

Brand Rebuilding – A Tedious Task and High Cost Affair: Special Reference to Central Bank of India Sopore Jammu & Kashmir (J & K)

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Abstract

Brands are one of the most intangible assets of an organization. Banking sector is unique as the organization in itself is a brand and this way pushes itself through. This paper attempts to find the present standing of the brand, Central Bank of India (CBI), in the market along with the scope of brand rebuilding. The results came on expected lines. The market standing of the brand is very poor citing closing as the main factor, which calls for rebuilding. The brand rebuilding is however a very uphill task for the bank and involves substantial cost.

Keywords. Brand rebuilding, Intangible assets.

Introduction

Brand is but an identification of offering. It could be a name, a symbol, a term or a design. It is anything that can be offered to a market for attention, acquisition or consumption, including physical objects, services, personalities, places, organizations and ideas (Kotler, 1976). It is such an essential part of company market plans that marketing is absolutely incomplete without it. Banking sector has unique way of branding. Here products offered by different competitors are identical with a little customization. E.g, housing loan is offered by Central bank of India, SBI, PNB or any other bank. The name is same, the interest rates are more or less same and so is the processing. What makes it to sell more of one than another? Brand is the answer. In banking the brand in itself is the company. So, more the powerful a bank in a market vis-a-vis its name (brand) is, more it will sell and vice-versa. Central Bank of India (CBI), public sector bank, a reputed brand at national level finds itself on an edgy surface in Sopore town of Baramulla district of J&K. The history of the branch in Sopore dates back to June 1969. It established itself among the premier banks in the town till it closed its operations in 1990's. The branch remained closed for nearly fifteen years and reopened in 2005. Given the stiff market competition, the branch is finding it very difficult to consolidate its position back. The branch is making loss continuously since reopening. The paper attempts to find the present standing of brand in the market along with the scope of rebuilding.

Literature Review

Brand is an essential part of market plan. It is a measure of market acceptability. The brand is the most valuable property a company acquires over time (Wansink and Seed, 2001). The financial health of a firm depends on the performance of the brand. All it needs is to position the brand rightly and reap the desired benefits. A brand is strategic weapon too powerful though. It differentiates the firm from its competitors. Customers over time develop a set of beliefs about brands with their emotions and expectations associated. Brand awareness, customer ability to recall and recognize the brand thus becomes implicit day by day. Brand equity, a positive differential effect that knowing the brand name has on customer to the product (Kotler, Armstrong 2008) should therefore be a thrust area for anything to succeed.

Cravens D.W (1994) emphasis upon the recognizing the value of brand and managing the name to gain competitive advantage. High brand equity provides a number of competitive advantages:

- 1) The company will have more trade leverage in bargaining.
- 2) The company can charge a higher price than its competitors because of higher perceived value.
- 3) The brand offers the company the defense against price competition.

Brand management is thus an important aspect. The brand must remain relevant in an ever-changing marketing environment. It must continue to provide consumer value. (McEnally and de Chernatony, 2000). But knowing that brands have life cycle of their own like products have, it is unlikely to have an ever shining brand. Rebuilding thus becomes a necessity.

When the brand needs rebuilding apart from life cycle reasons like the one in question where in closing of operations is the case, the rebuilding becomes a question of existence. The objective of rebuilding or rejuvenation is to bring the brand back to life to regain markets (Wansink and Gilmore, 1999). Brand Rebuilding may be required when a new competitor may have taken over the category and the company is struggling to generate revenues from the current product (Horwitz and Weinberger, 2005). So brand has to return to its roots to recapture lost equity and regain the lost ground. This can be done by establishing more compelling points of difference and reminding the virtues of the brand.

Research objective

The paper aims to find the present standing of the brand, Central Bank of India, in the market along with the scope of brand rebuilding.

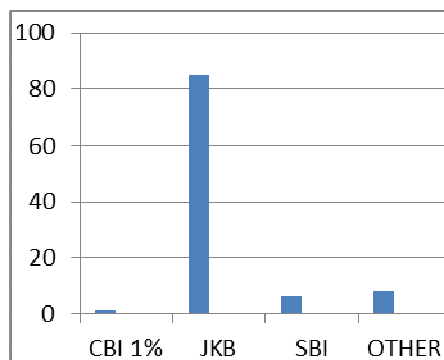
Methodology and research design

The study was conducted in the Sopore town of district Baramulla of J&K and its service villages. The target population was above 40 years of age. It is the segment which is testimony to the banks premier days pre closure. The research design is analytical in which a primary data was gathered from the target population using a close ended questionnaire. The data type is mostly qualitative, so analysis was done using analytical tools to get a meaningful insight.

Analysis of results

1) Which bank comes to your mind when you thinking of banking?

