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MASTER´S THESIS

THE IMPACT OF BRANDING ON SATISFACTION AND LOYALTY OF MILLENNIALS:

THE CASE OF RETAIL BANKS IN THE SLOVAK REPUBLIC

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ABSTRACT

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Retail banking industry faces a number of challenges, the biggest one being increasing competition, which makes gaining a sustainable competitive advantage difficult. This implies that banks need to focus on building customer satisfaction and turning it to loyalty, which represents the company´s ultimate competitive advantage. Hence, the objective of this research is to investigate how effectively retail banks use branding and what effects it has on satisfaction and loyalty of millennial customers in the context of the Slovak Republic. The study has been conducted using both qualitative and quantitative methods. The qualitative part of the research is concerned with case studies analysing the four biggest Slovak retail banks, namely Slovenská sporiteľňa, Všeobecná úverová banka, Tatra banka and Československá obchodná banka and how they adopted branding. The quantitative part focuses on a questionnaire exploring how Slovak millennials perceive branding of their banks and how effective it is in building satisfaction and loyalty. The results indicate that retail banks have not taken a full advantage of branding as it was found to contribute to satisfaction, especially in case of service quality and brand image, however, it was only effective to a small extent in building loyalty. Despite considering themselves loyal and possessing behaviours and attitudes implying loyalty, loyalty of millennials was based mostly on inertia, convenience and lack of benefits offered by other financial institutions that would be worth additional effort of switching the bank.

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1 INTRODUCTION

The purpose of this thesis is to examine branding in the retail banking industry in the Slovak Republic and the impact it has on millennials, specifically on their satisfaction and loyalty. Chapter 1 is the introductory chapter of the thesis, which first sets a background of the thesis and introduces the environment where the research is conducted. Subsequently, a brief literature review is provided, leading to specific objectives and research questions. The theoretical framework of the thesis is designed and followed by the definitions of the main concepts alongside delimitations of the study. Finally, description of the research methodology used in the thesis concludes the chapter.

1.1 Background

1.1.1 A brief introduction to branding in the retail banking

Rapid globalization, integration, changes in customer´s behaviour and the widespread introduction of new technologies as well as recent financial crisis increased pressure on the retail banking industry (Canals, 1994; Pinar et al., 2016). With the new companies entering the market and therefore increasing competition, it has become harder for banks to surpass it. The fact that financial institutions are service brands and they portfolios consist of services, which are very similar across the whole industry, made differentiation and gaining a sustainable competitive advantage even more problematic. However, branding has been identified as a useful tool for differentiation in the service sectors as it contributes to the value generation process. By embracing branding, banks can create a memorable perception of their brands in the consumer´s minds which gives a foundation to building a long-term relationship with the customer. This relationship is critical for banks as it can turn satisfied consumers into the loyal ones and decrease chances of the customer switching to the competition (Mohsan et al., 2011). Despite branding bringing many advantages and opening doors to new opportunities, its remains a challenge in the retail banking. Banks have not taken a complete advantage of it yet and are still learning to recognize its full potential (O’Loughlin and Szmigin, 2007; Vazifehdust and Kia, 2017).

1.1.2 An overview of the Slovak retail banking industry

The Slovak retail banking environment has been undergoing long and difficult transformation in the past few decades. Radical changes such as privatization, large fluctuation of interest rates, restructuring and joining the European Union had a significant impact on the state and competitiveness of the industry. Nevertheless, it can be argued that the Slovak retail banking sector is now relatively strong and profitable and continues to grow steadily (Kračinovský, 2008; Medveď et al., 2012). This is mainly due to globalization and industry´s openness to internalization, which enabled bank mergers and acquisitions, resulting in Austrian, Belgian Italian and German banking groups having majority control over the retail banking sector in Slovakia (Slovenská Národná Banka, 2018).

With regards to modern technologies and innovations in banking, Slovak retail banks follow the worldwide trends, such as digitalization. All the banks offer basic digital products and services, such as internet banking, mobile banking, contactless payment cards and biometric digital signatures. However, to attract new customers, improve customer experience and facilitate day-to-day banking, some of the banks keep introducing new innovations. These include online banking using smart watch, second generation of mobile phone payments and face biometrics to improve security (Slovak Banking Association, 2018; Tatra banka, 2018a).

In Slovakia, the retail banking industry is dominated by four major players, whose combined market share accounts for 72,6% (Banky.sk, 2018a). The biggest and the oldest retail bank is Slovenská sporiteľňa, which has been part of Austrian Erste Group since 2001. Slovenská sporiteľňa operates solely in Slovakia and provides innovative services for their clients in both tradition and digital banking. Moreover, the bank manages over six million accounts which stresses its strong position in the retail banking sector (Slovenská sporiteľňa, 2019a). Všeobecná úverová banka (VÚB) is the second largest bank in Slovakia and is owned by Italy-based banking group Intesa Sanpaolo. Besides operating in the Slovak Republic, VÚB is also active in the Czech Republic (VÚB Banka, 2018). The third largest retail bank is Tatra banka, one of the most successful members of the Austrian Raiffeisen International Group that concentrates its activates only on the Slovak market. Tatra banka is an innovation leader, with the best and most innovative digital banking services in the Central and Eastern Europe. It is also often recognised as the best bank in Slovakia (Tatra banka, 2018a). Lastly, Československá obchodná banka (ČSOB) is the fourth largest retail bank in Slovakia, owned by Belgian KBC Bank, a member of KBC Group N.V. ČSOB operates both in Slovakia and the Czech Republic, and is well-known for emphasizing the importance of brand-client relationship (ČSOB, 2018a).

1.1.3 A brief introduction to millennials in the Slovak Republic

Slovak young people, aged between 19 and 30, belonging to the Generation Y account for almost 20% of total population (Cerulíková, 2018). They are very active on social media and technology savvy as they have been exposed to it since the early age. They find the Internet the most useful and credible medium when searching for information, which 95% of millennials uses daily (ibid). Slovak millennials are education hungry and the number of young people accepted to universities increases every year. Millennials are very attractive for employers, mainly due to their high education level and technological savviness, which lead to a decreased unemployment rate of young generation in Slovakia. Employment rate reached 42,6% and 74% for people aged 20-24 and 25-29 respectively in 2016 (Ministerstvo školstva Slovenskej republiky, 2018). Moreover, they are more loyal to their employers compared to previous generations. Despite their education, millennials are usually underpaid. Salary of young people living in Slovakia is quite low, often even below the average of the European Union (ibid). This has an effect on their living conditions and housing arrangement. Data shows that in 2016, 92,7% of people aged 20-24 and 72,2% of people aged 25-29 lived with their parents, while the European average was 73,6% and 38,6% respectively (Cerulíková, 2018).

1.2 Preliminary literature review

A number of studies discussing the importance of branding and brand itself have emerged in the past few decades mainly due to rapid globalization and increased competition (Aziz and Yasin, 2010; Berry, 2000; Heding et al., 2009). According to Keller (2013) brand is the company´s most valuable asset as it is a strategic tool used not only to differentiate organisations and their offerings from the competition but also to create a sustainable competitive advantage. Brand´s image or how people perceive an organization and its products and services in their minds is then affected by branding, a complex process of creating, maintaining and changing the brand (Král et al., 2016). Marketing communication, such as advertising, promotion, events, word-of mouth and personal selling play a central role in developing a brand image. By implementing these communication nodes, firms can express their values, increase awareness about their brands and inform about products and services they offer (Keller, 2009). Many corporations have strategically understood the concept of branding and building a reputable brand with a strong brand image, which can attract customers and therefore increase the customer base, has become the main objective in the business world (Kotler, 2005; Lindemann, 2010). However, using brand offensive characteristics to acquire new customers is not enough and companies should also draw their attention to brand´s defensive characteristics to maintain existing loyal customers as the cost of retaining a customer is lower than the cost of gaining a new one (Sweeney and Swait, 2008).

When it comes to building and managing strong and reputable brands that customers are loyal to and support, the concept of brand equity is often mentioned (Aaker, 1991; Keller, 2013; Tuominen, 1999). To understand what factors make the brand strong, affect customer´s perception, behaviour and feelings towards it and help create a powerful connection between brands and customers that will derive benefits for both, marketers follow brand equity models. The most popular and widely used one is a customer-base brand equity model designed by Kevin Keller, who sees brand building as a four step process arranged in a pyramid with six blocks (Keller, 2013).

Other authors also view brand as a mechanism for creating a long-term relationship between both buyers and sellers, which is critical for customer retention. This long-lasting relationship plays an important role in company´s success as it can turn occasional customers to loyal and committed ones (Agustin and Singh, 2005; Mohsan et al., 2011). When analysing the factors which influence the consumer-brand relationship, experience with the brand, brand satisfaction and brand trust are mentioned the most often (Sahin et al., 2011). Experience with brand encounter gives rise to satisfaction or dissatisfaction, which influences if the customer purchases and consumes the brand in the future or recommends it to his or her friends and family (Mohsan et al., 2011). Hence, companies should enhance satisfaction as it is an important tool measuring firm´s performance and precursor of customer loyalty (Fogli, 2006; Sit et al., 2009). Aaker (1991) claims that loyalty is the core of brand equity that can bring a firm to the top by providing a number of competitive advantages Having loyal customers is immensely important in highly competitive environment as they increase profitability, market share, performance and awareness of the business as well as reduce its costs for marketing (Marzo-Navarro et al., 2004; Moisescu, 2006). Loyalty can be maintained for example through reward programs (Schultz, 2000), gathering feedback and implementing it (Kumar and Shah, 2004), brand positioning and mass media communication (Bodet, 2008).

Product - oriented nature of traditional branding is viewed as an obstacle nowadays as many corporations have been transitioning from products to service, making the economy service-dominant (Berry, 2000; Klaus and Maklan, 2007). Compared to manufactured goods, services are more complex and therefore problematic to evaluate due to their unique characteristics such as intangibility, heterogeneity, inseparability and perishability. However, these unique characteristics are the ones stressing that branding is actually necessary for successful marketing of service institutions as it provides means by which customers can evaluate the brand (Lusch et al., 2007; Pinar et al., 2016). Literature discussing service branding introduces several service branding models with various components affecting brands of service companies. However, these do not differ much from traditional branding models and the components often mentioned are brand awareness, customer experience, brand communication, advertising and marketing (Berry, 2000; de Chernatony and Segal-Horn, 2003). The role of service quality (Lau et al., 2013) and personnel´s behaviour and attitude (Daniel et al., 2012; Johnson, 1996) are emphasized especially in service literature as they are the factors affecting customer´s decision to retain or leave to a different service provider. Building customer satisfaction, which leads to customer loyalty, has proven essential in the service industry as both customer satisfaction and loyalty benefit organizations in terms of profitability, growth opportunities and decreased costs (Kumar and Shah, 2004; Sit et al., 2009). Wilson et al., (2012) discovered correlation between service quality, customer satisfaction and loyalty and also argue that service quality plays a key role in customer´ satisfaction. To measure service quality, SERVIQUAL model is widely used (Parasuraman et al., 1988).

When analysing branding in the service industry, particularly retail banking, prior research concludes there was a little importance placed on developing a strong brand. This was mainly due to intangible nature of services and their difficult differentiation (O'Loughlin and Szmigin, 2005; Pinar et al., 2016). It has only been recently, after crises and structural changes in the financial environment when banks have realised that building a strong brand with a great focus on customer relationship, satisfaction, loyalty, and differentiation of services is necessary to survive and flourish (Moisescu, 2006). Due to this, full potential of branding in the retail banking has not been exploited yet and therefore academic literature lacks studies about this topic (O'Loughlin and Szmigin, 2007).

Millennials or Generation Y are generally characterised as technology savvy, educated, hyper-connected and service oriented (Clausing et al., 2003). They grew up in a technology-saturated world where Internet and information were easily accessible. This resulted in millennials intensively using technology and being comfortable with new and innovative one (Klapilová, 2016). Millennials are well-known for their connectivity and interactivity. They love using social media to communicate with friends, look for information and share their experience (Bolton et al., 2013; Gurau, 2012). Moreover, they also use Internet and social media to engage with brands that they expect to have a strong online presence (Cox, 2015). According to Syrett and Lamminman (2004) millennial customers are also very brand conscious as they have been exposed to advertising and brands from their early childhood. Despite being brand conscious, they require transparency from the brands. Members of Generation Y prefer brands that align with their values, offer personalised products, allow them to express their unique personality and have a higher status (Johnson, 2006; Lazarevic, 2012). With regards to brand loyalty, it is not a strong trait of millennials, with an exception of retail banks (Msweli and Naude, 2015).

When looking at millennials from the retail banks´ perspective, they represent a valuable opportunity. They are the ones starting their financial life cycle of earning and saving up wealth, taking loans and mortgages and using various banking services (Nava et al., 2014). However, millennials´ weak financial capabilities and reluctant attitude towards banks result in rare visits of bank branches. Cash withdrawals, deposits and mortgages have been identified as the most common reasons young customers visit banks (American Bankers Association, 2014). To manage their finances, millennials use online and mobile banking, which they find easier and more convenient (Ipsos, 2017).

1.3 Objectives and research questions

1.3.1 Objectives

The main objective of this thesis is to explore how retail banks in the Slovak Republic exploit branding and what impact it has on customers' satisfaction and loyalty. When analysing effects of branding on customers, the research will be focused solely on millennials. This study aims to help institutions operating in the banking industry when creating strategies for maintaining the millennial customers.

1.3.2 Research questions

As proven by the preliminary literature review, branding is important for an organization´s success and millennials are the most potential customers for the retail banks. However, there is a significant gap in research concerning both branding in the retail banking and its impact on Generation Y. As trends in retail banking change, competition increases and digitalization is drawing a new path for banking, it is essential for banks to understand how to effectively use branding to create customer satisfaction as well as build long-lasting relationships, which result in loyalty of millennial customers. Hence, the main research question is:

What are the effects of branding used by the retail banks on satisfaction and loyalty of millennial customers?

In addition to the main research question, three supportive sub-questions are designed to help meet the objectives of the thesis. These questions will be analysed in the context of Slovak retail banking sector as there is a lack of research concerning effects of branding on satisfaction and loyalty of millennials as well. The sub questions are as follows:

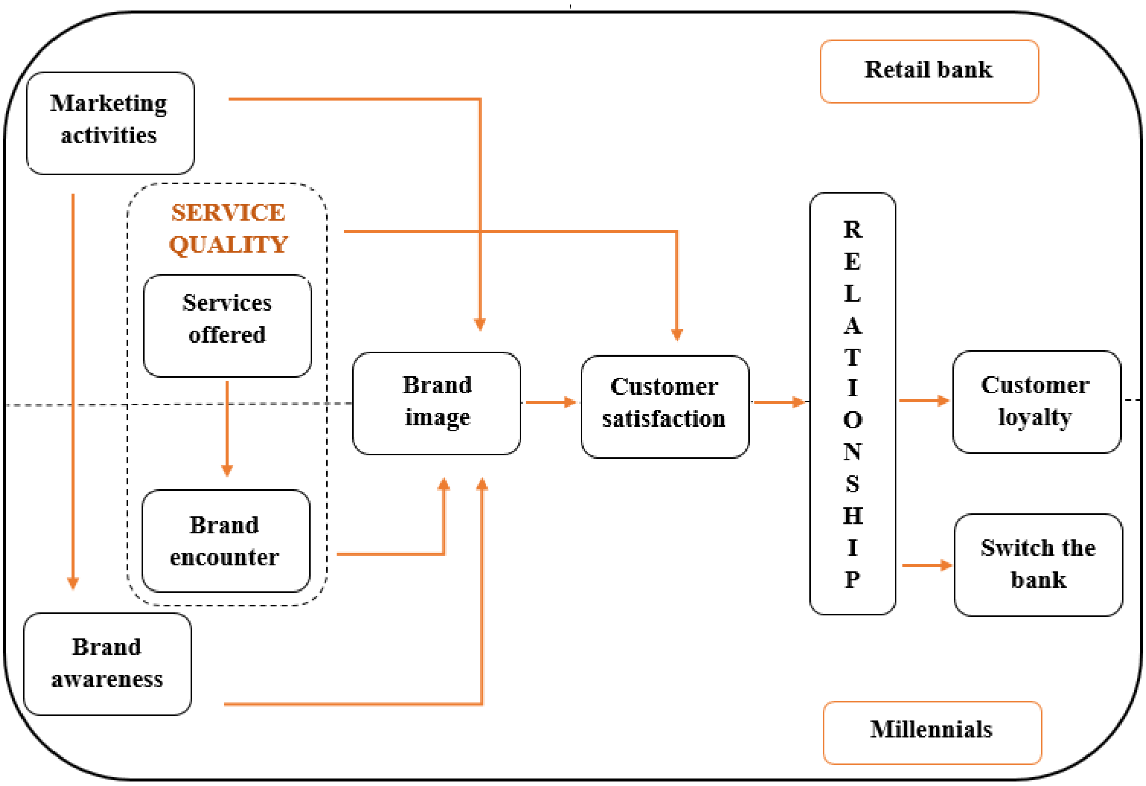
1) *How did the banks adopt branding and adjust their brands for millennials?*
2) *What is millennials´ banking behaviour and relationship towards banks´ brands like?*
3) *How does service quality affect satisfaction of the millennial customers?*
4) *How effective is branding in building loyalty through brand-customer relationship from the customers´ point of view?*

1.4 Theoretical framework

Figure 1 presents a theoretical framework for this thesis and establishes a relationship between branding, satisfaction and loyalty of millennials in the retail banking environment. It also highlights other important concepts which will be examined when analysing how retail banks embrace branding and what impact it has on satisfaction and loyalty of millennial customers. The framework is divided into two parts – from a retail bank´s perspective and from a millennial customer's perspective. It is a result of academic literature review, which aims to find answers for the research questions.

As shown in the theoretical framework below, a retail bank builds its brand and develops its brand image through marketing communication, such as advertising and promotion as well as services offered. Simultaneously, millennial´s perception of the retail bank is shaped in every contact point with the brand through brand awareness and brand encounter. When millennial consumers engage and interact with the brand, they gain certain feelings and cognitions or in other words experience with the brand. When they evaluate both brand image and their experience as an adequate one, millennial customers acquire satisfaction, a positive attitude towards the brand. Satisfaction then establishes a solid foundation for a long-term relationship between the retail bank and the consumer. The better the quality of the brand-customer relationship, the higher is the chance of the consumers becoming loyal and committed. However, if the relationship is weak and customers are not satisfied, they might easily leave their financial service provider and shift to the competition.

Figure 1. Theoretical framework



Source: Author

1.5 Definitions

The key concepts in this thesis are branding, brand image, customer satisfaction and loyalty, millennials, and lastly, retail banking. Before proceeding to the literature review and the actual research, it is important to have a clear understanding of the concepts mentioned above. Hence, the definitions for those are as follows:

Branding is a process to intentionally create, maintain and shape a brand in consumers´ minds, giving a unique meaning to a particular organization and its offerings. Creating a name, logo or symbol, which is easily recognised as belonging to the company, positioning the company in the market and creating its own, specific identity are steps involved in branding. Branding can be attained through brand definition, marketing activities, such as advertising and communication, sponsoring, customer experience, products and services offered, customer service and pricing. The main goal is to differentiate companies from the competitors as well as to acquire and retain customers. Branding influences how consumers perceive the brand and therefore impacts their buying decision (Keller, 2013; Král et al., 2016). Branding is also a tool that firms utilize for building and maintaining a relationship with clients (Mohsan et al., 2011)

Brand image is a general impression formed in consumers´ minds after interaction with a brand. It reflects emotional experience, opinions, feelings and perception consumers have about the brand (Král et al., 2016). Brand image is affected by product/service quality, marketing communication, such as advertising but also by what others say about the brand and consumer´ own interpretations (Keller, 2013).

Customer satisfaction is a pleasant feeling that a customer acquires after comparing his or her expectations with the actual outcomes from a purchase or consumption experience (Sahin et al., 2011; Schiffman and Kanuk, 2004). Satisfaction, a prerequisite of customer loyalty, is affected by the service delivery and quality, price, convenience and value (Keller, 2013; Schneider et al., 1998).

Customer loyalty can be defined as a favourable attitude based on the quality perception, which is embedded in the consumer´s mind. This attitude then results in a strong commitment to a brand as well as preferring, repetitively buying or re-patronizing a product or service, carrying a single brand name, in the future and not shifting to competition when affected by situational influences and marketing efforts (Jacoby and Kyner, 1973; Oliver, 1999).

Millennials, also known as Generation Y, are people born between years 1980 and 2000. They have superior technology and researching skills as they grew up in the electronic and online age (Bolton et al., 2013; Clausing et al., 2003). Moreover, these people also have a high brand awareness as they have been strongly affected by mass media and advertising since the early beginning of their lives (Syrett and Lamminman, 2004).

Retail banking or consumer banking refers to the provision of broad range of financial services to individuals and small firms rather than large organizations and corporations. Portfolio of services in retail banking includes saving and checking accounts, loans, mortgages, credit and debit cards and deposits (Cambridge dictionary, 2019;My Accounting, 2019).

1.6 Delimitations

In this thesis, an analysis of branding in the retail banking industry is limited only to the Slovak Republic and the consumers taking part in the research are only the people belonging to Generation Y. Subsequently, the examined sample is small and consists of millennial consumers that have a retail bank in Slovakia. For the purpose of this thesis only millennials born between 1990 and 2000 are considered.

Since branding in the banking industry is a relatively new and weakly investigated topic, the research is conducted on a more general scale with an exploratory focus.

In addition, there are certain delimitations for the qualitative part of the research - case studies. Out of 27 banks currently operating in Slovakia, the case studies only consider four largest retail banks, in terms of their market share. The delimitations mentioned above need to be kept in mind when generalizing and interpreting results of the study.

1.7 Research methodology & data collection plan

This section concisely discusses methods which are used for conducting the research and data collection. Chapter 4 then provides a detailed explanation of research methodology, such as data collection and data analysis methods.

Since this thesis aims to investigate a phenomenon that has been little examined (branding in retail banking and its impact on millennials) exploratory approach is chosen but also complemented with an explanatory approach as the thesis also studies the relationship between variables, such as service quality, customer satisfaction and customer loyalty. With regards to the research methods, both qualitative and quantitative methods are employed to examine effects of branding on satisfaction and loyalty of millennials. As it is difficult to measure how banks adopt branding and adjust their brands for millennials, qualitative approach is preferred in this part of the research. Qualitative research will allow to collect information about how chosen banks target their brands for millennial customers. On the other hand, quantitative methods are used to study how effective branding, implemented by the Slovak banks, is in building satisfaction and loyalty from the perspective of millennials.

The main data collection methods are case studies for a qualitative part of the study, while an online questionnaire is used to collect data for a quantitative part of the study. In case of qualitative case studies, these are concerned with the four biggest retail banks in the Slovak Republic. Information and data presented in the case studies are developed on secondary information, collected primarily from the banks´ websites and annual reports. With respect to the online questionnaire, this combines demographic, multiple choice, category, rank and rating (likert-type scales) questions. The questionnaire is posted and shared on Facebook, where young people belonging to the Generation Y are encouraged to fill it out. These people are also asked to share the questionnaire with their millennial friends, which results in a bigger sample and more valuable outcomes. The data is collected from 28th March 2019 to 7th May 2019 and analysed both descriptively and explanatory.

1.8 Structure of the thesis

This thesis is divided into six main parts. First, Chapter 2 establishes a theoretical background for the study, which aims to provide in-depth knowledge about main concepts that are needed to carry out empirical research. The key concepts for which a summary of existing literature is presented are branding, customer satisfaction and loyalty and millennials. Chapter 3 presents hypotheses that arise from the literature review and aim to help in answering the research questions.

In Chapter 4, a description of the retail banking and millennials in Slovakia is provided as well, to give a clear picture of the environment where the research will be conducted. Subsequently, research methodology, where the overall research designed is outlined and research approaches, both qualitative and quantitative, utilised to meet the objective of the thesis justified. The process and methods for data collection and their analysis are explained too. Thereafter, Chapter 5 is concerned with empirical findings and introduces case studies of the four Slovak retail banks as well as results of the questionnaire, which are looked at from descriptive and explanatory perspective.

The thesis is concluded in Chapter 6, where main findings, theoretical and practical implications of the research are summarized and research question from Chapter 1 answered. Further, limitations of the thesis are pointed out and topics and concepts for further research are suggested.

2 LITERATURE REVIEW

This chapter introduces a summary of previous academic research and literature related to four main concepts of this thesis, whose profound understanding is necessary in order to conduct the research and analysis. Namely, these concepts are branding, customer satisfaction and loyalty, and millennials.

2.1 Branding

This section starts with an explanation of brand concept and is followed by theory of brand equity, a phenomenon essential for strong brands and their flourishing. Brand building process is analysed and based mainly on Keller´s brand equity model, which is supplemented by findings from other relevant studies. Thereafter, branding in services is described as well as the role of service quality in this field. Lastly, a discussion of relationship between branding and retail banking is provided.

2.1.1 Brand concept

Originally, the word brand comes from the Old Norse word “brenna”, meaning to burn, which was used by farmers when burning a mark on their livestock and claiming the ownership (Lindemann, 2010). At its simplest, a brand can still be viewed as something which belongs to someone, however, as the time passed, many researchers came up with new, and more complex definitions of brands. American Marketing Association (2019) defines the brand as *“a name, term, design, symbol, or any other feature that identifies one seller's good or service as distinct from those of other sellers.”*

This definition highlights the principal objective of the brand, which is to distinguish products and services from each other, and therefore help consumers when deciding among offerings that look alike. However, brand is much more than just means to differentiate products and services. According to Kotler (2005) the brand is the organization´s pledge to consumers to consistently provide a particular set of attributes, benefits, services and experiences while Keller (2013) views a brand as a device used in the marketplace to create awareness, prominence and reputation.

In their book, Heding et al., (2009) present seven approaches to brand definitions, which is a result of an extensive analysis of over 300 brand-related academic and marketing journals collected between 1985 and 2006. These seven approaches summarize different brand definitions elaborated in the literature and can be found in Table 1 below.

