BRAND FAMILIARITY IN SERVICE SECTOR

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Abstract: *This research work was undertaken to study the brand familiarity in banking sector through comparing the customer perceptions across demographical variable with brand familiarity factor. Based on the literature review, brand familiarity items are identified. Primary data for the study was collected using personal interview method with random sample of 273 respondents from different categories of banks by administering a well-structured questionnaire. The statistical packages of SPSS 20 were utilized to analyse the data using the statistical tools of descriptive analysis and One-way ANOVA. The result shows that consumer familiarity of the Bank will have positive effect on its brand image and familiarity with brands extensions launched by the bank are important factor and brand familiarity is not significantly vary with different customer age, occupation and income category*

Key words: Brand Familiarity, Field Study, Service Sector.

1. INTRODUCTION

India is one among the top 10 economies in the world, with huge potential for the banking sector to grow up. The last years observed a fabulous increase in transactions through ATMs, and Internet and mobile banking. In 2014, India's Rs 81 trillion (US$ 1.34 trillion) banking industry is set for a greater change. Indian government have already issued license to two new banks. The Indian government has an inevitable role in expanding the banking industry. The Banking relations in the country increased very drastically to 2,11,234 villages in 2013 from 67,694 at the beginning of the Financial Inclusion Plan for the year 2010-2013. Banks are also looking at new different ways to attract more customers. In September 2013, ICICI bank gains the popularity of the social platform, and launched its Face book banking service, Pockets. The service enables customers to pay bills and transfer funds from ICICI website itself. Brand extension activities are taking place throughout the world. Reliance got in to telecom, retail and home appliances and similarly Horlicks which is in 6th position in trusted brand list got in to ready to eat segment by introducing noodles. India has also seen aggravated brand extensions over the last decade which was evident even in financial services. HDFC and ICICI have been extended into Banking, Insurance and Mutual Fund. Several

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other brands were also extended by leveraging their brand assets. Awareness of the fickle that effect consumer's perception on appropriateness of brand extension will help marketers to plan more valuable strategies. Different well-known brands such as Johnson and Johnson, Pfizer etc extended their brands in similar category where some others like Ralph Lauren's Polo brand successfully extended from clothing to home furnishings such as bedding and towels

2. LITERATURE REVIEW

Familiarity with the parent brand is an added influential factor for the success of brand extensions. Keller (1993) defines brand familiarity as "The number of product related experiences that have been accumulated by the consumer (through product usage, advertising, etc.)". Brand familiarity may be in terms of the capacity to recall the brand, recognise, depending on the usage, appearance of the product, packaging and so on. Researchers have identified two dimensions of the fit, construct (Park *et al.* 1991; Bhat and Reddy, 2001), where product level fit points the degree of perceived similarity linking the product categories of the parent brand and the extended brand. The second dimension is brand level fit, which emphasis the similarity between the brand image of the parent brand and its extensions. For example, State bank of India the largest public sector bank in the country known for its values, network and access by being present pan India up to the farthest point had extended to almost all financial services. It is evident from the above example is that if there is a fit between the parent brand and its extended products, the probability of success of the brand extension will increase due to the development of favourable attitudes towards the extension and also because of strong brand association and the awareness of the consumers about the brand.

2.1. Importance of Branding in Banking

In marketing literature, successful brand management centers on the creation and development of added values (de Chernatony and McDonald 1998) so that the customer can relate the brand and the company (de chernatony 1999). In Services Marketing context, powerful brands communicate to their customers through the point of contact that the company have with its customers (cleaver 1999). As a result financial services should intentionally follow uniqueness in its performance as well while delivering and communicating its services to have an emotional connect with its customers and internalize the brand for customer retention and loyalty (Berry 2000). Even though a study on services marketing would receive increased attention since it contributes 50% of the Indian economy, it continues to create challenges for the academicians. Financial regulations and increase in technology had created intense completion between financial institutions prompting them to reevaluate their marketing strategies and also to evaluate their methodology to branding and delivery.

