

The Effect of Brand Rejuvenation on Customers' Attitudinal and Behavioral Loyalty: A Case Study, Bank Mellat Iran

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ABSTRACT

The purpose of this study is to investigate the effect of brand rejuvenation on customers' attitudinal and behavioral loyalty to Bank Mellat Iran. To this end, after the review of the related literature and getting insight from experts' comments, a scale was developed in seven dimensions with 40 items. Further, the content, face, and construct validity of the model were evaluated. The statistical population of the study is comprised of the customers of Tehran Metropolis. For the purposes of data collection, a five-level Likert-type questionnaire was implemented. Totally 385 questionnaires were distributed in branches of the Bank through random cluster sampling. The results of the structural equations testing of the first hypothesis indicated that brand rejuvenation had a positive effect on the attitudinal loyalty of customers, the effect size being 0.803. The results of testing the second hypothesis indicated, with an effect size of 0.407, that brand rejuvenation had a positive effect on the behavioral loyalty of customers. Finally, the results of testing the third hypothesis indicated, with an effect size of 0.513, that the attitudinal loyalty of customers was positively effective on the behavioral loyalty of customers.

KEYWORDS: Attitudinal loyalty, Behavioral loyalty, Rejuvenation, Awareness, Personality, Relationship development, Attraction, Mental image, Essence, Reputation

1. INTRODUCTION

During previous decades, the value of an organization was measured with respect to its properties followed by tangible assets, manufacturing sites, and equipment. Nowadays, nevertheless, economy and management researchers have come to the understanding that the real value of a firm lies somewhere outside it: the minds of its potential consumers. The price of a certain product measures its monetary value, but the brand held by it introduces the product and reveals its distinctive aspects [17].

Brand is often regarded as the cornerstone of marketing. What brands do is render generic products to goods for which customers not only pay money but also accept to spend more to have them into their possession.

There is almost a universal agreement in marketing filed on brands: they are regarded as something beyond product names. In such areas, brands have complicated interactions with the physical characteristics of products and the social-psychological traits and the created beliefs in customers' minds, which are the distinctive features of a product from another [1].

The issue of keeping and reinforcing customer loyalty and factors affecting it is a strategic challenge for those organizations concerned with maintaining and expanding their competitive position in the market. Such organizations spend lots of money so that they may realize and get familiar with this important issue and that they may achieve practical solutions to empower it. The reason is that the intensification of competition and attempts to get products closer to the qualitative and quantitative levels that are in the domain of customers' reach has become very critical to the introduction of products and services with qualities of being considered by customers to make them their permanent buyers [8].

Nowadays, the main capital of many businesses is their brands, because brands are created to make consumers able to identify those products and services which secure for them some specific advantages. As marketing tools, brands play a significant role in service companies. Powerful brands are able to enhance trust to intangible products and to get consumers to better understand and become engaged in them. Researchers interpret service brands as a commitment to customer since these brand reduce both the time needed to search and the level of perceptual, financial, social, and security risks which are impediments to accurate evaluation of services before purchase [24].

Considering the importance of brand rejuvenation loyalty preservation and reinforcement, especially in services such as banking, it was attempted in this study to explore the effects of brand rejuvenation on customer loyalty.

2. REVIEW OF LITERATURE

Brands can communicate with their customers. As customers try to find a particular brand in their daily lives to meet their needs, they search for the one which satisfies them [26]. This exactly represents the relationship between the brand and the customer, which is called brand loyalty, and it is among the noticeable areas of research in brand management [14].

Those brands which have succeeded to distinguish their identity and goals from others and to present a tangible and friendly image are able to make rich and beneficial relationships with their customers. In this way, these brands will conquer not only a part of consumers' hearts and minds but also a part of their daily lives. Customer loyalty, moreover, bears an aspect of competition in brand market, especially when loyal customers ensure the survival of a company or the death of another in manufacturing industry. The process of branding with an emphasis on loyalty creation helps companies establish themselves strategically for the future and compete effectively with those international conglomerates that have conquered global markets [13].

The concept of loyalty has not been defined in a single way. In marketing, loyalty is often interchanged between the operational notions of repeat purchase [7], priority [11], commitment [12], maintenance, loyalty and dependence [23].

The conceptual definition of brand loyalty was first proposed by Jacoby and Chestnut (1978). Directed behavioral responses (purchase) are created by some deciding units with respect to a certain brand or some brands outside a group of brands during time, and they are a function of psychological processes [23].

