BRAND COMMUNICATION AND ITS INFLUENCE ON BRAND LOYALTY IN THE BANKING INDUSTRY: AN EVALUATION OF FIRST NATIONAL BANK CUSTOMERS

BY

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ABSTRACT

This study was conducted with the aim to investigate whether brand communication is effective in influencing South African customers to remain loyal to a specific bank, in this case, First National Bank, or if there are other factors that influence brand loyalty.

The study was based on a quantitative research design. A non-probability convenience sampling method was implemented to reach First National Bank customers. To collect data, self-administered questionnaires were distributed to 500 First National Bank customers in order to secure sufficient responses for the sample size of 400 responses using online channels with customers residing in South Africa.

The study found that, overall, customers of First National Bank find the bank's communication to be effective and as a result reflect a positive influence on their loyalty. The study also found other factors that positively influence brand loyalty, such as trust of the security systems of the bank and trust of the bank itself.

The study concluded its findings by highlighting that a relationship between brand communication and brand loyalty exists within the banking sector. The study recommends that banks should incorporate communication strategies as part of the overall business strategies to increase customer and brand loyalty.

The researcher further recommends future research to include and explain other factors that influence brand loyalty in the banking sector, such as customers' income, culture, and access to technology.

KEY WORDS:

Communication; Brand communication; Brand loyalty; Behavioural loyalty; Attitudinal loyalty; Brand trust; Customer satisfaction; Demographics; Case study

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ACRONYMS AND ABBREVIATIONS

AIDA	Attention Interest Desire Action
ATM	Automated Teller Machine
BASA	Banking Association South Africa
FNB	First National Bank
FSCA	Financial Sector Conduct Authority
LSM	Living Standards Measure
MFRC	Finance Regulatory Council
PwC	PricewaterhouseCoopers
RDP	Reconstruction and Development Programme
SA	South Africa
SA-csi	South African Customer Satisfaction Index
SARB	South African Reserve Bank
SMS	Short Message Service
USA	United States of America

CHAPTER 1: INTRODUCTION TO THE STUDY

1.1 Introduction

The first chapter introduces the overall study. The background of the study is discussed, followed by the research problem. The case study research strategy is discussed, followed by the history of banking in South Africa. The background of the organisation used as a case study is then discussed to provide context and support for the overall study. In addition, the research aim is presented, followed by the research questions and scope of the study. Finally, the key terms used in the study are outlined and explained.

1.2 Background of the study

Several studies have been conducted on customer satisfaction, customer loyalty, and customer retention in the banking sector across the world (Bhat, Darzi & Parrey 2018; Gan, Cohen, Clemes & Chong 2006; Salarzehi & Rahmaninejad 2011). However, there is limited research associating brand communication and brand loyalty (Azize, Cemal & Hakan 2012; Zehir, Sahin, Kitapci & Ozsahin 2011). Existing studies have focused on European countries, where the social and economic dynamics differ from the African continent (Azize et al. 2012; Zehir et al. 2011). The primary objective of this research was to investigate whether brand communication is effective in influencing South African customers to remain loyal to a specific bank, in this case First National Bank (FNB), or if there are other factors that influence brand loyalty.

1.3 Research problem

The banking sector is one of the biggest sectors in South Africa. South African banks have been recognised as having the most sophisticated banking systems amongst emerging market countries and they contribute significantly to the growth of the country's economy (Rootman & Cupp 2016).

For a significant number of years, the industry has been dominated by five major banks namely Absa, FNB, Nedbank, Standard Bank and Capitec (Sicetsha 2018). These banks held more than 85% of the industry's deposits in 2020, proving to be a highly concentrated market (Financial Sector Conduct Authority [FSCA] 2022). However, since 2018, the sector has been disrupted by new competitors, namely Discovery Bank, TymeBank and Bank Zero (Sicetsha 2018). These new entrants have played a significant role in increasing competition by offering lower fees and introducing different, innovative and disruptive distribution models and technologies.

In a Banking Matters publication, the chair of The Banking Association South Africa (BASA), Mike Brown, said the banking industry is evolving in response to economic pressures and digital innovation, and therefore efficient client-centric digital banking platforms are critical now more than ever (Brown 2019). Brown (2019) points out that new competitors in the banking sector are revolutionising the banking experience for customers, and although this competition presents challenging and exciting opportunities, traditional banks will need to respond quickly.

In 2022, there were 18 registered banking entities in South Africa, four mutual banks, five cooperative banks, 13 local branches of foreign banks, and 29 foreign banks with local representation (Financial Sector Conduct Authority 2022).

New entrants in the market pose a threat to the existing traditional banks, as the new banks focus primarily on simplicity, convenience, and innovative value propositions for customers (FSCA 2022). Camarate and Brinckmann (2017) add that digital solutions, low-cost operating models and supply chain integration are on top of the agenda for the new entrants, challenging and changing the state of financial services in South Africa. The new banks also offer reduced banking fees as they often rely on cloud-based or digital infrastructure rather than physical infrastructure and legacy systems. *The future of banking: A South African perspective* report by PricewaterhouseCoopers (PwC) calls the unexpected players emerging in the financial market as a "marketplace without boundaries" (Camarate & Brinckmann 2017).

To support the competitiveness and threat introduced by the new entrants, since launching in 2019, by March 2021 TymeBank had signed up over three million South Africans, with the majority of their new customers being individuals who already had a bank account with one of the top five banks (Buthelezi 2021). Discovery Bank had reached the one million accounts milestone by June 2022, well ahead of its target to reach 800,000 total customers by 2024 (Theunissen 2022). Bank Zero is the latest bank to join the market, launching in October 2021. The bank offers zero monthly fees to customers, and their banking mobile application had been downloaded more than 10,000 times in June 2022 (Mybroadband 2022).

In addition, the latest research by the FSCA in 2022 shows that customers served by the traditional big five banks have decreased between 2019 and 2020. These customers are switching from existing banks to new entrants and are likely being incentivised for doing so. Due to this competitive and dynamic shift in the sector, brand loyalty from customers has become imperative for banks to succeed (Salarzehi & Rahmaninejad 2011).

It is important to note that banks generally offer very similar products and services (Salarzehi & Rahmaninejad 2011). This means that bank leaders have to rely on other factors to keep customers loyal and, ultimately, retain them. Studies have demonstrated that customer satisfaction is one of the key factors that lead to brand loyalty (Chochoľáková, Gabčová, Belas & Sipko 2015). However, recent reports show that South African customers are not completely satisfied with their banks, as outlined in the following paragraphs.

The 2021 South African Customer Satisfaction Index (SA-csi) for banking shows that customer satisfaction is at 83.8% for the industry, with African Bank as the leader with the most satisfied customers (Majola 2022). In the previous years, this position was held by Capitec Bank for six consecutive years. FNB did not take the leader position in overall customer satisfaction but was on a par at 79.8%, lagging behind Nedbank and Standard Bank who secured the leader positions at second and third respectively (Majola 2022). The survey also shows that over and above affordable fees, customers are more interested in their needs being understood and receiving the most value from the bank.

To further demonstrate the competitive market, African Bank was previously known to specialise in microlending (Camarate & Brinckmann 2017). The bank has since diversified its product offering, providing customers with digital banking, competitive fees, and value-added features (Camarate & Brinckmann 2017). Now, African Bank is rated as the leader with the most satisfied customers, shifting banks that have secured the leadership positions for a number of years.

These results are slightly different from the results of a social media survey conducted by BrandsEye, which assessed the sentiment of more than 2.7 million public social media posts from September 2020 to 31 August 2021 about South African banks, namely Absa, African Bank, Capitec, Discovery Bank, FNB, Nedbank, Standard Bank and TymeBank. The results show that Absa ranked number one for the public net sentiment, which is the overall customer satisfaction metric, calculated by subtracting all negative sentiment from positive sentiment (BusinessTech 2021). However, African Bank did score high for the operational net sentiment, which is a result of customers looking to sign up for one of their products, confirming the 2021 South African Customer Satisfaction Index for banking results (BusinessTech 2021). TymeBank, as one of the new entrants, scored high in terms of reputational sentiment, surpassing the traditional older banks Nedbank, Capitec, Standard Bank and FNB (BusinessTech 2021).

According to a 2021 SITEisfaction survey by InSites Consulting South Africa, Capitec claims the top spot (81 points) for customers who expressed high levels of satisfaction with internet banking and mobile banking experience. FNB followed in second place with a score of 79, followed by the new challenger bank, TymeBank, with a score of 75 in third place (BusinessTech 2021).

The survey results discussed above suggest that traditional banks (Absa, FNB, Nedbank, Standard Bank and Capitec) are losing clients to new entrants and can no longer rely solely on customer satisfaction to retain customers. This means there are other factors that play a role in keeping customers loyal, and therefore the problem to be investigated is whether brand communication influences brand loyalty, using First National Bank customers as a case study.

1.3.1 Case study

A case study is a form of research strategy that helps us to understand a subject matter or event in real-life situations (Zainal 2007). Robert Yin, a case study researcher, defines a case study as “an empirical inquiry that investigates a contemporary phenomenon within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident” (Yin 2003:13). Cases are studied intensively over a period of time with the purpose of shedding light on a larger class of cases (Gerring 2007).

A case may be a country, social group, a business or organisation, a family unit, or a single individual (Karlsson 2016). The researcher may investigate a single case or multiple cases at a time. However, if the number of cases makes it impossible for the researcher to investigate intensively, it is no longer considered a case study but rather a cross-case study (Gerring 2007). Other popular research designs or strategies include experiments, histories, surveys, and the analysis of archival information (Yin 2003). The case study strategy is important and relevant when seeking to undertake modest-scale research based on a particular organisation, or a limited number of organisations (Rowley 2002).

Other advantages and benefits of a case study strategy are as follows: 1) the examination of data often takes place within the context of its use; 2) different case study categories or types may be applied in both qualitative and quantitative research; and 3) the results and findings produced in case studies not only help to explore and describe the data in real-life situations, but it also helps the researcher to explain the complexities of real-life situations which may otherwise not be captured through experimental or survey research (Zainal 2007).

Although popular in qualitative research, the case study strategy can be applied in both quantitative and qualitative research (Rowley 2002). Gerring (2007) argues that a researcher should not be limited to qualitative techniques when studying a case intensively, but quantitative techniques can be assimilated, or a combination of both can be used. Zainal (2007) validates this by adding that when a case study uses a combination of quantitative and qualitative data, it helps to explain the process and outcome of a phenomenon through complete observation and analysis of the case under investigation.

As far as data is concerned, case studies draw on multiple data sources such as surveys, interviews, detailed observations, and documents, and each data source has its strengths and weaknesses crucial to providing valid evidence (Rowley 2002).

The case study strategy does not come without disadvantages. Several literature articles criticise the case study approach, citing a lack of rigour and robustness as a research tool (Zainal 2007). Yin (2003) points out that researchers have been sloppy at times by allowing their biased views to influence the direction of the findings and conclusions. In addition, case studies have received criticism for providing little basis for scientific generalisation since they use a small number of subjects (Zainal 2007). It is important to note that generalisation of the case study can only be concluded or performed if the case study strategy has been based on theory (Rowley 2002). Case studies generally follow an analytical method of generalisation instead of a statistical method, and the previously developed theory would be used as a template to compare the empirical results of the case study (Rowley 2002). In instances where a case study does not provide a generalising conclusion, the study can be triangulated with other methods in order to confirm the validity of the findings or results (Zainal 2007).

According to Yin (2003), there are different types of case studies: 1) exploratory, 2) descriptive, and 3) explanatory case studies. The first case study is applied when the research aims to explore any phenomenon which is of interest to the researcher and may consist of field work, research questions and proposed hypotheses. The second case study is carried out when the researcher wants to uncover background information of a particular case by describing the data as they occur, and finally, the third case study focuses on the “how” or “why” questions and the aim is to examine the data very closely in order to explain phenomena in the data (Yin 2003). The type of case study used depends on the needs of the researcher and the aim of the study.

The case in this research was the organisation, FNB. The case followed the exploratory and explanatory strategies as it aims to confirm the proposed hypothesis: H_0 - Brand communication has an effect on brand loyalty.

H_1 - Brand communication has no effect on brand loyalty.

It also explains the “why” effect to identify a reason and supporting evidence for why the relationship between brand communication and brand loyalty occurs.

1.3.2 The history of banking in South Africa

The South African banking system is one of the most developed in the world, setting the country apart from many emerging market countries (Mboweni 2004). During a media address at the year-end media cocktail function in 2004, former Governor of the South African Reserve Bank (SARB), Mr Tito Mboweni described the South African banking system as a “mature banking sector with well-managed banks, utilising sophisticated systems”.

South African banks are regulated according to the rules and principles set by the Basel Committee on Banking Supervision, meaning they comply with international standards (Mboweni 2004). This has helped the industry to remain stable amidst global financial turbulence and the banking crises experienced in many countries over the past years (Mboweni 2004). The financial services sector in South Africa performed relatively well during the financial crisis, and both the system and its regulation are ranked highly all over the world because of this (Brown 2019).

In their research, Mutarindwa, Schafer, and Stephan (2020) found that legal heritage and the type of colonisation have a strong influence on the banking systems in Africa. The study confirmed that African countries with a common law heritage have stronger financial institutions with a more highly developed banking system compared to their counterparts with a civil law heritage (Mutarindwa et al. 2020). South Africa was a colony of Europe from the early 1800s until 1960s (Oliver & Oliver 2017). The two European countries that occupied that land were The Netherlands and Great Britain from 1652 until 1961, when the white Afrikaner took over under the supervision of Britain (Oliver & Oliver 2017). Many European countries have a common law legal system, in particular the United Kingdom (Quinn 2022). Their study concluded that the legal history of a country matters and influences the quality of existing financial institutions, which may explain the strong banking system enjoyed by South Africa (Mutarindwa et al. 2020).

Banks play a significant role all over the world. Banks are important as they safeguard and transform a country's savings into investment and productive consumption, helping to grow the economy, create jobs and create wealth (Brown 2019). The subsequent result of a growing economy through transforming savings into investment and productive consumption is s sound and secure banking and regulatory system, improved levels of confidence in the country and the ability to attract investment into the country (Brown 2019).

Naidoo (2019), the Deputy Governor of the South African Reserve Bank, states that banks have an important intermediation role in the economy through allocating capital from lenders to borrowers, managing financial risks and providing access to the payment system. As a sector that contributes about 20% to gross domestic product, and employs over 154,000 people in South Africa, banks are vital in ensuring long-term economic growth in the country.

Reviewing the history of banking, the financial sector in South Africa was initially founded on discriminatory policies of the apartheid regime, where black people were excluded from financial gain and denied access to credit (Ludwig 2008). There was a law, the Usury Act, which was passed in 1968 aimed to restrict access to credit for low-income populations (Ludwig 2008). This meant that South Africa's majority, the Black people, were left with the option of informal financial solutions (Ludwig 2008).

During the 1980s, changes in the South African economy, and the world at large, resulted in changes in the banking sector (Verhoef 1994). The South African economy was already volatile because of the unfavourable political and economic dynamics which affected the economy negatively, leading to a surge in the unemployment rate and triggering inflation well above 12% (Verhoef 1994).

As the political unrest continued, economic pressures rose even higher, forcing a *Commission of inquiry into the monetary system and monetary policy in South Africa* during the 1970s under the then deputy-governor of the Reserve Bank, Gerhard de

Kock (Verhoef 1994). The Commission of inquiry affected the financial services sector in South Africa. The recommendations from the report suggested that a more competitive financial system be implemented in order to respond to market forces and provide suitability for innovation and technical developments (Verhoef 1994). One of the first changes in response to the recommendations was the amendment of the definition of a banking institution, which now included commercial banks, general banks, and merchant banks (Verhoef 1994).

Other changes included the following: Liquid asset requirements that were fixed; the definition of liquid assets that was changed; a cash reserve system which was introduced; prescribed investments that were abolished; new revised capital requirements which were introduced; banks were no longer required to hold an amount in the form of listed securities equal to 13% of their long-term liabilities, and short-term liabilities that were to be calculated on the basis of original maturity (Verhoef 1994). These changes were still geared towards the protection and benefits of the wealthier groups, white South Africans, excluding access to financial services for poorer populations, which were predominantly Black people (Ludwig 2008).

In the mid-1980s, the political isolation of South Africa worsened, forcing international banks such as Barclays Bank to terminate operations in the country (Parks 1986).

In the latter years of the 1980s, additional changes in the South African banking environment were implemented: banks had to submit returns of their foreign branches and subsidiaries to the Registrar of Banks; banks had to record off-balance sheet transactions quarterly; and banks were no longer allowed to use capital resources for investment in premises or invest in high-risk activities (Verhoef 1994).

Other changes were implemented as part of the Financial Institutions Act in 1985, allowing banks to enter the home-loan market which was previously only for building societies (Verhoef 1994). The competitive environment eventually forced building societies to restructure their business, and as such, amendments to the Act followed, allowing mutual and equity building societies to amalgamate with banks (Verhoef 1994). This meant that both banks and building societies had to meet the same cash reserve and liquid asset requirements, both were deposit takers, credit institutions, and providers of a wide range of financial services (Verhoef 1994). In recent years, there has also been a shift from traditional insurers to moving toward transactional, lending and savings solutions, for instance Old Mutual's Money Account, which allows customers to transact and save (Camarate & Brinckmann 2017).

During the late 1990s, about 22 small to medium-sized banks faced liquidity pressures and either had to shut down or merge with other banks. This was the end of era for Saambou Bank, and the integration of BOE Bank into Nedbank (Mboweni 2004). Saambou was the seventh biggest bank in South Africa with a well-established retail deposit base and branch network (Mboweni 2004). However, negative market perceptions, a profit warning announcement and the sale of the bank's shares by two executive directors resulted in a liquidity crisis (Mboweni 2004). The Saambou crisis affected the then sixth largest bank in South Africa, BOE Bank, which forced an integration with Nedbank. The experiences of the two banks led to the introduction of a policy framework by the South African Reserve Bank for dealing with banks in distress (Mboweni 2004). The framework provides guidelines to prevent problems of one bank from spreading to other banks, and also the approach that needs to be taken to assist banks in distress (Mboweni 2004).

When the democratic government was elected in 1994, amendments to the Banks Act were implemented, which allowed representative offices and subsidiaries of international banks to be established in South Africa, as well as local branches of international banks (Mboweni 2004). International participation in the South African banking sector increased from 3% in 1994 to a significant 9.5% by 2004 (Mboweni 2004). To date, registered banks in South Africa consist of controlled banks, non-resident controlled banks (subsidiaries), local branches of international banks, and mutual banks (Mboweni 2004).

The integration into the global economy brought about by the democratic government transformed the banking sector. It injected foreign capital into the national economy; South Africa was able to invest more than its domestic savings and therefore boosted growth; and the mergers, acquisitions or creations of banks (local and foreign) helped to improve the efficiency of the banking sector through increased competition and the provision of technologies and expertise (Ludwig 2008).

Post 1994, additional measures were taken to correct the discriminatory acts of the past. For instance, action was taken to reduce the extent of the 1968 Usury Act to eliminate the interest rate ceiling for all small loans (Ludwig 2008). The government also created the Micro Finance Regulatory Council (MFRC) to regulate the system and also adopted the Reconstruction and Development Programme (RDP) to improve access to financial services (Ludwig 2008).

In the late 2000s, a review by the Financial Stability Board highlighted that South Africa's institutional arrangements for the financial sector were complex, involving multiple government agencies and several advisory committees and self-regulatory organisations (Naidoo 2019). This review prompted financial sector regulators, together with the government, to strengthen the regulation of the financial sector even further by implementing the Twin Peaks framework (Naidoo 2019). The Twin Peaks framework, implemented in 2018, aims to strengthen the safety and soundness of banks and other financial institutions and also protect customers and ensure that they are treated fairly (Naidoo 2019).

In efforts to eliminate discrimination, workers, trade unions and small businesses launched an operation to bring banks to the negotiating table at a summit in 2002 (Ludwig 2008). From these discussions, the Charter of the Financial Sector was created with the aim of ensuring that government, workers, and civil society organisations achieve specific goals concerning access to financial services for poorer groups and black entrepreneurship (Ludwig 2008). Financial institutions that failed to achieve these goals would risk having their contracts and agreements with the government re-assessed.

Fast forward to recent years, there is a growing trend in South Africa of non-traditional banks integrating banking as part of their supply chain. For example, PEP and PostBank have a network of customers in various areas, including rural and secluded parts of the country where traditional banks do not have a presence (Camarate & Brinckmann 2017). This is important as the physical distance of bank branches from customers in rural areas has been a limiting factor and a common cause of financial exclusion (Ludwig 2008).

Challenges that are ongoing in the banking sector of South Africa include ensuring provision for banks to enhance their risk-measurement and risk-management capabilities, extending access of banking facilities to the poor, and fighting anti-money laundering by enhancing anti-money laundering measures which include training employees to report suspicious transactions to the Financial Intelligence Centre (Mboweni 2004). Mathe (2019) points out that extensive work still needs to be done to ensure that banks are financially inclusive by developing platforms that are not only simplified but also designed to create services that meet the needs of the poor. Over the years, financial inclusion has improved, with numbers showing that South Africans (over 18 years old) with bank accounts have increased dramatically from 46% in 2004 to 77% in 2017 (Mathe 2019). However, around eight million people remain unbanked (Mathe 2019).

There is also the challenge of corruption, maladministration, and the political state, which all affect the country's economy and dampen confidence from investors (Coovadia 2019). Banks and other financial institutions were blamed as key facilitators of state capture in South Africa through transactions they knew or should have known were not above board (Mathe 2019). Coovadia (2019) points out that good governance is important for any country to thrive, and financial institutions must continue rebuilding by demonstrating a commitment to transformation and economic growth, protecting and growing the savings of ordinary South Africans and creating jobs and social development.

1.3.3 The history of brand communications in the banking sector

In the 1800s, banks focused much on advertising, however, it was not advertising as we know it today; it lacked creativity and focus (75 Years of Bank Advertising 1990). Advertising then evolved to brand messages in the 1900s; however, these messages were viewed as relatively generic for many years (Devlin & McKechnie 2008). Bankers did not focus on marketing activities. One of the reasons is that the banking sector was largely regulated and in a regulated industry, brand communication efforts were not as important or necessary (Falvo 1992).

It was only when competition increased in banking in the 1970s that brand communication messages were taken seriously (Vukotic, Ancic, Zakic & Petrovic 2015). The competition was not just within banking, but outside industries such as insurance firms and other lending financial services in the market. The competitive environment favoured the banking institutions that adapted marketing and communication strategies quickly (Devlin & McKechnie 2008).

In the 1980s, banks started developing programs that focused on promotions, but still on a large-scale (Catalina 2010). Brand messages during this period were focused on bank products and services. It was also in the 1980s where banks focused on branch footprint; the more branches the bank had, the more chances it had to win more customers (Falvo 1992). Although the banking sector was one of the first sectors to start brand communications, Kapferer (2001) postulates that in the 1980s and prior years, banks relied heavily on mass-market communications. This way, they attracted customers but it was hard to retain them.

During the 1990s, banks started putting more effort into quality products and services, as well as customer satisfaction (Odobescu 2007). The industry's focus started evolving to the concept of creating value for customers. Biaton and Werner (2018) state that when brands, including banks, evolved from mass-market communications to view the purchase of a product or service as the beginning of a new relationship, it increased brand loyalty. Economic changes during the late 90s and early 2000s also introduced changes in the way banks communicated, driving more effort to two-way communication with customers and targeted communication (Zivkovic & Petrovic 2015).

One of the drivers of successful brand communication is the targeted communications that are a result of client data (Vukotic et al. 2015). As the years went by into the late 2000s, banks started investing in intelligent client data technology so they could learn client behaviour and therefore communicate to customers according to their needs (Drucker 1999). This type of direct brand communication helps build client relationships and increases long-term loyalty.

De Chernatony and Cottam (2006) suggest that it is imperative for financial institutions to differentiate their brands and an effective brand and communication strategy is one way to achieve this. The role of brand communications in banking is beyond sending brand messages to consumers in the hope that they see them but it is about building relationships that will lead to brand and customer loyalty.

1.3.4 Background of First National Bank

FNB was one of the first banks in South Africa and its origins can be traced in Grahamstown in 1838 (First National Bank). This was a significant year in South Africa: slavery came to an end in the Cape Colony, the British forces occupied Durban, Potchefstroom was established, and the historical Battle of Blood River was fought (Hardijzer 2019).

By 1874, FNB had four branches, in Grahamstown, Middelburg, Cradock and Queenstown. However, due to a recession, the bank was bought by the Oriental Bank Corporation (OBC) in 1874, before it was taken over by the Bank of Africa in 1879 (Hardijzer 2019).

Another recession in 1912 saw the Bank of Africa (First National Bank) being bought by the National Bank (Hardijzer 2019). During the 1920s, the National Bank merged with the Anglo-Egyptian Bank and the Colonial Bank to form Barclays Bank, the first worldwide banking institution in South Africa (Hardijzer 2019).

