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To Study The Impact of Branding Activity For The Indian Banking Sector

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Abstract: *In today's highly competitive environment, an Indian consumer acts as the biggest opportunity for the Indian Banking system. In the last few years we have seen that Indian banks have become more conscious about their brands, and have started to differentiate, safeguard and take care of their brands in the market. Branding in India is a tough Job as we have to work with the large number of customers emerging from the various sets of communities, cultures, life styles, etc. the research looks into the branding activities undergone by new generation banks/ new private banks in India. This research study conducted in Mumbai helps to determine the respondents' level of awareness of Brand of Banks, the impact of branding of banks on consumer perceptions, and also determines the importance of brand over other factors, which are taken into consideration by the consumers, before establishing a banking relationship.*
Keywords: *Brand, Emotional, Bank, Banking relationship, consumer perceptions, Brand loyalty, Customer Goodwill, Branding Strategies*

I. Introduction

Branding is the art of aligning what you want people to think about your company with what people actually do think about your company. And vice-versa.
--Jay Baer

Brands or branding are by no means a new phenomenon, neither for the business world nor for the academics. Many businesses and organizations view "brands" as something vital, but somewhat elusive when it comes to trying to measure, in terms of performance and real added value, (Aakar1996). Brands exist to help companies win over the hearts and minds of consumers. But in the financial services industry, the commodity-like features of most financial products complicate the task of building a brand. As markets mature and competition intensifies, organizations are exploring ways to increase the equity of the brand which has been shown to increase company's profitability (Aaker, 1991). One strategy that has gained considerable attention is internal branding in which firms invest in developing employees to live the brand. Key features are emerging from this paradigm; not only does it result in increased employee retention,(Albrecht &Zemche, 1985), (Doyle1989) but also has the potential to provide a sustainable competitive advantage to the firm as the intangible aspects of a brand relationship are not easily duplicated by competitors, (Barney1991). Besides, it has the potential to ensure satisfaction among both customers and employees. A brand is only as powerful as an organization allows it to be, that is why the biggest barriers to brand success often lie within a company. Brand building succeeds when everybody in the organization is truly informed and inspired to live up to the promise of the brand day- to –day, (Keller,2003). (Berry, 2000) in a research into brand equity analysed the strategies of 14- high performance service companies. He revealed that the primary source of brand awareness is the company's controlled communications which covers advertising, service facilities and the appearance of service providers, company name, and logo. He posited further that brands gain meaning as the customer is influenced by the experience with the company. This in his view is because service businesses, especially, the banking industry are labour intensive and human performance, rather than machine performance, plays a critical role in building the brand (Berry, 2000). The people element of any service organisation is very important and critical for the success of the brand strategy. In fact their activities can promote or it may affect the health of the brand. Yet often front-line employees are not trained to understand customers and do not have discretion to ensure effective responses, (Debra &O'Cass2001). Customer-facing staff may be paid poorly, resulting in low levels of motivation and responsibility. This can affect a service company and in the longer term, brand value. Branding has become increasingly necessary due to the fact that the service sector is people oriented and living the brand have already become a well known expression. However to what extend is the banking industry for that matter committed to developing their people means of building the strength of the brand. There are several reasons why one needs to research the effectiveness of branding campaigns in the banking sector. First, there are differences between service and a product (Doyle, 2002); services are largely intangible and are characterized by heterogeneity, inseparability and perishability (Kotter, 1991). The nature of a service requires a different brand strategy quite distinct from that of products; (de Charnatony& Rite 1999). (Kotler, 2003) supports the assertion when he reiterated that consumer packaged goods model for brand building is inappropriate especially for service firms. Given that service quality measurement is on-going in major service firms, there is also the need to examine whether employee relationship as measured by internal branding add any further equity to the total brand value. If so, then this would suggest that managers implement and monitor internal branding programme as a way of improving service delivery.

