The Effect Of Relationship Marketing On Brand Equity In Banking Industry Via Structural Equations Approach (Case Study: Shahr Bank)

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***Abstract*— In today's competitive environment, creating loyalty in the customer is one of the most important tasks of a business. Over the past few years' relationship marketing have forced managers to look for more creative ways to create a mutually beneficial relationship with customers. Today bank managers to avoid the tendency of customers toward competitors, should seek to understand their desires so that they can establish long-term relationships with them. Relationship marketing as a new approach to research and practice has proven to be one of the most successful approaches to realizing this issue. The purpose of this research is to investigating the effect of relationship marketing on brand equity in the banking industry. In order to collect information, intervention tools and controls, including books and related articles, questionnaires and interviews were used. The research method here is field research and the research data analysis method is based in particular on structural equation modeling. The statistical population of this research is customers of Shahr Banks in Tehran. The results of this research showed that relationship marketing has a significant effect on each aspect of brand equity (brand association, perceived quality and brand loyalty) in banking industry.**

Keywords*— *relationship marketing, banking industry, structural equations, Shahr Bank

I. INTRODUCTION

In today's world, buyers in the buying process are faced with many questions about purchasing decisions. Variety of different products has led customers to choose from a variety of options. On the other hand, companies have found that the cost of attracting new customers is five times more than the cost of maintaining current customers, and the loss of a customer is not just a loss in sales, but beyond that, it means losing the entire flow of purchases that the customer could have done throughout his life. Therefore, companies should always watch and monitor the interaction between themselves and their customers and by providing the right understanding of the needs and values of the customers, they provide valuable goods and services to them. So by getting their satisfaction create loyalty in them and thus prevent them from shifting to other companies. In this regard, relationship marketing is one of the most successful approaches. Relationship marketing is a concept that emerged as a paradigm shift in trading marketing and despite the great role that can play in the success of the firms not much attention has been paid to it (Davar and Zohori, 2011). To this end, in modern marketing literature, policy makers should always be align with creating value for the consumer, and the consumer should be at the center of marketing activities (Bove et al., 2009). In today's competitive environment, marketers should try to examine consumer behavior; because by understanding consumers' behavior, products and services can be adjusted to meet their needs and desires provide more suitable marketing strategies that will lead to loyalty (Benneth et al., 2010). Creating customer loyalty is one of the most important tasks of a business, because maintaining current customers is less costly than attracting new customers (Ariffin et al., 2016). In this context, brands play a major role in the sustainable development of businesses (Joo, 2010). In other words, the intense competition in the current world has pushed marketers to focus more on the branding strategy and to build and maintain a loyal customer base by providing high value to them (Hameed, 2013).

Over the past few years, relationship marketing has forced brand managers to look for more creative ways to create a mutually beneficial relationship with customers. In fact, relationship marketing makes it possible for companies to take advantage of competitive advantages such as lower marketing costs, increased cross-selling rates, positive marketing effects of the mouthpieces, and reduced marketing failure costs (Davar and Zohori, 2011).

According to Bavi et al. (2009) famous and lasting brands include a set of distinct associations. From the point of view of the consumer, the brand can be valuable to the product, and therefore forms an important part of the product (Podsakoff et al., 2010). Brands are often seen as one of the most valuable assets of an organization that can add competitive advantage (Punjaisri et al., 2013).

