

# Effect of Brand on Customer Loyalty among SBI Banking Customers

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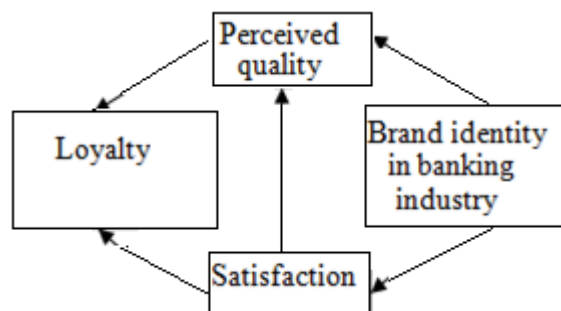
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**Abstract:** *In the banking sector, it is very important to keep current customers, which matter requires their satisfaction. If so, they will continue their relationship with the bank, a first step in staying loyal. Loyal customers will always give positive comments and recommendations about the bank to others. With strong branding, banks can attract customers and create customers' trust and loyalty to the bank. The present study examines the effect of brand on customer loyalty among SBI banking customers. The primary data were collected by distributing questionnaires among 75 customers (53 Males and 22 Females) of the SBI. The study focused on brand name, perceived quality, customer satisfaction and loyalty. Analysis was made by using various tools like percentage analysis, mean, standard deviation, co-efficient of variation. The result showed that customers of SBI is neither satisfied nor dissatisfied with the functioning of SBI. Which means the effect of brand on customer loyalty among SBI customers is average.*

**Keywords:** Brand name, Perceived quality, Loyalty, Customer satisfaction

## 1. Introduction

Today, Indian banking industry is the largest one in the world. Banks are the integral part of the financial system in India. The well developed Indian banking system plays an important role in the economic development of our country. State Bank of India is the leading public sector bank in India. In the current scenario, creating new customers and retaining the existing ones has become difficult tasks for banks. To meet the competition, creating satisfaction among customers has become the primary objective of each bank. Brand image has been assessed as an important antecedent of customer commitment and loyalty. Brands help banks achieving higher performance. A poor brand image will lead to disaster, and lose customers. Marketing exists to deliver more value to satisfy customers as well as build a long-term and mutually profitable relationship with customers. Loyal customers will always give positive comments and recommendations about the bank to others. With strong branding, banks can attract customers and create customers' trust and loyalty to the bank. Brand Name, Perceived quality, Customer satisfaction and Loyalty intention constraint are considered as very powerful tools in the field of marketing. This constraint has been studied previously also respectively in the abroad and within the nation also. The current study also focuses on Brand Name, Perceived quality, Customer satisfaction & loyalty intention of SBI banking customers.



**Figure 1:** Research Model which is derived from Esen Gurbuz model

The brand name is the practical concept of this model. The brand name has a direct and positive relationship with perceived quality of services and customer satisfaction. Therefore, companies should have a strong and powerful brand strategy and should protect it. Firms should achieve significant competitive advantage, implement marketing tactics, and relationships for strengthening the brand value. Finally, customer satisfaction and perceived quality will lead to customer loyalty.

### Objectives of the study

- To evaluate the brand effect on customer loyalty among the SBI Banking customers.
- To examine the perceived service quality and level of satisfaction of SBI customers.

## 2. Literature Review

According to Sivadas and Baker-Prewitt (2000), satisfaction also influences the likelihood of recommending a bank as well as repurchase. It fosters loyalty to the extent that it is a prerequisite for maintaining a favorable relative attitude and for recommending and repurchasing from the bank. Once customers recommend a financial institution, it fosters both repurchase and loyalty towards that financial institution. Thus the key to generating loyalty is to get customers to recommend a service provider to others. Also, customers are likely to recommend a service provider when they are satisfied with the services and when they have a favorable relative attitude towards that service provider.

Arokiasamy, A. et. al (2013) studied The Impact of Customer Satisfaction on Customer Loyalty and Intentions to Switch in the Banking Sector in Malaysia. The objective of the study was to find out the impact of customer satisfaction on customer loyalty and their intentions to switch banks. The researcher has prepared a questionnaire and collected response from 165 walk-in customers who had accounts with the banks serving in Ipoh, Perak, Malaysia. The results of the study indicated that there is a

positive correlation between customer satisfaction and customer loyalty but showed negative correlation with customer intentions to switch.

