# Analysing Impact of Brand Image on Customer Preference: A Comparative Study of Public and Private Sector Banks in Kumaun Region of Uttarakhand

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## ABSTRACT

The modern age of banking constitutes the fundamental basis of economic growth. The term Bank is being used since long time. There was a time when dwellers of the city alone could enjoy their services. Now banks offer access to even a common man and their activities extend to areas seems too untouched. Banks cater to the needs of agriculturalists, industrialists, traders and to all the other sections of the society. In modern age, the banking constitutes the fundamental basis of economic growth. Thus, they accelerate the economic growth of a country and steer the wheels of the economy towards its goals.

Every bank of both sectors is putting its best efforts to attract customers. Promotional mix is being used in high level to increase the number of service holders by each company. Service and customer support system is at its peak. This study aims to find the impact of brand image on customer preference of selecting a bank as well as to identify the most convenient and influencing factors which convinced customers to get associated with their banks as a customer. The sample of 20 is collected from various banks of Kumaun, Uttarakhand using the convenient sampling method. Data collected through the questionnaire has been given a proper code in MS Excel sheet and processed through the statistical software SPSS-16. Results show that there is a difference between the influencing factors of public and private sector banks along with a relation between brand name and their preferences.

*KEYWORDS: Banking, Brand Image, Preferences, Influencing Factors, Convinced*

## INTRODUCTION

In India the Banking is very old like its civilization. The existence of banking system in India can be traced in Vedic period. The year 1786 marked the beginning of the establishment of formal banks in India. In this era, two banks, namely, general bank of India and bank of Hindustan came into existence. Both the banks, however, had to be declared defunct soon. The beginning of nineteenth century was marked by tremendous growth of trading activities in India. Nationalization of bank was a historic step and the same work wonder for India as nationalized banks took banking to all parts of the country, including remote villages. Nationalization of banks, thus, can be described as a stepping stone for the development of banking in India. If nationalization of banks motivated people to restart to banking, liberalization, privatization and globalization policy adopted by India in 1991 gave them wider choices to satisfy their financial needs. Today, banking industry of India is one of the most dynamic, vibrant and deep rooted one. At this backdrop, a study on bank's perception in the mind of customers and comparative analysis of services and influencing factors which played a vital role in purchasing of private and public sector bank services sounds interesting. Such analysis will provide the banks with a quantitative and qualitative estimate of their services as perceived by their customers. This study will help bank personnel to identify their strong and weak convincing factor zones.

## REVIEW OF LITRATURE

It's not only customary but also absolutely necessary for a researcher to review the existing literature. By doing so, he/she may put greater emphasis on those aspects of research problem which have not been duly covered by earlier researchers. Moreover, it facilitates the comparison between the earlier findings and findings of the present research study.

Narayana & Brahmanandam (1990) have studied customer services in banks by analysing physical facilities, reputation of bank, complaints and suggestion system, staff behaviour

besides their diverse services like account operations, cheque operations, draft and money transfer operations etc.

Mylonakis, J., P.G. Mlliaries, G.J. Siomkos (1998) have analyzed the factors which influence the choice of a bank. It has been concluded that convenience, bank's reputation or image, quality of services, range of products, interest rates and fees (prices), as well as responsiveness to consumer's needs are some important factors. Prime location and bank's ability to meet consumer's changing needs are also very relevant.

Reichheld and Sasser (1990) have examined relationship between customer retention and profitability and found out that customer retention helps in improving profitability of a concern. They suggested a "Zero Defection of Profitable Customers" approach to attain higher profitability.

Levesque Terrence, Mc Dougall, Gordon H.G. (1996), have examined the impact of service delays on customers experience and their subsequent reaction. The author has found a positive correlation in between the service delays and unpleasant customer experience. The customer's reaction to delays, however, differs. Whereas, some customers switchover the service provider, others spread negative word of mouth. A few customers, however, remained intact with the provider on account of its good track record in the past.

