# Customer Perception of banks in India

**Prof. Bhagyalakshmi Venkatesh, Dr. Suresh Ghai**

We are conducting an academic study on the branding of banks in India. Please spare a few minutes to answer the following questions. Thank you.

Please fill in the name of the bank you bank with: -------------------------------

**Please rate the following parameters in a scale of 1 to 7 where**

1- Strongly disagree, 2 Disagree, 3- Somewhat disagree, 4- Neither disagree nor agree, 5- Somewhat agree 6-Agree, 7-Strongly agree

<table>
<thead>
<tr>
<th>Brand Name</th>
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<tbody>
<tr>
<td>BN1 The brand name of this bank tells me a lot about what to except from this bank</td>
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<td>BN3 The brand name of this bank means something to me.</td>
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<td>BN5 The brand name of this bank tells me everything I need to know about this service.</td>
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<td>PV1 This bank's services are reasonably priced.</td>
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<td>PV2 This bank offers value for money.</td>
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<td>Doubly Disagree</td>
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<td>Neither disagree nor agree</td>
<td>Somewhat agree</td>
<td>Agree</td>
<td>Strongly Agree</td>
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**PV4** Using this bank is economical.

**Servicescape**
SS1 This bank has up-to-date facilities.
SS2 This bank’s physical facilities are visually attractive.
SS3 This bank’s employees have a neat and well-dressed appearance.
SS4 The appearance of the physical facilities of this bank is in keeping with the type of service provided.

**Core Service**
CS1 The core service provided by this bank suits my needs.
CS2 The core service provided by this bank is reliable.
CS3 I can depend on this bank to provide good core service.
CS4 This bank provides quality core service.
CS5 The core service provided by this bank is superior.

**Employee Service**
ES1 I receive prompt attention from this bank’s employees.
ES2 Employees of this bank are always willing to help me.
ES3 The employees of this bank are never too busy to respond to my requests.
ES4 I can trust the employees of this bank.
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<td><strong>ES6 Employees of this bank are polite.</strong></td>
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<td><strong>ES7 Employees of this bank give me personal attention.</strong></td>
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<td><strong>Feelings</strong></td>
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<td>When using this bank I feel</td>
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<td>FE2 happy</td>
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<td>FE3 irritated (reverse scored)</td>
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<td>FE5 frustrated (reverse scored)</td>
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<td>FE6 pleased</td>
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<td>FE7 sad (reverse scored)</td>
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<td>FE10 good</td>
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<td>FE11 nervous (reverse scored)</td>
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<td>FE12 confident</td>
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<td>FE13 impressed</td>
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<td><strong>Self image congruence</strong></td>
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<td>SI1 The image of this bank is consistent with my own self-image.</td>
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<td>SI2 Using this bank reflects who I am.</td>
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<td>SI4 The kind of person who typically uses this bank is very much like me.</td>
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<td>Controlled Communication</td>
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<td>C1 I like the advertising and promotions of this bank</td>
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<td>CC2 I react favorably to the advertising and promotions of this bank.</td>
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<td>CC3 I feel positive toward the advertising and promotions of this bank.</td>
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<td>CC4 The advertising and promotions of this bank are good.</td>
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<td>CC5 The advertising and promotions of this bank do a good job.</td>
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<td>CC6 I am happy with the advertising and promotions of this bank.</td>
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<td>UC1 Publicity about this bank has been significant in affecting my views of this bank.</td>
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<td>UC2 Publicity about this bank revealed some things I had not considered about this bank.</td>
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<td>UC3 Publicity about this bank provided some different ideas regarding this bank.</td>
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<td>UC4 Publicity about this bank really helped me formulate my ideas about this bank.</td>
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<td>UC5 Publicity about this bank influenced my evaluation of this bank.</td>
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<td>UC6 The opinion of my friends/family has been significant in affecting my views of this bank.</td>
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<td>UC7 My friends/family mentioned some things I had not considered about this bank.</td>
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<td>UC8 My friends/family provided some different ideas regarding this bank.</td>
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<tr>
<td><strong>Strongly Disagree</strong></td>
<td><strong>Disagree</strong></td>
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<td><strong>Agree</strong></td>
<td><strong>Strongly Agree</strong></td>
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</table>

**UC10** My friends/family influenced my evaluation of this bank.

**Satisfaction**
- **SA1** I am very satisfied with the service provided by this bank.
- **SA2** This bank does a good job of satisfying my needs.
- **SA3** The service provided by this bank is very satisfactory.
- **SA4** I believe that using this bank is usually a very satisfying experience.
- **SA5** I made the right decision when I decided to use this bank.

**Brand Attitude**
- **BA1** Overall I think this bank is very good.
- **BA2** Overall I think this is a nice bank.
- **BA3** Overall I think this bank is very attractive.
- **BA4** Overall I think this bank is desirable.
- **BA5** Overall I think this bank is extremely likeable.

**Brand Verdict**
- **BV1** I am likely to use this bank in the future.
- **BV2** I will probably use this bank in the future.
- **BV3** I will possibly use this bank in the future.
- **BV4** I have every intention of using this bank in the future.
**Personal Details**

Name: --------------------------------- 

Gender:  Male [ ] Female [ 

Age: Below 20 [ ] 20-29 [ ] 30-39 [ ] 40-49 [ ] 50-59 [ ] 60-above [ ]

Residential Address: -----------------------------------------------

Telephone: ------------- Mobile No: -------------------------------

(This information will not be used for any commercial purpose. It is collected to maintain the authenticity of data)

Highest Education: 10th Pass [ ] 12th [ ] Graduate [ ] Postgraduate [ ]

Professional [ ] PhD [ ]

Employed: Yes [ ] No [ ]

Profession: Self employed [ ] Private Limited Co. [ ] Public Sector [ ]

Multinational Co. [ ] any other, please specify -----------------------------

Annual family Income:

Upto 1 Lakh [ ] above 1 lakh- upto 4lakh [ ]

above 4 lakh- upto 8 lakh [ ] above 8 lakh – upto 15 lakh [ ]

above 15 lakh – upto 50 lakh [ ] above 50 lakh [ ]
Dear Sir/Madam,

We are conducting an academic study on branding of banks. The data will be used for academic purpose only. Please rate each parameter given below for your organizational brand, on a scale of 1 to 5 by encircling your response. 1=Excellent, 2=Good, 3=Average, 4=Bad, 5=Worst.

Thank You.

1. Image of the bank
2. The visibility of the bank
3. The top management’s vision
4. The ambience inside the branches
5. The no: of branches the bank has
6. The work culture at the bank
7. The profit generated by the bank
8. Bank’s role in social activities
9. Bank’s role in sponsoring major events
10. The products offered by the bank
11. The speed at which the transactions are handled
12. Customer satisfaction
13. Being a modern bank
14. Online banking
15. Tele-banking
16. Mobile banking
17. Courteous staff
18. Conflict handling
19. Quality of Advertisements
20. Market Research
21. Being innovative
22. Provides employees with growth opportunities
23. Rewards for performers
24. Handling of customer complaints
25. Overall Employee Satisfaction

**Personal Details**

Name: -----------------------------------------------

Age: 20-29 ☐ 30-39 ☐ 40-49 ☐ 50-above ☐

Designation-----------------------------------------------No: of years of experience-------

Dept. -----------------------------------------------

Educational Qualification: Graduate ☐ Post Graduate ☐

Professional ☐ PhD ☐ Any other please specify -------------------------
List of Publications


5. Venkatesh, Bhagyalakshmi & Ghai, Suresh (2009), “Branding of Banking Services in India” at the IIM Ahmedabad, PhD Colloquium held on 5th and 6th January.

