THE EFFECTIVENESS OF ADVERTISING IN COMMERCIAL BANKING IN NIGERIA; A COMPARATIVE STUDY OF FIRST BANK OF (NIGERIA) LIMITED AND UNION BANK OF (NIGERIA) LIMITED

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BEING A RESEARCH PROJECT SUBMITTED TO THE DEPARTMENT OF BUSINESS ADMINISTRATION IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION (M.B.A.) OF THE AHMADU BELLO UNIVERSITY, ZARIA.

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DECLARATION

I hereby declare that this project was written by me. The study is original and any references made to texts, journals and other person's work have been dully acknowledged and footnoted.

Further, this work has not been presented before in any application for the award of a higher degree.

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CERTIFICATION

This project entitled "The Effectiveness of Advertising in Commercial Banking in Nigeria - A Comparative Study of First Bank of Nigeria Limited by ADEDIRAN, MONSURAT YETUNDE meets the regulation governing the award of the degree of Master of Business Administration of Ahmadu Bello University, and is approved for its comtribution to knowledge and literary presentation.

SUPERVISOR — DATE: _____

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DEDICATION

This project is dedicated to my parents Alhaji and Alhaja K. A. Adediran for their love, understanding and encouragement.

ACKNOWLEDGEMENT

All praise is due to Allah, the most beneficient, the most merciful for my successful completion of this programme.

I would like to express my gratitude to all my lecturers who taught and guided me for the invaluable knowledge I acquired through them.

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All errors found in this work are entirely my responsibility.

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ABSRACT

This study was undertaken to throw some light on the growing uncertainty about the effectiveness of advertising in commercial banking in Nigeria especially in a situation whore many people do not believe in patronising banks.

Some critics have questioned the use of advertising and sales promotion for the sales of goods and services on the grounds that it adds to costs and consequently prices s ince costs influence prices through the supply side).

Others have seen advertising and sales promotion as a machinery for cheapening of goods because the additional costs of time and resources that would have been wasted in the search effort by consumers are removed.

It is these two propositions that prompted this study to enable us understand the degree to which advertising activities of commercial banks has been effective in Nigeria.

The fact that new commercial banks are springing up daily and the existing ones are expanding their network of branches also coupled with the fact that their advertising activities were taken into consideration, a comparative study of First Bank of Nigeria Limited and Union Bank of Nigeria limited was undertaken.

The importance of the customer to the achievement of corporate goals cannot be over-emphasized. To

achieve the overall objective of the organization, it is essential to make known its services to its target market especially with the use of good language.

In the comparative study of First Bank and Union Bank, it was found that duo to their advertising activities, the target market are receiving the messages being put across to then. Also advertising was found effective to some extent especially in the generation of awareness. Although the amount expended on advertising is yet to achieve the targeted response.

Commercial banks in Nigeria should endeavour to improve on their services especially, trying not to make bourgeous claims in their advertisements.

Government should also take active part in regulating market in.' n rns in Nigeria, especially to check mis lead ing advertisement

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CHAPTER I

INTRODUCTION

...RAHIM ...BELLO UN... NIGERIA.

Advertising is one of the most powerful tools used by a company (whether manufacturing or service) to generate awareness as well as persuade potential customers to try its products. In ultimate terms, advertising is undertaken to increase company sales and/or profits over what they otherwise would be. However advertising is rarely able to create sales by itself- other factors like quality, presentation and price of the product or service also have roles to play.

The size of the advertising budget would among others depend on what competition is spending, the state of the economy, and the objectives to be achieved.

There are three basic media types:

- print media which involves usage of the press
- Audio-media which is mainly radio
- Audio-visual: television, cinema.

The type and weight of the various media to be used would depend on the type of product and the objectives to be achieved.

Looking at the role of advertising in marketing, it means different things to different people. To the house wife, it may mean the supermarket's newspaper advertisement depicting the latest style in refridgerators. To a young-star, it may mean the television show starring his favourite performer who tells about a cereal and to the head of the family, it may mean the commercial, he hears

over his car radio as he travels to and from work.

The economist views advertising as a force affecting the allocation of resources in an industrialized economy. The sociologists sees it as an institution exercising social control. To the businessman advertising is one of the elements in the marketing of his product(s) or service(s).

To ascertain effectiveness of advertising marginal thinking analysis in terms of all advertising expenditures to ensure that costs do not exceed revenue must be considered. Specifically short term promotional outlays to achieve immediate sales must not exceed the contribution from those sales. Also in the intermediate and long-term, advertising expenditures to invade a new market or to establish a targeted market share in an existing market must not exceed the potential return.

To aid in ascertaining how effective advertising has been in commercial banking in Nigeria, a comparative study of First Bank and Union Bank of Nigeria Limited will be analysed.

In the process of evaluating the effectiveness of advertising, the various premises on which it is built, the steps involved in its usage and their success story in the two banks (First Bank and Union Bank), impediments and possible suggestions will be analysed.

1.2 Statement of the Problem

In the Nigerian economy, many manufacturers and producers of services attempt to stimulate demand for

their goods and services. They are not satisfied merely to produce and trust to chance that consumers will become aware of their products through the interplay of market forces. Marketers know that if a better product is produced, consumers will not necessarily take special pains to inform themselves of its existence, its wants - satisfying qualities and where it can be purchased.

At the same time, many consumers unaware of where to get what they need would have even been more confused. Such would have been the case in this age of mass production characteristic of a money economy like ours, if advertising and sales promotion had not occupied that missing and important communication link between the producer and consumer.

The question of why banks advertise despite the fact that they enjoy an atmosphere of oligopoly in commerce is also asked. The importance and necessity for the bank to tell the public what it does is also paramount in that the service it offers are strange to a layman and it therefore means that there should be a sort of communication network to facilitate quick dissemination of information to the public.

It is important to note that some critics have questioned the use of advertising for the sale of goods and services on the ground that it adds to costs which they argue is ultimately borne by the consumers. Others have also seen advertising as machinery for the

cheapening of goods and services because the time and resources that would have been wasted in searching for the product or service which would have meant additional costs to the consumer would have been removed.

Also do bank's adverts generate the same degree of awareness and persuasion given the same level of expenditure? Are there any disparities?

This study addresses these issues.

1.3 Purpose of Study

The purpose of undertaking this study is to find out the extent to which advertising has been effective in enhancing Banking objectives especially in the following areas:

(1) Profitability

(2) Image

(3) Number of customers

(4) Cost of operation

Advertising is fast becoming an important part of business activity but Nigeria tends to be more inclined towards production than marketing. It is often said that Nigeria is basically a seller's market, which means that to a great extent, the consumers do not have much choice in what they get.

This study is also an attempt to enable one ascertain to what extent banks apply and offer the services it proclaims to be offering in their slogans.

1.5 Hypotheses

The following two null hypotheses were postulated to give guide to the study.

(1) The greater the exposure to commercial banks' advertisements, the higher the demand for the advertised services.

(2) Advertising in the commercial banking industry enhances the image of the bank.

1.6 Research Methodology

The research focus is in form of comparative study. Data were collected from the banks relating to their advertising activities using verbal interview and structured questionnaires. Questionnaires were also administered on some customers' of the banks.

Verbal interviews were conducted with the Public Relations Managers of both First Bank and Union Bank. Questionnaires were also administered on these Managers. Also a total of 200 questionnaires were administered on customers of First Bank, Union Bank and other Banks in these categories both in Kaduna and Zaria townships.

The researcher tested these null hypotheses using simple percentages and correlation coefficient.

Sample selection is based on the size and age of the two banks. The choice of the two banks is based on the fact that they are the foremost in aggressive advertising in Nigeria.

Definition of Terms:

Advertising

Advertising is paid, non-personal communication through various media by business firms, non-profit organisations and individuals who are in some way identified in the advertising message. It is one of the four major tools companies use to direct persuasive communications to target buyers and publics. Advertising in combination with personal selling, sales promotion and publicity form the promotional mix.

Effectiveness

The degree to which the organisation attains its own goals or its intended results, both formal and informal.

Sales Promotion

Sales promotion is the short term incentives to encourage purchase of a product or service. It embraces all other promotional tools outside advertising, personal selling and publicity such as displays, trade fairs, shows, exhibitions etc. that can encourage purchases.

Market

A market for a product or service consists of individuals or organisations that have purchasing power and that are current or potential buyers of the

product or service.

Media

The media for advertisement is the agent that conveys it to the public. The chief media are Newspapers, Magazines, Television, Radio, Outdoor advertisement, Transit advertisement, Direct mail, Point of purchase advertisement.

He who deals with media deals with money. He allocates funds to different media in different proportions, and his judgement directly affects the cost/profit ratio of a marketing program.

Services

Defined by the committee of definitions of the American Marketing Association as activities benefits, or satisfactions which are offered for sale or are provided in connection with the sale of goods.

Service Industry

This covers firms and employers whose final output is intangible. There are four major components of the service industry; producer services, distributor services or social services and personal services.

1.7 Data Interpretation

The researcher analysed the data collected using the following tools.

