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The importance of bank brands for Internet banking

Abstract

In relationship with the evolution and expansion of the Internet, the importance of providing banking services through this platform has increased significantly. While providing many benefits to customers, this development have simultaneously caused less personal interaction between banks and consumers. Following less human interaction, brands may have become more important to convey banks image towards customers.

Introduction

As technology and science move forward, so does people, organizations and companies, including banks. Due to the evolution of the Internet, people nowadays in greater extent perform their ordinary banking tasks from the comfort of home, instead of the more traditional way of visiting a local bank office. This has resulted in banks relocating a major part of their activity from physical offices into the technological world of the Internet. But now that customers are not going to their banks, how important are bank brands for users of internet banking?

Method

The method used in order to construct this science article was initiated by a re-examine of the subject as a entirety. Secondarily, diverse literature was researched via the Internet and books. The review created an impending and distinct portrayal about the current question at issue. After acquiring this information, appropriate questions were prepared to create a survey in order to gather primary data. This resulted in attaining concrete sources of information which together with colleted theory made an analyze of the question at issue possible.

The survey was created in order to gather data which could be linked to and assist the question of issue regarding the importance of bank brands for users of internet banking. The survey was named "Banks Brands". It started by explaining that it was a part of a school assignment with the purpose of understanding the importance of bank brands linked to the

Internet-usage of banking. Before answering questions, a definition of *brand* was explained with intention to illuminate the meaning of the expression in this particular survey.

The survey was performed as multiple-choice via the Internet. In order to achieve a satisfying response-rate while simultaneously maintaining a high validity and connecting to the problem, a total of six questions were asked to the participants. The questions were shaped in a compressed and uncomplicated setup while at the same time being concrete in order to extract the requested information. A total of five alternatives were given on each question, each being mutually exclusive and with the possibility and requirement to select only one appropriate answer.

The banks investigated and contemplated within the survey are the big four banks in Sweden, namely: Svenska Handelsbanken, Nordea Bank AB, Skandinaviska Enskilda Banken AB and Swedbank AB. The limitation of sample was selected on the basis that this survey was being completed in Sweden and that these four banks have a large majority of the market share. On the account of this and in order to connect with the question at issue in a valid and reliable conduct, this way of approach was estimated as most favourable.

Empiricism

Internet banking is a service offered by banks to it's consumers. The bank's usage of the Internet was originally utilized as a platform to mediate information but nowadays, as the progression of online security has continued, offers a broad assortment of banking services. (Margaret & Thompson, 2000).

Banks are overall positive to the development of Internet banking and aspire to rapidly increase this service, a main argument being the cost savings this entails as this is a cheaper option than serve customers face to face (Ekin & Polatoglu, 2001).

A brand may be defined as a name, a logotype or trademark and is viewed as the receivers perception of a company (Barwise, Dunham and Ritson, 2000). The importance of brands is undeniable and they're essential to our day by day life (Sherry, 1995). A brand can add value into a company and in such way enhance the worth of their products or services. Consequently, brands can be recognized as a assurance of quality (DeChernatony, 1999; Tilley, 1999; Urde, 1999).

Corporate branding has been said to have some specific characteristics. Balmer (2001b) have reflected assembled a list concerning these particular features:

- *Cultural:* This aims to highlights that corporations often tend to have starch cultural roots. The experienced culture inside the company usually consists of a mixture of smaller subcultures within the organization, like corporate, professional and "national" cultures.

- *Intricate:* About the awareness being multidisciplinary, also focusing on many stakeholders and other interest groups involved.

- *Tangible:* This includes, among other things, the products/services, geographical coverage, profit-margins, logos, performance-related issues and more.

- *Ethereal:* Contains brand associations, like emotional responses associated with the brand, also rudiments like delivery-style and lifestyle.

- *Commitment:* Highlighting commitment, from ordinary employees to the senior management. The corporate brand should exhibit commitment from stakeholder groups and various networks.

Characteristic attributes for corporate brands is that they're compendious and clearly defined while at the same time being distinct. They're defined by corporate behaviours, principally consistent over time while simultaneously being highly depending on the entire organisational devotion and affected by the employees overall conduct (Balmer and Wilson, 1998).