**Mittal, S. (2014)** studied Influence of the Demographic Variables on the Customer's Choice And Preference For A Particular Type Of Bank. The study uses a multi-method approach, a survey based on the profile of the customers for the banking industry in India. The objective was to identify the factors that have significant impact on the selection of the Bank. In the study 150 customers of State Bank of India (SBI) a public sector bank and 150 customers of Industrial Credit and Investment Corporation of India (ICICI) bank a private sector bank in India were studied. He found that demographic variables like age, education and occupation are highly significant and therefore, these variables significantly influence the customer's choice and preference for a particular type of bank.

**Pirzada.S.et.al. (2014)** studied Which Factors Influence the Customers Switching Behavior? (Evidence from the Customers of Banking Sector of Pakistan). The objective of the study was to identify factors influence customer's switching behavior specifically in banks. The researcher has developed a questionnaire and done survey from 200 customers having their bank accounts in different banks of Pakistan. The study revealed that the number of bank branches, the quality of services, profit or interest rates offered by banks to their customers directly impact the attitude and it drive intention to behave in a particular way of customers. If the profit or interest rate will not be higher than any other bank then this factor will create an intention to switch.

**Sondoh et al. (2007)** has studied about the effect of brand image on overall satisfaction and loyalty intention in the context of color cosmetic by distributing questionnaires to 97 female respondents in Malaysia. They used customer satisfaction as a mediating variable. It is found that positive brand image could influence customer loyalty so that they would repurchase more product or service and recommend others to buy as much as 41.8%. This study also shows that there was a positive relationship between brand image and customer loyalty as much as 35.8%. In addition, customer satisfaction could also lead to customer loyalty as much as 21.1%.

**Sodurland (2001)** says that these are two main categories of loyal customers. The first category is of loyal customers. Within the loyal category, there are satisfied and unsatisfied customers. The satisfaction is not an essential requirement of loyalty, so satisfied customers do not have to be loyal but there is a correlation between the satisfied customers and loyal customers.

**Yeboah and Addaney (2016)** found that, corporate rebranding among financial institutions had no significant effect on customer satisfaction. They identified unresolved issues such as congestion in the banking halls, insufficient number of tellers, malfunctioning of the ATM as the cause of the insignificant effect.

**Bonsu (2016)** also found rebranded customer service approaches had a negative effect on customer satisfaction in the banking industry, but organizational rebranding had no significant effect on customer satisfaction. Bonsu identified the lack of proper communication as the factor influencing the negative relationship between the rebranded customer service and customer satisfaction in the industry.

### 3. Research Methodology

Descriptive research design is used for the study. In this research, primary data were collected using questionnaires from 75 respondents. The questionnaire was designed based on proposed indices (indicators) of the Rita Martinson and Esen Gurbuz questionnaire. This questionnaire includes 20 standardized items (each question has 5 options as answers). Statistical population of this research included customers of the SBI. The sample was selected on the basis of convenience sampling method. The secondary data has been collected from various research articles, reports, leading newspapers, magazines, Journals, standard text books and websites.

There are four components such as brand name, perceived quality, satisfaction and loyalty are used for the study. The first part of the questionnaire containing the influence of brand name on customer loyalty of SBI with the possible responses of Highly dissatisfied, dissatisfied, neither satisfied nor dissatisfied, satisfied, highly satisfied.

### 4. Data Analysis

**Table 1:** Influence of Brand Name

| Q No. | Brand Name   | Mean | SD   | CV   |
|-------|--|------|------|------|
| 1     | Reputation and credibility of SBI compared with other banks                      | 3.60 | 1.03 | 29 % |
| 2     | Valuable services of SBI in return for its customer loyalty                      | 3.29 | 1.04 | 31 % |
| 3     | SBI provides appropriate and suitable services                                   | 3.32 | 0.87 | 26 % |
| 4     | Popularity of SBI among the friends of its customer                              | 3.75 | 1.05 | 28 % |
| 5     | The name of SBI is widely recognized   | 4.19 | 0.95 | 23 % |
| 6     | Using the SBI services is very attractive  | 3.52 | 1.07 | 30 % |
| 7     | Banking services of SBI are harmonious (coordinate) with its customers lifestyle | 3.45 | 1.00 | 29 % |

Out of seven propositions on the brand name of SBI, all proposition has a mean score of 3.29 to 3.75 on Likert 5 point scale (coded as 1,2,3,4,5), which means most of the respondents are having neither satisfied nor dissatisfied. But it shows the high SD which means respondents have varied opinion on the proposition which is well supported by its SD. Except in the case of proposition 5, the respondents have an opinion of satisfied with a mean score of 4.19, which shows relatively less SD of .95. The overall mean score of brand name on customer loyalty shows 3.59 so the component brand name of the SBI is neither satisfied nor dissatisfied.

