CHAPTER III
THEORETICAL FRAMEWORK

3.1 Service Brand
This chapter discusses the theoretical framework of the study. The conceptual model based on the theoretical framework depicts the service brand as a combination internal and external brand. Factors which influence the internal and external brands have also been depicted in the conceptual model.
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) in Figure 14.

![Figure 14: Service Brand](image-url)

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 applied to banking, which 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 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). The conceptual model is depicted in the next page.
3.3.1 Conceptual Model for Banking Service Brands

Figure 15: Conceptual Framework for Banking Service Brands

3.3.2 Addressing the Gap through the Conceptual Framework
The Literature review and gap analysis revealed the absence of a service branding model which is built through internal and external branding. The absence of a methodology which measure service brand by the measurement of internal and external brand also came out through the literature review. These gaps are addressed through this study.

The conceptual model depicts the development of a service brand. A service brand has been conceptualized to be a combination of an internal and external brand. An organization which is capable of delivering brand promises through performance orientation which come alive through the commitment of employees, broadly described as the internal brand phenomena. Internal brand affects the performance of the service brand. The external brand is the connect, which the service brand shares with its customers. External brand is captured as the way the customers perceive the service brand or the brand image. In this study, both the internal and external facets of service brand are studied. This theoretical framework is supported with evidence from literature (Hesket, 1987; Berry, 1987; Keller, 2000).

3.3.2.1 Services branding as a combination of internal and external branding

Service brands comprises of internal and external brand (Berry, 2000; de Chernatony et al, 2003). Internal brand has been conceptualized to be comprised of corporate brand, reputation of the organization, modernity of the organization, effective human interface and perceived customer satisfaction. It is proposed that internal brand factors influence employee satisfaction.

External brand factors are adapted from the study of Grace & O’Cass (2005) where service brand verdict is influenced by external brand factors such as brand name, price/value for money, core service, employee service, servicescape, feelings, self-image congruence, controlled communication, uncontrolled communication, brand attitude and customer satisfaction.

Hesket et al., (1987) proposed the concept of service profit chain. This concept suggested that satisfied and motivated employees produce satisfied customers and
satisfied customers tend to purchase more, which increases the revenue and profits for the organization. It is imperative for service organizations to work at constructs such as internal branding, employee engagement and service profit chain, as employees play a key role in service products’ marketing mix.

Berry (1987) suggested that service organizations need to practice internal marketing, not just external marketing. The author proposed that services marketing managers can facilitate marketing throughout the organization by taking formal steps to educate employees about the concept, purposes and applications of marketing. Marketing thinking should also be sold to the external customers and internal customers (employees). Services are as intangible to employees as it is to customers, branding helps employees to create a mental picture. The more the service providers internalize the concepts and values of the service, the more consistently and effectively they are likely to perform the service (Berry, 2000).

In the services sector employees have a greater impact on shaping a brand’s values (Berry, 2000) and the determination of brand values needs to be more attentive to their contribution (Heskett, 1987; Zeithaml and Bitner, 2003). Successful services-branding models would not stress on external orientation alone, as evident in goods branding, but rather have a balanced internal and external orientation (De Chernatony, Drury & Segal-Horn, 2003). De Chernatony (2001) proposed a strategic process to build integrated brands which adopts a balanced internal and external perspective. He argued for a well defined brand vision, reinforced by an organizational culture enabling a well defined brand essence to be delivered by committed and capable employees.

The relationship among employee-publics-organizational performance has been studied by many researchers. Employee-publics-organizational performance can be improved by creating synergy between the workplace and marketplace through various management practices (Rhee, 2004). For marketing scholars, integrating human resource and other supporting functions under marketing is suggested. Employees, who are in consensus with an organization’s brand are more likely to act
consistently in ways supporting how the organization hopes that external constituencies perceive it and its products/services (Aurand et al, 2005).

From the above it can be concluded that service brand comprises of internal and external brand. Details of the same are discusses in the subsequent section.

