Chapter 3
THEORETICAL MODELS AND HYPOTHESIS
3. THEORETICAL MODELS AND HYPOTHESIS

This chapter deals with the theoretical models relevant to this research and the linkages between various research constructs have been established through literature review. It covers theoretical concepts of Brand Personality Congruence and its effects on other variables such as Satisfaction, Brand Loyalty and Trust. Based on the study of these theoretical concepts various hypotheses were framed.

3.1 Brand Personality Congruence

Although developing the brand personality congruence scale is exploratory in nature, it brings together two prominent areas of research is significantly important in marketing and business application: brand personality and congruence. In addition, these findings can greatly aid marketing practitioners to design strategies that could cash on a well-crafted brand personality. When there is congruence between the personality of the consumer and the brand, there is greater likelihood of the brand to succeed (Temporal, 2001). When a brand enjoys strong brand loyalty, higher trust and satisfaction these contribute to the competitive advantage to the brand and this warrants a reason to study BPC.

Sirgy (1982) expressed image congruence to be the link between the customer’s image and that of the brands. For the purpose of this study, Sirgy’s (1982) framework is modified where congruence is operationalized as the platform where brand personality is similar with personality of the customers traits as alluded by Aaker (1999). That is measured as a gap evaluation between the self-reported evaluation of the customer’s personality and personality evaluation of the bank.
The rationale behind using BPC instead of the traditional construct of self-congruity is that self-image of an individual could waver between the way the individual presents himself in private and in public, while personality on the other hand is much more lasting, permanent and enduring. Helgeson and Supphellen (2004) concluded that brand personality and self-congruity are discriminant constructs; where brand personality is something that is broader and gravitates around the brand itself, self-congruity on the other hand is more narrow and focusses more on the self. It was also empirically proven that self-congruity and brand personality had independent effects on brand attitude.

3.2 Effect of Brand Personality Congruence on Trust

In marketing literature, it is generally accepted that trust is a fundamental component for building successful relationships (Garbarino & Johnson, 1999) and it exists when a party believes in another exchange party’s reliability and integrity (Morgan & Hunt, 1994). This study adopted the approach of Garbarino and Johnson’s (1999) by studying in the context of trust in the quality and reliability of the facilities offered in a B2C framework. For the purpose of this study, the bank brand will be considered as the exchange party.

After Andaleeb’s (1996) and Anderson & Narus (1990) lead, it is believed that the exchange party will perform actions that can result in positive result for the customer. Because of this, the customers are willing to endure more risk in the relationship (Morgan & Hunt, 1994), underscoring Zaltman’s (2001) & Moorman, Deshpande, suggestion that trust only exists when customers are willing “to rely on an exchange partner in whom one has confidence” (p. 221). Mayer, Davis, and Schoorman (1995) suggest that once trust is based, this reliance can continue even if the individual may not have control or ability to monitor the exchange partner.
In summary, the exchange partner must be competent in providing the product or service, be able and willing to do the best for the trustor beyond the motive of acquiring a profit, and be able to operate within a set of principles and practices that the trustor deems acceptable. A review by Sargeant and Lee (2004) found that consumer research beyond Mayer et al.’s (1995) framework has generally conceptualized trust in two ways. First, trust is seen as a confidence in the trustworthiness of a partner, and second as a behavioral intention that stems from reliance on a partner. Sirdeshmukh, Singh, and Sabol (2002) embody these conceptualizations in their definition of consumer trust as the “expectations held by the consumer that the service provider is dependable and can be relied on to deliver on its promises”. Brand personality can also increase trust and loyalty (Ranjbar, 2010). Fournier (1994) suggests that a well-established brand personality can lead to increased trust and ultimately, loyalty. The study proposes that as BPC increases, the propensity to trust the bank brand also increases:

$H_{10}$: Brand personality congruence has no significant influence on trust

$H_{1a}$: Brand personality congruence has a significant influence on trust

### 3.3 Effect of Brand Personality Congruence on Brand Loyalty

In looking at the working definition for brand loyalty, it is important to note that it is considered as “a deeply held commitment.” As proposed by Baldinger and Rubinson (1996), the concept of brand loyalty includes affective and action loyalty. Affective loyalty is how strongly the consumer prefers the brand and he likes the brand. It doesn’t haven’t to necessarily determine the purchase of the product. Action loyalty, on the other hand refers to the purchasing behavior of the consumer for the brand. However, marketing literature is lacking in the investigation of direct or indirect paths of congruence to commitment. Fullerton (2003) and other organizational behavior researchers have implied that commitment comes from strong feelings of identification.
Marconi (2000) implies, it is the building of an identification of oneself with the brand that leads to strong brand loyalty. In the context of this study, this identification is operationalized as BPC. Temporal (2001, p.53) asserts that when BPC is high, “the greater the willingness to buy the brand and the deeper the brand loyalty.” Therefore, study seeks to show substantial proof that personality of a brand influences preference of a consumer (Aaker, 1999) showing that high levels of BPC are strongly and positively associated with brand loyalty. Brand personality can also increase trust and loyalty (Ranjbar, 2010).

Past studies has shown that similarity encourages the desire to maintain positive relationships between the customer & the brand (Fournier, 1998) and loyalty has a direct function of congruency of image (Sirgy & Samli, 1985). According to the theory of image congruency by Sirgy (1982), when the brand image is considered same as to the self-image of the consumer when talking about the personality attribute types, the consumer is more favorable towards the brand. However, a study conducted by Matzler et al. (2006) in the telecommunication and media industry found that there was no strong relationship between Brand Personality Congruence and Brand Loyalty. Mengxia (2007) reported that brand personality has positive influence on brand preference, affection, loyalty and purchase intension. A brand personality should be shaped to be long-lasting and consistent. Besides, it should also be different from other brands and meet consumer’s demands (Kumar et al., 2006). Also a study conducted by Kumar et al. (2006) sorted out the connection between brand personality and brand loyalty, and separately used durable goods (cars), and consumer goods (tooth-pastes) to explore the relationship between brand personality and brand loyalty. The result shows that brand personality may influence consumers’ brand loyalty to consumable goods. In the scope of brand personality; various studies have shown that there is a positive link between loyalty shown bya
consumer & this attribute (Fournier, 1998; Yi & La, 2002). It clearly seen that the brand personality has a strong & a positive impact on the consumers attitude while purchasing this brand (Helgeson & Supphellen, 2004; Ambroise et al., 2005) and their future purchasing decision.(Morschett et al., 2007).

Based on these various works, we suggest the following hypotheses:

**H2o**: Brand personality congruence does not have a significant influence on brand loyalty.

**H2a**: Brand personality congruence has a significant influence on brand loyalty.

### 3.4 Effect of Brand Personality Congruence on Satisfaction

The satisfaction of a consumer is considered of paramount importance in relationship marketing. It is defined as the evaluation of the product/service once the purchase has been done (Westbrook & Oliver, 1991; Day, 1984). As defined by Achouri & Bouslama (2010) customer satisfaction is defined as “a positive evaluation” a consumer feels after he has consumed a product/service based on the comparison he draws from his expectations and performance perceptions. Past studies have researched on the influence of congruence on customer satisfaction. Most of these studies have highlighted the post-purchase behavioral constructs (Sirgy, 1982; Richins & Bloch, 1991; Graeff, 1996).

Ferrandi et al. (2002) have found that there is strong relationship between some human personality traits and their tendency to pick a brand. As suggested by Ouwersloot and Tudorica (2001), brands should see BPC as an instrument to generate customer satisfaction. A study conducted in the tourism industry (Chon, 1990 and Jamal and Goode, 2001) have studied Sirgy’s congruence model (1982). Their study focused on studying the relationship between self-congruity and satisfaction. They found a significant positive relationship between self-congruity and satisfaction. The studies conducted by Park and Lee (2005) have suggested a direct and
positive relationship between human personality and brand personality congruence towards a brand. Thus, taking these research works into consideration, we can state the following hypothesis:

\( H_{30} \): Brand personality congruence has no significant influence on satisfaction.