First is the use of simple percentages. This was employed with the realisation that figures become easy to calculate and to be understood when expressed in percentages.

Second, since the study is a comparative one, correlation analysis was also used.

CHAPTER II

LITERATURE REVIEW

2.1 Introduction

Advertising forms an important aspect of business activities in our modern society. It is a form of communication (verbal and non-verbal) vital to the successful role that businesses play in the economic life of a nation.

Strengths and Weaknesses of Advertising

As a promotional tool, advertising has certain strengths and weaknesses that must be understood by the seller if it is to be used most profitably. Often one of the other promotional tools as personal selling, publicity or sales promotion, must be combined with advertising to take advantage of its strength and or overcome its weaknesses.

Advertising has four basic strengths as a promotional tool.

First, it has the ability to expose large groups of prospects at a low per-prospect cost.

Secondly, it can reach prospects that salesmen cannot.

Thirdly, it helps to sell a product and lastly it can help to introduce a new product quickly.

Advertising is a mass communication promotion tool and, as such, can expose large groups of prospects

at a low prospect cost. Also in the case of services like those offered by banks, it would notbe practical for salesmen to call on customers. Often prospects who have a profound influence on the purchase of a product are not easily seen by salesmen. Corporation presidents and other principal officers are frequently insulated from callers by secretaries and office assistants. However most of these chief executives spend some time reading magazines, watching certain television programmes etc. Advertising, therefore, can often reach prospects that a sales force cannot.

The pre-selling of prospects by advertising is assuming more importance each year. Pre-selling through advertising is also [illegible] when combined with personal selling. Advertising is used to introduce the product to possible prospects in order to complete the sales.

Advertising gives businessmen fast access to markets for the introduction of new products. If necessary, million of people can be exposed within a very short time to advertising when introducing a new product or range of services. The rapid exposure of markets to advertising messages encourages expansion of production and improvement of services which is necessary for the continued development and prosperity of a nation.

On the other hand, advertising when set cannot adjust to the prospects reactions or answer his objections to the product or service. Advertising is

a one-way mass-communication system. No matter what the prospects think, the advertisements are released as planned. This is often a basis for consumer's irritation toward advertising.

People do not fully accept the claims made for product or services in advertisements. They recognise that the advertising message is designed to influence them and they tend to discount any suspicious sounding claims. "Trade-puffing" or the legal use of some exaggeration by advertisers, does not help to secure the confidence of the public.

Some products or services respond better to advertising than others. This is due, according to R.E.Stanley[1], to factors within the product and circumstances relating to it - both of which affect the opportunity for profitable advertising. To determine the chances of advertising product successfully, the product or service should be evaluated in accordance with these seven basic conditions.

Firstly, the presence of a favourable primary demand-trend for the product class.

Secondly, a chance for significant product differentiation.

Thirdly, the importance to the prospect of the hidden product qualities.

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1. Stanley, Richar E. - Promotion (Advertising, publicity, personal selling and Sales Promotion) 1977 Prentice-Hall, Inc. p. 169.

Fourthly, the opportunity to use strong emotional appeals.

Fifthly, circumstances favouring the accumulation of sufficient fund with which to advertise.

Sixthly, the perceived risk of trying a new product or brand and;

Lastly, the products capability of being presented effectively in the advertising media.

A careful analysis of a product or service in accordance with these seven factors of advertisability will give the seller valuable knowledge of how successfully he can employ advertising as a promotion tool. Unfortunately too many firms make the decision to advertise before such analysis has taken place.

Economic and Social Effects of Advertising

Economists often raise questions regarding the impact of advertising on a society. It is worthy to recognise that the possible contributions of advertising are mainly its economic accomplishments whereas aspects of advertising that draw criticisms are largely based upon its social impacts.

Most economists believe that the persuasive effects of advertising are antiethical to the concept of the "economic man", who should make his decisions rationally rather than emotionally.

The first major study addressing the issue of the relationships of advertising to the economy was

conducted by Neil Borden in 1942.[2] The problems with Borden's study are those of limited data, sample and methodology in which he employed graphic analysis which does not make efficient use of all the information contained in the data. Furthermore his analysis does not provide formal hypothesis-testing procedures.

Duesenberry (1967)[3] and Ackley (1961)[4] state that the link between advertising and the economy if it exists must be established with consumption rather than Gross National Product and Industrial Production.

Advertising can therefore be said to be productive because it adds to the utility of consumable goods or services by increasing the units of goods or services that have want satisfying characteristics or by adding to the utility of individual units. The cost of selling products or services can be materially reduced by its use. Advertising presells the consumer before she ever enters the retail store.

Advertising affects mass production through mass consumption and mass marketing. Although few companies may have developed sufficient sales volume to enjoy economies of mass production without using advertising, this is the exemption rather than the

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2. Neil Borden - Economic effects of advertising, Home ward Illinois, Richard D.Irwin (1942) pp. 404 - 428.

3. Duesenberry J.S.(1967) - Income, Saving and the theory of consumer behaviour, Cambridge Harvard University Press.

4. Ackley,G.(1961) Macroeconomics theory N.Y. MacMillan Publishing Coy. Inc.

rule. In fact advertising is so important that J.Frederick Dewhurst and Associates report it as "part of American technology just as are radio and forklift trucks".

Advertising has an effect on National Income. In studying the relationship of advertising to Gross National product Charles Yang concluded that a rise of 1% in advertising expenditures over the rate of increase in Gross National Product could produce an increase in consumption of 1/10 of 1%. The effect of this increase in consumption would stimulate investment and income to the point where each additional dollar invested in advertising could generate sixteen dollars of additional income.[5]

Advertising does increase the price of goods to the consumer because in the final analysis the cost of advertising is passed on to the consumers as are other business expenses. However, the final price of the product despite the addition of the advertising cost, may be lower. If the production of goods or services takes place in a decreasing cost, industry and advertising increases the number of units sold to the point where advertising cost are more than off set by reduction in production costs, then the final price to the consumer should be lower. Likewise the

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5. Charles Y.Yang - "One dollar in adverts generates sixteen dollars in Income", Advertising age, (December 25, 1965), Vol. 1, p. 39.

substitution of advertising for high-cost personal selling may lower the final price the consumer must pay.

However the results of this research has shown that the conditions of production and marketing must carefully be defined. In the banking industry as it is in Nigeria today, the claims made by banks in their advertisements should reflect the quality and efficiency of services rendered.

Advertising does not create monopoly power because it does not give unlimited power to raise prices or increase interest rates arbitrarily in the banking industry. Any attempt to raise prices or increase interest rate to an appreciable degree will encourage smaller banks to enter the market with a lower interest rate and improved services. Competition is the greater leveler, and even branded products have to face the competition of other brands or product substitutes. As Lester G. Telser[6] puts it,

> "....large scale advertising is more a manifestation of intense competition than a cause of monopoly"

To be of service, advertisements must give consumers enough product information to help them select products or services to meet their needs.

One must admit that many advertisements overdo

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6. Lester G.Telser, - "How much does it pay whom to advertise? "American Economic Review: Papers and Proceedings (December 1960), p. 202.

their persuasive functions, but persuasion is allowed in legal, religious, educational, interpersonal, political and commercial settings so why not in advertising?

Truth is vital to the long-run economic health of advertising. Generally, there are what is called offensive advertisements and they are those that over emphasize sex, violence and bodily functions.

Lastly, advertising, it is said, not only tends to reflect society's values but is also one of the "leading forces that can accentuate and accelerate them"[7].

It is true that one of the easiest budget cuts for a businessman to make when he sees trouble ahead is advertising and promotion. However many businessmen have tried to use advertising to restimula te demand for their products.

Also on whether advertising narrow the range of consumer choices or not. It has been found that advertising inevitably leads manufacturers to make their product different from their competitors. They use convincing languages so as to make consumers believe that their product is better than competitors. Some critics claim that the power possessed by the giants of advertising will narrow our choice to a few well-advertised brands. It is a known fact that modern advertising did not start product differentiation; it

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7. Geyser S.A.-"Advertising attacks and counters" HBR (March-April 1972), p. 141.

merely accelerated the search for different features as the number of producers increases and competition stiffer.

Consumers see brands as a speedy way to select or reject merchandise. A brand then represent an attempt on the part of a manufacturer to gain control of a market. Borden in his study found that "advertising in itself has been a force tending to bring uniformity in demand". Advertising has led consumers to focus on a small array of brands than probably would have been present were advertising not a strong influencing factor.

On the other hand, frequently advertising has increased requirements. As economist Walter Taplin points out, the consumer is generally the master and "the producer and advertiser is ultimately the slave"[8]. Also in Jules Backman study of advertising and competition he found out that advertising was only one of many factors influencing a firm's management to enter or not to enter a specific market.

Further on the social effects of advertising, through the years many studies have been made of the public's attitude toward advertising. Several of these have been summarized by Neil Berden in his "Economic Effects of Advertising". He found out that the general term of responses found in all the studies should give and undoubtedly has given advertisers food for thought.