It has been discussed that the centre of a corporate brand may be a convention between the organization as a whole, the stakeholders and the consumers (Balmer, 2001a). This covenant is usually referred to in literature as "a promise" (Johansson and Hirano, 1999; Mitchell, 1999; Tilley, 1999) and is not rarely highlighted by three representing words whose intention is to mediate the company's oriented message, examples being Nike's "*authentic, athletic, performance"* or Disney's "*fun, family entertainment"* (Keller, 1999).

Corporate brands may therefore be important and beneficial in multiple ways. It enable corporation's to differentiate from competitors, it gives the opportunity to communicate the company's values and it may increase the shareholders loyalty (Balmer, 2001b).

Through the establishment of a strong corporate brand, company's get the opportunity to differentiate and distinguish themselves from competitors. By doing this, a company may generate additional value by becoming distinctly identifiable to stakeholders in general and main segments in particular. The brand can become associated with a level of quality and consequently affecting all the company's product and/or services in a positive manner. The brand can in addition be utilized in the launch of new products or services in current markets (Newman, 2001) and easier penetrate new markets (Peteraf, 1993). Previous mentioned Disney is a good example of this. The company started by making cartoons but used it's strong corporate brand in order to expand into also making full-length movies and also creating various products and theme parks among other things (Balmer and Gray, 2003).

Brands are often important to consumers because many define or try to define themselves or who they wish to be by using a specific brand that reflects their aspiration (Kay, 1995; Elliot and Wattanasuwan, 1998; Newman, 2001). Brands have been concluded fundamental in the creation of individual identities during the prevailing consuming culture (Simoes and Dibb, 2001).

An traditionally important aspect to many corporate brands are the employees, as these are the ones that interact with consumers, clients and other external parties. Considering this, it's very much the workforce responsibility to transmit the brand values onto outside world (Kennedy, 1977; Schneider and Bowen, 1995; Hemsley, 1998; Balmer and Wilkinson, 1991).

Another difference between corporate branding and product branding is that of the company's strategy. Product brand management is often a question in connection to the middle management within the corporation. The brand management is usual closely linked to the entire corporations strategy and is considering this also a mission for the top management to deal with. The branding management and overall strategy have benefits to be directly related to one another (Shoker, Srivastava and Ruekert, 1994).

The marketing concerning corporate brands have been said to differentiate compared to ordinary marketing. A challenge regarding brand management can for example be taking into account the shareholder-perspective and other interest groups instead of fully focusing on the consumers on the receiving-end (Balmer and Greyser, 2003).

Another advance recognized by possessing a strong corporate brand is the durability of this in comparison to other resources (Grant, 1991). A product may have a huge competitive advantage compared to other similar goods temporarily but the life-cycle of these products are generally relative short. This in private strengthen the significance of investing in a strong corporate brand. An additional major reason why corporate brands are important is due to the fact that it's an intangible asset that usually is patented. This results in it being basically impossible to imitate certain aspects regarding the company because the protection through the law (Balmer and Gray, 2003).

It's essential to notice that there're limits regarding the extensions of corporate brands. These limitations are influenced by which line of business the company is involved within and the values of the organization. The importance concerning knowing the limits are important because it may affect the overall corporate brand by expanding into a specific industry (Collis and Montgomery 1995).

Corporate brands may also generate value to company's in regards of total worth. A comparison done in 1982 showed that the fixed assets of the construction company Bechtel had a higher value than those of the soda-producer Coca Cola. Despite this, Bechtel was quite unknown to the public while Coca-Cola were world-known. The reason for this was simple, Coca-Cola had induced a very high and valuable corporate brand during previous years (Diefenbach, 1982). Estimations done by Citibank acknowledged that 59% of Coca-Colas total book value were aggregate of goodwill associated with the company's corporate brand (Barwise, Dunham and Ritson, 2000).

