Feasibility of Implementation of Strategic Management on Brand Identity of Sepah Bank

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The present study aimed to investigate feasibility of brand strategic management on brand identity dimensions (A study of the brand of Sepah Bank). To do this, by referring to the studies and adjusted model of brand strategies, dimensions and components of brand identity are identified and based on these variables, a 25-item questionnaire is designed and its validity is supported by faculty member of management and economy department. The study population is the customers using Sepah bank services. The sample size is 384 based on Morgan Table and the samples are selected randomly. To test the hypotheses of this development study, structural equations modeling is applied. The results show the support of all the study hypotheses and the high impact of brand reputation on creating a good image of brand (applied software LISREL 8.54)

Keywords: Strategic management, Brand identity, Branding, Sepah bank

INTRODUCTION

Today, based on competitive conditions, brands as a distinguishing item compared to competitors have crucial role in organization success. Brand literature is changed considerably in the past decade. In the past, brand was only a part of new product design process and its creating methods are not similar with a strategy (Kotler, 2006). Thus, branding should be considered as a strategic process (not tactical) (Aker, 1991). The managers of trademark should consider brand as lighthouse as the ships move by its rays. In other words, brands are as visions by which top managers of organization can promote the organization position in market. Thus, brand

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management is a team of top managers dedicating time and effort to make identity to what they build via their brand (Leslie De Chernatony, 1998). Without definite vision, a brand is deviated from its own path and when it is exposed to an unexpected threat leads to taking short-term solutions by managers and this can change the direction of the brand. A good vision for brand provides the motivation to big goals for managers, employees and consumers (Huang & Sarigöllü, 2012). The advertisement of Nike company “You don’t win silver, you lose gold” is a good example of a method in which a vision for brand encourages specific behaviors (Mohammadian, 2010). One of the criteria to choose a product by a customer is a valid brand. In most markets, brand creates specific identity for a product and links them to a specific group of society. According to psychology, these goods besides aesthetic application for customer create self-confidence and the customer is prepared to pay different price for it (Yoo, 2014). In addition, a good brand for a customer as unconsciously is better product quality. By purchasing a brand product, the customer believes he receives a valuable thing in return to money. Like capital or technology and raw materials, brand is important to create value-added for an organization. Customer and organization both take benefit of brand advantages (Davoodi, 2010). When a consumer uses a brand once, he feels comfortable and is more inclined to use the product. Brands give information regarding goods quality, performance and other aspects of goods and they let the customer less exposed to risk (Casarotto, Ricciardi, Romani, Dalli, & Pietrini, 2012). Brand gives meaning to the owners and it is their wealth. In the current marketing world, brand character has attractive concept (Khalili, 2011).

Problem Statement

Today, the problems the marketing managers are encountered are due to the lack of required planning to create and keep the brand and how they can implement and evaluate marketing and branding strategies and guide these strategies as the branding strategies have the highest return for the company and improve the brand equity for the customers and they can affect the behavior and attitude of consumer. One of the basic problems of branding is as the perception of marketing managers of asset is those tangible objects and they search for short-term and early-return goals. Due to the lack of recognizing correct methods of brand management and the lack of recognition of brand features, the marketing managers can not apply marketing concepts effectively to imp rove brand equity and create a true attitude to company brand as one of the most important intangible assets requiring strategic attitude (nisharoy, 2013).

Study Hypotheses

First hypothesis: There is a significant relation between implementation of strategic management and brand durability of Sepah bank.

Second hypothesis: There is a significant relation between implementation of strategic management and brand serviceability of Sepah bank.

Third hypothesis: There is a significant relation between implementation of strategic management and brand aesthetics of Sepah bank.

Fourth hypothesis: There is a significant relation between implementation of strategic management and brand image of Sepah bank.

Fifth hypothesis: There is a significant relation between implementation of strategic management and brand reliability of Sepah bank.

Sixth hypothesis: There is a significant relation between implementation of strategic management and brand reputation of Sepah bank.

