

The Impact of Dimensions of Brand Knowledge on Brand Loyalty Through Willingness to Use Services and Brand Trust in Refah Bank Branches in Isfahan City

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Abstract: This study aims to investigate the impact of dimensions of brand knowledge on brand loyalty through willingness to use the services and brand trust at branches of Refah Bank in Isfahan City. The present study is an applied research in terms of the purpose based on a descriptive correlational method. The statistical population of this study included all customers of Refah Bank in Isfahan city. The sample size consisted of 384 people using infinite population size method and Cochran formula. The 296 usable data were obtained using cluster sampling. Data were collected through standard questionnaires. The validity of the questionnaire was confirmed by a number of experts in bank and universities. The reliability of the questionnaire was calculated by 0.77 using Cronbach's alpha coefficient. The results of this study showed that there is a significant relationship between brand awareness and brand image and brand loyalty, brand trust and willingness to use services of Refah Bank. The results also indicated that there is a significant relationship between brand trust and brand loyalty and willingness to use services of Refah Bank. However, the relationship between willingness to use services and loyalty was not proven.

Key words: Brand awareness, brand image, brand loyalty, brand trust, willingness to use bank services, Refah bank

INTRODUCTION

Marketing activities is considered as a means to present the brand in the minds of customers and create intellectual property. The main problem for marketers, businesses and in particular banks is willingness to use bank services and earning loyalty. In this regard, brand knowledge and brand trust among customers are considered as an important tool.

One of the main reasons for the importance of brand equity is its strategic role in gaining competitive advantage. Many studies have revealed that the real value of the products or services is in the minds of customers. Thus, the brand creates real value (Kapferer, 2008). Today, the brand is not only an efficient tool for managers but also strategic imperatives for organizations to create more values for customers and have sustainable competitive advantages (Keller, 1993). Therefore, a stronger brand improves competitive position and increases financial performance.

In recent decades, investigating brand has obtained a special place in academic fields and business market. Many researchers and company managers have concluded that brand knowledge is the most valuable asset of a company to improve marketing. Thus, brand knowledge is obtained by investing in marketing programs and creating a positive image in the minds of consumers (Bharadwaj *et al.*, 1993). Brand knowledge includes two main dimensions: brand awareness and brand image (Keller, 1993 and 2003; Elliot and Percy, 2007). Brand awareness is the potential ability of the buyer to recognize and remember the brand. Brand image is the impression in the consumers' mind of a brand's total personality (Kotler and Keller, 2006 and 2009). The advantages of creating brand knowledge include strengthening customer loyalty to the brand (Boone *et al.*, 1995, Chaudhuri and Holbrook, 2001; Keller, 2003), gaining more shares for using product groups (Aaker, 1996) and increasing opportunity for brand development and ultimately increasing market share (Keller, 2008).

Determining brand in the service sector is vital because many services are hard to distinguish from the customer's perspective. Despite the differences between the goods and services and theorists' confirmation in the field of difference between brand equity and product services in the services marketing literature. Few researchers have investigated brand knowledge in the service sector. Therefore, it is essential to propose a model to evaluate the correlation between brand knowledge (awareness brand and image brand) and loyalty. Among the service industries of Iran, the banking industry is considered as one of the most competitive service markets due to the rapid developments in recent years as well as banking privatization and the entry of new competitors into the industry. Thus, the banking industry requires the use of marketing techniques. In such a competitive market, using the features of a strong brand can create sustainable competitive advantage for organizations. Given the importance of brand knowledge in the banks and its impact on customer loyalty, this study aims to investigate the effect of dimensions of brand knowledge on brand loyalty through willingness to use the services and brand trust.

Literature review

Customer loyalty: Customer loyalty is a strategic importance for any organization and retaining the existing customers is more efficient than trying to acquire new customers and replace lost customers (Lee *et al.*, 2006). Facing crowded and ultra-competitive markets, service providers in many industries have changed the marketing strategies of acquiring new customers into retaining existing customers (loyalty). Loyalty is a positive attitude to a phenomenon (brands, service, shop or seller) and the existence of a supportive behavior for it. Oliver (1999) defined loyalty as "a deeply held commitment to re-buy or re-patronize a preferred product/service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing..." Loyalty occurs when customers assuredly feel that the organization can fulfill their needs in the best way and they ignore the competitors of the organization (Eshghi *et al.*, 2007).