Barclays Bank operated in South Africa for 61 years before it was forced to pull out in 1986 due to political and economic unrest in the country (Parks 1986). Anti-apartheid protests in Britain and other parts of the world played a huge role in Barclays' pull-out and disinvestment in South Africa (Adam 1987). American companies such as General Motors, IBM and Coca-Cola had started withdrawing from the South African economy amid political pressures and campaigns around the world aimed at isolating South Africa until the apartheid government yields power to the country's Black majority (Adam 1987). The British bank then sold 40% of its shares to the Anglo-American Corporation, a mining and industrial conglomerate in South Africa, for 265 million US dollars (Parks 1986). After Barclays' shareholding was sold, the bank was renamed First National Bank of Southern Africa Limited in 1987.

Following its independence as a wholly owned and controlled bank in South Africa, FNB went from being the biggest bank to being the second biggest after Standard Bank took first place (Parks 1986). Standard Bank was also British owned.

In 1998, shareholders of FNB, Rand Merchant Bank Holdings and Anglo-American Corporation merged to form FirstRand Limited, which resulted in FNB becoming a full subsidiary of FirstRand Limited (Hardijzer 2019).

In 2005, Barclays made a return to South Africa after it secured a 60% stake in Absa, one of South Africa's largest banks (Milner 2005).

In 2002, FNB took over clients from Saambou, a South African bank, after the latter had collapsed. FNB was later accused of overcharging these clients, who were mainly black people (Pamla 2019). There were calls for a commission of inquiry into alleged discrimination by FNB against black homeowners (Koza 2019). A group of black homeowners claimed that FNB and other banks charged them higher interest rates on home loans compared to their white counterparts (Koza 2019). FNB responded in a statement refuting the claims as "baseless and false," citing that there was no evidence to suggest that race ever played any role in determining interest rates for its customers (Sibanyoni & Nchabaleng 2019). The bank later defended the matter in the Equality Court and won the case.

Accusations against FNB of racist and discriminatory treatment against black people and black-owned businesses did not stop there. In 2021, FNB, together with Absa, were accused of perpetuating apartheid-era tactics after they had closed accounts belonging to black-owned businesses and scores of ordinary black South Africans "with impunity" and without providing evidence of corrupt activities or significant risk to the bank or the public (Makwakwa & Hans 2021). The bank was later taken to court by private financial consultant and investigator, Emerald van Zyl, who claimed that the bank was deliberately sabotaging black people by either overcharging them or shutting down their accounts, thereby disabling them from participating in the country's economy (Makwakwa & Hans 2021).

Karley (2003) states that financial access and participation is very important in reducing poverty in developing communities. People who are excluded from or denied access to finance are disadvantaged as they cannot participate in income-generating activities or enjoy better living conditions (Karley 2003). Individuals and families who have access to financial services are able to invest, save, insure their property, or borrow money (Ludwig 2008). Therefore, when banks are accused of excluding certain groups from the financial sector, given the history of South Africa, it raises concerns. Hlophe (2019) reiterates the importance of financial inclusion, stating that financial services are essential for socio-economic development. However, Hlophe (2019) also states that it is justifiable for financial institutions to close certain accounts based on legitimate reputational and regulatory concerns, provided it is done within the law.

As the oldest and one of the biggest banks in South Africa, FNB's history continues to attract media headlines. According to a leaked Public Protector report in 2017, FNB was implicated as one of the companies that benefited unlawfully during the apartheid era. The bank was allegedly paid "lifeboats" bailout loans which were to be recovered by government (BusinessTech 2017). The lifeboats bailout loans were considered as stolen money through state looting. However, the report was not finalised as the investigation was not concluded (BusinessTech 2017).

Despite the negative reports and accusations, FNB has received countless accolades. Amongst them is the top bank in South Africa and the most valuable banking brand in the country (Muller 2012).

The bank has also been named the most innovative bank in Africa (Workman 2017), best digital bank in South Africa (Dludla 2018) and the best retail bank in Southern Africa by Banker Africa Awards in 2017.

1.4 The research aim

The research study aimed to investigate the effectiveness of brand communication amongst customers within a South African bank (FNB), and whether this communication influences brand loyalty.

1.5 Research questions

1.5.1 Main research question

How does brand communication influence brand loyalty among FNB customers?

1.5.2 Sub-questions

The sub-questions of the study were:

- What are the communication channels used by FNB to communicate to its customers directly and indirectly?
- Which elements of brand communication are more effective than others in the case of FNB and its customers?
- In what ways does brand communication influence brand loyalty amongst customers?

1.6 Research methodology

This study was based on a quantitative research design. A non-probability convenience sampling method was implemented to reach customers who bank with FNB. Data was collected in the period of May 2021 to July 2021 using self-administered questionnaires. An introduction to the study was sent to 500 potential customers before a questionnaire was delivered following their consent. Questionnaires were distributed via online channels to customers who live in South Africa. The findings were then collected from 439 respondents. Of the total number of respondents, 401 bank with FNB. The target for the returned questionnaires was 400, which means the findings presented can be generalised to the whole population (Taherdoost 2016).

1.7 Definition of key terms

1.7.1 Communication

Communication is a process of creating meaning between a sender and a receiver using signals (Giffin & Patten 1976).

1.7.2 Brand communication

Brand communication is described as communication that marketers and organisations use to communicate and manage relationships with customers (Duncan & Moriarty 1998).

1.7.3 Brand loyalty

Brand loyalty is “the customer’s unconditional commitment and a strong relationship with the brand, which is not likely to be affected under normal circumstances” (Berry & Parasuraman 1991:316).

1.7.4 Behavioural loyalty

Behavioural loyalty is when a customer’s loyalty is reflected through their behaviour (Bahremand & Jahromi 2015).

1.7.5 Attitudinal loyalty

Attitudinal loyalty is an emotional and cognitive affection that customers have towards a brand (Bowen & Chen 2001).

1.7.6 Brand trust

Brand trust is “the confident expectations about the brand’s reliability and intentions in situations entailing risk to the consumer” (Delgado-Ballester, Munuera-Aleman & Yague 2003:37).

1.7.7 Customer satisfaction

Customer satisfaction refers to a customer’s perception of the value received during and after a transaction (Hallowell 1996).

1.7.8 Demographics

Demographics refer to characteristics of a population or groups (European Commission 2003).

1.7.9 AIDA model

The acronym AIDA stands for attention, interest, desire, and action respectively (Kelley & Hyde 2002). The AIDA model is a model used in marketing and communications to identify cognitive stages a customer goes through during the purchase process for a product or service (Hanlon 2022).

1.8 Chapter outline

Chapter 1: This chapter provided the background of the study investigating whether brand communication is effective in influencing South African customers to remain loyal to a specific bank, in this case FNB, or if there are other factors that influence brand loyalty. The research problem was explained, followed by an explanation of the case study strategy and the history of banking in South Africa. The background of FNB as a case study was then provided. Research objectives, research questions, and the scope of the study were discussed. The next chapter focuses on the literature review which describes existing research on this particular topic and explains the key concepts of this study.

Chapter 2: The next chapter will provide will outline the theoretical framework and literature review of the study. This chapter will break down the key concepts of this study, namely brand communication, brand loyalty as a concept in communication, theories, and models of brand loyalty, the influence of brand trust on customer loyalty, and the connection between customer satisfaction and customer loyalty.

Chapter 3: This is where the research methodology is discussed in detail. The design, data collection methods, data analysis, and interpretations are also explained. The chapter then concludes with an in-depth review of ethics, reliability, and validity methods.

Chapter 4: In this chapter, the researcher focuses on key findings from the research. The findings are presented in the form of tables, graphs, and figures.

Chapter 5: Discussions and conclusions from the study are outlined in Chapter 5. The paper then concludes with recommendations for the banking sector and recommendations for further studies on this topic.

CHAPTER 2: LITERATURE REVIEW AND THEORETICAL FRAMEWORK

2.1 Introduction

Chapter 1 of the dissertation introduced the study, explaining what the study is about, the research aims and objectives, the history of the case study and brand communication. Finally, Chapter 1 concluded with the key terms used in the study and the chapter outline. This chapter (2) discusses the theoretical framework which guided this study. It then discusses the literature and theoretical concepts on brand communication. The chapter then explains the concept of brand loyalty and its effects and reviews the theories and models of brand loyalty. Lastly, it also discusses the relationship between customer satisfaction and customer loyalty.

2.2 Theoretical framework

The theoretical and conceptual framework explains the path of a research study to demonstrate that the study is grounded firmly in theoretical constructs (Adom, Hussein & Agyem 2018). The theoretical framework explains how certain phenomena are related to each other and provides structure to show how the researcher defined the study and the methodology used as a guide (Adom et al. 2018).

The theoretical framework which guided this study is the AIDA model. The AIDA model was applied to further understand and achieve the objectives of the study.

The AIDA model, one of the popular hierarchy of effects models, is used in marketing and communications to identify cognitive stages a customer goes through during the purchase process for a product or service (Hanlon 2022). The AIDA model was first developed in 1898 by sales pioneer St Elmo Lewis to help marketers understand the human behaviour during the purchasing process (Ghirvu 2013). Although marketing and communications has evolved over the years, human purchasing behaviour has remained relevant. The acronym stands for the stages of purchase, which are attention, interest, desire, and action respectively (Kelley & Hyde 2022).

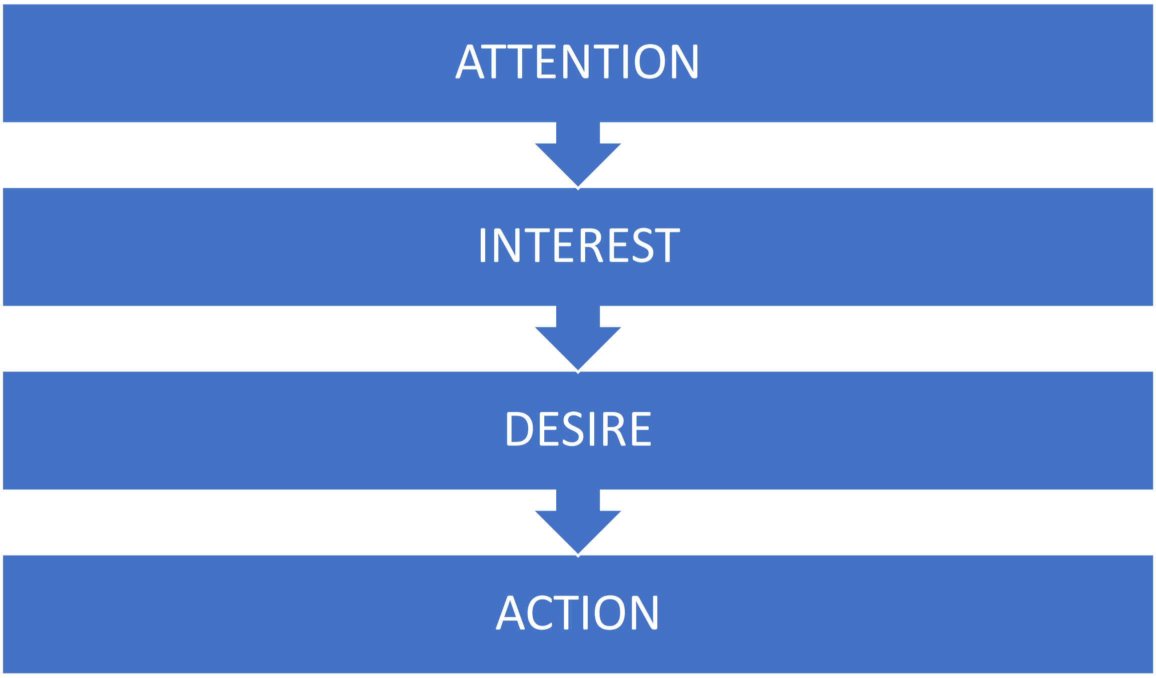

Figure 2.1: AIDA model

Source: Hanlon & Chaffey (2015)

a) Attention: The first stage in the acquisition process is when the consumer first becomes aware of the product or brand through a form of advertisement (Li & Yu 2013). FNB can attract and grab the attention of consumers through brand communications such as advertisements or public relations. Their advertisements are bold, colourful, and relevant to South African consumers. A public relations activity can include press releases or media content focusing on the bank's latest technology launch or awards won.

b) Interest: After grabbing the customer's attention, the second stage is to arouse interest, which is achieved by focusing on the features, advantages, and benefits of the product or brand (Kelley & Hyde 2002). Hanlon and Chaffey (2015) propose that the frequency of the brand message will increase the likelihood of the customer being interested in the product or service. FNB can evoke interest in consumers by highlighting their product or brand benefits in their messaging, for example, the eBucks rewards benefits and banking via mobile application. This stage is not effective in creating customer or brand loyalty.

c) Desire is defined as a feeling that comes after a consumer's inclination to want the product after being lured by benefits and advantages (Ghirvu 2013). The bank can create a desire by encouraging customers to use their mobile application for convenient shopping, banking and fulfilling other household and car transactions. However, customer or brand loyalty is not formed at this stage.

d) Action: This is the final stage in the purchasing process. Action prompts the customer to take action by purchasing the product or service. For FNB this realised through customers signing up for a bank product or solution. The brand communication messages, together with other elements, should persuade customers to stay with the bank. It is only at this stage that a customer may be influenced to become loyal to the brand.

Kotler (1997) postulates that for the purchase process to be successful, brand messages are crucial. The brand message needs to solve four problems: what to say (message content), how to say it logically (message structure), how to say it symbolically (message format), and who should say it. The message content includes the benefits, features and product advantages. Since brands are competing for customers, FNB needs to ensure their brand communication messages are framed in a way that is not confusing or incites any negative emotions from customers. The message format speaks to ensuring that the message does not contradict what the brand stands for. Finally, the bank should always be represented in platforms where the customers are and by people who have the bank's interest at heart.

Many case studies, in different parts of the world, investigating the effects of the advertisement or brand communication using the AIDA model for banks, found that the AIDA model was effective in the following stages of customer purchase behaviour: drawing customers' attention through advertisements and brand messages; creating interest and desire; and prompting consumers to take action (Jorono 2020; Mutia 2017; Nasab & Jouzaryan 2016; Penhani, Ghadami & Fard 2015).

Another study that found the AIDA model was effective in the financial services sector was a study where brand communication messages drew life insurance customers, created interest and desire, and ultimately persuaded clients to buy insurance policies in the future (Hossein & Nayyereh 2010).

2.3 Brand communication

Brand communication can be described as communication that marketers and organisations use to communicate and manage relationships with customers (Duncan & Moriarty 1998). This type of communication can be one-way communication, which may consist of above-the-line advertising or public relations, or it can be two-way communication, which is generally a direct influence on customer buying behaviour (Azize et al. 2012).

Communication theory views communication as a transmission process from a sender to a receiver through a communication channel (Mohr & Nevin 1990). Important facets of the communication process, irrespective of the type of communication, include the message, channel, and feedback (Mohr & Nevin 1990).

The communication process starts with the sender who sends the message to the receiver via a communication channel (Giffin & Patten 1976). In his book, the Principles of Advertising and IMC, Duncan (2005) introduces the following model on how brand communication works:

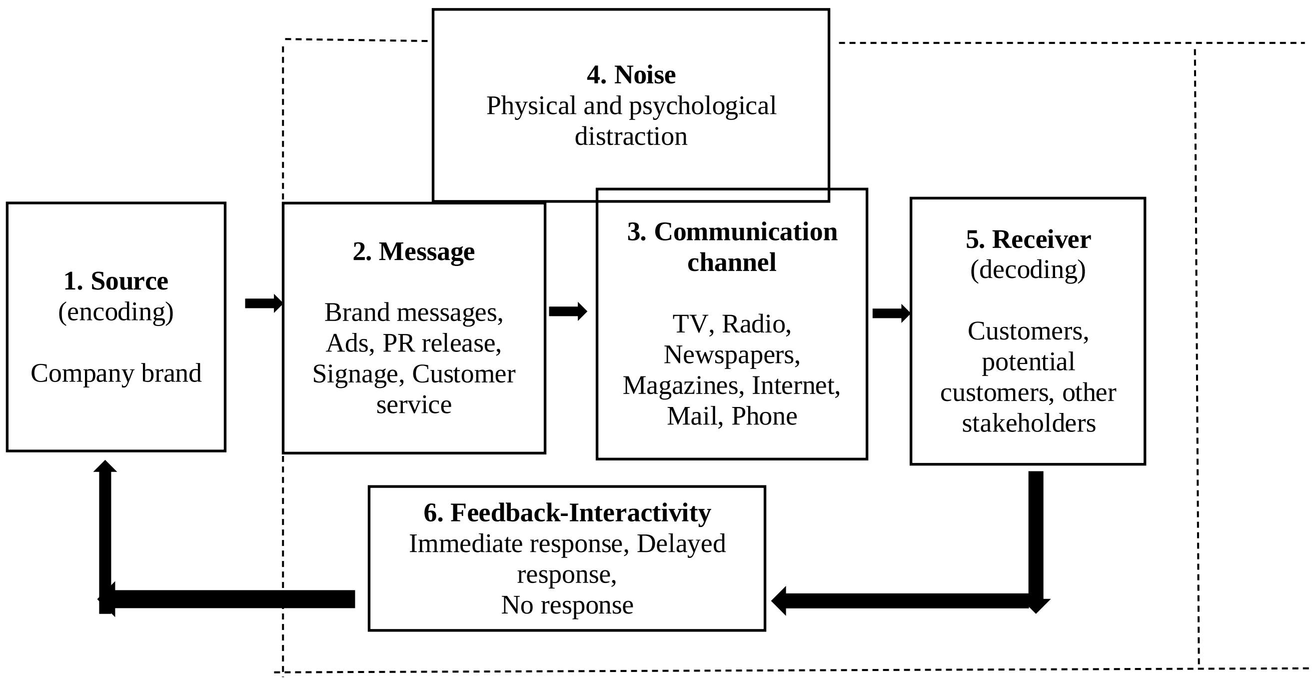

Figure 2.2: Brand communication model

Source: Duncan (2005)

The sender is the brand communicator, who creates the brand message with intended meaning in order to provoke a response from the receiver (Duncan 2005). The receiver, who is the customer, encodes the message in a combination of words, visuals, actions, symbols or events.

Once the customer receives the message, the power rests on them because they have the ability to process product data, compare prices and make a decision (Schultz 1998). This part of the process may be interrupted by noise. Noise may include the customer's prior negative attitudes towards the brand, or a perspective held by their social circle (Duncan 2005).

Duncan's communication model supports communication models from previous theorists, including Schramm's communication process, Fill's linear model of communication, and Schultz and Barnes' interpersonal communication model (Duncan 2005).

Ercis, Unal, Candan, and Yildirim (2012) describe a brand as a name or symbol which helps to create a positive image on consumers and differentiates products from competitors' products. This is echoed by Cant and Van Heerden (2010:209), who define a brand as a "name, symbol, slogan or design that is created with the aim of identifying a seller, manufacturer, provider of a product or service, or the product or service itself".

The definitions of a brand cannot be contended. However, there are minor differences and similarities on what a brand stands for in relation to customers, marketers and the organisation.

According to Zehir et al. (2011), a brand is an important key to integrated marketing because it is what consumers consider to be essential or consider to be of value. Boshoff, Terblanche, Klopper and Elliot (2015) add that branding is the main tool which marketers and companies use in order to distinguish their products from the competition's. This illustrates, therefore, that an organisation cannot exist without branding, whether it is the organisation's name or the name, symbol, slogan or design of the products or services it represents.

Zehir et al. (2011) postulate that the purpose of brand communication is to expose the audience to a brand, to maximise awareness and to increase consumer response positively. This form of communication is very important as it helps organisations to engage with their customers, and in so doing, customers keep the brand top of their minds (Zehir et al. 2011).

Belch and Belch (1999) advocate that the nature of brand communication messages should include creating awareness or knowledge about a specific product and its benefits, develop favourable attitudes about the product and brand or provoke customers to purchase. Boshoff et al. (2015) agree and add that brand communication should change the behaviour and thoughts of those on the receiving end. To align with the AIDA model, the desired customer behaviour from the marketer or company is the final stage which is taking action to purchase a product or service. They add that brand communication should aim to achieve two things: (1) to inform customers with the objective of converting an existing need into a want or to inform with the intention of stimulating interest in a new product; or (2) to persuade customers with the intention of stimulating a purchase or an action.

Fill and Jamieson (2006) state that when organisations engage in brand communication, they do not only communicate to their customers, but also to people they might influence to buy their products. In the case of banks, these are people who can potentially switch over to that financial institution. Brand communication therefore plays a crucial role in not only engaging with customers, but also recruiting new ones.

Although several researchers have found a positive relationship between brand communication and consumers, some scholars have questioned the effectiveness of marketing and brand communications, with others blaming it for a variety of societal ills (McKinley 2012). McKinley (2012) argues that some organisations tend to overlook the influence and capabilities of marketing and communications in relation to ethics and corporate social responsibility, citing examples of child obesity, consumer debt and general moral degradation. However, Boshoff et al. (2015) disagree with this statement, arguing that marketing and brand communications cannot manipulate society to a large extent because attitudes and values are deeply rooted within an individual's psychological make-up. They add that marketing and brand communications, advertising in particular, rarely succeed in changing people's basic value systems which are entrenched in their culture, especially in adults.

Du Plessis, Bothma, Jordaan, and Van Heerden (2003) mention another negative factor of brand communication. They state that brand communication can be expensive, especially for smaller organisations. If a small organisation spends money on a brand communications campaign that may be viewed as sexist or homophobic, they stand to not only lose money, but customers may also turn against the organisation and its products (Du Plessis et al. 2003).

Banks need to find innovative ways to communicate to customers and to promote their products and services through various channels with the intention to improve efficiency and effectiveness (Bapat 2018). In his study, Mylonakis (2009) found that almost 50% of bank consumers in Greece are unlikely to be stimulated by brand communication from any bank, especially for products they do not need. However, 70% of respondents agree that direct communication from their bank is extremely important and this is how they purchase additional banking products (Mylonakis 2009).

Jain, Pinson and Malhotra (1986) found that loyal customers are less interested in getting information about new or existing products or services available from their bank or even competing banks. These customers are less likely to be affected by brand or advertising efforts. Omar and Ali (2010) found that there is a positive relationship between communication from the bank and brand loyalty.

2.4 Brand loyalty as a concept in communication

Brand loyalty is very important for any business to operate successfully. For the banking sector, a loyal customer is of even greater importance as it relates to profit from the products and services it offers to its clients (Chochoľáková et al. 2015).

Berry and Parasuraman (1991:316) define brand loyalty as “the customer’s unconditional commitment and a strong relationship with the brand, which is not likely to be affected under normal circumstances”. Oliver (1999:34) shares a similar view and defines brand loyalty as a “deeply held commitment to rebuy or re-patronise a preferred product or service consistently in the future, causing repetitive same-brand or same-brand-set purchasing, despite situational influence and brand communication efforts having the potential to cause switching behaviour”.

Jacoby and Kyner (1973:2) believe that basing brand loyalty on repeat purchase behaviour is inadequate and they suggest defining brand loyalty using a set of six conditions: “brand loyalty is (1) the biased, (2) behavioural response, (3) expressed over time, (4) by some decision-making unit, (5) with respect to one or more alternative brands out of a set of such brands, and (6) is a function of psychological processes”. They explain that all six criteria must be present before a customer can be considered to be loyal to a brand (Jacoby & Kyner 1973).

A somewhat different definition is that by Bandyophyay and Martell (2007), who define brand loyalty as a customer who buys only one brand over a 12-month period. A more recent definition is by Appiah, Ozuem and Howell (2016:4), who define brand loyalty “the consumer’s intention to visit or willingness to recommend a particular brand irrespective of price change”.

According to Gan et al. (2006), loyal customers are those who are perceived as not being too price-sensitive and therefore are more persuaded to make more purchases.

In the case of the banking sector, this would pertain to having more than one product with a particular bank.

From these definitions, it is evident that brand loyalty and customer loyalty are very similar. For the purposes of this study, the two terms will be used interchangeably.

The concept of brand loyalty has been studied extensively in the marketing and communications field. Both scholars and practitioners have regarded brand loyalty as a valuable tool for developing marketing and communication strategy (Jain et al. 1986). Geçti and Zengin (2013) believe that one of the reasons for this great interest is that researchers find brand loyalty to be quite important and that it has many benefits for the organisation and the customer. When a company consistently produces high quality products or services and the customer is happy and loyal, market share and revenues go up whilst the cost of acquiring and serving customers goes down (Reichheld 1993). In fact, in their research, Reichheld and Sasser (1990) found that companies can improve profits by almost 100% if they retain just 55 more of their customers through loyalty, citing that the longer a company keeps a customer, the more revenue goes up. Bahremand and Jahromi (2015) add that brand loyalty also strengthens customers' preferences and increases a positive sentiment and level of trust towards the brand.

Another advantage of brand loyalty is that loyal customers, especially in the banking sector, tend to be less sensitive to price compared to the demand by non-loyal customers; therefore, they do not mind paying more for products or services with their desired brand because they perceive unique values of that brand compared to other brands (Moriarty, Kimball & Gay 1983). Fazal and Kanwal (2017) agree with this statement, adding that customers who are loyal to their brands will steadily buy products or services from the favoured brand, irrespective of prices.

Reichheld and Sasser (1990) illustrate with the use of a credit card in the banking sector. When a new customer takes up a credit card and uses it over a period of time and is satisfied with the other products and benefits they have with the bank, they are unlikely to switch to a competitor just because the competitor offers 2% less interest. In a study of Barclays Bank in Kenya, Mbugua (2014) found that customers were not sensitive about product and service prices they paid for their accounts, stating that prices were unlikely to be the reason for them to leave Barclays.

