Effect of Atmospherics on Bank Patronage Behaviour: Lessons from Nigeria Retail Banks

Kenneth C. Adiele and Lawrence I. Nweke

This study assesses the impact of atmospherics on customer patronage of quoted Banks in south-south zone of Nigeria. 14 quoted Banks at the Nigerian Stock Exchange market were used for the study. The research considered firm level of analysis and top managers unit of analysis. Customers of the chosen banks were also used. By this arrangement, 42 managers and seven customers randomly selected constituted our respondents for the study. The Spearman's Rank Correlation Coefficient was used in testing the various hypotheses. The result of the analysis showed that there is a strong and significant correlation between atmospheries effect and customer patronage. The study specifically revealed that efficient design of work place ambience; physical architecture and signs significantly impact on sales volume, profit margin, and customer retention. The study concluded that atmospheries significantly affect customer patronage. Hence, it was recommended that the solution to poor customer patronage is anchored on the bank's ability to efficiently adopt atmospherics effect dimensions used for this study as strategies in order to improve their level of customer patronage.

Keywords: Environmental Ambience, physical architecture and Retail Bank Patronage.
Thus to consolidate the knowledge gained in this area and to encourage additional research, this paper presents a review of literature stream that attempts to further the theoretical and empirical understanding of atmospherics effect influences on customer behaviour. However, Spangenberg, et al (2000), noted that environmental psychology draws from the stimulus organism response (S-O-R) paradigm. In this context, the atmosphere or atmospherics effect is the stimulus (s) that causes a consumer/customer evaluation (o) and causes some behavioural response (R) (Merhabian and Russel, 1974; Donovan and Rossiter, 1999). Therefore, an atmosphere that produces a certain response in one individual or group of people at a given point in time may produce an entirely different response in another individual or group. The atmospherics effect is the outward appearance of the organization and thus can be critical in forming initial impression or setting up customer expectations (Armand, 2008). In arguably, the ability of physical surroundings to facilitate achievement of organizational as well as marketing goals is apparent.

However, in this work, we conceptualized and adopted a modified three dimensional framework similar to that of Bitner’s (1992). The dimensions are ambient condition, physical Architecture and signs. The choice of these dimensions is anchored on the fact that they will best suit/match the firms under investigation. A long standing marketing principle is that understanding and satisfying customers leadsto superior business results (Zhu and Nakata, 2007). An organization relates to its customers to achieve the understanding and increase patronage through the design of its service environments, service quality and service personnel.

In other words, if the service environment (i.e. ambient condition) and the Physical architecture of the equipment are consistent with customer expectations, satisfaction will increase which will significantly increase the level of customer patronage. Arguably, we believe that the design and efficient management of Bank service environment is critical to customer patronage and overall level of business performance and so we argue that it is possible the level of customer patronage of a firm (Bank) has a connection with the way it designs its service environment and the functional nature of its equipment.

However, because services generally are purchased and consumed simultaneously and typically require direct human contact, customers and company employee need to interact with each other within the organization’s physical facility. Turley and Milliman (2000), emphasized the need for additional theoretical development and that the review of literature indicates that the atmospherics effects exists but there has not been enough effort devoted to explaining, predicting and controlling the behavior of consumers. Even though there has been a surfeit of articles on services marketing, to the best our knowledge, there seems to be a surprising lack of empirical marketing research or theoretically based frameworks addressing the impact of atmospherics effect on Customer Patronage of Banks in Nigeria. Managers continually plan, build and change organization’s physical surroundings in an attempt to control its influence on Patronage but frequently the impact of a specific design or design changes on ultimate users of the facility is not fully understood (Bitner, 2000). This therefore will constitute our point of departure which anchored on the knowledge gap between atmospherics effect and Customer Patronage of Banks in the South-South Zone of Nigeria.