3.3.2.2 Internal brand

Internal marketing, employee branding and internal branding are used interchangeably in literature (Mitchell, 2002). 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). In the last decade or so, there has been a shift in emphasis from IM to internal branding, which takes more of an ‘inside out’, value-based approach. Barney (1991) stated that the roots of this approach can be traced to the resource-based view of strategy. 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) Aurand et al. (2005) suggested that by establishing effective systems for the management of human resources, an organization may engage its employees in its mission and plans (strategic, tactical and operational). 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; D’Innocenzo, 2002; Mitchell, 2002).

Groenroos (1981) and George (1990) pointed out that the objective of internal marketing is to “acquire customer-conscious employees”. In particular, Groenroos (1981) called for effective co-ordination and integration of functions vital to customer relations. In this approach, employees are not treated as customers; and the focus is on “creating customer orientation in employees through a process of influencing, rather than satisfying and motivating employees per se” (Rafiq and Ahmed, 2000, p. 452).
Davis (2001) argued that instead of treating internal marketing as a one-time program or campaign, it should be considered more as an on-going management strategy (p. 121). Internal marketing is seen as a method for “managing employees towards the achievement of organizational goals” (Rafiq and Ahmed, 2000, p. 452). Proponents of this approach suggest integration of multiple functions (e.g., human resources) under marketing (George, 1990; Glassman and McAfee, 1992; Winter, 1985). In this regard, Flipo (1986) pointed out the need to overcome conflicts and communication barriers among departments for effective strategy implementation. Aaker and Joachimssthaler (2000) recommended that managers need to be more brand literate.

Aaker (2004) wrote that the people of an organization, especially in a firm with a heavy service component, provide the basis for the corporate brand image. If they appear engaged, interested in customers, empowered, responsive, and competent, the corporate brand will tend to engender greater respect, liking, and ultimately loyalty.

Kunde (2000) stated that an organization needs a “corporate religion”, whereby all members believe the same things about the organization and share the same values.

Brands are clusters of functional and emotional values. (De Chernatony and Dall’Olmo Riley, 1998). Internalizing the brand through education, market specific research, customized advertising, and tracking each market’s performance is critical in services marketing (Berry, 2000). Gilly and Wolfinbarger (1998) found that employees are influenced by their company’s advertising. Hence, advertising of the company’s services are as important to employees as it is to the customers.

While companies promise excellent solutions through their products/services using marketing efforts and brilliant communication strategies, most of them fail to deliver excellence in real situations. Boon (2000) suggested that messages sent to employees about the brand are just as important as the ones sent to customers.

Gray’s (2006) study on benchmarking services branding practices identified that internal communications (internal marketing) should be improved to increase brand strength so that front line and professional staff are kept better informed about customer needs, market changes, and company initiatives thereby enabling staff to
help customer better. This includes internal marketing and personalization of the brand to help overcome the inherent problems of intangibility and complexity, particularly in the case of professional and business services, as well as investment in skills training. Together these practices also help to improve perceptions of service quality and satisfaction, as well as improved interpersonal relations with a variety of stakeholders, which are the important aspects of successful service brands (Riley and de Chernatony 2000; McDonald and de Chernatony 2001).

Internal brand has been conceptualized to be comprised of corporate brand, reputation of the organization, modernity of the organization, effective human interface and perceived customer satisfaction. It is proposed that internal brand factors influence employee satisfaction. The following section explains the internal branding dimensions proposed in this study.

3.3.2.2.1 Internal Brand: Dimensions

“Companies are learning that their brands stand or fall based on the internal relationship of employees as much as their external promises to customers” (Oakner, 2005.p.1). In the conceptual framework, internal brand factors such as corporate brand, reputation of the organization, modernity of the organization, effective human interface and perceived customer satisfaction are proposed to influence employee satisfaction.

**Corporate Brand:** Ettore (1996) suggested that organizations which exhibits inspirational leadership and top management commitment are considered to have strong corporate brands. Mitchell (2002) and Urde (2000) suggested that corporate brand represent whatever the organization stands for. Employees have an important role in the way customers’ perceive the corporate brand (Yaniv & Farkas, 2005). Employees understanding and assimilation of organizational values form positive perceptions about the corporate brand which can be transferred to other stakeholders (Yaniv & Farkas, 2005). De Chernatony & Harris (2000) suggested that corporate brand should be understood and internalized by the employees and other stakeholders. A corporate brand has been described as the immediate mental picture that audiences have of an organization (Balmer & Gray, 2003; Harris & De Chernatony, 2000).
Richardson & Bolesh (2002); Van der Walt et al (1996) suggested that the marketing mix of the organization influence the corporate brand. Corporate brand has been found central to the internal branding literature (Barney, 1991). Hence it is proposed that corporate brand forms an integral part of the internal brand and influences employee satisfaction.

