Reviewing and Identifying Factors Influencing Customer Mental Image: A Case Study of Mehr Finance Bank of Ilam

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Abstract: The current study was conducted to identify the factors influencing the formation of the customer mental image of Mehr Finance Bank of Ilam. The statistical population consisted of all customers who referred to Mehr Finance Bank of Ilam during the fall 2013. They were selected by a simple randomized sampling method. The instrument used in the present study was a researcher-designed questionnaire that was utilized to collect the required data from the customers. The collected data were analyzed at both descriptive and inferential levels. At descriptive level, frequency table, frequency percentage, frequency percentage graph, central tendency and distribution indices were employed to represent the status of the sociological variables and predictor and criterion variables and at inferential level, structural equation modeling was employed. For data analysis, SPSS and LISREL ver. 8.72 (Windows edition) were employed.

INTRODUCTION

Mental image has been discussed in most scholarly literature. Individuals can form mental images of various properties including products, brands and organizations, which helps them think about that property and affects their subsequent actions. Formation of mental image is a necessary means for attracting and keeping customers. A good mental image is an invaluable asses for any organization. Numerous studies have indicated that the advantages of a positive mental image can be created for any organization. Mental image is a set of beliefs, ideas (beliefs, thoughts), feelings, or effects that are assigned for an issue. pointed out, "Mental image of a small organization forms along with class-oriented process theory, when a customer is faced with a bank, he creates a mental picture (image) indicating whether the current bank conforms with the ones he experienced before or not." Customer satisfaction is defined as the extent of performance to which a company meets the customers' expectations (Kotler, 2009a, b). If the company's performance meets the customer's expectations, he will feel satisfied, other wise, dissatisfaction will be resulted. Believe, "customer satisfaction forms as a result of the customer's perception during a trade or value relation that price is equal to the proportion of services quality to the customer's prices and costs." hold that researchers have consensus on this issue that mental image is the result of a process which has originated from the ideas about and previous experiences with a company, recalled from the mind and turns into mental images. Bank image is one of the tools that help keep the current customers and attract

new ones. The bank image that is created by the customers can be utilized as a competitive advantage that can differentiate the bank from other rivals, because it takes a long time for other rivals to be able to form an image similar to the bank's. Stability of mental image can be justified because when people have a certain mental image of an issue, they choose the extra data mentally. People will understand whatever is compatible with their mental image. Banking industry is a significant component in every economy and customers play a key role in it. There is a relationship between the position of marketing in bank's organizational structure and the evolution of its commercial activities. In a traditional community, where commercial activities have not evolved, gaining profit is the only final goal of a bank. In this case, the services are delivered without deep and comprehensive consideration of the customers' needs and since the number of the rivals is limited, the services will be provided and profit will be obtained without much organized effort. In this condition, whether there is no marketing unit in the organizational structure or it is planned as a small unit by the manager. While the competition is gradually becoming more intensive and compact, organized attempts are needed for analyzing the profit and provision of more services and the bank will understand that traditional marketing unit cannot meet its needs. In these circumstances, creating marketing is proposed as a management and equal to middle managements and activities like marketing research, sales promotion advertisement, credit allocation and establishment of relationship with network of service providers will gain significance. During these changes, a situation will

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happen in which bank managers figure out that marketing' should be taken into account as a deputy department equal to administrative, financial, research and development and plan and program deputies in the organizational chart. In this situation, marketing department has strategic responsibilities and should identify the bank's long-term goals in terms of activity diversity, specifications, the target market and potential and actual customers to achieve those goals and design and implement short-term objectives. Customer orientation is the most useful and appropriate strategy for banks. Customer relation management system can help the bank keep its current customers and attract new ones. In banking system, customers are the major components and whatever effort is made to attract their satisfaction and attention. Today's banking system requires new methods, marketing and efficient customer orientation, provision of modern technologies and delivery of the customers' required services and in the present competitive market the banks that perform more successfully in this regard will attract higher profits and become more stable and thus gain more productivity. It has lately been specified that banking is influenced by the type of identity crisis. Therefore, research studies related to the mental image should carried out with a purpose relevant financial performance. Therefore, satisfaction and mental image are relevant processes. Different individuals form mental images of different properties like products, brands, organizations and organizational chains. Consequently, the customers may form a mental image on the bank or a network they belong to. In these circumstances, a pattern of competition between chains and networks emerges. It seems that banking networks are in competition not the banks themselves (Abedi *et al.*, 2012a, b). In current conditions, according to the competitive market among the banks, especially private ones, to gain more profits and provide interests to stockholders, managers and employees, these banks should pay special attention to different aspects of the relationship between banks and customers and increase the number of their royal customers. Therefore, paying special attention to the customers' needs and demands can be considered among the highly important issues in the world and Iran. Because the customers' role and importance in banks have a direct effect on the development and survival of banks in the competitive market and gain of profits, it is necessary to understand and accept the customers' satisfaction. Furthermore, all banks need to be customer-oriented and try to attract new customers and their satisfaction. The present study was carried out in order to investigate the customers' mental image, focus on factors like quality of services, diversity of services, advertisement, technology and brand identity and evaluate the effect of these factors on the customers' mental image.