Several studies have been carried out on this subject, some of which are referred to here. Mobayyeni et al (2016) investigated the effect of internet relationship marketing strategy on customer satisfaction and trust with mediating role of internet service quality of Saman Bank Branches in Tabriz. Findings show that online relationship marketing strategy has a positive and significant effect on customer satisfaction and trust. Hashemi and Rahimi (2016) investigated the relationship between successful customer relationship and promotion of brand equity in the banking industry of the Melli Bank in West Azarbaijan. The results showed that there is a significant positive relationship between successful customer relationship with promotion of brand equity and its components (brand awareness, brand image, perceived quality and brand loyalty) in banking industry. Siyafsaokak et al. (2015) evaluated the effect of relationships between dimensions of brand value and brand briefness in respect of consumers' response to the banking industry. The results showed that the relationship between awareness of brand with perceived quality has a positive and direct effect. The relationship between knowledge and brand association has a positive and direct relation. Quality relationship between direct loyalty and brand association has a positive and direct effect on loyalty, and the relation of quality to the specific overall value The brand has a positive and direct effect, and the relationship of loyalty to the brand's overall brand value has a positive and direct effect, and the relationship is related to the general brand equity value. Soltaninehad et al. (2015) studied the mediator role of brand awareness and image of the company in the relationship of charitable marketing activities and customer’s desire to buy. The results of the research show that: (1) Benevolent marketing activities have a positive and significant effect on brand awareness (2) Brand awareness has a positive and significant effect on customer willingness to purchase (3) Binational marketing activities have a positive and significant effect on corporate image. (4) The image of the company has a positive and significant effect on the willingness to buy. (5) The awareness of the brand and image of the company have mediating role in the relationship between charitable marketing activities and the customer’s willingness to buy. Alkilani et al. (2012) evaluated the inter-relationships among the experiential marketing, customer satisfaction and customer commitment in the context of the social networks users in Malaysia. The findings concluded that only sense and feel experiences are positively related to the customer satisfaction as well as customer satisfaction is positively related to the customer commitment. Buil et al. (2013) proposed and tested a model to better understand brand equity. It seeks to investigate the effects of this construct on consumers ' responses using data from two European countries. Results indicate that brand equity dimensions inter-relate. Brand awareness positively impacts perceived quality and brand associations. Brand loyalty is mainly influenced by brand associations. Finally, perceived quality, brand associations and brand loyalty are the main drivers of overall brand equity. Findings also corroborate the positive impact of brand equity on consumers ' responses. In addition, the general framework proposed is found to be empirically robust across the studied countries. Only a few differences are observed. Yoganathan et al. (2015) investigated the influence of RMO on Brand Equity in the banking industry. This study also examines the influence of the dimensions of RMO (trust, bonding, communication, shared values, empathy and reciprocity) on the development of Brand Equity in banks. The findings of this study have practical applications for enhancing the Brand Equity of banks and other financial institutions by strengthening their relationship marketing practices. This study also suggests some insightful directions for future research. Hudson et al. (2016) conducted three studies to explore how individual and national differences influence the relationship between social media use and customer brand relationships. The first study surveyed customers in France, the U.K. and U.S. and compared those who engage with their favorite brands via social media with those who do not. The findings indicated that social media use was positively related with brand relationship quality and the effect was more pronounced with high anthropomorphism perceptions (the extent to which consumers' associate human characteristics with brands). Zhu et al. (2016) examined how consumer moral identity (MI) affects the impact of cause-related marketing (CRM). CRM is a popular hybrid marketing tool that incorporates charitable initiatives and sales promotion. CRM has strength in simultaneously encouraging consumer purchases and doing something good for the society. Drawing on the moral identity (MI)-based motivation model, this research examines how consumer MI influences consumer behavioural response to CRM. Findings showed that Brand social responsibility image and emotional brand attachment positively moderated the relationship between consumer MI centrality and intention to purchase CRM sponsor brand.

Conceptual model of research

Awareness of the brand represents the buyer's ability to distinguish or remind a brand in a group of products. Brand association leads customers in the selection of several brands, browse the special items in mind and make the best choices. Aker has defined brand associations as everything related to the mind about a specific brand or image of it (Aker, 1996). Brand awareness has a close relationship with brand associations. Some also believe that brand association is associated with a particular brand in memory (Bravo et al., 2007). Awareness of the brand and its association is the first step in creating brand equity. This dimension depends on a lot of factors, such as how well a customer recalls a brand, it is in mind, and there are positive associations about it in their minds (Aker, 1996). The specific value of a brand-based brand occurs when the customer has a lot of brand awareness and reminds some of the unique, strong and desirable brand signs and associations (Ghandhari et al., 2012). Previous research shows a positive relationship between brand marketing and relationship marketing (Gruen et al., 2000; Andersen, 2005; Aghaei et al., 2014 and Yoganathan et al., 2015).

