Services Branding Triangle: Examining the Triadic Service Brand Promises for Creating a Strong Brand in Banking Industry

.3Introduction

As a result of recent economic uncertainty, structural change, and competitive pressure in financial markets (Debling 1998; Harris 2002; Howcroft and Durkin 2003; Kliesen 2013; McDonald, de Chernatony, and Harris 2001; Milligan 1995; Moules 2009; Nellis, McCaffery, and Hutchinson 2000; Transforming banks 2013; 2014 Banking Industry Outlook 2013), it has become important for financial service institutions, including banks, to develop strong brands in order to not only survive, but also thrive in such a challenging situation. A key challenge is meaningful differentiation to avoid commoditization (Devlin and Azhar 2004; 2014 Banking Industry Outlook 2013), including an increasing focus on building relationships both externally and internally (Devlin 1998; King and Grace 2010; Saunders and Watters 1993). At the same time, prior research (de Chernatony and Cottam 2006; de Chernatony and Dall'Olmo Riley 1999; Devlin and Azhar 2004; Jones 1999; McDonald, de Chernatony, and Harris 2001) documents a number of issues faced in the branding of financial services. For example, de Chernatony and Cottam (2006) assert that financial service providers have traditionally placed little importance on their brands. Previously, Devlin (1998) had arrived at the same conclusion, stating that achieving true brand equity in the financial services market may prove quite difficult. Moreover, because of the intangibility of bank services and a lack of product differentiation between competing bank brands, branding is uniquely challenging for banks (Bravo, Montaner, and Pina 2010; O'Loughlin and Szmigin 2005). These challenges have been compounded by the damage to bank brands caused by the recent financial crises (Brand Finance 2013; Wallace et al. 2013). In general, these various studies suggest that brand and branding have not been part of the mindset of executives and managers within the financial services industry until quite recently.

Furthermore, because of the well-documented service characteristics of intangibility and inseparability of production and consumption, as well as often complex offerings, prior research (Berry 2000; de Chernatony 2010; de Chernatony and Dall'Olmo Riley 1999) emphasizes that branding is vital for services, and that brands play a special role in the marketing of all service institutions, including banks and financial services (Devlin 1998). de Chernatony et al. (2011) also point out that brands are even more important for services than for products because consumers have no tangible attributes with which to assess the brand. Thus, it is apparent that while unique service characteristics make branding essential for service organizations, they also pose major challenges for creating strong service brands as a result of the complex interactions between the service organization, its employees, and end customers (Brodie et al. 2006; Brodie, Whittome, and Brush 2009).

In addition, because financial services are often delivered by people through interactions with customers, service delivery (contact) personnel may become *the* brand in customers' eyes (Berry 2000; Bitner 1995; Zeithaml, Bitner, and Gremler 2013). It is this interaction during the service delivery that will directly influence the customers' impression of the service (de Chernatony et al. 2011). This situation emphasizes the importance of a firm's internal marketing to all its employees, but in particular to front-line/contact personnel. The goal of internal marketing is to translate and communicate the brand values and brand promises made to customers via external marketing so that service personnel, especially contact or front-line personnel, can deliver the brand promise made by external marketing (Bitner 1995; de Chernatony 2010; de Chernatony et al. 2011). Moreover, as de Chernatony (2010) states, success of a brand depends on the extent to which there is harmony between the managerially defined values, effective implementation of values by staff, and appreciation of these values by customers. Clearly, it is necessary to examine both management's and contact personnel's perceptions of brand promises made to consumers, as well as consumers' perceptions, to discover if there is a consistent understanding by these three parties of the brand promise and its delivery.

In order to address the above issues, this study examines consumer-based brand equity (CBBE) and its dimensions in the banking industry from the points of view of management, contact personnel, and customers. Specifically, this study aims to provide a services branding triangle framework, which is based on the notion of the three promises theory (Bitner 1995; Brodie 2009; Brodie et al. 2006; Calonius 1986; Gronroos 1996, 2006) to compare the perceptions of bank management (promise maker), contact personnel (promise deliverer), and customers (promise receiver) regarding bank brand equity dimensions. This framework is also consistent with balancing service brand promises internally and externally (de Chernatony 2010; de Chernatony et al. 2011). Because consistency regarding the perceptions of the brand equity dimensions between these three groups is important for building a strong brand and brand equity, identifying any gaps (i.e., inconsistencies) among perceptions of these three groups regarding brand equity and its dimensions would allow the brand managers to remedy these discrepancies in order to improve the probability of delivering the promise and long term success for the brand. Given the limited research in this field (Dall'Olmo Riley and de Chernatony 2000; Devlin 1998; Delvin and Azhar 2004) and a need for further refining of three promises theory (Brodie 2009; Brodie et al. 2006), the results of our study could help fill this void and provide a better understanding of services branding in general, and financial service branding in the banking industry in particular.

Background

Prior research stresses the importance of front line/contact personnel in creating an image of a service organization because the intangibility of services elevates the importance of contact personnel for service quality, brand image, and business performance (Berry 2000; Zeithaml et al. 2013). As front line personnel are the most visible aspect of service organizations, they make a significant contribution in shaping customers' impressions about the service organization and in the development of the subsequent customer relationship and brand preferences (Bitner 1995; de Chernatony 2010; Lovelock and Wirtz 2011; Zeithaml et al. 2013). Indeed, service organizations often succeed or fail based on the quality of their workforce (Frei 2008). Anderson and Mittal (2000) claim that during these service encounters (or "moments of truth") is when brand value propositions are kept or broken. Each encounter contributes to (or detracts from) a customer's overall satisfaction and brand image or brand value, and in turn, ultimately the willingness to continue doing business with the organization (Anderson and Mittal 2000; Bitner 1995; Lovelock and Wirtz 2011; Zeithaml et al. 2013). However, in order for service providers to offer the quality of service consistent with a brand promise (i.e., the desired brand experience), service providers, particularly front line employees, must understand and internalize appropriate brand values through effective internal marketing (Bitner 1995; Dall'Olmo Riley and de Chernatony 2000; de Chernatony 2010; Kotler 2002). Moreover, de Chernatony (2010) states that brand differentiation in services results from an amalgam of the way that personnel's knowledge and skills contribute to what the customer receives (functional knowledge), along with the way that the personnel's behavior and feelings give rise to how the brand is received (emotional values), which further emphasizes the critical role of personnel in creating strong service brands and brand equity.

