Chapter 1

INTRODUCTION
1. INTRODUCTION

1. Overview

This chapter introduces the research area and is sub-divided into sections: background to the research, areas of research, scope of research, problem statement, research questions, objectives of research, purpose of research, methods, operational definitions, significance of research and concludes with the outline of thesis.

1.1. Background to the Research

Today a brand is just not a logo or a slogan. It is a reflection of how the company and its products and services are perceived by customers. Such is the field of branding that a certain name becomes a trademark, it becomes a generic of that particular product. It is the ultimate word that connects with the heart and the mind of the consumer. Self-concept and personality have been used interchangeably in existing marketing and psychology literature. Rosenberg (1979, p.45) defined self-concept as the “totality of the individual’s thoughts and feelings having reference to him as an object”.

In consumer research it is generally accepted that self-concept (also referred to as self-image) has four aspects: actual self (how a person sees himself/herself), social self (how others see him/her), ideal self (how a person would like to see himself/herself), and ideal social self (how a person would like others to see him/her (Sirgy, 1982). Therefore, as the studies of Darpey (2012) described it, the concept of self is conceived of as a multidimensional notion involving different facets (Darpey, 2012 and Wee, 2004). Talking about the works on personality, McShane and Von Glinow (2005, p.15) described personality as “set of internal traits that dictate a person’s consistent and characteristic response to stimuli which explain a person’s behavioral tendencies”. Striking a comparison between the two concepts, works of researchers have proved that, Self-
concept can vary between the private and public selves and may constantly change as the individual matures and with circumstances; but personality is enduring and is largely formed before the age of seven as mentioned by Temporal (2001) and several other researchers. However, as Chon and Olson (1991) pointed out, most of the consumer behavior research that has taken place has used the concept of self-image and not personality.

Now, just as self-image and personality are discrete, brand image and brand personality are also distinct constructs, even if they are both components of customer-based brand equity. Brand image is “the set of associations linked to the brand that consumers hold in memory”. These are based on subjective and perceptual reasons and emotions (Helgeson & Supphellen, 2004) and can be short term and tactical. On the other hand, brand personality involves “the set of human characteristics associated with a brand” as well as the characteristics associated with the company’s employees, managers, and endorsers (Aaker, 1997, p.347). These associations are more memorable (Aaker, 1999), meaningful (O'Shaughnessy & O'Shaughnessy, 2004), emotionally powerful (Temporal, 2001; Upshaw, 1995), long standing (Temporal, 2001 and Spears & Singh, 2014) and consistent (LePla & Parker, 1999 and Temporal, 2001) in comparison to brand image associations.

Since the idea of brand personality developed more than three decades back, there has been a prospering enthusiasm for the subject among promoting academicians and specialists. While there does general understand that a few brands can have personalities that are related with positive outcomes, proof of such advantages has been to some degree frayed. One such research is by Vernette (2016) who claims “consumer have a tendency to reflect their self-image by picking those brands who’s personalities match their own.” Guo (2003, p.14) in his studies gave
empirical evidence that “there is a positive relationship between self-congruity and brand choice/preference”.

In reference to the validity of the scales used by Aaker (1997) though it’s the most widely accepted scale to measure BP, Siguaw et al. (1999) study showed that the scale does not replicate well in other countries and across all products and services. Literature on post purchase evaluations state that it’s important to assess the behavior and thought process of consumers after they purchase branded products or services. “Branding is the art of trust creation.” as stated by Upshaw (1995, p. 9). Fournier (2014, p. 10) mentioned that “well-established brand personality can lead to increased trust and ultimately, loyalty”. However the study lacks empirical evidence.

