



# “Influence of Creative Advertisements on Customer Loyalty in Banking Sector”

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## Abstract

Now a days, creative advertisements plays very significant role to achieve the success among competitive advertising. Creative advertisements are helpful in generating a favourable response from consumers and build long term relationship with them. The purpose of this research is to identify the key factors of creative advertisements on customer loyalty in banking sector. This study will be beneficial to understand the perspective of consumers towards loyalty. The study is conducted among 147 individuals in the city of Indore to find out their perception towards creative advertisements. The study is based on primary data that were collected through closed ended questionnaire. The results were analysed with the help of factor analysis and regression analysis. Results of this study can help marketers, organizations and advertisers in formulating effective strategies to engage with the target market.

**Keywords:** Creative advertisements, Customer loyalty, Consumers, Organizations, Advertisers, Effective strategies.

## INTRODUCTION

Advertisement is an important tool to communicate information to large number of people at one time. Advertisement can leave its positive impact on the mind of target audience with the intention to influence them to make purchase. Now-a-days, organizations spend large amount on promotions that make viewers exposed to large number of advertisements which creates confusion and affects their purchasing decision. Weilbacher (2003) also pointed out that competition among large number of advertisements creates difficult situations for organizations to stand out as unique.

So, advertisers and organizations should focus on execution of advertisement rather than ad spending. Creativity is essence of advertisement and also one of the element that can revive advertising. Creative advertisements are important for organization which not only catches the attention of viewers but persuade them to continue to purchase. Creative advertisement is necessary for survival and success of an organization instead of a tool to give a competitive edge. It can be defined as meaningful and unique advertisement that has the capability to create an impression in the mind of consumers and persuade them to take buying related decision. Creative advertisement is a powerful tool to catch the attention of target audience and helpful to turn them into loyal. Creative advertisement is helpful to enhance relationship with consumers that can exist last long. It is beneficial for organizations to achieve success and to increase its market share.

Consumer has been recognized as crucial for organizations and can build their success to maintain long term relationship with them. In the current scenario, intensity of competition has made marketers to establish and maintain customer loyalty. According to Khan, Muhammad Tariq (2013) customer loyalty can be defined as positive behaviour of consumers towards product or service that indicates preference for the company over others and willingness to repeatedly purchase from the company. It involves continuous support of customers to develop an on-going relationship with company and to remain a customer of company. Rowley (2005) also explained that customers are important assets of an organization and if an organization wants to achieve added value then they should focus on customers.

Customer loyalty is important for the success of an organization but it is very difficult to be achieved. So, there should be unique ways to meet the ever changing nature of advertising industry. Therefore, creative advertisement is a powerful tool to grab the attention of audience and turn them to listen to the advertisers. Thus, this study has attempted to link creative advertisements to customer loyalty and to know the influence of creative advertisements on customers of banking sector.

Creativity is necessary for an advertisement in order to grab the attention of target audience but there has been lack of generalization which results in difference of viewpoints about dimensions that determine creative advertisements (e.g. Amabile 1996; White and Smith 2001; Lee and Mason 1999). There appear to be limited studies that have investigated the influence of creative advertisements on customer loyalty. So, there is a need for deeper exploration of creative advertisements and its impact on customer loyalty in banking sector which will be helpful to influence the consumers in decision making with respect to purchase.

This paper will provide better understanding about dimensions of creative advertisements on customer loyalty in banking sector and offer the opportunity for advertisers to improve the relationship among target audience. The purpose of the study is to investigate ways to minimize the advertising wastage and reduce the communication risk for advertisers. This study will be beneficial for advertising companies and organizations to implement the suitable strategies of creative advertisements and can make smarter investments.

## LITERATURE REVIEW

Creativity is the basis of the success of any advertising campaign. It involves novel and meaningful ideas or message that makes an effective communication. According to the researchers (Zinkhan, 1993; El-Murad & West, 2004; Sheinin et al., 2011) there are little findings of the literature of creative advertisements and still there are limited empirical investigations has been done to examine creative advertisements. So, there is a need to generate insights and to explore the area related to creative advertisements.