6. Venkatesh, Bhagyalakshmi & Ghai, Suresh (2009), “Scale Development and Validation for Measuring Internal Branding of Banks in India” at the SIMSR ASIA Marketing Conference conducted on 4th and 5th January.

SYNOPSIS

OF THE THESIS TO BE SUBMITTED TO SNDT WOMEN’S UNIVERSITY FOR THE DEGREE OF Ph.D IN MANAGEMENT STUDIES

Title of the Thesis : Effect of Branding on Marketing of Banking Services in India

Name of the candidate : Bhagyalakshmi Venkatesh

Name & designation of the guide : Dr. Suresh Ghai,
Director,
K.J.Somaiya Institute of Management Studies & Research,
Vidyavihar, Mumbai-77.

Place of Research : K.J.Somaiya Institute of Management Studies and Research,
Vidyavihar, Mumbai-77.

Registration No : Acad: RRC-26/2008-09/120

Signature of the Candidate : _____________________________

Signature of the Guide : _____________________________
DECLARATION

"I hereby declare that this submission is my own work and that, to the best of my knowledge and belief, it contains no material previously published or written by another person nor material which has been accepted for the award of any other degree or diploma of the university or other institute of higher learning, except where due acknowledgment has been made in the text."

Place: Mumbai
Date: 02.02.2011
Name: Bhagyalakshmi Venkatesh

(Reg.No: Acad: RRC-26/2008-09/129)
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CHAPTER I

1. Introduction

Marketing of service firms demand the development of unique imagery and brand experiences leading to the critical role of brand building in service firms. A strong brand scores high on brand awareness, brand service quality perceptions, and customer satisfaction. Brands communicate their brand name, functional benefits, inherent values and cues on brand experiences to customers which lead to strong customer based brand equity for the firm. The external orientation in branding focuses on building strong brand equity among customers. Developing employee based brand equity has gained momentum in service branding literature as employees play crucial role in facilitating brand experiences, perceptions and relationships that customers may have with the firm. The internal brand orientation focuses on building a strong brand orientation enabling employees to understand and imbibe the brand values of the firm. Competitors can copy the performance of the service brand but the intangible values such as employees’ attachment, trust and commitment towards the brand, customers’ trust and loyalty and the unique, favorable association towards the brand cannot be copied. This thesis outlines how service brand strength can be measured by assessing the internal brand strength (employee perspective) and the external brand strength (the customer perspective) individually and provides a methodology for the same by undertaking a study on banks in India. A strong service brand enjoys strong external as well as internal brand equity.

1.1 Brand Management

Branding of a product or service ensures legal protection for the brand name and offers differentiation in comparison to the competitors’ offering in the market place. In markets where competition is rare, goods can be sold as commodities and the name of the maker may not matter much. However situation is different in highly competitive markets, where competitors are vying for the attention of customers with similar product offerings and it is difficult to create product differentiation. Differentiation created through functional advantages also can be easily copied by the competitors. As substantial product differentiation is difficult in financial services, it is very critical that they are branded (Berry, 1995; Saunders & Watters, 1993). As each of the
benefit offered by a bank can be easily copied by a competitor, branding becomes essential for service differentiation. Unlike products, services are highly intangible, so it becomes crucial that desirable image is created (Onkvisit & Shaw, 1989). Unique image, based on salient attributes can transform a commodity into a branded service. While commodity is an undifferentiated product, product is a value added, differentiated commodity. Branding assures buyers of uniform service quality and gives the marketer the price advantage. As banking is a pure service, it is critical to have a clear brand identity so that customers can differentiate each service provider in his/her mind space. Berry (1987) proposed leveraging the freedom factor of custom-fit which is a result of the service provider and the customer entering into direct contact. It is people service that differentiates one bank from the other. Berry (1987) suggested that service organizations need to practice internal marketing, not just external marketing. “Internal marketing can be viewed as attracting, motivating and retaining qualified personnel (internal customers) through job products designed to satisfy their wants and needs” (Berry, 1997)

1.1.1 Brand Management in the Services Sector

Banks mostly follow the brand architecture style of “branded houses” where every product from the bank carries the name of the corporate brand. Brand architecture of a firm refers to the structure in which brands are managed within a firm. There are two brand architecture styles which are named as “branded houses” and “house of brands”. In the “branded house” format, the brands from the firm carry the corporate brands name where as the in “house of brands” style, where the brands carry individual brand names and not the corporate brand’s name. FMCG products have mostly adopted the “house of brands” brands architecture where as service firms have adopted the “brand houses” architecture. In the branded house architecture, the different services offered by the same firm will carry the name of the corporate brand. In the financial services arena, we have mostly witnessed the phenomena of corporate branding. The corporate brand name transcends its brand image to all service products offered by the bank. The corporate brand perspective supports, and could be a consequence of, the strategic view of brands. King (1991) is considered to be the first author to make a clear distinction between product and corporate brands, emphasizing the importance of a multidisciplinary approach in order to manage them. Aaker (2004) defined a corporate brand as a brand that represents an organization
and reflects its heritage, values, culture, people and strategy. Balmer and Gray (2003) recommended that corporate brands lead to the development of a new branch of marketing which should be known as “corporate-level marketing”. In other words, an organization’s core values must be the guiding light of the brand building process, both internally and externally. Chernatony, Drury & Segal-Horn (2003), suggested that in comparison with the goods model for brand building, more work is required in terms of organizational culture and internal branding when building service brands. Successful services-branding models do not stress an external orientation, as evident in goods branding, but have a balanced internal and external orientation (De Chernatony et al, 2003). Effective organizational brand are built externally as well as internally. Hence strong bank brands should have a branding orientation which creates strong employee based brand equity as well as customer based brand equity.

1.2 Indian Banking Industry

Banking in India originated in the first decade of the 18th century when The General Bank of India came into existence in 1786. This was followed by Bank of Hindustan. Both these banks are now defunct. The oldest bank in existence in India is the State Bank of India being established as "The Bank of Bengal" in Calcutta in June 1806. Foreign banks like Credit Lyonnais started their Calcutta operations in the 1850s. The first fully Indian owned bank was the Allahabad Bank, which was established in 1865. By the 1900s, the market expanded with the establishment of banks such as Punjab National Bank in 1895 in Lahore and Bank of India in 1906 in Mumbai - both of which were founded under private ownership. The Reserve Bank of India formally took on the responsibility of regulating the Indian banking sector from 1935. After India's independence in 1947, the Reserve Bank was nationalized and given broader powers.

1.2.1 Nationalization

By the 1960s, the Indian banking industry had become an important tool to facilitate the development of the Indian economy. Government of India (GOI) issued an ordinance and nationalized 14 largest commercial banks with effect from the midnight of July 19, 1969. Within
two weeks of the issue of the ordinance, the Parliament passed the Banking Companies (Acquisition and Transfer of Undertaking) Bill, and it received the presidential approval on 9th August, 1969. A second dose of nationalization of 6 more commercial banks followed in 1980. The stated reason for the nationalization was to give the government more control of credit delivery. With the second dose of nationalization, the GOI controlled around 91% of the banking business of India. After this, until the 1990s, the nationalized banks grew at a pace of around 4%, closer to the average growth rate of the Indian economy.

