

# Service Differentiation and Customer Patronage of Deposit Money Banks in Port Harcourt

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## **ABSTRACT**

*This study explored service differentiation and customer patronage of deposit money banks in Port Harcourt. The study adopted the correlational survey research design. The population of the study consisted of twenty-two (22) licensed deposit money banks in Port Harcourt. A sample size of 159 respondents were drawn from the population of 264 top level managers of the 22 licensed deposit money banks in Port Harcourt. The sample size was determined using the Taro Yamene's formula while the simple random sampling technique was used to select the sample for the study. The main instrument used for data collection was a structured questionnaire. The data collected were analyzed statistically while the hypotheses were tested using Spearman Rank Order Correlation Coefficient ( $\rho$ ). The analysis was done with the aid of the SPSS version 22.0. The findings revealed that service quality has a positive and significant relationship with customer patronage (customer preference and customer loyalty) of deposit money banks. The study also found a positive and significant relationship between strong network connection and customer patronage (customer preference and customer loyalty) of deposit money banks. This study equally revealed that a positive and significant relationship exists between value added service and (customer preference and customer loyalty) of deposit money banks. Based on these findings, it was concluded that service differentiation significantly enhance customer patronage of deposit money banks in Port Harcourt. Based on the findings and conclusion, it was recommended that deposit money banks in Port Harcourt especially those that are experiencing low customer patronage should adopt service differentiation strategies as it would increase their level of customer patronage.*

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**Keywords:** *Service Differentiation, Customer Patronage, Deposit Money Banks, Port Harcourt*

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## **INTRODUCTION**

The importance of increasing the level of customer patronage in the banking industry cannot be overemphasized. This is because it is virtually impossible for banks to survive without enjoying increased customer patronage. Increasing customer patronage is the only way for banks to survive in the midst of intense competition. Every bank wants to increase their level of customer patronage in order to maximize profit and survive. Olalekan (2011) posited that increasing customer patronage is a sure way of maximizing profit, achieving business growth and ensuring the survival of business organizations. The accrued benefits associated with increased customer

patronage have motivated deposit money banks to intensify their efforts to increase their level of customer patronage. However, in order for deposit money banks to increase their level of customer patronage and survive in the midst of intense competition, they need to adopt service differentiation strategy.

Service differentiation is an organizational effort to distinguish its service from competitors' own (Abu-Aliqah, 2012). It involves adding a set of meaningful and valued differences to distinguish the company's service from competitors' own (Kotler, in Komaromi, 2015). A meaningful difference is rooted in the intended benefit of the service, and gives it a meaning that is likely to influence a person's choice (Kourovskaja, 2013). Creating a meaningful difference in a service involves modification of the service quality and providing something that competitors cannot imitate. The difference should give all customers the same experience each time they patronize the service. A service that is well differentiated from competitors' own set the trends for their category and stands out among other competing organizations.

Banks need to understand how customers perceive the quality of their services to know if they are doing well to please their customers and give them their desire satisfaction. Wilkins, Merrilees & Herington (2010) stated that banks need to find out how customer perceives their banking services in relation to the customer's expectations. This will enable them determine whether or not their services meets customer expectations and satisfaction. The intense competition in the banking industry has made it possible for bank customers to easily switch from one service provider to another in search for quality service. Therefore, deposit money banks need to find a way to differentiate their services from competitors' own. Sulaiman (2017) stated that banks that differentiate its services from competitors' own will gain a competitive advantage over their rivals and enjoyed increased patronage.

There are several ways in which a bank can differentiate its service from competitors' own. For instance, a bank may decide to differentiate its services on the basis of quality service delivery, network speed, e-banking service or attitudes of staff (Hickey, 2017). If a bank decides to differentiate its service on the basis of quality service delivery, it will use slogan that promote quality. Whichever way a bank decides to differentiate its services, it must ensure that the service gives customers the differentiated experience as promised. Every encounter must deliver a consistent impression of the experience the service gives customers in order to avoid a reality gap and a negative service perception (Kourovskaja, 2013). However, a differentiation effort that does not resonate with customer needs will do little to build value and attract patronage in the market. Hence, banks must work hard to ensure that the difference in their services is relevant to their customers in terms of satisfying their needs. Services that are well differentiated do more than satisfying customer needs, they build an emotional feeling with the customers and increase customer patronage. It is against this backdrop that this study examines the relationship between service differentiation and customer patronage of deposit money banks in Port Harcourt.

### **Statement of Problem**

One of the most challenging tasks facing deposit money banks in Port Harcourt is how to increase their level of customer patronage. Managers of some deposit money banks in Port

Harcourt are not satisfied with the poor level of customer patronage of their banks. As more banks are being licensed, it becomes difficult for existing banks to hold onto their customers. A significant number of bank customers have switched to other service providers. It seems like the reputation which some old generation banks have built over the years is yet to be sustain as new banks with distinct services have succeeded in positioning themselves in the minds of customers. The poor level of customer patronage experienced by some deposit money banks could be attributed to poor service quality.