This study evaluates the customer perception of brand extension strategies with reference to important banks in India. Brands are the most important and strong assets of an organization (Sheppard 1994, Batchelor, 1998; Davis 2000) which would also benefit to the corporation of making prosperous brands would end up in creating a distinctive advantage (Kumar and Ganesh, 1995). Branding has become progressively important in services even though the number of service specific research on brand extension is seeming to be very little (Van Riel *et al.,* 2001 ; Moorthi 2002). In addition to that, brand building is predominantly essential within services industry where it is very difficult to differentiate products and there is an absence of physical characteristics for evaluating competitor's service offerings (zeithmal 1981; Ries and Ries 2003). In the recent past there had been structural changes in the financial services environment resulted in de-regulation and change in technological set up(Melewar and Bains 2002; Harris 2002) and changes in large scale had emerged related to the range and type of products supplied to the customers and their demands and requirements. Furthermore, there is a dispute among researchers on whether to apply the principles of branding and brand extension within FMCG should be applied to services such as in banking (Levy 1996; Camp 1996, 1999) and is also recommended that prospective financial services brands have to abide with particular service characteristics. The significance of training and recruitment also proves at a functional performance level during which the vision and values of the brand would be build which would eventually create customer trust. Therefore researches on product and brand management have been a key influencer and have strategic importance especially in financial service providers (Harnedd *et al.* 1998; Streister *et al.* 1999).

Categorization Theory: When a brand name is stretched, parent brand association will be transferred, depending on the categorization inference. Category based activities which are similar in nature have been examined in the framework of shaping product judgment (Meyer-Levy and Taybout, 1989; Rao and Monroe, 1988; Sujan, 1985; Sujan and Dekleva, 1987). In categorization theory, brand association of the extended brand will be categorized on the basis of the earlier idea which will increase the consumer's mood towards the brand extension (Sujian, M. (1985). As per categorization theory, the customers will transfer the value perception that they have with parent brand to its extension. As a result, the value perception that the consumer has towards the parent brand would also affect the brand in the extended category. If the consumer perception is on the higher level for the parent brand, then the consumer evaluation towards the extended brand would be positive. Researchers who had conducted brand extension researches in bygone days had mostly relied on categorization theory for assessing the likelihood of accomplishment.

Association Network Theory: This theory assumes that consumer experiences would be stored in their mind as linguistic expressions containing points which

are associations that would be regained through a stimulus (Anderson, 1983; Keller, 1993; Morrin, 1999). Consumers will have a set of view, opinion or awareness in his mind which he would try to relate with a brand with various varieties of products which would create the brand portfolio. When he observes an extension of that brand, it would enable him to bring all those associations to his mind. Keller (1993) postulates that brand knowledge comprises of a brand connecting point that is related to a variety of associations inside the associate network framework. Brand associations can be differentiated on the basis of the quantity and category of information, which is considered in every single association (Alba and Hutchinson, 1987; Chattopadhyay and Alba, 1988; Johnson, 1984; Russo and Johnson, 1980). Keller (1993) proposes that brand associations of different kind that may comprise of product and non-product associated characteristic, consumers overall attitude on the brand, its practical, realistic and other advantages of the brand.

An effective brand extension would definitely require transfer of brand associations from the parent brand to the extended brand (Broniarczyk and Alba, 1994; Low and Lamb, 2000; Park et al., 1991; Yeung and Wyer, 2005). Trust towards the parent brand would come from the past experience and the consumer awareness and previous relation with the brand (Garbarino and Johnson, 1999).The knowledge that the consumer have about a brand would inspire him through direct or indirect way. The review of literature in branding recommends trust is that the benefit of value that is being provided by the brand for the consumers. According to Kim and Bharage (1998) likeliness attracts the consumers even at the dearth of product belief.

Review of literature promotes the point that consumer interface and publicity would increase the consumer familiarity with the brand (James, 2006 Keller, 2003). Aaker explains that consumer will always have a preference to purchase the brand with which he had an experience. There was a widely held assumption that brand extension of FMCG and durable goods sectors would be similar for service brand extensions as well. A few researches had been conducted on Brand extension in Indian context by Dhananjay Bapat and J. S. Panwar on product categories. They had tried to evaluate brand extension for real brands in assumed product categories. It was depicted from the findings that, extensions into similar categories lean to be more readily accepted. They also found that the results are consistent with various product category extensions. The findings show that strong parent brand associations and extendable category borrowed brand association is an important factor for success of brand extensions. Similarly Thamaraiselvan and Raja (1998) had conducted a research to understand how consumers evaluate brand extension in FMCG with special reference to Indian market conditions. It shows how precisely the consumers explore different product categories based on factors like brand familiarity.

