

Antecedent and Consequences of Brand Loyalty: Empirical Study

Violet Uju Alola

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Approval of the Institute of Graduate Studies and Research

Prof. Dr. Elvan Yılmaz
Director

I certify that this thesis satisfies the requirements as a thesis for the degree of Master of Arts in Marketing Management.

Assoc. Prof. Dr. Mustafa Tümer
Chair, Department of Marketing Management

We certify that we have read this thesis and that in our opinion it is fully adequate in scope and quality as a thesis for the degree of Master of Arts in Marketing Management.

Assoc. Prof. Dr. Mustafa Tümer
Supervisor

Examining Committee

1. Assoc. Prof. Dr. Mustafa Tümer

2. Asst. Prof. Dr. Ilhan Dalci

3. Asst. Prof. Dr. Mehmet Islamoglu

ABSTRACT

This work was proposed to investigate the antecedent and consequences of brand loyalty as it affects the banking industry in North Cyprus. Examining the dimension of brand loyalty and how bank managers can work towards its sustainability. The result of the empirical study, using data collected from 164 respondents from Famagusta in North Cyprus. The research indicates that brand Equity, Satisfaction, Trust, service quality has a positive influence on brand loyalty, while price and word of mouth was not seen to have any effect on brand loyalty. Brand equity was seen as the most dependable variable of brand loyalty.

Keywords: Brand Loyalty, Brand Equity, Satisfaction, Trust, Service Quality

ÖZ

Bu çalışma da Kuzey Kıbrıs'ta bankacılık sektöründe etkiler olarak marka sadakati öncülü ve sonuçları araştırmak için önerilmiştir. Marka sadakati boyutu incelenmesi ve nasıl banka yöneticileri sürdürülebilirlik doğru çalışabilir. Ampirik çalışmanın sonucunda, Kuzey Kıbrıs Gazimağusa 164 katılımcıların toplanan verileri kullanarak. Fiyat marka sadakati üzerinde herhangi bir etkisi olduğu görülmemiştir ise araştırma marka Özkaynak, Memnuniyeti, Güven, ağızdan ağıza gösterir, hizmet kalitesi, marka sadakati üzerinde olumlu bir etkisi vardır. Marka değeri marka sadakati en güvenilir değişken olarak görüldü.

Anahtar Kelimeler: Marka Sadakati, Marka Değeri, Memnuniyeti, Güven, Hizmet Kalitesi

This thesis is dedicated to my one and only better half, Mr Andrew Alola.

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Chapter 1

INTRODUCTION

In every sphere of life both in business of profit and non-profit making organization, there has been an increase in the quest for loyalty. The back bone of every business is the loyalty of the customers to its product. As a matter of fact, service providers are concerned in increasing and to maintain customers brand loyalty. Brand stands out as valuable assets of a company. It is not all about getting your target market to choose your brand among the competing brands but to see the brand as the only solution to their problem. Brand introduces stability in an organization, it guilds the company product against imitation and gives consumers confidence when shopping and using the product. In order to attract new customers, a loyal customer base which allows companies to reduce marketing cost and operational cost should be put in place (Griffin, 1995). A very crucial point worthy of note is that brand loyalty is not just a repeat purchase.

A consumer who buys a particular product always is not necessarily doing so out of brand loyalty because he must have when he has compared current prices, quality, durability etc.

1.1 Brand Loyalty and Customer Pyramid

According to Jacoby and Kyner (1973), they define brand loyalty as a function of psychological process and behavioral response. Brand loyalty includes commitment towards the quality of product which is a function of both positive attitudes and repetitive purchase. They are different types of customers that possess some level of loyalty in a firm, they are as follows in descending order according to Zeithaml, Valarie A etl (2001)

1.1.1 Platinum Tier

These are the customers that are highly profitable, not price sensitive, always willing to invest in the company. They are referred as the company most committed customers. Platinum Tier advertises for the company free of charge with their positive word of mouth. A company cannot stand the loss of a customer under this stage.

1.1.2 Gold Tier

These are the customers that their profitability level is not so high this is because they always want price discount though they are heavy users of the product does not make them brand loyal.

1.1.3 Iron Tier

Essential customers that provide the volume needed to utilize the firm's capacity but their spending levels, loyalty, and profitability are not substantial enough for special treatment.

1.1.4 Lead Tier

The Lead is customers who are very expensive to maintain. They are problem customers demanding more attention than necessary complaining about the firm to others and tying up the firms' resources.

1.2 Significance of Brand Loyalty

Loyal customers are the corner stone of every marketing strategy. A brand can lose its direction and market share when such brand neglect the loyal customers which generate profit for the Firm thereby providing basis for improvement and brand development. In the real world, as the percentage of loyal customer's increases, the firm market share also increases thereby leading to more profit for the firm. According to Bloemer and Kasper (1995) brand loyal customers are only committed to a particular brand despite all odds.

- The significance of brand loyalty can be seen in the form of continuous profit that the loyal customers bring to the company. The advantages of loyal customers are long term the longer a customer stays loyal the higher the cumulative profit.
- The reduction of marketing cost is also another important of brand loyal. The money that could have been used to attract new customers through advertising is minimized if not totally eliminated.
- Loyal customers help in reducing the operating cost of a firm. For a loyal customer of a bank, the cashier does not need to enter the customers information again or to tell the customer the services they offer, the customer is less dependent on employers information thereby decreasing the service cost.
- Positive word of month by a royal customer is more active than all the company's promotion put together. Customers who patronize a firm due to positive word of mouth tend to stay longer with the firm. According to Mok etel (1996) loyal customers buy more than moderate.

At every point in time, a producer or a company need to know the customer's level in the pyramid, this will enable him/her to know whether to keep the customer or do away with the customer.

1.3 Loyalty in Service

According to Lee and Cunningham 2001, many researchers have dealt with brand loyalty, leaving the loyalty in financial services fully unexposed. Determining loyalty can be quite different and difficult in service sector than when dealing with other product. This is because of the problem associated in determining loyalty in financial sector, such as tangibility, standardization. This lack of tangibility and standardization always leads to confidence been a major role in determine loyalty in service sector. In service sector, there is always a situation where the customer and provider are in separable, this means that the customers indirectly participate in service production and delivery; this is seen in the interpersonal component of service and increases the emotional dimension to loyalty.

In addition, according to Javalgi and Moberg 1997, defines service loyalty as referring to the provider and not a specific product, and this increases the loyalty of a service because of the service quality evaluation associated with services.

1.4 Loyalty in Financial Services

In considering loyalty in financial sector, one should not forget the fact that in financial sector, loyalty is been considered in the length of time that customer relate with their producer. According to Javalgi and Moberg 1997, the interpersonal relationship with the customer, the nature of service act, and way service delivery is been carried out affects customer loyalty.

Considering what loyalty is and bank loyalty to be presides, factors that affect the construct will really give a much insight to the understanding of this subject matter.

Chapter 2

REVIEW OF EXISTING LITERATURE ON BRAND

LOYALTY

2.1 Introduction

Brand equity is what describes the worth of a product in a competitive environment regardless of price and quality. The core dimension of brand equity is loyalty amidst brand awareness, perceived quality. In order to gain and maintain brand loyal customers, producers need to get to know and maintain the antecedents of loyalty in the market place. For a company to have branded loyal customers such customers are less risky, less expensive and they contribute a higher rate of return to the company they are loyal to.

Several researchers has dealt on this subject matter, this chapter will review their different views on the subject.

According to Aaker (1991) as brand loyalty increases, the tendency of a consumer to switch to another brand decreases. He also says that brand loyalty is a strong bond that a consumers share with a particular brand. Loyal customers are asset to a company, this can be seen in the loyal customers' word of mouth, the company reduces cost by less advertising and is less expensive to maintain loyal customer than to gain new one.

Dekimpe et al 1997 and Travis 2000 they pointed out that brand loyalty is the primary goal of companies and that brand loyalty equals brand equity. It is worth of note that brand loyalty cannot be single handedly discussed without brand equity and its demission (brand awareness, perceived quality and brand association). A customer becomes loyal to a particular brand after been aware and tested the said brand, loyalty comes in place. Aaker (1991) explains that brand loyalty has five stages, starting from non loyal to the committed level stage at the top of the ladder.

