Effective Management of Corporate Image in Achieving Customer Loyalty

[1]Imadonmwiyi Igho Elvis, [2]Ekienabor Ehijiele

[1]Edo State Polytechnic, Usen, Benin City, Edo State
[2]Business Administration Department, Igbinedion University Okada, Edo State, Nigeria.

Abstract:

In the face of the ever-growing competition, banks need to consider other ways by which they can differentiate themselves from other competitors and stay competitive. Traditional banking services are no longer enough to significantly position a bank in a competitive space. Hence intangible attributes such as the corporate image that is intrinsic and cannot be copied become an ideal option. The study examines if there is any significant relationship between corporate image and customer loyalty. The research was carried out through a quantitative methodology. Kendall's tau_b correlations coefficient with the aid of SPSS 20.0 was used to test the hypothesis formulated to determine the presence of a relationship and findings were arrived at from individual facts provided by sampled customers of the 23 commercial banks in the Nigerian banking industry through the use of a questionnaire. The finding of the study reveals that there is a strong positive correlation between corporate image and customer's loyalty. The study also reveals that effective corporate image can improve an organization's productivity through continued patronage as a result of customer loyalty. Thus, an effective corporate image of a bank can actually influence the customers' loyalty to the bank. Therefore, the study recommends that since customer's satisfaction is of vital importance, sound relations with the firms' special publics, such as customers, employees, suppliers, shareholders, government, etc, is indispensable since customers are the banks most valued assets.

Keywords: customer loyalty; effective management; corporate image; banking industry; customers.

1. INTRODUCTION

Corporate image and customer loyalty are the two variables or concepts to be effectively investigated in this research to establish a theory of their interdependency through which the research question and objectives that would be defined can be answered. Consequently, the overall focus of this study is to examine if there is any significant relationship between corporate image and customer loyalty as well as to determine if efficient corporate image management can improve an organization's productivity. In addition, the study seeks to find ways at which a company can supplement loyalty through the effective management of the aspects of its corporate image that has been defined as a result of a formed consciousness in the psyche of its customers. Thus, the focal aim would be to prove as to whether or not the positive perception of the brand (firm) would help position the company to encourage strong customer loyalty. In today's severe competitive markets, differentiation between organizations in terms of price, product and/or service characteristics and the value of the delivery system is difficult as suggested by Abd-El-Salam et al. (2013).

It is projected that the outcomes and findings of this study would be helpful to companies, especially firms in the banking industry in achieving strong customer loyalty from their customers. In addition, it would serve as a reference guide for the marketing manager in any company to aid decision making on effective management strategies for a corporate image that will at the same time help create the right corporate repute which is imperative for customer loyalty. It has been put forward that customers who perceive service quality over repeated service encounters have an overall favorable image of the organization, and this image helps form an emotional attachment (Aaker, 2004). In addition, Positive brand image (favorable image) is proposed to be a value-relevant intangible asset, specifically, a "structural asset" as described by Lev (2000).

Based on what has been asserted above some critical questions can be drawn as to the relationship between a good corporate image and loyalty. These research questions are stipulated and are aimed to be answered by this research: Will effective corporate image have an improvement in an organization's productivity? Will a good corporate image of a bank actually influence the customers' loyalty to the bank?

2. LITERATURE REVIEW

As pointed out earlier, corporate image is tied with the company's overall performance, which is a direct responsibility of management. Managing an organization's image demands a more rational approach hence the need for suggestions as to know how the organization can enhance its performance through better management of its corporate image. While some organizations have a clear and specific image with which they want to be identified with, others may not have but consciously agree upon target image as postulated by Agbonifoh and Oshagbemi (2007).

Corporate image management focuses on the very heart and soul of the organization, even to the extent of evaluating why the organization exists and determining the organization's key purposes (Obasan, 2012). It represents one of the highest levels of functional control of the organization. Perhaps more importantly, its value as a management tool as postulated by

Obasan, (2012) is greater because it provides a mechanism for the organization to differentiate itself from competition; create recognized added- value to the products and services marketed or delivered by the organization; and attract and maintain customer relationships in order to prosper in an increasingly competitive and constantly changing global marketplace. Corporate image management, therefore, also represents the highest level of brand personality and characteristics that can be created and communicated to customers and marketing partners. (Obasan, 2012)

It is argued however that corporate image is what comes to mind when travelers hear the name of a place, a hotel or a restaurant. Tang, (2007) describes the corporate image as the consumer's response to the total offering and is defined as the sum of beliefs, ideas, and impressions that the public has of an organization. It is related to business name, architecture, a variety of products or services, tradition, ideology, and to the impression of quality communicated by each person interacting with the organization's clients.

