THE EFFECTIVENESS OF ADVERTISING ON BANKING SERVICES

"A CASE STUDY OF DIAMOND BANK LTD."

BY

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DECLARATION

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CERTIFICATION

This thesis has been designed to meet the regulations governing the award of masters of business administration (MBA) degree of Ahmadu Bello University, Zaria and is approved for its contribution to knowledge and literary presentation.

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DEDICATION

This work is dedicated to God Almighty for all things he has done. And to the memory of my dear father and friend, Mr. Solomon Olorunshola Adamolekun who slept in the Lord on October 4th 1999.

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ABSTRACT

Over the years, advertising has been seen by various authors as tool that can assist an organization to achieve its goals and objectives.

However what is not clear is the degree to which a successful advertising programme can really create such an impact whether for consumer products, industrial products or services. For sure, there are other strategies which are implemented alongside advertising in a bid to realize the firm's goals and objectives.

In Nigeria, the banking industry has undergone a serious transformation by the 4 rising number of newly licensed and operational commercial banks thereby creating a very competitive environment in contrast to the past

In a situation like this, many commercial banks have taken to advertising as one strategy to help them keep pace with competition. This is after these new generation banks have employed the marketing tool of market segmentation to delineate the market. So advertising is just been used as a tool to reach out to the potential target market of the bank.

Some of the objectives of this study include to determine the relevant factors applied by Diamond Bank Ltd for segmenting the marketing; to determine the

The researcher embarked on a well researcher literature review to explain the various views, definitions and ideas generally held by various authors on the subject of advertising.

The researcher highlights a brief historical background of the Diamond Bank Limited. Also, there is a brief on the commercial banking products and services of the bank.

The major research technique employed by the researcher for the gathering of data for analysis is the interview method. The researcher made use of both primary and secondary data in the course of this investigation

The research findings and recommendations are given to bring about a better result oriented advertising by Diamond bank limited.

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CHAPTER ONE

1.0 INTRODUCTION

1.1 BACKGROUND INFORMATION

In our contemporary world, advertising serves as one of the media vehicles through which any organisation or firm direct communication of persuasive nature to existing customers or potential buyers of goods and services and to the generality of the populace.

In communication system (through whatever channel) a message is useless if the communication fails to express and deliver its message to the recipient or receiver in a way and manner that the receiver will receive and perceive the message.

The communication system through which such messages are passed includes, the radio, newspapers, television, bill boards, words of mouth or grape vine, magazines and hand bills.

Advertising in Nigeria is a young industry although with great prospects considering the growth recorded in the last decade brought about by competition and advancement in technology. If the various agencies, which are appearing with rapid frequency, is anything to go by, one would draw the conclusion that there is so much money to made in the industry.

Until recently, a few firms like Limtas, Rod publicity and Afromedia dominated the advertising industry not necessarily as a result of competence but because of the strong and personal relationships these companies had with major corporate organisations in the country. These relationships were usually a direct result of personal relationship which the chief executive of the respective organisations had in the trust and still retain.

In recent times other advertising companies such as Adcorp Ltd., Graphic Images Ltd. and Sachee Ltd , MC&A Ltd. have sprang up in the last decade thereby offering competition o the initial dominating companies earlier mentioned.

The Nigeria nation is moving towards modernization in line with the developed countries. It has become a sort of show for business communication with object of exposing and promoting products and services or ideas (we are here concerned with banking services) which might be of importance to recipients who are decision-makers or are within decision making unit (DMU) influencing choice of banking services.

1.2 STATEMENT OF THE PROBLEM

The basic problem for research is to justify the effectiveness or impact of the huge Sums of money spent on advertising by banks in trying to woo customers to patronise their services.

This comes on the heels of the fact that the Nigerian banking Industry has been plagued with a high rate of financial distress sending very wrong signals to the banking public in recent times. For example, sometime around January 15th 1998, the Central Bank of Nigeria liquidated 26 banks in Nigeria. With this singular action taken by the Central bank, this meant that the banking industry active operators shrunk from about 118 in 1996 to near 90 in 1998. Most industry operators, however agree that the effect might not be much since most of the liquidated banks had been isolated from active banking business by the holding action that prevented them from undertaken most traditionally banking business such as bidding at the Autonomous Foreign Exchange Market (AFEM) at that time. Moreover, public confidence in these banks diminished rapidly as depositors tried without success to retrieve their funds from these troubled banks.

Although the CBN's action of liquidation of distressed banks had a positive development in generating public confidence in the banking industry,

some customers had also reacted negatively by withdrawing their deposits from the system altogether.

Therefore in trying to create awareness and stimulate public confidence in the Nigerian banking industry, many banks had to embark on huge investments in advertisements to achieve this goal.

Most of the first generation banks tended to have run advertisements to attract all kinds of customers that were available with the real emphasis in the growth of annual deposits while relegating to the background other important objectives like increased profitability of operations, growth of business operations and so on.

But some of the new generation banks are employing the marketing tool of market segmentation to realise their goals and objectives.

Following the market segmentation is the tacit application of advertisement to reach their target customers.

There was a time that the central bank of Nigeria progressively ensured that most commercial banks embarked on a ruralisation programme or were made to face certain sanctions. This policy was pursued to the detriment of these banks bearing in mind that the rural populace has

recorded a very low degree of patronage of these banks branches established in these areas. This is inspite of every conceivable effort to stimulate their interest and desire towards accepting banking services. The effect has been poor operational results posted by these rural branches.

The lesson to learn here is that most modern banks springing up now are directing their resources and energies to setting up mostly urban branches knowing fully well that they are likely to enjoy increased patronage and by extension increased profitability.

As more and more of these new banks are creating new customer products and advertising them, there has been an upsurge of the rate customers are dumping some banks for others especially given the spate of increases in technologies such as branch networking which obviously reduces customers stress.

There is also a problem of investing scarce resources in advertising banking services that customers really do not want and sometimes this becomes a colossal waste and drain on the organisation. This means that such banking services were not researched from the on set to determine their degree of acceptance before been pursued on a wider scale. Furthermore, this makes the objectives that have been set not achievable

using this strategy built on a false or faulty determination of customer's needs.

Even when a good advertising plan is put in place, a problem may arise out of ineffective monitoring of the implementation and results of the campaign programme as it is been applied.

1.3 OBJECTIVES OF THE STUDY

This study seeks to achieve the following objectives:

1. To determine the relevant factors applied by Diamond Bank for segmenting the market.
2. To determine the advertising objectives of Diamond Banks.
3. To reveal the advertising strategy and tactics of the bank.
4. To determine the degree of association that exists between the advertising expenditure and annual turnover/profit before tax.
5. To determine the impact of advertising on the opening of new accounts.
6. To establish the degree of success of the advertising programme.
7. To ascertain the extent of switch of customers from other commercial banks to Diamond Bank.
8. To reveal the degree of acceptance by customers of the banking services of Diamond Bank.

9. To establish the relationship that exists between advertising and location of branches of the bank.

10. To reveal the position of personnel in charge of advertising in the organogram of the company.

11. To determine how advertising is carried out in Diamond Bank.

12. To establish the advertising theme(s) of Diamond Bank.

13. To make recommendations for the improvement in the way and manner advertisement of the Banking services of Diamond Bank are carried out.

1.4 SCOPE OF THE STUDY

This study covers a ten-year period between 1989 to 1998. Relevant information and financial data relating to the banking services marketing of diamond bank shall be examined and analysed to enable researcher achieve a certain degree of success. This means that research results shall be limited to the period under review.

Also in terms of coverage, only customers responses of Diamond Bank in Kaduna metropolis shall be used in any meaningful way to reach any valid conclusions in this study..

1.5 LIMITATIONS OF THE STUDY

One of the limitations of this study was restricted time horizon to complete this work. The researcher as a full time worker in the banking industry found it extremely strenuous to take on this study as an additional burden.

Another limitation is the geographical area, which is restricted to Kaduna metropolis. This was so because of the limited time to complete this study.

The third limitation was the limited financial resources of the researcher. Competing demands for his resources led to reduced funding of the project and invariably reduced the scope of coverage.

The fourth limitation of this study was the low degree of response by respondents to complete the designed questionnaires. This has the likely impact of reducing the quality of the research findings and conclusions.

1.6 DEFINITION OF GENERAL TERMS

The following terms are defined by the researcher so as to facilitate their easy understanding in the context in which they have been used in this study.

1. **Advertising:** - This is any paid form of non-personal presentation and promotion of ideas, goods, or services by an identified sponsor.
2. **Communication:** - this is an interactive dialogue between the company and its customers that takes place during the preselling, selling, consuming and post-consuming stages.
3. **Market segments:** - these are large identifiable groups within a market.

4. **Marketing mix:** - This is the set of marketing tools that the firm uses to pursue its marketing objectives in the target market.
5. **Personal selling:** - This is face-to-face interaction with one or more prospective purchases for the purpose of making presentations, answering questions, and procuring orders.
6. **Services:** - These are intangible, inseparable, variable and perishable products.
7. **Competition:** - This includes all the actual and potential rival offerings and substitutes that a buyer might consider.
8. **Target market:** - This is part of the qualified available market the company decided to pursue.
9. **Market:** - This is the set of all actual and potential buyers of a market offer.
10. **Advertising goal:** -This is a specific Communication task and achievement level to be accomplished with a specific audience in a specific period of time.

CHAPTER TWO

LITERATURE REVIEW

2.1 WHAT IS ADVERTSIING?

Louis J. Haugh (1982) state clearly that advertising means, "Find the right words, put them in the right order, set them in clear type, Let them breathe in a little white space; giving them straight forward headline treatment; invest them with the importance people automatically attach to someone who has his average convictions; and watch them go to work". [1]

He explains further that this merely describes what advertisement is and possibly gives only an insight into what advertising is all about.