Recently, many banks have come to realize the importance of service differentiation as they have taken a broad step to improve the quality of their services with a view to increase customer patronage. However, even since these differentiated efforts are implemented, it is not yet certain whether these differentiation efforts have increased the level of customer patronage as there are no substantial empirical evidence that showed the relationship between service differentiation and customer patronage of deposit money banks in Port Harcourt. This has created a gap in literature which needs to be filled. It is in view to fill this gap in literature that prompted this study.

### Conceptual Framework

The conceptual framework of service differentiation and customer patronage of deposit money banks is shown in figure 1.1 below:

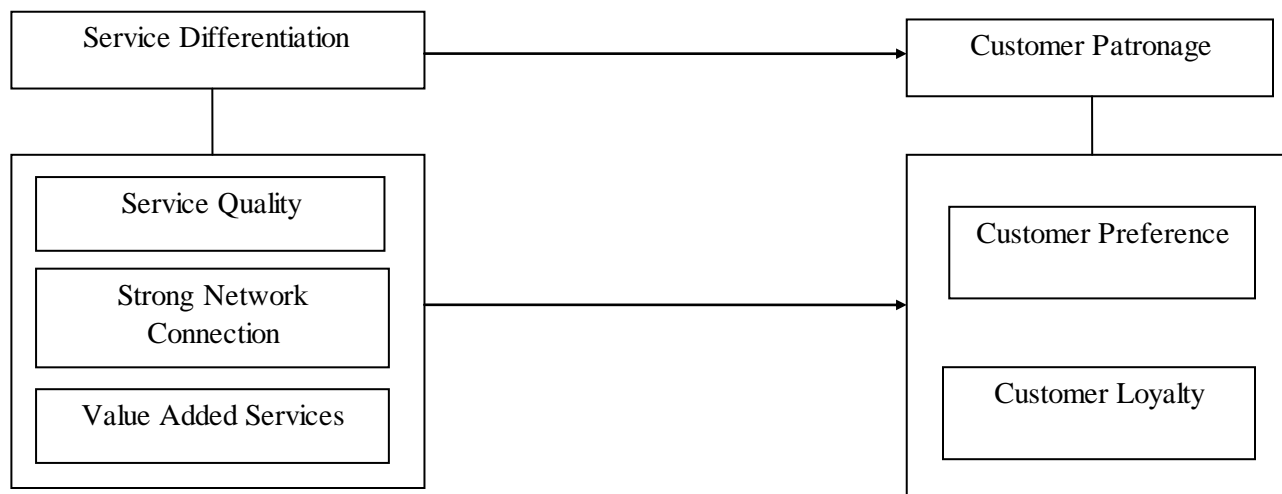


Fig 1.1: Conceptual framework of service differentiation and customer patronage  
Source: Researcher's conceptualization.

### Aim and Objectives of the Study

The aim of this study is to examine the relationship between service differentiation and customer patronage of deposit money banks in Port Harcourt. In order to achieve this broad aim, the study intends to achieve the following objectives:

1. To determine the relationship between service quality and customer preference of deposit

- money banks.
2. To ascertain the relationship between service quality and customer loyalty of deposit money banks.
  3. To ascertain the relationship between strong network connection and customer preference of deposit money banks.
  4. To investigate the relationship between strong network connection and customer loyalty of deposit money banks.
  5. To determine the relationship between value added services and customer preference of deposit money banks.
  6. To examine the relationship between value added services and customer loyalty of deposit money banks.

### **Research Questions**

In order to adequately address the objectives of this study, the following research questions were raised:

1. What is the extent of relationship between service quality and customer preference of deposit money banks?
2. To what extent does service quality relate to customer loyalty of deposit money banks?
3. What is the extent of relationship between strong network connection and customer preference of deposit money banks?
4. To what extent does strong network connection relate to customer loyalty of deposit money banks?
5. What is the extent of relationship between value added services and customer preference of deposit money banks?
6. To what extent does value added services relate to customer loyalty of deposit money banks?

### **Research Hypotheses**

The following hypotheses were postulated in this study:

- Ho<sub>1</sub>: There is no positive and significant relationship between service quality and customer preference of deposit money banks.
- Ho<sub>2</sub>: There is no positive and significant relationship between service quality and customer loyalty of deposit money banks.
- Ho<sub>3</sub>: There is no positive and significant relationship between strong network connection and customer preference of deposit money banks.
- Ho<sub>4</sub>: There is no positive and significant relationship between strong network connection and customer loyalty of deposit money banks.
- Ho<sub>5</sub>: There is no positive and significant relationship between value added services and customer preference of deposit money banks.
- Ho<sub>6</sub>: There is no positive and significant relationship between value added services and customer loyalty of deposit money banks.

