

STATISTICAL ANALYSIS OF BRANDING PRODUCT AND SERVICE IN BANGLADESH: CORPORATE IDENTITY VALUES

MUNSHI ABDUS SHALEK REZA



DEPARTMENT OF INDUSTRIAL AND PRODUCTION ENGINEERING
BANGLADESH UNIVERSITY OF ENGINEERING AND TECHNOLOGY
DHAKA, BANGLADESH

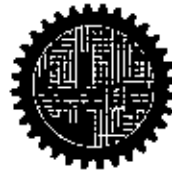
April 2007

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by

MUNSHI ABDUS SHALEK REZA

A project submitted to the Department of Industrial and Production
Engineering, Bangladesh University of Engineering and Technology, in
partial fulfillment of the requirements for the degree of Master of Advanced
Engineering Management.



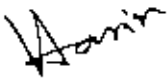
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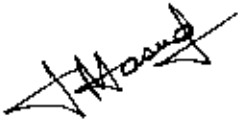
The project titled “**Statistical Analysis of Branding Product and Service in Bangladesh: Corporate Identity Values**”, submitted by Munshi Abdus Shalek Reza, Roll. 040408128F, Session: April, 2004 has been accepted as satisfactory in partial fulfillment of the requirement for the degree of **Master of Advanced Engineering Management** on April 4, 2007.

Board of Examiners



Dr. M. Ahsan Akhtar Hasin
Professor
Department of Industrial and Production Engineering
BUET, Dhaka.

Chairman
(Supervisor)



Dr. A. K. M. Masud
Associate Professor
Department of Industrial and Production Engineering
BUET, Dhaka.

Member



Dr. Md. Habibur Rahman
Professor
Department of Civil Engineering
BUET, Dhaka.

Member

Department of Industrial and Production Engineering
Bangladesh University of Engineering and Technology

April, 2007

CANDIDATE'S DECLARATION

It is hereby declared that this project has not been submitted elsewhere for the award of any degree or diploma



Munshi Abdus Shalek Reza

To my parents

ACKNOWLEDGEMENT

I would like to express my sincere gratitude to my project supervisor, Dr. M. Ahsan Akhtar Hasin, Professor, Industrial and Production Engineering, BUET, for his regular academic and mental support and encouragement.

I would like to express my sincere thanks to my committee members, Dr. Md. Habibur Rahman, Professor, Civil Engineering and Dr. A. K. M. Masud, Associate Professor, IPE Department, for their continuous support to complete this project.

I also express my thanks to all others who morally and academically supported me to conduct this research. Several friends of mine helped me to collect data from different sources. My heartfelt thanks to them.

Finally, I thank my parents for all kinds of unconditional help and sacrifice they made so far to build my life and career.

Abstract

Marketing is a complex issue that requires effective strategic decision. Several marketing variables operate and interact with each other. Marketing strategy can make a company become successful in business. On the other hand, a wrong strategy makes a company unsuccessful in business.

Out of many strategic marketing decisions, branding and creating identity are two important variables. This project analyzed these two variables in case of selected chemical type consumer goods and telecommunication service branding in Bangladesh. Some interesting findings include effect of age and income level on brand loyalty, factors affecting brand loyalty, effect of change of logo of Grameen phone, etc. While “trust” is the main globally active factor in favor of brand loyalty, it is not the same in Bangladesh. Here, social value is the main factor.

Local companies in the selected manufacturing sub-sector largely failed to create CI values among the customers. On the contrary, two telecommunication service organizations achieved tremendous success in creating CI value.

However, these findings are not general, these are country and segment specific. This is because of variation in macro-environmental factors.

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LIST OF ABBREVIATIONS

CI	Corporate Identity
CSR	Corporate Social Responsibility
NCI	Normalized CI
QFD	Quality Function Deployment
TQM	Total Quality Management
TSP	Telecommunication Service Providers

Chapter 1

Introduction

1.1 Introduction

A Brand is possibly the most powerful weapon of business, especially in the highly competitive global market place. It carries not only a name, or symbol, but carries in it attributes, values, culture, promise to customers, faith, pride and craftsmanship. Brands vary in terms of power, and values. However, it is a measure of market penetration in terms of customer acceptance.

Branding is a highly sensitive strategic decision to make by an organization, because of involvement of high level of money, as well as a promise to continuity in terms quality and reliability. It requires a continuous effort on building organizational Corporate Identity (CI).

The main problem in Asia's business is lack of corporate identity. In many occasions, country's image becomes a major factor in building corporate identity, especially for developing countries. Though Japan and Korea succeeded in building brands, China and India failed measurably in this aspect, because of lack of CI's of their companies. The main dilemma is that the later two countries have been enormously successful in creating powerful business houses, but failed to create global brand image.

Corporate identity (CI) has attracted a lot of academic and managerial attention as the first footstep in building brand, although debate continues about how CI can be modeled in a particular business environment. Corporate identity is a very important business concept because it demonstrates corporate aims and values and presents a sense of individuality that can help to differentiate an organization from its competitors. Corporate identity represents "the ways a company chooses to identify itself to the society", or more simply noted, corporate identity is "what an organization is".

Corporate identity can be viewed as a vehicle by which a company's character is conveyed to different audiences. It reflects the sense of "essential character", since each company has its own personality, uniqueness and individuality. Expressing corporate identity is a dynamic process, where a developing country's company fails to keep pace with rapidly changing business climate and nature of competition.

The South-Asian countries suffer mostly from poor image in socio-business climate. Bangladesh is also suffering from similar CI problem, as well as other problems. Global branding is a distant issue, even local branding has faced tremendous setbacks in business. This research aims to identify and analyze the problems and prospects of branding product and service in Bangladesh.

1.2 Objectives:

The main objectives of this project are:

1. Identification of internal and external environmental factors for business in Bangladesh.
2. Analysis of consumer behavior, with respect to brand selection.
3. Analysis of brand image in manufacturing and service sectors.
4. Identification and analysis of brand equity in volatile market of Bangladesh.
5. Analysis of statistical validity.

1.3 Methodology

The study was carried out using step-by-step methodology as outlined below:

1. Study of market characteristics and consumer behavior through survey in selected market segments in order to identify internal and external environmental factors, affecting business of local companies in Bangladesh.
2. Data collection from selected market places.

3. Identification of segmentation variables
4. Analysis of consumer behavior in the selected segments.
5. Computation of corporate and brand image values, and their correlation in Bangladesh.
6. Analysis and selection of a specific service sub-sector in Bangladesh
7. Study of CI values in the sub-sector.

1.4 Scopes and Limitations

The study analyzed five large-to-medium service organizations, and five large-to-medium production organizations. Because of possibility of adverse impact on market and companies, their names have not been disclosed, rather alphabetical terms have been used.

The study covered only consumer market, as this is the distant largest market in Bangladesh. Again, there are thousands of different types of consumer goods being marketed in Bangladesh. Out of this, a large and vibrant segment is the chemical goods, such as soap, shampoo, lotion, body spray, after-shave, etc, or their horizontally dependent items, such as razor.

Chapter 2

Literature Review

2.1 Marketing Parameters

A host of management functions exist to run businesses, which are considered as the line functions of an organization. However, marketing has been the major determinant in corporate business success. This includes strategic decision making as well. There are large numbers of examples which show that a good strategic steps in marketing may take an organization to the hill-top of business success, where as a single error make throw a big company down to earth [1].

Again, a host of parameters determine the success in marketing strategy [1]. These include :

1. Segmentation
2. Differentiation
3. Variety
4. Pricing
5. Reputation
6. Corporate Identity
7. Brand Image
8. Packaging
9. Logistics
10. Availability
11. Advertising
12. Etc.

The market may be classified into two broad categories: Consumer market and Industrial or Business market.

A consumer market is the one where products, or services are created for direct consumption by an individual consumer. The products are sold in large quantities, with more varieties available in hand, having more sentimental attachment, with more segmentation orientation. Generally, in a developing economy, consumer market is predominantly large, with product market having bigger share than service market [2].

The consumer market is distinctly different from industrial or business market. While all the factors above are important determinants of consumer marketing, industrial marketing is not. In case of industrial marketing, technical quality, after-sales service, reputation, etc. are important. This requires careful attention in setting marketing strategy in consumer market.

A consumer market is more volatile and sensitive than industrial market. This requires far more attention on marketing strategy than industrial market. As such inter-parameter interaction, correlation of several factors, etc. are vital in consumer marketing.

2.2 Corporate Identity

In marketing, Corporate Identity (CI) is the "persona" of an organization, which is designed to accord with and facilitate the attainment of business objectives, and is usually visibly manifested by way of branding and the use of logo and trademarks.

Corporate identity comes into being when there is a common ownership of an trustworthiness which is manifested into a distinct corporate culture - the corporate personality. At its most profound, the public feel that they have ownership of the philosophy [3].

In general, this amounts to two strong issues: a trusted name and a logo (logotype and/or logogram) and supporting devices commonly assembled within a set of guidelines. These guidelines govern how the identity is applied and confirm approved colour

palettes, typefaces, page layouts and other such methods of maintaining visual continuity and brand recognition across all physical manifestations of the brand.

Many companies, such as McDonald's and CocaCola, have their own identity that runs through all of their products and merchandise. The trademark "M" logo and the yellow and red appears consistently throughout the McDonald's packaging and advertisements. Many companies pay large amounts of money for an identity that is extremely distinguishable, so it can appeal more to its targeted audience [3].

Corporate Identity is often viewed as being composed of three parts:

- Corporate Design (logos, uniforms, etc.)
- Corporate Communication (commercials, public relations, information, etc.)
- Corporate Behavior (internal values, norms, etc.)

Corporate Identity has become a universal technique for promoting companies and improving corporate culture.

Balmer has used statistical correlation techniques to analyze and validate the relationships among these three factors in the USA. However, he noted down that culture plays a big role in determining these relations [3]. As such the conclusions do not apply to the consumer market of Bangladesh. Nevertheless, the framework of analysis is well applicable to the Bangladesh market.

2.2.1 Sociological sense

Corporate identity can also have a sociological sense. In any large society members of a minority tend to develop a "corporate identity" where they feel a special bond to any other member of that minority even if they have never met the person before. This bond develops because they generally have similar experiences, face similar discrimination, have similar cultural values, economic limitations, etc.

In the United States, for instance, persons of Arab or Jewish ancestry, blacks, Hispanics, and persons who follow non-Christian religions, among many other minorities, each have a sense of corporate identity. Within a particular group there are feelings of "we have to watch out for each other" and "I have an obligation not just to succeed, but to help others of my group" [2, 4].

However, in Bangladesh, having more uniform cross-section of consumers, corporate identity does not have a similar impact.

A common corollary to this sense of corporate identity is a concern about assimilating into the majority culture to the extent where the minority group ceases to exist for all practical purposes. Corporate identity is promoted, strengthened and encouraged by activities such as teaching the ancestral language, practice of rituals and social customs, observance of holidays, etc., from the minority culture and discouraging marriage outside the particular group or moving to a geographic area where the minority group does not have a significant presence.

2.2.2 Organizational point of view

In recent development, researchers proposed a new definition of corporate identity, based on the general organization theory. This definition regards identity as a result of social interaction [5]:

- Corporate identity is the way corporate actors (actors who perceive themselves as acting on behalf of the company) make sense of their company in ongoing social interaction with other actors in a specific context. It includes shared perceptions of reality, ways-to-do-things, etc., and interlocked behaviour.
- In this process the corporate actors are of equal importance as those others; corporate identity pertains to the company (the group of corporate actors) as well as to the relevant others;

- Corporate actors construct different identities in different contexts.