Table 1. Summary of Heding´s brand definitions approaches

The economic approach	The brand as part of the traditional marketing mix
The identity approach	The brand as linked to corporate identity
The consumer-based approach	The brand as linked to consumer associations.
The personality approach	The brand as a human-like character
The relational approach	The brand as a viable relationship partner
The community approach	The brand as the pivotal point of social interaction
The cultural approach	The brand as part of the broader cultural fabric

Source: Adopted from Heding *et al*. (2009, p.3)

2.1.2 Brand equity

The essence of branding is creating differences by endowing the company´s offerings with the power of brand equity, which is simply the added value provided by the brand. Hence, when creating a strong brand, the concept of brand equity, which emerged in 1980s is often mentioned and explains why consumers have different responses to branded products and services opposed to non-branded ones (Keller, 2013). For instance, consumers are willing to pay more for branded products and services - the premium price is paid for the value that is added by the brand (Bello and Holbrook, 1995).

For the past decades, this concept has been drawing attention of researchers and marketers due to its importance for success in the market. Benefits derived by firms include higher customer loyalty, outstanding performance, high profitability, increased market share, less vulnerability in the market and improved effectivity of marketing activities, which all contribute to the company´s sustainable competitive advantage (Aaker, 1991; Keller, 2009; Tuominen, 1999).

David Aaker and Kelvin L. Keller are considered to be the most prominent authors when it comes to the brand equity literature. Both authors created brand equity models, which give suggestions on building a strong brand. These models are partly the same and aim to deliver brand awareness, attributes distinguishing the brand from the competition, consumer´s positive response and their loyalty. For the purpose of this thesis, Keller´s model is going to be examined in more depth as not only is this model more detailed but is also widely used when analysing brand equity from the customer´s perspective. Nevertheless, Aaker´s model is going to be briefly introduced in the beginning and his findings will also be added to complement Keller´s research to provide even deeper understanding of brand equity concept.

Aaker´s brand equity model

According to Aaker (1991) brand equity is a collection of intangible assets and liabilities connected to a brand. This collection has a positive (or negative) impact on consumers and company itself and either adds (or subtracts) from the value provided by company´s offerings.

In Aaker´s model, assets and liabilities are organised into five groups, namely brand awareness, perceived quality, brand associations, brand loyalty and other proprietary brand assets, such as trademarks, patents and channel relationships. Only the first four groups are relevant when speaking about customer-based brand equity as they describe consumer´s engagement with the brand (Christodoulides and de Chernatony, 2009).

Keller´s brand equity model

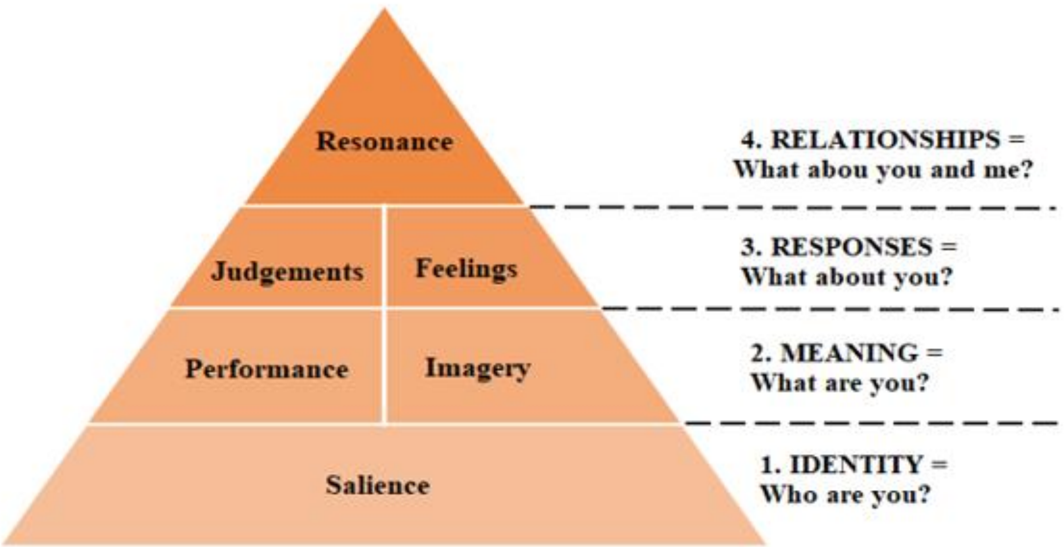
Keller (2013) considers brand equity solely from customer´s point of view and defines it as a *"differential effect that brand knowledge has on consumer response to marketing of that brand".* In this definition, Keller distinguishes three elements that are essential for a customer-based brand equity (CBBE). First, the differential effect arises when comparing consumer´s responses to branded products with the responses to the generic products. Second, brand knowledge of the consumers is responsible for differences in their responses. Third, consumer response is subjective and depends on consumer´s preference, perceptions and behaviour which originates from marketing of a particular brand (ibid).

The author further argues that CBBE exists when the consumer is familiar with a certain brand and holds a strong, favourable and distinctive association with that brand in his/her mind, in this specific order (Keller, 2001). Hence, Keller accentuates the importance of brand knowledge and defines it in terms of two concepts – brand awareness and brand image. Brand awareness consists of brand recognition and brand recall, with the former representing consumers´ capability to identify the brand based on their previous exposure to it while the latter is consumers´ capability to remember the brand when given hints such as product category or usage situation (Keller, 2013). Brand image is a reflection of how consumers perceive the brand and which associations they affiliate with it. These associations can either be product characteristics and features or meanings and benefits the product offers. The stronger the associations are, the more favourable and positive perception of the brand consumer have (ibid).

Brand image is constantly shaped and affected by every single action of the brand. Hence, no two consumers have the same brand image as it is subjective and individual and varies a lot among different customer and market segments.

Keller (2013) proposes four steps, which should be consecutively followed when building a brand: establish brand identity, create brand meanings, evoke brand responses and lastly build relationships with customers. These four steps are further divided into six progressive brand-building blocks – salience, performance, imaginary, judgements, feelings and resonance, which are arranged in a pyramid. Figure 2 represents this pyramid, which is commonly referred as Keller´s Customer Based Brand Equity model. Aziz and Yasin (2010) argue that Keller´s CBBE model sums up the power of the brand that is mirrored in people´s minds through everything they have seen, learnt, felt, herd and experienced in their encounters with the brand.

Figure 2. Keller´s customer-based brand equity (CBBE) model



Source: Adopted from Keller (2013, p.80)

2.1.3 Brand building process – determinants of a strong brand

Understanding the brand building process and customer-based brand equity determinants is necessary for strong brands as they shape how consumers perceive brands and their offerings. It should be a primary objective of every business to build the reputation by creating pleasant experiences around their brands, which will then positively influence consumers and their behaviour towards the brand.

As mentioned earlier, the main focus will be on Keller´s four steps of the brand building process and his six CBBE determinants. To supplement Keller´ work, Aaker´s relevant findings of CBBE are going to be added to ensure a comprehensive understanding of the brand equity concept. In accordance with the Keller´s CBBE model portrayed by Figure 2 above, the brand building process is following:

1) Establishing brand identity – determinant: brand salience

The first step of developing a strong brand is to establish brand identity through brand salience, ensuring the brand is recognizable, stands out in the market and that consumers understand not only the brand itself but also how the brand and its products and services are designed to meet their needs. Brand salience explores how frequently the brand is evoked in consumers during purchasing and usage situations and is essential for creation and strength of brand associations, product or service category identification as well as decision making when lacking a previous experience with the brand (Keller, 2013, 2001).

Brand salience is a measure of brand awareness, which Aaker (1991) defined as *"the ability for a buyer to recognize or recall that a brand is a member of a certain product category"*. He also claims that brand awareness is what creates a sense of familiarity, which is especially important in situation when the consumer is in doubt or needs to choose among several brands. A sense of familiarity evokes trust and reliability, resulting in a consumer opting for the most familiar and recognisable brand (Aaker, 1992). As mentioned earlier, brand awareness is composed of brand recognition and brand recall. Brand recognition, based upon prior exposure, requires consumers to correctly discern the brand when given cues about it, such as logo, symbol or product itself. On the other hand, brand recall means that consumers can generate the brand from their memory without being presented any hints about the brand but rather just general ones, such as brand category or usage situation (Keller, 2013). Brand awareness can be characterised by depth and breadth, which are two dimensions measuring the ease of recognising and recalling a company´s brand. They also determine under which circumstances a brand comes to mind as well as which conditions consumers affiliate with it (ibid).

2) Creating brand meanings – determinants: brand performance & brand imagery

Once the brand identity is established, firms can continue creating brand meanings by linking brand associations, which includes all the feelings, thoughts, perceptions as well as product attributes, customer benefits, life-styles, personalities related to the brand (Aaker, 1992; Keller, 2001). Hence, it can be said the brand associations are everything consumers link to a particular brand. The stronger, more favourable and distinct association consumers have with the brand, the more superior they will find it and will prefer it over other brands. In other words, associations are strong factors of brand positioning and differentiation. (Keller, 2013). Furthermore, Aaker (1992, 1991) states that brand associations play critical role in processing the information, providing an intension for purchase, creating affirmative attitudes and possibilities of brand extensions. Keller (2013) characterizes brand meanings with two types of associations, functional (brand performance) and abstract ones (brand imagery).

Brand performance deals with the intrinsic properties of the product or service and its capability to meet consumer´s functional needs. Keller (2013) argues that delivering a product or service that not only satisfies customers but possibly even exceeds their expectations is a necessity for successful brands. The author further describes five categories of attributes and benefits that influence brand performance: inherent product or characteristics and supplementary features; reliability, durability and serviceability (ease of repair) offered by the product or service; service effectiveness, efficiency and empathy; style and design; and price (Keller, 2013).

Brand imagery refers to the extrinsic properties of the product or service and focuses on extent to which they can meet consumers´ social and psychological needs (Aziz and Yasin, 2010; Keller, 2013). Brands use targeted marketing and word of mouth to meet those needs indirectly while customers´ personal experience with the brand meets them directly. Keller (2013) claims that brand imagery deals with abstract aspects of the brand and classifies them in four groups. User profiles refer to consumers´ mental image of people who use the brand and their demographic and psychographic characteristics. Purchase and usage situations include places and channels where the products is bought as well as circumstances of usage. Personality and values are associated with traits and values the brand has and represents. History, heritage and experiences association comes from memories, nostalgia and previous experience.

3) Evoking brand responses – determinants: brand judgements & brand feelings

Evoking brand responses is the third step in Keller´s CBBE model, resulting from consumer´s evaluation of brand performance and imagery. Brand responses reflect consumer´s thoughts and emotional state they experience in all encounters with the brand and have a direct effect on consumer behaviour. Thus, companies should operate in such way to enhance customers´ opinions and feelings towards the brand, ensuring their positive responses. When referring to brand responses, Keller (2013) differentiates between brand judgements and brand feelings.

Brand judgements are consumers´ personal opinions on a brand, which fall into four categories. These are brand quality (actual and perceived), brand credibility based on expertise and innovation, trustworthiness and likability, brand consideration based on the product relevance, and brand superiority (Keller, 2013). In terms of brand quality, Aaker (1991) analyses perceived quality, which refers to customers´ beliefs about product and service quality and superiority when comparing them with alternatives. This concept cannot be explained as product´ quality due to its subjectivity (Zeithaml, 1988). Perceived quality directly affects customer´s final decision to buy, especially when the customer has not done a proper research about the offering. It also allows companies to charge premium prices and plays a significant role in brand´s differentiation and positioning (Aaker, 1991).

Brand feelings are customers´ emotional reactions, which a certain brand evokes in them (Keller, 2013) and the intrinsic value acquired from using a brand and its products and services (Aziz and Yasin, 2010). There are six main positive feelings a customer can experience when dealing with a brand: warmth (calming sensations), fun (cheerful feelings), excitement, security (safety and comfort sensations), social approval and self-respect as claimed by (Keller, 2013).

4) Building relationship – determinant: brand resonance

Building loyalty relationship between the client and the brand is the last and most important step for a brand´s success. This relationship is concerned with brand resonance, which refers to the complexity of consumer´s attachment to the brand as well as their mutual bond (Keller, 2013). Behavioural loyalty, attitudinal attachment, sense of community and active engagement are four components of brand resonance as described by Keller. While behavioural loyalty is about number or repurchases and frequency of shopping, attitudinal attachment represents a psychological commitment or favourable feelings and trust towards a brand which does not necessarily have to lead to a purchase of goods and services. Buyers with a strong attachment love the band and perceive it as something special that makes them happy. Sense of community gives customers feeling of belonging to something connected with the brand and its stakeholders, such as other buyers, personnel and brand´s representatives. Lastly, active engagement, or the strongest type of loyalty, is the result of consumers' willingness to engage with the brand in their free time when they are not consuming it. This includes memberships, joining brand-related groups, attending events organised by the brand, supporting and following the brand on social media and so on (Keller, 2013).

As loyalty is an important concept in this thesis, section 2.2.2 analyses it in more detail to provide a profound understanding of this phenomenon, which according to Aaker (1991) is the core of brand equity.

2.1.4 Branding in services

Branding used to be often concerned with tangible products until recently, when servitization became more popular. Firms started transitioning from products to services, which resulted in services dominating markets and challenging the concept of traditional branding (de Chernatony and Dall'Olmo Riley, 1999; Lusch et al., 2007). Despite the increasing importance of services, development of literature covering branding in this area has been rather slow and mostly conceptual (O'Loughlin and Szmigin, 2007). However, many scholars and experts have acknowledged that branding is relevant for services and plays even more significant role in the service sector than it does in the product one (Aziz and Yasin, 2010; Berry, 2000). Especially banking, airlines, hospitality and telecommunication were recognized as sectors where branding can help firms stand out of the competition (Kim and Kim, 2005)

According to Berry (2000), succeeding in service branding remains a challenge for many companies. This is mainly due to difficulties in service differentiation and tough competition. De Chernatony and Dall'Olmo Riley (1999) also mention obstacles with branding services which arise from their distinctive characteristics and make evaluation of services rather problematic for customers. These characteristics are:

- Intangibility

Services are intangible in nature which means they cannot be touched or displayed. This poses an obstacle for both consumers and firms. As consumers cannot try the service before purchasing, their perceived risk increases. From the firms´ perspective, intangibility makes pricing services difficult. However, reputation of the company, its facilities and equipment as well as attire of the employees can be a proxy for customers when evaluating the quality of the service (de Chernatony and Dall'Olmo Riley, 1999; Klaus and Maklan, 2007).

- Heterogeneity

Heterogeneity in services emerges mainly from interaction with employees. Services are not standardised, and customers have different expectations and perception of quality, resulting in a unique experience for every customer. To ensure consistent service quality is delivered to all customers, service culture must be embedded in the organization and quality control procedures should be regularly undertaken (Berry, 2000; de Chernatony and Dall’Olmo Riley, 1999).

- Inseparability

Services cannot be separated from their providers. Customers usually perceive the employee as the most important component having a significant impact on customer´s experience with the company. Hence, the success of service organizations depends on their staff. In addition, services are produced and consumed at the same time and customers often actively participate in the production phase, which again makes hard to control the service quality (de Chernatony and Dall’Olmo Riley, 1999; Klaus and Maklan, 2007).

- Perishability

Perishability also represents a problem for marketers as services cannot be stored, returned or resold. Furthermore, services have no inventory which makes forecasting demand and supply difficult. If the forecasted demand is insufficient, brand image can be damaged and the firm can experience financial losses (de Chernatony and Dall’Olmo Riley, 1999).

Aziz and Yasin (2010) claim that these attributes cause substantial dissimilarities between manufactured products and services and highlight the importance of brand equity. Similarly, Pinar et al., (2016) argue that branding can provide means for customers to evaluate the service brand, which is considerably problematic due to the above mentioned unique qualities. According to Berry (2000), building a strong brand materializes services and instils trust in customers, which significantly reduces their perceived risk from buying something that cannot be judged and compared with similar offerings prior to purchase.

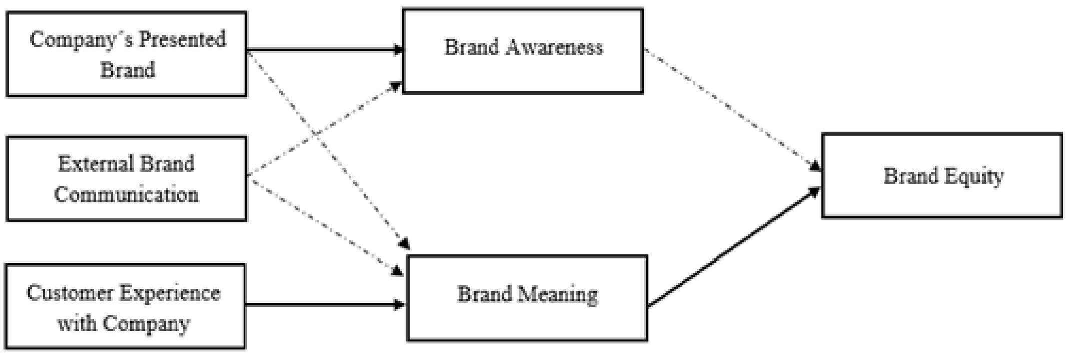
Successful service brands have several common characteristics that facilitate distinguishing among competing brands and subsequently choosing the preferred one. Focused positioning has been recognised as the most important characteristic, especially nowadays when competition in service industry is fierce (de Chernatony and Segal-Horn, 2003). It is vital for companies to occupy a strong position not only in the market but also in the minds of customers (Keller, 2013; Král et al., 2016). De Chernatony and Segal-Horn (2003) state that for the brand to be strongly positioned, clarity is imperative and not only the consumers but also the company´s staff need to clearly understand what the brand stands for.

Consistency is another important characteristic in the service branding literature (de Chernatony and Segal-Horn, 2003; Pinar et al., 2016). Quality of the service often varies due to high reliance on the employees providing the service. However, this can be improved by implementing systems supporting consistency. Attaining uniformity in every interaction with all the stakeholders and delivering on promises regardless of environment, time and situation makes the stakeholders feel valuable and helps in building competitive reputation (Král et al., 2016). De Chernatony and Segal-Horn (2003) observed that particularly strong service brands achieved consistency between organization´s culture, brand values, employees' behaviour, marketing and communication, which contributed to a good image and positive perception of the brand by all the stakeholders.

Finally, a strong organizational culture is the last characteristic of successful service brands. It is critical to establish core values and embed them in the organizational culture so that everyone in the company is aware of them and committed to deliver them to all the stakeholders (de Chernatony and Segal-Horn, 2003). To educate the staff about brand values and promises, firms use internal marketing that ensures correct understanding and transfer of those values and promises to customers (Pinar et al., 2016). Berry (2000) asserts that only firms that believe in their values and are able to internalize the brand can enjoy consistent and effective service performance. De Chernatony and Segal-Horn (2003) support this observation and add that organizations whose values are reflected in their brand image can gain a sustainable competitive advantage, which will be difficult to duplicate and will serve as a source of differentiation.

Berry (2000) interprets a service brand as a *"promise of future satisfaction"* and introduces a service-branding model from customer´s perspective. This model is presented in Figure 3 and portrays the relation among elements necessary for brands in service industries. These elements are presented brand, external brand communication, customer experience, brand awareness and brand meaning (brand image). Together, they made up service brand equity.

Figure 3. Berry´s service branding model



Source: Adopted from Berry (2000)

As visible in Figure 3, presented brand and external communication affect brand awareness, which then indirectly influences brand equity. Presented brand is comprised of elements that can be easily controlled by the organization (name, logo, marketing communication, appearance of business premises and employees). On the other hand, external communication cannot be controlled by the organization and includes word-of-mouth and publicity. When looking at Figure 3, it is visible that in the service context the author highlights the importance of customer experience, the source of brand meaning or brand image, which directly influences brand equity. The role of personal experience is emphasized because it forms customers´ opinions and feelings about a particular brand while company´s presented brand and external communication only show what the brand represents and promises (Berry, 2000). Customer experience is created during service encounter when the service is delivered. This gives a remarkable attention to employees who become part of the service and directly impact customer experience (de Chernatony and Segal-Horn, 2003).

2.1.5 Branding and service quality

Service quality has been identified to have a crucial role in branding of service organizations as it is a factor that successfully differentiates from the competitors (Lau et al., 2013). According to Fogli (2006), service quality can be defined as *"a global judgement or attitude relating to a particular service; the customer´s overall impression of the relative inferiority or superiority of the organization and its services"* while Parasuraman et al., (1985) argues that service quality is the degree of disparity between customers´ anticipations for a service and their actual perceptions after a service encounter. Once the customer-company relationship is formed, customer enters it with particular anticipations. The service quality can then either meet or (disappoint) these anticipations, which will have a positive or (negative) influence on customers´ perception of the company and its brand (Klose and Finkle, 1995). Indeed, it is a goal of every service provided to deliver a service with an excellent quality as it impacts customer satisfaction, which leads to customer loyalty (Lau et al., 2013).

When it comes to the academic literature analysing service quality measures, SERVIQUAL model is the most popular tool. This model was introduced in 1985 by Parasuraman, Zeithaml and Berry. Originally, SERVIQUAL model used to have ten service quality dimensions which came as a result of a 97-item questionnaire. However, this model was later redesigned, and the ten dimensions were reduced to five, evaluating customers´ perceived service quality. According to Parasuraman et al., (1988) these five dimensions are:

1. Tangibility - the appearance of the physical facility and employees as well as functionality of equipment
2. Reliability - accuracy and dependability of the delivered services
3. Responsiveness – delivery of prompt services and willingness to help customers
4. Assurance – politeness as well as knowledge and ability to instil trust and confidence in customers when providing the service
5. Empathy – provision of customized services and individual approach to every customer (willingness to understand customers´ problems and resolve them in a timely manner)

2.1.6 Branding and retail banking

Reviewing the branding literature in financial services shows that the research in this area is lagging behind as in the past banks did not give much attentions to branding and building their brands mainly due to unique characteristics of services, making differentiation difficult (Pinar et al., 2016; Vazifehdust and Kia, 2017). However, the world is changing and so is the banking industry. For the past decades, retail banking has been facing several forces that shaped it and brought a number of opportunities and challenges. Canals (1994) debates globalization and liberalization that permitted new players to enter the market as well as emerging technologies and empowerment of customers. Pinar et al., (2016) highlight recent economic uncertainty and financial crisis. All of these forces and events contributed to dramatic changes in retail banking operations and the whole sector, which made the banks realize the importance of branding as a tool to attract new customers and create a distinctive brand image but more importantly to retain the old customers and build long-lasting relationships with them (Mohsan et al., 2011; Pinar et al., 2016).

Majority of the authors share the same opinion that the most important factor in building the emotional connection with customers, which leads to a relationship in service organizations, such as financial institutions is front-line staff (Pinar et al., 2016; Vazifehdust and Kia, 2017). This is due to increased interaction between people and personnel who deliver the banking services and become perceived as the brand in customer´s minds. This means they have a direct influence on clients and are the ones who can surpass or disappoint their expectations, which further affects if the client will use the brand in the future or not. Hence, an emphasized role of service staff gives implications to brands to provide employees with appropriate training and ensure the correct understanding of brand values and promises (ibid).

Despite technology opening new opportunities, marketers confirm it challenges branding and building the relationship with clients. Quickly emerging new technologies, banks implementing innovations to bring flexibility and convenience to clients as well as embracing automation and self-services resulted in a decrease of banking personnel and depersonalised environment (O'Loughlin and Szmigin, 2007). However, Walker (2014) argues that banks can exploit automation and self-services and enhance customer-brand relationship through consistency and personalised and customised touches, which will make customers feel valued and satisfied.

O'Loughlin and Szmigin (2005) claim that for differentiation to be successful, banks need to create an added value through branding, which will meet emotional needs of customers as those last longer compared to functional needs. However, later research shows that banks struggle with this as customers appreciate functional values, such as convenience and rates more than the emotional ones. This results in banks focusing on enhancing functional needs that do not provide a point of differentiation (O'Loughlin and Szmigin, 2007). If banks want to distinguish themselves from the competition, they need to include these functional values in brand appeals, which will then also meet the emotional values, as argued by O'Loughlin and Szmigin (2007).

Financial institutions also struggle with creating a brand image that would hold a unique position in customer´s minds as their advertising is generic, emphasizing banks´ market share and age, which clients do not find relevant. Academic literature suggests retail banks to effectively exploit advertising and communication to create a differentiated brand image established on consistency, values and promises delivered by banks, which will prevent customers from viewing banks as commodities (O'Loughlin and Szmigin, 2007, 2005).

2.2 Customer satisfaction and loyalty

This section describes customer satisfaction and customer loyalty, which both play a critical role in the business world. Fierce competition in the market makes customers scarce resources and firms try to deliver beyond their expectations to please and satisfy them which often leads to loyalty. Turning satisfied customers into loyal ones and then securing them has a beneficial impact on profitability, growth and future development of the company (Moisescu, 2006).

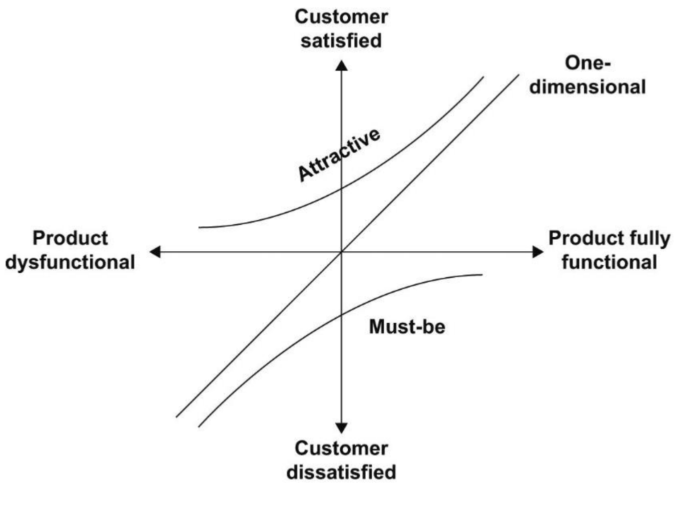
2.2.1 Customer satisfaction

Customer satisfaction can be defined as a positive attitude that a customer derives from a consumption experience (Sahin et al., 2011). Schiffman and Kanuk (2004) link their definition with customer´s expectations claiming that satisfaction is individual´s judgement based on a comparison of actual performance of a product or service and client´s expectations. Keller (2013) also highlights expectations in his definition of satisfaction. Fecikova (2004) views satisfaction as a feeling generated from an assessment of what a customer obtained against what he or she expected, in terms of purchase decision and fulfilment of wants and needs.