## **Review of Related Literature**

### **Concept of Service Differentiation**

According to Leon-Ledesma (2002), service differentiation is the ability of an organization to render services which customers will perceived as unique in comparison to other alternatives. Dranove, Gron & Mazzeo (2003) defined service differentiation as a marketing strategy whereby an organization offers something unique that customers value and consider to be outstanding among other alternatives. Most organizations differentiate themselves from their rivals by adding some unique features to their services to make it more valuable in the minds of customers (Patibandla & Sanyal, 2001). Others may differentiate themselves by rendering services with great value at a lower price to gain a competitive advantage in their industry (Haarla, 2003). Kiama & Kagiri (2016) stated that service differentiation is achieved by offering a valued variation in the way in which services are delivered. Service differentiation helps companies to improve their competitiveness and sustain in their respective industries. Kiama & Kagiri (2016) argued that a company that embraces differentiation strategy stands a better chance of attracting more customers than its competitors, boost sales and market share, and increase profitability. Differentiation efforts require a lot of innovative activities and this makes firms to invest massively on research and development. Miller in Jermias (2008) argued that firms that embrace service differentiation strategy invest heavily in R & D activities to enhance their ability to keep up with their competitors' innovations. However, firms that adopt service differentiation face a risk of uncertainty as their innovative activities could be rejected by customers, thereby resulting to loss of huge sum of money (Atikiya, et al, 2015). Despite the risk, differentiation remains a strategic tool which firms can use to attract customers and improve their competitiveness.

However, the success of any differentiation strategy depends on the ability of the organization to find a new way to differentiate its services from competitors' own (Atikiya, Mukulu, Kihoro & Waiganjo, 2015). Obviously, competitors will try to imitate a firm that offered a unique and innovative service. As competitors attempt to imitate the firm's last differentiation moves, creative firm should be working on new ways in order to put one step ahead of their competitors. Murphy in Amelia (2017) argued that a successful service differentiation strategy must produce the following results: It must be able to command a higher price for the service, attract more customers to the organization and increase customer loyalty. He further stated that an organization that adopts differentiation must look at for the results it produces. A service with a unique quality should be able to increase customer patronage and market share. Worthington & Edwards (2000) agreed with the opinion of Murphy stating that an organization's differentiation effort brings an additional value to customers and such value added should be accompany with increased customer patronage.

### **Dimensions of Service Differentiation**

There are many ways in which an organization can differentiate its service from competitors' own. However, with respect to the banking sector, banks can differentiate their services on the

basis of service quality, strong network connection and value added services. These dimensions of service differentiation are discussed below:

### **Service Quality**

In most marketing literature on service differentiation, quality is a key differentiating factor among organizations. The term “quality” is interpreted in different ways by different people. From the customer perspective, a quality service is a service that meets their expectations and gives them a satisfactory and positive experience; while from the producer perspective, quality refers to the degree to which service is rendered with speed and efficiency (Atikiya, et al, 2015). Generally, quality is used to describe service that is perceived as being superior to others (Hickey, 2017). Abu-Aliqah (2012) stated that a quality service must meet or surpass customer expectations and give the customers a pleasurable experience. Customers are in better position to judge the quality of a service because they are the beneficiary (Leon-Ledesma, 2002). For instance, whenever a customer patronizes the services of an organization, he or she develops an impression based on how the service was rendered to him or her. Each time the customer patronizes the service of the organization, he judges the quality of the service delivery based on how well the service meets his or her expectations and gives him a positive experience (Kiama & Kagiri, 2016).

### **Strong Network Connection**

A network is a collection of computers, servers, mainframes, network devices, peripherals or other devices connected to one another to allow the sharing of data (Dauda & Akingbade, 2011). An example of a network is the Internet which connects millions of people all over the world. The network components may be located at many locations or within the same office. Banks use network to deliver banking services to their customers. The network used by banks is Wide Area Network (WAN). Ameme & Wireko (2016) stated that banks use WAN to transmit data to and from their branches and carry out daily functions regardless of location.

Most banks differentiate their services from competitors’ own on the basis of strong network connectivity (Hickey, 2017). They believe that customers would search for banks with a strong network connectivity to enable them enjoy efficient and uninterrupted internet banking services. Banks that differentiate themselves on the basis of strong network promote themselves using slogan such as “Great Value Everyday” (Hickey, 2017). A bank that uses a strong network to differentiate itself from competitors does so to improve its competitiveness (M’Kuma, 2015). Haarla (2003) posited that a bank with strong network strive to build customer trust on its services by consistently delivering high quality and uninterrupted internet banking services as promised. This bank made adequate efforts to fulfill their promise of delivering sound internet and mobile banking services all the time. Some customers make special efforts to search for banks with strong network because they believe that their internet banking services are uninterrupted (Atikiya et al, 2015). Pulaj, Kume & Cipi (2015) stated that a bank that with strong network connection will attract new customers, sustain its customer base, build customer trust, increase customer patronage and improve its overall competitiveness.



## **Value Added Services**

Value added services are the services that alter the form, content, or nature of the information, thereby adding value to it (Ameme & Wireko, 2016). In the banking context, value added services refer to those extra services provided by a bank to promote its core functions at little or no cost. The value added services provided by deposit money banks include: ATM services, internet banking services, mobile banking services, airtime recharge, bill payment services and electronic funds transfer services (Mahalakshmi, Saravananaraj & Umarani, 2013). Moormann & Wilkerling (2006) stated that banks can differentiate themselves from their competitors by providing value added services to customers. Most banks differentiate themselves from competitors on the basis of value added services (Cimochowski & Majewski, 2006). They believe that customers would search for banks with value added services that will give them pleasant and memorable banking services, and satisfy their needs. Dauda & Akingbade (2011) stated that deposit money banks that differentiate themselves on the basis of value added services do so to gain a competitive advantage over their rivals. Ameme & Wireko (2016) stated that a bank that provides value added services set itself apart from other banks, attract new customers, retain existing customers and build customer trust.

