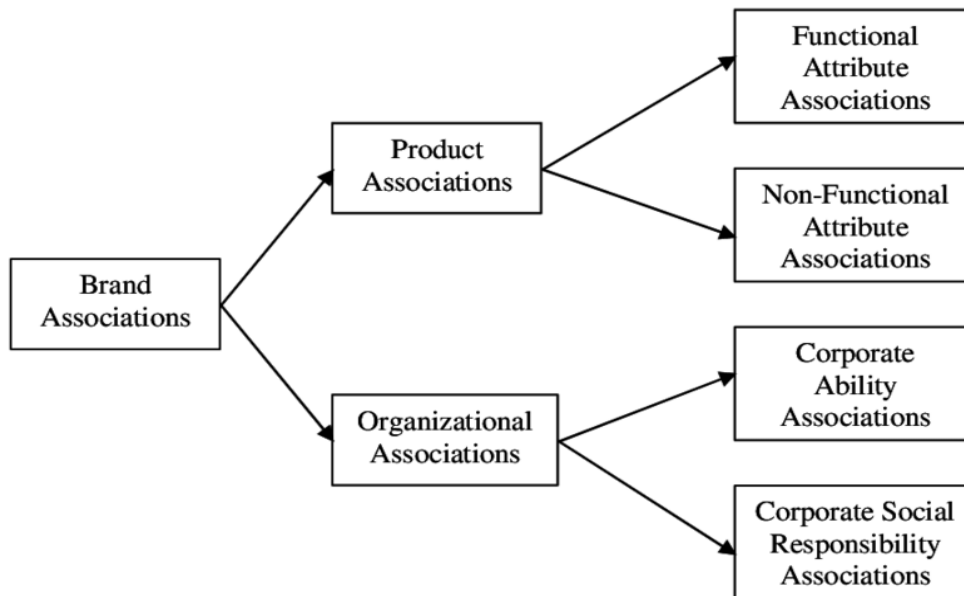
Figure 2.1: Brand Association Model

Source: Chen and Arthur (2001); Keller (1993); Aaker (1991).

Further, Aaker (1996) also made a classification of brand association into four dimensions. Which are; brand as product, brand as organisation, brand as person, and brand as symbol. In his classification, brand as a product is to maintain association after the product class is expanded or the brand as a whole gets expanded. For example, the banking system in Nigeria is not only associated with opening a bank account, but providing other services such as internet banking and point of sales service. Further, the brand as organisation can be linked to the attention being placed on banks instead of the services they provide while, brand as organisation focus on organisational attributes like innovation and are created by some features of the organisation.

A positive attitude towards the bank's brand is referred to as affective loyalty. Attitude is a function of expectation. Oliver (1999) stated that, affective loyalty is the emotional bonds that makes a bank's customers to act irrationally. However, commitment and the customers' attachment to the bank precedes other consideration. According to Chen & Quester, (2015) affective loyalty deals with a customer's positive attitude spawned from the accumulative preceding experience towards a service. Bitner (1990) opined that, expectancy confirmation leads to satisfaction which on the long run impacts affective loyalty. Affective loyalty relates to a pleasurable fulfilment or favourable attitude towards a specific service (Oliver, 1999). Bank customers for a degree of liking for the services rendered centered on an increased attractiveness of the performance of cognitive elements (Evanschitzky & Wunderlich, 2006). Which signifies that, affective loyalty develops from cognition. While affective occupies a significant portion of loyalty, it is still not enough to guarantee true loyalty and customers are still subject to switching at this phase (Oliver, 1999). However, the feelings of a bank's customers are susceptible to the promotional pleas of competitors (Fraering & Minor, 2013). Hence, affective loyalty is subject to decline and this is caused literarily by an increased attractiveness of competitive offerings and increased likeness for competitors' brands which is transferred via imagery and medium involved in competitive communications (Sambandam & Lord, 1995). Oliver (1997) proposed that, affective loyalty deals with a favourable attitude in respect to an exact brand.

