The Effect of Brand Credibility on Eghtesad-e- Novin Customers loyalty

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Abstract
The management and maintaining of a customer, is top of priority for managers in the E.N bank. In marketing, it is an accepted insight that gaining new customer is more costly than establishing a wider and deeper relationship with existing customers. Hence, in general the loss of a customer for an important industry like banking, which is an example of long term relationship, should be viewed as concern and weak point. Banks in this sector have tended to view satisfaction and service quality as the key tools for increasing customer retention. The present case study investigates the important role of brand in managing the churn of existing customers in E.N bank. This research leads us to understand conceptually that the brand plays a significant role in managing long-term customer relationships, and also describes how the usual tools of customer relationship management, satisfaction and service quality, relate to brand credibility. Create and maintain end users’ loyalty to the brand, is in heart of companies’ marketing principals, especially in competitive markets. So, in this research it is tried to investigate the effect of credibility of brand on loyalty of customers in E.N.bank. This research, from target point of view is applicable and from natural point of view is a descriptive survey. The statistical society of this survey, includes all E.N. bank users who are living in Tehran. In this regard, 384 questionnaires were distributed to the users with random Cluster method. To test the research’s hypotheses and to obtain the results, the software is used is Lisrel and structural equations model. Our findings show that brand credibility has a positive impact on satisfaction, loyalty commitment and continuance commitment. Satisfaction enhances word of mouth recommendations and loyalty commitment. Loyalty commitment enhances word-of-mouth recommendations and There is no significant relation between loyalty commitment and switching propensity. Continuance commitment has a negative impact on switching propensity. The data are elicited by means of a questionnaire and by using structural equation modeling the hypotheses are tested.

Keywords: Brand credibility, Customer loyalty, Satisfaction, Commitment, Behavioral intentions

1. Introduction
Customer churn is an ever-growing issue in the relational services sector (banking industry), where business models ultimately depend upon long-term relationships with customers as the basis for profitability. Businesses in this sector have tended to view satisfaction and service quality as the key tools for increasing customer retention. This research leads to the enhanced understanding that the brand has a significant role to play in managing long-term customer relationships, and details how the usual tools of customer relationship management, satisfaction and service quality, relate to brand credibility. The management of customer churn, or turnover, is a top priority of executives in banking industries. It is accepted wisdom in marketing that new customer acquisition is a far more costly undertaking than establishing a broader and deeper relationship with existing customers (Heskett et al., 1994). Hence, in general the loss of a customer should be viewed with concern by banks, being examples of longer-term relational services requiring the establishment of a formal relationship between customer and bank (Sweeney and Swait, 2008).
Specifically, we wish to examine the role that the brand can play in customer retention, as well as in promoting certain behaviors by customers that lead to long-term benefits for the bank. In this paper we take a broader, more strategic look at customer management in banking service context. The reason we believe that such a view is in herently strategic lies in the observation that brands embody the long-term experience that a customer has with a banking industry; in effect, the brand is a "summary statistic" characterizing the cumulative temporal relationship between two parties, the customer and E.N. bank. (Erdem and Swait, 1998) In this perspective, the brand comes to embody the credibility of the bank (Erdem and Swait, 2004), which can only be built and
solidified over time through repeated customer/bank interactions, but can quickly be lost if trust is violated by the bank promises; this makes brand credibility a firm-wide responsibility that must concern all functions at all times. Building the credibility of a brand is recognized by consumers to be a long-term and continuing investment by the bank; hence, they behave towards the firm as if it were posting a bond that is forfeited when its promises are not kept (Erdem and Swait, 1998). Credibility has been noted as playing a key role in customer perceptions of the retailing environment, particularly in the context of pricing tactics, advertising, salesperson interactions and online catalogs (Yang et al., 2003).

In the present study we examine the role of brand credibility among current EN bank customers. Within the scope of our research we include long-term, formalized service relationships that are entered into by customers, as exemplified by that with banking industry.