Brand: The American Marketing Association defines a brand as "A name, term, design, symbol or any other feature that identifies one seller's good or service as distinct from those of other sellers.

Brand knowledge: Brand knowledge is the key for creating brand equity, because discrimination has an impact on brand equity. Keller (2008) believes that brand knowledge is what the customer knows about the brand.

Some authors believe that the two components of brand image and brand awareness form brand knowledge. Conceptualization of brand knowledge is based on the specifications of brand and relationship between them. According to Keller (1993) brand knowledge is the main basis of brand equity. Therefore, creating brand awareness and positive image of the brand lead to the brand equity. The independent variables of this study are as follows.

Brand awareness: The first factor discriminating brand knowledge from other brands and the starting point of brand equity is brand awareness (Aaker, 1991). Brand awareness is reflected in different conditions through the consumers' ability to understand and remember different elements of brand (for example: brand name, logo, symbols, characters, packaging, etc). This means that as the "experience" of consumers about a brand increases through "seeing, hearing or thinking", the possibility of recording the brand in the memory will increase. Thus, something that causes the customers to gain experiences about names, symbols, visual, logo, symbols, packaging, brand slogan, promotional activities, product promotion, public relations, social activities and cultural events, etc. will lead to increasing brand awareness (Keller, 2008).

Brand image: Brand image is consumers' perceptions and beliefs that exist in their mind (Kotler and Keller, 2009). It has been proven that positive brand image reduces the perceived risk and increases consumer satisfaction and loyalty. Brand image is an important factor in determining purchasing behavior. According to Morgan, brand image is associated with the preferential structure of consumers. This means that marketers can change brand choice and brand loyalty through changing the brand image. Mediator variables of this study are as follows.

Brand trust: Ballester (2004) suggests that brand trust has two dimensions: brand reliability and brand intentions. Brand reliability is a consumer's belief about fulfillment of promises by the brand. Brand intentions imply the level of a consumer's belief about fulfillment of promises by the brand. According to Chiang and Jang (2007), a positive brand image increases consumer trust to the brand.

Willingness to use services: The word "purchase" envisage a person who carefully investigates the characteristics of a number of products, brands or services and tries to select a product with the minimum cost through logical methods in order to fulfill his/her

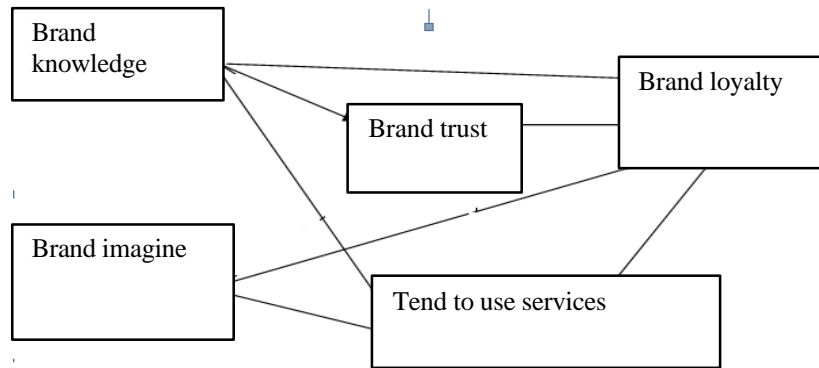


Fig. 1. Proposed model

needs. According to above mentioned issues, the following model is proposed: based on the model, the following hypotheses were proposed.

Main hypothesis: Brand knowledge (brand awareness and brand image) has an impact on the brand loyalty in customers of Refah bank in Isfahan City through the willingness to use the services and brand trust (Fig. 1).