Table 2.1: Level of Loyalty (Source Aaker, 1991)

Committed buyer/ brand loyal
Likes the band
Satisfied buyer with switching cost
Satisfied/ habitual buyer no reason to change
Price sensitive indifferent, Not brand loyal

The least in the table are the consumers who purchase product because it is adequate, the second are the satisfied, describe a consumer who is not dissatisfied with the product, consumers on this category are not on the looking out for an alternative most of the time. The third are very sensitive consumers, in as much as they like the product, the have switching cost, such as money, time etc. For a competitor to win these customers at this stage, a lot of effort has to be made. The fourth stage is the consumers who like the brand and has emotional attachment to it. The highest level is the brand loyal customers who purchase the product not only because of satisfaction but also because of pride. A brand is an expression of whom a person is.

The study by Fred Mannering and Clifford Winston (1991) on ‘Brand Loyalty and the Decline of American Automobile Firms’ deeply emphasized the role of brand

loyalty among many other factors in the general outlook of an automobile company. In the study, General Motors Company (GM)-previously General Motors Cooperation before 2009 was thoroughly case-studied such that a relation between customers' patronage of their products, the company's profit and its future and also competition from other automobile companies is established. This study predicted that despite General Motors Company's record profit of the 1988 which was earned mostly from their European operations because of restricted completions, they risk impending financial crises as a result of significant global decline in their sales.

Indication from the study also suggested that by mid 1990s Japanese automobile industry which posed a competitive market with GM would produce 3.5 million cars and light trucks per year which is almost equivalent to twenty-five percent of all United States of America's annual sales of the same automobile category. Details showed that with the technological advances, Japanese automobile industry could also made available to the customers cars in all size classes (both luxury and mid size), higher reliability and quality with moderate company production cost. Hence, with Japanese automobile company expansions in developed countries including U.S.A. and the readily available of their products at a moderately lower prices and higher qualities poses a deteriorating outlook and declining loyalty of customers to the product of U.S. automobile makers: Brand Loyalty. Consequently, the decline in customers brand loyalty for General Motors cars is responsible for the company's huge share loss which battered the company's financial state in past years.

In the work of Jonna Holland and Stacey Menzel Baker (2001) titled "Customer Participation in Creating Site Brand Loyalty", online customers visiting internet sites are seen to significantly play a major role in form of patronage and such that could

be attributed to site brand loyalty. Traditionally, a one-to-one relationship usually characterizes customers and marketer basic form of relationship until recently when technological advances has majorly imparted the way marketers develop their relationship with their customers and consequently proved a driving force in customers' relentless opportunity to participate in marketing two way communication process (Baker, Buttery and Richter-Buttery, 1998).

Interestingly, Hoffman and Novak, 1996; Pepper and Rogers, 1997) also stressed that technological advances has allowed customers to be more relevant in determining product design, product prices and establishing a distribution channel through creation of communication vehicles in the process of electronic marketing(E-marketing). Although study showed an appreciable increase in the number of new internet users which transform to more website visitors globally, but the challenge in attracting such visitors and also retaining the old users to gain their loyalty (stickiness) is the headache of every market managers. Such challenges which could influence site consumers' brand loyalty are believed to vary from consumer attitude to website types among other factors are emphasized to be more intrinsic and deserve more in depth study.

In examination of brand loyalty by Ame Floh and Horst Treiblmaier in what makes the E- banking customers loyal, they confirmed that satisfaction and trust were the two major things. So many writers are of the opinion that satisfaction is based on cumulative experience rather than a way thing. Anderson et el 1994, Bayus 1992 pointed out that relating satisfaction with loyalty in a single transaction is too restrictive and Homburg and Giering 2001 are of the opinion that dissatisfaction can not a customer to switch to another brand in just a single transaction. Mustafa Tepeci

1991 stressed that five important factors creates brand loyalty, these factors are awareness, perceived quality, innovation, brand extension and satisfaction. Arjun et el 2001. The role of brand royalty, they examined brand trust, brand effect and brand performance as having a link to brand loyalty, purchase loyalty and attitudinal loyalty. Assael 1998, loyal customers may continue using a particular brand because of its image. Parasuraman 1996, Oliver 1999 opined their opinion that brand loyalty emphasizes just the behavioral aspect of the concept. Basu and Dick 1994 are of different view that brand loyalty comes as a result of behavioral theory. Oliver 1999, defines brand loyalty as a commitment to repurchase a particular product by a consumer, despite factors that might influence the consumer to switch to another brand. This definition signifies two things that has been previously discussed by (Jacoby and Chestnut1978, Oliver 1999, Aaker 1991, Jacoby and Kyner 1973, Tucker 1964), on behavioral and attitudinal concept of a consumer towards repeat purchase of a particular brand. Behavioral commitment of a customer is only associated with a repeat purchase of a customer to a particular brand, this might be as a result of the consumer not to have tested other brand but the attitudinal purchase is linked to when a consumer patronize a particular brand because of the brand unique qualities such as, quality, service etc. because of trust, this particular consumer has decided to purchase only but this product. Doney and Cannon (1997) sited that the word trust is a “calculative process” this is based on human judgment of the ability of this service or product to meet the consumer constant demand.

2.2 Conceptual Model

A model was developed from the thorough study of previous research works which relates key parameters attributed to Brand Loyalty. The model representation shown

below further explains the link between many of these attributes and their importance in deciding customers' brand loyalty.

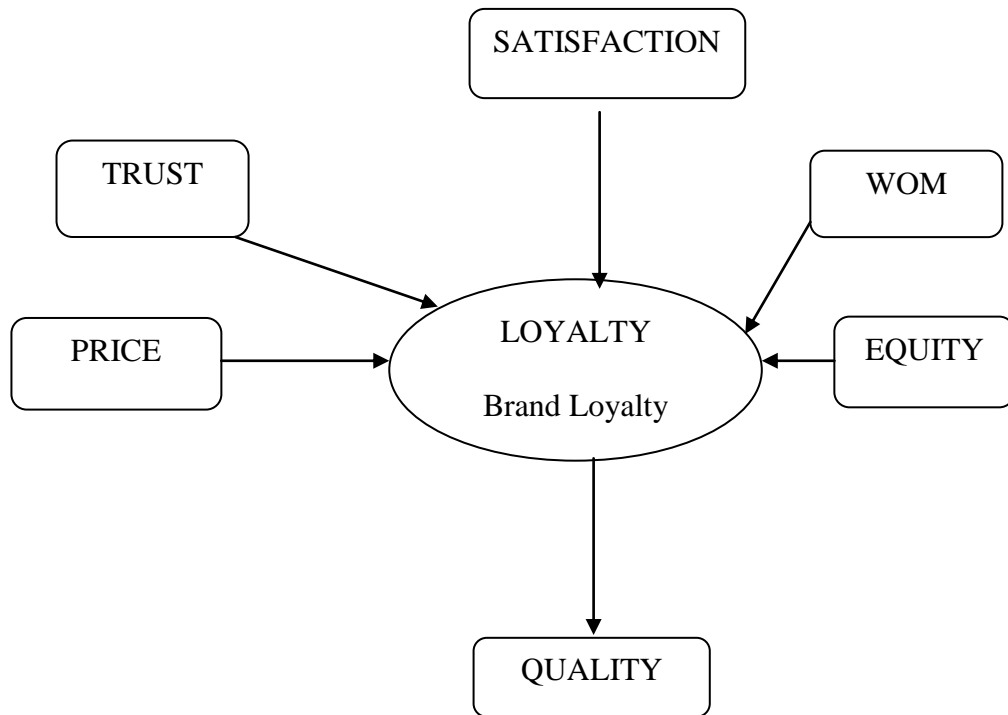


Figure 1: Model for the Study

2.3 Overview of the Parameters of Brand Loyalty

Evidently from the aforementioned and review papers related researches on brand loyalty, there is affirmation on various factors responsible for customer loyalty or stickiness to a product. Although, the contribution of most of these factors in a way that could affect the degree of loyalty of a customer is liable to vary, but the long effect cause the need for more research on the subject. Some factors like belief, attitude toward a particular product among others could be linked to brand loyalty but the parameters mentioned earlier in this literature which is key to customers' loyalty are, Brand Equity, Service Quality, Trust, Satisfaction, Price and Word of Mouth (WOM).