**Reputation:** Reputation of the organization/ corporate reputation are created by the way the organization is managed and is associated with the image the organization holds among stakeholders (Ettore, 1996; Dollinger, 2003). Davies et al (2004) suggested that the way the employees perceive the reputation of the organization will influence their behavior towards it. Employees of organizations with strong reputation understand their commitment and role and perceive their organizations positively. Mastal (2001) noted that organizations with strong reputation use employees to humanize their organization. Management quality and ethics of the organization play significant role in the reputation of organizations. Social activities conducted by organizations whether it is CSR activities (Corporate Social Responsibility) or other public relation activities of the firm enhance the image of the firm. Devine & Halperin (2001) stated that corporate reputation acts as a gauge and gives an organization a sense of identity. For building corporate reputation communicating the organizations message with the stakeholders are important. Employees perceive an organization with good visibility to be reliable and strong (Donlon, 1998). Richardson & Bolesh (2002) stated that good organizations maintain their image by practicing high standards of practice, no matter what the circumstances are. Corporate reputations of the company where they are employed are important to employees and influence the employee satisfaction.

**Modernity:** Employees perceive modern organizations to be relevant and growing (Davies et al, 2004). Modern organization which embraces new technology is considered as progressive too. Employees feel that individual learning takes place in organizations which are modern and technologically progressive (Mercader et al, 2006). Berry (1987) demanded for high tech services in banking services. Internet banking and mobile banking are considered to be important for modern banking in
India (Chopra, 2006). Hence modernity of the organizations is considered important in employee perception of their internal brand in banking services.

**Effective Human Interface:** The relationship between the customer and the employees are crucial for both. The importance of employee customer interactions and the way it is imbibed in employees are important in internal branding (Mosley, 2007). Gill & Swann (2004) stated that in order to deliver customer satisfaction, employees need to interact efficiently. They should be able to act with capability and knowledge pertaining to the situation. This acts as a key feature for service organization where the employees play a key role. Successful employee-customer interactions (Aggarwal et al, 2005; Giacobbe et al, 2006) contribute to a higher sense of empathy in employees and leads to employee satisfaction just the way it assures customer satisfaction.

**Perceived Customer Satisfaction:** Employees, who regard customer satisfaction to be important, contribute better to the marketing of the organization’s products and services (Gill & Swann, 2004). Employees consider themselves to be key partners in value delivery in organizations where customer satisfaction is considered the most important (Kohli & Jaworski, 1990). Organizations where customers’ hold positive relationship are seen by employees as favorable and relevant (Richardson & Bolesh, 2002).

Hence it is concluded that employees consider a strong corporate brand which is modern, has good reputation, exhibits tangible human interfaces and perceived as offering high customer satisfaction as a strong internal brand. The indicator for a strong brand has been identified as employee satisfaction based on Hesket et al’s (1987) work. **These relationships are hypothesized as Hypothesis H1.**

Hypotheses 1 has been proposed based on the discussion on internal branding framework of the conceptual model. The hypothesis H1 proposes the influence of internal brand factors on employee satisfaction. The sub hypotheses H1a to H1e proposed the positive association of the internal brand factors on employee satisfaction. Both the Null and Alternate Hypotheses are listed below.
In the hypotheses H1, the association of independent and dependent variable have to be established first by correlation. Hence the sub hypotheses were formed and were listed below the hypothesis H1. Once the association was established, the extent of impact had to be established which was measured through multiple regression. Sub-hypotheses (numbered as H1a etc.,) were tested using correlation to establish association. In the case of H1, the extent of impact of the independent variables on the dependent variables was tested using regression.

**H10**: Internal brand factors such as bank’s corporate brand, reputation, modernity, effective human interface and perceived customer satisfaction do not predict employee satisfaction.