Based on the definitions of customer satisfaction above, Fogli (2006) concludes that this concept is closely related to service quality. The author accentuates that customer satisfaction is superior to service quality and is not limited to it. Rather, service quality is just one of the elements contributing to customer satisfaction. Academic literature also mentions other elements affecting satisfaction, such as price, convenience, value (Schneider et al., 1998), personal factors (Gilaninia et al., 2013) as well as service reliability and its delivery by company´s employees (Jamal and Nazer, 2002). Not only can these elements be internal and external but they also differ by sectors, making it hard to determine satisfaction (Fogli, 2006).

A variety of studies confirm that customer satisfaction is an important tool for measuring firm´s performance and therefore has a direct effect on the success of organizations (Fogli, 2006; Kotler, 2005; Mohsan et al., 2011). Hence, enhancing customer satisfaction should be a priority for every company. However, customer satisfaction is not just about functionality anymore. It is the added value provided by distinctive product and service attributes that affect satisfaction and differentiate firms from the competition (Sauerwein et al., 1996). Wang and Ji (2010) present Kano´s satisfaction model illustrated in Figure 4, which is widely used when companies decide and select product and service features.

Figure 4. Kano´s model of customer satisfaction



Source: Adopted from Wang and Ji (2010)

According to this model, every product or service attribute brings a different level of satisfaction to consumers. Kano´s model allows companies to understand which features consumers appreciate by categorizing them into three following groups (Sauerwein et al., 1996; Wang and Ji, 2010):

- Must-be attributes

These are the basic attributes, which are the musts of product and services. They have no effect on customer satisfaction because they are taken for granted. On the other hand, if they are missing, the product becomes dysfunctional and customer is dissatisfied as seen in Figure 4.

- One-dimensional attributes

One-dimensional requirements are those that are not necessary for the product or service. Nevertheless, Figure 4 shows that their functionality is proportional to the customer satisfaction. In other words, if these requirements are met the customer satisfaction increases and vice versa.

- Attractive attributes

With regards to these attributes, they are not expressed by the product or service and expected by the customers. Their presence is delighting for the customers and results in a high satisfaction while their absence is not a big problem and does not lead to dissatisfaction.

A number of empirical studies demonstrate that employees' satisfaction drives customer satisfaction, meaning there is a positive correlation between these two concepts (Bulgarella, 2005; Choi and Jeon, 2012; Daniel et al., 2012). As proven by the research, if the workplace environment is healthy, employees feel empowered and motivated and have more willingness to engage with clients and understand their problems, which in turn satisfies customers and lowers their chances to switch and spread negative word of mouth (Kotler, 2005). Johnson (1996) believes that it is the employees´ behaviour that affects customer decision to either stay or leave. For this reason, the author suggests enterprises to keep improving staff˝s satisfaction as happy employees equal happy customers, specifically in the service sector.

According to Schneider et al., (1998) customer retention is a sign showing customers are satisfied with the organization and will automatically become loyal. However, research contradicts this statement and concludes satisfaction is necessary for customer loyalty but it is not possible to achieve loyalty solely from satisfaction (Agustin and Singh, 2005; Sahin et al., 2011). Marketing practitioners share a view that satisfaction is a precursor of loyalty and highly satisfied customers can be turned to loyal ones through a brand-client relationship. Consequently, companies should pay special attention to enhancing customer satisfaction by improving performance but more importantly to creating a long-lasting relationship and maintaining it, which will ensure retention and loyalty (Mohsan et al., 2011). When it comes to benefits of satisfaction, marketing literature often mentions generating loyalty, intension to repurchase, referrals and speaking well about the brand. Together these benefits increase profitability and decrease expenses (Gilaninia et al., 2013; Sit et al., 2009).

2.2.2 Customer loyalty

Although customer satisfaction is crucial for businesses, it cannot take it to the top and bring it a competitive advantage. However, loyalty, another concept closely linked to satisfaction can immensely benefit companies, provide a stable competitive advantage in the market and therefore it became a strategic obsession for managers, marketers and researchers (Bodet, 2008). Academic literature shows a strong relationship between satisfaction and loyalty, which is why firms think of these two concepts as one strategy (Bodet, 2008; Hallowell, 1996).

When defining loyalty, there is no universal definition as researchers still discuss whether it is a behaviour or an attitude or both. The first approach views loyalty as a behaviour that is measured by repeated purchases of one brand without considering motivation behind them. However, it is necessary to mention that repeated purchase does not always imply loyalty but sometimes is driven by inertia (Tuominen, 1999). For instance, customer may repurchase a particular brand just because they could not find a better alternative, however if a suitable alternative becomes available in the market, they might switch to a different brand and buy it. Such customers, or hostages as named by Jones and Sasser (1995) are not loyal and lack commitment (Fogli, 2006). The second approach argues that a customer must hold a deep commitment and have favourable beliefs towards a brand for the loyalty to exist (Reichheld, 1996). As visible from the two approaches, the behavioural one has clear drawbacks. Nevertheless, marketing experts claim that these can be overcome if loyalty is comprised of both behaviour and attitude (Dick and Basu, 1994; Jacoby and Kyner, 1973).

Generally, it can be said that loyalty is a favourable attitude and long-lasting commitment towards a brand, which results in rebuying products or services from one brand and not switching to competitors if an alternative is available (Aaker, 1991; Oliver, 1999). Table 2 below summarizes attitudes and behaviours typical for loyal customers.

Table 2. Summary of attitudes and behaviours common for loyal customers

Attitudes	Behaviours
Having an intension to repurchase or purchase new and more products or services	Rebuying products and services and renewing or extending contracts
Having willingness and enthusiasm to recommend the brand to family, friends and acquaintances	Buying additional products and services carrying a single brand name or a broader mix of them
Being less vulnerable and not looking for alternatives offered by competition	Spreading positive things about the brand and referring it to others

Source: Adopted from Gantz Wiley Research (2005) in Fogli (2006, p.46)

With regards to the loyalty measurements, Aaker (1991) describes five types of loyalty and classifies customers accordingly into a pyramid with the following levels:

- Switchers (the first level of the loyalty pyramid)

Switchers are non-loyal customers who are price sensitive and indifferent to brands. In other words, if they find the price reasonable, they will buy the product no matter what the brand is.

- Habitual customers (the second level of the loyalty pyramid)

They are known as satisfied or at least not dissatisfied customers. These people do not have a reason to change brands until getting their preferred brand requires additional effort, then they will switch to competition.

- Satisfied customers (the third level of the loyalty pyramid)

These consumers are satisfied with the brand and are reluctant to change it due to perceived switching costs, such as time, money, performance risks and so on.

- Likers (the fourth level of the loyalty pyramid)

Likers are enthusiastic about the brand and have an emotional bond with it crated through a positive experience or high quality. The emotional attachment cannot sometimes be accurately identified and may be caused just by a previous long-term relationship with the brand.

- Committed customers (the fifth level of the loyalty pyramid)

They are proud users of the brand who buy it not just out of necessity but because it matches their values and beliefs. These buyers are dedicated to the brand and are pleased to recommend it to others, having a considerable impact upon potential customers.

Academic literature sees customer loyalty as brand´s most valuable asset, which can bring a number of competitive advantages, mirrored in higher profitability and reduced costs. Loyal customers are likely to stay with the same brand for a longer time span and increase their purchase quantity and frequency, which in turn boosts sales and revenue. They also have a high impact upon company´s growth as loyal customers often become advocates of the brand, speak in its favour, recommend it to others and share positive word-of-mouth, reducing costs for communication and promotion. When it comes to costs for advertising for loyal buyers, these are decreased too as they already have knowledge about the brand and its qualities. Moreover, loyalty provides cost efficiency because it is much cheaper to retain existing loyal customers than to acquire new ones. Research also reveals that loyal customers are reluctant to explore and try competitive brands. If they do think about it, the decision process takes longer and is not easy as they feel like betraying their preferred brand. Low price sensitivity and willingness to pay price premium is another characteristic of loyal customers that increases money flow. Loyal customers perceive their favourite brands as prestigious, of exceptional quality and value the overall experience, which is why they do not mind a higher price tag. Loyalty also enhances customer´s confidence and trust, meaning they are more likely to buy new product launches and try new services (Kumar and Shah, 2004; Marzo-Navarro et al., 2004; Moisescu, 2006).

Due to these benefits, strengthening a brand-client relationship and developing and extending loyalty became a core objective for marketers. There are several practices businesses embrace to do so. Bodet (2008) suggests mass media advertising and promotional activities that influence consumer´s brand perception and contribute to relationship between the parties involved. Schultz (2000) recommend retaining loyal buyers and rewarding them by offering discounts, loyalty cards and reward programs. Keller (2013) highlights importance of brand positioning when attaining loyalty while Kumar and Shah (2004) propose staying close to customers and obtaining their feedback through focus groups and surveys. When customers know they voice is heard and their feedback implemented, their loyalty increases as they feel valued by the brand. Lastly, Moisescu (2006) points out distribution and customer service as factors vital for customer loyalty.

2.3 Millennials

This section introduces millennial generation, the target group of this thesis. Basic characteristics of millennials and their implications for branding are described as well as their attitude towards retail banking.

2.3.1 Millennials and branding

Millennials, so called Generation Y, have been a hot topic of discussion as they are the second largest group of people growing up with a typical trait of brand consciousness (Klapilová, 2016; Syrett and Lamminman, 2004). However, academics have not agreed on their birth time frame and the classification of millennials differs depending on the author. Bolton et al., (2013) claim that people born between 1980 and 1994 belong to Generation Y while Clausing et al., (2003) extended this frame to 2000. In this thesis, the focus will be draw on the younger Generation Y born between 1990 and 2000.

There are distinctive attributes and personality traits that characterize every generational cohort, with the millennials being no exception. Characteristics such as educated, technology savvy, connected, goal and achievement oriented are the ones often used to describe Generation Y (Brown and Czerniewicz, 2010; Clausing et al., 2003). Research states the main event, which shaped behaviour, personality as well as values of Generation Y was the era of technology that millennials were born in (Bolton et al., 2013). Ferrer (2018) mentions the financial crisis of 2007-2008 and claims that this event also affected millennials beliefs and future savings habits as they were aware of high unemployment around the world.

The key characteristic of people belonging to Generation Y is that they have been exposed to technology since their early age that gave them a nickname of Digital natives or net-generation (Brown and Czerniewicz, 2010). Being surrounded with technology affected millennials cognitively, socially and emotionally (Bolton et al., 2013). Millennials are more curious and have a deeper understanding of technology and everything digital compared to any other preceding generation. In addition, as millennials grew up with Internet, computers, smartphones and other technological advancements, they perceive technology as an integral part of their lives and use it on a daily basis (Clausing et al., 2003; Ferrer, 2018).

Easy access to Internet throughout their lives resulted in Generation Y being constantly connected. Millennials use Internet more frequently than older generations and mastered using it especially for interacting with family and friends, entertainment and searching for information. Millennials are well-known for their strong interactivity which leads to them gravitating towards platforms such as Facebook, Twitter and Instagram (Bolton et al., 2013; Brown and Czerniewicz, 2010). They communicate by instant messaging and sharing various content including pictures, videos and blog posts (Johnson, 2006). When it comes to firms and brands, millennials expect them to be online too and engage with them by posting catchy, entertaining as well as educational content (Cox, 2015). Cox (2015) advises brands to create and post such interactive content with visual stimuli as it allows companies to connect with millennials and gives foundations to relationship building. Next, the author asserts that social media should be a backbone of businesses when it comes to attracting millennials and interacting with them. Millennials also claim that there are more likely to purchase products and services from a brand, if they see it on social media engaging with their followers. This makes the brand more accessible and trustworthy (Salesforce Research, 2018).

Furthermore, millennials use social media to share their experience with brands with other users (Gurau, 2012). According to eMarketer (2011) sharing their opinions on brands, products and services they use, in form of reviews and feedbacks is critical for millennials and gives them a feeling of significance and satisfaction as they could help others.

Besides communication, millennials use Internet when searching for information. With abundance of information available, millennials are good at sorting and categorizing them as well as judging which information is accurate and reliable (Johnson, 2006). As proven by academic literature, individuals from Generation Y are price sensitive and not impulsive shoppers. They love browsing Internet and educate themselves before engaging with a brand and purchasing a product (Bolton et al., 2013). According to eMarketer (2011), millennials appreciate opinions and recommendations from their family and friends and also from online communities. Reading blogs and reviews are common practices for this generation as well as using Internet to find best alternatives, prices and channels for purchases (Brown and Czerniewicz, 2010). Gathering information prior to purchase makes millennials confident that the company´s offering is of good quality but also that the brand matches their values (Gurau, 2012).

Klapilová (2016) claims that Generation Y members are also comfortable with new technologies, adapt it as soon as they are available and thus often belong among early adopters and innovators. In comparison to their parent´s generation who are from Generation X or Baby boomers, millennials are more likely to try and embrace new innovative gadgets and technology that would facilitate their daily lives. This gives implications that they expect brands to closely follow the newest trends, upgrade their products and services to be modern and implement new technologies that could bring comfort to millennials (Walker, 2014).

With regards to brand awareness among members of Generation Y, academics agree that it is very high. The reason behind millennials being so brand savvy is due to their constant exposure to organizations´ marketing activities, such as advertising and other types of promotion (Johnson, 2006; Lazarevic, 2012). As reported by Syrett and Lamminman (2004) children can identify brand logos and symbols as early as they are three years old and their loyalty to a brand can be shaped from the age of two. The authors also add that millennials in the United States and United Kingdom have been surrounded by approximately 20 000 – 40 000 advertisements every year since very young age, which indeed had an immense influence on their brand awareness (ibid). Klapilová (2016) states that young people belonging to Generation Y are two times more likely to discuss brands with their families and friends than other generations.

Despite being targeted by advertisements their whole life, millennials are very conscious when it comes to selecting brands. They are demanding and require transparency, authenticity, fairness and convenience (Syrett and Lamminman, 2004). As individualism characterizes this generational cohort, millennials prefer brands that tailor their offerings to unique and individual needs of young people. This indicates that customization and personalization of products and services plays a vital role when millennials decide which brands they will use (Bolton et al., 2013; Johnson, 2006). Generation Y wants to avoid sameness and show their creativity, get noticed and make a mark in the world through personised products and services. In other words, brands that treat millennials as individuals and help them express their personality are the ones that will draw millennials' attention (Lazarevic, 2012). Low tolerance levels are also typical for this generation. If millennials find out brands manipulate them, push them to purchase their products and services or did not deliver on their promises, their trust will be broken, and loyalty will decline, which might eventually result in millennials shifting to competition (Reisenwitz and Iyer, 2009; Syrett and Lamminman, 2004).

Some of the research portraits millennials as self-centred individuals brought up in the materialistic society (Gurau, 2012; Lazarevic, 2012). Members of Generation Y carefully consider all their action as they influence their status. This includes for instance social media use and consumption where millennials prefer trendy and branded goods (Bolton et al., 2013). In comparison with earlier generations, millennials put emphasis on what others think about them and how they perceive them, which is due to their community orientation deeply rooted in their lives (Lazarevic, 2012). For brands, this implies that millennials decide whether to engage with a brand based on its reputation, personality, position in the market as well as ability to improve their social status (Klapilová, 2016; Msweli and Naude, 2015).

Millennials are often referred to as a generation with a Peter Pan syndrome, meaning they do not want to grow up and embrace adulthood (Bolton et al., 2013). Ferrer (2018) discovered that millennials wait much longer before they decide to become independent, buy a house, get married or have children. This behaviour can be easily justified as millennials are success-driven and seem to have other priorities than older generations. These include obtaining university education, becoming financially stable and securing a lucrative, high-paying job (ibid). However, once they are employed, they look for a balance between their personal and work life (Syrett and Lamminman, 2004).

When it comes to Generation Y and loyalty, Syrett and Lamminman, (2004) found out that millennials are very loyal especially to their self-made networks of friends and acquaintances. With regards to brands, the level of loyalty is generally lower for millennials than for other generations and switching brands is a characteristic trait of this cohort (Klapilová, 2016). Gurau (2012) states that one of the reasons for this characteristic might be self-centricity of Generation Y. Despite millennials being less brand loyal, they are more likely to become committed to brands that match their lifestyle and reflect their values. Nevertheless, this commitment is usually short-term (Gurau, 2012; Reisenwitz and Iyer, 2009). Brands also have higher chances to earn millennial´s loyalty if they are sustainable, environmentally friendly and care about social issues. Gurau (2012) state that young people are ethnically diverse as well as socially and environmentally responsible, which they also require from the brands they use.

2.3.2 Millennials and retail banking

Millennial customers are often viewed as perspective and valuable opportunities for retail banks as they are the ones starting to make financial decisions, earn money and save it as well as take loans and mortgages (Nava et al., 2014). However, as mentioned earlier, individuals from Generation Y have a number of unique characteristics, which banks need to take into account and customize their service portfolios to accommodate demanding millennials.

Millennials are traditionally users of the same bank as their parents. This is because parents were the ones opening the first accounts for millennials as they still used to be students. However, nowadays research indicates that besides parents’ recommendation, millennials also do their own research and consider online reviews prior choosing their bank (Msweli and

Naude, 2015). When selecting a bank, millennials examine several factors such as fees, interest rates, convenience, attractiveness of services offered as well as personnel’s willingness to help (Msweli and Naude, 2015; Perry and Morris, 2005). As mentioned earlier, millennials place high importance on social standing. Thus, reputation of the bank and its status play an essential role when comparing between different financial institutions (Msweli and Naude, 2015).

Although millennials grew up surrounded by technology and Internet, enabling them to access information about banks and their products and services easier and faster, financial literacy of Generation Y has been found quite low. Research reveals that millennials are not interested in financial information and lack in basic topics such as credit scores, interest rate calculations as well as investing (Friedline and West, 2015). Only 24% of millennials who took part in PwC´s research were able to demonstrate satisfactory financial knowledge, while 8% of respondents had strong financial capabilities (PwC, 2014). The results from this research are worrying as financial literacy is essential, especially for millennials who are making a lot of finance-related decisions, such as saving money, taking loans and investing (Nava et al., 2014).

Millennials have integrated technology into their daily lives and are heavy users of smartphones, laptops, PCs and tablets. Their comfort with digital technology that brings flexibility, convenience and simplicity can be seen in the retail banking too. According to American Bankers Association (2014) bank branch traffic declines and millennials only visit a bank if they need to either withdraw/deposit money or apply for a mortgage. Generation Y prefers to manage their finances on the go and replaces traditional banking with online and mobile banking, which they use for payments and their other financial matters (Ipsos, 2016).

Not only does the millennial generational cohort quickly embraces new and innovative technologies, which bring even more convenience and efficiency, but they also require banks to adopt disruptive technologies (Ipsos, 2016). While contactless payments via QR codes or Apple/Google Pay are staples in many banks, the newest trends in retail banking include open banking and interactive virtual assistants powered by artificial intelligence, such as chatbots (Walker, 2014). In addition, young people value security, which implies they will soon start using biometric verification that banks around the world are currently executing.

Generation Y gives a special attention to personalization and customization and requests their banks to tailor products and services to their unique needs and preferences. Salesforce Research (2018) states that 61% of millennial customers share their personal data with firms if it ensures personalization. Customised credit and debit cards that let millennials express their personality are now a common offering in every bank. However, this is not enough for this demanding generation. According to American Bankers Association (2014) 85% millennials put emphasis on savings and want services that could help them build wealth while 65% would like to manage their finances more effectively and therefore are interested in digital budgeting tools. Another research reveals that young people seek for more help from their banks as 82% responded they would book an appointment with bank personnel to get financial advice (Deloitte, 2018).

As mentioned earlier, people belonging to Generation Y have less loyalty to the brands than any other previous generations. Nonetheless, this does not apply to the retail banking industry, which is also confirmed by a recent study with surprising results – millennials are the most loyal to their financial institutions compared to Generation X or Baby boomers (Ipsos, 2017; Msweli and Naude, 2015). Generally, young people do not often change their bank as reported by the Global Financial Literacy Research. According to this research, 68% of millennials trust their bank and consider themselves loyal (PwC, 2014). Additionally, 77% responded they only use one bank for all their financial matters (Ipsos, 2017).

3 HYPOTHESES

This chapter presents hypotheses, which are formulated in order to help answer the research questions and thus meet the objective of this study. To understand the hypothesis and the relationship among variables, independent and dependent variables are determined.

The principal objective of this thesis is to study how effectively Slovak retail banks implement branding and what effects it has on satisfaction and loyalty of the members belonging to Generation Y. In order to accomplish this aim, the author of this thesis conducted an extensive research of previous academic literature studying branding, service quality, customer satisfaction and customer loyalty. Derived from the research, seven hypotheses were developed and their graphical presentation is displayed in Figure 5.

The following hypotheses are tested in this study:

H1: Tangibility has a positive effect on millennials´ satisfaction in retail banking.

H2: Reliability has a positive effect on millennials´ satisfaction in retail banking.

H3: Responsiveness has a positive effect on millennials´ satisfaction in retail banking.

H4: Assurance has a positive effect on millennials´ satisfaction in retail banking.

H5: Empathy has a positive effect on millennials´ satisfaction in retail banking.

H6: Brand image has a positive effect on millennials´ satisfaction in retail banking.

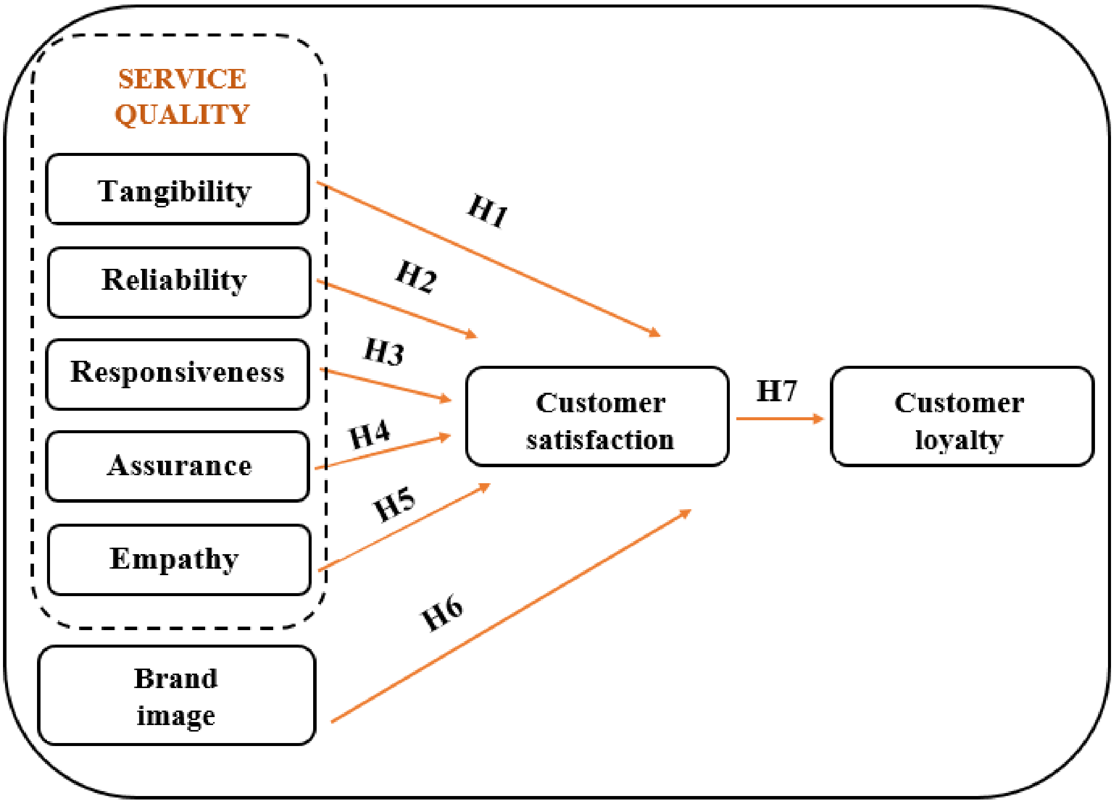
H7: Millennials´ satisfaction has a positive effect on millennials´ loyalty in retail banking.

The first five hypotheses examine the impact service quality dimensions have on customer satisfaction of millennials in the Slovak retail banking industry. Service quality dimensions, specifically tangibility, reliability, responsiveness, assurance and empathy are considered as independent variables whereas customer satisfaction is tested as a dependent variable. Regarding the previous research of service quality in the banking sector, several studies confirmed their positive influence on customer satisfaction (Karatepe et al., 2005), However, the studies differ in the importance attributed to individual dimensions, contributing to customer satisfaction. For example, Kheng et al., (2010) analysed Malaysian retail banks and concluded that assurance and empathy had a great positive effect on customer satisfaction. On the other hand, a study by Arasli et al., (2005) found that reliability was the most important factor affecting customer satisfaction. Lau et al., (2013) examined banking industry in Honk Kong and their findings demonstrated a strong significant impact of tangibility, reliability, responsiveness and assurance while empathy had the weakest effect on customer satisfaction.

The sixth hypothesis analysis a relationship between an independent variable, brand image and a dependent variable, customer satisfaction of millennials in the Slovak retail banking sector. Shahroudi and Naimi (2014) found that brand image demonstrated a significant effect on customer satisfaction. The same was confirmed in a research by Ismail (2016). On the contrary, findings by Iqbal et al., (2018) indicated no relationship between brand image and customer satisfaction.

The last, seventh, hypothesis focuses on examining a relationship between customer satisfaction and customer loyalty. In the previous hypotheses, customer satisfaction is considered as a dependent variable however now, it becomes an independent variable and a place of dependent variable is taken by customer loyalty. A variety of studies tested this relationship and confirmed there is a significant positive effect, meaning customer satisfaction is a predecessor of customer loyalty. Examples include studies by Ghafoor et al., (2012), Iqbal et al., (2018), Sahin et al., (2011) and Siddiqi (2011).

Figure 5. Research model depicting tested hypotheses



Source: Author

4 METHODOLOGY

This chapter outlines the context of the study, specifically the retail banking sector and Generation Y in the Slovak Republic. However, as the research in both areas is insufficient, only a brief overview of retail banking and young people in Slovakia is provided. Subsequently, the methodology selected to conduct this study is precisely described. Data collection methods are introduced and followed by techniques for analysing the collected data. Discussion of reliability and validity of the research is the last section closing this chapter.