2.2.3 Corporate Visual Identity

Corporate Visual Identity plays a significant role in the way an organization presents itself to both internal and external stakeholders. In general terms, a corporate visual identity expresses the values and ambitions of an organisation, its business, and its characteristics. Four functions of corporate visual identity can be distinguished. Three of these are aimed at external stakeholders [5].

1. First, a corporate visual identity provides an organisation with visibility and 'recognisability'. For virtually all profit and non-profit organisations it is of vital importance that people know that the organisation exists and remember its name and core business at the right time.
2. Second, a corporate visual identity symbolises an organisation for external stakeholders, and, hence, contributes to its image and reputation, possible relationships between corporate visual identity and reputation. The conclusion is that corporate visual identity plays a supportive role in corporate reputations.
3. Third, a corporate visual identity expresses the structure of an organisation to its external stakeholders, visualising its coherence as well as the relationships between divisions or units. In this regard, the most important innovation is the 'corporate identity structure', which consists of three concepts: monolithic brands for companies which have a single brand, a branded identity in which different brands are developed for parts of the organization or for different product lines, and an endorsed identity with different brands which are (visually) connected to each other.

Although these concepts are often presented as the corporate identity structure, they merely provide an indication of the visual presentation of (parts of) the

organization. It is therefore better to describe it as a 'corporate visual identity structure'.

4. A fourth, internal function of corporate visual identity relates to employees' identification with the organisation as a whole and/or the specific departments they work for (depending on the corporate visual strategy in this respect). Identification appears to be crucial for employees, and corporate visual identity probably plays a symbolic role in creating such identification.

The definition of the corporate visual identity management [5] is:

Corporate visual identity management involves the planned maintenance, assessment and development of a corporate visual identity as well as associated tools and support, anticipating developments both inside and outside the organization, and engaging employees in applying it, with the objective of contributing to employees' identification with and appreciation of the organization as well as recognition and appreciation among external stakeholders.

Special attention is paid to corporate identity in times of organisational change. Once a new corporate identity is implemented, attention to corporate identity related issues generally tends to decrease. However, corporate identity needs to be managed on a structural basis, to be internalised by the employees and to harmonise with future organisational developments.

Efforts to manage the corporate visual identity will result in more consistency and the corporate visual identity management mix should include structural, cultural and strategic aspects [6]. Guidelines, procedures and tools can be summarized as the structural aspects of managing the corporate visual identity.

However, as important as the structural aspects may be, they must be complemented by two other types of aspects. Among the cultural aspects of corporate

visual identity management, socialization – i.e. formal and informal learning processes – turned out to influence the consistency of a corporate visual identity. Managers are important as a role model and they can clearly set an example. This implies that they need to be aware of the impact of their behavior, which has an effect on how employees behave. If managers pay attention to the way they convey the identity of their organization, including the use of a corporate visual identity, this will have a positive effect on the attention employees give to the corporate visual identity.

Further, it seems to be important that the organization communicates the strategic aspects of the corporate visual identity. Employees need to have knowledge of the corporate visual identity of their organization – not only the general reasons for using the corporate visual identity, such as its role in enhancing the visibility and recognizability of the organization, but also aspects of the story behind the corporate visual identity. The story should explain why the design fits the organization and what the design – in all of its elements – is intended to express [6].

The main drawback for Bangladeshi organizations is that organization do never try to incorporate employees in brand ownership, as has been evident in the studies presented in the following chapters.

There are various models that have advanced knowledge about forming and managing CI but their diverse approaches and perspectives have led to questions about each model's capabilities and limitations. A lack of consensus defining a standardized CI construct has led to confusion determining the CI context and its management [7].

In order to incorporate acting variables into a model, a further review of the literature is needed to identify criteria for a clear, workable, useful and valid visual model. This resulted in the 10 criteria: visual clarity, ease of interpretation, logical sequence, adjustment and adaptability, production of synergies, employee operationalization, ease of memorizing, effectiveness, modularity and proactivity. Eventually a six-station model for corporate identity was devised [8].

A dual research technique, including qualitative and quantitative methods for triangulation purposes, was used to investigate the model. Triangulating findings offers precise and reliable results and explanations. The qualitative research phase included in-depth, semi-structured interviews with CI consultants and business managers. Interviews were recorded, transcribed and coded by two researchers following accepted practice. Inter-coder reliability was calculated at 89%. The quantitative research phase involved presenting the model and having practitioners and academics complete a questionnaire to seek their views about it. Alpha coefficients were calculated for each of the questionnaire items, whose values exceeded 0.60 [9, 10].

2.3 Brand Management

Even though the variables addressed in the brand extension literature are very broad, the following section focuses on those perceptual factors that have an influence on brand image.

The perceived quality of the brand is a variable that has been considered in various brand extension studies. The underlying assumption is that the beliefs or attitudes regarding the original brand will be transmitted to the extension, and a greater perceived quality in the original brand will have a positive effect on acceptance of the extension. However, the researchers did not find any direct quality effect, given the same influences through the fit. Nevertheless, it was found effect occurs when a secondary analysis of the data is performed. More recent studies have demonstrated a relationship between greater brand quality and the success of an extension [11].

The research papers have shown using structural equations modeling, that brand associations, which encompass the three constructs brand image, perceived quality and brand attitude, are related to each other [12, 13].

Given these findings, it can be anticipated that consumers' perceptions of brand

quality before brand extension influences brand image after the extension. Therefore a conclusion can be drawn: The perceived quality of the brand will have a positive effect –

- a) on the general brand image after extension and
- b) on the product brand image after extension.

The knowledge, or familiarity, that consumers have with the brand is likely to influence all of their perceptions of the brand. The structural equation model shows that consumers' relationships with the brand affect intentions of purchasing the extension, for similar or different extensions. Literature has considered brand knowledge together with the fit, and found different results according to the associations the extension had with the brand. It was observed that consumers' reactions before a brand extension will be affected by their familiarity with the products related to the brand.

The reputation of the parent brand has also been taken into account while measuring it through items related to the satisfaction provided by the brand. It was found that experience with the brand influenced the trial of extended products. Also, it was found that brand image may change depending on consumers' level of familiarity with the brand. As a result of this literature, another conclusion can be drawn [14, 15, 16]:

Consumers' brand familiarity or relationship with the brand will have a positive effect [17] –

- a) on the general brand image after extension and
- b) on the product brand image after extension.

When analyzing the effect of an extension upon a brand's image, the fit or similarity between the parent brand and the extended brand are likely to affect the brand's image. Many studies have found a direct effect between the fit perceived by consumers and the acceptance of the extension. More recent studies have proposed variables that moderate the effect of the fit on the acceptance of the extension. These include the communication strategy too [18].

2.4 Difference between Production Strategy and Service Strategy

A clear positioning is one of the key success factors for service companies, yet many organizations face a higher risk when extending their corporate name. One of the reasons for this is that brand extension strategies are likely to create new associations in a consumer's mind, or confuse their feelings and beliefs.

The literature about extending product brands shows evidence of this, although there is limited published data about services brand extensions. One of the attractions of extending the corporate brand in the services sector is services greater number of intangible attributes, all of which are thought to enhance the ease of access to new categories [2]. What is evident is that the net effect of service extensions on corporate image is not clear. It is possible that corporate image may be damaged by the use of a brand extension strategy. This idea is reflected in the first hypothesis of a research [19].

H1: Service brand extensions dilute corporate image since the extension creates new associations or confuses current associations.

The effect of extensions on the corporate brand might be negative, there are cases in where some new services and products do not dilute, but rather reinforce the parent brand. This is due to the presence of certain strengthening variables. We detail several hypotheses regarding relevant variables in this process.

H2: The nature of a corporate image before a brand extension is positively associated with the corporate image after an extension.

The nature of the final corporate image will also depend on the information introduced by the extension's attributes, especially the fit or similarity that the consumer perceives between the attributes of the extension and those of the parent brand.

H3: Higher perceived fit leads to superior perceived quality of the brand

extension. In a case where the company launches new services very different from the current ones, the perceived fit can be increased through projecting a good corporate image to potential customers. Corporate brands represent the product manufacturer or service provider and their main utility is in the non-physical.

However, as a result of the notable leverage of corporate brand names by service companies, brand extension strategies may be eroding, or even deteriorating the extended brand's image. While this has been shown to be the case for tangible products, it has not been subjected to the same depth of investigation in the services sector [20]. While 70% of GDP and 65% of employment in more developed countries comes from the services sector, the scenario is little different in Bangladesh. Nevertheless, as a growing economy, service sector is likely to grow at a very high rate within the next decade. Growth of mobile companies and logistical companies clearly indicate that.

Within this context, this research analyzed impact of different marketing variables in service sector in Bangladesh and explains how service brands' extensions influence corporate image.

2.5 Statistical Inference

Seldom does a decision maker or analyst have complete information on the subject matter to be analyzed. Statistical Inference is a process by which a decision maker concludes about the characteristics of a business process from a small part of the total system. While the total business system is the population, the small part is considered as a sample.

Statistical Inference is used in numerous occasions in order to analyze a business process, an engineering system or a social event. Several statistical tools and techniques, such as Hypothesis Testing, Contingency analysis (using χ^2 or student t or F test), correlation analysis, etc, are frequently used in analyzing the characteristics of a business [21]. Reports reveal that in marketing management, these techniques have been used on

several occasions to analyze mainly customer behavior, sales pattern, forecasting market demand etc. [22, 23].

This project used the techniques to analyze relation between Corporate Identity and Brand image, correlation between market variables in branding decision and market segmentation.

Chapter 3

Corporate Identity Scenario in Bangladesh

3.1 What CI is

In marketing, several factors determine success in the market. It may happen that a company fails to penetrate the market, despite high quality of its product. Its brand image, corporate identity (CI), marketing policy and plan, etc. determines success for a product.

A **Corporate Identity (CI)** is the "persona" of an organization which is designed to accord with and facilitate the attainment of business objectives, and is usually visibly manifested by way of branding and related trademark. It is a matter of reputation and trustworthiness on a name.

Corporate identity comes into being when there is a common ownership of an organizational philosophy, which is manifest in a distinct corporate culture - the corporate personality. At its most profound, the public feel that they have ownership of the philosophy.

A CI has mainly two parts associated –

1. one part of this identity governs its legal entity in a market (or country) – such as a company name, a logo and a trademark.
2. the other part is its reputation and trustworthiness, such as a brand name.

In general, the first part amounts to a logo (logotype and/or logogram) and supporting devices commonly assembled within a set of guidelines. These guidelines govern how the identity is applied and confirm approved color palettes, typefaces, page

layouts and other such methods of maintaining visual continuity and brand recognition across all physical manifestations of the brand.

Many companies, such as McDonald's, have their own identity that runs through all of their products and merchandise. The trademark "M" logo and the yellow and red appear consistently throughout the McDonald's packaging and advertisements. Many companies pay large amounts of money for an identity that is extremely distinguishable, so it can appeal more to its targeted audience. In Bangladesh, the mobile companies have established their logo and trademarks firmly. For instance, people easily and popularly recognize stripes of a tiger as trademark of Bangla Link, and three sky blue leaves as a trademark of Grameen Phone. However, other mobile operators didn't succeed up to this level.

From the first point of view, Corporate Identity is often viewed as being composed of three parts:

- Corporate Design (logos, uniforms, etc.)
- Corporate Communication (commercials, public relations, information, etc.)
- Corporate Behavior (internal values, norms, etc.)

Corporate Identity has become a universal technique for promoting companies and improving corporate culture.

3.2 CVI Value

Corporate Visual Identity plays a significant role in the way an organization presents itself to both internal and external stakeholders. In general terms, a corporate visual identity expresses the values and ambitions of an organization, its business, and its characteristics. Four functions of corporate visual identity can be distinguished. Three of these are aimed at external stakeholders.

