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Investigating the Service Brand, Customers Value and its Perspective

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Abstract
As there is limited research about branding in this research closes this gap by developing and testing a theory of the influence of the service brand on the customer value–loyalty process. The model includes the traditional influence of brand image plus three additional influences that reflect the broader service perspective. Using analyses data of a sample of 227 banks customers, the analysis shows there is a direct influence of all the aspects of the brand on customers' perceptions of value. In addition brand image, company image and employee trust have a reflected influence on customer value through customers' conceptions of service quality. However the analysis shows that a service brand does not have a direct influence on customer loyalty but rather its influence is considered through customer value. This paper concludes with a discussion of the managerial and research implications.
Keywords: Brand, Service, Image, Trust, Customer Value, Customer Loyalty

Introduction

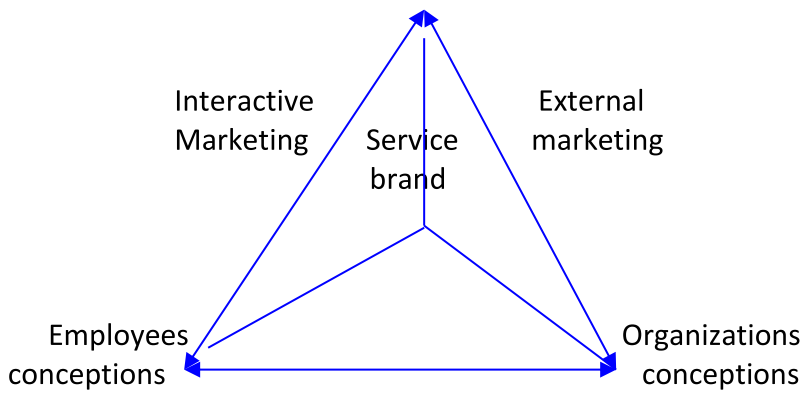
The majority of the research about brands focuses on consumer goods settings and centers the influences of the consciousness and image of the brand (Keller, 1993). However, the perspective brand plays a broader role where it interfaces not just with end customers but the company, its employees and a network of stakeholders (Vargo and Lusch, 2004). Dall'Olmo Riley and de Chernatony, (2000) in their finding refers to the perspective of branding as the “service brand.” It is important to note that the “service brand” does not mean the same thing as the branding of services. Rather, Vargo and Lusch (2004) use the term service marketing; “where the service-centered ruling logic represents a reoriented philosophy that is relevant to all marketing offerings, including those that involve goods and the process of service supply.” Hence the concept of the service brand is combined where “service” is superordinate to the branding of “goods” or “services” (Brodie et al., 2006). Berry (2000), explain his personal experiences and provides initial way of brands and play a broader role, and its model still recognizes that the consciousness of the company's presented brand influences the brand's equity. Hence, Berry (2000, p. 128) states that “the company” becomes the primary brand rather than the product. This suggested that the consumers' experiences with the organization and its employees delivering the service offer are the determinants of brand meaning. Research by Dall'Olmo Riley and de Chernatony (2000) and Davis et al. (2000) expand on Berry's (2000) model. The Dall'Olmo Riley and de Chernatony (2000) in their research disclose that the service brand acts as a “relationship builder” or “relationship fulcrum.” They conclude that: “the service brand is a process beginning with the relationship between the firm and its staff during the interaction between staff and customers” (p. 138).

Similarly, Davis et al (2000) in their study discloses that the retail company is the primary brand. This defines the consumers' experiences when shopping online in terms of service assign symbolic meanings and functional consequences of the service experience. To fulfill this role the brand acts as a “relationship lever” which trust is built between a consumer and service provider. These studies provide a useful expansion to Berry's service branding model by involving on the nature of brand meaning. They show that the brand creates “experiential conception,” “service experience commitment” and “relationship trust.” Together these three studies state the need to have a broader conceptualization when rethinking the traditional conception view of the brand. The purpose of the research is exploring the understanding of the nature of the service brand by undertaking a quantitative investigation. Previous research about the nature of the service brand is largely qualitative. The empirical setting for the research is private banks is chosen. An important factor supporting this choice is the existence of ongoing extensive advertising and communication campaigns in which the image of the banks service and the banks itself is differentiated from its competitors. In addition, bank also provides a useful circumstances to investigate the manner in which the employees and the management policies and practices of the bank use influence, as the service processes involve large customer interactions with the bank and its employees. This study also extends the research by Sirdeshmukh et al. (2002) that surveys the relationship between consumer trust, value and loyalty for a bank service, yet does not survey the influence of brand image.