Corporate image may be considered as a function of the accumulation of purchasing/consumption experience overtime and has two principal components: functional and emotional. The functional component is related to tangible attributes that can be easily measured, while the emotional component is associated with psychological dimensions that are manifested by feelings and attitudes towards an organization. These feelings are derived from individual experiences with an organization and from the processing of information on the attributes that constitute functional indicators of image. Corporate image is, therefore, the result of an aggregate process by which customers compare and contrast the various attributes of organizations as described by Tang (2007).

In the process of managing corporate image, the fundamental variables according to Encyclopedia of Business (2014) are: corporate identity, corporate communication, corporate image, and feedback. Corporate identity is the reality of the corporation—the unique, individual personality of the company that differentiates it from other companies. Corporate communication is the aggregate of sources, messages, and media by which the corporation conveys its uniqueness or brand to its various audiences. Corporate image is in the eye of the beholder—the impression of the overall corporation held by its several audiences.

The objective in managing corporate image is to communicate the company's identity to those audiences or constituencies that are important to the firm, in such a way that they develop and maintain a favorable view of the company. This process involves fashioning a positive identity, communicating this identity to significant audiences, and obtaining feedback from the audiences to be sure that the message is interpreted positively. An unsatisfactory image can be improved by modifying corporate communication, re-shaping the corporate identity, or both. (www.referenceforbusiness.com).

2.1. Review of Prior Studies

Several researchers have suggested that image has a positive impact on profitability. A good corporate image is a major promotional tool which refers to building good relationships with the company's public by obtaining favourable publicity and handling or heading off unfavourable rumours, stories, and events.

Zins, (2000) and Kandampully & Suhartanto, (2000) identified a disparate group of leaders of successful organizations who enjoyed a unique and sustained competitive advantage by showing greater concern for customers which was achieved by focusing on building strong relationships. Thus, good corporate image and perceived good relationship are important variables that help customers understand the process, recall and recognize information because the customers benefit in other ways from long-term associations with the organization. The perceived relationship benefits add to the perceived value of the product because the relationship is strengthened when customers perceive benefits beyond their satisfaction with the core product. Also, relational benefits have an indirect effect on customer loyalty via perceived value which positively influences loyalty. According to Kwon and Lennon, (2009), customers believe that their purchase behavior is influenced by ethical and unethical corporate actions. Researchers from the organizational behavior discipline define corporate image as the internal members' belief about outsiders' perception of an organization.

Martineau (2000) cited in Adeniji, Osibanjo, Abiodun and Oni-Ojo (2015) associated the image of an organization with the self-image of an individual customer, suggesting a model of how image affects patronage that people become customers where the image of the provider is similar to the image they have of themselves. Studies on corporate image have generally focused on the effect of advertising, corporate logo, brand preference or interaction with employees (Davies & Chun, 2002 and Chun and Davies, 2006). Kennedy, (2001) cited in Adeniji, Osibanjo, Abiodun and Oni-Ojo (2015) showed the effects company employees have on external image irrespective of what their employer might desire. Also, Bernstein, (2004) argued that the image the customer perceives cannot be separated from the reality of the customer's experience.

Hsieh and Kai Li (2008) identified three factors for creating permanent relationships with customers as conversational reciprocity, reciprocal empathy and reciprocal vulnerability which are said to be effective via messages that allow information to flow and trust to build. The links between image and financial performance may not be direct but may be influenced by other variables, such as gaps between image and identity, service offering and customer satisfaction, employee satisfaction cum customer loyalty and gaining competitive advantage. These intervening variables may be antecedents or consequences of a corporate image, which may lead to good financial performance in the long-run.

3. METHODS

The research seeks to establish from the comprehensive analysis of data gathered the relationship between effective corporate image and customer loyalty. The responses from the questionnaires distributed to the various participants serve as the source from where the quantitative data is extracted. The population of this study consists of the customers of all commercial banks in Nigeria. Essentially, this study is based on a cross-sectional survey design. Cross-sectional survey design for this study is justified on the ground that the researcher adopts a onetime observation, involving proximate and ultimate variables necessary for the study.

