Corporate Brand Image of Non-Local Banks from Consumers’ Vantage Point: An Emprical Study in Northern Cyprus

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Submitted to the
Institute of Graduate Studies and Research
in partial fulfillment of the requirements for the Degree of

Master of Science
in
Banking and Finance

Eastern Mediterranean University
October, 2014
Gazimağusa, North Cyprus

Approval of the Institute of Graduate Studies and Research

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ABSTRACT

This emprical study sought to develop and test two models on corporate brand image of non-local banks located in Northern Cyprus. The study approaches corporate brand image from customers' perspective. The study examines the relations between firm, non-firm communication of banks, brand familiarity, corporate brand image and brand loyalty. The context chosen for this emprical study is the banking industry in Northern Cyprus. A total of 200 correctly filled and returned questionnaires were obtained from the Turkish Cypriot customers of non-local banks located in Northern Cyprus. 235 questionnaires were distributed to customers of non-local banks by the researcher. Multiple Regression Analysis was used to test four hypotheses and two conceptual models. All four hypotheses were emprically accepted. The findings reveal that Brand Familiarity, Firm Communications and Non-firm Communications are influential on Corporate Image. However, Non-firm Communications were proved to be more influential on formation of Corporate Image compared to others. Besides, Corporate Brand Image is found to be influential on Brand Loyalty of customers. This study is believed to contribute bank managers in North Cyprus with an implication that in addition to firm communications, they should be aware of the power of publicity and word of mouth communication. Instead of a reactive approach, bank managers and staff should be actively involved in communication process with not only customers but also relevant stakeholders whose perceptions about the bank are likely to contribute formation of favorable corporate image.

Keywords: Firm, Non-firm Communication of Banks, Brand Familiarity, Corporate Image, Customer Brand Loyalty

ÖZ

Bu emprik çalışmada Kuzey Kıbrıs'ta hizmet veren, yerel olmayan, bankaların kurumsal marka imajları hakkında iki kavramsal model geliştirilip test edilmiştir. Bu çalışma kurumsal marka imajına müşteriler açısından yaklaşmaktadır. Çalışma bankaların kurumsal iletişim, kurumsal iletişim çalışmaları dışında gelişen iletişim, marka aşinalığı, kurumsal marka imajı ve müşterilerin kurumsal markaya olan sadakatlerini araştırmaktadır. Bu çalışma için seçilen bağlam Kuzey Kıbrıs'taki bankacılık endüstrisidir. Toplam olarak 200 adet doğru bir şekilde doldurulmuş ve teslim edilmiş anket Kuzey Kıbrıs'ta hizmet veren, yerel olmayan bankaların müşterilerinden toplanmıştır. Toplam olarak 235 anket araştırmacı tarafından dağıtılmıştır. 4 hipotezi ve 2 kavramsal modeli test etmek amacıyla Regresyon Analizi yöntemi kullanılmıştır. 4 hipotezde kabul edilmiştir. Bulgular göstermektedir ki, marka aşinalığı, kurumsal iletişim ve kurumsal iletişim çalışmaları dışında gelişen iletişim kurumsal marka imajı üzerinde anlamlı olarak etkili bulunmuştur. Diğer yandan, kurumsal iletişim çalışmaları dışında gelişen iletişimin, yani kamu oyunda oluşan kurumsal algının ve ağızdan ağıza iletişimin müşterilerin zihninde kurumsal marka imajının oluşmasında daha etkili olduğuna dair anlamlı bulgulara ulaşılmıştır. Ayrıca, kurumsal marka imajı ile marka sadakati arasında olumlu ve anlamlı bir ilişki bulunmuştur. Bu çalışma Kuzey Kıbrıs'taki bankacılık sektörü ile ilgili önemli bir noktaya değinmektedir. Kurumsal iletişim çalışmalarına ek olarak, banka yöneticileri kamu oyunda oluşan algının ve ağızdan ağıza iletişimin bankaların kurumsal markaları

ve imajının oluşmasındaki rolünün farkında olmalı ve bu iletişimin aktif bir parçası olmalıdırlar. Yalnızca müşteriler ile değil ilgili tüm paydaşlar ile sürdürülecek olan etkili iletişim olumlu bir kurumsal marka imajının oluşmasında etkili olacaktır.

Anahtar Kelimeler: Kurumsal iletişim, kurumsal iletişim çalışmaları dışında gelişen iletişim, marka aşinalığı, kurumsal marka imajı, müşterilerin kurumsal markaya olan sadakatleri

Dedicated to my lovely wife and son

ACKNOWLEDGEMENT

I would like to express my profound gratitudes to my supervisor Prof. Dr. Hüseyin ARASLI for his invaluable support and guidance during the study.

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INTRODUCTION

1.1 Aim of the Study

This emprical study concentrates on corporate brand image of foreign (non-local) banks located in Northern Cyprus. The study approaches corporate brand image from Turkish Cypriot customers' perspective. The study examines the relations between firm, non-firm communication of banks, brand familiarity, corporate image and brand loyalty.

1.2 Scope of the Study

The study was conducted in North Cyprus. The data processed in this study was gathered from customers of foreign (non-local) banks reside in three cities of Northern Cyprus; Kyrenia, Famagusta and Nicosia.

1.3 Methodology of the Study

A random-sampling approach was pursued. Respondents were informed about the purpose of the survey and asked if they would participate in the survey. They were given assurance of confidentality and anonimity. 230 questionnaires were distributed to customers of foreign banks by the researcher. Questionnaires were self-administered. A total of 200 correctly filled and returned questionnaires were obtained from the respondents. Multiple regression analysis technique was used to analyse the data. The research data was analysed by SPSS 16.

1.4 Limitations of the study

This study specifically focuses on foreign banks (non-local) in North Cyprus. Therefore, findings of this study can't be generalized to whole banking industry in North Cyprus. Besides, the study is based on the perceptions of only Turkish Cypriots. Other nationalities were not included into the study.

Chapter 2

LITERATURE REVIEW

2.1 Service Industry and Service Management

According to Zeithmal et al. (2009, p. 4) services are "…all economic activities whose output is not a physical product or construction, is generally consumed at the time it is produced, and provides added value in forms (such as convenience, amusement, timeliness, comfort, or health) that are essentially intangible concerns of its first purchaser." Although for many years modern economies have been dominated by services, globally spreading and growing market for trade in services is a significant indicator of economic importance for also emerging economies. Services dominate economies in majority of industrialized nations (Zeithmal et al., 2009). As can be seen from Table 1, about 80% of developed economies' gross domestic product is attributed to service industry. In addition to Western Europe countries, Canada, Japan, Australia, and many others reap 70% or above Gross National Products (GNP) percentages from service industry. On the other hand, countries such as China and India have started heavy investments in service industries (Zhao and Benedetto, 2012). The figures obviously point at the significance of service economy for also developing economies like Turkey and Brazil. Over 60 % of overall Gross Domestic Products (GDP) is attributed to service industry in Turkish economy; service industry has offered a major recruitment opportunity. According to Vietor (1994) two fundamental factors can be asserted to increase the specific demand for service marketing; deregulated industries and professional services. They have gone through quick changes in their ways of doing business. Similar to the deregulation decisions of pioneering US governments, many governments have decided to deregulate giant service industries such as airlines, banking, and telecommunication. Strictly controlled by governments, these industries have been partially or completely controlled by individual firms. Zeithmal et al. (2009) state that loosing their intervention to markets, governments initiated a more sophisticated, customer-oriented and competitive service marketing among the individual firms.