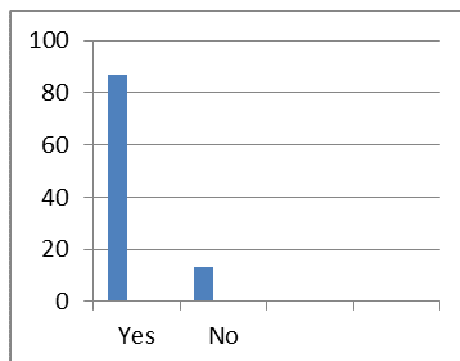
- a) CBI
- b) JKB
- c) SBI
- d) Any other.



Clearly Jammu & Kashmir Bank comes to the mind to 85% of correspondents when they think of banking. Central Bank of India is too far at 1% only.

2) Do you know Central Bank of India?

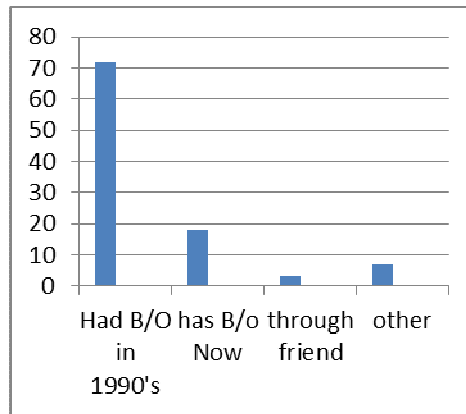
- a) Yes
- b) No.



Communication seems to be good as 87% of correspondents know Central Bank of India as a banking company.

3) How do you know Central Bank of India?

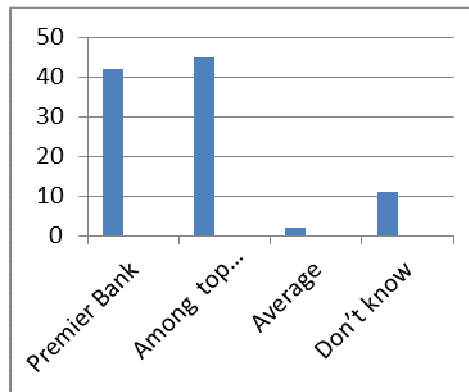
- a) It had a branch office at Sopore in 1990's.
- b) It has a branch office at Sopore.
- c) I came to know through a friend.
- d) Any other reason.



Whopping 72% correspondents still know Central Bank of India as having branch office in 1990's. This signifies the banks glorious past. The present standing is dimly pointed.

4) How strong was its presence at Sopore prior closure?

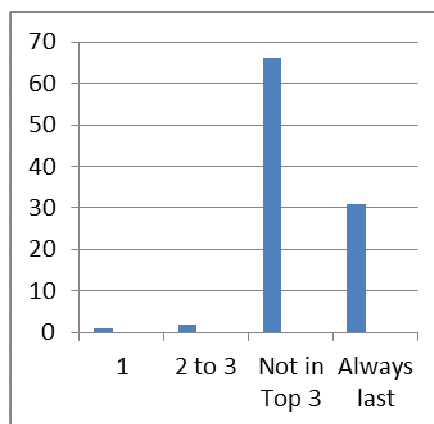
- a) It was a premier bank.
- b) It was among top performing banks.
- c) It was an average bank.
- d) Don't know.



A total of 87% correspondents believed that it was a premier and/or among top performing banks. This means the brand, Central Bank of India, was best positioned pre closure.

5) What is your banking preference vis-à-vis Central Bank of India?

- a) 1
- b) 2-3
- c) Not in top 3
- d) Always last.

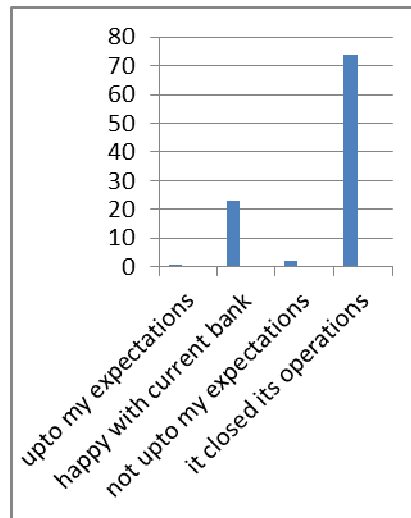


66% of correspondents won't prefer Central Bank of India among their choice three banks. 31% would always prefer Central Bank of India as their last option.

6) What is the reason behind your preference ranking?

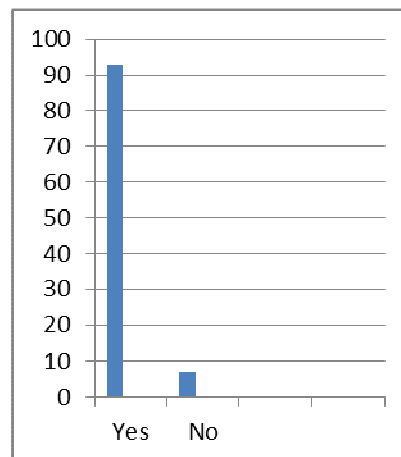
- a) It is serving and performing up to my expectations, hence 1.
- b) I am happy with my current bank; Central Bank of India comes later.