Theoretical Framework: Three Promises Theory and Services Branding Triangle

In light of recent services branding research by Berry (2000) and Dall'Olmo Riley and de Chernatony (2000), Brodie (2009) states that more attention should be paid to the integrating role of the brand in the value-adding process that creates the customer experience, dialog and learning. Brodie indicates that the customer-brand relationship may be viewed as a two way process between the customer and the firm, and as indicated by Dall'Olmo Riley and de Chernatony (2000), the focus should be on reciprocity, mutual exchange, and fulfillment of promises. This goal recognizes the importance of aligning what is promised in brand communications with the values of the people responsible for the service delivery (de Chernatony 2010). Moreover, based on their research, Dall'Olmo Riley and de Chernatony (2000, p. 138) assert that "the service brand is a holistic process, starting with the relationship between the organization and the employee providing the service, and coming alive in the interaction between the customer and the service provider." This suggests that the customers' experiences with the organization and its personnel at touch points are the major determinants of brand meaning (Berry 2000). In the current competitive environment, de Chernatony (2010) suggests that a more balanced perspective is needed for branding and creating brand equity, whereby brand management is as much about managing the brand internally (i.e., the role of management) as it is managing it externally (i.e., matching customers' expectations).

King and Grace (2010) echo this claim in a paper on the importance of employee-based brand equity as they stress the importance of corporate culture and internal relationships on the delivery of high service performance. Specifically, they claim, "While role clarity influences employee performance, it is the employees' psychological attachment, sense of belonging or synergistic organizational values that clearly dominates their subsequent intentions and actions" (King and Grace 2010, p. 959). Moreover, their study made clear that best practices work in combination, and thus, a holistic approach to internal branding and services brand building is required.

In addition, Brodie et al. (2006) state that a recent stream of research about brands in service relationships has provided new conceptual and empirical insight about the role of service brands as relational assets. They claim that central to understanding the role of service brands in co-creating value is the concept of the value triangle (or "three promises") framework. First developed by Calonius (1986) and further modified by Bitner (1995) and Gronroos (1996) concerning the way service value is delivered, the three promises model incorporates the perceptions of a service brand by customers, employees, and management, presenting a broader context to examine a service brand (Bitner 1995; Brodie 2009; Brodie et al. 2006). Within this framework, external, internal, and interactive marketing activities of the organization form the customer, employee, and organizational brand perceptions (Brodie et al. 2009). The three promises framework also distinguishes between the three marketing processes of external marketing (i.e., making a promise), internal marketing (i.e., enabling a promise), and interactive marketing (i.e., delivering a promise), in order to deliver high quality service. The three promises theory suggests that the performance of a brand is influenced by the extent to which the internal, interactive, and external components of the brand triangle (brand promises) are congruent or aligned (Brodie 2009; Brodie et al. 2009; de Chernatony 2010).

The three promises framework also portrays the service brand as playing an integrative role in aligning the brand perceptions and attitudes of customers, contact (service delivery) personnel, and management. Brodie et al. (2009) state that if customer experiences are positive and aligned with the promises made, this leads to building customer trust. However, if experiences are negative and do not align with what is promised, there will be a loss of customer trust. The results of their research provide empirical support for the theoretical framework showing the importance of both the "making of promises" and the "delivery of promises" in creating customer value and customer loyalty. Brodie et al. (2009) suggest that additional theory development and empirical research is needed to further refine the theory of service brand. For example, because their study did not include the "enabling and facilitating promises" via internal branding, it is not possible to determine if the three promises are positive and aligned with each other. The results of such studies could fill the void in the literature by contributing to further theory development in the branding of services. Moreover, because this study focuses on examining and comparing the perceptions of customers, service providers (contact personnel), and management regarding CBBE and its dimensions, the findings of our study could provide an empirical test for the three promises theory, contributing to the services branding literature, as well as branding of banking and financial services.

One of the major challenges for services branding is to minimize the difference between the consumer perception of brand image and the company's branding efforts, which could lead to brand perception/experience gaps. A gap would indicate an inconsistency or misalignment between the intended brand identity or brand promise, and the consumer's experience with the service brand. Because most service brands rely on the delivery of promises through front line employee interactions (Anderson and Mittal 2000; Bitner 1995; Lovelock and Wirtz 2011; Zeithaml et al. 2013), successful service branding models should not only stress an external orientation (branding), but also try to find a connection between internal and external perspectives (de Chernatony Drury, and Segal-Horn 2003; de Chernatony and Harris 2000; Schneider and Bowen 1993). This point is also emphasized by Brown and Swartz (1989) in their gap model, where they point out the gap between customer experience and management/contact personnel perceptions of customer experience. Moreover, this perspective is consistent with the assertion by de Chernatony (2010) that branding promises are ineffective unless employees understand the brand promise, are committed to delivering the brand promise, and are likely to genuinely deliver an authentic brand experience when their values align with the intended values of the brand.

Another model of service quality and keeping promises was developed by Parasuraman, Zeithaml and Berry (1985). In this model for services, commonly referred to as the PZB GAP Model, quality is composed of several components and the linkages between them, each of which must be in alignment for customers to be satisfied. Most important is *the customer gap* which reflects the service customers expect with perceptions of service received.

In order to examine the services brand equity perceptions of customers, contact personnel, and management with respect to the brand promise, the three promises theory (or the services marketing triangle) (Bitner 1995; Brodie 2009; Brodie et al. 2006; Calonius, 1986; Gronroos 1996, 2006) was utilized. The services marketing triangle framework is modified for services branding and called a “services branding triangle” or “CBBE triangle” in order to better understand a brand from the perspectives of customers, contact personnel, and management. In this regard, we label our framework as services branding triangle because of a brand’s value as an asset and strong financial indicator of organizational success (Kerin and Sethuraman 1998). Indeed, an ultimate overarching goal of any organization must be to create a strong brand and brand equity (e.g., Aaker 1991, 1996; Berry 2000; de Chernatony 2010; Keller 1993, 2008). As shown in Figure 1, the services branding triangle framework suggests that three types of branding promise must be successfully carried out, and must be aligned, for a service to develop a strong brand and brand equity – internal branding, external branding, and interactive branding. This framework identifies management, contact personnel, and customers as the key participants in building strong consumer-based brand equity.