Table 1: Role of Service Industries in Different Countries' Economies

Country	**% of GDP Attributed to Services**	**% of Labor Employed in services**
Hong Kong	93	93.4
United States	79.4	79
France	79	76.4
UK	**78.9**	**80.4**
Japan	**73.2**	**69,8**
Germany	**69**	**73.8**
Brazil	68.1	71
Turkey	**63.8**	**48.4**

India	**56.9**	**31**

As a natural outcome of rapid progress in the development of service industries especially in banking, transportation, healthcare and information technologies and expansion in the market, traditional industries have evolved and become more competitive. Fierce competition has forced effective service management and marketing strategies. Even the companies producing physical products have realized that in order to gain a competitive position they have to be involved in offering services to gradually more demanding customers. They not only demand high-quality goods but also excellent customer service and total service solutions (Sawhney et al., 2004). Drastic competition and gradually increasing customer demand have forced companies focus on service quality, revenue generation and customer satisfaction (Rust et al., 2002). According to Zeithmal et al. (2009), experiences have shown that marketing principles applied to products were almost not transferable to services. Parasuraman et al. (1985) make a comparative analysis of differences between goods and services. Basically four salient factors complicate services compared to goods. The first one is the 'intangible' nature of services, while goods are tangible. That is why service cannot be inventoried or easily patented. Besides, it is not possible to readily display or communicate services. Difficulty in pricing is another factor that emerges as a consequence of intangibility. The second factor is 'heterogeneous' nature of services while goods are standardized. Service quality hinges upon various uncontrollable parameters. It is hard to guarantee that service offered overlaps with what is planned and promoted. As service delivery is not standardized employee and customer behavior are crucial in service delivery and customer satisfaction. As for the third separation between goods and services, while in the former production is separated from consumption, in the latter production and consumption are simultaneous. Customers are in the transaction and they affect both the transaction and other customers. Employees have crucial role as they affect the service outcome. The fourth and the last difference between goods and services is the 'perishable' nature of services, which makes it impossible to return or resell. Zeithmal et al. (2009) asserts that these four salient differences clearly point out that service is almost completely different than goods. Standardization in service quality and satisfaction is almost impossible due to human aspect of service offer. Role of customers and service employees is one of the most crucial parameters to be considered both due to lack of standardization and simultaneous production and consumption aspect of services. Despite apparent improvements in services, there are significant indicators revealing that customers perceive lower quality and they are less satisfied. In order to compete profitably service firms have to better understand customer expectations and search for new strategies to outdo in competition. One of these strategies is to create a customer and service-oriented organization and place it to the heart of service philosophy. According to Grönroos (2000, p. 360) service culture is "a culture where an appreciation for good service exists, and where giving good service to internal as well as ultimate, external customers is considered a natural way of life and one of the most important norms by everyone"

2.2 Challenges of Services Marketing and Financial Institutions

Phan and Ghantous (2013) assert that one of the most salient drawbacks of service marketing is to overcome the risk perceived by the customers. In contrast to goods, services are physically and mentally intangible. Another issue to be considered is the heterogeneous nature of service quality. When these factors come together, perceived risk tends to be higher. Risk perception can be assessed through two main angles: the former is the skepticism associated with a choice and the latter is the result of a wrong choice. Considering their risky nature compared with many other service industries, financial services are very high on assurance attributes and evaluation of the offerings is usually very difficult even after purchase behavior. Another, maybe the most important factor that raises perceived risk is that customers' financial savings and money is at the core of the transaction processed. This high risk and uncertainty perception have also been fed by myriad severe financial turbulences shook the whole world. (Phan and Ghantous, 2013) Shedding light on the developments in financial markets since 2008, Ohnemus (2008) states that "there is no doubt that the exceptional global financial turbulence experienced during 2008 has dramatically amplified the need for banking customers to have a trustworthy bank brand in which they can have a faith". As a result, he claims that customers will be choosier for future bank selections to avoid any likely bank defaults. Therefore, financial institutions are going to encounter high brand switching costs and be obliged to higher branding expenditures. This is verified by up to 40 % increase in the branding expenditures of an average international banking corporation. Another concern for financial institutions is the fact that consumers tend to head towards product convergence, that is why product differentiation blurs and many new offerings are easily copied. One of the most drastic threats is also the convergence of quality standards and overhead costs as a result of identical business models. That is why Ohnemus (2008) defines branding as a crucial resource to ensure sustainable competitiveness. Bravo et al. (2012) state that customers often face troubles while evaluating similar services especially in financial services. Service intangibility forces financial institutions to develop strong brands in order to minimize the perception of risk and maximize differentiation. Bravo et al. (2009) argue that even though financial institutions have realized the need for marketing strategies which will position their institutions in a special place in customers' minds, they often fail to differentiate their corporate image. Difficulty in differentiating intangible services and easily imitable nature of financial services are two salient obstacles to actualize differentiation of corporate image for financial services. Thus, many communication efforts cannot go far beyond raising awareness and producing visual identity of financial institutions. However, according to Akdağ and Zineldin (2011), deregulated markets especially in banking consumers tend to demand more and rivalry between banks has become much fiercer. Katırcıoğlu, et al (2011) state that service industry has gained significant importance for world economy by 70 %. They underscore importance of development in banking and financial services. According to Blankson et al. (2007), since the beginning of 1980s banking industry has witnessed a gradual rivalry. Deregulation of financial services intensified the rivalry, which forced financial institutions differentiate themselves in the minds of customers. Saunders and Watters (1993) state that, acquisitions and mergers reduced the number of actors but increased that of rivals for each product market. Differences among institutions have dim and "it has become increasingly important for financial service companies to manage customers' perceptions of what they are."

In a nutshell, today's bank and financial institution managers have to overcome the challenge of reducing risk perception and differentiate their offerings to reap more share from the gradually expanding market. Therefore, Phan and Ghantous (2013) point out that branding plays a great role to overcome these humps. O'Loughlin and Szmigin

(2004) mention that one of the most precious assets of a company is its brands. Success of the brands is invaluable for the corporation as they ensure differential advantage, price premiums, and loyalty. They confirm that developing brands are peculiarly must if products are hard to differentiate or evaluation of competing products is inadequately tangible. Knox (2004) states that consumers are inclined to rely on a known and trustworthy brand as a precaution to minimize risk of product or service failure. From a psychological point, "a trusted brand minimizes the risk that the image created for customers using the product or service falls short of that desired…In essence, brand values provide a promise of sameness and predictability." Approaching the branding issue from a depersonalized world perspective Ohnemus (2008) defines branding as a strategic trump to be used gaining a unique advantage as it helps to build trust building and reduce risks felt during transactions. Zeithmal et al. (2009, p.495) state that,

> Strong brands enable customers to better visualize and understand intangible products. They reduce customers' perceived monetary, social, or safety risk in buying services, which are difficult to evaluate prior to purchase. Strong brands are the surrogates when the company offers no fabric to touch, no trousers to try on, no watermelons or apples to scrutinize, no automobile to test drive.

The relevant literature discussed above depicts the need for financial institutions to differentiate themselves and position their brands in to consumers' mind in order to minimize the sense of risk and maximize the feeling of trust. In the following part, after a preliminary insight about what a brand is, the relevant literature is provided to discuss why and how branding, especially corporate branding, is a robust tool for financial institutions to outdo in fierce competition. The following part approaches the branding issue from consumers' perspective as financial firms target differentiating their offerings in their minds. That is why the issue is analyzed from Consumer Based Brand Equity perspective.

2.3 Brand, Branding and Consumer Based Brand Equity (CBBE)

According to Etzel et al. (2007, p. 258), “A brand is a name and/or mark intended to identify the product of one seller or group of sellers and to differentiate the product from competing products.” Armstrong and Kotler (2005, p. 234) define a brand as “a name, term, sign, symbol, or design, or a combination of these, that identifies the maker or seller of a product or service”. Even though definitions vary, scholars compromise on the contributions of branding to obtain a competitive advantage. Several advantages of branding can be listed. One is that brand help consumers to identify goods and services easily. In addition, a brand is covenant of consistent quality for repurchase intentions. From a seller’s perspective, a brand minimizes the need for customers’ price comparison and decreases price-based purchase decision making. Brand reputation is also influential for customer loyalty. In addition to tangible assets of firms, brand value is very pivotal and takes an important part as an intangible asset. About the value of owning a brand as an asset, Etzel et al. (2007, p. 270) state that,

> Brands, however they are judged or ranked, are very important assets for a company. The former head of Quaker’s food business stated it this way: If this company were to split up, I would give you the property, plant and equipment and I would take the brands and the trademarks, and I would fare far better than you.

Aaker (1991) states that brand equity is “a set of brand assets and liabilities linked to a brand, its name and symbol that add to or subtract from the value provided by a product or service to a firm and/or to that firm’s customers”. Adding a differentiation dimension into his definition Keller (1993) stated that, CBBE is “the differential effect of brand knowledge on consumer response to the marketing of a brand.” Pinar, et al (2012) describes consumer based brand equity as, “the value inherent in a well-known brand name.” They assert that brand value creation is involved by marketers by offering “exceptional quality, trust in customers’ mind, self-identification of customers with the brand and the social esteem that brand offers for customers.” Keller (2008) asserts that if “customer has a high level of awareness and familiarity with the brand and holds some strong, favorable, and unique brand associations in memory”, it means that consumer based brand equity is developed. According to Buil, et al (2013), brand equity has been defined from consumers’ perspective and all definitions compromise on the premise that “power of brands lies in the minds of consumers.” Etzel et al. (2007, p. 270-271) state that succeeding a favorable, memorable and consistent image, in other words creating brand equity, is a great challenge. However several advantages can be reaped such as:

> The brand itself can become an edge over competition, what we call differential advantage, influencing consumers to buy a particular product…Because it is expensive and time-consuming to build brand equity, it creates a barrier for companies that want to enter the market with a similar product…The widespread recognition and favorable attitudes surrounding a brand with a substantial brand equity can facilitate international expansion…Brand equity can help a product survive changes in the operating environment, such as a business crisis or a shift in consumer tastes.

