CHAPTER – II

LITERATURE REVIEW

This chapter reviews the literature relevant to the subject matter of this present research. The literature survey is presented in seven sections with each section reviewing pertinent empirical studies conducted abroad and in India.

Section 2.1: Traces the theoretical framework and research on Branding.

Section 2.2: Provides an outline of Emotional Branding.

Section 2.3: Brings out the research developments in the service industry.

Section 2.4: Presents the research works related to the banking industry.

Section 2.4: Deals with the research work relevant to Brand Loyalty.

Section 2.6: Outlines the focus of the present research.

Section 2.7: Enumerates the research questions to be addressed by this thesis.
2.1 RESEARCH ON BRANDING

Branding is a dynamic concept and extant research has been done on concepts of Branding. Various authors have defined a Brand as different notions and earlier definitions have treated a Brand as a form of identity or legal ownership.

American Marketing Association (1960) has defined brand as “A name, term, sign, symbol or design or a combination of them, intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors.”

Broadbent and Cooper (1987) have considered branding as adopting a mark to designate legal ownership.

According to Brown (1992), “A brand is nothing more or less than the sum of all the mental connections people have around it.”

Kapferer (1992) has defined a brand as “A brand is not a product. It is the product’s essence, its meaning and its direction and it defines its identity in time and space.

According to Crainer (1995), branding is a legal statement of ownership.
Slowly the concept of Branding evolved as an important tool in marketing decisions. Brand has been identified as a strategic tool and as a multidimensional construct. This becomes evident from the contributions of the authors quoted below.

Aaker (1996) has defined branding in the terms of Brand Personality as a strategic tool “can help brand strategists by enriching their understanding of people’s perceptions of and attitude toward the brand.”

De Chernatony and Riley (1998) have asserted, “A brand is a multidimensional construct whereby managers augment products or services with values and facilitates the process by which consumers confidently recognise and appreciate these values.”

Venable, Rose, Bush and Gilbert (2005) have said that dimensions of Brand Personality for a non-profit organisation are integrity, nurturance, sophistication and ruggedness.

The importance of service industries was realised by the companies. This led to branding of services, which is evident from the words of Schimmoller Brian (1998) who has said that “Electricity companies are latching on to the branding concepts, hoping that consumers can develop similar products and company allegiances with electricity and its providers.”

Branding of services is different from branding products. O’Cass and Grace (2003) in their article on Service brand associations have asserted that
for branded services word – of – mouth, servicescape and employees were important dimensions.

Vallaster and de Chernatony (2005) have implied that employees of a service brand are ultimately responsible for delivering the brand promise of the service brand and they are the critically important constituent of the service brand.

Schultz (2007) has asserted that service-based branding is radically different from product-based branding. He further states that customers help in creating the brand and not just the marketers.

Companies recognised the need to focus on the social responsibility which was expected by the customers from the brands. The consumers expect something more than the mere benefits as a product. They try to identify how a brand really gets itself associated with the society.

Keller (1998) has discussed the branding perspectives on social marketing as “Branding may provide an important function in social marketing programmes by helping individuals to communicate and signal to themselves as well as others that they are engaging in desirable behaviours so that are better able to realise more immediate benefits and receive positive reinforcement.”
According to Holt (2002), “Brands will be trusted to serve as cultural source materials when their sponsors have demonstrated that they shoulder civic responsibilities as would a community pillar.”

The concepts of branding moved towards brand associations. Janiszewiski and Van Ossalaer (2000) in their article about Brand - Quality associations have said that “impact of a brand name on consumer evaluations and choice depends to a large extent on the strength of predictive associations between brand names and performance (or any other benefit).”

According to George and Charles (2000) “brand image is an important dimension of brand association. Further brand associations differ across brands and product categories. Brand familiarity influenced the dimensions of brand associations.”

Consumers tend to associate themselves with the brands they use. In the words of Schultz (2002), “it’s the people who are involved in the brand that own the brand. And the way they act in the market place defines what the brand will be… They’re the ones who will create the brand experience and who will deliver the brand value proposition.”