The study of Blanca, Ana and Jesus (2006) on the role of loyalty programs in affective loyalty posited that in loyalty programs, participants are more affectively loyal compared to non-participants. Also, purchase behaviour remains unchanged by most customers even after enrolling in a loyalty program. Further, Christodoulides, Cadogan, and Veloutsou (2015), Mitzik, and Jacobson (2008), in their studies demonstrated a relationship between brand association and affective loyalty using several sectors without considering the banking sector. However, Marco, Song and Schomaker (2019) opined that in building brand association in the mind of consumers, it is mandatory to manage the number and inter connectedness of the association of the brand.

Erfan and Kwek (2013) carried out a study on the mediating effects of brand association and found that, when customers have positive association towards a brand, they turn out to be more loyal towards a brand, in line with this, the study of yu-chuan (2017) explored the relationship existing among the variables of brand association in higher education sector gathering data from a sample of 500 students, the study found that, brand association has a direct influence on student trust, commitment and satisfaction in higher education. Chen, Yeh and Jheng (2013) appraised the factors influencing brand association. The result of the study indicates that susceptibility to global consumer culture significantly influence brand association through brand credibility. Alan and Gareth (2013) demonstrated that, brand association strength is a function of the number of associations, the strength of links existing between associations and the associative network structure. David (2005) in his study found that, positive brand associations on an individual basis has the tendency to change when transferred to a new product category with a brand partner. He further identified that, consumers are liable of becoming locked-in to the specific association of a brand which may be hard to shift in a brand leverage strategy.

3. METHODOLOGY

Quantitative and qualitative research methods was employed in this study. A descriptive-survey design was used because it deals with phenomena that occur naturally. The study population covered five of Nigeria's biggest banks listed among the top 1000 banks in the world, the population of study for customers of the five selected banks is infinite. In ensuring sampling adequacy, the sample size of 1030 was adopted and this was evenly distributed across the selected banks in Lagos state. The study population for the in-depth interview consisted of fifteen functional heads of the selected deposit money banks with a representation of three from each which consists of; head of customer service, relationship manager/client service manager and branch/brand manager respectively.

Multi-stage sampling technique was adopted. Purposive technique was adopted in order to choose respondents at various community level that meet the inclusion criteria of the study, cluster sampling was used because the respondents had the same probability to being selected. The convenience sampling was also employed to select sample elements that shared the common characteristics of the target population who were willing to provide the information required to answer the research questions. For the qualitative study, equal number of persons were interviewed across selected deposit money banks in Lagos State. For the methods and instruments of data collection, questionnaire was designed to gather and elicit information from a cross section of the population. Interview sessions were as well conducted among the functional banks' heads that constituted the study population. Qualitative method was used to follow up quantitative method, therefore the questions were devised from the questionnaire, and they both covered the same aspects. Multivariate analysis methods used in this research are factor analysis, correlation analysis, and multiple regression analysis. The analysis focused on the use of regression analysis using structural equation modelling.

4. DATA PRESENTATION AND ANALYSIS

Copies of structured questionnaire were distributed to 1030 respondents. 904 copies of the questionnaire were retrieved and considered usable for the analysis.

Table 4.1: Descriptive Statistics on Brand Association

Items	Frequency and Percentage					Mean values for the Selected Banks					Average Mean
	Strongly Agree	Agree	Disagree	Strongly Disagree	Total	Access	FBN	GTB	UBA	Zenith	
This bank is friendly	461 (51.0%)	395 (43.7%)	36 (4.0%)	12 (1.3%)	904 (100%)	3.39	3.46	3.37	3.61	3.39	**3.44**
This bank's fee is reasonable for the service offered (e.g. fee for	397 (43.9%)	409 (45.2%)	72 (8.0%)	26 (2.9%)	904 (100%)	3.22	3.17	3.43	3.35	3.33	**3.30**

opening a new account, transfer fee)										
Generally, I can trust this bank	412 (45.6%)	400 (44.2%)	74 (8.2%)	18 (2.0%)	904 (100%)	3.31	3.38	3.30	3.41	3.28	**3.34**
This bank has credibility	407 (45.0%)	433 (47.9%)	48 (5.3%)	16 (1.8%)	904 (100%)	3.38	3.43	3.28	3.41	3.32	**3.36**
This bank has a distinctive personality from the rest of banks operating in Nigeria	394 (43.6%)	410 (45.4%)	76 (8.4%)	24 (2.7%)	904 (100%)	3.17	3.41	3.22	3.36	3.34	**3.30**
Average Mean						3.29	3.37	3.32	3.43	3.33	**3.35**