Furthermore, loyal customers save the company marketing and communications costs because there is often no requirement to market to existing or loyal customers; instead, loyal customers act as marketers for the company by recommending its products or services to others (Bowen & Chen 2001).

For the customer, the advantage of staying loyal to a brand is that it minimises risk, provides a feeling of satisfaction and fosters customer confidence that the company will deliver the right products or service each time (Gremler & Brown 1996). In addition, by staying with the same company or service provider, the customer will avoid searching and learning new products, saving them time and money (Bennet & Bove 2002).

The question then arises, what causes customers to switch brands? In a study on brand loyalty, Seiders and Tigert (1997) found that a customer will switch brands when they are motivated to review alternative brands available in the marketplace. This will be as a result of dissatisfaction, a bad experience or any other problem (Seiders & Tigert 1997).

Shih (2011) found that when a customer considers switching brands, they evaluate the benefits and costs of switching. When the cost of switching is excessive or there is extra time and effort required, they may continue with the same brand. This is especially common in the banking sector where the cost of switching is higher than that of switching supermarkets or restaurants (Shih 2011).

Another reason customers switch brands is when the company's products are so common to the degree that they can be duplicated exactly with the original (Oliver 1999). However, the adverse can also be true. For some customers, switching does not make sense if they perceive that alternative brands provide the same or similar products and services as their preferred brand (Gan et al. 2006).

Other reasons for switching service providers and banks are inconvenience, service quality failure, unresponsive and unknowledgeable staff, late or no responses to queries and ethical issues (Keaveney 1995).

Appiah et al. (2016) posit that there are two main switching behaviours in which customers engage. The first is "switching as functional utility maximisation" which occurs when a customer is motivated to try alternative products in the market due to a change in competitive activities (Appiah et al. 2016:2). The second behaviour occurs as a means of people drawing their identity from their affiliations with social groups;

belonging to these groups and being associated with certain brands as a result thereof sets these customers apart (Appiah et al. 2016). For example, when Capitec Bank first entered the South African market, it was deemed to target the lower to middle-income earning customers, and therefore customers in the higher Living Standards Measure (LSM) chose not to be associated with the brand (De Lange 2013). For customers of Barclays Bank in Kenya, it was the physical appearance and level of cleanliness of the banking halls that appealed to customers and made them want to be associated and stay with the bank (Mbugua 2014).

Oliver (1999) believes that marketing and brand communications is another reason that may cause customers to change brands. Competitors use brand communication through persuasive messages and incentives that can successfully lure customers away from their preferred brands (Oliver 1999). This affects customers who are in their early stages of loyalty and this phase is referred to as cognitive loyalty; where a customer is loyal to information such as price or features of the product (Oliver 1999).

Customers switching brands can be detrimental for the company in terms of future revenue, as the company will need to invest in resources for attracting new customers and this exercise can cost five times more than to retain old customers (Appiah et al. 2016).

Demographic variables have also shown to have a significant influence on customer loyalty. Tweneboah-Koduah and Farley (2016) found that there is a significant difference between age groups and their loyalty where the older age groups (45 years and above) are more likely to remain loyal to their banks. They also found that customers who have no formal education were more likely to remain loyal to their banks than customers who have formal education (Tweneboah-Koduah & Farley 2016).

This is supported by a study conducted by Jain et al. (1986) which found that customers who are loyal to their banks are older, have attained lower level or no formal education and have a lower family income. A study investigating customer loyalty in the banking sector in Botswana also found that age and gender have a positive effect on customer loyalty, where older female customers are seen to be more loyal than their counterparts in the younger age groups (Chiguvi & Guruwo 2017). In terms of income, the study again supports that of Jain et al. (1986) and found that customers with a higher income are less loyal to their banks (Chiguvi & Guruwo 2017).

However, Major’s (2017) study of predictors of customer loyalty in the South African retail banking industry rejected the hypothesis that customers of different age groups differ significantly in terms of their loyalty to a brand. He also did not find any relationship between customers’ level of education and their loyalty to the retail bank (Major 2017). What he did find to be of interest, however, is that Black respondents are statistically significantly more loyal towards their retail banks than white respondents (Major 2017).

Salarzehi and Rahmaninejad (2011) state that customer loyalty has two meanings: long-term and short-term loyalty. Those with long-term loyalty are not easily swayed to other service providers, whereas customers with short term loyalty tend to defect more easily when approached with a better alternative or lured with incentives from competitor brands (Salarzehi & Rahmaninejad 2011). Organisations should always strive for long-term loyalty as this would probably yield profits for the business. However, it is important to note that although customer loyalty is a significant factor for customer retention, it does not necessarily result in customer retention and the two factors may be slightly different (Gan et al. 2006).

Fazal and Kanwal (2017) found that brand loyalty increases when perceived value of the brand is fulfilled through marketing and brand communications. When an organisation sends customers communications about other products of the preferred bank of which that they may not be aware, their perception of and positive attitude towards the brand increases.

Global studies have shown that seven out of ten customers remain loyal to their bank for more than five years (Saiz & Pilorge 2010). However, according to Fin24 (Consumer trends vs brand loyalty 2016), brand loyalty in South Africa is dwindling as more consumers are opting to compare services and fees before switching to other brands. With these recent statistics, it is prudent for marketers to understand factors influencing brand loyalty of customers so that they can formulate their marketing and communications strategies accordingly.

2.4.1 Behavioural loyalty and attitudinal loyalty

In its earliest form, brand loyalty was measured only through customer behaviour. However, researchers soon found that brand loyalty is a multidimensional concept which comprises two types: behavioural loyalty and attitudinal loyalty (Jacoby & Kyner 1973; Kumar & Advani 2005).

According to Bahremand and Jahromi (2015), behavioural loyalty is when a customer's loyalty is reflected through their behaviour. For example, increasing the number of products a client has with the bank, such as having linked spousal and children's accounts, a home loan, car finance and educational fund with the same bank. Fazal and Kanwal (2017) posit that behavioural loyalty is concerned with measuring repeat purchase behaviour of a customer and the rate of recurrence of those purchases.

The problem with behavioural loyalty is that repeat purchases are not always as a result of emotional commitment towards a particular brand (Bowen & Chen 2001). For instance, a customer may stay with a bank because the bank offered a 100% home finance but as soon as the house is paid up, they may decide to leave. Furthermore, a behaviourally loyal customer may be spuriously loyal, meaning that they will stay with a particular brand until a better alternative is available in the marketplace (Fazal & Kanwal 2017).

Jacoby and Kyner (1973) argue that loyalty cannot be based on overt purchases because there may be underlying determinants on why a customer purchases a particular brand. These may include price, or a customer may purchase a particular brand because the nationally advertised brand is only sold by a particular store or because they prefer that brand. Mylonakis (2009) found that 32% of respondents in his research banked with a particular bank because the bank branch was near their home or working area. For bank customers in Kenya, it was the wide network of service points like branches and automated teller machines (ATM) that attracted some of its customers to the bank (Mbugua 2014). Consequently, Jacoby and Kyner (1973) suggest that brand loyalty involves much more than simple repeat purchasing behaviour, and that repeat purchase behaviour and brand loyalty are functionally different phenomena mediated by different underlying dynamics.

Attitudinal loyalty, on the other hand, is deemed to be a psychological construct, meaning it is a way of thinking or the perception that a customer has towards the brand (Shih 2011). Kumari and Patyal (2017) agree with this statement, adding that attitudinal loyalty is the positive feeling customers have about a product or service and they influence or recommend it to other people.

Bowen and Chen (2001) describe attitudinal loyalty as an emotional and cognitive affection that customers have towards a brand. Geçti and Zengin (2013:112) refer to it as “consumers’ deal with the intensive problem-solving behaviour that covers the brand and feature comparisons and leads to strong brand preferences”.

Shih (2011) further explains that while behavioural loyalty can be converted into actual purchases, attitudinal loyalty does not ensure that a customer will make the purchase themselves; however, they may through positive word of mouth help the brand increase business. A company in the United States of America (USA) found that more than 60% of its sales are from customers who are referred by others (Reichheld & Sasser 1990).

Similarly, Reynolds and Beatty (1999) found in their study that word-of-mouth referrals were very important in a consumer’s decision to buy a company’s product or service.

In fact, customers who were highly satisfied with a brand positively related word-of mouth about the company. In their study of Zimbabwean tourism, Oliver (1999) believes that marketing and brand communications is another reason that may cause customers to change brands. Competitors use marketing and brand communications through persuasive messages and incentives that can successfully lure customers away from their preferred brands (Oliver 1999). This affects customers who are in their early stages of loyalty and this phase is referred to as cognitive loyalty; where a customer is loyal to information such as price or features of the product (Oliver 1999).

Chigora and Zvavahera (2016) found that attitudinal loyalty is triggered by word-of-mouth reference, whereas behavioural loyalty is mainly triggered by personal experience. Therefore, they suggest that attitudinal loyalty is a major driver for brand performance (Chigora & Zvavahera 2016).

Alina and Laurentiu-Dan (2009) found that customers remain loyal to their banks because of positive or favourable attitudes and perceptions. The disadvantage with attitudinal loyalty, as Fazal and Kanwal (2017) point out, is that it is harder to measure since valid representation of purchases is not guaranteed.

Although both constructs are very important in marketing, some scholars conclude that attitudinal loyalty is a predecessor of behavioural loyalty (Bandyopadhyay & Martell 2007). However, it is also important to note that there are customers who do not fit into either attitudinal or behavioural loyalty. These are customers who use products or services strictly from habit or convenience and do not have any attachment towards the brand (Bennet & Bove 2002).

Companies want customers whose loyalty can be measured by both behaviour and attitude; these are customers who have favourable attitude towards the company, commit to repeat purchases of the company's products or services and also recommend the products or services to others (Bowen & Chen 2001). It is therefore very important for companies to invest in customer and brand loyalty (Reichheld & Sasser 1990).

2.4.2 Theories and models of brand loyalty

There are a few dominant theories in research relating to brand loyalty. Some of the most popular ones include Day (1969), Jacob Jacoby (Jacoby & Kyner 1973), Aaker (1991), Dick and Basu (1994) and Oliver (1999).

Day's theory on brand loyalty (1969)

Day (1969) was one of the first researchers who disputed evidence that repeat purchase behaviour suggested brand loyalty (Bandyopadhyay & Martell 2007). He suggests that there are many dynamics that could influence a customer to buy a product, such as opportunity, convenience and routine, instead of preference (Bandyopadhyay & Martell 2007). Day labels these situational purchases as "spurious loyalty”" and proposes that true brand loyalty combines composites of attitudinal and behavioural measures (Bandyopadhyay & Martell 2007).

Day’s research, however, raised a lot of doubt among marketing and communication researchers and his study was deemed incomplete because the construction of the attitude scale used in the study was not described in detail (Bandyopadhyay & Martell 2007). In addition, he could not state what components influence attitude and behaviour in the loyalty score (Bandyopadhyay & Martell 2007).

Jacob’s theory on brand loyalty (1973, 1978)

Jacob’s theory on brand loyalty combines behavioural and attitudinal aspects of brand loyalty, describing it as not only an outcome of repeat purchase behaviour but also as a result of multidimensional attitudes favourable toward to a particular brand (Back & Parks 2003).

Jacoby and Kyner (1973) state that in order for brand loyalty to be realised, there are a set of six conditions that must be present, and that failure to satisfy all six conditions results in non-loyal behaviour: 1) the biased, 2) behavioural response, 3) expressed over time, 4) by some decision-making unit, 5) with respect to one or more alternative brands out of a set of such brands, and 6) is a function of psychological processes.

In other words, the customer or a group of individuals must have an intention to buy; this must be followed by actual purchase behaviour that takes place over a period of time. The favoured brand or product is selected out of a number of alternative brands and there is a psychological process behind this preferred brand/s in terms of criteria and satisfaction (Jacoby & Kyner 1973). However, in all this, they argue that commitment is especially an essential factor of loyalty (Jacoby & Kyner 1973).

Aaker's theory on brand loyalty (1991)

Similarly, Aaker (1991) incorporates both consumer perceptions and actions into brand loyalty. According to him, brand loyalty is influenced by other dimensions of brand equity, namely awareness, associations and perceived quality (Aaker 1991). Loyalty, however, may be independent of the other factors because brand loyalty is at the heart of a brand's value.

Aaker (1991) adds that brand loyalty reflects how likely a customer is to switch brands when the brand makes a product change either in price or product features. He states that if a customer buys a product based on features, price and convenience, with very little concern to the brand name, then there is very little equity (Aaker 1991).

Aaker (1991) developed a measure of brand loyalty using five different tiers: 1) switchers/price sensitive indifferent–- no brand loyalty; 2) satisfied/habitual buyer with no reason to change; 3) satisfied buyer with switching costs; 4) likes the brand and considers it a friend – may be considered a loyal buyer; 5) committed buyer – these buyers are extremely loyal to the brand and will recommend it to others.

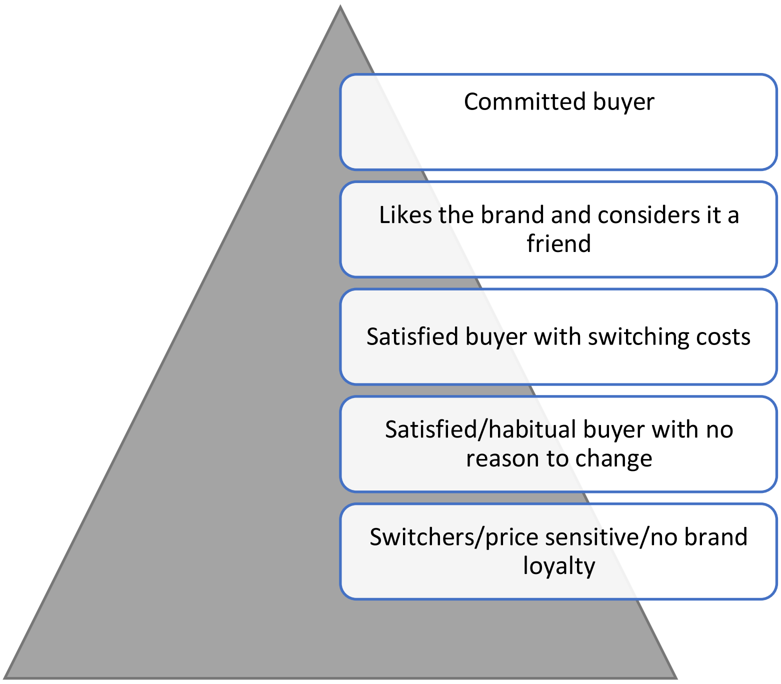

Figure 2.3: Measure of brand loyalty

Source: Aaker (1991)

Dick and Basu's theory on brand loyalty (1994)

Dick and Basu's (1994) theory on brand loyalty is that true brand loyalty only exists when repeat patronage is accompanied by high relative attitude. Their attitude behaviour framework identified the antecedents of loyalty: cognitive, affective, and conative (Dick & Basu 1994).

Dick and Basu (1994) also used a typology model where they distinguished customers into four loyalty groups ranging from true loyal customers to non-loyals.

Table 2.1: Dick and Basu Loyalty Typology Model

		High	Low
Relative Attitude	High	True loyalty – high attitude and high repeat patronage	Latent loyalty – high attitude but low repeat patronage
	Low	Spurious loyalty – high repeat patronage but low attitude	Non-loyals – low attitude and low repeat patronage

Source: Dick & Basu (1994)

Garland and Gendall (2004) used Dick and Basu's (1994) typology model in their study of personal retail banking in New Zealand, and found that it supported the framework in that most loyal customers have the fewest bank relationships (attitude), would increase products with their main bank (repeat patronage) and had the lowest probability to switch banks. Non-loyals, on the other hand, had multiple bank relationships and were not committed to a single bank.

Oliver's theory on brand loyalty (1999)

Oliver's (1999) theory on brand loyalty focuses on the customer's commitment to purchase a favourable brand consistently, against all odds and despite communication influence from other brands. He suggests that brand loyalty has different phases which highlight the relationship between attitude and behaviour. These phases are cognitive loyalty, affective loyalty, conative loyalty and action loyalty (Oliver 1999).

Cognitive loyalty, also referred to as loyalty based on brand belief, is the first phase of loyalty (Oliver 1999). At this stage, attitude towards a brand is based on prior knowledge or recent experience-based information and there is no depth of loyalty (Oliver 1999).

Affective loyalty is the second loyalty phase where the attitude towards the brand has developed on the basis of product satisfaction or pleasurable fulfilment (Oliver 1999). Brand switching at this second stage is still possible.

The third phase, conative loyalty, is the stage that is influenced by repeated purchase behaviour or commitment to repurchase with intention (Oliver 1999). After the conative loyalty phase follows the action phase, because a customer may have the intention to rebuy, but the intention may not always result in action.

The last phase, action loyalty, is intention transformed into the desired action. Oliver (1999) suggests that the action is accompanied by a desire to overcome any obstacles that might prevent the act. According to Oliver (1999), these phases complete the attitude-behaviour loyalty model.

2.5 Influence of brand trust on customer loyalty

Brand trust has been studied extensively in literature and the two concepts, brand loyalty and brand trust, are considered to be closely related (Salarzehi & Rahmaninejad 2011). Delgado-Ballester et al. (2003:37) define brand trust as "the confident expectations about the brand's reliability and intentions in situations entailing risk to the consumer". This definition supports the views of Kumar and Advani (2005) who postulate that brand trust is based on the confidence a customer has in a brand.

Ali, Leifu and Rehman (2014:11) define brand trust as the “customer’s willingness to rely on the ability of the brand to perform its stated function”.

Brand trust is an important factor as it usually translates to long-term loyalty from customers, which is beneficial for both the brand and the customer (Geçti & Zengin 2013). In their study, Geçti and Zengin (2013) found that brand trust has a positive influence to both attitudinal and behavioural loyalty, but is even more influential on behavioural loyalty.

Reichheld (1993) points out that in order for a customer to be loyal to a brand, trust has to be a precondition, and that trust is built through continuous transactions and interactions between the customer and the organisation. Jumaev, Hanaysha and Kumar (2012) add that the trust element of a brand, especially a bank, is extremely important because relationships characterised by trust tend to be highly valued and customers will only want to commit themselves to those relationships with their trusted brands. Salarzehi and Rahmaninejad (2011) further add that trust, like loyalty, is a psychological construct because even though the customer may be able to receive similar products or services from a different bank, they have confidence and trust in a particular bank to deliver service quality and product quality. Without trust, it would be difficult for the customer to remain loyal to any brand.

The findings of a study conducted by Bhat et al. (2018) revealed that customer trust in the retail banking sector has a significant impact on customer loyalty.

Delgado-Ballester et al. (2003) found that brand trust correlated significantly with measures of customer satisfaction and brand loyalty, citing that brand trust is influenced by the customer's evaluation of a brand, either through direct usage or word-of-mouth. They conclude that brand trust is a key determinant of brand loyalty and that loyalty underlies the ongoing process of upholding a very important relationship with the customer that has been created by trust. Again, Kumar and Advani (2005) agree with this view. In their study they found that brand trust positively influences brand loyalty (Kumar & Advani 2005).

2.6 The connection between customer satisfaction and customer loyalty

Customer satisfaction can be referred to as “the judgment of customer'' towards the reliability of the delivered service and the customers’ experiences with the service delivery process” (Mylonakis 2009:16). Hallowell (1996) refers to customer satisfaction as a customer's perception of the value received during and after a transaction.

Oliver (1999) describes customer satisfaction as a consumer's sense that consumption fulfils a certain need, desire or goal, and that this fulfilment is pleasurable. He posits that in order for satisfaction to influence loyalty positively, the consumer must experience frequent satisfaction (Oliver 1999).

Customer satisfaction has been used as a determinant in explaining customers’ loyalty for many years. Studies show that the more satisfied customers are with a brand, the more loyal they are toward the brand (Bowen & Chen 2001; Chochoľáková et al. 2015; Fazal & Kanwal 2017; Reynolds & Beatty 1999). In a study on the factors affecting customer loyalty in the banking industry in Iran, Salarzehi and Rahmaninejad (2011) found that customer satisfaction with the bank had the highest level of positive effect on customer loyalty.

Bhat et al (2018) add that not only is there a link between satisfaction of customers and loyalty of customers, but that customer trust, service quality and reputation are also important factors that influence customer loyalty. In other words, the more the customer trusts the organisation or brand and the more satisfied they are with the services and reputation of the brand, the more loyal they are towards that brand. Moreover, the more satisfied customers are, the more likely they are to make substantial repeat purchases (Reynolds & Beatty 1999). This is echoed by Reichheld and Sasser (1990) who maintain that improved customer satisfaction has the likelihood to lead to repeat purchases.

Bowen and Chen (2001) disagree. In their study they found that customer satisfaction does not equal customer loyalty. From a total of 63% of respondents who rated "very satisfied" with a particular hotel, less than 30% of those respondents agreed that they would recommend the hotel to others (Bowen & Chen 2001).

Gan et al. (2006) also found in their Survey of Customer Retention in the New Zealand Banking Industry that customer satisfaction does not necessarily translate into customer loyalty (Gan et al. 2006). They concluded that customers can be highly satisfied but still leave their banks. In fact, Alina and Laurentiu-Dan (2009) found that 50% of the customers who are dissatisfied with the bank show a higher level of loyalty than 12% who are satisfied, who show a very low level of loyalty to the bank. Oliver (1999) shares similar views. He suggests that customer satisfaction and loyalty are two distinct concepts because satisfaction can be a temporal state of fulfilment and does not guarantee ongoing satisfaction. However, he did find that satisfaction is necessary in the development of loyalty but is not the core element of loyalty (Oliver 1999).

Rootman and Cupp (2016) add that customer satisfaction occurs when clients can get more benefits from the organisation than their cost of purchasing goods or paying for services with the organisation. In banking terms, the customer may receive benefits as part of the bank’s rewards programme.

In a study by Chochoľáková et al. (2015), it was found that satisfied bank customers were more likely to recommend their bank to family and friends, and they were more resistant to marketing and brand communication offers from competitor banks. They also found that loyalty of customers is transforming to potential purchase of additional products by the same bank. However, they do admit that achieving a reasonable level of customer satisfaction is a very challenging task for any bank and therefore banks need to increase efforts to improve customer satisfaction (Chochoľáková et al. 2015).

With the new banks launched recently, customer satisfaction is crucial. Bank leaders should identify satisfaction drivers that are most likely to improve customer loyalty and the perception customers have of the bank (Saiz & Pilorge 2010).

From the above literature, it is undeniable that a relationship exists between the satisfaction of customers and the loyalty of customers; however, there is very little information pertaining to how brand communication impacts on customer loyalty. This study aimed to determine if there is a connection between brand communication and customer loyalty.

There are many factors that affect customer loyalty. According to practitioners and literature on previous studies, other factors affecting customer loyalty in the banking sector can include service quality, the reputation of the bank, and as previously stated, customer trust (Ali et al. 2014). In their study, they found that service quality enhances customer loyalty, and that the reputation of the bank has a positive effect on customer loyalty (Ali et al. 2014). Service quality also ensures that the bank stands out from competitors (Mahapatra & Kumar 2017).

Another factor that seems to be common in customer loyalty is customer relationship management. Ibrahim, Hamid, Babiker and Ali (2015) describe customer relationship management as one of the most important solutions to enable brand communication activities. Mahapatra and Kumar (2017) add that establishing successful relationships with customers is important in improving customer loyalty. Reichheld and Sasser (1990) suggest that managers should focus on customer relationship management to keep existing customers loyal to the bank.

A study by Al-alak (2014) found that the higher the employee and customer relationship quality, the more satisfied and loyal the customer is likely to be towards their bank. Furthermore, they found that employee and customer relationship promoted positive word-of-mouth by the customer.

Bhat et al (2018) advise that banks can increase customer loyalty through proper understanding of a customer's dynamic behaviour and also by maintaining relevant information about the customer. This is very prudent in an increasingly competitive banking sector such as South Africa, where it is also marred by entry of new players and customer demands.

Mylonakis (2009) advises that banks should pay attention to their communication strategies and be careful to target and nurture the relationships with loyal customers. Although mobile and application messages have become a common method for banks to communicate with customers, Mylonakis (2009) did find in his research that this approach was annoying for most customers and therefore should be limited.

2.7 Chapter summary

Chapter 2 provided a comprehensive overview of literature relevant to the study. The literature review highlighted four key concepts, namely brand communication, brand loyalty as a concept in communication, influence of brand trust on customer loyalty, and the connection between customer satisfaction and customer loyalty. The following Chapter 3 discusses the research methodology used in the study and how data was collected and sampled.

CHAPTER 3: RESEARCH METHODOLOGY

3.1 Introduction

The previous chapter provided an overview of the literature reviewed in this study by highlighting the key concepts discussed, including brand communication and brand loyalty. This chapter discusses the methodology used in this research study as influenced by the theoretical framework discussed in Chapter 2. The research design, data collection methods and data analysis and interpretations are explained, followed by the population and sampling method, unit of analysis and time dimension. A closer in-depth review of ethics concludes this chapter, followed by an explanation of how the researcher ensured rigour through reliability and validity methods.

Research methodology is a technique of logically solving a research problem (Kothari 2004). Research methodology is not exclusive to research methods and techniques but includes the logic behind the procedures used in research and why these methods are selected over others (Kothari 2004).