1. First, a corporate visual identity provides an organization with visibility and 'recognizability'. For virtually all profit and non-profit organizations it is of vital importance that people know that the organization exists and remember its name and core business at the right time.
2. Second, a corporate visual identity symbolizes an organization for external stakeholders, and, hence, contributes to its image and reputation. Corporate visual identity plays a supportive role in corporate reputations.
3. Third, a corporate visual identity expresses the structure of an organization to its external stakeholders, visualizing its coherence as well as the relationships between divisions or units. Corporate identity structure consists of three concepts: monolithic brands for companies which have a single brand, a branded identity in which different brands are developed for parts of the organization or for different product lines, and an endorsed identity with different brands which are (visually) connected to each other.
4. A fourth, internal function of corporate visual identity relates to employees' identification with the organization as a whole and/or the specific departments they work for (depending on the corporate visual strategy in this respect). Identification appears to be crucial for employees, and corporate visual identity probably plays a symbolic role in creating such identification.

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Efforts to manage the corporate visual identity will result in more consistency and the corporate visual identity management mix should include structural, cultural and strategic aspects. Guidelines, procedures and tools can be summarized as the structural aspects of managing the corporate visual identity.

3.3 A Six-station CI Model

When CI is considered as an output of some variables, such as image, reputation and trustworthiness, etc., then CI can be defined in different way. The six-station model was posited as reflecting the process of creating corporate identity. Although independent, each station interacts with the others to form a “corporate neural network”. Identity formation involves cognitive and affective components. An image interface with stakeholders occurs at each station of the six station model, both internally and externally. Image interface is defined as the point of contact between stakeholders and company. The greatest image interface occurs at the last station, when public opinion has been formed, since corporate personality, image and reputation are shaped on the basis of the previous stages of the process. The six stations are :

1. Head Station
2. Strategy Station
3. Creativity Station
4. Communication Station
5. Human Corporate Power Station
6. Critical Triplet Station

The following section explains these six stations, and subsequently explains the strategic and competitive position of local companies in terms of these stations.

3.4 Six Station Model in Bangladesh

Local companies in Bangladesh partly succeeded in creating brand image and corporate identity. This is notably very commendable in mobile communication, but miserably failed in chemical cosmetics type consumer goods. The conditions of local chemical type consumer good manufacturing companies of Bangladesh are analyzed below using Six-station CI model [3]. The six station model explains the possibility of creating a corporate identity and brand image from six points of views.

The first station is the **Head Station**, which incorporates the elements of top management, mission, vision values, and the leadership style of the company. The key element of this station is effective, facilitative leadership, exercised by skilful top management who forge the company's vision, mission and values, along with suitable CI objectives. Senior management plays a crucial role in this station since it is their values, attitudes and ideas, which will be reflected in administrative policies influencing CI. The main weakness of local companies in the selected market segment revealed that they are very poor in the Head station

The **Strategy Station** and its mechanisms revolve around Corporate Strategy, Brands/Products & Services and the role of Marketing. This station focuses on the formulation of a corporate strategy resulting from consensus among top executives interacting with each strategic unit. Corporate strategy is used by the marketing department to devise a brand or product strategy. The local companies are very weak in product strategy as well as brand strategy.

Station three, the **Creativity Station** (Visual Identity, Corporate Visual Identity Systems, Advertising), incorporates the necessary corporate creativity functions and their evolution and interrelation with corporate advertising. This is concerned with developing

a company's, product's or brand's visual representation. Developing a visual identity builds on feedback from key stakeholders. A company's symbols, logos and artifacts should only be introduced if they represent and contribute to a company's self-image and philosophy. Although local companies try to create visual identity, they do not share the ideas with stakeholders. Absence of feedback is totally absent in the marketing culture in Bangladesh.

The **Communication Station** (External, Internal and Digital Communication) is the fourth station. It is characterized by the establishment of multidimensional communication channels both for the transmission and reception of information. The impact of communication towards the entire organization, stakeholders and the company staff is closely monitored since they are significantly affected by the flow of communication and by the communication pattern employed within the company, not only formally but also informally. Local companies are very weak in communication and flow of information.

Stakeholders, Organization's Staff and Group Dynamism are the corporate elements which comprise the **Human Corporate Power Station**, the fifth station. This station focuses on the human elements contributing to the formation of a corporate ethos. The values, attitudes and opinions of internal and external stakeholders influence the way a corporation can convey its identity. In fact, the role of stake holders is ignored largely in Bangladesh. As a result, they miserably failed to popularize their visual identity or logo. However, the mobile operators, especially Grameen Phone and BanglaLink have succeeded in this station. This may largely be contributed to their connection with stakeholders.

In the sixth station, the **Critical Triplet Station** (Corporate Reputation, Image, Personality), the formulation of a company's corporate personality, reputation and image is judged by external stakeholders. The components of this station reach out to external stakeholders.

This (Critical Triplet Station) is another critical station as it shapes stakeholders' perception of the company. Corporate identity is obtained through understanding of an organization's personality and its corporate values. A company acquires identity only after its values combine to form its personality. By acquiring a good reputation, a company has competitive advantage over its rivals. Consumers' beliefs, attitudes and impressions create a concept of 'image' and contribute to a company's reputation. The local companies never like to be judged by external stakeholders. Corporate personality is thus totally a vague term.

Position of local companies against the spirits of all six stations mainly contributed to failure on creating CI and brand image.

Balmer [3] explained that Trust on brand, Social Pride to brand name and logo, and popularity of a brand in the market place or society determines the success of a company in terms of brand name, visual identity (logo), sales volume (or bottom-line success), long-lasting business through stability in business and acceptability of a company in the society through social involvement.

Although Balmer [3] explained that in the US and European market, "Trust" is the main factor behind brand image and visual identity (e.g. a logo), this study found with surprise that it is largely not true in Bangladesh. The following Figure (Figure 3.1) shows the CI deployment matrix for the local companies.

The study applied the concept of Quality Function Deployment to find the correlation values. As such standard symbols of QFD have been used along with standard weightages of 9, 3, and 1 to denote strong, medium or moderate and weak relations. The blank cells indicate absence of relation, with zero weightage.

Standard Symbols used:

○ Strong relation : Weightage = 9

△ Moderate relation: Weightage = 3

□ Weak relation : Weightage = 1

Customer factors	Detailed factors	Business factors					Weightage (10)	Group Total weightage	CI value	Normalized CI (NCI) value	Group NCI
		Brand name	Logo/ Trademark	Sales Volume	Business stability	Social Involvement					
Trust	Quality	○		○			9	22	162	0.20	0.35
	Availability			○			5		45	0.06	
	Compliance to Specs	○					8		72	0.09	
Pride	Social value		○				9	16	81	0.10	0.38
	Reputation	○	○	○	□	△	7		217	0.28	
Popularity	CSR		○			○	5	14	90	0.11	0.27
	Familiarity	□	□		△	○	9		126	0.16	
CI value		28	28	27	4	21	Total	793	1.0	1.0	
Normalized CI (NCI) value		0.26	0.26	0.25	0.04	0.19					
Group NCI values		0.52		0.25	0.23						

CSR – Corporate Social Responsibilities; NCI – Normalized Corporate Identity.

Figure 3.1 Corporate Identity values and correlations.

The weightages (in a scale of 10) against the “detailed factors” were assigned by the experts of marketing management (teachers of marketing as well as marketing managers of some organizations). Opinions of 10 experts were obtained and an average (later on rounded up to integer values) was calculated for each factor.

The relationship (between ‘Detailed Factors’ and ‘Business factors’) values (e.g. strong, medium or weak) were obtained from the opinions of the customers (around 500).

After calculating the CI and Normalized CI (NCI) values, contradictory information are found. While the experts assign a total weightage of 22 for the factor “Trust” and 16 for “Pride”, the NCI values are 0.35 and 0.38 respectively. That means, experts opined that “Trust” should be the main factor (because of the highest weightage of 22) behind creating a brand image, which is in-line with the results of Balmer [3] too. But the NCI values show that “Pride” is the main factor (the highest NCI value of 0.38) behind brand in Bangladesh.

This indicate that the customers of these consumer products in Bangladesh likes to take ‘Pride’ from usage of foreign brands, which is surprisingly more important to them than trustworthiness of a brand. This further means that pride plays the main role behind a ‘brand name’ and a ‘logo’, which together carry a total weightage of 0.52 group NCI value.

3.5 Brand Loyalty and Age Differentiation

The relation between age and brand loyalty in the target market segment is of importance. It must be stated that age is always an important market determinant for many purposes, one being segmentation. There is a high chance that age affects selection of brand. This section analyzes the relationship using parametric hypothesis testing using Normal assumption and χ^2 distribution.



3.5.1 Contingency Relationship Between Age and Brand Loyalty

Brand loyalty is analyzed from the data of 526 customers in one week time period from different shops of the target market segment. The study was limited to only consumer good cosmetic item. The sales patterns of these products were collected from the shop keepers. The following table (Table 3.1) shows number of customers who bought some types of cosmetics. These collected values are considered as the observed frequency of customers, which is compared with the calculated expected frequency of customers, as per standard test.

This analysis focuses on brand loyalty from the assumption that some people are highly loyal to brands and always seeks for that brand. On the other hand, some people have no specific choice. They buy what ever brand is available.

Table 3.1 Sales Pattern (Observed Frequency of Customers).

	Age groups (years)			Total No. of customers
	20-30	31-40	Above 40	
Specific local + locally produced foreign brands	31 + 49 = 80	40 + 73 = 113	39 + 78 = 117	110 + 200 = 310
Specific Fully foreign brands (imported)	60	48	32	140
Any available one (no specific choice)	21	33	22	76
Total No. of customers	161	194	171	526

The above table shows observed frequency (O) of customers. The expected frequencies (E) of customers are calculated and shown in the contingency table below (Table 3.2).

Table 3.2 Contingency Table for Expected Frequency of Customers.

	Age groups (years)			Total No. of customers
	20-30	31-40	Above 40	
Specific local + locally produced foreign brands	$\frac{161 \times 310}{526} = 95$	114	101	110 + 200 = 310
Specific Fully foreign brands (imported)	43	$\frac{194 \times 140}{526} = 52$	45	140
Any available one (no specific choice)	23	28	$\frac{171 \times 76}{526} = 25$	76
Total No. of customers	161	194	171	526

Based on Tables 3.1 and 3.2, a χ^2 analysis is done. The analysis is shown in Table 3.3 given below (where, L = local or locally produced foreign brands, F = Fully foreign brands (imported), A = Available any, O = Observed frequency, E = Expected freq.).

Table 3.3 A χ^2 analysis.

Choice	O	E	(O - E)	(O - E) ²	$\frac{(O - E)^2}{E}$
L	80	95	- 15	225	2.37
L	113	114	- 1	1	0.009
L	117	101	16	256	2.53
F	60	43	17	289	6.72
F	48	52	- 4	16	0.31
F	32	45	- 13	169	3.76
A	21	23	- 2	4	0.17
A	33	28	5	25	0.89
A	22	25	- 3	9	0.36
Total			0		17.119

Thus, χ^2 value is 17.119, which should be compared against the critical χ^2 value, as shown in Figure 3.2 below [Ref. 25: p-276-277].