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

**H1a0**: Employees overall evaluation of corporate brand does not have positive association with employee satisfaction.

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

**H1b0**: Reputation of the bank does not have positive association with employee satisfaction

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

**H1c0**: Modernity of the bank does not have positive association with employee satisfaction.

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

**H1d0**: Effective human interface does not have positive association with employee satisfaction.

**H1d**: Effective human interface has positive association with employee satisfaction.
H1e: Perceived customer satisfaction by employees does not have positive association with employee satisfaction

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

The second hypothesis H2, proposed the influence of external brand factors on customers’ brand verdict. The sub hypotheses H2a to H2k propose a positive association between external brand factors and brand verdict. Both the Null and Alternate Hypotheses are listed below.

3.3.2.3 External Brand

An externally strong brand enjoys a strong imagery in the minds of its customers vis a vis its competitors. For services providers, corporate branding through consistent corporate image, as opposed to customizing a series of fragmented brands to 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 brand name, price/value for money, core service, employee service, servicescape, self-image congruence, feelings, controlled and uncontrolled communication, customer satisfaction and brand attitude. This study primarily featured retail settings and banking services. 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). The study proved that brand evidence which is comprised of brand name, price, servicescape, core service,
employee service, self image congruence and feeling influence customer satisfaction and brand attitude. The external brand dimensions are explained in detail in the following section.

3.3.2.3.1 External Brand: Dimensions

An externally strong brand enjoys a strong imagery in the minds of its customers vis a vis its competitors. As indicated earlier, this study has adopted the external brand framework of Grace and O’Cass (2005). Brand name, price/value for money, servicescape, core service, employee service, feelings, self image congruence, controlled communication (e.g., advertising), uncontrolled communication (e.g., non-paid publicity), brand attitude, customer satisfaction influence the brand verdict of customers in the service industry (Grace & O’Cass, 2005). Hence brand verdict is the dependent variable in the study and other variables are the independent variables.

**Brand Verdict:** Grace & O’Cass (2005) identified brand verdict, as the final decision of the customer towards the brand. The brand verdict is the final decision and actionable response to the brand (Grace & O’Cass, 2005). 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. They proposed and empirically verified that if the verdict about the brand is positive then future patronage intentions are likely, whereas if the verdict is not good then it is unlikely that patronage will occur in the future.

**Brand Name:** Brand name is important in consumer evaluations of brands and they assist in recalling brand benefits (Grace & O’Cass, 2005; Janiszewski & Van Osselaer, 2000; Keller, 1998) and making product inferences and evaluations (Zinkhan & Martin Jr., 1987). The brand name is the essential part of the brand and the foundation for marketing communication efforts (Aaker, 1993; Kohli, Harich & Leuthesser, 2005). In fact, it is argued that the brand name is more important when there is a lack of available information (as is often the case with services) due to the brand name becoming a surrogate for missing attribute information (Degeratu et al, 2000). Brand name is also considered as an asset for the company (Keller, 1993; Meyers-Levy et al., 1994)
Price/Value for Money: Price is an attribute of the brand that can often be evaluated prior to consumption. From the consumer’s perspective, price is much more than just a monetary figure (Grace & O’Cass, 2005). For the consumer, price is the perception of what is given up or sacrificed to obtain a product or service (Zeithaml, 1988) and is more aptly referred to as “perceived price”.

Servicescape: The physical setting where the services are performed is termed as the servicescape. The servicescape are tangible brand clues prior to purchase, but it is also evaluated and experienced during consumption. Likened to that of a product’s package, the service’s physical evidence provides a visual metaphor for a service firm’s total offering (Bitner, 1992). According to Bitner (1992), there are three composite dimensions such as ambient conditions, spatial layout and functionality, and signs, symbols and artifacts. Bitner (1992) argued that the service setting can affect consumers’ emotional, cognitive, and physiological responses, which in turn influence their evaluations and behaviors.

Core Service: The core services offered by the bank are evaluated by the customer at the basic level of evaluation (Grace & O’Cass, 2005). The core service refers to the processes by which the service is delivered. Service processes that inconvenience consumers through lengthy waits can result in the consumer evaluating the service as poor quality and feeling dissatisfied with the service encounters (Danaher and Mattson, 1998).

