

# THE RELATIONSHIP BETWEEN BRAND IMAGE AND CUSTOMERS' LOYALTY: A CASE STUDY OF COMMERCIAL BANKS IN VIETNAM

● LU PHI NGA - NGUYEN QUOC HUY - MAN NGUYEN TRAI  
- LE THANH LUAN - LE THI KIM DUNG

## ABSTRACT:

This study is to determine how brand image impacts the loyalty of customers towards Vietnamese commercial banks. In this study, analytical methods including exploratory factor analysis (EFA) and multiple linear regression analysis are used to analyze data from 28 Vietnamese commercial banks. A survey is conducted in this study from May 2021 to February 2022. The study finds out these factors of the brand image including the influence from other people (AH), the better customer's feeling towards the bank (TD), the ability to provide products and services (SPDV), the promotion (QB), the convenience (STT), and the banking staff (NV) impact the loyalty of customers towards Vietnamese commercial banks with the significance level of 5 percent. These study's results are important for researchers, and policy makers of financial institutions like commercial banks to find out appropriate solutions to improve their customer loyalty.

**Keywords:** brand image, commercial bank, customers, loyalty, Vietnam.

## 1. Introduction

The Vietnamese economy with population of 98.51 million has been developed gradually due to international integration and potential resources used in the most effective way in 2021 despite the Covid-19 pandemic. Congress has set new targets for 2022 are national GDP growth of 6 - 6.5 percent and GDP per capita of \$3,900 USD. The large population size and increasing national income will create a potential market for Vietnam's banking industry.

According to Leonard L. Berry (2000), 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 service, which are difficult to evaluate prior to purchase. Besides, brand image has a positive effect on brand trust and both brand image and brand trust have a positive effect on brand loyalty (Abdulla, 2015). For these reasons, the banks need to keep promoting their brand images because the good impression will increase the value of the bank and make clients satisfied and excited to continue using their products and services. Moreover, corporate image is the primary path to customer loyalty. Corporate image also has a very strong impact on customer satisfaction. For customers with a low

self-reported service expertise, image is the strongest driver of future intended repurchase behavior (Andreassen, 1997).

## **2. Theoretical framework and hypotheses**

### **2.1. Brand image**

According to Keller (1956), creating brand awareness by increasing the familiarity of the brand is an important first step in building brand equity. In the following research of Keller (1993), brand image is defined here as perceptions about a brand as reflected by the brand associations held in consumer memory. In addition, Del I. Hawkins and David L. Mothersbaugh (2010) believe that brand image refers to the schematic memory of a brand. Brand image, from viewpoint of John E. Richardson (2011), is the quality and reliability of a product as perceived by consumer on the basis of its brand reputation or familiarity. For Muhammad Ehsan Malik, Basharat Naeem, and Madiha Munawar (2012), brand image is an integral component of brand equity as it conveys the worth of the brand to the consumers. In Onyancha G.K study of Kenya commercial banks shows that brand image is the current view of the customers about a brand. The impressions customers have of a company extend well beyond the product or service the firm provides.

### **2.2. Loyalty**

Oliver (2010) defined loyalty as a deeply held commitment to re-buy or re-patronize a preferred product/service consistently in the future. Onyancha G.K (2013) considered loyalty in various ways, such as positive word of mouth, repurchase intention and so on. According to Zohaib Ahmed, today's customer has more power of understanding about the brand and they will buy the brand from specific product category if they feel that the product has right characteristics, quality and price.

### **2.3. The relationship between brand image and loyalty**

According to Dhruv Grewal and Michael Levy (2008), over time and with continued use, consumers learn to trust certain brands. Many customers become loyal to certain brands in much the same way that you or your friends likely have become loyal to your college. They wouldn't consider switching brands and, in some cases, feel a strong affinity to certain brands.