Significance of Study

Today, one of the requirements of top management of any organization is creating the strong brands that by fulfilling the promises and obligations can improve their capabilities over time. In the current complex and challenging world, all of us –individually or as business managers- are encountered with the increasing choices and reduced time for decision making and selection. Thus, brands capability has valuable impact on simplification of the decision of customers, risk reduction and the definition of their expectations and consumer behavior. In recent years in Iran, by high competition of business, the importance of brand and branding is increased for the managers of organizations. Thus, the need to branding is a basic principle for
managers of domestic organizations of the country. The theorists believe that brand image and character are the main component and the most vital variable in customer decision making in purchasing (consumer behavior) (Katler, 2009). Brand share can be developed via good management of customer relationship and giving value to him and considering his needs as successfully. There is a positive relationship between performance and company reputation and the increase of company reputation increases the market share and this leads to the increase of firm value (Nasiripour, Gohari, Nafisi, 2010).

BRAND AND BRANDING

Brand is intellectual and mental signs in the mind of customers increasing the value of product or service. Brand is the direct result of market division and product distinction strategy (Keller, 2008). US marketing association defines brand as: A brand is term, sign or trademark or a combination of them being used to identify the goods or services of a company or group of firms and distinguishing these goods or services of the competitors. According to the definition of Granderolovy, brand is a complex institution including a various range of ideas and features. Brand is emerged not only by its tone “its meaning and concept” but also by any factor mixed with it over time and is appeared as a social and recognized identity in society and talks with customer (Tan & Donald, 2010).

TABLE 1 HERE

A brand is successful if the brand managers have true understanding of its assets. Some of the most important assets of brand are including:

- The attitude of the customer to brand and influencing the customer behavior.
- Investment of brand management as by protecting the brand features, its value and customers loyalty are protected.

In Brand management, we should observe all frameworks applied in strategic management of organizations. As organization management by expressing its mission statements, the mission of organization, here we can express a mission statement for brand and then define the goals based on it (Alkhafaji, 2011). Finally, we can formulate the strategies by it and control by feedback to indicate how much we can achieve our goals. Then, we can explain the process and requirements of brand management based on the above framework (Khoshparvar, 2006).

Mission statement: It is a document separating an organization from other organizations. Organization mission indicates the activity range in terms of product and market (Fred R. David, 1999). The manufacturing organization or institution in the first step by determining the basic values of brand define a basis for all the measurements and activities of managers namely marketing managers (Huy, 2011). It can be said that we can consider a long-term horizon in mission statement and we can consider strategic thinking method to brand management. However, brand management under the pressure of top managers of organization is obliged to achieve short-term results (e.g. increasing market share in the next year) and this expectation not only improves brand but also destroys it (George M Zinkhan, 2001).

Goal: The organization goals are divided into long-term and short-term. Long-term goals are the specific results the organization achieves to fulfill his mission. Long-term period takes more than 1 year (Boyd, Haynes, Hitt, Bergh, & Ketchen, 2012). Short-term goals are those items company should achieve them to achieve long-term goals. Like long-term goals, these goals should be measurable, quantitative, challenging, real, conforming with other goals and they should be prioritized (Fred R. David, 1999). After defining brand basic values statement, it is required to determine a goal or some goals for brand along with its basic value statement and it can have more executive basic to the statement. By defining statement and goals of brand, the brand manager can compare his personal interpretation with the public view and have some tools for control (Alrecka & Settle, 1999).

Analysis of external factors: The economic, social, cultural, ecological, environmental, political, legal, governmental, technological and competitive events can bring benefits or loss for the organization in future (Morgan, Katsikeas, & Vorhies, 2012). The opportunities and threats are out of the control of organization considerably.
(Fred R. David, 1999). As customers are the most important external factors as values and goals statement of brand are formulated based on their needs and requirements of target market, by extensive researches in market, we can analyze the customers values and their needs as exactly to be aware of target market values and be sure the past strategies can transfer the brand values to the consumers well (Markus, 2012).

**Internal factors analysis:** It is in the controlled activities of organization as the organizations perform them as excellent or weak (Fred R. David, 1999). The failure of most of brands is not only affected by external factors and internal factors also affect it. One of the most important internal factors affecting brand (except the organizational factors and other management factors) is the attitude of team members working on brand. It is required to investigate whether all team members have attitude conforming to the basic values of brand or not. It is required that an independent group investigates the views of members regarding values (Keupp, Palmié, & Gassmann, 2012). It can be said values statement and goals of brand should be on priority for all the group members (Alrecka & Settle, 1999).