Research sub-hypotheses:

- Brand awareness has an impact on brand trust in customers of Refah bank in Isfahan City
- Brand awareness has an impact on brand loyalty in customers of Refah bank in Isfahan City
- Brand awareness has an impact on the willingness to use the services in customers of Refah bank in Isfahan City
- Brand image has an impact on brand trust in customers of Refah bank in Isfahan City.
- Brand image has an impact on brand loyalty in customers of Refah bank in Isfahan City
- Brand image has an impact on the willingness to use the services in customers of Refah bank in Isfahan City
- Brand trust has an impact on brand loyalty in customers of Refah bank in Isfahan City
- Brand trust has an impact on the willingness to use the services in customers of Refah bank in Isfahan City
- The willingness to use the services has an impact on brand loyalty in customers of Refah bank in Isfahan City

MATERIALS AND METHODS

The present study is an applied research in terms of the purpose based on a descriptive correlational method

using Structural Equation Modeling (SEM). The statistical population of this study included all customers of Bank Refah in Isfahan City. The sample size consisted of 384 people using infinite population size method and Cochran formula. In this study, cluster sampling was used and the steps were as follows: Dividing Isfahan city into different regions, selection of several branches from each region, then referring to branches in different hours and days and the random selection of bank customers. Sampling was carried out during one month in the morning, afternoon and evening and at the beginning of the week, in the middle of the week and at the end of the week in Refah Bank branches.

The 400 questionnaires were distributed and 382 questionnaires were returned after a month. Some data were excluded because of being inadequate. Finally, 296 usable data were studied. Data were collected through standard questionnaires: Ballester (2004) brand trust questionnaire consisting of 8 items; Yoo, Danthu (2001)'s brand loyalty questionnaire consisting of 5 items; Kaplan's brand awareness questionnaire consisting of 4 items; Kaplan's brand image questionnaire consisting of 11 items; Chomsky and Dabrowski's willingness to use the services questionnaire consisting of 4 items.

The validity of the questionnaires was confirmed by a number of experts in bank and universities. The reliability of the questionnaire was calculated by 0.77 using Cronbach's alpha coefficient. Thus, questionnaires had acceptable reliability.

In the present study, data were analyzed using LISREL 8.8 software and Structural Equation Modeling (SEM).

RESULTS

According to the output of LISREL 8.8 Software $\chi^2/df = 1.016$. This low ratio indicates the appropriateness

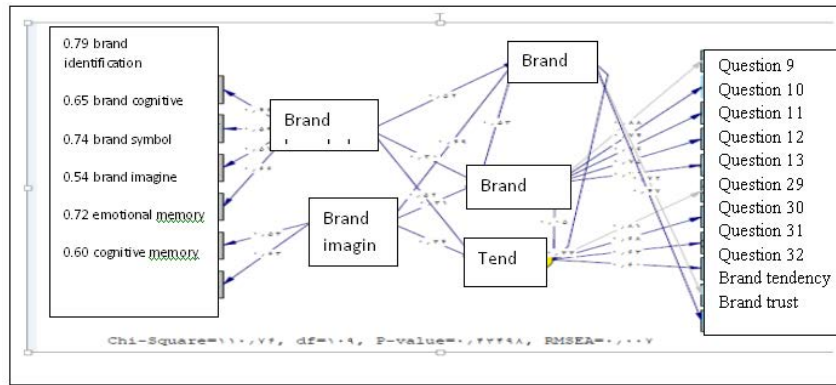


Fig. 2: The main model of research

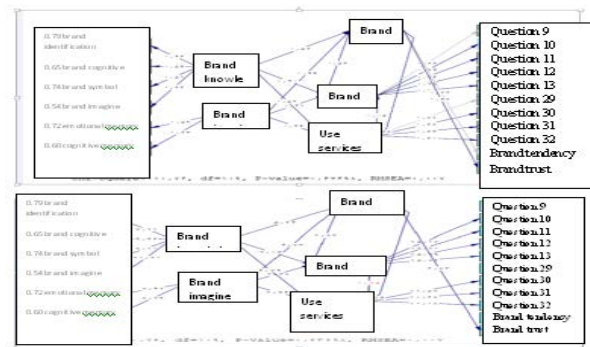


Fig. 3: Model of t-value for indicators

Table 1: Indicators the conceptual model (source: findings)