Branding allows institutions to compete on features other than price alone (Aaker, 1991). Branding is crucial when taking the service marketing into consideration due to the unique features of services like perishability, inseparability, intangibility and heterogeneity (Kapferer, 2004). In financial services where there is little opportunity to differentiate between banking offers (Knisely, 1979; Berry et al., 1988; Dobree and Page, 1990; Balmer, 1995; Peklo, 1995; Berry, 2000). The bank brand is considered to be a strategic tool that banks can practice to attract new customers, develop strong relationships and achieve competitive advantage (De Chernatony and McDonald, 2003; Devlin, 2004; O'Loughlin and Szmigin, 2005; De Chernatony and Cottam, 2006). Hence, building, using and maintaining brands is of high importance in order to achieve a sustainable competitive advantage in the market place and to stand high in the crowd (Kim et al., 2003). Subsequently, the emergence of brand equity has risen in importance for both academics and practitioners (Keller, 2003). Brand equity has been defined in different ways and for different purposes, yet till now no common agreement has emerged (Vazquez et al., 2002; Keller, 2003; Davcick et al., 2015). For example, from the financial perspective, brand equity has been defined as the incremental cash flows, which accrue to branded products over unbranded products (Simon and Sullivan, 1993); as the total value of a brand, which is a separable asset when sold or included in a balance sheet (Feldwick, 1996).

The biggest challenge for the banking industry is to do possible the impossible in the banking experience. The best way to overcome this challenge is by creating a strong brands. It has been well recognized that brands are regarded as one of the most important corporate asset but it is only recently serious attempts have been made by various organizations in order to estimate their brand value (Farquhar, 1989). Academic literature has revealed that higher brand value results in higher financial returns, shareholder value, profitability etc. which leads to superior financial performance. Hence, it is assumed that Brand equity has recorded a significant impact on performance of banks. Banking sector plays a very crucial role in financing the real economy and ensuring the financial stability. Brand valuation is necessary as it puts large impact on the firm's profitability. It is argued that brand is central to firm's ability to earn super profits and exerts an influence on the resources and capabilities that are directly responsible for a firm's success. No other intangible has the same linear link between the market which is the source of a company's revenues, and the wealth the company creates for its shareholders (Sinclair, 2009).

II. Branding

Branding is one of the most important aspe**c**ts of business strategy. It is also one of the most misunderstood activity. Branding is considered to be merely a part of an advertising function and many managers and business writers hold the view that branding is about the management of product image, a supplementary task that can be isolated from the main business. This provides an alternative perspective, arguing that:

- It is a strategic point of view, not a select set of activities.
- It is central to creating customer value, not just images.
- It is a key tool for creating and maintaining competitive advantage.
- They are cultures that circulate in society as conventional stories.
- Effective strategies must address the four distinct components of brand value.
- Brand strategies must be "engineered" into the marketing mix.

This develops a set of concepts and frameworks to guide the design of brand strategies.

Branding in the Indian Banking Sector:

The biggest opportunity for the Indian Banking sector is the Indian consumer. Demographic shifts in the level of income and cultural shifts in terms of lifestyle are changing the profile of the Indian consumer.

This is a key driver of economic growth going forward. The Indian consumer now seeks to fulfil his/ her lifestyle aspirations at a younger age with a combination of equity and debt to finance consumption and asset creation. This is leading to a growing demand for competitive, sophisticated Banking services (Kamath K.V., et al., 2003).

Rebranding of Banks in India:

Biagio Bossone (2002) in his study stated that re-branding of the Banks involves heavy cost and it also takes into account all the stakeholders of the Bank. Thus, an organization must analyze the need of re-branding before undertaking the steps of re-branding. This is because of the fact that re-branding strategies may isolate the bank itself from its customers who are loyal to the bank and would like to be associated with the old brand.

Also, the new brand image may or may not highlight the 'right' image of the bank at the target customers. Furthermore, the banks need to look into the product branding. According to the study conducted by Ravi Kumar Sharma (2011), customers in India are nowadays well informed and more educated. Also, the mindset of the Indian customers is changing very quickly and so the brands themselves have to adapt to the changing customer's taste and preferences. As a result, banks have to undertake re-branding strategies to cover up with these changes taking place in India. However, it should also be noted that heavy cost and participation of all the stakeholders of the bank are involved when banks undertake re-branding strategies.

Source: Google images

Branding Strategies by New Player in the market:

Branding by new players, the latest example in the Indian scenario is that of YES Bank. The bank has developed a brand strategy to build one of the finest financial brands in Indian Banking Sector. YES bank believes that differentiation begins with its service and trust mark embedded in 'YES', which represents the bank's fundamental goal of being a highly service-oriented. The initiative at YES Bank is to provide a delightful banking experience to all its customers. They state that the name YES signifies the essence of the brand completely by conveying all the values and characteristics - attractive, smart, simple, serious, reliable, trustworthy, optimistic, positive, efficient, universal, clutter breaking in the banking environment, affirmative with target clients across business and market segments. YES Bank has also developed a very strong brand vision and commitment and they are as follows: to be recognized as the "World's Best Quality Bank In India"; to provide a delightful banking experience to all its customers; to be a long term partner with all stakeholders, customers by creating & sharing value; to be a solid and trusted financial trust backed by both professional promoters and an exceptional management team. YES Bank has also developed and claims to have been built around 6 key brand pillars that look at the growing strengths of the bank. All communication and advertising has been created around these key brand pillars. They are:

Growth: YES Bank's core promise is growth, for it's internal and external stakeholders symbolize in 'Say YES to Growth!'