\( H_{3a} \): Brand personality congruence has a significant influence on satisfaction.

### 3.5 Effect of Brand Trust on Satisfaction

A constant argument exists between researchers on the number of dimensions to be used for trust: is it a unidimensional or multidimensional construct? According to Ganesan and Hess (1997), trust has two components: performance or credibility trust and benevolence trust. Hence this study defined trust as belief that the service provider will deliver as promised (credibility trust) and belief that the service provider is acting in the best interests of the customers and will not take advantage of the relationship (benevolence trust). A similar dimension was given by Tu et al. (2012) trust of the customer includes both cognitive as well as affective trust. When it comes to cognitive trust the consumer has confidence that the provider they are availing their services from not only competent but also reliable and affective trust is when the consumer is assured that the service provider is just not concerned about increasing their profits but also earnestly is concerned about the consumer’s needs. There is greater tolerance for any kind of service failures when the customer trusts the brand (O'Shaughnessy & O'Shaughnessy, 2004) and their overall evaluation of satisfaction may not suffer. The results of a study conducted by Doney and Cannon (1997) explained that there was a positive relationship between the evaluation of service quality and trust and this in turn resulted in higher loyalty towards the brand. Researches (Augusto, 2013) have also exhorted that trust is something that is stronger than satisfaction this in turn could be a better predictor of loyalty. His studies proved that trust
has a significant effect on loyalty as well as retention. However, there have been studies that have shown a bi-directional relationship between trust and satisfaction. For instance the study of Lin and Wang (2006) suggested that satisfaction follows trust. This could possibly imply that customers are likely to trust a brand based on their experience and brand image. These results were complemented by the study of Dabholkar and Sheng (2012) who studied the influence of satisfaction on trust for online financial services. Their studies proved that when the customer had positive experience with the service provider it lead to greater satisfaction and this in turn led to greater trust in the brand. Studies conducted for e-retailers (Ou and Sia, 2010) found that in order to enhance the trust of the online customer on the brand it was very essential to first satisfy the customer on issues relating to security and privacy. Similarly, Olaru et al. (2008) ascertained that any kind of positive encounters with the service provider leads to greater satisfaction which eventually generates trust. This is an evidence of the relationship of satisfaction on trust.

Conversely, Boshoff and du Plessis (2009) suggested a bi-directional relationship and said that any customer required a pleasant experience which would lead to trust or it could also be the inverse relationship with the service provider. Lee et al. (2007) studies and proved a direct relationship between trust and loyalty and said that this could help in gaining new customers and also retaining the existing customers and this could additionally influence satisfaction.

In addition, Hennig-Thurau, Gwinner, and Gremler (2002) showed as the greater the confidence in the service provider the lesser the anxiety associated in doing business and greater the satisfaction level. Deducing from the foregoing discussion, it is hypothesized in the context of this study that the service provider is operationalized as banks.

$H_{40}$: Trust has no significant influence on satisfaction

$H_{4a}$: Trust has a significant influence on satisfaction
3.6 Effect of Brand Trust on Loyalty

Studies have proven that the brands that are successful are the ones that have very high brand trust from their consumers and this in turn leads to brand loyalty (Temporal, 2001). Additionally past studies have also established that when a consumer trust’s a brand it has a tendency to enhance his loyalty towards the brand as his perception about the risk associated in dealing with the brand is greatly lowered (Berry, 2000), and there is greater confidence of the consumer on the brand (Morgan & Hunt, 1994; Sirdeshmukh et al., 2002. Additionally, service quality positively affects trust and trust significantly affects loyalty by (Doney and Cannon (1997). However, there are some studies that have shown no significant relationship between trust and brand loyalty. For example a study conducted in the African retail markets (Chinomona, 2013) showed no relationship between trust and loyalty. As one of the earliest contributors to relationship marketing Berry (2000) suggests that developing trust in the brand is of utmost importance for a service-provider due to the intangible nature of services. This study aims to establish a relationship between brand loyalty and trust in the bank, which would look at loyalty from all the three phases (cognitive, affective and action).