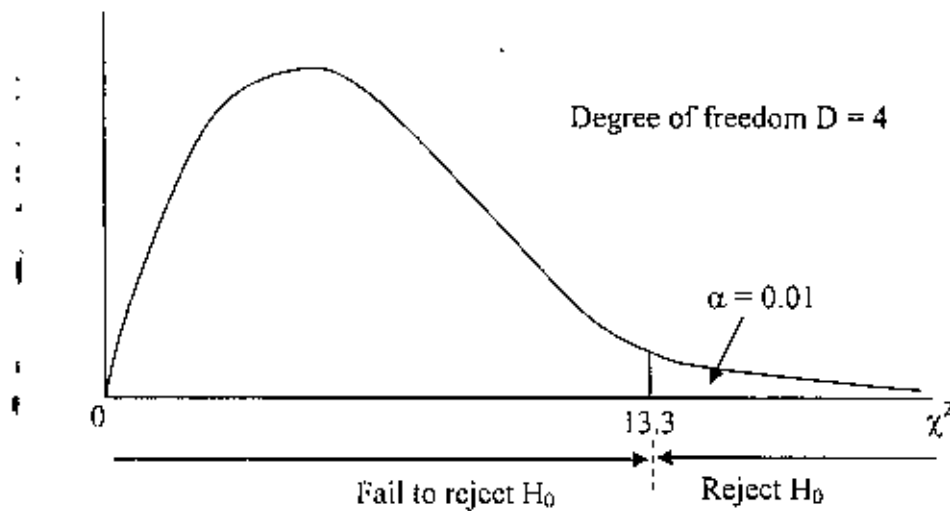


Figure 3.2 The χ^2 test for Tables 3.1 and 3.2.

The classification of this type of dependence verification always states that the variables are independent [25, p – 273], i.e. there is no relationship between age and brand loyalty, or brand selection. Thus, the assumed hypotheses are as follows (as per standard statistical assumption) :

H_0 : There is no relationship between age and brand selection/loyalty

H_1 : There is relationship between age and brand selection/loyalty.

Since calculated value of χ^2 (= 17.119) > critical value (= 13.3), H_0 is rejected and H_1 is accepted. Thus, there is a relationship between age and choice of cosmetics.

Decision

Brand loyalty largely depends on age.

3.5.2 Level of Difference Between Brands

Based on Table 3.1, further analyses can be done to verify whether there are differences between local, locally produced/packaged foreign and fully foreign (imported) brands of products in the target segment. This analysis assumed Normal distribution. If Normal assumption is not correct, then nonparametric test would be required which is given in Chapter 5.

Hypothesis testing 1- Local brands .vs. Locally produced/packaged Foreign brands

H_0 : There is no significant difference (in choosing a brand) between two local brands and locally produced/packaged foreign brands.

H_1 : There is significant difference between two brands.

Level of significance $\alpha = 0.05$

At this level of significance, Z_{Critical} value is found to be 1.64 (from standard normal table). The hypothesis tests whether the difference is significant. If $Z < 1.64$, the null hypothesis is accepted (fail to reject), i.e. there is no significant difference in selection between two categories of brands : local brands and locally produced/packaged foreign brands, which further means, both categories have equal appeal to the customers.

If $Z > 1.64$, then there is significant difference between these two groups.

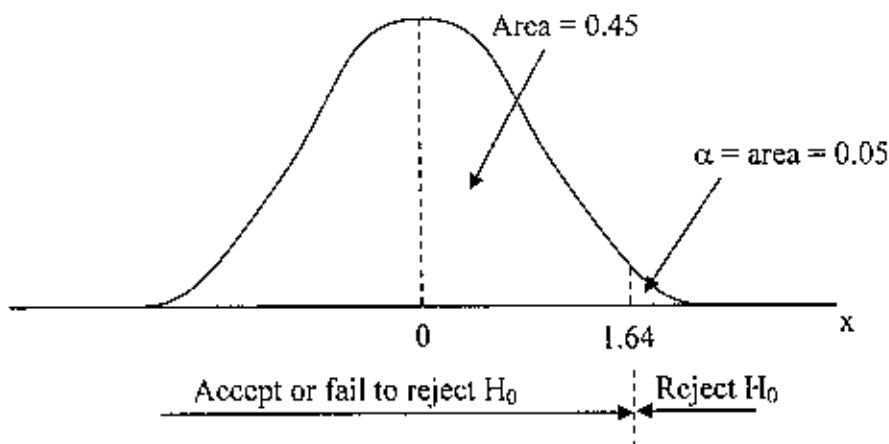


Figure 3.3 Hypothesis testing for two categories of brands.

From Table 3.1, it is found that out of 526 customers –

Number of customers buying locally produced foreign brands = 200 = 38 %
 Number of customers buying local brands = 110 = 21 % } = 310

Standard Normal value for the difference between two proportions is [25, Page: 224] –

$$Z = \frac{P_1 - P_2}{\sqrt{\frac{P_1(1-P_1)}{n_1} + \frac{P_2(1-P_2)}{n_2}}} = \frac{0.38 - 0.21}{\sqrt{\frac{(0.38)(1-0.38)}{526} + \frac{(0.21)(1-0.21)}{526}}} = 6.15 > 1.64$$

Thus, null hypothesis is rejected and alternative hypothesis is accepted. That means – there is significant difference in appeal for two brands. It must be noted that the prices of local brands and locally made foreign brands are nearly equal. Thus, cost can not be held responsible for this brand choice. Customers prefer locally produced/packaged foreign brands than local brands. This means that local companies failed to create corporate identity.

Hypothesis testing 2 - Locally produced/packaged foreign brands .vs. Totally foreign (imported) brands

The same hypothesis and level of significance apply to all groups. Similarly, Figure 3.3 also applies to all testing.

$$Z = \frac{P_1 - P_2}{\sqrt{\frac{P_1(1-P_1)}{n_1} + \frac{P_2(1-P_2)}{n_2}}} = \frac{0.38 - 0.27}{\sqrt{\frac{(0.38)(1-0.38)}{526} + \frac{(0.27)(1-0.27)}{526}}} = 3.8 > 1.64$$

Thus, null hypothesis is rejected and alternative hypothesis is accepted. That means – there is significant difference in appeal for two brands. It seems that customers prefer locally produced/packaged foreign brands than totally foreign (imported) brands. But the major point to note that there is significant difference in prices of locally made

foreign brands and totally foreign (imported) brands. Thus, conclusion is withheld, as this required further investigation, which has been given at the end of this chapter.

Hypothesis testing 3 - Local brands .vs. Totally foreign (imported) brands

The same hypothesis and level of significance apply to all groups. Similarly, Figure 5.1 also applies to all testing.

$$Z = \frac{P_1 - P_2}{\sqrt{\frac{P_1(1 - P_1)}{n_1} + \frac{P_2(1 - P_2)}{n_2}}} = \frac{0.27 - 0.21}{\sqrt{\frac{(0.27)(1 - 0.27)}{526} + \frac{(0.21)(1 - 0.21)}{526}}} = 2.28 > 1.64$$

Thus, null hypothesis is rejected and alternative hypothesis is accepted. That means – there is significant difference in appeal for two brands. Customers prefer totally foreign (imported) brands over local brands. Although, local brands are cheaper than the imported items, it is nevertheless preferred by the customers. This means that local companies failed to create corporate identity.

3.5.3 Correlation analysis of cost on brand selection

Continuing the discussion on the conclusion of hypothesis 2 above, it is necessary to test the impact of cost on brand selection. The analysis on hypothesis 2 shows that locally produced foreign brands are preferred over totally foreign brands, which is subject to cost advantage. As such, a follow-up study was performed with a single question –

Question: If the prices of totally foreign (imported) brands are equal to those of locally produced foreign brands, then which one will you select ?

The overwhelming answer was in favor of totally foreign (imported) brands. All of the 126 respondents were in favor of this answer. This justified that further correlation analysis is not required.

3.6 Brand Loyalty Based on Income Group

This section verifies whether consumers from different income groups have different ideas about rigidness on brand selection. The reason is – rigidness on brand selection proves the brand’s trustworthiness. Frequent change of brands proves that the consumer does not have trust on specific brand.

However, this analysis does not reflect the choices among three possible types – local, locally made foreign and totally foreign (imported). This analysis rather expresses brand loyalty, in terms of ‘trust’. That’s why, local and locally made foreign brands have been grouped into one and totally foreign (imported) brands have been left in another group. The following table (Table 3.4) shows percentage of respondents for three groups.

Table 3.4 Choice on brands.

Income group	Income range	Local and locally made foreign brands	Totally foreign (imported)	No choice of brands (any available)
Lower	< 3000	48 %	Nil	52%
Lower middle	3000 – 15,000	55%	Nil	45%
Higher middle	15,001 – 50,000	35%	25%	40%
Lower high	50,001 – 100,000	40%	45%	15%
Middle high	100,000 – 500,000	20%	75%	5%

The results of Table 3.4 are interesting. A quick review of Table 3.4 at a glance shows that percentage of customers with “No Choice” option dramatically decreases with increase in income level. While 52% customers in the lower income group has no choice on brand, it is as low as 5% in case of Middle-high income group.

It is now necessary to test whether the differences are significant or not. This analysis requires the use of Figure 3.3, where level of significance has been considered equal to 0.05.

Test 1: Lower income group

The first test is on difference of choices for lower income group. It shows that 48% customers of lower income group have specific choice for local and locally manufactured foreign brands, where it they have no choice for imported items, and 52% of customers have no choice, i.e. they buys whatever brand (local or locally made foreign brand) is available in the shop.

$$Z = \frac{P_1 - P_2}{\sqrt{\frac{P_1(1-P_1)}{n_1} + \frac{P_2(1-P_2)}{n_2}}} = \frac{0.48 - 0.52}{\sqrt{\frac{(0.48)(0.52)}{300} + \frac{(0.52)(48)}{300}}} = -0.98 < 1.64$$

Thus, the null hypothesis is accepted. This income group is equally divided into two regarding brand loyalty and no-loyalty.

Test 2: Lower-middle income group

$$Z = \frac{P_1 - P_2}{\sqrt{\frac{P_1(1-P_1)}{n_1} + \frac{P_2(1-P_2)}{n_2}}} = \frac{0.55 - 0.45}{\sqrt{\frac{(0.55)(0.45)}{300} + \frac{(0.45)(0.55)}{300}}} = 2.46 > 1.64$$

Thus, the null hypothesis is rejected and alternative hypothesis is accepted. There is significant difference between the customers having choice of brands (local or locally made foreign) and no-choice ('Any Available'). This income group believes on loyalty to a brand.

Tests for other income groups

This loyalty to brand increases for even higher income groups, which is inevitable from the data in Table 3.4. Sixty percent (35 % + 25 %) customers like to select specific brands (local brands, locally made foreign brands or totally foreign brands), whereas only

40% customers have no choice (i.e. inert in brand loyalty). Since the difference between these two percentages is wider than the earlier one in Test2, it does not require any further statistical analysis. The conclusion obtained in Test 2 is applicable for other income groups.

Chapter 4

Service Marketing

4.1 What it is

In economics and marketing, a service is the non-material equivalent of a good. Service provision has been defined as an economic activity that does not result in ownership, and this is what differentiates it from providing physical goods. It is claimed to be a process that creates benefits by facilitating either a change in feelings of customers, or a change in their intangible assets. Many business theorists view service provision as a performance or act.

By supplying some level of skill, ingenuity and experience, providers of a service participate in an economy without the restrictions of carrying stock (inventory) or the need to concern themselves with bulky raw materials. On the other hand, their investment in expertise does require marketing and upgrading in the face of competition.

4.1.1 Key attributes

Services can be described in terms of their main attributes.

- **Intangibility** - They cannot be seen, handled, smelled, etc. There is no need for storage. Because services are difficult to conceptualize, marketing them requires creation of customer belief to effectively evoke a concrete idea in the customer's mind. From the customer's point of view, this attribute makes it difficult to evaluate or compare services prior to experiencing the service.
- **Perishability** - Unsold service time is "lost", that is, it cannot be regained. It is a lost economic opportunity. For example a doctor who is booked for only two hours a day cannot later work those hours— she has lost her economic opportunity.