Armstrong and Kotler (2005) state that a strong brand is a valuable asset and accumulating favorable brand equity is a drastic factor for competitiveness as brand name indicates high credibility. High favorable brand equity means high consumer brand awareness and brand loyalty. Brand extensions are very likely to be successful if the mother brand is favorable. They assert that, “a powerful brand forms the basis for building strong and profitable customer relationships. Therefore, the fundamental asset underlying brand equity is customer equity-the value of the customer relationships that the brand creates." Two prominent scholars in branding, Keller and Aaker provide similar sub-components for CBBE. While the former views CBBE as "brand awareness and the strength, favorability and uniqueness of brand associations that consumers hold in memory", the latter lists the constructs of brand equity as "brand awareness, perceived quality, brand associations, brand loyalty and other proprietary assets." Aaker (1996) defines brand association of an organization as "bases of differentiation and choice that include having a concern for customers, being innovative, striving for high quality, being successful, having visibility, being oriented toward community, and global player." Buil et al. (2013) define brand equity's creation as a learning process of customers. Even though brand awareness is a pre-condition but not enough for value creation, ranks the first in the process. They mention that if a consumer is in this step, s/he is likely to recall and recognize a brand with ease. As for the following steps, which follow each other in a sequence; perceived quality and brand associations, Buil et al. (2013) define the former as the "overall quality or superiority of a product or service relative. The latter "are the concepts that have links to the brand name in consumer memory". Keller (2008) develops two types of CBBE, a positive and a negative CBBE. In case a product is reacted more favorably by customers when compared with unnamed version of the product from the same category, that brand has a positive CBEE. In contrast, receiving a less favorable reaction vis-à-vis an unnamed version of the product from the same category indicates a negative CBBE. In case a brand-name product is unable to differentiate in customers' minds, it is nothing but a commodity or service only. According to Armstrong and Kotler (2005, p.16),

> Attracting and retaining customers can be a difficult task. Customers often face a bewildering array of products and services from which to choose. A customer buys from the firm that offers the highest customer perceived value-the

> customer's evaluation of the difference between all the benefits and all the costs of a marketing offer relative to those of competing offers.

Therefore, Keller (2008) point at three main constructs for CBBE. While the first one which is discussed above is the differentiation dimension, the second one is the knowledge of customers about the brand. What customers have experienced, learnt, heard or felt about the brand, which can be defined as brand knowledge, is an important factor for differentiation. After having positive brand knowledge and a clear differentiation in mind, the last stage is the responses of customers to marketing activities of the brand. Choosing the brand, positively evaluating brand extensions or responding to sales promotions are indicators of positive customer response to a brand. Building the pillars of brand equity on psycho-cognitive vantage point, Keller (1993) asserts that brand knowledge adds value for customers and in return ignites their reactions to the brand. He scrutinizes brand knowledge under two main components; brand awareness and brand image. Although the former is a pre-condition for development of brand equity, the latter is the one that adds value to brands. According to Keller (2008) brand awareness explains a customer's ability of identifying a brand in different circumstances, however, brand image indicate customers' brand-related perceptions, which are expressed by brand-related associations in customers' memory. Their favorability, differentness and strength are crucial for a differential customer response, especially for high involvement purchase decisions. Keller's associative network memory model accepts human memory as a network that comprises nodes and links that connect them. While any information stored in human memory is defined as nodes, to what extend the associations among concepts and information, such as verbal, visual, or abstract, are defined as links. He claims that if a customer has brand knowledge, this means that there is a brand node in his/her memory and myriad associations are linked to it. After a scrutiny of why branding and CBBE are crucial to outdo in competition, the following section provides the relevant literature about different branding strategies. Xie & Boggs (2006) describe branding strategy as a drastic decision. They state that branding is far beyond naming a product. Market segmentation and product differentiation strategies are the determinants behind brands. Saunders & Watters (1993) define that,

> Branding is about identifying a clear function need among discrete and identifiable groups of customers, understanding the motives and psychological needs of that group and then integrating the two needs into a single integrated proposition. Branding is more than giving a product…a name…It is about identifying a target market and then developing a product and a brand personality that the target market will identify and prefer.

2.4 Branding Strategies for Financial Institutions

Saunders and Watters (2007) list branding strategies for financial institutions under 6 titles. They state that, the first strategy, Corporate Branding, is a widespread one used by large and small ones. The latter pursue this strategy as they are unable to promote many different brands but the former uses this strategy in order to create cohesion between their wide customer bases. According to Xie & Boggs (2006), if brand and corporate name are the same, such as Royal Bank of Scotland (RBS), Hong Kong Shanghai Banking Corporation (HSBC), this means that corporate branding strategy has been deployed. As for the second strategy, according to Saunders and Watters (2007), Division Branding is pursued, that is subsidiaries' names are used, if different segments are served or if brands' associations differ. Such as Midland Group name as mainstream banking brand, Forward Trust and First Direct are the subsidiaries independently branded for specific tasks. Mixed Brands strategy is used if both corporate and individual brand name are used together in order to get the power from corporate name. The fourth strategy is Endorsed Branding. The corporate identity and divisional identity are nearly insignificant sub-brand as the brand dominates by itself. Branded Products strategy is pursued if individual brand is lucrative to use especially it is hard to compete against big corporation. A branded product strategy helps to promote one side of the whole corporation. Furtive Branding, the last strategy, is used if a corporation is trying to hide corporate relationship. On the other hand, Xie and Boggs (2006) divide brand architectures into four as "corporate, product, corporate and product, product and corporate." Firms tend to deploy these strategies differently in terms of the market conditions. However, even though field of branding has been dominated by product branding strategy which concentrates on differentiating aspects of a product portfolio, Xie and Boggs (2006) assert that today's marketplace necessitate corporate branding as a consequence of rapid innovations, developed service levels and decreasing brand loyalty to products. Therefore, the question is whether companies should create product brands or corporate identity. As and Saunders & Watters (2007) indicated corporate branding strategy is widely used in branding financial institutions especially in banks. As this study examines the role of corporate image of banks in customers' mind, the following part provides a detailed analysis of relevant literature about corporate branding and corporate brand image.

2.5 Corporate Branding vs Product Branding

As mentioned in the previous parts there are different branding strategies preferred by financial institutions. Corporate branding is the most widespread in branding banks and financial institutions. Before proceeding with how building a successful corporate brand image can differentiate a corporate brand, it is useful to understand how relatively more comprehensive corporate branding is compared to product branding. That is why; the following part encompasses a synopsis of how product branding and corporate branding differ in nature. Roeck et al. (2013) define corporate branding as the most prominent management fashions of today. They point at the differences between product branding and corporate branding. In contrast to the former which concentrates on customers only, the latter targets wider internal and external audiences (i.e. customers, employees, investors, media and NGOs). Xie and Boggs (2006) list 5 main differences product and corporate branding. As the focus moves from product to overall corporation, corporate branding involves whole corporation and its internal stakeholders, that is employees. As for the second difference, while product branding is a mid-management marketing responsibility, corporate branding requires high executive strategic involvement. The third difference is that while product branding focuses on target consumers, corporate branding focuses on relations with all stakeholders. Another difference is that while marketing departments are in charge of managing product brands, corporate branding necessitates whole corporation's support and cross-functional coordination. The fifth difference is that as corporate branding involves heritage and strategic vision it is relatively long-term compared to product brands. Balmer (2012) provides a comparative summary of Corporate Branding vs Product Branding: the first difference is the owner of responsibility in managing the brand. While the former is managed by the CEO or corporate marketing director, the latter is managed by the brand manager. Functional responsibility in the former is shouldered by almost all departments; on the contrary, marketing department is in charge in the latter. While marketing staff is given the overall responsibility of the brand, corporate brand responsibility is given to all staff. While product branding takes its roots from marketing discipline, corporate branding involves a multidisciplinary approach. Product brand gestation is short but corporate brand one ranges from medium to long. While corporate brand focuses on different stakeholders, focus of product brands is the customers only. Product brand values are contrived however, corporate ones are real. As for the last comparison, product branding involves marketing communication mix. However, corporate branding pursues a total corporate communications strategy. They are divided into three main headings; primary communications, secondary communications and tertiary communications. The first one is transmitted via product and service performance, Chief Executive Officer's and higher administration's behavior, staff manner and experience. Secondary communication refers to controlled communication efforts such as marketing communication, etc. Word of mouth is the tertiary communication about corporate brand. Despite the difficulty of building a corporate brand, benefits counterbalance the efforts. McDonald, et al (2001) points at the advantages of the firm's name as the brand name and they state that aggregated goodwill and heritage built through mass communication efforts and investment to consistency add additional value and confidence to customers who will try a firm's brand extension. Customers and financial consultants assess their decisions regarding the parent company's historical reputation. Economies of scale benefitted in marketing communication efforts for corporate brand is another advantage of this strategy. Besides, the sub-brands under the corporate brand umbrella gain many benefits from the strength of the corporate or parent brand. One advantage of not using corporate branding emerges if a product brand fails. Corporate image will not be damaged in this case.