The methodological framework used in this study was quantitative, and the positivist model was used to best achieve the objectives of the study which were to investigate the effectiveness of brand communication and its influence on brand loyalty using FNB customers as a case study and using the AIDA model as a theoretical framework. The positivist model is the ontological position of the quantitative paradigm that postulates that there is only one truth and that an objective reality exists independent of human perception (Gioia & Pitre 1990). In other words, the researcher was able to conduct the research by investigating the effectiveness of brand communication and its influence on brand loyalty among FNB customers without influencing the research or being influenced by it.

3.2 Research design

This study adopted causal research design. Causal research can be described as research that serves to identify the extent and nature of cause-and-effect relationships (Akhtar 2016). Causal research is best used to investigate not only that variable A is related to variable B, but that variable A has a particular effect on variable B (Akhtar 2016).

In this study, causal research design was appropriate because the study aimed to investigate the following hypothesis:
H_0 - Brand communication has an effect on brand loyalty.
H_1 - Brand communication has no effect on brand loyalty.

It also aimed to explain the “why” effect to identify a reason and supporting evidence why the relationship between brand communication and brand loyalty occurs (Malhotra 2010).

3.3 Data collection

In research, there are two types of data collection: primary data and secondary data (Hox & Boeije 2005). Primary data can be described as original data that is collected for a specific research goal, and secondary data is data that was originally collected by another researcher for a different purpose and reused for another research question (Hox & Boeije 2005). Secondary data, which is generally archived and released to the research community, is useful in terms of saving costs and time, whereas primary data is best in that the information collected is tailored to the theoretical constructs and the research design of the current study and answers the research problem at hand (Hox & Boeije 2005).

Data for this research was collected by means of questionnaires because questionnaires are a fast and efficient way of collecting data in a large scale quantitative research. Self-administered questionnaires were distributed via online channels such as LinkedIn to more than 500 FNB customers, as stated in Chapter 1, in order to obtain sufficient responses of sample size 400. Through online channels, the researcher was able to reach a wider audience and LinkedIn was selected as a platform to reach out to participants because of the target population of individuals. The researcher, at the time of the study, had access to over 4,500 individuals directly on LinkedIn who were people over the age of 21. LinkedIn is the largest business networking site and is becoming increasingly popular among academics who want to find and recruit participants for research and experiments (Duca 2019). LinkedIn and other social media platforms provide an opportunity to reach out to large audiences online, especially during the times of the COVID-19 pandemic where face-to-face interactions were risky for investigators and participants (Gelinas & Pierce 2017).

Each questionnaire consisted of 30 items. The questionnaires included demographic information such as gender, age, highest level of education, and Likert scales anchored from strongly disagree to strongly agree in order to answer the research questions.

3.4 Data analysis and interpretation

Data analysis and interpretation is a very important part of any research as it presents the researcher with a view of the information gathered. LeCompte and Schensul (1999) describe data analysis as a type of research process used to reduce data to a story and its interpretation.

Once the data was collected through questionnaires, it was analysed and interpreted. There are various computer programs, tools, and techniques that are used to analyse data. For this research, inferential statistics were used to analyse data. Inferential statistics are used to test hypotheses about the relationship between variables, and the most common tests include chi-square, t-test, ANOVA, Correlation and Linear regression (Prochaska 2013).

3.5 Population

The population in research refers to the whole population or collection of people who will be used to generalise results (Du Plooy 2009). The target population for this research was consumers, over the age of 21, who live in various parts of South Africa across the local provinces (80% residing in Gauteng) and bank with FNB. Participants were mixed from students, unemployed to employed people as well as business owners.

Quantitative research emphasises relatively large scale and sets of data (Hox & Boeije 2005). There are many ways to determine sample size for research. One of these was to publish tables which provide the sample size for a given set of criteria (Ajay & Micah 2014). Sample sizes are based on given combinations of precision, confidence level and variability (Ajay & Micah 2014). For instance, sample size for ± 5% precision levels where confidence level is 95% is 222 for a population size of 500. Precision refers to sampling error, where the recommended practice rate is ± 5%, and confidence level refers to risk level (Taherdoost 2016).

Table 3.1: Glenn table for selection of sample size

Table 1. Sample Size for ±5% and ±10% Precision Levels where Confidence Level is 95% and P=0.5.

Size of Population	Sample Size (n) for precision (e)	
	±5%	±10%
500	222	83
1,000	286	91
2,000	333	95
3,000	353	97
4,000	364	98
5,000	370	98
7,000	378	99
9,000	383	99
10,000	385	99
15,000	390	99
20,000	392	100
25,000	394	100
50,000	397	100
100,000	398	100
>100,000	400	100

Source: Taherdoost (2016)

The population size for FNB customers was 8.2 million at the time of this research (Battle of the banks: South Africa's big 5 banks compared 2019). Therefore, the sample size was 400 based on the ± 5% precision levels where confidence level is 95% for a population size of over 100,000 (Taherdoost 2016). The sample sizes reflected the number of obtained responses and not the number of questionnaires distributed.

3.6 Sampling method

There are three categories of sampling methods: probability, quasi-probability and non-probability (Etikan & Bala 2017). Probability sample means that every unit in the target population has an equal and therefore probable chance of being selected as part of the sample, the researcher does not control the choice of units in the population, and the process eliminates bias (Barreiro 2001). Quasi-probability sample is similar to probability sample; however, due to the systematic choice procedure used, the sample is not completely random, and the researcher is able to control the units of analyses (Etikan & Bala 2017). In a non-probability sample, every unit in the target population does not have an equal chance of being selected as part of the sample, the sample is not representative of the target population and therefore has no external validity and also the researcher, in most cases, can control the choice of units of analysis (Etikan & Bala 2017).

In this research, the method which was used was a non-probability convenience sampling method. In non-probability sampling, the samples were selected based on the subjective judgement of the researcher rather than random selection. This means the sample was not representative of the target population and the researcher in most cases could control the choice of units of analysis.

3.7 Unit of analysis

Units of analysis were individuals who live in various parts of South Africa and banked with FNB during the period of the research study, and they all had access to traditional and digital communication platforms where they could access brand communication messages from the bank.

3.8 Time dimension

Time dimension in research refers to the duration of time in which a researcher needs to conclude their research (Du Plooy 2009). This is important because it affects the participants used in the research. There are three different time dimensions: cross-sectional examines the population at a single point in time, longitudinal time dimension examines population over a long period of time, and case studies uses in-depth study that examines a single unit (Du Plooy 2009). In this research the time dimension was cross-sectional because data collection was done over one specific period of time only.

3.9 Ethics

Ethics can be defined as a method, procedure or perspective for deciding how to act and for analysing difficult issues or problems (Resnik 2015). Research ethics refer to principles, rules, guidelines and norms that are specific to research-related behaviour and ensure fairness and appropriateness in research (Davis & Lachlan 2017).

Ethical standards in research were established before the 18th century as a result of certain researchers using human beings to conduct research (Akaranga & Makau 2016). There were cases of crimes against humanity by physicians and administrators who used research as an excuse to commit crimes while conducting medical experiments on thousands of people without their consent during World War II (Akaranga & Makau 2016). The medical experiments included injecting people with gasoline, live viruses, and poisons, forcing them to sit in ice water or freezing temperatures for hours, depriving people of food and water, dissecting their brains, and burning them with bomb material (Davis & Lachlan 2017). Many of these people, the majority prisoners, later died and as a result the need for professional codes and laws to prevent abuse of human subjects during research was introduced (Akaranga & Makau 2016). The first set of codes was the Nuremberg Code, which outlined the principles of professional ethics for researchers in both medicine and social sciences (Davis & Lachlan 2017).

Ethics in research are important for several reasons. Firstly, they promote the aims of research such as knowledge or truth (Resnik 2015). Secondly, ethical standards are important as they promote the values that are essential to collaborative work such as mutual respect and fairness (Resnik 2015). Thirdly, because researchers are professionals, ethical standards help to ensure that researchers can be held accountable to the public for their work and especially in cases where studies are funded by the government, organisations or the public (Resnik 2015). Ethics in research ensure that researchers protect the dignity of their subjects and publish information that is based on truth and honesty (Akaranga & Makau 2016). Ethics guide the conduct of researchers, ensuring that research is valid, reliable, legitimate and representative (Davis & Lachlan 2017). Finally, ethical standards in research promote moral and social values such as social responsibility, compliance with the law, and human rights (Resnik 2015).

Many qualitative and ethnographic social science researchers have been criticised in the past for not informing participants that they were being observed (Davis & Lachlan 2017). The most important principle in research ethics is Respect for Persons, which states that research participants should be treated as autonomous agents – self-governing, independent, and capable of making decisions (Davis & Lachlan 2017).

All research codes and guidelines should be adhered to by all researchers. Dooly, Moore, and Vallejo (2017) propose that researchers need to take the necessary steps to consider if or how the study could potentially cause harm to anyone involved. The researcher then needs to ensure the privacy and confidentiality of the participants, inform participants of the purpose, process, and approach of the research, and finally ensure consent from all participants involved (Dooly et al. 2017).

3.10 Ensuring rigour

3.10.1 Reliability

Different methods could be used to assess the reliability of a measure in this particular study. The first one is stability or test-retest reliability. This method can be used to administer a test at two different points in time to the same sample in order to determine the degree of correlation between the two sets of responses, and the timing of the second administration is very critical when tests are administered because if the interval of the second test is too short, respondents will remember how they answered in the first administration (Kimberlin & Winterstein 2008). In this research, data collected from this study via questionnaires and the instruments used may be used again after a period of time (for example four or more years), with the same sample. Their responses in four years can be compared to their responses from this first administration and if there is similarity, it is an indication of the test-retest reliability.

Another method of testing reliability is the internal consistency reliability. This method measures consistency within the instrument and questions how well a set of items measures a particular behaviour or characteristic within the test (Drost 2015). The most popular method of testing for internal consistency is Cronbach's coefficient alpha (Drost 2015). For this particular study, respondents who agreed to the statement "I am satisfied with the bank" also agreed with the statement "the bank communicates effectively". There seemed to be consistency with these respondents, which means there was high internal consistency reliability.

3.10.2 Validity

Construct validity can be used to ensure the validity of the study. Construct validity is one of the popular types of validity. It refers to measuring an instrument to some theoretic framework in order to ensure that the measurement is actually logically related to other concepts in the framework (Du Plooy 2009). The findings of this study have a correlation to the literature review on brand communication and brand loyalty amongst customers.

3.11 Chapter summary

In this chapter, the research methodology used in this study was described. The study was based on a quantitative research design. A non-probability convenience sampling method was implemented to reach customers who bank with FNB. To collect data, self-administered questionnaires were distributed to more than 500 FNB customers in order to obtain sufficient responses of sample size 400 via online channels from customers who live in South Africa. In the next chapter, the key findings will be discussed to see how the participants responded to the study.

CHAPTER 4: KEY FINDINGS

4.1 Introduction

Chapter 3 outlined the research methodology used in the study and the reasons why the methodology was used. This included the data collection methods, research design, and sampling methods used. This chapter presents the findings collected by the study. The findings are presented according to the research questions being answered. The first section is the demographic information, followed by the bank information, communication information, customer satisfaction, and brand loyalty information. A non-probability convenience sampling method was used to collect data from respondents using online channels. An introduction to the study was sent to 500 potential customers before a questionnaire was delivered following their consent. The findings were collected from 439 respondents who live in South Africa. Of the total number of respondents, 401 bank with FNB. The target for the returned questionnaires was 400, which means the findings presented can be generalised to the whole population.

4.2 Demographic information

4.2.1 Gender representation

The first section of the study aimed to collect demographic information. The research began by enquiring about the gender of the respondents, and the results are generated in Figure 4.1 below.

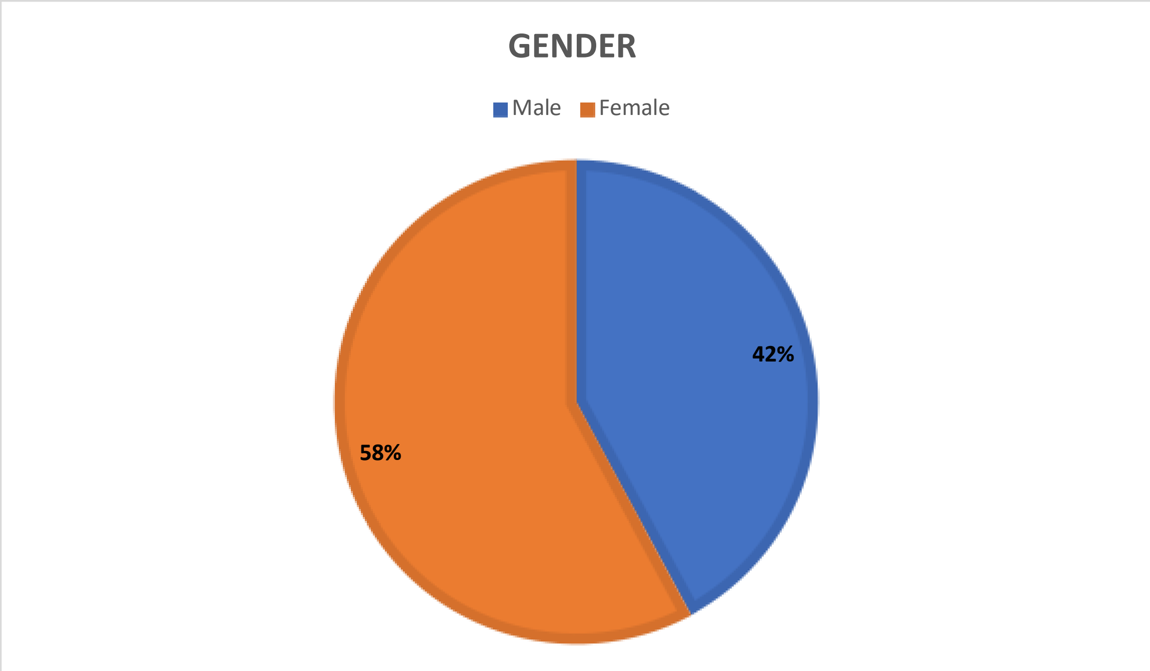

Figure 4.1: Gender of respondents

The majority, 58%, of the respondents were females, while 42% comprised males. The breakdown of the respondents' genders is relatively adequate to suggest a representation of the target population.

4.2.2 Age

As part of the demographic information, the study enquired about the age group of the respondents, and the results are demonstrated in Figure 4.2 below.

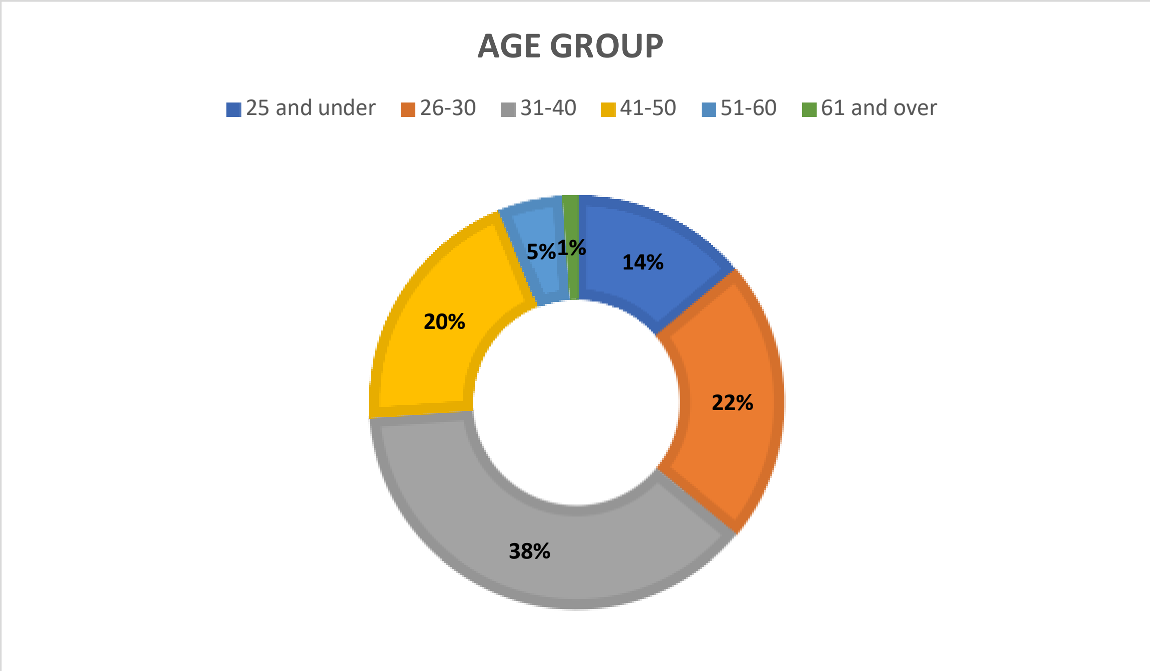

Figure 4.2: Age group of respondents

The majority of the respondents, 38%, were aged between 31 to 40 years, 22% were aged between 26 to 30 years, 20% were aged between 41 to 50 years, 14% were aged 25 years and under, 5% were aged between 51 to 60 years, and only 1% was aged 61 years and older. The representation of respondents indicates the population that utilises online channels on a regular basis, as this was the platform used to deliver questionnaires (age 31 to 40 years being the largest group, followed by 26 to 30 years and 25 years and under respectively, while the smallest age group was 61 years and older).

4.2.3 Level of education

The study also enquired about the level of education of respondents. The results are indicated in Figure 4.3 below.

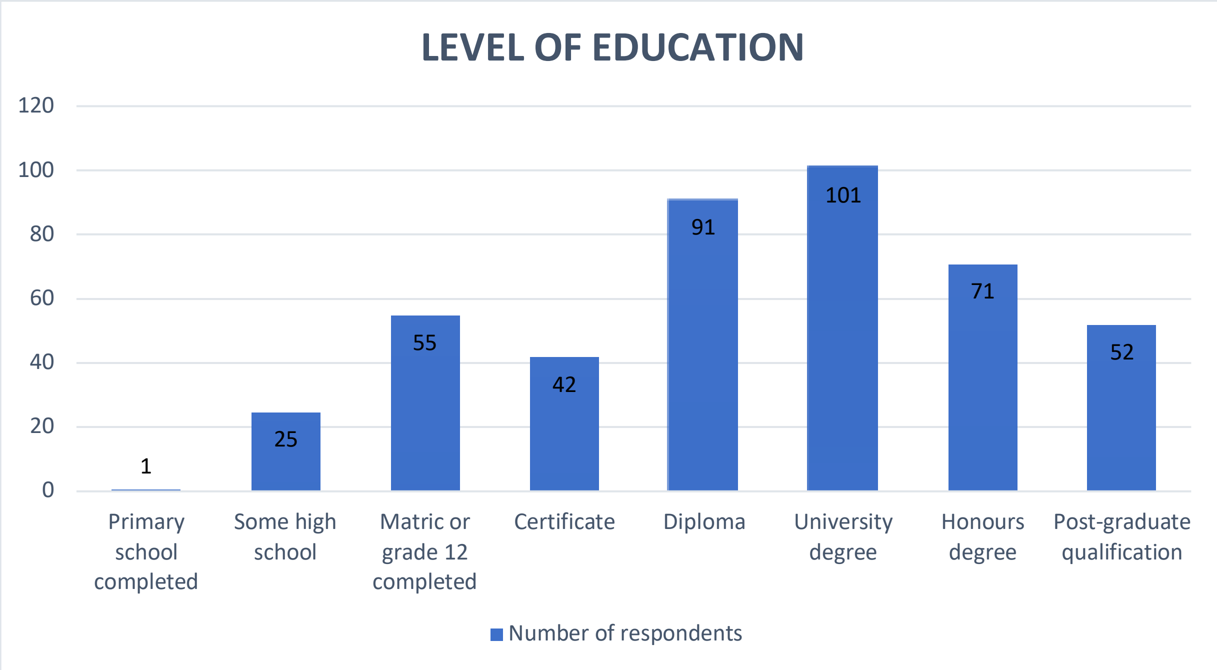

Figure 4.3: Level of education of respondents

The largest group of respondents, 23%, had university degrees as their highest level of education, followed by those with diplomas at 21% and those with honours degrees at 16%. Thirteen percent of the respondents had completed matric or grade 12, 12% had obtained post-graduate qualifications, and 9% had certificates as their highest level of education, while 6% had some high school education. Only one respondent had completed only primary school as their highest level of education.

4.2.4 Ethnicity

The study aimed to determine the ethnicity of respondents, and the results collected are represented in Figure 4.4 below.

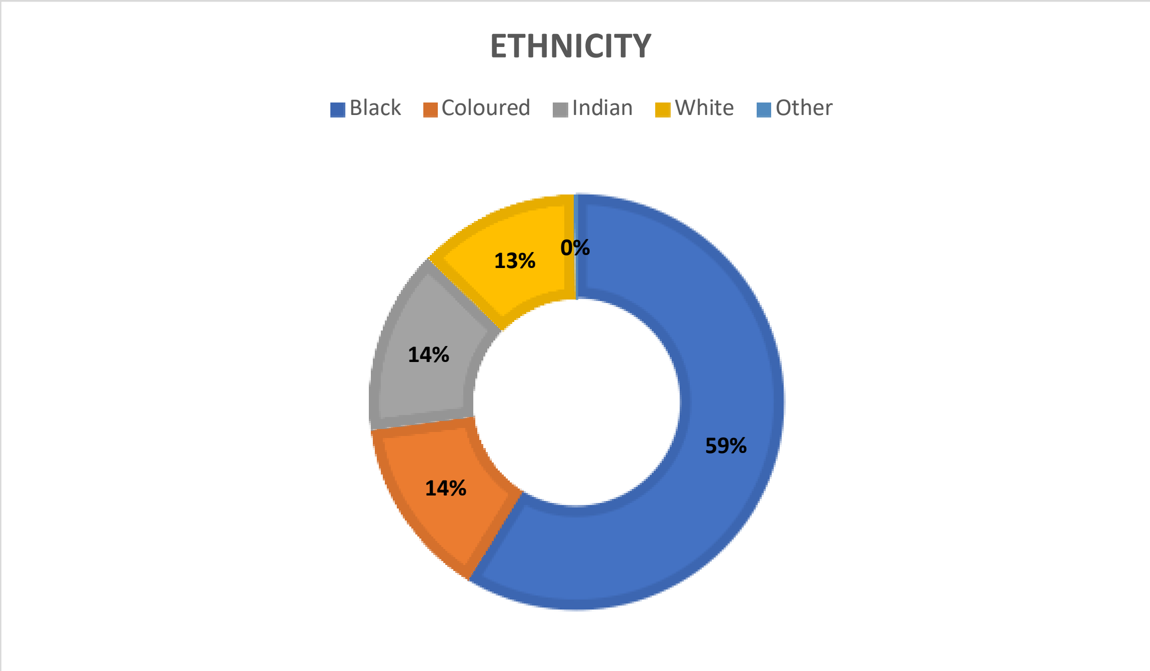

Figure 4.4: Ethnicity of respondents

The majority of the respondents, 59%, were Black, while 14% were Coloured and Indian, and 13% were White. Only one respondent selected the other category.

4.2.5 Employment status

The study needed to enquire about the employment status of the respondents. The breakdown of the employment status of respondents is shown in Figure 4.5 below.

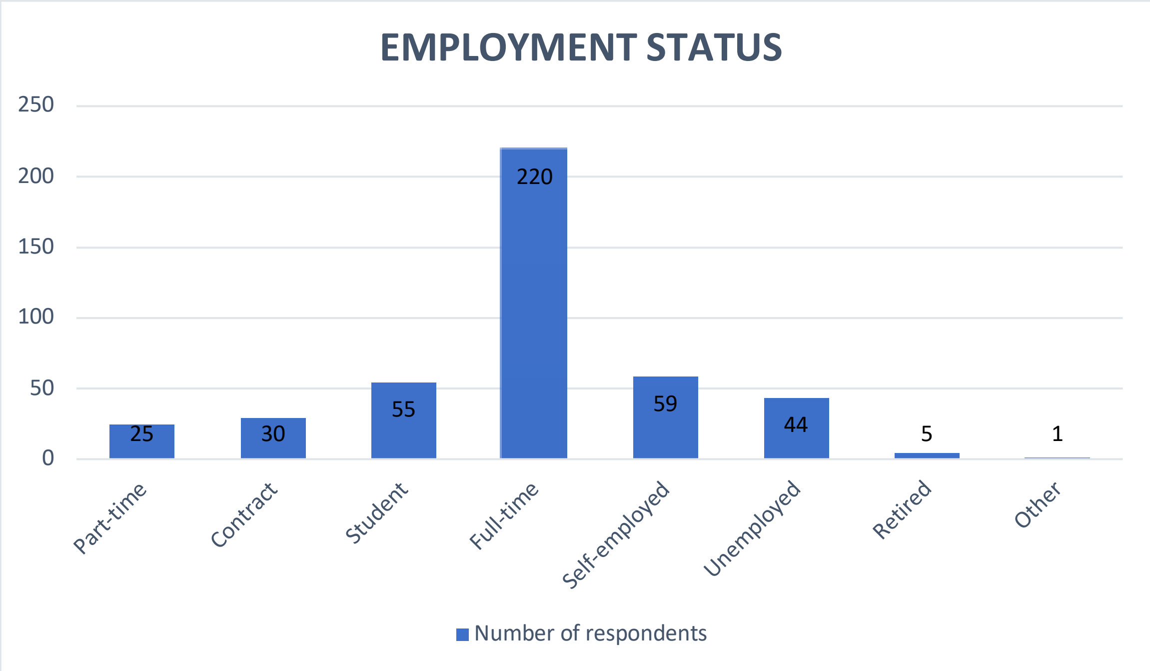

Figure 4.5: Employment status of respondents

Half of the respondents, 50%, had full-time jobs at the time of completing the questionnaire. Thirteen percent of the respondents were self-employed, 10% were unemployed, 12% were students, while 7% had contract employment. Respondents who occupied part-time jobs formed 6%, while 1% was retired, and only one respondent selected the other category.

