

BRAND ADVOCACY AND CUSTOMERS LOYALTY OF BANKS IN NIGERIA

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Abstract

The study examined the effects of brand advocacy on customer loyalty of selected banking industry in Delta State. The specific objectives are to, determine the effects of brand advocacy on customer loyalty of selected banks in Delta State and ascertain the effects of online customer reviews on customer loyalty of selected banks in Delta State. Cross-sectional survey research design was adopted for the study. A sample size of 237 respondents was selected from 5 deposit money banks in Asaba, Delta State. The stratified random sampling technique was used for the study. A structured questionnaire was used as the research instrument for the study. Content and validity were taken into consideration to validate the research instrument. To establish the reliability of the instrument, a test-retest method was used. Descriptive statistics like frequency distributions and inferential statistics like correlation and multiple regressions were used to analyze the data collected for the study. Findings showed that the dimensions of brand communication accounts for 53% change in customer loyalty. The study concluded that brand communication has significant positive effect on customer loyalty of deposit money banks in Delta State Nigeria. Brand advocacy ($\beta = 0.106$, $p = 0.044 < 0.05$), and online customers review ($\beta = 0.252$, $p = 0.000 < 0.05$) has significant positive effect on customer loyalty of deposit money banks in Delta State Nigeria. The study recommended amongst others that banks should regularly monitor online customer reviews across various platforms. Respond promptly to both positive and negative reviews, addressing customer concerns and expressing appreciation for positive feedback. The study established that clear and relevant information empowers customers to make informed decisions, leading to a greater likelihood of choosing and remaining loyal to a bank.

Keywords: *Advocacy, Communication, Customers Loyalty, Online, Deposit Banks.*

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1. INTRODUCTION

Branding has remained a priority for marketers, Karakaya, & Barnes, (2021) in view of the numerous benefits strong brands confer on firms. A strong brand informs consumers' willingness to attend to additional communications from the brand, process these communications more favourably and recall the communications or their accompanying cognitive or affective reactions easily (Pacauskas, Rajala, Westerlund, & Mäntymäki, (2018). To build a strong brand, however, the right knowledge structures must exist in the minds of consumers so that they respond positively to marketing activities and programmes in these different ways. Brand communication plays a crucial role in shaping that knowledge. Effective brand communication enables the formation of brand awareness and a positive brand image. These then form the brand knowledge structures that trigger the differentiated responses that constitute brand equity (Abubakar, and Ilkan, 2016).

Brand communication represents the combined activities that influence consumers' opinion of firm and its products. It encompasses how firms attempt to inform, persuade, and remind consumers about their value offerings (Alalwan, 2018) directly or indirectly. Brand communication is therefore the voice of the company and its products and is how firms establish dialogue and build relationships with and among consumers (Ateke & Nwulu, 2017). Brand communication enables firms to link their offerings to other products. It creates experiences, builds communities, and contribute to brand equity by establishing the brand in memory and creating a brand image.

Brand advocacy has been defined as influencing consumers who are passionate about the brand and are actively recommending it to other targeted consumers. Racherla, and Friske, (2012), posit that the ability of an organization to actively recommend the brand by spreading positive word about it is the essence of brand advocacy and has been regarded as a key growth indicator of brands. Furthermore, consumer advocacy and consumer loyalty are having a very powerful relationship with each other. Potential consumers differentiate information from acquaintances or maybe strangers as much more unprejudiced and dependable as compared to the ones from that of economic entity. Customer Advocacy is a significant outcome of consumer determination (Omwale & Ayomide, 2021).

The Problem

Customer loyalty has become an important variable in marketing and particularly in the field of customer relationship management. Loyalty is likely to lead to positive attitudes and behaviors such as repeat patronage and purchases and positive recommendations which may influence other actual or potential customers. Generally, service industries are characterized by high competition and relatively low switching costs. As competition intensifies, many firms are developing or improving their loyalty programs to deter customers from defecting to their competitors. A loyal customer base will generate more predictable sales, steady cash flow and an improved profit stream while counteracting any competitive agitation.

For the banking industries whose competitive landscape has become volatile, building loyalty of customers will provide business sustainability. While customer loyalty through brand storytelling can be attained in various ways, most marketing scholars emphasize the influence of brand storytelling as an important strategic tool for attaining customer loyalty. Stories fascinate people and are often more easily remembered than facts. Much has been written about the power of stories in branding, but very little empirical evidence exists of their effects on consumer loyalty.