2.3.1 Brand Equity

Hong-bumm Kim, Woo Gon Kim, Jeong A. An (2003) examined brand equity as to do with the financial value of the firm. It is a flow of cash in respect to a branded product as regards an unbranded one. The researcher used the micro and macro approaches to ascertain the changes in the loyalty of customers. The micro approach looked at the value of a company's brand as regards the effect on brand equity, while in the macro approach, company were sampled to determine their view on brand equity.

In testing brand equity in the wine industry, Linda Nowak et al (2006) stated that customer commitment, product quality, service quality and fair pricing are also significant predictors of brand equity. Nowak and Washburn, (2002) are of the opinion that consumer perception of a brand and moderate pricing relation to the quality of the product/service are two critical success factors for building brand equity. The attitude of a consumer towards a wine brand affects the brand equity. And this is a reflection of the extent that firms adopt to create an emotional relationship with the customer (Lemon et al. 2001). He also stated that another component of brand equity is the image of the product especially when the usage of the product is visible to others. Brand equity in a wine industry has to do with the image, such as what is the label, price, which hotels serve it, what is the wine ranking and which celebrity consumes it etc (Orth et al. 2005). This is one of the determinants that allow a consumer to purchase the product against another.

According to Nowak and Washburn (2002), product quality in wine industry, is a strongest predictor of brand equity. Quality is a predictor of customer satisfaction which in return, has a significant effect in the economic growth of the firm as a

repeat purchase over a long period of time (Anderson et al. 1994). According to Ruchan Kayaman and Huseyin Arasli (2007) in their study in customer based brand equity in hotel industry they proposed that brand loyalty, perceived quality and brand image are the determining factors of brand equity. A research conducted by Kim and Kim (2005) examined the customers based on brand loyalty, equity, awareness, image and perceived quality. Among all these measured, strong brand equity was discovered to be the brain behind a firm's profitability and absence of it can reduce firms' cash flow. According to Aaker (1991), he said that brand loyalty precedes brand equity which is created by many factors. Keller (1993) considered brand image as an important component of brand equity which is built around the consumers brand associations and attitude. Ruchan Kayaman et al (2007) went further to provide a conceptual model to buttress their point.

In the determinants of brand equity by Eda Atilgan et al (2005), in their study, they concluded that brand loyalty influences brand equity, although brand awareness and perceived quality were found to have a weak support in influencing brand equity. The study made a significant impact on the service brand in line with the brand equity. After the research, the researcher concluded that to maintain brand loyalty, one need to build and maintain a positive brand image. What distinguishes one's product from a competitor's product is a strong brand image. Customers buy product that are in line with their image, this is because when a consumer perceive that one brand is more better than the other, the consumer goes for it solely because of the image.

2.3.2 Service Quality

The primary aim of every service provider is in amassing a reasonable targeted profit over a specific period of time so as to sustaining the business. But in addition to this aim is the needs to both retain and adding to the numbers of existing customers the company is servicing. Until recently, service providers has understood the essence of rendering a ‘quality’ service to customers as one of the perfect routine that could easily attract, convince and sustain customers’ loyalty to their brand or service and in the long run achieving their primary aims indirectly. In rendering services, service providers are always faced with the challenge of determining the level of their service qualities and as well to ascertain client’s contentment with such level and if not to improve on their quality in a way as to gain their customers’ loyalty. SERVQUAL instrument is a well-known and most convincing measurement scale for service quality that merely identifies the service providers’ strengths and weaknesses, Mushtaq Ahmad Bhat (2012). Parasuraman et al., (1988) developed a diagnostic tool, SERVQUAL model that consist of items which evaluates the five key service factors which are; empathy, assurance, responsiveness, reliability and tangible. In the same paper Mushtaq Ahmad Bhat stressed that in maintaining a competitive tourism business to ensure having and gaining comparative advantage, much importance and consideration is necessarily laid on the systematic process of managing quality of service. He maintained that through improvements in efficiency, effective marketing, benchmarking, customer care and staff training and development the quality of tourism-related service could be achieved by balancing their (customers’) perceptions and expectations. Since customers’ way of thinking and judgments are linked also to their loyalty to a particular service then service

quality is also seen as a pattern of thinking in satisfying customers' positive attitude toward the service they have or will receive, Ostrowski et al., (1993).

In a research study of hospitality industry which is quite related to the tourism sector by Michael D. Clemes et al., (2011) shed more light on the importance of the industry as discharged by hotels and other accommodation and recreation services to world economy. The role of the hospitality industry in global economy continued to emerge concerns on best, alternative and effective strategy to reposition the sector such that customers' continuous patronage and reliance on the sector is sustained. Severally, arguments on the best way to achieve customers' loyalty in the industry continue to emerge with many facts always pointing towards holistic service quality.

As an alternative measurement instrument to Parasuraman's et al., (1988) SERVQUAL model, Cronin and Taylor (1992) recommend a performance-based SERVPREF scale instrument which he believes comfortably measures service quality based on the idea that quality is wholly consumer's judgment about a particular service's overall excellence or superiority. Cronin and Taylor (1992) maintained as well that SERVPREF is quite different from SERVQUAL measuring scale in that while SERVPREF is based on an attitudinal paradigm, SERVQUAL is perceived to be based on a disconfirmation paradigm and the assumption is broadly known to be acceptable and many researchers opined that SERVPREF has outperformed the traditional measurement scale.

Another major sector where enormous value is attributed to service quality is in the health sector, where it is strongly noticeable in essence that human life is always at stake in any health-related organization. Rightly coined by Ramanujam P.G.(2011) in

his paper on the relationship between customers and quality in deciding the health care services, he maintained that health care customer is changing qualitatively. Necessarily, there has been a paradigm shift of quality control emphases in industrial, production and other usual sector to more importantly now health sector primarily because of patients' growing enlightenment and demand for service quality in the sector signaling the only assurance to their loyalty. In view of this shift, health care providers are expected to observe the perception and expectation of their patients (customers) and hence providing services of merited value to them. The level of quality obtained by patient could also largely depend on the extent the health service provider employees' discharge services with expected professional excellence, humanitarian approach and with their ethical values.

Even in health care sector, various researches maintained that service quality is synonymous with satisfaction and behavioral intentions of customer and indirectly affecting their loyalty to the service. In the study conducted by Yukyoung Kim et al., (2012) on the perceived service quality of some patients of the South Korean National University Dental Hospitals (NUDHs), evidently the patients' perceptions which are subjective is observed to greatly influence their satisfaction and hence such satisfactory service experienced tends to lead customers to modify their attitude toward a provider the long run. Nonetheless, Brown and Swartz (1989) corroborated that service providers increasingly and consistently provides superior service quality using it as a strategic tool to ensuring their effectiveness in the market as well as earning their customers' loyalty.

2.3.3 Satisfaction

Among the parameter of brand loyalty is satisfaction; according to Rusbult (1980b) it is the relationship by which individual get commitment as well as erodes the commitment. A theory of interdependent was raised by many writers such as Kelley and Thibaut (1978), Thibaut and Kelley (1959) proposed that commitment to a relationship does not stand on its own, it is a function of other factors such as; how well you are satisfied with the relationship, is there any alternative to the relationship and finally, what is ones contribution to the relationship. People's motivation depends on two things, maximization of rewards and minimization of cost. Rusbult (1980a) explained that one's satisfaction in a relationship depends on the reward that comes out of it and the cost it takes and the overall expectation of the relationship. Satisfaction with a relationship is only possible when the reward outweighs the cost. Anderson and Srinivasan (2003), Beerli, Martin and Quintana and Homburg and Giering (2004) in their study has been identified as the major thing that induce loyalty in marketing. For example, Blomer and Lemmink (1992) examined brand loyalty in a car manufacturing industry and came up with a conclusion that customer satisfaction is a major determinant of brand loyalty. Bloomer and Kasper (1995) found out that satisfaction is only an antecedent of brand loyalty and not a determinant.

Despite the various views that support that satisfaction induce brand loyalty, some researcher are in agreement with that such as Hellier et al (2003) and Skogland and Siguaw (2004). They opined that despite the presence of satisfaction, special situations ushers in loyalty.

Parasuraman et al., (1985, 1990) are of the opinion that before a customer can be satisfied, the following things has to be in place.

Responsiveness: This is when a firm or an organization is willing to help a customer and provide prompt service.

Assurance: This is when an organization lives by their word.

Empathy: This is caring and individualized attention.