Theoretical Background

Nature of Atmospherics

Atmospherics could be seen as the environment in which the service is assembled and in which the seller and customer interact; combined with tangible commodities that facilities performance or communication of the service (Booms & Bitner, 1992). It is important for service organizations including hospitality entities, to manipulate their physical environment effectively to enhance patronage and increase repeat business (Namasivayam & Lin, 2008).

Similarly, Bitner (1992), defined Services Cape as the built environment which has artificial physical surroundings as opposed to the natural or social environment. Furthermore, Namasivayam and Lin (2008) described atmospherics effect as the physical environment of an organization encompassing several different elements, such as overall layout, design and décor of a store. The atmospherics effect also includes aspects of atmospherics such as temperature, lighting, colours, music and scent. (Bitner, 1992; Namasivayam & Lin, 2008). Atmospherics
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Effect is important since it influences not only consumers' cognitive, emotional and physiological states but also their behaviors (Namasivayam & Lin 2008). Notably, Blogett (1999) opined that there are three main dimensions of atmospherics effect which are: Building design, décor equipment and ambience. They considered the fixed elements of servicescape: its architecture, landscape and site design. More so, Baker et al (2002), used design perceptions, employee perception, music perceptions time/effort cost perceptions, monetary price perceptions, interpersonal service quality perceptions, merchandise quality perceptions, merchandise value perceptions and store patronage intentions. Furthermore, Lucas (2003), measured atmospherics effect with: seating comfort, ambient conditions, interior décor, cleanliness, layout/navigation, staff friendliness and service promptness. However, in this work, we conceptualized and adopted a modified three dimensional framework similar to that of Bitner's (1992). The dimensions are ambient condition, physical architecture and signs. The choice of these dimensions is anchored on the fact that they will best suit/match the firms under investigation. In this study we operationally define atmospherics effect as the environment in which service is offered and where the company and customers interacts combined with tangible commodities that facilitates performance or communication of the service (See figure 1).

**Figure 1 Atmospherics Effect Dimensions**

Sources: Authors Desk Research (2015)

Customer Patronage

According to the Concise Oxford English Dictionary (2008), the word customer or consumer patronage mean a person or thing that eats or uses something or a person who buys goods and services for personal consumption or use. People patronize organizations products/services at one time or the other. In the context of this study, we may use customer patronage and loyalty interchangeably because customer patronage precedes loyalty.

Similarly, any customer who is loyal to the services of a particular bank say 'Skye' Bank will always patronize and recommend the bank to his friends, family members and well wishers. There is a strong relationship between patronage and loyalty. Patronage is born out of a desire to be committed to an organization either based on its service quality or perceived service qualities. Hence, the extent to which a customer will patronize the services of a bank depends on how the customer perceives the banks physical environment (servicescape) and how the customer also thinks and feels that the condition of the service environment is consistent with his/her personality (Adiele & Justin, 2013). Customers will always patronage organizations whose level of service quality is consistent and reliable. Repeat patronage over time will always impact on the company's turnover rate which will enhance its market share, sales volume and profitability.

Notably, banks in the 21st century often compete for customers in order to increase their market share. The possibility of any of these money deposit or retail banks to achieve their stated aims is hinged on their ability to evolve products (services) that will satisfy the needs and wants of their chosen target customers better than their competitors. Also, their service quality and delivery strategies should be improved while looking for new avenues to regularly attract and retain their customers. The importance or essence of repeat customer patronage is that an increase in sales volume will ultimately and significantly impact on the company's profitability level (Adiele and Justin, 2013).

Remarkably, the works of previous researchers on patronage of Banks were anchored on related measures used by the researchers on Business performance, marketing performance or effectiveness etc. Here, in measuring customer patronage, most researchers adopted measures
similar to business or marketing performance.

The banking industry in general has experienced some profound changes in recent decades, as innovations in technology and the inexorable forces driving globalization continue to create both opportunities for growth and challenges for bank managers to remain profitable in this increasingly competitive environment (James and Jose, 2011). Notwithstanding the enormously complex and dynamic nature of the environment in which they compete, there is a growing body of evidence that suggests it is possible to discern relevant measures or indicators of patronage in banks.