## **Concept of Customer Patronage**

Customer patronage is the degree to which a customer purchases a firm's products or services and makes repeat purchases despite the availability of other competing brands that can serve his or her needs (Ramly, Ahmad & Ahmadi, 2004). Kotni (2016) defined customer patronage as the extent to which a customer buys goods from a particular firm and repeated purchase the same goods without considering other similar brands in the market. Kumar (2016) stated that customer patronage is the key to sales growth and profit maximization. According to him, increased customer patronage is the driving force to business growth and survival. It gives a firm a competitive advantage over its rivals and sets the firm apart from the others in the same industry. Seock (2009) remarked that a firm that enjoys increased level of customer patronage is on the right track to greatest. Such firm would perform better than its competitors and grow in a faster rate.

Customer patronage is crucial to business growth and survival. It is the most significant factor that distinguishes successful firms from unsuccessful firms (Jere, Aderele & Jere, 2014). A firm can be said to be successful if it enjoys an increased level of customer patronage. Kotni (2016) noted that increased level of customer patronage brings about massive sales and profitability growth. Every firm irrespective of the industry it belongs wants to increase their level of customer patronage. When a firm enjoys an increased level of customer patronage, it creates an impression that the firm is doing well against its competitors. Business firms need to develop strategies to increase their level of customer patronage so as to achieve massive sales, profitability and business growth. Without significant increase in the level of customer patronage, it will be difficult for business to grow and survive (Seock, 2009).

## **Measures of Customer Patronage**

Customer patronage can be measured using various criteria. However, for the purpose of this study, customer patronage is measured using customer preference and customer loyalty.

### **Customer Preference**

Customer preference can be defined as a consumer's decision to choose one product, service or organization over other similar products, services and organizations (Bennett, Sagas & Dees, 2006). It involves making a choice based on certain criteria which the customer attaches importance to (Cohen & Neira, 2003). With regards to the banking industry, customer preference is decision to choose a particular bank over other banks that are operating in a country. Customer preference is a function of the utility (satisfaction) which the customer derived from using the service of the organization. Vikraman & Ganesan (2011) noted that customer preference occurs where there are choices that a customer has to choose from. It involves making a choice of which organization, product or service to patronize. Usually, customer prefers those organizations, products and services that give them satisfaction. It demands that the customer ranks the different organizations, products or services according to the level of utility and decide on which one to choose (Goodman, Lockshin & Cohen, 2005). Wilson-Jeanselme & Reynolds (2012) stated that customer preference is not dependent on the consumer's income or his/her capacity to pay for the goods or services; rather it refers to consumer like or dislike for an organization, product or service based on their performance. This implies customer preference has to do with customer like or dislike for a company, product or service.

### **Customer Loyalty**

Customer loyalty is the willingness and desire of a customer to regularly patronize a particular service organization despite the presence of organizations rendering similar services (Choi, Kim, Kim & Kim, 2006). Kheng, Mohammed, Ramayah & Mosahab (2006) defined customer loyalty as a behaviour whereby a customer consistently patronizes a particular service provider irrespective of the fact that there are other organizations within the locality offering the same service. Oliver in Ishaq (2011) defined customer loyalty as a deeply held commitment to re-buy or re-patronize a preferred service consistently in the future, thereby causing repetitive same service patronage despite situational influences and marketing efforts having the potential to cause switching behaviour.

Customer loyalty is a crucial determinant of business success. According to Ishaq (2011), customer loyalty gives a service organization an edge over its competitors in the same industry. It helps to sustain sales growth and increase profit margin. Dubey & Srivastava (2016) posited that customer loyalty is the hallmark for business growth. They further stated that a loyal customer promotes the company; recommend the services of the company to friends and relatives which consequently increase the customer base, market share and profit margin of the company. Choi et al (2006) stated that a service organization with loyal customers stands the chance of increasing its competitiveness and market performance. They further argued that



customer loyalty is the key priority for corporate entities because it is the only way to increase profitability.

### **Theoretical Review**

This study adopted the Porter's theory of generic competitive strategies which was developed in 1985. This theory emphasized the need for company to perform its activity in such a way to distinct itself from competitors and gain a competitive advantage (Porter, 1985). The theory explains how a company can stand out among the crowd though the way it provides its services. The theory provides a company with activities to generate offensive and defensive positions in its industry (Porter, 1980). It requires a company to adopt a competitive strategy to gain a competitive advantage in its industry. Porter's theory of generic strategy highlights cost leadership, differentiation and focus as the three basic options available to business organizations (Pretorius et al, in Pushpanathan & Ragulan, 2015). According to this model, a company can choose how it wants to compete with its competitors (Pushpanathan & Ragulan, 2015). The cost leadership strategy connotes that a firm can compete favourably by being the cheapest provider of certain services as a result of the cheap cost of production. The differentiation strategy requires a company to distinguish itself from competitors on the basis of quality products or services while the focus strategy demands that the firm focus on the particular segment of the market and become the leader in that market segment.