Insert Figure 1 about here

Based on three promises theory (Bitner 1995; Brodie 2009; Brodie et al. 2006; Gronroos 1996, 2006), service experience co-creation and value (Brodie et al. 2006; Prahalad 2004), and the importance of contact employees in delivering the service experience and brand promise *(*Berry 2000; Bitner et al. 1990; Zeithaml and Bitner 1998; Zeithaml et al. 2013), the proposed services branding triangle in Figure 1 shows three interrelated branding strategies that are necessary in creating strong CBBE for banks and other financial institutions. External branding is defined as creating a brand identity and communicating the brand promise (making the brand promise) to target customers through marketing communications (Bitner 1995; Brodie 2009; Brodie et al. 2006; Kotler 2002). Internal branding involves training service delivery personnel on the brand promise and brand strategy in order for them to provide customers with the desired brand experience (enabling the brand promise) (Bitner 1995; Dall'Olmo Riley and de Chernatony 2000; de Chernatony 2010; Kotler 2002). Interactive branding is defined as delivering the brand promise by contact personnel during service encounters (delivering the brand promise) (Anderson and Mittal 2000; Bitner 1995; Kotler 2002). The authors of this research propose that consistency (or alignment) of external, internal, and interactive branding serves as the foundation for building strong services brands and brand equity. Thus, the services branding triangle serves in this study as the framework to study CBBE in the banking industry.

Furthermore, as presented above, the proposed framework in Figure 1 suggests that building a strong service brand requires that the perceptions of management, customers, and contact personnel with respect to the brand proposition/promise and brand experience must be consistent or aligned. Based on this assertion, in Figure 1, we present three potential services branding gaps that could result from the potential misalignment of perceptions of the brand equity dimensions including brand awareness, perceived quality, brand loyalty, brand image, and brand/organizational association. Specifically, as presented in Figure 1, the gaps are: external branding gap (management–customer), internal branding gap (management-contact personnel), and interactive branding gap (contact personnel-customer).

Consumer-based Brand Equity

Keller (1993, p.2) defines customer-based brand equity (CBBE) as "the differential effect of brand knowledge on consumer response to the marketing of the brand." CBBE is achieved when the consumer has a high level of awareness and familiarity with the brand, and holds strong, favorable, and unique brand associations in memory (Keller 2008). In the literature, brand equity has been measured with multiple constructs such as *brand awareness* (Aaker 1991), *perceived quality* (Aaker 1991, 1996; Yoo, Donthu, and Lee 2000), *brand loyalty* (Yoo et al. 2000; Yoo and Donthu 2001), *brand image*, *brand association* (Aaker 1997), and *organizational association* (Aaker 1996). Perceived quality is defined as the customer's perception of the overall quality or superiority of a product/brand with respect to its intended purpose relative to alternatives (Aaker 1991; Zeithaml 1998). Aaker (1991, p. 109) defines brand association as "any link in memory to a brand." The authors of this study also included brand image as a brand equity dimension, which is defined as "a set of brand associations, usually in some meaningful way" (Aaker 1991, p. 109). Aaker (1996) describes organizational associations as important bases of differentiation, including having concerns for customers, striving for high quality, having visibility, and being innovative, successful, community oriented, and a global player. Brand loyalty is defined as "the attachment that a customer has to a brand" (Aaker 1991, p. 39). It refers to the tendency to be loyal to a focal brand, which is demonstrated by an intention to buy the brand as a primary choice (Oliver 1997; Yoo and Donthu 2001).

While the services marketing triangle and three promises theory have been used as the conceptual model in several studies (Brodie 2009; Brodie et al. 2006; van Durme, Brodie, and Redmore 2003), there has been no empirical research, except for the Brodie et al. (2009) study that conceptually shows how well the three promises and marketing activities are aligned, and how consistent the perceptions of customers, contact personnel, and management are in delivering brand promises and the desired brand experience. To our knowledge, this is the first research study to empirically test the three promises theory in creating a service brand and brand equity. We believe that an empirical examination is long overdue to verify that the alignment of these three promises is essential for creating a strong services brand and brand equity. Thus, this study contributes to the services marketing literature by empirically investigating the three promises theory and identifying potential branding gaps resulting from differences between consumer, management, and contact personnel perceptions of CBBE and its dimensions.

In this study, we measure the perceptions of managers and contact personnel of the importance of each of the brand equity dimensions as desired by customers in creating a strong bank brand. This focus is taken because the brand equity dimensions that are perceived as important for building a strong brand should be part of branding strategy, and as a result, should be delivered more effectively by contact personnel. On the other hand, customer perceptions are measured as how well the banks perform the brand equity dimensions based on their experience with the banks. In this fashion, the importance scale measures the perceptions of bank management and contact personnel regarding the importance of various brand promise (CBBE) dimensions. The agreement scale measures consumers' perceptions concerning the experience of the brand and the delivery of brand promises.

Utilizing the services branding triangle presented in Figure 1, based on the three promises theory and the perceptions of brand equity dimensions by management, contact personnel, and customers, the study tests the following hypotheses of the existence of no external gap, no internal gap, and no interactive gap as necessary conditions in building strong service brands and brand equity:

H1: There should be no significant differences between customer and managerial personnel perceptions of CBBE and its dimensions (External Branding Gap).

H2: There should be no significant differences between customer and contact personnel perceptions of CBBE and its dimensions (Interactive Branding Gap).

H3: There should be no significant differences between managerial personnel and contact personnel perceptions of CBBE and its dimensions (Internal Branding Gap).

Because prominent differences exist among the three types of banks (i.e., state, private, foreign) with respect to target markets, resources, and strategies, the three hypotheses above will be tested for each bank type (state, private, foreign) to examine if bank type has an impact on the perceptions of CBBE dimensions of the three parties – customers, contact personnel, and management. These comparisons will help to identify if there are external, internal, and interactive gaps for any of the CBBE dimensions within each bank type. These analyses could provide some additional insight into the branding efforts of each bank type in aligning the three brand promises that would be critical in developing strong bank brands and brand equity. As one of the vibrant emerging economies of the world, focusing on the banks in Turkey provides a good opportunity to examine CBBE and its dimensions from the perspective of customers, management, and contact personnel.