According to John and Loken (2002), “consumers tend to associate a brand with a particular attribute or feature, usage situation, product spokesperson, or logo.”
According to Usunier and Cestre (2007), “Consumers make stereotypical associations between products and countries based on their perceptions of a country’s know-how and reputation relative to the design, manufacturing, or branding of particular generic goods.”

The above statement has been supported by Power and Hauge (2008) in their article that today’s consumers develop deep personal relationships to brands and their histories.

Brand Community is another concept which has been discussed by a few authors. Muniz and O’Guinn (2001) have identified an idea of brand community. According to them a brand community is specialised, non-geographically bound, based on a structured set of social relations among admirers of a brand. They further confirm that brand communities exhibit shared consciousness, rituals and traditions and a sense of moral responsibility.

Research in terms of brand equity talks about Employee branding, trust, etc. Keller (2003) has pointed out that marketers must link their brands to people (employees, endorsers), places (country of origin, channels), things (events, causes) or other brands (Extensions, company, ingredients, alliances) to improve their brand equity.

According to Srivatsa and Mookerjee (2004), “the key determinants of brand equity of high-tech industrial products are perceived value and trust.” They have identified performance indicators and tangibles as the drivers of
perceived value. Further they have identified credibility of the company, market acceptance of the product and reputation of alliance partners as the drivers of trust.

As the concept of Relationship marketing emerged companies started focusing on CRM initiatives. Riley and de Chernatony (2000) have indicated that branding and relationship marketing are independent and could possibly be seen as two stages of the same process.

Hamlin and Wilson (2004) have empirically supported the claim for the success in CRM initiatives of a company. It is important to attain a good ‘fit’ in terms of positioning and objectives of product and charity.

As the companies have realised that the customers play a vital role in the success of a brand, the Branding strategies have begun to focus on the views of the customers. Keeney (2000) has said that “Consumers have a visceral to the brands they prefer. To some degree, the brands people prefer transcend their product attributes and benefits.”

Consumers in this millennium have realised the importance of branded products. John (2001) in his article has said that children have a growing awareness of their brands as they grow older. This awareness results in greater preference for branded items.

Consumer awareness on importance of ingredients of a product has led to ingredient branding. Desai and Keller (2001) have asserted the importance
of labeling or branding the ingredient attributes that constitute a new product. This ingredient branding has an impact on novel brand extension of a brand and future category expansion of the brand.

Children play a major influencing role in brand selection. Shi and Shanjay (2002) in their article about brand evaluations have said that adults and children evaluate brand extensions differently. According to them adults look for deep features like category similarity while children use surface features such as brand names like rhyming names.

Consumers prefer brands which provide a better image, which can be trusted and worthy to buy. Parson (2002) in his article on brand choice has said that “consumers tend to look for brands with greater symbolic benefits when purchasing gifts.”

Even perishable items are being branded now. Stanton and Herbst (2005) in their article on branding commodities like vegetables and fruits have said that, “consumers want to place their trust in branded companies to give their official endorsement that the product is indeed good and worthy of purchase.”

With many companies entering into international markets, consumers’ perception of a global brand determines its success. Klein (2002) in his article has told that that while entering into international markets, firms have to first understand how the current and prospective customers in the
international markets react to goods imported from a particular producer nation.

Marketers should understand the customers’ psychology before operating in a new product category. Eckhardt (2005) in his interpretive research on local pizza brand in India has revealed that consumers experience these brands as foreign which imply that a local brand operating in a product category that is perceived as foreign will only be considered as a foreign brand.

Companies entering into China have to understand the customers of that country. Hoffe Jason, Lane and Nam (2003) in their article about branding cars in China, have pointed out that consumers were often developing preferences based on emotional factors such as manufacturer’s image or what their friends thought.

The culture and perception of Chinese customers have to be taken into consideration by the companies in those markets. According to Henderson, Cote, Leong and Schmitt (2003), “in China and Singapore companies focus on design of visual brand stimuli. Further there is a significant relationship between the design and consumer responses which include positive effect, perception of quality, recognition, consensus in meaning and feng shui.”