Employee Service: The employee service refers to the behaviors or performances of the employees in the delivery of the service (Johns, 1999). Bitner (1992) stated that an unresponsive service employee can also contribute to the consumer’s dissatisfaction where it can have negative impact on consumer evaluations. Service provided by the employees also affects customer satisfaction, perception of service quality (Crosby et al., 1990) and future consumption behavior (Chandon et al., 1997).

Feelings: Feelings consumers have towards the brand have an important role in consumer decision making (Babin & Babin, 1999. In services the physical cues being
limited, affective responses towards service providers influence service evaluations (Jayanti, 1995). Positive feeling towards the brand is considered as an antecedent for customer resonance (Keller, 1993). Grace & O’Cass (2005) argued that feelings have an influence in customer’s decision to use the brand in future (brand verdict).

Self Image Congruence: Keller (1998) argued that the personality and behavioral traits of both the product/service brand and the consumer are reflected through the user’s image, the usage situation and the brand’s personality. Greater the congruity between the brand-user-image and the consumer’s human characteristics that describe their actual or ideal self, the greater the preference for the brand (Belk, 1985; O’Cass & Lim, 2001; Quester et al , 2000; Sirgy, 1997). Sirgy et al (1997) argued that if the consumer perceives the brand user-image to be congruent with their own or ideal self-image, then product usage and brand attitudes is enhanced.

Controlled Communication: Communications that are controlled by the marketer and un-controlled by the market place are referred as controlled communications (Grace & O’Cass, 2005). For example, controlled communications include advertizing and promotion, while uncontrolled communications include word-of-mouth and non-paid publicity. Kempf and Smith, 1998 suggested that advertising affects attitudes, intentions and perceptions. Advertising helps in making the services tangible (Stafford and Day, 1995) and increase the likelihood of future purchase intentions.

Uncontrolled Communication: Uncontrolled communication involves ‘Word of Mouth’ (WOM) and non-paid publicity (Grace & O’Cass, 2005). Mangold et al (1999) suggested that un-controlled communications have more influence on purchase intentions and brand evaluation as they are more credible than advertising. ‘Word of Mouth’ is also considered to affect decisions of service consumers in terms of brand choice (Bansal & Voyer, 2000), performance perceptions and brand attitudes (Mangold et al, 1999). Research conducted by Berry (2000) indicated that word-of-mouth communications are common with services due to their intangible core. It is because, when the consequences of selecting the wrong service provider are severe, customers are especially eager for unbiased, experience-based information (Berry,
2000). So the word-of-mouth activity often is high, preceding a customer’s choice (Berry, 2000).

**Brand Attitude:** Brand attitude precedes the brand verdict and results from the consumer’s perceptions of and satisfaction with the brand stimuli (Grace & O’Cass, 2005). The brand attitude results from the consumer’s perceptions of their experience with the service brand’s dimensions (Yoo & Donthu, 2001; Low & Lamb Jr., 200; Grace & O’Cass, 2005). Positive brand attitude is vital to the long term success of the brand (Farr & Hollis, 1997) and are strong predictors of future behavioral intentions (Keller, 1998).

**Customer Satisfaction**

Satisfaction is the result of the ‘confirmation/disconfirmation’ of expectations in the post-consumption stage (Cronin Jr. & Taylor, 1992). Satisfaction is considered as a post purchase evaluation of both tangible and intangible features of the service brand (Grace & O’Cass, 2005)

Management theorists and chief executives have often argued that superior business performance depends critically on satisfying the customer (e.g. Heskett et al., 1997; Peters & Waterman, 1982). In the banking sector, Loveman (1998) found that higher customer satisfaction leads to increased cross-selling at the branch level, and Ittner and Larcker (1998) found customer satisfaction was a leading indicator of revenue, and growth in the customer base in bank branches.

External brand factors were adopted from the study of Grace & O’Cass (2005) where service brand verdict is influenced by external brand factors such as brand name, price/value for money, core service, employee service, servicescape, feelings, self-image congruence, controlled communication, uncontrolled communication, brand attitude and customer satisfaction.

