Role of Branding in Commercial Banks with Multiple Regression Analysis

R. Shopiya

Abstract--- Branding has become one of the most important aspects of business strategy. Branding plays an important role because positive brands will enable customers to better visualize and understand products, reduce customers’ perceived risks in buying services, and help companies achieve sustained superior performance. In particular, brand image is a critical issue in the field of brand management. To measure the perception level of the customers, originally 49 statements have been used in the pilot study. It is expected that the independent variables of the sample customers would influence the perception level of the customers about their brand management in commercial banks. In this chapter, the perception level of the customers about their banks and brand management has been examined. In order to examine the perception level, required primary data have been collected by using questionnaire.

Keywords--- Branding, Commercial Banks, Regression Analysis.

I. INTRODUCTION

Branding has become one of the most important aspects of business strategy. Branding plays an important role because positive brands will enable customers to better visualize and understand products, reduce customers’ perceived risks in buying services, and help companies achieve sustained superior performance. In particular, brand image is a critical issue in the field of brand management. A good and effective brand normally has attributes which endure them to their loyal customers. According to Keller banks have understood the key to what makes them different: the relationship that develop between a customer and a banker under the support of the brand. A good brand name is critical in the financial services industry. It is important in the financial sector as it helps organize and label the myriad of new offerings in a manner that consumers can understand. Banks rely heavily on their reputation. After all, banking only works if the consumer is willing to trust the bank company with large sums of money.

II. QUANTIFICATION OF DATA AND MEASUREMENT OF PERCEPTION LEVEL OF THE CUSTOMERS

To measure the perception level of the customers, originally 49 statement have been used in the pilot study. On the basis of outcome of the pilot study and by using item analysis technique, two factors have been dropped. These statements were formed relating to Brand name, Service gap, Core service, Employee service, Self image congruence, Feeling, Controlled communication and uncontrolled communications. There components were contributed to perception score about the bank branding.

The sample customers are asked to respond to each statement relating to the customer perception towards brand management in commercial banks, using Rensis Likert’s 5 point rating scale ranging from ‘strongly agree’ to ‘strongly disagree’. If a customer is strongly agree with the statement, a scale value of 5 is assigned, scale value of 4 is assigned , if the response is well agree, 3 if the customer is neutral to some extent, 2 if the customer is disagree and 1 if the customer is strongly disagree. The total score for each sample customer from all 47 statements are calculated by using the above scoring procedure.

Table 1.1: Classification of Sample Customers by Perception Score

| Perception Level | Number of Customers | Per cent | Mean Score | S.D |
|------------------|---------------------|----------|------------|-----|
| Private sector banks | | | | |
| Low Level | 238 | 41.0 | 120.27 | 13.38 |
| High Level | 146 | 25.2 | 151.80 | 15.76 |
| Total | 384 | 66.2 | 132.26 | 20.97 |
| Public sector banks | | | | |
| Low Level | 145 | 25.0 | 120.37 | 14.32 |
| High Level | 51 | 8.8 | 154.92 | 16.56 |
| Total | 196 | 33.8 | 129.36 | 21.27 |

Figures in parentheses are percentage

An individual’s score is mere summation of scores secured from 47 statements of each sample customer. The scores of the sample customers range from 47 to 235. The average score is 141. Based on the average score, the sample customers have been grouped into two categories viz., Low Level (whose score is less than 141) and High Level (whose score is between 142 and 235). Classification of sample customers on the basis of their perception score are shown in Table 1.1.

Table 1.2: Brand Level: ‘Z’ Test

| Private sector | Mean | Mean | MD | SD | ‘Z’ Value | Result |
|----------------|------|------|----|----|----------|--------|
| 1 | 2 | 3 | 4 | 5(3÷4) | Significant |
| 131.36 | 133.56 | -2.2 | -0.385 | 5.714 |

| Public sector | Mean | Mean | MD | SD | ‘Z’ Value | Result |
|----------------|------|------|----|----|----------|--------|
| 1 | 2 | 3 | 4 | 5(3÷4) | Significant |
| 127.97 | 130.29 | -2.32 | -0.383 | 6.057 |

Table 1.2 shows that the calculated ‘Z’ value of private (5.714) and public sector banks (6.057) is exceeds the Table value (1.96). Hence, it can be concluded that there is significant difference in the average scores of the two categories based on the Branding of the sample customers.
Brand Management in Commercial Banks: Multiple Regression Analysis

This section is devoted to a discussion on the variables influencing the perception of the customers. In this connection, the hypothesis that the perception of the customers is influenced by age, gender, marital status, educational qualification, occupation, annual income, total experience with this bank is tested with the help of Regression Analysis. The test aims at finding out whether the independent variables (X1, X2, X3, ..., X7) do actually have any significant influence on the dependent variable (Y).

Regression analysis is used to make prediction about the level and type of association exists between two variables. Simple or Bivariate regression analysis is a statistical technique that uses information about the relationship between one independent variable and a dependent variable.