Source: Field Survey, 2019

Table 4.2: Descriptive Statistics on Affective Loyalty

Items	Frequency and Percentage				Total	Mean values for the Selected Banks					Average Mean
	Strongly Agree	Agree	Disagree	Strongly Disagree		Access	FBN	GTB	UBA	Zenith	
I am inspired transacting with this bank	318 (35.2%)	470 (52.0%)	94 (10.4%)	22 (2.4%)	904 (100%)	3.04	3.14	3.26	3.36	3.20	3.20
I will still stay with this bank even if its fees are higher than competitors	273 (30.2%)	393 (43.5%)	174 (19.2%)	64 (7.1%)	904 (100%)	2.78	2.85	3.00	3.10	3.11	2.97
I feel excited/happy when I enter this bank.	314 (34.7%)	468 (51.8%)	108 (11.9%)	14 (1.5%)	904 (100%)	3.15	3.10	3.25	3.26	3.22	3.20
I feel positive emotions when I transact with this bank	323 (35.7%)	461 (51.0%)	90 (10.0%)	30 (3.3%) 412	904 (100%)	3.17	3.27	3.05	3.31	3.18	3.20
Average mean						3.04	3.09	3.14	3.26	3.18	**3.14**

Source: Field Survey, 2019

To test the hypothesis, SMART-PLS_SEM (Partia1 Least Square/Structura1 Equation Mode1ling) analysis was employed to test for predictive efficacy of the research model. The data collected was analysed using five items to measure brand association practices, and four items to determine affective loyalty. The items in the brand association practices scale comprised statements such as automated phone messages, service fees/charges, fidelity, convenience hours, and distinctive personality on a scale of 1 to 4.

Evaluation of the Inner Structural Model

In measuring and confirming the structural model outcomes, the research observed the model's predictive relevancy and the relationships that exist among the constructs. All the multivariate assumptions were checked before proceeding to test the model, namely, normality, linearity, multi-collinearity and homoscedasticity/homogeneity of variance. The hypothesis has one exogenous variable (brand association) and one endogenous variable (affective loyalty).