**These relationships have been conceptualized as Hypothesis, H2**

In the hypotheses H2, the association of independent and dependent variable have to be established first by correlation. Hence the sub hypotheses were formed and were
listed below the hypothesis H2. Once the association was established, the extent of impact had to be established which was measured through multiple regression. Sub-hypotheses (numbered as H2a etc.,) were tested using correlation to establish association. In the case of H2, the extent of impact of the independent variables on the dependent variables was tested using regression.

**H2a.** Brand name, price/value for money, servicescape, core service, employee service, feelings, self image congruence, controlled communication, uncontrolled communication, satisfaction and brand attitude do not predict brand verdict

**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 does not have a positive association with customers’ brand verdict.  
**H2a:** Brand name has a positive and significant influence on customers’ brand verdict.

**H2b.** Price/Value for money does not have a positive association with customers’ brand verdict.  
**H2b:** Price/Value for money has a positive and significant influence on customers’ brand verdict.

**H2c.** Servicescape does not have a positive association with customers’ brand verdict.  
**H2c:** Servicescape has a positive and significant influence on customers’ brand verdict.

**H2d.** Core Service does not have a positive association with customers’ brand verdict.
H2d: Core Service has a positive and significant influence on customers’ brand verdict.

H2e0: Employee service does not have a positive association with customers’ brand verdict.

H2e: Employee Service has a positive and significant influence on customers’ brand verdict.

H2f0: Feelings do not have a positive association with customers’ brand verdict.

H2f: Feelings has a positive and significant influence on customers’ brand verdict.

H2g0: Self image congruence does not have a positive association with customers’ brand verdict.

H2g: Self image congruence has a positive and significant influence on customers’ brand verdict.

H2h0: Controlled communication does not have a positive association with customers’ brand verdict.

H2h: Controlled communication has a positive and significant influence on customers’ brand verdict.

H2i0: Uncontrolled communication does not have a positive association with customers’ brand verdict.
H2i: Uncontrolled communication has a positive and significant influence on customers’ brand verdict.

H2j0: Satisfaction does not have a positive association with customers’ brand verdict.

H2j: Satisfaction has a positive and significant influence on customers’ brand verdict.

H2k0: Brand attitude does not have a positive association with customers’ brand verdict.

H2k: Brand attitude has a positive and significant influence on customers’ brand verdict.

The next three hypotheses H3, H4 and H5 are based on the diagnostic sample characteristics of the study. The study has undertaken three different ownership types of banks viz. private, public sector and foreign banks.

Hypothesis H3 proposed the significant association between the ownership type and employee satisfaction or in other words whether ownership type is a good predictor of employee satisfaction. Both the Null and Alternate Hypotheses are listed below.

H30: There is no significant association between the ownership type (whether private, public or foreign) and overall satisfaction of the employees.

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

Hypotheses H4 proposed that employees of different types of banks perceive their banks to be different from each other. This hypothesis was formulated on the proposition that the private, public and foreign banks have varying organizational characteristics which contribute to internal branding. Through this hypothesis, the study investigates whether employees perceive the internal branding of these
organizations to be similar or different. Both the Null and Alternate Hypotheses are listed below.

**H4**: Employees of private banks, public sector banks and foreign banks perceive their banks to be similar to each other

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

Hypothesis H5 proposed that the different customer segments based on age, income, occupation and education perceive private, public and foreign bank differently in their overall evaluation of these banks. Both the Null and Alternate Hypotheses are listed below.

**H5**: There is no significant difference across different demographic segments in their perception of overall evaluation of banks

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

Hence, it can be concluded that the first two hypotheses, H1 and H2 investigate the theoretical framework of services branding and the next three hypotheses H3, H4 and H5 investigate the dynamics of private, public and foreign banks based on employee and customer perception towards their brands.

### 3.4 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 Operational Definitions

3.5.1 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

3.5.2 Branding

Endowing products and services with the power of a brand
3.5.3 Brand Associations
All brand related thoughts, feelings, perceptions, images, experiences, beliefs, attitudes, and so on which become linked to the brand node.

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

3.5.5 Brand Equity
The added value endowed to products and services by the brand name.

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

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

3.5.8 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).

3.5.9 Customer Based Brand Equity
The differential effect that brand knowledge has on a consumer response to the marketing of that brand.

3.5.10 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).

3.5.11 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.

3.5.12 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.

3.5.13 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) (Grace & O’Cass, 2005)