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BRANDING STRATEGY AMONG THE SWEDISH BANKS

– The Micro Company Perspective

Authors:

Niklas Jonsson, 820401
Gustav Hägg, 830506

Supervisor:

Venilton Reinert

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At the 22nd of May 2009 we ended a four year journey with finalizing our master thesis. Four years of studies in three different countries have influenced our way of seeing the world. All the impact and experience gained during that time has inspired us and affected the way we wrote this thesis. Hopefully it will even inspire others in some positive manner.

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Gustav Hägg

Niklas Jonsson

ABSTRACT

- Title:** Branding strategy among Swedish banks – The micro company perspective
- Authors:** Gustav Hägg & Niklas Jonsson
- Advisor:** Venilton Reinert
- Level:** Master thesis in marketing, (15 swedish credits) Spring 2009
- Question:** What different factors affect the SMEs to choose a specific bank?
- Purpose:** The purpose with this research is to find out how SMEs perceive the value and brand of the bank they are using for the financial services of their business. We will strive to find out how they perceive their banks and what underlying factors that affected their choice of bank the most.
- Method:** We have used a quantitative method and a deductive approach for this thesis. Hypotheses were created with theory as a base and tested on a sample population containing micro companies in the community of Halmstad, Sweden. The data were compared with mean, standard deviation and variance using SPSS. Cronbach's alpha and Pearson's correlation were used to improve reliability and test the correlation between statements used in the study.
- Theoretical framework:** The theory is based on Aaker (1991) and Keller (1993) and their research and theories about branding, surrounded by findings done by other researchers within the subject. The factors circling the brand phenomenon are explained; awareness, association, attitude, loyalty and activity. The bank industry and SMEs will be introduced to the reader, why branding becomes so important when dealing with services and the bank sector.

Empirical framework: The empirical findings contain the data collected from the survey handed out to the sample population. The findings are explained in tables and diagrams and are further used to compare with previous research and come up with a conclusion.

Conclusion: The most significant finding in the study is the importance of a personal contact at the bank, the micro company's personal relation with one or more employees on the bank. Banks are not at all seen as unique in their supply of services, so the personal connection is an important factor which leads to loyalty. The respondents are satisfied with the performance of their banks, the supply of services covers their need. The micro companies do want the best possible solution to their specific situation, however, they do not seek for that optimal solution actively.

Key words: Branding, SMEs, banks, brand awareness, brand association, brand attitude, brand activity, brand loyalty

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1. INTRODUCTION

This part will contain the introduction to the thesis and explain our view of the subject and why it is interesting to write about. The introduction contains a background about branding, branding concerning the financial market and the bank sector. Further on the problem discussion, problem question, research purpose and limitations will be introduced. To simplify for the reader the last part will be an outline over the study process.

1.1. BACKGROUND

1.1.1. BRANDING

In the ever changing world where customers' preferences and behavior in making decisions about which product to buy or service to use the selling company has to build and retain their brand in a way which makes it essential to the customer. Customers respond differently to company and brand images. Brand *image* is defined as perceptions about a brand as reflected by the brand associations held in consumer memory (Keller, 1993). Brand *identity* is the way a company aims to identify or position itself. The brand identity clearly specifies what the brand aspires to stand for and has multiple roles (Konecnik and Go, 2008). First, it is a set of associations that the brand strategist seeks to create and maintain. Secondly, it represents a vision of how a particular brand should be perceived by its target audience. Thirdly, upon its projection the brand identity should help to establish a relationship between a particular brand and its clientele by generating a value proposition potentially either involving benefits or providing credibility, which endorses the brand in question (ibid). An effective identity establishes the offering's characteristics and value perceptions, conveys the character in a distinctive way, and delivers an emotional power beyond a mental image. The identity must be conveyed through every communication vehicle and brand contact, including symbols, colors, slogans, atmosphere, media and special events (Kotler and Keller, 2007).

The process of branding originated as a means by which a firm could differentiate its goods or services from those of its competitors (Boyle, 2007). Now, however, brands are renowned for offering consumers a unique set of perceived benefits not found in other products (ibid). Branding is generally seen to offer a range of perceived advantages and benefits for both buyers and sellers including providing images and information on quality, offering

recognition, reassurance, security and exclusivity, contributing to brand image and identity, market segmentation, the mutual development and strengthening of trading relationships, and legal protection (Jones, Shears, Hillier and Clarke-Hill, 2002). According to Simoes and Dibb (2001 cited in Jones *et al*, 2002) branding plays a special role in service companies since strong brands increase customers' trust of the invisible, enable them to better visualize and understand the intangible and reduce customers' perceived financial, social or safety risk. They further stress that branding for services is different than branding for tangible products because it is the company which is the primary brand (Jones *et al*, 2002).

The importance of strong branding is not surprising when the high-risk levels often associated with service purchase are considered (Dibb and Simkin, 1993). The literature in this area highlights this level of risk and indicates that buying situations of this type might cause buyers to undertake additional information searching in an attempt to reduce risk (*ibid*). There are usually three sources of information in such circumstances: internal (buyer's experience of previous purchase), external word-of-mouth (from individuals who have experienced a particular service) and external from the selling company's own efforts (e.g. advertising). It is essential that service companies promote and reinforce their brands and thus improve the likelihood of these being promoted in this way (*ibid*).

It is commonly accepted in the marketing discipline that it is far cheaper to retain an existing customer than it is to attract a new customer and that loyalty can be linked to company growth. Managing costs of low-margin customers by automating sales, marketing and customer service is straightforward. The logic that supports creating relationships is more complex, but boils down to this: *loyal customers are more profitable over time*. What is more, return customers refer others to your company. And they may also pay a premium to continue to do business with you rather than switch to a competitor they are not familiar with (Gillies, Rigby and Reichfeld, 2002). In a personal sense loyalty is a feeling or an attitude of devoted attachment and affection. This feeling of loyalty tends to imply that a person feels an obligation to persevere with a personal relationship through good and bad times. Reichheld and Sasser (1990) offer convincing evidence that retaining customers through service quality raises profits through increased purchases and referrals, price premiums, and reduced operating costs.

1.1.2. BRANDING AND FINANCIAL SERVICES

Service industries are playing an increasingly important role in the overall economy (Cronin and Taylor, 1992). Interest in the measurement of service quality is thus understandably high and the delivery of higher levels of service quality is the strategy that is increasingly being offered as a key to service providers' efforts to position themselves more effectively in the marketplace (ibid). However, the problem inherent in the implementation of such a strategy has been expressively identified by several researchers. Service quality is an elusive and abstract construct that is complicated to define and measure (ibid).

When discussing branding in a financial service context the brand is related to the company or corporate brand, which is the highest level in Keller's brand hierarchy. Product brands within financial services are relatively few and far between, and the banking and financial services industry has long been characterized by monolithic identities (Debling, 2000). There is also a difficulty of achieving differentiation at the banking product level since the product attributes in this sector are very easy to copy. This means the service quality has become an increasingly important factor for success and survival in the banking sector. Provision of high quality service aids in meeting several requirements such as customer satisfaction and its consequent loyalty and market share, soliciting new customers, improved productivity, financial performance and profitability. It has also become an important research topic because of its important relationship to corporate marketing and financial performance (Cui, Lewis and Park, 2003).

Some argue that the difficulty in achieving any sustainable or meaningful form of product differentiation for most financial products meant that branding was a critical issue for the companies' concerned (Harris, 2007). However, those who have analyzed the "strength" of brands in the financial sector have concluded that, in the main, they are relatively weak brands when compared with consumer products (ibid). In particular, the brands have failed to provide a sustainable source of differentiation and in most instances have only succeeded in achieving awareness (Debling, 2000; Harris, 2007).

Marketing activities are undertaken with the goal of changing or reinforcing the consumer "mindset" in some way. This includes thoughts, feelings, experiences, images, perceptions, beliefs and attitudes towards a brand. According to Aaker (1991) brand equity is a set of

assets and liabilities linked to a brand, its name and symbol that add to or subtract from the value provided by a product or service to a firm and/or to that firm's customers. The assets and liabilities on which brand equity is based will differ from context to context. However, they can be usefully grouped into five categories:

1. Brand loyalty
2. Name awareness
3. Perceived quality
4. Brand associations in addition to perceived quality
5. Other proprietary brand assets – patents, trademarks, channel relationships, etc.

The value of the brand, and the effectiveness of marketing activities undertaken to affect the consumer mindset about a brand, is therefore often measured by evaluating changes in perceptual responses on advertised attributes (Romaniuk and Nicholls, 2005).

1.2. PROBLEM DISCUSSION

Being a service company on a saturated market leads to a strategy to gain market share by stealing customers from other companies while offering quality and solutions that lock-in the previous customer base. Lowering customer defection rates can be profitable to companies. In fact, research has shown that it is a more profitable strategy than gaining market share or reducing costs (Zeithaml, Berry and Parasuraman, 1996). For example, in an empirical study linking customer satisfaction to profits, Fornell and Wernerfelt (1987) examine the impact of complaint-handling programs on customer retention and concluded that marketing resources are better spent keeping existing customers than attracting new ones. Keeping and satisfying customers might very well lead to an increased Word-Of-Mouth (WOM) and thereby the brand superiority.

To attract new potential customers the company must be perceived in a way that makes the risk-averse customer willing to switch from his actual situation, the perceived value of the switch must overcome the perceived risk. Customers always expect a certain level of quality, and those expectations must be achieved by the service provided by the company. Apart from providing a relative advantage to the service company, it is widely acknowledged that improved service quality also ensures greater customer satisfaction (Herstein and Gamliel,

2006). High-quality service contributes to a company's profits, lowers costs and encourages WOM recommendations to potential customers (ibid). Although the banks have recently taken much interest in generating perceived value for the customer, they have experienced high levels of dissatisfaction on the part of users (Johnstone, 1997). This is because it is not fully understood exactly what consumers want. While it seems to be clear to everyone how important it is for the firm to compose an offer of value to the customer, it does not seem to be clear what the value perceived by the customer is (Roig, Garcia, Tena and Monzonis, 2006).

According to an investigation by the European Commission the enlarged European Union (all 25 countries) about 2 million Small-Medium Enterprises (SMEs) provide 75 million jobs and represent 99 percent of all enterprises [1]. These companies most probably need financing by financial institutions. So to attract these companies as customers the banks must provide a strong brand, and brand that gives the bank an opportunity to communicate its value, and thereby magnetize new customers. The brand can be built on a core competence and targeted to a certain segment, values and beliefs or offers that makes them unique in the market. Hence, no matter how much effort the company puts into their brand building, if the customer do not understand the meaning or value of the brand, the brand itself will be meaningless. The value of the company is not worth more then the perceived value by the customer. Many banks have invested heavily in Customer Relationship Management (CRM) and Data Warehousing tools, but most financial entities still have a lot of work ahead of them to identify the information that really is relevant and to use it effectively in the creation of value for their customers (Roig *et al*, 2006). Payne *et al* (1999 cited in Roig *et al*, 2006) conclude that it is important to highlight that for many banks the term "customer value" is used solely to refer to the value that the customer generates for them, rather than the value that they can offer their users.

1.3. PROBLEM QUESTION

What different factors affect the SMEs to choose a specific bank?

1.4. HYPOTHESES

H1: Brand awareness affects SMEs choice of bank in a positive way

H2: Brand association plays an important role in the choice of bank

H3: The brand attitude influences the relationship (bank-SME) in a positive way

H4: Loyalty is not an influencing factor when the SMEs decides upon bank

H5: Activity plays an important role to decide which bank to use

1.5. PURPOSE

The purpose with this research is to find out how SMEs perceive the value and brand of the bank they are using for the financial services of their business. We will strive to find out how they perceive their banks, and what underlying factors that affected their choice of bank the most.

1.6. LIMITATIONS

This study will only contain branding and how the phenomenon influences SMEs in their way of handling bank services. The aim will be to look into how companies within a certain range perceive the brand identity of the bank they use for their business.

1.7. DEFINITIONS

Brand - In its original sense a brand can be defined as a mark burned into anything with a hot iron and in some pre-modern societies branding was employed to distinguish ownership and identity of people, as slaves, of cattle and some commodities (Jones *et al*, 2002).

Branding - Within marketing, branding has a more specific meaning and is typically defined as “a name, term, sign, symbol, design or a combination of these, which is used to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors” (Kotler *et al*, 1999 pg. 571).

Brand Image - The perceptions and beliefs held in consumers, as reflected in the associations held in consumer memory (Kotler and Keller, 2007 pg. 347)

Brand Identity – Brand identity is a set of associations that a company tries to create or maintain. These associations are supposed to reflect the values of the company (Aaker, 1996).

1.8. OUTLINE OF THE THESIS

The figure (1) below illustrates the process of the study, the direction, and the fact that every chapter is a foundation on which the next chapter is based. The research will, first of all, be introduced and discussed; in this case the subject branding. Then the theoretical frame of references will be presented, earlier research of importance for the investigation and the basis for hypotheses. This part will be the foundation for the data collection, when gathering empirical information. The theoretical framework, as well as the problem itself, will give a hint of the methodology that will be used for best results. When we, last but not least, analyze the empirical findings we will do so using the theoretical framework as the fundamental basis and, thereby, a conclusion can be drawn.



Figure 1: Research disposition

2. THEORETICAL FRAME OF REFERENCES

This part will contain theories that cover the chosen subject. Branding will be explained with previous research and theories and these, in turn, will be the foundation for the empirical data collection. The theories will highlight branding, service marketing, SME's and the banking industry.

2.1. BRANDING

Although branding has an extensive history and brand management practices have existed for decades, brand equity as a central business concept for many organizations has only really emerged in the past twenty years. Much of that interest was initially driven by the mergers and acquisitions boom of the 1980's, where it became apparent that the purchase price paid for many firms largely reflected the value of their brands (Leone; Rao; Keller; Luo; McAlister and Srivastava, 2006). The clear implication of these transactions was that brands were one of the most important intangible assets of a firm. As a result of that realization, many different academic and industry models of branding and brand equity have been proposed in recent years. These models share certain basic premises about brand equity. The power of a brand lies in the minds of the consumers and what they have experienced, learned and felt about the brand over time (Leone *et al.*, 2006).

One notable model was created by Aaker (1991) who describe brand equity as a set of assets such as name awareness, loyal customers, perceived quality and associations that are linked to the brand and add value to the product or service. The development of brand equity can create associations that can drive market positions, persist over long time periods and be capable of resisting aggressive competitors (ibid). While Aaker explains the issue from the perspective of the firm Keller (1993) mentions and explains the importance of understanding brand equity from the customer's perspective. Keller (1993) states that even though the eventual goal of any marketing program is to increase sales, it is first necessary to establish knowledge structures for the brand so that customers respond favorably to the marketing activities for the brand. Ambler *et al.* (2002) mentions five dimensions as being of great importance when measuring the consumer mindset. These are:

1. Brand awareness (recall, recognition)

-
2. Brand association (strength, favorability, uniqueness of perceived benefits and attributes)
 3. Brand attitude (perceived quality of, and satisfaction with, the brand)
 4. Attachment (or loyalty), and
 5. Activity (how much consumers talk about, use, seek out information, promotions, etc. regarding the brand).



Figure 2: The brand model (Hägg and Jonsson, 2009)

2.2. BRAND AWARENESS

Brand awareness refers to the strength of a brand's presence in consumers' minds. It is an important component of brand equity (Aaker, 1991; Keller, 1993). In particular, brand name awareness relates to the likelihood that a brand name will come to mind and the ease with which it does so. Brand awareness consists of brand recognition and brand recall performance (Keller, 1993). People will often buy a familiar brand because they are comfortable with the familiar (Aaker, 1991). Or there may be an assumption that a brand that is familiar is probably reliable, in business to stay and of reasonable quality (ibid). The awareness factor is particularly important in contexts in which the brand must first enter the consideration set, it must be one of the brands that are evaluated (ibid).

Aaker's (1991) figure with four stages of brand awareness and the role of brand equity is dependent upon both the context and which level of awareness that is achieved. The lowest level (except unawareness), brand recognition, is based upon aided recall test. It is especially important when a buyer chooses a brand at the point of purchase.



Figure 3: The Awareness Pyramid (Aaker, 1991)

The second level is brand recall. Brand recall is based upon asking a person to name the brand in a product class, it is termed “unaided recall” since the respondent is not aided by having the names provided. The first-named brand in an unaided recall task has achieved top-of-mind awareness, a special position. In a very real sense, it is ahead of the other brands in a person's mind.

Brand awareness plays an important role in consumer decision making for three major reasons (Keller, 1993):

- It is important that consumers think of the brand when they think about the product category. Raising brand awareness increases the likelihood that the brand will be a member of the consideration set, the handful of brands that receive serious considerations for purchase.
- It can affect decisions about brands in the consideration set even if there are essentially no other brand associations. Consumers have been shown to adopt a decision rule to buy only familiar, well established brands.
- It affects consumer decision making by influencing the formation and strength of the brand associations in the brand image. A necessary condition for the creation of a brand image is that a brand node has been established in memory, and the nature of that brand node should affect how easily different kinds of information can become attached to the brand in memory.

Brand awareness might be thought of as a buyer's ability to identify a brand within a category in sufficient detail to make a purchase. It is important to remember that sufficient detail does not always require identification of the brand name. Often it is no more than a visual image that stimulates a response to the brand. Recall of the name is not necessarily required because brand awareness may proceed through brand recognition. When a brand is recognized at point of purchase brand awareness does not require brand recall. This is a key point in the consideration of brand awareness as a communication objective. Brand recognition and brand recall are two separate types of brand awareness (Percy and Rossiter, 1992). The difference among the two is essential, especially in advertising and creating an advertising strategy. That depends on the communication effect that occurs first in the buyer's mind: category need or brand awareness (ibid).

2.2.1. BRAND RECALL

Brand recall relates to consumers' ability to retrieve the brand when given the product category, the needs fulfilled by the category, or some other type of probe as a cue. It requires that consumers correctly generate the brand from memory (Keller, 1993). The role of brand recall can be crucial for frequently purchased products for which brands decisions usually are made prior to the store. In some categories there are so many recognized alternatives that the buyer is overwhelmed (Aaker, 1991). Generally, if a brand does not achieve recall it will not be included in the consideration set. While recognition, even based on only a few exposures, persists, recall decays through time (ibid). Recall is difficult; it requires either an in-depth learning experience or many repetitions. Top-of-mind recall is, of course, even more demanding. Hence, maintaining a strong top-of-mind awareness through constant exposure can create not only brand awareness but also brand salience that can inhibit the recall of other brands (ibid).