According to Wright et al (1977), the American Marketing Association (AMA) defines advertising as any paid form of non personal presentation and promotion of ideas, goods and services by an identified sponsor. [2]

By this definition, they hold that advertising means any publication or broadcast for which the advertiser has purchased time or space to tell his story. They also stress that advertising is done in a non-personal manner through intermediaries or media. The idea that advertising coves "ideas goods, and services", means that advertising is concerned with much more than the promotion of tangible goods. In recent years, the United States has been characterised as a "service economy", and banks,

insurance companies, airlines, resorts, restaurants, and dry cleaners advertise as aggressively as do makers of automobiles, detergents or beer. The phrase "An identified sponsor" distinguishes advertising from propaganda. While propaganda attempts to present opinions and ideas in order to influence attitudes and actions, advertising does the same but from a known source. In the case of propaganda, the source remains unknown and makes evaluation difficult. This means that advertising discloses or identifies the source of the opinions ad ideas it presents. Thus they argue to do otherwise would be a wasteful expenditure of funds.

In order to expand, the scope and meaning of advertising to cover not only commercial functions but at the same time to convey adequately its purpose and the creative communications processes required to achieve that purpose, they have recommended another definition. Thus they state that "advertising is controlled, identifiable information and persuasion by means of mass communications media". [3]

They opine that the word "controlled" distinguishes advertising from publicity. The advertiser cannot control the content, time, or direction of publicity. The story may not be presented as desired, at the time chosen, or to the people selected to be reached. Infact much publicity material is never presented all. In contrast, when the advertiser contracts for advertising space or time, definite results can be expected. The message

will be published in the way it was prepared – in the same words and the same pictures – and it will be delivered to the specific audience or group served by the medium, it will be of a certain size or length, and it will appear at a certain time.

William J. Stanton describes advertising as any paid for type impersonal mass communication in which the sponsor is clearly identified. He holds that the most common forms are broad cast (TV and radio) and print (newspapers and magazines). [4]

2.2 A BRIEF HISTORY OF ADVERTISING

Wright et al (1977) posit that advertising in ancient and medieval times was crude when measured by present – day standards. [5] Nevertheless, they hold that the basic reason for employing the technique was the same then as now: to communicate information and ideas to groups of people in order to change or reinforce an attitude.

They state that their knowledge of advertising in ancient times naturally is fragmentary. The diggings of archaeologists in the countries running the Mediterranean Sea have turned up evidence that the Romans and some of their predecessors had learned that "it pays to advertise". Three forms of advertising were used prior to the time the printing press began to open the door to the development of modern mass communication media.

One of such forms of advertising was a trademark. Pride in workmanship led early craftsmen to place their own individual marks on goods such as pottery. As the reputation of one particular artisan spread by word of mouth, buyers came to look for his distinctive mark just as we look for trademarks and brand names on merchandise today.

Another form of advertising was the use of signs. Some traders, like the Phoenicians, painted commercial messages on prominent rocks along trade lanes, much in the fashion of some present day religious sects. These messages extolled the wares that were forerunners of modern outdoor advertising. Excavations at Pompeii revealed that each little shop had an inscription on the wall next to the entrance to tell the passer by whether the shop was a place to buy bread, wine, pottery, or other merchandise.

The use of town criers represented another form of advertising in medieval times. In Greece, during its Golden Age, public criers were a civic institution. Men were paid to circulate through the streets of the city, advising the citizens of important news and announcing public events. Later, during the Middle Ages, the only available means of advertising except signs was the spoken word.

The first known printed advertisement in the English Language appeared in 1437. At that time, William Caxton an English adapter of Gutenberg's idea of movable type, printed and distributed a handbill, which called the attention of potential buyers to a book of ecclesiastical rules he had just published. By the middle of the seventeenth century, weekly newspapers called "mercuries", started to appear in England. The printing press was then being used in a fashion, which led to the gradual growth and development of advertising by providing a practical, readily available medium to deliver advertising messages to the literate portion of the public. Most early newspaper advertisements were in the form of announcements. Prominent among early advertisers were importers of products new to England. For instance, the first offering of coffee was made in a newspaper and in 1652, followed by an offering of chocolate in 1657, and of tea in 1658.

Evidence of "competitive" advertising, as contrasted with "pioneering" advertising that aims at building acceptance for a previously unknown product, can be found as early as 1710 when razor strop and patent medicine advertisements attempted to convince magazine readers of the advertised product's superiority over similar products. Obviously, then, many of the claims certainly were excessive and, to the more sophisticated reader of today, transparently unbelievable. Printed advertising was in general use by the mid-eighteenth century.

Modern day advertising has its roots in English background but the development of advertising as an institution is synonymous with America. It is worthwhile to state that certain social and economic advances were necessary before American advertising could approach its present stature. The turning point came at about the middle of the nineteenth century.

The Industrial Revolution following Watt's discovery of the principle of steam power, led to expanded manufacturing in England and later on in the United States. The American Civil War accelerated the trend, and an expanded domestic market provided an outlet for factory – made products. As the Industrial Revolution altered the relationship between the maker and the user of goods, a need for advertising developed.

Due to the fact that mechanization turned out goods faster than they could be absorbed in the region of manufacture, a need generally arose to extend markets geographically. The manufacturer had to find a way of communicating the value of his products to people who knew nothing of his reputation, as was the case when goods were made to order by local craft workers. Advertising provided the needed communication vehicle. Later on, it helped raise consumption so that the full use of machinery was possible, thus bringing about lower per unit costs of manufacture.

A rapid development of a comprehensive network of waterways, highways, railroads, and airlines readily assisted the movement of goods to scattered markets. This system also facilitated the movement of printed advertising media to prospective buyers living far from the producer.

Before the Industrial Revolution and existence of a transportation system were to have any effect on the need for advertising, people had to be able to read. America was lucky to the extent that it was an early believer in the doctrine of compulsory public education, and a high rate of literacy resulted.

The early growth of newspapers and magazines aided the advancement of advertising in no small measure in the United States. The Boston News letter was the first newspaper of any continuous life in the United States. By 1830 there were 1,200 papers nationwide, growing to 3,000 in 1860 and to a high point of 15,000 in 1914. As at 1977, over 11,400 newspapers served the reading public in America.

In 1741, two magazines were published in Philadelphia. Both failed, and the following century saw many attempts to establish magazine ventures. By 1850, there were some 700 struggling magazines in the United States. The number increased to 1,200 in 1870 and doubled again to 2,400 by 1880. The improvement in levels of education of the population, the

expansion of transportation facilities, the benefits of low cost mailing priviledges and the development of rural free delivery system – all of these combined with an increased trend by manufacturers toward national marketing – to the doubling of the number of magazines in the two decades between 1880 and 1900. Publishers, recognizing that advertising revenues could replace subscription income, lowered prices on their magazines and aggressively promoted advertising sales to fill the revenue gap. Circulations skyrocketed, and as 1977 there were more than 9,600 magazines in the United States.

The development of the modern Advertising Agency was accomplished by Volney Palunar who emerged as the first American advertising agent and began business in the early 1840's accomplished the development of the modern Advertising Agency. The first agent originally were only brokers of space in newspapers and magazines who contracted with publishers for advertising space at bulk rates and resold the space to advertisers at a higher rate.

About 1890, as advertisers became more sophisticated, markets increased in size, advertising budgets grew bigger, and agencies began to add such services as the writing of advertising messages, the creation of illustrations, the choice of typography, and sometimes even market research.

It is important to note that two twentieth century events gave added impetus to the growth of advertising, namely, the appearance of radio and of Television. The invention of the electronic transmission of messages, with its subsequent commercial applications, is second only to the invention of printing in the development of advertising media.

2.3 SERVICES MARKETING

Leonard. L. Berry (1978), posits that services are relatively intangible, produces and consumed simultaneously, and often less standardized than goods.[6] These unique characteristics of services present special challenges and strategic marketing opportunities to the services marketer.

Christopher .H. Love Lock (1981) holds that although service industries are quite heterogeneous, there are some characteristics of services about which it is useful to generalize.[7]

One of such characteristics is that services are more intangible than tangible. A good is an object, a device, a thing; a service is a deed, a performance, an effort. When a good is purchased, something tangible is acquired; something that can be seen, touched, perhaps smelled or worn or placed on a mantel. When a service is purchased, there is generally

nothing tangible to show for it. Money has been spent, but there are no additional clothes to hang in the closet and nothing to place on the mantel.

Services are consumed but not possessed. Although the performance of most services is supported by tangibles - for instance, the automobile in the case of a taxi service – the essence of what is being bought is a performance rendered by one party for another.

G. Lynn Shostack, (1977), contends that most market offerings are a combination of tangible and intangible elements. [6] He stresses the fact that the concept of intangibility has two meanings, both of which present challenges for marketing.

1. That which cannot be touched, impalpable.
2. That which cannot be easily defined, formulated or grasped mentally.

Another point raised is that services are generally produced and consumed in the same time frame. The college professor produces and educational service while the student consumes it. The telephone Company produces telephone service while the telephone user consumes It.

Simultaneous production and consumption means that the service provider is often physically present when consumption takes place.

Whereas a washing machine might be manufactured in Michigan and consumed in Virginia, the dentist is present – when examining a patient; the singer is present when performing a concert; the airline stewardess is present when serving an in flight meal.