**Formulation, evaluation and selection of strategy:** In the next step, brand management in manufacturing institution by combining the capabilities, qualifications and skills of brand team members and effective external factors can formulate the strategies in the framework of values statement and brand goals (Pauwels, Buist, Calverley, Jenkins, & Hurd, 2014). To formulate the brand strategy, a method is presented by McWilliam and De Chernatony by which we can formulate and select a strategy conforming with the conditions and requirements (Henry Johnson, 2012). Before using this method, it is required that by market research, we can evaluate the position of brand in the mind of consumers. Formulating brand strategy is done in five steps:

**Marketing Research**

The investigation of the environmental conditions of market and investigation of consumption market- observations of market and identification of market suppliers- analysis of consumer behavior

**Target Group selection**

The investigation of the demographic features of target group- the investigation of target group model- the investigation of life style and attitude of consumers of target group- investigation of the applied media of target group

**Determining brand structure**

Brand architecture can create an exact image of brand growth in future and the necessity of creating next brands and sub brands.

**Creating brand positioning**

Creating brand positioning is the most important sector of brand strategy and defining brand and product character with all its features and what we want to create in the customer mind of brand positioning distinguishing us of other competitors is clarified in this part and is turned into positioning statement (Buller & McEvoy, 2012).

**Brand positioning statement**

Establishing brand positioning inside the organization, brand integrated design, naming and verbal identity, brand protection (Khanbluki, 2008).

**THE PROCESS OF BRAND IDENTITY FORMATION**

The first stage in creating brand and brand management is defined perceiving the process by which the firm image is formed (Ruzzier & De Chernatony, 2013). The following figure presents a conceptual framework of brand image formation. This model show that resources in a general classification are divided based on the organization control field into two groups:

- Intra-organizational or controlled factors by organization
- Extra-organizational or uncontrolled factors by organization

**DIMENSION OF BRAND**

When people select a brand they don't consider only its feature but they consider separate features depending upon the type of product and their
mental involvement and they decide based on them. In addition, they cannot remember all the attributes in their mind immediately and evaluate them but they consider only some of the main features and evaluate their brands based on the choices and some of the main features (Maverick, 1942). The order of choices (brand) is the one generated in the mind and this order can affect the final decision. To increase product purchase probability, we can consider a good rank in choices generation for a specific brand (Saterland, Ghorbalou, 1993). Garvin believes that the following dimensions are of great importance in the mind of consumer regarding brand identity: Image, reliability, durability, Serviceability, aesthetic and reputation”.

THE ESTIMATION OF MODEL AND THE RELATION BETWEEN STUDY VARIABLES AND HYPOTHESES TEST

Model Estimation
As it was said, 25 questions are applied to study the effectiveness of strategic management implementation on brand identity. Structural equations method and LISREL 8.54 are used to build model. To investigate the validity of the variables in the study model (determining each variable by relevant questions in study model), confirmatory factor analysis is used and standard coefficient, significance coefficient and variance are computed and as the significance value of all questions of questionnaire is above 1.96, and its validity is supported.

If the data of sample group are turned into correlation matrix or covariance and are described by some of the regression equations, the model can be analyzed to investigate its fitness in the population out of which the sample is emerged. Some estimation of the parameters of the model and some sizes for its fitness with sample data are obtained. Figure 4 shows the structural equations model by Lisrel software.

The results of hypothesis test
This section deals with the significance of values of model. Regarding the significance of values, as the study is evaluated at confidence interval 0.95 or error 0.05, we can test the hypotheses. For t-test, the significance values are greater than -1.96 and +1.96. It means that if in t-test, a value is ranging -1.96 and +1.96, it is not significant.

Validity and Reliability of Study
The validity of the designed questionnaire is supported by some of the lecturers of University, experts of marketing. The reliability is obtained via Cronbach’s alpha and SPSS 18 software as 0.91.
TABLE 4 HERE

**Evaluation of Model Fitness**

After modelling and estimation of its parameters, the first basic question is raised whether the measurement model is a suitable measurement model or not? When a model is defined exactly with similar features, its test and estimation are possible. To evaluate its fitness, there are many indices and the most important items are shown in Table 5.

TABLE 5 HERE

The presented indices and its comparison with good value for a fitted model show a good fitness. As shown in Table 5, fitness of structural model is supported.

**THE ANALYSIS OF RESULTS**

The results of this study include demographic factors and data analysis. The results are as follows:

Age, the highest frequency is dedicated to the age ranging 20-30 year and among 400 people of the statistical population, they are 208 and this age group is the youth having the highest customers of Sepah bank and age group of 30-40 years with frequency 118 people of 400 people, dedicated the second frequency.