When it comes to recall a category need is experienced first, and then the consumer relies upon memory to generate possible solutions. In this case consumer must recall a brand from memory in order to make a decision. As a rule, the first recalled brand (given a favorable attitude) will get the business. In this case, it is important to see and hear the brand name repeatedly linked to the category need in advertising (Percy and Rossiter, 1992).

2.2.2. BRAND RECOGNITION

Brand recognition relates to consumers' ability to confirm prior exposure to the brand when given the brand as a cue. It requires that consumers' correctly distinguish the brand as having been seen or heard previously (Keller, 1993). In many purchase situations the brand is quite literally presented to the consumer first, and this is what stimulates the consumer to consider the relevancy of category need: Do I really need or want this? The sequence in the buyer's mind is: recognition of the brand reminds me of category need. It is important to understand here that a brand may actually fail a recall test, yet be recognized at the time of the purchase decision and thereby consumed (Percy and Rossiter, 1992).

2.2.3. COMMUNICATION

There is no exact evidence how brand value is created, hence there is a broad-based agreement that one of the major contributors to brand equity is advertising (Cobb-Walgren, Ruble and Donthu, 1995). According to Prentice (cited in Cobb-Walgren *et al.*, 1995, pg. 27):

The consumer's perception of brand value comes from many sources, but essentially it is based on ideas – rational or emotional - that set the brand apart from competitive brands. What kinds of marketing activities implant these ideas about a brand's uniqueness in the mind?... Advertising is the most common.

Advertising can create awareness of the brand and increase the probability that the brand is included in the consumer's evoked set. It can contribute to brand associations which, when sorted in accessible memory, translate into non-conscious but reliable behavioral predispositions. Advertising can affect the perceived quality of a brand, and it can influence usage experience (Cobb-Walgren *et al.*, 1995).

H1: Brand awareness affects SME's choice of bank in a positive way

2.3. BRAND ASSOCIATIONS

A brand association is anything linked in memory to a brand (Aaker, 1991). The association not only exists, but it has a level of strength. A link to a brand will be stronger when it is based on many experiences or exposures to communications, rather than few. A brand image is a set of associations, usually organized in some meaningful way. A well positioned brand will have a competitively attractive position supported by strong associations (ibid). Brand image is defined as perceptions about a brand as reflected by the brand associations held in

consumer memory. Brand associations are the other informational nodes linked to the brand node in memory and contain the meaning of the brand for consumers. The favorability, strength and uniqueness of brand associations are the dimensions distinguishing brand knowledge. This plays an important role in determining the differential response that makes up brand equity, especially in high involvement decision settings (Keller, 1993).

2.3.1. STRENGTH

The strength of associations depends on how the information enters consumer memory and how it is maintained as part of the brand image. Strength is a function of both the amount or quantity of processing the information receives at encoding, how much a person thinks about the information, and the nature or quality of the processing the information receives at encoding, the manner in which a person thinks about the information (Keller, 1993). When a consumer actively thinks about and elaborates on the significance of product or service information, stronger associations are created in memory. This strength, in turn, increases both the likelihood that information will be accessible and the ease with which it can be recalled by “spreading activation” (ibid).

2.3.2. FAVORABILITY

Favorability is reflected in the consumers’ belief that the brand has attributes and benefits that satisfy their needs and wants such that a positive overall brand attitude is formed (Keller, 1993). Consumers are unlikely to view an attribute or benefit as very good or bad if they do not also consider it to be very important. Hence, it is difficult to create a favorable association for an unimportant attribute.

Not all associations for a brand will be relevant or valued in a purchase or consumption decision. Associations might facilitate brand recognition or awareness or lead to inferences about product quality, hence it might not always be considered a meaningful factor in a purchase decision. Moreover, the evaluations of brand associations may be situational or context-dependent and vary according to consumers’ particular goals in their purchase or consumption decisions (Day, Shocker and Srivastava, 1979 cited in Keller, 1993).

2.3.3. UNIQUENESS OF PERCEIVED BENEFITS AND ATTRIBUTES

Attributes are the descriptive features that characterize a product or service. Attributes are distinguished according to how directly they relate to product or service performance. Product-related attributes are defined as the ingredients necessary for performing the product or service function sought by consumers. Non-product-related attributes are defined as external aspects of the product or service that relate to its purchase or consumption. Price is a particularly important attribute association because consumers often have strong beliefs about the price and value of the brand and may organize their product category knowledge in terms of the price tiers of different brands (Blattberg and Wisniewski, 1989).

User and usage imagery attributes can be formed directly from a consumer's own experience and contact with brand users or indirectly through the depiction of the target market as communicated in brand advertising or by some other source of information. User and usage image attributes can also produce brand personality attributes, which in turn may reflect emotions or feelings evoked by the brand (Keller, 1993).

Benefits are the personal value consumers attach to the product or service attributes; this is what consumers think the product or service can do for them. Benefits can be further distinguished into three categories to the underlying motivations to which they relate (Park, Jaworski and MacInnis, 1986):

- *Functional benefits*, are the more intrinsic advantages of product or service consumption and usually correspond to the product-related attributes. These benefits are often linked to fairly basic motivations, such as physiological and safety needs
- *Experiential benefits*, relate to what it feels like to use the product or service and also usually correspond to the product-related attributes. These benefits satisfy needs such as sensory pleasure, variety and cognitive stimulation.
- *Symbolic benefits*, are more extrinsic advantages of product or service consumption. They usually correspond to non-product-related attributes and relate to underlying needs for social approval or personal expression and outer-directed self-esteem. Consumers may value the prestige, exclusivity or fashionability of a brand because of how it relates to their self-concept (Solomon, 1983 cited in Keller, 1993).

H2: Brand association plays an important role in the choice of bank

2.4. BRAND ATTITUDE

Brand attitudes are important because they often form the basis for consumer behavior. One widely accepted approach to brand attitudes is based on a multi attribute formulation in which brand attitudes are a function of the associated attributes and benefits that are significant for the brand (Keller, 1993). Percy and Rossiter (1992) highlights four important characteristics to be understood about brand attitude:

1. Brand attitude depends upon the currently relevant motivation. As a result, if a buyer's motivation changes, so might the buyer's evaluation of a brand
2. Brand attitude consists of both a cognitive and affective component. The cognitive, or logical belief, component guides behavior and the affective, or emotional feeling, component energizes the behavior.
3. The cognitive component may be comprised of a series of specific benefit beliefs. In and of themselves these are not the attitude, but rather the reasons for the brand attitude.
4. In almost any product category what one is looking for is the brand that, relatively speaking, meets the underlying motivation better than alternative brands. As long as a motivation to behave exists, buyers will choose some brand that best meets that motivation from the alternatives of which the buyer is aware.

Bolton and Drew (1991) speculate that perceived service quality is a function of a consumer's residual perception of the service's quality from the prior period and his or her level of (dis)satisfaction with the current level of service performance. This notion suggests that satisfaction is a distinct construct that mediates prior perceptions of service quality to for the current perception of service quality (Cronin and Taylor, 1992).

If one considers service quality to be an attitude, a study by Oliver (1980) suggests that: (1) in the absence of prior experience with a service provider, expectations initially define the level of perceived service quality, (2) upon the first experience with the service provider, the disconfirmation process leads to a revision in the initial level of perceived service quality, (3)

subsequent experiences with the service provider will lead to further disconfirmation, which again modifies the level of perceived service quality, and (4) the redefined level of perceived service quality similarly modifies a consumer's purchase intentions towards that service provider (Oliver, 1980).

2.4.1. PERCEIVED SERVICE QUALITY

It should be noted that there exist similar interrelationships among the different brand equity dimensions. Perceived service quality could be influenced by awareness, by associations and by loyalty (Aaker, 1991).

Perceived quality can be defined as the customer's perception of the overall quality or superiority of a product or service with respect to its intended purpose, relative to alternatives (Aaker, 1991). Perceived quality cannot necessarily be objectively determined, in part because it is a perception and also because judgments about what is important to customers are involved. Perceived quality differs from satisfaction since a customer can be satisfied because he/she had low expectations about the performance level. High perceived quality is not consistent with low expectations (ibid). Perceived quality is an intangible, overall feeling about a brand. However, usually will be based on underlying dimensions which include characteristics of the products to which the brand is attached such as reliability and performance (ibid).

Angelis *et al.* (2005) mentions that the perceived quality of services is an aggregate attitude expressing the degree of correlation between customers' expectations and the perceived level of their fulfillment. This is based on Parasuraman *et al.* (1985) and their proposition that the service quality determinants are:

- tangibles
- reliability
- responsiveness
- communication
- credibility
- security
- competence

-
- courtesy
 - understanding/knowing the customer
 - access

Angelis *et al.* (2005) have also defined service quality as a function of the gap between customers' expectations of a service and their perceptions of the actual service delivered by an organization. In other words, the gap between the expected and the received service by the customers of private banks.

Research on customer bonding, personal relationship between service provider and consumer, can be used to offer some insight as to the effect that personal relationships may have on perceived service quality and expectations (Gounaris, Stathakopoulos and Athanassopoulou, 2003). In defining the notion of bonding, Cross and Smith (1996, cited in Gounaris *et al.*, 2003) describe it as a process through which the provider and the buyer develop and sustain a mutually rewarding relationship. From the customer's viewpoint a personal relationship with the service provider may improve true understanding, that is, to make it easier for the employee to genuinely understand the needs of the consumer (Price, Arnould and Tierney, 1995).

Lewis and Bingham (1991, cited in Gounaris *et al.*, 2003), indicate that the lack of personal contact affects banks' customers' formation of service quality perceptions. Experience is a different notion from "expertise". While "expertise" captures the special, uncommon, state of knowledge an individual may have about a certain product or service, experience is perceived as a lower level, general, knowledge about the product or the service which indicates a certain degree of familiarity (*ibid*). Experience may be developed through personal use of the service; it may also be developed through exposure to communication messages: in-store promotions and comparison shopping may also help consumers to develop a degree of experience with certain services (Sundaram and Webster, 1999 cited in Gounaris *et al.*, 2003). Empirical evidence exists which demonstrates that consumers' choices are frequently guided by the degree of experience the individual has with a certain brand. A study by Arora and Stoner (1996) proves that purchase intentions are improved when potential buyers are more experienced and familiar with particular products and/or services. However, from the above discussion it seems logical to assume that previous experience helps consumers to form

specific expectations of the quality of the service and, consequently, of the perceived service quality that will derive from the transactions with a particular service provider (Gounaris *et al*, 2003).

2.4.2. SATISFACTION WITH THE BRAND

To measure the satisfaction among customers' the researcher can study the extent to which the expectations regarding a number of satisfaction criteria have been fulfilled. Customers' perceived values on the other hand is an average of their assessment of their bank's performance on a number of criteria weighted according to the relative importance of those criteria in the overall bank's performance (Angelis *et al*, 2005). Perceived value gives a measure of the bank customers' attitude to certain characteristics of the services provided. Those attitudes should be measured since they perform as behavior formulators (*ibid*).

H3: The brand attitude influences the relationship (bank-SME) in a positive way

2.5. BRAND LOYALTY



Figure 4: The Loyalty Pyramid (Aaker, 1991, p. 40)

Aaker (1991) presented a figure based on five levels of loyalty. The first level contains the non-loyal buyer who is completely indifferent to the brand. The second level includes buyers who are satisfied with the product or at least not dissatisfied. Basically, there is no dimension of dissatisfaction that is sufficient to stimulate a change especially if that change involves effort. The third level consists of those who are also satisfied, and in addition, have switching

costs: costs in time, money or performance risk associated with switching. Perhaps there is a risk that another brand may not function as well in a particular use context. The fourth level consists of consumers that truly like the brand. Their preferences may be based upon an association such as symbol, a set of use experiences or high perceived quality. The top level is

the committed customers, who have a pride of discovering and/or being users of a brand. The brand is very important to them either functionally or as an expression of who they are. Their confidence is such that they will recommend the brand to others. The value of the committed customer is not so much the business he/she generates but rather the impact upon others and upon the market itself (Aaker, 1991).

Loyalty is a core dimension of brand equity. The perceived quality, the associations and the well-known name can provide reasons to buy and can affect use satisfaction (Aaker, 1991). A loyal customer base represents a barrier to entry, a basis for a price premium, time to respond to competitor innovations, and a fortification against harmful price competition (ibid). Successful brands achieve higher customer loyalty. Unsuccessful brands or new brands have to attract customers. The need to do so hits the net margin since it is much more expensive in advertising, promotion, and selling to win new customers than to hold existing satisfied ones (Doyle, 1990). Loyalty is of sufficient importance that other measures, such as perceived quality and associations, can often be evaluated based on their ability to influence it. A basic indicator of loyalty is the amount a customer will pay for the brand (price premium) in comparison with another brand offering similar benefits (Aaker, 1996).

Attitudinal loyalty concepts conclude that consumers engage in extensive problem-solving behavior involving brand and attribute comparisons, leading to strong brand preferences (Bennet and Rundle-Thiele, 2002). Attitudinal loyalty is strongly connected to the cognitive school of thought, which emphasize the role of mental processes in building loyalty (ibid).

Behavioral loyalty is the observable outcome of attitudinal loyalty, without knowledge and understanding of the attitude towards the act of buying the brand, it is difficult to design marketing programs to modify behavioral loyalty. This is particularly the case in a non-stable environment with changing needs or environments (Bennet and Rundle-Thiele, 2002). Developing a high proportion of loyalty consumers is the ultimate goal for marketing practitioners.

2.5.1. BEYOND LOYALTY – RELATIONAL CONSUMPTION

Evans *et al.* (2006) and their description of relationship marketing contains an relationship targeted consumption identification, specification, initiation, maintenance and (if pertinent)

resolution of a long-running relationship between consumers and brands/organization through mutual exchange, fulfillment of given promises and insistence of norms which are connected to the relationship with the purpose to satisfy the goals that the parties has and improve their experiences. For the consumer such a relational coordination can be very fruitful. They might experience closeness to the organization which can strengthen the consumption behavior. They are treated in a special way and the organization offers them something special. Important concepts of such relationships are (ibid):

- Trust
- Engagement
- Mutual goals
- Customer satisfaction
- Cooperation

H4: Loyalty is not an influencing factor when the SME's decides upon bank

2.6. BRAND ACTIVITY

2.6.1. WORD OF MOUTH

Word-of-mouth (WOM) communication is without doubt among the strongest factors forming expectations and regularly in primary purchasing behavior (Mossberg, 1995). In general WOM communication has been researched less for services than it has been researched for manufactured goods, and this despite the fact that its importance for the services sectors has long been established (Berry and Parasuraman, 1991 cited in Gounaris *et al*, 2003). This importance stems from the fact that service quality is hard to evaluate in advance of the purchase and, therefore, WOM becomes a powerful factor which consumers consider (Gounaris *et al*, 2003). When consumers' perceptions of service quality are high, consumers are willing to recommend the company to others, this means they develop positive WOM. The outcome of this communication process is used by individuals who are not familiar with either the service or the provider as signals of quality (Parasuraman, Zeithaml and Berry 1988).

A commercial setting involves a subtle change for the term "loyalty" (Rundle-Thiele, 2005). One of the main reasons for this change is that customers can persevere in a commercial

relationship without a feeling or an attitude of devoted attachment. These loyal behaviors demonstrate that the customer has faith in the brand. Loyalty is the key to the longevity of any brand and one type of loyalty is word of mouth (ibid). Word of mouth (WOM) is the most commonly used measure of loyalty and Reichheld (2003 cited in Rundle-Thiele, 2005) has demonstrated that WOM measures correlate to company profits and growth. WOM is a strong indicator of loyalty and growth because when customers recommend your service they are putting their reputation on the line (Rundle-Thiele, 2005).

H5: Activity plays an important role to decide which bank to use

2.7. SERVICE MARKETING

The unique characteristics of service marketing which makes which indicate that it is not necessarily appropriate simply to apply theory developed for other purposes to the marketing of services (Dibb and Simkin, 1993). One factor impacting on this uniqueness of services is their relative intangibility, which is commonly used to distinguish services from goods with a physical presence. The literature correctly states that services cannot be touched, stored or acquired; they are an experience or process (ibid). There is a direct company-customer contact-based relationship. As a service is imparted, generally the customer deals directly with the company's representatives. Staff selection, training, personalities, motivation and commitment become part of the product or service which the company is selling, promoting or researching (ibid).

2.7.1. STRATEGIES FOR SERVICES MARKETING

Strategies for services marketing typically attempt to differentiate a service for competitive advantages. The properties that a customer perceives the service to have, become a key to such a differential advantage (Zeithaml, 1981 cited in Välikangas and Lehtinen, 1994). A service can be differentiated by selection of the properties included in the service offer and by development of the perceived superiority of these properties relative to competitors. The existing competitive situation and the firm's competences naturally direct the options for such a strategy. It is important that there is a consistency between the service concept and its differentiation strategy in the customer's mind (Välikangas and Lehtinen, 1994). The service provider seeks to fulfill the customer's expectations of the service to the maximum, and create

a long-lasting and unique relationship with the customer (Parasuraman, Zeithaml and Berry, 1985).

There are three main types of services; *generic*, *specialized* and *customized*. These three types all have different market focus. A generic service is typically targeted at an unsegmented market, and it entails a broad market focus. It is provided in the same manner to each customer (Välakangas and Lehtinen, 1994).

Specialization can often be developed only in a narrow area, and it is limited in scope due to the amount of skilled resources available for a firm. Consequently, superiority or uniqueness can usually be sustained only in a relatively narrow market segment to which skills, expertise and technology can be specifically designed (Välakangas and Lehtinen, 1994). A specialized service function might in some cases allow a broad market focus. However, this is only possible in a wider sense if the innovation can be protected from (ibid).