MATERIALS AND METHODS

The present study was a descriptive research. Since it was aimed at identifying the factors influencing the formation of the customers' mental image of the bank, structural equation modeling was used.

The statistical population, sample and sampling method: The statistical population of the present study consisted of all customers who had referred to Mehr Finance Bank of Ilam during the fall 2013. Since the statistical population is specified and the bank branches equal chance to be selected, simple randomized sampling method was used. In this study, a specific characteristic of the population was to investigate; therefore, Cochran's formula was used to determine the size of the study sample:

$$n \geq \frac{N.Z^2 \times a/2 \times pq}{g^2(N-1) + z^2 * a/2 \times pq}$$

Instruments: To collect the required data from the customers, a researcher-designed questionnaire was employed. This instrument includes 30 questions covering the five dimensions of technology, diversity of services, quality of services, advertisement and brand identity. Questions 23, 15, 14 and 10 were related to technology dimension, questions 8, 11 and 9 to diversity of services, questions 21, 19, 13, 12, 7, 6, 5, 4, 3, 2 and 1 to quality of services, questions 30, 24, 22, 20, 18 and 17 to advertisement and questions 29, 28, 27, 26, 25 and 16 to brand identity. This questionnaire is scored using a 4-point Likert scale, where the respondents respond to the questions according to the level of their agreement by selecting the options. According to some professors' opinions, the validity of the questionnaire was acceptable and Cronbach's alpha was used in order to check it reliability which showed that its reliability in subscales of advertisement, quality of services, diversity of services, technology and brand identity was 0.78, 0.84, 0.78, 0.73 and 0.75, respectively.

RESULTS AND DISCUSSION

As indicated in Fig 1, indicator 20 has the highest factor loading (0.60) and indicator 18 has the lowest factor loading (0.33) in measuring the advertisement dimension; therefore, it can be stated that indicators 20 and 18 respectively played the highest and lowest roles in measuring the advertisement factor. In addition, for the dimension of quality of services, indicators 2 and 13 had
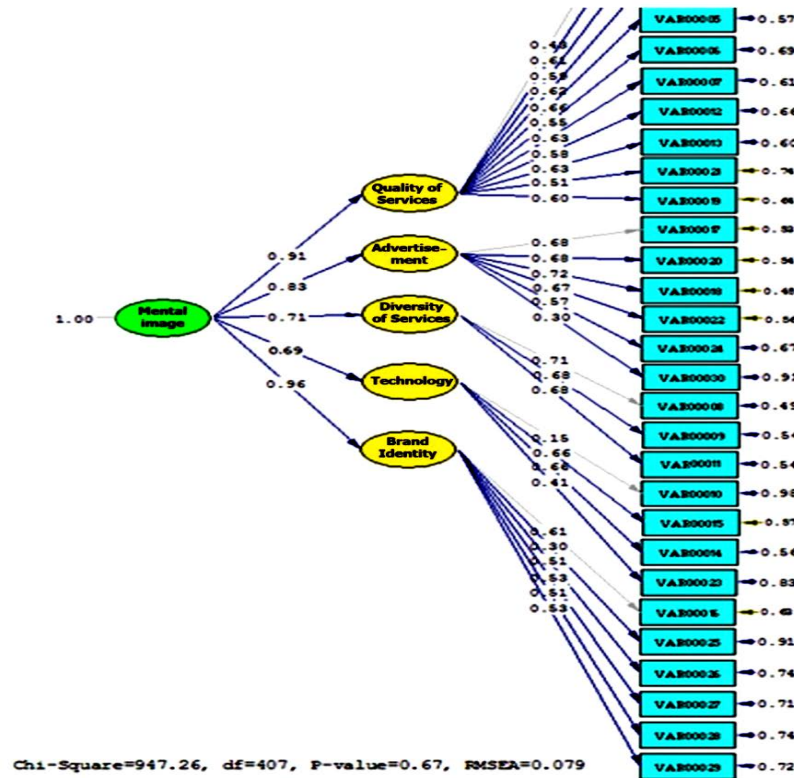
Fig. 1: Structural equation modeling in estimating standard coefficients