Brand building in China has been highlighted in the two articles which follow. Crocker and Yi – Chung (2004), have identified that consumer insight, customer experience and coordination of all firm activities that
engage the customer would be the three critical domains for success of brands in China.

Tucker (2006) in his article on Brand Building in China has written that, “If Chinese companies manage to brand strategically with consumers in countries with completely different political systems this will prove we have entered a new frontier for branding and advertising.”


As the branding process is quite a challenging task, the involvement of statistical analysis in the concepts of branding has been realised. Guild (2003) has said that marketers can develop and deliver better brand messages more quickly and precisely by using statistical techniques from the social sciences.

Positioning strategies are important for the success of brands. Positioning a brand in the minds of the customers determine the sustainability of the brand in the competitive market. Blankson (2004) has identified service, value for money, brand name and top of the range as the popular positioning strategies of UK store card brands.
Similarly, Runyan and Huddleston (2006) in their research on branding in central districts of USA have identified that brand identity, business mix and community characteristics were essential for competitive advantage. Brand identity had a significant and positive effect for the success in those districts.

Authenticity is another positioning strategy. Beverland (2006) has identified the six attributes of authenticity in luxury wine trade as heritage and pedigree, stylistic consistency, quality commitments, relationship to place, method of production and downplaying commercial motives.

The pivotal role played by authenticity in branding process is given by Thompson, Rindfleisch and Arsel (2006) in their research analysis as “consumers avoid brands when their emotional – branding promises are viewed as inauthentic and conversely emotional - branding strategies succeed when they can function as an authenticating narrative for consumers’ identity projects.”

Brand image can help in better positioning. Smith (2004) has identified brand knowledge, power, fit and quality as the factors which influence sponsorship’s effect on brand image transfer among customers.

In the same lines of brand image, Hayden (2004) has said that “A brand, like a bell, should motivate people to take action with the expectation of a great result.”
The importance of brand positioning has been asserted from the words of Hollis (2005) that “A brand can work in opaque and mysterious ways. Instead of being directly controlled by its owner, it exists in the consumer minds. Every facet is subject to the consumer’s emotional response, interpretation and recall.”

Effective brand communication can build strong brands in the minds of the customers. According to Lindstrom (2005), “those brands that are communicating from a multi-sensory brand platform have the greatest likelihood of forming emotional connections between consumers and their product.”

Similarly good brand names have the ability to provide easy recall. Kohli, Harich and Leuthesser (2005) have pointed out that meaningful brand names that are associated with positive attributes or benefit of the product are easier to recall than non-meaningful brand names.

On-line trading is being widely done worldwide. Brand name in this trade is equally important. Tsao, Pitt and Berthon (2006), in their article have implied that effectiveness of brand name in on-line trading depends upon the prevailing market conditions for the brand, price, the extent of product differentiation and the magnitude of brand-building cost.

Joint branding and mergers and acquisitions are two major branding decisions followed by multinational companies. According to Lebar et al (2005), “Joint branding campaigns helped to increase a brand’s perceived
differentiation but also sometimes harmed perceived knowledge and esteem in the process.”

Jaju, Joiner and Reddy (2006) have discussed the importance of corporate branding decision in merger and acquisitions by saying that brand equity of corporate brands is often decreased as a result of M&A. The authors emphasise the need for companies to consider consumers’ reactions after post M&A.

Importance of brands and branding process is clearly spelt through the following narrations. Keller and Lehman (2006) have told that “Brands manifest their impact at three primary levels – customer market, product market, and financial market. The value accrued by these various benefits is often called brand equity.”

According to Schultz (2007a), “the brand is not a linear brand promise developed and delivered through impersonal, outbound mass media. All of that is supported by the current thinking on how the human mind works. There are neural networks inside the head – networks that evolve, change and adapt as one experience the various factors making up the brand.”