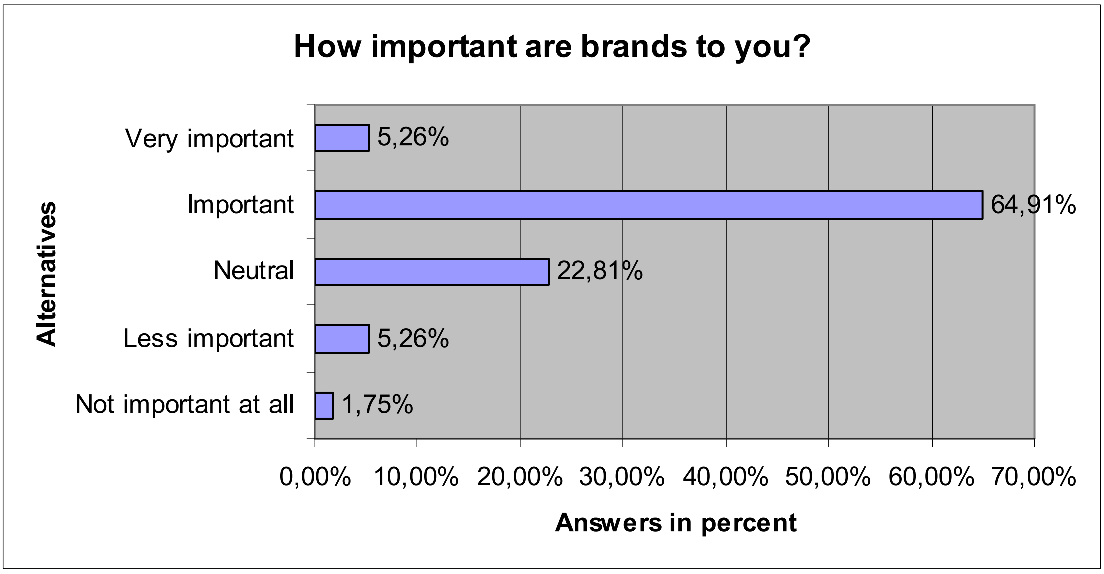
As mentioned earlier, the importance of corporate brands may display in different ways. For example, Interbrands analysis of the worlds biggest company's in 1999 showed that 64% of McDonalds, 61% of Disney and 59% of Coca-Colas book value consisted of corporate brand (Barwise, Dunham and Ritson, 2000). Another example where corporate brands may have an large effect is within corporate takeovers. Philip Morris paid 12,6 billion dollars for the purchase of Kraft in 1988, an amount six times the book value of the company. A majority of this amount was derived to the corporate brand of Kraft (Newman, 2001). Other positives may be that investors seek strong corporate brands better opportunities to attain venture partners (Barney and Hansen, 1994). Additional benefits of a strong corporate brand may be the ability to recruit talented employees and retaining customers in general and key customers in particular (Mitchell, 1999). Furthermore, a powerful corporate brand can reduce experienced difficulties for a company during a crisis (Greyser, 1999)

A research performed by the British research consultancy, MORI, showcased that corporate brands amplified many aspects, overall profile, investor confidence, visual acknowledgment, consumer attractiveness, and product support while at the same time raising the staff's enthusiasm and encapsulating the organizations value (Lewis, 2000).

The survey

The Internet-survey received a total of 228 answers, with all of them being completely responded. The results of the research are below showcased through diagrams.

Table 1:



- As shown in the diagram above, a clear majority of those asked care about brands in general.

Table 2:

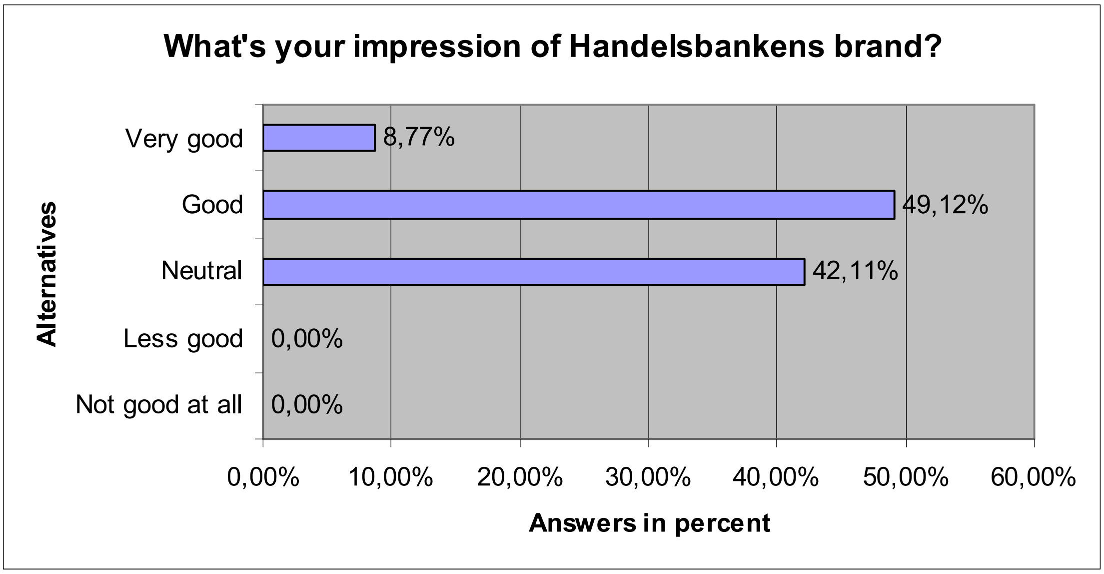
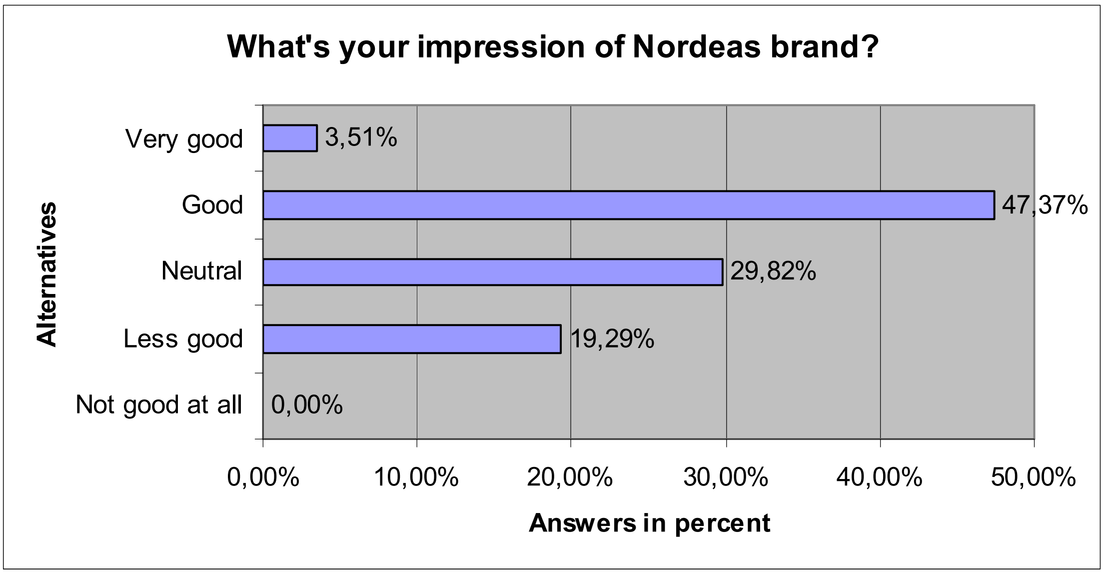


Table 3:



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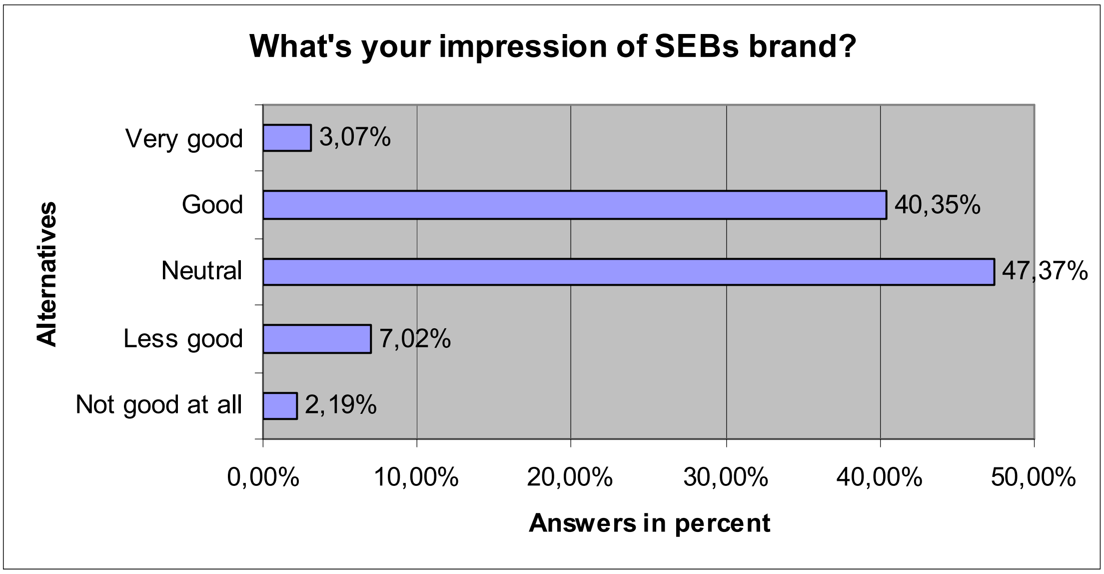