Accordingly, and in line with previous studies, Goddard et al (2004a), Akpan (2009), Ramakrishnan (2006), BenNaceur (2003), Asiegbu et al (2009), and especially Kosmidou et al (2006). This study views customer patronage as the means of a respondent's rating for his or her firm's sales volume/volume of transactions, profit margin and customer retention level.

Relationship between Environmental Ambience and Customer Patronage

This is the first dimension of Bitner's (1992) framework. Atmospheric effects are background features such as temperature, air quality, noise, music, lighting and Olfaction. Yalch and Spangenberg (2005), noted that "music is one of the most frequently used atmospheric factors to enhance the delivery of services to customers. To date, the main research variable has been music. Chebat et al 2009; Dube and Morin, 2001; Yalch and Spangenberg (2001) suggested that music is a particularly appealing atmospheric element because it is relatively inexpensive, easily changed and has predictable appeals to customers based on their age, gender and life styles.

Yalch (2000) noted that the range of possible music choices is vast and different musical styles may lead to varying consumer responses. Furthermore, as a general rule, ambient conditions affect the five senses. However, sometimes such dimensions may be totally imperceptible (gases, chemicals, infrasound), yet may have profound effects particularly on employees who spend long hours in the environment.

In another study, familiarity of music played indicated how customers perceived how long they spent shopping; when the music was unfamiliar to subjects, they believed they had spent more time shopping. Hundreds of studies of the work place spanning in a bank and store settings have shown that lighting, temperature, noise, music and color can all influence employee performance and job satisfaction. It is often recognized that when a guest visits a restaurant, he would like an environment, which would make him feel comfortable and relaxed during the duration of his stay. Temperature can be a factor, which can be unpleasant if not controlled adequately. Extreme, hot or cold can produce negative emotional states in customers. More so, the type of lighting in an environment directly influences an individual's perception of the definition and quality of the space, influencing his or her awareness of physical, emotional, psychological and spiritual aspects of the space. However, when evaluating atmospherics effect, researchers should perhaps combine music with other environmental cues, because as discussed above, when we evaluate a service environment, we tend to view an environment holistically prior to making specific judgments. A piece of music that does not fit the surroundings will not contribute positively to customer's evaluations (Norazah, 2011).

Notably, the way the physical setting is created in organizations has barely been tapped as a
tangible organizational resource, (Becker 2005). Management of the physical setting typically is viewed as tangential in comparison with other variables which may satisfy the customers. The ambience of an organization truly has a significant impact on the level of Sales Volume. Banks have learnt how to design their physical setting/environment in such a way that can get their customers attracted and satisfied. Furthermore, the ambience in a bank or any organization can aid or hinder the accomplishment of both internal organizational goals and external marketing goals. Physical settings (ambience is in general more important in service settings because customers as well as employees often experience the firm's facility (Lovelock, 2002).

Furthermore, the perceived ambience in an environment may elicit cognitive responses (Golledge 2000, Kaplan 2002; Rapoport, 2000), influencing people's belief or perception about an organization and the products and services they offer. In that sense, the ambience of an environment can be viewed as a form of non verbal communication (Rapoport 2000), imparting meaning through what Ruesch and Kees (2002) called "object language". For instance, particularly environmental cues (Ambience) such as the type of office furniture and décor, the outfit won by staff in a bank, colour of paints on the wall, signage, smell, music etc may influence a potential client's belief about the organization with respect to service quality. In addition, the perceived servicescape may also affect people in purely physiological ways. Noise that is too loud may cause physical discomfort, the temperature of a room may cause people to shiver or perspire, the air quality may make it difficult to breathe, and the glare of lighting may decrease the ability to see and cause physical pain. All of those physical responses may in turn directly influence whether or not people stay in and enjoy a particular environment. Research has shown that when people are physically uncomfortable because of ambient temperature, their affective response to strangers is less positive than when they are physically comfortable (Griffitt, 2002).