Huseyin Arasli (2003) has conducted a survey of 260 customers of selected banks in Turkish Republic of Northern Cyprus and examined customer's perception in respect of service quality. He has observed that better service quality is necessary for customer satisfaction. He has found that "as service quality improves, customer satisfaction increases which in turn leads to customer loyalty and customer retention and positive words to others for the enterprise". Nalini (2006) has opined that entry of new private sector banks in the banking industry of India has lead to higher utilisation of technology, improved customer service and better products.

Duffy, Miller and Bexley (2006) conducted a study on service recovery in US retail banking to examine the link between satisfaction and various recovery strategies. It has been found in the study that the degree of customer satisfaction is strongly influenced by the type of recovery strategies used by the bank.

Jaiswal K.S and Neetu Singh (2007) have elaborated that customer retention and customer share are the two very important aspects for a concern apart from attracting new customers. Customer share is the ratio of a customer's purchase of a category of products or services from supplier X to the customer's total purchase of products or services of that category from all suppliers. This, thus, discard dead or nearly dead accounts from customer retained category. The authors have also elaborated upon demographics, value, attitude, belief, knowledge, needs and motivation as a base for designing CRM and successful marketing.

## OBJECTIVES
I. To identify the most influencing factor in selection of bank sector.
II. To analyze the difference between influencing factors of public and private sector bank.

III. To examine the relationship between brand image and customer preference.

## HYPOTHESES
To attain the set objective of the study the following null hypothesis has been formed and tested:
$H_{01}$: "There is no significant difference between the influencing factors of both sectors".
$H_{02}$: "There is no relationship between the brand image and customer preference".

## METHODOLOGY
This study aims at assessing the customer satisfaction of the public and private banks operating in Haldwani city. Under Public sector banks State Bank of India, Punjab National Bank, Union Bank of India and Central bank of India were selected. ICICI, HDFC and Axis Bank, IDBI were selected among Private Sector Banks. A questionnaire has been developed that consists two sections- section A contains personal dossier of 20 respondent customers from both sector banks whereas; section B contains the statements. Response, for this section, has been taken in five point likert scale ranking from 1 for strongly disagree to 5 for strongly agree.

## DATA COLLECTION AND STATISTICAL TOOLS
The samples are collected using the convenient sampling method. Data collected through the questionnaire has been given a proper code in MS Excel sheet and processed through the statistical software SPSS-16.

## DATA ANALYSIS, RESULT AND DISCUSSION
This section of the study deals with data analysis, interpretation of results and discussion in following lines:

## MOST EFFECTIVE INFLUENCING FACTOR OF BOTH PUBLIC AND PRIVATE SECTOR BANKS
Table below indicates the responses of the customers as per the question no. 08 attached questionnaire as the most influencing factor of the public and Private Sector Bank. Basically response has been given on the basis of influencing factor which convinced the customer to purchase its product / service. Because of its convincing nature respondents has ranked it as the most effective tool. Ranking consists 1 -6 ranks. Rank 1 shows the top most ranking. Respondents are the customers of public and private sector Banks and a set of customer have purchased both sector banking products. As per their ranking results are given below:

| S. No. | Statement | Public | | Private | |
|---|---|---|---|---|---|
| | | Score | Rank | Score | Rank |
| 1 | **Quick and fast services** | 178 | 4 | **214** | **1** |
| 2 | Location | 177 | 5 | 202 | 2 |
| 3 | Friendly Behaviour | 140 | 6 | 194 | 3 |
| 4 | Reliability | 196 | 2 | 189 | 6 |
| 5 | **Brand Image** | **201** | **1** | 190 | 4 |
| 6 | Interest Rate | 193 | 3 | 193 | 5 |

**Table 01: Most Influencing Factor to Purchase**

**INTERPRETATION:** Table no. 01 is the result of question no 8 (attached in questionnaire) Responses given by respondents have been added to get appropriate results. Results show that **Brand Image** of the public sector banks is the topmost influencing factor followed by **Reliability**. While **quick and fast service** is the most convincing factor of private sector banks followed by **location** of the bank.