2.6 Corporate Branding and Corporate Brand Image

Pinar et al. (2012) assert that "…deregulation, consolidation, new media provision of financial services, the reduction of information asymmetries enabled by the internet, the homogenous nature of the financial offerings, and fierce competition" are some of the most obvious structural developments took place in banking as a consequence of globalization of banks. They advocate that building robust brands are pivotal for financial institutions in order to hamper commoditization. Like many scholars O'Loughlin and Szmigin (2005) agree on the idea that a differentiating brand image and corporate identity is compulsory for financial institutions to stand out. McDonald et al. (2001) state that branding is pivotal as "a financial service brand is based entirely on the way company does things and on the company culture". According to Ille and Chailan (2011) many Western companies are now more inclined to heavily invest on brand image and goodwill as they are now more aware that innovation, which is regarded as the strongest competitive strategy, is not only about creating hard technologies but also creating soft ones such as marketing philosophy. O'Loughlin and Szmigin (2005) addresses the importance of branding especially for services due to the difficulty of differentiation and intangible nature. Even though functional and tangible aspects can be delivered as the promise of services, emotional and intangible aspects are also pivotal. They assert that the literature points out functional values, which are imitable, that are less sustainable than emotional ones. According to Ohnemus (2009) branding can provide a financial institution a competitive advantage and sensible affair with customers. This is particularly crucial for finance industry as their offering is both high involvement and emotional that is hard to be catered by technology alone. Emphasizing intangible and emotional aspect of corporate branding, Balmer (2012) stated that, corporate branding is in fact an unambiguous promise of an organization to its stakeholders. This corporate proposition is to be clearly communicated via corporate, staff behavior and by products and services. Harris and de Chernatony (2001) state that as corporate branding has wider focus into the corporation or the organization, brand management teams' and also employees' role undergo drastic changes. As they are the interface between corporate brands internal and external vicinity, they are crucial for customer perceptions towards the brand. Employees shoulder a drastic role in creating unique emotional offerings and covenants of the brand rather than functional ones. Emotional offerings are communicated by their interplay with different stakeholders. Roeck et al. (2013) state that "corporate branding practices aim to express organizational norms and values in a way that attracts stakeholders and makes them feel a sense of belongingness with it". Wallace et al. (2013) defines brand orientation as a mentality of prioritizing brand identity and its components: mission, vision and values. They state that brand orientation instills a philosophy of generating values and meaning by brand. Xie and Boggs (2006) argue that corporate branding is positioning the company in its market by ensuring interplay between corporation's image, vision and culture. They define it more complicated than product branding as it requires synchronic and efficient interplay of these factors. They mention that even though products can be different, if they share core values and common brand identity of the corporate, they form the corporate brand architecture. Rudiments of the corporate brand lie in the organizational, core and added values. Corporate brand's value creation is shaped by interplay between these values. Roeck et al. (2013) assert that corporate branding's success hinges upon a smooth alignment between strategic vision, culture and corporate image of an organization. Brand image and brand reputation are, by some authors, used interchangeably. Roeck et al. (2013) define that corporate brand image or reputation is the company's overall impression on its stakeholders. However, Harris and de Chernatony (2001) make a clear distinction between two. They define corporate brand reputation as an aggregate reflection of a brand's past actions and the outcome of these past actions on the ability of the brand to fulfill promised outcome to different stakeholders. They assert that corporate brand image indicates current and changeable perceptions of the stakeholders; on the contrary, reputation is more resistant. According to Bravo et al. (2010) corporate brand image is customers' and non-customers' cumulative perceptions and anticipations over a time period. Harris and de Chernatony (2001) emphasize a very pivotal point by stating that understanding what and how leading stakeholders' perceive is the core duty of corporate brand management. They define brand building as identifying and diminishing the gap between corporate brand identity and corporate brand reputation.

As the focus of this study is the influence of both firm and non-firm communications' and brand familiarity on corporate image, the following part is devoted to narrate the communication efforts of firms in order to promote and hone the services, products and brand promises.

2.7 Marketing Communications and Brand Image

Zeithmal et al. (2009) describe marketing communication of today very complicated in contrast to past when only limited sources of marketing information was available. Customers were exposed to marketing messages only via mass communication sources such as TV and newspapers. Thus, firms were able to convey a uniform brand image and they were able to coordinate the covenants they make. However, today the circumstances are completely different. A vast variety of information sources such as web sites, direct mail, product placements serve information to customers in different premises. Emerge of buzz, viral marketing, blogs, virtual communities changed the nature of marketing communication from the fundamentals. Customers are able to reach a lot of information about services, products, firms, corporations and brands. Emergence of multiple information sources plunged firms to ensure that they disseminate unified messages and covenants. Firms use three basic marketing communication ways to convey their messages. The first one is the external marketing communication which is done via sales promotion, advertising and PR. The second one is interactive marketing communication by which information is transmitted to customers by personal selling, customer service interactions, service encounters and servicescapes. The last communication type is the internal marketing by which employees are ensured to receive the precise, complete and consistent information about the services, products or other relevant points about the company to be transmitted to customers. As a result, these three communication channels have to be coordinated so that a harmony in the message transmitted to outside stakeholders can be reached. Therefore, a need to coordinate marketing communications emerges to ensure standardization and harmony of message both internally and externally transmitted. The concept of Integrated Marketing Communications (IMC) emerges to fill this gap. Zeithmal et al. (2009, p.481) define IMC as,

> Integrated marketing communications build a strong brand identity in the marketplace by tying together and reinforcing all your images and messages. IMC means that all your corporate messages, positioning and images, and identity are coordinated across all venues. It means that your PR materials say the same things as your direct mail campaign, and your advertising has the same "look and feel" as your website.

Etzel et al. (2007) approach external communications especially promotion from an economical point of view and state that promotion is a strategic tool to shift the location and shape demand curve of company, its products or services and minimize the risk of demand elasticity due to price rises. Promotion aims to inform, persuade and remind the customers or non-customers about the products and services. Informing function of promotion aims to raise awareness about the brand and also clarify the benefits provided, how it works and how it can be obtained. Persuasion function is very crucial as abundant supply and varied alternatives of goods or services force companies to draw attention and differentiate their offerings. Consumers have to be reminded about the presence and potential benefits of a product or a service. This is crucial even for well-known brands considering the inflation of brands and fierce competition to create more exposure on consumers. Etzel et al. (2007, p. 476) divide promotion into four main forms: "personal selling, advertising, sales promotion and public relations." They compare PR with the others.

> Public relations encompass a wide variety of communication efforts to contribute to generally favorable attitudes and opinions toward an organization and its products. Unlike most advertising and personal selling, it does not include a specific sales message. The targets may be customers, stockholders, a government agency, or a specific-interest group.

It is obvious that firms have to spend more effort to communicate their brands' messages to internal and external audiences. They spend considerable financial resources to promote their services or products. However, firm communications in the form of advertising is not sufficient to influence customers prefer a brand to another. According to Etzel et al. (2007, p. 97) "The ways we think, believe, and act are determined to a great extent by social forces. And our movements through the buying process…are affected by the social forces that surround us." That is why the following part explains why and how social influence is influential in purchase decisions.

2.8 Social Influence, Word of Mouth Communication and Brand

Etzel et al. (2007, p. 99) state that society is comprised of groups that develop their peculiar standards of behavior. These behaviors are then used as guides or reference frames for the members of that group and society. Values are shared and social group patterns are expected to be conformed. These reference groups are influential on the personal attitudes, behaviors and values. Various studies compromise on the reality that personal recommendations otherwise known as word of mouth communication is more influential on our purchase decisions compared with the power of advertisement. Especially if the information is received from a trustworthy source, the likelihood of following the recommendation is higher. That is why Zeithmal et al (2009) recommend the following strategies to optimize the power of word of mouth:

- Feature service employees in communication,
- Use buzz or viral marketing,
- Leverage social media,
- Aim message to influencers,
- Create advertising that generates talk because it is humorous, compelling or unique,
- Feature satisfied customers in the communication,
- Generate word-of-mouth through employee relationships.