Hence, a good ambient temperature significantly impacts on Sales Volume (Oborne; 2003). Similarly, Griffen (2002), examined seven small lodging operations in San Jose, Costa Rica and found that ambience was one of the factors contributing to the success of the lodging operations (customer retention). Research also indicated that the ambience of an organization (hotel, bank etc) affects a customer's selection decision. (Levis 2000; Anonymous, 2003 Link 1999), suggested that sales volume, customer retention, and profit margin can be enhanced when organizations deliberately improve their ambience to meet the needs of the target market segments. Furthermore, Skogland and Siguaw (2004) examined the people factor and satisfaction with hotel ambience and reported that satisfaction with a hotel's ambience did positively affect word-of mouth loyalty. Their findings support another study that underscored the importance of hotel design and amenities as drivers of guests' satisfaction. (Siguaw & Enz, 1999) Sulek and Hensley (2004), reported that in examining Sales Volume in restaurants, restaurant atmosphere was one of the factors that had significant effects.

Therefore, it is expedient that organizations build themselves around what is good for the customers, and change their organizational ambience, structures, systems and processes to build great customer experiences in order to continually sustain growth despite fierce competition (Mascarenhas et al 2006). This arguably underscores the fact that organizations ambience, whether it is in the hospitality and tourism industry, entertainment industry, or banking industry significantly contributes to customer patronage level which can be in the form of sales volume, customer retention, and profit margin. From the discussion on the review of literature, we are inclined to think that an organization's ambience may likely influence the level of patronage. On this basis thus, we develop the following hypotheses of the study which are:

<table>
<thead>
<tr>
<th>Hypothesis (Ho)</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ho₁</td>
<td>There is no significant relationship between atmospherics and sales volume.</td>
</tr>
<tr>
<td>Ho₂</td>
<td>There is no significant relationship between atmospherics and profit margin.</td>
</tr>
<tr>
<td>Ho₃</td>
<td>There is no significant relationship between atmospherics and customer retention.</td>
</tr>
</tbody>
</table>

Study Methodology

Ontologically, this study took a realist view and a positivist epistemology. It therefore, adopted quantitative research approach and cross-sectional research design in a non- contrived setting, where the researchers were not in complete control of the elements of the research. However, primary data were drawn from fourteen (14) functional and registered quoted banks in
the south-south zone of Nigeria which also constitute our level of analysis and target population. More so, these banks were registered with the Corporate Affairs Commission (CAC), Nigerian Deposit and Insurance company (NDIC), and the Nigeria Stock Exchange (NSE). Forty two (42) copies of structured questionnaire were distributed on the ratio of three copies per bank and our unit of analysis constitutes the bank's general managers and other top management staff who have direct contact with the customers. Ideographically, qualitative data were obtained from seven customers of these banks which were randomly selected. Furthermore, the generated data were presented in tables and percentages and the hypotheses were tested by employing the Spearman's Rank Correlation Coefficient which was facilitated by the Statistical Packages for the Social Sciences (SPSS) version 15.0. Similarly, the research instrument was designed to adopt the likert scale point method in the measurement of the two Constructs; Atmospherics effect and Customer Patronage which ranges from "very high extent" to "very low extent." Most of the instruments used to measure the constructs in this study were adapted from previous studies in order to ensure content validity. Items measuring Atmospherics effect, including ambient condition, physical architecture and signs are adapted from Bitner (2000), Rosembaum and Messiah (2011), and Lucas, (2003). Customer patronage was measured by items including sales volume, profit level and customer retention which were adapted from Cronin et al (2000), Asiegbu et al (2011), Adiele et al (2011) and Athanasoglon et al (2005). The validation process led us to seeking the opinion of experts in services marketing and service environment strategist. Towards this end, the questionnaire was pretested on selected managers of the different banks within the context of our study. More so, academic knowledgeable in this area of study were consulted to help correct errors in the questionnaire such as ambiguity, contradictory questions, poor wording of questions, misleading or poor instructions etc. Remarkably, the Cronbach's Alpha coefficient was used to ascertain or test for instrument reliability. It is also an indicator of the internal consistency of a measure (Witney, 1996 & Ahiauzu, 2006). From the analyses, the results were all above the threshold of (0.70) as suggested by Nunnaly (1978), indicating that our research instrument were both reliable and valid. We therefore regard the items in the instrument as being internally related to the factors they are expected to measure (See table 1).