4.1 The Slovak retail banking sector

Slovak retail banking has been facing dramatic structural and organizational changes for the past few decades. These changes were necessary due to transition from centrally planned economy to market economy, little differentiation among retail banks and a poor state of the Slovak financial market. The financial market almost collapsed as banks were fighting a high share of classified loans and low liquidity. Restructuring, the process of healing the banking sector, started in 1998 and was characterised by consolidation, privatization, concentration and deregulations. Furthermore, foreign investors and well-known banks started entering the Slovak market and brought not only capital but also their valuable banking know-how and modern financial products and services. Deregulations, restructuring, recapitalisation and new financial regulations had a positive impact on the retail banking sector in Slovakia, which started prospering and is now steadily growing (Kračinovský, 2008). Medveď et al., (2012) point out other factors that shaped the retail banking sector and had a direct impact on the standing of the banks in the Slovak market. These are globalization, internationalization, interest rate changes, new technologies and trends in retail banking and increased competition. As Slovakia joined the European Union in 2004 and adopted euro as the single currency in 2009, it was required to meet the euro convergence criteria, accept Basel II and migrate to SEPA (Single European Payment Area) payment instruments, which also affected the development of the Slovak retail banking sector (ibid).

According to Slovak Banking Association (2018) Slovak retail banks do not stay behind when it comes to innovations and hold several records in implementing it. As the sector is steadily growing and banks are profitable, they are able to invest in innovations and bring more comfort, security and new technologies to clients. Facial recognition, biometric verification and open banking are examples of innovative technologies embraced by banks last year, which facilitate daily banking (Tatra banka, 2018). Besides providing more convenience and making people´s lives easier with new technologies, Slovak retail banks are also active in educating young people and increasing financial literacy across Slovakia through various educational programs and courses (Slovak Banking Association, 2018).

Currently, there are 27 banks operating in the Slovak financial sector. The majority of these banks is universal and provides personal, commercial and corporate banking services. Out of these 27 financial institutions, 14 retail banks are based in Slovakia but only 2 of them are owned by domestic investment groups while the rest belongs to foreign banking groups from Austria, Belgium, Italy and Germany. There are 13 foreign banks providing financial services in Slovakia through branches (Slovak Banking Association, 2018; Slovenská Národná Banka, 2018). With regards to the people employed in the Slovak banking sector, in 2017 the number of personnel in the retail banks decreased, which is due to two banks leaving the industry as well as automation and implementation of self-services. On the other hand, the number of employees working in the National bank increased as a new department dealing with protection of consumers in the financial market was created (Banky.sk, 2018b).

This thesis examines 4 major banks dominating the Slovak retail banking sector, namely Slovenská sporiteľňa, Všeobecná úverová banka (VÚB), Tatra banka and Československá obchodná banka (ČSOB), whose combined market share reaches almost 73% (Banky.sk, 2018a). An in-depth analysis of these banks is carried out in the case studies, which can be found in Chapter 5.

4.2 Millennials in the Slovak Republic

Despite millennials accounting for almost 20% of the Slovak population (Cerulíková, 2018) and being in focus of financial institutions, research about young people in Slovakia has been lagging behind.

Technological savviness is a typical characteristic of millennials, with Slovaks being no exceptions. Research shows that technology is central to Slovak millennials, which they intensively use every day. In 2017, daily usage of computer and internet was reported by 90% and 93% of young Slovaks respectively (Cerulíková, 2018). Internet is used mainly for news and information searching, social networking, communication, entertainment, internet banking and online shopping (Eurobarometer, 2019). Interacting on social networks is popular among young people as 92% are connected every day, preferring Facebook, Pokec and Instagram (Cerulíková, 2018; Growth from Knowledge, 2016).

With regards to modern technologies, Slovak millennials incline to them more than their peers in Central and Western Europe. For instance, 90% of young people use contactless payments in Slovakia while in other European countries only 49% of millennials use them. Members of Generation Y living in Slovakia are also fans of mobile payments and digital wallets. Compared to France, Czech Republic, Hungary and Poland where the average of people using mobile payments and digital wallets reached 38% and 40% in Slovakia it was 51% and 47% respectively. Slovak millennials are above the European average in paying with a smart watch too. In Slovakia, there is 31% of people using smart gadgets for payments whereas the European average is only 24% (Banky.sk, 2018c).

Another characteristic of millennials is that they wait longer to become independent compared to proceeding generations. This is also true for Slovak members of Generation Y. Research indicates that the proportion of Slovak millennials who live with their parents remains high and above the EU average. In 2017, there were 92,7% of people aged 20-24 and 72,2% of millennials aged 25-29 living in their parental home while the EU average was 73,6% and 38,6% respectively (Cerulíková, 2018). Ministerstvo školstva Slovenskej republiky (2018) argues that the main reason for this situation is that young people in Slovakia prefer buying a house rather than renting. However, housing costs are constantly rising and so are loans and mortgage rates, which makes it difficult for millennials to obtain finances for their own housing.

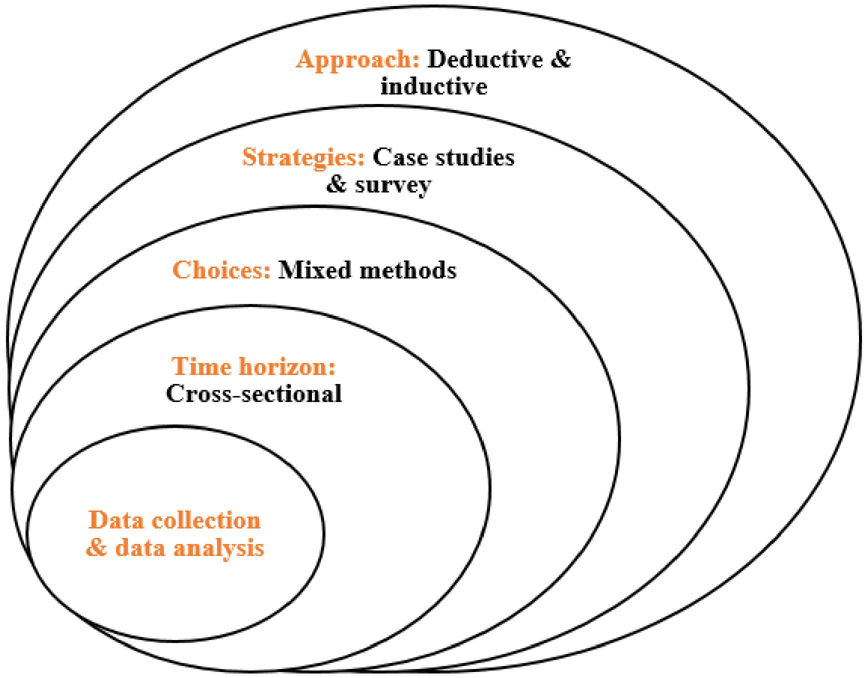
With regards to the financial literacy, this one is lacking among Slovak millennials. In a research conducted by one of the Slovak banks, 80% of respondent rated themselves financially confident but only 26% demonstrated sufficient basic knowledge (Poštová Banka, 2018). Another research found that when looking for financial advice, 55% of millennials would ask their parents while 15% would discuss it with a financial advisor (OVB, 2018).

4.3 Research design

When preparing a research design, a process of how the study is executed, the author follows steps arranged in a framework, or “a research onion” proposed by Saunders et al., (2009). Research design of this thesis is depicted in Figure 6, summarizing how and what information is gathered and what techniques are used to analyse them.

Before going over the design itself, it is necessary to identify the purpose of the research. Saunders et al., (2009) introduces three research purposes and claims a study can have more than one, which is the case of this thesis. The purpose of this research is both exploratory and explanatory. Exploratory research allows for obtaining better understanding and insights about a phenomenon that has been little examined (branding in retail banking and its impact on millennials) while the explanatory approach studies the relationship between variables (relationship between branding, service quality, customer satisfaction and customer loyalty).

Figure 6. Research design



Source: Adapted from Saunders et al., (2009)

As seen in Figure 6, the first step of the research design is to decide on the approach. In this thesis both deductive and inductive approaches are employed. Deductive approach is mirrored in testing the existing theories, such as SERVIQUAL model and on the other hand, an inductive approach can be viewed in enhancing existing theories by adding new variables. For example, incorporating digital and innovative technologies in the bank´s branding and studying its effectivity in brand encounter and impact on satisfaction and loyalty of young customers. In the second step, a research strategy is proposed, specifically case studies and a survey. To acquire a deeper knowledge about the context of the study (Slovak retail banks), case studies are prepared whilst a survey is conducted to collect data from a large sample of millennials. As more than one procedure is utilised to gather the information and data needed, data collection is based on multiple methods, specifically a mixed method design combining both qualitative and quantitative techniques, which is indicated in the third layer of the „research onion" in Figure 6. In the next step, a time horizon of the research is chosen. Due to the time constraint of the questionnaire, the study is carried out in cross-sectional time horizon, meaning a certain phenomenon is examined at a single point of time. Once all the steps are completed, one gets into the centre of the "research onion" – data collection and data analysis (Saunders et al., 2009). These two processes are explained in detail in the following sections 4.4 and 4.5.

4.4 Data collection methods

4.4.1 Case studies

For the qualitative part of the research, case studies are chosen as a suitable method to collect the data. Case studies allow to gather a lot of data with a rich and detailed nature and thus provide a deep understanding of the studied context (Saunders et al., 2009). The key aim of the case studies is to investigate how Slovak retail bank adopt branding and adjust their brands for customer belonging to Generation Y.

Structure

All the case studies follow the upper part of the theoretical framework presented in Chapter 1 (Figure 1) and have the same structure to provide a clear and coherent picture of the retail banks, their portfolios, activities and strategies. The information is looked at from a general perspective, however where possible, it is addressed to millennials and examined how banks adjust their brands for them. Each case study is divided in three sections, such as background, information about the bank´s brand and bank in the context of millennials.

The first section introduces the bank and briefly describes its history, ownership, countries of operations as well as the most important awards and recognitions. Bank´s background is also complemented with information about its market share, financial indicators and a number of clients, branches and employees.

The second section draws attention to the brand of the financial institution and its main elements. The logo and its meaning are discussed as well as bank´s mission and vision statements together with its core values. A description of different customer levels, portfolios of products and services designed for them and loyalty and reward programs follow next. As digitalization of banking is a popular phenomenon nowadays, bank´s digital and innovative services bringing flexibility and simplifying day-to-day banking are outlined next. Moreover, retail bank´s presence on social media platforms and their online activities are analysed as well as the means for customer care and collecting feedback. Last part of this section focuses on the bank´s contributions to social and environmental causes and implementation of corporate social responsibility.

The third section presents a discussion of the bank´s brand from the millennials´ point of view and examines products and services, which are directly designed and offered to the young customers. Other benefits, activities and campaigns that contribute to developing and strengthening of the relationship between the retail bank and individuals belonging to Generation Y are also mentioned.

Sample selection and data collection

The sample of four Slovak retail banks is selected based on the portion of market the financial institutions control. The market share considered for the purpose of this thesis is calculated by both deposit and loans and the combined market share of all four retail banks analysed in this study reaches 72,6%.

Data for the detailed analyses are secondary and collected from the bank´s publicly available sources, such as company´s website and annual reports, social media pages (Facebook, Instagram, YouTube, LinkedIn and Twitter), marketing campaigns and advertisements and other online sources. In case of any missing information, customer service of the bank is contacted and asked for help. Despite author´s efforts to provide the same type of information for all the case companies, some may vary due to availability.

4.4.2 Questionnaire

A quantitative questionnaire is chosen to collect the primary data for this research. This method is assessed to be the most appropriate one as it allows for gathering the data from large groups of individuals in a short time span without the researcher being present as well as for standardizing the data for further analysis. The main aim of the questionnaire is to get a complex understanding of how Slovak millennials perceive branding of their banks and how effective branding is in building loyalty through brand-customer relationship.

Structure

The questionnaire consists of 20 questions that are divided into six sections according to their semantic content as displayed in Table 3. The first section covers demographic and situational factors (Q1-Q8) in order to segment the sample. Next sections, namely brand awareness (Q9-Q10), brand encounter (Q11-Q12), brand image (Q13), customer satisfaction (Q14-Q16) and customer loyalty (Q17-Q20) follow the lower part of the theoretical framework displayed in Chaplet 1 (Figure 1) and aim to understand the respondents´ perception of their banks.

A pilot English version of the questionnaire was prepared and sent to the thesis´ supervisor and distributed to a target group of 5 millennials. Based on the feedback from the supervisor as well as respondents testing the trial version, all the questions were evaluated and revised, and some minor corrections to make the questionnaire clearer were made. These included rewording a couple of questions for better understanding, adding more response options and adjusting the measurement scales. Moreover, three questions were discarded after respondents pointed out that the questionnaire was too long. After the corrections, a final version of the questionnaire presented in Appendix 1 was ready to be distributed and tested among millennials.

Table 3. Survey structure

Section	Question	Type & Measurement scale
Background & Situational factors	Q1 - Q5	Multiple choice
	Q6	Multiple choice
	Q7	Category
	Q8	Likert scale 5 (not at all influential - extremely influential)
Brand awareness	Q9	Likert scale 5 (strongly disagree - strongly agree)
	Q10	Rank scale 5 (very unattractive - very attractive)
Brand encounter	Q11 - Tangibility Q11 Reliability Q11 - Responsiveness Q11 - Assurance Q11 - Empathy	Likert scale 5 (strongly disagree - strongly agree)
	Q12	Category

Brand image	Q13	Likert scale 5 (strongly disagree - strongly agree)
Customer satisfaction	Q14	Likert scale 5 (strongly disagree - strongly agree)
	Q15	Multiple choice
	Q16	Category
Customer loyalty	Q17	Multiple choice
	Q18	Likert scale 5 (strongly disagree - strongly agree)
	Q19	Multiple choice
	Q20	Likert scale 5 (not at all influential - extremely influential)

Source: Author

Question format

As mentioned before, the questionnaire is composed of 20 questions, which are closed-ended. However, in one of the questions (Q17) the respondents have a chance to supplement their chosen option with an additional comment. The most common questions are rating questions, also known as likert scale questions. The purpose of these is to evaluate respondents´ perceptions on a particular statement or item (Saunders et al., 2009). In this research, a five-point rating scale is employed, measuring the level of agreement, attractiveness and influence. The scale ranges from 1 and 5, where 3 represents a neutral option. The questionnaire also consists of list or multiple-choice questions, where the respondents are presented with a list of options, from which they can choose any. Next, category questions ask respondent to classify their response into one of the offered categories while ranking questions are used to find the importance respondent attribute to response options by placing them in a certain rank order (Saunders et al., 2009). Table 3 summarizes types of the questions and their measurement scales. When it comes to content of the questions, it is based on author's own insights as well as the review of previous academic literature and other questionnaires, meaning some questions from earlier research are adapted to fit the current research problem. In addition, some of the questions are directly adopted from previous literature. Academic literature used when designing questions include studies by Aziz and Yasin (2010), Dewan and Mahajan, (2014), Karatepe et al., (2005), Lau et al., (2013), Mols, (1998) and Rahi (2015.)

Sample selection and data collection

To collect responses for the questionnaire, a non-probability sampling technique, specifically convenience type is employed. Non-probability sampling means that probability of subjects being chosen is unknown while the convenience type represents a sample obtained randomly through easily accessible channels. Despite the author having no control over the sample and the method not being very reliable, convenience sampling is the most used and the cheapest method for collecting the data. In this research, the sample is made up solely of millennials (born from 1990 to 2000) that are gathered online on social media, especially Facebook.

The questionnaire, created on Qualtrics software, is web-based and distributed from the 28th March 2019 to 7th May 2019. The researcher invited her millennial friends to fill out the questionnaire and posted it on Facebook in multiple Slovak universities' groups, where young people were asked to share the questionnaire with their friends to get more responses. Facebook was chosen as the most appropriate data collection channel as according to the literature review, individuals belonging to Generation Y use social media on daily basis to communicate and interact and therefore it is a convenient way for them to respond to the survey. Online distribution also allows for reaching a wide array of respondents who can stay anonymous.

4.5 Data analysis methods

To analyse the quantitative part of the study, the questionnaire, both descriptive and explanatory approaches are utilised. A descriptive analysis is conducted to observe and describe the sample of millennials and their perception of branding adopted by the Slovak retail banks. In this thesis, descriptive analysis examines the central tendency and dispersion of variables with the help of mean and standard deviation.

An explanatory analysis, using SPSS statistical software, is performed to provide a deeper and more complex understanding of the investigated problem rather than its description. This analysis includes factor and correlation analysis as well as regression analysis. Factor analysis is used to reduce a large number of items into a few underlying factors and thus allows for easier investigation of suitability of the model and interrelationship among factors. When assessing the statistical significance of the factors when a sample size is 200 respondents, only factor loadings of 0,4 and above are considered (Hair, 2014). To confirm that factor analysis is really an accurate method for data treatment, the Kaiser-Meyer-Olkin (KMO) test needs to be examined too as it indicates suitability of the data and adequacy of the sample. When interpreting the KMO values in this research, following intervals are used – 0,00-0,49 (unacceptable); 0,50-0,59 (miserable); 0,60-0,69 (mediocre), 0,70-0,79 (middling); 0,80-0,89 (meritorious) and 0,90-1,00 (marvellous), meaning only values higher than 0,6 are appropriate as stated by (Kaiser, 1974). As the majority of the scales in the survey are likert ones, Cronbach´s alpha is utilised to verify their reliability by indicating that examined items are correlated and all contribute to explaining the latent variable. The alpha coefficient alters from 0 to 1 and is said to be reliable if it exceed a threshold of 0,70 (Hair, 2014).

Correlation analysis is also performed to measure the strength of association between two variables. A correlation coefficient, which indicates a relationship has a value from -1 to +1. A correlation of -1 represents a perfect negative relationship while +1 indicates a perfect positive relationship. If the coefficient has a value of 0, there is no relationship between the variables (Hair, 2014).

Regression analysis is conducted to investigate the relationship and effect an independent variable has on a dependent variable. This effect is then evaluated based on several coefficients such as unstandardized Beta coefficient, R^2, t-value, p-value, and F value. Unstandardized Beta coefficient refers to the change in the dependent variable if an independent variable changes by one unit. If the coefficient is positive the dependent variable will increase while a negative coefficient will indicate a decrease in the dependent variable. Coefficient of determination, also known as R^2, can be interpreted as the proportion of variation in the dependent variable explained by the independent variable. P-value (portability value) determines a significance level. It can be said that findings are statistically significant if the p-value is smaller than 0,05. In this research, p-value is used for hypotheses testing to accept or reject the hypotheses. T-value demonstrates how significant the variable´s partial correlation is in the regression coefficient. Lastly, F-value calculated in ANOVA measures the overall model fit (Hair, 2014).

Post hoc analysis is also made and is concerned with a multiple regression. Before conducting a multiple regression analysis, a test to detect multicollinearity is run to ensure accurate and statistically significant results. Multicollinearity occurs when there is a high correlation between two or more predictors (independent variables). However, it is not a serious problem if variance inflation factor (VIF) is below 10 (some authors prefer a value of 5 or lower), tolerance levels are above 0,1 and correlation among independent variables is below 0,9 (Hair, 2014).

Regarding the analysis of the qualitative case studies, these are analysed by comparing and contrasting banks´ brands, products and services, innovations, online activities and customer care options as well as their involvement in environmental and social causes. This analysis also includes discussion of activities and portfolios designed to target millennials customers.

4.6 Reliability and validity

Testing for reliability and assessing validity are essential steps in every research as they determine study´s overall quality as well as credibility. Reliability, a necessary condition for validity, is concerned with the consistency of the research. This means that the same results would be obtained if the research was repeated at a different time period. There are three methods, which are commonly utilised to check the reliability of the study. These are test re-test, internal consistency and alternative form (Saunders et al., 2009). Test re-test deals with a distribution of the questionnaire to the same sample twice on equal terms and then correlating the scores. The closer the correlation is to 1, the more reliable the research is. Despite this approach being comprehensive, it was not possible to apply it in this thesis due to the time constraint of the questionnaire. Internal consistency is another approach for assessing reliability. There are many methods for measuring internal consistency, one of them being Cronbach´s alpha, which is also utilised in this research. Cronbach´s alpha verified the reliability of the scales and thus the individual items, which were loaded into factors. These tests were conducted as part of the explanatory research and can be found in Chapter 5. The last technique for assessing the reliability is an alternative form. Alternative form deals with preparing two versions of the same questionnaire, which are then given to the same respondents. This was not possible in this research as the sample was random and responses were anonymous.

Regarding validity, this refers to the capacity of the survey to accurately measure what it is supposed to and therefore meet the purpose of the study. Authors distinguish between three types of validity such as content, criterion-related and construct (Saunders et al., 2009). Content validity estimates if the questions in the survey are adequate enough and represent the studied phenomenon. A pilot test and the subsequent feedback from the test subjects as well as feedback from the thesis´s supervisor were used to evaluate the content validity of questionnaire. Next, criterion-related validity investigates if the questions formulated in the questionnaire are able to forecast precise outcomes. To test this type of the validity, the author set criteria, in other words hypotheses and then used the collected data to either accept or reject these hypotheses. Finally, construct validity is the extent to which the survey measures what it states. Adopting and adapting some of the questions from the academic literature and previous research ensured construct validity.

When it comes to the secondary data concerned with the Slovak retail banks, this is considered reliable and valid as it was published by the banks themselves on their official websites and in annual reports. Both of these act as official sources where shareholders and general public can find information about banks and their activities. Moreover, it is a common practice to use annual reports to assess companies´ performance and therefore the author believes the information provided by them is accurate.

5 EMPIRICAL FINDINGS

This chapter introduces empirical results of the study, which will help answer the research questions and therefore assess the impact of branding of the Slovak retail banks on satisfaction and loyalty of the millennial customers. First, case studies analysing the four Slovak retail banks are provided. Second, the responses of members belonging to the Generation Y to an online questionnaire are examined.

5.1 Case studies of the Slovak retail banks

This section provides case studies analysing four Slovak retail banks, namely Slovenská sporiteľňa, Všeobecná úverová banka (VÚB), Tatra banka and Československá obchodná banka (ČSOB). The main aim of these case studies is to introduce brands of the selected Slovak retail banks and find out how they adopted branding and adjusted their brands for millennials. For the purpose of this thesis, when analysing products and services offered, the attention is drawn mainly to retail banking while other types of banking are mentioned briefly.

5.1.1 Slovenská sporiteľňa

Slovenská sporiteľňa is the oldest bank in Slovakia and was established in 1824 as a saving institution Erste österreichische Spar-Casse. The bank obtained a universal banking license in 1990 and expanded its service portfolio and started offering both retail and commercial banking to their clients. In 1994, the bank was transformed into a joint stock company and started operating under the name of Slovenská sporiteľňa. As a result of the privatization, the ownership of the bank was transferred from the government to the private sector and since 2001, Slovenská sporiteľňa has been a member of Austrain Erste Group, one of the biggest central European banking groups. The bank operates solely in the Slovak Republic, where it has been recognised as the Trend Top Bank for the past seven years (Slovenská sporiteľňa, 2019c).

For the past years, Slovenská sporiteľňa has been recognised as the "Bank of the year" for 20 times and has been holding a leadership position in the number of clients, managed accounts, issued credit and debit cards, branches, ATMs as well as market share of total assets, loans and deposits. In 2018 Slovenská sporiteľňa´s total assets and operating profit equalled to 17,4 billion EUR and 183,7 million EUR respectively. The bank also had around 2,2 million clients and managed over 6 million accounts. When it comes to the market share, this one reached 26,9%, which is the biggest in the Slovak retail banking sector. Moreover, the bank had more than 800

ATMs and 4 126 employees working in 250 branches and 17 commercial centres (Slovenská sporiteľňa, 2019a).

Brand of Slovenská sporiteľňa

Slovenská sporiteľňa has been using a new logo, which is shown in Appendix 2 (Figure 11). This logo is comprised of 2 elements – the name of the bank, where „Slovenská“ is in the bigger and bold font to highlight its strong Slovak roots and a letter S, representing the bond with Erste group. Dark blue and red are the colour scheme of the logo, symbolizing security, stability and trust for blue while the red mirrors passion (Detepe.sk, 2013). Responsibilities of the biggest player in the market are demonstrated in the bank´s mission *“be a provider of financial services, which enable clients to fulfil their unique wishes and needs”* as well as vision *“to be the firs-choice bank”.* Business operations of Slovenská sporiteľňa embody these values – reliability, attentiveness, openness and simplicity (Slovenská sporiteľňa, 2019b).

Activities of Slovenská sporiteľňa are focused on three main segments, namely retail banking, business and corporate banking (incudes banking for towns, public and non-profit sector) and private banking. Bank´s retail portfolio includes daily banking services (accounts and cards), loans and mortgages, saving and investment services as well as various types of insurance. In the personal finance segment, the bank promotes a loyalty program, which reduces a fee for a personal account and rewards customers. Furthermore, clients can transfer all their loans from other banks to Slovenská sporiteľňa, which is also rewarded by 20 EUR for every 500 EUR transferred. In case of mortgages, customers can save 66 EUR as the bank pays for a property valuer and cadastral land register (Slovenská sporiteľňa, 2019b). In the field of banking for business and corporations as well as towns, public and non-profit sector, Slovenská sporiteľňa offers similar products and services, such as accounts, cards, loans, financing, treasury and investing. Lastly, private banking is meant for wealthy clients and offers portfolio management, investment in the mutual funds and bonds, trading with gold and diamonds and a premium package including a gold credit card and life insurance (Slovenská sporiteľňa, 2019d).

Being a market leader and the most profitable bank in Slovakia allows Slovenská sporiteľňa to invest resources in new digital technologies and innovations. Contactless payment cards and biometric signature are part of the portfolio with digital services. George is a smart banking application created by the bank itself, roofing both Internet banking and Mobile banking and is the most downloaded banking application in Slovakia. It can be used on all electronic devices and offers all the functions of Internet and Mobile banking. George is well-arranged, fully customizable to meet the needs of the most demanding clients, makes banking and managing finance easier as it automatically saves all the actions, provides intelligent and easy searching of transactions as well as is adaptive and acts as a digital wallet with contactless payments, such as QR code payments. Besides George, Slovenská sporiteľňa offers Google Play, which will be soon followed by Apple Pay, once released in Slovakia. More flexibility and comfort are ensured through open banking that is also among bank´s offerings (Slovenská sporiteľňa 2019b; 2019e).