After a synopsis of the relevant literature about the fundamentals of brand, branding and corporate branding the following part provides a summary of banking industry in North Cyprus, where the study was conducted.

2.9 North Cyprus Economy and Banking Industry

Katırcıoğlu (2006) states that,

> North Cyprus is a typical small island state in the Mediterranean Sea. It has a population of over 200.000 in habitants, 3.355 km² land area…limited natural resources and limited workforce efficiency…It is an extremely closed state that can not develop any political and economic relations with countries other than Turkey because of political non-recognition and South Cyprus imposed embargoes. (p 335)

According to Gunsel (2012, p 1323), starting from 2000 to 2008, financial turbulences hit the economy in North Cyprus. Gunsel (2007, p 411) states that "the onset of Turkish currency crises during 2000/2001 appears to have had a negative impact on NC banking sector and led to contraction of the economy." As of the first months of 2009, the number of "authorized commercial banks operating in North Cyprus" reduced to 19 from 37 in 1999. She states that "thirteen of these banks were revoked from operation and five were taken over by other banks". The government had to suspend banking transactions of 10 banks between 2000 and 2002. Five were confiscated by "Saving Deposit Insurance Fund" and later, in 2001, completely shut down, which ignited a severe chaos in North Cyprus banking industry. Gunsel (2012, p 1323) provides a synopsis of the circumstances in North Cyprus banking industry between 2001 and 2009 as follows,

> Another four banks, namely Cyprus Commercial Bank Ltd., Yasa Bank Ltd., Tilmo Bank Ltd. and Asia Bank Ltd., were put under the SDIF in 2001, and Cyprus Industrial Bank Ltd. was put under SDIF in 2002. Furthermore, Finba Ltd. was taken over by Artam Bank Ltd. in 2000 and Med Bank Ltd.; Hamza Bank Ltd. were taken over by Seker Bank Ltd. in the years 2001 and 2002, respectively; Mediterenean Bank was taken over by Vakıflar Bank Ltd. in the year 2005 and Altınbaş Bank Ltd. was taken over by Creditwest Bank Ltd. in the year 2009. In December 2009, three banks namely; Deniz Bank Ltd., Yeşilada Bank Ltd. and Continental Bank Ltd. were failed to meet a capital adequacy ratio set by the Central Bank of TRNC and put under the SDIF.

As for 2014, according to TRNC Central Bank (2014), below is the list of banks operating in North Cyprus:

Public Deposit Banks

Kıbrıs Vakıflar Bankası Ltd.

Proprietors' Equity Banks

K.Türk Koop.Merkez Bankası Ltd.

Limasol Türk Koop. Bankası Ltd.

Kıbrıs İktisat Bankası Ltd.

Creditwest Bank Ltd.

Şekerbank (Kıbrıs) Ltd.

Kıbrıs Kapitalbank Ltd.

Viyabank Ltd.

Türk Bankası Ltd.

Asbank Ltd.

Nova Bank Ltd.

Yakın Doğu Bank Ltd.

Akfinans Bank Ltd.

Universal Bank Ltd.

Kıbrıs Faisal İslam Bankası

Branch Banks (Non-local Banks)

Türkiye Garanti Bankası A.Ş.

T.C.Ziraat Bankası

Türkiye Halk Bankası A.Ş.

Türk Ekonomi Bankası (TEB) A.Ş.

Türkiye İş Bankası A.Ş.

HSBC Bank A.Ş.

Ing Bank A.Ş.

Development and Investment Banks

KKTC Kalkınma Bankası

Saving Deposit Insurance Fund (Tasarruf Mevduatı Sigorta Fonu) Banks

Kıbrıs Ticaret Bankası Ltd.

Tilmo Bank Ltd.

Kıbrıs Endüstri Bankası Ltd.

Erbank Ltd.

Yasa Bank Ltd.

Asya Bank Ltd.

Denizbank Ltd.

Rumeli Bank Ltd.

Providing a scrutiny of banking industry in North Cyprus, despite the turbulent decade, TRNC Central Bank (2014) depicts a promising picture for banking industry. According to TRNC Central Bank reports, in 2013 financial markets in North Cyprus witnessed a blur not because of domestic circumstances but as a consequence of monetary policies of developed countries. Between the last quarter of 2008 and the second quarter of 2013 the USA, Europe, and Japan Central Banks, extraordinarily pursued expansionist monetary policies. The money in-flow to developing countries faced a reverse movement. As a result, like in currencies of all developing countries, Turkish Lira also lost value and fluctuated. Naturally, financial corporations encountered potential risks. It is so promising to see that even though the fluctuations in exchange rates were seen as a stress test on banks and banking industry in North Cyprus the impacts were reported to be minimal. TRNC Central Bank's balance sheet with a 29.7 % increase compared to 2012 amounted to 3.4 billion TL in 2013. Liquid asset / total assets ratio, as of the end of 2013, was reported to be 96. 3%. This indicates that resources of banks were allocated to highly productive and less risky investments. Total assets of TRNC banking industry was reported to rise by 21.1% in 2013 compared to 2012. This is equal to 1.75 times GDP. Global Financial Consistency Report published by the IMF states that the average total assets/GDP ratio for developing countries is 1.06 and world average is 1.62, TRNC data is satisfactory. 80 % of total sources of North Cyprus banking industry was attracted by domestic deposits, which constitute 1.4 times GDP.

2.10 Hypotheses

According to Knox (2004) "a brand is an entity that offers customers (and other relevant parties) added value based on factors over and above its functional performance. These added values, or brand values differentiate the offer and provide the basis for customer preference and loyalty." Bravo et al. (2012) state that branding, as a strategic tool to ensure trust especially for such an industry that is associated with high intangibility and risk such as banking and financial services, is pivotal for long-term profitability of financial organizations. Instead of deploying product branding, developing a positive corporate brand image is a way to enjoy customer loyalty. Core values of an organization and the messages communicated to outside audiences is a matter of corporate identity. According to Bravo et al. (2012 p 233), corporate branding is "the way in which the organization communicates its identity…corporate identity is useful for positioning and developing the corporate image of financial companies." Despite the lack of clear compromise on the factors that determine corporate brand image, Bravo et al. (2012 p. 233) state that,

> brand associations can be created from direct experience with the good or service, from the information communicated by personal and commercial sources and by making inferences from pre-existing associations. As regards corporate brands, the knowledge obtained through customer experience and every message sent by the organization or non-firm sources…can affect the current associations.

Either direct or indirect exposure of a customer to a peculiar corporate brand is likely to increase familiarity of a customer to the brand. Empirical studies by Oburai et al. (2006) and Bravo (2012) proved that corporate brand image is very likely to be more favorable if the awareness of corporate brand is high. In other words, we hypothesize that,

H1: Brand familiarity is directly and positively related to corporate image.

Bravo et al. (2009, p 316) state that image of a corporation is "the image an audience has of an organization through the accumulation of received messages." According to Balmer (2012), corporate branding pursues a total corporate communications strategy.

They are divided into three main headings; primary communications, secondary communications and tertiary communications. The first one is transmitted via product and service performance, Chief Executive Officer's and higher administration's behavior, staff manner and experience. Secondary communication refers to controlled communication efforts such as marketing communication, etc. Word of mouth is the tertiary communication about corporate brand. Bravo et al. (2012) state that, corporate marketing requires corporate communications, which comprises "corporate advertising, word of mouth, publicity and other firm or non-firm message source." If customers hear, see or experience informative communication activities over a corporate brand, it is very likely that they will tend to come up with favorable associations and initiate business relations. Advertising is a robust tool to create "brand awareness, brand attitude and, indirectly, purchase intentions." That is why we hypothesize that,

H2: Firm communications are directly and positively related to corporate image.

Even though corporate communications are indispensable to strengthen corporate image, other external communication sources are found to be more influential on the way customers develop a corporate image in mind. According to O'Cass and Grace (2003), opinions of acquaintances and "unplanned sources like mass media, NGOs or opinion leaders" are very influential. They can be gathered under the title of 'publicity'. Considering the risky and intangible nature of financial services, Bravo et al. (2012) state that, word of mouth communication may provide information about the services or products of the organization or the organization itself. Bravo et al. (2012) empirically proved that word of mouth communication and publicity are influential on corporate image. Word of mouth and publicity in the following hypothesis are mentioned under the title of non-firm communications. Referring to the previous empirical studies, we hypothesize that,

H3: a- Non-firm communications are directly and positively related to corporate image. b- They are more influential on corporate image compared to firm communications.