It is important that services are distributed in the "right way". How automobile mechanics, physicians, lawyers, teachers and bank tellers conducts themselves in the presence of the customer on influence future patronage decisions. Washing machines cannot be rude or careless or thoughtless, but people providing services can be and sometimes are. And when they are, the result may be a search for a new service supplier.

It should be noted that service industries tend to differ on the extent to which they are "people – based" or "equipment – based".

Dan R. E Thomas (1978) asserts that there is a larger human component involved in performing some services than others. He seems to suggest that one of the complications of this distinction is that the "outcomes" of people – based service operations tend to be less standardized and uniform than the outcomes of equipment based service. [9].

The growing use of automatic – teller machines (ATMs) by the financial – services industry makes the point. The net effect of the ATM is to transform the delivery of certain traditional banking services from a human

delivery mode to a machine delivery mode. This transformation does not mean that all consumers will like or use these machines. It does mean however that those who do use ATMs will find less variability in the services rendered than if human tellers were used. A banker can paint a smile on an ATM and call it Tillie; except when not working properly, the machine will perform uniformly for all customers regardless of how these customers are dressed, the time of day, or the length of the queue waiting for service. Such is not the case with the human teller who may have a bad day, get tried, or become angry with a supervisor, co-worker or customer or customer. Moreover, human tellers differ considerably among themselves in their customer relation and technical skills, their personalities, and their attitudes toward their work. In short, bankers cannot paint a smile on a human being.

Richard B. chase (1978), is of the opinion that in "high – contact" service businesses, the quality of the service is inseparable from the quality of the service provider. High – contact – businesses are ones in which there is considerable contact between the service provider and the customer, e.g. financial services. Human performance materially shapes the service outcome and hence becomes part of the "product". [10]

Services marketers are concerned with service quality and performance to the extent that they have become concerned with internal, and not just external marketing.

Internal marketing means applying the philosophy and practices of marketing to the people that serve the external customer so that (1) the best possible people can be employed and retained and (2) they will do the best possible work. Internal marketing in this sense means viewing employees as internal customers, viewing jobs as internal products, and (just as with external marketing) endeavouring to design these products to better meet the needs of these customers.

The relevance of marketing thinking to personnel management is very real. The banks and insurance companies (among others) adopting flexible working hours are redesigning jobs to better accommodate individual differences, which is market segmentation.

Host age (1975) therefore holds that aggressive investment in behalf of employee quality and performance is a hallmark of many America's most successful service companies. [11]

Marketers of services argue that the simultaneous production and consumption characteristic of services frequently provides opportunities to "Customize" service. Therefore, one of the key strategic issues for many

service marketers is to determine the circumstances under which customization should apply and the circumstances under which standardization should apply. This issue is at the heart of an interesting trend in the banking industry toward the use of "personal bankers". Banks fully implementing personal banking assign to each retail customer a specific banker who opens new accounts and compiles information for future reference, makes loans and provides financial consultation, cuts red tape when problems arise, and in general is available when service of a non routine nature is needed. Although neither in expensive nor easy to implement personal banking is growing because it facilitates the custom packaging and hence the cross-selling of financial services; because it helps banks attract more affluent customers who value personalized and competent service and because it is a way for larger institutions to credibly position themselves in the market as personalized institutions.

Marketers also believe that the physical environment in which services are purchased generally provides an important opportunity to tell the "right" story about a given service. Fortunately, service marketers are frequently in a position to shape the environment to their specifications because they distribute the service they produce.

They also opine that the appearance of service providers is another tangible than can be managed.

Also, the tendency for customer – prospect to use the price of a product as an indicator of its quality is well known. Some researchers suggest that this tendency is even more pronounced for services. They argue that the relative absence of material data with which to appraise services makes price a potentially important index of quality. In short price can be a confidence builder; price is a clue.

Earl Sasser (1976) states that the service marketer interested in better synchronizing supply and demand may attempt to reshape demand and/or supply patterns for the service. [12]

In reshaping demand, all elements of the marketing mix are potentially available to help bring demand more in line with supply constraints. Many banks have been able to lessen lobby traffic during peak hours through the use of automatic – teller machines.

The opportunities for reshaping supply include the following:

* Using part-time employees and performing only essential tasks during peak demand periods.
* Training employees to perform multiple jobs so they can switch from one to another as demand dictates.

* Using para professionals so that professionals can concentrate on duties requiring their expertise e.g. para bankers who do legwork, solve routine problems, and handle clerical duties.
* Substituting equipment for human labour to make the service systems more productive, e.g. automated car washes and computer prepared income tax returns.

2.4 ADVERTISING AND THE MARKETING MIX

Regardless of its specific purpose and execution successful advertising has two components:

a. Marketing foundation and persuasive communication.

b. Advertising functions within a marketing framework.

The American Marketing Association defines marketing as "the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individual and organisational objectives. [13]

Marketing consists of four primary elements: Product, Price, Distribution , and Communication. While advertising is primarily concerned with communication, it depends on sound management decisions in the other three areas of the marketing mix for its success.

An inferior product, an overprices product, or a product with inadequate distribution will doom ever the finest advertising campaign.

In assessing the role of advertising, we must begin with an examination of the total marketing communication of the firm. Increasingly, firms are developing total promotion budgets rather than allocating funds to the various elements of marketing individually. In this way advertising can complement, reinforce and be co-ordinated with the other areas of the marketing mix. To understand the complex relationships among advertising and other marketing communications, we need to briefly review the following four elements:

1. **Personal selling:-** Personal selling is face to face communication with one or more persons with the intent of making an immediate sale or developing a long term relationship that will eventually result in a sale.
2. **Sales Promotion:** Sales promotion is an extra incentive for a customer to make an immediate purchase. The incentive may be a reduced sale price, a naira off-coupon, or a chance to win a trip overseas in a sweep stakes. Ideally, advertising builds long term brand loyalty, while sales promotion acts as a short term boost to sales.
3. **Public Relations:** Public relations is a management tool designed to establish support among a firm's various internal and external publics. It differs from advertising in that while the advertiser

directly pays for exposure of the message, controls in what medium and how often it will appear, and dictates exactly what it well say, public relations can influence all these elements, but has no precise control over them.

4. **Advertising:** Advertising is a message paid for by an identified sponsor and delivered through some medium of mass communication. Advertising is persuasive communication. It is not neutral; it is not unbiased; it says :I am going to sell you a product or an idea." In many ways, it is the most honest and frank type of propaganda.

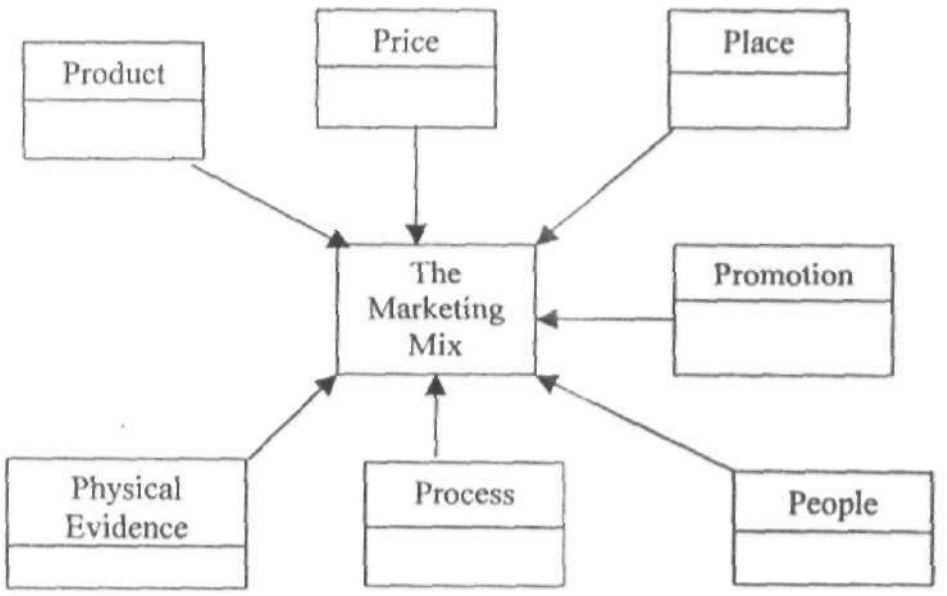
Paul Fifield (1992) reports that in 1981, Booms and Bitner looked at the marketing mix from a services marketing view, and sugested an expanded marketing mix of 7 elements namely; Product, Price, Place, Promotion, People, Process and Physical evidence. [14] The seven Ps mix was developed specifically to deal with the marketing of services which differ from manufactured products in a number of ways. He emphasized the characteristics of services as follows:

1. **Intangibility** – Service products often cannot be touched, seen, tested smelt or heard (e.g. banking, consulting);
2. **Inseparability** – Services may not be easily separated from the seller (e.g. doctors, lecturers);
3. **Heterogeneity** – There are often too many variables to allow the organisation to achieve standardization (e.g. hotels, car servicing);

4. **Perishability** – Services often cannot be stocked or stored (e.g. a hotel room, radio news bulleting); and
5. **Ownership** – Services often involve access to, but not ownership of a product (e.g. lawyers, public swimming pools).

He contends that the additional three elements included in the Booms and Bitner mix are brought in to broaden the marketers attention beyond the mechanical product – product – price – place – promotion myopia. "People" reflects the importance of staff, sales and service personnel in the customers' choice of which service to purchase. "Process" reflects the involvement of the customer in the operations/production process. 'Physical evidence' reflects the special importance of increasing the tangibility of services with physical representations that may in themselves, have little or no value.