Aaker (2007) implies that Branding has the potential to own an innovation over time. It can add credibility and legitimacy to the innovation. It can enhance its visibility and make communication more feasible and effective.
All the marketing techniques and communication need not be successful. According to Gobe (2008), “some brands are not marketable, and no amount of advertising money will change that…. There is a negative reaction to obsessive and counterintuitive marketing techniques of some brands….The trend to ‘do whatever it takes’ to reach out to customers is so out of control that…”

India is considered as a potential market by global companies. At the same time Indian companies have been successful within the country and internationally. Schultz (2008) in the article on Branding in India has said that, “Indian Branding might be a force to be reckoned with….Real branding story is being developed slowly but surely in India.” They have stated that India and Indian organizations are rewriting the ways brands are considered, planned, developed and managed. Further they feel that Indian business approaches are unique and Indian companies have different views of how and where brands are built over time.

The same article has asserted that, “At the rate Indian companies are growing both domestically and globally, they are obviously doing some things right - may be branding is one of them.”

Thus the dynamic characteristics of branding have been researched and different authors have enlightened on the various concepts of branding.
2.2 EMOTIONAL BRANDING:

Brand positioning is the heart of marketing. In reality it is the consumers who do the positioning. According to Smith (1999) “Marketers bring brands from the factory, but it is the customers who position the brands in their minds, not the marketers”. Customers want the brands to be associated closely with their passions and life-style.

Focus on brand strategies based on consumer life-style, goals and dreams are essential in today’s scenario. This is possible through the application of “Emotional Branding” which emerged in the late 1990s. It is a new paradigm in brand management.

Travis (2000) has said, “A brand is like a bridge between you and the customers. How your customers feel about your brand isn’t a casual question. It is a crucial question. A brand is not a brand to you until it develops an emotional connection with you”. Some brands create emotional connections with the customers, while others leave them cold.

Gobe (2001) has asserted that branding strategies should be about mindshare and “Emotions Share” rather than market share. He also says that Branding is not about awareness only. Awareness is only part of the equation. According to him, Emotional Branding is a dynamic cocktail of anthropology, imagination, sensory experiences and visionary approach to change. It is a means of creating personal dialogue with consumers. It brings
a new layer of credibility by connecting powerfully with people on a personal and holistic level. A unique trust is established with the audience.

He further adds, “Commitment to product or institution, the pride we feel upon receiving a wonderful gift of a brand we love, having a positive shopping experience in an inspiring environment where someone knows our name or brings an unexpected cup of coffee—These feelings are at the core of emotional branding.” These feelings have the ability to create a bond with the brand which is similar to that in a human relationship or a friendship.

Marken (2003) in his book review has said that, “Emotional Branding will help you do a better job of ensuring customers feel good about your company….and its products. That’s where the branding begins. That’s where it ends.”

Roberts (2004) has asserted that “Emotional Branding is a consumer-centric, relational, story-driven approach to forging deep and enduring effective bonds between customers and brands.”

Harry Porter is a marketing marvel and is an excellent example for the emotional attachment it has created with its readers. According to Kentwertime (2006), “Strong brands have been proven to create an emotional attachment with the customers.”

The above literature serves as the basics of the emerging concept and application of Emotional Branding.
2.3 RESEARCH ON SERVICE INDUSTRY:

Myriad research has been done on service industries. Most of the research tries to analyse the customer evaluations on the quality of service delivered in the service industries. Service quality and service encounter are the important concepts of service marketing. These two concepts have been defined according to the following literature.

Delivering quality service means conforming to customer expectations on a consistent basis (Lewis and Booms 1983). In service industries customers spend more time and interact with the service provider directly.

According to Shostack (1985) “a period of time during which a consumer directly interacts with a service” is defined as Service Encounter. This definition includes all the aspects of the service firm, personnel, physical facilities and other tangible elements with which the consumer may interact.

According to Parasuraman, Zeithaml and Berry (1985), “Service Quality is more difficult for the consumer to evaluate than goods quality; quality evaluations are not made solely on the outcome of the service; they also involve evaluations of the process of the service delivery.”

Perceived Service Quality is defined by Parasuraman, Zeithaml and Berry (1988) as “the consumer’s judgment about a firm’s overall excellence or superiority.”
Lot of research is being done in the field of service industries. Service industries have focused on the quality of service rendered in order to survive competition. Thus Service Quality has become a great differentiator and the most powerful competitive weapon which many leading service organizations possess (Berry et al. 1988).