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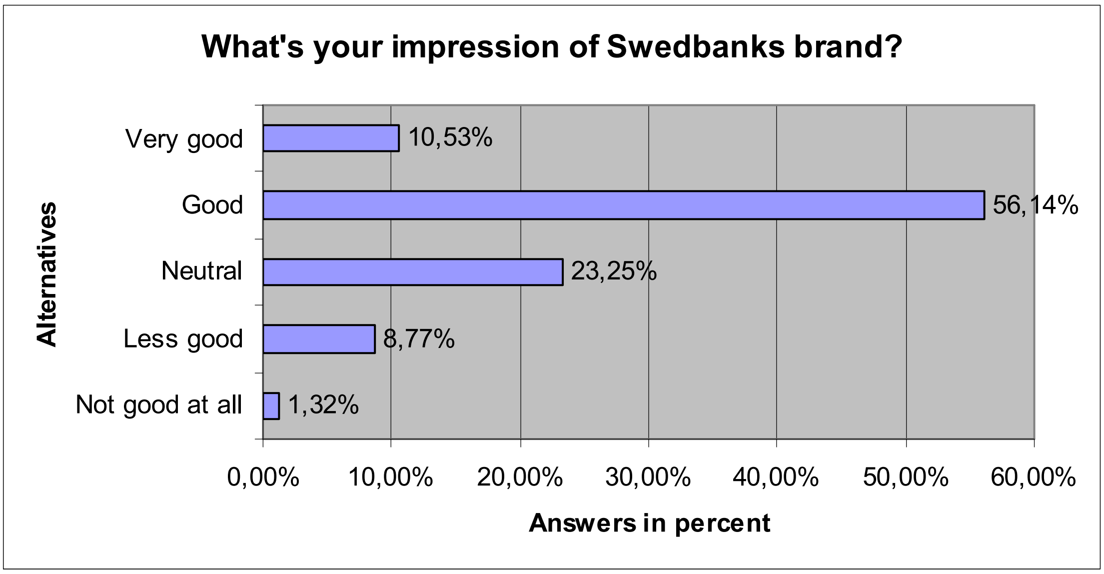
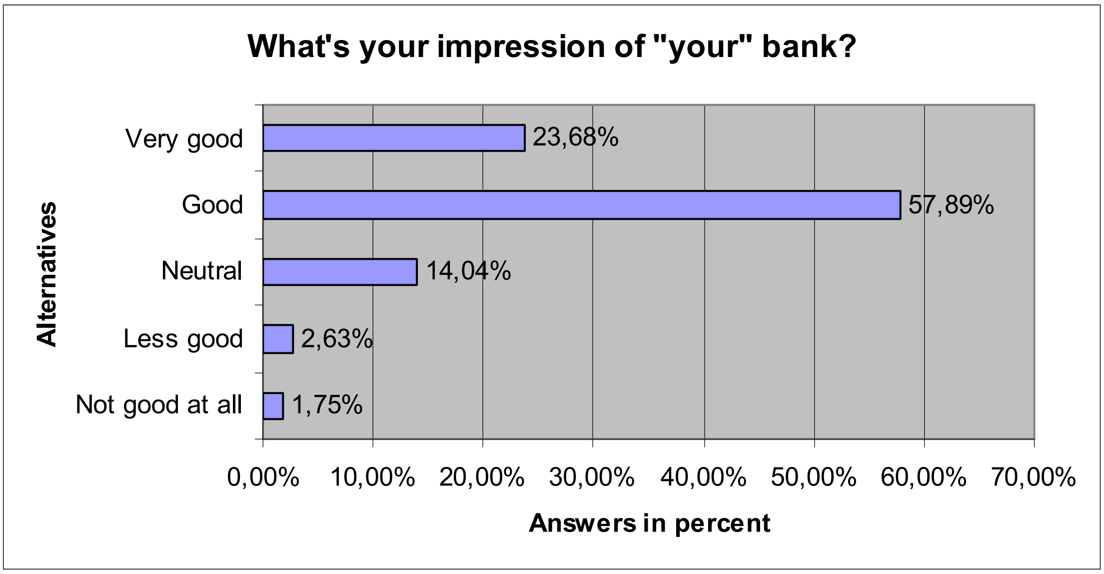


- The results of question 2-5 is displayed in the four diagrams above, by dividing each banks outcomes into separate figures.