Basavaraj Sulibhavi and Shivashankar K (2017) have conducted researches on the relationship between brand image and customer's loyalty. They tested the mediating effect of trust on the relationship between brand image and customer's loyalty. The results showed that there exists a relationship between direct brand image and customer's loyalty and the study evident that there is a mediating effect of trust between the brand image and customers loyalty

### **2.4. Research Hypotheses**

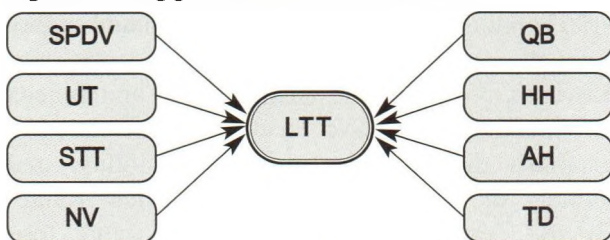
There are numerous empirical domestic and foreign studies of this matter carried out. Keller (1993) builds a conceptual model of brand equity from the perspective of the individual consumer. Kevin E. Voss, Eric R. Spangenberg and Bianca Grohmann (2003) have conducted six studies to establish the unidimensionality, reliability, and validity of the two HED/UT subscales. Rafael Bravo, Teresa Montaner Gutierrez, and Jose Miguel Pina (2009) analyze the corporate image of financial institutions and its impact on consumer behavior. Grace Kavengi Onyancha (2013) examines the relationship among bank brand image, customer satisfaction and loyalty. The study of Tilahun Aemiro Tehulu, Gedifew Agalu Wondmagegn (2014) employed survey type specifically questionnaire to collect data from sample respondents of 204 customers in five Commercial Banks. Neny Fitria, Eka Afnan Troena & Ananda Sabil Hussein (2016) examine the influence of relational benefits and bank brand image on customer loyalty through Sharia bank customer satisfaction at PT bank Syariah Mandiri Kediri Branch.

In Vietnam, the research results of survey data collected from 350 individual customers in Da Lat city of Pham Thi Tam and Pham Ngoc Thuy (2010) show that there are six factors affecting the tendency for individuals to select banks. Ho Huy Tuu, and Le My Linh (2014) tests some effects regulating on the satisfaction-loyalty relationship to banking services in Hau Giang province. Hoang Hai Yen, Nguyen Thi Hong Nhung, and Cao Ngoc Thuy (2016) estimate the effects of brand image dimensions on intention to use the bank's services among 362 customers and non-customers of nine commercial banks in Ho Chi Minh city in 2015

Findings from research by Basavaraj Sulibhavi,

Shivashankar K (2017), and Jože Bloemer et al. (1998) preview that trust and satisfaction have positive influence on customer's loyalty. Moreover, previous researches emphasize to ability to provide products and services, staff, convenience, prestigious and tangible elements. In addition, it is essential to consider the effect of Promotion and influence of around people on customer's loyalty. Based on this argument, the researchers suggest the research model shown in Figure 1.

Figure 1. Suggested research model



Source: Authors suggestion

3. Research methods

This research applies quantitative research methods mainly. Preliminary quantitative research with a sample of data is 100 was conducted to adjust the scale of research concepts. Next, the questionnaire was edited, then being issued to customers of 28 commercial banks in Vietnam. Research uses SPSS 20.0 data processing software to synthesize all data information, clear data, run models and tests. In this study, the authors selected non-probability sampling methods.

According to Hair et al., it is necessary to collect data with sample size of at least five samples on an observed variable to do exploratory factor analysis (EFA). The research model has a number of observed variables of 36. If following the five-sample standard for an observed variable, the required sample size is  $n = 180$ . However, in order to match the survey size and estimate for poor feedback questionnaires, 800 questionnaires were sent to customers representing 28 commercial banks in Vietnam. The collected questionnaires: 800. The valid questionnaires: 792.

4. Research results

4.1. Descriptive statistics

There were 792 customers interviewed. Most of respondents are men. The ages of customers were

under survey mainly ranging from 22 to 35, and they have been used banking services more than 5 years. This data was very good for regression analysis

4.2. Exploratory Factor Analysis (EFA)

The scales analyzed firstly by Cronbach's Alpha coefficient showed all variables have Cronbach's Alpha > 0.7 and the Corrected Item- Total Correlation > 0.3, so the scales are appropriate and the variables measuring research concepts could be used in EFA analysis. Then, the study conducted exploratory factor analysis (EFA) of independent variables.