1.2.2 Liberalization
In the early 1990s the then Narasimha Rao government embarked on a policy of liberalization and gave licenses to a small number of private banks which included banks such as UTI Bank (now re-named as Axis Bank), ICICI Bank, IDBI Bank and HDFC Bank. This move, along with the rapid economic growth of the country, kick-started the banking sector in India. All the three sectors of banks, namely, government banks, private banks and foreign banks saw steady growth during this period. With the relaxation in the norms for the foreign direct investment (FDI), a new wave was ushered in, which brought with it more sophisticated technology, wide variety of banking products and market orientation. The last decade has seen many positive developments in the Indian banking sector. The policy makers, which comprise the Reserve Bank of India (RBI), Ministry of Finance and related government and financial sector regulatory entities, have made several notable efforts to improve regulation in the sector. The sector now compares favorably with banking sectors in the region on metrics like growth, profitability and non-performing assets (NPAs). Policy makers have made some notable changes in policy and regulation to help strengthen the sector. These changes include strengthening prudential norms, enhancing the payments system and integrating regulations between commercial and co-operative banks. All this led to the retail boom in the banking sector in India. People not just demanded more from their banks but also received more.

New players in the banking sector have adopted international best practices and modern technology which offers wider product ranges to corporate and retail customers. Further liberalization will bring with it many more banks which will usher in strong corporate governance, leading edge technological expertise, and experience in providing retail banking
services in other developed economies and the global economy as whole (Canadian services coalition, 2007). More foreign banks are slotted to enter the Indian soil in the coming years.

1.2.3 Current Situation

According to RBI report on trends and progress of the Indian banking sector 2008-2009, the Indian banking system has been relatively in good health. Balance sheets of the banks appear healthy and little affected by the unsettled conditions in financial markets. The asset quality and soundness parameters of the Indian banking sector have improved significantly in the recent period. In terms of quality of assets and capital adequacy, Indian banks are considered to have clean, strong and transparent balance sheets relative to other banks in comparable economies in its region (RBI Report, 2009). The Reserve Bank of India is an autonomous body, with minimal pressure from the government. A few banks have established an outstanding track record of innovation, growth and value creation. This is reflected in their market valuation. Indian banks have compared favorably on growth, asset quality and profitability with other regional banks over the last few years. However, improved regulations, innovation, growth and value creation in the sector remain limited to a small part of it.

With the growth in the Indian economy expected to be strong for quite some time, especially in its services sector, the demand for banking services, especially retail banking, mortgages and investment services are expected to be strong (RBI Report, 2009). One may also expect Mergers and acquisitions (M&A), takeovers and asset sales. Currently, India has 88 scheduled commercial banks (SCBs) - 28 public sector banks (that is with the Government of India holding a stake), 29 private banks (these do not have government stake; they may be publicly listed and traded on stock exchanges) and 31 foreign banks with a combined network of over 53,000 branches and 17,000 ATMs. According to a report by ICRA Limited, a rating agency, the public sector banks hold over 75 percent of total assets of the banking industry, with the private and foreign banks holding 18.2% and 6.5% respectively. A large number of urban and rural co-operative banks and Microfinance institutions (MFIs) play a crucial role in extending banking services to small and medium enterprises, rural population and self help groups.
1.2.4 Role of Public Sector in Banking

In India, the banks face a challenge of providing services to a broad range of customers, which varies from sophisticated corporate firms and high networth individuals to low-end borrowers, who are catered to by microfinance initiatives. Over time, a series of initiatives have been taken to improve the quality of customer service, including grievance redressal through the Banking Ombudsman Scheme, and setting up Customer Service Committees at various hierarchal levels within the bank, setting up a Customer Service Department within the Reserve Bank. In spite of these initiatives, there are gaps in the implementation of guidelines which give rise to customer grievances. RBI stated that there is a specific need for improving the customer service by banks through measures like financial education, credit counseling and improvement in information dissemination. The recent initiative by the Reserve Bank regarding setting up of financial literacy cum counseling centres is a step in this direction. RBI report on trend and progress of banking in India 2008-2009, addressed the fair treatment of customers throughout the product life-cycle which comprises:

• Product design and governance;
• Identifying target markets;
• Marketing and promoting the product;
• Sales and advice processes;
• After-sales information; and
• Complaint handling.

1.2.5 Opportunities and Challenges

McKinsey report (2010) on Indian banking identified four challenges which must be addressed before success can be achieved. First, the market is seeing discontinuous growth driven by new products and services that include opportunities in credit cards, consumer finance and wealth management on the retail side, and in fee-based income and investment banking on the wholesale banking side. These require new skills in sales & marketing, credit and operations. Second, banks will no longer enjoy windfall treasury gains that the decade-long secular decline in interest rates provided, this will expose the weaker banks. Third, with increased interest in
India, competition from foreign banks will intensify. Fourth, given the demographic shifts resulting from changes in age profile and household income, consumers will increasingly demand enhanced institutional capabilities and service levels from banks.

1.3 Objectives of the Study

1. To create a service branding model for banks.
2. To identify drivers for strong service brands.
3. To reveal and validate factors which constitute internal and external brands for banking services brand.
4. To understand whether demographic factors of customers lead to a differentiation in their perception across different types of banks in India (public sector, private sector and foreign banks).
5. To understand whether the perception of bank employees (public sector, private sector, foreign banks) are different across the three types of banks.

1.4 Need for the Study

In the services literature, banking is classified under “pure service”. The equity of the bank brand decides how far the brand factor has contributed in successfully marketing the bank so that the bank brand achieves unique, favorable and strong positioning and customer acceptance. This study measures the brand equity of banks by assessing the strength of internal and external brand. The strength of the internal brand is measured thorough employees’ perception of the bank; the external brand is measured through customers’ perception of the brand. Such a study is relevant in the services sector, especially in the banking sector, which did not have adequate brand strength measurement methodology that measures both the external and internal orientation, though authors such as De Chernatony (2003) and Berry (1987) cautioned about such orientations in their published work.

The study revealed internal factors which constitute a strong internal brand as well as external factors which build a strong external brand. Such a study was the need of the hour as Indian
banking industry had taken up strong branding initiatives in recent years and would compare the brand building activities of private, public and foreign banks.

1.5 Benefit of the study
This study provides a methodology for measuring the brand equity of banks. The internal brand equity measurement has revealed factors which can be acted upon to create strong service brands leading to employee satisfaction and enabling employees to deliver the brand promise and ultimately customer satisfaction and increased profitability to the bank. The study also provides a comparison among public, private and foreign banks in terms of their employee satisfaction, customer satisfaction, and customers’ verdict about the bank’s services and whether it offers unique benefits.
CHAPTER II
REVIEW OF LITERATURE

2.1 Service Branding

As substantial product differentiation is difficult in financial services it is very critical that they are branded (Berry, 1987; Saunders & Watters, 1993). As most of the benefit offered by a bank can be easily copied by competitors, branding becomes important for service differentiation. Unlike products, services are highly intangible so it becomes all the more crucial that a desirable image is created (Onkvisit & Shaw, 1989). As banking is a pure service, it is important to have a clear brand identity so that customers can differentiate each service provider in his mind space. Increasing competition in the banking sector may lead to clutter and confusion in the minds of the customer, as far as brand perceptions are concerned. Banks will have to position them very strongly with clear Points of Difference (POD) in comparison with its competitors (Venkatesh & Ghai, 2009).