Flandin et al. (1992) stated that creative advertising is important for an organization as it grabs the attention of target audience towards products or services and influence them to purchase. The study concluded that there is difference in perception on the creative concept of advertising and suggest further research.

Benoit I.D. and Miller E.G. (2019) also explained about the importance of creative advertisement in different situations. The study suggested that there is a need to understand more about the importance of creative advertisement in different situations. So, that marketers and agencies can effectively utilize their resources.

In competitive market, organizations should know about the behaviour of consumers in order to achieve organizational objectives. Choudhary (2021) researched about the impact of creativity in advertising on the purchasing behavior of consumers. The study found that higher creativity in advertising leads to positive consumer buying behavior. It also suggested that there is need to explore the effects of creativity in advertising on the response of consumers.

Consumers play crucial role for the success of an organization and for that reason they should know the perception of target audience. According to Bashiru S. and Bunyaminu A. (2013) there should be proper use of advertising as it can develop the image of brand. The study found that there is difference in opinion of customers and employees towards the relationship between advertising and loyalty in banking sector.

Taylor, Hoy, and Haley (1996) said that there is difference in opinion of creative advertising due to different cultures. There are different approaches in the literature for creative advertising. The study suggested that there should be exploration of different cultures to develop creative strategy in advertising.

Amoako et al (2017) explained that effective advertising plays very important role in developing customer loyalty. The study was conducted on customers of banking sector in Ghana. It resulted that effective advertising has significant relationship with customer loyalty in banking sector of Ghana. The study concluded that in competitive environment, creative advertising is helpful to build loyalty and make customer to use their service for long term.

Yeneneh Z., Negash M. and Adane A. (2018) also stated that effectiveness is very important for an advertisement and there is a need to completely understand the concept of advertising. The study claimed that effective advertising has a positive impact on customer loyalty. It is also suggested that advertisers should improve the way of advertising in banking sector in order to achieve customer loyalty.

Ndubisi N.O. (2007) explained about the customer loyalty in banking sector. The study was conducted on customers of banking sector in Malaysia. The study pointed out that there is a need for further study in other countries to know the impact of marketing strategy on customer loyalty in banking sector.

The difference in opinion and lack of research suggest opportunities to explore the dimensions of creative advertisements. This study will be helpful to focus on the right dimension of creative advertisements in developing customer loyalty. However, the focus of this study is to understand the audience's perception of creative advertisements on customer loyalty. Therefore, companies can improve their ability to estimate the possible effectiveness of creative advertisements and make smarter investments.

Hence, advertisers should understand consumption patterns of target audience so that they can fulfil their needs and expectations. Advertisers should design message which is suitable for target audience. So, there is a requirement to identify the factors related to the concept of creative advertisements and how this relates to the loyalty of customers.

## OBJECTIVES

1. To identify the key factors of creative advertisements on customer loyalty.
2. To measure the impact of creative advertisements on customer loyalty in banking sector.

## HYPOTHESIS

### Null Hypothesis –

H<sub>0</sub>: There is no significant impact of creative advertisements on customer loyalty.

### Alternate Hypothesis –

H<sub>1</sub>: There is significant impact of creative advertisements on customer loyalty.

## RESEARCH METHODOLOGY

**The Study:** The present study is exploratory study and is based on primary and secondary data.

**The Sample:** The study was carried out in Indore city. In present study non probability convenience sampling method has been used. After eliminating the inexplicable responses, 147 respondents were taken into considerations who are customers of banking industry.

**Tools for Data Collection:** This study is based on both primary and secondary data. Primary data was collected using self-designed questionnaire. The first part of questionnaire consists of demographic profile of the consumer and the second part consists of questionnaire related to the influence of creative advertisements on customer loyalty in banking sector. The Likert scale based on five point scaling was used as the survey instrument in the questionnaire.