4.3 Bank information

4.3.1 Main bank

The second section of the study aimed to find out about the bank information of respondents. Figure 4.6 below illustrates the results of the enquiry about respondents' main bank.

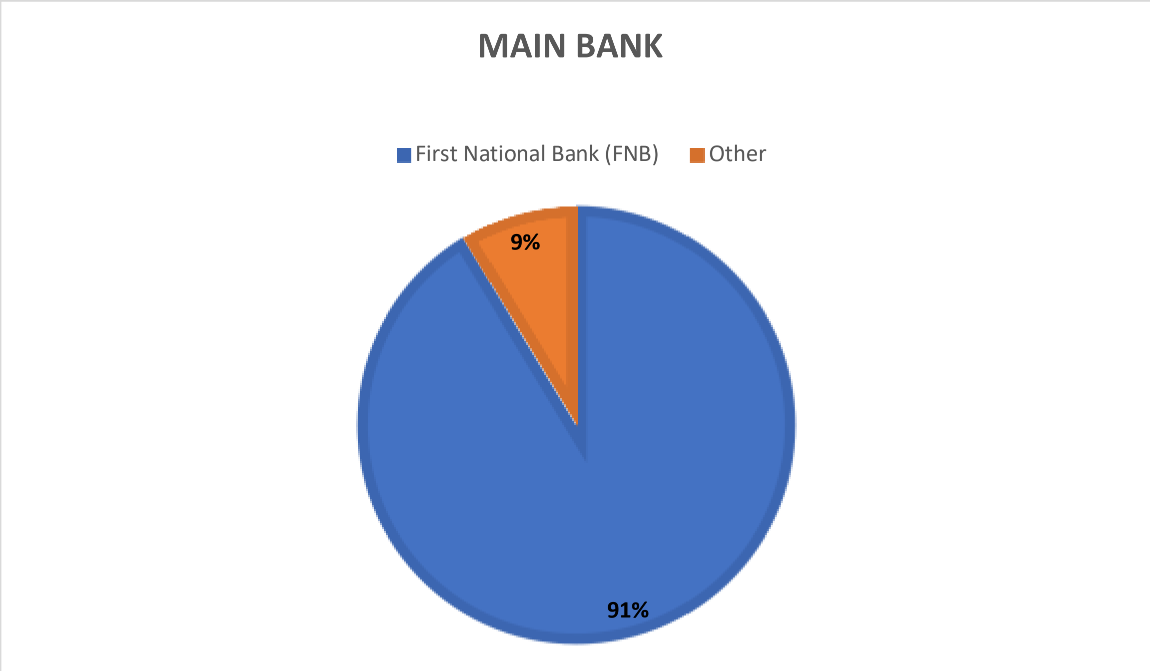

Figure 4.6: Main bank of respondents

The majority of the respondents, 91% (401 respondents), consider FNB as their main bank, and only 9% selected other as the main bank.

4.3.2 Account type

As part of the bank information, the study enquired about the account type held by respondents at their main bank. The results in Figure 4.7 present the collected findings.

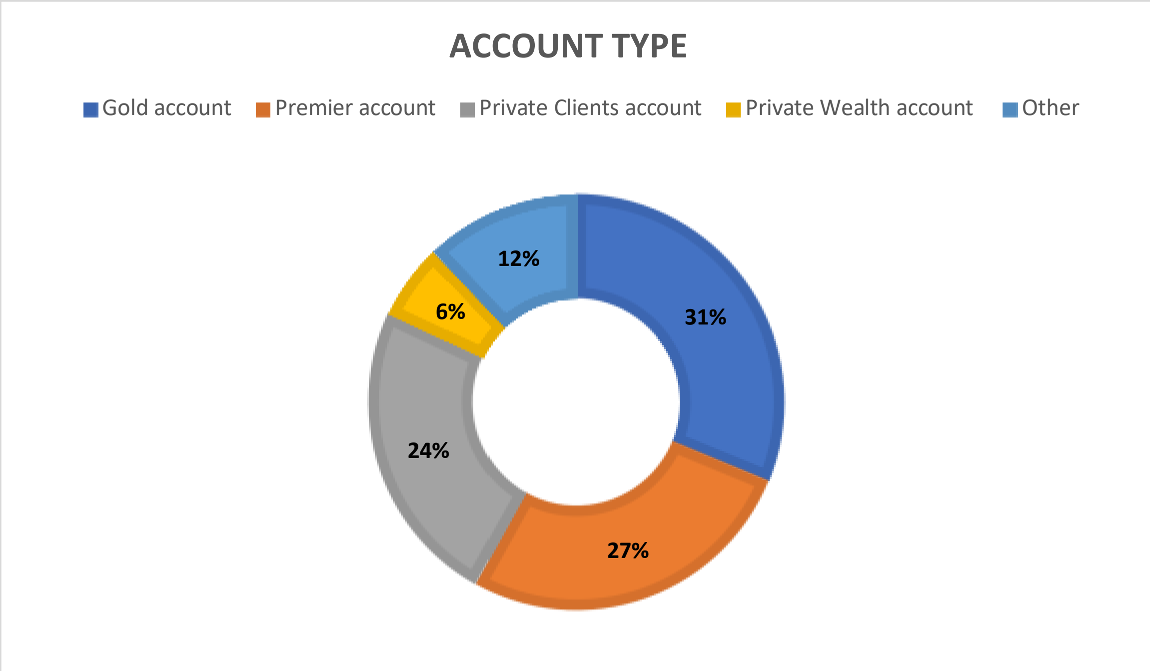

Figure 4.7: Respondent's account type held at the main bank

The largest group of respondents, 31%, had Gold accounts, 27% had Premier accounts, 24% had Private Clients accounts, and 6% percent had Private Wealth accounts. Twelve percent of the respondents selected other as the account type.

4.3.3 Length of time with the bank

The study investigated the duration the respondents had banked with the main bank. This question was important to derive how long customers would have been exposed to the bank's brand messages and gone through the AIDA model before purchasing a product or service with FNB bank. This question also ensured that the researcher covered all the definitions of brand loyalty from various perspectives, including commitment which can only be achieved over a long period of time, more than 12 months, according to Bandyophyay and Martell (2007).

The results are shown in Figure 4.8 below.

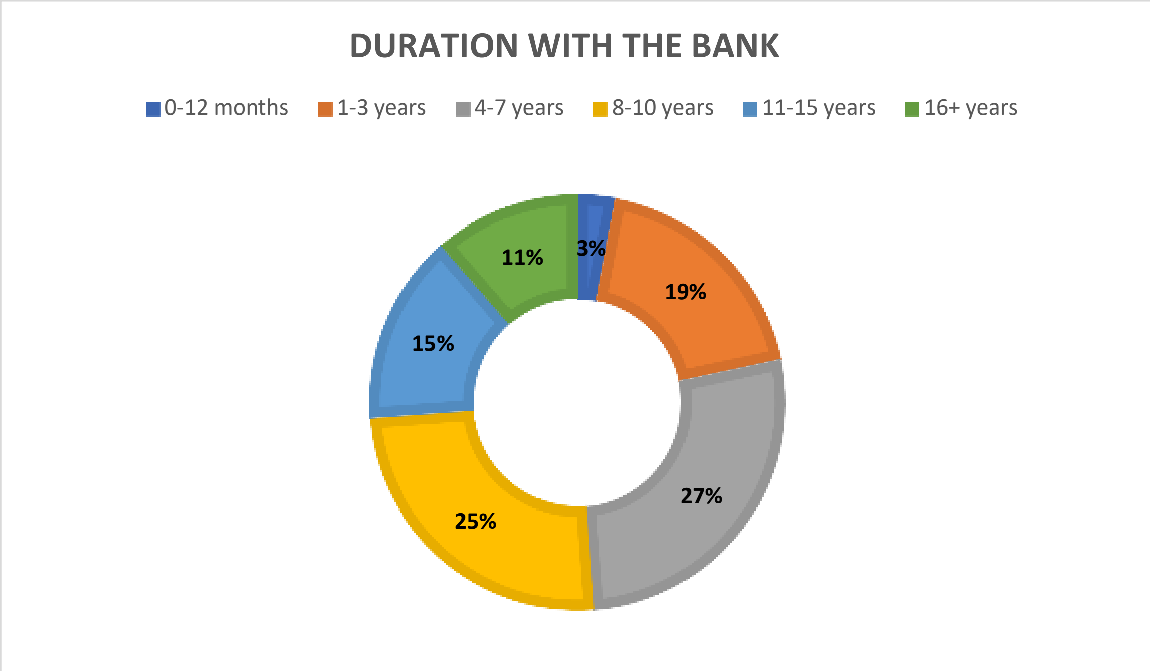

Figure 4.8: Respondents' banking period with the main bank

The study found that 27% of the respondents had banked with their main bank for a period of 4 to 7 years, 25% had banked with the main bank for 8 to 10 years, while 15% had been with the bank for 11 to 15 years, and 11% had been with the bank for more than 16 years. Only 3% of respondents had banked with their main bank for a period of 0 to 12 months.

4.4 Product and service information

4.4.1 Communication on bank products

The next section of the study aimed to find out the product and service information of the bank. The results below in Figure 4.9 represent the respondents' sentiments regarding how the bank keeps them informed about the latest benefits and offers on different products and services.

Questionnaire statement: *The bank keeps me informed about the latest benefits and offers on different products and services*.

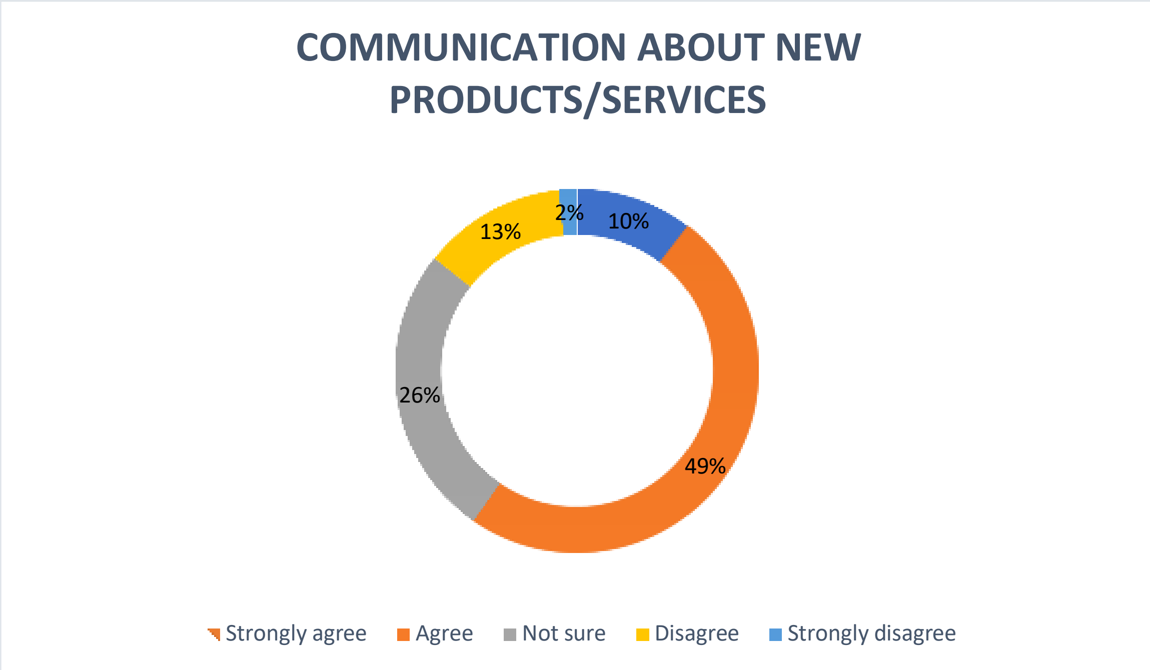

Figure 4.9: Respondents' feedback about communication from the bank about benefits of new products or services

Almost half of the respondents, 49%, agreed that the bank keeps them informed about the latest benefits and offers on different products and services, 10% strongly agreed, and 26% were unsure. In comparison, 13% disagreed, and 2% strongly disagreed.

4.4.2 Comparison of bank products and services

The study investigated whether respondents paid attention to communication from other banks to compare products and services. Figure 4.10 below represents the findings collected.

Questionnaire statement: *If I see messages from other banks, I pay attention to compare products or services*.

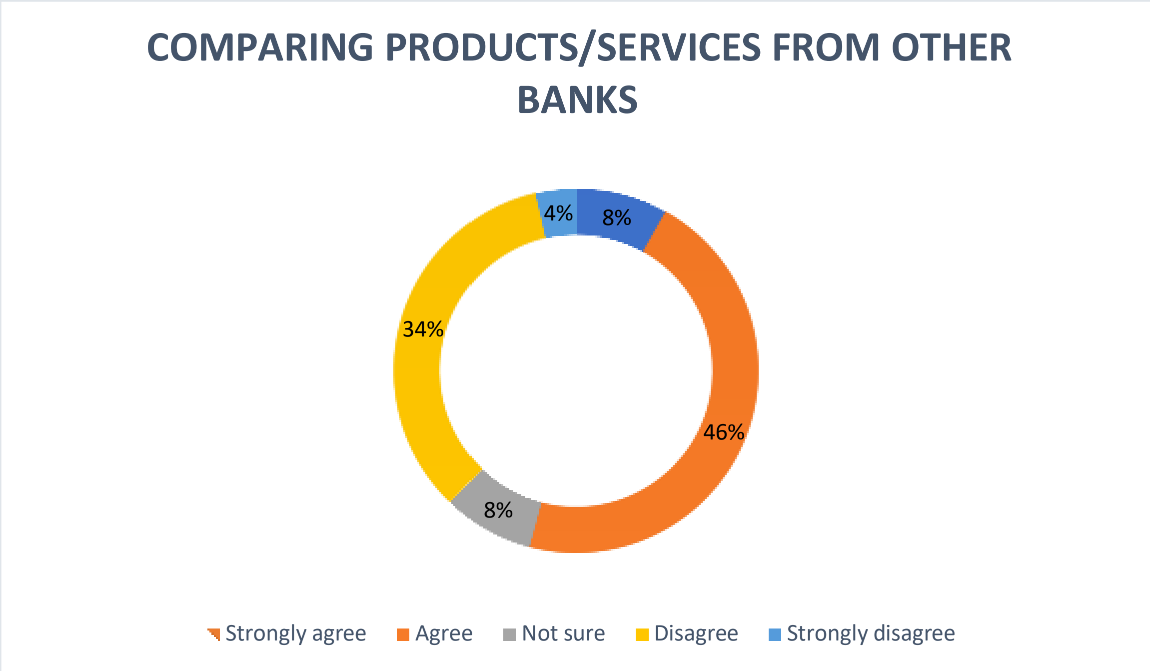

Figure 4.10: Respondents' feedback about comparing products or services from other banks

Most of the respondents, 46%, agreed that if they see messages from other banks, they pay attention to compare products or services, 8% strongly agreed, another 8% were not sure, while 34% disagreed and 4% strongly disagreed.

4.4.3 Potential to switch for better products or services

The study also aimed to determine if respondents would consider changing their current bank if a competitor bank offered them better products or services. The results below were collected, as shown in Figure 4.11.

Questionnaire statement: *If another bank offered me better products/services, I would consider changing the current bank*.

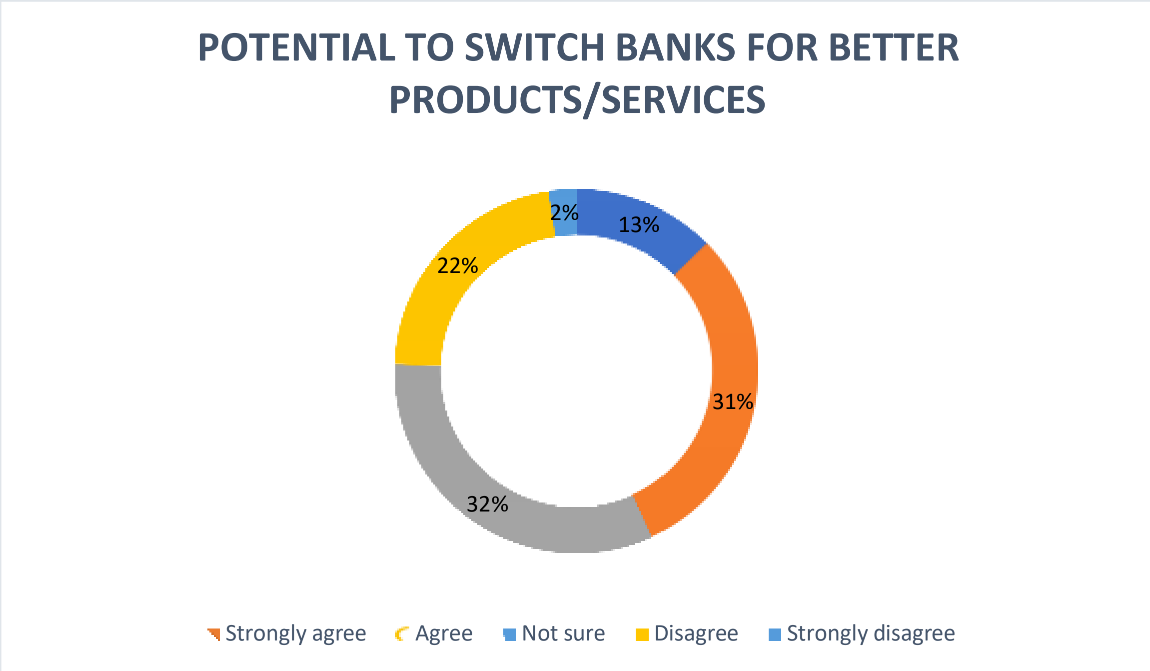

Figure 4.11: Respondents' feedback about potentially switching banks for better products or services

From these results, the majority of respondents, 32%, were not sure if they would consider changing their current bank if a competitor bank offered them better products or services. However, a close 31% agreed, while 13% strongly agreed. Of the remaining respondents, 22% disagreed, and 2% strongly disagreed.

4.4.4 Potential to switch for lower fees

The study enquired about respondents' potential to change their current bank if a competitor bank offered them lower fees. The results are presented below in Figure 4.12.

Questionnaire statement: *If another bank offered me lower fees, I would consider changing my current bank.*

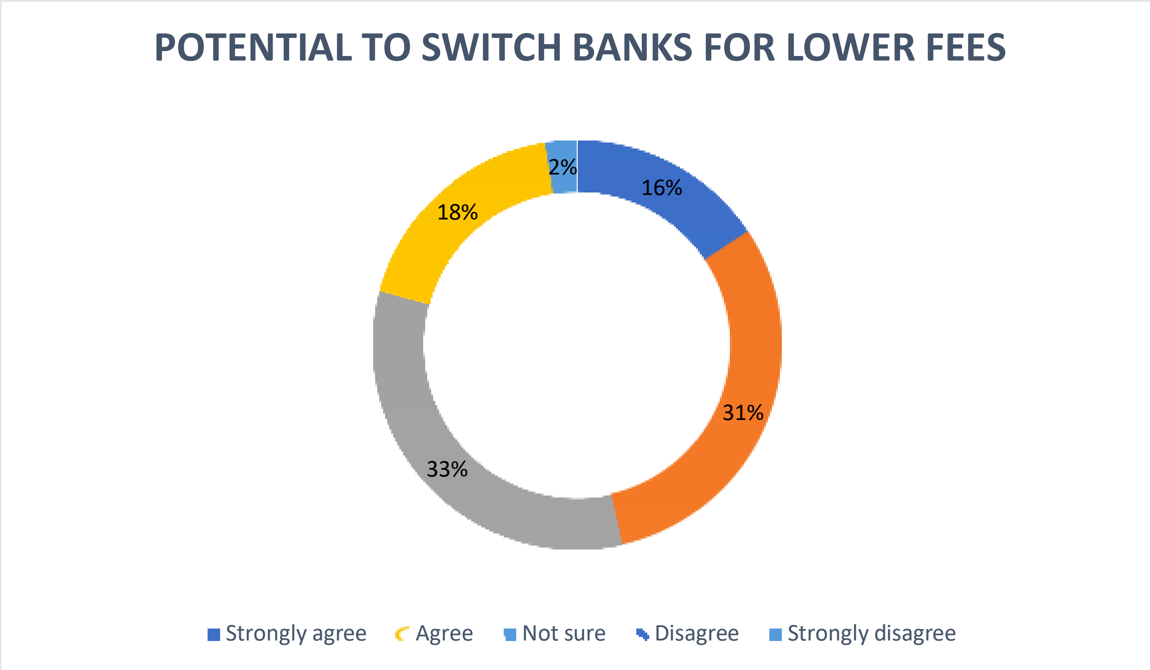

Figure 4.12: Respondents' feedback about potentially switching banks for lower fees

From the results collected, 33% of the respondents were unsure whether they would consider changing their current bank if a competitor bank offered them lower fees, while 31% of respondents agreed, and 16% strongly agreed. The remaining 18% disagreed, and 2% strongly disagreed.

4.4.5 Potential to switch for the same products or services

The study also investigated respondents' potential to change their current bank if a competitor bank offered them the same products or services. The collected results are presented in Figure 4.13 below.

Questionnaire statement: *If another bank offered me exactly the same services, I would consider changing my current bank*.

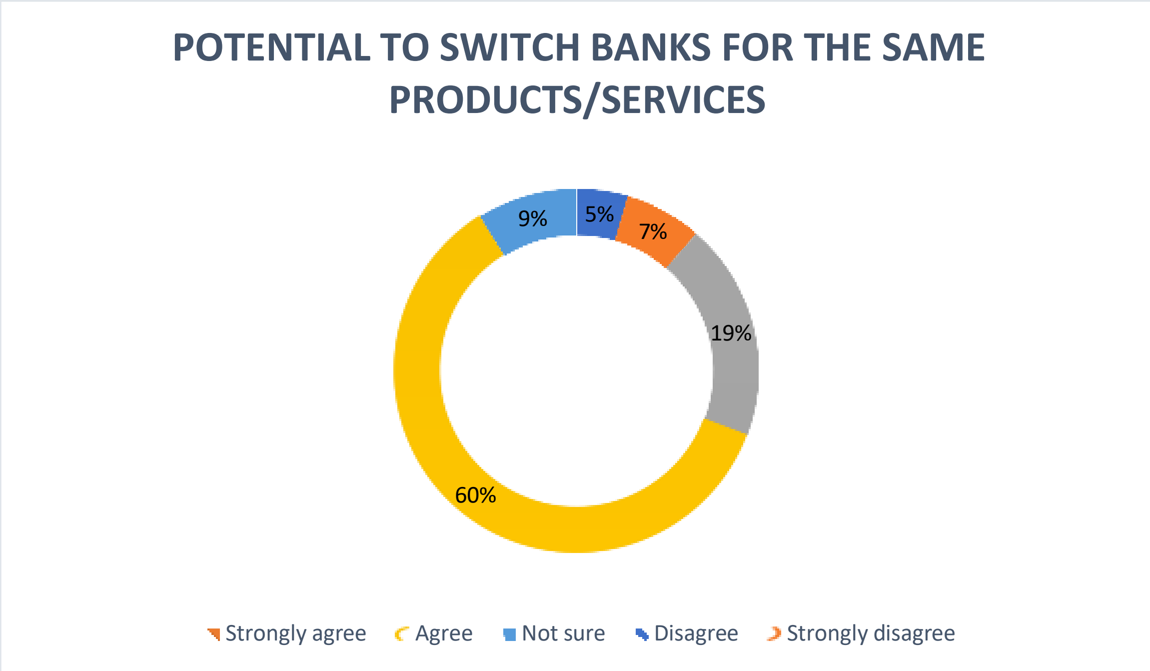

Figure 4.13: Respondents' feedback about potentially switching banks for the same products or services

Based on these results, it is clear that the majority, 60%, of respondents disagreed that they would consider changing their current bank if a competitor bank offered them exactly the same products or services, while 9% strongly disagreed. Nineteen percent of the respondents were not sure, 7% agreed, and the remaining 5% strongly agreed.

4.5 Competitor information

4.5.1 Communication from competitor banks

The following section of the study aimed to collect findings on competitor information. The study aimed to find out whether communication from other banks drew the attention of respondents, which is the first stage in the AIDA model. Figure 4.14 below shows results collected from the study.

Questionnaire statement: *Messages from other banks do not grab my attention*.