Theoretical Framework, Conceptual Model and Hypotheses

Payne and Holt, (1999); Woodruff, (1997) suggested that the nature of customer value determines customer loyalty and this in turn leads to financial outcomes is the subject of considerable discussion amongst academics and consultants. Some authors focus on the benefits of customer value (Orth et al., 2004; Sweeney and Soutar, 2001). Others adopt a cost–benefit view that evaluates value on the basis of a “get for give” view. The benefits are what the customer gets, and costs are what the customer gives up (Netemeyer et al., 2004; Whittaker et al., 2007). Monroe (1990) refers to this as the “worth what paid for” trade-off. This study uses the “worth what paid for” approach as research by Bolton and Drew (1991) and Varki and Colgate (2001) show this is the most effective way to survey the relationship between customer value and loyalty. Padgett and Allen (1998), Dall'Olmo Riley and de Chernatony (2000) and Davis et al. (2000) in their finding provide a valuable primary comprehension of the role of the brand using a service perspective. This involves paying more consideration to integrating the role of the brand in the value-adding processes creating customer experience and learning. Within this logic Dall'Olmo Riley and de Chernatony (2000) view the customer–brand-relationship as the "reciprocity, mutual exchange and commitments. "This recognizes the significance arranging that is commitment in the brand communications with the values of the people responsible for service delivery (de Chernatony, 2003).To develop the conceptual framework for the service brand the model first developed by Calonius (1986) and refined by Bitner (1995) and Grönroos (1996, 2006, and 2007) is adapted (Figure 1).

Customer conceptions



Internal marketing

Figure 1. Types of marketing and their influence on the conceptions of the service brand

Within the framework the external, internal and interactive marketing activities of the organization form the customer, employee and organizational brand conception. The framework also draws the service brand as playing an integrating role arranging customer, employee and organization brand conceptions and perspective. The focus in this study is on customers' conception of the service brand. External marketing and interactive marketing influence this conception, with internal marketing having an indirect effect. Within the theoretical framework, the external marketing activities are related with the "making of commitment." This largely relates to the traditional external marketing communications organizations use. First there are the communications that build consciousness of the brand name and logo creating a typical image about the service offer. Second there are communications about company image that concern the organization's reputation rather than the attributes of the service offer. Balmer and Gray (2003) refer to the company image and character as the corporate brand. That the brand name for the service is also sometimes the same as the company name can present a complication. However, while the names are the same within the conceptual framework a clear difference is made between the communications about brand image and communications about the company image. The research model treats them as separate but related constructs. The interactive marketing activities are related with "delivering commitment" These involve the interactions and experiences between the company, the service providers and the customers. If these experiences are positive and arranged with the "making of commitment" this leads to building customer trust. However, if they are negative and don't arrange with what is committed then there is a loss of customer trust. Following Sirdeshmukh et al. (2002), within our conceptual framework a difference is made between customer trust in the service providers' behaviors and customer trust in the company's management policies and practices.

Customer Brand Conceptions

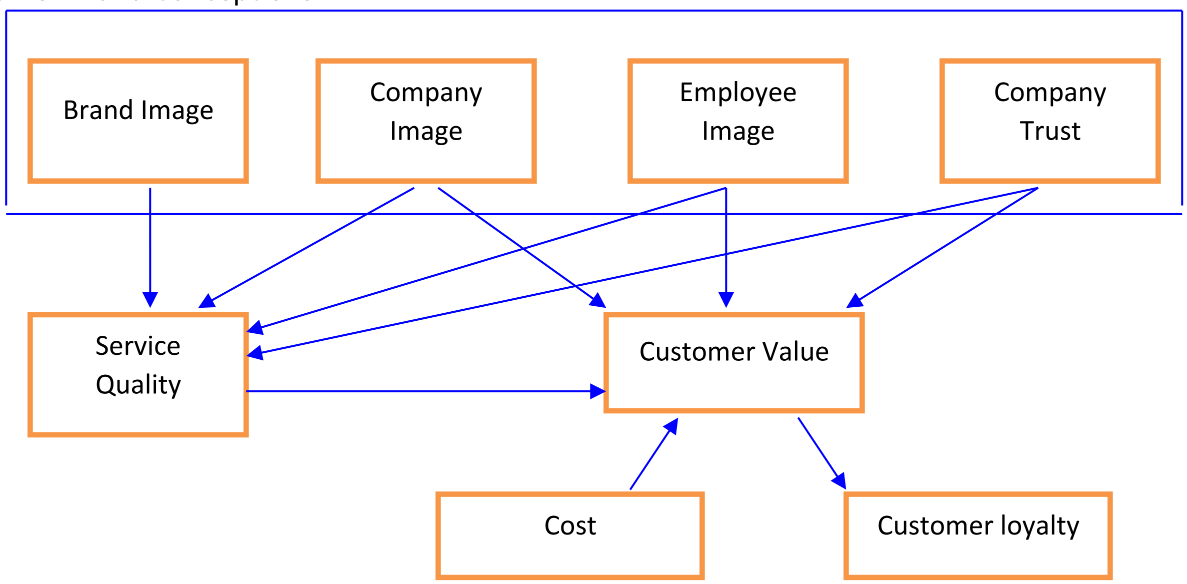


Figure 2. Conceptual model and hypotheses

Figure 2 shows the conceptual model and the hypotheses for this study. The customers' brand conceptions include of brand image, company image, employee trust and company trust. Each characteristic of the brand is hypothesized to have a separate influence on customers' conceptions of service quality and value. The model treats the four characters of the brand as separate constructs. However, it is recognized that they are not mutually exclusive and conceptually there is some overlap. Thus when estimating the model it is assumed they are partly correlated and what is important is the tests show there is differentiate validity. There are also brand elements other than the four chosen that could be used to draw the service brand that are excluded for reasons of parsimony. In addition, in service environments customer value is co-created through the two way interactions between the customer and the marketing activities of the service contributor. While this study only hypothesizes the influence of the brand on the customer value–loyalty process, in a study setting where there is multi-period information the hypotheses could be bi-directional.

