



## Customer Perceptions As Antecedents To Creating Powerful Service Brands An Illustration Of Bank Of Baroda

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### ABSTRACT

*The present research paper attempts to explore the importance of transforming customer perceptions for revitalizing service brands. The paper starts with the discussion of role of customer perceptions in creating service brands followed by the importance of transforming customers' perceptions in revitalizing service brands. Thereafter, the example of Bank of Baroda which has revitalized its image successfully by transforming customer perceptions has been discussed. Further, the implications for the service brand marketers have been discussed. It concludes by asserting the claim that transforming customer perceptions can play a crucial role in revitalizing the brand and it can be an important way out of the many possible ways to build a powerful service brand.*

**Keywords : Customer perceptions, service brands, transformation, revitalization, Bank of Baroda**

### Introduction

Brand revitalization strategy aims to recapture lost sources of brand equity and identify and establish new sources of brand equity. This can either be done through product modification or brand repositioning. Brand revitalization is generally adopted subject to changes in the marketing environment, competitors' strategies, consumer behaviour, evolutions of cultures and many other factors which lead to erosion of the brand equity over time. It involves breathing a fresh lease of life into the brand when its identity needs to be re-established. Brand revitalization involves a major overhaul of a brand, starting with its positioning and proceeding through creative regeneration of the brand identity. Brands sometimes need to go back to their roots to recapture the lost sources of equity while at others they need to change the meaning of their brand. Regardless of which approach marketers take, brands on the comeback trail have to make more "revolutionary" changes than the "evolutionary" changes to revitalize their brands.

### The Role Of Consumer Perceptions In Revitalizing Service Brands

Perception is the process by which customers select, organize, and interpret information inputs to create a meaningful picture of the world. It depends not only on the physical stimuli, but also on the stimuli's relationship to the surrounding field and on conditions within each of us. Perceptions, of course, matter most how people perceive something matters far more than the absolute truth. The question generally isn't which product or service is best; the question is which product or service people think is best. Does McKinsey provide the best strategic consultancy services? Does Tiffany sell the finest diamonds in the world? Perhaps so, perhaps not; however, many people think so and perceptions matter most. The power of a brand resides in the minds of consumers and customers. A powerful brand helps organizations to make way through the clutter and carve a position in the consumers' mind.

Brands have a remarkable ability to impact the way people view products/services. Consumers rarely just see a product or service; they see the product together with the brand. As a result, how they perceive the product/service is shaped by the brand and vice versa. Berry (2000a) emphasized the importance of service branding as a cornerstone of services marketing for today and tomorrow. Brands (Berry, 2000b; De Chernatony, 2003) play a major role in contributing to the value of service businesses. Branding in service firms (Keller, 2003a) poses a greater challenge due to the intangible and variable nature of services. Firms come across many difficulties (De Chernatony & McDonald, 2003) while building service brands due to the variable nature of services. Services are unique in terms of their intangibility, non-standardization, perishability and inseparability of production and consumption (Zeithaml, Parasuraman, & Berry, 1985). The evidence of strong branding (Sally and Lyndon, 1993) in the services sector does not end with catch phrases. [The leading organizations in different fields already have a strong brand image in the sense that customers generally know exactly what they stand for]. They are, already, clearly positioned in customers' minds. Moreover, services being less tangible than products and more likely to vary in quality, it is even more difficult to shape the perceptions of the people for service brands. Nevertheless, some of the world's strongest brands are services brands (Kotler, et al 2008). The key to creating a strong service brand lies in forming strong brand perceptions.

De Chernatony and Segal-Horn (2003a) have identified themes specific to services brands in their research and through those, they recognized three criteria of importance in the success of services brands. These are focused position, consistency and values. A clearly focused position can provide a key competitive tool to attract customers from competitors' brands and it is strongly linked with communication to ensure comprehension among both employees and consumers. Consistency reflects to the fact that it must extend to encompass the experience of the brand by all stakeholders, not just consumers; there must thus be common perceptions of the brand among all stakeholders.

