ARE TRADITIONAL ADVERTISING METHODS STILL RELEVANT ON
CLIENT PURCHASE INTENTION?

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ABSTRACT
Although there has been considerable research on traditional advertising methods, this study sought to establish if they still influence client purchase intention in the banking industry. Data were collected from the bank clients in Gauteng, South Africa. After the analysis, results showed positive relationship between the traditional advertising methods and purchase intention. Moreover, the findings indicated that the four traditional advertising methods have stood the test of time and are still relevant in influencing client purchase intention in the banking industry, despite the digital era.

Keywords: Traditional advertising, client purchase intention, signaling theory.
INTRODUCTION

The South African Banking Industry consists of a large number of players, though there is what has been termed as the traditional big three. These are Amalgamated Banks of South Africa (ABSA), First National Bank (FNB) and Standard Bank. The big three phenomenon has however been weakening as observed by the emergence of players like Capitec and Nedbank that have shaken the industry and currently Capitec boasts of a high number of active clients (Capitec Report, 2021). This led to a new term in the South African banking industry – Big five. This is in reference to the banks that are considered to be the biggest five in the industry, classified according to the value of assets and total number of active clients. In addition to the big five banks, there also exists a number of other relatively smaller banks serving specific niches. These include Discovery bank, Investec bank and Land bank.

The emergence of many banks that are relatively big in terms of customer base and market capitalization has created stiff competition in the South African banking industry. All the banks are somehow involved in advertising, utilizing both digital and advertising methods to lure customers to do business with them. This study aims to explore the effectiveness of traditional advertising on purchase intention in the South African banking industry.

Several studies have been conducted worldwide regarding the impact of traditional advertising on clients’ purchase decisions (White, Faulkner, Coomber, Azar, Room, Livingston, Chikritzhs, & Wakefield, 2015; Davis, 1996; Berg, 2012; Field, 2001; Mcallister, 2005, etc). Bishnoi and Sharma (2009) researched on the impact of television advertising on buying behavior comparing urban and rural teenagers. The study sought to establish whether the residential background of consumers has a varying influence on their buying decisions due to the influence of television advertising. The conclusions were that rural teenagers are more influenced by television adverts than their urban counterparts. However, their study only focused on teenagers and only considered one mode of advertising. Conversely, this study incorporated different age groups, and also compared different forms of traditional advertising.

Moreover, the other studies (Priyanka, 2012; Agbede, 2016; Harris, Kreshel & Lancaster, 1986) covered one or two methods of traditional advertising and the contexts are totally different from this study.

Conceptual framework

A conceptual framework is defined as a collection of ideas which are broadly distinct and analytically organized to deliver an emphasis, a rationale, and a tool for the integration and interpretation of information (Saunders et al., 2012). According to Mugenda and Mugenda (2009), a conceptual framework is structured from a set of comprehensive concepts and theories that help the researchers to properly identify the problem they are looking at, frame their questions and find suitable literature. Hence, for the purposes of this study the following framework was designed and operationalized.

Figure 1: Conceptual framework
Theoretical underpinnings

The Signaling theory

This is a theory that explains behavior when two different parties do not have the same information at the same time (Connelly, Certo & Duane 2011; Spence, 1972). The signaling theory follows the concept that one part has information or access to information which the other part does not have, and thus sends a signal to the party without the information to bring both parties at par. The sender (who is the advertiser in this case) must send a signal to the receiver (the client). The sender needs to decide how to send the signal, and the receiver needs to interpret the same signal.

In the South African banking industry, the signaling theory could be applied. Banks would use traditional advertising as conduits of sending signals to their clients and prospects. A bank could use newspaper advertisements, television advertisements, radio advertisements and outdoor billboard advertisements. In signaling, four elements are needed to create signaling timeline (Connelly et al. 2011). These include the signaler, the signal, the receiver and the feedback. The signaler is the sender of the message, also known as the originator and this is the advertising bank in this instance. The signal is the advertising message sent, the receiver is the target customer and the feedback is the action sought from the prospective client that is to engage the services of a bank.

Moreover, at the core of the signaling theory is the issue of information asymmetry. Kirmani and Rao (2000) postulated a model that simplifies the concept of information asymmetry in the signaling theory. Their model suggests that insiders in the firm know the correct information about their products and services, while outsiders do not, and that is information asymmetry.

Research Hypotheses Development

A hypothesis is an unproven statement about a phenomenon or relationship between two variables in which a researcher is interested. In other words, it is a tentative statement about the existing relationship between at least two variables which the researcher intends to prove (Malhotra & Birks, 2007:54). From the conceptual model, there are four traditional methods of advertising, namely television, outdoor billboards, newspapers and radio. The four are the independent variables hypothesized to have a significant impact on client purchase intention (the dependent variable) in the South African banking industry.