Objectives of the Study

- i. Determine the effects of brand advocacy on customer loyalty of selected banks in Delta State.
- ii. Ascertain the effects of online customer reviews on customer loyalty of selected banks in Delta State.

Hypotheses

H₀₁: Brand advocacy has no significant effect on customer loyalty of selected banks in Delta State.

H₀₂: Online customer reviews have no significant effect on customer loyalty of selected banking industry in Delta State.

2. LITERATURE REVIEW

Brand management

Brand management plays a fundamental role in the development of customer loyalty. Sometimes, consumers are not loyal to the company in general, but rather to a specific brand. Brand loyalty is commonly connoted as the biased (non-random) behavioral response (purchase), expressed over time by some decision-making unit with respect to one or more alternative brands out of a set of brands and is a function of psychological processes (Hanifah, & Wulandari, 2021). Brand management becomes more and more important for loyalty improvements. In fact, new concepts have been introduced, like brand loyalty, brand engagement, brand equity, and brand communities. Brand is recognized as the principal factor that can create commitment and engage customers. Particular attention is devoted to the online brand communities as environments where new forms of consumers-to-consumers communication emerge, allowing for new forms of brand identification and brand experiences that enhance the brand value and the consumers' attachment to the brand. Brand communities thus become the most important tool for CRM strategies. The participation of companies in brand communities allows them to acquire the necessary information, share and emphasize contents, target the consumers, and increase the brand equity. According to the results of Youn, and Jin, (2021), companies should support brand community providing resources (e.g., funds, staff, and place), cultivating a cohesive brand community and providing not only material assistance, but also care and rewards to the brand community. Moreover, companies should propose some activities for the members of the community according to the style, personality, feeling, and values of the brand.

The Brand Communication Lights up the Brain

This is an assertion backed by evidence. Stories tend to light up parts of our brain which then makes us more easily influenced by the message. Stories strike some cranial cords that increase our likelihood of developing thoughts, opinions, and sentiments supportive of the storyteller's objective. The point is that, with storytelling, you can activate more areas of the brain than statistical information or basic factual content, as your audience will immerse themselves in the subject of your story, if engaging and relatable. That becomes the starting point of attitudinal/perception/behavioural influence.

Customers Loyalty

Customer loyalty can be handled from two perspectives: behavioural and attitudinal loyalty. Attitudinal loyalty includes attitudes such as beliefs, feelings and purchasing intention. Whereas behavioral loyalty reflects customer purchasing behavior. Behavioral loyalty is considered as the customer's willingness to repurchase the product and to continue a relationship with the company. On the other hand, attitudinal loyalty expresses the level of the customer's psychological attachments and attitudinal advocacy to the company (Rup, Gochhayat, and Samanta, (2021). Behavioral loyalty is the observable outcome of attitudinal loyalty (Nasir, 2015).

Brand Advocacy and Customer Loyalty

Brand advocacy has long been seen as a holy grail of marketing. Prior research has linked such advocacy to consumer-brand identification Smith, Fischer, and Yongjian, (2012), satisfaction Lee, Hansen, & Lee, (2020), brand loyalty and purchase intent suggesting its importance. It occurs when customers spend time and effort to recommend, promote or support a brand (Maslowska, Smit, & and den Putte, (2016) and is a 'discretionary activity' or 'extra-role behaviour' Majid, & Negin,. (2018). Brand advocacy is made possible by social media, which has revolutionised marketing, creating an increasingly connected world, in which user generated content (UGC) and online consumer-to-consumer (C2C) communications foster rich brand-related exchanges that influence behaviour (Kang, Sun, Liang, & Mao, 2022).

Morhart (2019) posited that brand advocacy is one-dimensional and focuses on favourable communication about a brand's values and offerings, therefore the effects of this behaviour have not been isolated. However, Morhart (2019) assumed that the effects of employee brand-related behaviours on customer evaluations or satisfaction are universally positive and focused on antecedents, not consequences. Westberg, and Pope, (2014) also noted that brand advocacy increases brand awareness in the market and through brand advocacy consumers tend to perceive companies or organization as credible which help to humanize the brand. Miller (2014) avers that many organizations rely on brand advocacy in brand repositioning and new product launches.

Online reviews and customer loyalty

Mudambi and Schuff (2010) as cited by Pooja & Upadhyaya (2022) define online reviews as “peer-generated product evaluations, posted on company or third-party websites”. Person-to-person communication via the internet is eWOM. An online review is a form of eWOM. There are various channels of eWOM such as social media, opinion forums, review platforms, and blogs.