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8. Walter Taplin, Advertising: A New Approach, p. 106.

They show that although a substantial majority of consumers are not unfriendly to advertising, nevertheless a considerable group of people do not bear goodwill toward advertising. The unfavourable opinions, directed against exaggeration, poor taste, or lack of information, provide a fertile background for further destruction of confidence in advertising as an economic tool. Advertising in essence must tell the truth. It must have consumer confidence if it is to perform its communication job effectively. Any untruth in advertising does a disservice to honest advertisers who want only to communicate to the masses certain truthful benefits of their product.

2.2 Viewpoints on Advertising

Sir Winston Churchill's view of this concept is that Advertising nourishes the consuming power of men. It creates wants for a better standard of living. It sets up before a man the goal of a better home, better clothing, better food for himself and his family. It spours individual exertion and greater production. It brings together infertile union those things which otherwise would never have met.

Also Sovetskaya Kultura (Soviet Cultural Magazine) states the purposes of advertising in Soviet Russia as the following:

(1) To educate public taste;

(2) To develop demand;

(3) To help consumers quickly find what they want to buy.

(4) To help them buy it easily.

(5) To tell them the price.

(3)

Advertising Agency Chairman David Ogiluy's view on the concept is that every advertisement must be considered as a contribution to the complex symbol which is the brand image.... The manufacturers who dedicate their advertising to building the most favourable image, the most sharply defined personality for their brands are the ones who will the largest share of these markets at the highest profit in the long run.

Martin Mayer's view on advertising is that only the very brave or the very ignorant (preferably both) say exactly what it is that advertising does in the market place. The relative efficiency of advertising as a selling tool is arguable on the national scene and within specific industries. But advertising to the millions is unquestionably more efficient-less expensive per dollar of sales produced-than the old methods which saw individual salesmen working over individual customers. There can be no return to personal selling; capitalism is finally committed to the intensive use of advertising.

Advertising activities started in the United States of America around the middle of the last century by one Volney B. Palmers, whose noble ideas gave rise

and nurtured the advertising world of today. This "agency man", as he described himself represented publishers rather than advertisers because there were no other mass media other than Newspapers then.

Palmers, at various times referred to his business as "Newspaper agency". This uncertainty at the beginning and the magnitude of the business denied him of a proper sense of direction, and the exact scope the business covers. This led him to attempt to categorise each business he did as a separate agency. It was not until 1842 that he combined all his "business" into one and called the entire business an "Advertising Agency".

Bruce Wesley commenting on the creativeness and ingenuity of V.B.Palmers with respect to how he dominated the business said that:

> .....you have only step into his (Palmer's) with the notice you wish giving to all the people of the United States and it is done.9

Advertising and sales promotion are very important elements in modern business. As Stanley (1976) puts it:

> .....Manufacturers are capable of producing far more goods than can be effectively absorbed by existing markets. The problem is no longer the production of the goods themselves but their effective marketing. Consumers must be made willing to constantly improve their standards of living by purchasing more and better products if the economy is to continue to expand. One of the major ways in which this can be done is through the more effective utilization of the tools

9. Wesley, Bruce H.-The Nation's first Advertising Agency Man" Journalism Monograps No.42 (May 1976) p. 12.

of promotion.[10]

In the United States of America, advertising industry is a sizeable part of the economy. In 1966, total expenditure on advertising amounted to sixteen billion dollars or 2.6% of the national income.

Comparable figures for this country are unfortunately unavailable but the country has many big advertising agencies such as Lintas Nigeria Limited, Ogilvy Benson and Matthers, Pal Advertising Nigeria Limited and so many others.

2.3 Similar Studies

It appears as if there is an increasing doubt as regards what advertising can achieve. This quest to explore this area of business knowledge may have caused an increasing effort among marketing researchers to study theoretically the effectiveness of advertising in the marketing of goods and services.

Such studies are necessary for an advertiser to be able to know what he is getting for the money he "invests in advertising". An American advertiser has been reported by Rosser Reeves to have called advertising "one of the mysteries of business" because he claimed that there were a t times he spent an upward of eighteen billion dollars per year without having an idea of

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10. Stanley Richard E. - Promotion (advertising, publicity, personal selling and sales promotion) 1977 Prentice-Hall Inc. p. 3.

"what he is getting for his money".[11] Also John Wanamaker a successful nineteenth - century merchant said that "I know half the money I spend on advertising is wasted; but I can never find out which half". In an attempt to find out which of their advertising is wasted and which is successful, advertising agencies advertisers and media are spending many millions of dollars each year. Specifically, they are trying to discover whether a particular ad or series of ads accomplished what was expected of it. This is the "feedback" to the communicator to tell him how many persons received his message and how they interpreted what was said.

These views further seem to summarise the problem of the advertising industry. Year after year, advertisers spend more on advertising "without knowing what they are getting for their money". In the United Kingdom for example, there was a growth rate of 7.1% in advertising expenditure in 1978 when compared with 1977. In Nigeria the situation is no better. As a developing country with vast array of expansion in business activities the need for advertising is evidenced from the alarming number of advertisements that appear in the newspapers, magazines, radio and television.

Arthur Lewis[12] classified the United States of America as having reached the "age of high mass

11. Gerald Eve "Consideration in setting advertising budgets". Advertising 56 (Summer 1978), p.34.
12. Arthur Lewis, Stages of Economic Growth. G.B. Cambridge University Press 1960,2nd Ed. p.75.

consumption" which he developed in his model of growth to mean the most advanced form of economic growth attainable. If such a stage actually exist, then the age of high mass consumption must be preceeded by the age of high advertising consumption if even the mass produced goods and services would reach the ultimate consumers. So the amount of advertising expenditure the American businessmen must have been "wasting" will definitely be enormous. Studies by Ackoff and Emshoff as reported by Daniel Starch[13] point to the fact that advertisers are often very reluctant to reduce their advertising expenditure.

Then, there must definitely be some benefits that these advertisers derive by advertising.

The question should rather be, what benefits do advertisers derive which they are unaware of?

Attempts to find an acceptable solution to this question led to studies in all aspects of promotion. Studies in advertising like in many areas of marketing grew out of psychology. According to Daniel Starch consumer psychology "looks at the problems from the point of view of the individual consumers while the marketing psychology looks at the same problem from the point of view of the marketer to meet the needs and desires of consumers."[14]

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13. Daniel Starch, Measuring Advertising Effectiveness and Results, N.Y. McGraw-Hill (1966) p.158.

14. Daniel Starch, Ibid p. 159.

But the problem confronting the consumer is the same with that of an advertising research - the problem of finding the effects of Advertising.

There is the generally accepted fact that there are important differences in the effectiveness of individual advertisements and media. It is also known that some advertisements a re more effective than others. However, the extremes in effectiveness between advertisements that cost the same amount did not become apparent until the presence of adequate measuring sticks. The studies of Starch, Gallup and Robinson, the Advertising Research Foundation, and practically everyone who has tested large numbers of ads - regardless of the yardstick used-testify to wide variation in effectiveness. Through research, each advertiser and agency hopes to find out whether his ads have the high or low ratings.

Unfortunately, the experts who plan and put together the ads cannot always be good judges of the advertisements' ultimate effectiveness. Mayer pointed out that businessmen probably know less than ever before about the efficiency of their sales promotion efforts[15]. The early advertisers for the most part were mail order advertisers, and they could calculate the effectiveness of their advertising by using the most valuable check of all - actual sales. However, the optimism of advertising pioneers like Claude Hopkins turned out to be unfounded

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15. Martin Mayer, The Intelligent Man's Guide to sales Measure of Advertising (N.Y.Advertising Research Foundation 1965), pp. 1 - 2.

when it was descovered that general consumer advertising and advertising designed for mail order sales were different in a great many ways.

There has been proliferation of studies inclined towards measuring the effectiveness of advertising. One of such studies is one carried out by the United States Department of Agriculture (U.S.D.A) as reported by Daniel Starch. The method of study was described as the "quasi-direct" approach. The study undertook to measure the "effect of advertising on lamb".

The design of the experiment consisted of controlled amounts of promotion in six cities. The test were conducted in three six-week period between September 6th 1960 and February 11th 1961 with a gap over the holiday period. The promotion was carried out in rotation. There were two forms - the regular advertisement by the American Lamb Council, and the additional promtion by the corporate retailers. Arrangements were made with 78 supermarkets in the six cities to measure sales of lambs by customary store inventory methods. The experiment showed that regular advertising program increase sales by about 10% over "no-promotion" and secondly that the retailer cooperative promotion increased sales by an additional 15%.

A similar study was made by the marketing economic division in the United States of America regarding the effects of advertising on sale of frozen concentrated orange juice. The findings indicated that monthly sales of concentrated orange juice during the seven month

active nationwide advertising campaign were 13% higher than would be expected without promotional efforts.

In each of the two studies described above, there were evidence that advertising brought an increase in sales than would have been the case. Increase in sales will mean, as a matter of necessity, more production of the product in question which will call for more advertising in a vicious circle.