the highest factor loading (0.67) and indicator 6 the lowest factor loading (0.38). In the dimension of diversity of services, the highest factor loading (0.64) was related to indicator 8 and the lowest (0.49) to indicator 11. Finally, for the factor of technology, indicator 15 had the highest factor loading (0.51) and indicator 14 the lowest (0.29). In general, according to Fig. 1, it can be observed that the highest factor loading is related to indicators 2 and 13 in advertisement dimension and the lowest factor loading is related to indicator 14 in technology dimension. Moreover as Fig. 2 shows, all indicators (the questions of the researcher-designed questionnaire) had at values of over 1.96. If the value of t statistics is in the range of -1.96-+1.96, the model in significant state shows that all factor loading is at a confidence level of 95%. The calculated values of t for each factor loading of each indicator with its hidden variable or construct is over 1.96. As a result, consistency of the questionnaire's questions is valid in measuring the concepts at this stage. In fact, the results presented in the table above indicate that what the researcher intended to measure through the questions of this questionnaire was actualized through this instrument. Therefore, the relationship between the constructs or hidden variables can be attributable. The indicators selected by the author are then significant and measure an important part of these factors.

In general, in working with LISREL program, any of the indices obtained for the model cannot alone be the reason for the model's fit but this indices need to be considered and interpreted together. There are several fit properties to evaluate the confirmatory factor analysis model. To evaluate the confirmatory factor analysis model in the present study, the indices of χ^2. Root Mean square Residual (RMR), Adjusted Goodness of Fit Index (AGFI), Normed Fit Index (NFI), Non-Normed Fit Index (NNFI), Incremental Fit Index (IFI), Comparative Fit Index (CFI) and the highly important index of Root Mean Square Error of Approximation (RMSEA) were utilized.

x^2 test has been introduced as the success index. This index simply shows whether structural model expression describes the observed variables or not. The lower the value of ^2x, the better it will be. This index is true under multivariate normality and is sensitive to the sample size, because it is possible that a model is fit in a small sample size while it is unfit in large samples. Some researchers use this proportion as an alternative index; however, this index has some limitations similar to χ^2. There is no degree of freedom for certainty about the ration of chi-square and the values under 3 have been accepted in references. In the present study, this value was calculated as 2.28. GFI

Table 1: Model fitting indices

Index	Model estimations	The permitted extent
x^2 /DF	2.32	Below 3
GFI	0.94	Over 0.9
RMSEA	0.069	Below 0.09
CFI	0.99	Over 0.9
NFI	0.92	Over 0.9
NNFI	0.93	Over 0.9
IFI	0.92	Over 0.9

Table 2: Factor loading, t statistics and the coefficient of determination for the study's variables

Latent variables	Factor loading	t-value	Determination coefficient
Services quality factor	0.91	4.98	0.82
Advertisement factor	0.83	7.56	0.68
Services diversity factor	0.71	6.45	0.50
Technology factor	0.69	3.68	0.47
Brand identity factor	0.96	7.31	0.92

indicates a relative value of the variance and covariance that are determined by the model. This index varies between 0 and 1 and the closer to 1 this value is, the fitter the model will be with the observed data. The reported value of GFI for this model is 0.92. Root Mean square Residual (RMR) refers to the difference between the observed matrix elements in the sample group and the estimated or predicted matrix elements, given the fit of the model. The closer to 0 RMR is, the fitter the model will be. The small value of RMR in the present study (0.091) indicates the appropriate explanation of the covariance. In order to examine to what extent a certain model had performed well compared to other models in terms of explaining a set of the observed data, the values of NFI were employed. Values over 0.9 indicate the high fit level of the designed model compared to other models. Finally, in order to investigate how the model combines fitting and saving together, the very strong index of RMSEA was utilized. This index is 0.05 or less for good models. A models in which this index is 0.9 or more has a poor fitting.