Thakor (1996) suggests that brand image can be thought of as benefits, attributes or personality traits. Aaker (1997) defines brand personality as a “set of human characteristics related with a brand.” These personality driven evaluations explain why a consumer may hold an emotional connection towards one brand but not another. Keller (1993) defines brand image as the “conceptions about a brand as reflected by the brand associations held in consumers' memory. Hence, a brand's image integrates functional and symbolic brand beliefs forming the consumer's feeling of the brand (Low and Lamb, 2000). A range of direct and indirect experience with the brand such as advertising processes (Batra et al., 1993) create and influence perceptions of brand personality. Thus, external communications largely form brand personality. Regardless of, to find out indirectly the importance of the role of brand image in creating brand equity (Aaker, 1992; Keller, 1993), there is limited understanding about its influence on the customer value–loyalty process. From a theoretical point, Keller's (1993) suggests that brand image is a key driver in generating the attributes, benefits, and attitudes towards the brand. The relevance study to this research by Erdem and Swait (1998) shows that a brand's personality influences customer conceptions of service quality and value by using theory. Yoo et al. (2000) stated that a store's image has a positive relationship with conception of the quality of the brand. Furthermore, O'Cass and Grace (2004) provide evidence for the relationship between brand trigger feeling (brand image) and positive brand conceptions. In addition the text by Duncan and Moriaty (2002) and recent papers by Reid et al (2005) and Madhavaram et al. (2005) argued the important influences of brand identity and image in an integrated marketing communications environment. The following hypotheses are proposed:

***H1**. Customer conception of brand image positively influences customer conception of the quality of the service offer.*

***H2**. Customer conception of brand image positively influences customer of conception value.*

It is not proposed that brand image has a direct influence on customer loyalty. Within the customer value–loyalty framework it is suggested that service quality and customer value arbitrate this influence. Nonetheless, the direct effect of brand image on loyalty is subsequently tested when the robustness of the proposed model is examined.

Throughout marketing and management fields there is increasing interest in company image and the wider conception of company character (Logsdon and Wood, 2002; Whetten and Mackey, 2002). Balmer, (2001) suggest that in the management and marketing literature the terms corporate image, corporate character, company image and company character are sometimes used interchangeably (. In order to be constant with the use of brand image this study uses the term company image. Brown and Dacin (1997) show the company's image derives from customers' conceptions of its capacity and its social responsibility. Corporate capacity deals with the company's expertise in producing product/service offerings (the firm's character for innovation or quality). Corporate social responsibility refers to the company's management of societal issues. A range of studies illustrates the benefits of a strong image and character. The benefits include increasing customers' buying intentions (Yoon et al., 1993), encouraging higher rates of customer retention (Preece et al., 1995), enabling price payment to be charged (Greyser, 1995), attracting investors (Fombrun and Shanley, 1990) and helping a firm survive in a time of crisis (Shrivastava and Siomkos, 1989). Signaling theory provides a framework to explain the empirical link between company image and the customer value–loyalty process (Erdem and Swait, 1998). Applying this theoretical view, the company's communications, which it develops to build its image for social responsibility and corporate capacity, create a repository of believable information signals. Moreover, Chen and Dubinsky (2003) apply theory in an online environment to find that as an extrinsic cue, plays an important role for consumers when determining the product quality of an online retailer. In addition, several researchers state a strong relationship between company character and financial performance and/or firm value creation (Eberl and Schwaiger, 2005; Roberts and Dowling, 2002; Srivastava et al., 1997). The following hypotheses are proposed:

***H3**. Customer conception of company image positively influences customer conception of the quality of the service offer.*

***H4**. Customer conception of company image positively influences customer conception of value.*

A number of empirical studies find a strong positive association between company image and customer loyalty (Selnes, 1993; Zins, 2001). However, none of these empirical studies examine the influence of company image within the customer value–loyalty framework, where customer value arbitrates the influence of customers' conceptions of the company on customer loyalty. As with brand image, the direct effects of company image are tested when the robustness of the model is examined.