A third study by the United States Department of Agriculture (U.S.D.A) designed to measure effects of a special promotional program on sale of apples also showed that sales increased by about 15%.

These experiments were designed and came close to being direct measurements of the net effects of advertising. They are however, not fully direct in the sense that they do not indicate which people and how many of them bought the various products involved. These information is desirable in relating cause and effect more closely.

These studies were nevertheless important contributions to the study of the measurement of the effectiveness of advertising.

Frank Mei'ssner[16] argued that the whole purpose of advertising and sales promotion is to persuade consumers to buy more of a product at the same price or pay higher prices for the same quantity or a little of each. He

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recognises the difficulty involved in measuring advertising's contribution to sales by saying that "conceptually, the measurement of advertising impact appears to be a straight forward task. However in reality it is quite a difficult job because advertising is only one of the many "demand shifters" among others such as income, taste, habits, sex etc.

In effect he is saying that there are exogeneous variables which could also explain the increase in sales of a product when advertising is employed. Such exegeneous variables he identified as price and taste. But he still believes in advertising as a contributory variable towards influencing consumer purchases.

In another study, Vinod Kheun Verma[17] recognises that "there is an increasing effort among marketing researchers to study theoretically the impact of advertising on individual consumer behaviour". He devised a price-theoretic approach to the specification and estimation of the sales-advertising function and hoped that the approach should be able to answer how (in a predictive sense) and why (in an explanatory sense) advertising affects consumer choices. Based on a stochastic model of consumer brand choice Kheun derived an aggregate sales-advertising function. His study represents "consumer choices by a first order Markov-Model". Where the probability of a consumer shifting to the advertised brand, having bought another brand

17. Vinod K.Verma, "A price theoretical approach to the specification and estimation of the sales-advertising function". Journal of business, Chicago University Press, July 1980, p.116.

previously is increased by advertisement.[18] "The consumer" he says "is assumed to maximise a well defined utility function that is continuous, non-decreasing and quasi-concave with second order partials". This maximization is subject to the usual constraints (i.e. consumer utility constraint). To induce a re-allocation of these expenditures advertising must change the consumer utility function or some of the constraints in the consumer's problem. In other words advertising must alter the psychological functioning of the individual according to the model of psychodynamics which is based on the theory of individual difference perspectives.

Development in economics emphasize the "information role" of advertising. An early study by Stigler[19] demonstrated the consumer's incentive to search for a low price when the market is characterised by a homogeneous product quality but some price variation among sellers. Advertisements that feature product price and the sellers identity is equivalent to consumers own search for a low-priced seller. Such an advertisement, he concludes lowers the products expected cost to the consumer and therefore provides valuable information.

It is implied in Stigler's ideas that he recognises the impact of advertising on the sale of products or services but he merely offers an extension by adding that

18. Quoted by V.K.Verma, Ibid p.166.

19. Stigler, quoted by V.K. Verma Ibid pp. 117.

advertising also play the "informational role" which he analysed to show that it covers the cost of the product to the consumer by saving the consumer the time wasted in searching. The lowering of the product cost if extended will also mean more demand for the product which in turn boost the production of the product as the firm makes profit or at least break-even.

Stigler has therefore proved that whichever way it is looked at, advertising is a "live-wire" of any business organization.

All these studies point toward advertising as having been responsible for the increase in sales and in other words in consumption demand.

But Neil Borden, a reknowned Professor of Economics at Harvard Graduate School of Business Administration believes that the "study of demand shows that the opportunity for the use of advertising to increase demand for some products can be a very important means of increasing sales for the advertiser, yet contrary to the view of many marketers "advertising does not always pay"[20] He goes on to support his assertion by saying that:

> .....it appears likely that for products whose demand is inherently inelastic i.e. whose consumption by individuals is limited by the character of the products, advertising does not materially affect the elasticity of demand"

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20. Neil H.Border "The Economic Effects of advertising (1942) quoted by W.Schram Mass Communication urbans univ. Illionois Press (1960), p. 225.

This study attempts to find out whether Neil Borden's economic theorising holds true in the case of commercial banks profitability.

A common practice in developing economies is for management to continue to expand demand irrespective of whether the firm can meet the resulting increase in demand. This study is also intended to support or reject Kotlev's view that advertising and sales promotion has at least four uses in a period of shortages, two of such being to help ".....user of the scarce product understand how to use it economically", and secondly .... to sponsor corporate messages defending the company against serious criticism.[21]

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21. Kotter Philip "Marketing during periods of shortage" Journal of Marketing Vol. 38, July 1974, pp. 27 - 28.

CHAPTER III

DATA ANALYSIS

3.1 FIRST BANK OF NIGERIA LTD-CORPORATE HISTORY

Sometime in 1891 it became apparent that banking facilities were urgently required in West Africa and especially in Lagos. Elder Dempster and Co. were approached in 1892 and 1893, the Bank of British West Africa was announced but it was a little more than a department of Elder Dempster and Co, housed in its offices and managed by its agent.

Few months later, colonial office in London sought to know whether the new Bank is a sound and genuine concern. It was found out that the bank was not really in existence and in December 1893, the colonial government resolved to leave its accounts with the bank for two or three months "pending the formation of a Bank with a capital of £100,000 out of which £30,000 was paid up.

The Bank of British West Africa was thus registered in England as a limited liability company on March 31st 1894 with its Head Office in Liverpool.

Government accounts were kept in the bank and it handled the import and export of mint lions until 1959 when the Central Bank of Nigeria was established. When it became apparent that colonial relationship was coming to an end in West Africa, the bank changed its

name to Bank of West Africa in 1957.

During the "merger" era of the 60's Bank of West Africa was not left out. It merged with the Standard Bank, one of its shareholders since 1920 and became Standard Bank of West Africa in 1966. In 1969 a separate company was incorporated in Nigeria under the name Standard Bank Nigeria Limited.

To reflect the majority shareholding and the fact that it was the "pioneer" bank in the country, First Bank of Nigeria assumed its present name in 1977.

First Bank Nigeria Limited at present has 248 branches located throughout the country and its Tota Assets also stand at ₦6.7 billion as at 31st Decembe 1987. Loans and advances stand at ₦2.04 billion and shareholder's funds stand at ₦373 million as at 31st December 1987. Its staff strength also is 10,865.

Main Banking Functions

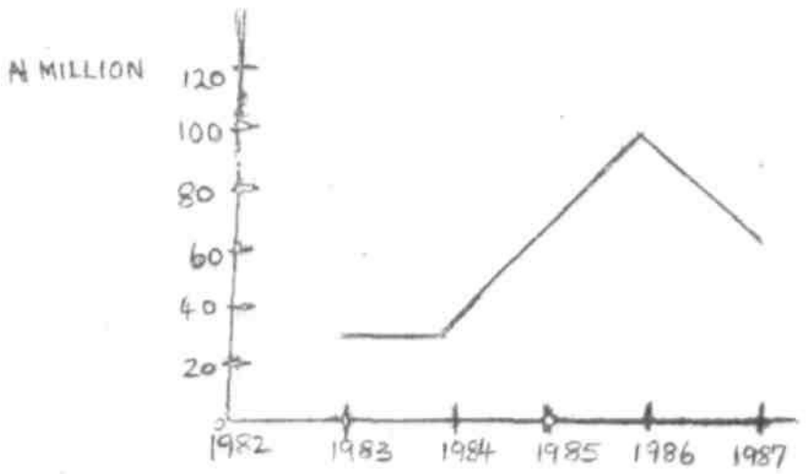
First Bank of Nigeria Limited engages in a full range of normal commercial banking services which include, maintenance of savings, current and fixed deposit accounts. Granting of loans and overdrafts, provision of Banker's References, credit management, safe keeping of valuable items. Also provision of Business Advisory services in the sense of providing specialised services on a centralised basis.

The bank has also established a corporate Banking Division specifically for the needs of corporate clients.

The overall objective of the Division is to project a dynamic image, provide prompt top quality service to corporate clients and act as a local point within the Bank to which such clients can refer their non-routine financial requirements.

First Bank of Nigeria Limited also renders other banking services like the opening of letters of credit, enter into bounds, guarantees and indemnity in respect of imports for clients. The bank can also on request contact business organisation overseas with whom clients may wish to establish relations. Also free and general advice can be obtained on investment opportunities in Nigeria.

FIRST BANK OF NIGERIA LIMITED PERFORMANCE GRAPH



PROFIT AFTER TAX

3.2 UNION BANK NIGERIA LTD - CORPORATE HISTORY

After being authorized by the Banking Act of 1916, Union Bank of Nigeria Limited then known as the Colonial Bank, opened for business in Nigeria in the year 1917 with the first branch in Lagos then Jos and Port-Harcourt.

In 1918, more branches were opened at Ebute Metta, Ibadan, Kano, Onitsha, Zaria, and Burutu in 1921. In 1926, Barclays Bank, Dominion Colonial and Overseas was formed to take over the activities of the colonial bank along with other British banks. In the 1950's, the Bank's name was shortened to Barclays Bank (D.C.O.). In 1967, the Bank was legally incorporated in Nigeria as a wholly owned subsidiary of Barclays Bank International Limited of London and renamed Barclays Bank of Nigeria Limited. The ownership structure remained the same until 1971 when 8.33% of the Bank's shares were offered to Nigerian citizens and associations and the share capital listed on the Nigerian Stock Exchange for the first time.