Tangibles: These are the things that can be seen and felt in an environment. The walls, the chairs, neatness of the environment among other things are necessarily important to be on site.

Reliability: This can be seen as the ability to perform service both accurately and dependably.

The individual discrepancy scores are used to calculate whether customer's satisfaction is actually the cause of customers' loyalty.

2.3.4 Price

If not the major determinant of brand loyalty by consumers, it's certainly one of the most important and sensitive factors. Building brand loyalty strength such that is capable of driving repurchasing is very challenging and likewise an interesting aspect of marketing that employs strategies such as price strategy, Emmy Indrayani et al., (2008). The study designed for Indonesian consumers on their attitude toward continuous high prices of goods in the country (a developing nation precisely) as caused by increasing inflation suggested that price is the major attribute influencing most consumers and as well guiding their decision making attitudes than even quality, brand name among other things. Emmy Indrayani et al., (2008) reasoned that Indonesian consumers' attitudinal pattern toward a brand due to price change is not

likely to represent consumers from the developed nations where decision to purchase or not is largely based on quality perceived and not availability of money. Price range could be implored especially when customer needs to balance perceived quality with willingness to purchase a brand such that high and very low prices could simply indicate caution especially when information about a substitute brand is very much available. Many of the previous researches like Gabor and Granger (1966); Leavitt (1954) and Peterson (1970) among many further pointed out that consumer majorly uses price as a surrogate for quality especially when there is absence of information about other brand and thus makes price less relevant in quality perceptions when there exist relevant cues about other brands.

Also, the study made by Ioana Chioveanu (2007) stressed the role of price in addition with market advertisement in brand loyalty. A peculiar situation is considered where consumer would rather purchase the cheapest alternative in the market based on the persuasive mechanism of advertising used by firms to induce consumers' brand loyalty prior to price competition in the market. Related studies highlighted that most consumers would likely battle with price dispersion phenomenon especially in a homogenous market situations where only the brand provider with smart strategy is expected to outplay other competitors. Even on whether customers are made online purchase or through another medium, Sarah Tanford et al., (2012) insisted that such attributes like price, value and quality remains fundamental determinant of customers' buying behavior. While value which is theoretically argued to be a function of both price and non-price factors could has the price factor both in the monetary form or otherwise, the intangible purchase like online travel booking is proposed to be influenced by non-monetary price factors Grewal et al., (2003).

2.3.5 Trust

Trust is something of a great confidence that a customer has over a company or a producer and vice versa. (Ganesan and Hess, 1999, Moorman et al. 1993). Examined three kinds of trust: organizational trust, interpersonal trust, inter or intra organizational trust. The interpersonal trust is the trust between individuals, organizational trust is between organizations, while the inter or intra organizational trust is between individuals and organizations. Amy and Sohal (2002). An important reason for understanding the power of marketing relationship between exchange partners is the perceived level of trust. For the purpose of this study, we are focusing on a trust developed between individuals and organizations. Trust has been defined in various ways by different authors, Wilson (1995) see trust as the building block in a relationship. For any relationship to be strong and lasting there must be a level of trust. Moorman et al (1992), as a willingness to rely on a partner in which you have confidence on. The above definitions, stress the importance confidence in trust. Anderson and Narus (1984), defined trust from the perceived outcome. Trust as a feeling that one's partner's action will be positive as well as the other partner not taken an unexpected action that will be negative. According to Morgan and Hunr, (1994), one would always expect a positive outcome from partner that you rely on confidently. According to Sako (1992) three types of trust were identified such as:

1. Contractual trust. This is the trust that a particular set of partner decided to adhere to a set agreement either written or oral that keeps and uphold the relationship.
2. Goodwill trust. When a partner performs beyond what is expected. According to Sako (1992), good will trust is keeping partner's interest ahead of yours.

3. Competency trust. This is the trust that a particular partner is expected to behave in a certain level.

2.3.6 Word of Mouth

Word-of-Month (WOM) communication deserves serious attention of marketing researches.

WOM communication is any positive or negative speech that is made by potential, actual or former customer to enhance or damage the purchase of a product. Westbrook (1987), word-of-month is an informal communications made by a consumers concerning the features, usage of a product. According to Anderson (1998), Gilly et al (1998) positive WOM communication has been considered as powerful ingredients that enhance a firm's products. Positive WOM influences a purchase. Familiarity influences word of month. Familiarity is defined as customer perception of the employee having a full knowledge and details about the customers service needs. According to Gutek et al, (1999), Hinde,(1979), Kelley et al (1983) This is developed by the frequency of the personal contact with a customer. Naturally, when you are always interacting with someone on a daily basis, the familiarities teams to grow higher than when it is done on weekly or monthly basis. Crockett and Friedman (1980), Duck (1977) in their study, they examined that for a customer to know that she/he is been cared for, they must be a personal connection between the customer and the personal relationship. For this relationship to exist and developed, there must be a repeated encounter with the customer.

2.4 Antecedents of Loyalty

Some variables has been considered important by many researchers, and some of them, we will look into in such as the following.

Corporate image: Corporate image is a mental picture that springs up at the mention of a name, it is a combination of both psychological and physical impression that continues to grow as the customer relates with the bank. The image of banks has a big role to play in retaining customer, for example customers are happy dealing with a well known bank because in their sub consciousness they fell that their money is save and cannot be tampered with. This refers to the preoccupation of the customers mind as a result of continues and frequent relationship with the service provider.

Switching Costs: This can be simply defines as the cost a customer incur when he/she changes a producer, when this cost is high as perceived by the customer switching becomes difficulty but when less, the customer can switch very easily. According to Ruyter et al 1998, many people see switching costs in monetary value, but there are also some psychological effect and time waste in switching to a new brand.

Perceived value: This simply means the worth of a product in an individual customers mind. This has nothing to do with the market share, is only depends on the satisfaction of the customers need. According to McDougall and Levesque 2000, perceived value is equivalent to the result of customer's trade- off between sacrifices and benefits.

Personal Relationship with Bank Employers: Following the paper by Barnes and Howlett, 1998 and Hiscock, 2001, their study has shown that when a customer develops and interpersonal relationship with a contact employee, they tend to be loyal to the company.

Customer Satisfaction: Satisfaction has various dimensions such as its attributes to the accumulated service quality, satisfaction with the service provided, and satisfaction with the product or service itself. According to Oliver 1997, Moutinho and Smith 2000, they brought out the fact that from any angle that service is viewed from, satisfaction experience possibly affects a customer's loyalty.

Service Attributes: Service attributes are among the antecedents of loyalty, this service quality are among the many things such as the possession of the right skills and knowledge, honesty, politeness, respect, risk of doubt, ease of contact, and keeping customers informed.

Customers Characteristics: Personality of a customer such as what the customer values most, his likes and dislikes and the demographic, economic and social variables has an impact in increasing the loyalty of a customer in the banking sector.

Perceived Service Quality: According to (Parasuraman et al. 1988) service quality was defined as the ability to perform service functions accurately, the knowledge of the customer and prompt service rendered to the customer. The personal attention provided to individual customers, the physical evidence and so many others provides a sense of belonging to the customer. Drake et al 1998, has shown that the service factors like friendliness, speed of delivery and frequent communication can be an important factor that can increase loyalty in a bank.

Trust: This is the reliance on integrity that you feel secure dealing with your provider. According to Munuera Aleman 2001, he opined that because of the fact that trust is both emotional and logical act, it is the service providers' reliability and integrity in gaining confidence of its customers.