- c) It is not serving and performing upto my expectations, hence out of top 3.
- d) It closed its operations in 1990's hence it would always be last.



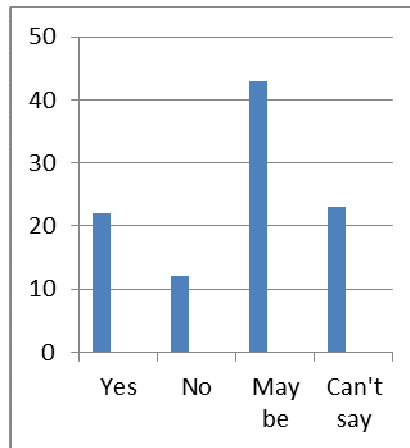
74% of correspondents cite the closure of the bank as the reason for Central Bank of India being their last preferred bank. It seems like an emotional bond was broken by the bank while closing hence the absolute loss of repute now.

- 7) **Do you remember the bank closing its operations in 1990?**
- a) Yes.
 - b) No.



A whopping 93% of Correspondents remember the banks closing of operations in 1990. This also points to emotional bond bank had generated.

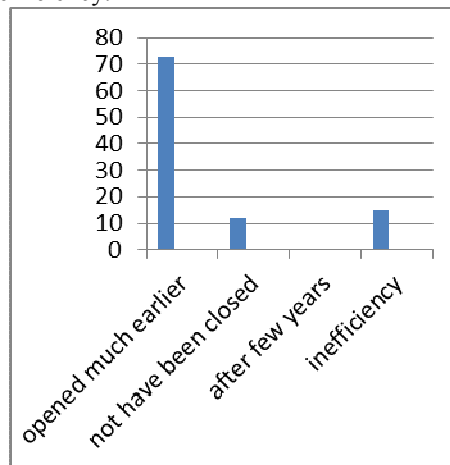
- 8) **Had Central Bank of India a valid reason to close the operations?**
- a) Yes.
 - b) No.
 - c) May be.
 - d) Can't say.



For 43% of correspondents the reason to winding off operation is acceptable and 22% find it an absolute valid reason. 23% are undecided.

9) Why is Central bank of India lagging too far from its peer banks?

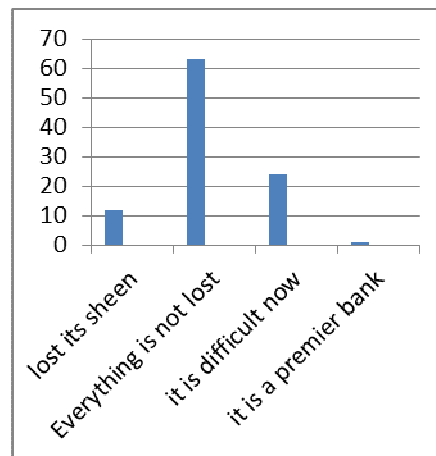
- a) It should have opened much earlier to restore the lost brand.
- b) Should not have been closed.
- c) It should have opened after few years from now.
- d) It is the banks own inefficiency.



73% of correspondents are of the opinion that bank should have resumed its operations after closure much earlier. This result is consistent with Q No 8.

10) What is your present view on Central Bank of India, The Brand?

- a) It has lost its sheen at Sopore the day it closed its operations.
- b) Everything is not lost; confidence can be restored through sustained efforts.
- c) It is very difficult to restore to past glory under prevelant market competition.
- d) It is a premier bank.



63% of the correspondents are of the opinion that the past glory can be restored provided the sustained efforts are undertaken. 24% think it is difficult now.

Conclusion

Brands are the face of the market offering. The form the customer touch points which are to be taken care of. The performance and hence the profitability of the enterprise depends on how well the brand is positioned. Brand equity is never static. It goes on changing at the rapid pace in today's competitive market environment. The closure of operations by central Bank of India at Sopore has resulted in loss of brand value and hence the equity. Closure though is not viewed seriously as the majority of correspondents seem to have an emotional binding, but this emotional binding takes the form that the re-opening should have been much earlier to avoid the (almost)brand bankruptcy. The bank, once among the premier banks of the town, is now struggling to find feet. The brand rebuilding needs to be undertaken through sincere and sustained market efforts. Sustained market efforts however don't come without costs involved.

This cost factor and time factor makes it, the brand rebuilding, more and more difficult and uneasy. It is always advisable to let not slip the brand although bank had no other option but to close its operations due to circumstances at that time.

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Abbreviations.

- 1) **CBI** : Central Bank of India
- 2) **SBI** : State bank of India
- 3) **PNB** : Punjab National Bank
- 4) **J&K** : Jammu and Kashmir

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