Most of the research surveying the trust element of relationship marketing is in a business-to-business condition with a ruling product marketing focus (Doney and Cannon, 1997; Morgan and

Hunt, 1994). Research in this area also surveys trust in the brand (Delgado-Ballester, 2004) and the linkage to brand equity (Erdem and Swait, 2004). Additionally, Sirdeshmukh et al. (2002) examine the linkage between trust and value creation. In this study a differences is made between customers' beliefs about the company's image and customer trust in the delivery of the service offer. Conceptually company image is the customers' image of the assurances the company makes about its social responsibility and its capacities. In contrast, customer trust is more localized and experience based and reflects the customer's interactions with the company and employees in delivering the service experience. Hence it relates to customers' experiences with the management policies and practices, and employee behavior (i.e. delivering the assurance).The research by Sirdeshmukh et al. (2002) is the most relevant to the study as it focuses on the influence of customers' trust on customer value and customer loyalty. They distinguish between customers' trust in the behavior of employees and trust in the company's management policies and bank service. For the behavior of employees they find employee trust influences customer value, while for the bank service they find trust in the company influences customer value. Thus the following hypotheses are proposed about employee and company trust:

***H5**. Customer trust in employee behavior positively influences customer conceptions of the quality of the service offer.*

***H6**. Customer trust in employee behavior positively influences customer conception of value.*

***H7**. Customer trust in the company's management policies and practices positively influences customer conception of the quality of the service offer.*

***H8**. Customer trust in the company's management policies and practices positively influences customer conceptions of value.*

A number of studies provide evidence about the linkage between trust and loyalty in both business-to-business (Morgan and Hunt, 1994; Osterhus, 1997) and business-to-consumer settings (Erdem and Swait, 2004; Garbino and Johnson, 1999; Sirdeshmukh et al., 2002). However, only the Sirdeshmukh et al. (2002) study examines the influence of customer trust within the customer value–loyalty framework. Within this framework they suggest that customer value arbitrate the influence employee and company trust have on customer loyalty. However, as with brand image and company image the direct effects are tested for when the robustness of the model is examined.

Zeithaml (1988), study conceptualizes customer' conception of value as a trade-off between customer conceptions of the benefits and customer conceptions of the costs. There are numerous academic and practitioner studies supporting the cost/benefit trade-off conceptualization of customer value (Higgins, 1999; Kordupleski, 2003; Laitamaki and Kordupleski, 1997; Rust et al., 2000; Teas and Agarwal, 2000; Varki and Colgate, 2001).

The following hypotheses are proposed:

***H9.** Customer conception of the quality of the market offer positively influences customer conceptions of the value of the market offer.*

***H10**. Customer conception of monetary and non-monetary cost of the market offer negatively influences customer conceptions of the value of the market offer.*

Empirical evidence in both business-to-consumer and business-to business environments provides strong support for the positive relationship between customer conceptions of value and customer loyalty. For example, in a business-to-consumer retail setting throughout product and service retail offerings, Cronin et al. (2000) find a strong relationship between customer value and customer behavioral intentions. Sweeney and Soutar (2001) in his study, find a significant relationship between customer value, and behavioral intentions. More recently Duman and Mattila (2005) find that observe value is a strong predictor of behavioral intentions when measuring the holistic service experience for banking. Of particular relevance is the study by Sirdeshmukh et al. (2002) that shows strong relationships between customer value and loyalty for both employee retailing and a bank service. The following hypothesis is proposed:

***H11**. Customer conceptions of the value of the market offer positively influences customer loyalty.*

Methodology of Research

The private banks participating in this research holds a strong domestic market. Advertising and communication campaigns differentiating the image of the bank service and the bank itself from its competitors support this position. The advertising campaign integrates with the banks website and the bank encourages customers to use the website to obtain further information. The bank has an Internet-driven web site and customer database which it uses for a number of marketing purposes such as online checking accounts, company investment information and company press releases. Since the bank uses the Internet as a key point of contact with its regular customers, it is considered appropriate to conduct an online survey of recent bank customers.

The sampling frame is made up of the email addresses of customers that had flown with the bank in the past year. This ensured that the respondent is familiar with the banks current marketing strategy and service delivery. A random sample of 2970 customers was selected and they were emailed an invitation to participate in the research. Over 10% (227) of the email invitations were returned automatically to the market research company as undeliverable. Also the achieved sample matched well with the profile of the banks customers. The majority of the respondents are in the 30–59 year old group (72%) with 15% younger and 13% older, and the gender balance is reasonable (females 53% against males 47%). In this research we used Jarvis et al. (2003) model which is provide, the constructs of brand image, company image, employee trust, company trust and customer loyalty with reflective indicators, while service quality and cost are more properly modeled with formative demonstrators.