2. Literature review and formulation of hypotheses

2.1. The role of brand in banking industry

The brand constitutes a strategic, long-term asset for banks, which may be called upon to help with customer relationship issues like customer retention and customer beneficial behaviors (e.g., recommendations). The brand is an important relational tool in the firm’s customer relationship management (CRM) arsenal, as suggested by research from Erdem and Swait (1998). That stream of research builds on the information economics paradigm (Stiglitz, 1987) applied to the product case, to propose that brands are valuable to consumers because (1) they reduce perceived risk of consumption and (2) they economize decision-making costs. The basis for these assertions is that the brand is an efficient market signal that the firm deploys to address market information asymmetries (i.e. consumers know less about a firm’s product or service than does the firm, hence they are at a disadvantage, in the end leading to consumer uncertainty about the product). While the same reasoning is not directly applicable to the case of services, it is nonetheless the case that information asymmetries are likely to also exist among customers of banks. Consider that customers have a unlimited number of interactions with bank, and these often occur following problems and these events may serve to remind customers that their current impressions about the bank might be incorrect; essentially, they introduce a degree of uncertainty about (1) the promises the bank has made, and its willingness and ability to keep them; and (2) the benefit to the consumer of maintaining a long-term relationship with the bank. This asymmetry places the customer at a disadvantage in the relationship with the bank. The bank thus has an incentive to compensate for the resulting uncertainty by their willingness to deliver top service and promises they have made to the customer (Sweeney and Swait, 2008). Consider that the brand adds value to the bank in two ways: it first attracts new customers by developing and focusing awareness and recognition, but then also serves as a reminder to current customers to think about the bank, and to do so favorably (Rust et al. 2000). It is in this latter case that the concept of furthering the relationship with the brand becomes meaningful. The brand can be described as a mechanism to engage both customer and bank in a long-term relationship and play a key role in building this relationship (Davis et al. 2000).

Thus, the brand can act as a defensive marketing tool to maintain current customers as well as an offensive marketing tool to gain new customers. The importance of defensive marketing in the retail service context has been recognized through the knowledge that the cost of attracting a new customer far exceeds that of retaining the same customer (Heskett et al. 1994).

It is important to understand that in the context of services, the primary service brand and the organization are often synonymous (Berry, 2000). As a result the brand takes on a wider corporate meaning in the context of services. In the context of relational services, the focus of the brand is on the customer’s experience with the organization and how this establishes brand perceptions and meaning. This is consistent with our view that the consumer’s perceptions about a brand’s credibility are (essentially) a summary statistic of the relationship with the brand to date (Brodie et al., 2002). 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 risk in buying services, which are difficult to evaluate prior to purchase. Product intangibility does not mean that brand development is less appropriate or important for services than goods, only that its application differs in certain respects. Brand development is crucial in
services, given the inherent difficulty in differentiating products that lack physical differences (Zeithaml, 1981) and the intense competition within banking industry markets, many of which have been deregulated. A strong brand is "a safe place for customers" (Richards 1998). The invisibility of services makes buying them from a safe place an appealing proposition for customers. A strong service brand is essentially a promise of future satisfaction. It is a blend of what the company says the brand is, what others say, and how the company performs the service all from the customer's point of view (Berry, 2000).

2.2. The impact of brand credibility on customer loyalty

Brands are credible (i.e. believable and trustworthy) signals: they motivate firms to be truthful about their products/services and to deliver on claims made about them. This concept of brand credibility is based on Hovland et al.’s (1953) early research on the credibility of the communicator, and was adapted to the context of the brand by Erdem and Swait (1998, 2004), Erdem et al. (2002) and Swait and Erdem (2006). Based on this definition, brand credibility comprises two key facets: trustworthiness (i.e. the belief that the firm is willing to deliver on its promises) and expertise (i.e. the belief that the firm is capable of delivering on its promises) (Sweeney and Swait, 2008).

Credibility is broadly defined as the believability of an entity's intentions at a particular time and is posited to have two main components: trustworthiness and expertise. Thus, brand credibility is defined as the believability of the product information contained in a brand, which requires that consumers perceive that the brand has the ability (i.e., expertise) and willingness (i.e., trustworthiness) to continuously deliver what has been promised (Erdem and Swait, 2004). Brand credibility is a key element in Keller’s (2001) customer-based brand equity pyramid, representing one aspect of the consumer’s response to the brand. This is consistent with our conceptualization of brand credibility as representing the relationship over time of a customer with a brand. This perspective of a relationship between the brand and customer has also been developed by Fournier (1998), Blackston (2000) and Sweeney and Chew (2002) among others (Sweeney and Swait, 2008).