According to O'Loughlin and Szmigin (2005, p 8) "service companies should consciously pursue distinctiveness in performing and communicating service, connect emotionally with customers…to build retention and loyalty with customers." Nguyen, and LeBlanc (1998), in an empirical study conducted within banking context found out that customer satisfaction and corporate image on loyalty. That is why we hypothesize that,

H4: Corporate image is directly and positively related to brand loyalty.

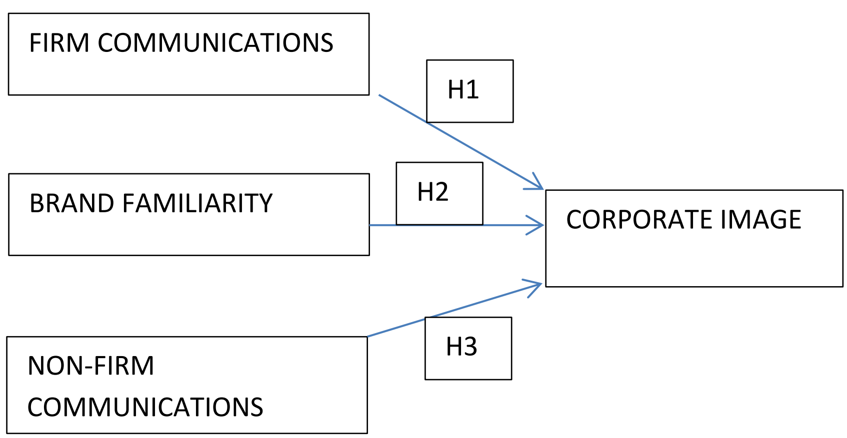

Figure 1: Conceptual Model 1

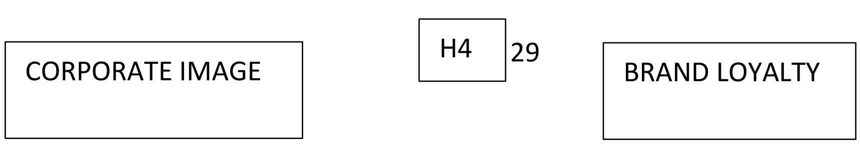

Figure 2: Conceptual Model 2

Chapter 3

METHODOLOGY AND DATA ANALYSIS

3.1 Aims and Objectives of the Study

This emprical was deisgned to provide a view for bank managers and academics about the perceptions of Turkish Cypriots towards the non-local (foreign) banks operating in North Cyprus. The study examines the relations between firm, non-firm communication of banks, brand familiarity, corporate image and brand loyalty. The study concentrates on corporate brand image of foreign banks, how the image is affected by firm, non-firm communication of banks and brand familiarity. The study also focuses on how corporate image influences brand loyalty.

3.2 Survey Instrument

The questionnaire items used in this study were obtained from different empirical studies. 3 items related to Brand Familiarity (BF) were obtained from Dawar (1996); 4 items related to Firm Communications (FC) were obtained from Villajero and Sanchez (2005); 6 items about Non-Firm Communications (NFC) and 32 items about Corporate Image (CIM) were obtained from Bravo et al. (2012); 4 items about Brand Loyalty (BL) were obtained from Phan and Ghantous (2013). In the study two seven-point Likert Scales were used. The items related to Firm Communications (FC), Non-Firm Communications (NFC), Corporate Image (CIM) and Brand Loyalty (BL) were measured by 1- Totally disagree – 7- Totally agree. Whereas, each of 3 items about Brand Familiarity (BF) were measured by 3 different scales: 1- not very often – 7- very often, 1- Not very knowledgably – 7- very knowledgably, 1- not very informed – 7- very informed.

3.3 Data Collection

This study pursued convenience sampling method. According to Malhotra (2009, p.377) "Convenience sampling…involves obtaining a sample of elements based on the convenience of the researcher. Respondents are selected because they happen to be in the right place at the right time" Advantages of convenience sampling can be listed as that: it is the least expensive, least time consuming but the most convenient. The survey instrument was handed out in front of the most crowded shopping centers in three cities. 20 respondents involved in the pilot study. After the pilot study, although 235 questionnaires were handed out to customers of non-local banks located in 3 North Cyprus cities, 200 properly filled questionnaires were accepted. The respondents were randomly approached and two key questions were asked. The former is “Are you Turkish Cypriot?”, the latter “Are you a customer of non-local banks operating in North Cyprus?”. 235 out of 316 attempts were welcomed by the respondents. The respondents were informed about the aim of the study and confidentiality of their answers.

3.4 Demographics

Table 2: Demographics of respondents

	Frequency	**%**
Age		
18-25	65	32.5
26-33	25	12.5
34-41	52	26.0
42-49	53	26.5
50-57	5	2.5
Total	**200**	**100**
Gender		
Female	91	45.5
Male	109	54.5
Total	**200**	**100**

Education		
Primary school	1	0.5
Secondary school	4	2.0
High school	58	29.0
Associate/Undergraduate	88	44.0
Master	47	23.5
Phd	2	1.0
Total	**200**	**100**
Income		
2000 TL – below	58	29.0
2001 TL - 3000 TL	41	20.5
3001 TL - 4000 TL	42	21.0
4001 TL – above	59	29.5
Total	**200**	**100**

	Frequency	**%**
The banks chosen by the respondents to complete the questionnaire		
Türkiye Garanti Bankası A.Ş.	19	9.5
T.C. Ziraat Bankası	21	10.5
Türkiye Halk Bankası A.Ş.	5	2.5
Türk Ekonomi Bankası (TEB) A.Ş.	7	3.5
Türkiye İş Bankası A.Ş.	105	52.5
HSBC Bank A.Ş.	42	21.0
ING Bank A.Ş.	1	0.5
Total	**200**	**100**
Duration of relation with the bank chosen		
2 years – below	49	24.5
3-6 years	69	34.5
7-10 years	40	20.0

Longer than 10 years	42	21.0
Total	**200**	**100**
Number of other non-local banks that respondent is a customer of		
None	99	49.5
1	64	32.0
2	27	13.5
More than 2	10	5.0
Total	**200**	**100**
Number of local banks that respondent is a customer of		
None	50	25.0
1	123	61.5
2	24	12.0
More than 2	3	1.5
Total	**200**	**100**

3.5 Data Analysis

Data collected for the study was analyzed by SPSS 17. A multiple regression analysis was used to analyze the relations between variables. According to Churchill (1985) regression analysis is "the strategy used to generate a formula that shows the requirements factors to one or more forecaster factors which are held set at numerous levels." Multiple Regression Analysis, according to Cohen et al (2013), "is a highly general and therefore very flexible data analytic system…may be used whenever a quantitative variable, the dependent variable (Y), is to be studied as a function of, or in relationship to, any factors of interest, the independent variables (IVs)."

3.6 Measurements

3.6.1 Multicollinearity

Multicollienarity is a precondition for regression analysis. According to Tabachnick and Fidell (1996) condition index has to be below 30, which is ensured for all 5 dimensions as can be seen from Table 1. Minimum two variable proportions have to be below the cut-off value; 0.5. The following results indicate that Multicollienarity problem was not observed in any dimensions or variables.

Table 3: Multicollinearity

Dimensions	Condition Index	Variable Proportions				
		Constant	FC	BF	NFC	CIM
1	1.000	0.00	0.00	0.00	0.00	0.00
2	7.156	0.02	0.06	0.86	0.02	0.00
3	11.211	0.07	0.92	0.03	0.12	0.02
4	12.490	0.67	0.01	0.00	0.36	0.00
5	21.218	0.24	0.01	0.11	0.50	0.97

3.6.2 Factor Analysis

Reliability Coefficients of Cronbach Alpha are provided in Table 2 for each dimension. According to Nunnally (1978), **Cronbach's α(alpha)** is a coefficient of internal consistency. It is commonly used as an estimate of the reliability of a psychometric test for a sample of examinees. Alpha value has to be above 0.70. The findings reveal that all Cronbach Alpha values are above 0.70; respectively, 0.821 for Firm Communications (FC), 0.910 for Non-Firm Communications (NFC), 0.817 for Brand Familiarity (BF), 0.960 for Corporate Image (CIM), 0.915 for Brand Loyalty (BL).