Booms and Bitners revision of the marketing mix is shown in the figure below:



2.5 MARKETING CUSTOMER SERVICE

Denis Walker (1990), states that customers are constantly measuring actual or perceived service against the image you are projecting and the promises you are making. [15] They are also telling other potential customers of their experiences and creating their expectations and prejudices. If customer service really differentiates you from your competitors, you need to tell your customers about it. But if you cannot match your own propaganda, you will not be treated kindly in the market place. If you cannot fulfil customer expectations, which you have deliberately raised, you will have made a rod for your own back.

Thus he agrees that advertising raises customer expectations, to a certain level and if the service meets those expectations, the market position is strengthened but at the same time, customers expect even better service next time. If services fail to meet expectations, then customers are dissatisfied, particularly when an advertising campaign has promised them something better. Staff morale suffers and economic performance declines.

Walker identifies three separate external targets for any promotional work depending on the mission statement of the sponsor. Customers are the prime target, but suppliers and the community at large are also important.

16

Although the benefits may seem obvious, staff often need to be convinced that the promotion campaign is not a deliberate ploy to make them work harder. Staff have to see a reason to commit themselves to what is being said to the outside world. If they feel they cannot match the expectations being raised, morale will suffer. One way of getting staff commitment is to involve them in the promotional activities – design and execution. For instance

- Featuring them in advertisements.
- Getting them to contact customers directly about the quality of service.
- Ensuring customers are given the name (or names) of staff who serve them.
- Asking staff to brief customers about changes to service levels and the rationale behind them.
- Fully brief staff on your promotional activities.

There are also a variety of ways of getting customers to notice the difference in addition to telling them through advertising and promotional messages:

- Set them a challenge to try out.
- Involve them in your advertising
- Get the 'trade' to pass the word around (assuming you have convinced them of the changes).

- Involve customers in agreeing to the standards of service you will deli:er.
- Bring customers into your problem solving groups - at least they will know you have recognized your weaknesses and are trying to fix them.
- Invite them selectively to your training events - as either contributor or participant.
- Customer service provides a real opportunity to create loyalty

Walker has suggested obvious tactics to generate more of a partnership feeling with customers which are as follows:

- Thank customers for their business, not just at the time of sale but later, as a reminder of your continued interest in their custom; send a card asking for comments about your product and the service given; always thank customers for any referrals.
- Keep customers informed of your service developments; any awards or recommendations received; let them know why you are a better choice than your competitors.
- Get involved in customer education; give them ideas on how they can improve their business, not necessarily restricted to the use of your products.
- Keep up – to – date lists of your customers, where this is possible.
- Ask your customers' opinion of the way you do business, of improvement ideas, of changes you plan to make. Make your

customers feel important and a part of your business – after all you cannot exist without them.

2.6 BANKING AND THE CUSTOMER

Essinger opines that people only use banks because they need to, not because they really want to: banks are a necessary evil.[17] He elaborated this fact by stating that unless the customer is a pathological miser, he doesn't want what the bank can provide (i.e. money and access payment facilities) but rather what the money can bring.

Thus he proposed six reasons why customers use a bank's services as follows:

1. To keep their funds safe and secure. These can be little doubt that this is the most fundamental and important reason of all. Cash kept at home will always represent a serious security hazard, and the greater the amount of cash kept there, the greater the hazard.
2. To obtain interest payments and other return on investment.
   In may respects this reason goes hand-in-hand with the first one: people rightly regard interest payments and other returns as the reward for putting their money in a safe place.
3. To obtain convenient access to cash. Once the customers' funds are in safe hands and interest is being earned on them, the next

important reason for using a bank's services is to give the customers access to cash.

4. To obtain convenient access to payment facilities. After the need to obtain access to cash, obtaining access to payment facilities is clearly the customer's next big priority. The virtual banking revolution provides customers with a remarkable range of such payment facilities mainly based around the plastic bank card.

5. To obtain access to loan facilities. Most customers – even very wealthy ones – need access at some point in their lives to facilities to borrow money, especially in order to buy expensive items such as a car and a house apartment, or other type of property.

   A specialized type of loan is the over draft, which allows a customer to withdraw funds from his account or make payments from it even if there are no funds in the account. Overdraft limits will typically be marked in advance and the customer is expected to adhere to them.

6. To obtain status and equality with peer groups. This is an increasingly important customer motivation for using a bank's services. Typical examples of products that seek to exploit the status – seeking desire of some customers are gold and platinum credit cards which usually come with certain special priviledges as well as access to a range of virtual banking services. Products that confer equality with peer groups are mainly important to the young.

2.7 VIRTUAL BANKING AND A BANK'S OVERALL COMMERCIAL OBJECTIVES

James Essinger 1999, defines virtual banking as

Any banking service delivered to the customer by means of a computer controlled system that does not directly involve the inside of the bank's bricks – and mortar branch. [18]

Virtual reality is impossible without computer, because an immensely powerful device is required to control the experience and the only technology we currently have available to handle this is computer technology.

Thus he stresses the point that virtual banking is almost impossible without computers because the delivery processes and methods require extensive local memory and processing power, which interface with remote communications devices.

He has highlighted some of the commercial objectives of a bank that wishes to implement virtual banking as follows:

1. To increase customer bases for all profit centres,
2. To increase overall breadth and quality of services;
3. To decrease the proportion of routine transactions carried out in the branch;

4. To increase proportion of profitable sales transactions (e.g. sales of loans, mortgages, insurance, investments and pensions);
5. To improve general customer satisfaction;
6. Increase speed of response to customer requirements
7. Reduce overall risk of the institution incurring financial loss;
8. Reduce overall operational costs of the institution;
9. Increase retention rates of staff and perceived staff morale.
10. Increase quality of the institutions marketing initiatives.

Thus he says that the importance of the virtual banking revolution is revealed by the simple observation that all these crucial objectives can be furthered by a bank moving to a more virtual type of operation.

2.8 EVALUATING MEDIA

John Stapleton, (1989,) contends that to the advertiser, media planning is a process of allocating resources to achieve marketing objectives. [19]

Thus he asserts further that media planning needs to be operated as a business activity under exactly the same rigorous control as production or even accounting. This is clearly an aim, for media planning cannot produce exact results. As no one has managed to isolate the actual contribution an advertising campaign has on sales performance, it eliminates the possibility of establishing any correlation between advertising and sales. Moreover, the effects of the marketing mix on the market and the collective influence of individual scales of preference

denies any measurement of the effectiveness of one marketing activity in isolation, particularly as the whole will almost certainly exceed the sum of the collective parts in the operation.

Furthermore, the time – lag between an advertisement's impact and a purchasing decision may make the establishment of any link unrealistic. It is possible however to develop an indicative link statistically between advertising and sales through regression analysis.

Stapleton also suggests that in order to measure the significance of a campaign it is necessary to establish some objective, related to sales performance, that is measurable. If, for example, the company decides that the most appropriate objective is to 'get the target – audience to take the first step towards a sale' it will then be possible to calculate the effectiveness of the campaign by counting, say, the number of people sending in coupons for more information; or the number of brochures handed out following visits to a show room or, perhaps customer visits made to a random selection of sales outlets during a given period of time.

The media plan is the means by which the advertising objective is achieved. It incorporates the selection of media which reach a chosen target audience and provides the characteristics necessary to carry the message in its most effective manner. The evaluation process is the

means by which the media are measured as a vehicle. Clearly, it is necessary to draw distinctions between the effectiveness of a campaign because of good media selection and the impact of a campaign because of inspired creativity.

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CHAPTER THREE

3.0 BRIEF HISTORCIAL BACKGROUND OF DIAMOND BANK LIMITED.

Diamond bank limited is a Commercial bank and was incorporated on March 15 1991 having been licensed to carry on commercial banking business on December 20, 1990.

However, full-banking services did not commence until the 21st of March, 1991. As at April 30, 1998, the bank had recorded a fully paid up share Capital of ₦721 million, an asset base of ₦1.358 billion and shareholders' funds of ₦1.678 billion

The Board of Directors is currently made up of seven eminent Nigerians and one American namely: Mr. Pascal G.Dozie (Chairman/chief Executive Officer), Engineer Michael I.U Ufoeze, Professor Theophilus A. Ogunbiyi, Senator Venmark K. Dangin, Mrs Florence O. Anyameze, Prof. Anya O. Anya Mr Philip Oduoza (Executive Director) and Mr Dan Akujobi (Executive Director).

It is worthy of note that in 1999, Thomson Bank Watch Inc., the leading bank risk rating company in the world, gave Diamond Bank a "B" Issuer rating following a risk analysis of the bank. This very good issuer rating reflects Diamond Bank's strong and consistent earnings record, strong

capital and liquidity positions, and potential for continuos growth and higher earnings, amongst other strengths.

3.1 COMMERCIAL BANKING PRODUCTS ND SERVICES OF DIAMOND BANK LTD.

The principal activities of the bank centre around the provision of tailor-made commercial and investment banking services to a diversified customer base n products structured to meet specific clients requirements These products and services are hereunder discussed namely;

1. **CURRENT ACCOUNT SERVICES**
   The bank provides customers an opportunity to operate current accounts in any of our branches through the Diamond integrated Banking system (DIBS). This system allows current account holders to transfer, withdraw and deposit funds in any of the Bank's branches on an on-line, real time basis.

2. **DIAMOND CONNECT SERVICES (DIAL UP FACILITY)**
   To further strengthen her commitment to customer satisfaction, the Bank introduced the Diamond Connect Services which enable desiring customers to have access to their accounts through their own computers at the office or home.