Multiple regression analysis is the most appropriate technique to examine the combined influence of several independent variables on one dependent variable of interest. Multiple independent variables were entered into the same regression equation, and for each variable, a separate regression coefficient is calculated that describes its relationship with the dependent variable. These coefficients examine the relative influence of each independent variable and dependent variable. The type of relationship that exists between each independent variable and dependent measure is still linear. However, with the addition of multiple independent variables, one should think of multiple independent dimensions instead of just a straight-line description.

Regression analysis involves estimating an equation, which is usually a linear one and independent variables are considered to be statistically independent. It is well known that multi-collinearity does not exist in case of large samples.

The Multiple Linear Equation is:

\[ Y = b_0 + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + b_5X_5 + b_6X_6 + b_7X_7 \]

Where Y = Total Perception score on Brand Management in Commercial Banks

- X1 = Age
- X2 = Gender
- X3 = Educational qualification
- X4 = Marital status
- X5 = Occupation
- X6 = Annual income
- X7 = Total experience with the bank

b0 = Regression constant, and

b1, b2, b3, ..., b7 = Regression coefficients of independent variables

**Results of Regression Equation of Y on X1, X2, ..., X7**

| Variables | Private banks | Public banks |
|-----------|---------------|--------------|
|           | Unstandardised Coefficients | 't' statistic | Unstandardised Coefficients | 't' statistic |
| Constant  | 168.893       | 77.226       | 166.736       | 23.826       |
| Age       | 0.236         | 1.237        | 2.012         | 2.646**      |
| Gender (Male) | 1.371     | 2.895**      | -3.69         | -3.036**     |
| Educational qualification | 0.393 | 3.056**      | 2.154         | 3.303**      |
| Marital status (Married) | 3.628 | 4.505**      | -0.678        | -0.567       |
| Occupation | 0.54         | -1.995*      | -0.490        | -0.900       |
| Annual income | 0.0458 | -0.377      | 0.764         | 0.906        |
| Total experience with this bank | -0.644 | -2.624**    | -1.099        | -2.167**     |

R² = 0.726, 0.607, 0.327, 0.315

| R² | 0.327 | 0.315 |
|---|---|---|
| R² | 26.447(0.000) | 23.494(0.000) |

** - Significant at 1% level
* - Significant at 5% level

III. CONCLUSION

In this paper, the perception level of the customers about their banks and brand management has been examined. In order to examine the perception level, required primary data have been collected by using questionnaire. For which, 21 relevant statements have been given in the questionnaire by using Rensis Likert’s 5 point rating scale technique. Such collected data have been analysed with the help of various statistical tools like Standard Deviation, Chi-square, Contingency Co-efficient at 1% level of significance, ‘F’ test, ‘Z’ test and Multiple Regression Analysis.

It is found that majority of the sample customers in private sector banks are having low level perception about their banks and brand management. The mean score is 132.26 and standard deviation is 20.97. In the case of public sector banks majority (25.0%) of the sample customers are having low level perception about their banks and brand management. The mean score is 129.36 and standard deviation is 21.27.

In age-wise analysis, it is found that private sector banks respondents who are at the age of above 50 years have low level perception compared to other age groups. In the case of public sector banks, higher percentage of respondents who are at the age of 31-50 years have low level perception compared to other age groups.

In gender-wise analysis, it is found that private and public sector banks male customers are more than the female customers.

While considering the marital status, it is clear that the mean score private sector banks unmarried sample customers is greater than the married sample customers. In the case of the public sector banks married customers high compared to unmarried sample customers.

Regarding the educational level, in the case of private sector 63.3% of the PG & Above, 62.2% of the School level, 61.6% of the UG Level and 60.0% of the No formal education sample customers are having low level perception. In the case of public sector 80.0% of the PG & Above, 78.8% of the
School level, 73.0% of the UG Level and 52.4% No formal education sample customers are having low perception.

While examining the occupational status, in the case of private sector 66.4% of the Agricultural, 63.8% of the Student/Housewife, 59.8% Employed, 57.6% of the Business and 57.1 pensioner sample customers are having low level perception. In the case of public sector 82.5% of the Business, 74.2% of the Agricultural, 70.0% Employed, 69.2% of the pensioner and 57.1 Student/Housewife sample customers are having low level perception.

In the aspect of the annual income, both of private sector & public sector banks Rs 2,00,001 to 5,00,000 sample customers are having low level perception about brand management.

While considering the annual balance, found that with regard to private sector banks, 68.5% of the 1Lakh to 3Lakhs and public sector banks and 78.04% of the above 5Lakhs respondents’ low perception than the respondents of other groups.

From the inferences of the results of Chi-square test, it is found that the socio-economic characteristics of the sample customers like age, gender, educational level, marital status, occupational status, annual income and annual balance have a no significant association with perception level of the sample customers about their brand management in commercial banks.

In ‘F’ test, it is found that the association between various socio-economic characteristics like age, gender, educational level, marital status, occupational status, annual income and annual balance of the sample customers and their perception level is found to be insignificant.

From the results of ‘Z’ test, it can be concluded that there is significant difference in the mean scores of gender and marital status (private sector banks) and there is a no significant difference in the mean scores of the marital status (public sector banks) and perception level of the sample customers about their brand management in commercial banks.

In Multiple Regression Analysis, it is found that the independent variables explain about 68.2% of the variation in the dependent variable.

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