The importance of credibility stems from the fact that imperfect and asymmetric information creates consumer uncertainty about product attributes. Consumer uncertainty may exist even after active information gathering (for experience attributes) or after consumption (for long-term experience or credence attributes). This leads to consumer perceived risk because “any action of a consumer will produce consequences which he cannot anticipate with anything approximating certainty , and some of which at least are likely to be unpleasant” (Robertson et al, 1984).

The credibility of a brand decreases perceived risk because it increases consumers' confidence in a firm's product claims. Credibility also decreases information costs since consumers may use credible brands as a source of knowledge to save information gathering and processing costs (Erdem and Swait, 2004).

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Several related literatures (e.g., sociology, organizational behavior, consumer behavior, marketing and psychology) indicate that switching propensity and WOM have certain antecedents that originate from social exchange theory. The decision of whether or not to engage in these outcome behaviors switching propensity and WOM is theorized to be based on two motivations: (1) a past experience-based one that evaluates the benefits that the consumer receives from the relationship; (2) a future-oriented one, that considers other sources for relationship maintenance. Few studies have examined the simultaneous impact of both past experience-based factors and future-oriented factors, such as the satisfaction and commitment components addressed in the present study, despite the discussion by Lemon et al. (2002) about how this dual consideration enhances modeling customer retention (Gilliland and Bello, 2002).
Customer relationship commitment has been found to be important in a marketing sense to reduce switching (Bansal et al., 2004); increase purchases (Verhoef et al., 2002) and enhance favorable future intentions, such as customer loyalty (Garbarino and Johnson, 1999).

Affective commitment is emotion-based. Members maintain their membership because they enjoy being of the organization (Gruen et al., 2000).

Loyalty commitment includes elements of both affect and obligation (i.e., one generally likes, and feels obligation toward, the target of loyalty). Like affect, loyalty is an emotional reaction that can weaken the claims of economic judgment (Ewin, 1993). Loyalty commitment is also similar to normative commitment in that both consider the obligatory aspects of the attachment (Gilliland and Bello, 2002).

Buchanan (1974) defines commitment as “a partisan, affective attachment to the goals and values of an organization, to one’s role in relation to goals and values of an organization, to one’s roles in relation to goals and values, and to the organization for its own sake, apart from its purely instrumental worth” (Meyer and Allen, 1984).

Continuance commitment, in contrast, reflects a cognitive evaluation of the costs associated with leaving an organization and the associated recognition of the need to maintain the relationship considering the perceived switching costs or lack of viable alternatives (Gustafsson et al., 2005).

Also known as calculative commitment, it therefore comprises a more negative, psychologically based motivation that is appropriately distinct from affective or loyalty commitment. Continuance commitment is “cognitive based” as members engage in a rational calculation, comparing the benefits related with continuing their membership to the costs associated with terminating membership (Gruen et al., 2000).

Continuance commitment is the awareness of the impossibility of choosing a different. Meyer and Allen (1984) maintain that continuance commitment can be used to refer to anything of value that an individual may have “invested” (e.g., time, effort, money) that would be lost to be deemed worthless at some perceived cost to the individual if he or she were to leave the organization (Meyer and Allen, 1984).

Despite the clear conceptual link between loyalty and affective commitment, empirical research has produced mixed findings. Similarly, recognition of the sunk investment costs associated with “membership” in a service is expected to generate a motivation to obtain output equivalent to their investment (Houston and Gassenheimer, 1987), hence we would expect that continuance commitment would reduce switching intentions. Again, however, research about the relationship between these constructs has yielded mixed results (Bansal et al., 2004).

Nonetheless, research in organizational behavior provides support for the relationship between these two types of commitment and important outcomes for the firm, including reduction of employee turnover (Allen and Meyer, 1990). This leads us to our first pair of hypotheses:

**H1.** Increases in loyalty commitment lead to decreases in switching propensity.

**H2.** Increases in continuance commitment leads to decreases in switching propensity.

The other outcome of interest is beneficial WOM activities, specifically recommendation of the banking services to other people. Repeating the purchase by a satisfied customer, always would be more likely than praising and applauding a good. An unsatisfied customer, shows completely different re-action. In average a satisfied customer, describe the company’s good to 3 persons. Whilst an unsatisfied customer, express bad definition of the good to 11 persons. According to a survey, 13% of persons who were somehow un-satisfied, declare their complaints to more than 20 persons. It is obvious, undesirable verbal ad, spread with more speed to distances away than desirable verbal ad. This kind of advertisement, could rapidly change the end user’s mind about the company and its goods in not favorable direction (forozandeh, 1997).