3. RESEARCH METHODOLOGY

Descriptive research design was followed with the aim of finding out relationship among the demographical and brand familiarity variables. The Bangalore District in Karnataka has been selected based on the stratified random sampling method. The sample of 273 respondents consists of account holders of the 4 different banks (Main branches) selected for the study, which are State Bank of India, ICICI Bank, HSBC and Federal Bank. The list of different banks operating in the country were identified from the RBI website and Wikipedia. The banks that were operating at micro level (cooperative banks etc.) were excluded. Since it was not possible to study all the banks, the same were categorised in to Public sector, private sector, new generation and foreign banks. The banks selected for the study was SBI in public sector bank category as it is the largest public sector bank in the country with highest market share, branch network and atm network. ICICI bank was selected in new generation bank category since it is the largest new generation bank in the country in terms of the number of branches and the second largest bank in India. Federal bank is the largest private sector bank in India with more than 1000 branches with pan India operation and HSBC was selected as the foreign bank for the study as it operates pan India with almost 50 branches. Questions may be designed to gather data. For conducting this study, first step was to collect random sample. As this study was mainly based on primary data, customer's responses was collected through pre-determined set of questions in the form of well-designed questionnaire. The questionnaire had multiple-choice questions. Considering all the factors and constrains, the sample size selected for the study was 273, which was determined through power of test. This part of the study deals with study of the Brand familiarity strategies in Indian Banks. The target respondents are the customers of the selected banks. Different aspects of the above problem has been analysed with respect to the response obtained from the target population collected with well-defined questionnaire. The statistical analysis comprises of descriptive statistics and one way ANOVA are applied in this study and results are depicted in tables in figures.

4. RESULTS AND DISCUSSION

Brand familiarity according to Keller 1993 is "The number of product related experiences that have been accumulated by the consumer, which was used as one of the variables in this study to evaluate consumers on brand extension. The respondents were asked to rate the similarity of brand extensions of the bank that they had selected for the study in five points rating scale. The priority of each of the variables were been ranked according to the mean values assigned to them.

4.1. Priorities of Brand Familiarity

The mean value of importance assigned for each statement by the respondents are given in the following table.

Table 4.1
Mean Value of Brand Familiarity

Brand Familiarity	N	Mean	S.D	Rank
You are familiar with brands extensions launched by your bank	273	3.73	.96	II
You had opted for extended products of your bank like bank's insurance, mutual fund etc.	273	3.19	1.06	IV
You are aware about other products offered by your bank	273	3.48	.99	III
Consumer familiarity of your Bank will have positive effect on its brand image	273	3.89	.87	I

It is evident from the mean value that, respondents agree and believe to the fact that consumer familiarity with the bank will have positive effect on its brand image and most of the respondents are familiar with the brand extensions launched by their bank. Majority of the respondents are aware about other product launched by the bank and only a few had opted for extended products offered by the bank. Banks should focus on improving consumer familiarity to improve the familiarity of the brand among consumers, so that it can make its customers use the extended brands such as insurance, mutual fund etc. and thus can improve the business and tap the untapped market space.

4.2. Relationship between Brand Familiarity and Banking Customer Profile

Table 4.2.1, displaying the ANOVA results to explore the relationship between brand familiarity and different age category of respondents.

Table 4.2.1
ANOVA for Brand Familiarity with respect to Age of Respondents

Brand Familiarity	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.549	2	.274	.505	.604
Within Groups	146.736	270	.543		
Total	147.285	272			

The above Anova table depicts the significant value as 0.60, it shows that there is no significant difference in mean value of brand familiarity factor with respect to different age categories. Now we will explore the existing or mean/ average opinion in brand familiarity factors of age of respondents in the following table 4.2.1.

From the above table the result shows that the average opinion of different age category of respondents in brand familiarity factor is around 3.6 which infer that all the age groups are in the agreed level of awareness of existing product offering of their respective banks.