A customized service is conceptually of a single customer focus, each service is specifically tailored to a certain customer, or possibly a customer group. Since the competitive advantage lies in the tailoring of the service to each customer, the scope of market focus is limited by resources of a firm that are available to service development and customer service in general (Välakangas and Lehtinen, 1994). In some cases, the competitive advantage may lie in the restricted access to the service, reserved to a carefully selected customer group. Examples are individually designed private banking. A customized service, however, has a narrow market focus at least to the extent that the technology to allow “automated customization” is not available (ibid).

2.8. SME'S

Since Sweden is part of the European Union since 1993 the definition of the small and medium-sized companies will be from an international perspective in this study.

“Micro, small and medium-sized enterprises (SMEs) are the engine of the European economy. They are an essential source of jobs, create entrepreneurial spirit and innovation in the EU and are thus crucial for fostering competitiveness and employment”

- Günter Verhaugen (2003, p. 3)

In the enlarged European Union (all 25 countries) some 23 million SMEs provide around 75 million jobs and represent 99 percent of all enterprises [1]. The category of micro, small and medium-sized enterprises (SMEs) is made up of enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding 50 million euro, and/or an annual balance sheet total not exceeding 43 million euro [1]. The definition of a company within the European Union depends of the number of employees, the annual turnover and the balance sheet. The matrix besides gives a clear picture of the definitions.

Enterprise category	Headcount: Annual Work Unit (AWU)	Annual turnover	Annual balance sheet total
Medium-sized	< 250	≤ €50 million (in 1996 € 40 million)	≤ €43 million (in 1996 € 27 million)
Small	< 50	≤ €10 million (in 1996 € 7 million)	≤ €10 million (in 1996 € 5 million)
Micro	< 10	≤ €2 million (previously not defined)	≤ €2 million (previously not defined)

Source: The New Thresholds, The new SME definition – User guide and model declaration, European Commission 2006, p. 14

For over a decade, small enterprises have been recognized as playing a very important role world-wide, making significant contribution to technological progress and increased competitiveness, the creation of new jobs and the economic revival of regions within countries where there has been structural unemployment and the decline of traditional industries (Dutta and Evrard, 1999).

2.9. THE BANKING INDUSTRY

The banking industry is traditionally conservative because of its traditional management methods and legal restrictions. The quality of business activities is very high and price competition is easily imitated, non-price competition can reach Porter's (1980) differentiation of competitive superiority; moreover, non-price competition inevitably increases service quality and introduces new financial goods (Lee and Hwan, 2005).

Regulatory, structural, and technological factors are significantly changing the banking environment throughout the world. Regulatory changes have reduced or eliminated barriers to cross-border expansion, creating a more integrated global banking market (Angur, Nataraajan and Jahera, 1999). Structural changes have resulted in banks being allowed a greater range of

activities, enabling them to become more competitive with non-bank financial institutions. Technological changes are causing banks to alter their strategies for services offered to both commercial and individual customers. It is within this rapidly changing environment that customer satisfaction and service quality are compelling the attention of all banking institutions (Angur *et al*, 1999). Perceived quality of service tends to play an important role in high involvement industries like banking services. Banks have traditionally placed a high value on customer relationships with both commercial and retail customers (*ibid*).

Financial institutions, as a category, have rarely succeeded in winning consumer loyalty as a result of a branding strategy. This results from the fact that consumer loyalty to a bank or other financial institutions historically evolved out of personal relationships with local financiers, who competed in a far smaller and less competitive marketplace than exists today (Alvarez, 2001). Technology, globalization, new entrants and consumer mobility have changed the competitive situation significantly. At the same time, bankers are hindered by the remnants of a regulatory environment that has limited pricing, product composition and quality of service to the extent that parity rules (*ibid*). Consumers can perceive no advantage, beyond location convenience, for selecting one bank over another. For marketers to alter perceptions and create consumer preference for a particular bank calls for much the same branding strategy employed by traditional packaged goods marketers. Banks should make customers feel something about doing business with them (*ibid*).

2.9.1. SWEDISH BANKING SECTOR

The Swedish retail banking market is undergoing substantial changes. Introduction of foreign firms, entry from other lines of business, and new technology have influenced the development on the Swedish banking market for both producers and consumers. The number of traditional bank offices has decreased in Sweden during the last ten years, yet opportunities to carry out bank services have increased strongly [2]. Between 1996 and 2006 Sweden had 18 new entrants on the bank market, such as insurance companies and firms in retail trading. Also foreign banks have entered the market through e.g. acquisitions. Although it has become easier to switch banks, partly due to the IT development, and the existence of many firms, consumers seem inflexible. It is however important that strong alternatives exist and that switching costs are in fact [2]. Even though the large well known banks still have a strong

position, this study shows that competition, after former deregulations and decreased barriers of entry, has become more intensified in retail banking. Looking at the market shares for the large banks (SEB, SHB, Swedbank and Nordea), competition has increased more on the lending market than on the savings market. At the same time profitability has increased for all large banks during a longer period [2].

2.9.2. BANK CUSTOMERS

The bank customer today is more demanding than he/she used to be. The information flow in the society today is faster than ever, and that affects the customer and the bank. The typical bank customer of today (Angelis *et al*, 2005):

- Is more demanding on issues of quality, since they possess a higher standard of living and educational level than previously
- Is more informed since they have access to abundant information allowing immediate comparison of competitive products
- Finds the differences between competitive products few and insignificant.
- Pursues tailor-made service
- Needs fast and easy service because of limited time
- Is less loyal to a specific bank.
- Is affected much more by the pricing policy of a bank than in the past.

2.10. BRAND IDENTITY/BRAND IMAGE

With the inspiration from Keller (1993) and Aaker (1991) we have created the following model, which shows the part of the branding process this study is concerned with. The companies use their efforts to create a positive identity of their company, and thereby increase the value of the brand. The consumer responds to that identity by creating a picture of the company; this picture is referred to as the creation of a brand image. In the centre of this process we have the brand, and the factors that the companies can create/change/maintain in order to adapt the identity to consumer desires. The brand consists of different factors, which

are summarized under five main subjects: *attitude*, *association*, *awareness*, *activity* and *loyalty*. This study aims to find out which of the surrounding factors that affect companies the most when they decide upon which bank to use for the ongoing business.

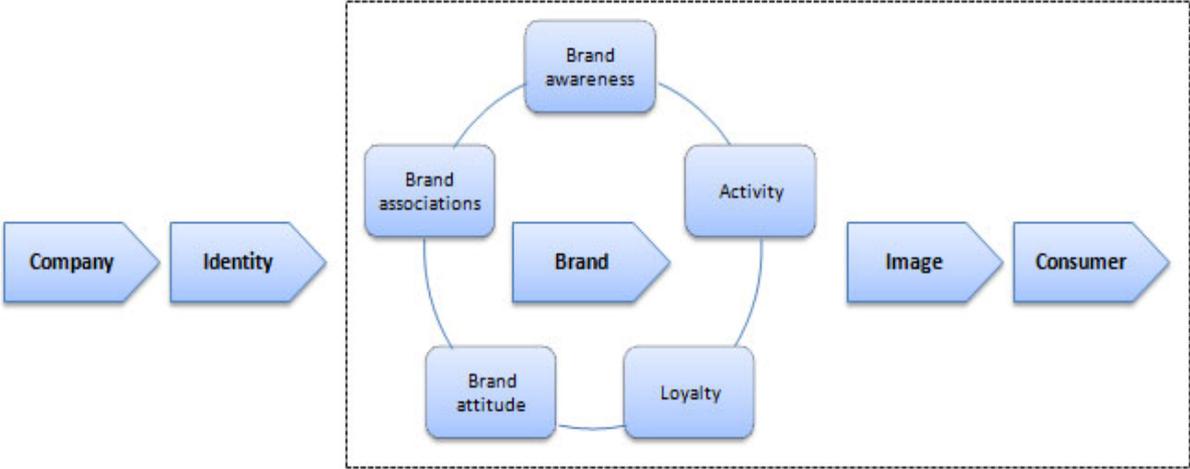


Figure 5: Brand identity/image and factors contributing (Hägg and Jonsson, 2009)

3. METHODOLOGY

In this chapter we will go through the processes of the study, and outline the different methodological approaches we have chosen, and the tools that we have used to gain information about the subject. The chapter is divided in seven parts: research theory, research strategy, research approach, sampling, data collection, data analysis, validity and reliability.

According to Bryman and Bell (2007), characterizing the nature of the link between theory and research is, by no means, a straightforward matter. There are several issues at stake, but two stands out in particular. First, there is the question of what form of theory one is talking about. Secondly, there is the matter of whether data are collected to test or to build theories.

3.1. RESEARCH STRATEGY

According to Jacobsen (2002) data collection can be made either with a quantitative or a qualitative approach. The method to use depends on the phenomenon and the purpose of the research (Kvale, 1997). The strategy of this thesis will be built upon a quantitative method which means that categorizing and specification of concepts, the theoretical part of the research, will be made before the empirical investigation takes place. The process of the quantitative approach is that you start off finding theory, and on the theories that you have gathered, you build your hypothesis (Jacobsen, 2002). However, a great deal of quantitative research does not entail specification of a hypothesis, but rather the theory acts loosely, as a set of issues in relation to which the business researcher collects data (Bryman and Bell, 2007). The quantitative method states that you test a limited amount of variables with a large sample size, you test phenomena instead of investigating them (Jacobsen, 2002).

Within quantitative research, the most common method to collect data is by using a questionnaire with in advance formulated alternatives to answer. This leads to the possibility of studying a wider range of respondents for a low cost. The standardized questions will make it easier to process the information with programs as SPSS for instance, which gives the researcher the possibility to generalize with a high degree of security. However, there are some disadvantages. Answers are structured, and respondents may feel that limited choices

are imposed on them. The research might be a bit shallow and often gradation and opinions, which would have given a greater insight into the phenomenon, will be lost.

Qualitative research is different from quantitative since no answer alternatives are given before the interview. The most common way used are interviews through different media, such as telephone interviews. Advantages of the method are that the researcher can go deeper into the phenomenon. The interviewer can go beyond the surface, ask continuous questions and get nuances that are not possible to be detected over with an in advance structured method. The table below shows a summary of the two different strategies.

	Quantitative method	Qualitative method
<i>Should be used when:</i>	Good knowledge about the study phenomenon	Less knowledge about the study phenomenon
<i>When we shall:</i>	Test theories and hypotheses	Develop new theories and hypotheses
<i>When we want:</i>	Generalize (know little about many units)	Get a lot of information about few units (not generalizing)
<i>When we want:</i>	To know how a phenomenon appear	To know what a phenomenon consists
<i>Pros:</i>	<ul style="list-style-type: none"> *many units *possibilities to generalize *from selection to population *with a high grade of security *relatively low cost 	<ul style="list-style-type: none"> *deep and detailed understanding *complete understanding about phenomenon/situation/the individual *flexibility in the data collection
<i>Cons:</i>	<ul style="list-style-type: none"> *shallow information *rigidity in the data collection *views are forced thru standardized questions and answering alternatives *analytical distance can give bad comprehension 	<ul style="list-style-type: none"> *unforeseeable and to detailed information *closeness to the respondent can disturb the ability to analytical distance

Source: Jacobsen, 2002, pg. 150

According to Jacobsen (2002) a quantitative approach is the most suitable when the researcher wants to investigate the extent of behavior or attitude. This study will investigate an attitude among owners of micro companies and the way they see their bank. To deal with that purpose a quantitative method, where the possibility to generalize and draw wide conclusions, was decided upon. The problem we are focusing on is of a descriptive character. A descriptive research is basically to describe characteristics of a population or a phenomenon (Jacobsen, 2002). We were attempting to describe the micro sized companies' way of seeing, and deciding upon, the bank they use for their business. A quantitative method, with a survey containing a limited amount of information, hence a wide range of units, will be best suited for the problem formulation of this study.

3.2. RESEARCH APPROACH

Deductive theory represents the most common view of the nature of relationship between theory and research. The researcher, on the basis of what is known about a particular domain and of theoretical considerations in relation to that domain, deduces a hypothesis that must then be subjected to empirical analysis (Bryman and Bell, 2007). Criticism against this approach is that the author has preconceived knowledge and preconceived notions about the subject and might look for answers that suit own theories (Jacobsen, 2002).

In a deductive approach, the theory, and the hypothesis deduced from it come first and drive the process of gathering data (Bryman and Bell, 2007). One point to bear in mind is that the deductive process appears very linear – one step follows the other in a clear, logical sequence. However, there are many instances where this is not the case (ibid). With an inductive stance, theory is the outcome of research. The process of induction involves drawing generalizable inferences out of observations.

However, just as deduction entails an element of induction, the inductive process is likely to entail a degree of deduction. Once the phase is of theoretical reflection on a set of data has been carried out, the researcher may want to collect further data in order to establish the conditions in which a theory will and will not hold. Such a general strategy is often called *iterative*: it involves a weaving back and forth between data and theory (Bryman and Bell, 2007).

In this thesis, a deductive approach will be used, since the theory part will be the fundamental base for the data collection. The theory that we have gathered will be used as a foundation for the creation of the hypotheses that will be tested later in the study, when the data collected will be analyzed. Since we have made the choice to use a quantitative strategy, a deductive approach of data collection was found to be the most appropriate when considering the purpose of the research. Since we have chosen a deductive approach, we must bear in mind that, when we have gathered the theory that we need, and created our hypotheses, there is no going back and changing errors that we might spot later on in the process. This could be seen as a weakness if an error might occur in our thesis, and is something that we have carefully considered during the process, with the creation of the theory chapter and the hypotheses. Also the creation of the questionnaire has been thoughtfully created with this way of thinking.

3.3. SAMPLING/CASE SELECTION/DATA RESPONDENTS

3.3.1. SAMPLING

In social survey research sampling constitutes a key step in the research process (Bryman and Bell, 2007). When finding a sample population one must have in mind the different types of probability samples that give different outcomes of the findings. The first and most basic form of probability sample is the simple random sample. With random sampling, each unit of the population has an equal probability of inclusion in the sample (ibid). The second type is systematic sampling. With this type of sampling, you select units directly from the sampling frame – that is, without resorting to a table of random numbers (ibid).

The reasons why probability sampling is such an important procedure in social survey research is that it is possible to make inferences from information about a random sample to the population from which it was selected. In other words, we can generalize findings derived from a sample to the population (Bryman and Bell, 2007).

Time and cost considerations are very relevant in this context, the larger sample size the better precision. However, after a certain limit there is a slowing-down in the increasing of precision (Bryman and Bell, 2007). And the matter of cost must be taken into consideration since the larger sample size the more expensive the test will be. The homogeneity and heterogeneity of

the population must also be thought upon, since a very heterogeneous sample will give a higher variation than a homogenous sample.

When conducting a social survey research there is four types of errors that might occur (Bryman and Bell, 2007, pg. 204):

1. *Sampling error* – arises because it is extremely unlikely that one will end up with a truly representative sample, even when probability sampling is employed.
2. *Sampling-related error* – arises from activities or events that are related to the sampling process and are connected with the issue of generalizability or external validity of findings, examples of this is non-response.
3. *Data-collection error* – includes such factors as: poor question wording in self-completion questionnaires, flaws in the administration of research instruments.
4. *Data processing error* – arises from faulty management of data, in particular, errors in the coding of answers.

Theoretical population is the name of all the entities of interest for an investigation. In this study that population will be Micro Companies in the community of Halmstad, Sweden. The target population will be studied and, to reach that group, a frame of references must be accessible. In this study, the register of Lokaldelen AB will be the source of company information. This study will use a sample population from the Micro Companies registered in the community of Halmstad. The companies are chosen upon the criteria below, and all companies within the particular criteria in the register were selected and placed in an own created register over the test group. According to Lokaldelen AB, Halmstad community consists of 7700 registered companies in different forms and sizes. Among those companies 180 matched the criteria, and were thereby chosen. The study will only focus on companies within a certain range, the criteria are as follows:

- Micro company, annual turnover between 2M Sek and 20M sek.
- The company must be AB (Limited Company) or HB (Limited Liability Partnership).
- Contact person (CEO or other financial manager) listed at Lokaldelen AB

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- Contact E-mail address listed at Lokaldelen AB

The research might be affected by the fact that all companies do not officially hand out their annual turnover to Lokaldelen AB. Not all companies agree to put their company information, and/or contact information, on the website of Lokaldelen AB. Those two circumstances might lead to a sampling error. Since we do not have a large amount of funds for this research, we had to take some decisions about how to conduct the sample and this was the best possible solution for the study, since the information that you can access on Lokaldelen AB, and their website is free of charge. Since we have taken companies on the basis of our four criteria, we cannot say that it is a random selection of respondents. However, since we did not know before which companies would suite our four criteria we can argue that the results from the companies is randomized in the sense of different business areas.

3.4. DATA COLLECTION/QUESTIONNAIRE DESIGN

This study will contain a self-completion questionnaire, which means that the respondents answer questions by completing the questionnaire themselves. As a method, the self-completion questionnaire can come in several forms. Probably the most well-known of these forms is the mail or postal questionnaire, whereby, as its name implies, a questionnaire is sent through the post to the respondent (Bryman and Bell, 2007). According to Bryman and Bell (2007), in many ways, the self-completion questionnaire and the structured interview are very similar methods of business research. The obvious difference is that, with the self-completion questionnaire, there is no interview, instead, respondents must read each question themselves and answer the questions themselves. Whether a questionnaire is self-administered or completed by an interviewer, it must be well designed. Proper questionnaire design takes knowledge, experience, time, and money. Some basic points to consider regarding questionnaire design follow (Keller, 2005 pg. 144):

1. First and foremost, the questionnaire should be kept as short as possible to encourage respondents to complete it.
2. The questions themselves should also be short, as well as simply and clearly worded, to enable respondents to answer quickly, correctly, and without ambiguity.

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3. Questionnaires often begin with simple demographic questions to help respondents get started and become comfortable quickly.
 4. Dichotomous questions (questions with only two possible responses, such as “yes” and “no”) and multiple-choice questions are useful and popular because of their simplicity, but they, too, have possible shortcomings. For example, a respondent’s choice of yes or no to a question may depend on certain assumptions not stated in the question. In the case of a multiple-choice question, a respondent may feel that none of the choices offered are suitable.
 5. Open-ended questions provide an opportunity for respondents to express opinions more fully, but they are time-consuming and more difficult to tabulate and analyze.
 6. Avoid using leading questions, such as “Wouldn’t you agree that the statistics exam was too difficult?” These questions tend to lead the respondent to a particular answer.
 7. Time permitting, it is useful to pretest a questionnaire on a small number of people in order to uncover potential problems, such as ambiguous wording.
 8. When preparing the questions, think about how you intend to tabulate and analyze the responses. First, determine whether you are soliciting values for an interval or a nominal variable. Then consider which type of statistical techniques – descriptive or inferential – you intend to apply to the data to be collected.