Structural model and path analysis for brand association and customers' affective loyalty
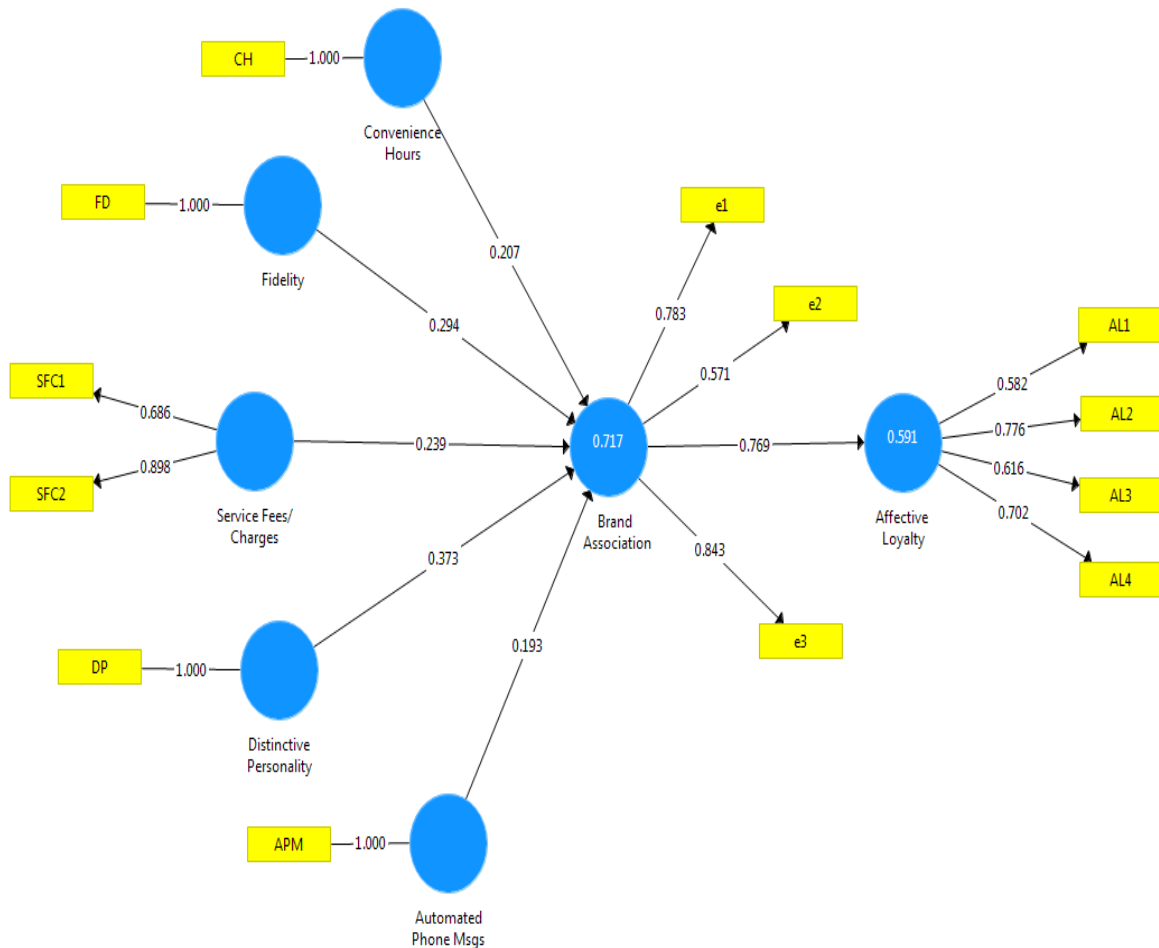

Figure 4.1: Predictive relevance of Brand Association and Customers' Affective Loyalty

Figure 4.1 shows the graphical representation of all path coefficients of the model. Furthermore, the model was recursive in nature which states that paths between constructs originated only from the predictor constructs to the dependent constructs In order to ascertain the predictive relevance, bootstrapping analysis was conducted. Bootstrapping is a statistical technique used for significant testing of coefficients in formative measurement models