The Porter's theory of generic competitive strategies is relevant in explaining the need for service differentiation in the banking sector and how banks can use differentiation strategy to increase their level of customer patronage. This theory argues that a deposit money bank can differentiate itself from its competitors by provide quality and exceptional banking services. The theory emphasized the need for banks to differentiate themselves from their competitors by using strong network connectivity to provide exceptional internal banking and other value added services to their customers. The argument here is that a deposit money bank can increase customer patronage if it distinguished itself from other banks on the basis of quality service delivery, strong network connection and value added services. If a bank is able to effectively apply these differentiation strategies, it will surely retain its customers and attract new ones to the organization.

### **Empirical Review**

A number of related empirical studies have been conducted on service differentiation and customer patronage. For instance, Atikiya et al (2015) investigated the effect of differentiation strategy on the performance of manufacturing firms in Kenya. Data were collected from 131 firms in the industrial subsectors located within Nairobi and its vicinity using questionnaire and interview. The data collected were analyzed statistically using Pearson correlation and regression analyses were used to test the relationship between the study variables. The result revealed that there is significant positive relationship between product differentiation and firm performance.

Sulaiman (2017) empirically examined the influence of service quality on customer patronage intention in commercial banks. The study used tangibility, reliability, responsiveness, assurance

and empathy as the key dimensions of service quality and relates them to customer loyalty. The researcher employed the descriptive survey research where questionnaire was used to elicit data from a sample of 180 customers of three commercial banks in India. The three banks were drawn from the public sector and they include the State Bank of India, Canara Bank and Union Bank. After analyzing the data collected using descriptive statistics, exploratory factor analysis and correlation analysis, the researcher found out that service quality (tangibility, reliability, responsiveness, assurance and empathy) has a significant relationship with customer patronage intention of banks in India.

Amelia (2017) carried out an empirical study on how product differentiation strategy and service quality build competitive advantage in the hospitality industry in Indonesia. The researcher adopted a quantitative approach where data were collected from 100 visitors to Five Star Hotel in Jakarta. The multiple regression analysis was used to analyze the data collected and the result showed that product and service differentiations significantly enhance customer patronage in the hospitality industry. The study also revealed that product and service differentiations significantly the competitiveness of firms in the hospitality industry.

Dabiri, Ojeniko & Akinran (2017) examined the relationship between perceived service quality and customer's patronage of selected banks in Nigeria. Their study focused on the service quality dimensions (effectiveness and assurance, access, price, tangibles, service portfolio and reliability) and related them to customers' patronage of banks. The researchers adopted the correlation survey research design and used a structured questionnaire to collect data from 240 customers of selected banks in Abeokuta, Ogun State. The data collected were analyzed using descriptive statistics while their hypotheses were tested using Pearson Product Moment Correlation, multiple regression analysis and SPSS. The results revealed that all the six service quality dimensions (effectiveness and assurance, access, price, tangibles, service portfolio and reliability) have a strong relationship with customer patronage. The study also reported that only effectiveness and assurance, price and tangibles had a positive and significantly relationship with customer patronage in the banking industry.

Abu-Aliqah (2012) empirically examined the relationship between differentiation and organizational performance. His study focused on product and service differentiation and relates them to the performance of Jordan companies. Their study employed the quantitative research approach and descriptive survey research where questionnaire was used to collect data for the study. The researcher analyzed the data collected using both descriptive and inferential statistics. The findings revealed that product and service differentiations have significant impact on customer patronage of Jordan companies.

Dranove, Gron & Mazzeo (2003) examined how differentiation among Health Maintenance Organizations affects local market competition. The researchers divided into two groups; those that serve regional or national markets, and those that serve only the local markets. The authors then used the equilibrium model of entry and product choice to analyze how HMOs of one group affect the profitability of the other group. They found out that the two groups of HMOs have strong competitive impacts with the segments of the market served. The study concluded that the competitive effect of different firms is negligible.

Safkli (2007) examined the motivational factors for consumer bank selection and patronage. Their study employed the descriptive design and used a structured questionnaire to obtain data from the study. The study tested a number of factors perceived to matter in bank patronage to assess its level of importance. Subsequently, a principal factor analysis proved that the most effective factors were service quality, efficiency and financial factors. After analyzing the data collected, the findings revealed that the most important variable influencing consumer decision is confidence in bank management.

## Gap in Literature

From the empirical studies reviewed, it was observed that a good number of studies have been conducted on differentiation strategy but none of these studies were carried out in the banking industry in Nigeria. Most of the studies conducted on differentiation strategy were carried out in the manufacturing and hospitality industries in Kenya, India, Jordan and Indonesia while studies that examined the relationship between service differentiation and customer patronage in the banking industry are lacking. Even the few studies conducted on customer patronage in the banking industry in Nigeria did not correlate service differentiation and its dimensions (service quality, strong network connectivity and value added services) to the measures of customer patronage (customer preference and customer loyalty). This has created a gap in empirical literature. The desire to fill this gap in literature is the main reason that motivated this study.