We add this outcome as it extends the focus of interest to other benefits of retaining customers. We argue that customers who want to maintain a relationship with a bank for affective reasons are likely to put considerable effort in this cause. Brown et al. (2005) similarly support the effect of commitment on WOM. In general, it would seem that such cooperative behavior would be forthcoming as a function of customers’ affective commitment sentiments. In contrast, customers who perceive that they will remain with a provider to avoid costs are more likely to exhibit passive behaviors. Given the active nature of WOM, and consistent with Harrison-Walker’s (2001) discussion, we do not propose that continuance commitment will influence WOM behaviors. Thus:

**H3.** Increases in loyalty commitment lead to increases in WOM recommendation
We now consider the more summative, past experience based motivation for continuing the relationship, that of customer satisfaction, which has been the strategic focus of many organizations over the last two decades. Based on Heskett et al.’s (1994) service profit chain, cumulative satisfaction, representing the overall evaluation of consumption experiences over time, increases customer retention, which in turn increases profits (Sweeney and Swait, 2008).

Satisfaction has been defined as an "evaluation of the perceived discrepancy between prior expectations... and the actual performance of the product". Oliver (1980), satisfaction is defined as pleasurable fulfillment. That is, the consumer senses that consumption fulfills some need, desire, goal, or so forth and that this fulfillment is pleasurable. Satisfaction is a fairly temporal post usage state for one-time consumption or a repeatedly experienced state for ongoing consumption that reflects how the product or service has fulfilled its purpose. From the perspective of the firm, satisfaction is delivered to the consumer. Loyalty, in contrast, is an attained state of enduring preference to the point of determined defense (Oliver, 1980).

Global customer satisfaction reflects the customer’s overall evaluation of the service firm’s performance relative to expectations based upon cumulative encounters. Higher satisfaction evaluations reflect greater rewards provided by the firm and therefore an increased likelihood of a customer perceiving a social exchange relationship (Bettencourt, 1997).

The proposition that satisfaction leads to loyalty and reduces switching is suggested by Oliver’s (1999) model of loyalty development, as well as Bagozzi’s (1992) framework of appraisal (service quality)-emotional response (satisfaction)-coping (behavioral intentions) and has been supported in many previous studies. Further, given that satisfaction is largely an emotional response, we propose that satisfaction also indirectly impacts switching propensity by reinforcing affective commitment levels. Thus, high levels of overall satisfaction reflect a positive response to fulfillment of customer needs over time, which leads to customer’s LC. Nonetheless, the relationship between satisfaction and LC has received mixed support. While Bettencourt (1997) found support for this relationship in the context of grocery retailing and Garbarino and Johnson (1999) find support in their low relational or transactional sample. Given the passive and more cognitive nature of continuance commitment, we do not propose a relationship between satisfaction and continuance commitment. Thus, two more hypotheses are specified below:

**H4.** Increased satisfaction increases loyalty commitment.

**H5.** Increased satisfaction decreases switching propensity.

Consistent with the role of satisfaction in reducing switching propensity, satisfied customers are also known to engage in WOM behaviors. However, surprisingly little research has focused on this link. Positive WOM behaviors can be a key promotional tool, if appropriately harnessed by the firm (Brown et al., 2005). Thus we propose that:

**H6.** Increased satisfaction leads to increased supportive WOM recommendation activities

Loyalty commitment, as implemented in our research, reflects an emotional and positive sentiment of the customer towards staying in the firm’s customer base. As noted above, we have suggested that it is antecedeced by the customer’s satisfaction with services provided by the firm. It is through this affective component of loyalty that we now build a bridge to the brand. As argued in prior sections, the brand can serve an important role in defensive marketing actions because it functions as a signal to consumers. An important characteristic of this signal is its credibility (Erdem and Swait, 1998).

Brand credibility has itself two components, explained earlier: trustworthiness (believability) and expertise (capability). If customers believe that the firm is delivering on its promises of service quality, i.e. it is performing well; this should directly contribute to higher satisfaction. Gwinner et al. (1998), Hennig-Thurau et al. (2002) and Harris and Goode (2004) find support for the effect of trust in the service provider on satisfaction with the service provider. Similarly, business or service provider expertise, comprising aspects such as technical knowledge, ability to demonstrate knowledge and competence and proof of expertise in the field, has been found to increase customer satisfaction (Wray et al., 1994).