The perception a consumer holds regarding the veracity of online review is considered as the review credibility (Erkan and Evans 2016). Several research studies (Chung , Yu , Kim and Shin (2016) define credible online reviews as a review that the consumers perceive as truthful, logical, and believable. Past research defines credibility to be associated with consumers’ perception and evaluation and not as a direct measure of the reality of reviews. The credibility of online reviews is described as consumers’ assessment of the accuracy (Zha et al. 2015) and validity of the reviews (Chakraborty and Bhat 2017).

Empirical Reviews

Kang et al. (2022) asserted that to reduce the functional risks, potential users often rely on the experience and opinions of other users to make purchase choices because they are unfamiliar with the new product and lack the knowledge framework to evaluate it. The first thing most consumers do when they want to go for a new product is to check and read product reviews to get a more realistic understanding of the features and functionality of a new product and decide whether to make a purchase decision. They trust the experience and opinions of consumers who have already purchased. In many cases, consumers make purchase decisions or cancel products from their shopping carts based on reviews. Such scenarios reflect the fact that with the rise of the Internet and e-commerce, online product reviews have become an important source of information for consumers to decide whether to purchase a product or which product to purchase. According to recent reports, 70% of consumers read online reviews of products before shopping, and 63% of consumers prefer to shop on websites with product reviews (MacDonald, 2018).

Online reviews, as a priori user presentations, contain rich product information that can effectively reduce consumers’ perceived risk caused by information asymmetry during the shopping process. At the same time, because their sources are usually personal, online reviews are usually considered to have no commercial interest and are more trustworthy information

(Erkan & Evans, 2016). Tang & Guo (2015) describe online reviews as “a gold mine of genuine customer reviews.

According to Moore (2015), online reviews that include product performance would be considered more helpful because it improves the consumer’s ability to evaluate the product. Especially for a new electronic product, such as laptops, consumers will evaluate the product in advance and build a knowledge model based on the information of product attributes (e.g., hard disk, processor, etc.). After pinpointing the product attributes that consumers care most about, online reviews containing information about these attributes are often what consumers value most and can directly influence their purchase decisions.

3. METHODOLOGY

This study adopted the s Cross-sectional survey research design. A sample population of five hundred and seventy-nine (579) respondents was created from the selected banks in Asaba, Delta State. A sample size of 327 was derived using Taro Yamani formula. The stratified random sampling was also employed to group the respondents in an organized manner for them to be simply accessible. Both descriptive and inferential statistics methods of data analysis were employed.

Analysis of Other Research Data

Table 1: Inter-Correlations and Descriptive Statistics for Study Variables

| Variable | 1 | 2 | 3 | 4 | 5 | | N |
|----------------------------|---------|---------|---------|---------|---------|---|-----|
| 1. Brand advocacy | 0.084 | 0.432** | 1 | | | | 227 |
| 2. Online customer reviews | 0.132* | 0.454** | 0.397** | 0.079 | 1 | | 227 |
| 3. Customer loyalty | 0.474** | 0.627** | 0.383** | 0.320** | 0.492** | 1 | 227 |

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

Table 2: The guideline for Pearson correlation coefficients

| S/N | Coefficient value | Strength of association |
|-----|-------------------|-----------------------------|
| 1 | $< r < 0.3$ | Small correlation |
| 2 | $0.3 < r < 0.5$ | Medium/moderate correlation |
| 3 | $r > 0.5$ | Large/strong correlation |

Source: Based on Cohen (1988)

The table 1 above presents the results of the correlation analyses conducted on the study variables. The study found a significant positive correlation ($r = 0.474$) between them. The results of the study revealed a significant positive correlation ($r = 0.383$) between brand advocacy and customer loyalty, suggesting that brand advocacy can serve as a reliable and effective metric for evaluating brand communication. The analysis of online customer reviews revealed a significant positive correlation coefficient ($r = 0.492$) with customer loyalty, suggesting that such reviews serve as a reliable and effective metric for assessing brand communication.

4. HYPOTHESES TESTING

Hypothesis One

H₀₁: Brand advocacy has no significant effect on customer loyalty of selected banks in Delta State.

The statistical analysis presented in Table 2 indicates that the calculated level of significance is lower than the predetermined p-value of 0.05 ($0.044 < 0.05$). As a result, the null hypothesis was rejected, and the alternative hypothesis was accepted which states that brand advocacy has significant positive effect on customer loyalty of selected banks in Delta State.