Porter (1985) suggested a simple equation which defines a brand. S=P X D X AV, Where S=Successful brand, P= Effective product, D= Distinctive Identity & AV=Added Value. When the bank offers relevant value propositions with added value and distinctive identity it creates a strong and successful brand for itself. A strong brand definitely transcends great brand equity as well.

A positive brand image is created by marketing efforts, which succeeds in creating strong links between favorable and distinct associations of the brand in the minds of consumers (Keller, 1998). De Chernatony, Drury & Segal-Horn (2003), suggested that in comparison with the goods model for brand building, more work is required in terms of organizational culture and internal branding when building service brands. Successful services-branding models would not stress an external orientation, as evident in goods branding, but rather have a balanced internal and external orientation (De Chernatony, Drury & Segal-Horn, 2003). De Chernatony (2003) suggested a comprehensive model which proposed a strategic process to build integrated brands, which adopts a balanced external and internal perspective. The literature indicates that service
brands are most likely to succeed if they come from organizations with a balanced internal and external orientation. Excellent service along with an investment in organizational brand building can create a competitive advantage which can be used as a strategic weapon. (Kim, Kim, & An, 2003; Pappu, Quester, & Cooksey, 2005, Venkatesh & Ghai, 2011).

2.2 Internal branding

Internal marketing, employee branding and internal branding has been used interchangeably in literature (Mitchell, 2002). The task of ensuring that employees understand the brand promise and their part in delivering an on-brand customer experience has generally been described as internal marketing (IM) (Mosley, 2007). Internal branding seeks to develop and reinforce a common value-based ethos, typically attached to some form of corporate mission or vision (Mosley, 2007). The roots of this approach can partly be traced to the resource-based view of strategy (Barney, 1991). Berry (1987) suggested that service organizations need to practice internal marketing, not just external marketing. Berry (1987) defined the role of internal marketing as “Internal marketing can be viewed as attracting, motivating and retaining qualified personnel (internal customers) through job products designed to satisfy their wants and needs”. Customer satisfaction in the services sector can be a function of the employee satisfaction. Hesket et al., (1987) proposed the concept of service profit chain. This concept suggests that satisfied and motivated employees produce satisfied customers and satisfied customers tend to purchase more, which increases the revenue and profits the organization. As banking services are considered as pure service, it is important that banks seriously look at constructs, such as employee engagement and service profit chain. A conducive organizational culture which enhances employee engagement and satisfaction of internal customers (employees) is essential to the success of banks as in any other service organization. Employees enacting or living the brand qualities while dealing with other stake holders is referred to as internal branding, employee branding, or internal marketing (Keller, 2003; Mitchell, 2002). Internal marketing, employee branding or internal branding activities establish systems/ processes and consequent employee behaviors that are consistent with external branding efforts (Aurand et al., 2005) This approach also helps avoid an ‘external perspective trap’ which fails to account for employees as part of the brand identity building process (Aaker, 1996).
2.3 External branding

An externally strong brand enjoys a strong imagery in the minds of its customers vis a vis its competitors. Just like any other services sector, in the case of banking sector, it has been suggested that constructs such as the level of customer satisfaction, perceived service quality and brand image are likely to influence the creation of a loyal customer base (Veloutsou, Daskou and Daskou, 2004). Perceived service quality has brand communications and customer experiences as cues. As it is difficult to create differentiation in the services offered by banks and the same can be easily copied, it becomes difficult for banks to differentiate themselves from their competitors (Devlin et al, 1995; Coskun and Frolich, 1992). Banking institutions are acknowledging that unless customer needs are taken into account in designing and delivering services, technical superiority will not bring success (Zeithaml and Bitner 1996)

For financial services providers, global branding through a consistent corporate image, as opposed to customizing a series of fragmented brands for national markets, offers many advantages. These include economies of scale in advertising costs, lower administrative complexity in managing a single global brand, lower cost entry into new markets due to global reputation, and improved cross-border learning within the company (Quelch 1999).

Grace and O’Cass (2005) developed and tested their model named as SBV model on consumer verdict on services brands on dimensions such as core service, employee service, brand name, servicescape, price/value for money, self-image congruence and feelings, customer satisfaction, brand attitude. This study primarily featured retail settings and banking services. The study proved that brand evidence which comprise of the factors outlined above influence brand verdict.

Brand attitude was defined by Grace and O’Cass (2005) as the consumer’s overall positive or negative disposition toward the service brand and results from the consumer’s perceptions of and satisfaction with their experience with the service brand dimensions. The model also proved the relationship between brand hearsay (controlled advertising, PR etc) and uncontrolled communications (word of mouth publicity) and brand attitude and customer satisfaction. In Grace and O’Cass’s (2005) study the perceptual measures were based on employee service and servicescape (Cronin Jr. and Taylor, 1992), price/value for money (Sweeney and Soutar, 2001),
self-image congruence (Sirgy et al., 1997), feelings (Jayanti, 1995), controlled communications (Holbrook and Batra, 1987), uncontrolled communications (Bansal and Voyer, 2000), brand attitude (Yoo and Donthu, 2001), and satisfaction (Caruana et al., 2000).

Ndubisi (2006) studied the relationship between overall satisfaction and relationship quality in the Malaysian banking sector. In his study, the indicators of customer satisfaction were trust, commitment, communication, service quality, service satisfaction and conflict handling.

Corporate branding congruent with the strategic brand vision (Schultz and Hatch, 2003), dwells on developing brands at an organizational level (Knox and Bickerton, 2003), which requires managing interactions with multiple stakeholders (Balmer and Gray 2003, Knox and Bickerton 2003, Hatch and Schultz 2003, Aaker 2004).

Urde (2003) states that corporate brands must reflect organizational values. In other words, an organization’s core values must be the guiding light of the brand building process, both internally and externally.

2.4 Summary of Literature on Branding In the Services Sector & Banking Services Sector

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<th>Concept</th>
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<td>1. Hooley and Mann 1988; Ennew et al. 1993</td>
<td>Marketing in financial services organizations</td>
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<td>2. Porter, 1985</td>
<td>Successful brand is a product of effective product, added value and distinctive identity</td>
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<td>3. Berry, 1987</td>
<td>Service organizations needs to practice internal marketing as well as external marketing</td>
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<td>4. Onkvisit and Shaw, 1989</td>
<td>Creating a brand image is crucial in services as services are intangible</td>
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<td>5. Zeithaml, Parasuraman and Berry, 1990</td>
<td>Positive relationship between satisfaction and loyalty in banking services</td>
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<td>Easingwood and Arnott, 1991; Bharadwaj et al. 1993</td>
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<td>Hesket et al., 1997</td>
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<td>Wright, 2002</td>
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<td>20.</td>
<td>Chernatony, Drury &amp; Segal-Horn, 2003</td>
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<td>Gregory and Sellers, 2002</td>
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<td>Stone et al., 2002</td>
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financial services market is the extent to which it is segmented (segment fit)

2. Segmentation in the financial sector on the basis of customers decision making behavior

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<td>23.</td>
<td>Veloutsou, Daskou and Daskou, 2004</td>
<td>Customer satisfaction, perceived service quality and brand image influence loyal customer base</td>
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<td>24.</td>
<td>Gelade and Young, 2005</td>
<td>Customer satisfaction as an organisation’s performance measure</td>
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CHAPTER III
THEORETICAL FRAMEWORK

3.1 Service Brand

This chapter discusses the theoretical framework of the study. This framework attempts to capture the service brand by logically composing various concepts or “units” of theory (Dubin, 1969; Pawar, 2009). The services branding literature emphasized the importance of a balanced approach based on internal branding as well as external branding for service brands (Berry, 1987; De Chernatony et al, 2003). Formation of a service brand can be depicted as below (Hair, Anderson, Thatham & Black, 2003)

![Diagram of Service Brand Formation]

3.2 Domain

Domain reflects the range of the real life phenomenon that a theory seeks to represent (Pawar, 2009). Thus the domain of this theory is service branding as banking is classified as pure service. Two branding exercises such as creating a strong external brand and creating a strong internal
brand contribute to the creation of a strong service brand. Hence a study of service brand requires a study of internal as well as external brand building.