- **Lack of transportability** - Services tend to be consumed at the point of "production" (although this doesn't apply to outsourced business services).
- **Etc.**

4.1.2 The service-goods continuum

The dichotomy between physical goods and intangible services should not be given too much credence. These are not discrete categories. Most business theorists see a continuum with pure service on one terminal point and pure commodity good on the other terminal point. Most products fall between these two extremes. For example, a restaurant provides a physical good (the food), but also provides services in the form of ambience, the setting and clearing of the table, etc. And although some utilities actually deliver physical goods — like water utilities which actually deliver water — utilities are usually treated as services.

4.2 Service Industry Classification

The following is an incomplete list of service industries, grouped into rough sectors.

- **Business functions (that apply to all organizations in general)**
 - Consulting
 - Counseling (e.g. financial counseling, investment counseling, etc.)
- **Education (institutions offering the services of teaching and access to information) and Research**
 - Library
 - Museum
 - School , University
 - Research (e.g. marketing research)
- **Financial services**

- Bank
- Stock brokers
- Healthcare (all health care professions provide services)
 - Hospitals
 - Clinics
- Communication service
 - Telecommunications
 - Postal service
 - Courier

Etc.

4.3 Service Marketing

Services marketing is marketing based on relationship and value. Although it may be used to market both a service and a product, it mainly means marketing service.

Marketing, a service-base business, is different from marketing a product-base business. There are several major differences, including:

1. The buyer purchases are intangible
2. The service may be based on the reputation of a single person
3. It's more difficult to compare the quality of similar services
4. The buyer cannot return the service
5. Service Marketing mix adds 3 more p's, i.e. people, physical environment, process service and follow-through are keys to a successful venture.

When one markets a service business, one must keep in mind that reputation, value, delivery of "Managing the evidence" refers to the act of informing customers that the

service encounter has been performed successfully. It is best done in subtle ways like providing examples or descriptions of good and poor service that can be used as a basis of comparison. The underlying rationale is that a customer might not appreciate the full worth of the service if they do not have a good benchmark for comparisons.

However, it is worth remembering that many of the concepts, as well as many of the specific techniques, will work equally well whether they are directed at products or services. In particular, developing a marketing strategy is much the same for products and services, in that it involves selecting target markets and formulating a marketing mix. Nevertheless, because of more contact with the customers, customer satisfaction of TQM plays higher role in service sector than in manufacturing.

4.4 Service System

Service system is a term frequently used in the service management, service operations, service marketing, and service design literature. A service system is a configuration of technology and organizational networks designed to deliver services that satisfy the needs, wants, or aspirations of customers. Marketing, operations, and global environment considerations have significant implications for the design of a service system.

Every service system is both a service provider and a customer of multiple types of services. Because service systems are designed both in how they provision and consume services, services systems are often linked into a complex service value chain. Service systems may be nested inside of service systems (e.g., accounts and operating room unit inside a hospital that is part of a nationwide healthcare provider network).

Service organizations need more interaction with customers than a production organization. As such, customer satisfaction plays bigger role in service management than product management.

It is to be noted that customer satisfaction is the most basic concept underlying TQM. It is, therefore, of critical importance that the service system and the services, it is designed to deliver, satisfy the needs and wants of the organization's customers. This is part of quality management.

4.5 Service Economy

Service economy can refer to one or both of two recent economic developments. One is the increased importance of the service sector in industrialized economies. Services account for a higher percentage of US GDP than 20 years ago. The current list of Fortune 500 companies contains more service companies and fewer manufacturers than in previous decades.

4.6 Services in Bangladesh

Although in the developed countries, service sector plays a bigger role in the economy and GDP than in manufacturing sector, the situation is not yet that noticeable in the developing countries. The developed countries now attach a large part of service component in the product itself; however, this is largely ignored in the developing countries.

In Bangladesh, service is not yet considered as a part of the product, rather a separate business or has no 'service provision' at all. However, some service organizations flourished in the last decade. Telecommunication is the most worthwhile to mention. In fact, telecommunication (especially mobile operators) plays the leading role not only in service sector, but also in the whole business place (manufacturing + service) as well. The healthy condition of the four mobile operators has created further business opportunities in terms of call centers.

A Telecommunications Service Providers or TSP is a type of Communications Service Provider that has traditionally provided telephone and similar services.

Communications Service Provider category includes mobile operators, call centers, wireless communications services, satellite TV, cable operators, internet communications, VOIP, etc.

TSPs provide access to telephone and related communications services. In the past, most TSP's were government owned and operated, in most countries, due to the nature of capital expenditure involved in it. But today there are many private players in most regions of the world, and even most of the government owned companies have been privatized. The privatization of Telecom Service providers first happened in the USA.

In Bangladesh, the same thing happened in the 90s and was revolutionized in the first decade of the 21st century (Year 2000-2007). The mobile operators now are the main tax payers in Bangladesh. In addition to the private mobile operators, many private companies have been given license to operate land phone as well. This study analyzed some aspects of four selected mobile operators.

4.7 Corporate Identity and Service level of Mobile Operators

The mobile operators, being the largest service sub-sector in Bangladesh, have been considered for analyzing the CI situation and corresponding service level. Total 1000 (one thousand) persons were asked if they know the logo of four mobile operators. The answers are listed below for statistical analysis.

Table 4.1 Percentage of people, who know the logo.

Mobile operators	Persons who know logo	Percentage
AKTel (A)	68	0.14
BanglaLink (B)	428	86
City Cell (C)	30	0.06
Gramcen (G)	438	88

Hypothesis testing 1- Group:- AKTel .vs. BanglaLink

H_0 : There is no significant difference (percentage expenditure) between operators A and B regarding familiarity of logo.

H_1 : There is significant difference.

Level of significance $\alpha = 0.05$

At this level of significance, Z_{Critical} value is found to be 1.64 (from standard normal table). The hypothesis tests whether the difference is significant. If $Z < 1.64$, the null hypothesis is accepted (fail to reject), i.e. there is no significant difference between two percentage values, which will further mean, both groups equally spend money behind this product segment.

If $Z > 1.64$, then there is significant difference between these two groups.

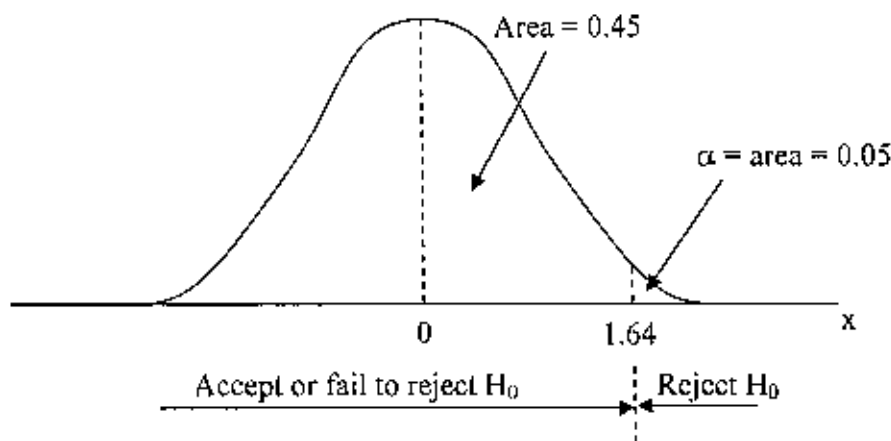


Figure 4.1 Hypothesis testing for two operators.

Standard Normal value for the difference between two proportions is [25, Page: 224] –

$$Z = \frac{P_1 - P_2}{\sqrt{\frac{P_1(1-P_1)}{n_1} + \frac{P_2(1-P_2)}{n_2}}} = \frac{0.86 - 0.14}{\sqrt{\frac{(0.86)(1-0.86)}{1000} + \frac{(0.14)(1-0.14)}{1000}}} = 46 \gg 1.64$$

This shows that the difference is too wide. As such, the null hypothesis is rejected and alternative hypothesis is accepted. That means – there is significant difference in familiarity of logos between AKTel and BanglaLink at 0.05 level of significance. Even at 0.0% level of significance (where, $Z = 3$), the calculated Z value (= 46) is too high. This means that the two logos are in no way comparable in terms of familiarity. Since the percentages of familiarity of Grameen is further high and that of City Cell is even lower than that of AKTel, there is no need for statistical validity. However, statistical analysis between the logos of Grameen and BanglaLink is necessary.

Hypothesis testing 1- Group:- Grameen .vs. BanglaLink

$$Z = \frac{P_1 - P_2}{\sqrt{\frac{P_1(1-P_1)}{n_1} + \frac{P_2(1-P_2)}{n_2}}} = \frac{0.88 - 0.86}{\sqrt{\frac{(0.88)(1-0.88)}{1000} + \frac{(0.86)(1-0.86)}{1000}}} = 1.33 > 1.64$$

Since, the calculated Z value (1.33) is lower than the critical Z value (1.64), the null hypothesis is accepted. That means – there is no difference in familiarity of logos between Grameen and BanglaLink at 0.05 level of significance. This further means that the logos of Grameen and BanglaLink are equally known to the people.

However, familiarity of logo may neither mean customer satisfaction about these operators, nor customer feelings regarding the operators. Since, it was found that the logos of Grameen and BanglaLink are equally known to the people, it would be interesting to see whether customer satisfactions regarding these two operators are also equal or different. It would also be interesting to see if customer ‘ideas’ (feelings) are also equal for those two operators.

That's why, two further analyses were done on customer satisfaction scale on services provided by Grameen and BanglaLink and customer feelings scale about these two operators.

4.8 Customer Satisfaction levels

Total 100 customers, who used both Grameen and BanglaLink, were asked to rate their satisfaction levels in a Likert scale of 0-10 range, which was scaled-up to a range of 100, in order to interpret those as percentage value. The following ratings were obtained.

Table 4.2 Customer satisfaction levels.

Mobile operators	Likert scale (0-10)	Percentage
BanglaLink (B)	6.8	68
Grameen (G)	7.9	79

The following hypothesis has been chosen, as per standard statistical practices.

H_0 : There is no significant difference in satisfaction levels for services provided by Grameen and BanglaLink.

H_1 : There is significant difference.

Level of significance $\alpha = 0.05$

$$Z = \frac{P_1 - P_2}{\sqrt{\frac{P_1(1-P_1)}{n_1} + \frac{P_2(1-P_2)}{n_2}}} = \frac{0.79 - 0.68}{\sqrt{\frac{(0.79)(1-0.79)}{100} + \frac{(0.68)(1-0.68)}{100}}} = 1.77 > 1.64$$

Since, the calculated Z value (1.77) is greater than the critical Z value (1.64), the null hypothesis is rejected and alternative hypothesis is accepted. That means – there is significant difference in customer satisfaction level for services provided by these two operators.

Thus, an interesting point is found : Although the two logos of Grameen and BanglaLink are equally known to the people, the satisfaction level is higher in case of Grameen. This is possibly because of wider network of Grameen.

A further analysis regarding customer 'ideas' (feelings) regarding these two operators stated that –

1. The main point the customers like in favor of BanglaLink is that they (BanglaLink) are the ones who have been accredited by the customers for call rate reduction. This is 'highly beneficial for the general people', as they mentioned.
2. The main point the customers like in favor of Grameen is that their Corporate Social Responsibility (CSR) activities are more visible and wider than any other operators.