Hypothesis Two

H₀₂: Online customer reviews have no significant effect on customer loyalty of selected banking industry in Delta State.

The level of significance that was calculated in table 2 was lesser than the established p-value ($0.000 < 0.05$), therefore the null hypothesis was rejected while the alternate was accepted which implies that online customer reviews has significant positive effect on customer loyalty of selected banking industry in Delta State.

5. RESULTS AND DISCUSSIONS

Brand Advocacy and Customer Loyalty

Table 1 showed that brand advocacy has a positive correlation with customer loyalty ($r = 0.383$). Table 2 showed that brand advocacy has significant positive effect on customer loyalty ($\beta = 0.106$, $p < 0.05$). The test of Hypothesis three showed that brand advocacy has significant positive effect on customer loyalty of selected banks in Delta State ($0.044 < 0.05$). The findings are consistent with the research conducted by Reimer, and Benkenstein, (2016a), which posits

that brand advocacy, defined as the active promotion of a brand through positive word-of-mouth, is a critical driver of brand growth. This underscores the importance of brand advocacy as a key growth indicator for brands. The impact of advocacy loyalty and affective commitment on repeat purchase loyalty has been examined by a few scholars (Omowale & Ayomide, 2021). Research has revealed that a positive correlation exists between advocacy loyalty, affective commitment, and repeat buying loyalty.

Online Customer Reviews and Customer Loyalty

Table 1 showed that online customer reviews have positive correlation with customer loyalty ($r = 0.492$). Table 2 showed that online customer reviews have significant positive effect on customer loyalty ($\beta = 0.252$, $p < 0.05$). The test of Hypothesis four showed that online customer reviews have significant positive effect on customer loyalty of selected banks in Delta State ($0.000 < 0.05$). The findings of Nath et al. (2018) indicate that online reviews are a crucial source of information for decision-making, particularly for organizations in the brewery industry, as they seek to attract potential customers. These results are like the past study's findings. According to a study conducted by Zhong-Gang et al. (2015), a significant proportion of consumers, approximately 60%, engage in the regular perusal of online product reviews. Furthermore, the study found that a vast majority of these consumers, approximately 93%, perceive online reviews as a valuable tool for enhancing the precision of their purchase decisions, mitigating the risk of loss, and influencing their shopping preferences. Zhong et al. (2013) asserted that online reviews are perceived as a reliable information source for making decisions about unfamiliar brands, as opposed to familiar brands. According to the research conducted by Cezar and Ögüt (2016), online reviews possess the capability to furnish prompt, convenient, current, and genuine information to prospective customers. The study suggests that customers perceive these reviews as reliable and beneficial. The feedback provided by customers through online reviews is a valuable resource for banks. The insights provided by customers offer valuable information regarding their preferences and areas that require improvement. Banks that exhibit a proactive approach towards soliciting and responding to customer feedback, as well as effectively addressing concerns raised in customer reviews, are indicative of their unwavering dedication towards ensuring customer satisfaction. The integration of feedback obtained from reviews into the operations of banks can lead to an enhancement of their offerings and foster customer loyalty.

6. CONCLUSION

Brand advocacy indeed has a significant positive effect on customer loyalty. When customers become brand advocates, their positive recommendations and testimonials contribute to building trust and credibility for the brand. Potential customers are more likely to trust the opinions and experiences of existing customers rather than relying solely on the brand's marketing messages. This increased trust strengthens the bond between the brand and its customers, leading to higher levels of loyalty. Brand advocates often develop a strong emotional connection with the brand. They feel a sense of loyalty and affiliation, leading to long-term relationships. By actively promoting the brand, they express their commitment and attachment, which can inspire others to develop similar emotional connections. This emotional bond strengthens customer loyalty as customers feel a personal connection and identify with the brand's values.

Online customer reviews have a significant positive effect on customer loyalty. Online customer reviews serve as social proof for potential customers. When customers read positive reviews about a bank's products, services, or customer experience, it builds trust and confidence. Positive reviews from fellow customers act as endorsements, validating the bank's value proposition and creating a positive perception. This social proof influences potential customers to choose the bank and can lead to increased loyalty among existing customers.

Recommendations

1. Banks should actively seek feedback from customers and encourage them to share their positive experiences. Provide platforms for customers to engage with the bank, share their stories, and become brand advocates.
2. Banks should regularly monitor online customer reviews across various platforms. Respond promptly to both positive and negative reviews, addressing customer concerns and expressing appreciation for positive feedback. They should use testimonials to showcase the bank's strengths and build credibility.

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