The concept of credibility has two main dimensions, namely trustworthiness and expertise. That is, to be perceived as credible a brand needs to be perceived as willing and able to deliver what is promised.
Trustworthiness implies that a brand is willing to deliver what is promised, while expertise implies that it is capable of delivering (Erdem and Swait, 2002). High trustworthiness should also lead to high sentiments of LC, since trust of a relational partner justifies customers’ positive affect for and reliance on the firm (Gilliland and Bello, 2002). An important contribution to this effect is ‘‘shared experiences’’, if you will, between the firm and customer. This temporal reinforcement is an important contribution of brand credibility on LC, since the brand is essentially a summary statistic of past experiences between the two parties in the relationship (Erdem and Swait, 1998). We also expect that expertise will enhance LC, in the same way that the knowledge of the seller influences positive customer outcomes (Sweeney et al., 1999). However, we also believe that since brand credibility reflects not only trustworthiness, but also expertise, loyalty commitment should also be an antecedent of continuance commitment (Sweeney and Swait, 2008).

Thus, whatever the objective reasons to have continuance commitment (e.g., contracts, lack of competitors, income constraints, high switching costs), these reasons are reinforced in consumers’ minds in the context of relational services when (a) the firm has the capability to deliver on its promises, and (b) when the firm can be trusted to deliver on its promises. That is to say, Ceteris paribus, high credibility brands will have higher continuance commitment than lower credibility brands. Put a third way, heightened perceptions of trustworthiness and expertise of a brand are hypothesized to make the exogenous factors militating in favor of a customer’s permanence within the franchise loom larger than if credibility were low. The reasoning above leads, therefore, to the main hypotheses of our formulation:

**H7.** Increases in brand credibility lead to increases in satisfaction.

**H8.** Increases in brand credibility lead to increases in loyalty commitment.

**H9.** Increases in brand credibility lead to increases in continuance commitment.

![Fig.1. Structural path diagram.](image-url)

### 3. Research Method
3.1. Sample selection and data collection

The services selected for the testing of this model were E.N.bank. require customers to be “members,” that is, to sign up and be a customer of the service for some length of time. However, customers are also likely to have minimal contact with service personnel in such organizations. As we made clear in the introduction, it is a priority of firms in these sectors to minimize switching/churn, and it is obvious that it is also important to enhance WOM advertising for their services. Hence, this industry was considered appropriate for assessing the model that we put forward in this study. A total of 384 respondents who used a E.N.bank services, participated in the study. The data were gathered in Tehran city. The questionnaire included two parts. The first recorded respondent demographic information; The second part measured six factors (brand credibility, Satisfaction, loyalty commitment, continuance commitment, WOM recommendation and switching propensity); The questionnaire was originally in English; then it was translated and backtranslated into Iran until acceptable translation accuracy was achieved. Participants were asked to respond to questions about the E.N.bank with which they have their primary relationship, defined to respondents as the E.N.bank company “you regularly use.” Questions covered perceptions of the E.N.bank’s promotion and service, as well as questions on respondents’ feelings towards the service provider, perceptions of the relationship with the service provider and demographics. The sample comprised %51/6 men and %48/4 women. The majority of the sample were between 20-24 years (Table 1).

Table 1: Frequency distribution of research community in accordance with demographic characteristics

<table>
<thead>
<tr>
<th>Demographic factors</th>
<th>Frequency</th>
<th>percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Age</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>20-24</td>
<td>%43/3</td>
<td></td>
</tr>
<tr>
<td>25-29</td>
<td>%32/3</td>
<td></td>
</tr>
<tr>
<td>30-34</td>
<td>%13</td>
<td></td>
</tr>
<tr>
<td>More of 35</td>
<td>%3/1</td>
<td></td>
</tr>
<tr>
<td><strong>Sex</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>%51/6</td>
<td></td>
</tr>
<tr>
<td>Female</td>
<td>%48/4</td>
<td></td>
</tr>
<tr>
<td><strong>Educational degree</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BA</td>
<td>%56/5</td>
<td></td>
</tr>
<tr>
<td>MA</td>
<td>%30/7</td>
<td></td>
</tr>
<tr>
<td>PH.D</td>
<td>%1</td>
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</table>