Regarding social media channels where Slovenská sporiteľňa is present, these are Facebook, Twitter, Instagram, YouTube and LinkedIn. The bank regularly shares announcements and posts about existing and new products and services, sponsorships, campaigns, social projects, partnerships and awards as well as events and competitions. Clients are encouraged to ask questions as well as post their experience and feedback in the comment section where the bank frequently engages with them. On YouTube, the bank publishes videos explaining their products and services and their advantages in detail, videos about online security and business advice together with videos from events and videos about sponsorship featuring Slovak celebrities and sports teams. How to videos are also very common, however Slovenská sporiteľňa use them to cover unusual topic, for example how to save money when buying Christmas presents. The bank cares about clients and provides an excellent customer care. Not only can people contact customer support on all the social media but also on the website, which provides a number of convenient options, such as online chat, call via a telephone and Skype, fill out a form, leave a phone number and the bank will call back. Moreover, there is also a separate sub-page on the website devoted just to feedback and suggestions.

Slovenská sporiteľňa takes corporate social responsibility seriously and integrates it into its operations. The bank focuses on three key areas where it provides financial support. First, Slovenská sporiteľňa supports culture and is a partner of a number of Slovak theatres and festivals. Second, the bank contributes to the development of sport and active living by sponsoring sports teams as well as organizing running and cycling competitions. The third field where Slovenská sporiteľňa draws its attention is education, especially financial literacy where the bank arranges lectures and various projects aimed for people of all ages to gain competencies and skills to make financial decisions. Slovenská sporiteľňa. Foundation is another project through which the bank provides grants to support public-interest projects, children´s health, charity, start-up businesses, and journalism in Slovakia as well as life in Slovak regions. The bank also pursues a special project *"Social Bank"*, providing financial services and advice to low-income earners and non-profit organizations. In case of environmental protection, the bank considers its impact and continues to reduce the energy and paper consumption, employ more natural resources and improve criteria when choosing suppliers. Minimization of CO2 emissions is achieved not only by saving electricity but also by encouraging employees to cycle to work and opening free parking spots for bicycles. Lastly, Slovenská sporiteľňa protects birds from window strikes by applying decals and stickers on their premises (Slovenská sporiteľňa, 2019b).

Slovenská sporiteľňa and millennials

To target millennials, Slovenská sporiteľňa offers a number of products and services with a lot of benefits. The bank has two types of accounts specifically aimed for young people – Space account Student for people aged 15 – 26 and Space account Young for those up to 28 years old. After providing a confirmation of school attendance, students can enjoy a Space account free of charge and can join a bonus program where they benefit from discounts at selected stores and bank´s partners. The Space account Student can be open online on the website, where students can upload their attendance confirmation, meaning no branch visit is necessary. The second account – Space account Young can also be open online and used for a monthly fee of 2 EUR (compared to a 5,90 EUR for an ordinary personal account). However, the more actively young people use this account, the cheaper the monthly fee gets and a discount of either 50% or 100% can be obtained. Besides daily banking services and an access to Internet and Mobile banking George, holders of both accounts also get a VISA Sphere payment card with an unlimited number of payments which enables them to join a Sphere loyalty program with numerous benefits and discounts, free withdrawals from the bank´s and Erste´s ATMs and advantageous interest rates for deposits and lower loan instalments (Slovenská sporiteľňa, 2019f; 2019g). Furthermore, Slovenská sporiteľňa offers an immediate university student loans for any purpose with no annual fees for those aged 18 – 26 as well as government supported mortgages with lower margins and one-time contribution of 400 EUR for millennials between 18 and 35 (Slovenská sporiteľňa, 2019h; 2019i).

As part of the Space campaign targeting young people, the bank organizes events under a name *“We guarantee you will not fall asleep in this lecture”,* where Slovenská sporiteľňa invites successful Slovak entrepreneurs and representatives of the biggest Slovak firms to give business, economic and financial advice. Due to a great popularity and demand for these sessions, the bank created an archive with recordings from the events and made it accessible on their Facebook page to all their followers.

5.1.2 Všeobecná úverová banka

Všeobecná úverová banka (VÚB Banka) was founded in 1990 as a state monetary union, however was transformed to a joint stock company in 1992. The bank was acquired by an Italian banking group Intesa Sanpaolo in 2001 that owns a 96,97% stake. Všeobecná úverová banka has a number of subsidiaries providing numerous services to their clients such as retirement savings, insurance, non-banking loans, leasing and investing in mutual funds. Besides Slovakia, the bank is also active in the Czech Republic (VÚB Banka, 2019a).

Všeobecná úverová banka is the second largest bank in Slovakia as its market share accounts for 19,3%. In 2017, total assets of VÚB Banka reached 14,6 billion EUR and the operating profit was 174,9 million EUR. Furthermore, the bank offers financial services to 1,2 million retail and business clients through 3 776 employees, 182 retail outlets, 8 magnifica centres, 32 branches, 11 mortgage centres and over 500 ATMs (VÚB Banka, 2018; 2019b).

Brand of Všeobecná úverová banka

Všeobecná úverová banka adopted a unique logo to identify their products and services. The logo, which can be found in Appendix 2 (Figure 12), uses elements of the parent company´s (Intesa Sanpaolo) logo– three arcs representing Roman Aqueduct set in the orange square, which reflects the strong bond among members of the group. The name of the bank is then written in a dark green colour, which aims to instil confidence and security in clients (VÚB Banka, 2019b). VÚB Banka´s vision is to *"be the best bank in Slovakia in customer satisfaction"* while its mission is to *"create a sense of belonging, compete with the fair play sense and promote sustainable growth and results."* VÚB Banka´s brand is also built around four core values, which are simplicity, usefulness, humanity and humour (VÚB Banka, 2019c).

Similarly to a previous bank, VÚB Banka provides services to a mass public (retail banking), companies and entrepreneurs (corporate banking) and high net worth individuals (private banking). Retail products and services include accounts, cards, insurance, savings and deposits as well as mortgages and investments. The bank offers a loyalty program where clients can get discounts and preferential rates depending on how many products and services they use. Furthermore, VÚB Banka also provides a rewards program for those who choose Mastercard as their payment card. With Mastercard clients can enjoy discounts in numerous stores, rewards when paying in e-shops, money back from every payment, exclusive vouchers, travel insurance, access to VIP airport lounges and extended warranty (VÚB Banka, 2019d). For corporate clients the bank offers accounts, payment cards, financing, electronic banking, investment and treasury while private clients are assigned a banker who manages their financial assets and investment portfolio (VÚB Banka, 2018).

When it comes to modern technologies and innovations in banking, Všeobecná úverová banka offers the standard products and services, such as contactless payment cards, Internet banking and Mobile banking, which integrates contactless payments, such as QR code payments or VIAMO payments (paying retailers or sending money by mobile phone to anyone with a Slovak phone number). Moreover, the bank´s aim is to go paperless and save clients´ time and therefore embraces electronic documents that can be stored in Internet and Mobile banking (Vofinanciach.sk, 2015). To provide even more flexibility and simplify life of the customers, VÚB Banka offers open banking as well as Google Pay and later in 2019 plans to introduce Apple Pay to all clients using iPhones. Better security is ensured through biometric digital signature (VÚB Banka, 2018).

To interact with the clients, Všeobecná úverová banka is present on social media, namely Facebook, Instagram, YouTube, Twitter and LinkedIn. Rather than traditional banking products and services, VÚB Banka posts about the new and innovative ones, competitions, sponsorships, its activities and awards as well as how to videos and videos giving advice on saving money, taking loans/mortgages and insurance. The bank also engages with its followers on social media by encouraging them to comment and post photos that can win valuable prizes. Besides Facebook, where the customers can contact the bank via private messages, they can do so on its website by an online chat, calling a bank and filling out a contact form. As mentioned before, VÚB Banka´s vision is to be the best bank in customer satisfaction. To achieve this goal, the company stresses customer care and created a program called "*We always listen to you 100%"* that enhances engagement with clients and helps in building brand-client relationship. This program includes surveys and feedback, whose results are then implemented to improve the quality of bank´s services and to better meet customers´ needs and expectations (VÚB Banka, 2019e).

Všeobecná úverová banka actively exhibits Corporate Social Responsibility (CSR), where it implemented Code of Conduct and several programs concentrating on clients, employees, shareholders, suppliers, environment and community. To stay transparent, the bank regularly publishes Responsible Business Report. As part of its CSR activities, VÚB set up a VÚB Foundation, which provides grants to charity, children with disabilities and severe illnesses, reconstruction of Slovak monuments and cultural heritage and to a number of organizations, such as Slovak Red Cross. The bank also organizes "*Help your community days*", when the employees can volunteer for a broad range of meaningful activities and help their community. In addition, to increase financial literacy in Slovak schools, VÚB Banka regularly introduces programs and creates videos covering basic finance topics, such as interest rate, inflation, exchange rate and financial markets. The bank also created a mobile game for increasing financial literacy, where the goal of the players is to decrease a government debt of an imaginary country. With regards to being ecologically responsible, VÚB Banka have a number of policies in place. Reducing paper waste by switching to digital channels, saving energy by using the newest technologies and selecting environmentally responsible suppliers are a few examples of what the bank does to minimize environmental effect of its operations. Reducing carbon emissions is another objective, which is achieved by encouraging employees to cycle to work and taking part in the national environmental projects (VÚB Banka, 2018).

Všeobecná úverová banka and millennials

Všeobecná úverová banka runs a *"Fame campaign"*, which targets young people and offers services tailored to their needs. Fame student account is available online and includes basic daily banking services, Internet and Mobile banking as well as an access to VÚB VIAMO app, free VÚB/ Intesa Sanpaolo group ATM usage in Slovakia/abroad and a saving account together with Flexisaving service enabling automatic savings from every payment. This account is free of charge for youngsters born after 1999 and for students up to 26 with a school attendance confirmation. Non-students up to 26 can also use the account with a monthly fee of 3 EUR (compared to 6 EUR for a standard account). However, as with the previous bank, the account can become free of charge if actively used and the holder fulfils conditions of the loyalty program. A VISA contactless debit card, which can be personalised and includes unlimited number of payments, free insurance and deposits through ATMs is also part of *"Fame campaign"*. The *"Fame campaign"* uses slang language to get closer to young people and has an entire website devoted to it, where people can also join a competition and win valuable and stylish prizes from Slovak musicians and influencers (VÚB Banka, 2019f; 2019g). To encourage millennials to take housing mortgages, VÚB Banka´s portfolio includes an advantageous, free of charge mortgage with lower rates together with a one-time contribution of 400 EUR to all the people up to 35 years of age. The bank also offers loans for anything for young people, however without any benefits they could exploit (VÚB Banka, 2019h).

5.1.3 Tatra banka

Tatra banka was founded in 1990 as the first private bank in Slovakia. This bank was the first one in Slovakia to offer credit cards in 1994, Internet banking in 1998 and mobile payments in 1999 to its clients. Austrian Raiffeisen International Group is the majority owner of Tatra banka with a 72,4% stake. Tatra banka, operating only in the Slovak Republic, is the most modern and effective bank in the Slovak banking sector, which is proven by over 130 awards. The bank is also referred to as the best bank in Slovakia and the leader in asset management, corporate and private banking. In addition, Tatra banka is often recognised as one of the biggest innovators offering the newest trends in digital banking in Central and Eastern Europe (Tatra banka, 2018a; Tatra banka, 2019a).

Market share of 15,7% makes Tatra banka the third largest bank in the Slovak Republic that is also supported by the value of total assets and operating profit. These two were 12,5 billion and 113,27 million EUR in 2017 respectively. The bank has more than 700 000 clients, 3 735 employees, 187 branches and 106 commercial business centres (Tatra banka, 2018a)

Brand of Tatra Banka

Tatra banka can be easily recognised among competitors thanks to its distinctive logo, which has not changed for over 25 years. The logo, as shown in Appendix 2 (Figure 13), is characterised by three thick rising lines, representing three Slovak mountain ranges (Tatra, Matra and Fatra) and is accompanied by the name of the bank. The logo is in dark blue, creating a sense of stability, security and trust and portraits dynamics and growth (Hospodárske noviny, 2017). As Tatra banka is well-known for being the most ambitious and innovative bank, these characteristics are mirrored in its mission of *"shifting the boundaries of banking"* as well as vision *"to be the largest or the second largest bank"* in the Slovak financial sector. Exactingness, creativity, passion and courage are the core values of Tatra banka that are embedded in the company´s culture and operations (Tatra banka, 2018a).

Tatra banka provides a wide range of financial products and services divided in three categories – personal banking, banking for corporations and institutions and private banking. To its retail clients, the bank offers accounts and payment products, consumer loans and loans for living, savings, investments and insurance services. Reward Program TB is free to join for all the retail customers and enables them to get discounts on the fees from accounts and other services (Tatra banka, 2019b). In addition, there is also My Benefit Club, which is a loyalty program for all the holders of VISA cards. This loyalty program allows for cashback from every payment as well as savings through discounts at selected stores and e-shops (Tatra banka, 2019c). The portfolio for business clients includes accounts, payment card and services, loans and different types of financing (corporate, trade and special), transaction and business advice as well as foreign exchange risk management, interest risk hedging and assessment of deposits and securities. Private banking offers wealthy clients asset management, financing, market analysis, investment solutions (mutual funds, gold, real estate, and art) and advice (Tatra banka, 2018a).

As mentioned before, Tatra banka is the pioneer in innovations and the bank sets trends for others. For its creative and innovative offerings, the bank obtained numerous awards, for example Best Digital Bank in Slovakia and Best online products and services in Central and Eastern Europe. Tatra Banka´s digital portfolio includes contactless payment cards, Internet banking, Mobile banking, Mobile Pay contactless payments (QR payments and VIAMO payments), digital signature, face and voice biometrics, withdrawals using the mobile phone, finance management and online banking via smart watch, second generation of mobile phone payments and open banking. Similarly to VÚB Banka, Tatra banka offers Google pay to its clients and soon will launch Apple Pay as well (Tatra banka, 2019a). To make day-to-day banking easier, Tatra banka is the only bank offering an interactive assistant Pepper, which supplements the personnel in selected branches. Furthermore, the bank has its own laboratory, where experts design, develop and test new digital solutions in cooperation with Microsoft and Visa. Currently, the bank is working on a number of projects concerning the banking of the future. These include better personalization through biometrics (ATM that knows you), augmented reality and alternative banking channels (payments from car dashboard and geolocation (Tatra banka, 2018b).

Tatra banka actively uses social media, especially Facebook, Twitter, YouTube, LinkedIn and Instagram. Posts are concerned primarily with new innovative technologies the bank will launch and tips how they can enhance customers´ banking, upcoming news and events, products and services, sponsorships, competitions and challenges. On YouTube, the bank posts educational how to videos, videos introducing new products and services and videos about successful Slovak start-ups, with their owners giving business advice. All the social media also act as forums where clients can post their questions and comments as well as engage with the bank. Besides filling out forms and calling the bank to deal with issues, Tatra banka also offers an online 24/7 live chat (Tatra chat). This chat is available on the website as well as in mobile apps and enables customers to get an instant access to customer support. To gather feedback, Tatra banka uses an application, where clients can leave their suggestions for improvements.

Supporting social and environmental causes has a great importance to Tatra banka that makes great efforts to help both the community and nature. The bank is well known for its arts, design and education support where it makes long-term investments. Tatra banka Foundation provides financial contribution to cultural institutions, schools, universities, young artists and designers. The foundation also engages in charity work and corporate volunteering and runs several activities aiming to develop Slovak culture and education. These include Tatra banka Foundation Art Award (recognizing the work of artists in film, literature, music, theatre, art), grant programs, *“More for Regions program”* (theatrical work support) and *“Personalities in Person program”* (inviting Nobel Prize and Pullitzer Prize winners, famous professors and economists to give lectures to university students). The bank also organizes workshops and challenges to increase financial literacy in Slovakia. With regards to environmental protection, Tatra banka uses eco-friendly technologies and offices, carefully selects sustainable suppliers and optimizes its operations to save energy and reduce waste and emissions. Furthermore, the bank is involved in several climate projects (Tatra banka, 2018a).

Tatra banka and millennials

Tatra banka encourages millennials by giving 30 EUR to everyone aged between 18 and 26 who gets a youth package from the bank. The package includes a free of charge account (compared to a monthly fee of 7 EUR for a standard account) for customers who provided a school attendance confirmation at least once until the age of 26. Before opening an account online or via the mobile app using face biometry, which Tatra banka promotes as *“Open an account with a selfie”*, people can watch a tutorial with instructions how to do so (Tatra academy, 2019). Together with the account, customers get free daily banking services, access to VIAMO app, Internet and Mobile banking as well as all bank´s innovations and unlimited free of charge usage of the bank´s/ Raiffeisen´s group ATMs across Slovakia/abroad. Tatra banka offers a VISA contactless payment card with this package, which can be chosen from a wide range of cool designs (for example a card that glows under UV light) or personalised according to client´s preference. Other benefits brought with the package are a monthly detailed spending report and saving system, which can again be set up based on client´s preference. All the information about the youth package are summarised on a bank´s website but also on a separate website, which is aimed specifically for millennials as it uses slang, jokes, funny pictures, memes and videos featuring a Slovak comedian (Tatra academy 2019; Tatra banka, 2019d). Beside the account for young people, Tatra bank also offers government supported housing mortgages with lower interest rates for the first five years and one-time contribution of

400 EUR to those up to 35 years of age (Tatra banka, 2019e). Loans for anything are available but without any advantages for millennials.

5.1.4 Československá obchodná banka

Československá obchodná banka (ČSOB) dates back to 1964, when it was the only bank providing financing for foreign trade and loans in foreign currencies in Czechoslovakia. However, the bank expanded its services later and started offering them to the general public and small businesses. After privatization, the bank was acquired by the Belgian-based KBC Bank, a member of KBC Group N.V. in 1999, which was followed by consolidation of all subsidiaries under ČSOB Financial Group. The bank operated in Slovakia as a branch of foreign bank (ČSOB Prague) until 2008, when it became independent and known as a new joint stock company ČSOB Slovakia. ČSOB operates both in Slovakia and the Czech Republic (ČSOB, 2018a).

Československá obchodná banka (ČSOB) is the fourth largest retail bank in Slovakia with the market share of 10,7%. In 2017, the banks total assets equalled to 9,22 billion EUR and the operating profit was approximately 70,1 million EUR. There are 2 210 employees providing retail, commercial, corporate and private banking in 131 branches and commercial centres (ČSOB, 2018a).

Brand of Československá obchodná banka

To represent its business and identity, Československá obchodná banka has been using a renewed logo, which can be found in Appendix 2 (Figure 14) since 2001. ČSOB´s logo is in light and dark blue to evoke stability, security and trust and consists of two parts – name of the bank together with a logo of the Belgian majority owner KBC Group, representing a human head and shoulders. Altogether, the logo symbolizes customer-centricity as well as an individual approach the bank provides to its clients (iDnes ekonomika, 2001). Company´s mission is to *“provide clients with convenient access to high quality financial services that understand their individual needs”* and the bank further stresses the importance of trust in its relationship with clients, for whom they are *“always here personally”*. Efficiency, inspiration and respect are ČSOB´s values and core of their culture (ČSOB, 2019a).

Československá obchodná banka concentrates its operations in three main areas, such as Personal banking, Business, Corporate and Institutions banking and Private banking. The focus of the offer for retail customers is accounts and payment cards, loans, mortgages, leasing, savings, investments and insurance. With regards to the loyalty programs, the bank does not offer any. However, clients can get discounts on the fees from accounts and other service if they fulfil certain conditions. Portfolio of products and services for companies consists of accounts and payments, loans, savings, financing, investments, insurance and financial market products. For other banks and financial institutions ČSOB offers basic and custody services and depository. Lastly, private banking clients can choose from exclusive account packages, asset management products, financial market products, gold trading and saving and loan programs (ČSOB, 2018a).

When it comes to innovation and digital enhancements, Československá obchodná banka does not stay behind. To make finance management and banking easier, more comfortable and less time consuming, ČSOB offers contactless payment cards, biometric digital signature, Internet banking and Mobile banking. Instead of Google Pay, the bank introduced its own Android Smart Pay, which enables contactless payments with MasterCard (Kosno, 2018). For the iOS users, the bank plans to introduce Apple Pay soon after the service will be introduced in Slovakia. Master Pass, or a digital wallet, is another offering provided by ČSOB that clients can use for contactless and QR payments. This one is available for both Android and iOS. ČSOB follows the newest digital trends in banking and together with other mentioned banks embraced open banking (ČSOB, 2018a).

Similarly to other banks, ČSOB uses social media, such as Facebook, YouTube, Instagram, Twitter and LinkedIn to communicate and engage with its clients. The shared content does not differ much from the other banks and is made up of posts concerning news about products and services, activities, events, partnerships, sponsorships and competitions. On YouTube, the bank shares how to videos and video series covering various topics. For instance, *"Work on yourself"* series are about interviews with employees, giving career advice while *"I want it all"* series are concerned with online security. The bank interacts with customers in the comment section on its social media, in private messages and via online chat on the website. In addition, clients can contact ČSOB by an online chat, calling its nonstop call centres or leaving their phone number and wait for the bank to call them back. To express satisfaction or dissatisfaction with the bank and delivered services, customers can leave feedback via a mobile application or call the ČSOB Infoline.

When doing business, Československá obchodná banka adopts corporate social responsibility principles and cares about the society, community and environment, which has been supporting for decades. ČSOB encourages protection of children´s health and provides financial resources for the Children´s Cardiac Centre Foundation and Children´s hospital. Besides that, the bank also promotes education in the Slovak Republic as well as new businesses and start-ups. ČSOB does not forget about its employees either and set up a Solidarity fund for them, aiming to help those struggling with severe life problems. Employees can also participate in *"Employee Grant Program"*, which support active lifestyle and safety of people across Slovakia. To support sport, ČSOB became the main sponsor of the biggest Slovak Marathon (ČSOB, 2018a). The bank conducts its business operations in an environmentally friendly manner to reduce ecological footprint by minimizing the waste and saving energy. Furthermore, ČSOB also implemented a plan to reduce the production of its greenhouse gasses by 20% until 2020. With regards to improving people´s knowledge related to financial literacy, the bank organizes several workshops and runs numerous educational programs. ČSOB informs the society about its sustainable business activities by publishing a sustainability report every year. (ČSOB, 2018a, 2018b).

Československá obchodná banka and millennials

Československá obchodná banka´s portfolio contains a number of service, which are tailored to young people´s wants and needs. The bank offers a Fun account for millennials until they are 28 years old. The account is free of charge for the students who deliver a school attendance certificate and a monthly charge of 3 EUR applies for non-students (compared to 6 EUR/month for a standard account). With Fun account, clients are able to do basic banking operations for free, access Internet and Mobile banking as well as electronic account statements, set up their own account overdraft with a preferential interest and withdraw money from ČSOB ATMs in Slovakia free of charge and for a lower fee from the ATMs of banks belonging to KBC group. Holders of the account also get a contactless VISA debit payment card and can request a credit card with better conditions and rates (an interest free period up of 55 days). The bank encourages young people to open this account in a campaign where two lucky winners can win a trip to San Francisco. (ČSOB, 2019b). Free travel insurance for those between 15 and 25 is another service in ČSOB´s youth package. The insurance ensures a worry-free travelling with a non-stop assistance in Slovakia (including a free interpreter) and is active throughout the year for an unlimited number of journeys abroad (ČSOB, 2019c). The bank does not offer loans for any purpose with benefits for millennials, however in its portfolio ČSOB provides a government supported housing mortgage with lower rates and a contribution of 400 EUR for young people aged between 18 and 35 (Pozicky, 2018).

ČSOB promotes a *„Digital intelligence"* campaign, which is aimed especially for young people as it uses jokes and slang and the ambassadors are Slovak influencers. The bank devoted a special website to this project, whose principal objective is to educate young people about online security. Tips and tricks, such as how to prevent data theft or account takeover fraud as well as how to set up a good password or how to stay safe when using a public Wi-Fi can be easily found on the website. However, to target millennials even more effectively, the bank prepared an online series, where young Slovak influencers are the actors, spreading the educational information. After watching the online series about online security, participants can test their knowledge in an online quiz and win valuable prizes (Digitálna inteligencia, 2019).

The above-mentioned case studies discuss four Slovak retail banks, their brands and how they adjusted them for millennials. This information is summarised in Table 4 and Table 5 below to provide an overview of the main findings, which are further discussed in Chapter 6.