Values are something managers need to represent in their own behaviour in order to commit employees to the brand vision. The point that has been stressed here is the responsibility of managers in creating an organizational culture where management commitment precedes staff commitment. Hence, these elements can be assumed to be in a crucial position in long-term brand development. Through a clearly and strongly focused position a service brand can, in addition to achieving a competitive advantage, survive in the unstable market environment and through the times of increasing competition. Further through consistency, a coherent brand image can be created and sustained. In addition, values, when successfully embedded, ensure the true commitment of the employees to the brand vision in a network. However, the service brand marketer can utilize these elements to the advantage of the firm only if the perceptions of the customer about the brand are positive; if not then requiring the service brand marketer to deploy efforts to enhance perceptions of the brand. Keller (2003b) has highlighted that the premise of customer-based brand equity models is that the power of a brand lies in what customers have seen, read, heard, learned, thought and felt about the brand over time. Customers equate the service brand to the perceived rational and emotional benefits derived from the service vis-à-vis the perceived costs incurred. These perceptions then not only act as antecedents in constituting the identity and image of the brand but also in creating the personality of the brand. It is these very perceptions that work as precursors for the customers to recognize the points of parity and the points of differences for the service brands which then translate into the perceived value and equity of the brand thereby contributing to the power of the brand. Therefore, the power of a successful service brand banks on building strong, positive customer perceptions.

#### **Why Is Transforming Customers' Perceptions Important For Service Brands?**

Customers' perceptions are more important than reality, as it is perceptions that will affect their actual behaviour. The customer perceptions of a service comprise of the impressions that the consumers carry about the brand. To illustrate, a hotel's ambience may seem better, the wait in a bank line may seem shorter, and an airline may seem to be more comfortable, and so on, depending upon the particular brand name that it bears. As service brands are driven by 7P's rather than the traditional 4P's of products, shaping the customers' perceptions is much more complex as compared to that of products. Based on interviews with 20 leading brand consultants, DeChernatony and Dall'Olmo Riley (1997) propose that a brand, more specifically, a services brand is the link between firms' marketing activities and consumers' perceptions of functional and emotional elements in their experience with the product and the way it is presented. Secondly, while some service brands cater to the categories or needs which remain constant over time there are others which need to change regularly depending on the consumer segment they cater to. Zeithaml, Berry and Parasuraman (1994) defined and developed the SERVQUAL scale which defines service quality as the difference between consumer perceptions and expectations. The critical task of services branding, according to De Chernatony, McDonald and Harris (2001), is to bring tangibility to the intangible. Since service brands are intangible, the customer perceptions are based on their inferences of the tangible elements of the services. Because of this intangible nature of services, service brands run the risk of being perceived as commodities. To overcome this problem, strong brands with a clear set of values which result in positive perceptions amongst customers are essential. However, these common and consistent perceptions are difficult to establish for intangible offerings amongst the customers. Service brands need to be made