3.3.1 Concepts

In figure 3.1 service brand is represented as having relationship with internal brand as well as external brand. Service brand, external brand and internal brand are the three concepts under the study and the same cannot be measured directly and hence has to be measured through observed variables. As these concepts have to be measured through other observable variables, these concepts are termed as constructs (Kaplan, 1964). In literature the terms concepts and constructs are used interchangeably without suggesting any substantive distinction (Pawar, 2009).
3.3.2 Conceptual Model for Banking Service Brands

Figure 3.2
Discussion of the Conceptual Model: The conceptual model depicts the antecedents of external and internal brand equity and its consequences. Internal and external brand equity has been conceptualized to be a function of employee satisfaction and customer satisfaction. This theoretical framework is supported with evidence from literature (Hesket, 1987; Berry, 1987; Keller, 2000). Service brand has been conceptualized to be a combination of internal and external brand. Each of the construct in the conceptual model is explained below.

3.4 Definitions and Description of Concepts

3.4.1 Service Brand

A service brand can be defined as “a holistic process beginning with the relationship between the firm and its staff and coming alive during the interaction between staff and customers” (Dall'Olmo Riley and de Chernatony, 2000: 138).

3.4.2 The internal brand orientation

Employees enacting or living the brand qualities of the brand to other stake holders is referred to as internal branding, employee branding, or internal marketing (Keller, 2003; Mitchell, 2002). Internal brand score was developed from employee’s assessment of the corporate brand, reputation of the bank, the modernity of the bank, effective human interface and employee’s perception of customer satisfaction.

3.4.3 The external brand orientation

The customer perspective of the brand in terms of customer satisfaction towards brand image (measured through expectation from brand name), price/value for money, service quality (core service, employee service, servicescape, external communication, internal communication) and his/her self image congruence with the brand, customer satisfaction and whether the customer will use the brand in future or not (service brand verdict) consist of the external brand concept (Berry, 2000; Keller, 2003; Grace & O’Cass, 2006, Venkatesh & Ghai, 2010).
3.5 Dimensions which Constitute Employees’ Perception of the Brand (Internal Brand/Employee Based Brand Equity)

Employee perception of the evaluation of the corporate brand of the bank, reputation of the bank, the modernity of the bank, effective human interface and employee’s perception of customer satisfaction.

3.6 Dimensions which Constitute Customers’ Perception of the Brand (External Brand/customer based brand equity)

Brand verdict was measured through dimensions such as brand name, servicescape, core service, employee service, feelings, self image congruence, controlled communication, uncontrolled communication, satisfaction and brand attitude.

3.7 Hypotheses

From the theoretical framework, a series of relationships could be proposed. Based on this, following hypotheses were developed:

H1: Internal brand factors such as bank’s corporate brand, reputation, modernity, effective human interface and perceived customer satisfaction can predict employee satisfaction.

H1a: Employees overall evaluation of corporate brand has positive association with employee satisfaction.

H1b: Reputation of the bank has positive association with employee satisfaction.

H1c: Modernity of the bank has positive association with employee satisfaction.

H1d: Effective human interface has positive association with employee satisfaction.

H1e: Perceived customer satisfaction by employees has positive association with employee satisfaction.

H2: Brand name, price/value for money, servicescape, core service, employee service, feelings, self image congruence, controlled communication, uncontrolled communication, satisfaction and brand attitude together predict brand verdict.
H2a: Brand name has a positive and significant influence on customers’ brand verdict.
H2b: Price/Value for money has a positive and significant influence on customers’ brand verdict.
H2c: Servicescape has a positive and significant influence on customers’ brand verdict.
H2d: Core Service has a positive and significant influence on customers’ brand verdict.
H2e: Employee Service has a positive and significant influence on customers’ brand verdict.
H2f: Feelings has a positive and significant influence on customers’ brand verdict.
H2g: Self image congruence has a positive and significant influence on customers’ brand verdict.
H2h: Controlled communications has a positive and significant influence on customers’ brand verdict.
H2i: Uncontrolled communication has a positive and significant influence on customers’ brand verdict.
H2j: Satisfaction has a positive and significant influence on customers’ brand verdict.
H2k: Brand attitude has a positive and significant influence on customers’ brand verdict.

H3: There is significant association between the type of ownership (whether private, public or foreign) and overall satisfaction of the employees.

H4: Employees of private banks, public sector banks and foreign banks perceive their banks to be different from each other.

H5: There is significant difference across different demographic segments in their perception of overall evaluation of banks.

3.8 Variables measuring employee’s perception of the brand

3.8.1 Corporate brand

1. The top management’s vision
2. The work culture
3. The profit generated
4. Quality of Advertisements
5. Market Research
6. Innovativeness
7. Growth opportunities for employees
8. Branch Ambience
9. The no: of branches

3.8.2 Reputation

1. Image
2. The visibility
3. Reputation
4. Social activities

3.8.3 Modernity of the bank

1. Technology used
2. Being modern
3. Online banking
4. Tele banking
5. Mobile banking

3.8.4 Effective human interface

1. Conflict handling
2. Courteous Staff

3.8.5 Customer satisfaction

1. Speed of transaction
2. Customer Satisfaction
3.9 Variables which Measure Customers’ Perception of the Brand (External Branding/Customer Based Brand Equity)

3.9.1 Brand Name

1. The brand name of this tells me a lot about what to expect from this bank.
2. The brand name of this bank tells me a lot about this bank.
3. The brand name of this bank means something to me.
4. The brand name of this bank sends a message to me about the bank.
5. The brand name of this bank tells me everything I need to know about its service.

3.9.2 Price/value for money

1. This bank’s services are reasonably priced.
2. This bank offers value for money.
3. This bank provides a good service for the price.
4. Using this bank is economical.

3.9.3 Servicescape

1. This bank has up-to-date facilities.
2. This bank’s physical facilities are visually attractive.
3. This bank’s employees have a neat and well dressed appearance.
4. The appearance of the physical facilities of this bank is in keeping with the type of service provided.

3.9.4 Core service

1. The core service provided by this bank suits my needs.
2. The core service provided by this bank is reliable.
3. I can depend on this bank to provide good core service.
4. This bank provides quality core service.
5. The core service provided by this bank is superior.

3.9.5 Employee service

1. I receive prompt attention from this bank’s employees.
2. Employees of this bank are always willing to help me.
3. The employees of this bank are never too busy to respond to my requests.
4. I can trust the employees of this bank.
5. I feel safe in my transactions with this bank’s employees.
6. Employees of this bank are polite.
7. Employees of this bank give me personal attention.