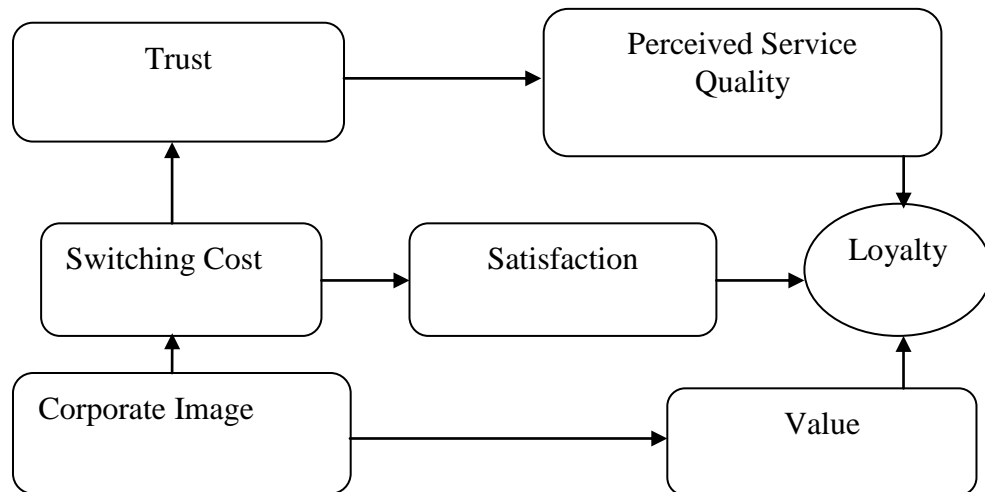


Figure 2: Antecedent of Bank Service Loyalty

2.5 The Relationship of Bank Loyal Antecedent

The relationship between the antecedent of bank loyalty has been reviewed by many researchers, among many of them is the relationship between perceived value, image, satisfaction, service quality as considered by Mittal and Lassar 1988, he was of the opinion that service quality has an influence on both satisfaction and loyalty. Nguyen and LeBlanc 2001, pointed out that corporate image has a very high impact in influencing customer loyalty; Zins 2001 says that service quality and image will influence perceived value, which will lead to overall satisfaction and at the long run will lead to loyalty.

According to Ruyter et al 1998, examining the relationship between service quality and switching costs and loyalty, he came up with the conclusion that switching costs has effect on loyalty and service quality.

Chapter 3

METHODOLOGY

To empirically investigate this model, we use a questionnaire. The sample was collected from North Cyprus, based on questionnaire in order to raise the reliability and validity of the response. The respondents are both students and residents of North Cyprus precisely in Famagusta.

The questionnaire contains two sets, the first addresses personal issues while the second is on the relationship between the respondent and the bank. According to (Suanders et al. 2001, Malhotra 2010), a 5-point Likert –style rating scale questionnaire was used in collecting data. This question ranges from 1(strongly disagree) to 5(strongly agree). The questionnaire consist of the things in the conceptual model which includes: satisfaction, brand equity, service quality, price, word of mouth, trust. Questions were asked regarding all these mentioned in order to draw out a conclusion on what causes or what influences brand loyalty.

According to the work of these different writers; Roger Hallowell (1996), Heesup Han Kisang Ryu (2009), Hong-bumm Kim, Woo Gon Kim, Jeong A. An (2003), Mushtaq Ahmad Bhat (2012) and Rüçhan Kayaman, Huseyin Arasli, (2007), students were asked several questions in North Cyprus about the type of account and the bank they use to determine what influences band loyalty. A total questionnaire of 220 was distributed, and 168 were filled and returned. According to Malhotra 2010, the minimum sample size should be 100 for such a research. The questionnaire were

maintain in English and was given to only those that understands English, this is due to the fact of some common errors that might occur in translation to Turkish language that might render the question useless.

The demographic variables used for this research were: gender, age, income, type of account, how often do use the bank and who influences your decision of the bank. The second part consists of 29 questions designed to analyze and get what influences of brand loyalty. The questions include: satisfaction, trust, brand equity, service quality, word of mouth, price.

3.1 Sample Selection

Initially the sample that was selected was Famagusta as a whole, but to the fact of some problem with language, the sample was reduced to include only the people that can read and understand English. The respondents were selected randomly from all works of life. Due to time and other constrain, the researcher based his research only in Famagusta. After the sample has been identified, the research went on to the field to self- administer questionnaire to the respondent.

3.2 Hypothetical Framework

The dimensions for the measurement of brand loyalty in a banking sector are stated. This is according to Roger Hallowell, (1996), Heesup Han Kisang Ryu (2009), Hong-bumm Kim, Woo Gon Kim, Jeong A. An, (2003) Mushtaq Ahmad Bhat (2012), Rüçhan Kayaman, Huseyin Arasli, (2007), as earlier stated. From this researcher's previous study, a hypothesis was developed from this study.

H1: Trust positively influences brand loyalty

H1: Service Satisfaction positively influences brand loyalty.

H2: Brand equity positively influences brand loyalty.

H4: Word of mouth positively influences brand loyalty.

H5: Price positively influences brand loyalty.

H6: Service quality positively influences brand loyalty.

The bank customers were asked to respond to the following questions which the result was used to conduct the final test. These questionnaires were distributed to the bank customers in north Cyprus precisely in Famagusta. Among the respondents were students, teachers, and the indigenous community. The questionnaire was a total of 235 distributed to all respondents. The respondents age limit is 17years both male and female of all race. Among the banks in north Cyprus, the respondents were asked to indicate the bank the use often, the following banks were considered, HSBC, GRANTEE, TURKISH BANK, KOOP BANK and TEB BANK.

3.3 Research Objectives

The research objectives of this paper is to major the consequences and antecedent of brand loyalty as it affects the banking industries. The objectives are as follows:

- To investigate the impact of different variables associated with brand loyalty and their importance.
- To determine key dimension of bank loyalty and to know the reasons for bank loyalty.
- To explore customers attitude towards bank loyalty and to provide an understanding of loyalty and its different element.
- Finally to provide bank manages valid information on the factors and determinant of brand loyalty in financial sectors.

Chapter 4

ANALYSIS OF DATA

Table 4.1: Demographic Frequency on Gender

	Gender	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	93	56.7	56.7	56.7
	Female	71	43.3	43.3	100,0
	Total	164	100,0	100,0	

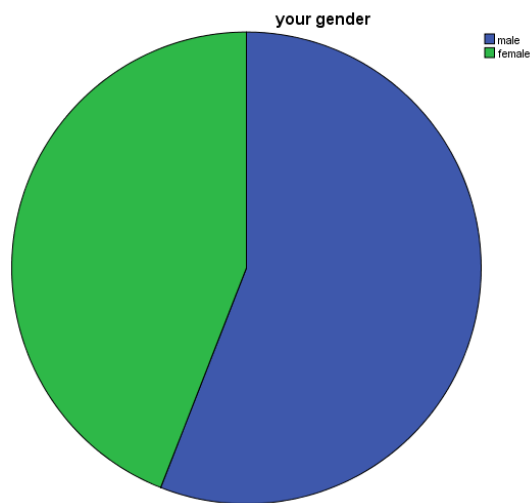


Figure. 4.1: Pie Chart Showing Gender Proportion

Table 4.2: Demographic Frequency on Age

	Age	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18-25	106	64.6	65.4	65.4
	26-33	51	31.1	31.5	96.9
	34-41	4	2.4	2.5	99.4
	42-49	1	.6	.6	100.0
	Total	162	98.8	100.0	
Missing	System	2	1.2		
Total		164	100.0		

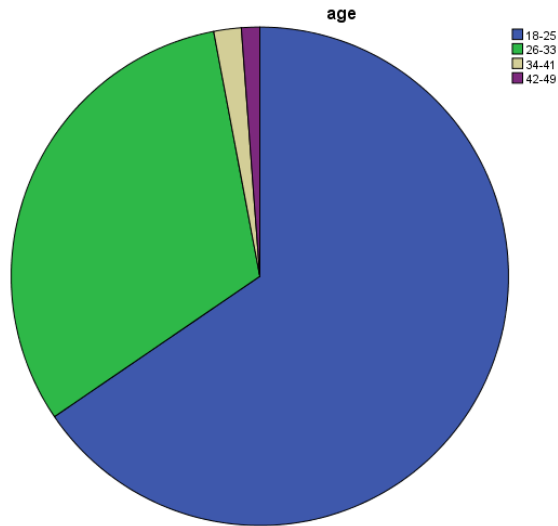


Figure. 4.2: Pie Chart Showing Age Intervals

Table 4.3: Demographic Frequency on Income

	Income	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Below 500	48	29.3	29.4	29.4
	500-700 tl	43	26.2	26.4	55.8
	700-1000tl	38	23.2	23.3	79.1
	1000tl and above	34	20.7	20.9	100.0
	Total	163	99.4	100.0	
Missing	System	1	.6		
Total		164	100.0		