Table 1: Reliability Coefficient of Variables Measured

<table>
<thead>
<tr>
<th>S/NO</th>
<th>Dimensions/measures of the study variables</th>
<th>Number of Items</th>
<th>Number of Cases</th>
<th>Cronbach's Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Atmospherics and Customer Patronage</td>
<td>5</td>
<td>42</td>
<td>0.969</td>
</tr>
<tr>
<td>2</td>
<td>Ambient Condition</td>
<td>5</td>
<td>42</td>
<td>0.868</td>
</tr>
<tr>
<td>3</td>
<td>Physical Architecture</td>
<td>5</td>
<td>42</td>
<td>0.762</td>
</tr>
<tr>
<td>4</td>
<td>Signs</td>
<td>5</td>
<td>42</td>
<td>0.878</td>
</tr>
<tr>
<td>5</td>
<td>Sales Volume</td>
<td>5</td>
<td>42</td>
<td>0.906</td>
</tr>
<tr>
<td>6</td>
<td>Profit Margin</td>
<td>5</td>
<td>42</td>
<td>0.875</td>
</tr>
<tr>
<td>7</td>
<td>Customer Retention</td>
<td>5</td>
<td>42</td>
<td>0.935</td>
</tr>
</tbody>
</table>

Source: SPSS Output version 15.0

Analysis of Data

The hypotheses and data on the effect of Atmospherics or Environmental ambience on customer patronage of retail banks in the south-south zone of Nigeria are presented and discussed in tables 2, 3 and 4 respectively.
The test of hypotheses one, two, and three in table 2, 3, and 4 respectively, shows that there is a strong positive relationship between atmospherics and each of the measures of customer patronage in the sample of banks in south-south zone of Nigeria. The positive large values of (0.647, 0.743 and 0.580) show the strength of the relationships between the variables. The P-value (0.00) is less than the level of significance at (0.05). More so, their Cranach's Alpha values are atmospherics effect (0.868), sales volume (0.906), and profit margin (0.875) and customer retention (0.935) respectively. As shown in (table 1), they are all indicative of the reliable nature of our research instruments. This suggests that a strong and positive relationship exists between environmental ambience, sales volume, profit margin and customer retention. Hence, the null hypotheses are rejected. However, this finding corroborates with the views of (Griffitt, 2002) that when people or customers are physically uncomfortable because of ambient temperature, their affective response to strangers is less positive than when they are physically comfortable. Hence, a good ambient temperature significantly impacts on Sales Volume (Obome, 2003).

Furthermore, (Lovelock 2002) opined that ambience is in general more important in service settings because customers as well as employees often experience the firm's facility. The ambience in a bank can aid or hinder the accomplishment of both internal organizational goals and external marketing goals. Nowadays, Banks have learnt how to design their physical settings/environment in such a way that can get their customers attracted and satisfied (Rapoport, 2002). Every firm should in principle seek profitable growth over maximum sales alone. The role of marketing in an organization is basically to generate sales for the organization (Futrell, 1991). And these are generated whether the company is product or service oriented. An organization (Bank) sales volume is one of the major indicators of patronage and business effectiveness. A higher sales volume depicts an appreciable customer retention level and a good customer retention level will resultantly lead to an increase in the level of profit. For example profit index management studies (PIMS) find that a strong positive link exists between sales volume and retention on investment (Hooley et al, 2005). Further, they argued that superior market performance (Customer Patronage) likely results in superior financial performance (profit margin).