3.9.6 Feelings

When using this bank I feel

1. Annoyed
2. Happy
3. Irritated
4. Frustrated
5. Pleased
6. Sad
7. Disgusted
9. Uneasy
10. Good
11. Nervous
12. Confident
13. Impressed

3.9.7 Self-image congruence
1. The image of this bank is consistent with my own self-image.
2. Using this bank reflects who I am.
3. People similar to me use this bank.
4. The kind of person who typically uses this bank is very much like me.

3.9.8 Controlled communications

1. I like the advertising and promotions of this bank.
2. I react favorably to the advertising and promotions of this bank.
3. I feel positive toward the advertising and promotions of this bank.
4. The advertising and promotions of this bank are good.
5. The advertising and promotions of this bank do a good job.
6. I am happy with the advertising and promotions of this bank.

3.9.9 Uncontrolled Communications

1. Publicity about this bank has been significant in affecting my views of this bank.
2. Publicity about this bank revealed some things I had not considered about this bank.
3. Publicity about this bank provided some different ideas regarding this bank.
4. Publicity about this bank really helped me formulate my ideas about this bank.
5. Publicity about this bank influenced my evaluation of this bank.
6. The opinion of my friends/family has been significant in affecting my views of this bank.
7. My friends/family mentioned some things I had not considered about this bank.
8. My friends/family provided some different ideas regarding this bank.
9. My friends/family really helped me formulate my ideas about this bank.
10. My friends/family influenced my evaluation of this bank.

3.9.10 Satisfaction

1. I am very satisfied with the service provided by this bank.
2. This bank does a good job of satisfying my needs.
3. The service provided by this bank is very satisfactory.
4. I believe that using this bank is usually a very satisfying experience.
5. I made the right decision when I decided to use this bank.

3.9.11 Brand attitude
1. Overall I think this bank is very good.
2. Overall I think this is a nice bank.
3. Overall I think this bank is very attractive.
4. Overall I think this bank is desirable.
5. Overall I think this bank is extremely likeable.

3.9.12 Brand verdict
1. I am likely to use this bank in the future.
2. I will probably use this bank in the future.
3. I will possibly use this bank in the future.
4. I have every intention of using this bank in the future.

3.10 Operational Definitions

3.10.1 Brand

According to the American Marketing Association (AMA), a brand is a “name, term, sign, or design or a combination of them, intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competition

3.10.2 Branding

Endowing products and services with the power of a brand

3.10.3 Brand Associations
All brand related thoughts, feelings, perceptions, images, experiences, beliefs, attitudes, and so on which become linked to the brand node.

3.10.4 Brand Image

The perception and beliefs held by consumers as reflected in the associations held in consumer memory.

3.10.5 Brand Equity

The added value endowed to products and services.

3.10.6 Brand Knowledge

All the thoughts, feelings, images, experiences, and beliefs that are associated with the brand.

3.10.7 Brand Promise

The marketer’s vision of what the brand must be and should do for consumers.

3.10.8 Services

A service is any act or performance that one party can offer to another that is essentially intangible and does not result in the ownership of anything. Its production may or may not be tied to a product (Kotler and Keller, 2006).

3.10.9 Customer Based Brand Equity

The differential effect that brand knowledge has on a consumer response to the marketing of that brand.

3.10.10 Internal Marketing
The task of ensuring employees understand the brand promise and their part in delivering an on-brand customer experience has generally been described as internal marketing (IM) (Mosley, 2007).

### 3.10.11 Brand Attitude

The brand attitude is the consumer’s overall positive or negative disposition toward the brand, resulting from their perceptions of and satisfaction with the brand stimuli. Unlike satisfaction, brand attitude represents the consumer’s global assessment of all brand stimuli, rather than their immediate reaction to the brand’s performance.

### 3.10.12 Satisfaction

Satisfaction is the consumer’s positive/negative response to the perceived service performance and the confirmation/disconfirmation of pre-purchase service expectations. Unlike the brand attitude, which represents a global assessment of all brand stimuli, satisfaction is the immediate response to the brand’s performance.

### 3.10.13 The Brand Verdict (SBV)

The brand verdict is the final decision and actionable response to the brand stimuli. In other words, the brand verdict is the consumer’s decision regarding future service patronage/boycotting and results from the overall positive or negative disposition toward the brand (brand attitude).
CHAPTER IV
RESEARCH METHODOLOGY

4.1 Research Design

A combination of Private sector, Nationalized and Public sector were studied to understand the external and internal perspective of banking service brands. This study undertook the design of descriptive research. Once the theoretical framework was developed, the data collection procedure was planned and executed. For the current study, both employees of the bank and customers of the bank were studied on their attitudes towards the banks.

4.2 Scale Development

As Indian literature on bank branding was limited, a few in-depth interviews were conducted with heads of corporate branding or marketing function /senior bank executives as well as bank employees to understand their perspective on bank branding. Scale development was based on the findings which emerged from these interviews and available literature as explained in the previous chapter on “Theoretical Framework”. Bank employees were probed on their understanding and evaluation of their organizations’ internal brand by pausing questions such as their pride in associating with the bank they are working for, their opinions on the strong and weak areas of the bank, on the organizational culture, opportunities for self developmental activities etc., Special care was taken in identifying the dimensions, which constitute the service brand identity. This method was helpful in achieving a general insight into bank branding apart from the insights received through extensive literature review (Dall'Olmo Riley and de Chernatony, 2000; Mitchell, 2002, Aurand etal, 2005). The scale was tested for reliability and validity by conducting a pilot study.

Scale for the measurement of external branding based on a study of customer perception of the brand was adapted from literature (Berry, 2000; Keller, 2003; Grace & O’Cass, 2006). The dimensions and variables which measure the external branding have been discussed in the previous chapter on “Theoretical Framework.” The suitability of the scale was checked
preliminarily by conducting a focus group discussion. The participants of the focus group discussion represented customers from different segments so as to understand their expectations from a bank and the problems they had with their current banks. This procedure assisted in concluding the dimensions on which customer based brand equity is constructed. The scale was adapted as the focus group discussion revealed similar dimensions for building a banking services brand. The scale was tested for reliability and validity by conducting a pilot study. Construct validity was confirmed by using the exploratory factor analysis and scale reliability was confirmed through Coefficient Alpha (Cronbach, 1951)

4.3 Sampling Plan for Customer Data Collection

The targeted sample size was 1500. 1800 questionnaires were distributed through personal contacts. 1532 filled questionnaires were collected from bank customers of which 1468 questionnaires were usable. The reason for collecting such a sample size was to get a representative sample which consists of all types of customers across all Socio Economic Classes (SEC) from all over India. The sample consisted of customers from different age groups, income and education.

4.4 Sampling Plan for Employee Data Collection

Responses from 778 bank employees were collected which constituted employees from 9 different banks. 112 questionnaires were collected physically while the rest 666 questionnaires were collected through emails and as data dumps (data collected in excel sheet format) from banks. Data was collected from private, foreign and public sector banks. The targeted sample size was 900 but only 778 were found to be usable as the rest were incomplete. Data was collected by briefing the top marketing heads of the bank or by briefing the branch heads in certain banks and through personal contacts with bank employees. The bank executives were briefed about the survey objectives in the covering letter and emails. In some banks were the data was collected internally by briefing the head of the marketing department, covering letter and questionnaire was sent as an internal mail. In certain other banks, branch heads were briefed about the study and data was collected by distributing questionnaires.
CHAPTER V
DATA ANALYSIS

Data was analyzed for two samples of respondents consisting of customers of banks and employees of banks.