As a result of the Nigerian Enterprises Promotion Decree of 1972 and 1977 which put the force of law behind government's "Indigenization Policy", the Federal Government of Nigeria acquired 51.67% of the Bank's shares while Barclays Bank PLC was left with 40% and the remaining 8.33% with the Nigerian public.

On the 21st March 1978, the Federal Government ordered sanctions against the Bank as a result of the pronouncements of Barclays Bank International Limited of London on its activities in South Africa. The sanction then included the immediate withdrawal of the public sector funds from the Bank and the reduction of its expatriate quota by one third. The sanction led to massive withdrawals of deposits by customers culminating in liquidity crisis for the Bank. The Bank was able to weather this crisis until the embargo was lifted in sometime in 1979. Also in 1979 Barclays Bank decided to sell 50% of its shareholding in the Bank to Nigerians thus reducing the former's equity holding to 20%. Following the reduction of Barclays Bank shareholding in the bank, its name was changed in 1979 to Union Bank of Nigeria Limited to reflect the new image and the new ownership structure of the Bank.

Since 1979 to date, the ownership structure of the Bank has remained the same with 51.67% for Ministry of Finance Incorporated (Federal Government) 28.33% private Nigerian investors and 20% Barclays Bank. The equity structure makes Union Bank the only former expatriate Bank currently with the largest proportion of its share, 80% owned by Nigeria and Nigerian organizations.

The total assets of Union Bank have grown from ₦1.4 billion in 1979 to ₦5.4 billion since 1986. Between 1981 and 1984 the Bank made the highest level of profits in the Banking sector in Nigeria. In 1986, the Bank became the first Nigerian Bank to hit the one billion naira mark in its savings deposits. It also won the Nigerian Stock Exchange Merit Award in the financial sector for six consecutive years from 1979 to 1984 for the quality and depth of presentation of its annual accounts and conduct of Annual General Meetings.

Also the Bank's profit before taxation has grown from ₦22.9 million in 1979 to ₦103.8 million in September 1986, an average annual growth of 50.5%; and earnings per share increased from 37 kobo in 1979 to 99 kobo in 1986. Deposits base increased from ₦1.3 billion in 1979 to over ₦4.0 billion in 1986. Loans and advances grew from ₦6,334.0 million in 1979 to ₦1.9 billion in September 1986 representing an increase of ₦1.3 billion. Shareholders funds increased from ₦67.4 million in 1979 to ₦299.7 million. The staff strength also grew from 5,805 of which 20 were expatriates in 1979 to 10,991 in March 1987 with 9 expatriates. The Bank's branch network also grew from 128 in 1979 to 207 in April 1987 with a branch in the city of London.

Main Banking Functions

Union Bank of Nigeria Limited provides a full range of normal commercial banking services. The Bank's role in the banking sector is to continue to create a liberal, popular and private image in order to get increased patronage from the government, big corporate institutions and more importantly, big and small savers. Other Banking services rendered include opening of Domiciliary Foreign Currency Accounts and management of foreign exchange escrow accounts, shares registration, corporate finance, Business Advisory services and small Farmers Loan Scheme. Also in line with the Federal Government policy, the Bank now places special emphasis on Agricultural and manufacturing sectors. The Bank is also pursuing vigorously a computerisation programme in keeping with the policy of modernization. In line with this policy is the introduction of two products namely "The Unicard" and Save-As-You-Earn - SAYE.

For the two banks, that is First Bank of Nigeria Limited and Union Bank of Nigeria Limited the process of their advertisement campaign starts with identifying the product(s) to advertise. The bank then contacts the agency engaged for this purpose or its advertising department handles the development of the concept it wants to make known.

The concept developed is analysed in the following ways to ascertain effectiveness.

(1) The message to be transmitted must be translated into a language the agency and customer(s) will understand that is, the use of simple, direct language.

(2) The unique features of the product must be emphasized in the concept.

(3) The concept must identify a target audience.

The next step is for the agency to come up with a creative strategy and study before the go-ahead for advertising. Important to note before advertisement is for the bank to seek approval of claim from the Central Bank before advertising. This is to forestall situations where wild claims are used in advertising slogans.

3.3 Data Interpretation

The responses in all cases were coded and constructed into tables manually. A total of 200 questionnaires were administered on the customers of First Bank of Nigeria Limited, Union Bank of Nigeria Limited and other Banks in these categories.

It was found from the analysis that for First Bank 70.6% responded and 29.4% did not respond out of

the seventy five (75) questionnaires administered. The response rate for Union Bank was 62.6% while 37.4% did not respond out of the seventy-five (75) questionnaires administered. For other banks in the third category 64% responded and 36% did not respond out of the fifty (50) questionnaires administered. On the whole 66% of the administered questionnaires represented the returns. The reason for this rather average response rate was because most respondents being given the questionnaire to complete at the banking hall of these banks were busy trying to get whatever transactions they came for through with the promise to complete the questionnaire and in the process forget to return.

The fact is thus presented in the table below:

TABLE I

Responses Rates

BANKS	NUMBER ADMINISTERED	RETURNS	%
First Bank	75	53	70.6
Union Bank	75	47	62.6
Other Banks	50	32	64
	200	132	
% of Total	100%	66%	

The analysis of the responses also show that all the respondents are exposed to their banks advertisements which represents 100%

The question of length of operation with bank was asked to primarily determine the level of banking awareness among bank users in the country. It was also asked to enable the researcher to know the customers profile in terms of whether satisfaction is provided or not and most importantly to test the first null hypothesis presented in that the greater the exposure to advertisements of commercial banks services the higher the demand for the advertised services.

Responses to the question had the years divided into four categories of 1-5 years, 6-10 years, 11-15 years, 16 years and above.

For First Bank 21 or 39.6% of the respondents have been operating an account with the bank between a period of 1-5 years, 16 or 30.2% for a period of 6-10 years, 10 or 18.9% for a period of 11-15 years and 6 or 11.3% for 16 years and above.

For Union Bank, 16 or 34% of the respondents have been with the bank between a period of 1-5 years, 15 or 31.9% between 6-10 years, 10 or 21.3% between 11-15 years and 6 or 12.8% for a period of 16 years and above.

In the case of the other Banks 15 or 46.9% respondents have been with their banks between a period of 1-5 years, 11 or 34.4% for 6-10 years, 3 or 9.4% for 11-15 years and 16 years and respectively. The table below shows the full detail.

TABLE 3.2

Length of Operation with Bank

	FIRST BANK		UNION BANK		OTHER BANKS	
YEARS	FRE-QUENCY	%	FRE-QUENCY	%	FRE-QUENCY	%
1-5	21	39.6	16	34	15	46.9
6-10	16	30.2	15	31.9	11	34.3
11-15	10	18.9	10	21.3	3	9.4
16 and above	6	11.3	6	12.8	3	9.4
	53	100	47	100	32	100

From the analysis, it can be observed that the pattern of frequency distribution shows that most of the respondents fall within the two categories of 1-5 years and 6-10 years. It can therefore be deduced that the banks have been getting more customers within the past 1-10 years.

In question seven of the questionnaire, the researcher asked the respondents to indicate the type(s) of account they operate with their bank. It could be savings, current and fixed deposit. It should be noted that some of the respondents operate more than one type of account.

For First Bank 24 or 41.4% operate savings accounts, 32 or 55.2% operate current accounts, 2 or 3.4% operate fixed deposit accounts.

In the case of Union Bank, 14 or 29.2% of the respondents operate savings accounts, 29 or 60.4% operate current accounts while 5 or 10.4% respondents operate Fixed Deposit accounts.

The responses received in the case of other Banks show that 15 or 41.7% of the respondents operate savings accounts, 19 or 52.8% operate current accounts while 2 or 5.5% of the respondents operate Fixed Deposits accounts. Table below shows the detail.

TABLE 3.3

Type(s) of Account With Bank

	FIRST BANK		UNION BANK		OTHER BANKS	
TYPES	FRE-QUENCY	%	FRE-QUENCY	%	FRE-QUENCY	%
Savings	24	41.4	14	29.2	15	41.7
Current	32	55.2	29	60.4	19	52.8
F.Deposit	2	3.4	5	10.4	2	5.5
Total	58*	100	48*	100	36*	100

* Some respondents operate more than one type of account with their bank.

It can be observed that most of the respondents operate accounts in the savings and current account categories. Significant differences exist between the respondents operating savings and Fixed Deposit accounts, also current and Fixed Deposit accounts.

The differences is thus explained below.

For First Bank, differences of 38% and 51.2% exist between response rate for savings/Fixed Deposit accounts, also current/Fixed Deposit accounts.

The differences for Union Bank between Savings/ Fixed Deposit account are 18.8% and 50 respectively.