The American Marketing Association defines brand loyalty as an advantage in the sense that a customer buys a product from a certain supplier repeatedly instead of buying it from various ones. Aaker (1991) believes that brand loyalty is an indicator of the possibility that a customer may turn to the rival brand, especially at times when the brand causes changes in price and features [1].

Brand loyalty plays an important role in service industry; in particular the creation of customer satisfaction is very significant for the future customer support of the provided services [10][23].

A more expanded description of brand loyalty by customers includes the following three attitudes:

Behavioral loyalty

This type of loyalty refers to the situation in which customers will purchase the products of a certain brand again. It seems that attitudinal loyalty is more durable than behavioral loyalty, because it indicates the commitment and preference by customers when unique values are observed in a certain brand.

Behavioral loyalty is the long-time continuous purchase of a single product or service by customers. Reichheld (2003) believes that the most rigorous witness for proving loyalty is finding the percentage of the customers who are ready to introduce certain products to friends and colleagues [22]. From the standpoint of Clotey and colleagues (2008), behavioral loyalty includes such indicators as repeat purchase and recommendation to others [6]. Swan and colleagues (1998) define behavioral loyalty as that sort of brand loyalty by which customers purchase a product significantly during a period of time, while they construct attitudinal loyalty based on uttering preferences, commitment, or purchase intentions [3] [25]. Chaudhuri and Holbrook (2001) have proposed a model of behavioral loyalty to brands which points to the loyalty and inclination to provide more market share for a certain brand [5]. Furthermore, Morgan (2000) states that the mere word of loyalty can be interpreted in various ways like a continuum one side of which is effective loyalty (what I feel) and the other side is behavioral loyalty (what I do) [20].

Behavioral loyalty is the extent to which customers tend to keep their relationship with a certain supplier. It is usually the result of the customers' being sure of the value they get from the supplier [4]. In other words, it refers to the amount of customer purchase and the amount of purchase from a single brand [16]. Following these definitions, the following hypothesis can be brought upon:

Hypothesis One: Brand Rejuvenation has a positive effect on behavioral loyalty.

Attitudinal loyalty

This type of loyalty is defined based on stating preferences, commitment, or purchase [3][1]. Attitudinal loyalty is the extent to which customers inform others of those services which have satisfied them [21]. Chaudhuri and Holbrook (2001) reckon that attitudinal loyalty shows inclination toward higher brand price. This type of loyalty is defined as customer tendency toward commitment to a certain brand, which is classifiable from the top to the bottom [5].

As Anisimova (2007) holds, attitudinal loyalty infers customers' distinction at the time of observing the unique values of a certain brand, which can be regarded as the emotional and cognitive components of brand loyalty. Such a loyalty presents a longer commitment by consumers to an organization [2].

Hong and Cho (2011) found that attitudinal loyalty and purchase intention are under the influence of customers' trust to sellers. They believe that attitudinal loyalty is a part of a real attitude or feeling of loyalty concept because the positive attitude of individuals toward a company is probably a prerequisite of their loyal behaviors. Resting on these explanations, another hypothesis can be made as:

Hypothesis Two: Brand rejuvenation has a positive effect on attitudinal loyalty.

Composite loyalty

Gounaris and Stathakopoulos (2004) came up with a model in their studies with a conclusion that attitudinal loyalty can lead to the intensification of behavioral loyalty [9]. Following their argument, it is possible to suggest that:

Hypothesis Three: Attitudinal loyalty has a positive effect on customers' behavioral loyalty.

3. METHOD

The present study is a descriptive survey. It is an applied, cross-sectional study regarding its purpose and time. As the subjects of the study are studied in their natural environment, it is a field study. The population of the study consists of all customers of Bank Mellat Iran in Tehran Metropolis.

The sample of the study was selected based on Krejcie and Morgan’s table (1970). For populations with more than 100000, the sample size, with 5% margin of error, would be 385 participants.

After the utilization of cluster random sampling, and considering Tehran’s map and municipal districts, the City was divided into five areas: North, South, Center, East, and West. A list of the Bank’s branches was compiled for each area, and among all branches, 15 were selected randomly for the purpose of collecting data. The main purpose of this study was to develop a scale for measuring brand rejuvenation. The rejuvenation questionnaire includes 40 items to test seven variables. The items are based on five-level Likert scale ranging from absolutely disagree to absolutely agree, which bear values of 1 to 5 after rendering them on a quasi-interval scale.

In order to evaluate the instrument’s validity, experts’ judgment and Lawshe’s index were used. As the number of experts was 12, according to the table for Lawshe’s index, the critical values for CVR must be 56% to keep the considered item. All items were valid based on experts’ comments. To meet the face validity of the instrument, some items were improved after the conduction of the pre-test.