5.1 Descriptive Statistics for customers:

The sample consisted of 1468 customers from different parts of India from 26 different banks operating in the country. 38% of the respondents were females and the rest were males. The respondents’ age belonged to all age groups above 18 years of age. 49% of the respondents were graduates. 25.7% were post graduates, 7.2% held professional qualifications, and 5.1% had finished 12th standard. 29.8% of the respondents were employed whereas the rest were self employed or housewives. 42.5% of the respondents had annual income below Rs. 4 lacs, 26.4% of the population had annual income between Rs. 4 lacs to Rs.8 lacs, 11.1% had annual income between Rs. 8 lakhs to Rs. 15 lakhs, 9.4% of the respondents had annual income between Rs. 15 lakhs to Rs. 50 lakhs, and 06% had annual income above Rs. 50 lakhs.

5.2 Descriptive statistics for employees

Employee sample consisted of employees of 3 public sector banks i.e., State Bank of India (SBI), Andhra Bank, Oriental Bank of Commerce, 3 private sector banks viz. ICICI Bank, Kotak Mahindra Bank and HDFC Bank and 3 foreign banks viz. HSBC Bank, Oman International Bank and Standard Chartered Bank. The sample consisted of employees of all age groups from their twenties to fifties and all educational background from graduates, post graduates and professionals, across different levels from staff, officers including top executives ranging to general managers and Asst/ vice presidents. 374 respondents belonged to private banks, 159 to public sector banks and 245 belonged to foreign banks.
5.3 Hypothesis Testing

<table>
<thead>
<tr>
<th>S No:</th>
<th>Alternate Hypotheses</th>
<th>Test</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>Internal brand factors such as bank’s corporate brand, reputation, modernity, effective human interface and perceived customer satisfaction can predict employee satisfaction.</td>
<td>Regression</td>
<td>Null hypothesis rejected</td>
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<tr>
<td>H1a</td>
<td>Employees overall evaluation of corporate brand has positive association with employee satisfaction</td>
<td>Correlation</td>
<td>Null hypothesis rejected</td>
</tr>
<tr>
<td>H1b</td>
<td>Reputation of the bank has positive association with employee satisfaction</td>
<td>Correlation</td>
<td>Null hypothesis rejected</td>
</tr>
<tr>
<td>H1c</td>
<td>Modernity of the bank has positive association with employee satisfaction</td>
<td>Correlation</td>
<td>Null hypothesis rejected</td>
</tr>
<tr>
<td>H1d</td>
<td>Effective human interface has positive association with employee satisfaction</td>
<td>Correlation</td>
<td>Null hypothesis rejected</td>
</tr>
<tr>
<td>H1e</td>
<td>Perceived customer satisfaction by employees has positive association with employee satisfaction.</td>
<td>Correlation</td>
<td>Null hypothesis rejected</td>
</tr>
<tr>
<td>H2</td>
<td>Brand name, price/value for money, servicescape, core service, employee service, feelings, self image congruence, controlled communication, uncontrolled communication, satisfaction and brand attitude together predict brand verdict</td>
<td>Regression</td>
<td>Null hypothesis rejected</td>
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<tr>
<td>H2a</td>
<td>Brand name has a positive association with customers’ brand verdict.</td>
<td>Correlation</td>
<td>Null hypothesis rejected</td>
</tr>
<tr>
<td>H2b</td>
<td>Price/Value for money has a positive association with customers’ brand verdict.</td>
<td>Correlation</td>
<td>Null hypothesis rejected</td>
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<tr>
<td>H2c</td>
<td>Servicescape has a positive association with customers’ brand verdict.</td>
<td>Correlation</td>
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<tr>
<td>H2d</td>
<td>Core Service has a positive association with customers’ brand verdict.</td>
<td>Correlation</td>
<td>Null hypothesis rejected</td>
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<tr>
<td>H2e</td>
<td>Employee Service has a positive association with customers’ brand verdict.</td>
<td>Correlation</td>
<td>Null hypothesis rejected</td>
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<tr>
<td>H2f</td>
<td>Feelings have a positive association with customers’ brand verdict.</td>
<td>Correlation</td>
<td>Null hypothesis rejected</td>
</tr>
<tr>
<td>H2g</td>
<td>Self image congruence has a positive association with customers’ brand verdict.</td>
<td>Correlation</td>
<td>Null hypothesis rejected</td>
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<tr>
<td>H2h</td>
<td>Controlled communications has a positive association with customers’ brand verdict.</td>
<td>Correlation</td>
<td>Null hypothesis rejected</td>
</tr>
<tr>
<td>H2i</td>
<td>Uncontrolled communication has a positive association with customers’ brand verdict.</td>
<td>Correlation</td>
<td>Null hypothesis rejected</td>
</tr>
<tr>
<td>H2j</td>
<td>Satisfaction has a positive association with customers’ brand verdict.</td>
<td>Correlation</td>
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<td></td>
<td></td>
<td></td>
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<td>-----------------------------------------------------------------</td>
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<tr>
<td>H2k</td>
<td>Brand attitude has a positive association with customers’ brand verdict.</td>
<td>Correlation</td>
<td>Null hypothesis rejected</td>
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<td>H3</td>
<td>There is significant association between the ownership type (whether private, public or foreign) and overall satisfaction of the employees.</td>
<td>Chi-square</td>
<td>Null hypothesis rejected</td>
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<tr>
<td>H4</td>
<td>Employees of private banks, public sector banks and foreign banks perceive their banks to be different from each other</td>
<td>One way ANOVA</td>
<td>Null hypothesis rejected</td>
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<tr>
<td>H5</td>
<td>There is significant difference across different demographic segments in their perception of overall evaluation of banks</td>
<td>One way ANOVA</td>
<td>Null Hypothesis accepted</td>
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</table>
CHAPTER VI
FINDINGS OF THE RESEARCH

1. Internal brand for banking services have been found to comprise of perceptions of bank employees on bank’s corporate brand, reputation, modernity, effective human interface and customer satisfaction. A high score achieved by the ratings by employees on these dimensions is an indicator of a healthy internal brand.

2. External brand for banking services has been found to comprise of perception of bank customers on bank’s brand name, price/value for money, servicescape, core service, employee service, feelings, self-image congruence, controlled communications, uncontrolled communications, satisfaction, brand attitude and brand verdict. A high score achieved from the ratings by customers on these dimensions is an indicator of a healthy external brand.

3. Overall perception of employees in private banks, public sector banks and foreign banks were found to be different from each other. It was found that the employees perceive the banks different in terms of corporate brand, reputation, modernity of the bank, effective human interface and customer satisfaction.

4. The ownership of the bank i.e., whether the bank is a private, public, or foreign one is a good predictor of overall satisfaction of employees. Ownership type of the bank has been found as an influencing factor in the overall satisfaction of the employees. Overall satisfaction being a good indicator of a healthy internal brand, we can infer that ownership of the banks has been found to be a factor differentiating internal branding in banks.

5. Overall brand evaluation of customers does not differ across private, public and foreign banks based on their demographic factors such as age, income and educational qualifications. In other words demographic segment perceive the banks to be similar to comparison with each other.