Table 4: Factor Analysis Results

Scale Items	Corrected Items Total Loadings	Cronbach Alpha
Firm Communications (FC)		0,821
Advertising for X is, in general, very good.	0,838	
In general, people like the advertising campaigns for X.	0,817	
The advertising campaigns for Bank X are frequently conducted.	0,862	
Bank X is intensively advertised compared to competing brands.	0,706	
Non-Firm Communications (NFC)		0,910
Information on media about Bank X is in general good.	0,786	
Media speak highly for Bank X.	0,797	

Media speak higher for Bank X than competing brands.	0,733	
Family/acquaintances speak highly for Bank X.	0,890	
Family/acquaintance speak higher for Bank X than competing brands.	0,885	
Family/acquaintance's opinions of Bank X are in general positive.	0,879	
Brand Familiarity (BF)		0,817
How often do you use the products and services of your bank?	0,809	
How informed are you about the products and services of your bank?	0,890	
How familiar are you about the products and services of your bank?	0,872	
Corporate Image (CIM)		0,960
It is highly committed to the society.	0,597	
X has a good reputation in the marketplace.	0,734	
This entity is honest.	0,770	
X always fulfils its promises.	0,741	
X is a friendly entity.	0,785	
This entity makes a good impression on you.	0,769	
X inspires confidence.	0,750	
Operations made with this entity are completely safe.	0,699	
X's staff is, in general, friendly and warm.	0,806	
X's personnel is highly professional.	0,769	
This entity's staff is always at their customers' disposal.	0,821	
X has a high number of branches	0,775	
X offers innovative products and services	0,710	
Interests paid on loans are low	0.825	
Commissions charged are low	0.796	
Interests received on savings are high	0,678	
Operations made with this entity are completely safe	0,792	

X offers innovative products and services	0.738	
Brand Loyalty (BL)		0,915
I intend to continue using Bank x ' s services in the upcoming years.	0,913	
I prefer Bank X to other banks.	0,918	
I will continue to be a customer of this bank even if it moderately raises its fares	0,821	
Bank x is my first choice when I need to use banking services	0,927	
Notes: All items are measured on seven-point Likert Scale. All loadings are significant at the 0.01 level or better. All internal reliability estimates are above the cut-off value (0.070).		

3.6.3 Results of Multiple Regression Analysis

Results of Multiple Regression Analysis for each Model (Model1 and Model2) can be seen in Figure 2. Model 1 comprises 1 dependent variable, that is, Corporate Brand Image (CIM), and three independent variables; Firm Communications (FC), Non-Firm Communications (NFC), and Brand Familiarity (BF). All independent variables were measured to be significantly influential on the dependent variable, Corporate Brand Image (CIM). β=0.488 and t=7.87 prove FC's positive effect on CIM. NFC's positive effect on CIM is indicated by β=0.716 and t= 14.431. BF's effect is revealed by β=0.476 and t=7.613. All three hypotheses in model 1 are accepted.

Model 1: CIM= 3.272+0.488(FC)+2.249+0.716(NFC)+3.838+0.476(BF)

In Model 2 the significance of relation between Corporate Brand Image (CIM) and Brand Loyalty (BL) was measured. Similar to Model 1, a positive effect of CIM on BL was found. CIM's positive effect on BL is indicated by β=0.766 and t=16.773.

Model 2: BL= 1.229+0.76(CIM)

Table 5: Results of Multiple Regression Analysis

Variables	Coefficient	T-statistics	
Model 1			
CIM= 3.272+0.488(FC)+2.249+0.716(NFC) +3.838+0.476(BF)			
Constant		3,272	
(FC)	0.488	7,87	Accept
(NFC)	0.716	14,431	Accept
(BF)	0.476	7,613	Accept
R^2	0.32		
F	61,980		
Model 2			
Variables	**Coefficient**	**T-statistics**	
BL= 1.229+0.76(CIM)			
Constant		1,229	
(CIM)	0,766	16,773	Accept
R^2	0,587		
F	281,320		

Chapter 4

DISCUSSION AND CONCLUSION

4.1 Discussion

A favorable Corporate Brand Image in the mind of customers is a drastic strategic tool for financial corporations which have to face the reality of brand switching costs and intangibility of services. Brand loyalty is a powerful indicator of financial sustainability for all firms. Ultimate aim of all firms is to create a wide base of loyal customers.

Therefore, this study concentrated on the role Corporate Brand Image's impact on creating Brand Loyalty. Besides, influence of three salient factors', Firm Communications, Non-firm Communications and Brand Familiarity, on Corporate Brand Image was examined. The study was conducted in North Cyprus, a developing part of the bisected Cyprus Island in the Mediterranean Sea. The respondents were Turkish Cypriots. The study aimed to find out their perceptions towards non-local (foreign) banks.

As Bravo et al. (2012) state if customers hear, see or experience informative communication activities over a corporate brand, it is very likely that they will tend to come up with favorable associations and initiate business relations. They defined advertising influential on "brand awareness, brand attitude and, indirectly, purchase intentions." One of the proposed effects in the model was that Firm-Communications would be positively related to Corporate Brand Image. Confirming Bravo et al. (2012), the findings of the study reveal that Firm-Communications such as advertisements are significantly influential on Corporate Brand Image formation of customers. As for Non-Firm Communications, such as publicity and WOM, O'Cass and Grace (2003) stated that opinions of acquaintances and "unplanned sources like mass media, NGOs or opinion leaders" are very influential on brand image. Bravo et al. (2012) stated and empirically proved that, word of mouth communication may provide information about the services or products of the organization or the organization itself and influential on corporate brand image. The findings of the study are parallel with Bravo et al. (2012) as that especially Non-Firm Communications are more influential on Corporate Brand Image relative to other independent variables. Brand Familiarity and Corporate Brand

Image was also proven. As for the relation between Corporate Brand Image and Brand Loyalty, a very strong relation between two were empirically proven.

4.2 Recommendations and Conclusion

Turkish Cypriots in the last 2 decades witnessed drastic turbulences and defaults in banking industry. Therefore, intangibility and high-risk aspects of banking transactions are serious points to be considered by bank managers. Building a robust brand image can not be possible with advertising only. This study is believed to important for banking industry in North Cyprus. Serving financial services to a small island society, globally expanding financial institutions should be careful in choosing the right branding and communication strategies. The findings of the study clearly show that non-firm communications are very influential on image formation. Public opinion and especially word of mouth communication generated by friends, relatives or acquaintances play significant role in image formation. North Cyprus is not densely-populated. Word of mouth communication is a drastic communication manner between Turkish Cypriots. Bank managers and frontline employees should be more aware of what behavior or factors trigger word of mouth communication. Instead of pursuing a reactive strategy, they should be actively involved in communication process. Amplified word of mouth strategies can be implemented. Interactive communication channels should open between bank staff and the customers especially the opinion leaders and marketing mavens. Especially satisfied and curious customers or non-customers should be interacted often and be informed about the services and products of the financial institutions. Internal marketing programs should provide precise, timely and useful information to internal stakeholders, the employees especially. Employees should be requested and encouraged to initiate word of mouth communication. From the publicity aspect, especially the social capital holders such as journalists, bloggers, and NGO leaders are pivotal to create favorable publicity. Bank managers should develop intense relation with these people.

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Appendix

Değerli Katılımcı,

Bu anket çalışması Kuzey Kıbrıs Türk Cumhuriyeti'nde hizmet veren yabancı bankaların kurumsal marka imajlarının müşterilerin bakış açısından analizine yönelik olarak hazırlanmıştır. Araştırmanın uygulaması yaklaşık 5 dakikalık zamanınızı alacaktır. Çalışma sonuçları toplu olarak değerlendirilecek ve akademik amaçla kullanılacaktır. Katkılarınız için şimdiden teşekkür ederiz. Çalışma içerisindeki yargı cümleleri ile ilgili düşünceleri ifade ederken 7'li ölçek kullanılacak olup her farklı yargı cümlesi kümesi üzerinde ilgili ölçek belirtilecektir. Örnek bir ölçek altta sunulmuştur.

Örnek: Sizin için uygun olan seçeneği lütfen daire içine alın.

1- Hiç katılmıyorum	2- Katılmıyorum	3- Biraz katılmıyorum	4 - Kararsızım	5- Biraz katılıyorum	6- Katılıyorum	7- Tamamen katılıyorum

Soru No								
Örnek	X Bankası müşterileri ile etkili iletişim kurar.	1	2	3	4	5	6	7

Lütfen en sıklıkla kullandığınız bankanın yanına √ işareti koyunuz. Lütfen sadece bir bankayı işaretleyiniz. Anketi seçtiğiniz bu bankayı dikkate alarak yanıtlayınız.