Table 4. Summary of the Slovak retail bank´s brands

	Slovenská sporiteľňa	**Všeobecná úverová banka**	**Tatra banka**	**Československá obchodná banka**
Area of focus	Retail banking; Corporate & institutional banking; Private banking			
Retail portfolio	Accounts, cards, loans, mortgages, savings, investments, insurance			
Reward & loyalty programs	A lower account fee according to the number of products/services used			
	• Reward of 20 EUR for an account transfer • Pay for a property valuer & land register with a mortgage	Mastercard holders (discounts, money back, vouchers, travel insurance, access to airport lounges, extended warranty)	VISA card holders (cashback, discounts)	-
Innovations	Contactless payment cards, Internet & Mobile banking, biometric digital signature, open banking, Google Pay or Android alternatives, plan to launch Apple Pay when available in Slovakia			
	-	-	**Innovation leader** with an own research centre for innovations	-
Social media	Facebook, Instagram, YouTube, Twitter, LinkedIn			

Posts on social media	Announcements about regular and innovative products and services, sponsorships, campaigns, partnerships, awards, events and competitions			
	How to videos (use products/save money), business advice videos			
Feedback & customer care	Social media: comments section & private messages via chat Website: call centre, fill out a contact form, online chat Gathering feedback via a Mobile banking application			
	• Call via Skype • Separate sub-page for feedback & suggestions	• Customer care program *"We listen to you 100%"* • Separate sub-page for feedback	-	-
Social and environmental causes	Supporting culture, art, sports, education, public-interest projects, children´s health, charity, start-ups, volunteering			
	Reduction of CO2 emissions & energy and paper consumption			
Fin. literacy	Various programs and strategies to increase financial literacy			

Source: Author

Table 5. Summary of the Slovak retail bank´s brands adjusted for millennials

Slovenská sporiteľňa	**Accounts**
	Space account Student (age:15-26)-free of charge/ Space account Young (age up to 28)-2 EUR/month (can become free of charge)
	Daily banking services, an access to Internet and Mobile banking, payment card (unlimited number of payments), Sphere loyalty program (benefits and discounts), free withdrawals from the bank´s and Erste´s ATMs, advantageous interest rates for deposits and lower loan instalments
	Loans
	Age: 18 - 26 - immediate loans for any purpose with no annual fees Age: 18-35 - a mortgage with lower rates & one-time contribution of 400 EUR
	Activities/campaigns
	"We guarantee you will not fall asleep in this lecture" - lectures with Slovak entrepreneurs to give business, economic and financial advice
Všeobecná úverová banka	**Accounts**
	Fame student account (age:18-26) - students (free of charge)/non-students (3 EUR/month but can become free of charge)
	Daily banking services, Internet and Mobile banking, free VÚB/ Intesa Sanpaolo group ATM usage in Slovakia/abroad, saving account, Flexisaving (automatic savings from every payment),

	personalised VISA contactless debit card (unlimited number of payments), free insurance and deposits through ATMs
	Loans
	Age: 18-35 - a mortgage with lower rates & one-time contribution of 400 EUR
	Activities/campaigns
	"Fame campaign" (a campaign targeting millennials) - slang, a competition to win prizes from Slovak musicians and influencers
Tatra banka	**Accounts**
	Package Young (age:18-26) - free of charge
	Daily banking services, Internet and Mobile banking, usage of the bank´s/ Raiffeisen´s group ATMs across Slovakia/abroad, a personalised VISA contactless payment card, monthly spending report and saving system
	Loans
	Age: 18-35 - a mortgage with lower rates & one-time contribution of 400 EUR
	Activities/campaigns
	30 EUR bonus for getting a Package Young *"Open an account with a selfie"* - a campaign attracting millennials to open an account with a selfie *"Tatra academy"* (a campaign targeting millennials) - slang, jokes, funny pictures, memes and videos featuring a Slovak comedian
Československá obchodná banka	**Accounts**
	Fun account (age up to 28) - students (free of charge)/non-students (3 EUR/month)
	Daily banking services, an access Internet and Mobile banking , electronic account statements, an account overdraft with a preferential interest, free usage of ČSOB ATMs in Slovakia, a lower fee for usage of KBC group ATMs, a contactless VISA debit payment card, a credit card with an interest free period up of 55 days
	Loans
	Age: 18-35 - a mortgage with lower rates & one-time contribution of 400 EUR
	Activities/campaigns
	Competition to win a trip to San Francisco when getting a Fun account Free travel insurance (age:15-25)

Source: Author

5.2 Questionnaire

This section presents findings from the answers provided by the millennial respondents to an online questionnaire. The main purpose of this analysis is to examine how effectively Slovak retail banks implement branding from the customer´s perspective. According to the nature of variables in every question, either descriptive or exploratory approach, or both, are used to analyse the data gathered. The survey was distributed on social media to individuals belonging to Generation Y and 199 responses were obtained and suitable for analysis.

5.2.1 Descriptive research

This section discusses the survey´s responses with the help of descriptive analysis and its methods outlined in Chapter 4. The primary aim of the descriptive research is to describe the studied sample and the current nature of a situation – how millennials perceive branding adopted by the Slovak retail banks and its effect on their satisfaction and loyalty.

Demographic and situational factors

The first section of the questionnaire (Q1-Q4) was focused on demographic information, covering respondents´ gender, age, level of education and employment status, which are summarised in Table 6. The total sample of 199 millennials was quite unbalanced and consisted of 29,15% (n=58) male and 70,85% (n=121) female respondents, which was caused by the fact that the survey was distributed online to a broad audience that resulted in a random sample. With regards to the age distribution, the dominant age group was 22-25 with 66,33% (n=132) of respondents, followed by 19,10% (n=38) and 14,57% (n=29) of millennials aged 18-21 and 26-29 respectively. There were no respondents younger than 18 or older than 30. In terms of education level, 36,68% (n=73) of the sample finished under-graduate education while 33,17% (n=66) and 28,14% (n=56) of millennials finished secondary school and post-graduate education respectively. A doctorate degree was obtained by 2,01% (n=4) of respondents. As visible from the analysis, 35,68% (n=71) of respondents indicated they were students while young people employed full-time and working students were represented by 30,65% (n=61) and 30,15% (n=60) of millennials. Only 3,52% (n=7) of respondents were employed part-time and there were no unemployed individuals in the sample.

Table 6. Demographic profile of respondents

Item	Description	Frequency	Percent
Gender	Male	58	29,15
	Female	141	70,85
Age	Less than 18	0	0,00

	18-21	38	19,10
	22-25	132	66,33
	26-29	29	14,57
	Above 30	0	0,00
Level of education	Secondary education	66	33,17
	Under-graduate education	73	36,68
	Post-graduate education	56	28,14
	Doctorate	4	2,01
Employment status	Student	71	35,68
	Working student	60	30,15
	Employed part-time	7	3,52
	Employed full-time	61	30,65
	Unemployed	0	0,00

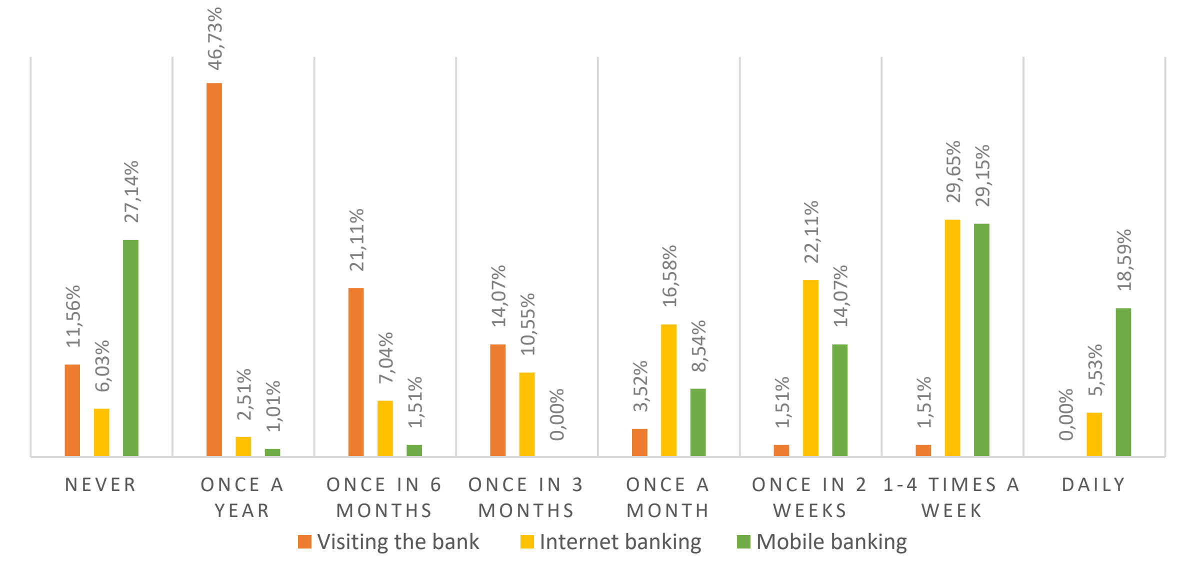
Source: Author

When asked to select their primary bank (Q5), 31,16% (n=62) of respondents were customers of Slovenská sporiteľňa. Tatra banka and Československá obchodná banka (ČSOB) were the second and third most chosen retail banks , with 26,63% (n=53) and 22,11% (n=44) of millennials respectively. Všeobecná úverová banka (VÚB) was used by 20,10% (n=40) of the sample.

Situational factors of respondents, length of relationship with the bank and frequency of visiting the bank, using Internet banking and Mobile banking were covered in Q6 and Q7. Majority of the individuals belonging to Generation Y, 50,75% (n=101) has been using their bank´s services for more than 5 years while 33,67% (n=67) and 10,05% (n=20) of respondents have been customers of their bank for 3-5 years and 1-2 years respectively. Lastly, 5,53% (n=11) of millennials have been using their financial institution for less than 1 year.

Regarding the frequency of visiting the bank and using Internet and Mobile banking, these responses are summarised in Figure 7. According to the results of analysis, visiting the bank was not very popular among millennials as 46,73% (n=93) and 21,11% (n=42) of respondents did so only once a year and once in 6 months respectively. When it comes to frequency of using Internet banking, 29,65% (n=59) of millennials were frequent users as they used it 1-4 times a week, followed by 22,11% (n=44) of respondents using in once in 2 weeks. In case of Mobile banking, most of the respondents 29,15% (n=58) used this service 1-4 times a week. The second most chosen response was “never using Mobile banking by 27,14% (n=54) of millennials while 18,59% (n=37) of respondents used Mobile banking to manage their financial matters daily.

Figure 7. Respondents´ frequency of visiting the bank and using Internet & Mobile banking



Source: Author

When analysing factors, which influenced millennials to choose their current bank provider (Q8), respondents were able to classify each item from 1 (not at all influential) to 5 (extremely influential). It can be observed that respondents found prices and fees (M=3,85, SD=1,23) to be the most important criteria when selecting a financial institution, followed by bank´s reputation (M=3,65, SD=1,07) and family´s recommendation (M=3,62, SD=1,22). Advertising campaigns and promotional activities (M=2,15, SD=1,09) were the least effective aspects having an influence when choosing a bank. Table 7 below summarizes the results for all items.

Table 7. Descriptive statistics of factors influencing respondents´ when choosing the bank

Item	Mean	Std. deviation
Prices and fees	3,85	1,23
Favourable interest rate	2,81	1,17
Range of services offered	3,50	1,01
Advertising campaigns and promotional activities	2,15	1,09
Bank's reputation	3,65	1,07
Friend's recommendation	2,97	1,27
Family's recommendation	3,62	1,22
Gift incentive	2,27	1,10

Source: Author

Brand awareness

The second section of the questionnaire dealt with millennials´ brand awareness of their banks and was made up of two questions (Q9 and Q10). Knowledge about the brand as well as its recognition and recall were tested in Q9, where respondents evaluated several statements on a scale from 1 (strongly disagree) to 5 (strongly agree). According to the results, millennials were highly aware of their banks´ brands (M=4,22, SD=0,57) as they could easily recall their bank´s colours (M=4,62, SD=0,83), recognize their bank´s brand among competition (M=4,60, SD=0,76) and knew their bank´s logo (M=4,51, SD=0,76). When asked about their knowledge of bank´s services, respondents were indifferent (M=3,18, SD=0,97). Table 8 summarizes the results for all the statements.

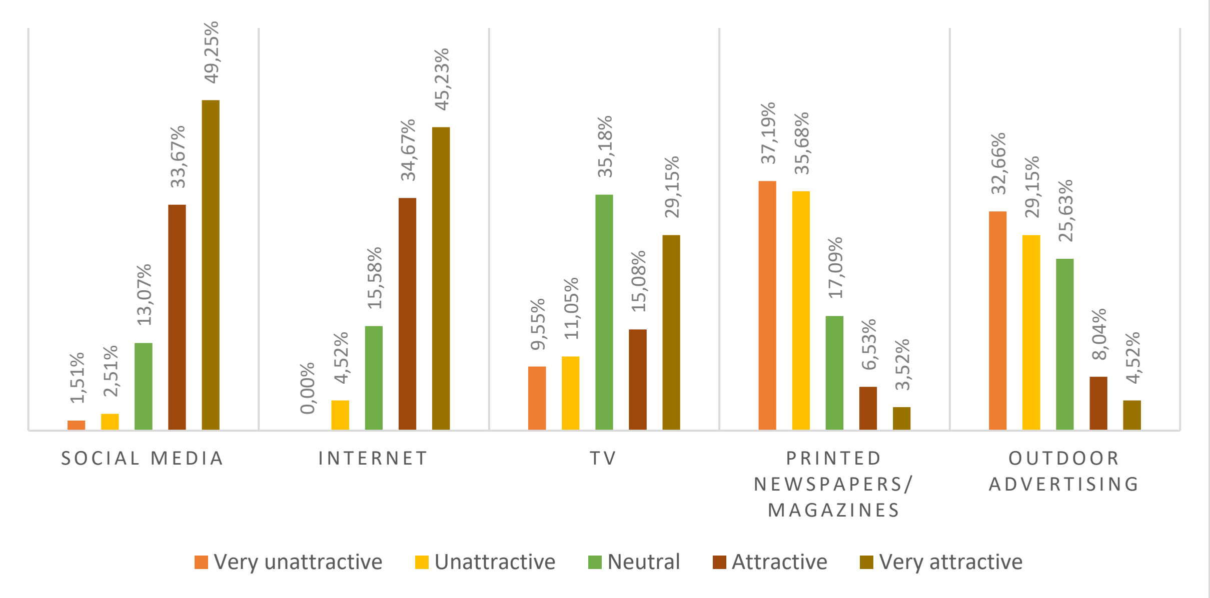
Table 8. Descriptive statistics of respondents´ brand awareness of their banks

Statement	Mean	Std. deviation
I know what my bank's logo looks like	4,51	0,76
I can recall my bank's colours	4,62	0,83
I can recognize my bank's brand among other competitors in the banking sector	4,60	0,76
I know my bank's products and services	3,18	0,97

Source: Author

When examining the attractiveness of different media to catch millennials´ attention to notice their bank´s advertisements (Q10), respondents were asked to rank those using a scale from 1 (very unattractive) to 5 (very attractive). As visible in Figure 8, the sample found social media (49,25%) and Internet (45,23%) as the media with the greatest ability to attract their attention to watch or listen to their bank´s advertisements. On the other hand, traditional media such as printed newspapers/magazines and outdoor advertising were ranked as the least attractive by 37,19% and 32,66% of respondents respectively. TV was chosen as the neutral type of media when attracting millennials to notice advertisements of their banks.

Figure 8. Attractiveness of different media type to catch respondents´ attention



Source: Author

Brand encounter

The third section of the questionnaire was concerned with millennials´ experience with a brand encounter and had two questions. Service quality was covered in Q11 where respondents were asked to evaluate statements on a scale from 1 (strongly disagree) to 5 (strongly agree). The descriptive statistics for each service quality dimension are summarised in Table 9. All the service quality dimensions had high mean values, meaning that on average millennials agreed with the statements attributed to each dimension. Hence, it can be said that the respondents felt that service environment (tangibility), reliability, responsiveness, assurance and empathy were of high quality and contributed to the overall service quality of their bank. Descriptive statistics for every individual statement in each dimension can be found in Appendix 3.

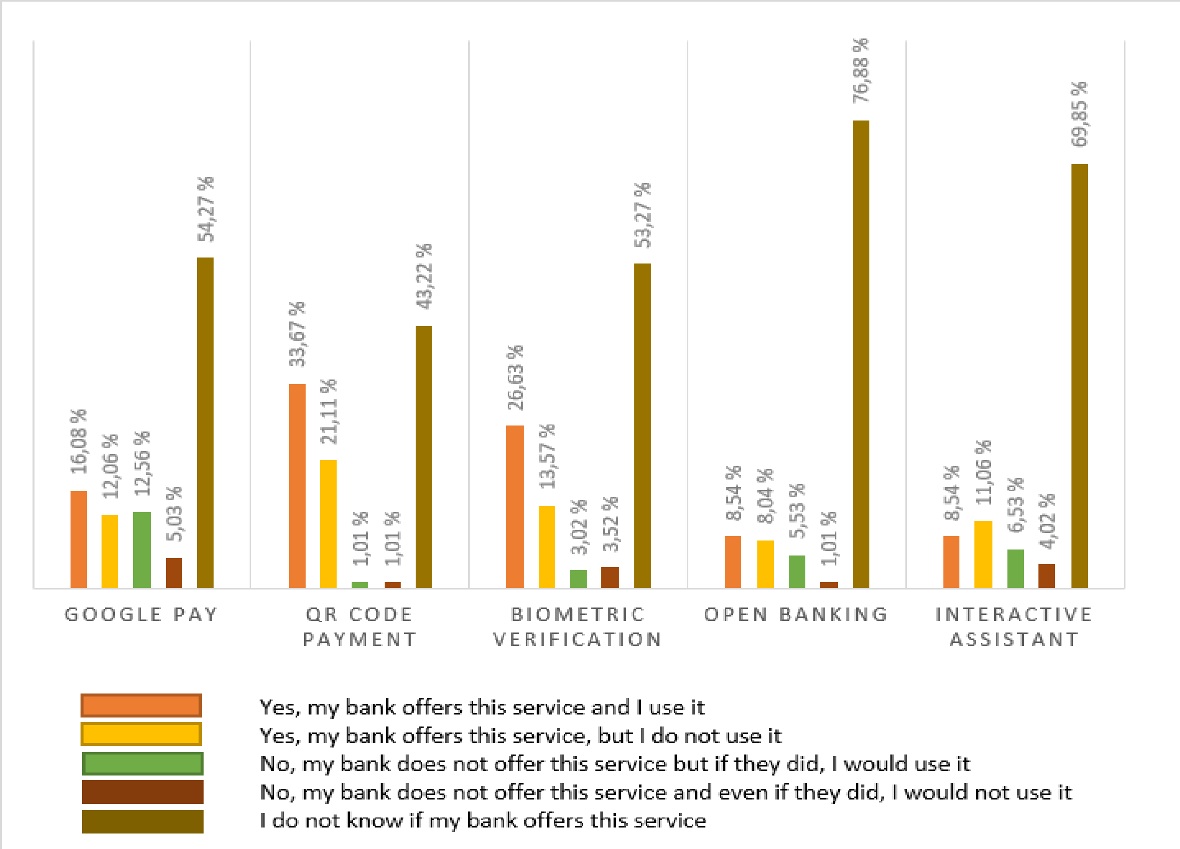
Table 9. Descriptive statistics of service quality dimensions

Service quality dimension	Number of items	Minimum	Maximum	Mean	Std. deviation
Tangibility	3	1,33	5,00	4,02	0,71
Reliability	3	1,67	5,00	3,94	0,74
Responsiveness	3	2,00	5,00	4,16	0,66
Assurance	3	2,33	5,00	4,18	0,61
Empathy	4	2,00	5,00	4,09	0,65

Source: Author

The millennials´ knowledge about innovative services offered by their banks and how young people embrace them was tested in Q12. In Figure 9, one can observe that respondents did not have a high knowledge about their banks´ innovative portfolios as majority did not know if their bank offered open banking (76,88%), interactive assistant (69,85%), Google Pay (54,27%) and biometric verification (53,27%). Moreover, almost half of the respondents did not have any idea if they could pay via QR code (43,22%). The bank´s ineffective communication was confirmed by respondents claiming that their financial institution did not offer innovative services, however as proven in case studies, all the Slovak retail banks offer Google Pay, QR code payment, biometric verification and open banking (interactive assistant is currently offered only by Tatra banka). Lastly, it is visible that millennial customers were not that interested in embracing innovative services as only 33,67% of respondents used a QR payment, 26,63% biometric verification and 16,08% paid with Google Pay. In addition, one can also see in the figure below that even if respondents knew about the innovative products, they did not fancy using them.

Figure 9. Respondents´ knowledge about innovative services offered by their bank



Source: Author

Brand image

The fourth section of the questionnaire consisted of one question (Q12) and dealt with millennials´ perception of their bank´s brand image and factors influencing it, which were evaluated on a scale from 1 (strongly disagree) to 5 (strongly agree). As presented in Table 10, the most important factor influencing young people´s brand image was their personal experience with the bank (M=4,01, SD=1,02), closely followed by bank´s involvement in the social or environmental cause (M=3,91, SD=0,94). The least importance was attributed to bank´s values (M=3,24, SD=0,95) influencing the bank´s brand image. All other factors (marketing communication and word of mouth) had a relatively moderate influence on millennials´ brand image of their banks. Table 10 below summarizes the results for all the statements.

Table 10. Descriptive statistics of respondents´ perception of brand image of their banks

Statement	Mean	Std. deviation
I know my banks values and I feel like they affected my view on my bank's brand image	3,24	0,95

I feel like marketing communication (advertising and marketing) affected my view on my bank's brand image	3,18	0,89
I feel like my personal experience affected my view on my bank's brand image	4,01	1,02
I feel like word of mouth affected my view on my bank's brand image	3,04	0,78
I feel like my bank should be involved in/ donate to social or environmental cause	3,91	0,94

Source: Author

Customer satisfaction

The fifth section of the questionnaire was concerned with millennials´ overall satisfaction with their bank and was composed of three question (Q14, Q15, Q16). Satisfaction with the bank´s products and services as well as technologies was tested in Q14, and responses to seven statements were elicited on a five-point scale ranging from 1 (strongly disagree) to 5 (strongly agree). Most of the respondents agreed with the statements as all the means reached high values as visible in Table 11 below. Millennials were most satisfied with their bank´s customer service (M=4,21, SD=0,70), followed by selection of services (M=4,15, SD=0,82). On the other hand, the least satisfying were prices and fees (M=1,72, SD=0,65), where young people demonstrated extreme dissatisfaction and the pace at which the bank implemented new technologies (M=3,70, SD=1,03). Tthe results demonstrated that overall satisfaction of millennials with their banks was high (M=4,23, SD=0,71). Table 11 below summarizes the results for all the statements.

Table 11. Descriptive statistics of respondents´ satisfaction with their bank

Statement	Mean	Std. deviation
I am satisfied with the selection of services my bank offers	4,15	0,82
I am satisfied with the prices and fees in my bank and find them reasonable	1,72	0,65
I am satisfied with customer service at my bank	4,21	0,70
I am satisfied with the bank´s website	4,05	0,97
I am satisfied with the bank´s mobile app	4,02	1,04
I am satisfied with how quickly my bank implements new technologies	3,70	1,03
Overall, I am satisfied with my bank	4,23	0,71

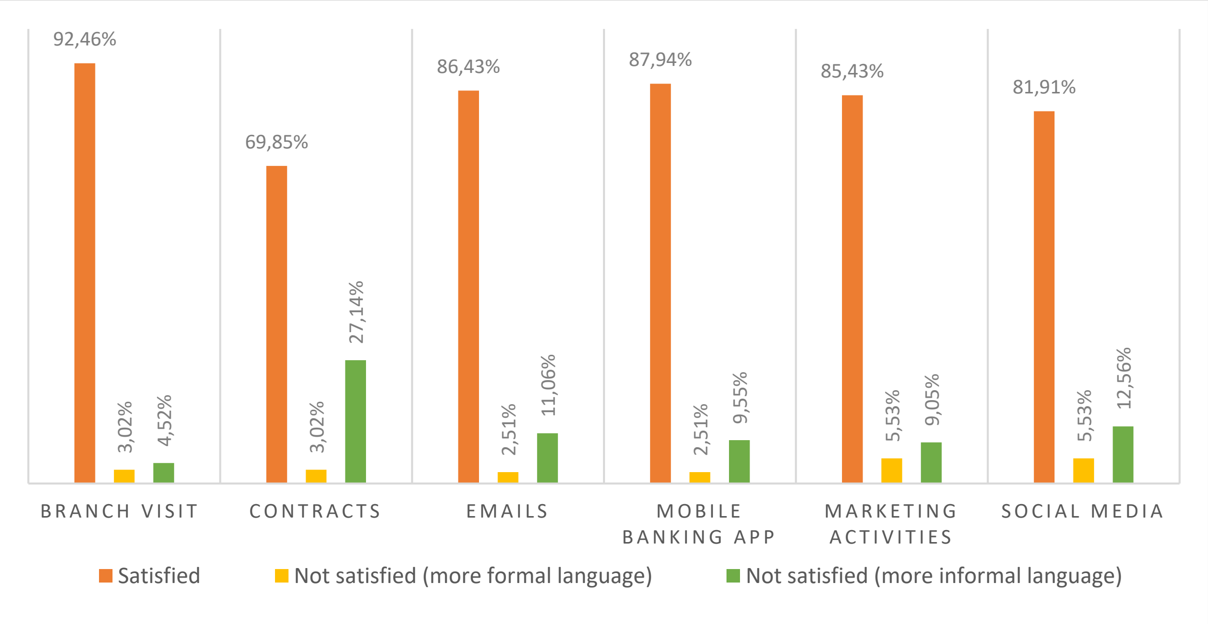
Source: Author

Opening hours of the bank were covered in Q15 and the results showed that the majority of the sample (86,43%) was satisfied with the current opening hours of their banks. However, 7,04%

of respondents would have liked their banks to open later while 4,52% claimed they wanted the bank to open earlier and close later. Only 2,01% proposed the bank should have opened earlier.

When it comes to the language used by the bank when engaging with young people belonging to Generation Y (Q16), respondents could choose from three options (satisfied, not satisfied – the language should be more formal and not satisfied – the language should be more informal and easier to understand). The responses are summarised in Figure 10 and one can observe that majority of the millennials were satisfied with the language used in communication via all the communication channels. Nevertheless, contracts, social media and emails were channels where 27,14%, 12,56% and 11,06% of respondents would have liked their bank to use more informal language. Only a small number of respondents requested the language to be more formal in all the communication channels mentioned.

Figure 10. Respondents´ satisfaction with the language used by their bank



Source: Author

Customer loyalty

The sixth section of the questionnaire dealt with millennials´ loyalty to their bank and had four questions (Q17, Q18, Q19 and Q20). When asked if they find themselves loyal to their bank (Q17), 92,46% of respondents answered yes, while 7,54% said no. Living abroad, having a secondary bank, changing the bank as soon as finishing studies, switching to competition immediately when they offer better deals, using the same bank just because respondent´s parents use it and joining recently and not having enough time to try all the services were given as the reasons for not being loyal. Moreover, some respondents specified they saw banks as thieves and used them out of necessity, meaning they did not have a reason to be loyal to them.

Respondents´ loyalty to their financial institution was tested in Q18, where millennials were asked to evaluate six statements, representing trust, positive word of mouth, willingness to recommend the bank, pay more for services and continue using the bank in the future as well as having only one bank on a scale from 1 (strongly disagree) to 5 (strongly agree). According to the results, respondents were willing to recommend their bank, planned to continue using it in the future as well as trusted their bank as these statements scored the highest, almost an identical mean of 4,16;4,13 and 4,12 with standard deviation of 0,83;0,93 and 0,88 respectively. On the contrary, the lowest mean of 2,63 with standard deviation of 1,29 was recorded for the willingness to pay more for the services offered. In other words, most of the millennial respondents did not agree with this statement. Summary of the result for all the statements concerning customer loyalty is provided in Table 12.

Table 12. Descriptive statistics of respondents´ loyalty to their bank

Statement	Mean	Std. deviation
I trust my bank	4,12	0,88
I say positive things about my bank when I talk to my friends or relatives	3,99	0,95
I would recommend my bank to my family, friends and other people	4,16	0,83
I would be willing to pay more for the services in my current bank because of their quality	2,63	1,29
I will continue to use my bank in the future	4,13	0,93
I only use this bank and I do not have a secondary bank	3,60	1,72

Source: Author

As discovered in Q19, majority of the millennial respondents (56,28%) did not know if their bank had a reward or loyalty program, 30,15% did not use it, while only 13,57% of young people were members of the program, deriving benefits from it.