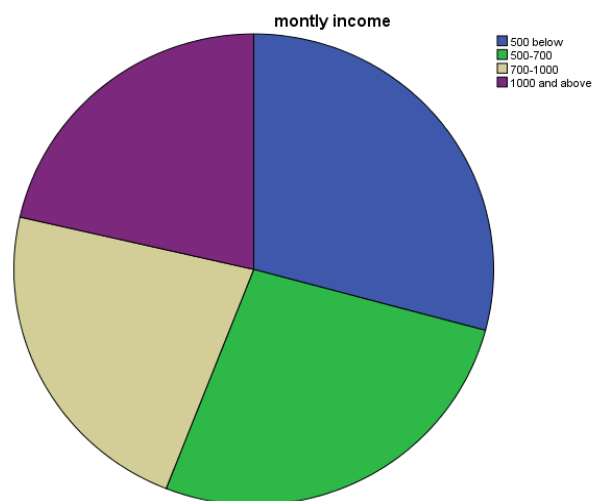


Figure. 4.3: Pie Chart Showing the Income Level

Table 4.4: Demographic Frequency on Bank Name

Name Of Bank		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	HSBC	14	8.5	8.5	8.5
	Garanti	14	8.5	8.5	17.1
	KOOP	47	28.7	28.7	45.7
	ISH Bank	87	53.0	53.0	98.8
	Teb	2	1.2	1.2	100.0
	Total	164	100.0	100.0	

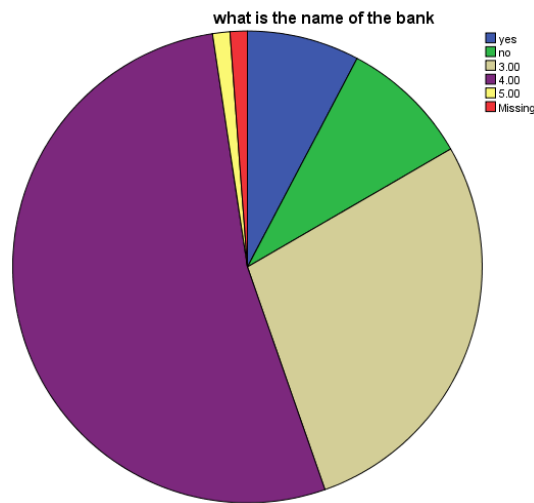


Figure. 4.4: Pie Chart Showing the Proportion of Banks

Table 4.5: Demographic frequency on Type of Account

Type of account		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Savings	133	81.1	81.1	81.1
	Dept	2	1.2	1.2	82.3
	Current	21	12.8	12.8	95.1
	Deposit	7	4.3	4.3	99.4
	Multi	1	.6	.6	100.0
	Total	164	100.0	100.0	

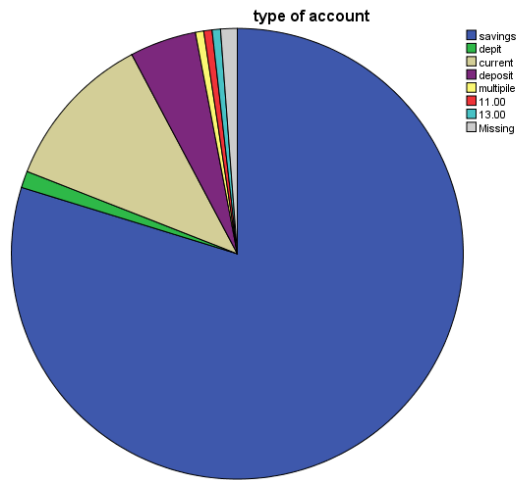


Figure. 4.5: Pie Chart Showing the Category of Bank Accounts

Table 4.6: Demographic Frequency on Visitation to the Bank

How often do you visit the bank.		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Once a month	81	49.4	49.7	49.7
	Twice a month	45	27.4	27.6	77.3
	Once a week	20	12.2	12.3	89.6
	Twice a Week	14	8.5	8.6	98.2
	Everyday	3	1.8	1.8	100.0
	Total	163	99.4	100.0	
Missing	System	1	.6		
Total		164	100.0		

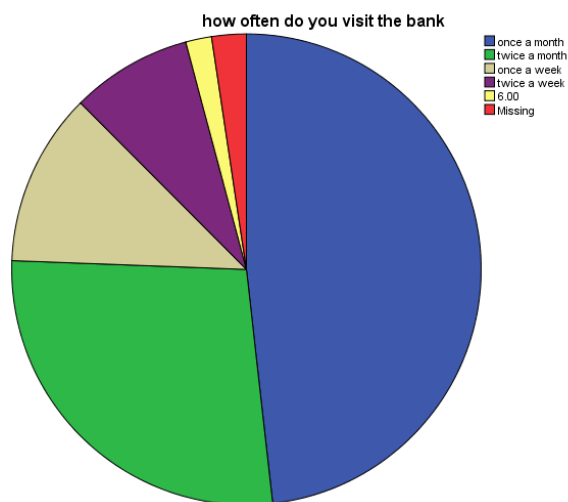


Figure. 4.6: Pie Chart Showing the Frequency of Customers' Visit to the Banks

Table 4.7: Demographic Frequency on Influence on Decision

Who influenced your decision	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	My parents	19	11.6	11.6
	Elder ones	15	9.1	20.7
	Friends	61	37.2	57.9
	Myself	68	41.5	99.4
	5	1	.6	100.0
	Total	164	100.0	100.0

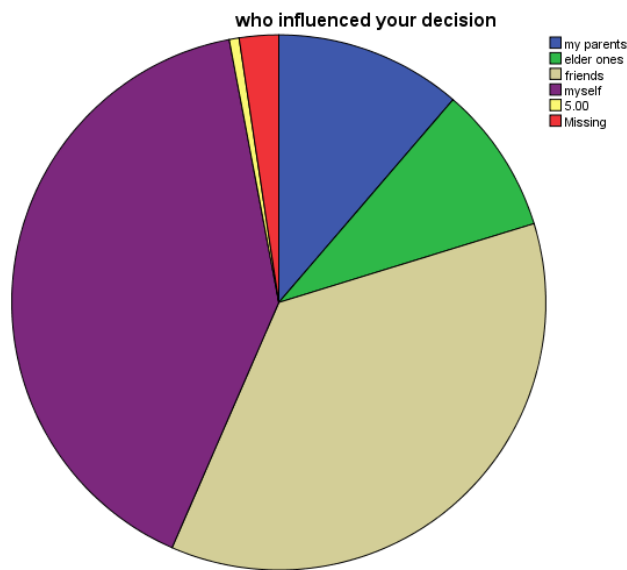


Figure. 4.7: Pie Chart Showing the Proportion of Possible Influence on Decision

From the questionnaire that were collected and analyzed, 56.7% of the respondents were male while 43.3% were female. There was almost equality in the respondent as regards the gender. As regards the age, 64.6% were ages between 18-25: 31.1% were at in the range of 26-33, the ages of between 34-41 were 2.4% whereas the ages between 42-46 were 0.6%. this result shows that the respondents were mostly youths. The percentage of the frequency of the income was: below 500TL(Turkish lira), 29.3% , between 500-700TL were 26.2%, between 700-1000TL were 23.2% and above 1000TL were 20.7%. This shows that there is no significant difference in the income of the respondents. As regards the banks that the respondents bank with, the

following banks were sampled, HSBC, GARANTI, KOOP, ISH BANK, TEB, the following results were gotten, for the HSBC, 8.5% of the respondents have an account with them, for GARANTI, 8.5% have an account with the bank, while 28.7% have an account with KOOP, for ISH BANK, more than half of the respondents use 'Turkish IS Bank' a total percentage of 53.0. As regards the type of Account, it was obvious from the data collected that most of the respondents operate savings accounts with a total percentage of 81.1%, for the debit account 1.2% the current account were 12.8%, as regards the deposit, 4.3%, while the multi was just 0.6%. From the above analysis which shows that youths which have the highest number of respondents prefer using savings accounts. Concerning the frequency of the respondents to their banks, 49.4% visit the bank once in a month, while 27.4% of the respondents visit the bank twice in a month, As regards the once that visit once a week, 12.2%, twice a week 8.5% and everyday 1.8%. According to these findings, the age of the respondents has nothing to do with how often that they visit the bank. The influenced decision, the respondents were asked to identify the person that influenced their decision in choosing the bank, 11.6% of the respondents said their parents influenced them, 9.1% of the respondents said is their elder ones, while 37% said friends and 41.5% said they choose the bank based on their decision. From the above analysis, because most of the respondents are youth, peer pressure and self will play a major role in the choice of their bank.