From gender aspects, 63% of respondents are men and are 50% more compared to women and from education aspect, the highest frequency is about the customers with B.A. Thus, it can be said brand of Sepah bank for educated people has better identity and image and regarding the data frequency regarding the education in below Diploma and Diploma has the lowest frequency among the study population.

Regarding income, the highest customers’ income is ranging 800 thousands to 1200000 toman. Based on the data distribution, it can be said the higher the income of customers, the more inclined to brand of Sepah bank.

In the second section of questionnaire, it is emphasized on hypotheses test and there is a significant relation of each of dependent variables with independent variable and by presenting a model for this study, the hypotheses are tested.

Based on extracted data analysis of questionnaire and hypotheses test, there is a significant relation between variables of brand strategic management and brand identity variables (brand durability, brand serviceability, aesthetics, image, reliability and reputation) and it can be considered by branding managers of Sepah bank and other banks.

**DISCUSSION AND CONCLUSION**

In the current world and by development of information of each movement and decision making of organization by its brand can be evaluated and the success and failure of organization are emerged by the brand of the organization. Today, brand is the asset of most of businesses and the brand value of a company is much more than the value of its tangible assets. On the other hand, brand is a mental view that should be in the mind of consumers, buyers, stockholders, employees and users. Brands have social nature and the successful brand is the one to which people feel belonging to it and make efforts for the brand. Mostly, the people in society unconsciously or to attract the others attention are turned into free marketers of brands and without materialistic benefits can advertise one or some specific brands. The present study had a new view to the familiar phenomenon of branding attracting the attention from researchers, managers and interpreters of trading. The present study attempted to test the effective factors on creating good identity of brand of Sepah bank. After the investigation of review of literature, six main components of brand identity are considered and some hypotheses are formulated. Hypotheses test via questionnaire indicates the support of all hypotheses. Two concepts are inferred based on study findings. First, the marketing managers should focus mostly on increasing brand reputation. If the reputation is increased, the brand equity should be increased positively. Brand reputation has some strategic advantages for Sepah bank as achieving high market share and new customers, supporting brand development, reduction of marketing costs and brand improvement to the threats of competitive space of banking of the country.

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APPENDIX

Table 1: The Change of Management Attitude from Traditional To Strategic Approach (Wood, 2000)

<table>
<thead>
<tr>
<th>Brand strategic management</th>
<th>Traditional management</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand agents</td>
<td>Brand management</td>
</tr>
<tr>
<td>Deep loyalty of brand</td>
<td>Brand maintaining</td>
</tr>
<tr>
<td>Communication in period of life</td>
<td>Frequent trading</td>
</tr>
<tr>
<td>Customer commitment</td>
<td>Customer satisfaction</td>
</tr>
<tr>
<td>Revenue of brand</td>
<td>Revenue of product</td>
</tr>
<tr>
<td>3-year concentration</td>
<td>3-month concentration</td>
</tr>
<tr>
<td>Revenue of capital price</td>
<td>Revenue of market share</td>
</tr>
</tbody>
</table>

Managing the function fields of brand

<table>
<thead>
<tr>
<th>Brand advanced measures</th>
<th>Measures of awareness and recalling</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand guiding from outside the organization</td>
<td>Brand guiding from inside the organization</td>
</tr>
</tbody>
</table>

Table 2: The Number of Questions, Acronyms And Cronbach’s Alpha

<table>
<thead>
<tr>
<th>α</th>
<th>Number of questions</th>
<th>Acronym</th>
<th>Variable</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.72</td>
<td>19</td>
<td>ST</td>
<td>Brand strategy</td>
</tr>
<tr>
<td>0.74</td>
<td>4</td>
<td>BB</td>
<td>Durability</td>
</tr>
<tr>
<td>0.61</td>
<td>4</td>
<td>TB</td>
<td>Serviceability</td>
</tr>
<tr>
<td>0.81</td>
<td>3</td>
<td>ZB</td>
<td>Aesthetics</td>
</tr>
<tr>
<td>0.71</td>
<td>3</td>
<td>KHB</td>
<td>Image</td>
</tr>
<tr>
<td>0.67</td>
<td>4</td>
<td>EB</td>
<td>Reliability</td>
</tr>
<tr>
<td>0.86</td>
<td>3</td>
<td>SHB</td>
<td>Reputation</td>
</tr>
</tbody>
</table>
Table 3: The Descriptive Findings of Study Population