While for other banks, 36.2% and 47.3% differences exists between the Savings/Fixed Deposit and Current/ Fixed Deposit accounts respectively.

The differences can further be explained based on usable questionnaires received, in terms of the fact that most of the respondents operating either savings or current accounts or both were either civil servants, traders and small business people. It was also found out that the respondents that keep or operate Fixed Deposit accounts are the banks big customers and they are few in number compared to other categories of customers.

When respondents were asked to indicate the sources through which they got to know their banks, four

variables were provided viz: Personal efforts, Advertisements, Friends and other sources. Table below shows the relative importance of these variables.

TABLE 3.4

Sources Through Which Bank is Known

Sources	First Bank		Union Bank		Other Banks	
	Frequency	%	Frequency	%	Frequency	%
Personal Efforts	19	35.9	17	36.2	7	21.9
Advertisement	16	30.2	16	34	8	25
Friends	14	26.4	14	29.8	13	40.6
Other Sources	4	7.5	-	-	4	12.5
Total	53	100	47	100	32	100

Personal efforts had the highest response rates with 35.9% and 36.2% for First Bank and Union Bank respectively. This is followed by Advertisements with 30.2% and 34% respectively. The source of friends also accounted for 26.4% and 29.8% respectively while only First Bank had 7.5% response rate for other sources.

The response rate for other banks had friends with 40.6% accounting for the highest, followed by advertisements with 25%, personal efforts with 21.9% and lastly other sources with 12.5% response rate.

It can be observed from the table that for First Bank and Union Bank the two most important sources were personal efforts and advertisements, while for other banks they are friends and advertisements. It is important to note that for the three categories of response rates advertisements was arrived at as the second most frequent source. It can thus be deduced that advertisements is playing a major role in getting more customers for commercial banks in the country and is also performing its four basic strengths as a promotional tool as enumerated in the literature review.

The major media in use in the country for advertising and other promotional activities include radio, television, newspapers, billboards, signposts, magazines and other media.

In an interview with the Public Relations Managers of First Bank and Union Bank, all these media types were indicated as being used in their advertising activities. They were therefore provided as options for the respondents in question ten (10) to indicate which of them has been most effective at reaching them.

In the case of responses received for First Bank, television has 49% effectiveness, this is followed by radio with 18.9%, newspapers 17%, magazines 5.1%, billboards and signposts with 3.8% effectiveness respectively and lastly 1.9% effectiveness for other sources such as gifts, calendars and letters.

Responses for Union Bank had 53.2% effectiveness for television advertisements, radio and newspapers each had 14.9%, effectiveness, magazines 8.5%, signposts 4.3%, while billboards and others had 2.1% effectiveness respectively.

Responses for other Banks are as follows with television having 59.4% effectiveness, radio with 15.6% effectiveness, newspapers 12.5%, magazines 6.3% and billboards with 3.1% effectiveness. The table below gives a full detail.

TABLE 3.5

Most Effective Media at Reaching Respondents

	First Bank		Union Bank		Other Banks	
	Frequency	%	Frequency	%	Frequency	%
Radio	10	18.9	7	14.9	5	15.6
Television	26	49	25	53.2	19	59.4
Newspapers	9	17	7	14.9	4	12.5
Billboards	2	3.8	1	2.1	1	3.1
Signposts	2	3.8	2	4.3	1	3.1
Magazines	3	5.6	4	8.5	2	6.3
Others	1	1.9	1	2.1	-	-
Total	53	100	47	100	32	100

It can be observed from the table above there are three (3) most effective media, these include radio, television and newspapers with the most effective being

television. This analysis further testifies wide variations in effectiveness between advertisements whether costs are same or not. It also support similar studies by Starch, Gallup and Robinson and the advertising research foundation that has tested large numbers of achievements regardless of the yardstick used.

Furthermore, in an interview with the public relations managers of both banks being compared i.e. First Bank and Union Bank, the decision to use these media types is based on the fact that they want to reach all the segments of their target market irrespective of income level.

To further determine the effectiveness of source a chi-square test was applied with the level of confidence determined at 95%. The chi-square test is normally used to test what is expected and what is actually observed and their frequencies. The chi-square value is calculated by applying the following formula.[1]

$$\chi^2 = \sum \frac{(n_{ij} - e_{ij})^2}{e_{ij}}$$

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1. J.E. Freund and F.J.Williams, Modern Business Statistics.

Where:

nij = observed frequency

eij = expected frequency

n-1 = degrees of freedom (df). This is important in testing the level of significance.

The data are presented below.

TABLE 3.5b

Effectiveness of Source

Bank/ Source	Radio	T. V.	News-paper	Bill-posts	Sign-posts	Maga-zines	Others	Total
F.B.N.	10 (8.8)	26 (2.8)	9 (8)	2 (1.6)	2 (2)	3 (3.6)	1 (0.8)	53
U.B.N.	7 (7.92)	25 (25.2)	7 (7.2)	1 (1.44)	2 (1.8)	4 (3.24)	1 (0.72)	47
Others	5 (5.28)	19 (16.8)	4 (4.8)	1 (0.96)	1 (1.2)	2 (2.16)	0 (0.48)	32
Total	22	70	20	4	5	9	2	132

$X^2 = 2.32$ 6 df i.e 7-1 = 6

Using $X^2 0.05$ i.e a level of significance of 0.05 and 6 degrees of freedom, therefore from the chi-square distribution table value of p = 12.592.

Since the value of X^2 obtained is less than P, the researcher concludes that there is no difference as to what was deduced from the earlier analysis that television is the

most effective source followed by Radio and Newspapers for responses received for First Bank, Union Bank and other Banks.

The researcher asked the question of influence of ... advertisements in opening accounts to know whether Banks advertisements has in any way influenced the respondents decision to open an account with their bank(s).

For First Bank, 45.3% of the respondents indicated to being positively influenced by advertisements while 54.7% indicated otherwise.

The response rate for Union Bank had 66% positive indication of advertisements influence and 34% negative indication.

In the case of other banks in the last category 40.6% of the respondents were positively influenced by advertisements and 59.4% were not.

The table below shows the full detail

TABLE 6a

Influence of Advertisements in Opening Account

	First Bank		Union Bank		Other Banks	
	Frequency	%	Frequency	%	Frequency	%
Yes	24	45.3	31	66	13	40.6
No	29	54.7	16	34	19	59.4
Total	53	100	47	100	32	100

From what can be observed in the table above, it is not easy to identify the dominant variable. It is a sort of half way thing between the banks. For instance First Bank and other banks had the negative indication as dominant while Union Bank's response rate had positive indication as dominant. To further substantiate this finding the chi-square value for the frequencies is calculated in the table below.

TABLE 3.6b

Effectiveness of Advertisements in Decision to Open Account

	First Bank	Union Bank	Other Banks	Total
Yes	24 (27.56)	31 (24.44)	13 (16.64)	68
No	29 (25.44)	16 (22.56)	19 (15.36)	64
Total	53	47	32	132

$X^2 = 6.29$ 2df i.e $3-1 = 2$

Using $X^2 0.05$ i.e. a level of significance of 0.05 and 2 degrees of freedom, therefore from the chi-square distribution table value of $P = 5.991$.

Since the value obtained for X^2 is greater than 5.991, it can be deduced that the proportion of the indications by the respondents are not equal. Furthermore it is evident judging from the close figures arrived at that there is no significant difference between both positive and negative indication to the influence of advertisements in the opening of account for First Bank, Union Bank and other banks. It is also a further confirmation of the earlier deductions. These deductions can thus be explained in the sense that commercial banks advertising activities in Nigeria is making a headway in achieving the desired effects which is the creation of awareness.

Another question to act as a check on the earlier question presented in tables 3.4 and 3.5 was asked. The respondents were asked to rank in order of importance the factors that influenced their choice of bank.

The option given were as follows: Personal efforts, Advertisements, Location, friends, statement of accounts, image of the bank and others.

According to the responses received for First Bank, personal efforts emerged as the most important factor that influenced the respondents' choice of bank with 28.3%, followed by banks image with 26.4%, advertisements by 11.3%, friends 11.3%, location 7.6%, statement of accounts 7.6% and lastly other factors with 7.5%.

For Union Bank, the most important factor is friends with 29.8%, followed by advertisements with 19.1%, Image 17%, Location 8.5% and statement of account 6.4%.

The responses received in respect of other Banks, also had friends as the most important factor with 25%, this is followed by personal efforts and location with 18.8% respectively, advertisements and Bank's image with 15.6% respectively also and lastly other factors with 6.2%.

The full detail is presented in table below:

TABLE 3.7

Order of Importance of Factors that Influence Choice of Bank

Factors	First Bank		Union Bank		Other Banks	
	Frequency	%	Frequency	%	Frequency	%
Personal Efforts	15	28.3	9	19.1	6	18.8
Advertisements	6	11.3	9	19.1	5	15.6
Location	4	7.6	4	8.5	6	18.8
Friends	6	11.3	14	29.8	8	25
Statement of Account	4	7.6	3	6.4	-	-
Image of Bank	14	26.4	8	17.1	5	15.6
Others	4	7.5	-	-	2	6.2
	53	100	47	100	32	100

It is observable from the above table that the three factors that have significant role in the choice of bank are personal efforts, image of the bank and advertisements. Also the degree of significance of each of these factors varies with each bank. It is thus inconclusive to say that a particular factor is the most important.