3.2. Measures

Brand credibility(6 items), representing the belief that the brand is capable and willing to act on its promises, and comprising aspects of expertise and trustworthiness, was measured based on scales used by Erdem and Swait (1998). Satisfaction (5 items) recognized a range of satisfaction aspects and measures were taken from Oliver (1997). Our Loyalty commitment (LC) (6 items) items included affective, instrumental and temporal aspects of commitment identified by Garbarino and Johnson (1999), and were based on measures adapted from the organizational behavior literature on workplace commitment (Meyer and Allen, 1984, 1997), as well as Bettencourt’s (1997) adaptation of this scale in measuring customer commitment. Loyalty commitment in this study reflects the underlying affective notion of commitment, including the desire to maintain a relationship in the future. Continuance commitment (3 items) was similarly based on scales developed by Meyer and Allen (1984, 1997). Continuance commitment reflects the need to maintain the relationship considering the perceived switching costs. Items for the outcomes, switching propensity (2 items) and WOM recommendations (2 items), were taken from Zeithaml et al.’s (1996) scales of behavioral intentions. Note that WOM items are a subset of the items developed by Zeithaml et al. (1996) in the broader context of loyalty. All items were measured on 5-point
Likert scales (e.g., 1-strongly disagree and 5-strongly agree). Details on the origin of the scales used in the study are shown in Table 2.

<table>
<thead>
<tr>
<th>Scale</th>
<th>No. of items following purification</th>
<th>Source of measure</th>
<th>Example item</th>
<th>Reliability</th>
<th>Average variance extracted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand credibility</td>
<td>6</td>
<td>Erdem and Swait (1998)</td>
<td>E.N. bank delivers what it promises</td>
<td>0/80</td>
<td>0/75</td>
</tr>
<tr>
<td>Satisfaction</td>
<td>5</td>
<td>Oliver (1997)</td>
<td>I am satisfied with this bank</td>
<td>0/91</td>
<td>0/71</td>
</tr>
<tr>
<td>Loyalty commitment</td>
<td>6</td>
<td>Meyer and Allen (1984, 1997)</td>
<td>something I really care about</td>
<td>0/85</td>
<td>0/84</td>
</tr>
<tr>
<td>Continuance commitment</td>
<td>3</td>
<td>Meyer and Allen (1984, 1997)</td>
<td>It would be stressful for me to leave my bank now</td>
<td>0/90</td>
<td>0/68</td>
</tr>
<tr>
<td>Switching propensity</td>
<td>2</td>
<td>Adapted from Zeithaml et al. (1996)</td>
<td>I would continue to do with my bank if its service increase slightly</td>
<td>0/93</td>
<td>0/58</td>
</tr>
<tr>
<td>Word-of mouth</td>
<td>3</td>
<td>Adapted from Zeithaml et al. (1996)</td>
<td>I would say positive things about my bank to other people</td>
<td>0/82</td>
<td>0/74</td>
</tr>
</tbody>
</table>

3.3. Measure purification, reliability and validation

To investigate whether brand credibility (Cronbach’s alpha = .92) could be considered as two dimensions, that of trustworthiness and expertise, an exploratory factor analysis was conducted. Results indicated that brand credibility was most appropriately viewed as unidimensional in sample; this is consistent with general prior experience with the constructs (Erdem and Swait, 1998; Erdem et al., 2002; Swait and Erdem, 2006). Following this, the scale items for all six constructs were assessed using reliability analysis. Scales were improved by examining the item-to-total correlations and, where conceptually appropriate. The results revealed that the proposed model provided a good fit to the data despite the significant chi-square value which is common in structural equation modeling, especially in the case of large sample sizes (Bagozzi and Heatherton, 1994). Results for E.N. bank Communication services were RMSEA 0.075, NFI 0.94, CFI 0.93, RMR 0.12, SRMR 0.04, GFI 0.91, NNFI 0.94, IFI 0.94. All factor loadings were significant, with a minimum absolute t-value of 10.46, supporting the convergent validity of the items (Anderson and Gerbing, 1988). Having satisfactorily established the discriminant and convergent validities for the measurement model, we now proceed to present and discuss the structural equation model estimation results.