3. DIAMOND BANK PAYCARD (ELECTRONIC PURSE)

Using the smart card technology, the Bank introduced this product to alleviate the numerous security problems and inconveniences of carrying large amounts of cash by individuals. The card enables customers to pay for services and goods at several designated outlets such as hotels, restaurants, supermarkets, filling stations and specialty stores.

4. LETTERS OF CREDIT AND INTERNATIONAL FUNDS TRANSFER.

Through the state-of-the art technology the Bank's international operations are integrated into the global financial net work along with other major international financial institutions.

This rapidly ensure funds transfers, open and amend letters of credit, retrieve updated information on status of customer transactions and carryout a number of other international operations. The bank also tries to achieve a high level of speed, efficiency and accuracy at all times as it delivers these services. The Bank also provides a full range of international trade fiancé banking services.

6. INVESTMENT OF FUNDS

Diamond Bank can provide secure and competitive outlets for customer surplus or idle funds. Depending on the customer's requirement the following are some of the interest-earning options available.

- FGN Treasury Bills
- Call and fixed Deposits
- Diamond Investment notes (DIN)
- Bankers Acceptances
- Commercial Papers

The bank undertakes to develop optimal portfolios of investments which best suits the requirement of the customer in terms of associated risks, expected returns and liquidity.

3.2 MISSION AND STRATEGIC FOCUS OF DIAMOND BANK LIMITED.

Successful organisation develop around a result-oriented culture and a clear set of principles that their members can identify with. Diamond Bank is no exception in this regard. From inception, the Bank has recognized the importance conference of building its primary intermediation role around the customer's dynamic needs. Diamond Bank Ltd. mission statement is " to create a unique international bank focused on providing creative solutions' to customers business problems, with an absolute commitment to quality.

The Bank's strategic focus is driven by its core competencies in the areas of investment management, investment banking and electronic banking.

REGIONAL MANAGEMENT

To consolidate the gains for growth and attain higher heights, the Bank adopted a regional organisational structure in 1996. The goal is to enhance the effectiveness of the branches in meeting the needs of customer's nation-wide. The branches are organized into seven regions Lagos Mainland, Lagos Island, South, East, North I North II and Victoria Island.

A Regional Manager is in charge of each region. As a link between the regions and Head office, there are three Heads of Regional Business (North, West and South East) who co-ordinate the operational requirements of the regions, facilitate the timely response of Head office units and management to such requirements and lend their weight to marketing in the regions. The arrangement is such that authority within the Bank is decentralized to ensure that customers benefit optimally from the proximity of the branches while guaranteeing that the corporate goals of the organization are not compromised.

Through the regional organisational structure, the Bank has been able to record remarkable achievements in the pursuit of the following goals of its branch development strategy.

1. Maintaining and improving marketing by being close to customers all the time.

2. Understanding the emerging needs of her customer
3. Providing flexible and effective services to satisfy customer's needs.
4. Achieving a very short turn-around time in responding to customers' requests.

INFORMATION TECHNOLOGY.

Diamond Bank lays great emphasis on service quality and as such its service profile is an integral part of a networked system. The bank presently has a huge investment in a state of the art banking application software system FLEXCUBE in order to attain and maintain an international service standard. This very versatile application system is both able to capture a greater array of transaction types and to support the Bank's expanded on-line real time service profile. The current information technology installed incorporates a fully integrated telecommunications network linking all the branches of the Bank. Consequently, Diamond Bank provides real time on – line banking services to its clients in various locations. The system gives the Bank full front-end flexibility which could be exploited to achieve competitive advantage.

HUMAN RESOURCES

The Bank's impressive performance since inception is a clear reflection of the quality of its workforce. They implement the Bank's strategy and

provide superior customer service. Great emphasis is placed on the recruitment and acquisition of requisite skills - technical and managerial - to enable them carry out their functions effectively and efficiently in accordance with the customer's needs. This objective is driven by an aggressive manpower development progamme which enables continuous updating of knowledge and skills of the Bank's staff, while aligning these with the expectations and needs of customers. Indeed the goal of the Bank's staff development scheme is to raise the professional skills of its staff to levels comparable to the best obtainable anywhere in the world. This commitment is reflected in the heavy investments in two training facilities in Lagos and an on-going development of a third facility. Infact the Bank's staff training policy is structured to ensure that every staff benefits from at least two programmes annually. The internal programme is further enriched by an expansive external training scheme, both local and foreign. The result of the Bank's human development efforts continues to reflect in the high degree of professionalism with which the staff members carry out their responsibilities, and in the high level of customer satisfaction and retention.

CUSTOMER SERVICE DELIVERY.

Diamond Bank recognises the fact that to remain successful, it must be focused on its customers. In this respect, there is emphasis on

1. Understanding her customers;

2. Identifying the services they need;

3. Providing services efficiently; and

4. Delivery the services with absolute commitment to quality.

The cherished principle is getting things done right the first time-and always. The objective of the Bank by so doing is to get entrenched as the preferred choice of customers in terms of value creation capabilities and excellent service delivery.

The targets of the Bank include

1. Expansion and intensification of customer contacts to explore potential and latest needs that will significantly benefit customers businesses.

2. Taking a global view of the economic needs of our customers, and establishing an integrated relationship for value creation especially with a view to reducing costs.[24]

CHAPTER FOUR

4.0 RESEARCH METHODOLOGY AND

4.1 RESEARCH POPULATION

The population for the study consists of all customers of Diamond Bank Ltd., Kaduna Branch. These customers' are persons/ institution or organisations who receive banking services at Diamond Bank in Kaduna which in turn derives varied kind of incomes from them. The entire customer population of the bank is estimated to be 3,000.

4.2 SAMPLE SELECTION

The researcher in drawing out the research sample conducted a simple random sampling. About 5% of the entire population was used as the research sample, which were 150 customers. Thus the research assumed that this sample size was a fair representation of the entire population.

4.3 INSTRUMENTATION

The major technique employed by the researcher for data gathering in this investigation was the interview method;

The Interview Method

In adopting this technique, the researcher personally interviewed the 150/respondents over a period of three weeks. The researcher found it very useful especially in determining the validity of what the respondents

were saying. In some cases certain questions arising from initial questions asked by the researcher were necessary to probe further certain ambiguous responses. It was quicker for the researcher to obtain pertinent information and data within the shortest possible time. Using this technique.

The interview adopted was the structured type where most questions asked the interviewees had several options to choose from. This made the job of the researcher simpler. The questions covered such areas as the ability of the respondents to recall any Diamond Bank advert to a certain degree. The questions were also aimed at determining the effectiveness of the advertising of Diamond Bank's banking services in terms of general awareness of her banking services. The questions tried to determine the impact of the adverts in terms of customers switching over from other banks in Kaduna metropolis.

The questions tried to point out whether customer could even identify advert media of Diamond Banks ads.

Also these questions tried to probe into the fact of whether customers are receiving the actions promised by the adverts of Diamond Bank Ltd.

Relating the extent of opening new accounts with the bank and expenditure on advertisement was one important area which the researcher laid much emphasis.

Also another set of structured questions were drawn up for the management of the Bank to determine whether or not customers view were consistent with the opinion of management.

4.4 RESEARCH DATA:

The researcher made use of both primary and secondary data in the course of this study.

4.41 PRIMARY DATA

The primary source of data was generated by the researcher through responses by the responses who were interviewed generated the primary source of data. These responses were collated to form a reservoir of primary data, which was subjected to analysis using simple percentage computations to determine certain degrees of the prevalence of certain factors or trends. This was necessary to establish a basis of reaching valid conclusions on the study.

4.42 SECONDARY DATA.

This research involved the extensive use of secondary data obtained from the final annual accounts of Diamond Bank, information on the Bank printed in its annual dairies and customer information leaflets introducing Diamond bank. Some of the secondary data such as annual turnover

was a major variable in the simple regression analysis run by the researcher.

4.5 RESEARCHER HYPOTHESES

The researcher formulated the following null hypothesis statements and subjected them to statistical empirical tests to the bid to either accept or reject them.

HO_1: The advertisement of Diamond Bank's services is generally responsible for ensuring that target's set for branch are realized.

HO_2: There is a positive direct linear relationship between the advertising spend of Diamond Bank Ltd and its annual turnover/profit before tax.

HO_3: There is a linear relationship between the annual number of new accounts and the advertising expenditure of Diamond Bank.

4.6 STATISTICAL TOOLS OF ANALYSIS.

One of the tools of analysis involves the computation of percentage points as a basis of establishing the degree of prevalence of any trend in the data assembled by the researcher.

A simple correlation and regression analysis was employed by the researcher to determine the degree of association between the annual advertising expenditure and the annual turnover/profit before tax.

Also the researcher ran another between annual number of new accounts and advertising expenditure. The F-test applied by the researcher by comparing the calculated F-value with the critical F-values for the appropriate degree of freedom and level of confidence such as 5% or 10%. The test is then carried out by rejecting the hypothesis of the calculated value is less than the critical value.

A T-test was used to test whether the means of the annual actual and projected advertisement expenditures differ remarkably.

CHAPTER FIVE

5.0 PRESENTATION AND ANALYSIS OF DATA

5.1 INTRODUCTION

A project of this nature and scale requires that sufficient data be generated for analysis to achieve some minimum level of results in achieving the objectives of this study.

Analysis in this context is interpreted to mean categorizing, ordering, manipulating and summarizing of data to obtain reasonable answers to research questions.

The data for this research, which is presented and analyzed here, were obtained mainly from the questionnaires administered to Diamond Bank Ltd customers of Kaduna Branch. It is pertinent to note that not all the responses to the questions raised will be analyzed as some of these questions served only the purpose of guidance.