Evaluation of services is quite difficult. From the words of Parasuraman et al., (1991), delivering superior quality of service has been recognized as the most effective means of ensuring that a company’s offerings stand out from a crowd of look-alike competitive offerings.

According to Ofir and Simonson (2001), “unless buyers begin the evaluation with low expectations, they tend to focus during consumption primarily on negative aspects of product / service quality.”

Employees’ response to the customers can influence the evaluation of service quality. Douglas (2001) has asserted that, “the display of positive emotion by employees is positively related to customers’ positive affect following service encounters and to their evaluations of service quality.”

Similarly, Farrell, Soucon and Durden (2001) have said that customers’ service quality evaluations are based almost entirely upon the behaviour of the front-line employees.
Role of emotions in service evaluations cannot be ignored. This is indicated by Doucet (2004) in his article that, emotional contagion and other potential mediators of the relations between service provider behaviours and service quality should be examined by researchers.

The importance of service quality is brought out through this article. Ting and Layton (2004) in their research on Hotel Industry have stated that, “Service Quality is a core component of the service marketing strategy. Effective quality management of service starts from reliable and accurate measurement of customers’ perceived service quality.”

Effectiveness of service process is clearly indicated through the following articles. According to Kundu and Vora (2004) “Effective delivery of quality services involves finding customers, identifying their needs, and meeting or exceeding their expectations.”

Sachdev and Verma (2004) in their study across multi-sector industries have indicated that resource allocations that are consistent with consumer priorities can enhance effectiveness in service operations.

Good service process will be remembered by the customer. Brechbuhl (2004) in his article have said that “Services is about experiences: how they are perceived and how they are remembered.”

Trust is a vital aspect of any service industry. Yi-Ching and Shu-Ting (2004) have suggested that “interaction quality, physical environmental
quality and outcome quality had positive impact on customer trust and satisfaction.”

Quality relationship is essential in services marketing. Studer (2004) in his article on Health Care that “Creating a positive relationship takes three positive comments to balance every negative one.”

The above statement is agreed by Wen- Hung, Chiung-Ju and Yung-De (2006) in their research on Taiwan’s Information Services Industry. They have identified that “relationship quality has a positive influence on customer loyalty, regardless of relationship duration type.”

The importance of relationship in services is indicated by Jain and Jain (2006). They have identified trust, commitment, ethical practices, fulfillment of promises, mutual exchange, emotional bonding, personalisation, and customer orientation as the key elements in the relationship building process of any consumer-centric service firm.

Behaviour of the service provider can influence service evaluation by the customer. Ruoh- Nan and Lotz (2006) on their paper on Service Evaluations have said that, “actions of a service provider moderate the relationship between affective response to waiting and service evaluation experience.”

Jones (2007) has pointed out on the similar lines of the above article. According to him, “When a service provider fails to meet the expectations of
customers during a so-called service encounter, the resultant disconfirmation can lead to a series of negative outcomes such as defection and negative word – of – mouth.

Pei (2008) has conceptualized service quality in terms of four attributes of service namely – personal, operational, physical and merchandise. Customer loyalty has been indicated by visiting frequency and amount spent per visit.

The above review of literature throws light on a selective set of characteristics related to service industries.

2.4 RESEARCH IN BANKING INDUSTRY:

Banking industry is an important service industry. Even though there is no extant research on this industry, research is being done on quality of service in banks.

Customer satisfaction in banking industry has been studied by the researchers. Yuk-Lan and Kanji (2001) in their article on Hong Kong Retail Banking Industry have stated that customers’ attitude and perception should be assessed in order to measure customer satisfaction.

Eskildsen, Kristensen, Juhl and Ostergaard (2004) in their research in Denmark have identified that service quality is important for banks since the
overall effect of service quality on customer satisfaction and customer loyalty is large for bank customers.