The results of Cronbach’s alpha and composite reliability obtained from PLS software indicate the appropriateness of the constructs’ internal consistency reliability, which are provided in the following table:

Table 1. Cronbach’s Alpha Results of Questionnaire

	Number of Items	Alpha Value	Composite Reliability
Relationships Development	11	0.938	0.947
Personality	11	0.938	0.947
Awareness	4	0.763	0.845
Mental Image	4	0.814	0.877
Attraction	4	0.810	0.875
Reputation	3	0.667	0.818
Essence	3	0.772	0.855
Attitudinal Loyalty	13	0.910	0.933
Behavioral Loyalty	5	0.823	0.889

4. Findings

In this section, the data obtained from the sample responses to the questionnaires are analyzed. The process is develops at two descriptive and inferential levels.

Out of the 385-participant sample, 246 were men and 139 were women. In addition, 52% of the total sample was single. Age frequency of the respondents was as follows:

Table2. Frequency According to Age

Age	Frequency	Percentage
Below 20	15	3.9
21-30	119	30.9
31-40	155	40.3
41-50	73	19
Above 50	23	7

In the following paragraphs, PLS software is used to explore the effects of brand rejuvenation on customers’ attitudinal and behavioral loyalty.

According to the obtained results, Q² coefficient in structural model was above zero, which demonstrates the appropriate structural quality. Thus, it can be used to test the first hypothesis.

Table 3. Quality of General Structural Model

Total	SSO	SSE	1-SSE/SSO (Q ²)
Attitudinal Loyalty	1925	1023.307440	0.468412
Behavioral Loyalty	5005	3931.869093	0.214412

The results of testing the hypotheses by PLS are presented in Figure 1 and Figure 2. In the first hypothesis test, the value of t-statistic was 43.480; thus the assumption of the existence of independent hypothesis’s effect on the dependent hypothesis would be confirmed as the result is not between -1.96 and +1.96. In the second step, the determination of the direction of the effect calls for the attention to the sign of standard coefficients in Figure 1. In these structural equations, the direction is positive, which indicates the existence of a positive direct effect. As a result, the research hypothesis is confirmed and it can be concluded that brand rejuvenation has a positive effect on attitudinal loyalty. According to the results, one point of increase in brand rejuvenation would add 0.803 points to attitudinal loyalty.

Fig. 1.Results of Standard Coefficient and Direction of Structural Model’s Effect

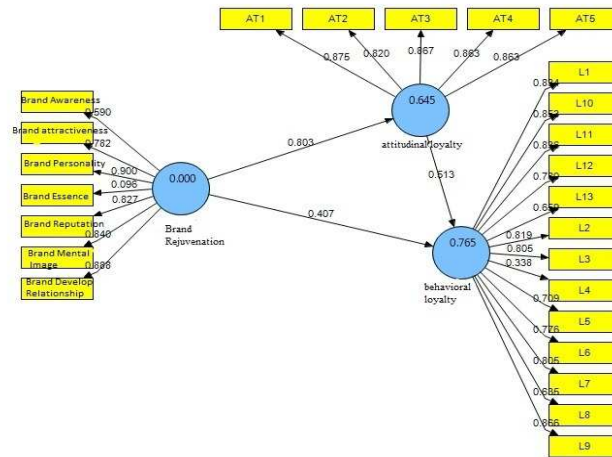
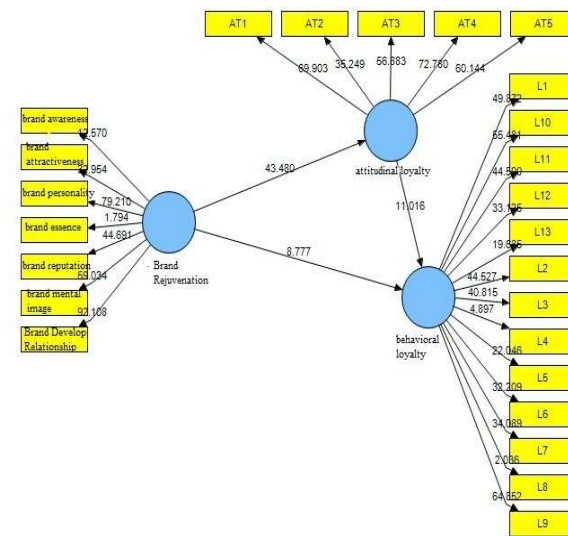


Fig. 2. T-Statistic Results for Directions (Hypotheses) of Structural Model



In the second hypothesis test, the results confirm the existence of the effect of the independent variable on the dependent variable since the value of t-statistic is 8.777. As the sign of the standard coefficients is positive, the research hypothesis is confirmed and it can be concluded that brand rejuvenation has a positive effect on behavioral loyalty. The size of this effect is 0.407.