The last question (Q20) analysed factors influencing millennial customers to switch to competition. The respondents were asked to evaluate six factors on the scale from 1 (not at all influential) to 5 (extremely influential). The millennials identified an unpleasant experience in their current bank (M=4,13, SD=0,96) and lower prices and fees (M=3,77, SD=1,32) as the most influential factors resulting in them leaving the bank whereas a gift incentive (M=2,58, SD=1,25) was identified as the least influential. Millennials attributed the same level of influence to favourable interest rate (M=3,64, SD=1,17) and recommendation from family and friends (M=3,64; SD=1,17) on their decision to switch the bank. Moreover, young customers did not really consider how quickly their bank implemented innovative technologies when switching to competition (M=3,32, SD=1,15). Table 13 summarizes the results for all items.

Table 13. Descriptive statistics of factors influencing willingness to change the bank

Item	Mean	Std. deviation
Lower prices and fees offered by other banks	3,77	1,32
More favourable interest rate offered by other banks	3,64	1,17
An unpleasant experience in my current bank	4,13	0,96
Recommendations from my family and friends	3,64	1,17
Gift incentive from other banks	2,58	1,25
Slow implementation of innovative technologies	3,32	1,15

Source: Author

5.2.2 Exploratory research

This section of the analysis discusses the questionnaire´s responses in more depth employing exploratory research and its methods outlined in Chapter 4. A statistical software SPSS was used when conducting the factor and correlational analysis as well as regression analysis.

Factor analysis

Factor analysis was performed to collapse several items in each dimension to eight factors – tangibility, reliability, responsiveness, assurance, empathy, brand image, satisfaction and loyalty. In this research, factors analysis was done employing varimax rotation and is summarised in Table 14 in the next page. The explanation of abbreviations representing individual items can be found in Appendix 4. According to Hair (2014) only factors with loading of 0,4 and above are significant if the sample size is 200. Thus, it can be concluded that all the items in this analysis had a highly significant individual contribution to the underlying factor as their factor loadings ranged from 0,444 to 0,857.

Items in each dimension were loaded into a single factor except the items belonging to the satisfaction dimension, which were loaded into two factors as seen in Appendix 5 (Table 18). To see a more detailed contribution of each satisfaction item into each factor, an analysis was conducted further as presented in Appendix 5 (Table 19). It was found that two new factors could be classified as a "service satisfaction factor" made up of items covering satisfaction with selection of services offered, prices and fees and customer service and a "technology satisfaction factor", consisting of items concerning satisfaction with the bank´s website, mobile app and pace of implementation of new technologies. In addition, overall satisfaction with the bank was loaded into both factors and therefore discarded. Based on these results, satisfaction 1 factor (service satisfaction factor) and satisfaction 2 factor (technology satisfaction factor) were studied separately in the next steps of the analysis and an individual factor analysis was performed for Satisfaction 1 dimension (SAT1, SAT2 and SAT3) and Satisfaction 2 dimension (SAT4, SAT5, SAT6).

One can observe in Table 14 that the obtained Eigenvalues were of 1 or higher and the total variance explained for every dimension varied from 51,712% to 66,586%. This means that items in each dimension had a lot in common and every factor was strongly represented as the value of the variance was higher than 50% (Hair, 2014).

Table 14. Summary of factor and reliability analysis

Construct	Item	Factor loading	Eigen value	% of variance explained	KMO test	Cronbach´s Alpha
Tangibility	TAN1 TAN2 TAN3	0,788 0,856 0,771	1,948	64,947	0,657	0,728
Reliability	REL1 REL2 REL3	0,813 0,824 0,760	1,919	63,958	0,670	0,715
Responsiveness	RES1 RES2 RES3	0,826 0,819 0,803	1,998	66,586	0,690	0,747
Assurance	ASU1 ASU2 ASU3	0,803 0,793 0,772	1,871	62,361	0,671	0,794
Empathy	EMP1 EMP2 EMP3 EMP4	0,676 0,840 0,838 0,834	2,561	64,015	0,752	0,808
Brand image	BRI1 BRI2 BRI3 BR4 BRI5	0,695 0,710 0,659 0,646 0,444	2,036	51,712	0,680	0,727
Satisfaction 1	SAT1 SAT2 SAT3	0,809 0,763 0,846	1,951	65,042	0,666	0,700
Satisfaction 2	SAT4 SAT5 SAT6	0,721 0,786 0,786	1,755	52,512	0,646	0,345

Loyalty	LOY1	0,730	3,23	53,827	0,814	0,774
	LOY2	0,843				
	LOY3	0,857				
	LOY4	0,605				
	LOY5	0,766				
	LOY6	0,547				

Source: Author

To assess the sampling adequacy, Kaiser-Mayer-Olkin (KMO) test was employed. Kaiser (1974) claims that only values of KMO test that are higher than 0,6 are acceptable and should be studied. All the KMO values obtained in the factor analysis were superior to the threshold of 0,6 and are summarised in Table 14. Majority of the factors were positioned in the mediocre interval, while empathy and loyalty were classified as middling and meritorious. Hence, the KMO indicators confirmed the adequacy of individual items as well as the model.

Reliability (internal consistency) of the items was measured by Cronbach´ alpha. Hair (2014) states that that minimum value for Cronbach´s alpha to be reliable is 0,7. The higher the value of the coefficient, the higher correlation among items. As seen in Table 14, factor analysis was a reliable measure in case of all service quality dimensions (tangibility, reliability, responsiveness, assurance and empathy) as well as brand image, satisfaction 1 (satisfaction with the bank´s services) and loyalty dimension due to the Cronbach's coefficient being superior to the reference of 0,7. However, Cronbach´s alpha for satisfaction 2 (satisfaction with bank´s technology) factor was 0,345, which according to the threshold rule was a low value for the factor to be reliable and thus satisfaction 2 was questionable and dropped from the analysis.

Correlation analysis

To measure how data in this research were related, a correlation analysis was conducted. There are different types of correlation coefficient, however for the purpose of this thesis, Pearson Correlation Coefficient was selected to measure the linear relationship between variables.

The correlation matrix, which was constructed to better understand the relationship between data, namely control variables (gender, age, education), situational factors (length of relationship with the bank, frequency of visiting the bank and using Internet/Mobile banking), service quality dimensions (tangibility, reliability, responsiveness, assurance and empathy), brand image, customer satisfaction and customer loyalty can be found in Appendix 6.

Generally, age is positively correlated with education as well as length of the relationship with the bank, which was also the case in this study. A significant positive correlation could be seen between the frequency of using Internet and Mobile banking as well as length of relationship with the bank and brand image. Nevertheless, the correlation was weak with a value of 0, 198 and 0,197 respectively. One can also observe that neither control variable nor situational factors had a significant relationship with the customer satisfaction and loyalty. Due to this, both control variables and situational factors were dropped and not studied in the next steps of the analysis.

Next, there was a strong positive relationship among service quality dimensions ranging from 0,507 to 0,700, which was significant at 1%. When looking at brand image, this variable depicted a significant positive relation with all the service quality dimension as the correlation coefficient varied from 0,275 to 0,401. Pearson correlation showed that customer satisfaction was positively associated with all the service quality dimensions and brand image as the value of the coefficient altered from 0,312 to 0,503. Lastly, a positive correlation was visible between customer loyalty and all the service quality dimensions as well as brand image and customer satisfaction, which was confirmed by a correlation ranging between 0,384 and 0,581, significant at 1%.

Regression analysis

To examine the relationship between variables in more depth, regression analysis was performed. Seven hypotheses presented in Chapter 3 were tested for significance and supported or rejected based on the p-value. Table 15 summarizes the regression statistics for each hypothesis and is followed by a detailed discussion analysing each hypothesis individually.

Table 15. Summary of regression analysis 1

			Unstandardized coefficient		Standardized coefficient					
H	IV	DV	Beta	Std. Error	Beta	F	t	p	R2	H supported
H1	TAN	SAT	0,409	0,605	0,412	40,267	6,346	0,000	0,170	Yes
H2	REL	SAT	0,413	0,060	0,453	50,908	7,135	0,000	0,205	Yes
H3	RES	SAT	0,501	0,607	0,468	55,282	7,435	0,000	0,219	Yes
H4	ASU	SAT	0,562	0,072	0,487	61,204	7,823	0,000	0,237	Yes
H5	EMP	SAT	0,543	0,066	0,503	66,768	8,171	0,000	0,253	Yes
H6	BRI	SAT	0,357	0,077	0,312	21,297	4,615	0,000	0,098	Yes
H7	SAT	LOY	0,648	0,605	0,581	100,45	10,022	0,000	0,338	Yes

Source: Author

H1: Tangibility has a positive effect on millennials´ satisfaction in retail banking.

A significant relationship (p=0,000 and t=6,346) was found between the independent factor tangibility (TAN) and the dependent one, customer satisfaction (SAT). Based on R^2, it can be said that 17% of the variance in satisfaction was explained by tangibility. The unstandardized Beta coefficient was 0,409, meaning for every unit increase in tangibility, satisfaction would increase by 0,409 units. F-value of 40,267 indicated the significance of the regression model. According to the results, the first hypothesis was supported.

H2: Reliability has a positive effect on millennials´ satisfaction in retail banking.

An independent variable reliability (REL) has been found to have a significant effect on a dependent variable customer satisfaction (SAT) as p=0,000 and t=7135. R^2 of 0,205 indicated that REL predicted 20,5% of variance in SAT. The unstandardized Beta coefficient of 0,413 pointed out the extent by which customer satisfaction would change if service quality dimension reliability changed by one. The regression model was significant as proven by F-value of 50,908. Hence, the second hypothesis was supported.

H3: Responsiveness has a positive effect on millennials´ satisfaction in retail banking.

Regression analysis confirmed that responsiveness (RES) had a significant positive influence on the customer satisfaction (SAT) with $p < 0,05$ and t=7,435. The coefficient of determination (R^2) of 0,219 indicated that responsiveness explained 21,9% of customer satisfaction. The unstandardized Beta was 0,501 representing the average change in customer satisfaction if responsiveness changed by one unit. The regression model was significant (F=55,282) and the hypothesis was supported too.

H4: Assurance has a positive effect on millennials´ satisfaction in retail banking.

When testing the fourth hypothesis, a significant relationship (p=0,000 and t=7,823) was found between assurance (ASU) and customer satisfaction (SAT). The value of R^2 was 0,237, meaning that 23,7% of the variation in a dependent variable (SAT) was explained by the independent variable (ASU). As indicated by the unstandardized Beta coefficient, customer satisfaction would increase by 0,562 if assurance increased by one unit. Lastly, F of 61,204 reported significance of the entire model. Derived from the results, this hypothesis was accepted.

H5: Empathy has a positive effect on millennials´ satisfaction in retail banking.

Significant effect of empathy (EMP), an independent variable, on customer satisfaction (SAT), a dependent variable was found as p<0,05 and t=8,171. The coefficient of determination (R^2) of 0,253 could be interpreted as 25,3% of variance in customer satisfaction was predicted by empathy. One can observe an increase of 0,543 in SAT for one unit increase in EMP, which was indicated by the unstandardized Beta coefficient. The regression model was confirmed significant as F-value was 66,768. Considering all the presented findings, it can be concluded that the hypothesis was supported.

H6: Brand image has a positive effect on millennials´ satisfaction in retail banking.

Results of the regression analysis demonstrated that there was a significant relationship (p=0,000 and t=4,615) between brand image (BRI) and customer satisfaction (SAT). An independent variable (BRI) predicted 9,8% of the dependent variable (SAT) as indicated by R^2. The unstandardized Beta coefficient had a value of 0,357 and therefore customer satisfaction would increase by this value if brand image increased by one. F-value of 21,297 proved the significance of the regression model. According to the results, the first hypothesis was supported.

H7: Millennials´ satisfaction has a positive effect on millennials´ loyalty in retail banking.

Customer satisfaction (SAT) was considered as an independent variable while customer loyalty (LOY) as a dependent one, when analysing the relationship, which was found to be significant as p<0,05 and t=10,022. R^2 of 0,338 indicated that 33,8% of variability in customer loyalty was explained by customer satisfaction. One can claim that customer loyalty would increase by 0,648 if customer satisfaction increased by one unit, as indicated by the unstandardized Beta. The regression model was significant as confirmed by the F-value of 100,45. Deriving from the results, the hypothesis was supported.

Post hoc test

To understand the simultaneous effect and the predictive power the independent variables (tangibility, reliability, responsiveness, assurance, empathy and brand image) had on the dependent variable (customer satisfaction), a multiple regression was performed. The author made a decision not to include control variables, such as gender, age and education as there was no statistically significant correlation between these variables and customer satisfaction or customer loyalty found. Before conducting a multiple regression analysis, multicollinearity was assessed according to the conditions stated in Chapter 4, to prevent obstacles that might complicate evaluating statistical significance and result in misleading findings. All the predicting variables were tested for multicollinearity and the results can be found in Appendix 7. The variance inflation factor varied from 1,220 to 2,692, which was below 10 while all the tolerance levels were above 0,1, with the lowest value of 0,371. In case of correlation, no correlation above 0,9 was recorded. Based on the findings it can be concluded there was no multicollinearity in the model and multiple regression analysis could be conducted.

When conducting single regression analysis in the SPSS software, all the models were significant, and each hypothesis was accepted as discussed before. However, when performing a multiple regression, the results were considerably different as displayed in Appendix 8. Even though the ANOVA table indicated significance of the whole model (p=0,000 and F=15,450), it was found that only one service quality dimension, empathy, had a significant relationship (p=0,041 and t=2,054) with customer satisfaction. All the other service quality dimensions and brand image did not have a significant impact on customer satisfaction as p ranged from 0,118 to 0,329, which was higher than threshold of 0,05.

These results were surprising, however the author believes they were caused by a higher correlation among service quality dimensions (see Appendix 6). Despite performing a test to detect multicollinearity where variance multiple factors (VIFs) and tolerance levels were in line with the threshold values, some multicollinearity might have been still present and caused insignificance of service quality coefficients. Moreover, as portrayed in Table 16, the mean values of the service quality dimensions as well as satisfaction were higher too, which made it difficult to get statistically significant results. Derived from the results, due to higher correlation and mean values, the variables might have pushed each other out when regressed together in one model. Hence, a further research is suggested to examine interplay between variables.

Table 16. Mean values of independent and dependent variables

			Independent variables				Dependent variable
	TAN	**REL**	**RES**	**ASU**	**EMP**	**BRI**	**SAT**
Mean	4,02	3,94	4,16	4,18	4,09	3,65	4,03

Source: Author

Despite dropping the technology satisfaction factor due to being unreliable (Cronbach´s alpha of 0,345) the author was interested to see if any technology items (website, mobile app and implementation of new technology) had a positive impact on customer satisfaction. Hence, three additional single regressions were conducted, where technology items represented independent variables while customer satisfaction was the dependent one. Summary of regression analysis is displayed in Table 17 below.

Table 17. Summary of regression analysis 2

		Unstandardized coefficient		Standardized coefficient					
Independent variable	**Dependent variable**	**Beta**	**Std. Error**	**Beta**	**F**	**t**	**p**	**R**	**R2**
Website	SAT	0,167	0,050	0,232	11,197	3,346	0,000	0,232	0,054
Mobile app	SAT	0,212	0,046	0,314	21,516	4,638	0,000	0,314	0,098
Implementation of new technology	SAT	0,115	0,048	0,168	5,748	2,397	0,000	0,168	0,028

Source: Author

As visible from the table, all the relationships between technology items and satisfaction were significant as p=0,000, however a small value of R, ranging from 0,168 to 0,232 signalled that these positive relationships were very weak. Similarly, R^2 values were considerably low (2,8% - 9,8%), indicating that the model fitted data poorly or in other words, banks´ website, mobile app and implementation of new technology could only explain 5,4%; 9,8% and 2,8% of variation in customer satisfaction respectively. The small value of unstandardized Beta in each regression shows that there would only be a small increase in the dependent variable, customer satisfaction, if the independent variable increased by one unit. Standardized Beta coefficient can be used to rank predictors and therefore it can be said that among the studied variables, bank´s mobile application had the biggest impact (Beta=0,314) on customer satisfaction, followed by bank´s website (Beta=0,232) and implementation of new, innovative technologies (Beta=0,168). Derived from these results, it can be concluded that technology had only a small positive effect on customer satisfaction.

6 DISCUSSION AND CONCLUSIONS

This chapter concludes this thesis by summarizing main findings and providing answers for the research questions. Contributions of the research are also outlined, specifically in the theoretical and practical area. Lastly, limitations that may have impacted the results are addressed and recommendations for further research given.

6.1 Main findings

This section focuses on main findings of the research. The principal purpose of this thesis was to examine the impact of branding on satisfaction and loyalty of millennials in the Slovak retail banking sector and therefore the following research question was formulated:

What are the effects of branding used by the retail banks on satisfaction and loyalty of millennial customers?

To comprehensively answer the main research question, individual research questions are answered first:

RQ1: How did the banks adopt branding and adjust their brands for millennials?

Literature review revealed that branding is particularly important in the highly competitive sectors such as retail banking, as it enables differentiation and value creation. Despite this, branding remains a challenge for banks that have similar offerings and cannot effectively distinguish themselves from the competitors. This was also the case of the banks analysed in case studies in Chapter 5 as they showed only small differences between financial institutions.

With regards to the visual identity of the retail banks, all of the banks created logos to represent their businesses. All the banks except Všeobecná Úverová Banka opted for a blue colour, which evokes security, stability and reliability. Slovenská sporiteľňa´s and Tatra banka´s logos also incorporated elements, which emphasized their Slovak roots.

All the banks researched, concentrated their operations in three main areas – personal banking, business, corporate and institutional banking and private banking where the product and service portfolios did not differ much and consisted of similar offerings. All of the banks rewarded their customers with a lower account fee according to the number of products and services used. While Československá obchodná banka was the only bank without a loyalty program, Všeobecná Úverová banka and Tatra banka had loyalty programs for Mastercard and VISA holders. Slovenská sporiteľňa was the only bank rewarding customers for transferring their account from other banks and paying for property valuer and cadastral land register with a mortgage. When it came to innovations, Tatra banka was the leader in this field, for which it won numerous awards. Besides staples offered by all the retail banks, such as contactless payments (including QR code payments), Internet and Mobile banking, biometric digital signature and open banking, Tatra banka offered digital interactive assistant, face and voice biometrics, banking via smart watch and much more. In addition, Tatra banka has its own laboratory where the experts develop the newest banking technologies. In case of Google Pay, all the banks offered this service or similar alternatives for Android users and planned to launch Apple Pay as soon as it is available in Slovakia.

All the studied banks were present on social media to engage and interact with their potential and existing clients, however, their strategies did not differ much. Facebook was the platform where the banks were active the most, with the posts focusing on products and services, both basic and innovative ones, competitions, sponsorships, awards and campaigns. These were complemented with how to videos and video giving business and financial advice. Feedback collection did not differ much either and clients could contact all the banks on their social media as well as via website or a call centre or use a mobile banking app to leave their feedback and suggestions. Všeobecná úverová banka was the only bank with a customer care program.

Supporting environmental and social causes was a key objective of all the financial institutions. Regarding the environmental involvement, the banks were concerned with their $CO2$ emissions and energy and paper consumption, which they were working on minimizing by implementing environmentally friendly policies. Moreover, all the retail banks provided grants to public-interest project, children´s health, start-ups and contributed to development of numerous areas, including culture, art and sports. Lastly, financial literacy was another concern of the studied banks, which they were targeting to increase by organizing lectures and workshops, especially for young people. To make learning about finance more interesting, Všeobecná úverová banka developed a mobile game where the goal was to reduce debt of an imaginary country.

Similar offerings were also found when analysing how banks adjusted their brands for the millennial customers. Packages targeted for members of Generation Y were based on functional value, such as basic products free of charge or lower rates and fee compared to standard offerings. Despite these products and services being appealing for young people as they are free or cheap, they do not offer anything else and can be found in any bank. Všeobecná úverová banks and Tatra banka had campaigns targeting specifically millennials, particularly the younger ones as both of the banks used slang and jokes to communicate the message to the audience as well as celebrities and influencers as ambassadors. However, none of the banks was able to take an advantage of branding, in such way that it would demonstrate the special benefit young people could obtain if they became clients of one of the financial institutions.

Derived from these findings, it can be concluded that branding is challenging for retail banks as they were not able to exploit it to its full potential, effectively implement it to differentiate themselves from the competition and adjust their brands for customers belonging to Generation Y. Hence, retail banks lacked exceptionally strong service brands as very similar offerings and only small differences were found among the studied sample.

RQ2: What is millennials´ behaviour and relationship towards banks´ brands like?

The answer to this research question is supported by the literature review, specifically section 2.4 and is also applied on the findings of the carried-out research. Millennials or Generation Y have been defined as a generational cohort born between 1980 and 2000 with unique characteristics and traits that make them notably different form preceding generations. Hence, companies need to take them into consideration when attracting young people and maintaining a relationship with them.

Millennials are often stereotyped as hyper connected, using Internet as an easy option to engage, interact and search for information. Managing their matters and interacting on the go resulted in millennials seeing personal contact with their banks as inconvenient which was mirrored in very low visits of bank´s branches. On the other hand, young people increasingly preferred digital banking, such as Internet and Mobile banking to frequently take care of their finance, confirming their hyper connectivity and comfort with technology.

The generation Y is nicknamed as Digital natives, which reflects their technological savviness, daily usage of technology as well as quick adoption of new and innovative gadgets. However, only a small number of millennials used innovative products and services. Majority of respondents did not know if their bank´s portfolios included innovations, even though banks promoted them heavily on social media, which millennials use on daily basis. Moreover, young people were not interested in innovative technology and did not look for information about this matter, which contradicts conducted literature review. Despite showing disinterest in innovative technology that could simplify their day-to-day banking, young people were not satisfied with their bank´s technology implementation pace, which is paradoxical.

Price sensitivity was confirmed as another attribute of Generation Y as the price played a key role in millennials´ behaviour. Young people selected their banks based on prices and fess and were not satisfied with the current prices of their banks. However, majority of the respondents were up to 26 years old and therefore had a free of charge account. This implies that even if millennials were not required to pay for banking services, they already considered price as the most important factor affecting their decision to select or leave their financial institution. Moreover, leaving their bank if competition offers a better price also indicates that young people perceived banks as homogenous and do not really care what bank they use as long as they pay the lowest fees. Besides the price, referral from a family was also perceived important, which showed millennials were not impulsive shoppers and preferred gathering information from people who they trust before engaging with a brand as outlined in the literature review.

Community orientation is deeply rooted in young people´s lives which makes them place high importance on social standing. Millennials carefully consider all their actions as they put emphasis on what others think about them and engage mainly with brands that could improve their social status. This characteristic then reasons why young people chose bank´s reputation as the second important criterion when selecting a bank.

Having been exposed to firm´s marketing activities since their early childhood, members of Generation Y were very brand conscious, and could easily recognize their bank´s brand among competition and recall the logo and colours. High brand awareness might also be explained by millennials choosing the bank based on its prestige and reputation, meaning they did an extensive research before selecting their bank and therefore remembered its logo and colours.

Millennials preferred engaging with banks that are sustainable, care about environment and pay attention to social causes, which directly mirrors their characteristics of being socially and environmentally responsible and thus requiring the same from their banks.

Young people show low level of loyalty to brands, with an exception of banking where they perceive themselves as loyal and do not tend to change banks often. Majority of the respondents has not change their bank in the past five years and almost all of them claimed they were loyal to their financial institution. However, as it will be later explained, this loyalty was mostly based on inertia and convenience.

RQ3: How does service quality in retail banking affect satisfaction of the millennials?

Literature review emphasized significance of service quality in branding as it is a factor, which can increase profitability, long term economic competitiveness and distinguish firms with the same offerings. In service industries, service quality is usually represented by the employees as they are brand ambassadors, interacting with clients when delivering the service and thus directly influencing customer experience and his or her view of the brand.

A SERVIQUAL model, which proved to be a reliable tool for measuring service quality, was employed in this study to analyse the impact of service quality on customer satisfaction. The results of the study are in line with the previous research, confirming that service quality positively influenced satisfaction of the millennials customers. It was found that all the service quality dimensions, tangibility reliability, responsiveness, assurance and empathy were predictors of customer satisfaction, however there is a substantial difference in the impact individual service quality dimensions had on satisfaction.

Empathy was treated as the most important element and had the highest influence (Beta=0,503) on customer satisfaction. This indicates that bank´s employees contribute to millennials´ satisfaction by willingness to solve customers´ problems, offering individualized attention to customers and tackling their problems in a timely manner. Assurance is another key factor with the second highest effect (Beta=0,487) on customer satisfaction. This means that customer satisfaction can raise if the banks´ employees are polite, competent and knowledgeable enough to respond to customers´ enquiries and can inspire trust and confidence in clients. Findings demonstrate that responsiveness also had a significant impact (Beta=0,468) on satisfaction of millennial customers. Banks can enhance satisfaction of millennials if personnel is willing to help them and understand their needs as well as provide a quick speed of service delivery. Even though reliability was found to have a positive relationship with customer satisfaction, its effect was the second lowest (Beta=0,453). This result can be explained by millennia´s perception of the security level of transaction process as well as employees providing accurate information and performing services dependably and error-free. A service quality dimension, which impacted customer satisfaction the least (Beta=0,412) was tangibility. Based on the results, millennials indicated that elements such as bank´s equipment as well as appearance of personnel and physical facilities contribute the lowest to their satisfaction.

RQ4: How effective is branding in building loyalty through brand-customer relationship from the customers´ point of view?

As proven by the literature review, academics share an opinion that branding plays a pivotal role in building and maintaining a brand-customer relationship, which is concerned with the complexity of consumer´s attachment to the brand and therefore is essential for customer retention. This relationship is critical for a company's success as it can turn satisfied customers into loyal and committed ones. As loyalty brings a stable competitive advantage and other benefits, strengthening brand-client relationship and developing and extending loyalty became a principal objective for marketers.

When investigating loyalty of the millennial customers to their financial institution, the results show almost all the respondents considered themselves loyal to their banks. According to this, it might already seem that branding of retail banks was effective in building loyalty. However, before drawing such conclusion, the analysis of customer loyalty needs to go deeper.