Constant with previous research using the customer value–loyalty process, a single item is used to measure the customer cost/benefit trade-off of customer value (Gale, 1994; Rust et al., 2000; Varki and Colgate, 2001). Also, the recent research by Bergkvist and Rossiter (2007) shows the advantage of using single item measures when the construct include of a specific singular object and a specific attribute. As previous research in this area uses 20-point scales, each of the items are measured by a 1–20 Likert-type scale to avoid the ambiguity caused by using variously numbered scale measures for different constructs (Netemeyer et al., 2003). The exceptions are employee trust and company trust, which are measured using a semantic-differential type format. Thus the company image items are chosen to reflect customers' attitude towards the banks, as against to the image of the service offer. The research by Logsdon and Wood (2002), Wartick (2002), and Whetten and Mackey (2002), who develop and test scales to measure company image and character in other business settings, was reviewed to provide a supply of items. After discussion with the banks customers and banks executives four items were chosen to reflect the assurances about the company's image.

However, the items to reflect employee and company trust to be linked directly to the customer experience with the service delivery process of the bank as against to the external communications. Therefore with this requirement the items Sirdeshmukh et al. (2002) use in their study are chosen. As the study extends the work by Sirdeshmukh et al. (2002) this is considered appropriate. However, the study also recognizes that a number of other measures could be used (Doney and Cannon, 1997;

Ganesan and Hess, 1997). The measures used here are the customers' feelings about the “reliability,” “competence,” “integrity,” and “responsiveness” of the employees' behavior and the company's management policies and practices. As with the Sirdeshmukh et al. (2002) study the questions about trust follow detailed questions about the customers' experiences of the trustworthiness of the service delivery. This ensured that respondents are relating to their service experiences as against to the brand image and company image. The items selected are chosen to reflect the bank advertising and other communication programs about its service offer. Two items that are included have been used in previous research by the banks. They are based on their recent communication program. In addition, after discussion with the banks customers and banks executives, it was decided that three of Aaker's (1997) personality items are closely arranged with the banks recent communications. Hence five items are used to reflect the image of the service offer.

To ensure the customers are responding to the external communications, the questions about brand image are introduced with banks marketing and advertising campaigns from all media such as TV, Internet, magazines, radio and sponsorship activities. The final stage of the conceptual model seeks to measure the loyalty of the customer. The loyalty items from the Sirdeshmukh et al. (2002) bank study, which include both attitudinal and behavioral loyalty components, are used. The items survey how likely the respondent is to “do most of their future service with the bank recommend these banks to friends, neighbors and relatives. The customer value represents customers' judgment about the trade-off between benefits and costs. Hence, constant with previous research, a single item measure is used to evaluate the customers' judgment of “worth what paid for” (Bolton and Drew, 1991; Rust et al., 2000).

The question to measure the respondents' conceptions of “worth what paid for” is raised after service quality and costs. This allows the respondents to anchor the conception within a particular usage conditions and thus provides a judgment of the trade-off between benefits and cost (Zeithaml, 1988). Overall, thinking about the service features in comparison to the costs related with bank services how you would rate your overall experience with this service? However five items were chosen to measure service quality from the bank. An additional check is made to ensure these items are appropriate and comprehensive by surveying the strategy of the bank. For costs three items that form customers' conceptions of the monetary and non-monetary costs of the service offer are adapted by Sirdeshmukh et al. (2002).

Analysis and Findings

This study uses a two stage modeling approach (Anderson and Gerbing 1988). The first stage involves the evaluation and process of the measures being used. The second stage requires estimating the model and testing the hypotheses. The study requires the use of both formative constructs and reflective constructs. Thus, for the two types of measures the study requires different evaluation procedures.

Formative Constructs

Diamantopoulos and Winklhofer (2001) provide formative scale construction which need making assessments about the measurement of service quality and costs have satisfied validity, the items chosen are suitable, the items are not unreasonably collinear, and measures have external validity. Examination of Variance Inflation Factors (VIFs) for the items is used here as the test for uncontrolled index collinearity. For service quality all of the five items are below six, which is below the entrance of eight recommended by Hair et al. (1998), while for cost the three items have VIFs below two. To test for external validity, the study surveys the formative indexes relate to external variables. The questionnaire includes an item asking for respondents' evaluation of service quality, and the costs rating for the bank. This provides a summary measure of each construct. As with the other questions, a five-point scale (1=poor, 10=excellent) is used to obtain measures for the evaluation. The bi-variate correlations between the indexes and the summary measure of the construct they are forming are examined. All of the indexes are positively and significantly correlated with their respective measures. Therefore, a regression equation is specified for each formative construct. All items have a positive and significant loading ($p < .01$) on their summary measure with one exception. This item is marginally significant ($p<.10$). The model R2 for service quality is .71 and costs .76. These results show that the measures of service quality and costs have sufficient external validity, and so all items are retained. Having indicated sufficient validity, the individual item measures for service quality and costs are used to form indices for the two constructs.

Reflective Constructs

Each of the multiple-item reflective measures is subjected to an evaluation of internal and external consistency (Anderson et al., 1987; Gerbing and Anderson, 1988). This is in order to justify the unidimensionality of the constructs. Therefore we used and utilized LISREL 8.3 and its companion program PRELIS 2 for this task. A confirmatory factor analysis, using Maximum Estimation, is specified for the four multiple-item reflective measures where each item is limited to load on its pre factor. The measurements suggest an acceptable fit to the data $_{(\chi 2\ (220)}$ =1927.18, CFI=.89, IFI=.89, SRMSR=.07), although it is acknowledged the CFI and IFI measures are marginally below the accepted level of .7. Additionally, all factor loadings are statistically significant ($p<0.01$). Standard factor loadings for all 19 items greater than the .60 standard that shows that each item is accounting for 50% in the latent underlying variable (Bagozzi and Yi, 1991).