Out of the 150 questionnaires administered to the sample population, 126 of them were duly completed and returned. It is out of the returned 126 that the following analyses are based.

5.2 ANALYSIS OF DATA

5.2.1 Degree of patronage of Banking services Offered by Diamond bank Ltd.

The researcher sought to determine the degree of patronage of banking services of Diamond bank by asking customers of the bank to state what kind of banking services they currently enjoy. The responses of these customers were collated and analyzed in table 1.

TABLE 1: Degree of patronage of Banking services

Type of Banking Service	No. of Respondents	Percentage
Current Account	72	57.14%
Savings account	18	14.28%
Deposit	9	7.14%
Foreign Exchange	9	7.14%
Pay Card	18	14.30%
Total	**126**	**100%**

Source: from interview

5.2.2 Age Distribution of Diamond Bank Ltd Customers

The researcher tried to investigate and determine the age distribution of Diamond Bank Customers as this may assist in the design of an advertising strategy. The results of the analysis of response from customers are presented in table 2.

TABLE 2.: Age Distribution of Diamond Bank Ltd Customers.

Age Bracket	No. of Respondents	Percentage
20 – 30 Yrs	16	12.70%
30 – 40 Yrs	96	75.40%
40 – 50 Yrs	15	11.90%
50 – 60 Yrs	-	-
60 – 70 Yrs	-	-
Total	**126**	**100%**

Source: from interview

5.2.3 Degree of Membership of Social / Recreation Clubs

The researcher felt it was necessary to determine Diamond bank Customers degree of membership of Social/Recreation Clubs so as to determine appropriate strategies to target or reach them through these channels. The results as analyzed are presented below in table 3.

TABLE 3.: Degree of Membership of Social / Recreation Clubs

Social / Recreation Club membership	No. of Respondents	Percentage
Members	79	62.70%
Non Members	47	37.30%
Total	**126**	**100%**

Source: From Interview

5.2.4 Television Viewing Ability of Customers

The researcher tried to establish the television viewing ability of Diamond Bank Customers so as to determine whether the television medium may be used as an appropriate channel to advertise its services. The responses of the customers are collected and analyzed as in Table 4

TABLE 4: Television Viewing Ability of Customers

Television viewing ability	No. of Respondents	**Percentage**
Good	63	50%
Average	63	50%
Poor	Nil	0%
Total	**126**	**100%**

Source: From Interview

5.2.5 Radio Listening Ability of Diamond Bank Customers

Here, the researcher also tried to establish whether the radio medium may serve the purpose of an effective advertising medium.

The results are collated and presented in table 5

TABLE 5.: Radio Listening Ability of Diamond Bank Customers.

Radio listening ability	No. of Respondents	Percentage
Good	79	62.70%
Average	32	25.40%
Poor	15	11.90%
Total	**126**	**100%**

Source: From Interview

5.2.6 Daily/weekly Newspaper Readership Habit of Diamond Bank Customers

The researcher tried to establish the proportion of Diamond bank customers' readership attitude to daily/weekly newspapers to establish whether this medium could also serve to reach them. The results are collated in table 6

TABLE 6: Radio Listening Ability of Diamond Bank Customers.

News paper Readership Habit	No. of Respondents	Percentage
Good	32	25.40%
Average	63	50%
Poor	31	24.60%
Total	**126**	**100%**

Source: From Interview

5.2.7 Percentage of Customers who have read heard or seen any Diamond Bank adverts.

The researcher tried established whether Diamond Bank advertisements have served the purpose of reaching customers in the past. The reactions of these customers are assembled and analyzed in table 7.

TABLE 7.: Percentage of Customers who have read heard or seen any Diamond Bank adverts.

Criteria	No. of Respondents	Percentage
Have heard read or seen	84	66.67%
Have not heard, read nor seen	42	33.33%
Total	**126**	**100%**

Source: From Interview

5.2.8 Percentage of Diamond bank Customers who could recall wordings of her adverts.

The researcher felt that it was necessary to determine the degree of ease of customers of the bank to recall the wordings of the adverts of the bank. The degree of recall may be indication of the impact. The result is presented in table 8.

TABLE 8: Percentage of Diamond bank Customers who could recall wordings of her adverts.

Criteria	No. of Respondents	Percentage
Could recall	63	50%
Could not recall	63	50%
Total	**126**	**100%**

Source: From Interview

5.2.9 Customers Observed Medium of Advertisement by Diamond Bank

The researcher sought to determine the relative proportion of Diamond Bank Customers who have observed any adverts in any of the media utilized by Diamond Bank Ltd. The result is presented in table 9.

TABLE 9: Customers Observed Medium of Advertisement by Diamond Bank

Advert medium	No. of Respondents	Percentage
Weekly Magazine	11	8.735%
Radio	21	16.66%
Bill Boards	11	8.735%
Television	21	16.66%
Handbills	-	0%
Newspaper	51	40.48%
None of the above	11	8.74%
Total	**126**	**100%**

Source: From Interview

5.2.10 Rating Quality Services offered by Diamond Bank Ltd.

The researcher tried to link the quality of service offered to the effectiveness of advertising as both may be related. Thus no matter how much and how well a service is advertised, if the present quality of service delivery is low, the effectiveness could be very low or non-existent. The respondents' responses are collated and presented below in table 10.

Table 10.: Rating Quality Services offered by Diamond Bank Ltd

Rating of Quality	No. of Respondents	Percentage
Good	110	87.30%
Average	16	12.70%
Poor	Nil	0%
Total	**126**	**100%**

Source: From Interview

5.2.11 *Degree of Match Between Adverts* and *Observed Quality of Service*

The researcher felt there was need to ascertain whether there is a match between the quality of service observed by customers and that promised by the adverts. This, the researcher thought may be necessary because if a gap exist, then all efforts must be made to close it and thus ensure effectiveness of advertising the banking services of Diamond bank Ltd. The results are presented in table 11.

Table 11.: Degree of Match Between Adverts and Observed Quality of Service

Level of matching	No. of Respondents	Percentage
Good	110	87.30%
Poor	16	12.70%
Total	**126**	**100%**

Source: From Interview

5.3 INTERPRETATION OF RESEARCH RESULTS

The analysis of the degree of customer patronage of banking services offered by Diamond Bank Ltd. Shows that 57.14% of 126 customers hold Current Accounts. This is followed by 14.30% holding pay card, slightly higher than 14.28% holding savings account. That current account ranks highest may mean that most of the customers of Diamond may be businessmen and consultants. The slight edge of pay card holders are saving Account holders may be because of accompanying convenience and safely of the pay card facility. The age distribution o Diamond Bank Ltd customers shows that 75.40% of them lie within the 30 – 40 years bracket, followed by 12.705 between the 20 – 30 years bracket and 11.90% in the 40 – 50 years bracket. This indicates that a lot of the customers are youthful and within this age bracket they are likely to be attracted by the dynamic banking services offered by Diamond Bank. The analysis of membership of social and recreation clubs show that 62.70% of the respondents are members of social clubs while 37.30% are non-members.

Assessing the Television viewing ability of the respondents revealed that 50% are good while 50% of them are average. This seems to portray Television as a medium through which to reach Diamond bank ltd. Customers.

On their radio listing ability, 62.70% of the respondents say they are good, while 25.40% think they are just average. However 11.90% believe they have a poor ability to listen to radio.

The analysis of Daily/Weekly Newspaper readership habit showed that 25.4% of the respondents indicate they are good, while 50% say they are just average while about 24.60% assess than selves as poor readers.

Analysis of Diamond Bank Customers who have either heard or seen or read of its adverts reveal that about 66.66% were affirmative while 33.33% reacted negatively.

Also analysis further revealed that 50% of the respondents could recall wordings of advertisements of Diamond Bank ltd, while 50% could not. The degree of observed medium of advertisement by the respondents revealed the majority representing medium of advertisements by the respondents revealed the majority representing 40.48% of the respondents held that had seen Diamond bank adverts in the

Newspapers, two separate equal proportions of 16.66% of the respondents have heard/seen Diamond Bank adverts on radio and television. Another two equal proportions of the respondents of 8.73% had seen the adverts is weekly magazines and on bill boards. However 8.74% held they have not seen any adverts in or on any of these media. The rating of the quality of services offered by Diamond Bank Ltd revealed that 67.30% of the respondents classified it as good, while only 12.70% ranked it as average while none of believed it is poor.

On the matching levels between what the adverts say and the observed quality of services, 87.30% held that there is an evidently good match between the two while only 12.70% believe in a mismatch.

5.4 RESULTS OF TESTS OF HYPOTHESES

In the simple regression analysis run with annual turnover of Diamond Bank Ltd as the dependent variable while advertising expenditure is the independent variable, the R square value of 0.00452 or 0.452% indicates that only 0.452% of the observed variations in turnover are explained by variations in advertising expenditure. This is effect means that the regression model is highly unreliable.

The analysis of variance test results in a significant F = 0.9572 which is highly than $\propto$ = 0.05 or 0.01 applying that we are at liberty to reject the

alternate hypothesis that there is a positive linear relationship between the advertising expenditure of Diamond Bank Ltd and it's annual turnover

This is a clear indication that the regression model is not suitable for estimation purpose.

However the regression equation is: -

$$Y = 4384564505.3 - 5.382273 X$$

Where Y = annual Turnover and

X = advertising expenditure.

The second hypothesis test result given by the SPSS computer package is given below:

The sample regression analysis had the level of new accounts as the dependent variable with the advertising expenditure as the independent variable.

The R square value of 0.45886 or 45.895% means that advertising expenditure is responsible for 45.89% of the changes in variations observed in new accounts level of Kaduna branch of Diamond Bank Ltd.

