

Research Paper

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Branding of private banks with a focus on consumer behavior and emotional commitment

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Abstract

The present study examines the effects of consumer-based commercial branding of private banking brands on customers' emotional commitment. The results were obtained by examining the customer opinions of six private banks: Pasargad, Parsian, Eghtesad Novin, Karafarin, Saman and Sarmayeh. The research method was descriptive which was performed by survey method. The sample size of the research was 384 people, which was obtained by means of Cochran's formula based on an unknown statistical population. Sampling method was available. Data analysis was performed based on standard questionnaires. The validity of the questionnaires was evaluated based on content validity using experts' opinions, formally based on the views of a number of statistical and structural communities by factor analysis method, and validity was confirmed. The reliability of the questionnaires was estimated by Cronbach Alpha, respectively branding was 0.849, consumer behavior was 0.851 and emotional commitment was 0.733. Data analysis was performed at two levels of descriptive statistics and inferential statistics including structural equation modeling. The results showed that bank branding had an effect on consumer behavior with an impact factor of 0.67, consumer behavior had an effect on customer emotional commitment with an impact factor of 0.76, bank branding had an impact on customer emotional commitment with an impact factor of 0.48. On the other hand, bank branding indirectly had an effect on the customer emotional commitment with an impact factor of 0.50. In other words, consumer behavior has played a mediating role in the impact of bank branding on customer emotional commitment. Ultimately, it can be said that the dimensions of branding according to the power of effect on the consumer behavior are: perceived value, brand loyalty, brand image, brand performance, brand trust, brand compatibility.

Keywords:

Branding,
consumer behavior,
emotional commitment,
brand image,
brand loyalty,
brand performance

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Extended Abstract

Introduction

The globalization of the service industry and the free international economy have forced service companies and institutions to continuously upgrade and improve their competitiveness (Shokoohyar & et al, 2017), hence service companies such as financial and credit institutions have recently put more attention to customers on their agenda in order to improve these capabilities (Nadaf & et al, 2016). Financial experts believe that brand can create more value than usual, and the value of a branded product is higher than a non-branded one (Bozorg Khoo & et al, 2018). On one hand, because of the presence of competitors, new comer's threat, bargaining power and increasing level of consumer expectations, increasing technology upgrades, the use of new methods of production and service delivery have made the competition field of business more sophisticated than before. Therefore, in order to increase the awareness and provide productions to the customers and ultimately expand the market field; the organizations are bond to use new approaches (Roosta & et al, 2018). Branding is one of the ways to achieve this goal and brands play a special role in the development of cultures, business and individual decisions (Shirkavand & et al, 2017). Branding is a set of methods that give identity to a brand and distinguish it from other competitors. A successful brand is often synonymous with credibility and possesses significant intangible value. The results of brand modeling show that the perception of a brand leadership is actually more important than its uniqueness (Park, 2014). Emotional commitment to the brand has been described as the relative strength of the consumer's positive feelings toward a brand. In the marketing science, emotional commitment to brand is the continuous tendency of consumer to follow the relationship with the brand in such a way that the consumers normally like to establish a close emotional connection with the brand in which it has created a sense of joy and happiness (Momen & et al, 2015). The importance of emotional commitment is considered both to maintain and to develop relationships, because it creates a positive interaction between the company and the company's customers (Shahtahmasbi & Mazarei, 2020). As it is obvious, one of the characteristics of the Iranian banking industry is the great similarity of services provided by different banks. Banks have almost the same service portfolio so that the customer is not able to completely discriminate between banking services. Innovation in one bank is quickly applied in other banks. This intensity of new services by other banks has reached even less than a week. In such a situation, mental perceptions and attitudes strongly affect the way information interpretation and the type of behavior explanation towards a bank's marketing plans. (Abbaszadeh & etal, 2019) Therefore, the main issue of the present study is to examine the factors affecting and recent branding in the banking industry and the answer to the question that what effect branding of private banks with a focus on consumer behavior has on customers' emotional commitment?

Theoretical literature branding

Branding is adding the power of a brand to products and services. The product of the branding process is the creation of distinctions. Branding shapes the mental structures of consumers and helps them to organize information about products and services in a way that Have a clear purchase decision and be valuable to the company (Karimian & eyal, 2019).

Customer emotional commitment

Emotional commitment to the brand is derived from the customer's feelings, which indicates the customer's emotional relationship with the brand, and consists of the customer's judgment

and mentality about the board, regardless of its functional and instrumental features; and when the customer intends to repeat the purchase, evaluation plays a special role (Khodabandeh & Lindh, 2021). Emotional commitment also refers to attachment along with people's desire and then includes loving the relationship. When customers are emotionally committed to the provider of products and services, they, in fact, love the service provider psychologically and it is considered desirable for them in relation to him (Sharma & et al, 2020).

Mohajer (2021) conducted a study entitled Luxury Hotel Branding focusing on consumer behavior and brand equity. The statistical population was tourists staying in luxury hotels in Macau. Survey method and sampling method were available. The results showed that all four CBBE elements had a positive relationship with brand attitude and three of them directly on the willingness to buy. The tendency to buy is the interface between the four elements of CBBE and the intention to buy, and brand performance moderates the relationship between the brand attitude and the intention to buy.