Ming and Ing (2005) in their empirical study on the Taiwanese banking industry have discussed that, “from the customer aspect, service quality significantly influences customer satisfaction and customer satisfaction has direct influences on purchase intentions, but customer satisfaction does not significantly influence service quality.” They have also pointed out that service quality influenced purchase intentions more than customer satisfaction.

Gelade and Young (2005) have analysed “the role of customer satisfaction as a mediator between employee attitudes and sales performance” in the retail banking sector.

E-banking is a concept in vogue. Jayawardhena (2004) in his study on service quality has identified that “service quality in e-banking can be measured using twenty-one parsimonious measures spread across five dimensions namely, access, web-site interface, trust, attention and credibility.”

Along the lines of modern banking, Al-Hawari, Harley and Ward (2005) in their article have conceptualised automated service quality in banks as a five factor structure with ATM service quality, telephone banking service quality, internet banking service quality, core service quality and price quality as the constituents.
Banking industry in India has taken various transformations. Chaitanya (2005) in his article has brought out the Evolution of Marketing in Banks in India. Indian banking industry has undergone the period of Traditional banking till 1969; the period of Development banking has been from 1969 to 1990; since 1990 it has been a period of marketing of financial services and it has become more customer specific.

Indian banking industry has to go a long way in improving their services. Sharma and Mehta (2005), in their study on banking services in India have pointed out that “the banks have to reorient themselves in terms of the customer service parameters to instill the concept of quality service in the mind of the customer and therefore the growth.”

The above statement is asserted by Bhat (2005) in his study on service quality of banks in India. He has stated that, “efforts have to be made, to ensure that Indian Banks provide that level of quality service which exceeds the perceived expectations of customers.”

Bhat (2005a) in his empirical study on Indian banking industry has further indicated that “unlike western countries, the nature and frequency of studies in India service quality / customer service in banks is extremely limited.”

The experiences faced by the customer in the banks can determine the commitment of the customer towards the bank. Beaujean, Davidson and Madge (2006) have pointed out that, “After a positive experience, more than
85 percent of the customers increased their value to the bank by purchasing more products or investing more of their assets; just as tellingly, more than 70 percent reduced their commitment when things turned sour.”

People in a financial institution play a vital role. According to Adamson (2006), “each person in a financial institution affects public trust by their work, character, and commitment to high professional standards and ethics.”

Terris, Launder and Berry (2007) have reported that, “The borrowers have commented that the service quality in banks has decreased. According to the article only 50 percent of people, who pay off their loans, take out a second loan with the same lender.”

Need for branding in banks is stressed by Stephens (2008). According to him, “The sense of touch is another powerful way to reinforce in the minds of the customers, employees and community residents exactly what a bank’s brand stands for. A brand’s feel is the literal sensory experience someone has when he or she physically comes into contact with a brand.”

The above studies have highlighted some of the research works in the banking industry.
2.5 LOYALTY:

Loyalty is an important factor in marketing. A lot of research has been done to study various dimensions of loyalty. It has been termed as brand loyalty, customer loyalty or service loyalty in various contexts or sometimes used interchangeably across different industries.

Dimensions of service loyalty have been identified as given the following articles. De Ruyter, Wetzels and Bloemer (1998) have identified preference loyalty, price indifference loyalty and dissatisfaction loyalty as dimensions of service loyalty.

Bloemer, de Ruyter and Wetzels (1999) in their empirical research have identified purchase intentions, word – of – mouth, price sensitivity and complaining behaviour as the four dimensions of service loyalty.

Lee and Cunningham (2001) have indicated that service quality perceptions, transaction cost and switching cost are determinants of service loyalty.

According to Reynolds and Philips (2005), “…. Three components to defining loyalty: beliefs, behaviour, and the likelihood of these two factors remaining constant in the future.”

Response of the employees in solving the customers’ complaint can influence loyalty. Homburg and Frust (2005) in their article on complaint
management have said that, “immediately following a complaint, customers’ perception is so dominated by the way their complaint was treated that complaint satisfaction becomes the main driver of loyalty.”

Brand promises have to be authentic to get back customer loyalty. Schultz (2005) has said that “loyalty must flow both ways, with the customer being loyal to the brand and the brand being loyal to the customer.”