Newspaper Advertisement and client purchase intention

Existing literature shows positive relationships between newspaper advertising and revenue for the company (Barton & Edward 2012). It follows then that the increase in organizational revenue after increases in newspaper advertising expenditure could be attributed to the effectiveness of newspaper advertisements in client purchase decisions. Hence it could be hypothesized that:

\[ H_1: \text{There is a significant relationship between newspaper advertising and client purchase intention in the South African banking industry.} \]

Radio advertising and client purchase intention

Advertisements made through radio have several elements that must be embedded in them to be successful. Riebe and Dawes (2006) in their study found out elements like advertisement placement have an influence on a person’s ability to remember the advertisement. The study was focused on a client’s ability to remember an advert after being exposed to a block containing a series of advertisements. The findings were that consumers easily remember the advertisements that were at the beginning of the advertising block more than those placed at or towards the end of the block. Given this argument, it could be hypothesized that:

\[ H_2: \text{There is a significant relationship between radio advertising and client purchase intention in the South African banking industry.} \]
Outdoor billboard advertising and client purchase intention

Billboards are erected in convenient places where customers can read them even as they drive or walk past certain places. Bhargava and Donthu (1999) support the idea that there is a relationship between outdoor billboard advertising and client purchase intention. In their quest to explore sales response to outdoor advertising, they concluded that outdoor advertising media has spatial effectiveness if it is used as part of a multimedia campaign, and this connects with the interest stage of advertising models which are the pillar of this research. Thus, it could be hypothesized that:

**H3:** There is a significant relationship between outdoor billboard advertising and client purchase intention in the South African banking industry.

Television advertising and client purchase intention

Windschuttle (1984) studied radio, newspaper and television advertising in Australia and found significant positive relationships between the three traditional forms of advertising and customers’ willingness to buy as well as increase firms’ revenue. In that study television advertising stood out to be the most significant, and so in this research it could be hypothesized that:

**H4:** There is a significant relationship between television advertising and client purchase intention in the South African banking industry.

Research Methodology

Panneerselvam (2009) explains that descriptive research is conclusive research since it is conducted with an intention to test hypotheses of a research problem formulated by exploratory research and draws definite conclusions for implementation. In this descriptive research design, the researchers utilized the survey approach in order to explore the relationships between traditional advertising and purchase intention. Researchers preferred to conduct a survey because it allowed the collection of large amount of data from sizeable population which could be used to come up with conclusive results. The survey strategy allowed the collection of quantitative data for analysis quantitatively using descriptive and inferential statistics.

The population was made up of all people who have active bank accounts with any South African bank. Looking at the available resources, it was impossible to use the whole population in the study as supported by Wegner (2013) when he says; a sample is a subset of data values drawn from a population. The number of South Africans with bank accounts, and are hence considered to be banked, was estimated to be around 27.4 million (African Outpost 2020. Using random sampling method, 220 respondents were selected.

The questionnaire was used for its reliability and precision in the validation of results. The data collection method selected provided a rich empirical, conceptual and theoretical basis upon which the study drew conclusions about the impact of traditional advertising methods on client purchase intention. According to Churchill (1979), the recommended measure of the internal consistency of a set of items is provided by Coefficient alpha. Malhotra (2005) states the coefficient alpha is the average of all possible split-half coefficients resulting from different ways of splitting the scale items. For the questionnaire used in this research study, the reliability coefficient (Crobach’s Alpha) was at 0.939. For a research instrument to be considered reliable, it needs a Cronbach’s Alpha coefficient value to be at least 0.7 (Cronbach 1971). The reliability analysis indicate that the questionnaire used for the study was reliable and hence could be used to draw conclusions regarding the effectiveness of traditional advertising methods on client purchase intention in the South African banking industry. This is because the coefficient obtained is above 0.9 for both ordinary and standardized items.
## Table 1: Combined questionnaire items’ coefficients

<table>
<thead>
<tr>
<th>Scale Item</th>
<th>Cronbach's Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Television Advertising</td>
<td>.922</td>
</tr>
<tr>
<td>Outdoor Billboard</td>
<td>.923</td>
</tr>
<tr>
<td>Radio Advertisement</td>
<td>.922</td>
</tr>
<tr>
<td>Newspaper Advertisement</td>
<td>.921</td>
</tr>
<tr>
<td>Client Purchase Intention</td>
<td>.923</td>
</tr>
</tbody>
</table>

### Measures of variability

Malhotra & Birks (2007:509) highlight that a measure of variability is a statistic coefficient that tells us the distribution’s dispersion. The common measures of dispersion mostly used in research are the range, variance, and standard deviation (Cooper & Schindler, 2014:401). The range is defined as the difference between the largest or biggest and smallest value in the collected data (McGivern, 2013:463). The questions under each traditional advertising mode were computed into one variable by averaging the responses. That is, under television advertising TV1, TV2, TV3 and TV4 were combined by averaging them to give us one variable termed Television Advertising. The same was done for all the variables, independent and dependent. The computation of the questions into one variable was done using the IBM SPSS package using the average numeric expressions and the descriptive statistics from the averaged/combined items.