Table 4.2.2
Mean Values for Brand Familiarity with respect to Age of Respondents

Age group of Respondents	N	Mean Value of Brand Familiarity
20 yrs - 30 yrs	76	3.50
50 yrs & above	29	3.57
31 yrs - 50 yrs	168	3.61

Table 4.2.3
ANOVA for Brand Familiarity with respect to Occupation of Respondents

Brand Familiarity	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	2.29	4	.57	1.06	.38
Within Groups	145	268	.54		
Total	147.29	272			

The above Anova table depicts the significant value as 0.38, which shows that there is no significant difference in mean value of Brand Familiarity factor with respect to different categories of occupation of the respondents. Now we will explore the existing or average opinion in Brand Familiarity factors among respondents occupied in different categories in the following table 4.2.2

Table 4.2.4
Mean Values for Brand Familiarity with respect to Occupation of Respondents

Occupation of Respondents	N	Mean Value of Brand Familiarity
Others	20	3.41
Private	172	3.53
Semi Govt	17	3.65
State/ Central Govt	37	3.71
Self Employed	37	3.73

The above table depicts the average opinion of respondents occupied in different sectors with respect to brand familiarity factor is on an average of 3.6 which implies that respondents occupied in different categories have agree and have same opinion towards brand familiarity of the bank.

Table 4.2.5, displaying the ANOVA results to explore the relationship between Brand Familiarity Factor and monthly income of respondents.

Table 4.2.5
ANOVA for Brand Familiarity with respect to Monthly income

Brand Familiarity	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	1.89	3	.63	1.17	.32
Within Groups	145.39	269	.54		
Total	147.29	272			

The above Anova table depicts the significant value as 0.32, which shows that there is no significant difference in mean value of Brand Familiarity factor with respect to monthly income of the respondents. Now we will explore the existing or average opinion in Brand Familiarity factors among respondents categorized on the basis of their monthly income in the following table 4.38.

Table 4.2.6
Mean Values for Brand Familiarity with respect to Monthly income

Monthly income of the Respondents	N	Mean Value of Brand Familiarity
10,000 - 19,999	52	3.42
Below 5000	10	3.48
5,000 - 9,999	15	3.52
20,000 & Above	196	3.62

The above table depicts the average opinion of respondents who have been categorized on the basis of their monthly income with respect to Brand Familiarity factor is on an average of 3.42- 3.62 which implies that respondents from all categories agree and have same opinion towards Brand Familiarity of the bank with which they are associated.

6. CONCLUSIONS AND IMPLICATIONS

Banking customers are agree and believe to the fact that brand familiarity with the bank will have positive effect on its brand image and most of the respondents are familiar with the brand extensions launched by their bank. Majority of the respondents are aware about other product launched by the bank and only a few had opted for extended products offered by the bank. Banks should focus on improving brand familiarity to improve the knowledge of the brand among consumers, so that it can make its customers use the extended brands such as insurance, mutual fund etc. and thus can improve the business and tap the untapped market space. This study has analysed the differences existing among the banking customer profile with brand familiarity variables and the results shows that brand familiarity is not significantly vary with different customer age, occupation and income category so mangers of banking sector can plan and target their brand familiarity promotional activities to heterogeneous customers.

As India's service sector constitute more than 57% in Indian economy, financial services has a very important role to play and hence a study to understand how to utilise brand extension is meaningful for this sector. Subsequently A brand extension can reduce advertising cost, leverage brand equity, minimise risk and increase consumer acceptance. With the increasing importance of brand extensions being realized, there has been substantial interest in this area to date. With a

compound annual growth rate at 9% during 2011-12, India ranked at 12th place in terms of services GDP amongst the top 15 countries in the world, there is a growing trend for many multinational companies to invest and penetrate into the Indian market especially with the new government took power in 2014 with open hands for foreign direct investment including in financial services. These companies often opt for a brand extension strategy when introducing new products into the market. Domestic companies who own strong local brands also might apply the strategy of brand extensions for establishing their product by using their existing brand name. Hence, understanding how consumers evaluate brand extensions is essential for managers of financial institutions, government and policy makers. The study of brand extensions in financial services can also extend and contribute to the research on brand extension of financial services in the Asian context. The research on brand extension can be useful for researchers and academicians for further testing and future researches on brand extension in Indian banks.

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