As the fitting specifications presented in Table 1 show, the data of the present study have a good fitting with the factor structure and the theoretical bases of the present study.

Confirmation in confirmatory factor analysis model means the effects of the factors specified through the researcher-designed questionnaire are reliable. Because in this phase the researcher was sure that the structure of the latent specifications of the study were measured well and the study data had an appropriate fitness with the factor structure and the theoretical basis of the study, which refers to the fact that the questions are in agreement with the theoretical structures.

Due to the appropriate fitness of the model with the data, the study's questions are answered in the following sections.

The main question: Which factor influences the formation of the customers' mental image of the bank: In order to examine the effect of the factors identified by the researcher on the customers' mental image on the bank, the path coefficients and their significance are presented in Table 2.

As reported in Table 2, the t-value of all latent variables is between+1.96 and-1.96; therefore, it is significant. The factor loading of the factors indicates that brand identity, services quality, advertisement, services diversity and technology respectively had the highest role in formation of the participants' mental image.

Moreover, coefficient of determination R^2 shows that the determination level of mental image variance is 0.91, 0.83, 0.71, 0.69 and 0.96 through services quality, advertisement, services diversity, technology and brand identity, respectively.

First question: To what extent is quality of services effective in formation of the customers' mental image of the bank:

- H_0: Quality of services has no positive significant effect on formation of the customers' mental image of Mehr Finance Bank.

$$H_0 = \mu \leq 3$$

- H_1: Quality of services has a positive significant effect on formation of the customers' mental image of Mehr Finance Bank

$$H_1 = \mu > 3$$

In this regard, one-sample t-test was employed and the mean of services quality factor was compared with the hypothetical mean. The results of this test are reported in Table 3.

According to the results presented in Table 3, the t-value calculated for the effect of quality of services on the customers' mental image is 23.91 which is significant at a level below 0.05. Therefore, the effect of services quality factor on the customers' mental image was significantly more than average and it can be stated that the factor of services quality influences the customers' mental image.

Table 3: Comparing the mean effect of services quality on the customers' mental image with the hypothetical mean 33

Latent variable	Mean	SD	MD	T	DF	Sig
Quality of services	45.22	6.11	12.22	23.91	142	0.00

Table 4: Comparing the mean effect of advertisement on the customers' mental image with the hypothetical mean 18

Latent variable	Mean	SD	MD	T	DF	Sig
Advertisement	22.69	4.37	4.69	12.84	142	0.00

Table 5: Comparing the mean effect of services diversity on the customers' mental image with the hypothetical mean 9

Latent variable	Mean	SD	MD	T	DF	Sig
Services diversity	12	2.20	3	16.27	142	0.00

Table 6: Comparing the mean effect of technology on the customers' mental image with the hypothetical mean 12

Latent variable	Mean	SD	MD	T	DF	Sig
Technology	15.27	2.76	3.27	14.17	142	0.00

Second question: To what extent is advertisement effective in formation of the customers' mental image of the bank:

- H_0: Advertisement has no positive significant effect on formation of the customers' mental image of Mehr Finance Bank

$$H_0 = \mu \leq 3$$

- H_1: Advertisement has a positive significant effect on formation of the customers' mental image of Mehr Finance Bank.

$$H_1 = \mu > 3$$

To this end, one-sample t-test was employed and the mean of services quality factor was compared with the hypothetical mean. The results of this test are showed in Table 4.

According to Table 4, the t-value calculated for the effect of advertisement on the customers' mental image is 12.84 which is significant at a level below 0.05. Therefore, the effect of advertisement factor on the customers' mental image was significantly more than average and it can be said that the factor of advertisement influences the customers' mental image.

Third question: To what extent is services diversity effective in formation of the customers' mental image of the bank:

- H_0: Services diversity has no positive significant effect on formation of the customers' mental image of Mehr Finance Bank

$$H_0 = \mu \leq 3$$

- H_1: Services diversity has a positive significant effect on formation of the customers' mental image of Mehr Finance Bank

$$H_1 = \mu > 3$$

To this end, one-sample t-test was employed and the mean of services diversity factor was compared with the hypothetical mean. The results of this test are showed in Table 5.

According to the results presented in Table 5, the t-value calculated for the effect of services diversity on the customers' mental image is 16.27 which is significant at a level below 0.05. As a result, the effect of services diversity factor on the customers' mental image was significantly more than average and it can be stated that the factor of services diversity influences the customers' mental image.