With the increased competition in the banking industry there is relatively less scope for differentiation per se. The nature of the depository services and loan services in terms of interest rates offered is more or less identical across all banks. The wealth management advice differs from institution to institution but its efficacy tends to remain the same. Even the foreign exchange services are identical across banks. So then the question arose, that with such homogeneity in services rendered and the products offered, how does the bank create and retain the competitive advantage? This was for the first time people spoke about branding for banking in the year 2000. Thereafter, the number of studies seeking the impact of branding in banking grew substantially. For example, Veloutsou et al. (2004) published that “A way of, gaining competitive advantage by banks today is, winning a piece of the customer’s mind, creating a positive image in the customers mind. This translates into effective branding for banks.” Hamilton and Booz (2012) cited that customer confidence in the banking industry continues to be impacted by the credit crisis with 44% of customers claiming that their confidence declined post-crisis. Brand
enhancement programmes which are at nascent stages can help banks enhance their image and build customer confidence.

1.2. Areas of Research

The research approach is partly quantitative as well as qualitative in nature. The research is quantitative in the sense that the statistical data will be subjected to rigorous statistical analyses and qualitative in hypotheses building and collection of secondary data. This is basically an “Ex post facto” kind of research where a researcher has no control over the variables, he/she can only report what has happened and what is happening (Kothari, 2008). Nevertheless, the research would lead to the identification of the dimensions of the BPC model for Indian Banking Sector and establish the linkages with other research constructs and dimensions leading towards Brand Loyalty.

1.3. Scope of Research

This research deals with the research constructs: BPC, Trust, Satisfaction and Brand Loyalty. The research was conducted by collecting data from cities of India: Bengaluru, Mumbai, Chennai, Delhi, Hyderabad and Pune. The research is based on the responses of 400 banking customers distributed across these cities. The scope of this research extends to the identification of the dimensions of the aforementioned research constructs and also the detailed study of interdependence between these dimensions. The research culminates in drawing of implications to the managers based on the research findings so as to enhance the Brand Loyalty of their customers and the development of a holistic model which establishes logical and empirically tested relationships between the research constructs.
1.4. The Problem Statement

The problem to be tackled in this research is the identification of Brand Personality Congruence on Post-Purchase Evaluations. The research conceptualizes a model which can measure the brand personality congruence for Bank brands and also be able to evaluate if there is a relationship between Brand Personality Congruence and Brand Loyalty.

1.5. Research Questions

The research seeks to answer to following research questions:

- **Research Question 1:** Are the five dimensions of brand personality, valid for the Banking Industry?
- **Research Question 2:** Are the personality attributes used for brand personality appropriate in measuring customer personality?
- **Research Question 3:** Does congruence between brand personality and the customer’s personality result in higher levels of satisfaction, trust, and ultimately, brand loyalty?
- **Research Question 4:** Is the relationship between BPC and brand loyalty mediated by trust and satisfaction?

1.6. Objectives of Research

In order to answer the research questions proposed in the previous section, the following objectives have been formulated

1. To examine the importance of the five dimensions of Brand personality, with specific context to banking industry and establish a scale that can appropriately measure Brand Personality Congruence for Bank Brands.
2. To identify if there existed a congruence between the bank brand and the customer.
3. To study the influence of demographic factors on BPC, Trust, Satisfaction and Brand Loyalty.

4. To seek empirical evidence for the relationship between Brand Personality Congruence and Brand Loyalty and the effect of trust and satisfaction.

5. Develop a holistic model which depicts the influence of Brand Personality Congruence on post purchase evaluation variables of customer’s satisfaction, trust and loyalty to the brand.

1.7. Purpose of the Research

It appears that the abstract meanings of a brand are more important than its functional attributes in attaining an edge over other brands (Ang & Lim, 2006). This is because the functional attributes can be easily imitated by the competitors. By creating a strong personality, the brand is given symbolic values, which are difficult to imitate and which may create a basis for differentiation (Aaker, 1996; Ang & Lim, 2006; Murase & Bojanic, 2012). Additionally, a positive brand personality could lead to a relatively higher product evaluation when compared with a product that merely focuses on physical features and functional benefits (Haigood, 1999). Thus, it is essential for a brand to build a bond with its customers by creating a distinctive brand personality (Plummer, 1985 and Sung & Tinkham, 2005). By doing so, it will increase the levels of customer preference and usage (Sirgy, 1982), as well as trust and loyalty (Fournier, 1998) in regard to a given brand.