3.4 Test of Hypotheses

The first null hypotheses postulated states that the greater the exposure to commercial banks' advertisements, the higher the demand for the advertised services. From the questionnaire administered, some questions were asked to test these null hypotheses.

The question of whether respondents have ever heard or seen their bank's advertisements had a positive response rate of 100%. Also the question of length of operation with bank was asked and from the analysis of response rates received, 71.21% of the respondents started operating an account with their banks within a period of 1 to 10 years while on the other hand 28.79% of the respondents have

been with their banks for a period of 10 years and above. The deduction here is that there has been an increase in the level of banking awareness.

To further test, the question of whether advertisements influenced respondents decision to open an account was asked. The analysis showed positive influence to be 51.51% while negative influence was 48.49%. Further substantiation shows the chi-square value for the frequencies arrived at as P = 5.991 when x^2 = 6.29. As x^2 value is greater than value of P, the deduction is that proportion of indications by respondents are not equal.

The question of source through which bank is known was also asked. Here respondents were supplied with four options viz: personal efforts, advertisements, friends and other sources. From the analysis, 32.57% indicated personal efforts as their source, 31.06% had friends, 30.30% had advertisements while other sources was 6.06% of the response rates.

From all these analysis, it can therefore be deduced that advertisements is playing a major role in getting more customers for commercial banks in the country and it is also performing its four basic strengths as a promotional tool as enumerated in the literature review. The hypotheses can therefore be accepted or upheld.

The second null hypotheses postulated states that advertising in the commercial banking industry enhances the image of the bank. From the questionnaire administered, the order of importance of factors that influence choice of bank was asked to be ranked. The options supplied were personal efforts, advertisements, location, friends, statement of account, image and others. The image enhancers among options available include advertisements, statement of account, friends and the banks image itself. From the analysis of response rates

received, the image enhancers accounted for 62.12% of the response rates while personal efforts, location and others accounted for 22.73%, 10.61% and 4.54% respectively.

From these analysis, it can be deduced that advertising activities of commercial banks have helped in enhancing their image. Responses from verbal interviews conducted also indicated that the banks' copy slogans have actually helped in carving an image for the banks. This hypotheses can therefore be accepted and upheld.

CHAPTER IV

CONCLUSION AND RECOMMENDATION

4.1 Summary of Conclusion

For advertisement to be effective, it needs an audience. It cannot communicate unless someone has a chance to read it, hear it or view it. In the light of this, commercial Banks in Nigeria especially First Bank and Union Bank realises the importance of customers for its survival and growth, thus its advertising activities centre on the services it provides for its clients and conducting all levels of research in making it known to both its existing and potential customers.

Although advertising expenditures for both First Bank and Union Bank were not released, it was however confirmed that the Bank's expenditures on advertising has been increasing yearly.

This assertion can be substantiated with the fact that from the data collected and analysed, the percentages of respondents that has been operating an account with their bank for the period of 1-5 and 6-10 years form a significant figure.

It can thus be infered that the level of banking awareness within the past five years has increased. More and more people are beginning to make use of services of commercial banks within the country.

To ascertain whether the assertion by banks about spending more money on advertisements in the past five years has been effective and in some ways achieved the

desirable effects can further be substantiated with the fact that regarding source through which bank is known, advertisements came in as the second most important source.

Further, all the respondents having indicated positively to being exposed to their banks advertisements had television as the most effective media at reaching them, this is followed by radio and newspapers.

It is thus concluded here that the target audience that are the recipients are getting the messages being put accross to them. Although advertisements may not have influenced the opening of accounts by respondents with their bank but it has had a significant role to play, in the sense that it boosts their confidence in their bank. It has also generated to a significant level the degree of awareness the banks are trying to create.

From the analysis of the most effective media at reaching respondents, the importance of television and radio advertisements cannot be overemphasized. This has been able to penetrate all income levels from the low income earners to the high income earners. It has also penetrated all educational levels, both literate, semi-illiterate and the illiterates.

From the commercial banking advertising activities in Nigeria today, the influence of advertisements in the decision to use a bank has increased, though it is yet to be a major influence.

Also the image of banks has enlarged, though mostly through the banks' operations, the advertising activities has further enhanced this.

The question of why Banks advertise their services is asked, despite the fact that they enjoy an atmosphere of oligopoly in commerce, but because they spring up daily all over the country with branches it is important that at least to communicate their existence to the public. It is of course this same public that would eventually trade with them. This however is the ordinary perspective of the industry. What of various opportunities opened to the public. If the work of banks is analyse carefully, its importance would be realised and the necessity for it to tell the public what it does.

Banks by their very nature in commerce cannot but advertise their service. As already mentioned above, new commercial banks are springing up daily and considering the level of competition among them, it is obvious that aggressive advertising should be applied in order for older ones to retain their credibility. It is even suicidal for a firm that has long enjoyed good patronage for its services to stop or refuse to advertise. If such happens, it would be given an opportunity for the market to give competition a trial.

4.2 Recommendation

The image of the financial institutions in Nigeria from a customer viewpoint suggests that since patronage of these institutions are drawn from households, corporate units, public organization, banks and even government, they must possess a well defined relationships with their

patrons. In other words, the image they convey to their patrons became an important calculus in their long term growth and profitability.

In Nigeria, the number of commercial banks operating is lower than the number required by our economy, yet the available few are still under patronized because most of the prospective customers do not know the importance of bank.

Proper use of advertisements can help in building image for the organization, so Nigerian Financial Institutions should not mis-use advertising, else people will think it is all lies. Nigerian banks have been using advertisements to tell prospective and present customers their edge over some of their competitors, though in a healthy environment. Most of the advertisements are genuinely selling and not blackmailing. This has promoted Nigerian Financial Institutions as well as doing business in a peaceful environment. But they should endeavour to follow the copy words of their advertisements since it seems some have good copy and slogan without effectively offering the services they proclaim to be offering.

What is meant is that if Union Bank claims to be "Big, strong and reliable", it should reflect in their services and First Bank "you will always leave First Bank with a smile" should also be reflective.

Banks should also stop seeing advertising budget as unnecessary or what they can afford. Because with the popularity of advertising in Nigeria now, the customer

tends to have little confidence in advertised services. Since public relations department in most banks is now responsible for advertising planning, enough money should be allocated for it. The choice of media to use must be well selected for it will be a share waste of money to use radio instead of press and vice-versa.

Advertising budget does not mean reduction in profit, the cost of advertisements are paid for by the customers. Also planners of advertising campaign should remember that advertisements are intruders, people do not buy newspapers to read advertisements, nor do they switch on their television to watch advertisements, the same goes for other media. Therefore, all campaigns must be well planned by experts. A bad advertisement will surely present an organization in a bad light.

The framework for inculcating the banking spirit should also be paramount on the drawing board of the banks. The strategy would be to infuse into people's minds the importance of saving for the accummulation of funds for purposes of ensuring productive investments. It is thus necessary to plan savings promotional activities, work out the modalities for executing them and as well creating a proper environment to stimulate savings.

What is being proposed here is a primary demand marketing campaign aimed at sensitizing Nigerians on the desirability of savings. The Banks should see this type of promotional activity not only as part of social responsibility inherent in their positions as financial

intermediaries but also as an avenue for generating more earnings.

Effective communication is an essential part of any organization. Thus banks should be less conservative especially as regards releasing information. Adequate information also fosters better public relation since doubts can easily be cleared.

The appeal for commercial banks advertising in the country today is aimed at creating an image for the bank.

For instance Union Bank insists on being regarded as Big, strong, reliable, First Bank new structure rapid response, greater efficiency and nearly a century of banking experience", while African Continental Bank try to create an image of peoples Bank and United Bank for Africa is the wise man and women's bank. The emphasis is never on the product or price. The point being made is that the banks are not known for their product development strategy in a hardly competitive market situation.

Most advertisements of commercial banks are also discouraging, one often finds such advertisements showing a long queue of people looking tired and dejected.

There are also very low instances of bank switching among bank customers because consumers of commercial banking services see no difference in the services offered by commercial banks. It should though be noted that some customers think more of their customers than others in the presentation of their services.

Not much is made of any competitive advantage especially in not letting the prospective customers in an it through media advertisements.

Commercial banks in enhancing their advertising activities should also conduct researches in area of pre-testing and post-testing their advertisements. Although this might be difficult, but it helps to ascertain effectiveness so as to know how a particular advertisement is received through the level of and extent of recall and sales tests.

Finally, commercial banks occupy a delicate position in the development of a country's economy. There should therefore be an air of confidence on the part of the institution that plays such a key role in the survival of a nation. That confidence may not necessarily be for the existence of the nation, but an assurance that the financial house is growing from strength to strength.