Method[1]

Survey and Measurement Scales

In order to accomplish the study objectives, a survey instrument was designed to measure CBBE from the points of view of customers, management, and contact personnel. Multiple-item scales were developed for each CBBE dimension - perceived quality, brand image, brand association/ organizational association, and brand loyalty. The scale measures were compiled from the literature (e.g., Aaker 1991, 1996; Kim and Kim 2004; Pappu, Quester, and Cooksey 2006; Yoo et al. 2000; Yoo and Donthu 2001). Because this study measures and compares customer, management, and contact personnel perceptions of brand equity and its dimensions in the banking industry, the survey questions drawn from the above literature were modified to reflect the banking industry and each participant's perspective. That is, while the same survey was used for each group, the survey questions were revised and restated to capture the brand equity dimensions from each type of sample's own point of view. Therefore, the customer perceptions were measured on a four-point Likert-type scale ranging from 1=strongly disagree to 4=strongly agree, where the intent was to evaluate brand performance based on customer experience with the brand. In this regard, bank customers were asked, based on their experiences with the banks, to indicate their level of agreement/ disagreement with the performance of banks on each of the brand equity dimensions. On the other hand, bank personnel (management and contact) were asked to indicate how important each of the items included in each of the bank brand equity dimensions is in creating a strong brand, as measured on a four-point Likert-type scale ranging from

[1] Since this paper is based on a survey that was designed to provide data for more than one study, the methodology presented in this paper is similar to the methodological discussions presented in other papers.

1=unimportant to 4=important. As mentioned above, the logic of the two types of measurement is that if both management and contact personnel perceive the activities related to each brand equity dimension as being important for building a strong brand, they will strive to perform these activities well to be consistent with their perception of a bank's brand promise. However, customers, based on their banking experiences, are the true evaluators of the quality delivery of brand promises. The survey also included relevant demographic questions for both customers and bank personnel.

As both survey instruments were originally developed in English, they were translated into Turkish, and then translated back into English to avoid translation errors and maintain the intended meanings of the questions (Ball, McCulloch, Frantz, Geringer, and Minor 2002). The instrument was then pre-tested with fellow faculty members and also with customers and bank personnel located in the suburbs of a major Turkish city (Ankara). The pretests indicated that respondents had a tendency to select the mid-point of three (3=neutral) on a five-point scale. In order to avoid this potential response bias, a four-point Likert scale was used for the actual surveys. Based on the feedback and suggestions, the instrument was further refined.

Sample and Data Collection

Customer data were collected in Ankara, the capital of Turkey, and a major metropolitan area with a population of approximately 5 million residents. Following the procedure used by Bitner et al. (1990), the survey was administered by 60 baccalaureate students, who interviewed a convenience sample of state, private, and foreign bank customers. Students were instructed not to recruit fellow students as respondents, but to interview nine to twelve typical bank customers. Moreover, interviewers were also instructed to interview customers of each bank type to assure enough representation of each bank type in the sample. Also, because customers (respondents) might have multiple bank accounts at different types of banks, in order to obtain independent samples, interviewers were asked to interview each customer (respondent) for only one of the three bank types (i.e., state, private, or foreign). As suggested by Bitner et al. (1990), the interviewers were provided with detailed training and instructions for the interviews. In order to improve interview skills, the interviewers practiced the interview process with each other until they were comfortable with the process. A total of 607 usable surveys from bank customers in Ankara were obtained for analysis. Of these, 196 were customers of state-owned banks, 212 were customers of private banks, and 199 were customers of foreign banks.

In order to collect bank personnel data, the survey was conducted in three major cities (Ankara, Izmir and Eskisehir) as the researchers had to expand data collection to more than one city to collect an adequate sample size of personnel. Our request to conduct surveys with bank managers and employees was not approved or supported by bank administrators, which somewhat limited our sampling procedure and sample size. However, the management of 14 bank branches (two state-owned banks, five foreign banks, and seven private banks) agreed to participate in the survey, and the paper-and pencil survey instrument was self-administered to all personnel at each participating branch. In order to preserve anonymity, each employee respondent was asked to insert the completed survey into an unmarked envelope. After removing the data with excessive missing values, the final respondent distributions of managers, contact personnel, and customers by the bank types of state banks, private banks, and foreign banks are presented in Table 1.

Insert Table 1 about here

Results

Exploratory Factor Analysis

Before testing the hypotheses, the underlying dimensions of CBBE for the sets of customer and personnel statements with a factor loading of .5 or better were identified through principle component analyses using a Varimax rotation (Hair, Black, Babin, and Anderson 2010). Three components were extracted from each set of statements, accounting for 59% of the total variance for the personnel data and 71% for the customer data. Because brand loyalty had strong positive correlations with the brand image and brand association/organizational association variables, a causal relationship was implied as suggested in the literature (Jacoby, Szybillo and Busato-Schach 1977; Keller 1993, 2008; Kim, Kim, Kim, Kim and Kang 2008; Tong and Hawley 2009). Therefore, brand loyalty items were evaluated separately for convergent validity due to their predicted nature (Hair et al. 2010). Convergent validity was assessed by testing the reliabilities based on Cronbach's alpha coefficients and construct reliability values (Fornell and Larcker 1981). Cronbach's alpha coefficients revealed scores of .58 to .80 for the personnel data and .84 to .91 for the customer data components. The factor loading for each item on all CBBE dimensions, Cronbach's alpha, and construct reliability values for the customer data were above the recommended level of .70 (Hair et al. 2010). Because Cronbach's alpha values for the personnel data were about .63 for perceived quality and .58 for brand/organizational associations, and are about the acceptable level of .60 for exploratory studies (Hair et al. 2010), we evaluated the face validity of the items that showed lower inter-correlation and decided to keep and use these dimensions for our analyses because they appeared to semantically measure the same dimension. Only four common statements had to be removed that cross-loaded on more than one dimension out of a total of 23 statements in the data sets. The four components for each of the datasets with a total of 19 items were then used for hypothesis testing (see Appendices A and B).

Hypothesis Testing

To test Hypotheses 1 through 3, a one-way ANOVA with a Tukey Post Hoc Test was performed. The dependent variables used were the four dimensions of CBBE and the overall CBBE variable, which was calculated with the summated scores of the four dimensions (Hair et al. 2010). The independent variable was a nominal variable comprised of the sub-groups of management, contact personnel, and customers. The results in Table 2 revealed significant ANOVA F values ($p < .001$) for all of the dependent variables. This suggests that there are significant differences between any of the pair-wise comparisons of management, contact personnel, and customers for each of the CBBE dimensions, and the overall CBBE. These comparisons allowed us to test the three branding gaps presented in Figure 1 (i.e., external gap, internal gap, and interactive gap). As shown in Table 2, significant differences were found between the perceptions of management and customers (external branding gap), as well as the perceptions of contact personnel and customers (interactive branding gap) for all of the dependent variables. However, no significant differences were found between the perceptions of management and contact personnel (internal branding gap). Management and contact personnel perceptions of the importance of the CBBE dimensions were significantly higher than the customer perceptions of the CBBE dimensions. Thus, H1 and H2 were not supported, but H3 was supported.