Hence these measurement display sufficient within-method connected validity. Furthermore, the structure reliability of each constructs greater than the .60 level suggested by Nunnally (1978). The average variance release from each construct exceeds the desirable value of .40 (Bagozzi and Yi, 1988). While the three characteristic of the brand are treated as separate constructs, it is recognized they are not mutually exclusive. Hence it is necessary to test whether there is sufficient discrimination between them. The Fornell and Larcker (1981) test is used. This surveys whether the average variance release for each construct is higher than the squared correlation between that construct and any other construct in the model. A second test Anderson and Gerbing (1988) suggest that restrictions the estimated correlation parameter between pairs of constructs to one and then performs a chi-square difference test on the values achieve for the restricted and unconstrained models is also used. For all cases the chi square difference test is significant at the $p<.01$ level indicating the constructs are not perfectly correlated and that discriminant validity is realized. The smallest change in chi-square is for company image and brand image ($\Delta\chi^2_{(1)}$ =615.22, $p<.01$). Table 1 reports the correlations between the model constructs and their descriptive statistics, including the reliability statistics for the reflective measures. There are strong correlations between all the constructs ($p<.01$), which provide evidence of nomological validity for the conceptual model presented in Figure 2.

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Table 1. Correlations, means, standard deviations and Cronbach's alpha for measures

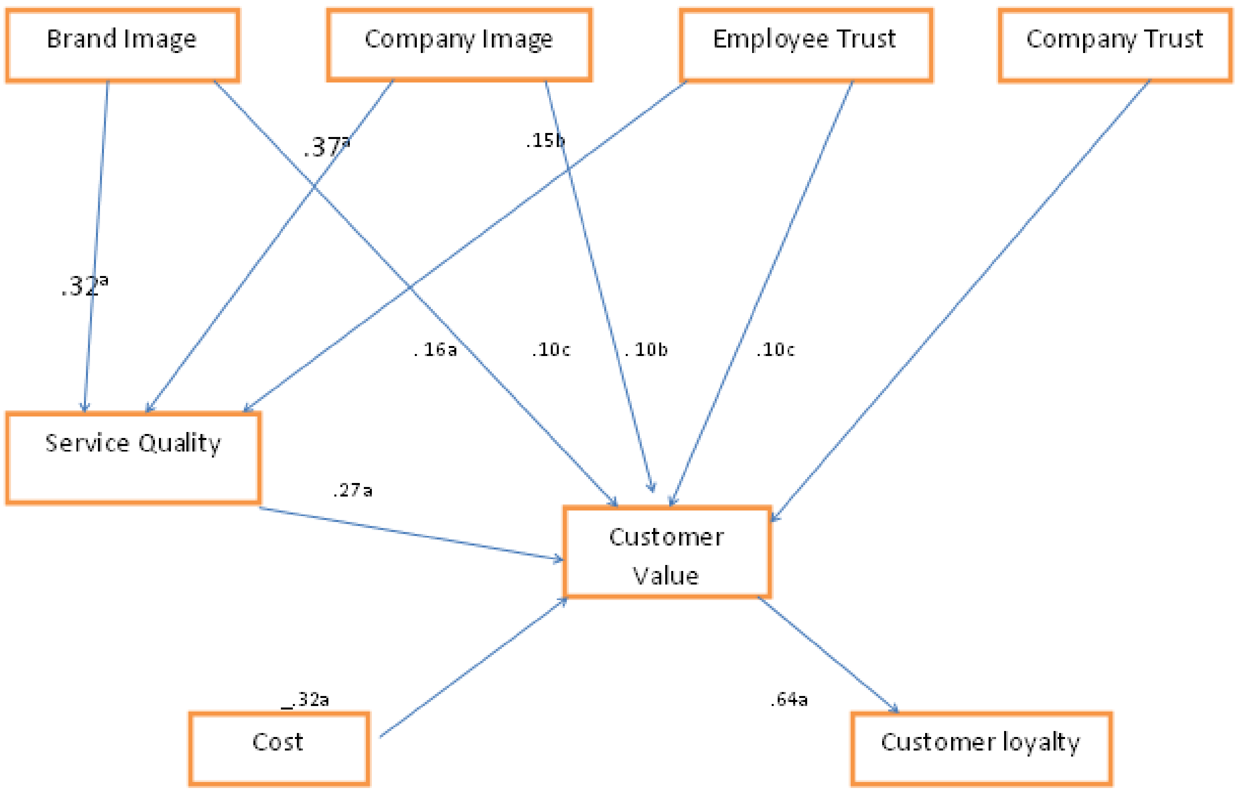
Construct	Brand image	Company image	Employee trust	Company trust	Service quality	Costs	Customer value	Customer loyalty
Brand image	1.00	.732	.512	.602	.669	−.512	.678	.490
Company image		1.00	.501	.675	.652	−.503	.664	.485
Employee trust			1.00	.696	.488	−.395	.545	.364
Company trust				1.00	.547	−.459	.621	.407
Service quality					1.00	−.622	.712	.494
Costs						1.00	.692	.446
Customer value							1.00	.534
Customer loyalty								1.00
Mean	5.95	5.97	6.48	6.76	5.89	3.96	5.96	5.83
Standard deviation	1.88	1.45	1.74	1.75	1.62	1.59	1.81	2.20
Cronbach's alpha	.94	.90	.94	.95	NA	NA	NA	.92