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APPENDIX I

Institute of Administration,
Ahmadu Bello University,
P. M. B. 1013,
Zaria.

20th September, 1988.

Dear Respondent,

A STUDY OF THE EFFECTIVENESS OF ADVERTISING IN COMMERCIAL BANKING IN NIGERIA.

I am a student of the Department of Business Administration, Institute of Administration of Ahmadu Bello University, Zaria, conducting a research into the "Effectiveness of Advertising in Commercial Banking in Nigeria".

This study is necessary for the award of the Master of Business Administration (M.B.A.) degree and as such it is going to be used for academic purposes only. The information collected will be strictly confidential.

I am therefore seeking your full cooperation in answering the questions below and timely return at your earliest convenience please.

QUESTIONNAIRE

(Please tick (✓) the response to each of the questions as provided or comment as appropriate).

1. Sex
   (a) Male ( ) (b) Female ( )

2. Marital Status

(a) Married ( )

(b) Single ( )

(c) Widowed ( )

3. Educational Level

(a) Primary ( )
(b) Secondary ( )
(c) Vocational/Technical ( )
(d) University ( )
(e) Professional Training ( )

4. Occupation:

5. Do you bank with:
(a) Union Bank of Nigeria Ltd. ( )
(b) First Bank of Nigeria Ltd. ( )
(c) Others (please state)
..... ( )

6. For how long have you been operating an account with the bank:
(a) 1 - 5 Years ( )
(b) 6 - 10 Years ( )
(c) 11 - 15 Years ( )
(d) 16 years and above ( )

7. What kind of account do you keep:
(a) Savings ( )
(b) Current ( )
(c) Commercial ( )
(d) Fixed Deposit ( )

8. How did you get to know of your bank? Through:
   (a) Personal efforts ( )
   (b) Advertisements ( )
   (c) Friends ( )
   (d) Other sources (please specify)
   .....

9. Have you ever heard/seen your bank's advertisement?
   (a) Yes ( )
   (b) No ( )

10. If yes, through which media?
   (a) Radio ( )
   (b) Television ( )
   (c) Newspapers ( )
   (d) Billboards ( )
   (e) Sign posts ( )
   (f) Magazines ( )
   (g) Others (please specify)
   .....

11. Which of these sources have been most effective at reaching you? (please state)
   .....
   .....

12. Were you influenced by the advertisements in opening your Account?
   (a) Yes ( )
   (b) No ( )

13. Rank in order of importance, the factors that influenced the choice of your bank:

(a) Personal effort ( )
(b) Advertisement ( )
(c) Location ( )
(d) Friends ( )
(e) Statement of Accounts ( )
(f) Image of the Bank ( )
(g) Others ( )
..... ( )

Thank you for your cooperation.

M. Y. ADJDIRAN.

APPENDIX II

QUESTIONNAIRE

This researcher is writing a project in partial fulfilment of the MBA programme on the 'Effectiveness of Advertising in Commercial Banking in Nigeria'.

All information obtained will be treated in confidence. It will not be used for any other purpose but academic.

1. Name of company
2. Date of Incorporation
3. Type and nature of service
4. Staff strength
5. Do you engage in Advertising?
   (i) Yes (2) No
6. If yes, do you have a separate department?
7. If no, state alternative

8.a. What is the profit history of your bank year by year? (1984-87)

YEAR	PROFIT	REMARK
1984		
1985		
1986		
1987		

8.b. What is your market share percentages if possible for the same years (1984-87)

YEAR	MARKET SHARE	REMARK
1984		
1985		
1986		
1987		

9. Indicate any significant trends or sharp deviations from your bank's projected profit.

10. What new kind of service(s) has your bank introduced over the years?

11. What are the principal services with which you have to compete.

12. Is your competition local, regional or national?

13. What are your advantages over competitors?

14. What are theirs over yours? (if any)

15. Who are your present customers? (state categories)

16a. What are the customers' attitudes towards your services
(i) Satisfactory (ii) Indifferent (iii) Not satisfactory

16b. Give reason(s) for your response.

17. What attributes of your services have led people to patronize you in the past?

18. What is the history of your advertising expenditures over a number of years.

19. What are the Advertising Agencies and media used?

20. State the type of media being used to reach your different categories of customers.

21. What is the effect of Advertising on your image?

22. What is the effect of Advertising on the demand for your services?

23. How does your bank set its Advertising budget?

24. Can Advertising be avoided without adverse conseqnences?

25. What has been the effect of Advertising on your profit position?
(i) Positive (ii) Negative (iii) Uncertain

26. What other form of promotion have you used or are still using? (Please rank them in order of frequency of usage).

(i) Personal selling

(ii) Sales promotion

(iii) Publicity

27. Do you think Advertising has been effective in your organisation?

28. What Yardsticks do you use to measure the effectiveness of your advertisements?

Today's First Bank

NEW STRUCTURE RAPID RESPONSE GREATER EFFICIENCY

Since 1894, First Bank of Nigeria Limited has been responding to the Financial, Economic and Social needs of the Nigerian nation. In an effort to provide a more efficient service, 'Today's First Bank' is structured to facilitate rapid response to our customers requests all over the Federation.

By transferring additional decision-making powers to our Administrative Banking Units in ENUGU, IBADAN, KADUNA, KANO AND LAGOS, we have brought the decision-making process closer to you for greater efficiency.

Whatever your needs—routine banking services, advice, or guidance in your business endeavours—you should take advantage of our new structure which ensures rapid response and greater efficiency at Today's First Bank.

Add to this, our experience, the largest network in the financial system, and the security of banking with an institution in existence for nearly a century.

For information of our branch network, services, or other organisational enquiry, write to the Deputy General Manager in any of our Administrative Banking Divisions in ENUGU, IBADAN, KADUNA, KANO, LAGOS or to the:

Assistant General Manager,
Corporate Promotions,
35, Marina, P.O. Box 5216
Lagos Phone 665900-20.

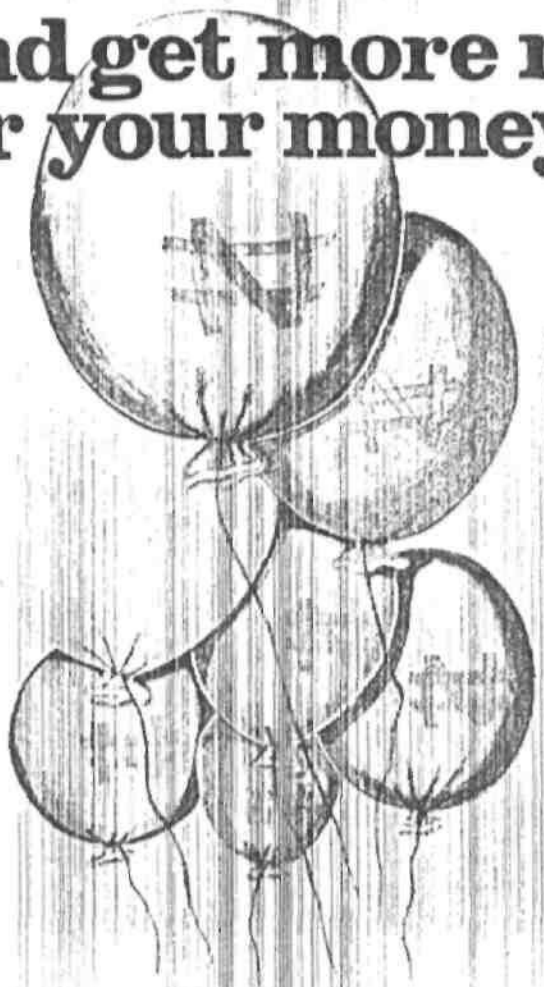
London Branch Office:
29/30, King Street, London,
EC2V 8EH, Tel. 01-606-6411.

First Bank of Nigeria Limited

Nearly a century of banking experience.

You can depend on Union Bank

Save and get more money for your money



At Union Bank, we share the concern of all forward-looking people—BIG and SMALL—to prepare themselves for the future. So,we encourage our kind of people—students, farmers, traders, transporters, businessmen and women—all over the country—to save with us. At Union Bank their money not only earns interest, it is vey safe.

Now the times are hard; but not so hard for us and our forward-looking customers. With over 11,000 dutiful staff to offer courteous, efficient and prompt service, in over 200 branches and our pace-setting achievement as the first Nigerian Bank to hit the N1 billion mark in its savings account balances, there is clear proof that more and more people trust that their money is safe with us.

So, now is the time for you to bank with us as we lift your savings up to higher interests and give you more money for your money.

1917-1987
70
YEARS OF SERVICE TO NIGERIA

UNION BANK ··· Big, Strong, Reliable
Head Office: 40 Marina, Lagos. Telephone: 665439, 665441

UNION BANK

UNION BANK OF NIGERIA LIMITED

Union Bank of Nig. Ltd.

New Advertising Campaign

Theme:
You can depend on Union Bank

1917-1987
UNION BANK
70
YEARS OF SERVICE TO NIGERIA

UnionBank... Big,Strong,Reliable