The eight notions mentioned above are taken into consideration when conducting the questionnaire and information letter connected to the questionnaire. However, compliance with these notions alone will not guarantee a perfect questionnaire, and questions must be designed so as to provide a sound basis for a hypothesis that will withstand academic scrutiny. The errors in data collection are hard to prevent totally. The perfect formulation of a question/statement is hard to create since it is a relative issue. Also the different interpretations from the respondents makes it almost impossible to make a perfectly understandable questionnaire, but we have tried to make it as easy and clear as possible so that as few misunderstandings as possible will occur.

When conducting a self-completion questionnaire one must bear in mind that the response rate is commonly lower than in the structured interview. The problem of low response rates seems to apply mainly to postal questionnaires (Bryman and Bell, 2007). According to

Jacobsen (2002) a respondent rate above 50% is acceptable; a rate over 60% is very good and above 70% is excellent.

According to Bryman and Bell (2007) there are several steps to improve the response rates when using self-completion questionnaires. To increase the probability for answers, the following recommendations were used during the questionnaire considerations:

- Start out with writing a good covering letter explaining the reasons for the research, why it is important, and why the recipient has been selected.
- Follow up individuals who do not reply at first with two or three further mailings.
- Unsurprisingly shorter questionnaires tend to achieve better response rates than longer.
- Clear instructions and an attractive layout improve postal questionnaire response rates.
- Do not allow the questionnaire to appear unnecessarily large.
- Begin with questions that are more likely to be of interest to the respondent.

3.4.1. DESIGNING THE SELF-COMPLETION QUESTIONNAIRE

The design of the questionnaire (see appendix 1) will be influenced by the considerations mentioned earlier in the methodology. To make the process as smooth as possible for both the researchers and the respondents, the questionnaire will be created and utilized on Internet using a service company, www.surveymonkey.com, which provides online questionnaires. Data will be collected and downloaded from the website. The questionnaire will contain 31 closed statements covering five hypotheses. The layout will be as clear as possible to limit the misunderstanding, and a vertical format will be used when formatting the questionnaire. The analysis will be made by using a Likert scale, with five levels with a range from Strongly Disagree (1) to Strongly Agree (5). Since the study is constrained by limited funding the questionnaire will be sent out through e-mail, which will limit the cost, and give the possibility to send out a copy to as many individuals as possible, to make the precision higher in the findings.

Before handing out the questionnaire to the sample population a pilot study will be conducted by sending the questionnaire to a test group containing ten companies, and, in case it is needed, modified depending on the response from the test group. Thereafter the questionnaire

will be sent to the sample population through e-mail. The respondents that do not answer will be contacted once more through e-mail after one week. If they do not answer the second e-mail they will receive a third e-mail two weeks after the first one is sent out, this will be the last reminder.

3.5. DATA ANALYSIS (SPSS)

3.5.1. DECODING AND RENDERING OF QUESTIONNAIRE

The information from the questionnaire will be decoded in SPSS. The data will be classified and labeled with the correct scale. A mean value, standard deviation and variance will be calculated to compare the different answers. This classification will make it possible to analyze the data. Further on Pearson's Correlation and Cronbach's alpha will be calculated.

3.5.2. PEARSON'S CORRELATION

Pearson's Correlation is used to calculate the linear relationship between two variables. The correlation can vary between -1 and 1, when below 0 there is a negative correlation between the variables. That means that when one of the variables is moving in one direction the other variable moves in the opposite direction. When the correlation is zero there is no correlation between the variables, and when it is positive there is a positive correlation. If the relationship between the variables is not linear, then the correlation coefficient does not adequately represent the relationship between the variables (Körner and Wahlgren, 2002).

With this method, it is possible to see if there are any connections between the different statements within each hypothesis. This will help us to see which statements that are more connected to each other, and it will give us a clue of which statements that have more impact than others on the respondents.

3.5.3. CRONBACH'S ALPHA

The internal reliability will be tested with Cronbach's Alpha, which measures the correlation between the variables that attempt to determine a concept. The correlation within the different factors will be measured, in other words, how the different statements that treat a factor correlate with each other. The Cronbach's Alpha test shows a value between 0 and 1, where 1 means a perfect correlation, and 0 no correlation at all. [3].The lowest acceptable limit for a

reliability test with the Cronbach's Alpha method is 0,7. Hence the level should be over 0,8 to be accepted with honor.

3.6. RELIABILITY AND VALIDITY

3.6.1. RELIABILITY

Reliability is fundamentally concerned with issues of consistency of measures. The Internal reliability is considering whether or not the indicators that make up the scale of index are consistent, whether or not respondents' scores on any one indicator tend to be related to their scores on the other indicators (Bryman and Bell, 2007). The meaning of internal reliability applies to multiple-indicator measures. When you have a multiple-item measure in which each respondent's answers to each question are aggregated to form an overall score, the possibility is raised that the indicators do not relate to the same thing; in other words, they lack coherence. We need to be sure that all of our designerism indicators are related to each other. If they are not, some of the items may actually be unrelated to designerism and therefore indicative of something else (ibid). To test the internal reliability, most researchers use Cronbach's alpha, which calculates the average of all split-half reliability coefficients (ibid). We have used the Cronbach's alpha for calculating whether or not the hypotheses should be accepted or rejected, and, by using this data analysis method, we strengthen the internal reliability of the findings in our thesis.

Inter-observer consistency – when a great deal of subjective judgment is involved in such activities as the recording of observations or the translation of data into categories, and where more than one 'observer' is involved in such activities, there is the possibility that there is a lack of consistency in their decisions. This can arise in a number of contexts, for example: in content analysis where decisions have to be made about how to categorize media items (Bryman and Bell, 2007). For ensuring a high inter observer consistency we have divided the translation of data. One of us typed in all the data, while the other one went through all the inputted data afterwards, to see that the correct figures had been used for each statement and question. By doing this, we have strengthened the reliability of having figures that are as correct as possible.

3.6.2. VALIDITY

Validity refers to the issue of whether or not an indicator (or set of indicators) that is devised to evaluate a concept really measures that concept. The Construct Validity refers to the researcher, and whether he/she is encouraged to deduce hypotheses from a theory that is relevant to the concept (Bryman and Bell, 2007). The hypotheses in this study will be based on previous theory and, in the analysis part; the findings will be compared and analyzed in relation to earlier research and the resultant theories. This will strengthen the validity of the study.

4. EMPIRICAL DATA

In this chapter we will present the empirical data gathered from the survey. The data will be presented with tables and diagrams to make as simple as possible to interpret and compare. The outline will be based on the hypotheses, which will be described one-by-one, starting with brand awareness and ending with brand activity. The tests that have been used are Pearson's correlation and Cronbach's alpha and are described in association with each hypotheses.

The questionnaires were sent out to 180 micro-companies in the community of Halmstad. However, only 161 went through to the respondent. Among those 161 we received 72 answers, which is equal to 44,72 percent. The answers are presented in the following chapter.

4.1. BRAND AWARENESS (HYPOTHESIS 1)

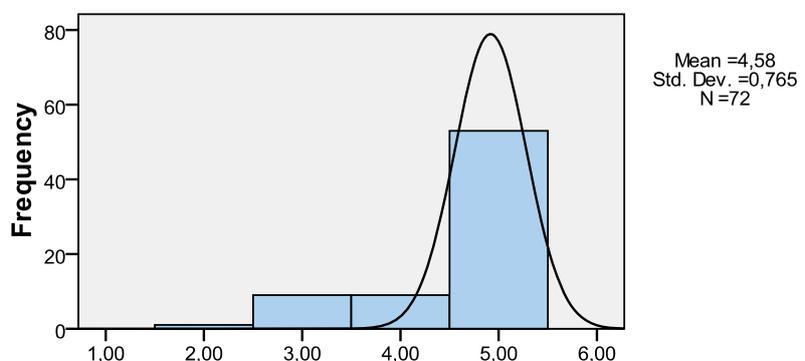
The first hypothesis covered brand awareness and the hypothesis was formulated as follows:

H1: Brand awareness affects SME's choice of bank in a positive way

The hypothesis was tested with five statements covering the theory about brand awareness that is presented in the theory chapter. In the tables and diagrams found below, the outcome of the survey is presented. The table will contain the level of the answer (1-5), frequency of respondents on every level and the percentage on answer on each level. The diagram will make it easy for the reader to view the outcome graphically. The diagram will also contain information about mean, standard deviation and number of respondents. This will be applied to the description of all five hypotheses.

S1: The bank was well-known for us.

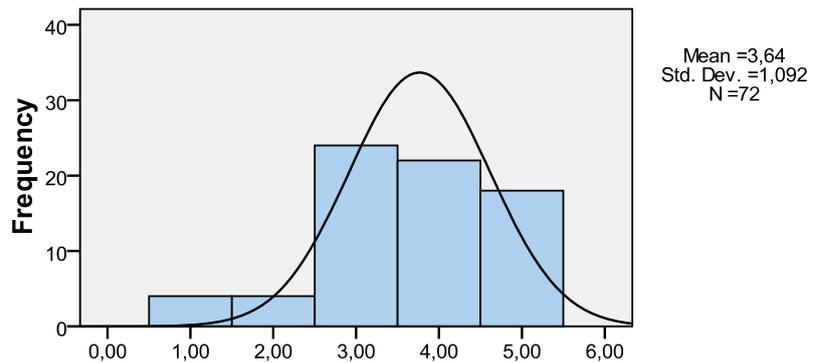
	Frequency	Percent
2,00	1	1,4
3,00	9	12,5
4,00	9	12,5
5,00	53	73,6
Total	72	100,0



The respondents strongly agree that the bank they use is well known to them, and that they are very aware of the existence of the particular bank. The mean is 4.58 which strengthens our findings that the respondents agree with this statement. Further on, the standard deviation was just 0,765 which is also an indicator that the variance between the respondents is low.

S2: We were more aware of the bank compared to its competitors.

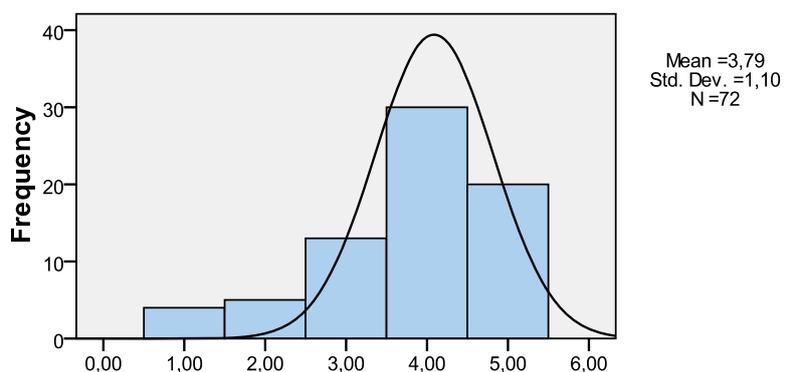
	Frequency	Percent
1,00	4	5,6
2,00	4	5,6
3,00	24	33,3
4,00	22	30,6
5,00	18	25,0
Total	72	100,0



There seems to be a split meaning of the knowledge about the particular bank and the banks competitors, some respondents seem to be more aware of the bank they use in comparison to its rivals, but there seems to be no agreement. The mean is above three which is an indicator that the majority of respondents agree with the statement but, as seen in the diagram, it is not a strong agreement. Some respondents might use the bank for private services as well, making the awareness stronger.

S3: The bank is the first that appears in our mind when thinking of financial service.

	Frequency	Percent
1,00	4	5,6
2,00	5	6,9
3,00	13	18,1
4,00	30	41,7
5,00	20	27,8
Total	72	100,0

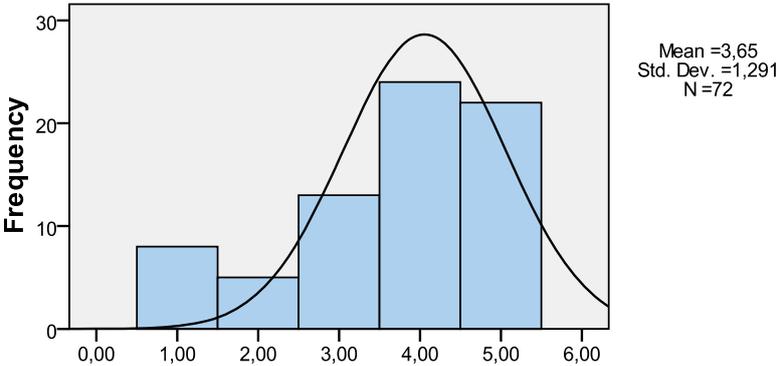


There is an agreement that the first bank that is brought to mind when thinking about financial services is the respondent's current bank. More than 40 percent of the sample population would agree with that. However, the agreement is not strong since the mean is below four

which, in our research, is seen as strong. The standard deviation is quite low, which can easily be seen in the diagram, where the focus is between 3 and 5 on the scale. However, the statement might be inaccurate and hard to estimate for the respondent.

S4: Earlier experience with the bank affected the choice of bank.

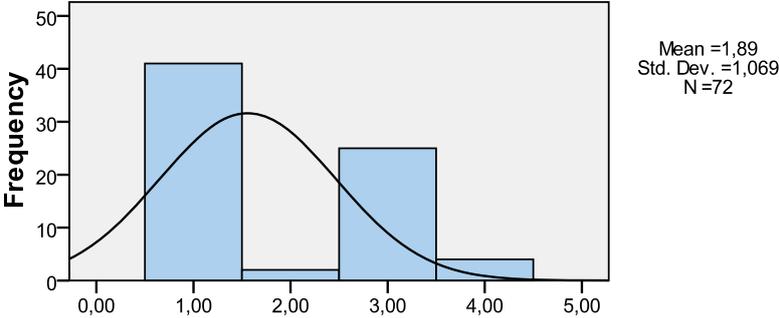
	Frequency	Percent
1,00	8	11,1
2,00	5	6,9
3,00	13	18,1
4,00	24	33,3
5,00	22	30,6
Total	72	100,0



The respondents seem to have earlier experience, and mostly positive experience, from the contracted bank. Hence, some of the respondents do not agree at all, either that the earlier experience did not affect the decision, or that they did not have any earlier experience at all. The standard deviation is quite high, which is probably an influence of the high number of low answers; this could be seen both in the table and in the diagram. Most answers indicate that earlier experience does matter for their usage of bank.

S5: The advertising from the bank was an influencing factor for us.

	Frequency	Percent
1,00	41	56,9
2,00	2	2,8
3,00	25	34,7
4,00	4	5,6
Total	72	100,0



None of the respondents did make their decision primarily on the advertising from the bank. This is a complicated statement, and there is no perfect answer. The advertising might be a subconscious effect, and so not amendable to an honest answer being given. One reason for

the answers being strongly centralized to 1 and 3 might depend on that fact. Alternatively, the respondents simply did not make their decision primarily on advertising, but rather from other sources of information. Since the mean is very low, there is no agreement between the respondents and our statement.

4.1.1.1. RELIABILITY STATISTICS

By looking at Cronbach’s Alpha, the hypothesis will be accepted. It scores above 0,7, which indicates the opportunity to approve the hypothesis.

Cronbach's Alpha (CA)	CA Based on Standardized Items	N of Items
,721	,723	5

The correlations between the items are listed below. The connection between statement 1 and 4, 2 and 3, as well as 3 and 4, are strongly correlated to each other. There is no negative correlation at all. As there is no negative correlation between the statements, we can argue that the statements in this section have served their purpose and have revealed the things upon which we wanted to obtain answers. The correlation between the statements will be further discussed in the analysis.

	Brand Awareness 1	Brand Awareness 2	Brand Awareness 3	Brand Awareness 4	Brand Awareness 5
Brand Awareness 1	1,000	,188	,314	,622	,201
Brand Awareness 2	,188	1,000	,570	,340	,170
Brand Awareness 3	,314	,570	1,000	,524	,232
Brand Awareness 4	,622	,340	,524	1,000	,268
Brand Awareness 5	,201	,170	,232	,268	1,000

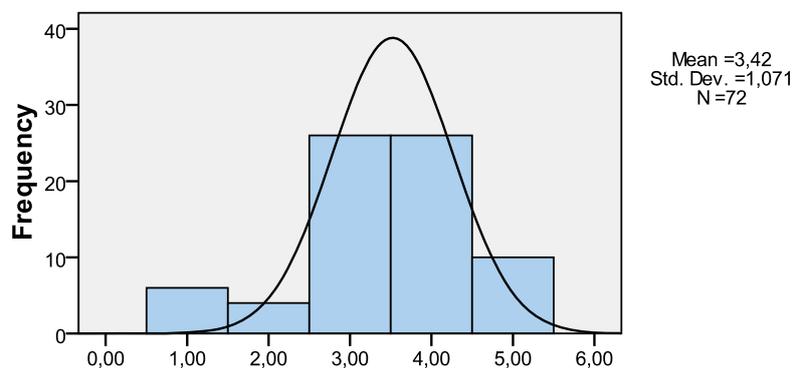
4.2. BRAND ASSOCIATION (HYPOTHESIS 2)

The second hypothesis had to do with brand association and its importance in the branding process. This hypothesis was tested with ten statements, most of the hypotheses in this study, to cover a wide range of theory and previous research.

H2: Brand association plays an important role in the choice of bank

S1: Before the choice of banks we had heard a lot of positive things about the bank.