Basic bootstrapping formation for brand association and customers' affective loyalty
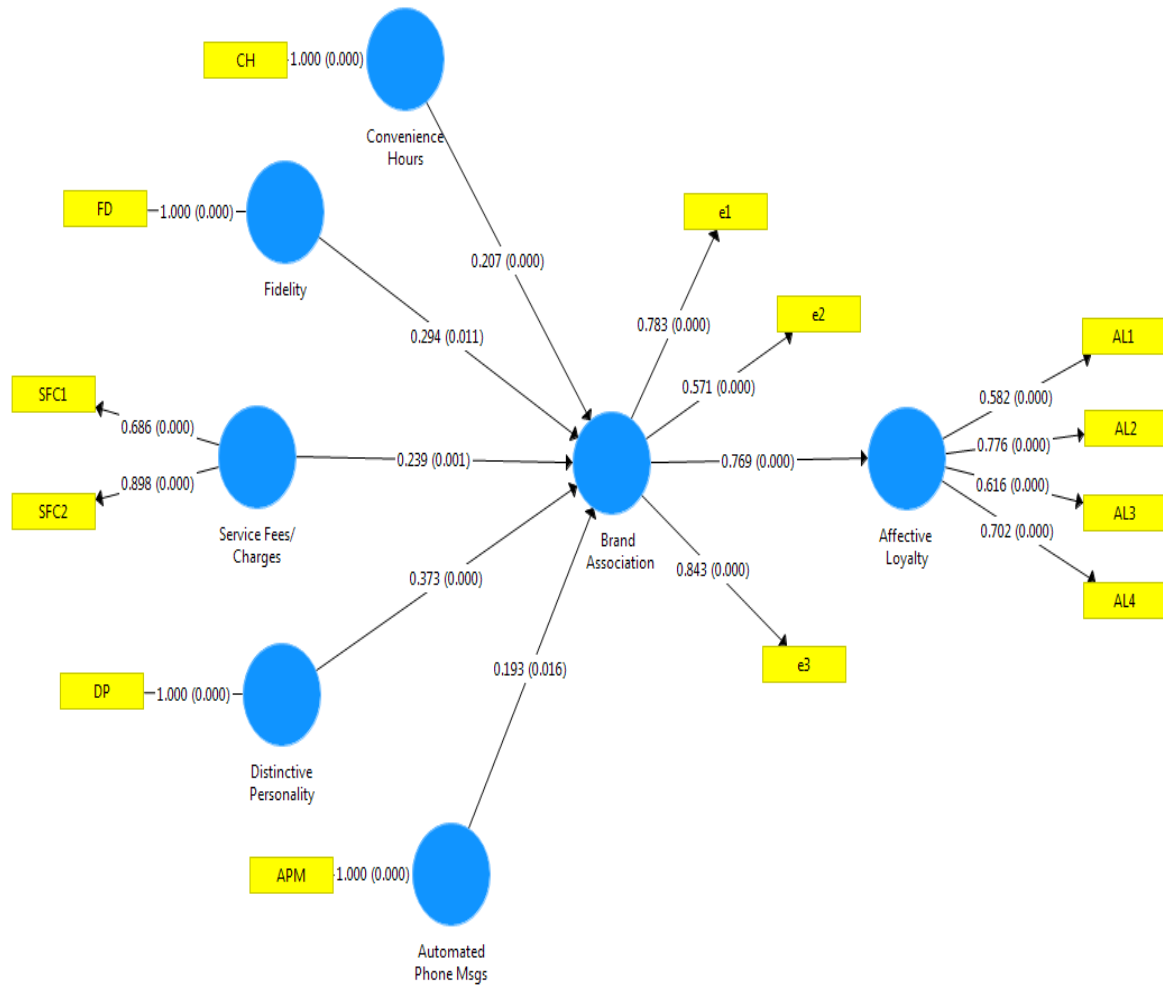

Figure 4.2: Path co-efficient and P-values of Brand Association and Customers' Affective Loyalty

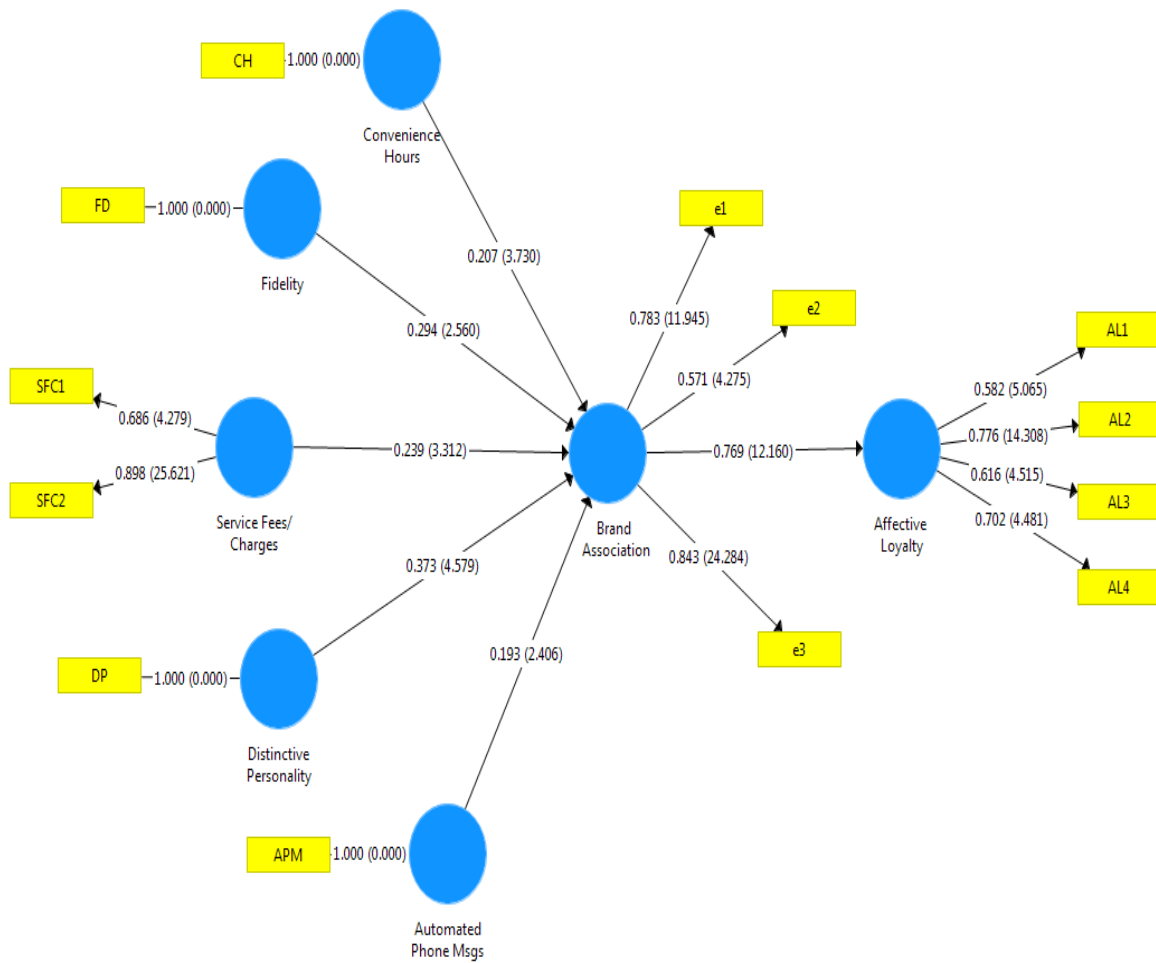**Complete bootstrapping formation for brand association and customers' affective loyalty**