<table>
<thead>
<tr>
<th>Demographic factors</th>
<th>Income</th>
<th>Education</th>
<th>Gender</th>
<th>Age</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>%5</td>
<td>%12</td>
<td>%63</td>
<td>%20</td>
</tr>
<tr>
<td></td>
<td>Less than 400 thousands</td>
<td>400-800 thousands</td>
<td>800 thousands-1200000</td>
<td>Above 1200000</td>
</tr>
<tr>
<td></td>
<td>%63.5</td>
<td>%36.5</td>
<td>BA</td>
<td>%63</td>
</tr>
<tr>
<td></td>
<td>%37</td>
<td>Man</td>
<td>%52</td>
<td>20-30</td>
</tr>
<tr>
<td></td>
<td>%29.3</td>
<td>Woman</td>
<td>%18.7</td>
<td>30-40</td>
</tr>
<tr>
<td></td>
<td>%18.7</td>
<td></td>
<td></td>
<td>40 years and above</td>
</tr>
</tbody>
</table>

Table 4: Standard Coefficients Values Of Model And Hypotheses Test

<table>
<thead>
<tr>
<th>Path</th>
<th>Support</th>
<th>Result</th>
<th>Significance values</th>
<th>Standard coefficients</th>
<th>Path N</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Supported</td>
<td>There is a significant relation between implementation of strategic management and brand durability of Sepah bank.</td>
<td>10.07</td>
<td>0.67</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Supported</td>
<td>There is a significant relation between implementation of strategic management and brand reconstruction of Sepah bank.</td>
<td>13.43</td>
<td>0.80</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Supported</td>
<td>There is a significant relation between implementation of strategic management and brand aesthetics of Sepah bank.</td>
<td>14.42</td>
<td>0.84</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Supported</td>
<td>There is a significant relation between implementation of strategic management and brand image of Sepah bank.</td>
<td>12.42</td>
<td>0.72</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Supported</td>
<td>There is a significant relation between implementation of strategic management and brand reliability of Sepah bank.</td>
<td>9.27</td>
<td>0.64</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Supported</td>
<td>There is a significant relation between implementation of strategic management and brand reputation of Sepah bank.</td>
<td>13.83</td>
<td>0.90</td>
<td></td>
</tr>
</tbody>
</table>
Table 5: Fitness of Study Model

<table>
<thead>
<tr>
<th>Statistics of main hypotheses model</th>
<th>Acceptable criterion</th>
<th>Fitness index</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.6 ( \frac{x^2}{df} \leq 3 ) (Chi square) ( x^2 )</td>
<td>RMSEA ( &lt; 0.08 )</td>
<td>RMSEA(^1)</td>
</tr>
<tr>
<td>0.064</td>
<td>RMSEA ( &lt; 0.08 )</td>
<td>RMSEA(^1)</td>
</tr>
<tr>
<td>0.88</td>
<td>NFI ( &gt; 0.90 )</td>
<td>NFI(^2)</td>
</tr>
<tr>
<td>0.93</td>
<td>CFI ( &gt; 0.95 )</td>
<td>CFI(^3)</td>
</tr>
<tr>
<td>0.59</td>
<td>GFI ( &gt; 0.90 )</td>
<td>GFI(^4)</td>
</tr>
<tr>
<td>0.86</td>
<td>AGFI ( &gt; 0.85 )</td>
<td>AGFI(^5)</td>
</tr>
</tbody>
</table>

Chart 1: The conceptual framework for brand identity formation

(olsson & sandruy, 2006)

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\(^1\) Root Mean Square error of Approximation  
\(^2\) Normed Fit Index  
\(^3\) Comparative Fit Index  
\(^4\) Goodness of Fit Index
Chart 2: The Conceptual Model Based On Garvin Model

- **Brand strategy**
  - Functional component
  - Psychological component
  - Evaluating component

- **Durability**
- **Serviceability**

- **Aesthetics**
- **Image**

- **Reliability**
- **Reputation**

- **Brand identity**

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Chart 3: The Structural Equations Model (Standard Coefficients)

Chi-Square=536.55, df=203, P-value=0.00000, RMSEA=0.064

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Chart 4: Structural equations model (significance coefficient)

Chi-Square=536.55, df=203, P-value=0.00000, RMSEA=0.064