Total 100 customers, who used both Grameen and BanglaLink, were asked to rate their 'ideas' (feelings) about Grameen and BanglaLink in a Likert scale of 0-10 range, which was scaled-up to a range of 100, in order to interpret those as percentage value. The following ratings were obtained.

Table 4.3 Customer 'ideas' (feelings) levels.

Mobile operators	Likert scale (0-10)	Percentage
BanglaLink (B)	7.8	78
Grameen (G)	6.9	69

The following hypothesis has been chosen, as per standard statistical practices.

H_0 : There is no significant difference in feelings about Grameen and BanglaLink.

H_1 : There is significant difference.

Level of significance $\alpha = 0.05$

$$Z = \frac{P_1 - P_2}{\sqrt{\frac{P_1(1-P_1)}{n_1} + \frac{P_2(1-P_2)}{n_2}}} = \frac{0.78 - 0.69}{\sqrt{\frac{(0.78)(1-0.78)}{100} + \frac{(0.69)(1-0.69)}{100}}} = 1.6 < 1.64$$

Since, the calculated Z value (1.6) is less (although marginally less) than the critical Z value (1.64), the null hypothesis is accepted. That means – there is no difference in customer 'ideas' (feelings) regarding these two mobile operators. It demonstrate a fact that although customers realize that the services provided by Grameen as better, they have equal levels of feelings for both of them, just because of price reduction in call rate.

4.9 Impact of Logo Change of Grameen

Grameen phone recently changed the logo, changing from their own logo to Telenor's licensed brand. There was huge speculation regarding dilution of CI value of Grameen. Two independent survey's were conducted, one right after the change and another after four months. The results are analyzed using nonparametric Wilcoxon Signed Rank Test [25].

Data were collected from 8 (eight) groups, namely: two BBA student groups (the score is an average of 20 students) of two private universities, two MBA student groups (the score is an average of 20 students) of two private universities, one BUET student group (the score is an average of 50 undergraduate students), one BUET student group (the score is an average of 30 postgraduate students), a group employees in an industry (the score is an average of 20 employees of marketing and 20 of production), a group of businessmen (the score is an average of 10 businessmen), a group of telecommunication engineers (the score is an average of 20 engineers) and a government employee group (the score is an average of 20 employees in a government office).

Table 4.4 shows the results of preferences of customers before the logo change and right after the change.

Table 4.4 Signed rank test immediately after the change (Likert scale 0-20).

Participant	Score Before change	Score after change	Difference	Absolute difference	Rank	Signed rank	
						R+	R-
BBA -1	16	17	-1	1	2		2
BBA -2	18	18	-	-	-	-	-
MBA -1	15	16	-1	1	2		2
MBA -2	17	18	-1	1	2		2
BUET -1	18	16	2	2	4.5	5	
BUET -2	17	16	1	1	2	2	
Industry	16	13	3	3	6.5	6.5	
Business	15	11	4	4	8.5	8.5	
Engineers	15	11	4	4	8.5	8.5	
Govt.	15	12	3	3	6.5	6.5	
Total						37	6

The hypothesis is stated below:

H_0 : There is no difference in the ratings before and after the logo change

H_1 : There is difference (the earlier logo was better).

$\alpha = 0.05$

Sample size 10 (Ten groups), however it is considered as 9 since one group (BBA-2) shows no change in preference.

The critical T value for Wilcoxon Signed Rank Test is 8, as obtained from T table [25]. Since the lowest calculated value (for R- column) is 6, which is lower than the critical T value, the null hypothesis is rejected and the alternative hypothesis is accepted. This mean that people thinks that the earlier logo was better.

But it must be remembered that familiarity and popularity of logo is sometimes a function of time. As such, the same study was conducted after four months of inception of new logo. Table 4.5 tabulates the ratings.

Table 4.4 Signed rank test immediately after the change (Likert scale 0-20).

Participant	Score Before change	Score after change	Difference	Absolute difference	Rank	Signed rank	
						R+	R-
BBA -1	15	18	-3	3	6.5		6.5
BBA -2	17	19	-2	2	4.5		4.5
MBA -1	15	17	-2	2	4.5		4.5
MBA -2	17	18	-1	1	2		2
BUET -1	18	18	-	-	-	-	-
BUET -2	18	19	-1	1	2		2
Industry	16	16	-	-	-	-	-
Business	15	18	-3	3	6.5	-	6.5
Engineers	18	18	-	-	-	-	-
Govt.	16	15	1	1	2	2	-
Total						2	26

The hypothesis is stated below:

H_0 : There is no difference in the ratings before and after the logo change

H_1 : There is difference (the new logo is better).

$\alpha = 0.05$

Sample size 10 (Ten groups), however it is considered as 7 since three groups (BUET-1, Industry, Engineers) stated no change in preference.

The critical T value for Wilcoxon Signed Rank Test is 3, as obtained from T table [25]. Since the lowest calculated value (for R+ column) is 2, which is lower than the critical T value, the null hypothesis is rejected and the alternative hypothesis is accepted. This means that people consider that the new logo is better.

It is interesting to observe that the preference of new logo changed dramatically in a span of only for months. Initially the people didn't like the new logo of Grameen; however, people started liking it in a short time. This has been possible because of relentless effort, time and money spent in advertisement. One can easily notice that use of Grameen logo in different activities has increased considerably. In fact, this is a part of marketing plan, where they have succeeded.

Chapter 5

Market Segmentation and Brand Effect on Consumer Market

5.1 What Branding is

A brand is a collection of images and ideas representing an economic producer; more specifically, it refers to the concrete symbols such as a name, logo, slogan, and design scheme. More importantly, brand expresses a latent "promise" from the producer about the product or service, regarding many variables: quality, longevity, performance, etc [1].

Brand recognition and other reactions are created by the accumulation of experiences with the specific product or service, both directly relating to its use, and through the influence of advertising and media commentary. A brand is a symbolic embodiment of all the information connected to a company, product or service. A brand serves to create associations and expectations among products made by a producer. A brand often includes an explicit logo, fonts, symbols, etc., which may be developed to represent implicit values, ideas, personality, distinguishability.

The brand, and "branding" and brand equity have become increasingly important components of culture and the economy, now being described as "cultural accessories and personal philosophies". This is why corporate identity and brand decisions vary widely from society to society, or country to country. As such, separate studies are required in different countries, having different cultural, social values and beliefs, habits, and economic conditions.

In Bangladesh, most products, including consumer goods, went unbranded. Today, it is hardly possible for even a local company to sell unbranded products. This is mainly because of presence of highly reputed foreign brands in local market. It is not easy to compete against these globally famous foreign brands. As such, the local companies are

now facing the challenge of branding their own products and creating a valued Corporate Identity. Success in this Endeavour is a matter of concern and thus, requires analysis.

This thesis aims at analyzing three important marketing factors and their relationships, which are : Corporate Identity (discussed in the earlier chapter), Branding and Segmentation.

5.2 Brand Variables

Some marketers distinguish the psychological aspect of a brand from the experiential aspect. The experiential aspect consists of the sum of all points of contact with the brand and is known as the *brand experience*. The psychological aspect, sometimes referred to as the *brand image*, is a symbolic construct created within the minds of people and consists of all the information and expectations associated with a product or service.

Marketers engaged in branding seek to develop or align the expectations behind the brand experience, creating the impression that a brand associated with a product or service has certain qualities or characteristics that make it special or unique. A brand image may be developed by attributing a "personality" to or associating an "image" with a product or service, whereby the personality or image is "branded" into the consciousness of consumers. A brand is therefore one of the most valuable elements in an advertising theme, as it demonstrates what the brand owner is able to offer in the marketplace. The art of creating and maintaining a brand is called brand management. This approach works not only for consumer goods B2C (Business-to-Consumer), but also for B2B (Business-to-Business).

A brand which is widely known in the marketplace acquires *brand recognition*. Where brand recognition builds up to a point where a brand enjoys a critical mass of positive sentiment in the marketplace, it is said to have achieved brand franchise. One goal in brand recognition is the identification of a brand without the name of the

company present. For example, Disney has been successful at branding with their particular script font (originally created for Walt Disney's "signature" logo), which it used in the logo.

Brand equity measures the total value of the brand to the brand owner, and reflects the extent of brand franchise. The term *brand name* is often used interchangeably with "brand", although it is more correctly used to specifically denote written or spoken linguistic elements of a brand. In this context a "brand name" constitutes a type of trademark, if the brand name exclusively identifies the brand owner as the commercial source of products or services. A brand owner may seek to protect proprietary rights in relation to a brand name through trademark registration.

Brand energy is a concept that links together the ideas that the brand is experiential, that it is not just about the experiences of customers/potential customers but all stakeholders and the idea that businesses are essentially more about creating value through creating meaningful experiences than generating profit. Economic value comes from businesses' transactions between people whether they be with customers, employees, suppliers or other stakeholders. But for such value to be created people first have to have positive associations with the business and/or its products and services and be energised to behave positively towards them – hence brand energy.

It has been defined as: 'The energy that flows throughout the system that links businesses and all their stakeholders and which is manifested in the way these stakeholders think, feel and behave towards the business and its products or services'

The act of associating a product or service with a brand has become part of culture in Bangladesh. Most products have some kind of brand identity, from common table salt to television, cosmetics to clothes. However, it is a matter of concern whether the companies could really achieve the confidence of the customers.

Consumers may look on branding as an important value-added aspect of products or services, as it often serves to denote a certain attractive quality or characteristic. From the perspective of brand owners, branded products or services also command higher prices. Where two products resemble each other, but one of the products has no associated branding (such as a generic, store-branded product), people may often select the more expensive branded product on the basis of the quality of the brand or the reputation of the brand owners.

5.3 Consumer Market in Bangladesh

In the last several years, Bangladesh grew rapidly in consumer goods production. This encompassed ready-made clothes to fashion-wears, a large variety of cosmetics and chemical products (e.g. soap, shampoo, etc.), home utensils, etc. Although, two decades ago, a few local companies existed in this market, the scenario has dramatically changed in recent times. A host of local companies now produce these types of consumer items. The companies are mainly small to medium sized organizations, thriving to establish a brand image. But establishing a brand image requires a great deal of effort, a huge sum of money, an intelligent marketing plan, and most importantly persistent and consistent ethical business to win the confidence of the customers as a 'trustworthy' organization.

Local companies have captured a certain level of market share in some consumer product lines, one noticeable one being bath soap. Although in small magnitude, they have been able to establish a brand name as well. However, many foreign companies, operating locally (known as multinationals), also produce this product item and own a very large market share. Some imported soaps are also available in the market. As a result, competition is very high in this product line.

In a similar product line, the detergent market, has also similar characteristics. Local brands have created a significant impact in the market, although foreign companies operating in Bangladesh have established stronger foothold in the same. Presence of imported detergent is not that strong in comparison to that of bath soap market.

The characteristics of shampoo market are quite different. The shampoo market is largely dominated by foreign companies operating in Bangladesh. Local brands have very little insignificant market share and establishment.

The characteristics of cosmetics market are also quite different. This market segment is largely dominated by the imported items and foreign companies operating locally. Truly local brands have good amount of market share though.

Market penetration patterns in some segments of chemical consumer goods are totally different. Some examples include : shaving lotion, after-shave lotion, body lotion, body spray, razor, etc. are mainly captured by either the foreign companies operating locally (this includes foreign franchisee outlets too), or directly imported goods in full packaged form.

5.4 Brand Monopoly

In economic terms the "brand" is, in effect, a device to create a "monopoly" — or at least some form of "imperfect competition" — so that the brand owner can obtain some of the benefits which accrue to a monopoly, particularly those related to decreased price competition. In this context, most "branding" is established by promotional means.