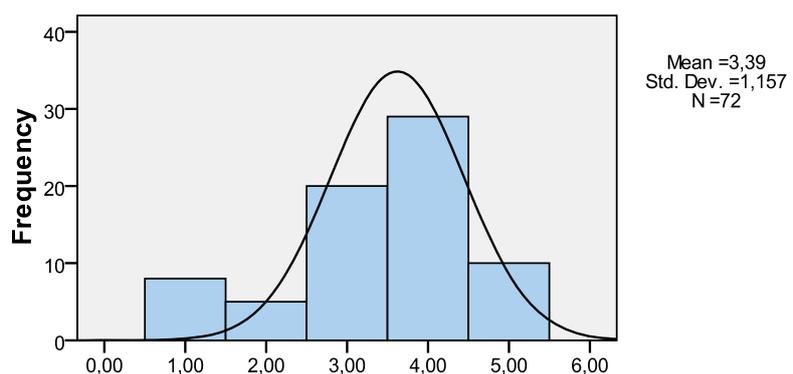
	Frequency	Percent
1,00	6	8,3
2,00	4	5,6
3,00	26	36,1
4,00	26	36,1
5,00	10	13,9
Total	72	100,0



There is evidence when looking at the mean that people talk about banks and, most often, the respondents have heard positive things about the bank they use. The Std. Dev tells us that there is a low variance among the answers from the respondents.

S2: We could connect to the bank thanks to similar values.

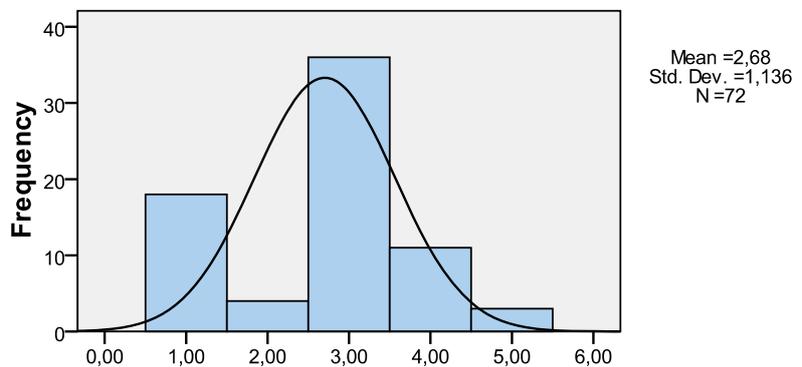
	Frequency	Percent
1,00	8	11,1
2,00	5	6,9
3,00	20	27,8
4,00	29	40,3
5,00	10	13,9
Total	72	100,0



Shared values with the bank seem to have a positive impact, not a strong one though. The major answer is four, which is strong but not 100 percent proof for similar values.

S3: We found the bank unique.

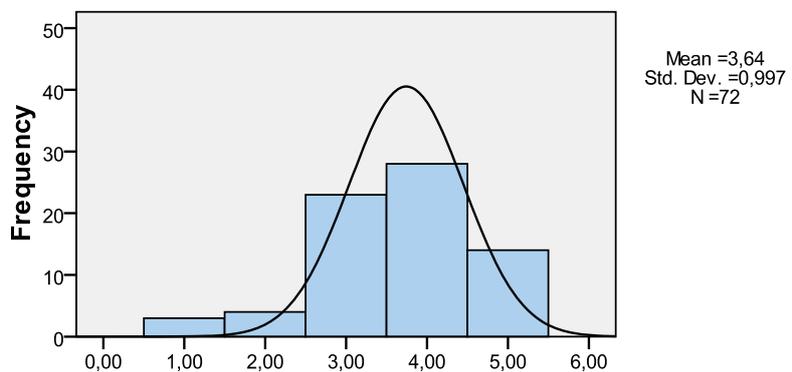
	Frequency	Percent
1,00	18	25,0
2,00	4	5,6
3,00	36	50,0
4,00	11	15,3
5,00	3	4,2
Total	72	100,0



The respondents do not see their bank as unique compared to other banks. This might be evidence that the offerings from different banks are homogenous: they all offer more or less the same services. This is further proved when looking at the mean, which says that there is not an agreement among the respondents with the statement.

S4: The bank was the most suitable for us.

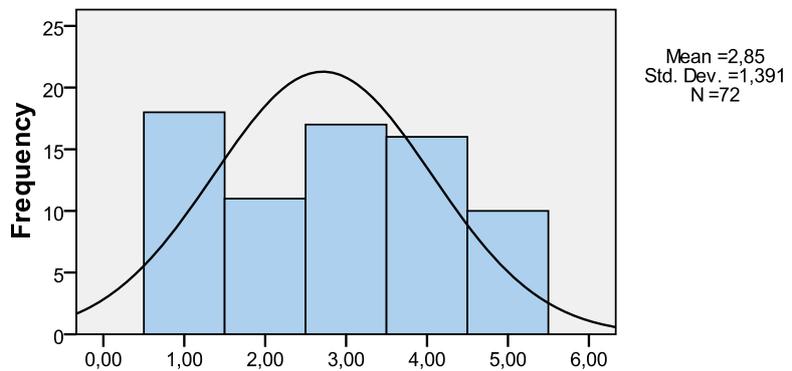
	Frequency	Percent
1,00	3	4,2
2,00	4	5,6
3,00	23	31,9
4,00	28	38,9
5,00	14	19,4
Total	72	100,0



The respondents find their choice of bank to be suitable; even the score for being the most suitable is strong. It seem to be clear that the respondents find their bank is good for their business. There is a quite high agreement between the respondents but the mean does not go above four, so we cannot say that there is a strong agreement with the statement.

S5: We compared the bank with other banks before taking the decision.

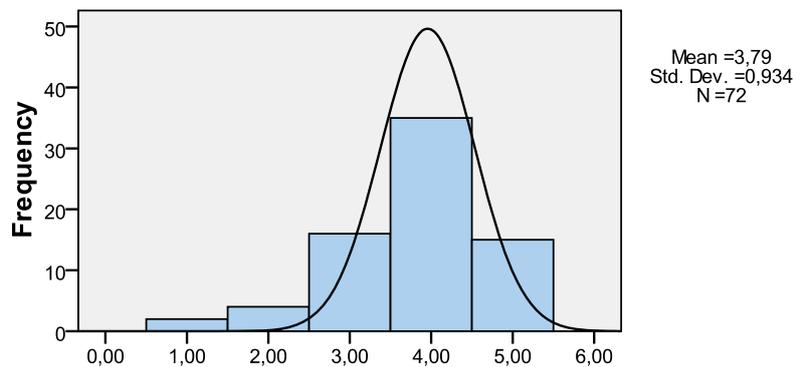
	Frequency	Percent
1,00	18	25,0
2,00	11	15,3
3,00	17	23,6
4,00	16	22,2
5,00	10	13,9
Total	72	100,0



There is no evidence at all that the micro companies search and compare information about the bank before they start doing business with them. The answers are divided over the whole scale, and one scored highest, which means that the respondents do not compare before deciding upon a bank and there is no agreement whatsoever between the respondents.

S6: We only had positive things in our minds when thinking of the bank.

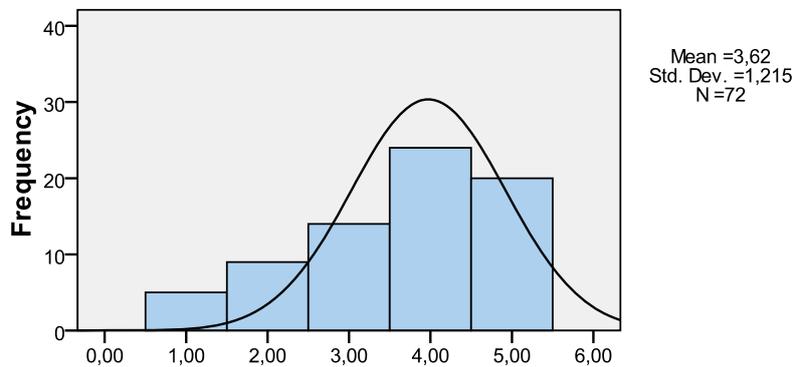
	Frequency	Percent
1,00	2	2,8
2,00	4	5,6
3,00	16	22,2
4,00	35	48,6
5,00	15	20,8
Total	72	100,0



The bank the companies use seems to be linked to something positive in their minds. Most of the respondents chose number four, and the mean of 3.79 is an indicator that most of the respondents agree with the statement. This can be an indicator that the banks perform well and take good care of their customers. The bank brand might be connected to something seen as positive in the minds of the respondents.

S7: The choice of bank was affected by earlier experiences.

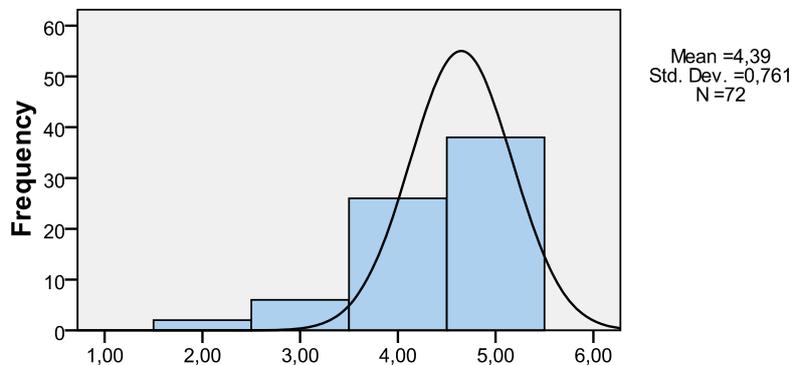
	Frequency	Percent
1,00	5	6,9
2,00	9	12,5
3,00	14	19,4
4,00	24	33,3
5,00	20	27,8
Total	72	100,0



The respondents seem to agree that earlier experience is something that affects the decision of which bank to use for a micro company. The mean is on an acceptable level, yet not strong enough to say that there is a distinct connection. The answers are also spread over the different levels, which indicates that experience plays different roles in the minds of the micro companies. Maybe the fact the study contains companies from different sectors affects the result of this statement. Different types of companies might be treated in different ways.

S8: The bank offered the services that we needed.

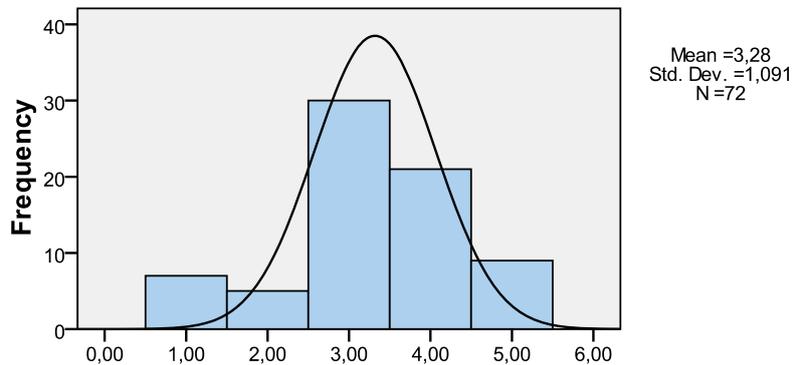
	Frequency	Percent
2,00	2	2,8
3,00	6	8,3
4,00	26	36,1
5,00	38	52,8
Total	72	100,0



There is a strong agreement that the banks offer services and products that the companies demand and need. The banking industry is homogenous, which this statement might be a strong proof of. Most respondents agree that the bank offers necessary products for their business. Here, we have a very strong mean and a very low standard deviation, which further strengthens the statement. Since we do not know which banks the respondents use, we can assume that all banks offer products needed by the micro company.

S9: The offerings from the bank were an influencing factor in the choice.

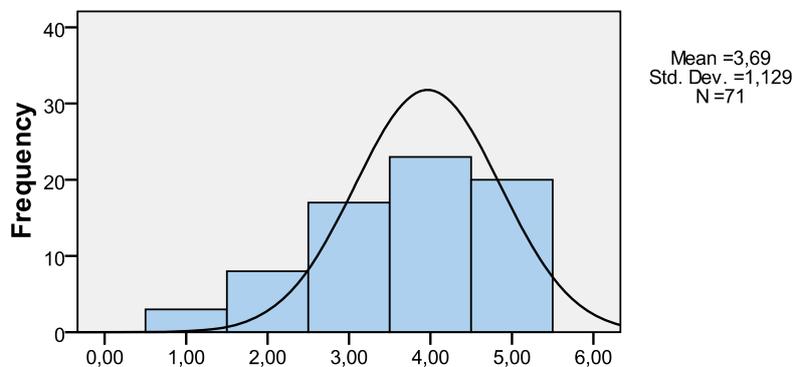
	Frequency	Percent
1,00	7	9,7
2,00	5	6,9
3,00	30	41,7
4,00	21	29,2
5,00	9	12,5
Total	72	100,0



Most respondents agree that the products of the bank do not matter. However, some agree that the products do matter. There is no clear evidence here. The offerings are accepted, but they are not seen as unique. The mean is on a level that we can say that the statement is affecting the brand association, but yet it is on such a low level that we cannot say that it affects the brand association strongly, like we can argue with statement number eight.

S10: An important thing for us was the perceived attributes when deciding upon the current bank.

	Frequency	Percent
1,00	3	4,2
2,00	8	11,1
3,00	17	23,6
4,00	23	31,9
5,00	20	27,8
Total	71	98,6
Missing	1	1,4
Total	72	100



The perceived attributes, the perception the respondent had on the bank, was a strong factor for the decision. A bank that seems to offer good services, and performs well on the market, should have a brighter picture in the mind of the customer. The majority of the answers lie between 3 and 5, which gives us an indication that the statement has an impact, but there are some of the respondents who disagree with it, and this weakens our ability to say that the statement has a strong impact on brand association.

4.2.1. RELIABILITY STATISTICS

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
,822	,834	10

The reliability in hypothesis number two is very strong, with a Cronbach's alpha above 0,8 we accept the hypothesis with honor. It is tested among 10 items on brand association. As the alpha is so high, and the fact that we have no negative correlation among the 10 statements, means we can say that the tested items are significant and correct with regard to brand association. Within brand association, there are 10 items. However, the correlation is only stronger within 3 different cases. These are between statement 1 and 2, 3 and 4 as well as 6 and 7. This will also be further discussed in the analysis.

	BA1	BA2	BA3	BA4	BA5	BA6	BA7	BA8	BA9	BA10
BA1	1,000	,513	,213	,442	,085	,425	,442	,226	,328	,364
BA2	,513	1,000	,405	,400	,014	,362	,452	,382	,309	,254
BA3	,213	,405	1,000	,507	,091	,281	,288	,241	,311	,353
BA4	,442	,400	,507	1,000	,284	,434	,480	,402	,426	,442
BA5	,085	,014	,091	,284	1,000	,201	,137	,142	,162	,320
BA6	,425	,362	,281	,434	,201	1,000	,553	,333	,293	,422
BA7	,442	,452	,288	,480	,137	,553	1,000	,303	,274	,452
BA8	,226	,382	,241	,402	,142	,333	,303	1,000	,454	,354
BA9	,328	,309	,311	,426	,162	,293	,274	,454	1,000	,464
BA10	,364	,254	,353	,442	,320	,422	,452	,354	,464	1,000

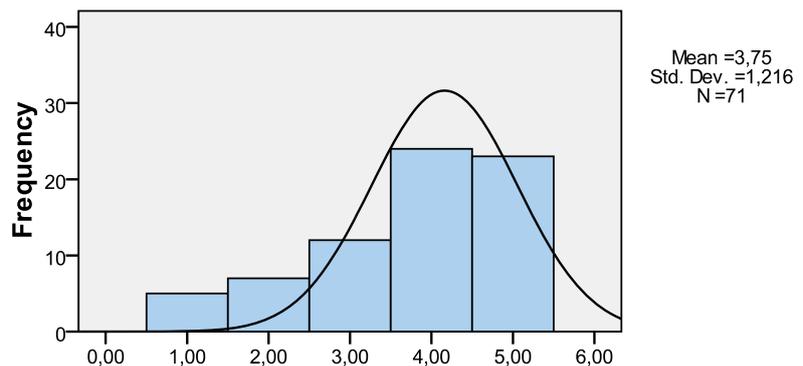
4.3. BRAND ATTITUDE (HYPOTHESIS 3)

The third hypothesis covered brand attitude. It was tested with six different statements.

H3: The brand attitude influences the relationship (bank-SME) in a positive way

S1: We have always had a positive feeling about the current bank.

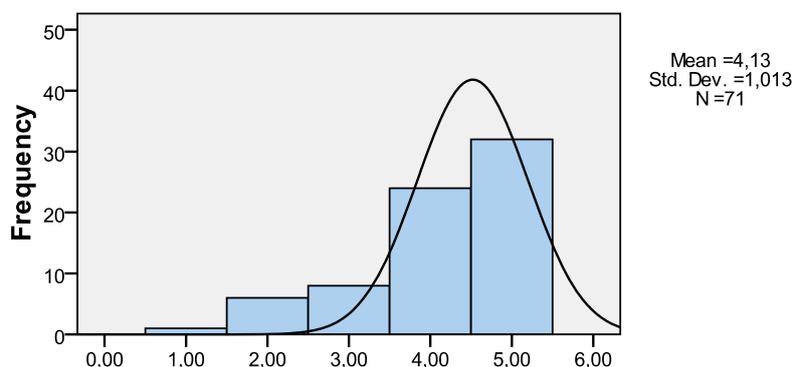
	Frequency	Percent
1,00	5	6,9
2,00	7	9,7
3,00	12	16,7
4,00	24	33,3
5,00	23	31,9
Total	71	98,6
Missing	1	1,4
Total	72	100



The respondents agree that they always had a positive feeling about their bank, some respondents seem to have a very negative picture though. The mean of 3,75 indicates a strong agreement but, at the same time, the Std. Dev is neither high nor low, which could be affected by the high number of low answers on the statement.

S2: The service from the employees on the current bank was an influencing factor in the decision.

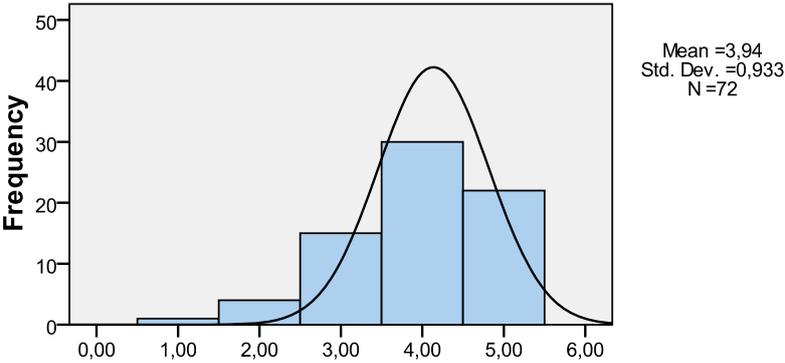
	Frequency	Percent
1,00	1	1,4
2,00	6	8,3
3,00	8	11,1
4,00	24	33,3
5,00	32	44,4
Total	71	98,6
Missing	1	1,4
Total	72	100



The employees of the bank seem to be very important for the perception of the bank. The mean score is above four, and the Std. Dev is low. The services provided by the employees, who are the banks' first point of contact with the customers, seem to be very important.