The second part of the questionnaire contains the perceived quality of SBI. It includes 9 propositions.

**Table 2:** Perceived quality of SBI banking customers

| Q No. | Perceived Quality  | Mean | SD   | CV   |
|-------|--|------|------|------|
| 1     | SBI is equipped with modern technology and equipments                                | 3.81 | 0.83 | 0.22 |
| 2     | Structure of SBI is visually attractive  | 3.65 | 0.99 | 0.27 |
| 3     | Solving the customers problem when they faced problems because of lacking experience | 3.13 | 1.04 | 0.33 |
| 4     | The reliability of SBI for its various services                                      | 3.52 | 1.00 | 0.29 |
| 5     | Prompt and immediate banking services  | 3.52 | 1.14 | 0.32 |
| 6     | Staff willingness to help customers  | 3.31 | 1.13 | 0.34 |
| 7     | Good behavior of bank staff  | 3.36 | 1.18 | 0.35 |
| 8     | Bank staff has adequate and sufficient knowledge about bank services                 | 3.83 | 0.98 | 0.26 |
| 9     | The staff provides appropriate services at the right time                            | 3.27 | 1.09 | 0.34 |

Out of nine propositions on the perceived quality of SBI banking customers, all proposition has a mean score of 3.13 to 3.83 on Likert 5 point scale (coded as 1,2,3,4,5), which means most of the respondents are having neither satisfied nor dissatisfied. But it shows the high SD which means respondents have varied opinion on the proposition which is well supported by its SD. The overall mean score of perceived quality of SBI banking customers on customer loyalty shows 3.49 so the component perceived quality of the SBI banking customers is neither satisfied nor dissatisfied.

Third part of the questionnaire contains the propositions about the satisfaction level of SBI banking customers. It includes two propositions which related to the customer satisfaction that affect the customer loyalty.

**Table 3:** Customer satisfaction of SBI banking customers

| Q No. | Satisfaction                   | Mean | SD   | CV   |
|-------|--------------------------------|------|------|------|
| 1     | Satisfaction of SBI services   | 3.51 | 1.03 | 0.29 |
| 2     | Satisfaction of staff behavior | 3.41 | 1.01 | 0.30 |

Out of two propositions the satisfaction level of SBI banking customers are neither satisfied nor dissatisfied. The average mean score of customer satisfaction is 3.46.

The last part of the questionnaire about the loyalty of SBI banking customers.

**Table 4:** Brand Loyalty

| QNO. | Loyalty  | MEAN | SD   | CV   |
|------|--|------|------|------|
| 1    | Continuous use of SBI services                 | 3.43 | 1.05 | 0.31 |
| 2    | Recommend the SBI to friends and acquaintances | 3.43 | 1.03 | 0.30 |

Out of two propositions the satisfaction level of SBI banking customers are neither satisfied nor dissatisfied. The average mean score of customer satisfaction is 3.43.

## 5. Findings of the Study

The majority of the respondents (71%) were male, while 29% of the respondents were female. 56% of the respondents age group in between 20-30 years old. So most of the respondents are in young generation. Only 5% of the respondents are belonging to 50-60 years old. The overall mean score of brand name on customer loyalty of the SBI shows 3.59, so the component brand name of the SBI is

neither satisfied nor dissatisfied by the SBI customers. Perceived quality, in fact, is a relative concept and changes depending on the experiences and expectations of people. The overall mean score of perceived quality of SBI banking customers on customer loyalty shows 3.49 so the component perceived quality of the SBI banking customers is neither satisfied nor dissatisfied. And customer satisfaction and brand loyalty also show average mean score of 3.46, 3.43 respectively. The overall mean score of effect of brand on customer loyalty of SBI is 3.49. That means the customers of SBI is neither satisfied nor dissatisfied with the functioning of SBI.

## 6. Recommendations

Customer service is an essential factor that consumers are likely to evaluate when they avail banking services which influence the brand equity of SBI. In order to expand brand the SBI must pay special attention to building a good brand name, customer satisfaction, service quality, and brand loyalty as a part of their branding strategy. There for all the four factors, i.e. brand name, service quality, customer satisfaction and brand loyalty would play a very important role in shaping their brand popularity. It is very important to deliver good customer service that matches the expectation of customers. It is also essential that the bank should put in place the right kind of system to enhance customer service. The only such bank will tend to survive in the rat race for market share in the days to come.

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