However, there is also a legal dimension, for it is essential that the brand names and trademarks are protected by all means available. The monopoly may also be extended, or even created, by patent, copyright, trade secret (e.g. secret recipe), and other intellectual property regimes (e.g.: Plant Varieties Act, Design Act).

In all these contexts, retailers' "own label" brands can be just as powerful. The "brand", whatever its derivation, is a very important investment for any organization. Some good examples are the items marketed by the MGH group. Some companies, for

example, have valued their international brands at anything up to twenty times their annual earnings.

Brand monopoly is not perfectly true for individual brand in this special (i.e. chemical goods) consumer goods segment, but there is in fact monopoly of products, produced or by the foreign companies operating in Bangladesh or directly imported. The shampoo, lotion, spray, etc. are totally monopolized by the foreign companies operating in Bangladesh.

5.5 Branding Policies

There are a number of possible policies a company may act upon, some being discussed below.

Company name

Often, it is just the company's name which is promoted (leading to one of the most powerful statements of "branding". Singer uses its company name in all of its product lines. In the studied segment of consumer market, some local companies use this strategy such as Keya, Aromatic, etc. The Bashundhara group uses this strategy in majority of their products, with an exception of their cement product, which is named as King brand Cement, Meghna Cement Industry.

The major problem in such kind of branding is that if the brand falls in bad reputation, the company may face serious setback and other products of the same company are affected by it.

Individual branding

If each of the individual products carries a different name, then this is called 'Individual Branding'. An example is - Lux, Surf, etc. from Unilever. Recently,

Bata Shoe Company in Bangladesh use different names for different types of products, without inserting even the name and logo of Bata. The Square group of Bangladesh follows this strategy in naming different types of products.

The main advantage of this strategy is that if one product faces bad reputation, there exists less chance that other products will be affected. However, a major disadvantage is that more efforts and money are required to establish brand name, because of use of different names.

Derived brands

In this case the supplier of a key component, used by a number of suppliers of the end-product, may wish to guarantee its own position by promoting that component as a brand in its own right. A popularly known example is Intel ('Intel Inside' company brand sticker is used by the manufacturers).

In the studied market segment in Bangladesh, derived brands are not known.

5.6 Brand Development

Brand development is a huge strategic task. It may mean many things to a company. A successful brand name may help a company in raising its status. It requires efforts and money as well. It involves risk too. For instance, a bad reputation of a brand may severely affect the overall reputation of a company.

In terms of existing products, brands may be developed in a number of ways:

Brand extension

The existing strong brand name can be used as a vehicle for new or modified products; for example, many fashion and designer companies extended brands into

fragrances, shoes and accessories, home textile, home decor, luggage, (sun-) glasses, furniture, hotels, etc.

Among foreign companies, operating in Bangladesh, Singer uses brand extension strategy to name all of their products. Pran group of Bangladesh use this strategy to name all product categories, such as cold drinks, juice, and even lentils. Fu-wang group also uses brand extension strategy to sell all of their product varieties, such as food items, ceramics, etc.

There is a difference between brand extension and line extension. The strategy of Pran group is a Brand extension strategy. But Line extension consists of additional product items in the same product category under the same brand name. For example: Basundhara tissue paper is a product category of Basundhara group, having many variants, like: toilet tissue, facial tissue, and many more, but using the same brand name.

Multi-brands

Alternatively, in a market that is fragmented amongst a number of brands a supplier can choose deliberately to launch totally new brands in apparent competition with its own existing strong brand (and often with identical product characteristics); simply to soak up some of the share of the market which will in any case go to minor brands. The rationale is that having 3 out of 12 brands in such a market will give a greater overall share than having 1 out of 10 (even if much of the share of these new brands is taken from the existing one). In its most extreme manifestation, a supplier pioneering a new market which it believes will be particularly attractive may choose immediately to launch a second brand in competition with its first, in order to pre-empt others entering the market.

Individual brand names naturally allow greater flexibility by permitting a variety of different products, of differing quality, to be sold without confusing the consumer's perception of what business the company is in or diluting higher quality products.

Procter & Gamble, a locally operated foreign company, is a leading exponent of this philosophy, running many shampoo brands in the Bangladesh (in fact global) market. This also increases the total number of "facings" it receives on supermarket shelves.

Cannibalization is a particular problem of a "multibrand" approach, in which the new brand takes business away from an established one which the organization also owns. This may be acceptable (indeed to be expected) if there is a net gain overall. Alternatively, it may be the price the organization is willing to pay for shifting its position in the market; the new product being one stage in this process.

Small business brands

Branding a small business is essentially the same thing as a larger corporation, the only differences being that small businesses usually have a smaller market and have less reach than larger brands. Some people argue that it is not possible to brand a small business, however there are many examples of small businesses that became very successful due to branding. Starbucks is one company that used almost no advertising and over a period of ten years developed such a strong brand that the company went from one shop to hundreds.

Those in favor of not branding products of small business organization had upper hand in Bangladesh, why in the past, a large number of items went unbranded in the local market. But the situation has changed over the years. Although majority of the organizations in Bangladesh are small to medium, they are strongly in favor of branding their products.

Own brands and generics

With the emergence of strong retailers the "own brand", the retailer's own branded product (or service), also emerged as a major factor in the marketplace. Where the retailer has a particularly strong identity, this "own brand" may be able to compete against even the strongest brand leaders, and may dominate those markets which are not otherwise strongly branded.

For example, in Bangladesh, Meena Bazar, a super market chain, sells many consumer goods under its own brand name "Meena". There are some other examples as well.

There was a fear that such "own brands" might displace all other brands, but the evidence is that — at least in supermarkets and department stores — consumers generally expect to see on display something over 50 per cent (and preferably over 60 per cent) of brands other than those of the retailer. Indeed, even the strongest own brands in the United Kingdom rarely achieve better than third place in the overall market. In Bangladesh, Meena Bazar can not sell only their own brands.

The strength of the retailers has, perhaps, been seen more in the pressure they have been able to exert on the owners of even the strongest brands (and in particular on the owners of the weaker third and fourth brands). Relationship marketing has been applied most often to meet the wishes of such large customers (and indeed has been demanded by them as recognition of their buying power). Some of the more active marketers have now also switched to 'category marketing' - in which they take into account all the needs of a retailer in a product category rather than more narrowly focusing on their own brand.

5.7 Statistical Inference

Seldom does a decision maker or analyst have complete information on the

subject matter to be analyzed. Statistical Inference is a process by which a decision maker concludes about the characteristics of a business process from a small part of the total system. While the total business system is the population, the small part is considered as a sample.

Statistical Inference is used in numerous occasions in order to analyze a business process, an engineering system or a social event. Several statistical tools and techniques, such as Hypothesis Testing, Contingency analysis (using χ^2 or student t or F test), correlation analysis, etc, are frequently used in analyzing the characteristics of a business [21]. Reports reveal that in marketing management, these techniques have been used on several occasions to analyze mainly customer behavior, sales pattern, forecasting market demand etc. [22, 23].

This project used the techniques to analyze relation between Corporate Identity and Brand image, correlation between market variables in branding decision and market segmentation.

5.8 Segmentation and Branding Variables

Branding a product requires efforts and money. However, its success depends on how good the marketing plan is and its execution. These are highly strategic matters and require long-term vision.

There are many interrelated marketing variables which affect branding decision. It has been reported on several occasions that branding involves cost aspect, as such pricing of a product is partly affected [1]. Thus, segmentation based on income group has been considered as the front-running market variable by the researchers [24].

It has also been reported that expenditure pattern and behavior has a close relation with segmentation and brand selection. Expenditure behavior is a function of culture as

well. Thus, different societies or countries will have different expenditure pattern and consumer behavior.

This section of the research project analyzes the relationships between income level and expenditure behavior. This will inference about the possible relationships with branding [22, 23].

A focal point survey on about 1500 customers was conducted in two supermarkets on customer purchasing pattern during October-December 2006. The survey included only chemical type and their derivative consumer goods market. The on income level and expenditure on branded items are shown in Table 5.1, given below. It must be noted that it is a 'group data' set.

Table 5.1 Group-data on income level and brand loyalty [21].

Income group	Income range (Taka/month)	Mean of the cell, or group	No. of customers	Expenditure on selected product segment (Taka/month)	Percentage expenditure
Lower	< 3000	1500	300	275	18.3
Lower middle	3000 – 15,000	9000	300	567	6.3
Higher middle	15,001 – 50,000	32,500	300	780	2.4
Lower high	50,001 – 100,000	75,000	100	3300	4.4
Middle high	100,000 – 500,000	300,000	100	13,500	4.5
Very high	> 500,000		Because of very low sample size, this group has been excluded from the study.		

It can be observed that the 'Higher middle' group of people spends the minimum amount (in terms of percentage) on cosmetics-type consumer goods. A further analysis has shown that their total expenditure (in terms of percentage) on any type of goods is the lowest among the total societal population. This proves that their savings intense is the highest in the society. Since this ("Expenditure behavior of people") is not within the scope of this study, this analysis has been excluded.

Another important point to notice in the table that the lowest income group has the highest amount of expenditure (in terms of percentage) on this selected product segment. That proves that this group has very keen interest on cosmetics type of goods in comparison to other necessary items (like food). Further analysis on this ("Expenditure behavior of people") has also been excluded, since this is not within the scope of this study.

5.8.1 Income as a Variable for Segmentation

This section tests a marketing variable 'income level' as the possible basis for market segmentation in the selected product market.

Hypothesis testing 1- Group:- Lower .vs. Lower Middle

H_0 : There is no significant difference (percentage expenditure) between two income groups (Lower and lower middle).

H_1 : There is significant difference in percent expenditure.

Level of significance $\alpha = 0.05$

At this level of significance, Z_{Critical} value is found to be 1.64 (from standard normal table). The hypothesis tests whether the difference is significant. If $Z < 1.64$, the null hypothesis is accepted (fail to reject), i.e. there is no significant difference between two percentage values, which will further mean, both groups equally spend money behind this product segment.

If $Z > 1.64$, then there is significant difference between these two groups.

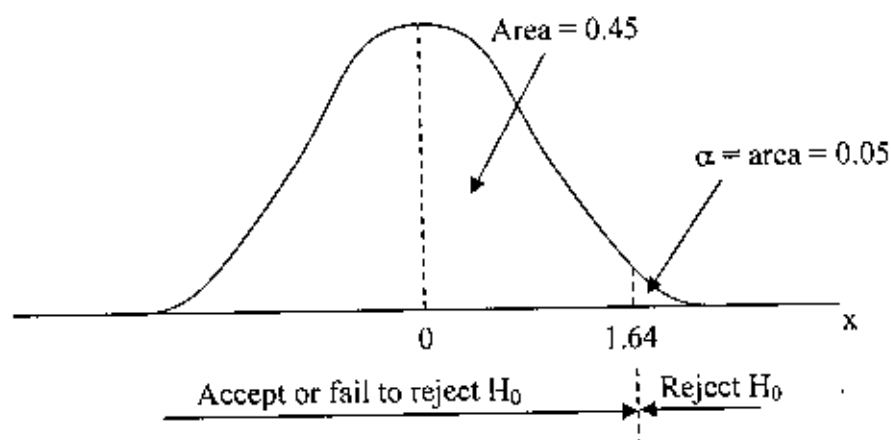


Figure 5.1 Hypothesis testing for two groups.

Standard Normal value for the difference between two proportions is [25, Page: 224] –

$$Z = \frac{P_1 - P_2}{\sqrt{\frac{P_1(1-P_1)}{n_1} + \frac{P_2(1-P_2)}{n_2}}} = \frac{0.183 - 0.063}{\sqrt{\frac{(0.183)(1-0.183)}{300} + \frac{(0.063)(1-0.063)}{300}}} = 4.55 > 1.64$$

Thus, null hypothesis is rejected and alternative hypothesis is accepted. That means – there is significant difference in expenditure of two groups behind chemical type cosmetic and related generic product segment.