Relationship marketing has a significant effect on brand associations in the banking industry.

Perceived quality is consumer perception of the quality and excellence of a product or service considering the purpose of this product - versus other options (Zitamel, 1998). High intensity perceived quality, led consumer towards choice the brand among other rival brands (You et al., 2000). Perceived quality is the second dimension of brand equity that depends on the customer perception of the overall quality or brand value. Past research has pointed to the importance of the relationship between this variable and the relationship marketing (Holmlund, M., & Kock, 1996; Chen and Chen, 2014; Gambeson, 2014, Lee et al., 2016 and Benneth et al., 2010).

Relationship marketing has a significant effect on perceived quality in the banking industry

Brand loyalty is the most vital element of the brand's notion of brand equity. The final result of brand equity, is brand loyalty. Brand loyalty can be defined by the positive attitude of the customer towards the brand, the degree of brand commitment and the intention to continue to buy from the brand in the future. In fact, loyalty to the brand creates an obligation to re-purchase (Mobayyeni and Aali, 2016). The final dimension of brand equity is loyalty to the brand. Due to the large number of articles in the study of the relationship between relationship marketing and customer loyalty, one can see the importance of this relationship (Oly, 2007; Gilbert, 1996; Priluck, 2015 and Akbari et al., 2016).

Relationship marketing has a significant effect on perceived loyalty in the banking industry

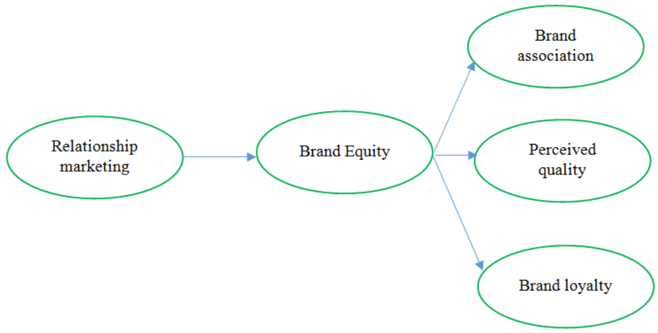

Fig1: Conceptual model of research

According to the conceptual model of the research, the following assumptions were studied:

1. Relationship marketing has a significant effect on brand eqity in the banking industry.
2. Relationship marketing has a significant effect on brand associations in the banking industry.
3. Relationship marketing has a significant effect on perceived quality in the banking industry
4. Relationship marketing has a significant effect on perceived loyalty in the banking industry.

2. MATERIAL AND METHODS

The present study describes variables and indicators. In terms of time, the present study is cross-sectional and in terms of data collection method, field method. The statistical population of the present study is Shahr Bank customers in Tehran. The population of the statistical society was unlimited. For the statistical population with a population of 25,000 (for a precision of more than 25,000) and a precision level of 5%, a sample size of 384 people was proposed. Therefore, the sample size in this study was 384 people. A standard questionnaire has been used as a data gathering tool for gathering the customers' point of view in the city of Tehran. Which were respectively used to measure relationship marketing and brand equity. The questionnaire has been categorized from very low to very high by the five Likert range. After collecting the required data for measuring the variables and converting to related scores, Smart PLS 2.0 or LaserL and SPSS 22 software were used for analyzing.