Indicator name	Standard value of indicator	Indicator value in the model	Result
χ^2/df	Lower than 3	1.01600	The model fit is appropriate
p-value	Higher than or equal to 0.05	0.43498	The model fit is appropriate
GFI	Higher than or equal to 0.9	0.96000	The model fit is appropriate
AGFI	Higher than or equal to 0.9	0.94000	The model fit is appropriate
NFI	Higher than or equal to 0.9	1.00000	The model fit is appropriate
CFI	Higher than or equal to 0.9	1.00000	The model fit is appropriate
RMSEA	Lower than 0.08	0.00700	The model fit is appropriate

Table 2: Results of correlation coefficient and significant values for hypotheses 1-9

Hypothesis	Hypothesis impact	Significant value	Impact factor	Hypothesis result
1	Brand awareness--brand trust	5.64	0.52	Brand awareness has an impact on brand trust
2	Brand awareness--brand loyalty	2.03	0.30	Brand awareness has an impact on brand loyalty
3	Brand awareness--willingness to use the services	4.79	0.52	Brand awareness has an impact on willingness to use the services
4	Brand image--brand trust	4.73	0.49	Brand image has an impact on brand trust
5	Brand image--brand loyalty	2.38	0.21	Brand image has an impact on brand loyalty
6	Brand image--willingness to use the services	2.94	0.24	Brand image has an impact on willingness to use the services
7	Brand trust--brand loyalty	2.83	0.53	Brand trust has an impact on brand loyalty
8	Brand trust--willingness to use the services	2.19	0.22	Brand trust has an impact on willingness to use the services
9	Willingness to use the services--brand loyalty	0.25	0.05	Willingness to use the services has no impact on brand loyalty

of the model fit. Hence, the proposed model is appropriate in terms of the model fit (Table 1 and 2) and (Fig. 2 and 3).

DISCUSSION

The main hypothesis: Brand knowledge (brand awareness and brand image) has an impact on the brand

loyalty in customers of Refah Bank in Isfahan City through the willingness to use the services and brand trust. According to the obtained results, brand knowledge, including brand awareness and brand image, has an impact on brand loyalty through brand trust directly and indirectly. This impact on brand loyalty is not significant through the willingness to use the services. Forasmuch as the there is no competition mode in Iranian

banking system and analysis on the industry's banking market has a weak competition mode or multiple monopolies and banking system customers are forced to use these services, it is natural that the willingness to use the services does not result in the brand loyalty. The results of the study conducted by Jones and Sasser showed that monopoly in the market does not result in customer loyalty and if the conditions of competition are provided, customers tend toward competitors.

Sub-hypothesis 1 and 4: the first sub-hypothesis was "brand awareness has an impact on brand trust in customers of Refah bank in Isfahan city". This hypothesis was confirmed by correlation and determination coefficient, including 0.213 and 0.045, respectively. The fourth sub-hypothesis was "brand image has an impact on brand trust in customers of Refah bank in Isfahan city". This hypothesis was confirmed by correlation and determination coefficient including 0.455 and 0.207, respectively. Thus, a positive brand image in the mind of customers and the brand awareness increase the brand loyalty. Customer trust to bank is considered as one of the bank's assets resulting in positive outcomes in relationships between the customer and the organization. A good mental image resulted from a good response of employees to customers and providing efficient and specialized services can increase the brand trust and the use of banking services. The results emphasize the importance of the brand knowledge for building customer trust. These results are consistent with the results of the study conducted by Rudolf and Lenora and Smith Vegas.

Sub-hypothesis 2 and 5: the second sub-hypothesis was "brand awareness has an impact on brand loyalty in customers of Refah bank in Isfahan city". This hypothesis was confirmed by correlation and determination coefficient, including 0.464 and 0.215, respectively. The fifth sub-hypothesis was "brand image has an impact on brand loyalty in customers of Refah bank in Isfahan city". This hypothesis was confirmed by correlation and determination coefficient, including 0.390 and 0.152, respectively. Thus, a positive brand image in the mind of customers and the brand awareness increase the brand loyalty. These results are consistent with the results of the study conducted by Keller and coauthors. They confirmed the effect of brand awareness on brand loyalty in their research on hotel services. Moreover, Moon *et al.* confirmed the effect of brand awareness on brand loyalty.