4. Conclusion

This research followed a two-stage approach to data analysis (Anderson & Gerbing, 1988). First the construct validity of the measurement model was assessed using confirmatory factor analysis (CFA); then the proposed theoretical model (Fig. 1) and research hypotheses were tested by structural equation analysis. Structural equation modeling (SEM) is a multivariate technique that defines and estimates dependent and independent relationships between endogenous and exogenous variables simultaneously (Rakov & Marcoulides, 2000). Both phases used the LISREL 8.54 program. Table 3 provides descriptive statistics for the constructs and pairwise correlations for both samples. switching propensity was negatively related to commitment, satisfaction, brand
credibility and WOM. (Note that despite the high level of correlation between brand credibility and satisfaction, the discriminant validity tests support that these are distinct constructs.) The structural model was tested using AMOS 5.0 (e.g., Gruen et al., 2000). The global goodness-of-fit statistics suggest that the structural model fits the data structure well (RMSEA 0.08, NFI 0.96, CFI 0.96, RMR 0.14, SRMR 0.04, GFI 0.92, NNFI 0.98, IFI 0.96). Results indicated support for all hypotheses with the exception of H1 in the case of the E.N.bank Communication services sample. A key result of the analysis was that brand credibility has a dominant effect on satisfaction (total effect of 0.64 in sample), supporting H7. While brand credibility also has a positive impact on both LC (H8) and CC (H9), Thus, satisfaction with the organization has a direct effect on LC, supporting H4; as well, it is seen that LC has the direct role of channeling the positive benefit derived from a highly credible brand to enhance behaviors that benefit the firm. Satisfaction and LC both serve to directly enhance WOM activity among customers and satisfaction to reduce switching propensity, but LC does not decrease switching propensity, thus supporting H3, H5 and H6 and not supporting H1. It is clear in sample that satisfaction is more likely to generate WOM activity compared to reducing switching propensity. Finally, continuance commitment reduces switching propensity, as expected (H2). An important finding is that brand credibility plays a key role in enhancing WOM activity as well as in reducing switching propensity. These findings will be further addressed in the discussion section.

Table 3
Path estimates for proposed model

<table>
<thead>
<tr>
<th>Relationship</th>
<th>E.N.bank Communication services</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1: Loyalty commitment-switching propensity (-)</td>
<td>Std. coeff: 0.19, T-value: 2.80</td>
</tr>
<tr>
<td>H2: Continuance commitment-switching propensity (-)</td>
<td>Std. coeff: 0.74, T-value: 5.35</td>
</tr>
<tr>
<td>H3: Loyalty commitment-word of mouth (+)</td>
<td>Std. coeff: 0.19, T-value: 2.80</td>
</tr>
<tr>
<td>H4: Satisfaction-loyalty commitment (+)</td>
<td>Std. coeff: 0.30, T-value: 5.35</td>
</tr>
<tr>
<td>H5: Satisfaction-switching propensity (-)</td>
<td>Std. coeff: 0.62, T-value: 7.90</td>
</tr>
<tr>
<td>H6: Satisfaction-word of mouth (+)</td>
<td>Std. coeff: 0.64, T-value: 10.03</td>
</tr>
<tr>
<td>H7: Brand credibility-satisfaction (+)</td>
<td>Std. coeff: 0.59, T-value: 11.32</td>
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<tr>
<td>H8: Brand credibility-loyalty commitment (+)</td>
<td>Std. coeff: 0.71, T-value: 11.95</td>
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<tr>
<td>H9: Brand credibility - continuance commitment (+)</td>
<td>Std. coeff: 0.71, T-value: 11.95</td>
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5. Acknowledgement