tangible to provide customers with well-defined reference points. An effective way to make brands tangible is to use as many physical elements as possible that can be associated with the brand, such as staff uniforms, office decor, and the type of music played to customers waiting on the telephone, the logo or the symbol of the brand, etc. For example, the Vodafone pug is a clear symbol of the powerful network that the brand Vodafone has. Services are high in search, experience and credence qualities which makes it difficult for the consumers and the customers to evaluate them. This forces them to rely on any available clues and processes which in turn necessitates the service brand marketers to position themselves effectively. For example, the ICICI bank brand which has promoted itself to become a leader in customer perceptions has few parallels in the Indian services industry. Earlier perceived as a typical staid government development bank in the business of project financing, it transformed itself to become a leader in customer perceptions by changing its logo, colours and aggressive marketing tactics. The service brand marketer is faced with a challenge to tangibilize the intangibles on a continual basis. Moreover, the involvement of the human element in services resulting into lack of standardization and variability influences the customer perceptions to a great extent. Staff personifies the service brand in the consumer's eyes. The way the staff of the service organization interacts with the consumers, plays a crucial role in positively enhancing the consumer perceptions which then translate into 'Moments of Truth'. For example, the staff of Maruti Suzuki India Ltd. has been able to create a strong foothold in the Indian market due to the 'anytime and anywhere services' provided by its staff to its customers. Also, the burgeoning number of service brands with a myriad number of offerings and very negligible perceived differences amongst them has increased the difficulty of the consumer to choose and evaluate amongst an array of available service brands. For example, LIC which is a leading Indian life insurance service brand has manifold number of policies to cater to different needs of different segments. Despite this, it has managed to retain its numero uno position in customers' perceptions by providing clarity to them about its various policies as well as taking due care to distinctively position each of its policies. The competition in the services sector has intensified to a large extent, making it difficult for the service brand marketers to carve a distinct position in the minds of the customers. Media explosion and clutter append to the complexity of the customers to process information. The customers are constantly bombarded with hordes of messages through various tools of integrated marketing communications by the service brand marketers which add to the complexity of their information processing, evaluation and decision making processes. On the other hand, the consumer today is better informed and savvier as compared to the past. Hence, the challenge for the service brand marketer is to first occupy the mindshare of the customer and then to be perceived in his consideration set. Furthermore, shaping customer perceptions to craft a powerful brand has become indispensable for the service brand marketers in the wake of shifting preferences and switching nature of customers. Given the amount of information the customers receive process and interpret as well as the service experiences they go through, it has become critical for the service brand marketer to mould their perceptions.

#### **Building A Powerful Service Brand By Changing Customer Perceptions An Illustration From 'Bank Of Baroda'**

*"BoB has 2,800 branches and 25 million customers but it didn't appear to be a dynamic, throbbing bank. We wanted to change the perception about the bank. That's what made us conceptualize positioning the brand as among the premier financial institutions"*

-Anil Khandelwal, Ex-Chairman, Bank of Baroda

Bank of Baroda (BoB) had started its operations in 1908 from a small building in Baroda and has come a long way since then to become a saga of vision, enterprise, financial prudence and corporate governance by radically changing its image from being just-another public sector bank in India to being a state-of-the-art customer-centric bank. This has been possible because, while most banks were talking about how their NPAs were reducing and about the sizzling growth in their loan books, BoB was busy making noise about customers and customer service. This was the origin and reflection of how the organization was changing for better. It is a classic case of a public sector bank which successfully transformed the perceptions of the customers from a cluttered bank brand which had no recall to a distinctive brand which is highly recallable.

How did they manage to change the customer perceptions?

BoB had 2,800 branches and 25 million customers but it didn't appear to be a dynamic, throbbing bank. It wanted to change the perception about the bank. That's what made it conceptualize positioning the brand as among the premier financial institutions. On March 7, 2005, the governing Board of the bank planted the seed to bring about the change in the bank's perception in the mind of Mr. Anil Khandelwal, the then chairman of BoB and on April 10, 2005 this seed started budding in the top management team of the bank. This entire exercise was conducted in two phases. While the first phase involved, the efforts to reduce NPAs and the retail lending boom, the second phase was characterized by customer-centric initiatives aimed at transforming the bank's image to be a very sensitive and caring bank.

"The challenge was to enlist prime customers, a lot that's now being pampered by private sector banks. So we had to take customer convenience initiatives. As many as 350 branches now work from 8 am to 8 pm. We also added 400 ATMs in the last four months and converted eight branches to offer 24-hour banking. The advertisement campaign says it all. We have Dravid saying: "sab kuch badal raha hai ... hamara bank bhi badal raha hai. (Everything's changing ... our bank is also changing)."