Table 1. KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		.703
Bartlett's Test of Sphericity	Approx. Chi-Square	13813.487
	df	528
	Sig.	.000

The results showed that Kaiser-Meyer-Olkin Measure of Sampling Adequacy was statistically significant and high data reliability (KMO = 0.703 > 0.6). In addition, Sig= 0.000 < 0.05 shows that the significance level of the data used for factor analysis is quite high. These results demonstrated the appropriate factor analysis model.

4.3. The regression analysis results and test of research model

Table 2 showed that Adjusted R Square was statistically significant and rather data reliability. In particular, Adjusted R Square reached 44.7 %, mean that independent variables explain 44.7% of the variation of the dependent variable. The remaining 55.3% is due to the influence of variables outside the model and random errors.

With significance level of 5% (Sig ≤ 0.05), the theoretical model is consistent with reality and the model has a general inferred meaning. Consequently, the regression model summary analysis is below:

The Table 4 shows Sig. of the UT and HH factors are more than 0.05, so these 2 variables are removed. After rejecting 2 variables, the second regression model and regression standardized residual are tested as the below result:

Table 2. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.675a	.456	.447	.59168	2.037

Table 3. ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.	
1	Regression	95.153	8	11.894	33.975	.000b
	Residual	274.118	783	.350		
	Total	369.271	791			

Source: The researcher's collecting data and SPSS

Table 4. Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	1.581	.258		6.133	.000		
	NV	.004	.027	.005	.160	.008	.959	1.043
	STT	.005	.028	.005	.162	.000	.927	1.078
	SPDV	.029	.031	.030	.951	.000	.973	1.027
	UT	.028	.027	.033	1.052	.293	.961	1.040
	QB	.013	.028	.015	.466	.041	.925	1.081
	HH	.021	.029	.024	.730	.466	.899	1.112
	TD	.322	.043	.315	.560	.002	.822	1.048
	AH	.504	.031	.505	16.033	.000	.955	1.047

$$LTT = 1.557 + 0.007*NV + 0.09*STT + 0.032*SPDV + 0.11*QB + 0.318*TD + 0.500*AH$$

All six factors whose Sig. < 0.05 indicates that these factors are statistically significant in explaining the impact on customer loyalty. Moreover, regression standardized residual result shows that Std. residual = 0.996 > the level of significance of 5%, so the sample has residuals that comply with the normal distribution in statistical meaning.

**5. Recommendations**

Firstly, increasing the influence of around people on customers. Accordingly, banks need promotion policies and attractive offers to encourage each customer to become a positive channel for banks, such as a discount rate on one or

more transaction, or gift vouchers for customers corresponding to the transaction volumes in the day, week, or month.

Secondly, it is necessary to keep improving products and services by diversifying the features and utilities associated with high technology to create flexibility, convenience and safety in transactions anytime, anywhere. For example, in addition to using card for cash withdrawal or bank transfer as usual, it needs being more flexible with applications from mobile phones or using fingerprints to perform transaction operations. At the same time, price factors associated with products and services have to be considered to get competitiveness and long-term connection with customers.

*Thirdly*, the staff is not only continue to be trained to deal with transactions in a highly professional way with correct, quick and clear information, but their images and attitudes to customers play very important roles in maintaining and developing a bank's brand image.

*Fourthly*, customers' feeling are not often fixed but also be affected by many different factors, so to improve the comfort and satisfaction when trading, each bank needs to continue to pay attention to improve and innovate bank image through direct

agents such as internal and external trading space layout, sweets and drinks.

*Finally*, continue to promote customers' positive feelings about banks through advertising with interesting scenarios, increasing the subconscious mind of customers, or sponsoring associated programs with the community such as sponsoring scholarships for poor students and students to overcome difficulties to achieve good results in study; sponsoring charitable programs in local area; etc ■