Norouzi & et al (2021) conducted a study entitled assessing the effective factors on branding in Saipa Automotive Company using meta-analysis research method. The statistical sample included Saipa Automotive Company experts who were selected by available sampling method. Based on meta-analysis findings among brand personality outcomes, best variables of brand impact; customer satisfaction, communication quality, brand development, perceived value, brand loyalty, customer lifetime value and brand equity had the greatest effect.

Baghaienia & et al (2021) conducted a study entitled Analysis of effective factors in the internal branding of hotels in Yazd with a qualitative approach. The statistical sample was the executives of hotels in Yazd who were selected by purposive sampling. The results showed that the set of effective factors in domestic branding from the perspective of hotel executives includes training, monitoring, effective communication, effective meetings, customer orientation, leadership, selection and employment, compensation of services and quality of working life.

Methodology

The present study is applicable in terms of purpose, and descriptive correlative (structural equation modeling) in terms of data analysis. The statistical population of the present study consisted of all customers of six private banks of Pasargad, Parsian, Eghtesad Novin, Karafarin, Saman and Sarmayeh. Considering that the statistical population of the present study is unlimited, the statistical sample size of the research was 384 based on Morgan table. In this study, 384 questionnaires were distributed among customers using available sampling method. The standard branding questionnaire (Wahyuni & et al, 2019) was used to collect data. This questionnaire included 19 items and six components of brand loyalty, brand compatibility, perceived value, brand performance, brand trust and brand image. Consumer behavior variable was analyzed according to the standard questionnaire of Mothersbaugh & et al, (2020). This variable included 6 items and two components of tendency to change the brand and verbal recommendations. The variable of customer emotional commitment was analyzed by the Masternd questionnaire (Iglesias & et al, 2019), which includes 6 items.

Discussion and Results

In this research, the structural equation model has been used to brand private banks with a focus on consumer behavior and emotional commitment. The results of the first hypothesis showed that the power of the bank's branding effect on consumer behavior was equal to (0.67) which shows that the correlation is favorable. Significance statistic of the test was obtained 7.65, which is more than the critical value of t at the error level of 5% (1.96) and shows that

the observed correlation is significant. The second hypothesis showed that the strength of the effect of consumer behavior on customer emotional commitment is equal to (0.76), which shows that the correlation is desirable. Significance statistic of the test was obtained (8.74), which is more than the critical value of t at the error level of 5% (1.96) and shows that the observed correlation is significant. The third hypothesis showed that the strength of the effect of bank branding on customer emotional commitment is equal to (0.48) which shows that the correlation is favorable. Significance statistic of the test was obtained (5.46), which is more than the critical value of t at the error level of 5% (1.96) and shows that the observed correlation is significant. The fourth hypothesis showed that the power of direct impact of bank branding on customer emotional commitment was equal to (0.48). Significance test was also obtained (5.46). The power of indirect effect of bank branding on customer emotional commitment was calculated equal to (0.50). Considering that the power of indirect path is more than direct path, so the variable of consumer behavior has a mediating role in this regard.

Conclusion

The power of indirect effect of bank branding on customer emotional commitment was calculated equal to (0.50). Considering that the power of indirect path is more than direct path, so the variable of consumer behavior has a mediating role in this regard. Strong brands, always in the direction of promotion, strive for a deep relationship with consumers (Park & Kim, 2016). Maintaining a deep commitment to repeat purchases or reuse of services and continuously changing customer behavior in the future leads to change in customer behavior (Oliver, 2014) Loyalty is recognized as a strong commitment of repurchasing a superior product or service in the future (Buttle & Malkan, 2015) so that the same brand is purchased despite the potential marketing efforts and effects of competitors. From a relational perspective, the extension of customer retention leads to their loyalty and emotional commitment (Heding & et al, 2015). These results are consistent with the findings Mazraeh & et al (2021), and Yousf & Khurshid (2021).

In addition to tangible assets, bank managers must have a comprehensive plan for branding as intangible assets. According to the research results, brand performance has been identified as an improving point for banks in terms of branding; therefore, factors such as modern equipment and innovation in banking services and bank compatibility with customer conditions should be paid more attention. Banks also try to provide plans that guarantee the interests of customers and also provide services to them in the shortest possible time; therefore, to improve this index, bank managers in the field of branding should pay serious attention to financial and non-financial factors of customer value. The results show that managers should pay special attention to the dimensions of consumer behavior; including high-level advising others has a significant importance. Due to the obstacles and limitations of any research, the main limitation in the present study was the coordination with the managers and experts of the banking network to distribute the questionnaire and its time-consuming process. In the present study, branding in the banking network is with a consumer behavior approach. Therefore, future researchers are advised to study branding with social approaches as a focal point in social interactions; and also, obtain the dimensions of branding through interviews with key customers in order to achieve these factors from the perspective of these customers.