Insert Table 2 about here

As stated before, the study also examined the existence of external, internal, and interactive gaps within each bank type. The results of one-way ANOVA and pair-wise comparisons of sample type (customer, management, contact personnel) for each bank type are presented in Table 3. As the results show, the ANOVA F values are significant ($p < .001$) for each of the CBBE dimensions within each bank type. In order to determine which of these three groups (management, contact personnel, and customers) (independent variable) are significantly different from each other in each of the CBBE dimensions, post hoc pair-wise comparisons were conducted within each bank type. The pair-wise comparisons for bank types in Table 3 indicate that significant differences between the perceptions of management and customers (external branding gap), and between the perceptions of contact personnel and customers (interactive branding gap) exist at $p < .01$ level, but no significant differences ($p > .05$) exist between the perceptions of management and contact personnel (internal branding gap) for each CBBE dimension within each bank type. These findings are consistent with the results presented in Table 2. The results presented in Table 2 and Table 3 consistently show the existence of external branding gaps and interactive branding gaps, but no internal branding gaps for all of the brand equity dimensions, even when tested for each bank type.

Insert Table 3 about here

Discussion and Conclusions

This study was designed to empirically test the three promises theory of making brand promises, enabling brand promises, and delivering brand promises. This objective was accomplished by comparing differences in perceptions of consumer-based brand equity (CBBE) dimensions across management, contact personnel, and customers in the banking industry. Hypothesis testing with one-way ANOVA revealed statistically significant differences between the perceptions of management and customers (external branding gap) and between contact personnel and customers (interactive branding gap), but no significant differences between management and contact personnel (internal branding gap) for all brand equity dimensions. The results in Figure 2, which are summarized from Table 2, show that both management and contact personnel perceive all of the brand equity dimensions as being significantly more important than the customer experiences with regard to the brand equity dimensions. These gaps indicate misalignments between the perceptions of management and contact personnel and the perceptions of consumers concerning their experiences. The existence of no significant difference between the perceptions of management and contact personnel (i.e., non-existence of internal branding gap) suggests that both management and contact personnel perceive the importance of brand equity dimensions in a similar way. However, customer experiences with these brand equity dimensions suggest that they are not being experienced at the level deemed important by managers and contact personnel.

Insert Figure 2 about here

These findings have critical managerial implications for building strong bank brands and brand equity. Existence of an external branding gap may imply that bank management are either over-promising but under-delivering and are over confident about their banks' capabilities, or they are not really aware of the level of customers' perceptions and expectations regarding bank service quality, brand image, associations, and customer brand loyalty. For example, the largest difference was between management's and customers' perceptions of brand image (Figure 2), suggesting there is a serious brand image discrepancy or misalignment between what management think is important and how well the service delivery is being experienced and perceived by customers. Additionally, the significant difference in the perceived quality dimension between managers and customers suggests similar concerns for bank brand equity. As for brand loyalty, it seems that customers' brand loyalty for banks is significantly lower than the level perceived by managers and contact personnel. This misalignment of a service promise (Brodie et al. 2006; Brodie et al. 2009; Gronroos 1996, 2006) suggests the existence of a serious problem for banks that requires attention in order to improve the long-term health of the banks.

Concerning the interactive branding gap, while bank contact personnel perceive the brand equity dimensions as being important for creating a strong bank brand and brand equity, customers' perceived experiences with these brand equity dimensions indicate that they are being delivered at a significantly lower level. In fact, the interactive branding gaps of brand equity dimensions, where the "brand promise is not delivered as promised or expected," could be the main reason for external branding gaps. This is because management and contact personnel have similar perceptions regarding the importance of brand equity dimensions, but customer experiences indicate that the brand equity dimensions are not delivered through interactive branding as promised via external branding. In this regard, services branding models not only stress an external orientation, but also try to find a balance between internal and external perspectives (Bitner 1995; Brodie 2009; Brodie et al. 2006; de Chernatony et al. 2003; de Chernatony and Harris 2000; de Chernatony and Dall'Olmo Riley 1999; Schneider and Bowen 1993).

It is also interesting to note that the results in Table 3 revealed similar results for each of the three bank types. That is, there are significant differences between the perceptions of management and customers (external branding gaps), and contact personnel and customers (interactive branding gaps), but no differences between the perceptions of management and contact personnel (internal branding gaps) within each of the three bank types. This suggests that, regardless of the bank type (private, state, and foreign), the banks in Turkey appear to be experiencing the same external and interactive branding gaps, leading to similar performance for all banks on the brand equity dimensions. This finding has several branding implications. The first implication is that it appears all banks are following similar internal, external, and interactive branding strategies in marketing their services and building their bank brands. In this sense, because of the similar gaps in the brand equity dimensions, there seems to be no difference between bank types (i.e., private, state, foreign) in the outcomes of managing their brand equity, resulting in no perceived differentiation of CBBE dimensions (i.e., branding effectiveness). These findings are consistent with prior studies' findings that indicate a lack of differentiation among banks (Bravo et al. 2010; de Chernatony and Cottam 2006; Devlin 1998; Devlin and Azhar 2004; O'Loughlin and Szmigin 2005).

A second implication, following from the first, is that banks can narrow specific troublesome brand equity dimension gaps through improvement initiatives. This is especially relevant for interactive branding gaps, as delivering improved customer--contact employee experiences (e.g., courteous personnel) could have a significant impact in differentiating the overall customer experience, creating stronger bank brands and higher brand equity.

In addition, we found no significant internal gaps between bank managers and contact personnel in their perceptions of importance of bank CBBE dimensions. This may be considered an internal strength because of the assumption that management and contact personnel are in sync with the understanding of the importance of the delivery of the services promised. However, the reality is discovered when customers evaluate the actual delivery of the promises by the personnel based on the CBBE dimensions.

As indicated in Table 3, while all of bank types have significant interactive and external gaps, but no internal gaps in the perceptions of the three respondent groups for all brand equity dimensions, the extent of misalignment is the largest for state banks, followed by foreign banks, and the smallest for private banks. It is expected that these gaps in the perceptions of these three respondent groups will be reflected by the brand equity of each bank type. That is, since private banks collectively have the smallest gaps, they are expected to have the strongest brands, as measured by overall brand equity score, relative to the other two bank types. In fact, the comparisons of the bank CBBE scores in Figure 3 show that private banks have a significantly higher brand equity (53.3) than those of foreign banks (48.0) and state banks (47.0) and at $p <.01$ level, while there was no significant difference between state and foreign banks ($p>.05$). These brand equity findings are consistent with the comparisons of external branding, internal branding, and interactive branding presented in Figure 3 for overall brand equity, as well as each of the brand equity dimensions presented in Table 3, all of which support the CBBE ranking of each bank type.