Figure 4.3: Path co-efficient and T-values of Brand Association and Customers' Affective Loyalty

By implication, the null hypothesis which indicates that brand association do not significantly have combined effects on affective loyalty of customers in selected deposit money banks in Lagos State is hereby rejected. Above all, the results established that brand association is a significant predictor of affective loyalty.

By implication, the findings indicate that brand association significantly have combined effects on affective loyalty of customers in selected deposit money banks in Lagos State. This findings indicate that successful brand association helps consumers to recognize customer preferences and differentiate brands from their rivals, with the result that customers are more likely to patronize their brands. In this context, a customer who assumes that a bank's brand is able to provide high trustworthiness and distinctive personality should be more willing to develop an emotional attachment. In fact, brand association components have been shown to be important to promote repurchase desires, which enhances a company's profits and sustainable growth.

In the course of in-Depth Interview (IDIs) with a key manager of Bank 3, on the effect of brand association on affective loyalty of customers. It was observed that, the success of brand association can be attributed to convenience banking hours where customers can perform their banking transaction at any time suitable by them without appearing physically in the banking hall.

He highlighted that:

In order to associate with our customers better through our brand, we recruited ten percent of staff from another bank (name withheld) and we dived into ground breaking products like Universal banking. This bank is the only bank that is into this right now, it gives you an opportunity to make your banking transactions through WhatsApp without appearing in the banking hall physically.

(IDI/Customer Service Head/ bank 3/ August /2019)

While addressing the policy of service fee, a brand manager of bank 2 said:

The strategies we have put in place in attaining brand association are achievable. Ten years ago, the bank came up with an idea that every customer must have minimum 25,000 naira deposited in their accounts but that did not work as a result of the economy which prompted us to dive into the zero account policy. Now, we have a huge customer base and our customers can associate with our products better.

(IDI/Brand Manager/ Bank 2/ August/ 2019)

5. CONCLUSION AND RECOMMENDATIONS

The possibility and loyalty of a customer subscribing to a service depends on the association which he/she has framed for the service. Thus, the stronger the attitude toward the brand association, the stronger will be the intent for patronage and loyalty. Based on the findings, the study recommends that, convenience hours should be introduced into the banking system in order to afford customers coming into the banking hall as at when opportune as this will increase the customer base and attachment with the bank. Also, selected banks should improve on their automated messages as customers like to keep a track on every financial transaction they make as this will make them feel safe in their dealings with the bank.

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