Furthermore, Akpan (2009), asserts that maximizing returns and optimizing profitability became the focus of banks and these can only be achieved through enhanced patronage, that is, increased customer base, sales volume with attendant satisfaction sufficient to consolidate customer loyalty and retention. From this discussion, it is apparent that Atmospherics effect has the capability to influence sales volume, profit margin and customer retention in banks. We therefore, concluded that Atmospherics Effects positively and significantly affect customer patronage.

**Conclusion and Research Implications**

Ambience (Atmospherics) is the conscious design of space to create certain effects on buyers and is based on an organization's atmosphere being understood by the five senses of touch, sight, taste, smell and hearing. Hundreds of studies of the workplace spanning in a department store, commercial banks etc showed that lighting, temperature, noise, music and colour can influence employee performance, job satisfaction and customer retention (Sundstrom & Sundstrom, 2000). This article has explored some of the essential areas in which Atmospherics Effect and customer patronage are hinged upon and also established the relationship between these constructs.

Based on the findings obtained from summary of discussion, empirical data analyses, and the review of empirical related literature thus far, we conclude that Atmospherics affect customer patronage of banks in the south-south zone of Nigeria. Furthermore, amongst the indicators of customer patronage, atmospherics strongly affect profit margin of banks under investigation as evidenced in (table 2). Consequently, the implication of the study are that the use of atmospherics dimensions used in this study as strategies to improve customer patronage in banks should be recognized since both theoretical and empirical evidence has proven that the dimensions of atmospherics used in this study positively correlate with customer patronage. Theoretically, banks should recognize that the environment of their business can help increase or
Result of Spearman Rank Correlation Coefficient between Environmental Ambience (EA) and Sales Volume (SV)

**H₀:** There is no significant relationship between Atmospheric effects and Sales Volume in Banks in South-South Zone of Nigerian.

Table 2

<table>
<thead>
<tr>
<th>Correlations</th>
<th>Ambient Condition</th>
<th>Sales Volume</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spearman's rho</td>
<td>Correlation Coefficient</td>
<td>1.000</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.647 **</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>42</td>
</tr>
<tr>
<td>Sales Volume</td>
<td>Correlation Coefficient</td>
<td>.647 **</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>42</td>
</tr>
</tbody>
</table>

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

Result of Spearman Rank Correlation Coefficient between Environmental Ambience (EA) and Profit Margin (PM)

**H₀:** There is no significant relationship between Atmospheric effect and Profit margin in Banks in South-South Zone of Nigerian.

Correlations

<table>
<thead>
<tr>
<th>Correlations</th>
<th>Ambient Condition</th>
<th>Profit Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spearman's rho</td>
<td>Correlation Coefficient</td>
<td>1.000</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.743 **</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>42</td>
</tr>
<tr>
<td>Profit Margin</td>
<td>Correlation Coefficient</td>
<td>.743 **</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>42</td>
</tr>
</tbody>
</table>

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

Source: Research Data 2014 and SPSS ver. 15 window

Result of Spearman Rank Correlation Coefficient between Environmental Ambience (EA) and Customer Retention

**H₀:** There is no significant relationship between Atmospheric effects and Customer retention in Banks in South-South Zone of Nigerian.

Table 4

<table>
<thead>
<tr>
<th>Correlations</th>
<th>Ambient Condition</th>
<th>Customer Retention</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spearman's rho</td>
<td>Correlation Coefficient</td>
<td>1.000</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.580 **</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>42</td>
</tr>
<tr>
<td>Customer Retention</td>
<td>Correlation Coefficient</td>
<td>.580 **</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>42</td>
</tr>
</tbody>
</table>

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

Source: Research Data 2014 and SPSS ver. 15 window

Discussion of the Findings

Relationship between Atmospherics and Customer Patronage
reduce their level of business viability, employee performance and sales volume. From our findings and discussions, we develop a new atmospherics and customer patronage heuristic model presented in figure 3.

Figure 3: Atmospherics effect and Customer Patronage Model

References