### Television Advertising

For television advertising the mean (M) was 4.11 and the standard deviation (SD) was at 0.15 and given that the scale rating was between 1 and 5 where a rating of 1 shows strong disagreement and a rating of 5 showed strong agreement, average responses of 4.2 means that the majority of respondents were in agreement that television advertising is still effective in the purchase intentions made by prospective and current bank customers. A lower standard deviation of 0.15 means that the responses given by the 220 respondents were all close to the central opinion, which in this case is that television advertising, is effective in influencing client purchase intention in the South African banking industry.

### Outdoor Billboard

With regards to outdoor billboards, the mean (M) was 4.21 and the standard deviation (SD) was at 0.94 and given that the scale rating used was between 1 and 5, where a rating of 1 shows strong disagreement and a rating of 5 showed strong agreement, average responses of 4.2 mean that the majority of respondents were in agreement that outdoor billboards are still effective in the purchase intentions made by prospective and current bank customers. A lower standard deviation of 0.94 mean that the responses given by the 220 respondents were not widely dispersed, but rather were all close to the mean or average response, which in this case is that outdoor billboard advertisement is effective in influencing client purchase intention in the South African banking industry.

### Newspaper advertisement

As far as the newspaper advertisements are concerned, the mean (M) and standard deviation (SD) for the responses are 4.4 and 0.4 respectively. This shows that the respondents generally strongly agreed that newspaper advertisements have
an influence in client purchase intention in the South African banking industry. The lower standard deviation shows that most responses in this category were closer to the popular option.

**Radio advertisement**

The responses for radio advertisements exhibited the highest mean as well as the lowest standard deviation among all the independent variables. These are at 4.8 (M) and 0.1 (SD) thereby indicating that the respondents interact more with radio advertisements compared to other forms of traditional advertisements.

**Client Purchase Intention**

The questionnaire had questions that pertained to client purchase intention at the bottom, and these are shown below together with their means and standard deviations:

<table>
<thead>
<tr>
<th>Code</th>
<th>Question</th>
<th>M</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>CPI1</td>
<td>Exposure in the habit of using Television, Billboards, Radio and Newspaper Advertisements affect my purchase intentions.</td>
<td>4.2</td>
<td>0.9</td>
</tr>
<tr>
<td>CPI2</td>
<td>I often intend to buy items based on Television, Billboards, Radio and Newspaper Advertisements.</td>
<td>4.5</td>
<td>0.8</td>
</tr>
<tr>
<td>CPI3</td>
<td>Television, Billboards, Radio and Newspaper Advertisements affect my purchase intentions.</td>
<td>4.3</td>
<td>0.9</td>
</tr>
<tr>
<td>CPI4</td>
<td>I will continue to use Television, Billboards, Radio and Newspaper Advertisements to meet my needs.</td>
<td>4.0</td>
<td>0.7</td>
</tr>
</tbody>
</table>

Just like the four independent constructs, the dependent variable exhibited similar traits as far as the mean and standard deviations are concerned. All the means (M) are above 4, indicating responses that agree to the posed questions, and all the standard deviations are also low, indicating responses that are not widely dispersed.

**Correlation Analysis**

**Television advertising and client purchase intention**

Pearson product correlation of television advertising and client purchase intention was found to be positive and statistically significant ($r = 0.555, p < 0.05$), meaning that an increase in television advertisements or higher exposure to them will be associated with an increase in client purchase intention of the advertised products or services in the South African banking industry. The strength of the positive relationship is deemed to be moderate given that the coefficient value lies between 0.50 and 0.69.

**Outdoor billboard advertisement and client purchase intention**

Pearson product correlation of outdoor billboard advertising and client purchase intention was found to be positive and statistically significant ($r = 0.607, p < 0.05$). This means that an increase in exposure to the outdoor billboard advertisement will be associated with an increase in client purchase intention of the advertised products or services in the South African banking industry. The strength of the positive relationship is deemed to be moderate given that the coefficient value lies between 0.50 and 0.69.

**Radio advertisement and client purchase intention**

Pearson product correlation of radio advertisement and client purchase intention was found to be positive and statistically significant ($r = 0.367, p < 0.05$). This means that an increase in radio advertisement or higher exposure to radio advertisements will be associated with an increase in client purchase intention of the advertised products or services in...
the South African banking industry. The strength of the positive relationship is deemed to be low given that the coefficient value lies between 0.30 and 0.49.