Model Estimation and Hypothesis Tests

The models of both formative and reflective constructs was Similar to the previous studies (Homburg et al., 1999), in this study for the estimation of the model we uses a LISREL procedure. The LISREL structural models suggest that provides hypothesized model was a good fit to the data. Although the chi-square test is significant statistically ($\chi^2_{(7)}$ =70.86, p<.01), the fit statistics (CFI=.97 IFI=.97 SRMSR=.02) commonly accepted standards for acceptable model-data fit (Kline, 1998). The squared multiple correlations (SMC) also suggest that the factors studied explain a significant part of the variance in customer loyalty (SMC= .38), service quality (SMC=.58), and customer value (SMC= .86).

All of the hypotheses except H1d are supported Figure 3. H1 and H2 predict the influence of the banks brand image on customers' conceptions of customer value and service quality. Both hypotheses strongly support, the service quality (b=.30, p<.01) but customer value (b=.13, p<.01) was weaker. H3 and H4 predict the effects of the banks company image on customers' conception of service quality and customer value. Similar to the influence of brand image both hypotheses strongly support, the service quality (b=.35, p<.01) but marginal influence on customer value was weaker (b=.12, p<.10). H5 and H7 predict the effects of trust towards the banks employees and the company on customers' conception of service quality, as well as predict the effects of the trust towards the banks employees and the company on customer value, respectively. Therefore H1c is supported (b=.15, p<.05), but H1d (b=− .05) is not supported. In contrast, both H6 and H8 are supported. Employee trust influences customer value (b=.10, p<.05).

There is a marginally significant relationship between company trust and customers' conceptions of value (b=.10, p<.10). H9, H10 and H11 predict the effects of the banks service quality on customers' conceptions of customer value, the effects of costs on customers' value conceptions, and the effects of customer value conceptions on customer loyalty intent, respectively. The results strongly support all three of these hypotheses. Customer conceptions of service quality are strongly influence on conceptions of customer value (b=.25, p<.01), as are costs (b=− .30, p<.01). Consumer conceptions of customer value are strongly influence on customer loyalty (b=.59, p<.01). In this study we examine the assumption of the influence of service brand and is mediated through service quality and customer value as well as testing the robustness of the conceptual model.



a p<.01, b p < .05, c p < .10

Figure 3. Standardized estimates for hypothesis tests.

Therefore brand image, company image, employee trust, and company trust extended model and also have direct influences on customer loyalty is proposed. With the marginal exception of company image (b=.15, p<.10), all of the service brand aspects have an insignificant direct effect on customer loyalty. A chi-square difference test between the original model and the extended model also is examined. In order to further test for mediation, following Baron and Kenney (1986) the study rule out the effect of customer value on loyalty from the tested model. The results show brand image (b=.18, p<.05), company image (b=.37, p<.01) and employee trust (b=.11, p<.10) all have significant direct effects on customer loyalty. Company trust is found to have an insignificant effect on customer loyalty (b=− .05). In combination with the results from the above extended model, customer value is found to fully mediate the effect of brand image and employee trust, and partially mediate the effect of company image, on customer loyalty. The chi-square factors difference test show that the less extended model does not provide a significantly better fit to the data than the proposed conceptualization ($\Delta\chi^2_{(4)}$ =4.44, p>.05). In addition, examination of the squared multiple correlations for both models indicate the extended model fails to explain further variance in customer loyalty. Finally, the two models are compared through observation of the Comparative Fit Indices (CFIs). The CFI of the proposed model releases that of the extended model, and is considerably greater than the difference of .06 Williams and Holahan (1994) rejecting the extended model. Hence the weight of the evidence strongly good turns the original model.

Discussions

This research shows a theoretical and practical understanding of branding from service perspective and how customers' conceptions of the brand influence the customer value–loyalty process motivates this study. According to the theoretical framework this study derives and tests a conceptual model which includes the traditional aspect of brand image plus three additional aspects of the brand that reflect the broader service brand perspective (company image, employee trust, and company trust). The research shows that each of these plays a critical role and provides empirical evidence to support the use of this more general theoretical framework. While all aspects of the brand have a direct influence on customers' conceptions of value, three (brand image, company image and employee trust) also have an indirect influence on customer value through customers' conceptions of service quality. The importance differences of brand characteristics influence on conceptions of service quality and customer value. Brand image has a stronger influence on service quality (b=0.32) than customer value (b=0.15), which is constant with the findings of Yoo et al. (2000). Similarly, company image also has a stronger influence on service quality (b=0.37) and a lesser influence on customer value (b=0.11).