**Tools for Data Analysis:** The data was analysed with help of suitable statistical tools like percentage analysis, cronbach's alpha, factor analysis, regression analysis.

## RESULT AND DISCUSSIONS

The demographic characteristics of the respondents are summarized in table 1. Out of 147 respondents 81 were male and the remaining 66 were female. It showed that there were slightly more of male respondents (55.1%) than female (44.9%). The respondents who fall under the age group of 18 - 26 is 37. The majority of the respondents belongs to the age group of 27 - 35 is 72 (48.98%). The frequency for respondents who are between age group of 36 - 44 is 20 and age group of 45 and above is 9. Moreover, 28.57 percent of the respondents fall under the income group of below 15000, 45.58% of the respondents are from the group with incomes between 15,001 and 30,000, 15.65 percent of the respondents fall under the income group 30001- 45000, where remaining 10.20 percent of the respondents fall under the income group above 45000.

**Table 1. Profile of Respondents**

Classification	Frequency	Percentage (%)
<b>Gender</b>		
Male	81	55.1
Female	66	44.9
Total	147	100
<b>Age Group</b>		
18 – 26	37	25.17
27 – 35	72	48.98
36 – 44	20	13.61
45 and Above	18	12.24
Total	147	100
<b>Monthly Income</b>		
Up to 15000	42	28.57
15001 – 30000	67	45.58
30001 – 45000	23	15.65
Above 45000	15	10.20
<b>Total</b>	<b>147</b>	<b>100</b>

### Reliability Analysis

Table 2 shows the results of reliability tests. Reliability of the measures was assessed with the use of Cronbach's alpha which indicates how well the items are correlated to one and another. It is considered that the reliability value more than 0.70 is good. Reliability analysis for this study shows that Cronbach's alpha value for the scales ranged from 0.770 to 0.942 which is higher than benchmark 0.70 that confirms the items is considered fully reliable and internally consistent.

**Table 2. Reliability Analysis**

Variables	Cronbach's alpha
Distinctive	0.920
Practicability	0.942
Persuasiveness	0.853
Well-formed	0.911
Humor	0.875
Relatedness	0.842
Customer Loyalty	0.770

### KMO and Bartlett's Test

Bartlett's Test of Sphericity and Kaiser-Meyer-Olkin (KMO) measure were adopted to determine the appropriateness of data set for factor analysis. Factor analysis requires that the Kaiser-Meyer-Olkin measure of sampling adequacy should be between 0.5 and 1.0. The measured value for KMO was 0.805 (Table 3) which points towards the sampling adequacy and the Bartlett's Test of Sphericity shows a significant value of 0.000 which is less than 0.05 at 95 percent confidence level. Result for the Bartlett's Test of Sphericity and the KMO reveal that both are highly significant and concluded that the data is suitable for factor analysis.

**Table 3: KMO and Bartlett's Test**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.805
Bartlett's Test of Sphericity	Approx. Chi-Square	1176.772
	Df	231
	Sig.	.000

### Factor Analysis

Table 4 summarizes the result of the factor analysis that was run using the principal component approach with a varimax rotation with Eigen value over 1. It shows that 22 variables taken earlier are now reduced to 6 factors. These are uniqueness, artistic, usefulness, connectivity, wittiness and persuasiveness. These six factors explain 79.149 percent of variance in the data. It shows that 26.028 percent of the variance is explained by the 1<sup>st</sup> factor, 15.137 percent of the variance is explained by the 2<sup>nd</sup> factor, 13.751 percent of the variance is explained by the 3<sup>rd</sup> factor, 9.753 percent of the variance is explained by the 4<sup>th</sup> factor, 8.115 percent of the variance is explained by the 5<sup>th</sup> factor and 6.365 percent of the variance is explained by the 6<sup>th</sup> factor.