Table 6:



- This table demonstrates the views respondents have on their primary bank.

Analysis

Brands may contribute with additional value to company's in many different ways. A distinguishing brand will allow company's to differentiate from it's competitors, creating the prospect to communicate the organizations values (Balmer, 2001b). A stronger brand value may in return increase the worth of offered services or products (DeChernatony, 1999; Tilley, 1999; Urde, 1999) while at the same time improving the possibility to succeed entering a new market or reaching out to new customers (Newman, 2001; Peteraf, 1993). Corporate brands can therefore indicate an guarantee of quality (DeChernatony, 1999; Tilley, 1999; Urde, 1999).

It has been argued that the overall view and strength of corporate brands are heavily affected by the covenant and interface between the customers, stakeholders and organization as a whole (Balmer, 2001a). It's not unusual that brands play an important role in the creation and definition of individuals. People often seek brands that they can recognize themselves in and simultaneously identifies themselves in a striving manner (Kay, 1995; Elliot and Wattanasuwan, 1998; Newman, 2001). According to Simoes and Dibb (2009), brands have been essential in the construction of individual personality throughout the current consuming culture. Because of this, a powerful brand may create additional value to customers which can enhance the consumers loyalty to the corporation. This faithfulness can in return generate value back into the company by the maintenance of customers (Balmer, 2001b).

The strategy regarding the construction, enforcement and extension of a brand is very much in the responsibility of the top management (Shoker, Srivastava and Ruekert, 1994). However, the implementation of this produced strategy is an assignment for the whole organization (Kennedy, 1977; Schneider and Bowen, 1995; Hemsley, 1998; Balmer and Wilkinson, 1991) due to the fact that brands are defined by overall corporate behaviours (Balmer and Wilson, 1998). Considering this, the workforce has a large responsibility to transmit the brand values onto the exterior world as these are the ones interacting with customers and clients (Kennedy, 1977; Schneider and Bowen, 1995; Hemsley, 1998; Balmer and Wilkinson, 1991).

The marketing of brands is said to separate compared to ordinary marketing, to that of a product for example. The marketing of products mainly focus towards the consumers on the receiving-end of the chain. The management and marketing of a corporate brand also needs to account all the stakeholders various interests (Balmer and Greyser, 2003). While the difficulties of marketing and managing brands may divide from products, there may also be positives associated. Handled correctly, a brand have a long durability in contrast to many other assets or resources (Grant, 1991). Products may have a giant competitive advantage at a specific time but these are eventually able to be replicated by competitors. Brands have the benefit of being an intangible product that is possible to patent, which basically makes it impossible to duplicate (Balmer and Gray, 2003).

The banks application of the Internet was previously limited to mainly being a source of information to customers and other stakeholders. As online security has improved, the banks utilization of Internet has expanded and Internet banking now offers customers access to multiple banking services online (Margaret & Thompson, 2000). Due to the fact that self-service online is a cheaper alternative compared to the more traditional over the counter concept, banks are in general positive to the continuous development of Internet banking (Ekin & Polatoglu, 2001).

Conclusion

Brands are regarded as important to company's as these enables them to differentiate from competitors. This creates the opportunity to generate additional value to both customers and the company itself in different ways. A strong brand tends to increase the worth of products and services offered by a company. A strong corporate brand may also simplify the launch of a new product or entering of a new market. This, among other aspects can motivate higher prices and greater revenue.

Brands have also been said to be important to customers. This statement can be strengthen and motivated by the answers in this survey that indicates the importance of strong brands. People generally seek brands that have a good perception and represents their aspired personality in a good conduct.

As the usage of banking services goes from being a personal service into more digital one, brands importance may be viewed as getting more important to attract and maintain satisfied customers. As mentioned by Sherry (1995), the significance of brands are undeniable and indispensable to our everyday life.

Future Studies

As the evolution of the Internet and Internet banking continuous in an increasing speed, future studies regarding this subject should be recommended in order to keep up with current and future techniques.

Brands in general is a more studied and understood subject but futures studies may be rewarding in order to keep track of the progression of their importance during the current digitalization.

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