The operational conceptual framework of service differentiation and customer patronage is shown in figure below:

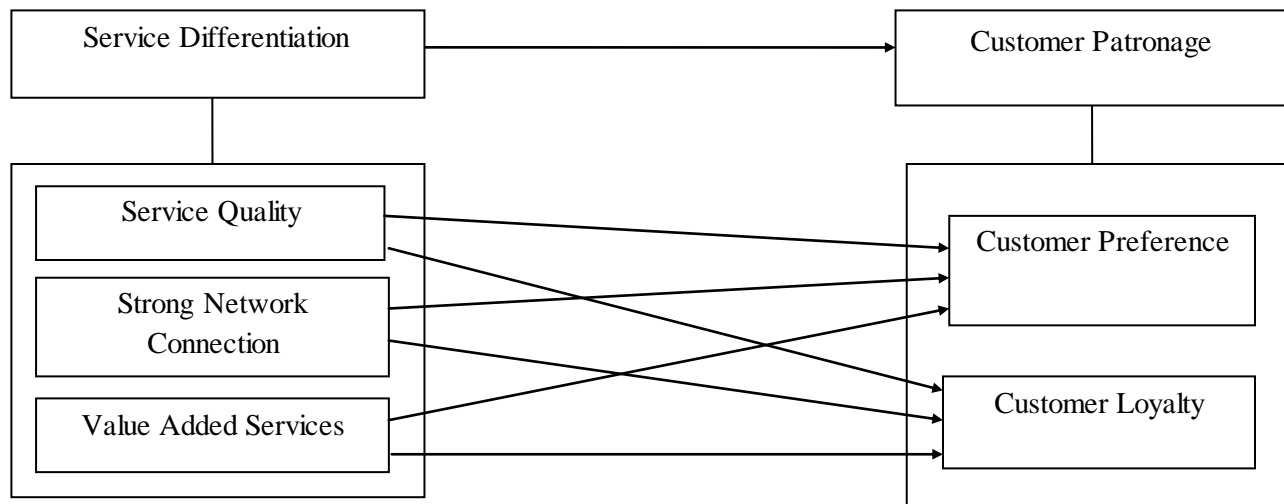


Fig 2: Operational conceptual framework of service differentiation and customer patronage  
Source: Researcher's conceptualization.

## METHODOLOGY

This study adopted the correlational survey research design in which the researcher measures the relationship between service differentiation and customer patronage of deposit money banks. The population of this study consisted of all the twenty-two (22) licensed deposit money banks in Rivers State (Central Bank of Nigeria, 2020). A population of 264 top level managers was identified in the twenty-two (22) licensed deposit money banks in Rivers State. A sample of 159 top level managers was used for the study. The sample size was determined mathematically using the Taro Yamen's formula. The simple random sampling technique was used to select the sample size from the study population. A structured questionnaire was used as the main instrument for data collection. The instrument was structured on a four (4) point rating scale which range from strongly agree, agree, disagree to strongly disagree. The validity of the instrument was determined by two research experts in the field of marketing while its reliability was confirmed using the test retest method. A total copy of 159 questionnaires was administered to the respondents and 114 copies were collected. The data collected from the respondents were analyzed statistically while the hypotheses were tested using the Spearman Rank Order Correlation Coefficient ( $\rho$ ). A computer software program known as Statistical Package for Social Sciences (SPSS) version 22.0 was used to correlate the data collected on the study variables.

### Empirical Results and Discussion

The SPSS version 22.0 was used to correlate the data collected on the study variables. By this method, the data collected on service differentiation dimensions (service quality, strong network connection and value added services) and customer patronage measures (customer preference and customer loyalty) were inserted into the computer system and the SPSS software program was used to correlate them with a view to ascertain if there is any relationship between the study variables. The results of the correlation analysis are presented in the tables below:

**Table 1: Results of correlation analysis between service quality and customer preference of deposit money banks**

		Service Quality	Customer Preference
Spearman Rank	Service Quality	1.000	.744**
(rho)		.	.001
		Sig. (2 tailed)	114
		N	114

Customer Preference	Correlation Coefficient	.744**	1.000
	Sig. (2 tailed)	.001	.
	N	114	114

\*\*Correlation is significant at 0.01 levels (2 tailed)

\*Correlation is significant at 0.05 levels (2 tailed)

Source: SPSS-generated Output

Table 1 presents the result of correlation analysis between service quality and customer preference of deposit money banks. The result indicates that service quality is positively correlated to customer preference of deposit money banks ( $\rho = .744^{**}$ ) and this correlation is significant at 0.01 level as indicated by the symbol \*\*. As a result of this, we then reject the null hypothesis and accept the alternate hypothesis which states that there is positive and significant relationship between service quality and preference of deposit money banks.