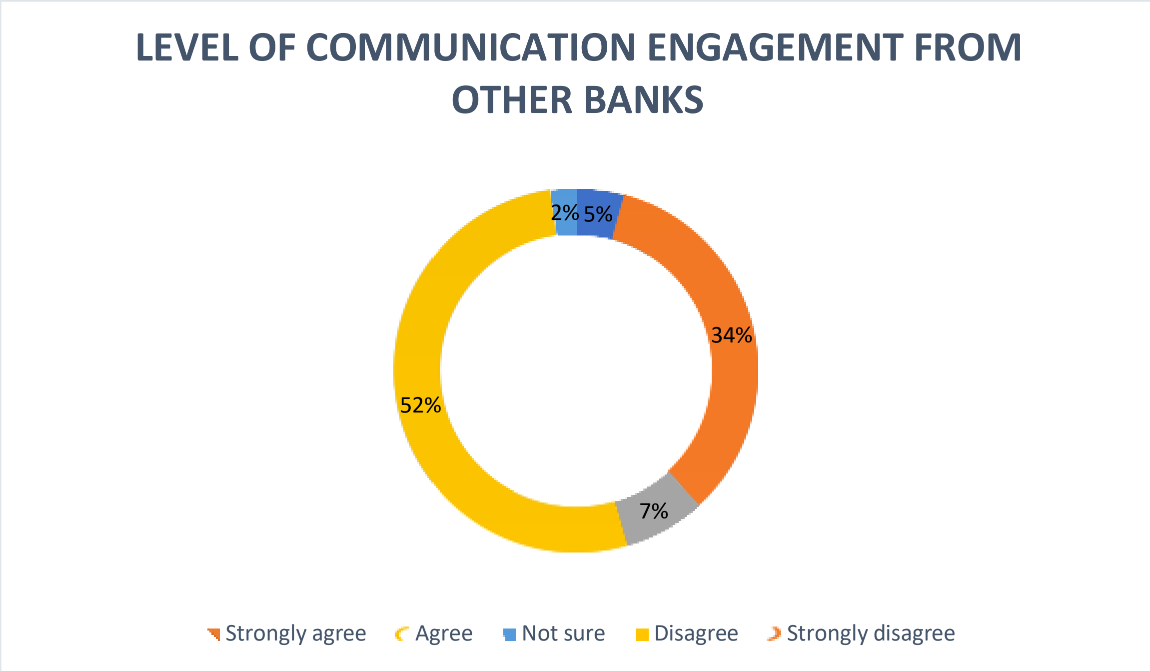

Figure 4.14: Respondents' level of engagement with communication from other banks

More than half of the respondents, 52%, disagreed that communication from other banks does not grab their attention, while 2% strongly disagreed. Seven percent of respondents were not sure, 34% agreed, and the remaining 5% strongly agreed.

4.6 Bank security information

4.6.1 Level of security while authorising transactions

It was important for the study to also enquire about the bank's security information. Respondents were asked about their sentiments concerning the bank's security while authorising transactions with the bank. The collected results are presented in Figure 4.15 below.

Questionnaire statement: *I feel secure while authorising transactions with the bank.*

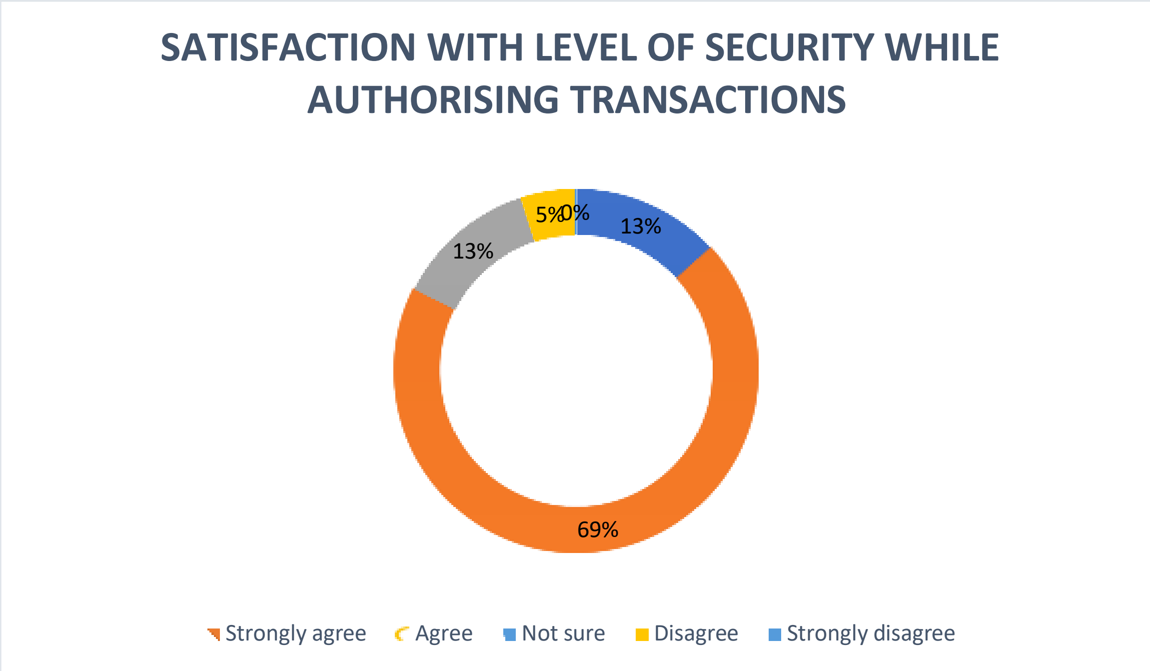

Figure 4.15: Respondents' satisfaction with the level of security while authorising transactions with the bank

The largest group of respondents, 69%, agreed that they feel secure while authorising transactions with the bank, while 13% strongly agreed. Thirteen percent of the respondents were not sure, and only 5% disagreed with the statement.

4.6.2 Level of trust of bank systems

As part of the security enquiry, the study investigated the level of trust of bank systems by respondents, and the results collected are demonstrated in Figure 4.16 below.

Questionnaire statement: *I trust the systems of the bank*.

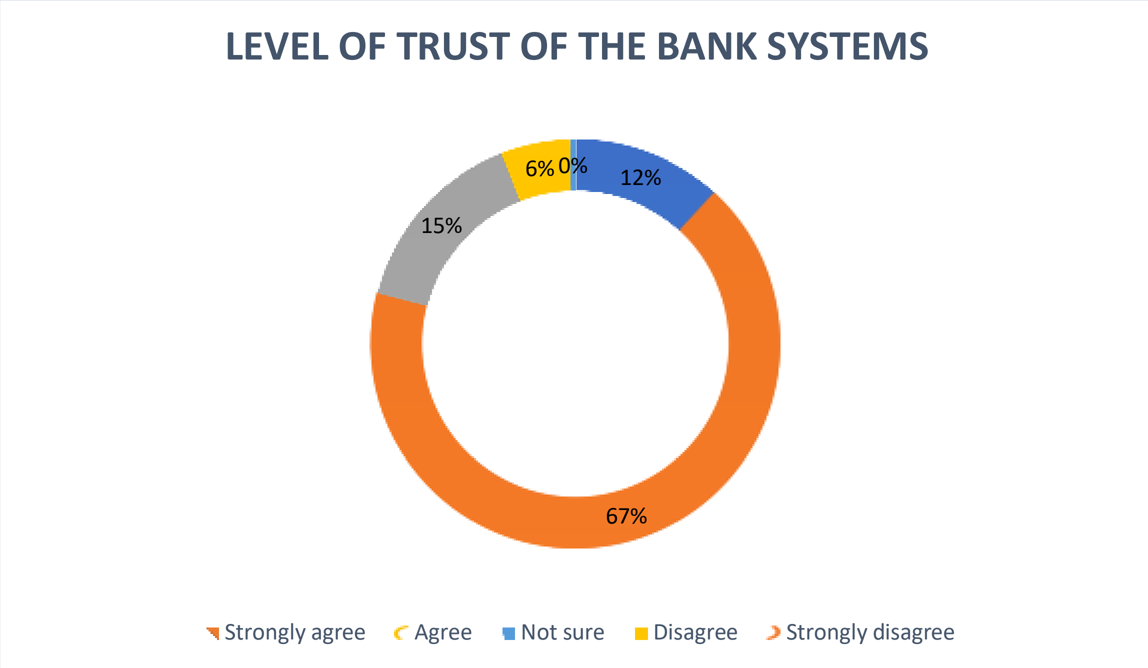

Figure 4.16: Respondents' level of trust in the bank systems

It is evident from the results collected that the majority of the respondents, 67%, agreed that they trust the bank's systems, while 12% strongly agreed. Fifteen percent of the respondents were not sure, and 6% disagreed with the statement.

4.7 Communication information

4.7.1 Communication channels

The following section of the study sought to investigate the communication information from the bank. The first questionnaire item enquired about the communication channels used by the bank to communicate to respondents directly and indirectly. The results collected are shown in Figures 4.17 and 4.18 below.

Direct

Respondents had an option to select more than one answer, and the questionnaire item was: Which communication channels does your bank use to communicate brand messages to you directly

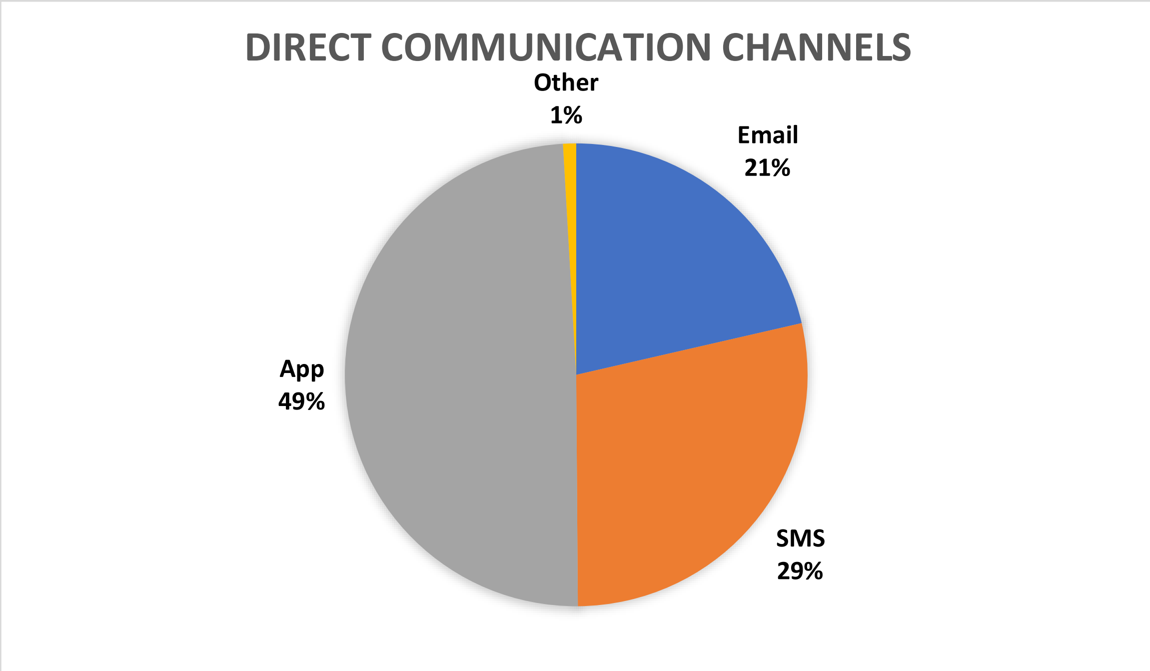

Figure 4.17: Direct communication channels of the bank to respondents

Almost half of the respondents, 49%, selected App as a channel the bank utilises to communicate with them directly. E-mail and Short Message Service (SMS) accounted for 21% and 29%, respectively, and 1% of the respondents selected Other as a direct communication channel.

Indirect

Respondents had an option to select more than one answer, and the questionnaire item was: Which communication channels does your bank use to communicate brand messages to you INDIRECTLY?

Traditional media includes television, radio, newspaper, magazines, or billboards.

Digital media includes websites, online video sites, or blogs.

Social media includes social networks such as Facebook, Instagram, LinkedIn, or Twitter.

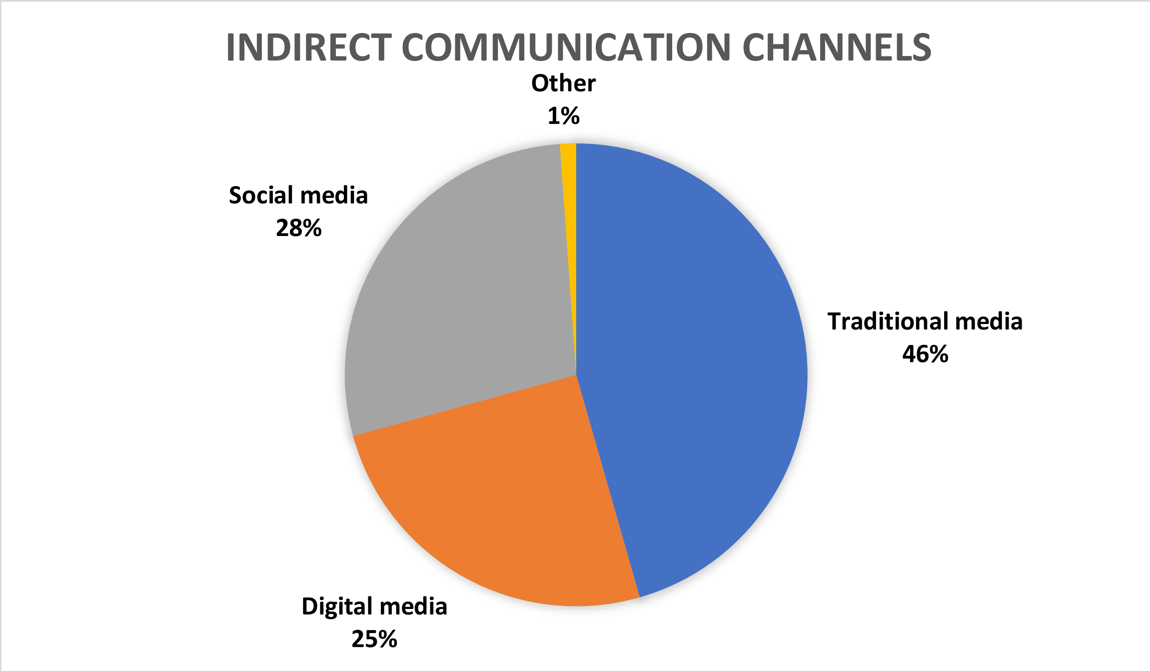

Figure 4.18: Indirect communication channels of the bank to respondents

Almost half of the respondents, 46%, selected traditional media as one of the bank's channels to communicate brand messages indirectly. Twenty-five percent of respondents chose digital media, 28% selected social media, and 1% of the respondents opted for other as a communication channel.

4.7.2 Level of communication engagement

The study also enquired about respondents' level of communication engagement with messages from the bank communicated directly or indirectly to them. Figures 4.19 and 4.20 demonstrate the findings collected.

Direct

Questionnaire statement: *I always read messages from the bank that are directed to me.*

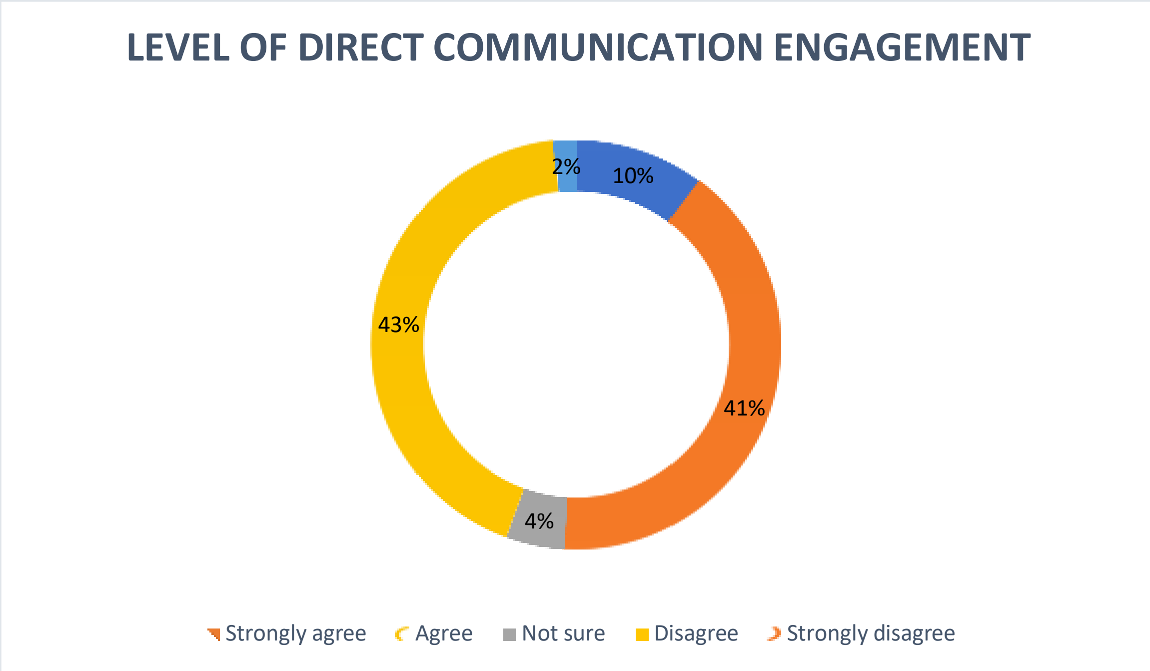

Figure 4.19: Respondents' level of engagement with direct communication from the bank

Forty-three percent of the respondents disagreed with the statement that they always read messages from the bank directed to them, while 2% strongly disagreed. However, 41% of the respondents agreed with the statement, while 10% strongly agreed and 4% were unsure.

Indirect

Questionnaire statement: *I always read messages from the bank that are not directed to me.*

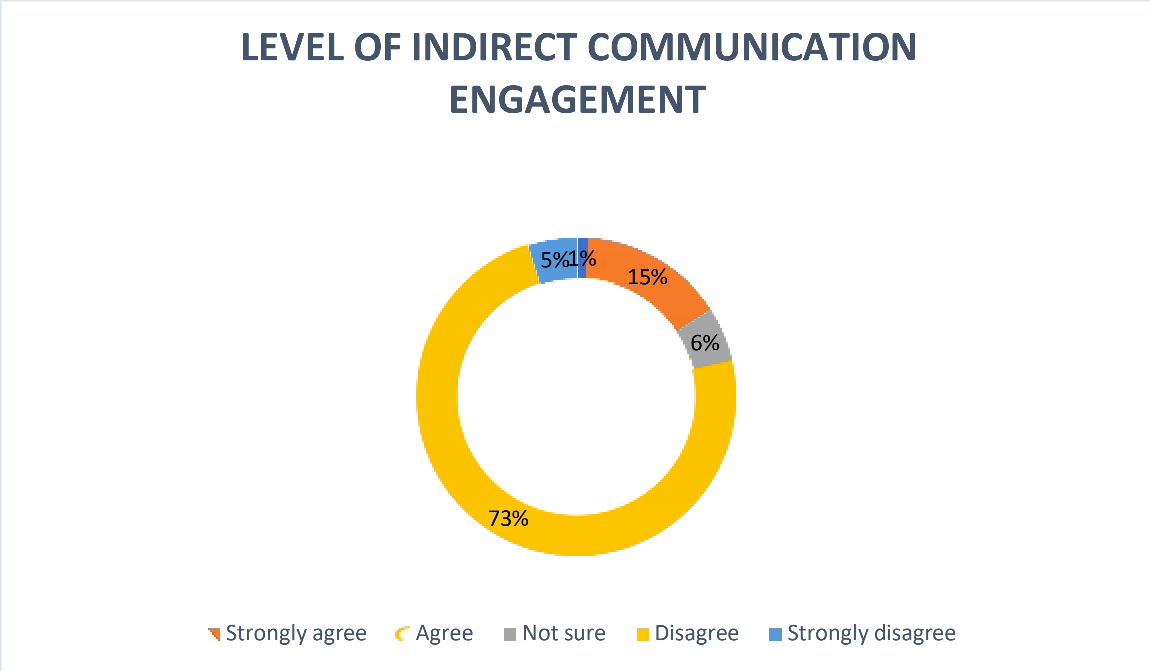

Figure 4.20: Respondents' level of engagement with indirect communication from the bank

The findings collected show that the majority of respondents, 73%, disagreed with the statement that they always read messages from the bank that are not directed to them, while 5% strongly disagreed. The remaining 15% of respondents agreed to the statement, 6% were not sure, and 1% strongly agreed.

4.8 Customer satisfaction

4.8.1 Satisfaction of general communication from the bank

The following section of the study sought to investigate the level of customer satisfaction as it related to communication by the bank. The first questionnaire item enquired about the bank communicating general information effectively. The results collected are presented in Figure 4.21 below.

Questionnaire statement: *The bank communicates effectively*.

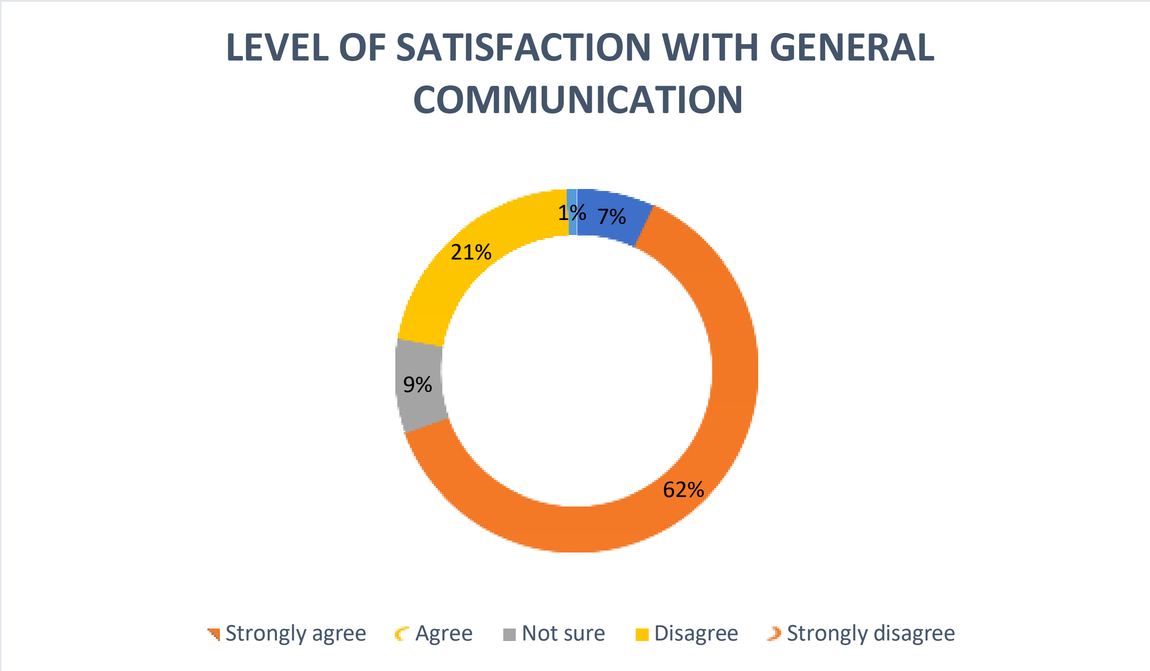

Figure 4.21: Respondents' level of satisfaction with general communication from the bank

The largest group, 62%, agreed that the bank communicates effectively, while 21% disagreed and 1% strongly disagreed. The remaining 9% were not sure, and 7% strongly agreed with the statement.

4.8.2 Satisfaction with the bank

The study also aimed to find out the level of satisfaction with the bank, and the results collected are demonstrated in Figure 4.22 below.

Questionnaire statement: *I am satisfied with the bank.*

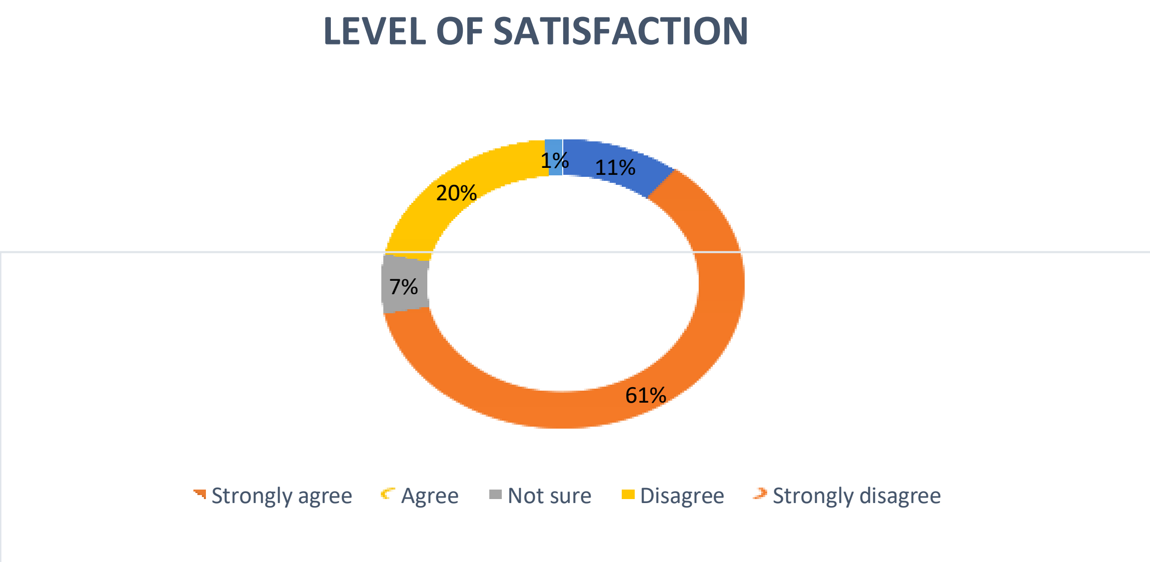

Figure 4.22: Respondents' level of satisfaction with the bank

The study findings show that 61% of respondents agreed that they were satisfied with the bank. The remaining 20% disagreed, while 1% strongly disagreed, 7% were not sure, and 11% strongly agreed with the statement.