S3: The perceived performance of the bank was an important factor in the decision.

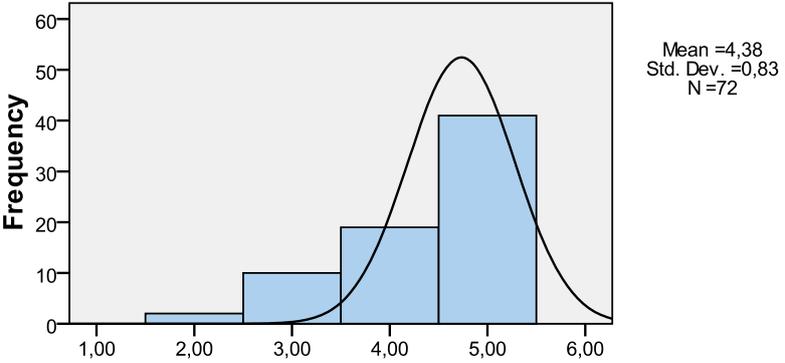
	Frequency	Percent
1,00	1	1,4
2,00	4	5,6
3,00	15	20,8
4,00	30	41,7
5,00	22	30,6
Total	72	100,0



The banks' performance, how well they live up to their reputation and deal with the customers, seems to be very important, scoring close to four on mean. Here, the respondents are also united and the Std. Dev is low.

S4: Our motivation was to find the best alternative to our situation.

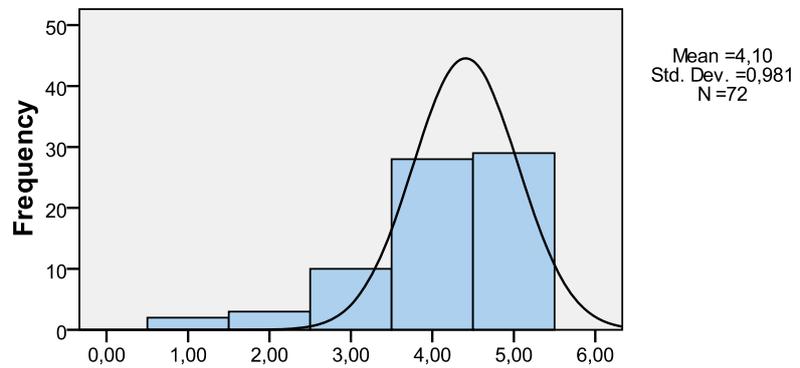
	Frequency	Percent
2,00	2	2,8
3,00	10	13,9
4,00	19	26,4
5,00	41	56,9
Total	72	100,0



The respondents strongly agree that they had the motivation to find the best bank alternative to their individual and unique situation. The mean is high (4,38) and Std. Dev is low.

S5: The banks employees and their abilities has affected our choice of bank.

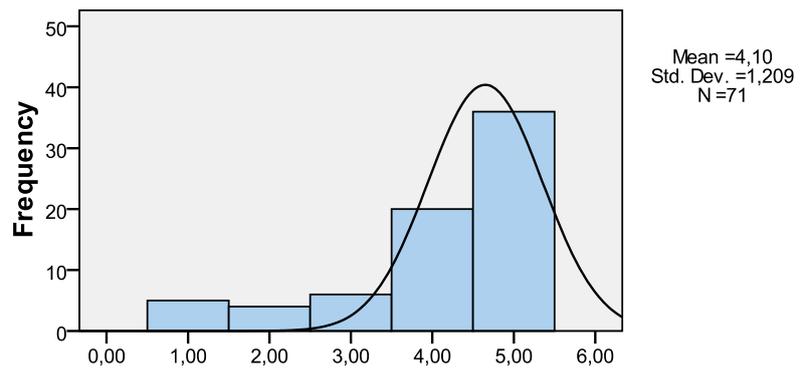
	Frequency	Percent
1,00	2	2,8
2,00	3	4,2
3,00	10	13,9
4,00	28	38,9
5,00	29	40,3
Total	72	100,0



The abilities of the employees of the bank have a high importance. The respondents agree upon this statement, the mean is 4,10 and the Std. Dev among the answers is low.

S6: The personal relationship with the bank has influenced the perception positively.

	Frequency	Percent
1,00	5	6,9
2,00	4	5,6
3,00	6	8,3
4,00	20	27,8
5,00	36	50,0
Total	71	98,6
Missing	1	1,4
Total	72	100



A personal relationship with the bank is very important for the micro companies. The mean is 4,10, and 50 percent of the respondents agree on the highest score. A personal contact is crucial for the perception of the bank.

4.3.1. RELIABILITY STATISTICS

Hypothesis number three is very strong, and it is tested with six items. The Cronbach's alpha is over 0,8 and will be accepted with honor. This is the hypothesis that scored highest on the Cronbach's alpha. This might have something to do with the fact that only six items were tested in comparison with hypothesis two where 10 items were tested. This could have an

influence on the end result, since it is harder to make 10 items that correlate with each other than it is when to make only six correlate.

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
,826	,832	6

There are some strong correlations within brand attitude. Statements 1 and 4, 2 and 3, 2 and 5, 3 and 5 as well as 5 and 6 are all correlating over 0,5. This is the strongest internal correlation of all hypotheses.

	BA1	BA2	BA3	BA4	BA5	BA6
BA1	1,000	,409	,412	,504	,349	,458
BA2	,409	1,000	,686	,355	,643	,392
BA3	,412	,686	1,000	,361	,627	,407
BA4	,504	,355	,361	1,000	,424	,237
BA5	,349	,643	,627	,424	1,000	,514
BA6	,458	,392	,407	,237	,514	1,000

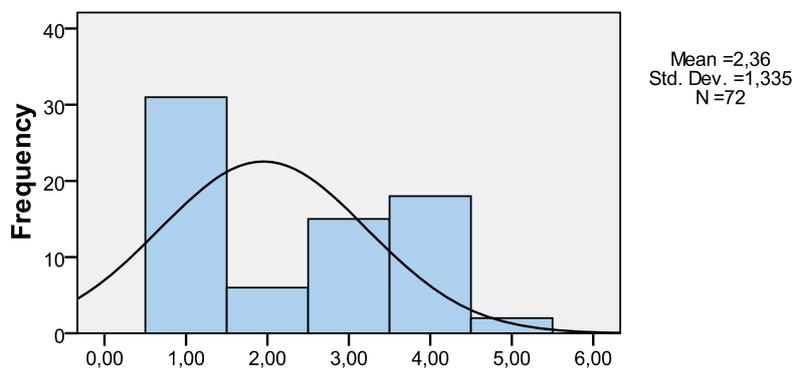
4.4. BRAND LOYALTY (HYPOTHESIS 4)

The fourth hypothesis had to do with brand loyalty. The phenomenon was tested with six statements to cover up the theory.

H4: Loyalty is not an influencing factor when the SME's decides upon bank

S1: The services of the bank are performed so well that we are willing to pay a higher price.

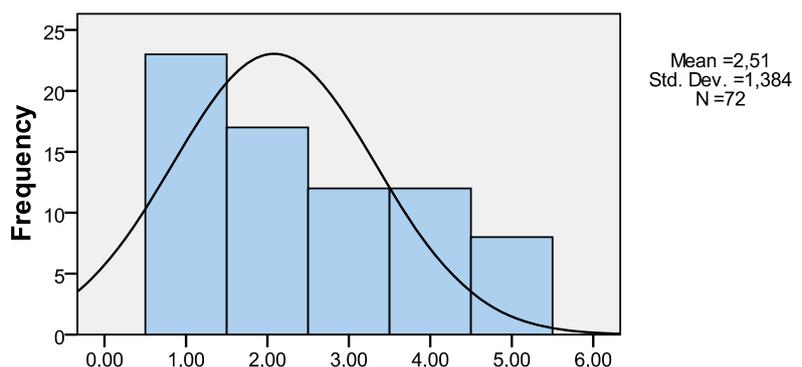
	Frequency	Percent
1,00	31	43,1
2,00	6	8,3
3,00	15	20,8
4,00	18	25,0
5,00	2	2,8
Total	72	100,0



This statement is something that the respondents will not agree upon. Some will not pay more for the services, whilst others would accept a higher price. The mean is very low (2,36), and most respondents will not accept a higher price.

S2: We constantly compare our bank's offerings with other banks'.

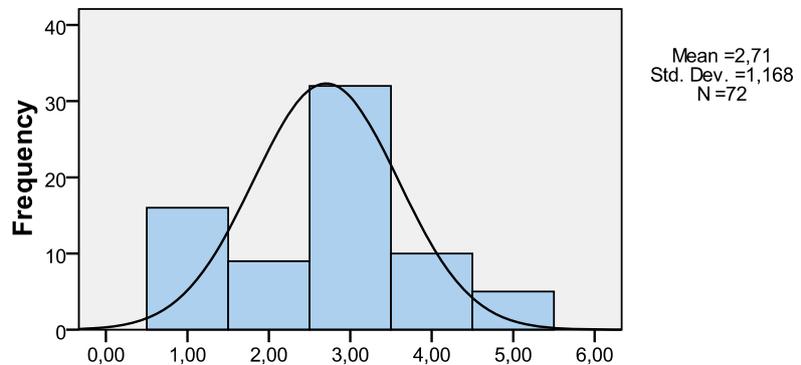
	Frequency	Percent
1,00	23	31,9
2,00	17	23,6
3,00	12	16,7
4,00	12	16,7
5,00	8	11,1
Total	72	100,0



The mean score is very low (2,51), and the answers are divided quite equal except for a major proportion of the answers in the lowest alternative. Most micro companies do not compare different options on a regular basis to see which offer suits their company the best.

S3: Our current bank is constantly out-competing other banks when it comes to our needs.

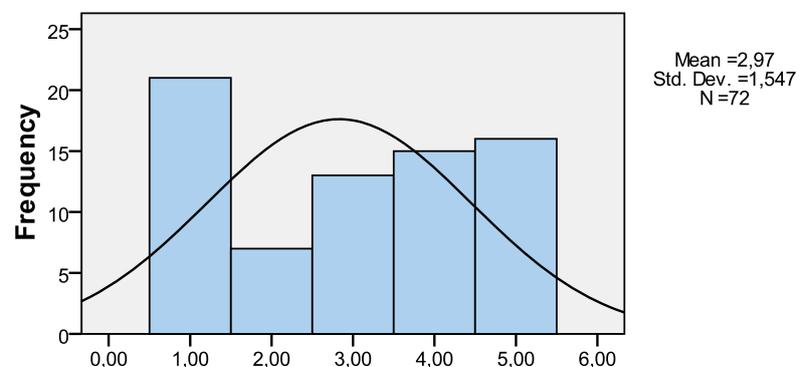
	Frequency	Percent
1,00	16	22,2
2,00	9	12,5
3,00	32	44,4
4,00	10	13,9
5,00	5	6,9
Total	72	100,0



This statement is something that the respondents are neutral to, or negative. Yet again the homogenous market for banks tends to appear. The bank offerings on the bank market might be perceived as the same. Maybe the respondents do not see their bank as unique, and they perceive the performance of other banks as being quite the same.

S4: Leading characters (within the company) private choice of bank is influencing the choice of bank.

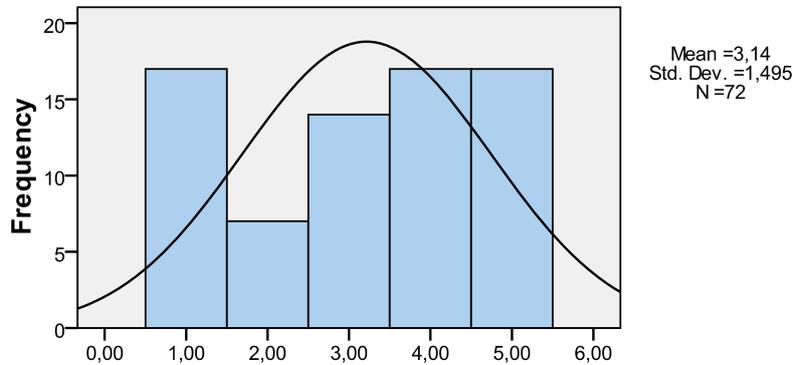
	Frequency	Percent
1,00	21	29,2
2,00	7	9,7
3,00	13	18,1
4,00	15	20,8
5,00	16	22,2
Total	72	100,0



The micro companies seem to have different ways of choosing their banks. Some are affected, even profoundly affected, by leading characters' own choice of bank. Some companies do not decide upon their bank at all in relation to leading characters. The high standard deviation further proves this reasoning. The study contains companies from different sectors and of different size, which might explain why the mean is low and standard deviation is high.

S5: Leading characters private relationships to specific bank influenced the company's decision upon bank.

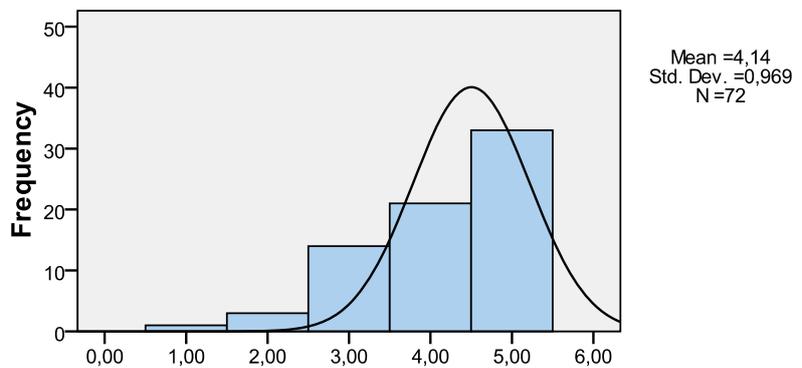
	Frequency	Percent
1,00	17	23,6
2,00	7	9,7
3,00	14	19,4
4,00	17	23,6
5,00	17	23,6
Total	72	100,0



Leading characters' private relations to a specific bank tends to be important in some cases, yet not important at all in other cases. The standard deviation is very high (1,495), and the mean of 3.14, is just above the limit to accept the statement. Just as in statement number five, the size and sector of the company might affect the outcome. It is assumed that the smaller the company is, the higher the probability for the leading character to influence the decision regarding the choice of bank.

S6: We feel satisfied with the financial services contracted.

	Frequency	Percent
1,00	1	1,4
2,00	3	4,2
3,00	14	19,4
4,00	21	29,2
5,00	33	45,8
Total	72	100,0



Most respondents agree that they are satisfied with the bank they use. The mean is high (4,14) and the standard deviation is rather low. If we take a look at the table and the diagram, we can easily see that the majority of the answers lie between four and five and as the mean is so high we can argue that the statement has a large influence on brand loyalty.

4.4.1. RELIABILITY STATISTICS

This hypothesis scores under 0,7 on Cronbach's alpha, which means that the hypothesis was not be accepted. Hence, we will still be able to draw some conclusions from this hypothesis.

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
,618	,619	6

However, there is such a large spread among the items so we cannot say that there is a strong correlation between the items and, therefore, the hypothesis can be considered as weak. The statements are not strong enough to answer the hypothesis.

	Brand Loyalty 1	Brand Loyalty 2	Brand Loyalty 3	Brand Loyalty 4	Brand Loyalty 5	Brand Loyalty 6
Brand Loyalty 1	1,000	-,056	,538	,332	,299	,570
Brand Loyalty 2	-,056	1,000	,042	,013	,060	-,180
Brand Loyalty 3	,538	,042	1,000	,183	,161	,572
Brand Loyalty 4	,332	,013	,183	1,000	,806	-,044
Brand Loyalty 5	,299	,060	,161	,806	1,000	-,101
Brand Loyalty 6	,570	-,180	,572	-,044	-,101	1,000

In this hypothesis statement 4 and 5 have a very strong correlation with 0,806. Even statements 1 and 3, 1 and 6, as well as 3 and 6, correlates over 0,5. There is a negative correlation between three statements, where the strongest negative correlation is between statements 2 and 6, scoring -0,180. This means that the statements covering the leading character, and his/her influences on the decision of which bank to use, is very strong.

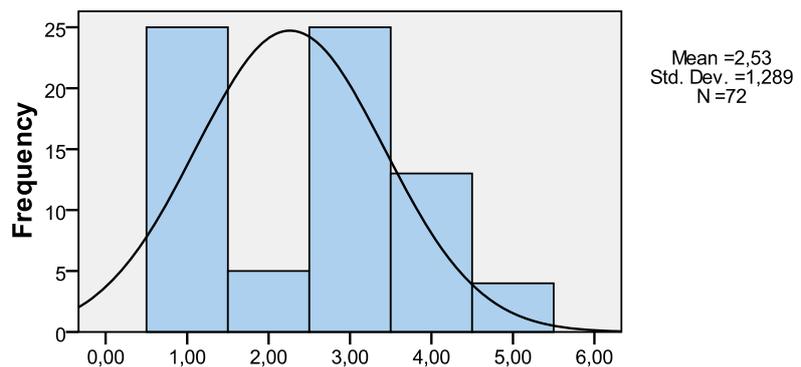
4.5. BRAND ACTIVITY (HYPOTHESIS 5)

The last part in the study about branding will be about brand activity. The hypothesis is tested among four statements.

H5: Activity plays an important role to decide which bank to use

S1: Opinions from third-part had a great impact on the decision of bank.