When a service provider enjoys trust of the customer there is a greater likelihood for the customer to be loyal towards to the brand (Xiong et al., 2010). As proposed by, Hong and Cho (2011) the trust that a business instills in a consumer plays a very vital role in the creation and the maintenance of loyalty. This view was also supported by the studies of Bansal et al. (2004) who proved that there was a significant positive relationship between the trust and brand loyalty. This is also in line with the research results of Yee and Faziharudean (2010) and Lin and Wang (2006). The same results were substantiated by the research results of a study conducted in the Swiss Financial services industry that showed a positive relationship between trust and loyalty.
Avramakis (2012). Similar studies conducted in the airline and retailing industry (Sirdeshmurk, Singh, and Sabel, 2012) who tried to develop a model to study the influence of trust on loyalty and they found that the greater the customer trust on the brand the greater the brand loyalty. They substantiated these results by proposing that when customer trust is built by the service provider through various initiatives lower the evaluation of risk in dealing with the service provider and this in turn will lead to enhanced confidence in the integrity of the service provider. All these factors eventually lead to brand loyalty. These results were further complemented by the study conducted by Deng et al. (2010) that trust of the customer is a primary contributor to loyalty.

Thus, the following hypotheses:

\[ H_{05}: \text{Trust has no significant influence on brand loyalty} \]

\[ H_{15}: \text{Trust has a significant influence on brand loyalty} \]

3.7. The Effect of the Consumer’s Satisfaction on Brand Loyalty

Marketing literature is rich with research that has studied the relationship between loyalty and satisfaction and has largely shown it to be positive relationship (Bitner et al., 1990; Oliver, 1999; Yi, 1990). Complementing these studies, other studies (Jones and Suh, 2000; Yi & La, 2004) have also proven that consumers had a tendency to show action loyalty which eventually led to attitudinal loyalty when they were satisfied with the brand. Brands could gain a competitive advantage when the customers were satisfied with the brand as this would lead to brand loyalty, and this is yet to be studied in the context of brand personality congruence. Therefore, this study includes this relationship.

Brand Loyalty has often been defined as the propensity of the consumer to repurchase a brand and also recommend it to (Lau & Lee, 1999). For Walter et al. (2013), loyalty is “the consumer’s propensity to buy the same product (brand) or to frequent the same shop whenever
he needs this product”. This emerges from the understanding that loyalty is a regular purchase behavior. It is often operationalized as the repeat trend of a transactional relation between the brand and the consumer. There are few other studies which define it as attachment that the consumer has towards a brand (Magnoni & Roux, 2008). These studies exhort the understanding that consumers who are loyal have an emotional connect with the brand and have a greater propensity to re-purchase the brand. However, Achouri and Bouslama (2010) argue that consumer brand loyalty doesn’t necessarily lead to attachment. The lack of alternatives available which could be further complemented by scarce financial resources, limited competitors could force consumers to be brand loyal however, this doesn’t necessarily transform into attachment. Research has resulted in establishing a positive relationship between customer satisfaction and loyalty and this van one of the main determinants of loyalty.

Bansal et al. (2004) in his study proposed that customer satisfaction not only leads to repeat purchase but also leads to a positive word-of-mouth. A study conducted in Morocco of the online banking customers by Hamadi (2010) found direct relationship between the satisfaction levels of customers and loyalty and commitment that customers had towards a brand. A similar study conducted in the Chinese instant message industry, by Deng et al. (2011) also proved that the satisfaction levels of customers were a chief contributor to the trust levels held by consumers. This study is in line with the results of the study conducted in the fast food sector of Taiwan that showed a positive influence of satisfaction on loyalty. This provides evidence that for creation of loyalty in customers companies should attempt to meet the expectations of the customers. This view was is further supported by Lee (2010) whose research on the Korean mobile phone markets find that customer satisfaction and loyalty were positively related. Moreovr, based on research studies by Lin and Wangs (2006) and Avramakis (2011), customer satisfaction
positively influences customer loyalty. Many past researchers have investigated the influence of customer satisfaction on brand loyalty. These studies have proven that the satisfaction can be a significant determinant for loyalty (Park & Lee, 2005; Achouri & Bouslama, 2010). Therefore, brand loyalty could be considered as a result of satisfaction of the customer (Oliver, 1999). Moreover, several studies (and Zeithmal et al., 1996 and Kim et al., 2001) propose that the tendency of the consumer to repurchase it greatly influenced by his level of satisfaction with the brand he/she is transacting with. Cronin and Taylor (1992) conducted a similar study for industrial products and found that the satisfaction was a significant determinant of loyalty towards a brand. Bitner et al. (1990) suggested that the satisfaction of a consumer towards a given brand has a positive effect on brand loyalty.