In this study, the effect of the brand on current customers has not been studied in such industries, yet represents a fruitful avenue for research given the customer disenfranchisement in such industries and associated customer churn (Carroll, 2002; Dropping, 2005; Myron, 2004; Teradata, 2004). Customers cannot be taken for granted, even in industries with high barriers to change. We argued that the brand embodies the credibility of the firm essentially believes about the firm’s trustworthiness and expertise concerning promises made about products or services generated through customers’ experience of the brand over time. Such experiences are accentuated through traditional marketing mix activities as well as service-specific activities, e.g. customer contacts with the firm. We tested our hypotheses in E.N.bank Communication service, an industry in which customers have a quasi-membership status and customers have relatively high switching costs. Our findings suggest that brand credibility primarily impacts customer satisfaction, and secondarily, loyalty commitment. The effect of brand credibility on loyalty commitment was primarily indirect through customer satisfaction. This indicates that the two experiential constructs, brand credibility (representing trustworthiness and expertise) and satisfaction (summarizing customer consumption experiences over time), influence LC (representing psychological attachment and a desire to continue the relationship in the future). Brand credibility also positively impacts continuance commitment as hypothesized. Further, WOM intention was primarily generated through satisfaction rather than LC, while switching propensity was reduced through two mediators (CC, satisfaction, respectively, in terms of impact size). Satisfaction represents a summative experience-based evaluation, as discussed, and thus can form the content of a WOM message (Harrison-Walker, 2001). In contrast, both LC and switching propensity reflect future intentions and future potential activity, respectively.
5.1. Managerial implications

This research offers implications for management of customer relationships. Our findings show that E.N.bank managers, should recognize the key role of the credibility of the brand in managing current customers. The generation of CC Is particularly important in reducing switching and customer satisfaction in developing WOM and customer satisfaction.Brand credibility concerns the trustworthiness (believability) and expertise (perceived ability) of the brand to deliver what is promised.This conceptualization recognizes that customers can have a relationship with the brand, and that the brand communicates with the customer. Brand credibility thus represents the summary of brand-to-customer and customer-to-brand communication over time. Credibility can be increased by ensuring clarity of the brand message. The brand should be clear in its focus and what it stands for, as well as reveal the culture of the organization. The brand should further be consistent in its marketing mix decisions (service quality, pricing, promotion, channel), including communication with the customer. Brand credibility is also enhanced through brand investments, such as advertising, logos and sponsorships, and socially responsible corporate actions, showing that the firm believes in and is committed to the brand (Erdem and Swait, 1998). An indirect result of this research is the observation that the pursuit of customer satisfaction should not per se be management’s major CRM goal. Instead, an understanding that the brand plays a significant role in retaining and expanding a customer franchise should lead management to strongly concentrate on avoiding actions that diminish in any way the brand’s credibility. Attempting to mitigate customer satisfaction decreases through tactical actions (e.g., discounts, apologies) may lead to some positive effect, which may nonetheless be offset by brand credibility losses due to perceived lack of trustworthiness of the firm. In principle, and Ceteris paribus, a conservative approach to change should be taken by management: do not make promises to consumers which are recognized difficult or even impossible to meet. The long-term negative effect of non-delivery on promises is likely to more than offset any momentary advantage the brand may reap in the market place in the short term.

5.2. Limitations and future research

Several limitations of this study should be noted. First, the data are self-reported, and thus susceptible to common method variance. Second, the present study is conducted at one specific time. A longitudinal study would be useful, although limited resources make such a study difficult. Third, since only E.N.bank customers are investigated, the generalisability of the findings is other operator. The increased focus on services and the paucity of work on brand credibility in this area suggests a fruitful area for further research. The context of the present study has been E.N.bank Communication services, services with which the average consumer has a long-term relationship. Indeed, in our sample the average duration of a relationship with a operator is well over 3 years. The results may differ in a service context in which consumer use is more ad hoc, such as hotels or restaurants. The generalization of our results to a spectrum of goods and services should be a topic for future research. Another important area of future investigation is the level of branding on which to focus. When considering branding in the service context, the corporate brand is usually the brand the consumer buys. What role does brand credibility play in the case of small firms? The increase of e-business also raises the question of the importance of brand credibility in the online situation. What is the meaning of brand credibility in such an environment, both to existing customers and to potential customers? For instance, it has been argued that there is more information available in an online situation, that is, the aforementioned information asymmetry between consumer and firm might be smaller than in traditional markets; this may make brand credibility less important in online environments than in other markets. Such a premise depends crucially on the existence of credible information sources in the online environment that do not operate, or are difficult to access, in other markets. However, it has also been suggested that the brand may become more dominant in an online situation, serving to build trust and increase consumer comfort in online retailing services (Davis et al., 2000). Hence, another question for future research is whether brands and the role of brand credibility will become more or less important in an online situation.

Finally, our model focuses on customer loyalty and retention: Future research should identify customer profitability. Clearly testing such a model on customers who contribute more than they cost would further deepen understanding of the role of brand credibility in the context of CRM.
REFERENCES