Trust: YES Bank's promoters, Investors and top management team, are all of the highest pedigree with a demonstrated track record, thus inspiring and establishing a trust mark – 'Say YES to Trust!;

Knowledge driven human capital: YES BANK has adopted a knowledge driven entrepreneurial approach to Banking and offers financial solutions beyond the traditional realm of Banking. YES Bank's top quality human capital represents the finest talents in Indian Banking mobilized from India and abroad;

Technology: YES Bank is establishing the highest standards in customer service by adopting cutting-edge innovative technology. The only thing constant about YES Bank's technology is evolution; and

Transparency and responsible banking: YES bank holds transparency and accountability above all else. The bank has established the most stringent corporate governance norms, and is also committed to responsible banking by focusing on sustainability and social responsibility. YES Bank states that it will continue to declare it's, promise through consistent communication activities under their brand slogans "Experience our Expertise" and "YES for YOU".

To Retain Customer Goodwill:
An average businessman loses around 25 percent of its clients per year simply by failing to attend basic customer relationships. Some businesses have leakages which are as high as 80 percent.
The consequences of customer retention also compound over time, and in sometimes unexpected ways. A small change in customer retention can downfall through a business system and increase it over a period of time. Thus having an effect on profit and growth shouldn't be underestimated.

- **Reducing Attrition:**

Looking at the recent trends, every business loses some amount of customers, but very few measure or realize how many of their customers become inactive. Most businesses, ironically, invest on time, effort and expense building that initial customer relationship. Then they let that relationship go unattended, in some cases even losing interest as soon as the sales and service has been provided, or even worse, they abandon the customer as soon as a small remedied problem occurs, only to have to spend another small fortune to replace that customer. The easiest way to grow once business is not to lose your customers. Once leakage is stop, it's often possible to double or triple once growth rate because one is no longer forced to make up lost ground to stand still.

- **Sell and then sell again:**

People do put an extra effort for an excellent job of making the initial stages of business by selling the product, then they drop the efforts, ignoring the previous customer, while they chase for more business. The Sales has actually just begun when someone makes that initial purchase decision because virtually everyone is susceptible to buyer's. To complete that deal, and repeat business that will flow from it, one need to strike while the iron is hot to allay your customers' fears and demonstrate by your actions that you really care. You should always thank them and remind them again and again why they've made the right decision to deal with you and put a system in place to sell them again, and again, constantly proving that they made the right decision from time to time.

- **Bring back the "lost sheep":**

There will be a time when the business will be having around 30-60% of the customers as dormant or inactive customers. The business will have to reactivate customers who are well aware about you and your product is one of the easiest, quickest and safest ways to increase your revenues. Contacting back and reminding them about your existence, finding out why they're no longer buying your products, overcoming their problems and making them realize that you still value and respect them, which will usually result in boast of sales and drastically increase revenues in a matter of days and will also lead to some of your best and most loyal customers, which will also help you to get new customers by word of mouth marketing by the existing customers.

- **Extraordinary Customer Service:**

The running process to keep customers satisfied and the word of mouth communication that how they were treated while doing business with you. Transferring the product or the services delivered higher than the expected levels of service to each and every customer. The key facts include dedication towards customer satisfaction; providing quick response; going beyond the duty; consistent on-time delivery; delivering what you promise before and after the sales/ service is made; a zero-defects and error-free-delivery process and recruiting outstanding people to deliver your customer service. Outstanding product/service builds fortunes in old customers, whereas poor service will drive your customers to your competitors.

- **Product or service integrity:**

Long-term success and customer retention belongs to one who does not take shortcuts in doing business. There should always be consistency between what you say and perform and what your customers experience about you. The design, build quality, reliability and serviceability of your product or service must be of the standard your customers are looking for. Service integrity is also demonstrated by the way you handle the small things, as well as the large problems. Customers will be attracted to you if you are open and honest with them, care for them, take a genuine interest in them, don't let them down and they will avoid you if you don't.