4.1 Analyses of Individual Dimension of Influence of Brand Loyalty

The study is aimed at determining the consequences of brand loyalty of bank customers in North Cyprus. The respondents were asked to give their opinion as regards their level of satisfaction, brand loyalty, brand equity, service quality, trust, price and word of mouth. Each of this was analyzed in different tables. A five point Likert scale ranging from strongly agreed to strongly disagree. In the following section we will look at the various dimensions of the factors that influence brand loyalty.

Finally, Pearson's correlation test, regression analysis, was used to test the hypothesis of this study. IBM SPSS Statistics 20 was used to produce the result.

4.1.1 Satisfaction

Table 4.8: Table of Satisfaction

Items	Mean	Standard Deviation
Are you satisfied with the overall service quality offered by the bank	3.7485	1.0443
Are you satisfied with the services rendered to you	3.7914	1.02110
Are you satisfied with their charges on loan	3.4110	1.06996
The interest on savings is good enough	3.5370	1.05229
Did the bank fulfill your expectation in your first trip	3.6933	1.02639
Average Mean	3.63624	

From the above table, it is obvious that the two questions, are you satisfied with the overall service quality, did the bank fulfill your expectation in your first trip and are you satisfied with the services rendered to you are slightly above the overall mean while the other question are below the mean. From this we can induce that the satisfaction level is at the middle. From the standard deviation, we can see that slightly different from each other, that is to say that the respondents are having different view as regard their satisfaction from their different banks.

4.1.2 Brand Loyalty

Table 4.9: Brand Loyalty

Items	Mean	Standard Deviation
Am a brand loyal customer	3.9753	1.02727
I take pleasure in being a customer of the bank	3.6790	1.00714
Average Mean	3.82715	

From the table of Brand loyalty above, the average value of Mean for Brand loyalty of customers is 3.82715 which is considerably lower and higher than the mean value for " Am a brand loyal customer" and " I take pleasure in being a customer of the bank" respectively. Since the mean for the former above is significantly higher than the overall mean, then

indeed customers of the Bank could be taken seriously as a brand loyal customer despite the noticeable degree of variance from the mean as illustrated by its slightly higher standard deviation. Although a slightly lower standard deviation (deviation from the mean) is noticed for the former (I take pleasure in being a customer of the bank), the degree of disparity of its mean from the overall mean makes it less believable and hence in general the customer can be considered to be indeed a brand loyal customer.

4.1.3 Brand Equity

Table 4.10: Brand Equity

Item	Mean	Standard Deviation
This is a well-known bank?	3.5926	1.08379
This bank takes good care of their customers	3.5123	1.07042
I am proud to say I bank with this bank	3.5926	1.03693
Average Mean	3.5391	

Brand equity here signifies the respondent evaluation of a firm's brand. From the above table, it can be seen that the questions this is a well known bank and I am proud to say I bank with this bank are slightly higher than the overall mean while the question this bank takes good care of their customers is below the mean, this illustrates that most of the respondents are happy with the way their banks take care of them, but that does not prevent them from saying that they are proud of the bank

4.1.4 Service Quality

Table 4.11: Service Quality

Items	Mean	Standard Deviation
The Bank has up-to-date facilities and equipment	3.5864	0.96295
The bank gives me individual attention	3.4630	1.02841
The Bank employee are knowledgeable and kind	3.6211	0.94831
The Bank's employees are able to perform the promised service	3.6049	0.99288
Whenever there is complain, they give listening ear	3.7593	1.06791
This Bank is a reliable Bank to bank with	3.6605	1.15379
Always fast to attend to customers	3.6296	1.1173
What attracts me most is the quality of their service	3.5247	1.09318
Avaerage Mean	3.6061	

From the table above, we can see that the differences in the overall mean and the individual items are not quit different with exception of the question; the bank gives me individual

attention. Every other question in the above table, are closely to the overall mean, that is to say that all most all the respondents are happy with the service quality of their banks and service quality is a major determinant of brand loyalty.

4.1.5 Trust

Table 4.12: Trust Analysis

Item	Mean	Standard Deviation
I fell I can trust this Bank	3.6667	1.09771
I fell my accounts are save with this Bank	3.6173	1.08711
I believe that the management has my best interest at heart	3.4198	1.10182
Their online banking cannot be trusted	2.8951	1.24914
The Bank is not reliable	2.7222	1.31049
I don't have confidence with the Bank	2.7963	1.27147
Average Mean	3.1862	

The illustration above shows that the overall mean is less than three questions and above three questions, the issue of trust is very sensitive, because of that some questions were asked in another format in order to get the real response, the question I feel I can trust the bank has an average of 3.6667 which is highly above the overall mean. Another similar question was asked, the bank is not reliable, it has a mean of 2.7222 against the overall mean of 3.1862 which is very low comparing with the overall mean.

4.1.6 Price

Table 4.13: Mean and Standard Deviation of Price

Item	Mean	Standard Deviation
The charges on loan are moderate	3.2407	1.04439
The interest on savings is moderate	3.2593	1.11765
Average Mean	3.2500	

From the table above, we can see that the respondent shows an above average tendency to price. There is no difference in their average means which however are still above average. This is to illustrate that price has no significant effect on the brand loyalty according to the respondents; either an increase in charges on loan or decrease on savings will not affect their loyalty to their brands.

4.1.7 Word of Mouth

Table 4.14: Word of Mouth

Item	Mean	Standard Deviation
My friends influences my choice of the Bank	3.1914	1.16648
I speak good about the bank	3.2037	1.19595
Average Mean	3.19755	

From the table above we can induce that the respondents influence towards choosing a particular brand were mainly not their decision according to the analysis, some questions that appeared in the demography as who influenced your decision to choose the bank, most of the respondent did not choose their brand base on personal decision. Despite their friends influence in their decision of the bank, they still speak good about the bank.

Table 4.15: ANOVA^a

	Model	Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	65,326	6	10,888	32,338	,000 ^b
	Residual	52,186	155	,337		
	Total	117,512	161			

From the ANOVA above, we can see that the analysis is significantly reliable to the data

Table 4.16: Coefficients^a of the Parameters

	Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.584	.341		1.712	.089
	Trust_	.151	.075	.123	2.017	.045
	Word of Mouth_	-.047	.074	-.038	-.642	.522
	Equity	.570	.068	.576	8.334	.000
	Price_	-.015	.056	-.016	-.268	.789
	Satisfaction	-.038	.072	-.035	-.522	.602
	Service Quality	.217	.075	.209	2.912	.004

From the table above we can conclude that trust and equity are the only variables that are significantly coefficient to loyalty.

4.2 Testing the Hypotheses

This study has one of its major aims to find out what influences brand loyalty among the customers of banks in North Cyprus. A Pearson's correlation test was carried out to test the relationship between all the variables in the model.

Table 4.17: Correlation

		Trust	Wom	Equity	Loyalty	Price	Satisfaction	Serv_Qual.
Trust	Pear. Cor.	1	.271**	.288**	.323**	.316**	.232**	.275**
	Sig. (2-tailed)		.000	.000	.000	.000	.003	.000
	N	162	162	162	162	162	162	162
WOM	Pear. Cor.	.271**	1	-.060	-.064	.314**	-.086	-.108
	Sig. (2-tailed)	.000		.446	.419	.000	.276	.172
	N	162	162	162	162	162	162	162
Equity	Pear. Cor.	.288**	-.060	1	.716**	.192*	.481**	.583**
	Sig. (2-tailed)	.000	.446		.000	.014	.000	.000
	N	162	162	162	162	162	162	162
Loyalty	Pear. Cor.	.323**	-.064	.716**	1	.150	.387**	.561**
	Sig. (2-tailed)	.000	.419	.000		.056	.000	.000
	N	162	162	162	162	162	162	162
Price	Pear. Cor.	.316**	.314**	.192*	.150	1	.070	.147
	Sig. (2-tailed)	.000	.000	.014	.056		.373	.062
	N	162	162	162	162	162	162	162
Satisfaction	Pear. Cor.	.232**	-.086	.481**	.387**	.070	1	.545**
	Sig. (2-tailed)	.003	.276	.000	.000	.373		.000
	N	162	162	162	162	162	162	162
ser_quality	Pear. Cor.	.275**	-.108	.583**	.561**	.147	.545**	1
	Sig. (2-tailed)	.000	.172	.000	.000	.062	.000	
	N	162	162	162	162	162	162	162
** . Correlation is significant at the 0.01 level (2-tailed).								
* . Correlation is significant at the 0.05 level (2-tailed).								