4.8.3 Satisfaction with brand communication from the bank

As a follow up to the above questionnaire items, the study investigated the level of satisfaction by respondents with the brand communication from the bank, which includes advertisements to upsell or cross-sell. The findings collected are presented below in Figure 4.23.

Questionnaire statement: *I am satisfied with the brand communication I receive from the bank.*

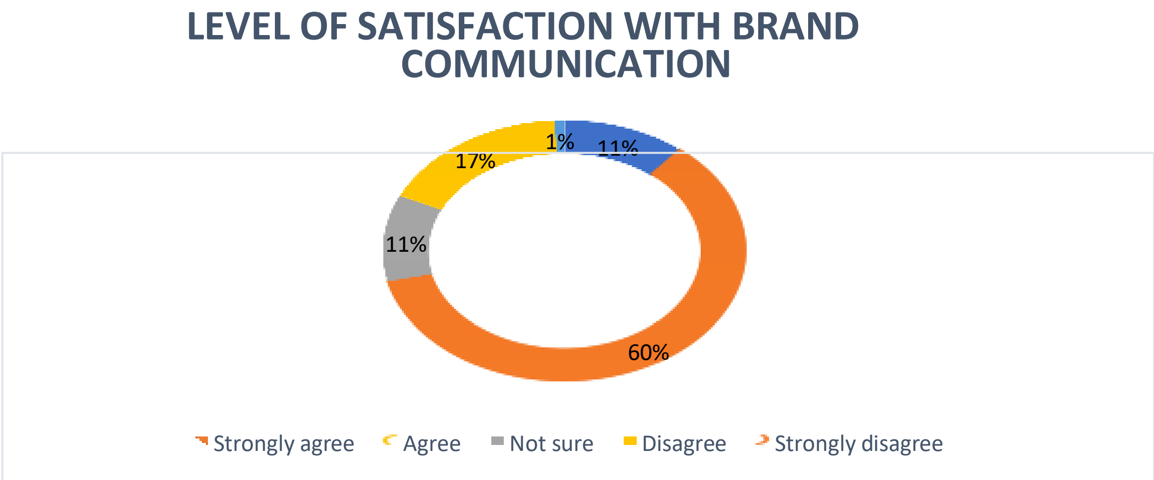

Figure 4.23: Respondents' level of satisfaction with brand communication from the bank

The majority of the respondents, 60%, agreed that they were satisfied with the brand communication from the bank, while 11% strongly agreed. The remaining 11% were not sure, 17% disagreed, and 1% strongly disagreed with the statement.

4.9 Brand loyalty information

4.9.1 Bank preference

The last section of the findings presents results relating to brand loyalty. The first questionnaire in this section aimed to find out whether respondents considered their main bank as their preferred bank, and the results are demonstrated below in Figure 4.24.

Questionnaire statement: *I consider this bank as my preferred one*.

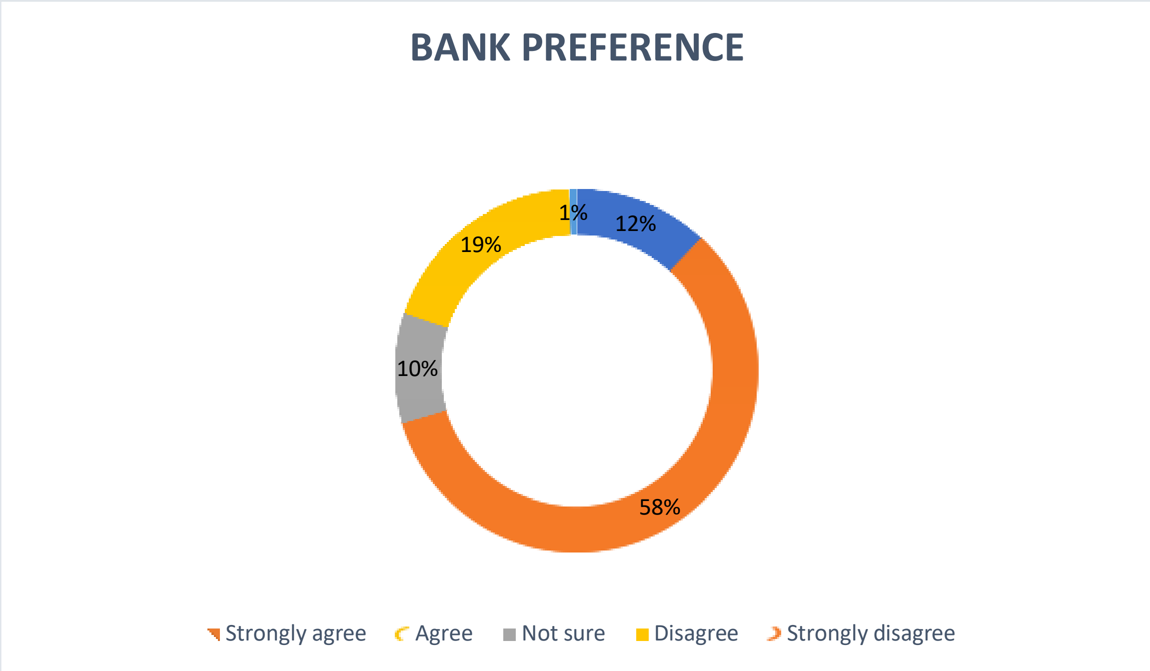

Figure 4.24: Respondents' feedback on the bank being their preferred bank of choice

More than half of the respondents, 58%, agreed that their main bank was their preferred bank, while 12% strongly agreed, 19% disagreed, 1% strongly disagreed, and the remaining 10% were not sure.

4.9.2 Ability to recommend the bank to others

The study investigated whether respondents would recommend their bank to others, and the results collected are shown below in Figure 4.25.

Questionnaire statement: *I am proud to recommend the bank to others*.

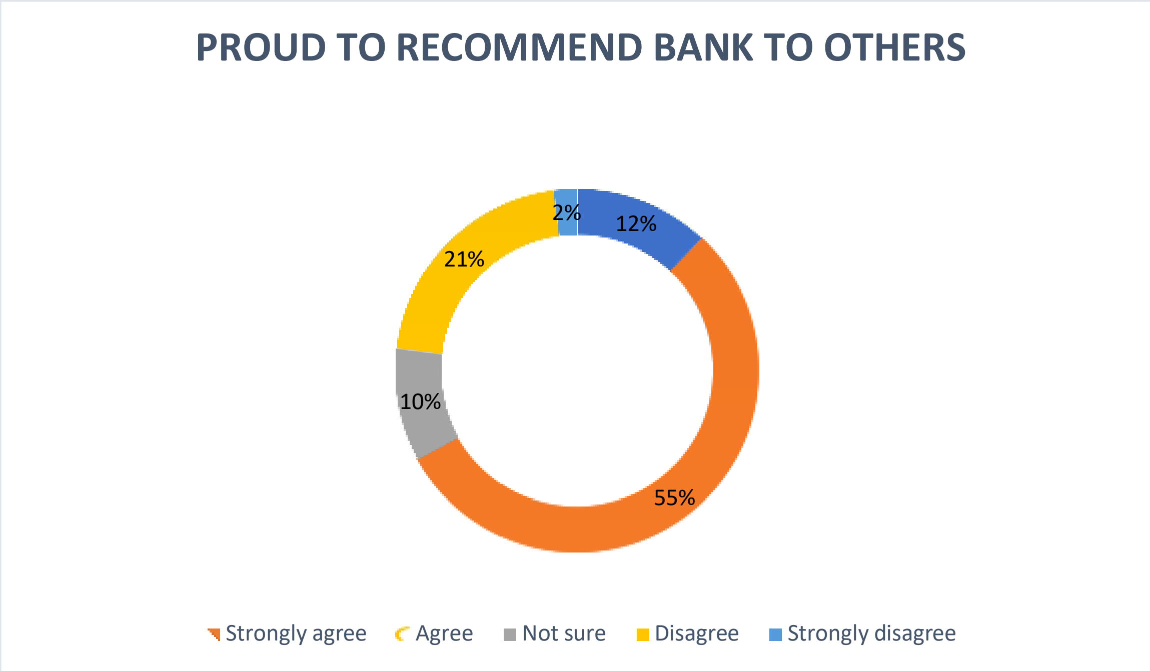

Figure 4.25: Respondents' feedback on their ability to recommend the bank to others

The findings show that more than half, 55%, of the respondents were proud to recommend the bank to others. Twenty-one percent of the respondents disagreed with the statement, 2% strongly disagreed, 10% were sure, and 12% strongly agreed.

4.9.3 Intention to switch to other banks

The study also sought to find out if respondents had any intention to switch to other banks, and the feedback is presented below in Figure 4.26.

Questionnaire statement: *I have NO intention to switch over to other banks*.

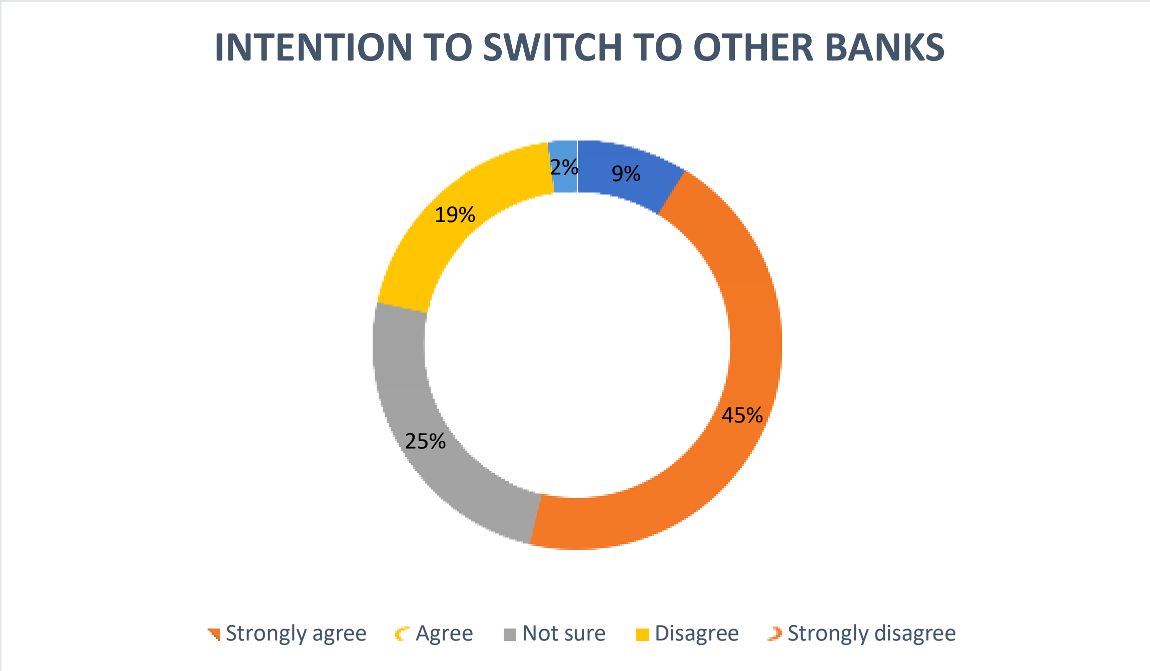

Figure 4.26: Respondents' feedback on their intention to switch to other banks

The majority of the respondents, 45%, agreed with the statement that they have no intention to switch over to other banks, while 9% strongly agreed. The second largest group, 25%, were not sure, while 19% disagreed with the statement and 2% strongly disagreed.

4.9.4 Intention to remain with current bank

The following questionnaire item enquired about respondents' intention to remain with their current bank for the next three years. The findings collected are demonstrated in Figure 4.27 below.

Questionnaire statement: *In the next three years, I plan to continue using my current bank's products or services.*

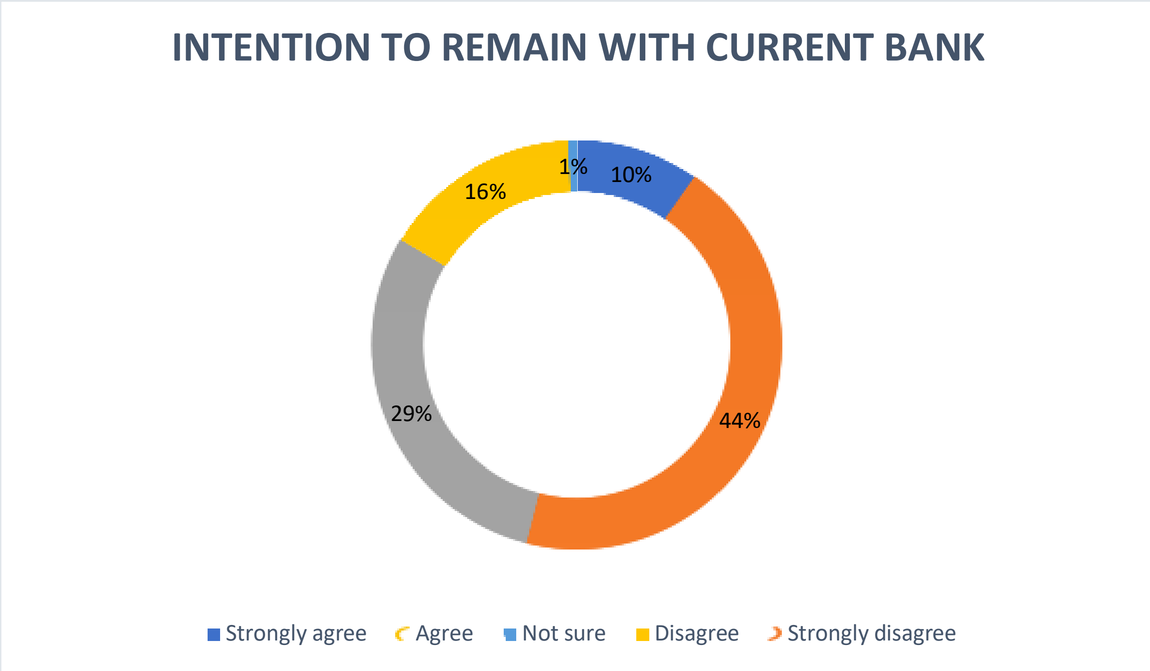

Figure 4.27: Respondents' feedback on their intention to remain with the current bank in the next three years

Similar to the results from the previous statement, the majority of the respondents, 44%, agreed that they planned to remain with their current bank for the next three years. Twenty-nine percent of the respondents were unsure, 16% disagreed with the statement, 1% strongly disagreed, and 10% strongly agreed.

4.9.5 Level of loyalty despite competitor banks offering the same products or services

The study investigated respondents' loyalty to remain with their current bank despite other banks offering similar products, and the results are presented below in Figure 4.28.

Questionnaire statement: *I would stay loyal to my bank despite other banks offering me similar products.*

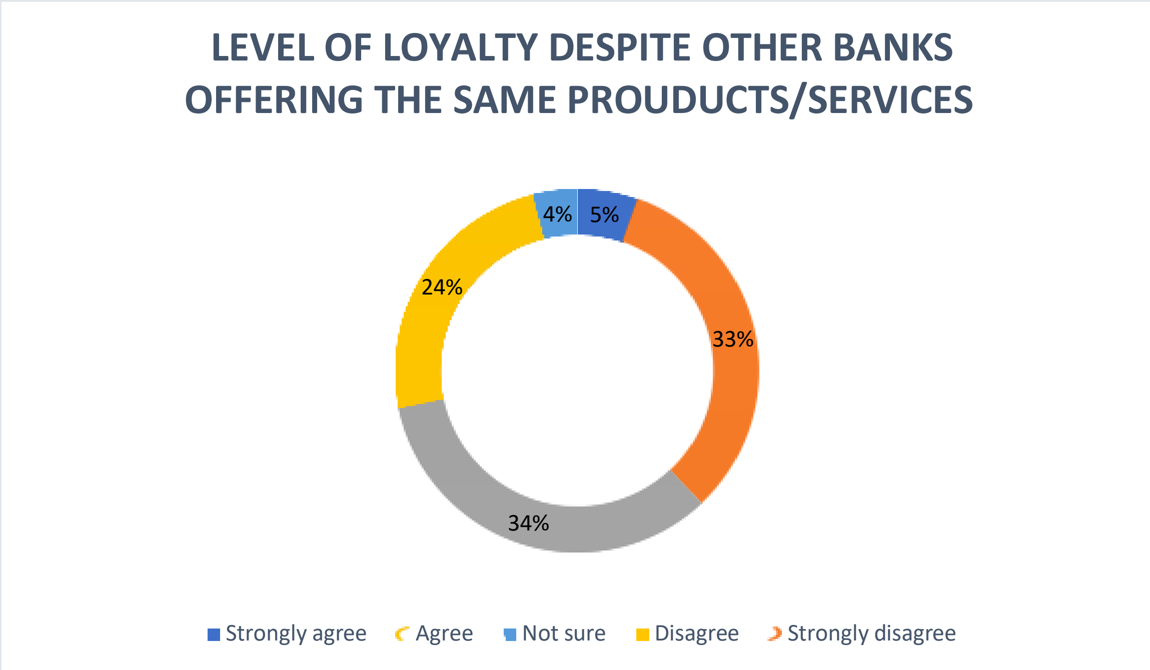

Figure 4.28: Respondents' feedback on the level of loyalty to the current bank despite other banks offering the same products or services

The findings from this statement show that 34% of respondents were not sure whether they would stay with their current bank despite other banks offering them similar products. Very closely behind were 33% of respondents who agreed to the statement, while 24% disagreed. The remaining 4% strongly disagreed, and 5% strongly agreed with the statement.

4.9.6 Level of loyalty with current bank

The following questionnaire item enquired whether respondents consider themselves to be loyal to their current bank, and the results collected are presented below in Figure 4.29.

Questionnaire statement: *I consider myself to be loyal to this bank.*

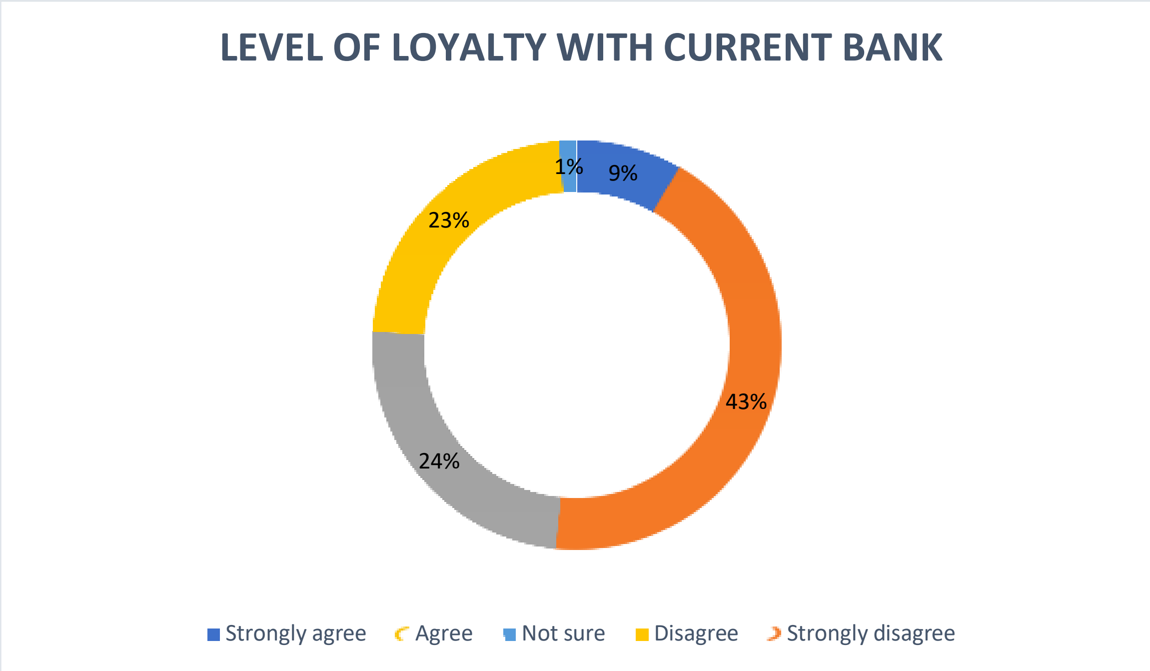

Figure 4.29: Respondents' feedback on the level of loyalty to the current bank

The majority of respondents, 43%, agreed that they consider themselves loyal to the current bank. Twenty-four percent of the respondents were sure, 23% disagreed with the statement, 1% strongly disagreed, while 9% strongly agreed.

4.9.7 Positive word-of-mouth on current bank

The final questionnaire item enquired about the positive word-of-mouth from respondents about their current bank. The findings collected are presented below in Figure 4.30.

Questionnaire statement: *I say positive things about my bank to other people*.

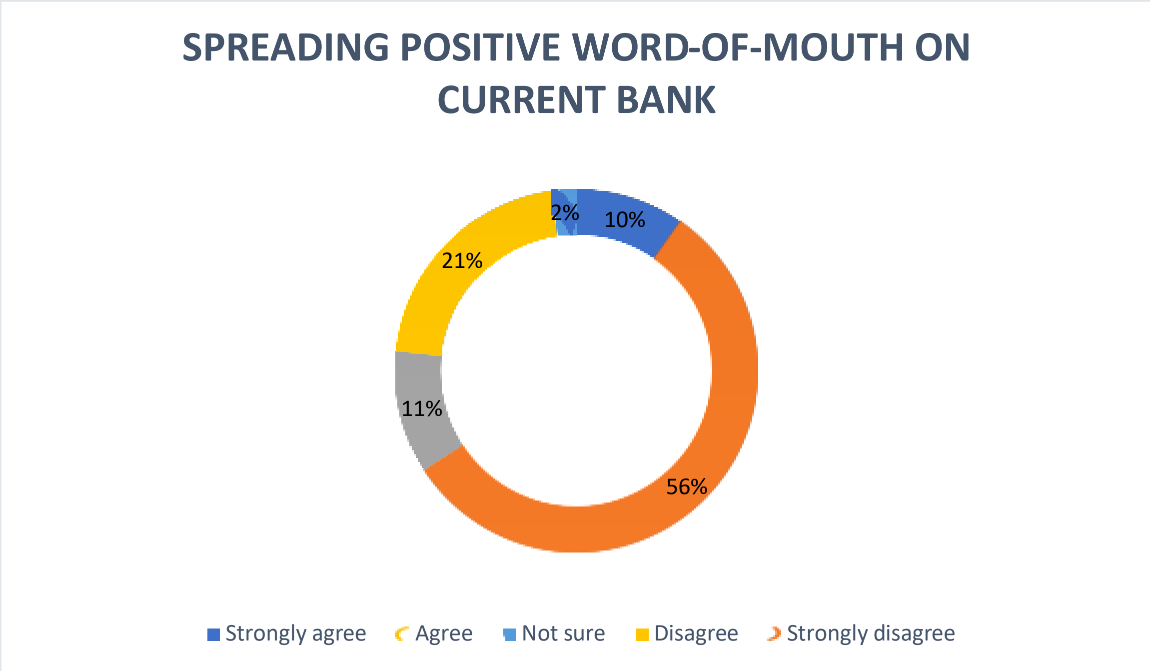

Figure 4.30: Respondents' feedback on spreading positive word-of-mouth on current bank

More than half of the respondents agreed that they spread positive words about their bank to other people. Twenty-one percent of the respondents disagreed with the statement, while 11% were unsure, 10% strongly agreed, and only 2% disagreed.

4.10 Chapter summary

This chapter presented the results collected from this study. The results were collected from 439 respondents who live in South Africa, of which 401 bank with FNB. The results have been presented in charts and tables, with descriptions to highlight the findings in detail. The questionnaire items and statements were based on the research questions that the study aimed to address. Discussions of the findings presented in this chapter will be argued and interpreted in Chapter 5.

CHAPTER 5: DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary, discussions and conclusions of the study and recommendations for improvement for further studies. The aim of the study was to investigate the effectiveness of brand communication for FNB customers and to evaluate whether this communication influences brand loyalty amongst customers or not. The data collected from the study has been analysed and interpreted.

5.2 Summary of the study

The primary objective of this research study was to investigate whether brand communication is effective in influencing South African consumers to remain loyal to a specific bank, in this case FNB, or if there are other factors that influence brand loyalty.

The main question that guided the study was: How does brand communication influence brand loyalty within FNB customers?

The sub-questions of the study were:

- What are the communication channels used by FNB to communicate to its customers directly and indirectly;
- Which elements of brand communication are more effective than others in the case of FNB and its customers;
- In what ways does brand communication influence brand loyalty amongst customers; and

Following an in-depth review of the literature, the study adopted a causal research design to collect data and answer the relevant research questions. The causal research design aimed to investigate the following hypothesis:

H_0 - Brand communication has an effect on brand loyalty.