3. RESULTS

In this part of the study, the statistical findings of the research are presented. According to the findings of the distribution, 222 questionnaires it has revealed that in terms of gender, 76.6% of respondents were male and 23.4% were women. 25.3% of respondents aged less than 30 years, 47.7% of respondents aged 31-40 years, 22.7% of respondents aged 41-50 years, and 4.4% of respondents were older than 51 years. In terms of education level 4% of the respondents were less than undergraduate degree, 40.9% had an undergraduate degree, 32.3% had a bachelor's degree, and 10.4% had a master's degree. In terms of income, 6% of respondents had income less than 1 million, 49% have earnings between 1 and 2 million, 31.5% have earnings between 2 and 3 million, and 15.9% have earnings of more than 3 million Tomans.

Structural Model Test in PLS

Validity and validity of exterior model estimates let estimation of internal route model estimates. The necessary criterion for measuring the structural model of the coefficient of determination (R^2) are invertebrate variables (dependent hidden). Values of 0.67, 0.33 and 0.19 for invertebrate variables, as of significance are described, moderate, and poor respectively. If the structures of a particular internal model are intrinsic variables only with one or two invertebrate variables average R^2 is acceptable. But if the intrinsic variables depend on several exogenous variables, value of (R^2) should be at least at a significant level of 0.67. The values of the determination coefficient for the hidden dependent variables of the study are shown in Table 1.

Table1, Values of the determination coefficient

R^2	Dependent hidden variables
0.875472	BA
0.911062	BE
0.876457	BL
0.885487	PQ

Significance of path coefficients

The individual path coefficients of the PLS structural model are interpreted as standardized beta regression (OLS) coefficients. Structural paths, which are symbols in accordance with the hypothetical preceding sign, empirical validity assumes some of the hypothesized theoretical relations between the given variables. The paths that call the algebraic sign contrary to expectation do not support the researcher's assumptions. In order to determine the distance between the path coefficients and the statistical inference, re-sampling methods such as bootstrap or jack Nayef should be used.

Here is the bootstrap method of raw data, for each path coefficient between each of the variables in the model, a value T is obtained that the analysis of these values is as follows: At a confidence level of 90%, 95% and 99% This value is compared with the minimum T statistic of 1.64, 1.96, and 2.58, respectively. That is, if the observed T value is greater than 1.96 with a confidence of over 0.95, the relation between the model and the relationship is obtained.

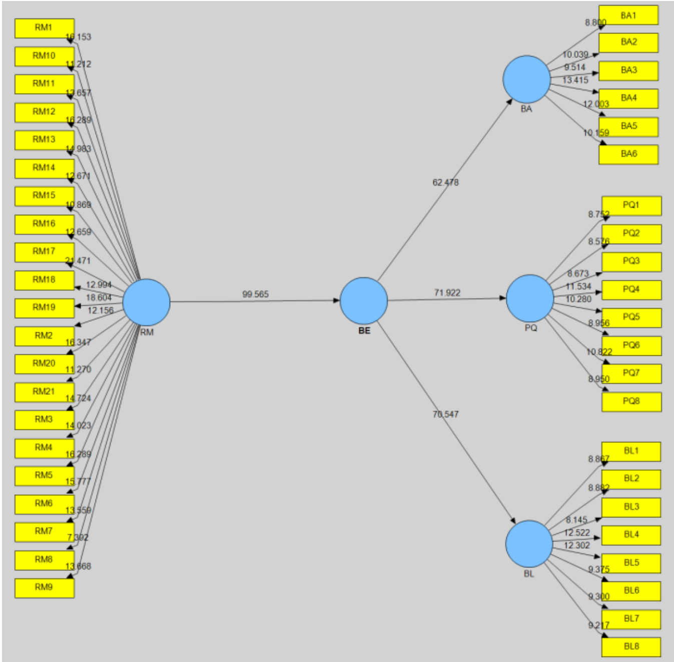

Fig 2, the tested research model (t-value of path coefficients and factor load)

Surveying research hypotheses

Table2, the results of hypotheses

		Path coefficient	T-value	Result
RM -> BA	Relationship marketing -> Brand association	0.893089	45.362724	Confirmed
RM -> BE	Relationship marketing -> Brand equity	0.954495	99.565162	Confirmed
RM -> BL	Relationship marketing -> Brand loyalty	0.893592	48.751388	Confirmed
RM -> PQ	Relationship marketing -> perceived quality	0.898183	48.20483	Confirmed

Relationship marketing has a significant effect on brand equity in the banking industry.