6. Overall brand verdict of the customer is positively associated to the expectations generated in the minds of the customer through the brand name of the bank. Positive brand associations that comes to the mind of the customer while hearing the brand name of the bank has been found to have an association with the overall brand verdict.
7. Overall brand verdict is positively associated to the perception of customers on price/value for money for that particular bank. When the customers perceive that the bank provides higher value for money, the overall brand verdict has been found to go up.

8. Overall brand verdict has a positive association with servicescape/ambience of the bank. A pleasing servicescape or ambience inside the banks has been found to associate with overall brand verdict. Servicescape consists of physical facilities inside the branches, visual attractiveness of the interiors of the branches, neat appearance of the employees and up-to-date facilities available in the bank. However it has been found that an increase in servicescape or ambience inside the banks may not create a subsequent significant increase in the overall brand verdict. In short, a good servicescape is appreciated by the Indian customer but has not been found mandatory by them in evaluating the bank overall.

9. Core service has a large positive association with overall brand verdict of banks. Core service is the basic service provided by the banks such as saving account, current account, investment services, loans etc., Customers satisfaction towards these services have been found to have a high association with customers overall brand verdict.

10. Employee service has a positive association with overall brand verdict. Customers’ rating on prompt attention extended to them, willingness of the employees in helping customers, trustworthiness and politeness of the employees have been found as components of employee service.

11. Positive feelings generated in the minds of customers has positive association with overall brand verdict of the bank by the customer. Feelings expressed can be happiness, pleasure, confidence etc., or irritation, frustration or nervousness etc. Negative feelings were given reverse codes so that both positive and negative feelings could be measured on the same scale.

12. Self Image congruence has been found to have positive association with overall brand verdict. This finding establishes the connection between self expressive benefit perceived by customers and his/her overall brand verdict. The customers’ perception that the image of the banks is in consistent with his/her image and his/her perception that customers similar to him/her use the bank has been found to have a positive association with overall brand verdict.
13. Controlled communication (integrated marketing communication) has been found to have a positive association with overall brand verdict. Controlled communication consist of the advertising and promotions of the bank, and customer perception on this dimension when measured on whether the customers like the advertising and promotions from the bank, whether they react favourable to the controlled communication, and whether they feel positive towards the controlled communication of the bank and whether they rate the advertising and promotions of the bank good.

14. Uncontrolled communication such as the public image of the bank and recommendation from opinion leaders such as family and friends of the customers has been found to have small association with overall brand verdict. This finding leads to the conclusion that publicity about the bank and opinions of friends and family of the customer on the bank has only a mild effect on overall brand verdict of the customer about the bank.

15. Customer satisfaction has been found to have a positive association with the overall brand verdict. The customers’ perception that the he/she is satisfied with the service provided by the bank, his/her perception that the bank provides a satisfying experience and the reinforcement that he/she took the right decision in choosing the bank comprises of satisfaction as a dimension. It has been found that higher customer satisfaction scores lead to higher overall brand verdict scores.

16. Brand attitude has been found to have a positive association with overall brand verdict. Customers’ attitude towards the bank brand as nice, very attractive, desirable, extremely likable has been found to be consisting of brand attitude.

17. Brand name, price/ value for money, core service, feelings, feelings, uncontrolled communication, customer satisfaction, and brand attitude have been found to predict the variations in overall brand verdict.
CHAPTER VII

CONCLUSIONS AND RECOMMENDATIONS

7.1 Conclusions

1. This research study concluded that while building a services brand, firms should focus on building both the internal and external brand by instilling in employees a strong attachment to the brand and developing a strong customer base by strengthening the brand’s relationship with the customers and ensuring customer loyalty.

2. It has been concluded that for effectively conducting a service brand audit, a service brand organization should conduct internal as well as external brand audit.

3. The study led to the understanding that employee satisfaction and customer satisfaction are the antecedents for a strong internal and external brand respectively.

4. The study concluded that the service branding theoretical framework proposed is suitable for measuring the brand strength of banking services. The theoretical framework proposed that a banking services brand consists of internal and external brand.

5. The study concluded that internal brand of banking services consists of factors such as the bank’s corporate brand, reputation, modernity, effective human interface and customer satisfaction.

6. The study concluded that the external brand of banking services consists of brand name, price/value for money, servicescape, core service, employee service, feelings, self-image congruence, controlled communications, uncontrolled communications, satisfaction, brand attitude and brand verdict.

7. Building a strong service brand ensures customer and employee satisfaction which can be leveraged in marketing the services of the bank effectively.

8. The study concluded that employees of private, public and foreign banks perceive their banks to be different from each other on internal brand dimensions.

9. The study concluded that customers of private, public and foreign banks found their banks to be similar across different service brand dimensions.
7.2 Recommendations

1. Banks should concentrate on both employee satisfaction and customer satisfaction to create strong brands.
2. Employee satisfaction has been found to be an outcome of internal branding of the bank which consists of good organizational culture, good value proposition of the bank and employee satisfaction through performance rewards, self developmental activities, creating an effective human interface system and building the overall reputation of the bank consistently. Banks should concentrate on developing a strong internal brand as part of their brand building activities.
3. Overall brand verdict has been found to be significantly impacted by the delivery of effective core service, delivering the customer value for money. Hence banks should concentrate on superior service quality.
4. Creating colorful imagery in the minds of the customer through integrated marketing communications and uncontrolled communication such as publicity and opinions of family and friends, achieving customer satisfaction and developing a strong brand attitude. It is recommended that banks should concentrate on the above dimensions to create a strong external brand.

7.3 Limitations

1. The questionnaires used for both the surveys were prepared in English. Language used in the questionnaire did not pose a problem for the employee survey but for the customer survey, it posed a problem in collecting data from customers who did not understand the language. This may have resulted in a non inclusion of those bank customers who do not have proficiency in the language especially rural customers.
2. The study has not included co-operative banks as their value proposition has been found to be unmatchable with many service branding dimensions which is stated in the theoretical framework.
3. The sampling method used in the study is judgment sampling. Random sampling of bank customers should have been a better method but the fact that there were no databases available on bank customers so that they could be picked randomly or selecting any customer through any other method which would have resulted in random sampling would have been tedious and impractical.

7.4 Managerial implications

1. This research is relevant to services brand industry and specially banking industry as it provides a methodology for effectively measuring customer as well as employee based brand equity.

2. Effective brand management requires that employees should internalize the brand meaning well and external customers should have positive brand associations as well as brand experiences.

3. Price value of money, core service, initiating positive feeling, controlled and uncontrolled communication, customer satisfaction and overall positive brand attitude are identified as the drivers for a positive brand verdict from customers. These factors cannot be ignored in bank brand creation.

4. The internal brand for banking services has been found to consist of banks’ corporate brand, reputation, modernity, effective human interface and customer satisfaction. Banks should focus on building these factors for creating a strong internal brand.

5. The study has contributed a branding model for banks in particular and services industries in general with both internal and external brand as components of service brand. The model has further explained the components of external and internal brand.

6. The study has also revealed that banks have to create service brands which will lead to positive verdict from customers which can enhance in marketing the bank more effectively.

7. Building a strong brand in the banking services has been found to be critical in marketing the banking services effectively. Hence banks in India should focus on building successful service brands.
7.5 Future Research Potential

This study can be further extended to more detailed theoretical framework which includes the role of brand centered HR activities in participation with the marketing department to in creating strong internal brands. In future the linkage between external and internal brand can be established. In this study both internal and external brand equity has been measured separately and no mathematical modeling has been provided which can explain service brand equity through a combination of both external and internal brand.
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