Behaviour of the employees in the service industries can influence loyalty. Liao and Chuang (2004) have pointed out that better employee performance was associated with higher customer satisfaction and increased customer loyalty. Both these factors had in turn determined customer retention.

In the lines of the above statement, Schultz (2006) has said that brand loyalty is created by the people and products. According to him, the marketing communication programmes alone cannot lead to a brand’s success. The frontline people are very important as they are the ones who create and deliver brand experience.

Consistent customer satisfaction can lead to customer loyalty. Sheue and Goo (2004) in their research on customer loyalty in Professional Service firms have claimed that customer satisfaction acts as a mediator between service quality and loyalty. They further state that “to create behaviourally loyal customers, movement along service quality; customer satisfaction and loyalty is necessary.”
According to O’Malley (2004), “Customer satisfaction is more short-term metric of an event while customer loyalty is, in effect, a long-term measurement of an ongoing experience.”

Two types of loyalty have been considered by Seiler (2005) namely behavioural loyalty and attitudinal loyalty. Behavioural loyalty is related to frequency amount and value of customers’ purchases. Attitudinal loyalty refers to the extent to which customers develop emotional attachments to a particular company and prefer its products or services over all others.

Buyer’s perception affects loyalty. Hsiu-Yuan and Li-Wei (2005) have said that level of loyalty to a specific brand is not only affected by buyer’s perceptions of the value of the brand to the buyer but also by the market structure. Market structure includes the number of competitive and imitation brands and the degree of brand differentiation in the market.

According to Frischmann (2008) in the study on Brand Loyalty, “There is an unwritten contract today between customers and brands they buy. First, they expect companies to consistently deliver what they advertise. Second, they expect the companies they do business to treat them with respect and to be honorable and forthright.”

The burgeoning research on brand loyalty implies the relevance of brand building strategies across all industries.
2.6 FOCUS OF THIS RESEARCH:

Research on service industries have talked about the role and the significance of emotions in the service processes. The service personnel (human element) in an organization have been identified as crucial to the emotional connection and development of a long-term relationship with the customer (Kandampully 1998).

Great service brands like Visa, Meridien, Marriott’s, Taj Hotels etc. have established an emotional connection with customers. These brands have reached beyond a purely rational and economic message. They have created a personally rich experience. They have induced a spark in customer feelings, affection and trust. When there is authenticity and innovativeness in the service provided, the customers are touched emotionally by the caring service experiences. Then, the brand is elevated beyond price, features and benefits to a higher level of meaning – customer commitment. As retired advertising executive Charlotte Beers has been quoted: ‘The truth is, what makes a brand powerful is the emotional involvement of customers’ (Berry & Lampo 2004).

Emotions are integral part of any service industry. According to Thurau Hennig, Groth, Paul & Gremier (2006), “Emotions that customers experience during service encounters play crucial roles and directly affect the success of service relationships.” Customer emotions appear to be the key drivers of rapport with employees. This ultimately leads to customer satisfaction and also loyalty intentions. Hence service organizations may
benefit from focusing their attention on increasing positive customer emotions. This recommendation is consistent with emerging literature on customer delight (Rust and Oliver 2000), which stresses the emotional component of customer service evaluations.

Service encounters include all the physical facilities and tangible elements also which the customer interacts directly. Online transactions also play an important role in the present business world. Case in point is the observation made by Nelson and Kevin (2003), “as the number of purely online start-up businesses increases and organizations complement their existing business by ‘going online’, it is important to understand how the transactions between customers and service providers is affected on the web.” They have further stated that by identifying the antecedents of customer satisfaction with electronic service encounters, online service providers will be able to consistently satisfy their customers in order to establish and maintain enduring relationships.

Labour intensive service brands involve direct customer interaction to a greater extent. Services like medical help, insurance, banking, hairstyling, beauty parlour, automobile repair, etc. are delivered periodically. Customers feel these services to be intimate and important. Evaluation of these credential services is quite complex. Trust and confidence towards the service provider is all the more important in these cases.