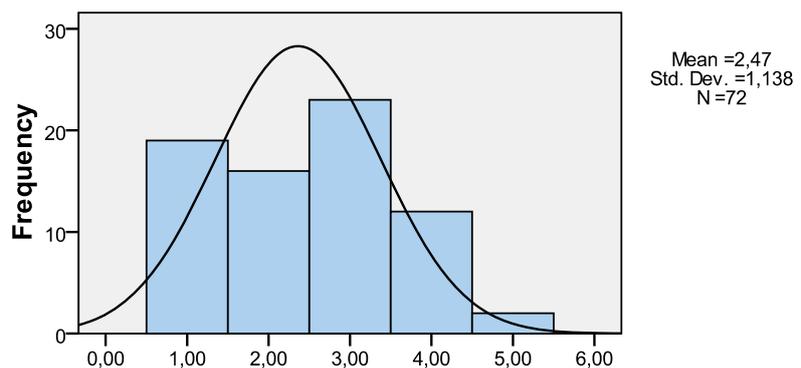
	Frequency	Percent
1,00	25	34,7
2,00	5	6,9
3,00	25	34,7
4,00	13	18,1
5,00	4	5,6
Total	72	100,0



There seems to be split meanings about opinions from third-part. Most respondents are neutral or negative. The mean on 2.53 is under the accepted limit, and the Std. Dev is rather high, which indicates that there are different opinions among the respondents about this statement.

S2: We continually seek out information about the current bank and their offerings.

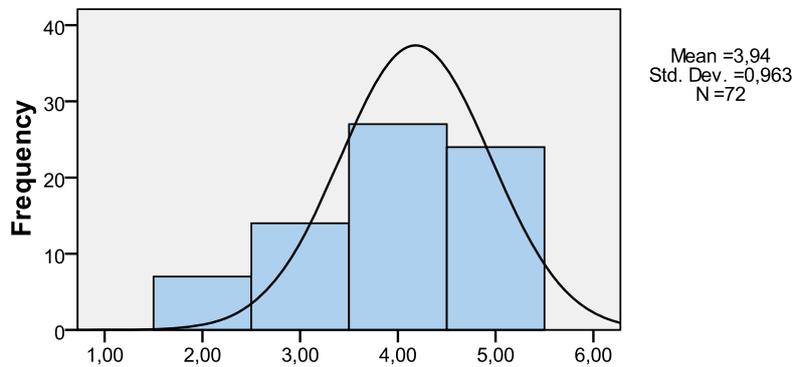
	Frequency	Percent
1,00	19	26,4
2,00	16	22,2
3,00	23	31,9
4,00	12	16,7
5,00	2	2,8
Total	72	100,0



The respondents do not seem to seek out information from the bank; most of them are neutral. The mean is low (2,47) and Std. Dev is quite high. There seems to be no agreement; the respondents' deals with the statement in different ways.

S3: The service given from the current bank has lived up to our expectations.

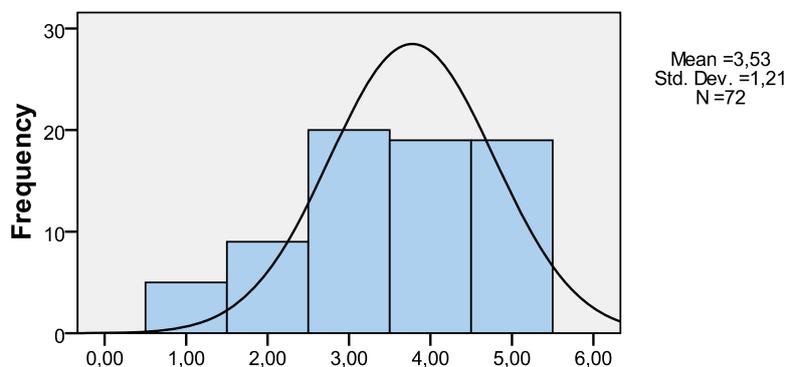
	Frequency	Percent
2,00	7	9,7
3,00	14	19,4
4,00	27	37,5
5,00	24	33,3
Total	72	100,0



Most of the respondents accept, or are very positive about, the service of their bank. Their bank lives up to expectations. The mean is high, with a score of 3.94, and the statement will be considered as an important part of brand activity. Also, the Std. Dev further proves that the respondents are united in their opinions about the statement with a score of 0.963, which is rather low.

S4: The service is good in comparison to the price we pay for it.

	Frequency	Percent
1,00	5	6,9
2,00	9	12,5
3,00	20	27,8
4,00	19	26,4
5,00	19	26,4
Total	72	100,0



The mean is just above 3.5, which is good, and shows that most of the respondents agree with the statement to a certain extent. Most respondents find the price acceptable in comparison to the level of the service provided by the bank. The Std. Dev is quite high, which can be explained by the fact that some of the respondents have ticked one of the two lowest numbers on this statement. This statement will be seen as a contributing factor the brand activity.

4.5.1. RELIABILITY STATISTICS

In this case, the hypothesis was rejected; the Cronbach's alpha is too low. The hypothesis is only tested with four items, which might be too little.

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
,442	,470	4

There is only on correlation within this hypothesis, which is the one between statement 3 and 4 scoring 0,715. This is the weakest of our hypotheses, and the number of items could be one reason, but it could also be that we have designed questions that are not completely accurate.

	Brand Activity 1	Brand Activity 2	Brand Activity 3	Brand Activity 4
Brand Activity 1	1,000	,269	-,033	-,046
Brand Activity 2	,269	1,000	,153	,031
Brand Activity 3	-,033	,153	1,000	,715
Brand Activity 4	-,046	,031	,715	1,000

4.6. SUMMARY OF HYPOTHESES

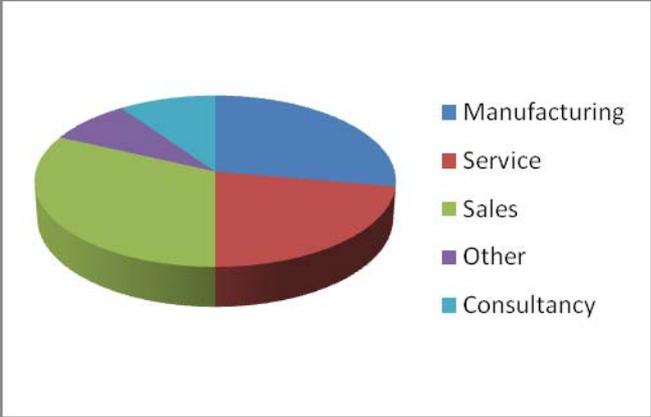
		HYPOTHESIS1	HYPOTHESIS2	HYPOTHESIS3	HYPOTHESIS4	HYPOTHESIS5
N	Valid	72	71	69	72	72
	Missing	0	1	3	0	0
Mean		3,5111	3,4634	4,0918	2,9722	3,1181
Median		3,8000	3,6000	4,1667	3,0000	3,0000
Std. Deviation		,73992	,68269	,74620	,78023	,70707

When comparing the hypotheses, the one thing that strikes us is the mean of hypothesis one and hypothesis two. Hence, hypothesis one had a lower Cronbach's alpha than hypothesis

two, but here it has a higher mean. The only explanation we can find is that hypothesis one is tested on only six statements, while hypothesis two was tested on 10 items, which have lowered the mean but not the internal reliability that the Cronbach's alpha tests.

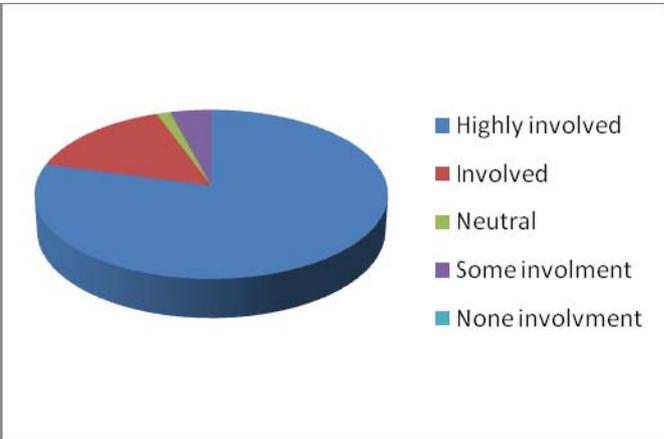
4.7. COMPANY CHARACTERISTICS

The table below shows the type of companies that participated in the study, and the frequencies for each type. As seen in the table, and also in the pie chart, the variances in types of companies are quite high, which is a strong indicator that we have answers from random companies from different sectors. This strengthens the ability to generalize the.



	Frequency	Percent
Sales	23	31,9
Consultancy	7	9,7
Service	16	22,2
Manufacturing	20	27,8
Other	6	8,3
Total	72	100,0

The table, and also the pie chart, below, shows how involved the respondent is in the financial matters. As can be seen, almost all the respondents are involved, to a high degree, in financial matters within their company. This is strengthening the validity of our thesis, since we have gotten the answers from the persons that were meant to be questioned.



	Frequency	Percent
2,00	3	4,2
3,00	1	1,4
4,00	11	15,3
5,00	57	79,2
Total	72	100,0

5. DATA ANALYSIS

We used an arithmetical mean when evaluating and analyzing the answers from the survey. If the arithmetical mean is above three, there is a connection between the answers, and if the mean is above four, we propose that the connection is strong. Over 4,5 means a very strong connection and agreement among the respondents. In the analysis the parentheses containing the letter S followed by a number refers to the statement it is connected to. The statements can be found in the empirical chapter or in appendix 3.

The second part of the evaluation is about the correlation between the statements, to investigate which statements that have the strongest correlation and assume the strongest correlation within each hypothesis. From this, we will discover which parts of each brand issue have the strongest position in the minds of the sample population. For this, we have used the Pearson's Correlation test. When the coefficient of correlation equals -1 there is a negative linear relationship. When the coefficient of correlation equals +1, there is a perfect positive relationship. When the coefficient is equal to 0, there is no linear relationship whatsoever (Keller, 2005). We will propose that everything between 0,5 and 1 have a strong positive correlation, and between 0,3 and 0,5 will have a medium correlation. All figures above 0 have a positive correlation, which means that the statements, in some way, correlate with each other. The second part in each section of the analysis will also explain whether or not each hypothesis will be accepted or rejected, with the help of Cronbach's alpha. If the Cronbach's alpha is above 0,7 it will be accepted. We will generalize which brand related concerns that are most important when deciding upon bank.

5.1. BRAND AWARENESS (HYPOTHESIS 1)

When it comes to brand awareness, and thereby in particular brand recall and brand recognition, these are of importance when making a customer conscious of the brand and its positive attributes. This is further researched by Aaker (1991) who argues that brand awareness refers to the strength of a brands presence in consumers' minds. Keller (1993) states three major reasons for the importance of brand awareness. It has to do with thinking of the brand when a need occurs. The brand should be in mind when the product/service category is highlighted, and when a customer thinks about the category, the brand should be top of attention.

In our research, we have found out that the companies had their bank “top of mind” when the product category was brought to attention (S3). However, it is not hundred percent certain that the respondent will think about their contracted bank first of all when they think about financial services. That may have something to do with the respondents’ private use of banks, rather than the company’s. The respondents do not seem to agree that they know more about their own company’s bank than other banks (S2), it does not differ to a degree where it would make sense for the decision upon bank. Earlier experience from the bank is a contributing factor (S4), but the variance among the respondents is very high, so we will not extrapolate that earlier experience has any definite role in the bank awareness. Another thing, which makes us a bit confused, is that the respondents are not influenced to any degree that the advertising from the bank has any impact on their decision (S5). That might be true, but yet we feel that this answer seems a bit strange since commercial can be subconscious, we make a decision upon no matter what we think about it.

The correlations between different items we used gives us the impression that the most important issue when talking about brand awareness is to be “top of mind”, which goes along with the theory by Aaker (1991). This means that the most important thing for a bank is to be top of mind in the heads of their present customers, since dealing with customers in the banking industry is very much about keeping your customers and creating long term relationships (Fornell and Wernerfelt, 1987).

The inter-item correlation within the brand awareness hypothesis tells us how strong the correlation is between the statements which, in the end, give us a picture of the relation to the subject. Cronbach’s alpha is scoring 0,721 in this case, which means it should be accepted. The strongest correlations are between statement one and four. Even the correlation between two and three, as well as three and four, scores over 0,5 in correlation. The respondents did know a lot about their contracted bank before going into business with them, and earlier experience of banks affected their decision about that specific choice. The respondents have previous knowledge about their bank, and their bank has a top-of-mind appearance. Earlier experience of the bank has a strong correlation to the fact that the bank appears top-of-mind.

5.2. BRAND ASSOCIATION (HYPOTHESIS 2)

Overall, the respondents do not see their bank as unique (S3) in comparison to other banks; the score on that particular statement will not be accepted. That gives us the picture that banks are similar in the minds of the customer. The respondents even answer that they do not actively compare different banks and options for their use of financial services (S5). When a consumer actively thinks about, and elaborates, on the significance of product or service information, stronger associations are created in memory (Keller, 1993). The respondents seem to be patient and inactive in the manner they do business, or practice their way of using their bank. The respondents do not actively elaborate upon different options, which might make the associations weaker. However, the variance among the respondents is very high (1,934), which give us the picture that they are not unanimous in between. Something that all respondents agree upon is that the banks offer services and products that are very well suited to their demands and needs (S8). This goes in line with the ideas of Park *et al.* (1986) that benefits are the personal value consumers attach to the product or service attributes; this is what consumers think the product or service can do for them. Hence, the banks provision of services did not affect the choice of bank (S9), which goes in line with the picture of banks not being unique (S3). The respondents seem to have a positive picture of their banks and their abilities (S6, S10), while the mutually shared ideas and opinions seem to be lower (S2). The brand image is defined as perceptions about the brand as reflected by the brand associations held in consumer memory (Keller, 1993). The respondents do already have an opinion, however, it is not strong in the sense that they actively elaborate upon it.

Within brand association we found three correlations that were scoring higher than 0,5. These are statement one and two, three and four, as well as six and seven. Mutual values and positive feedback from others are strongly related. The perceived uniqueness and most suitable bank are correlated, and even positive thoughts and earlier experience from the bank were strongly connected. The Cronbach's alpha scored 0,822 in this case, which is indicating a strong internal reliability. So the brand association hypothesis is accepted. The good thing with this hypothesis is that it has 10 statements that all correlated positively with each other which makes the acceptance of the hypothesis even stronger in our eyes. The positive correlation between the items is also an indicator that the statements have researched the thing we wanted to research in this hypothesis.

5.3. BRAND ATTITUDE (HYPOTHESIS 3)

Brand attitudes are important because they often form the basis for consumer behavior (Keller, 1993). Perceived quality is an intangible, overall feeling about the brand (Aaker, 1991). The respondents seem to have a strong feeling and connection with their bank (S1), hence the variance is high among the answers (1,478). This might be an indication that there are many respondents that are satisfied, and a few being unsatisfied, within the sample population. The welcome from the employees of the bank has a significant impact on the respondents (S2, S5). Lewis and Bingham (1991) indicate that the lack of personal contact affects banks customers' formation of service quality perceptions. This is further strengthened by the beliefs about the abilities of the employees (S3), which scores a high mean, and has a low variance, in the survey. Personal relationships with the bank are highly important (S6), and give the respondent a feeling of satisfaction with the bank, which goes in hand with the findings by Lewis and Bingham (1991). However, the score on this statement has a high variance among the respondents, which might be an indication of different experiences, some of which are very bad. Satisfaction is a distinct construct that mediates prior perceptions of service quality for the current perception of service quality (Cronin and Taylor, 1992). Some respondents might have a lower perception of the quality depending on earlier bad experiences when dealing with banks. The main motivation among the respondents is to find the best option for their business (S4), which goes against answers under other hypotheses. This is the strongest statement under brand attitude.

Cronbach's alpha scores 0,826, which is very good, and the highest score in this study. The hypothesis is accepted. Almost all statements correlate with each other, and this part of the survey has the strongest internal correlation. The variation among the correlation between statements is very low. The highest correlation is between statement two and three, which means that there is a connection between the welcoming from the employees and perceived performance of the bank. This is an indicator that the employees are very important within the corporate banking industry, which goes along with the Lewis and Bingham (1991) ideas mentioned above. To conclude; this hypothesis has the strongest alpha, which gives us an indication that brand attitude might be the most important aspect in branding. However, since the difference between hypothesis two and hypothesis three is quite small when comparing the alpha 0,822 against 0,826, we must consider the number of items tested on each

hypothesis, as well as the quality of the statements in each of the hypotheses. There are many things to consider, but the result that we have concluded tells us that brand attitude plays a significant role in branding, and is as we see it, more important than some of the other parts in branding.

5.4. BRAND LOYALTY (HYPOTHESIS 4)

The respondents are, overall, not interested in paying a price premium for financial services (S1). However, the variance in the answer to that statement is quite high (1,783). This indicates that there are some loyal customers among the sample population, but that they are divided in their agreement. A basic indicator of loyalty is the amount a customer will pay for the brand in comparison with another brand offering similar benefits (Aaker, 1996). The loyalty will not be significant, and it is strengthened by the theory by Aaker (1996). Attitudinal loyalty concepts conclude that consumers engage in extensive problem-solving behavior involving brand and attribute comparisons, leading to strong brand preferences (Bennet and Rundle-Thiele, 2002). The respondents do not compare and elaborate over different options for financial services (S2). This means the answer goes against the theory by Bennet and Rundle-Thiele (2002), but yet the respondents are loyal, since they do not change their bank to a better option or solution, while that is not attitudinal loyalty. The variance in that statement is very high (1,915) which mean that there is no agreement among the respondents. One reason for this could be that people find it difficult, and time consuming, to change bank, even though it is actually rather easy to switch bank today. However, since most of the respondents agree that the employees of the bank are the most important part in the selection of bank, this could be one of the reasons why the respondents do not switch bank, but remain loyal, even if they are not willing to pay a price premium for the services. The high variance among the respondents could be an indicator that some of the respondents have a very low engagement with their bank, and have very little personal contact with their bank and are, therefore, more willing to switch if the opportunity arise for a better deal somewhere else.