- **A complaint is a gift:**

Around 96% of dissatisfied customer will never complain rather they just walk away, and you'll never know the reason about it. That's because they often don't know how to complain, or not bothered, or are too frightened to complaint, or they don't believe it'll make any difference. They may not tell you what's wrong, but will certainly tell lot of others. A system for complaints can be the lifeblood of your business, because customers who complain are giving you a gift, they're still talking to you, they're giving you one more opportunity to return to them to a state of satisfaction and delight them and the manner in which you respond gives you another chance to show what you're made of and create even great customer loyalty.

Branding Strategies for New Generation:

Generation Z are known as technology and media savvy and moves effortlessly through platforms and is using these skills to change the effect. Politically and socially well aware, they have unlimited access to all the information and the tools that make a very big impact on the world they living in.

Majority of the organisations were too slow for the change millennials would seek and the same is true of Generation Z. Although this happens with quick shift in generation, but this one is big. Once brands turn their attention more to satisfying their needs and speaking to their values, the change is going to be of enormous proportions. This will affect all brands focused on this group, as Generation Z has very high standards. Even if you're not trying to target them directly, you'll still be exposed to them in various ways.

For organisations to engage with Gen Z, there are some strategies that will help businesses create change and build a brand from a true Gen-Z perspective.

- **Digital Age.** Generation Z are well aware about the latest technology and innovations. They were born using iPads/ Laptops instead of pacifiers. They know how to use YouTube as if they have built it. They use technology to connect with each other and the world, rather than using it as an escape from the world. When talking with them, brands ought to recognize that they can learn from this generation, rather than telling them what it is cool and what is not.
- **Connections.** They want to be immersed in experiences that take them outside comfort zone. They are looking at their future in a different way not to become a doctor or lawyer and have great healthcare, they are looking across the world at their friends they connect with on Instagram, Snapchat and Whatsapp and want to figure out ways to have deeper, globalized connections. They see different cultures, foods, stories, experiences and want to get involve in it. They would rather spend money on travelling and sharing Instagram photos of the new meal they tried rather than be paid heavily for sitting in the office.
- **Building a Community**. They want everyone to be heard and want to actively participate in what's happening in the world. They don't just want to tweet, they want to lead themselves. They want to act, they want to share their stories and learn from each other. They want to show the world that they don't need to be stuck in the existence of the past generations have created for them, they have the ability to shape our future and they don't want to listen to those before them who messed it all up.

There is still a long way to go for organisations trying to authentically engage with this type of audience. The key starting point is to understand it's not about making small changes it's about being bold and ensuring your organisation is ready for the new Gen Z consumer.

Building a Brand with Financial Inclusion:

Banking is an evolving industry. The invention of new technology has further widened the scope and reach of banking sector. In a country like India with more than a 1.2 billion population, only 40% of the total population have a proper Bank account. A present here is a large and unexplored opportunity awaiting the financial sector in India to be tapped. At present for India to emerge as an economic superpower there is an urgent need for collective economic growth in every segment of our society. Banking the Unbanked opens up new opportunities and challenges. The limitation of traditional Banking system has to be overcome by putting into practice innovative products and strategies that have easy accessibility and reach among those sections of the Society which were ignored, all these years by the formal Banking system. The services offered by banks to enhance inclusion in India are wide in nature and they are the Sub Saving A/C; Symbolic Saving Accounts; Micro Payments and Remittance System embedded with the Interactive Voice Response Systems (IVRS); Lottery based Savings Accounts; Network of Large Retail Outlets; Television based Financial Inclusion; Innovative Business Facilitation Centres; SHG - Self Help Group; KIOSK Banking; Banking Vans & Mobile

ATMs; MFI's – NBFC (micro-finance institutions as non banking financial Companies); CSP (Customer Service Points) cum training institutes; Online form Tracking System; ICT (Information and Communication Technologies) for rural connectivity; OMR based automated form processing system; Pre-printed security stickers and SMS based authentication on a real time basis.

Similarly apart from those mentioned above the introduction of technological tie-up between Banks and Microfinance Institutions and the usage of hand held devices operated through smart cards and bio metric scanner with support of information technology has bought banking to the customers fingertips. It is further supported by the mobile technology as mobile banking has been able to reach the rural masses and offer them services. The UID (Unique Identification Number) is also believed to be a catalyst for financial inclusion (Sachin Joseph, 2011). It is believed that the micro-credit and micro-savings have great potential to eradicate poverty in India (Imran Matin, David Hulme, Stuart Rutherford - 2002, & Tanya Cothran - 2012),. Through regulatory reforms in the field of Financial Inclusion small and large financial institutions are free to expand their range of products and delivery channels in partnership with other stakeholders, to reach the poorest of the poor and still make a profit. Thus through the use of technology, innovation and marketing strategies, financial inclusion will prove that 'Small is Beautiful'.