______ Türkiye Garanti Bankası A.Ş. ______ Türkiye İş Bankası A.Ş.

______ T.C.Ziraat Bankası ______ HSBC Bank A.Ş.

______ Türkiye Halk Bankası A.Ş. ______ Ing Bank A.Ş.

______ Türk Ekonomi Bankası (TEB) A.Ş.

KİŞİSEL BİLGİLER

Yaş: ( ) 18 – 25 ( ) 26 – 33 ( ) 34 – 41 ( ) 42 – 49 ( ) 50 – 57 ( ) 58 –ve üzeri

Cinsiyet: ( ) Kadın ( ) Erkek

Eğitim Düzeyi: ( ) İlkokul Mezunu ( ) Lise Mezunu ( ) Yüksek lisans mezunu

( ) Ortaokul Mezunu ( ) İki/dört yıllık üniversite mezunu

Aylık net gelir: ( ) 2000 TL ve altı ( ) 2001 TL – 3000 TL ( ) 3001 – 4000 TL ( ) 4001 TL ve üzeri

Nezamandır seçtiğiniz bankanın müşterisisiniz?

( ) 2 yıl ya da daha az ( ) 3-6 yıl arası ( ) 7-10 yıl arası ( ) 10 yıldan fazla

Bu bankadan başka kaç yabancı bankanın müşterisisiniz?

( ) Hiç ( ) 1 ( ) 2 ( ) 2 den fazla

Kaç yerel bankanın müşterisisiniz?

( ) Hiç ( ) 1 ( ) 2 ( ) 2 den fazla

1- Hiç katılmıyorum	2- Katılmıyorum	3- Biraz katılmıyorum	4 - Kararsızım	5- Biraz katılıyorum	6- Katılıyorum	7- Tamamen katılıyorum

Soru No								
FC								
1	Müşterisi olduğum bankanın reklamları genel olarak çok iyidir.	1	2	3	4	5	6	7
2	Genel olarak, insanlar müşterisi olduğum bankanın reklam kampanyalarını beğenir.	1	2	3	4	5	6	7
3	Müşterisi olduğum bankanın reklam kampanyaları sık sık yayınlanır.	1	2	3	4	5	6	7
4	Diğer bankalarla karşılaştırıldığında, müşterisi olduğum bankanın reklamları daha fazla yayınlanır.	1	2	3	4	5	6	7
NFC								
5	Genel olarak, müşterisi olduğum banka hakkında, medyada yer alan bilgiler olumludur.	1	2	3	4	5	6	7
6	Medya müşterisi olduğum banka hakkında iyi şeyler söylüyor.	1	2	3	4	5	6	7
7	Medya, diğer bankalara kıyasla, müşterisi olduğum banka hakkında daha olumlu konuşur.	1	2	3	4	5	6	7
8	Ailem/arkadaşlarım/tanıdıklarım müşterisi olduğum banka hakkında olumlu düşünürler.	1	2	3	4	5	6	7
9	Ailem/arkadaşlarım/tanıdıklarım, diğer bankalara kıyasla, müşterisi olduğum banka hakkında, genel olarak, daha olumlu konuşurlar.	1	2	3	4	5	6	7
10	Ailemin/arkadaşlarımın/tanıdıklarımın müşterisi olduğum banka ile ilgili düşünceleri genel olarak olumludur.	1	2	3	4	5	6	7
CIM								
11	Müşterisi olduğum banka çok çeşitli ürün ve hizmet sunar.	1	2	3	4	5	6	7
12	Müşterisi olduğum banka tarafından sunulan hizmetler çok güvenilirdir.	1	2	3	4	5	6	7
13	Müşterisi olduğum bankanın mevduata verdiği faiz oranı yüksektir.	1	2	3	4	5	6	7
14	Müşterisi olduğum bankanın kredi faiz oranları düşüktür.	1	2	3	4	5	6	7
15	Müşterisi olduğum bankanın aldığı işlem komisyon oranları düşüktür.	1	2	3	4	5	6	7
16	Müşterisi olduğum banka müşterilerinin bireysel ihtiyaçlarına yönelik ürün ve hizmet sunar.	1	2	3	4	5	6	7
17	Müşterisi olduğum banka tarafından sunulan ürün ve hizmetler caziptir.	1	2	3	4	5	6	7
18	Müşterisi olduğum banka yenilikçi ürün ve hizmetler sunar.	1	2	3	4	5	6	7
19	Müşterisi olduğum banka kullanımı kolay ürün ve hizmetler sunar.	1	2	3	4	5	6	7
20	Müşterisi olduğum banka telefonla işlem yapılmasına olanak sağlar.	1	2	3	4	5	6	7
21	Müşterisi olduğum banka online işlem yapılmasına olanak sağlar.	1	2	3	4	5	6	7
22	Müşterisi olduğum bankada işlemler hızlı yapılır.	1	2	3	4	5	6	7
23	Müşterisi olduğum banka bu bölgede köklü bir bankadır.	1	2	3	4	5	6	7
24	Müşterisi olduğum banka topluma yararlı faaliyetlerde bulunmak için gayret sarfeder.	1	2	3	4	5	6	7

25	Müşterisi olduğum banka çevre ve doğa ile yakından ilgilidir.	1	2	3	4	5	6	7
26	Müşterisi olduğum banka topluma kendini adamıştır.	1	2	3	4	5	6	7
27	Müşterisi olduğum banka hizmet sunduğu yerel toplum ile yakından ilgilidir.	1	2	3	4	5	6	7
28	Müşterisi olduğum banka piyasada iyi bir imaja sahiptir.	1	2	3	4	5	6	7
29	Müşterisi olduğum banka dürüsttür.	1	2	3	4	5	6	7
30	Müşterisi olduğum banka vaadlerini yerine getirir.	1	2	3	4	5	6	7
31	Müşterisi olduğum banka müşterilerine dostça davranır.	1	2	3	4	5	6	7
32	Müşterisi olduğum banka bende iyi bir izlenim bırakır.	1	2	3	4	5	6	7
33	Müşterisi olduğum banka güven aşılar.	1	2	3	4	5	6	7
34	Müşterisi olduğum banka ile yapılan tüm işlemler güvenlidir.	1	2	3	4	5	6	7
35	Müşterisi olduğum banka benim gibi müşterileri hedefler.	1	2	3	4	5	6	7
36	Müşterisi olduğum bankanın çok sayıda şubesi vardır.	1	2	3	4	5	6	7
37	Müşterisi olduğum bankanın şubeleri evime/işyerime yakındır.	1	2	3	4	5	6	7
38	Müşterisi olduğum bankanın şubeleri ve ATM leri iyi bir görünüşe sahiptir.	1	2	3	4	5	6	7
39	Müşterisi olduğum banka personeli iyi bir dış görünüşe sahiptir.	1	2	3	4	5	6	7
40	Müşterisi olduğum bankanın personeli genel olarak dostça ve sıcaktır.	1	2	3	4	5	6	7
41	Müşterisi olduğum bankanın personeli son derece profesyoneldir.	1	2	3	4	5	6	7
42	Müşterisi olduğum bankanın personeli herzaman müşterilerin hizmetindedir.	1	2	3	4	5	6	7
BL								
43	Müşterisi olduğum bankanın sunduğu hizmetleri önümüzdeki yıllarda da kullanmaya devam edeceğim.	1	2	3	4	5	6	7
44	Müşterisi olduğum bankayı diğer bankalara tercih ederim.	1	2	3	4	5	6	7
45	Uyguladığı işlem ücretlerini bir miktar artırsa bile müşterisi olduğum bankanın müşterisi olmaya devam edeceğim.	1	2	3	4	5	6	7
46	Bankacılık hizmetlerini kullanmam gerektiğinde müşterisi olduğum banka birinci tercihimdir.	1	2	3	4	5	6	7

1 - Sık değil	2	3	4	5	6	7- Çok sık

BF								
47	Müşterisi olduğunuz bankanın ürün ve hizmetlerini ne sıklıkla kullanırsınız?	1	2	3	4	5	6	7

1- Çok	2	3	4	5	6	7- Çok bilgili

bilgili değil															
BF															
48	Müşterisi olduğunuz bankanın ürün ve hizmetleri hakkında ne kadar bilgilisiniz?								1	2	3	4	5	6	7

1- Çok haberdar değil	2	3	4	5	6	7- çok haberdar						
BF												
49	Müşterisi olduğunuz bankanın ürün ve hizmetlerinden ne kadar haberdarsınız?					1	2	3	4	5	6	7