A loyal customer base represents a barrier to entry, a basis for price premium, time to respond to competitor innovations, and a fortification against harmful price competition (Aaker, 1996). The respondents in our study agree to disagree that their bank performs better than the

perceived performance of other banks (S3). This might go in line with banks not being seen as unique, and there is no distinctive difference in product offerings among the banks. Technology, globalization, new entrants and consumer mobility have changed the competitive situation significantly. At the same time, bankers are hindered by the remnants of a regulatory environment that has limited pricing, product composition and quality of service to the extent that parity rules (Alvarez, 2001). Alvarez further states that banks should make customers feel something about doing business with them. Our findings show no agreement among the respondents when it comes to leading persons within the company, nor with their personal choice of bank and personal relations to a specific bank (S4, S5). The variance was very high on both statements, scoring 2,394 and 2,234 respectively. This gives us the picture that, in some companies personal choices and relationships are very important, while in other companies they do not exist or affect the decision at all. The size of the company might be a reason for the high variance in these statements. Since we have focused on micro companies many of the companies have very few employees, and some only have one and, in that sense, the influence from leading persons and their private choice of bank becomes more apparent.

The interesting thing is that there is a very strong agreement among the respondents that they feel satisfied with their bank (S6). This could be an indicator of high loyalty; why switch when you are satisfied! Successful brands achieve higher customer loyalty (Doyle, 1990).

In this case, the hypothesis is written in a reverse manner, which means that we reject the hypothesis that says that loyalty is not an influencing factor. This means that we accept that loyalty has some degree of influence on the decision upon bank. The correlations within this hypothesis are very volatile and it is hard to draw some real conclusions since they differ so significantly from each other. Hence, there is a very strong correlation between statement four and five. This tells us that leading individuals within the company, and their private choice of bank, and relations to a specific bank, are strongly related. However, that does not mean that those two items will affect the company's decision upon bank, just the correlation in between them. Cronbach's alpha scores 0,618 in this case, and the hypothesis is rejected.

5.5. BRAND ACTIVITY (HYPOTHESIS 5)

In our study, opinions expressed by third-parties did not influence the respondents' choice of bank to any significant degree (S1). The variance is quite high (1,661) which

might indicate that the answers are not consonant among the respondents; some might be very affected, some not at all. Word-of-Mouth (WOM) communication is, without doubt, among the strongest factors forming expectations regularly in primary purchasing behavior (Mossberg, 1995). The connection is strong in theory, yet no direct connections to financial services according to our investigation. This might be because financial matters and banking are regarded as private and not topics which generally arise in social intercourse. The respondents do not actively search for information about their own contracted bank (S2). Maybe they expect information from the bank to come to them, that the bank will communicate offerings. The service provided by the bank fulfils the respondents' expectations (S3), and the prices they pay are acceptable in relation to the service they get in return (S4). Parasuraman *et al.* (1988) and their results indicated that when consumers' perception of service quality is high, consumers are willing to recommend the company to others; this means they develop positive WOM. However, our findings do not strengthen that theory. The respondents are satisfied with their banks and their services and price level, yet they do not seem to talk about, or share, their values with others. Perhaps they might be influenced in a more subconscious manner, something they will not reflect over.

Cronbach's alpha scores 0,442 in this case, which means that we will reject the hypothesis number five. There is no internal reliability in this case. There is only one strong correlation and it is between statement three and four; the service quality and price they pay for it is connected. This is an indicator that it lives up to the expectations of the respondent. The respondents are satisfied with the quality of the service that they are provided with from their bank, and they feel that the price they pay is in accordance with the service.

6. CONCLUSION

The purpose with this research was to find out how SMEs perceive the value and brand of the bank they are using for the financial services of their business. We had an attempt to find out how they perceive their banks, and what underlying factors that affected their choice of bank the most.



Figure 6: Acceptance of hypotheses (Hägg and Jonsson, 2009)

The most important factors for customer satisfaction are related to the awareness, associations and attitude towards the brand of the bank. A personal relationship with the customers is the most important part according to the findings in this research. However, the bank sector of today is moving further away from a personal relationship with their customer. The number of traditional bank offices has decreased in Sweden during the last ten years, yet opportunities to carry out bank services have increased strongly (ECON-report, 2007). One of the reasons is the introduction of internet banking. This means that the customer feel less connection and loyalty to the bank, since the personal relationship has disappeared. For marketers to alter perceptions, and create consumer preference for a particular bank, calls for much the same branding strategy employed by traditional packaged goods marketers. Banks should make customers feel something about doing business with them (Alvarez, 2001). Since the banks are shifting towards a more anonymous customer orientation, the theory is not supported. However, the results from our survey supports the theory by stating that the most important

factor when it comes to brand association, is the employees, and the relation created between the company and the employees at the bank.

The personal relation demanded and desired by the respondents could also be seen as a form of loyalty, since a strong personal relation to a specific bank decreases the will to change to another bank. As this study shows, the companies do want the optimal solution to their specific situation. However, since small businesses often are very busy doing more important things, they do not have the time to find that solution.

When not providing personal relations, the price becomes more important for the customer, and the loyalty will disappear more and more due to lack of integration. The findings in this study supports that the customers do not want to pay a price premium. The scenario in the future will probably be more changes of banks services, moving from one bank to another. It is important to highlight that for many banks the term “customer value” is used solely to refer to the value that the customer generates for them, rather than the value that they can offer their users (Payne *et al.*, 1999 cited in Roig *et al.*, 2006). How customers are treated will, in the future, become even more important than it is today, and failing in this respect will harm the business. This study is partly about loyalty to the bank. However, in the future the loyalty from the bank will be more important than today.

6.1. FURTHER RESEARCH

Further research could be to look only at service companies, to see how they finance their business, and how they make their decision upon which bank to chose. The issue might even be interesting from the other point of view, the bank perspective. Service companies lack tangible resources, and more attention and value is put into the employees of the company. It would be interesting to see how banks value the competence of a company's employees.

To conduct the research on private customers could also be a suggestion for further research, since private individuals and companies probably have different needs and wants when it comes to products and services needed from a bank. The outcome of a study on private customers will most certainly give a lot of different answers and results.

Another study that we think would be interesting is to look only at the perceived service quality received from the bank. Since the result of our study is pointing towards service quality, and the importance of that, a study within that specific field would be interesting.

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8. APPENDIX

8.1. APPENDIX 1: SURVEY STATEMENTS

8.1.1. ENGLISH

Brand Awareness

H1: Brand awareness affects SME's choice of bank in a positive way

Q1: The bank was well-known for us.

Q2: We were more aware of the bank compared to its competitors.

Q3: The bank was the first one that came up in our minds when thinking of financial services.

Q4: Earlier experience with the bank affected the choice of bank.

Q5: The advertising from the bank was an influencing factor for us.

Brand Associations

H2: Brand association plays an important role in the choice of bank

Q6: Before the choice of banks we had heard a lot of positive things about the bank.

Q7: We could connect to the bank thanks to similar values.

Q8: We found the bank unique.

Q9: The bank was the most suitable for us.

Q10: We compared the bank with other banks before taking the decision.

Q11: We only had positive things in our minds when thinking of the bank.

Q12: The choice of bank was affected by earlier experiences.

Q13: The bank offered the services that we needed.

Q14: The offerings from the bank were an influencing factor in the choice.

Q15: An important thing for us was the perceived attributes when deciding upon the current bank.

Brand Attitude

H3: The brand attitude influences the relationship (bank-SME) in a positive way

Q16: We have always had a positive feeling about the current bank.

Q17: The service from the employees on the current bank was an influencing factor in the decision.

Q18: The perceived performance of the bank was an important factor in the decision.

Q19: Our motivation was to find the best alternative to our situation.

Q20: The banks employees and their abilities have affected our choice of bank.

Q21: The personal relationship with the bank has influenced the perception positively.

Brand Loyalty

H4: Loyalty is not an influencing factor when the SME's decides upon bank

Q22: The services of the bank are performed so well that we are willing to pay a higher price.

Q23: We constantly compare our bank's offerings with other banks.

Q24: Our current bank is constantly outcompeting other banks when it comes to our needs.

Q25: Leading characters (within the company) private choice of bank is influencing the choice of bank.

Q26: Leading characters private relationships to specific bank influenced the company's decision upon bank.

Q27: We feel satisfied with the financial services contracted.

Brand Activity

H5: Activity plays an important role to decide which bank to use.

Q28: Opinions from third-part had a great impact on the decision of bank.

Q29: We continually seek out information about the current bank and their offerings.

Q30: The service given from the current bank has lived up to our expectations.

Q31: The service is good in comparison to the price we pay for it.

Surrounding questions

Q32: What is the name of your company?

Q33: What kind of company are you?

Q34: What role do you have in the company?

Q35: How involved in financial questions within the company are you?

8.1.2. SWEDISH

Brand Awareness

H1: Brand awareness affects SME's choice of bank in a positive way

Q1: Banken vi anlitar var väl känd för oss innan vi började använda deras tjänster.

Q2: Vi har mer kunskap om vår bank än om deras konkurrenter

Q3: Vår bank är den första som dyker upp i våra tankar när vi tänker på finansiella tjänster.

Q4: Tidigare erfarenheter från banken påverkade vårt val av bank.

Q5: Bankens reklam har påverkat vårt val.

Brand Associations

H2: Brand association plays an important role in the choice of bank

Q6: Innan vi gjorde vårt val hade vi hört många positiva saker om banken.

Q7: Vi känner en behörighet till banken genom ömsesidiga värderingar.

Q8: Vi anser att banken var unik.

Q9: Banken är den bäst passande för oss.

Q10: Vi jämförde banken med andra banker innan vi gjorde vårt val.

Q11: Vi hade bara positiva tankar om banken innan vi anlidade dem.

Q12: Valet av bank påverkas av tidigare erfarenheter av deras tjänster.

Q13: Banken erbjuder de tjänsterna som vi behöver.

Q14: Bankens utbud av tjänster var en influerande faktor för vårt val.

Q15: Uppfattningen vi hade om bankens egenskaper var viktig vid valet av bank.

Brand Attitude

H3: The brand attitude influences the relationship (bank-SME) in a positive way

Q16: Vi har alltid haft en positiv känsla gällande vår nuvarande bank.

Q17: Mottagandet från bankens personal är en influerande faktor i vårt val av bank.

Q18: Vår uppfattning om bankens prestationsförmåga är en betydande faktor i valet av bank.

Q19: Vår inställning är att finna det bästa alternativet till vår situation.

Q20: Bankens personal och deras förmåga är en påverkande faktor vid valet av bank.

Q21: Personliga relationer med banken har påverkat vår bild av banken positivt.

Brand Loyalty

H4: Loyalty is not an influencing factor when the SME's decides upon bank

Q22: Banken presterar så pass bra i jämförelse med konkurrerande banker att vi är villiga att betala ett högre pris för deras tjänster.

Q23: Vi jämför kontinuerligt vår banks erbjudande med andra bankers.

Q24: Vår nuvarande bank är överlägsen andra banker när det gäller tjänster som vi behöver.

Q25: Ledande personer inom företaget och deras privata val av bank har påverkat företags val av bank.

Q26: Ledande personer inom företaget och deras relationer till en specifik bank har påverkat företags val av bank.

Q27: Vi känner oss nöjda med vårt val av bank.

Brand Activity

H5: Activity plays an important role to decide which bank to use.

Q28: Åsikter från tredje - part (andra företagare, rådgivare etc.) har haft en stark påverkan på valet av bank.

Q29: Vi söker kontinuerligt information om vår nuvarande banks erbjudanden.

Q30: Den service vår bank erbjuder lever upp till våra förväntningar.

Q31: Servicen är bra i förhållande till priset vi betalar för den.

Övriga frågor

Q32: Vad heter ert företag?

Q33: Vilken typ av företag är ni?

Q34: Vilken roll I företaget har du?

Q35: Hur involverad är du i finansiella frågor inom företaget?

8.2. APPENDIX 2: LETTER TO RESPONDENTS

8.2.1. ENGLISH (TRANSLATED FROM SWEDISH)

Dear reader,

We are two students at Halmstad University who at the moment are writing our Master thesis within International Marketing. The subject for the thesis is Branding, and we have decided to write about small businesses way of seeing banks and the brand identity the banks are trying to create. We want to pinpoint that this study does not concern your financial situation, we are only interested in your relationship to the bank industry and thereby even your bank. We are interested in you as a business and your way of seeing the bank, how you identify different banks and your picture of banks branding. Our aim is to get a picture of how you as a business see banks, how you choose the bank you apply and the way you imagine the banks branding.

The survey contains 31 statements, and four surrounding questions. The scale consists of five levels reaching from Totally Disagree to Totally Agree. Tick the alternative that best suits your company. Try to put yourself into the situation and relationship you have to your contracted bank. Please answer all the statements. We are aware of the some statements might be a bit sensitive to you. We want to point out that this is a quantitative study, your company will not be mentioned. We want to get a general picture of small companies' way of seeing the bank industry and bank brands. Hence, to know who of the respondents who answer the questions we would like you to type in the name of your company. As mentioned, your company will not be mentioned in the study and we promise to treat the survey anonymous. Which bank you use is not of interest for us.

We hope that you want to be part of our study and contribute to our master degree in International Marketing. We will send you a copy of the complete thesis as soon as we are finished.

Best regards,

Niklas Jonsson, Malmö (0739-821311) ee05nijo@student.hh.se

Gustav Hägg, Göteborg (0733-809191) ee05guha@student.hh.se

8.2.2. SWEDISH

Hejsan,

Vi är två studenter vid Högskolan Halmstad som skriver vår D-uppsats inom marknadsföring. Ämnet för uppsatsen är Varumärkesidentitet (Branding) och vi har valt att skriva om små företags sätt att se på banker och den varumärkesbild de försöker skapa. Vi vill poängtera att detta inte har någonting med er finansiella situation att göra, utan enbart ert sätt att förhålla er till bankväsendet och då även er bank. Vi är intresserade av att se hur ni som företagare ser på banker, hur ni identifierar olika banker och vilken bild ni har av bankers varumärke. Vi har som mål att få fram en bild av hur ni som företagare ser på banker, hur ni väljer vilken bank ni ska använda er av samt ert sätt att se på banker som varumärken.

Enkäten består av 31 påståenden, samt fyra övriga frågor. Skalan består av fem nivåer, från Instämmer Helt till Instämmer Inte Alls. Kryssa för det alternativ som passar bäst in på ert företag. Försök sätta er in i ert förhållande till den bank ni använder till er verksamhet. Var vänlig och svara på samtliga påståenden och frågor. Vi är medvetna om att vissa påståenden kan vara känsliga. Men vi vill poängtera att det är en kvantitativ undersökning och ert företag kommer inte att nämnas. Vi vill få fram en generell bild av företagares relation till bankväsendet. Men, för att veta vilka som svarat på enkäten vill vi gärna att ni fyller i ert företags namn där ett efterfrågas. Som nämnt, ert företag kommer inte att namnges och behandlas helt anonymt i undersökningen. Vilken bank ni har är inte av intresse för oss.

Vi hoppas att ni vill vara med och bidra till vår undersökning och i längden till vår examen i Internationell Marknadsföring. Vi kommer givetvis att skicka den färdiga uppsatsen till samma adress som enkäten.

Tack på förhand,

Niklas Jonsson, Malmö (0739-821311) ee05nijo@student.hh.se

Gustav Hägg, Göteborg (0733-809191) ee05guha@student.hh.se

8.3. APPENDIX 3: SUMMARY OF ITEMS

	N	Range	Minimum	Maximum	Sum	Mean	Std. Deviation	Variance
Brand Awareness 1	72	3,00	2,00	5,00	330,00	4,5833	,76453	,585
Brand Awareness 2	72	4,00	1,00	5,00	262,00	3,6389	1,09165	1,192
Brand Awareness 3	72	4,00	1,00	5,00	273,00	3,7917	1,09978	1,210
Brand Awareness 4	72	4,00	1,00	5,00	263,00	3,6528	1,29092	1,666
Brand Awareness 5	72	3,00	1,00	4,00	136,00	1,8889	1,06884	1,142
Brand Association 1	72	4,00	1,00	5,00	246,00	3,4167	1,07140	1,148
Brand Association 2	72	4,00	1,00	5,00	244,00	3,3889	1,15741	1,340
Brand Association 3	72	4,00	1,00	5,00	193,00	2,6806	1,13617	1,291
Brand Association 4	72	4,00	1,00	5,00	262,00	3,6389	,99726	,995
Brand Association 5	72	4,00	1,00	5,00	205,00	2,8472	1,39071	1,934
Brand Association 6	72	4,00	1,00	5,00	273,00	3,7917	,93353	,871
Brand Association 7	72	4,00	1,00	5,00	261,00	3,6250	1,21537	1,477
Brand Association 8	72	3,00	2,00	5,00	316,00	4,3889	,76094	,579
Brand Association 9	72	4,00	1,00	5,00	236,00	3,2778	1,09058	1,189
Brand Association 10	71	4,00	1,00	5,00	262,00	3,6901	1,12874	1,274
Brand Attitude 1	71	4,00	1,00	5,00	266,00	3,7465	1,21559	1,478
Brand Attitude 2	71	4,00	1,00	5,00	293,00	4,1268	1,01319	1,027
Brand Attitude 3	72	4,00	1,00	5,00	284,00	3,9444	,93280	,870
Brand Attitude 4	72	3,00	2,00	5,00	315,00	4,3750	,82969	,688
Brand Attitude 5	72	4,00	1,00	5,00	295,00	4,0972	,98094	,962

Brand Attitude 6	71	4,00	1,00	5,00	291,00	4,0986	1,20895	1,462
Brand Loyalty 1	72	4,00	1,00	5,00	170,00	2,3611	1,33539	1,783
Brand Loyalty 2	72	4,00	1,00	5,00	181,00	2,5139	1,38394	1,915
Brand Loyalty 3	72	4,00	1,00	5,00	195,00	2,7083	1,16809	1,364
Brand Loyalty 4	72	4,00	1,00	5,00	214,00	2,9722	1,54712	2,394
Brand Loyalty 5	72	4,00	1,00	5,00	226,00	3,1389	1,49464	2,234
Brand Loyalty 6	72	4,00	1,00	5,00	298,00	4,1389	,96860	,938
Brand Activity 1	72	4,00	1,00	5,00	182,00	2,5278	1,28887	1,661
Brand Activity 2	72	4,00	1,00	5,00	178,00	2,4722	1,13798	1,295
Brand Activity 3	72	3,00	2,00	5,00	284,00	3,9444	,96252	,926
Brand Activity 4	72	4,00	1,00	5,00	254,00	3,5278	1,20996	1,464
Valid N (listwise)	69							