## DIFFERENCE BETWEEN INFLUENCING FACTORS OF PUBLIC AND PRIVATE SECTOR BANKS
A question regarding influencing factors which convinced respondent to purchase has been asked (attached in questionnaire). Response has been given on the basis of most convincing factor which convinced the customer to purchase its product / service. Because of its convincing nature respondents has ranked it as the most effective tool. Ranking consists 1 -6 ranks. Applied to compare mean scores and an alpha level was set at 0.05 (at 5% significance level) and following null hypothesis has been tested:

$H_{01}$: *"There is no significant difference between the influencing factors of both sectors"*.

Results are, in this regard, are given below in table:

| | | T-TEST FOR EQUALITY OF MEANS | | | | | |
|---|---|---|---|---|---|---|---|
| | | t | df | Sig. (2-tailed) | Mean Difference | Std. Error Difference | 95% Confidence Interval of the Difference | |
| | | | | | | | Lower | Upper |
| Factors | Equal variances assumed | -3.559 | 48 | **.001** | -3.88000 | 1.09014 | -6.07187 | -1.68813 |
| | Equal variances not assumed | -3.559 | 47.020 | **.001** | -3.88000 | 1.09014 | -6.07305 | -1.68695 |

**Table 02: Comparison of Mean score for Influencing Factors**

**INTERPRETATION:** Results shows that df value and corresponding t value for the comparison is 48 and 3.559 respectively. This rejects to our null hypothesis for this statement. Mean square value for between groups and within groups is .001 and .001 respectively. Result shows that there is a difference between influencing factors of both sector banks.

## RELATIONSHIP BETWEEN BRAND IMAGE AND CUSTOMER PREFERENCE
Question regarding brand image and its relation with customer preference has been asked (question 2 and 7 attached in questionnaire). Chi square test has been applied and an alpha level was set at 0.05 (at 5% significance level) and following null hypothesis has been tested:

$H_{02}$: *"There is no relationship between the brand image and customer preference".*

| | Value | df | Asymp. Sig. (2-sided) |
|---|---|---|---|
| Pearson Chi-Square | 28.753[a] | 16 | **.026** |
| Likelihood Ratio | 26.980 | 16 | .042 |
| Linear-by-Linear Association | 1.182 | 1 | .277 |
| N of Valid Cases | 20 | | |

**Table 03: Relationship between Brand Image and Customer Preference**

**INTERPRETATION:** Results shows that P = .026. This rejects to our null hypothesis for this statement. As per the results there is a relationship between brand image of the banks and customer preferences.

## CONCLUSION
Customers now days are not only exposed of what type of service is being provided by banks in Haldwani or in India but in the world as a whole. They expect much more than what is actually being provided. So the new coming banking sector has to provide and cater to all the needs of the customers otherwise it's difficult to survive in the competition coming up. Banks need to have a better outlook towards to actually what customers are requiring. Entries of the private sector banks have made the competition tougher. In highly competitive banking markets, early adopters are profiting from increased efficiencies.

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**ANNEXURE**
**QUESTIONNAIRE**

| 1 | I have an account with this sector bank | Public | Private | | | | |
|---|---|---|---|---|---|---|---|
| 2 | I belief that my bank is having a good Brand image | SA | A | NAND | D | SD | |
| 3 | Customer oriented Services of my bank are remarkable | | | | | | |
| 4 | Location of my bank is convenient to reach | | | | | | |
| 5 | Maintenance Charges of my bank is costly | | | | | | |
| 6 | I am happy with the interest rates of my bank | | | | | | |
| 7 | I am highly satisfied with my preference and bank's overall performance | | | | | | |
| 8 | Kindly rank the following reasons of preference in this particular bank | Quick and fast services | Location | Friendly Behaviour | Reliablity | Brand Image | Interest Rate |