**Newspaper advertisement and client purchase intention**

Pearson product correlation of newspaper advertisement and client purchase intention was found to be positive and statistically significant ($r = 0.473, p < 0.05$). This means an increase in newspaper advertisement or higher exposure to newspaper advertisements will be associated with an increase in client purchase intention of the advertised products or services in the South African banking industry. The strength of the positive relationship is deemed to be low given that the coefficient value lies between 0.30 and 0.49.

**Hypothesized research model estimation**

Kline (2011) indicates that this step entails evaluating the model – that is, determining whether the model explains the data. In most cases, initial models do not fit the data very well. Notably, there is no consensus on the acceptable fit indices' threshold that could be used to assess whether the hypothesized model fits well with the collected data (Kline, 2011). In this study, the model fit was assessed using RMSEA which needs to be $\leq 0.07$ (Hooper, Coughlan & Mullen, 2008; Steiger, 2007), NFI and TLI values must be close to $.9$; all of which reflect a good model fit (Schumacher, 2010). IFI $\geq .9$ (Hooper et al., 2008) and CFI values above $.9$ are also associated with a model that fits well (Hair et al., 2010). The table below shows the exact coefficient values for the research model used in this study:

<table>
<thead>
<tr>
<th>Model Item</th>
<th>Coefficient value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Root Mean Square Error of Approximation (RMSEA)</td>
<td>0.078</td>
</tr>
<tr>
<td>Tucker-Lewis Index (TLI)</td>
<td>0.921</td>
</tr>
<tr>
<td>Comparative Fit Index (CFI)</td>
<td>0.908</td>
</tr>
<tr>
<td>Normal Fit Index (NFI)</td>
<td>0.821</td>
</tr>
</tbody>
</table>

The model was tested for fitness using both standardized and unstandardized estimates. The absolute fit index and normal fit indices were used in this case. When the model was transposed into AMOS, an additional construct was added to the dependent variable and this was termed $e_{21}$. This represents a magnitude of error and also informs that the four independent variables used in this study are not the only ones that could be used to predict client purchase intentions. The $e_{21}$ construct gives room for variables not included in this study. All the other 20 constructs were automatically prefixed with an “$e$” as shown by $e_1$ up to $e_{21}$ in the figure above. This is also for the same reason – to give room for errors in terms of other constructs that can also be used to determine client purchase intentions but are not included in this study.
From the diagram above it can be observed that the regression coefficient between television advertising and client purchase intention is 0.21; between outdoor billboards and client purchase intention the regression coefficient is 0.57; the regression coefficient for radio advertisement and client purchase intention is 0.7 while that of newspaper advert and client purchase intention is 0.01. This indicates that all the traditional advertising methods under study are positively related to client purchase intentions. This implies that an increase in traditional advertising methods exposure will be associated with an increase in the customer’s intention to purchase banking products and services.

**Hypothesis Testing Summary**

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>H₁: There is a significant relationship between television advertising and client purchase intention in the South African banking industry.</td>
<td>Accepted</td>
</tr>
<tr>
<td>H₂: There is a significant relationship between outdoor billboard advertising and client purchase intention in the South African banking industry.</td>
<td>Accepted</td>
</tr>
<tr>
<td>H₃: There is a significant relationship between radio advertising and client purchase intention in the South African banking industry.</td>
<td>Accepted</td>
</tr>
<tr>
<td>H₄: There is a significant relationship between newspaper advertising and client purchase intention in the South African banking industry.</td>
<td>Accepted</td>
</tr>
</tbody>
</table>

**Managerial implications**

The findings of this research study could help bank marketing departments in developing advertising strategies. After analyzing the findings, it is recommended that banks still invest in traditional advertising methods and continue to utilize them. We might be in a technological revolution or digital era, but traditional advertising methods are still effective in achieving company objectives. People still take time to watch/listen to television advertisements, listen to radio advertisements, read newspaper advertisements and look at messages on outdoor billboards. To that end, companies, including those in the banking industry studied in this scenario, could still use traditional advertising methods to influence client purchase intention. The advertising firms could blend traditional methods with digital ones, like erecting or making use of an electronic outdoor billboard to entice customers to bank with them, or to buy more banking services from them.
Limitations and future research

The study could not analyze all the traditional methods of advertising, as this is almost impossible in one study. Geographically, the study only took respondents from one province that the researchers had access to, leaving out other South African provinces. However, none of the above limitations have an effect of reducing the validity and generalizability of the findings and the study.

Although the results of this study provide some meaningful implications, the study’s limitations offer several directions for future research. There are still a lot of areas to explore regarding advertising methods used in the banking industry. This study only focused on traditional advertising methods and their effect on customer intention. There could be expansion of the same model into a different study, and include actual purchase behavior, not just intention to purchase.

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