As discussed in the conducted literature review, customers that are truly loyal to their service provider and perceive it as prestigious exhibit certain behaviours and attitudes, proving their commitment. These include staying with the same brand for a longer period of time, increasing frequency of shopping, extending their contracts with the brands, becoming brand advocates and speaking in its favour as well as recommending it to others, paying extra for services of high quality and staying committed to the preferred brand even if offered a better deal or affected by marketing efforts from the rival brands and other situational influences.

The results demonstrate that majority of the millennials did not change their bank in the past five years and planned to continue using it in the future as well, however the use of automated channels was preferred over a branch visit. Despite regularly using Internet and Mobile banking, there was no correlation found between frequency of using these services and loyalty. Next, respondents showed trust in their banks, which was also mirrored in them suggesting it to their family and friends as well as speaking positively about it when discussing such matter with others. Although members of Generation Y rated all the service quality dimensions at their bank high, indicating that the banks offer services of very good quality, they were reluctant to pay anything extra for this quality. Millennials also expressed their own unpleasant experience as well as better deals (lower prices and fees) offered by other banks as top reason for changing their provider of financial services.

Derived from these findings, it can be concluded that branding is effective only to a small extent in building loyalty through client-brand relationship as millennials showed trust and favourable attitude towards their banks as well as willingness to recommend it to others. However, they seem to be loyal only until they experience bad customer service, malfunctioning product or other unpleasant situation. Moreover, strength of young people´ loyalty can be further questioned as they refused paying price premium for services and would change their bank if a better alternative became available, indicating their homogenous view of retail banks. Hence, loyalty which was demonstrated by young respondents is based on inertia and arises mostly from a previous long-term relationship with the bank as well as the lack of benefits offered by other financial institutions that would be worth additional effort of switching the bank.

Once all the sub-questions are answered, the main research questions can be answered as well. Branding has positive effects on satisfaction of millennial customers, especially in case of service quality and brand image. Regarding the service quality, all the dimensions contributed to satisfaction, which emphasized the role of service personnel who deliver the service and interact with the clients. Innovative technology was surprisingly found to have negligible influence on satisfaction of members belonging to Generation Y, despite that fact that they are characterised as Digital natives and technology savvy individuals. This was caused mainly by ineffective communication from the bank´s side but also disinterest from the side of millennial customers. When it comes to loyalty, branding is only effective to a small extent in building true and strong commitment to a bank´s brand. A deep analysis indicated that despite possessing some of the behaviours and attitudes that might imply loyalty, loyalty of millennials was mainly based on inertia and lack of benefits offered by other financial institutions. None of the banks has taken a full advantage of branding and offered an additional value to consumers except very similar products and services. Due to this, millennials perceived banks as homogenous, with the price being the most influential factor regarding a bank-related decision. Moreover, as banks were not able to effectively implement branding and position themselves as prestigious in young people´s minds, millennials were only loyal in a sense of not switching to the competition and leaving their current bank unless they experienced an unpleasant situation there. Nonetheless, it is important to mention that consumers held a favourable attitude towards their banks and thus the examined financial institutions have potential to turn young people´s satisfaction into strong loyalty if they use branding more effectively and make banks´ brands more attractive for millennials.

6.2 Theoretical implications

This research has enriched the literature in the field of retail banking industry, especially in the Slovak Republic where there was no such research conducted before. This study focused on the existing academic literature regarding branding, service quality, satisfaction and loyalty and connected these concepts with the Slovak retail banking sector. The research confirmed positive impact of service quality (Arasli et al., 2005; Kheng et al., 2010; Lau et al., 2013) and brand image (Shahroudi and Naimi, 2014) on customer satisfaction, which also positively affected customer loyalty (Ghafoor et al., 2012; Sahin et al., 2011; Siddiqi, 2011). On the other hand, it was found that branding was effective only to a small extent in building loyalty, which was mostly based on inertia and lack of benefits offered by other banks.

This study has also contributed to the knowledge in the field of the Millennial generation. It has attempted to understand the way members of Generation Y behave towards their banks and how they perceive branding of their financial institutions. The study found out that despite millennials being stereotyped as Digital natives and tech savvy (Bolton et al., 2013; Brown and Czerniewicz, 2010), this is generalization and behaviour of this generational cohort differs from country to country.

6.3 Practical implications

The research confirmed a positive impact of service quality on satisfaction, which gives implication for bank managers and employees. As service quality largely depends on employees as they interact with clients when delivering the service and thus directly influence their experience and perception of the bank´s brand, it is important for banks to make sure they keep enhancing service quality by taking care of their personnel. This can be done by creating a healthy workplace environment, which will make staff empowered and motivated, resulting in them having more willingness to resolve client´s problems. Moreover, employees should also be regularly educated to ensure they can deliver on bank´s promises but more importantly, managers should focus on their staff´s wellbeing and happiness as happy personnel makes happy clients.

The results of the survey demonstrated that majority of millennials responds did not know if their banks offered innovative services, despite banks promoting innovations with posts about their launches and upgrades as well as videos how to use them on social media and other platforms that millennials use on a daily basis. This indicates that banks should raise awareness about this matter by reconsidering and significantly improving their social media strategy and promotion of innovative services, which is currently ineffective as it cannot catch attention of young customers. In addition, only a small number of millennials used innovative technologies when managing their finance, hinting they are not aware of how innovations could simplify their banking. The retail banks should tackle this problem by emphasizing benefits the innovative technologies can bring and also by conducting a research on technology acceptance of innovative technologies in banking to find out what influences people to adopt them.

As shown by the case studies, Slovak retail bank´s portfolios for millennials were very similar and provided mainly functional value, such as basic services free of charge. This implies that banks are not effectively targeting young customers and therefore should come up with products, services and benefits exclusively aimed for millennials and their needs. Offering services specifically tailored to young people would improve their customer experience and demonstrate the benefit millennials can obtain if they select this financial institution.

Prices and fees were found to have the greatest impact on millennials´ decision to remain in the bank or switch to the competition despite the fact that majority of respondents were younger than 26 years old and had a free of charge account. This insinuates that banks should take into account high price sensitivity of millennial customers and revise their prices as it is very probable young people will change their current bank once they will have to pay a full price for the services or when they get offered better prices by other banks.

6.4 Limitations and future research

This research has several limitations that need to be addressed and taken into consideration when interpreting and generalizing the results.

The main limitation of the study is its context. First, the research was conducted in the Slovak Republic, meaning it might not be applicable in other countries outside Central Europe. Second, case studies examined only 4 out of 27 retail banks currently operating in the country, however they controlled around 73% of the market and thus it was not considered relevant to add another retail bank. Third, the research topic, branding in retail banking, is lagging behind, which resulted in the study being more general with an exploratory focus, covering too many concepts.

The first set limitations relates to the sample of the study. The sample only focused solely on millennials born between 1990 and 2000 and thus excluded other members of Generation Y born after 1980. Moreover, men are underrepresented in the sample as they only accounted for 29,15% of respondents.

The second set of limitations is associated with the questionnaire. Despite dropping three questions after a pilot test of the questionnaire, its length (20 questions) still discouraged many potential respondents from finishing it. This was confirmed by Qualtrics software, which recorded over 250 questionnaires in progress that were never completed. In addition, the survey was only distributed in English, which might have caused problems when millennials, native Slovaks, were filling it out as they might have misinterpreted some of the questions. Lastly, when choosing response options concerned with technology affecting satisfaction, only three items were included, which limited the reliability of the result, meaning more options should have been included when measuring the variable.

The third set of limitations is general. The researcher herself is a millennial and therefore might have been biased and lacked objectivity when designing the questionnaire and analyzing the results. In addition, as mentioned before this research is more on a general scale and thus the behavior of respondents and their perception of branding was not compared among different banks.

Despite the research having above mentioned limitations, the author believes they will encourage further research. The research studying an impact of retail banks´ branding on millennials should be studied in other countries. This would enable comparison of millennials worldwide and would bring beneficial insights into their behavior, which as proven by the results, may differ from common characteristics of Generation Y. The influence of branding on satisfaction and loyalty of millennials should also be investigated in other highly competitive service sectors, such as hospitality, transportation, telecommunication and retail, for example supermarkets.

Regarding the results of the study, these offer possibilities for further research too. The sample of millennials was studied in general, however in future research it is proposed to group respondents based on their primary banks and then examine them. Such classification would allow for comparing behavior of different groups and effectivity of branding implemented by individual banks.

Due to a low value of Cronbach´s alpha (0,345) for technology satisfaction factor it had to be discarded and not analysed further. Hence, it is suggested to analyse the technology and its connection to satisfaction in more detail and make the variable reliable by including more items when measuring it.

Moreover, the relationships between variables were studied by linear regressions, which were significant if conducted individually. However, when the relationship was tested in a multiple regression, it was found insignificant, despite running a test for multicollinearity which did not detect any. Therefore, it is recommended to further study the interplay among variables.

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APPENDICES

Appendix 1: Questionnaire

Demographics and situational factors

1. **Gender**
    - Male
    - Female
    - I prefer not to say
2. **Age**
    - Less than 18
    - 18 – 21
    - 22 – 25
    - 26 – 29
    - Above 30
3. **Highest level of education qualification**
    - Secondary education
    - Under-graduate education (Bachelor study program)
    - Post-graduate education (Master study program)
    - Doctorate
4. **Employment status**
    - Student
    - Working student
    - Employed part-time
    - Employed full-time
    - Unemployed
5. **Select your primary bank**
    - Slovenská sporiteľňa
    - Všeobecná úverová banka (VÚB)
    - Tatra banka
    - Československá obchodná banka (ČSOB)
    - UniCredit Bank
    - mBank
    - Other:
6. **How long have you been a customer of this bank?**
    - Less than 1 year
    - 1-2 years
    - 3-5 years
    - More than 5 years
7. **How often do you use the following services? Please choose the option which describes your situation best:**

	Never	Once a year	Once in 6 months	Once in 3 months	Once a month	Once in 2 weeks	1-4 times a week	Daily
Visiting the bank								
Internet banking								
Mobile banking								

8. **Respond how influential the following factors were when choosing your current bank, using the scale 1-5 (1-Not at all influential, 2-Slightly influential, 3-Neutral, 4-Very influential, 5-Extremely influential):**

	1	2	3	4	5
Prices and fees					
Favourable interest rate					
Range of services offered					
Advertising campaign and promotional activities					
Bank's reputation					
Friend's recommendation					
Family's recommendation					
Gift incentive					

Brand awareness

9. **Respond to the following statements using the scale 1-5 (1-Strongly disagree, 2-Disagree, 3-Neutral, 4-Agree, 5-Strongly agree):**

	1	2	3	4	5
I know what my bank's logo looks like					
I can recall my bank's colours					
I can recognize my bank's brand among other competitors in the banking sector					
I know my bank's products and services					

10. **Please rank the following types of media based on their attractiveness/ability to catch your attention to listen/watch your bank's advertisement using the scale 1-5 (1-very unattractive, 5-very attractive).**
    - Social media
    - Internet
    - TV
    - Printed newspapers/ magazine
    - Outdoor advertising

Brand encounter

11. **Respond to the following statements regarding your bank´s service quality using scale 1-5 (1-Strongly disagree, 2-Disagree, 3-Neutral, 4-Agree, 5-Strongly agree):**

Tangibility	**1**	**2**	**3**	**4**	**5**
The equipment of bank is sufficient and visible for customers' usage					
The bank facilities and designs make customers feel comfortable					
Employees of this bank have neat appearances					
Reliability	**1**	**2**	**3**	**4**	**5**
Employees of this bank provide error-free service					
Employees of this bank carry out customer transactions confidentially					
Employees of this bank provide customers with precise information					
Responsiveness	**1**	**2**	**3**	**4**	**5**
Bank employees can provide customers prompt services					
Bank employees can understand customers' needs					
Bank employees are willing to help customers					
Assurance	**1**	**2**	**3**	**4**	**5**
Employees of this bank have the knowledge to respond to customers´ problems					
Employees of this bank are polite to customers					
Employees of this bank instil confidence in customers					
Empathy	**1**	**2**	**3**	**4**	**5**
Employees of this bank enact transactions on a timely manner					
Employees of this bank always help customers					
Employees of this bank provide individualized attention to customers					
Employees of this bank are willing to solve customer problems					

12. Does your bank offer the following services?

	Yes, my bank offers this service and I use it	Yes, my bank offers this service, but I do not use it	No, my bank does not offer this service but if they did, I would use it	No, my bank does not offer this service and even if they did, I would not use it	I do not know if my bank offers this service
Google Pay					
QR code payment					
Biometric verification					
Open banking					
Interactive virtual assistant					

Brand image

13. **Respond to the following statements using the scale 1-5 (1-Strongly disagree, 2-Disagree, 3-Neutral, 4-Agree, 5-Strongly agree):**

	1	2	3	4	5
I know my bank´s values and I feel like they affected my view on my bank's brand image					
I feel like marketing communication (advertising and marketing) affected my view on my bank's brand image					
I feel like my personal experience affected my view on my bank's brand image					
I feel like word of mouth affected my view on my bank's brand image					
I feel like my bank should be involved in/donate to social or environmental cause					

Customer satisfaction

14. **Respond to the following statements using the scale 1-5 (1-Strongly disagree, 2-Disagree, 3-Neutral, 4-Agree, 5-Strongly agree):**

	1	2	3	4	5
I am satisfied with the selection of services my bank offers					
I am satisfied with the prices and fees in my bank and find them reasonable					
I am satisfied with customer service at my bank					
I am satisfied with the bank´s website					
I am satisfied with the bank´s mobile app					
I am satisfied with how quickly my bank implements new technologies					
Overall, I am satisfied with my bank					

15. **Are you satisfied with your bank's operating hours?**
    - Yes, I am satisfied
    - No, the bank should open earlier
    - No, the bank should open later
    - No, the bank should open earlier and close later

16. **Are you satisfied with the language your bank uses when communicating with you via the following communications channels?**

	Yes, I am satisfied	No, the language should be a bit more formal	No, the language should be a bit more informal and easier to understand
Branch visit (service encounter)			

Contracts			
Emails			
Mobile banking app			
Marketing activities (advertisements, promotional campaigns)			
Social media			

Customer loyalty

17. Do you consider yourself to be loyal to your bank?
- Yes
- No. Please specify why:

18. Respond to the following statements using the scale 1-5 (1-Strongly disagree, 2-Disagree, 3-Neutral, 4-Agree, 5-Strongly agree):

	1	2	3	4	5
I trust my bank					
I say positive things about my bank when I talk to my friends or relatives					
I would recommend my back to my family, friends and other people					
I would be willing to pay more for the services in my current bank because of their quality					
I will continue to use my bank in the future					
I only use this bank and I do not have a secondary bank					

19. Do you participate in rewards/ loyalty programs with your banks?
- Yes
- No
- I do not know if my bank has a rewards/ loyalty program

20. Respond how influential the following factors would be on your decision to change your current bank, using the scale 1-5 (1-Not at all influential, 2-Slightly influential, 3-Neutral, 4-Very influential, 5-Extremely influential):

	1	2	3	4	5
Lower prices and fees offered by other banks					
More favourable interest rate offered by other banks					
An unpleasant experience in my current bank					
Recommendations from my family and friends					
Gift incentive from other banks					
Slow implementation of innovative technologies					

Appendix 2: Logos of the Slovak retail banks

Figure 11. Slovenská sporiteľňa logo

Source: Slovenská sporiteľňa (2019j)

Figure 12. Všeobecná úverová banka logo

Source: VÚB Banka (2019b)

Figure 13. Tatra banka logo

Source: Tatra banka (2019f)

Figure 14. Československá obchodná banka logo

Source: ČSOB (2018a)

Appendix 3: Detailed descriptive statistics for service quality dimensions

Service quality dimension	Mean	Std. deviation
Tangibility		
The equipment of bank is sufficient and visible for customers’ usage	4,04	0,82
The bank facilities and designs make customers feel comfortable	3,99	0,89
Employees of this bank have neat appearances	4,02	0,93
Reliability		
Employees of this bank provide error-free service	3,68	1,01
Employees of this bank carry out customer transactions confidentially	4,15	0,86
Employees of this bank provide customers with precise information	4,00	0,90
Responsiveness		
Bank employees can provide customers prompt services	4,07	0,85
Bank employees can understand customers' needs	4,03	0,84
Bank employees are willing to help customers	4,40	0,71
Assurance		
Employees of this bank have the knowledge to respond to customers´ problems	4,15	0,82
Employees of this bank are polite to customers	4,47	0,68
Employees of this bank instil confidence in customers	3,93	0,81
Empathy		
Employees of this bank enact transactions on a timely manner	3,98	0,80
Employees of this bank always help customers	4,13	0,79
Employees of this bank provide individualized attention to customers	4,02	0,92
Employees of this bank are willing to solve customer problems	4,24	0,76

Source: Author

Appendix 4: Factor analysis - abbreviations

Variable	Item	Abbreviation
Tangibility	The equipment of bank is sufficient and visible for customers' usage	TAN1
	The bank facilities and designs make customers feel comfortable	TAN2
	Employees of this bank have neat appearances	TAN3
Reliability	Employees of this bank provide error-free service	REL1
	Employees of this bank carry out customer transactions confidentially	REL2
	Employees of this bank provide customers with precise information	REL3
Responsiveness	Bank employees can provide customers prompt services	RES1
	Bank employees can understand customers' needs	RES2
	Bank employees are willing to help customers	RES3
Assurance	Employees of this bank have the knowledge to respond to customers´ problems	ASU1
	Employees of this bank are polite to customers	ASU2
	Employees of this bank instil confidence in customers	ASU3
Empathy	Employees of this bank enact transactions on a timely manner	EMP1
	Employees of this bank always help customers	EMP2
	Employees of this bank provide individualized attention to customers	EMP3
	Employees of this bank are willing to solve customer problems	EMP4
Brand image	I know my bank´s values and I feel like they affected my view on my bank´s brand image	BRI1
	I feel like marketing communication affected my view on my bank´s brand image	BRI2
	I feel like my personal experience affected my view on my bank´s brand image	BRI3
	I feel like word of mouth affected my view on my bank´s brand image	BRI4
	I feel like my bank should be involved in/donate to social or environmental cause	BRI5
Satisfaction 1	I am satisfied with the selection of services my bank offers	SAT1
	I am satisfied with the prices and fees in my bank and find them reasonable	SAT2
	I am satisfied with customer service at my bank	SAT3
Satisfaction 2	I am satisfied with the bank´s website	SAT4
	I am satisfied with the bank´s mobile app	SAT5
	I am satisfied with how quickly my bank implements new technologies	SAT6
Loyalty	I trust my bank	LOY1
	I say positive things about my bank when I talk to my friends or relatives	LOY2
	I would recommend my back to my family, friends and other people	LOY3
	I would be willing to pay more for the services in my current bank because of their quality	LOY4
	I will continue to use my bank in the future	LOY5
	I only use this bank and I do not have a secondary bank	LOY6

Source: Author

Appendix 5: Factor analysis of satisfaction dimension

Table 18. Total variance of satisfaction dimension explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total
1	3,104	44,348	44,348	3,104	44,348	44,348	2,732
2	1,281	18,293	62,641	1,281	18,293	62,641	2,204
3	0,776	11,086	73,727				
4	0,573	8,185	81,912				
5	0,538	7,690	89,601				
6	0,381	5,439	95,040				
7	0,347	4,960	100,000				

Extraction Method: Principal Component Analysis.
a. When components are correlated, sums of squared loadings cannot be added to obtain a total variance.

Source: Author

Table 19. Structure matrix of satisfaction dimension

	Component	
	1	2
Satisfaction - customer service	0,831	
Satisfaction - overall	0,799	0,526
Satisfaction - selection of services	0,783	
Satisfaction - prices and fees	0,756	
Satisfaction - implementation of new technologies		0,806
Satisfaction - mobile app		0,774
Satisfaction - website		0,686

Extraction Method: Principal Component Analysis.
Rotation Method: Oblimin with Kaiser Normalization.

Source: Author

Appendix 6: Loyalty correlation matrix

		Gender	Age	Education	Length of relationship	Visiting the bank	Internet banking	Mobile banking	TAN	REL	RES	ASU	EMP	BRI	SAT	Loyalty
Gender	P.C.	1														
	Sig.															
Age	P.C.	-0,069	1													
	Sig.	0,331														
Education	P.C.	0,085	,625**	1												
	Sig.	0,231	0,000													
Length of relationship	P.C.	-0,062	,289**	,228**	1											
	Sig.	0,387	0,000	0,001												
Visiting the bank	P.C.	-0,027	0,021	-0,034	-0,021	1										
	Sig.	0,710	0,773	0,638	0,769											
Internet banking	P.C.	0,131	-0,101	-0,016	-0,050	-0,051	1									
	Sig.	0,066	0,154	0,826	0,487	0,476										
Mobile banking	P.C.	-0,007	-0,020	-0,014	-0,032	-0,074	,198**	1								
	Sig.	0,926	0,784	0,843	0,655	0,300	0,005									
TAN	P.C.	0,035	-0,076	-0,062	-0,062	0,059	0,061	-0,083	1							
	Sig.	0,628	0,285	0,382	0,381	0,405	0,390	0,245								
REL	P.C.	-0,001	-0,049	-0,023	0,091	0,048	-0,016	-0,046	,519**	1						
	Sig.	0,989	0,488	0,750	0,203	0,503	0,825	0,520	0,000							
RES	P.C.	-0,002	-0,082	-0,052	0,024	0,069	-0,097	-0,061	,522**	,622**	1					
	Sig.	0,973	0,250	0,465	0,741	0,332	0,174	0,391	0,000	0,000						
ASU	P.C.	0,011	-0,076	-0,039	-0,027	0,111	-0,073	-0,028	,554**	,639**	,696**	1				
	Sig.	0,881	0,283	0,581	0,709	0,120	0,303	0,697	0,000	0,000	0,000					
EMP	P.C.	-0,026	-0,036	0,009	0,105	0,092	-0,048	-0,005	,507**	,634**	,657**	,700**	1			
	Sig.	0,720	0,615	0,904	0,142	0,194	0,498	0,942	0,000	0,000	0,000	0,000				
BRI	P.C.	0,080	-0,113	-0,062	,197**	-0,014	-0,113	-0,129	,275**	,389**	,318**	,325**	,401**	1		
	Sig.	0,260	0,114	0,385	0,005	0,847	0,112	0,068	0,000	0,000	0,000	0,000	0,000			
SAT	P.C.	0,065	-0,088	0,003	-0,095	-0,039	-0,089	-0,035	,412**	,453**	,468**	,487**	,503**	,312**	1	
	Sig.	0,362	0,217	0,963	0,180	0,584	0,212	0,628	0,000	0,000	0,000	0,000	0,000	0,000		
Loyalty	P.C.	0,023	-0,124	-0,065	-0,048	-0,013	-0,022	-0,088	,445**	,478**	,467**	,420**	,422**	,384**	,581**	1
	Sig.	0,748	0,080	0,361	0,504	0,853	0,755	0,217	0,000	0,000	0,000	0,000	0,000	0,000	0,000	

**. Correlation is significant at the 0.01 level (2-tailed).

P.C.= Pearson Correlation

Appendix 7: Multicollinearity

Dependant variable	Independent variable	VIF	Tolerance
Tangibility	Reliability	2,101	0,476
	Responsiveness	2,331	0,429
	Assurance	2,611	0,383
	Empathy	2,504	0,399
	Brand image	1,251	0,799
	Satisfaction 1	1,464	0,683
Reliability	Responsiveness	2,277	0,439
	Assurance	2,597	0,385
	Empathy	2,419	0,413
	Brand image	1,222	0,818
	Satisfaction 1	1,475	0,678
	Tangibility	1,582	0,632
Responsiveness	Assurance	2,427	0,412
	Empathy	2,400	0,417
	Brand image	1,252	0,799
	Satisfaction 1	1,471	0,680
	Tangibility	1,597	0,626
	Reliability	2,071	0,483
Assurance	Empathy	2,268	0,441
	Brand image	1,251	0,799
	Satisfaction 1	1,470	0,680
	Tangibility	1,571	0,637
	Reliability	2,075	0,482
	Responsiveness	2,132	0,469
Empathy	Brand image	1,220	0,820
	Satisfaction 1	1,451	0,689
	Tangibility	1,614	0,619
	Reliability	2,071	0,483
	Responsiveness	2,259	0,443
	Assurance	2,430	0,412
Brand image	Satisfaction 1	1,467	0,682
	Tangibility	1,620	0,617
	Reliability	2,101	0,476
	Responsiveness	2,366	0,423
	Assurance	2,692	0,371
	Empathy	2,450	0,408
Satisfaction 1	Tangibility	1,600	0,625
	Reliability	2,141	0,467
	Responsiveness	2,348	0,426
	Assurance	2,670	0,375

	Empathy	2,459	0,407
	Brand image	1,238	0,807

Source: Author

Appendix 8: Multiple regression

Table 20. Model summary output for multiple regression

Model summary				
Model	**R**	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**
1	,571[a]	0,326	0,305	0,58733
	a. Predictors: (Constant), Brand image, Tangibility, Reliability, Responsiveness, Empathy, Assurance			

Source: Author

Table 21. ANOVA output for multiple regression

ANOVA[a]						
Model		**Sum of Squares**	**df**	**Mean Square**	**F**	**Sig.**
1	Regression	31,977	6	5,329	15,450	,000[b]
	Residual	66,231	192	0,345		
	Total	98,208	198			
	a. Dependent Variable: Satisfaction 1					
	b. Predictors: (Constant), Brand image, Tangibility, Reliability, Responsiveness, Empathy, Assurance					

Source: Author

Table 22. Coefficients output for multiple regression

Coefficients[a]						
		Unstandardized coefficient		**Standardized coefficient**		
Model		**Beta**	**Std. Error**	**Beta**	**t**	**p**
1	(Constant)	0,899	0,346		2,599	0,010
	Tangibility	0,117	0,075	0,118	1,568	0,118
	Reliability	0,081	0,083	0,085	0,979	0,329
	Responsiveness	0,119	0,097	0,111	1,221	0,224
	Assurance	0,145	0,112	0,126	1,300	0,195
	Empathy	0,206	0,100	0,191	2,054	0,041
	Brand image	0,108	0,075	0,094	1,429	0,155
	a. Dependent Variable: Satisfaction 1					

Source: Author