These study results provide empirical support for the three promises theory in creating strong brands (Bitner 1995; , Brodie 2009; Brodie et al. 2006; Calonius 1986; Gronroos 1996, 2006), further confirming the importance of aligning external, internal, and interactive branding efforts. The findings suggest that in order to create strong brands and brand equity, banks (or any service organization) must identity the gaps between the three promises, and then improve performance in those areas. In this respect, the three promises theory and services branding triangle framework offer bank management a valuable tool in understanding and managing the drivers (i.e., brand equity dimensions) of building strong brands from the perspectives of management, contact personnel, and customers. Based on the findings, the banks in this study have both the challenge and opportunity of closing interactive and external gaps through examining and addressing the individual items (aspects) of each brand equity dimension.

Insert Figure 3 about here

As an organizational example, the services branding triangle framework presented in this paper may contribute to explaining the recent success of the Zappos brand, an online retailer in the United States. As the cornerstone of its branding strategy (Michelli 2012), Zappos's brand promise is to deliver happiness to their customers (external branding). This brand promise is primarily delivered by Zappos personnel with exceptional service that includes overnight delivery, as well as other occasional surprises to delight and "wow" their customers (interactive branding) (Hsieh, 2010). However, in order to deliver the brand promise of great customer experiences through "wowing" customers with interactive branding, Zappos does an exceptional job of recruiting, hiring, training, supporting, and rewarding the right people (internal branding). Internal branding efforts allow new personnel to learn and internalize corporate culture and values, thus enabling its personnel to deliver the Zappos's brand promise of "delivering happiness" (interactive branding). As stated by Bitner (1995), de Chernatony (2010), and de Chernatony et al. (2011), the success of a brand depends on the extent to which there is harmony between managerially defined values, effective implementation of values by staff, and appreciation of the values as experienced by customers, which is universally applicable to all brands. Thus, as our services branding triangle framework confirms, ultimately the performance of a brand is influenced by the extent to which the internal, interactive, and external components of the brand triangle (brand promises) are congruent.

As concepts, three promises theory and the services branding triangle framework offer very useful tools in training front line employees as most people understand the basic nature of making and keeping promises. In this respect, contact employees must clearly understand and appreciate the promises personally made to the customers they come into contact with as representatives of the service brand. The framework is also a useful tool for management to make sure that brand promises communicated through external branding activities can be delivered by their organization (contact people). Of critical importance in this respect is recruiting and hiring the right people, and training personnel to deliver brand promises via interactive branding at a consistently high level in order to create strong brands and brand equity.

It is important to remember that the services branding triangle, when in alignment, reflects the proper execution of a predefined marketing strategy, and its operational success. It is first incumbent upon management to define the brand and marketing strategy. Thus, improving bank performance requires good strategy *and* its proper execution by both management and frontline personnel.

Limitations and future research directions

The study has some limitations, and thus caution should be exercised in generalizing the results. One limitation is that the sample was limited to a convenience sample of Turkish adult citizens of a single major metropolitan area in Turkey and bank personnel in three cities. Recruiting banks/branches to participate proved difficult. In fact, most bank managers declined to participate in our study, which limited our ability to include managers and employees from different banks. As a result, we used convenience sampling. This was the reason for expanding the sample size beyond the initial target cities. In addition, this study did not consider or test the brand equity dimensions for specific bank brands. Instead, the personnel data were collected from a total of 14 branches of private, state, and foreign banks, which is consistent with the objectives of this study. We suggest that the future research could include managers and employees in the sample for better representation of the banking industry. An additional limitation is that the study focused specifically on comparing the importance ratings of bank management and contact personnel with customer beliefs concerning delivery (of promises). Other measures (suggestions are made below) of the services branding triangle framework were not considered. A final limitation is that the study used a 4-point scale to eliminate the respondents' tendency of selecting the mid-point (i.e., neutral) of the scale, which was confirmed with pretesting. However, this may have introduced some bias in that respondents were forced to select an answer of important or unimportant instead of neutral. The decision of using of a 4-point scale without including the answer choice of neutral was made based on the pre-test results and the cultural tendencies of the population.

As to suggestions, future research should employ probability sampling in order to increase the generalizability of the results. However, based on the researchers' experience in this study and what the prior research has reported, collecting data from banks remains a challenge. Gaining the cooperation of banks is especially critical, and thus, greater attention should be paid to recruiting banks to participate. Targeting top management of the different bank types and brands should be a priority as they could then endorse and encourage or require participation in the study by lower level management and contact personnel. Providing participating banks with an executive summary and briefing is one possible incentive.

Future research should also expand the type of measurements that are collected to include the following: importance ratings for each brand equity dimension for management, contact personnel, and customers; beliefs concerning performance/effectiveness for each dimension for each party; and customer expectations for each dimension. Collecting a variety of measures will allow an examination of the richness of the services branding triangle, strengthening theory and increasing its diagnostic usefulness for practitioners. While requiring greater resources in time and effort, collecting data from the different levels of management with each participating bank may also prove quite useful as there may be gaps between the various levels of management, including headquarters and the various branches. Comparisons could then be made for differences both within and between bank types, and possibly brands. Likewise, it may be instructive to consider CBBE from the perspective of various other customer segments in addition to private, state, and foreign bank customer segments. For example, segments could be defined on the basis of types of products/services in a customer's portfolio, customer value, and customer usage of various banking channels (e.g., ATM, online, mobile, in-person). An important consideration is the evolving role of contact personnel, as customers increasingly take on tasks traditionally conducted by contact personnel (e.g., mobile banking), thus raising the question of the contribution of contact personnel to the CBBE of a bank. Additionally, a future study could benefit from using a different scale, such as a 6-point and/or a 7-point imbalanced importance scale.

We hope that future research will use the services brand triangle framework not only with the banking industry in other countries, but also with other services industries. As suggested by Brodie et al. (2006) and Brodie (2009), the results of such studies could provide important empirical support for the three promises theory. For managers, study results could provide insight and understanding in the development of strong brands.