H_1 - Brand communication has no effect on brand loyalty.

It also aimed to explain the "why" effect to identify a reason and supporting evidence why the relationship between brand communication and brand loyalty occurs. The method which was used to collect data was a non-probability convenience sampling method. The data was collected by means of self-administered questionnaires which were distributed via online channels to more than 500 consumers. The target population for this research study was consumers who live in various parts of South Africa and who bank with FNB. The target population size was 400 participants. The total number of respondents who live in South Africa and bank with FNB was 401.

The methodological framework of this study was quantitative. Once the data was collected through returned questionnaires, it was analysed using inferential statistics and the findings were presented using tables and charts in Chapter 4.

5.3 Discussions

5.3.1 Does brand communication influence brand loyalty within First National Bank customers?

The Zephaniah, Ogba and Izogo (2020) study of the banking industry in Nigeria found that elements of brand communication, including advertising, public relations and personal selling, are significant indicators of brand loyalty. In their study, they argued that effective brand communication has a positive effect on customer and brand loyalty, and that communication tools help banks to sustain customer loyalty (Zephaniah et al. 2020). These findings are echoed by Hanninen and Karjaluoto (2017), who found that communication channels are considered to play a more vital role in influencing brand loyalty than the perceived quality of communication messages.

These study findings are consistent with the above research.

Table 5.1: Descriptive statistics: brand loyalty and brand communication

Descriptive Statistics

	Mean	Std. Deviation	N
I consider myself to be loyal to this bank	2.69	.972	401
The bank communicates effectively	2.50	.925	401

Strongly agree	Agree	Not sure	Disagree	Strongly disagree
1	2	3	4	5

The Mean = 2.69 (SD= .972) for brand loyalty, which means the average number of respondents agree that they are loyal to the bank. The Mean = 2.50 (SD= .925) for brand communication which means the average number of respondents agree that the bank communicates effectively.

Table 5.2: Correlations statistics: brand loyalty and brand communication

Correlations

		I consider myself to be loyal to this bank	The bank communicates effectively
I consider myself to be loyal to this bank	Pearson Correlation	1	.642**
	N	401	401
The bank communicates effectively	Pearson Correlation	.642**	1
	N	401	401

The results from the study show that the correlation between brand loyalty and brand communication is p=.0642, which means there is a strong correlation above the benchmark value of .05 confidence level. This proves the hypothesis to be true: brand communication has an effect on brand loyalty.

The loyalty number correlates with the number of respondents, 54%, who agreed that they have no intention to switch over to other banks. Furthermore, the same number of respondents agreed that they planned to remain with FNB for the next three years, proving the internal consistency reliability of the study.

5.3.2 Which elements of brand communication are more effective than others in the case of First National Bank and its customers?

The study results are also consistent with the results from the latest Financial Sector Outlook Study (FSCA 2022) which found that the COVID-19 pandemic accelerated the adoption and use of technology by banks and their respective customers. The increase of digital payment options and self-service options means that customers do not have to rely on bank branches for transactions but can perform a variety of transactions on bank applications, internet banking and USSD technology (FSCA 2022). The 2021 South African customer satisfaction index conducted by Consulta postulated that banks were closing the gap of customer satisfaction with the digital acceleration brought about by the pandemic (Majola 2022). This allowed them to reinvent their customer value propositions at a time when technology and digitisation were making them increasingly invisible to their customers (Majola 2022).

However, although digital channels such as mobile applications play an important role in transmitting communication messages to consumers (49% of respondents use the bank's mobile application as a direct communication), it is evident that it has not replaced traditional channels such as E-mail and SMS, which account for 51% of communication channels for direct messages. The findings are also consistent with Hanninen and Karjaluoto's (2017) study which concluded that social media channels, such as social networking sites, are increasingly becoming influential in brand loyalty; however, they have not yet replaced traditional media.

The study also found that traditional mass communication channels, such as television, radio, magazine and billboards, accounted for 46% of the respondents who selected this method of communication as a channel the bank uses to communicate brand messages indirectly. The findings are consistent with Keller's (1993) research that proposes that traditional forms of communication are necessary to maintain relationships with customers. As discussed above, social media channels and digital media channels continue to grow exponentially. Both social media and digital media are well represented, with 28% and 25% of respondents either actively selecting these platforms as effective communication channels that the bank uses to communicate brand messages to customers indirectly. These findings are reassuring for marketers as both digital (new) and traditional media are important for a successful purchase process of customers (AIDA model), both new and existing customers.

5.3.3 Effects of other determinants to brand loyalty

The study aimed to investigate whether other factors influenced brand loyalty.

Table 5.3: Descriptive statistics: brand loyalty and other determinants of brand loyalty

Descriptive Statistics

	Mean	Std. Deviation	N
I consider myself to be loyal to this bank	2.69	.972	401
I am satisfied with the brank	2.40	.914	401
If another bank offered me lower fees, I would consider changing my current bank	2.65	1.007	401
If another bank offered me better products/services, I would consider changing the current bank	2.73	1.002	401
I trust the systems of the bank	2.17	.685	401

Strongly agree	Agree	Not sure	Disagree	Strongly disagree
1	2	3	4	5

The Mean = 2.69 (SD= .972) for brand loyalty, which means the average number of respondents agree that they are loyal to the bank. The Mean = 2.40 (SD=.914) for brank satisfaction, 2.65 (SD=1.007) for lower fees, 2.73 (SD=1.002) for products and services, 2.17 (SD=.685) for trust.

Table 5.4: Correlations: brand loyalty and other determinants of brand loyalty

Correlations

		I consider myself to be loyal to this bank	I am satisfied with the bank	If another bank offered me lower fees, I would consider changing my current bank	If another bank offered me better products/ services, I would consider changing the current bank	I trust the systems of the bank
Pearson Correlation	I consider myself to be loyal to this bank	1.000	.681	-.615	-.624	.574
	I am satisfied with the bank	.681	1.000	-.523	-.549	.555
	If another bank offered me lower fees, I would consider changing my current bank	-.615	-.523	1.000	.792	-.469
	If another bank offered me better products/ services, I would consider changing the current bank	-.624	-.549	.792	1.000	-.491

	I trust the systems of the bank	.574	.555	-.469	-.491	1.000
N	I consider myself to be loyal to this bank	401	401	401	401	401
	I am satisfied with the bank	401	401	401	401	401
	If another bank offered me lower fees, I would consider changing my current bank	401	401	401	401	401
	If another bank offered me better products/ services, I would consider changing the current bank	401	401	401	401	401
	I trust the systems of the bank	401	401	401	401	401

Many studies have found other determinants of brand loyalty. Customer satisfaction, customer trust and competitive product and service offering have been proven to have a positive effect on brand loyalty (Yang & Peterson 2004). Customer satisfaction, in particular, has been proven to have a direct link to brand loyalty.

Mwirigi, Maina and Kimencu (2018) found that customer satisfaction, which includes positive experiences with the bank, is an important factor that attracts new customers and increases customer loyalty. The results from this study are consistent with previous studies as the researcher found that the correlation between brand loyalty and satisfaction is p= .681 which shows a higher correlation above the benchmark of .05 level.

Lower fees can also be considered a determinant to brand loyalty. However, in this study the results show that the correlation between brand loyalty and lower fees is p= -.615, which means there is a significantly low correlation below the benchmark value of .05 confidence level. Lower fees do not influence brand loyalty for FNB customers.

Product or service quality can also be considered as a factor that influences brand loyalty. Zehir et al. (2011) indicate that product and/or service quality can be viewed as an antecedent to brand trust, and in turn affects brand loyalty. Hun and Yazdanifard (2014) in their study suggested that brand loyalty often starts with effective communication about products or services. In this study, the Pearson correlation value is p= -.624 between brand loyalty and products or services, which means there is a significantly low correlation between the two variables. The quality of products or services does not influence brand loyalty for FNB customers.

Brand or customer trust can also be considered a determinant of brand loyalty. The study found that the correlation between brand loyalty and trust is p= .574, which means there is a strong correlation above the benchmark value of .05 confidence level. Trust has an influence on brand loyalty. This is in line with Andervazh, Gaskari, Tarakmeh and Vafazadeh's (2013) findings which postulate that trust strengthens the relationship between customers and the brand, and therefore affects brand loyalty positively. These results are also according to Jumaev et al.'s (2012) findings. Jumaev et al. (2012) point that the trust element of a brand, especially a bank, is extremely important because relationships characterised by trust tend to be highly valued and customers will only want to commit themselves to those relationships with their trusted brands. Without trust, it would be difficult for the customer to remain loyal to any brand.

5.3.4 What are the communication channels used by First National Bank to communicate to its customers directly and indirectly?

The study aimed to investigate the communication channels used by the bank. The results show that the majority, 49%, of the respondents selected the bank application

(App) as a primary channel that the bank uses to communicate with them directly. This can be considered as an innovative way to improve communication effectiveness (Bapat 2018) and maintain interest, the second phase of the AIDA model. SMS and e-mail followed with 29% and 21% respectively, while 1% selected other as a direct communication channel. The communication channels results show a representation of the demographics of respondents, where the majority, 38%, were aged between 31 to 40 years, 22% were aged between 26 to 30 years, 20% were aged between 41 to 50 years, 14% were aged 25 years and under, 5% were aged between 51 to 60 years and only 1% were aged 61 years and older. Concerning educational level, the largest group of respondents, 23%, had university degrees as their highest level of education, followed by those with diplomas at 21% and those with honours degrees at 16%. It can be argued that the majority age group and educational level can be expected to make use of mobile application as a primary channel of communication. This is discussed further below. In addition, more than half of the respondents, 50%, had full-time jobs at the time of completing the questionnaire. It can therefore be concluded that they would have access to a mobile bank application and the internet as it relates to receiving communication from the bank. Results from demographics are further discussed in the subsequent section.

5.3.5 Effects of demographics to brand communication and brand loyalty

Demographic variables such as age, gender, and education level play a big role in brand and consumer studies as they assist in forming marketing and communication strategies (Patel & Bansal 2018). Demographics equip marketers to target the right audience with the right products and services using the right communication channels (Patel & Bansal 2018). In this study, demographic variables will help the banking sector in South Africa to develop effective marketing and communication strategies to further enhance communication initiatives.

The use of communication technologies has a strong influence on the way organisations communicate messages with consumers (Perju-Mitran & Budacia 2015). Research shows that communication technologies and consumption by customers are influenced by social and demographic characteristics of the time (Perju-Mitran & Budacia 2015). According to research, Generation Y or millennials, born between 1981 and 1996, are more exposed to a wider range of marketing and communication technologies such as traditional media (television, radio and billboards) and digital media (Hun & Yazdanifard 2014). This generation tends to have a greater or deeper sense of brand consciousness and technology (Hun & Yazdanifard 2014). In this study, the majority of the respondents fell into the millennials or Generation Y category. This is consistent with the results of the most used and preferred communication channel by bank customers being the mobile application, or 49%. Customers who have access to mobile applications have access to online communication channels and are likely to also have access to traditional forms of communication (Hun & Yazdanifard 2014). This study found that mobile applications are convenient, increasing the likelihood of effective communication, thereby influencing brand loyalty positively.

In addition, the ages of the respondents correlate with the national demographic of South Africa. South Africa has a relatively young population, with 15 years and above making up around 71% of the total population, with the median age being
27.6 (FSCA 2022).

Table 5.5: Descriptive statistics: brand loyalty and other determinants of brand loyalty

Descriptive Statistics

	Mean	Std. Deviation	N
I consider myself to be loyal to this bank	2.69	.972	401
Age group	2.89	1.110	401
Gender	1.57	.496	401
Highest level of education	5.42	1.745	401

25 and under	26-30	31-40	41-50	51-60	61 or over
1	2	3	4	5	6

The Mean = 2.69 (SD= .972) for brand loyalty. The Mean = 2.89 (SD=1.110) for age group, 1.57 (SD=.496) for gender, 5.42 (SD=1.745) for the highest level of education.

Table 5.6: Correlations: brand loyalty and other determinants of brand loyalty

Correlations

		I consider myself to be loyal to this bank	Age group	Gender	Highest level of education
Pearson Correlation	I consider myself to be loyal to this bank	1.000	-.143	-.051	-.082
	Age group	-.143	1.000	.032	.305
	Gender	-.051	.032	1.000	.078
	Highest level of education	-.082	.305	.078	1.000
N	I consider myself to be loyal to this bank	401	401	401	401
	Age group	401	401	401	401
	Gender	401	401	401	401
	Highest level of education	401	401	401	401

The results from the study show that the correlation between brand loyalty and age group is p= -.143, which means there is a significantly low correction between the two variables. These results are aligned with Major's (2017) study that rejected the hypothesis of predictors of customer loyalty in the South African retail banking industry that older age groups (45 years and older) are more likely to remain loyal to their banks. Major (2017) also did not find any relationship between customers' level of education and their loyalty to the retail bank. This study also did not find any relationship between customers' level of education and their loyalty to the retail bank where p= -.082. These results reject the findings by Tweneboah-Koduah and Farley (2016) who found that customers who have no formal education were more likely to remain loyal to their banks than customers who have formal education.

Men and women become loyal to a brand for various reasons. One of the main reasons noted in the Sánchez-Franco, Ramos and Velicia's (2009) research, is the level of satisfaction, which was stronger for men than for women. In this study, however, results show that the correlation between brand loyalty and gender is p= -.051, significantly lower than the benchmark of .05 confidence level.

5.4 Conclusions

The relationship between brand communication and brand loyalty within the banking sector is not widely discussed in the literature. This study set out to investigate brand communication and its effectiveness and examine its influence on brand loyalty within the banking sector in South Africa, specifically focusing on FNB as a case study. The research findings conclude that effective brand communication has a positive influence on brand loyalty.

As it relates to other determinants to brand loyalty, the study found that there is no correlation between brand loyalty and age, gender or level of education. The study also concludes that there is no correlation between brand loyalty and lower fees or quality of products or services. However, it can be concluded that satisfaction and trust have a positive influence on brand loyalty.

5.5 Recommendations for brand communication in the banking sector

The study recommends that banks should incorporate brand communication strategies as part of their overall strategies to increase customer loyalty and increase the success rate of the customer purchase process (AIDA model). The study further recommends that direct messages must be communicated to customers via simple and convenient channels, such as mobile applications, to increase engagement and awareness. In addition, banks should also consider the high costs of data to access banking applications when communicating with customers, especially for low-income customers. Therefore, zero-rated banking applications will become critical and almost standard for all banks in order to be inclusive and accessible to all South Africans.

Banks should continue to use traditional communication channels, such as television, radio, and billboards, to communicate brand messages indirectly to customers, followed by digital communication channels such as websites and blogs, and social media channels such as social networking sites to reach a larger audience and respond to customers directly in a cost-effective way.

5.6 Recommendations for further studies

This study focused on brand communication having an influence on brand loyalty in the banking industry, using FNB customers as a case study. The recommendation is that future research includes and explains other factors that are positively influenced by brand communication.

The sample used in this study consisted of FNB customers only. Further studies should incorporate a broader sample of customers from other banks in South Africa to have a broader overview of brand communication in the banking sector. FNB has been focusing on digital efforts to increase adoption of their digital platforms, so much so that the bank has been recognised as the best digital bank in South Africa in 2020, 2019, 2018, and 2016 (Venter 2020). Therefore, the brand communication findings presented in this study may be influenced by these digital efforts of the bank. The researcher further recommends that a similar study be conducted in other sectors, such as telecommunications and consumer goods.

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APPENDIX I: PARTICIPANT INFORMATION LETTER

PARTICIPANT INFORMATION SHEET

<date>

Title: Brand communication and its influence on brand loyalty in the banking industry: An evaluation of First National Bank customers

Dear Prospective Participant

My name is Zamabomvu Tracey Ndlovu and I am doing research with Dr NL Selekane, a supervisor in the Department of Communication Science towards a MA COMM at the University of South Africa. We are inviting you to participate in a study entitled Brand communication and its influence on brand loyalty in the banking industry: An evaluation of First National Bank customers.

WHAT IS THE PURPOSE OF THE STUDY?

I am conducting this research to find out whether brand communication is effective in influencing South African customers to remain loyal to a specific bank, in this case, First National Bank, or if there are other factors that influence brand loyalty.

WHY AM I BEING INVITED TO PARTICIPATE?

As a customer of First National Bank, you are invited to participate in this study to help us investigate whether brand communication is effective in influencing brand loyalty amongst First National Bank customers. Your contact details were obtained from the researcher's contact list of acquaintances, as well as from her LinkedIn connections. In order to achieve the research objectives, a number of 400 respondents are required to complete the research questionnaire. We assure you that your personal information will only be used for the purposes of this study and will not be shared with the respective bank or any other external parties outside of the examiners of the University of South Africa.

WHAT IS THE NATURE OF MY PARTICIPATION IN THIS STUDY?

The study involves a self-administered questionnaire. The self-administered questionnaire will be distributed via online channels to more than 500 First National Bank customers in order to obtain sufficient responses of sample size 400. Each questionnaire will consist of about 30 items. The questionnaires will consist of demographic information such as gender, age, highest level of education as well as Likert scale anchored from strongly disagree to strongly agree. The expected duration to complete the questionnaire is between 5-8 minutes.

CAN I WITHDRAW FROM THIS STUDY EVEN AFTER HAVING AGREED TO PARTICIPATE?

Participating in this study is voluntary and ongoing and you are under no obligation to consent to participation. If you do decide to take part, you will be given this information sheet to keep and be asked to sign a written consent form. You are free to withdraw at any time and without giving a reason before submitting the questionnaire. However, once the questionnaire with feedback has been submitted, this questionnaire will be used as part of the research. Please note that the questionnaire contains nonidentifiable information and therefore your personal details may be anonymized should you wish.

WHAT ARE THE POTENTIAL BENEFITS OF TAKING PART IN THIS STUDY?

The potential benefits are being part of the voluntary respondents and assisting in this study to help us investigate the effectiveness of brand communication and its influence on brand loyalty amongst First National Bank customers.

ARE THERE ANY NEGATIVE CONSEQUENCES FOR ME IF I PARTICIPATE IN THE RESEARCH PROJECT?

The only negative consequences for participating in this research are listed as follows:

1. The time allocated for completing the questionnaire (5-8 minutes)
2. The online tool required to submit the questionnaire once completed

WILL THE INFORMATION THAT I CONVEY TO THE RESEARCHER AND MY IDENTITY BE KEPT CONFIDENTIAL?

We assure you that your personal information will remain confidential and will only be used for the purposes of this study and will not be shared with the respective bank or any other external parties outside of the examiners of the University of South Africa. You have the right to insist that your name not be recorded anywhere and that no one, apart from the researcher and identified members of the research team, will know about your involvement in this research. Your answers may be reviewed by people responsible for making sure that research is done properly, including the transcriber, supervisor and members of the Research Ethics Review Committee. Otherwise, records that identify you will be available only to people working on the study. A report of the study may be submitted for publication, but individual participants will not be identifiable in such a report.

HOW WILL THE RESEARCHER(S) PROTECT THE SECURITY OF DATA?

Soft copies of your answers which will be sent back to the researcher online, will be stored electronically by the researcher for a period of five years on a password protected computer. Future use of the stored data will be subject to further Research Ethics Review and approval if applicable. After this period, the questionnaires will be permanently deleted from the hard drive of the computer.

WILL I RECEIVE PAYMENT OR ANY INCENTIVES FOR PARTICIPATING IN THIS STUDY?

Participation in this study will not include any payment or incentive.

HAS THE STUDY RECEIVED ETHICS APPROVAL?

This study has received written approval from the Research Ethics Review Committee of the Department of Communication Science, Unisa. A copy of the approval letter can be obtained from the researcher if you so wish.

HOW WILL I BE INFORMED OF THE FINDINGS/RESULTS OF THE RESEARCH?

If you would like to be informed of the final research findings, please contact me, Zamabomvu Tracey Ndlovu on 50904639@mylife.unisa.ac.za. Should you require any further information or want to contact the researcher about any aspect of this study, please use the same contact details.

Should you have concerns about the way in which the research has been conducted, you may contact the research supervisor, Dr NL Selekane on seleknl@unisa.ac.za.

Thank you for taking time to read this information sheet and for participating in this study.

Thank you.
ZT Ndlovu
Student number: 50904639

APPENDIX II: CONSENT TO PARTICIPATE LETTER

CONSENT TO PARTICIPATE IN THIS STUDY

I, __________________ (participant name), confirm that the person asking my consent to take part in this research has told me about the nature, procedure, potential benefits and anticipated inconvenience of participation.

I have read (or had explained to me) and understood the study as explained in the information sheet.

I have had sufficient opportunity to ask questions and am prepared to participate in the study.

I understand that my participation is voluntary and ongoing and that I am free to withdraw at any time without penalty (if applicable).

I am aware that the findings of this study will be processed into a research report, journal publications and/or conference proceedings, but that my participation will be kept confidential unless otherwise specified.

I agree to the recording of the questionnaire.

I have received a signed copy of the informed consent agreement.

Participant Name & Surname………………………………………………………….
(please print)

Participant Signature………………………………………… Date………………………

Researcher's Name & Surname……………………………………………………….
(please print)

Researcher's signature……………………………………… Date………………………

APPENDIX III: QUESTIONNAIRE

QUESTIONNAIRE

Thank you for taking the time out of your busy schedule to answer this questionnaire. I am a registered Masters student in the Department of Communication Science at the University of South Africa. I am conducting research on brand communication and brand loyalty and the objectives of the study are to investigate:

a) If brand communication influences brand loyalty
b) The communication channels used by First National Bank to communicate to its customers directly and indirectly
c) Which elements of brand communication are more effective than others
d) In what ways does brand communication influence brand loyalty amongst customers

NOTE: This study is for the purpose of MPCHS92. Taking part in this survey is voluntary and anonymous. All responses will be kept completely confidential. Completing this questionnaire should take approximately 5-8 minutes.

I give my permission for the responses which I am about to give/have given for the above project to be used for research purposes only.

Signed Date.

Brand Communication Survey Questionnaire

Section A: Demographic information

1. Gender

Please mark with an X

Female

Male

2. Age

Please mark with an X

25 and under

26 – 30

31 – 40

41 – 50

51 – 60

61 or over

3. Highest level of education

Please mark with an X

Primary school completed

Some high school

Matric or Grade 12 completed

Certificate

Diploma

University degree

Honours degree

Post-graduate degree (Masters or Doctorate)

4. Ethnicity

Please mark with an X

Black

Coloured

Indian

White
Other, please specify

5. Current employment status

Please mark with an X

Part-time
Contract
Student
Full-time
Self-employed
Unemployed
Retired
Other, please specify

Section B: Bank information Objectives:

- What are the communication channels used by First National Bank to communicate to its customers directly and indirectly?

6. Would you consider the following bank as your main bank

Please mark with an X

First National Bank (FNB)
Other, please specify

7. Which account type do you hold at your bank?

Please mark with an X

Gold account
Premier account
Private Clients account
Private Wealth account
Other, please specify

8. How long have you been with your bank?

Please mark with an X

0 – 12 months
1 – 3 years
4 – 7 years
8 – 10 years
11 – 15 years
16+ years

9. Which communication channels does your bank use to communicate marketing messages to you directly?

Please mark with an X

Email
SMS
App
Other, please specify

10. Which communication channels does your bank use to communicate marketing messages to you indirectly?

Please mark with an X

Traditional media (television, radio,newspaper, magazines or billboards)
Digital media (websites, online videosites or blogs)
Social media (Facebook, Instagram or Twitter)
Other, please specify

Section C: Research constructs - brand communication, brand and brand loyalty

Objectives:

- Which elements of brand communication are more effective than others in the case of First National Bank and its customers?
- How do customers respond to brand communication from competing banks?

To what extent do you agree or disagree with each of the following brand communication statements?
Please mark with an X

Question	Strongly agree	Agree	Not sure	Disagree	Strongly disagree
11. I am satisfied with the bank					
12. I am satisfied with the brand communication I receive from the bank					
13. I feel that the bank does not communicate enough					
14. I always read messages from the bank that are directed to me					
15. I always read messages from the bank that are not directed to me					
16. Every time I see or hear messages from the bank I pay attention					
17. The bank keeps me informed about the latest benefits and offers on different products and services					
18. The bank communicates effectively					
19. If I see messages from other banks I pay attention to compare products or services					

20. Messages from other banks do not grab my attention					

To what extent do you agree or disagree with each of the following brand loyalty statements?

Objectives:

- In what ways does brand communication influence brand loyalty amongst customers?
- If brand communication influences brand loyalty?
- Why do customers remain with banks?

Please mark with an X

Question	Strongly agree	Agree	Not sure	Disagree	Strongly disagree
21. I feel secure while authorizing transactions with the bank					
22. I trust the systems of the bank					
23. I consider this bank as my preferred one					
24. I am proud to recommend the bank to others					
25. I have <u>no</u> intention to switch over to other banks					
26. I prefer this bank over other banks					
27. In the next three years I plan to continue to use the services of my current bank					

28. If another bank offered me better products/services, I would consider changing current bank

29. If another bank offered me lower fees, I would consider changing my current bank

30. If another bank offered me exactly the same services, I would consider changing my current bank

31. I would have stayed loyal to my bank despite the fact that other banks would offer me similar products

32. I consider myself to be loyal to this bank

33. I say positive things about my bank to other people

Thank you for taking the time to complete the survey.