This supports the prospect that a company's image is used to ascertain the quality related with a potential marketing exchange process (Chen and Dubinsky, 2003; Teas and Agarwal, 2000). In contrast, the influence of employee trust on service quality (b=0.15) is marginally stronger than its influence on customer value (b=0.10). Finally, while company trust does not have a statistically significant influence on service quality, it has a similar influence on customer value (b=0.10) to employee trust. The analysis of this study challenges the validity of the conclusions of previous studies that argue customer trust directly influences customer loyalty (Sirdeshmukh et al., 2002).

This studies focus to examine the influence of the service brand within the customer value–loyalty framework, and then to test for mediating factors. Previous research reporting a direct linkage between trust and loyalty in both business-to-consumer settings (Chaudhuri and Holbrook, 2001; Erdem and Swait, 2004) and business-to-business settings (Ganesan, 1994; Morgan and Hunt, 1994) does not test for mediation. The conceptual model provides the effectiveness of external marketing activity that is related with the “making of assurance” about the brand entity, which influences brand image and company image. Therefore the interactive marketing activity is related with the process of “delivering of assurance,” which influences customer conceptions of employee and company trust is also important. The importance of this relative can be evaluated if each of the parameter estimates is divided by the sum of parameter estimates.

This analysis shows that the “making of assurance” is the controlling influence on conceptions of service quality (i.e., brand image 36%, company image 41% versus employee trust 18%). In contrast the “making of assurance” and “delivering of assurance” is more balanced for customer value (i.e., brand image 34%, company image 22% versus employee trust 18% and company trust 17%). These results focus the importance of a coordinated marketing program that integrates the external communications that build customers' conceptions of brand image and company image with the trust based service delivery processes. The research findings in the context of the customer value–loyalty process examined. The findings from the model show strong evidence of the customer value trade-off with significant relationships of service quality (b=0.27) and costs (b=− 0.32) on customer value, and strong support for the relationship between customer value and loyalty (b=0.59) (Sirdeshmukh et al. 2002). They also provide support for Holbrook's (1994) claim that customer value “is the fundamental basis for all marketing activity” (p.22). Additionally, to integrate the branding strategy around the customer value–loyalty process is constant with the views of Woodruff, 1997, Srivastava et al. 1999).

Conclusions and Further Empirical Research

A limitation of this empirical study is used a single period cross sectional customer data. The single period of data does not allow a test of bi-directional hypotheses between service quality and the brand, therefore we could not be examined the co-creation of value (Prahalad, 2004). Hence an important extension to the research is to use multiple period data to examine the co-creative influences of the service provider and the customers. Another extension to this study is to use data where the customers, service providers and the organization are respondents. This allows examination between these three perceptions and the role the service brand plays in arranging customer, employee and organization conceptions as well as between customers' conception, the company's perceptions and other stakeholders' conceptions of the service brand. It is recognized that customer value creation is a dynamic process, so the importance within the customer value–loyalty process are likely to change over time (Parasuraman, 1997).

Future research also could use multiple time periods to examine the evolutionary process. Another important area for research is in analyzing how the cost and service quality in the customer value–loyalty process will differ across industries and the buying decision circumstances (Rust et al., 2001). The research shows the significance of analyzing the influence of the service brand within the customer value–loyalty process. This allows for testing against a mediated influence of the brand on customer loyalty. Further research analyzing the extent these influences are mediated through customer value in other empirical settings. In addition other influences on value and loyalty could be included. Further research needs also to test participate models.

While the service brand is conceptualized here as having the influences of brand image, company image, employee trust, and company trust, an alternative theoretical framework may lead to a different conceptual model. Another avenue for research is to investigate co-branding. Only recently has this research area received empirical attention (James, 2005; Motion et al., 2003). Further research also needs to investigate the service brand in a wider environment beyond the company, its employees and its customers to include interactions and relationships with other stakeholders within the organization and the company's network of external stakeholders. Johnson et al. (2006) on their research of the evolution of loyalty intentions provides a useful starting point for this type of investigation. Related to this issue is the need to understand the nature of different service settings where value is co-created between the service suppliers and customers.

For banks, the co-creation effects between the customers, employees and the company are not likely to be great. This study analyses the nature of the service brand in one empirical setting. Further research needs to survey the validity of the model in other circumstances. However, an important task is to extend the study to a broader range of industries where the significance of goods against services varies. Finally it is useful to explore the integration of the service brand model with a financial framework, thus responding to Keller and Lehmann's (2006) priority for branding research that develops systems models which link to company actions to consequences.

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