The contribution of advertising expenditure to the level of new accounts may be significant because the T level of 0 – 921 is significantly less than significant T value of 0.5262. Therefore this suggest a negative relationship between the two variables, thus we accept the alternate hypothesis that changes in the level of advertising expenditure are responsible for changes in the level of new accounts.

The regression equations: -

Y = 998.14 – 6.052X

Where Y = level of new accounts.

X = advertising expenditure.

The negative relationship between advertising expenditure and level of new accounts suggests that this regression equation cannot be reliable for the purposes of estimation.

The result of the third hypotheses that the means of actual advertising costs and projected adverting costs do not differ significantly are as follows;.

The significant t value of 0.951 been higher than t – value 0.07 implies that we reject the null hypothesis and accept the alternate hypothesis that the both means of actual and projected advertising expenditure do differ significantly.

The results can be seen in the appendix attached. This means that projected advertising expenditure are way off the actual advertising expenditure. This is fully illustrated in the graph of mean actual and projected advert cost in the appendix

CHAPTER SIX

6.0 SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS.

6.1 SUMMARY OF FINDINGS:

The researcher after undertaken the full course of this research has arrived at the following research findings enumerated below:

1. Increased advertising efforts coupled with an increase in the number of new and innovative quality services have all served to increase and restore public confidence in the banking sector of the economy.

2. Diamond Banking Limited has employed the tacit application of market segmentation to delineate for itself the youths for itself through a responsive banking service to this market. This is corroborated by the fact that 75.40% of its customers currently fall within the age bracket of 30 – 40 years. This age group is more responsive to imbibing the changes in technological banking services. Thus this has led to an increase in the speed of service, which has aided customers retention and loyalty.

3. The following regression equation between annual turnover, the dependent variable (Y) and advertising expenditure (X), the independent variable was established as Y = 4384564505.3 – 5.382273 X.

5.382273 X. However, the mere fact that only 0.452% of observed variations in turnover could be explained by changes in the advertising expenditure of Diamond Bank ltd means that the regression equation cannot be accepted for any meaningful purposes of estimation especially as we are at liberty to reject the alternate hypothesis that there is a positive linear relationship between advertising expenditure and annual turnover.

4. The impact of advertising on the opening of new accounts at the kaduna branch of Diamond Bank can be visualized by the regression equation established as Y = 998.14 – 6.052 X

WhereY = level of new accounts

X = advertising expenditure.

Although 45.89% of observed changes in new accounts may be explained by changes in the levels of advertising expenditure, the negative relationship indicates that the result be discarded.

5. The means of actual and projected advertising expenditure do differ significantly. This means that all actual advertising expenditure derives from projected advertising expenditures seriously.

6. Although the statistical tests of hypothesis do not show the fact that advertising assists Diamond Bank Ltd to attain the objective of increasing the level of annual turnover and level of new accounts, this may in fact be responsible for the reluctance of management to sometimes expend as much as only about 60% of the advertising budget as in 1999.

7. One of the objectives of advertising for Diamond Bank Ltd. May be the support of a new banking product or service. This may in part explain why actual advertising expenditures over short projected values by about 10% in the year 2000.

8. Judging by the fact that 87.30% of the respondents in this study affirm that the quality of services offered by Diamond bank is good, the objective of the advertising may be to increase customers loyalty. As the customers repeatedly receive quality services, they become a personal selling tool for the bank as they spread the message across all frontiers.

9. A reasonable proportion of the respondents, 87.30% see a good match between what adverts say and the observed quality of services delivered.

10. Diamond Bank ltd seems to use age delineation and occupation as well as hobby as relevant factors for segmenting the market. This can be seen in the fact that 75.40% of the respondents fall within the 30 – 40 years age bracket while there is a likelihood that most of 62.70% who say they are members of social and recreation clubs may fall within this bracket, most of these are youthful businessmen and women and up coming professionals.

11. The degree of success of the advertising programme cannot be judged by isolating advertising but by perceiving the collaborative effect with other factors such as personal selling effort of the marketing department of the branch, high warmly staff courteous service to customers amongst others.

12. The advertising theme up to the year 2000 was "commercial bank to treasure" and may have been changed to "life it's become a lot easier" to create the impression that Diamond Bank is easily meeting the needs of it's customers in several ways than some other competing banks.

6.2 CONCLUSION

The effect of advertising of banking services on the annual turnover and increase in new customer accounts in Diamond Bank Ltd are not easily discernible owing to statistical results of analysis, which suggest no relationships at all.

However, it is significant to note that advertising of banking services may be effective if reasonably combined with other marketing strategies such as strong personal selling efforts, sports co-sponsorship at recreation and social clubs and others.

The researcher believes that Diamond Bank Ltd stands to derive better results in the future if only the stage for investing into youthful students by serving their interests in sports and perhaps leisure activities. As they grow, they would become co-partners in progress and future customers. For Diamond Bank, the only way that guarantees increased customers patronage is to lay a solid foundation today by investing in the employees to acquire better skills and customer service delivery attitudes.

6.3 RECOMMENDATIONS

The researcher has suggested the following recommendations to bring about more effective advertising of the banking services of Diamond bank Ltd.

1. Diamond Bank Ltd should review the process or method of estimating the advertising budget. This is to ensure realistic levels are set that do make actual levels differ significantly from them.

2. To effectively maximize one of attributes of it's customers, that is high rate of membership of social and recreation clubs, Diamond bank Ltd. may reduce part of the advertising spend and commit it into promotion of certain widely accepted tournaments in any of these popular social and recreation clubs within Kaduna metropolis. This may serve to reassure Diamond Bank Ltd customers in these clubs that it supports their lifestyles and may even serve to win over potential customers within the clubs.

3. Diamond Bank should consistently pursue the training of its staff to ensure maximum delivery of satisfactory services to its customers. This is because in the service industry, the staff that is the face of firm is seen as part of the banking service been rendered. Thus any

traces of poor job attitude on the part of the bank's employees may be equated to poor service delivery.

4. Since market segmentation studies and research findings has shown that Diamond Bank customers reasonably belong to social and recreation clubs, the advertising efforts may be directed at these outlets. This may yield a better result, as this effort will affect the peers of the bank customers who may confirm the better quality of banking service and thus convince them.

5. About 12.70% of the respondents interviewed fall within the age bracket of 20 – 30yrs. At this age, most of them within this bracket may be in tertiary institutions of higher learning. Thus Diamond Bank may also commence with the entrenching of it's quality service delivery in their minds by sponsoring sporting events such as the Nigerian University Games Association (NUGA), the Nigerian polytechnic Games Association (NIPOGA) and others so that when they complete their education and become gainfully employed, they would easily be Diamond Bank friendly.

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APPENDIX 1

EXTRACTS OF DATA FOR TESTS OF HYPOTHESES

Year	Y = Annual Turnover	X = Advertising
1998	2,847,127,000	N49,973,577.55
1999	4,106,672,000	N18,627,738.99
2000	5,582,416,000	N46,123,181.92

Y = a + bx

APPENDIX 2

Year	Y	X (N)
	New Accounts	Advertising Expenditure
1998	800	49,973,577.55
1999	900	18,627,738.99
2000	600	46,123,181.92

APPENDIX 3

	Y = Annual profit N	X (N)
Year	Before Tax	Advertising Expenditure
1998	715,885,000	49,973,577.55
1999	1,036,144,000	18,627,738.99
2000	1,234,907,000	46,123,181.92

APPENDIX 4

T - test	Projected Advert cost	Actual Advert cost
Year		
1998	26,000,000	49,973,577.55
1999	32,960,000	18,627,738.99
2000	53,308,217.24	46,123,181.92

Dept. of Business Administration

Institute of Administration,

Kongo Campus

Zaria.

October 14, 1998

Dear Respondent,

I am a student writing a project on "The effectiveness of advertising on Banking services marketing: A Case study of Diamond Bank Ltd." in partial fulfillment of the requirement for the award of a Masters Degree in Business Administration (MBA).

I would be grateful if you would answer the attached questionnaire. All information obtained from you will be used for the academic purposes of the research and will also be treated in strict confidence.

Thank you for your co-operation.

Yours sincerely

Olusegun Alex Adamolekun

APPENDIX 4

Structured Interview questions for management staff of diamond bank limited kaduna branch

1. Name: Optional
2. Position:
3. What are the advertising objectives of Diamond Bank Ltd.?
4. What are the media of advertising the Banking services of the Bank.
5. Please list and briefly explain the banking services offered by Diamond Bank Ltd.
6. Are most of these communicated to the public in your adverts?
7. Please make available data on annual advertisement costs and number of new customer accounts since the inception of the branch.
8. Please state annual turnover since inception.
9. Please give data on annual level of customers and those offered assistance by the bank.
10. Please give data on annual staff training and development costs since inception.
11. Who are your target customers?