-Anil Khandelwal, Ex-Chairman, Bank of Baroda

To this aim, it launched its high-profile re-branding campaign by incurring a cost of about ` 80 crore (` 800 million). It roped in Rahul Dravid, the then Indian cricket captain, as its brand ambassador as an offshoot of the urge to present the bank as a charismatic front running financial entity. Secondly, it transformed its logo by embedding the rising sun in the letter 'B' to distinctively position the bank as a radiant source, full of energy. As the sun is the single most powerful source of light and energy its far reaching rays dispel darkness to illuminate everything they touch, BoB sought to be the source that will help its stakeholders realize their goals. It wanted to be perceived as a one-stop, reliable partner who will help its customers address their different financial needs. Similarly, to the employees it wanted to be perceived as offering rewarding careers and to its investors and business partners, maximum return on their investment. The Baroda Sun with a single-colour, compelling vermilion palette which stands for hope and energy was carefully chosen to help the bank carve a unique position in the minds of its customers and stakeholders. Nevertheless, the Baroda Sun was chosen so as to symbolize dynamism and optimism to the many audiences that the bank caters to with a wide network of its branches spanning across geographical, cultural boundaries as well as rural-urban divides; as also to represent diversity of the bank's customers who come from a wide spectrum of industries and backgrounds

Not only was the new logo easily decoded by all but also did it help the bank communicate that it was meaningful for its many audiences, thus giving a unique identity to the bank. The bank's new corporate identity bearing the Baroda sun and the new punch line 'India's International bank' were

used to signal that the bank was prepared for new business paradigms in a globalized world. At the same time, the new identity was also used to symbolize the bank's willingness to always stay in touch with its heritage and enduring relationships on which it had been founded. By adopting a symbol as simple and powerful as the Baroda Sun, the bank, thus wanted to communicate both the virtues of being global and traditional at the same time.

Figure 1: Bank of Baroda Sun



### The Results

In the first 45 days of the Rahul Dravid campaign, the bank's marketing staff enrolled 12.6 lakh (1.26 million) more customers and mobilized ` 650 crore (` 6.5 billion) of savings account deposits. Students and professionals, who would not look at BoB earlier, were now getting attracted to it.

This was the result of BoB's re-branding efforts to change the customer perceptions. Dravid was not just a mascot or a cosmetic creation for the bank. His credibility, trustworthiness, and most importantly reliability had been successfully transferred to the image of the bank. There was a tremendous pressure on the bank for speedy changes as the bank which was earlier perceived as just another unexciting public sector bank was now perceived as radiant and full of energy with its vermilion rising Baroda sun. The bank's front office staff which earlier used to say "kal aana or baad mein aana (Come tomorrow or come later)" was not only held accountable for any lacunae in customer service but had also started stepping out of their offices for business. Its punch line 'India's International Bank' spurred the bank into adopting international best practices in all its business areas. In addition, to making the employees realize that expectation levels had been raised, it also helped the customers recognize that it had raised its standards to being international and that it had moved from being an ethnic bank brand serving customers nationally to a broad-based bank brand catering to a diverse set of countries as well as cultures.

Recently, Bank of Baroda has launched a program in the name of "Navnirmaan" under its Barodanext initiative, which is a process of re-engineering and organization restructuring with the five pronged strategic objectives of providing best-in-class customer service, simplification of processes to reduce turnaround time and work duplication, improvement in branch productivity, alignment of organization structure and systems and training of employees to discharge the roles effectively. All these efforts together, have definitely changed the customers' perceptions of the bank from being a moron public sector bank to an impressive state-of-the-art customer-centric bank.

BoB is now a powerful service brand catering to millions of customers nationally as well as globally.

### Implications For The Service Brand Marketers

*"Branding plays a special role in service companies because strong brands increase customers' trust of the invisible purchase. Strong brands enable customers to better visualize and understand intangible products. They reduce customers' perceived monetary, social, or safety 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 automobiles to test drive."*

-Berry (2000c)

Service brands cannot be readily displayed or communicated. As a result the service brand marketer should carefully manage all the points of contact of the customers with the brand. As the satisfaction of service brand is influenced by expected and perceived behaviour of service provider and customer, it becomes quintessential for the service brand marketer to shape the perceptions of the customer as an antecedent for building a powerful service brand. Being customer focussed, especially in services, is the mantra of the day not only to survive but also to grab a

strong foothold in the market.

### Conclusion

As service brands pose bigger challenges to build and sustain image and reputation to retain customers, customer perceptions indeed act as antecedents to create powerful service brands. Bank of Baroda proves to be a classic lesson as to how customer perceptions act as antecedents to creating powerful service brands.

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