Branding for the financial services industry is novelty as historically there has been a perception that branding was a concept that only confined to the consumer goods industry. Thus, there are very few financial services firms do not have very strong and strategic brand management capabilities. The Interbrand Survey 2015, was an evidence to this as it was seen that
out of 100 most valuable global brands only eight of them were brands relating to financial services. This is evidence that there is a huge opportunity for banks and financial institutions to gain competitive advantage by investing in strategic brand management and thus reap benefits in business performance.

Branding has showed up as an apparatus for making upper hand in the previous decades, all the more as of late on the services sector, yet has not yet been totally exploited or examined and perceived, in services industry, for example, banking and finance (Kalliala, 2012). The strongly developing industry makes it foremost to keep up to pace with the opposition, and ideally ahead, and the new innovation and markets makes it important to exploit all strategies accessible, including branding. In the globalized economy where banking sectors are vying for excellence due to the increased competition dedicated research specifically focused towards the identification of antecedents of customer satisfaction is a compelling necessity and hence this research. There are neither accurate measurement scales nor a metric available for measuring the BPC for Bank Brands. This research will also serve as a foundation for future researchers and the outcome of this research will add to the growing literature on Brand Personality Congruence. The purpose of this research also extends to the development of a holistic model which would link the antecedents of Brand Loyalty. This study will also give ample scope for future researchers to apply the tools and techniques adopted in this research to other service and manufacturing sectors.

1.8. Methods

Chapter 4 gives an comprehensive explanation of the research methods used and the methodology adopted. The main aim is to present a brief overview the strategies and research methods adopted. The research has been carried out with a sample size of 400 respondents having
accounts in various bank located in Indian cities like Bengaluru, Mumbai, Chennai, Delhi, Hyderabad and Pune. These banks represent a cross section of banks across the country.

The data was primarily sourced through a web-based survey questionnaire using simple random sampling basis. Subsequently, the precision of estimation for a Structural Equation Modelling-based study and the desired sample size for the study was thus, arrived at. The subject population included the respondents having bank account in both public and private sector banks. The data collection was done by means of questionnaire survey.

The standard method of questionnaire development was adopted in this research. First, all the standard scales that were available to measure the research construct were collected. Aaker’s 42 items scale, measuring the five dimensions of Brand Personality was the main reference scale. Similarly, other scales were also used in the development of the questionnaire. The questionnaire thus developed was pilot tested with a sample size of 45 and the reliability of the data and validity of measurement was ensured. The quantitative methods adopted were descriptive statistics like mean, standard deviation, skewness and kurtosis; and the inferential statistics included t-test, Chi square test, ANOVA, Pearson Correlation, Factor Analysis and Regression Analysis.

1.9. Operational Definitions

This section outlines the definitions of the terms used throughout the study.

- **Brand**: “a name, term, sign, symbol, or design, or a combination of them, intended to identify the goods or services of one seller or group of sellers and to differentiate them from those competitors” (Kotler, 2003, p. 418)

- **Brand Personality**: “set of human characteristics associated with a brand” (Aaker, 1997, p. 347)
• **Brand Personality Congruence:** “the gap between the customer’s own personality and a restaurant’s brand personality as perceived by the customer” (Aaker, 1997, p.450)

• **Brand Loyalty:** “a deeply held commitment to rebuy or patronize a preferred brand consistently in the future, thereby causing repetitive same brand or same brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behavior” (Oliver, 1999, p.34)

• **Trust:** “one party has confidence in the exchange partner’s reliability and integrity” (Morgan & Hunt, 1994, p.23)

• **Satisfaction:** “a fairly temporal post usage state for one-time consumption or a repeatedly experienced state for ongoing consumption that reflects how the product or service has fulfilled its purpose” (Oliver, 1999, p.41)

**1.10. Significance of the research**

Research studies in the past have proposed that having an entrenched brand personality could be an upper hand, especially in supporting consumer loyalty. Be that as it may, concentrating on simply building up the personality is insufficient; it must have the capacity to give customers something they can identify with. Post-research results may furnish banks with useful information on the brand personality which they can use to strengthen and market. The capacity of a bank to unmistakably characterize its prevailing brand personality may have useful application in its managerial, communication, and operational choices.