Why Branding is Important?

The following illustrates how investing in a robust brand results in a variety of benefits and improved economies for a bank brand.

- **Lower acquisition costs**

A strong bank brand reduces acquisition costs of clients and customers as they are more likely to purchase the same product/service they have come to trust than one that is new or unfamiliar. This directly shows acquiring a new customer can cost about five times more than keeping an existing one. Also, it's much easier to cross-sell other bank products to existing customers as they have an emotional preference for your brand.

- **Fewer purchase barriers**

Customers have shown that they are happy to pay a premium price for a strong brand. This has been proven time and time again. Taking an example of Apple. Its products are consistently priced higher than its competitors, yet are almost always the sales leaders in their categories. And whenever a new Apple product is introduced, people are willing to camp outside stores, in order to be among the first owners. In addition, a strong brand often trumps size, location and other advantages competitors may have. It's not surprising today to see small community banks thrive against large, multi-branch national banks within markets they share.

- **Simplified decision making**

A strong brand makes client choices easier. Once a client has purchased a brand, he/she will not need to go through the entire decision-making or vetting process again, but instead will rely on past experience for guidance. Strong brands help to reinforce a client's decision to choose a firm and to stay with it over time.

- **A tool to steal market share**

The main reason bank branding is such a challenge is that there is little to no differentiation between the industry's players. All talk about free checking, good rates, low fees, reward programs, good service, etc. Even customers looking to switch rarely have any meaningful reason to do so. With most markets already saturated with competitors, banks have no other way to grow other than to steal market share. However, this can be achieved by changing the conversation with customers. Rather than being forced to re-hash all of the same tired message points that every other bank does, a well-branded bank has a unique positioning platform that gives it a competitive edge.

- **Improved brand equity**

Every dollar spent on branding for a bank can be counted in the valuation of the company that is a dollar-for-dollar valuation. Over time, as the brand becomes top-of-mind in the marketplace, consumer preference for the brand can multiply the dollar valuation by a factor of 10 to 1 and often more. Brand equity is a real and increasingly important factor in business valuation. It falls under the accounting concept of "goodwill"—meaning the value of an entity over and above the value of its assets. The term was used in accounting to express the intangible but quantifiable "prudent value" of an ongoing business beyond its assets, resulting from the "reputation" the firm enjoyed within the marketplace. In a private company, goodwill has no predetermined value prior to the acquisition; a publicly traded company, by contrast, is subject to a constant process of market valuation—so goodwill will always be apparent.

- **Attraction for top-notch people**

The benefits of strong brands are not limited to external business performance the organization's workforce benefits as well. Career-minded people are naturally attracted to firms with strong brands, which translates to a better pool of talent applying for positions. When new employees join a company that has a powerful market presence and proactively manages its brand, they will be compelled to support those efforts and take it upon themselves to be brand stewards as well.

III. Conclusion

When it comes to the success in branding there are two main keys:

- The first one being a combination of execution of the model and strong customer service,
- secondly to ensure that the new service is allowed to build its own brand position in customers' minds so that it may eventually survive and thrive on its own, differentiating itself from direct competitors and from the parent brand of complementary services.

When both these are combined with a balanced marketing mix and clear marketing message will ensure the success of branding (Stanley V. Thomas, Sonal Agrawal and Swati Mehta, 2011).

The strongest connection between retention and satisfaction strategies turned out to be in terms of relationship and confidence (Goyal K.A. & Vijay Joshi, 2012). Branding is important in banking services as it is being used for other commercial products too. However, banking customers look for a different set of brand values. They ask what a banks service can do for their business or benefit them personally. When it comes to banking the investment or borrowing decision is often consciously competitive and mostly needs to meet the customer's requirement, and will be more objective and less emotionally driven than retail consumer purchase decisions. Various brand attributes such as quality, reliability and innovation are very important and are to be packaged in a way that appeals to the people who will be using it. Hence bankers should be careful about who will make the purchase decision, and what they are looking for in the product and what they believe their customers will want?

Creating image of the financial institution, in other words creating associations which are concerned on the financial institution and its offering program has the key influence on perception of client about quality of financial services and products. Especially are important associations which are concerned of the credibility, the assurance and the likeliness of the financial institution.

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