As specified in the table1, the path factor between relationship marketing and brand equity in banking industry is 0.954495 and T-value is 99.565162. Because the obtained T-value in the structural equation is more than the statistical value of T with 95% confidence (1.96), so assumption of being meaningful relationship between relationship marketing and brand equity is confirmed with confidence level of 95%. In addition, the path coefficient between two variables has a positive sign. That is, with the rise and improvement of relationship marketing, brand equity is also rising in the banking industry.

Relationship marketing has a significant effect on brand associations in the banking industry.

As specified in the table1, the path factor between relationship marketing and brand associations in banking industry is 0.893089 and T-value is 45.362724. Because the obtained T-value in the structural equation is more than the statistical value of T with 95% confidence (1.96), so assumption of being meaningful relationship between relationship marketing and brand associations is confirmed with confidence level of 95%. In addition, the path coefficient between two variables has a positive sign. That is, with the rise and improvement of relationship marketing, brand associations is also rising in the banking industry.

Relationship marketing has a significant effect on perceived quality in the banking industry.

As specified in the table1, the path factor between relationship marketing and perceived quality in banking industry is 0.898183 and T-value is 48.20483. Because the obtained T-value in the structural equation is more than the statistical value of T with 95% confidence (1.96), so assumption of being meaningful relationship between relationship marketing and perceived quality is confirmed with confidence level of 95%. In addition, the path coefficient between two variables has a positive sign. That is, with the rise and improvement of relationship marketing, perceived quality is also rising in the banking industry.

Relationship marketing has a significant effect on perceived loyalty in the banking industry.

As specified in the table1, the path factor between relationship marketing and brand equity in banking industry is 0.893592 and T-value is 48.751388. Because the obtained T-value in the structural equation is more than the statistical value of T with 95% confidence (1.96), so assumption of being meaningful relationship between relationship marketing and brand equity is confirmed with confidence level of 95%. In addition, the path coefficient between two variables has a positive sign. That is, with the rise and improvement of relationship marketing, brand equity is also rising in the banking industry.

4. CONCLUSION

Due to the increasing changes in societies, banks must equip themselves in advance and be prepared to confront competitors. In this regard, one of the issues banks need to take into account is to pay attention to the market situation and identify customers' needs and expectations. Because any organization that can identify and satisfy these needs sooner than competitors will be victorious and proud in the competition field. For this reason, in this study, we considered brand equity of Shahr Bank for victory in this field. Banks must lead the systems to satisfy the people. Customer-centric or customer-centric strategy can be a strategic orientation which act as a life saver of the banking system. Of course, according to experts, due to structural problems and ... the implementation of this strategy will not be easy and Shahr Bank executives must pay particular attention to this matter. This thought must be a culture in Shahr Bank.

What is important in modern banking marketing is consensus and collective movement in the form of a customer-oriented approach. The intensity of competition and its complexity has forced banks to accept the new paradigm of the concept of marketing, namely, "relationship marketing". With the decline of marketing and the emergence of relationship marketing, organizations and companies want using reliable marketing strategies establish strong relationships with their valued and prosperous customers, and in this respect they gain an intangible and sustainable competitive advantage. This has been quite tangible with regard to the approval of the assumptions from the Shahr Bank customers themselves.

Today there is an undeniable fact that the balance of power and the market power are heavy on customers. As today's customers have more opportunities to compare services, their financial management has become more sophisticated. Creative relationships between customers and banks and service sets with the quality and nature of services purchased at the time of purchase depends on the quality of interaction and the relationship between the client and employee.

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