**Table 4: Analysis of Factor Reduction**

FACTOR NAME	EIGEN VALUE	TOTAL VARIANCE	VARIABLES	VARIABLE LOAD
<b>Distinctive</b>	5.726	26.028	New	0.858
			Unique	0.869
			Different from competitors	0.886
			Surprising	0.897
			Insightful	0.811
<b>Practicability</b>	3.330	15.137	Ad that give reasons	0.913
			Straightforward	0.885
			Useful	0.889
			Valuable	0.890
<b>Persuasiveness</b>	3.025	13.751	Influencing	0.824
			Credible	0.834
			Memorable	0.818
			Appealing	0.847
<b>Well-formed</b>	2.146	9.753	Beautifully designed	0.881
			Visual effects	0.880
			Verbal effects	0.862
<b>Humor</b>	1.785	8.115	Comical	0.830
			Entertaining	0.917
			Noticeable	0.845
<b>Relatedness</b>	1.400	6.365	Based on feelings	0.800
			Familiar	0.890
			Involvement	0.861

### Regression Analysis

Table 5 Regression analysis was conducted to examine the relationship between creative advertisements and customer loyalty. Based on the result produced by regression analysis, the hypothesis will be accepted if the significant level is below than 0.05. Table 5 shows that distinctive, practicability and persuasiveness correlate positively and significantly with customer loyalty, but well-formed, humour and relatedness are not correlated. Based on the results, Distinctive has a positive correlation to customer loyalty ( $\beta = 0.653$ ,  $t = 11.303$  and  $p < 0.05$ ), Practicability has a positive correlation to customer loyalty ( $\beta = 0.279$ ,  $t = 4.905$  and  $p < 0.05$ ), Persuasiveness has a positive correlation to customer loyalty ( $\beta = 0.151$ ,  $t = 2.437$  and  $p < 0.05$ ). On the other hand, Well-formed does not influence customer loyalty ( $\beta = 0.054$ ,  $t = 0.893$  and  $p > 0.05$ ), Humour does not influence customer loyalty ( $\beta = 0.079$ ,  $t = 1.207$  and  $p > 0.05$ ), Relatedness does not influence customer loyalty ( $\beta = -0.116$ ,  $t = -1.817$  and  $p > 0.05$ ).

The result indicates that the overall significant value is 0.000 which is less than 0.05 thus, the null hypothesis was rejected and alternate hypothesis was accepted. Therefore, there is significant impact of creative advertisements on customer loyalty in banking sector, which is supported by overall significant value 0.000. The findings show that distinctive coefficients ( $\beta = 0.653$ ) is the highest, followed by practicability ( $\beta = 0.279$ ) and persuasiveness ( $\beta = 0.151$ ) with significance level of below than 0.05. This indicates that distinctive has more impact on customer loyalty than practicability and persuasiveness.

**Table 5. Regression Analysis**

	Beta	T	Sig.
(Constant)		3.688	.000
Distinctive	.653	11.303	.000
Practicability	.279	4.905	.000
Persuasiveness	.151	2.437	.016
Well-formed	.054	.893	.373
Humor	.079	1.207	.229
Relatedness	-.116	-1.817	.071

a. Dependent Variable: Customer Loyalty

## Conclusion

Present study indicates that different factors are responsible towards the influence of creative advertisements on customer loyalty. Creative advertisements are completely about connecting consumers and appealing to their loyalty. Creative advertisements can be used as the basis for designing successful advertisements. The study on creative advertisements will be helpful for advertisers and advertising companies to generate a favourable response from the consumer. It also shows the importance of creative advertisements in consumer's preference and increasing demand towards products and services. In the present study we have extracted six factors of creative advertisements like distinctive, practicability, persuasiveness, well-formed, humour and relatedness. The result shows that distinctive, practicability and persuasiveness have significant influence on customer loyalty but well formed, humour and relatedness have not significant influence on customer loyalty. Based on the results obtained, this study is showing creative advertisement has influence on customer loyalty in banking sector.



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