Sub-hypothesis 3 and 6: the third sub-hypothesis was "brand awareness has an impact on the willingness to use

the services in customers of Refah bank in Isfahan city". This hypothesis was confirmed by correlation and determination coefficient, including 0.182 and 0.032, respectively. The sixth sub-hypothesis was "brand image has an impact on the willingness to use the services in customers of Refah bank in Isfahan city". This hypothesis was confirmed by correlation and determination coefficient including 0.337 and 0.113, respectively. Thus, increasing the brand awareness of Refah bank will enhance the willingness to use the services in customers. The results suggest that favorable brand image in the minds of customers (such as logos and symbols of the bank) predicts the intention and willingness to use services. Therefore, it can be considered as a factor which the consumers refer to Refah bank. According to Keller (2008), achieving a high level of the brand awareness affects the selection of the brand.

Sub-hypothesis 7-9: The seventh sub-hypothesis was "brand trust has an impact on brand loyalty in customers of Refah bank in Isfahan city". This hypothesis was confirmed by correlation and determination coefficient, including 0.335 and 0.112, respectively. The eighth sub-hypothesis was "brand trust has an impact on the willingness to use the services in customers of Refah bank in Isfahan City". This hypothesis was confirmed by correlation and determination coefficient including 0.324 and 0.104, respectively. The bank can increase the brand reliability in bank customers through fulfilling the needs of customers and responding to customer demand and satisfying them. If the bank is honest on showing concern for the sensitivities of customers and tries to satisfy customers in connection with the problems, consumer trust will be enhanced and this bank will be selected as the first one for investing. The ninth sub-hypothesis was "the willingness to use the services has an impact on brand loyalty in customers of Refah bank in Isfahan City". This hypothesis was not confirmed. This result is consistent with the results of the study conducted by Jacob and Chestnut. They argued that purchase intention is not a sign of loyalty and it may be due to purchase method and convenience priority or other factor. Customer loyalty has different concepts in various fields of services and is highly dependent on the development of interpersonal relationships. Usually in the field of services, the intangible characteristics such as reliability play a major role in creating or maintaining customer loyalty.

CONCLUSION

According to the confirmation of the impact of the brand bank and importance of brand trust and willingness

to use the services, we suggest that the marketing managers perform activities in all aspects of integrated marketing (including a user friendly website design, attractive design and decoration of domestic and foreign branches, introduction and greater recognition of the bank's logo, the distinctive uniforms for employees, etc.) in order to enhance the customer trust to Refah Bank. In today's competitive environment, the role of the brand trust can be used as a guide for consumer decision-making. There is a high correlation between brand loyalty and customer-friendly values. Marketing managers should be aware of this correlation to use it for increasing customers' loyalty and their willingness to use banking services. Therefore, marketing managers should consider brand as the valuable assets of the organization and use it as tool to create differentiation.

SUGGESTIONS

According to research findings, the following suggestions are presented for the managers of banks, especially Refah Bank. We suggest that Refah Bank invests in advertisement and integrated marketing activities to introduce the brand (logo, slogan, promotional, name, etc.) in order that customers have a good image of the brand of this bank in their mind and this brand is distinguished from the brand of the competitors. Thus, considering feedbacks from stakeholders, including customers, shareholders, employees, etc related to brand awareness and brand image will help the brand strategies of the organization.

Furthermore, the presence of Refah Bank in public services such as the protection of women, children and the poor and cooperation with environmental organizations can create a good image of the bank in the mind of customers. Sending congratulatory message of birthday, national and religious celebrations and other important events to customers would have a very pleasant impact on consumers and create a cordial relationship between consumers and bank. In this regard, bank should consider some issues to enhance customer brand loyalty and willingness to use the service: studying loyalty programs related to the competition in terms of customer value and personalized services, respecting customers and making it a part of the culture of the organization. Implementation of this framework in the form of short-term and long-term plans can lead to increasing loyalty and willingness to use the services. Marketing managers need to promote brand equity and enhance the brand loyalty through expanding the scope of the

provided services and advertising the advantages of the services for people, especially for those with a lower education level.

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