Berry & Lampo (2004) have said, “Services that are highly interactive lend themselves particularly well to an emotion – based brand positioning.”
They further say that, when customers use words like ‘love’ and ‘amazing’ to describe service providers, they are conveying a high – and unusual – level of commitment to a commercial relationship. It indicates that the brand has become personal and important to them. Then the customers are not just loyal customers; they are advocates who are prepared to do their part to sustain the relationship.

Service organisations create a blue print to map their service processes. While creating this blue print it is essential to look into the process from the shoes of the customer. While doing so the service provider would be able to capture the key points which would touch the customer emotionally. According to Crosby & Johnson (2005), “Emotions are integral to customer loyalty. Strong emotions towards a product / service can build a high barrier for competitors to surmount.” They have further stated that rational benefits are vulnerable to being copied by competition, but emotional bonds are much more difficult to break. Emotions are the strongest glue for building relationships and loyalty. It is a challenge that only a few companies can master.

Simms (2006) has also asserted that, the customers’ emotional loyalty is much stronger than companies believe. Investment in expensive research techniques or pointless customer relationship management systems would not improve customer service, but the best way is to experience the company and its products and services as a customer would. Most people crave a more emotional and reassuring connection with the companies from which they
buy. People prefer to buy from brands they like, making bad service unsustainable.

The importance of emotional bonding has been articulated by other authors also. According to Hall (2005), “the delivery side of the organization must become as intentional as the marketing side in embedding an emotional tie into the customer experience. The possibilities are endless, but at the end of the day the emotional connection must come from the combination of the product, price and delivery.”

The importance of emotional bonding has been reiterated. Mckenna (2005) has argued “You can’t buy a person’s loyalty. True loyalty is created through an emotional bond and through the heart, not the wallet. Emotional bonds can only be established through people not products.”

The above theory is repeated by Pawle and Cooper (2006). They assert that strongest foundations of consumer brand relationship are emotional, because foundations of consumer behaviour are emotional.

There is a lot of theoretical evidence endorsing the role of emotional bonds or emotional connections in service industries. But there is no empirical research to measure the extent to which emotional attachment influence brand loyalty. Emotional attachment has not been measured using any scale in service industries.
With the concept of Emotional Branding having gained a legitimate place in marketing, the need for a model to better understand the functioning of emotional brands in service industry is essential. Similarly extant research has been done on service quality and a few researches on service encounter satisfaction. But, there is no evidence to prove the relationship between service encounter satisfaction and service quality. Bitner (1990) has confirmed the same by saying, “A close relationship does exist between Service Encounter Satisfaction and Perceived Service Quality, but empirical research to substantiate this relationship is lacking.”

This research initiative is an attempt to build a model which would facilitate the measurement of Emotional Attachment in building Emotional Brands. The model also tries to prove the statistical association between service encounter satisfaction and service quality, which has helped in the formation of a new service evaluation index.

The banking industry in India is undergoing a lot of reformations and banks are trying to re-position themselves to meet the needs of the potential customers. These developments indicate that the process of branding in banks is slowly entering into India. This research with specific reference to banking industry in India would lead to pragmatic implications in their brand building activities. The banks would be in a position to analyse their strengths and weaknesses in the process of developing themselves into a strong Emotional Brand.
2.7 RESEARCH QUESTIONS FOR THIS PRESENT STUDY

From the integrated perspective of the research scenario portrayed so far, the following relevant research questions have emerged for this study:

1. Is there any relationship between service encounter satisfaction and service quality?
2. Are service encounter satisfaction and service quality statistically associated?
3. Does service encounter satisfaction have any impact on building emotional brand?
4. Does service encounter satisfaction have any impact on emotional attachment?
5. Does service quality have any impact on building emotional brand?
6. Does service quality have any impact on emotional attachment?
7. Is there any relationship between emotional attachment and emotional brand?
8. What is the role of emotional attachment in building emotional brands from the aspect of service encounter satisfaction?
9. What is the role of emotional attachment in building emotional brands from the aspect of service quality?
10. Can service encounter satisfaction and service quality be combined together to study the impact of emotional attachment in building emotional brands?