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Figure 1. Services Branding Triangle

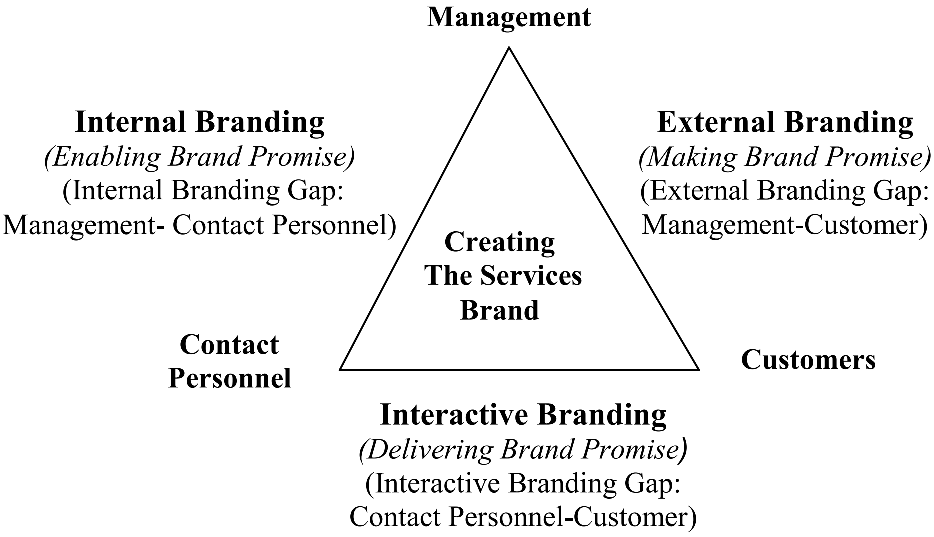


Table 1. Sample Size by Position and Bank Type

	Manager	Contact personnel	Customer	Total
State bank	29	76	186	**291**
Private bank	35	66	204	**305**
Foreign bank	56	108	180	**344**
Total	**120**	**250**	**570**	**940**

Table 2. ANOVA and Post Hoc Comparisons of each CBBE Dimension and Overall CBBE

Dependent Variable	Independent Variable (A)	Independent Variable (B)	Mean Diff. (A-B)	Std. Error	Sig.
Perceived Quality	Manager (n=119)	Contact Personnel (n=246)	22.16 – 22.26 = -0.10	0.363	0.962
$F_{(2, 926)} = 326.6; p<.001)$		Customers (n=562)	22.16 – 16.65 = 5.51	0.328	**.0001*** **
M=CP>C[a]	Contact Pers.	Customers	22.26 – 16.65 = 5.61	0.248	**.0001*** **
Brand Image	Manager (n=116)	Contact Personnel (n=241)	21.87 – 22.13 = -.26	0.383	0.773
$F_{(2, 904)} = 429.9; p<.001)$		Customers (n=548)	21.87 – 15.29 = 6.58	0.346	**.0001*** **
M=CP>C	Contact Pers.	Customers	22.13 – 15.29= 6.84	0.262	**.0001*** **
Brand / Organ. Assoc.	Manager (n=120)	Contact Personnel (n=247)	10.85 – 10.96 = -.11	0.211	0.788
$F_{(2, 907)} = 283.1; p<.001)$		Customers (n=541)	10.85 – 7.87 = 2.98	0.191	**.0001*** **
M=CP>C	Contact Pers.	Customers	10.96 – 7.87 = 3.09	0.145	**.0001*** **
Brand Loyalty	Manager (n=120)	Contact Personnel (n=243)	14.04 – 14.14 = -.10	0.306	0.949
$F_{(2, 905)} = 273.3; p<.001)$		Customers (n=543)	14.04 – 9.76 = 4.28	0.277	**.0001*** **
M=CP>C	Contact Pers.	Customers	14.14 – 9.76 = 4.38	0.212	**.0001*** **
Overall CBBE	Manager (n=115)	Contact Personnel (n=231)	68.97 – 69.66 = -.69	1.110	0.809
$F_{(2, 863)} = 433.5; p<.001)$		Customers (n=518)	68.97 – 49.56 = 19.41	1.000	**.0001*** **
M=CP>C	Contact Pers.	Customers	69.66 – 49.56 = 20.10	0.769	**.0001*** **

*** The mean difference is significant at p < .01 level

[a]: M=Manager; CP=Contact Personnel; C=Customer

Table 3: Comparisons of Bank Brand Equity Dimensions between Managers, Contact Personnel and Customers by Bank Types

State Banks	1. Managers	2. Contact Personnel	3. Customers	df	F-sign.	Pair-wise Comparisons
Overall CBBE	71.3 [a]	69.4	47.0	F(2, 263)	211***	1-3=24.3** 2-3=22.4**
Perceived Quality	22.8	22.1	16.2	F(2, 286)	139***	1-3=6.6** 2-3=5.9**
Brand Image	22.6	22.0	13.7	F(2, 275)	226***	1-3=8.9** 2-3=8.3**
Brand /Organ. Assoc.	11.3	11.0	8.0	F(2, 279)	299***	1-3=3.3** 2-3=3.0**
Brand Loyalty	14.8	14.0	9.1	F(2, 277)	132***	1-3=5.7** 2-3=4.9**
Private Banks	1. Managers	2. Contact Personnel	3. Customers	df	F-sign.	Pair-wise Comparisons
Overall CBBE	67.6 [a]	69.0	53.3	F(2, 280)	74***	1-3=14.3*** 2-3=15.7***
Perceived Quality	21.8	22.2	17.3	F(2, 296)	64***	1-3=4.5*** 2-3=4.9***
Brand Image	21.8	21.9	16.8	F(2, 292)	78***	1-3=5.0*** 2-3=5.1***
Brand /Organ. Assoc.	10.5	10.9	8.3	F(2, 292)	52***	1-3=2.2*** 2-3=2.6***
Brand Loyalty	13.2	14.1	11.0	F(2, 291)	36***	1-3=2.2*** 2-3=3.1***
Foreign Banks	1. Managers	2. Contact Personnel	3. Customers	df	F-sign.	Pair-wise Comparisons
Overall CBBE	68.7 [a]	70.2	48.0	F(2, 312)	200***	1-3=20.7*** 2-3=22.2***
Perceived Quality	22.1	22.4	16.3	F(2, 336)	144***	1-38=5.*** 2-3=6.1***
Brand Image	21.6	22.4	15.3	F(2, 329)	182***	1-3=6.3*** 2-3=7.1***
Brand /Organ. Assoc.	10.8	11.0	7.2	F(2, 338)	164***	1-3=3.6*** 2-3=3.8***
Brand Loyalty	14.2	14.3	9.0	F(2, 329)	152***	1-3=5.2*** 2-3=5.3***

[a] Composite score of the items; *** Significant at p < .01 level.