H1: Trust positively influences brand loyalty

We conclude that Trust positively influences loyalty. (r = + 0.323)

** . Correlation is significant at the 0.01 level (2-tailed).

In analyzing the Pearson's correlation, we can conclude that "*trust*" has a significant correlation with "**WOM (Word of Mouth)**" and the other variables (**Equity, Loyalty, Price, Satisfaction and Service Quality**). On the other hand, WOM has only significant correlation with "price. Equity has a significant correlation with **Loyalty, Price, Satisfaction and Service quality**. Loyalty has a significant correlation effect on **Satisfaction, and Service Quality**. Price on the hand has a significant correction with **Trust, Word of Mouth**, but not with loyalty. From the correlation table, it can be seen that Satisfaction has a significant correlation with other variables with exception of **Price**; Service quality has a significant correlation with all the variables with exception of **Word of Mouth**.

Hypothesis 1

H1: Trust positively influences brand loyalty

We conclude that Trust positively influences loyalty. ($r = + 0.323$)

Hypothesis 2

H2: Service Satisfaction positively influences brand loyalty.

From the data's that were gathered and analysis, it was concluded that satisfaction has a positive effect on brand loyalty, that is to say that the more people are satisfied, the more there will be a repeat purchase which at the final end point bring about loyalty. Satisfaction influences loyalty with ($r = +0.387$).

Hypothesis 3

H3: Brand equity positively influences brand loyalty.

Brand equity according to the researcher was seen as a positive influence on brand loyalty with ($r = + 0.716$). with this figure 0.716, we can see that equity was the highest influencer of brand loyalty.

Hypothesis 4

H4: Word of mouth positively influences brand loyalty.

From the analysis, word of mouth does not influence brand loyalty. It has a ($r = -0.064$)

Therefore we reject the null hypothesis

Hypothesis 5

H5: Price positively influences brand loyalty.

Price has no effect on brand loyalty. The questions that were asked the respondents whether an increase on charges on loan or a decrease in interest rate were found out not to have any significant effect on loyalty. Therefore no matter the price, brand loyalty remains the same.

Hypothesis 6

H6: Service quality positively influences brand loyalty.

Service quality has a positive influence on brand loyalty, with ($r = + 0.561$)

Chapter 5

CONCLUSION AND RECOMMENDATIONS

5.1 Conclusion

The objective of this research is to determine the influence of brand loyalty and as such some research objectives was analysis, the objectives are to investigate the impact of different variables associated with brand loyalty and their importance, to determine key dimension of bank loyalty and to know the reasons for bank loyalty, to explore customers attitude towards bank loyalty and to provide an understanding of loyalty and its different element, and finally to provide bank manages valid information on the factors and determinant of brand loyalty in financial sectors. To reach these objectives, primary data was collected and analyzed in determining the influence of brand loyalty which was discussed in chapter 4. The study also investigates the impact of demographic variables: gender, age, income, frequency of visitation to bank and decision influence.

Brand equity was seen as the most favorable factor that influences brand loyalty. Brand equity is what describes the worth of a product in a competitive environment regardless of price and quality. The core dimension of brand equity is loyalty amidst brand awareness, perceived quality. In order to gain and maintain brand loyal customers, producers need to get to know and maintain the antecedents of loyalty in the market place. Another influence of brand loyalty is service quality; the primary aim of every service provider is in amassing a reasonable targeted profit over a specific period of time so as to sustaining the business. But in addition to this aim is the needs to both retain and adding to the numbers of existing customers the company is servicing. Until recently, service providers has understood the essence of rendering a 'quality' service to customers as one of the perfect routine that could easily attract, convince and sustain customers' loyalty to their brand or service and in the

long run achieving their primary aims indirectly. In rendering services, service providers are always faced with the challenge of determining the level of their service qualities and as well to ascertain client's contentment with such level and if not to improve on their quality in a way as to gain their customers' loyalty. Satisfaction, trust and price have a slight influence on brand loyalty but not as brand equity and service quality. Finally, word of mouth has a negative effect on brand loyalty according to this research.

5.2 Recommendations

With this research, a great number of recommendation is been put forward to the bank manages, firstly in order to attract and maintain loyal customers, brand equity should be maintain according to this research, secondly, service quality, trust satisfaction and price should not be left out. Managers should develop a means to always maintain brand equity. Further research on the topic can focus attention on both the English speakers and the native speakers in order to get more detailed information. Similar research can be done using personal interview as to get a different view from the respondent. Brand Managers have to consider the effect of brand equity with great importance because it is what gives the customers a reason to repeat purchase/patronage.

Finally, the research did not consider other banks in other parts of Cyprus; hence further research can be done on this topic to widen the scope.

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APPENDIX



This survey is a part of Master Thesis study carried out by *Violet Alola*, studying at the Department of Marketing Management, Eastern Mediterranean University. This survey has been carried out under the supervision of Assoc. Prof. Dr. Mustafa Tümer. Data to be collected will be confidential and will not be declared to any one.

Date of Survey:/...../2012 Time:

Name of the Bank that you mostly prefer to work with:

Please put a () mark on the appropriate answer or fill in the blank space.

Question 1: Your gender: male () Female ()

Question 2: Your age -----years old.

Question 3: How much is your average monthly income

Below 500 () 500-700 tl () 700-1000tl () 1000tl and above.()

Question 4: Do you have any account in this bank: Yes () No ()

If yes, what type of account:.....

Question 5: How often do you visit this bank?

Once a month () Twice a Month() Once a week() Twice a Week() Three times a week() Everyday()

Question 6: Who most influenced your decision in choosing this bank to work with?

(Only ONE option)

My parents () Elder ones () Friends () Myself ()

PART B

We would like your impressions about the brand loyalty relative to your satisfaction.

The following contains questions about you experience with HSBC Bank as a customer, please circle your response to the statement.

1	2	3	4	5
Strongly Disagree	Disagree	Indifference	Agree	Strongly Agree

Satisfaction					
Are you satisfied with the overall service quality offered by this Bank?	1	2	3	4	5
Are you satisfied with the services they render to the first time customer?	1	2	3	4	5
Are you satisfied with their charges on loan?	1	2	3	4	5
The interest on savings is good enough?	1	2	3	4	5
Did this fulfill your expectations about your first trip?	1	2	3	4	5
BRAND LOYALTY	☹		☺		☺
Am a brand loyal customer.	1	2	3	4	5
. I take pleasure in being a customer of the bank.	1	2	3	4	5
BRAND EQUITY					
This bank is a well known bank?	1	2	3	4	5
This bank takes good care of their customers.	1	2	3	4	5
I Am proud to say I bank with this bank	1	2	3	4	5
SERVICE QUALITY	☹		☹		☹
The bank has up-to-date facilities and equipment.	1	2	3	4	5
The bank gives me individual attention	1	2	3	4	5
The bank employees are knowledgeable and kind	1	2	3	4	5
The bank's employees are able to perform the promised service dependably.	1	2	3	4	5
Whenever there is complain, they give listening ear.	1	2	3	4	5
This bank is a reliable bank to bank with.	1	2	3	4	5
Always fast to attend to customers.	1	2	3	4	5
What attracts me most, is the quality of their service.	1	2	3	4	5
TRUST	☹		☹		☹
I feel I can trust this bank	1	2	3	4	5
I fell my accounts are safe with this bank					
I believe that management has my best interests at heart.	1	2	3	4	5
Their online banking cannot be trusted.	1	2	3	4	5
The bank is not reliable	1	2	3	4	5
I don't have confidence with the bank.	1	2	3	4	5
PRICE	☹		☹		☹
The charges on loan is moderate	1	2	3	4	5
The interest on savings is moderate	1	2	3	4	5
WORD OF MOUTH	☹		☹		☹

My friends influences my choice of the bank	1	2	3	4	5
I speak good about the bank	1	2	3	4	5
Choosing the bank is not my own decision.	1	2	3	4	5

	1	2	3	4	5
Their online banking cannot be trusted	1	2	3	4	5
Did the bank fulfill your expectations about your first trip?	1	2	3	4	5