The current marketing strategies of the bank can utilize results to adjust their positioning, promotion, products or items to build the higher level of congruence between the bank's personality and the personality dimensions of their target customers thereby trying to build greater brand loyalty. This would also be a great strategy to create competitive advantage from the rest of
the other players in the market by understanding the brand personality positioning of the competing brands. This study could foster future studies to look at avenues of strengthening brand personality congruence to address those gaps that would ultimately lead to lower customer satisfaction, trust and brand loyalty ultimately.

1.11. Outline of Thesis

Chapter 1- Introduction to Brand Personality Congruence:

This chapter discusses the background of the research, the areas of research covered, the scope of the research, the problem statement and goes on to discuss the research questions and objectives. It also highlights the purpose, the method and the significance of the research. The chapter ends with the discussion of the outline of the thesis.

Chapter 2- Literature Review:

This chapter covers a discussion on self-image and personality, brand image and brand personality. As, Aaker’s scale is the main reference for building the measurement metric used in this research a thorough review of the scale has been undertaken in this chapter. Brand Personality Congruence (BPC), as a crucial variable in marketing Congruence, between brand personality and self-image, a detailed literature review has been undertaken. Post purchase evaluations of Trust, Satisfaction, and Brand Loyalty as applicable to this research has been discussed with the help of contemporary research in these fields. Articles on Branding in Banking with specific reference to Indian Banks have been discussed by critically reviewing the contemporary research articles. The literature review has culminated with the identification of research gap which needs to be filled through this research.

Chapter 3- Theoretical Models and Hypotheses:
In this chapter all the theoretical models relevant to this research have been discussed and the linkages between various research constructs have been established. The four research constructs under investigation are Brand Personality Congruence, Trust, Satisfaction and Brand Loyalty. Thus, six linkages between these constructs have been established in this chapter.

**Chapter 4- Research Design and Methodology:**

This chapter starts with the explanation of the research framework. The types of research variables have been detailed in this chapter. The research methods and tools have been explained and data collection procedure has been briefed in this chapter. The individual research constructs has been briefly explained as they need to be quantitatively measured. The sample design has been given in this chapter. The validity and reliability estimation procedures have been explained. The detailed procedure of descriptive statistics and inferential statics has been given in this chapter. The procedure adopted in Structural Equation Modelling has been briefly explained in this chapter. Limitations of the research methodology tools have also been listed in this chapter.

**Chapter 5- Results and Analysis:**

In this chapter the descriptive and inferential statistics based analyses have been reported. The chapter starts with demographic distribution of the respondents for having a clear understanding about the background factors of the participants who have provided data and information to this research. The banking pattern of the customers has also been studies through cross tabulation for better understanding of the respondents. The results of the analysis conducted to find the most important brand personality dimensions has been reported in this chapter. The correlation between the factors of individual dimensions have been estimated and reported. For each of the individual research constructs its association with the dimensions has been estimated and reported in this chapter. The output obtained through Structural Equation Modelling in the
measurement model and the structural model have been reported in this chapter, which essentially includes the analysis of hypotheses testing and their interpretation.

**Chapter 6 - Findings, Implication, Contribution and Conclusion:**

In this chapter, findings based on demographic distribution of the respondents are reported. The findings based on the testing of the relationship between background factors and the research constructs have been reported. The findings based on hypothesis testing and the implications to the managers of banks to enhance the brand loyalty of the customers are reported. The Banking Brand Loyalty Enhancement Model developed based on the outcome of this research has been explained in this chapter. The contributions made in this research have been briefly reported. The limitations of the research and conclusions drawn through this research have been reported in this chapter.