Oliver (1999) and Kotler (2003) propose that satisfaction towards a brand positively influences the consumer attitude towards the brand. In a similar vein, Oliver and Bearden (1983) propose that the satisfaction level of a customer influences their attitude formation after post-purchase, their brand preference and intentions to repurchase the brand in the future. Customer satisfaction is found to be positively correlated with customer loyalty (Hallowell, 1996; Powers & Bendall- Lyon, 2003; Lam & Burton, 2006). A study conducted by Mishra (2009) on the nationalized and Private Banks in India identified 5 dimensions of Customer satisfaction for the banking industry in India. This study takes into consideration, these 5 dimensions for the customer satisfaction i.e. Commitment, Service orientation, Value for Money, Dependability, and Diligence.

Marketing literature is rich with studies that has tested the relationship between loyalty and satisfaction towards a brand and this in turn has largely shown it to be positive (Bitner et al., 1990; Oliver, 1999). The results of the study by Jones and Suh (2000) also showed that the
customer satisfaction led to greater propensity to repurchase a product and this resulted in greater brand loyalty (Yi & La, 2002). Higher the levels of satisfaction and stronger the loyalty towards a brand the greater its contribution in creating a competitive advantage for the brand. The study posits the more the bank satisfies the needs of the customer, the greater will it be preferred to other competing brands.

Thus, the following hypotheses could be drawn:

**H₆₀**: Satisfaction has no significant influence on brand loyalty

**H₆₁**: Satisfaction has significant influence on brand loyalty

Based on the Hypotheses stated the following Conceptual Framework has been proposed (Figure 3.1):
Fig 3.1 - Hypothetical Framework
3.8 Endogenous, Exogenous and Extraneous variables

**Exogenous Variables:**

Exogenous variables are independent variables, whose value does not vary when other associated variables vary. The exogenous variable is a governing variable which has an ability to vary the value of other variables. The exogenous variables in this research is Brand Personality Congruence and its sub dimensions such as sincerity, excitement, competence, sophistication and ruggedness.

**Endogenous Variables**

Endogenous variables are the dependent variables within the model whose values are dependent on independent variables. The value of Endogenous variables vary when the value of independent variables vary. The endogenous variables in this research are listed below.

- **Satisfaction**
  - Favorable
  - Pleasant
  - Transaction Specific
  - Overall

- **Brand Loyalty**
  - Affective
  - Action

- **Trust**
  - Credibility
  - Benevolence
Extraneous Variables

Extraneous variables are the undesirable variables that come across the study whose values may vary the result in the study. Measures will be taken to see that extraneous variables will not affect dependent variables during the course of the research. In this research investigation the following variables are considered to be extraneous to the study:

- Interest rates
- Inflation
- Exchange rates
- GDP Growth

3.9 Summary

In this chapter various theoretical concepts and models were discussed and listed. The detailed discussion on Brand Personality Congruence was made. Effect of BPC on Trust, Brand Loyalty and Satisfaction was analysed and the hypotheses was framed. Based on Hypotheses conceptual framework was proposed. The Endogenous, Exogenous and Extraneous variables were discussed. The dimensions of each of these endogenous variables were listed. The Extraneous variables were identified and listed during the study.