Figure 2: Summary of Services Brand Equity Gaps for Overall CBBE

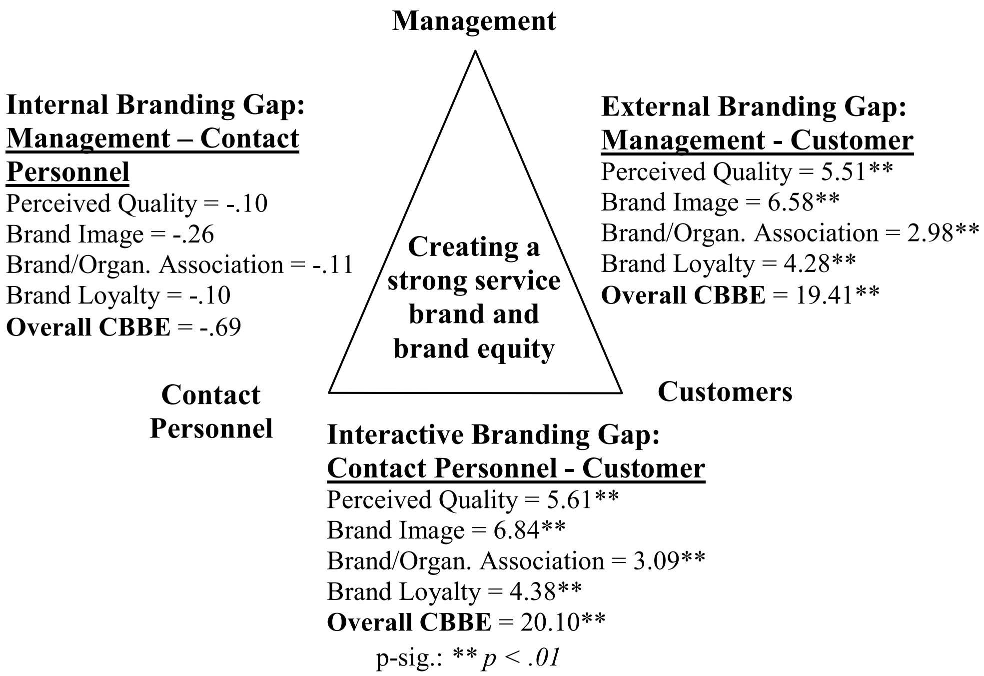
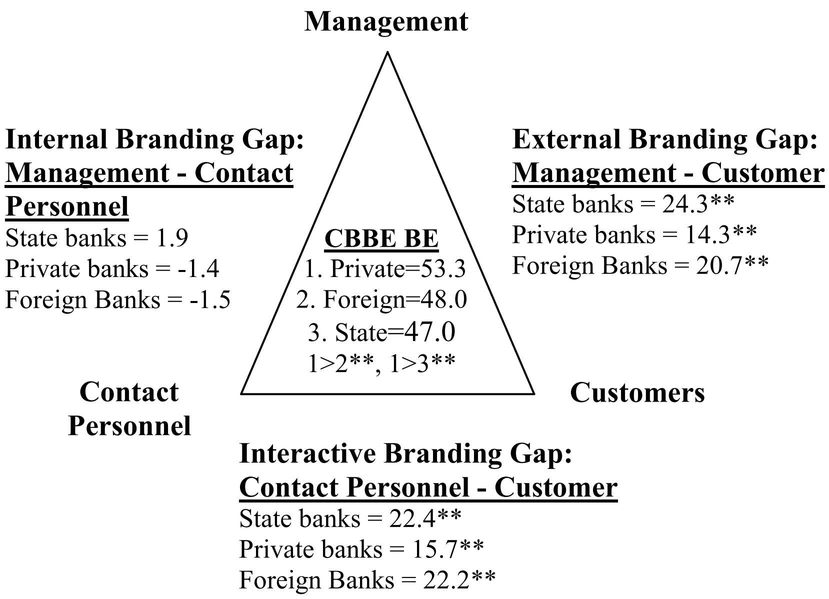


Figure 3: Summary of Services Brand Equity Gaps by Bank Types



p-sig.: ** $p < .01$

Appendix A: Measurements of CBBE, Scales and Results of Factor Analysis

Measures of Constructs	Loading		Cronbach's Alpha		Construct Reliability	
	Cust	Pers	Cust	Pers	Cust	Pers
Perceived Quality			.91	.63	.88	.88
Staff takes care of banking services in promised time	.72	.75				
Has courteous personnel	.72	.76				
Personnel quickly corrects mistakes	.75	.71				
Has experienced personnel	.78	.75				
Personnel is knowledgeable about all areas of bank services	.70	.81				
Personnel takes care of tasks accurately	.76	.64				
Brand Image			.91	.80	.87	.81
Provides the best quality service	.71	.71				
Offers the greatest assortment of banking services	.78	.54				
Provides the fastest service	.72	.69				
Has a very pleasant atmosphere	.77	.64				
Known for providing "best quality" services	.68	.63				
Uses advanced technology	.69	.67				
Brand Association/Organizational Association			.84	.58	.79	.76
I (Customers) feel proud to do all my (their) banking with this bank	.55	.64				
Known as the most reliable bank in all areas of services	.86	.74				
Its brand is trustworthy.	.82	.76				
Brand Loyalty			.91	.78	.86	.86
This bank is customers' (my) first choice	.77	.74				
I (Customers) regularly use this bank for all my (their) banking needs	.78	.78				
I (Customers) recommend this bank to others	.78	.78				
I (Customers) consider myself loyal to this bank	.80	.80				
Customer Scale: 1=Strongly Disagree; 2=Disagree; 3=Agree; 4=Strongly Agree Personnel Scale: 1=Unimportant, 2=Somewhat Unimportant, 3=Somewhat Important, 4=Important						

Cust.: Customer; **Pers**.: Personnel

Appendix B

Discriminant Validity of Constructs for Customer and Personnel Data

	PQ	BI	BAOA	BL
PQ	.55 (.55)*			
BI	.54 (.29)	.53 (.42)		
BAOA	.43 (.10)	.48 (.23)	.57 (.51)	
BL	.40 (.15)	.54 (.28)	.49 (.44)	.61 (.60)

Note: Diagonal elements are the square root of average variance extracted (AVE), which should be larger than the inter-construct correlations (off-diagonal elements) for discriminant validity.
* Numbers in parenthesis indicate the values from the personnel data