Hypothesis testing 2 - Group:- Lower Middle .vs. Higher Middle

The same hypothesis and level of significance apply to all groups. Similarly, Figure 5.1 also applies to all testing.

$$Z = \frac{P_1 - P_2}{\sqrt{\frac{P_1(1-P_1)}{n_1} + \frac{P_2(1-P_2)}{n_2}}} = \frac{0.063 - 0.024}{\sqrt{\frac{(0.063)(1-0.063)}{300} + \frac{(0.024)(1-0.024)}{300}}} = 2.35 > 1.64$$

Thus, null hypothesis is rejected and alternative hypothesis is accepted. That means – there is significant difference.

Hypothesis testing 3 - Group:- Higher Middle .vs. Lower high

The same hypothesis and level of significance apply to all groups. Similarly, Figure 5.1 also applies to all testing.

$$Z = \frac{P_1 - P_2}{\sqrt{\frac{P_1(1-P_1)}{n_1} + \frac{P_2(1-P_2)}{n_2}}} = \frac{0.044 - 0.024}{\sqrt{\frac{(0.044)(1-0.044)}{100} + \frac{(0.024)(1-0.024)}{300}}} = 0.89 < 1.64$$

Thus, null hypothesis is accepted. That means – there is no significant difference between the expenditure patterns (measured in terms of percentage of expenditure with respect to income) of two income groups (higher middle and lower high) behind the selected product market segment. This would further mean that the higher middle income group and the lower high income group equally spend (in terms of percentage expenditure) money for buying cosmetic type and related consumer goods.

Hypothesis testing 4 - Group:- Lower High .vs. Middle High

The same hypothesis and level of significance apply to all groups. Similarly, Figure 5.1 also applies to all testing.

$$Z = \frac{P_1 - P_2}{\sqrt{\frac{P_1(1-P_1)}{n_1} + \frac{P_2(1-P_2)}{n_2}}} = \frac{0.045 - 0.044}{\sqrt{\frac{(0.045)(1-0.045)}{100} + \frac{(0.044)(1-0.044)}{100}}} = 0.034 < 1.64$$

Thus, null hypothesis is accepted. That means – there is no significant difference between the expenditure patterns (measured in terms of percentage of expenditure with respect to income) of two income groups (higher middle and lower high) behind the selected product market segment. This would further mean that the higher middle income group and the lower high income group equally (in terms of percentage expenditure) spend money for buying cosmetic type and related consumer goods.

Decision:

The above analysis show that in many cases, income level affects expenditure pattern behind cosmetic type (or related product) consumer goods in Bangladesh. Thus, income level should certainly be considered as a basis for segmentation.

5.8.2 Variables for Brand Loyalty

In many cases, it is observed that some people remain loyal to a particular brand of product and generally do not change it. On the other hand some people like to always switch between brands. However, this is product-type specific. This does not happen in all types of products. Several factors play role in this brand loyalty decision.

On many occasions, brand loyalty originates simply from the idea that a particular brand is more suitable for a customer. This is a matter of trust on a particular brand and its production company. If a foreign and a local company have the same level of trust, then brand loyalty is these two product segments must be equal. That means, brand loyalty index value for a local brand and for a foreign brand would be equal. This requires statistical testing.

The earlier chapter (Chapter 4) has shown relationship between age and brand loyalty using parametric hypothesis test. Those tests are valid when data distribution is

assumed as Normal. However, this assumption may not be true. As such, nonparametric test is also necessary. This research project applies Wilcoxon Rank Sum Test [21] for analyzing this variable. Although frequency of brand switching is more appropriate as a measure of rank-sum test, because of inability of customers to recall the frequency in the past long period, a Likert scale measurement has been taken as an alternative for statistical analysis.

Table 5.2 shows the data stratified based on age group. In case of the dependents (age groups 0-10 years, 10-19 years), the opinions of the guardians were solicited.

Table 5.2 Group data by age (Local vs. Foreign brands).

Local brand			Foreign brand		
Age group (years)	Brand loyalty (in 0-10 Likert scale)	Rank/Rating	Age group (years)	Brand loyalty (in 0-10 Likert scale)	Rank/Rating
0-10	8.2	7	0-10	9.1	14
10+ to 16	7.5	5	10+ to 16	8.8	13
16+ to 25	8.1	6	16+ to 25	7.4	4
25+ to 35	8.6	11	25+ to 35	8.7	12
35+ to 50	6.8	3	35+ to 50	8.4	9
50+ to 60	6.2	2	50+ to 60	8.3	8
Above 60	5.1	1	Above 60	8.5	10
Rank sum		35			70

In each age group, at least 100 customers were interviewed. The Likert scale value is the average rating of that age group. A Likert scale value of 10 would mean that the users of cosmetics generally do not change the brand. They buy generally the same brand of product in a product category. On the other hand, a Likert scale value of 1 would mean that the users frequently change the brand having minimum loyalty to a brand.

For instance, the users of foreign goods in the age group of 0-10 years, change the brand very infrequently, thus leading to an average Likert scale score of 9.1, where as it is much lower in the same age group using local goods. A higher value of rank would mean more loyalty to brand. For instance the highest Likert scale value of 9.1 gives the maximum rating of 14 out of all groups.

In both categories (local brand and foreign brand), there are 7 (seven) age groups, thus sample size is taken as 7, although the Likert scale value of each group is an average of more than 100 persons. The following Hypothesis are taken, at a level of significance of $\alpha = 0.05$ for analysis.

H_0 : The distributions are the same for local and foreign brands

H_1 : The distribution for foreign good shows higher rank

n_1 = sample size for population 1 (local brand) = 7

n_2 = sample size for population 1 (Foreign brand) = 7

The standard normal table shows that the critical value for Z at $\alpha = 0.05$ is 1.65, which needs to be compared using the Z value computed from the following equation-

$$Z = \frac{W - \frac{n_1(n_1 + n_2 + 1)}{2}}{\sqrt{\frac{n_1 n_2 (n_1 + n_2 + 1)}{12}}} = \frac{70 - \frac{7(7 + 7 + 1)}{2}}{\sqrt{\frac{7 \times 7(7 + 7 + 1)}{12}}} = 2.23$$

Since, Z (= 2.23) is greater than critical value 1.65, the null hypothesis is rejected and the alternative hypothesis is accepted. This means that the distribution for foreign goods ranks higher in comparison to the local ones.

Decision

Users of foreign goods remain more loyal to specific brands than the users of local products. More loyalty to foreign goods further indicates the

trustworthiness of foreign brands than the locals. Less trust on local products leads to frequent change in brand.

The same analysis is now applied to foreign brands produced locally and fully packaged imported products, data being shown in Table 5.3.

Table 5.3 Group data by age (Foreign brands produced locally vs. imported).

Foreign brands produced/packaged locally			Fully Foreign brand (Imported)		
Age group (years)	Brand loyalty (in 0-10 Likert scale)	Rank/Rating	Age group (years)	Brand loyalty (in 0-10 Likert scale)	Rank/Rating
0-10	9.0	12	0-10	9.3	14
10+ to 16	8.4	7	10+ to 16	9.1	13
16+ to 25	8.6	9	16+ to 25	8.7	10
25+ to 35	8.0	3	25+ to 35	8.5	8
35+ to 50	8.2	5	35+ to 50	8.8	11
50+ to 60	7.9	2	50+ to 60	8.3	6
Above 60	7.8	1	Above 60	8.1	4
Rank sum		39			66

The same method of data collection and analysis was used in this analysis, as was done in the earlier analysis. The same explanation is applicable for ranking too.

In both categories (foreign brands produced/packaged locally and totally imported foreign brand), there are 7 (seven) age groups, thus sample size is taken as 7, although the Likert scale value of each group is an average of more than 100 persons. The following Hypothesis are taken, at a level of significance of $\alpha = 0.05$ for analysis.

H_0 : The distributions are the same for foreign brands produced/packaged locally and totally imported foreign brand

H_1 : The distribution for totally foreign (imported) good shows higher rank

n_1 = sample size for population 1 (local brand) = 7

n_2 = sample size for population 1 (Foreign brand) = 7

The standard normal table shows that the critical value for Z at $\alpha = 0.05$ is 1.65, which needs to be compared using the Z value computed from the following equation-

$$Z = \frac{W - \frac{n_1(n_1 + n_2 + 1)}{2}}{\sqrt{\frac{n_1 n_2 (n_1 + n_2 + 1)}{12}}} = \frac{66 - \frac{7(7 + 7 + 1)}{2}}{\sqrt{\frac{7 \times 7(7 + 7 + 1)}{12}}} = 1.72$$

Since, Z (= 0.83) is marginally greater than the critical value 1.65, the null hypothesis is rejected and the alternative hypothesis is accepted. This means that the distribution for foreign goods produced/packaged locally ranks lower than the fully foreign (imported) brands. This reflects lack of reliability on local production and/or packaging.

Decision

Users of fully foreign (imported) goods remain more loyal to specific brands than the users of locally produced/packaged foreign products. More loyalty to fully foreign (imported) goods further indicates the trustworthiness of local production and/or packaging of foreign items. Less trust on locally produced/packaged foreign products leads to relatively more frequent change in brand, although the difference is not significant. However, the difference is narrow, meaning that brand loyalties between these two groups of products in the considered segment are nearly equal.

Chapter 6

Conclusions and Recommendations

6.1 Conclusions

Marketing is a complex issue that requires effective strategic decision. Marketing strategy can make a company become successful in business. On the other hand, a wrong strategy makes a company unsuccessful in business.

Out of many strategic marketing decisions, branding and creating identity are two important variables. This project analyzed these two variables in case of selected chemical type consumer goods and service branding in Bangladesh. Some interesting conclusions may be drawn on the findings of the project.

1. Selection or choice of brand in case of selected consumer good items largely depends on segmentation variables, such as age and income group.
2. Brand loyalty largely depends on age. The lower age group, especially those below 16 years of age, remains more loyal to a particular brand than the higher age group (more than 50 years of age).
3. Lower income group (having monthly income of 0-3000 Taka) spends more money (in terms of percentage of income) behind cosmetic goods.
4. Local companies failed to create Corporate Identity (CI) in the selected market segment, index being $\frac{1}{2}$ of that of the foreign brands.
5. Although 'trust' is the main globally used deciding factor for selecting a brand, the situation is different in Bangladesh, where social value is the prime factor for selecting brand in the target market segment. While globally "Trust" has a \an index value of 22 and "Pride" has an index value of 16, their NCI values are just the opposite, though the difference in NCI values is marginal.
6. The largest service in Bangladesh is the telecommunication, where brand establishment is higher than in manufacturing. Out of four main operators, two companies failed to create CI, while the other two successfully established their

own CI. Nevertheless, the telecommunication service providers are the only service organization who succeeded in creating CI image. It's index value is sometimes as high as 0.9 or even higher.

7. Change of brand of Gramcen Phone was initially disliked by people, although it is now in favorable side. The index ratio between those who 'like' and those who 'dislike' is as high as 26:2.

However, the conclusions drawn above are all country-specific, because macro-environmental factors in different countries are different. Moreover, the analyses are applicable to only the selected market segment.

6.2 Recommendations

This project included only two variables, age and income group, for analyzing market behavior. In future, some more variables, such as demography, may also be included. The analysis may also be tested using Cronbach's α and Eigen value.

The telecommunication service is the only service segment, used in this study. Some other service segments, such as private airlines, tourism business, etc. may also be analyzed.

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