In the third hypothesis test, the value of t-statistic for the direction of attitudinal-behavioral loyalty is 11.016, and because it is not between -1.96 and +1.96, the research hypothesis of the existence of the effect of attitudinal loyalty on behavioral loyalty is confirmed. With respect to the negative sign of the standard coefficients in Figure 1, it can be stated that such effects are direct and positive. Therefore, the research hypothesis is confirmed; attitudinal loyalty positively affects behavioral loyalty. The size of the effect of attitudinal loyalty on behavioral loyalty is 0.513 according to the results. A summary of the results of hypothesis testing based on the structural model of the study is provided in Table 4.

Table 4. Summary of Results of Structural Equations Modeling

Direction	T-Statistic	Effect Existence	Direction Coefficient	Result
Brand rejuvenation – Attitudinal Loyalty	43.480	Yes	0.803	Confirmed
Brand rejuvenation – Behavioral Loyalty	8.777	Yes	0.407	Confirmed
Attitudinal loyalty – Behavioral Loyalty	11.016	Yes	0.513	Confirmed

5. RESULTS

Based on the results of testing the research hypotheses, brand rejuvenation has a positive effect on customer’s attitudinal loyalty.

Rejuvenation and attitudinal loyalty

Hong and Cho (2011) found that attitudinal loyalty and purchase intention would go under the influence of brand rejuvenation. They believe that attitudinal loyalty is a part of a real attitude of feeling toward the concept of loyalty. The reason lies in the fact that the positive attitude of individuals toward an organization is probably a precursor to the loyal behaviors they show. Li (2010) investigated the effects of brand rejuvenation on both types of loyalty and concluded that brand rejuvenation has a positive effect on attitudinal and behavioral instances of loyalty.

Rejuvenation and behavioral loyalty

Based on the results of testing the research hypotheses, rejuvenation has a positive effect on behavioral loyalty represented by customers. Swan and colleagues (1998) define behavioral loyalty as the loyalty to a certain brand through purchasing tangibly during a period of time.

Attitudinal loyalty and behavioral loyalty

According to the results of the study, attitudinal loyalty has a positive effect on behavioral loyalty. Such results are consistent with the findings of. Gounaris and Stathakopoulos, (2004) proposed a model in their studies based on which they concluded that attitudinal loyalty can lead to the intensification of behavioral loyalty. Swan (Volckner and Sattler, 2007) attempted to expand and develop previous models and their findings indicated that attitudinal loyalty has a positive effect on behavioral loyalty; in other words, the former is a prerequisite for the latter.

6. Practical Suggestions

As the results of the study clearly point to the fact that attitudinal loyalty has a positive effect on behavioral loyalty illustrated by customers, in case customers prefer a certain brand attitudinally to others and show trust, attachment and favor, they would purchase products or services promoted by that brand and would recommend it to other people. We suggest that the managers in this field make necessary attempts to create attitudinal loyalty in their customers. It is suggested that those managers and marketers active in service industry seek for the increase in customers' loyalty if they intend to rejuvenate their brands. This study can be used by managers, executives, students, and scholars and can provide them with a conceptual framework for directing their thoughts and actions.

With respect to the fact that brand rejuvenation, and as a result all aspects of brand rejuvenation, has a positive effect on customers' attitudinal and behavioral loyalty, it is recommended that more investment be done on developing brand relations, personality, awareness, mental image, attraction, reputation, essence in various sectors of this field of practice.

Since giving a personality to a brand is effective on attitudinal loyalty to it, banks and other service institutes must try to have positive emotional impressions customers besides promoting activeness, accountability, and appropriate service. They must show a successful brand which is in line with their objectives.

According to the results of the study, the dimension of brand essence was in the highest place and brand awareness was in the lowest. Therefore, brand managers are advised to consider the reached priorities in trying to rejuvenate their brands.

Thus study is a novel case of research not only in Iran but also abroad, which itself is a reason for some difficulties in fulfilling study purposes.

The brand rejuvenation scale and its structural model was tested in service sector. Thus, it is recommended that other studies be carried out in various sectors using the same scale so that its generalizability would be enhanced. It is recommended that future studies investigate those factors that affect brand rejuvenation and investigate brand personality on customers' attitudinal and behavioral loyalty.

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