Consequently, the study adopts a random sampling method which the researcher uses to select respondents. 3 respondents were randomly selected from each of the 23 commercial banks in Nigeria, this allowed for equal representation, bringing the total of respondents to 69. Of the 69 questionnaires retrieved, 19 were not properly filled, leaving the researcher with the total of 50 questionnaires which researcher then analyzed. Further, Kendall's tau_b correlations coefficient with the aid of SPSS 20.0 was used to test the hypothesis formulated to determine the presence of a relationship as well as the direction, strength, and association of the relationship among the study variables.

3.1. Presentation and Analysis of Result

Table 1: How would you rate the corporate image of the bank?

		Frequency	Percent	Valid Percent
Valid	Very high	18	36.0	36.0
	High	10	20.0	20.0
	Moderate	10	20.0	20.0
	Low	8	16.0	16.0
	Indifferent	4	8.0	8.0
	Total	50	100.0	100.0

Source: Researchers compilation (2018).

36% of the respondents rated very high the corporate image of the firm they bank with, 20% opined that the corporate image of the bank they bank with is high. Additionally, 20% of the respondents were of the opinion that the corporate image of the firm was moderate, 16% of the respondents postulate a low corporate image of the bank they bank with while 18% were indifferent.

Table 2: How would you rate your loyalty to the bank?

		Frequency	Percent	Valid Percent
Valid	Very high	20	40.0	40.0
	High	6	12.0	12.0
	Moderate	10	20.0	20.0
	No Loyalty	5	10.0	10.0
	Indifferent	9	18.0	18.0
	Total	50	100.0	100.0

Source: Researchers compilation (2018)

40% of the respondents' loyalty to the firm they bank with is very high, 12% have high loyalty for the bank they bank with. Further, 20% of the respondents were of the opinion that their loyalty was moderate, 10% of the respondents show no loyalty to the bank they bank with while 18% were indifferent.

For purposes of the present study:
r values between 0.1 and 0.5 indicate that the relationship is "weak"
r values between 0.5 and 0.9 indicate that the relationship is "strong"
r values greater than 0.9 indicate that the relationship is "extremely strong"
This is irrespective of direction (±) that may occur.
Also, since correlation coefficients range from -1.00 to +1.00, a correlation of -1.00 tells you that there is a perfect negative relationship between the two variables. A correlation coefficient of +1.00 tells you that there is a perfect positive relationship between the two variables. A correlation coefficient of 0.00 tells you that there is a zero correlation, or no relationship, between the two variables.

Table 3: Kendall's tau_b Correlations Test Analysis

			Corporate image	Customer loyalty
Kendall's tau_b	Corporate image	Correlation Coefficient	1.000	.927**

	Sig. (2-tailed)	.	.000
	N	50	50
Customer loyalty	Correlation Coefficient	.927**	1.000
	Sig. (2-tailed)	.000	.
	N	50	50

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

Table 3 shows the correlation statistics for the variables. The correlation coefficient as seen above shows a correlation value of 0.927, this indicates a strong and positive correlation between the variables

3.2. Findings

In view of arriving at finding ways at answering the research questions that will thus aid in satisfying the main objective of the study (which is to determine whether there is any relationship between the corporate image and customer loyalty), Kendall's tau_b correlations technique was used to test if there is any relationship between the variables. The test result shows a 92.7% relationship between the variables. This implies that there is a strong and positive relationship between corporate image and customer loyalty. The finding shows that effective corporate image can improve an organization's productivity by continued patronage as a result of customer loyalty. Thus, an effective corporate image of a bank can actually influence the customers' loyalty to the bank.

CONCLUSIONS

Based on the findings, it is imperative to note that the long-run rationale for a favourable corporate image is such that an image produces a climate conducive for growth and improved earnings. Since customer's satisfaction is of vital importance, sound relations with the firms' special publics, such as customers, employees, suppliers, shareholders, government etc, is indispensable since customers are the banks most valued assets. A bank can only hope to achieve loyalty if they are able to build an image through a number of factors which incorporates both emotional and functional facets; such as lower transaction rates, openness and transparent in their promotions to customers and better customer service especially in the area of customer relationship i.e. friendliness, individual treatment, and respect.

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