**Table 2: Results of correlation analysis between service quality and customer loyalty of deposit money banks**

		Service Quality	Customer Loyalty
Spearman Rank (rho)	Service Quality	Correlation Coefficient	1.000
		Sig. (2 tailed)	.793**
		N	.001
		N	114
Customer Loyalty	Customer Loyalty	Correlation Coefficient	.793**
		Sig. (2 tailed)	1.000
		N	.001
		N	114

\*\*Correlation is significant at 0.01 levels (2 tailed)

\*Correlation is significant at 0.05 levels (2 tailed)

Source: SPSS-generated Output

Table 2 shows the result of the correlation analysis between service quality and customer loyalty of deposit money banks. The result indicates that service quality has a positive correlation with customer loyalty ( $\rho = .793^{**}$ ) and the symbol \*\* signifies that this correlation is significant at 0.01 level. Consequently, the null hypothesis is rejected and the alternate hypothesis is accepted. This implies that we then accept that there is positive and significant relationship between service quality and customer loyalty of deposit money banks.

**Table 3: Results of correlation analysis between service quality and customer preference of deposit money banks**

		Strong Network Connection	Customer Preference
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Spearman Rank (rho)	Strong Network Connection	Correlation	1.000	.648**
		Coefficient	.	.001
		Sig. (2 tailed)	114	114
	Customer Preference	Correlation	.648**	1.000
		Coefficient	.001	.
		Sig. (2 tailed)	114	114
		N		

\*\*Correlation is significant at 0.01 levels (2 tailed)

\*Correlation is significant at 0.05 levels (2 tailed)

Source: SPSS-generated Output

Table 3 depicts the result of correlation analysis between strong network connection and customer preference of deposit money banks. The result shows a positive correlation between strong network connection and customer preference of deposit money banks ( $\rho = .648^{**}$ ) and this correlation is significant at 0.01 level as indicated by the symbol \*\*. Based on this result, the null hypothesis is rejected and the alternate hypothesis is accepted. This means that we then accept that there is positive and significant relationship between strong network connection and customer preference of deposit money banks.

**Table 4: Results of correlation analysis between strong network connection and customer loyalty of deposit money banks**

			Strong Network Connection	Customer Loyalty
Spearman Rank (rho)	Strong Network Connection	Correlation	1.000	.729**
		Coefficient	.	.002
		Sig. (2 tailed)	114	114
	Customer Loyalty	Correlation	.729**	1.000
		Coefficient	.002	.
		Sig. (2 tailed)	114	114
		N		

\*\*Correlation is significant at 0.01 levels (2 tailed)

\*Correlation is significant at 0.05 levels (2 tailed)

Source: SPSS-generated Output

Table 4 shows the result of correlation analysis between strong network connection and customer loyalty to deposit money banks. The result indicates that strong network connection is positively correlated to customer loyalty to deposit money banks ( $\rho = .729^{**}$ ) and this correlation is significant at 0.01 level as indicated by the symbol \*\*. As a result of this, we then reject the null hypothesis and accept the alternate hypothesis which states that there is positive and significant relationship between strong network connection and customer loyalty to deposit money banks.



**Table 5: Results of correlation analysis between value added services and customer preference of deposit money banks**

			Value Added Services	Customer Preference
Spearman Rank (rho)	Value Added Services	Correlation Coefficient	1.000	.854**
		Sig. (2 tailed)	.	.003
		N	114	114
	Customer Preference	Correlation Coefficient	.854**	1.000
		Sig. (2 tailed)	.003	.
		N	114	114

\*\*Correlation is significant at 0.01 levels (2 tailed)

\*Correlation is significant at 0.05 levels (2 tailed)

Source: SPSS-generated Output

Table 5 presents the result of correlation analysis between value added services and customer preference of deposit money banks. The result indicates that value added services has a positive correlation with customer preference of deposit money banks ( $\rho = .854^{**}$ ) and this correlation is significant at 0.01 level as indicated by the symbol \*\*. Consequently, the null hypothesis is rejected and the alternate hypothesis is accepted. This means that we then accept that there is positive and significant relationship between values added services and customer preference of deposit money banks.

**Table 6: Results of correlation analysis between value added services and customer loyalty of deposit money banks**

			Value Added Services	Customer Loyalty
Spearman Rank (rho)	Value Added Services	Correlation Coefficient	1.000	.825**
		Sig. (2 tailed)	.	.003
		N	114	114
	Customer Loyalty	Correlation Coefficient	.825**	1.000
		Sig. (2 tailed)	.003	.
		N	114	114

\*\*Correlation is significant at 0.01 levels (2 tailed)

\*Correlation is significant at 0.05 levels (2 tailed)

Source: SPSS-generated Output

Table 6 contains the result of correlation analysis between value added services and customer

loyalty of deposit money banks. The result shows a positive correlation between value added services and customer loyalty of deposit money banks ( $\rho = .825^{**}$ ) and this correlation is significant at 0.01 level as indicated by the symbol  $^{**}$ . Based on this result, the null hypothesis is rejected and the alternate hypothesis is accepted. This means that we then accept that there is positive and significant relationship between value added services and customer loyalty of deposit money banks.