## **REFERENCES:**

1. Zohaib Ahmed, Mukhtar Ahmad, Misbahul Haq. (2014). Effect of brand trust and customer satisfaction on brand loyalty in Bahawalpur. *Journal of Sociological Research*, 5(1), 306-326.
2. Abdulla Alhaddad. (2015). A structural model of the relationship between brand image, brand trust and brand loyalty. *International Journal of Management Research and Review*, 5(1), 137-144.
3. Neny Fitria, Eka Afnan Troena, Ananda Sabil Hussein. (2016). The influence of relational benefits and bank brand image to customer loyalty through sharia bank customer satisfaction (a study on PT bank Syariah Mandiri Kediri Branch). *Imperial Journal of Interdisciplinary Research*, 2(8), 31-38.
4. Basavaraj Sulibhavi, Shivashankar K. (2017). Brand image and trust on customers loyalty: a study on private label brands in Hubli - Dharwad Conglomerate city of Karnataka. *International Journal of Engineering Research and Applications*, 7(9), 01-06.
5. Tilahun Aemiro Tehulu, Gedifew Agalu Wondmagegn. (2014). Factors influencing customers' bank selection decision in Ethiopia: The case of Bahir Dar city. *Research Journal of Finance and Accounting*, 5(21), 57-67.
6. Hoang Hai Yen, Nguyen Thi Hong Nhung, Cao Ngoc Thuy. (2016). Impact of brand image on customers' intention to choose banks. *Journal of Economic Development*, 27(7), 26-50.
7. Hoang Trong, Chu Nguyen Mong Ngoc. (2008). *Analyzing research data with SPSS (Volume 2)*. Ha Noi: Hong Duc.

**Received date: May 4, 2022**

**Reviewed date: May 18, 2022**

**Accepted date: May 28, 2022**

*Author's information:*

**1. LU PHINGA<sup>1</sup>**

**2. NGUYEN QUOC HUY<sup>2</sup>**

**3. MAN NGUYEN TRAI<sup>3</sup>**

**4. LE THANH LUAN<sup>3</sup>**

**5. LE THI KIM DUNG<sup>3</sup>**

<sup>1</sup>Lecturer, Faculty of Postgraduate, Lac Hong University

<sup>2</sup>Lecturer, Faculty of Finance and Accounting, Lac Hong University

<sup>3</sup>Postgraduate student, Lac Hong University

# MỐI QUAN HỆ GIỮA HÌNH ẢNH THƯƠNG HIỆU VÀ LÒNG TRUNG THÀNH CỦA KHÁCH HÀNG: NGHIÊN CỨU TRƯỜNG HỢP TẠI CÁC NGÂN HÀNG THƯƠNG MẠI VIỆT NAM

- LỮ PHI NGÀ<sup>1</sup>
- NGUYỄN QUỐC HUY<sup>2</sup>
- MAN NGUYỄN TRÃI<sup>3</sup>
- LÊ THÀNH LUÂN<sup>3</sup>
- LÊ THỊ KIM DUNG<sup>3</sup>

<sup>1</sup> Giảng viên Khoa Sau Đại học, Trường Đại học Lạc Hồng

<sup>2</sup> Giảng viên Khoa Tài chính - Kế toán, Trường Đại học Lạc Hồng

<sup>3</sup> Học viên Khoa Sau Đại học, Trường Đại học Lạc Hồng

## ABSTRACT:

Mục tiêu của nghiên cứu nhằm xác định tác động của hình ảnh thương hiệu đến lòng trung thành của khách hàng ở các ngân hàng thương mại Việt Nam. Nghiên cứu này sử dụng phương pháp phân tích nhân tố khám phá và phân tích hồi quy tuyến tính bội, với dữ liệu của 28 ngân hàng thương mại tại Việt Nam. Bài báo thực hiện khảo sát từ tháng 5/2021 đến tháng 2/2022. Kết quả nghiên cứu cho thấy, các yếu tố liên quan đến hình ảnh thương hiệu bao gồm: Ảnh hưởng của những người xung quanh (AH), Cảm nhận của khách hàng đối với ngân hàng tốt hơn (TD), Khả năng cung cấp sản phẩm và dịch vụ (SPDV), Khuyến mại (QB), Tiện lợi (STT) và Nhân viên ngân hàng (NV) có tác động đến lòng trung thành của khách hàng (LTT) với mức ý nghĩa 5%. Kết quả cũng là minh chứng khoa học quan trọng cho các nhà nghiên cứu và hoạch định chính sách của các tổ chức tài chính như các ngân hàng thương mại áp dụng để cải thiện nguồn khách hàng của mình tại Việt Nam.

**Từ khóa:** hình ảnh thương hiệu, ngân hàng thương mại, khách hàng, lòng trung thành, Việt Nam.