    Average Age:

    Occupation (s)

    Areas of residence

    Life style (s)

    Income group (s)

12. What are the characteristics that endear Diamond Bank to her customers?

APPENDIX 5

QUESTIONNAIRE FOR DIAMOND BANK CUSTOMERS

KADUNA BRANCH

1. Name: Optional

2. What kind of banking service (s) are you offered by Diamond Bank?

   Pls tick

   a. Current Account ☐ b. Savings Account ☐

   b. Deposit ☐ d. Foreign Exchange ☐ e. Pay Card. ☐

3. Please what is your age? Please tick

   a. 20-30Yrs ☐ b. 30-40Yrs ☐ c. 40-50Yrs ☐

   d. 50-60Yrs ☐ e. 60-70 Yrs ☐

4. What is your profession?

   a. Accountant ☐ b. Quantity Surveyor ☐ c. Architect

   d. Trader ☐ e. Banker ☐ f. Others ☐

5. Do you belong to any social/recreation club? ☐ Yes ☐ No ☐

6. Where do you reside?

7. Television reviewing ability?

   a. Good ☐ b. Average ☐ c. Poor ☐

8. Radio listening?

   a. Good ☐ b. Average ☐ c. Poor ☐

9. Daily/weekly Newspaper readership habit?

   a. Good ☐ b. Average ☐ c. Poor ☐

10. Before you became a customer of Diamond Bank, do you remember seeing, reading or hearing any of her adverts? Yes [ ] No [ ]

11. Please, can you recall the wordings of any of these adverts you have heard or seen? Yes [ ] No

12. Are you a customer who switched over from another bank?

Yes No

13. Did any form of advertisement on Diamond Bank influence your action? Yes No

14. What medium of advertisement have you seen/heard any advert on Diamond bank Ltd. Pls tick?

a. Radio b. Television c. Newspaper

d. Weekly Magazines e. Bill Boards f. Hand Bills

15. How would you arte the quantity of services of Diamond Bank Ltd.?

a. Good b. Average c. Poor

16. Does it match your level of expectation based on the advert?

Yes No

17. Mentioned other banking service of Diamond Bank you are aware of.

18. What was the medium of creating the awareness?

a. Radio b. Television c. Newspaper

d. Friends e. Staff of the bank

* * * * M U L T I P L E R E G R E S S I O N * * * *

Listwise Deletion of Missing Data

Equation Number 1 Dependent Variable.. ANNTURN Annual Turnover

Block Number 1. Method: Enter ADVEXP

Variable(s) Entered on Step Number
1.. ADVEXP Advertising Expenditure

Multiple R .06721
R Square .00452
Adjusted R Square -.99097
Standard Error 1931776925.5

Analysis of Variance

	DF	Sum of Squares	Mean Square
Regression	1	16931201463636630.0	1.693120146E+16
Residual	1	3731762089897029000	3.731762090E+18

F = .00454 Signif F = .9572

---------- Variables in the Equation ----------

Variable	B	SE B	Beta	T	Sig T
ADVEXP	-5.382273	79.905886	-.067205	-.067	.9572
(Constant)	4384564505.3	3252898834		1.348	.4064

End Block Number 1 All requested variables entered.

* * * * M U L T I P L E R E G R E S S I O N * * * *

Listwise Deletion of Missing Data

Equation Number 1 Dependent Variable.. NEWACTS New Accounts

Block Number 1. Method: Enter ADVETEX

Variable(s) Entered on Step Number
1.. ADVETEX Advertising Expenditure

Multiple R	.67739
R Square	.45886
Adjusted R Square	-.08228
Standard Error	158.91229

Analysis of Variance

	DF	Sum of Squares	Mean Square
Regression	1	21413.54999	21413.54999
Residual	1	25253.11668	25253.11668

F = .84796 Signif F = .5262

---------- Variables in the Equation ----------

Variable	B	SE B	Beta	T	Sig T
ADVETEX	-6.05294E-06	6.5732E-06	-.677393	-.921	.5262
(Constant)	998.140042	267.590737		3.730	.1667

End Block Number 1 All requested variables entered.

* * * * M U L T I P L E R E G R E S S I O N * * * *

Listwise Deletion of Missing Data

Equation Number 1 Dependent Variable.. APBT Annual Profit before Tax

Block Number 1. Method: Enter ADVTEXP

Variable(s) Entered on Step Number
1.. ADVTEXP Advertising Expenditure

Multiple R .24468
R Square .05987
Adjusted R Square -.88026
Standard Error 359083212.13

Analysis of Variance

	DF	Sum of Squares	Mean Square
Regression	1	8211378011316950.00	8211378011316950
Residual	1	128940753233349700	1.289407532E+17

F = .06368 Signif F = .8426

---------- Variables in the Equation ----------

Variable	B	SE B	Beta	T	Sig T
ADVTEXP	-3.748261	14.853093	-.244685	-.252	.8426
(Constant)	1138984452.4	604656441.8		1.884	.3107

End Block Number 1 All requested variables entered.

* * * * M U L T I P L E R E G R E S S I O N * * * *

Listwise Deletion of Missing Data

Equation Number 1 . Dependent Variable.. PROADVC Projected Advertising Cost

Block Number 1. Method: Enter ACTADVTC

Variable(s) Entered on Step Number
1.. ACTADVTC Actual Advertising Cost

Multiple R .16226
R Square .02633
Adjusted R Square -.94734
Standard Error 19802525.176

Analysis of Variance

	DF	Sum of Squares	Mean Square
Regression	1	10603421203261.8700	10603421203261.9
Residual	1	392140003354493.700	392140003354494

F = .02704 Signif F = .8962

---------- Variables in the Equation ----------

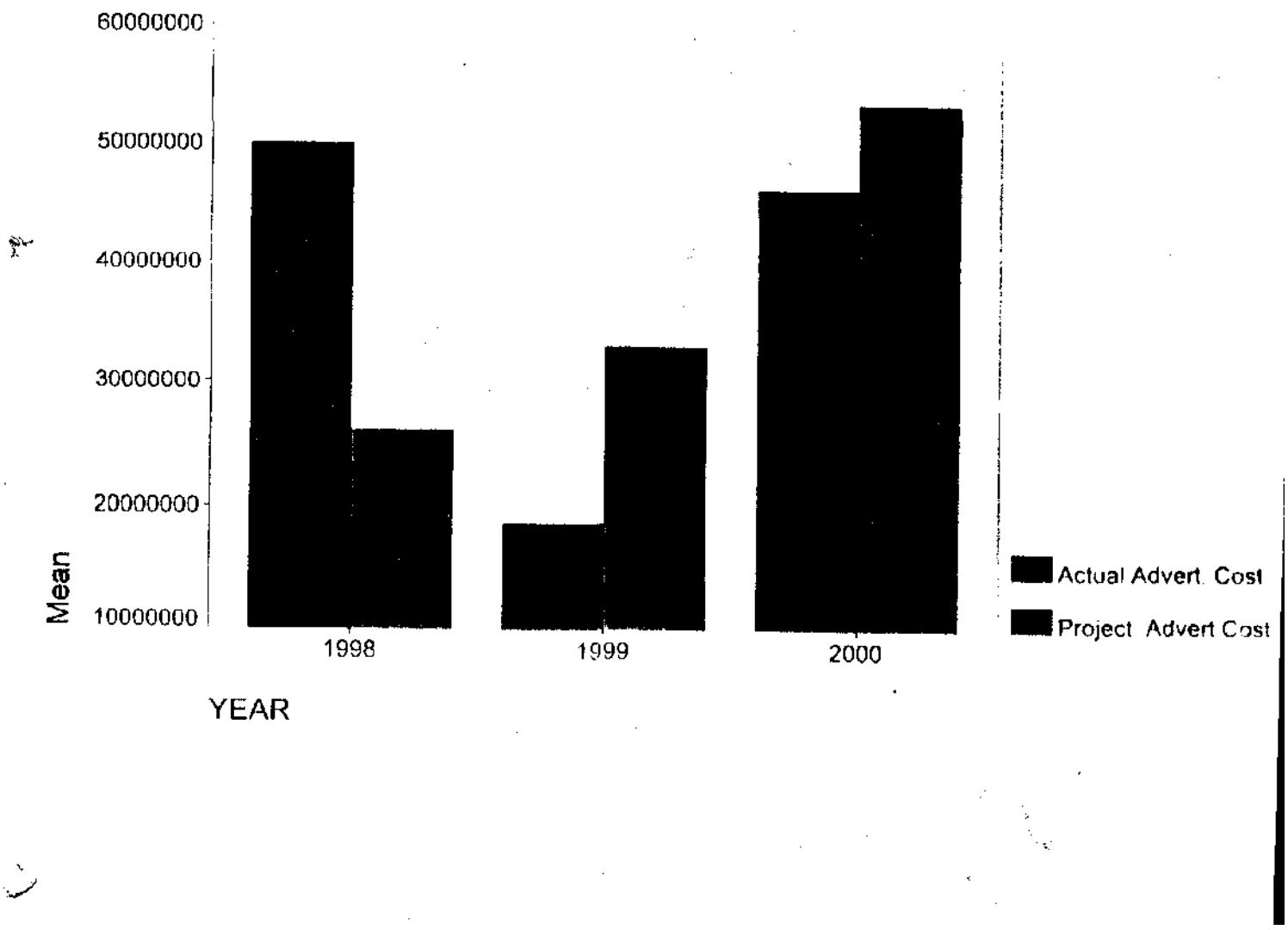
Variable	B	SE B	Beta	T	Sig T
ACTADVTC	.134693	.819110	.162259	.164	.8962
(Constant)	32271879.447	33345263.74		.968	.5104

End Block Number 1 All requested variables entered.

- - - t-tests for paired samples - - -

Variable		Number of pairs	Corr	2-tail Sig	Mean	SD	SE of Mean
ACTADVTC	Actual Advertising Cost	3	.162	.896	38241499.487	17094767.8	9869668.8
PROADVC	Projected Advertising Cost				37422739.080	14190550.1	8192917.9

Paired Differences			t-value	df	2-tail Sig
Mean	SD	SE of Mean			
818760.4	20368600.3	11759817	.07	2	.951
95% CI (-5.0E+07, 51417168)					


60000000
50000000
40000000
30000000
20000000
10000000
Mean
1998
1999
2000
YEAR
Actual Advert. Cost
Project Advert Cost