### **Discussion of Findings**

From the result of the analysis carried out, it was discovered that there is positive and significant relationship between service quality and customer preference of deposit money banks. This finding was derived from the result of the correlation analysis carried out on the two variables. The result revealed that service quality is positively correlated to customer preference of deposit money banks ( $\rho = .744^{**}$ ) and this correlation is significant at 0.01 level. As a result of this, we then rejected the null hypothesis and accepted the alternate hypothesis which states that there is positive and significant relationship between service quality and preference of deposit money banks. This finding is consistent with the research conducted by Sulaiman (2017) and Amin, Onyeukwu & Osuagwu (2018) as both studies reported that service quality positively and significantly influence customer preference for banks.

This study discovered a positive and significant relationship between strong network connection and customer preference of deposit money banks. This finding emerged from the result of the correlation analysis carried out on the two variables. The result showed a positive correlation between strong network connection and customer preference of deposit money banks ( $\rho = .648^{**}$ ) and this correlation is significant at 0.01 level. Based on this result, the null hypothesis was rejected and the alternate hypothesis was accepted. This means that we then accepted that there is positive and significant relationship between strong network connection and customer preference of deposit money banks. This finding is in line with Ibikunle & Oluwafem (2012)'s argument that strong network connectivity is a critical factor used by customers in choosing a bank. Ameme & Wireko (2016) also agreed with this finding when they stated that customers usually prefer those banks that have a strong network.

A positive and significant relationship was equally found between strong network connection and customer loyalty to deposit money banks. This finding emanated from the result of the correlation analysis carried out on the two variables. The result revealed that strong network connection is positively correlated to customer loyalty to deposit money banks ( $\rho = .729^{**}$ ) and this correlation is significant at 0.01 level. As a result of this, we then rejected the null hypothesis and accepted the alternate hypothesis which states that there is positive and significant relationship between strong network connection and customer loyalty to deposit money banks. This finding is supported by Kheng, Mohammed, Ramayah & Mosahab (2010)

who reported that customers are loyal to those banks with a strong network. Sulaiman (2017) also supported this finding when he argued that strong network significantly influence customer loyalty in the banking sector.

This study found a positive and significant relationship between value added services and customer preference of deposit money banks. This finding is derived from the result of the correlation analysis carried out on the two variables. The result revealed that value added services has a positive correlation with customer preference of deposit money banks ( $\rho = .854^{**}$ ) and this correlation is significant at 0.01 level. Consequently, the null hypothesis was rejected and the alternate hypothesis was accepted. This means that we then accepted that there is positive and significant relationship between value added services and customer preference of deposit money banks. This finding is supported by Moormann & Wilkerling (2006) and Mahalakshmi, Saravanaraj & Umarani (2013) as both studies confirmed that value added services significantly influence customer preference for banks.

Finally, it was reported that positive and significant relationship exists between value added services and customer loyalty of deposit money banks. This finding is deduced from the result of the correlation analysis carried out on the two variables. The result showed a positive correlation between value added services and customer loyalty of deposit money banks ( $\rho = .825^{**}$ ) and this correlation is significant at 0.01 level. Based on this result, the null hypothesis was rejected and the alternate hypothesis was accepted. This means that we then accepted that there is positive and significant relationship between value added services and customer loyalty of deposit money banks. This finding is supported by Cimochoowski & Majewski (2006), Ibikunle & Oluwafem (2012), Ameme & Wireko (2016), Moormann & Wilkerling (2006), and Mahalakshmi, Saravanaraj & Umarani (2013).

## **Conclusions**

Considering the competition in the banking industry and the frequencies with which customers switch from one bank to another, it becomes imperative for deposit money banks to find a smart way of increase their level of customer patronage. This can be done by differentiating their services from competitors' own especially on the basis of quality, strong network and value added services. The empirical results of this study clearly showed that service quality has a positive and significant relationship with customer patronage (customer preference and customer loyalty) of deposit money banks. The study also found a positive and significant relationship between strong network connection and customer patronage (customer preference and customer loyalty) of deposit money banks. This study equally revealed that a positive and significant relationship exists between value added service and (customer preference and customer loyalty) of deposit money banks. Based on these findings, it was concluded that service differentiation significantly enhance customer patronage of deposit money banks in Port Harcourt.

## Recommendations

Based on the findings and conclusion, the researcher made the following recommendations:

1. That, deposit money banks in Nigeria especially those in Port Harcourt should differentiate their services from competitors' own as it would increase their level of customer patronage.
2. That, deposit money banks especially those that are experiencing poor level of customer patronage should differentiate their services on the basis of quality as this would attract more customers to their bank and increase their level of customer patronage.
3. That, deposit money banks whose customers have switched to their competitors should improve the network connectivity and deliver exceptional internet banking services to their customers as this would not only bring back their old customers but would also attract new ones to the bank.
4. That, deposit money banks in Port Harcourt should deliver exceptional value added services to their customers as this would not only retain them but would also attract new customers to the bank and increase customer patronage and loyalty.
5. Finally, it is recommended that managers of deposit money banks in Nigeria should give adequate orientation to their staff especially on how to approach customers as this would not help to improve their manners of expression and create a positive image about the bank but would also increase the level of customer patronage.

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