Fourth question: To what extent is technology effective in formation of the customers' mental image of the bank:

- H_0: Technology has no positive significant effect on formation of the customers' mental image of Mehr Finance Bank:

$$H_0 = \mu \leq 3$$

- H_1: Technology has a positive significant effect on formation of the customers' mental image of Mehr Finance Bank

$$H_1 = \mu > 3$$

To this end, one-sample t-test was employed and the mean of technology factor was compared with the hypothetical mean. The results of this test are showed in Table 6.

According to Table 6, the t-value calculated for the effect of technology on the customers' mental image is 14.17 which is significant at a level below 0.05. As a result, the effect of technology factor on the customers' mental image was significantly more than average and it can be stated that the factor of technology affects the customers' mental image.

Fifth question: To what extent is brand identity effective in formation of the customers' mental image of the bank:

- H_0: Brand identity has no positive significant effect on formation of the customers' mental image of Mehr Finance Bank

Table 7: Comparing the mean effect of brand identity on the customers' mental image with the hypothetical mean 18

Latent variable	Mean	SD	MD	t values	DF	Sig
Brand identity	22.88	3.63	4.88	16.07	142	0.00

$$H_0 = \mu \leq 3$$

- H_1: Brand identity has a positive significant effect on formation of the customers' mental image of Mehr Finance Bank

$$H_1 = \mu > 3$$

To this end, one-sample t-test was employed and the mean of brand identity factor was compared with the hypothetical mean. The results of this test are showed in Table 7.

According to Table 7, the t-value calculated for the effect of brand identity on the customers' mental image is 16.07 which is significant at a level below 0.05. As a result, the effect of brand identity factor on the customers' mental image was significantly more than average and it can be stated that the factor of brand identity has an effect on the customers' mental image.

Discussion and conclusion for the study's hypotheses
1st hypothesis: The first hypothesis, i.e., quality of services has a positive significant effect on formation of the customers' mental image of the bank, was completely accepted (Table 2). The results of the studies carried out by Abdoli and Fareydoonfar, Hosseini and Ghaderi (2010), Sedghi, Abedi *et al.* (2012a, b) and Mehrani. In their study carried out in Portugal, identified the factors influencing the formation of positive mental image among customers about the quality of bank services. The effective variables were reported to be responsiveness, diversity of services, price, reliability and interpersonal relationships.

2nd hypothesis: The second hypothesis, i.e. advertisement has a positive significant effect on formation of the customers' mental image of the bank, was completely accepted (Table 2). They specified 3 groups of dimensions influencing mental image: symbolism, behavior of the manager and the employees and communications. Communications include relations that are related with social marketing programs and include first-, second-and third-hand communications. The second effective factor is communication which includes the organization's public relations and specifically relations with social marketing. This dimension includes different factors such as customer services, visual

properties, access to services, the leaders' credit, provision of services, background, key index (e.g. customer satisfaction and customer royalty), quality of services, products, employee's role and advertisement and commercials. Social marketing allows the company to differentiate itself from its rivals by creating an emotional relationship with its customers. On the other hand, mental image can impose a strong effect on the customers' tendency and behavior. Customers have a positive tendency towards the organizations that utilize social marketing procedures, thus they prefer to buy the products of such organizations, which indicates the effect of social marketing on the improvement of the customers' mental image. In their study, Taghavifard *et al.* (2012) referred to the effect of trust on mental norms of customers and in their model, they claimed that mental norms will finally lead to an increase in use of bank services.

3rd hypothesis: The third hypothesis, i.e. diversity of services has a positive significant effect on formation of the customers' mental image of the bank, was completely accepted (Table 2). In justifying this hypothesis, it can be stated that mental image forms through a process and procedure whereby the data are organized in the customer's mind as certain meanings. Mental image is defined as a total feeling that forms in the customer's mind and is influenced by beliefs, ideology, brand, credit, diversity of servies and quality of services.

4th hypothesis: The fourth hypothesis, i.e., technology has a positive significant effect on formation of the customers' mental image of the bank, was completely accepted (Table 2). Properties like a decrease in costs, an increase in income and customer satisfaction have caused the organizations to consider benefiting from the competitive advantage resulted from electronic commerce. Here, banks as institutes delivering financial services are not an exception. On the other hand, with an increasing growth in electronic trades worldwide and the need for the presence of banks in order to carry out financial transactions, electronic banking has become an inseparable part of electronic commerce. In fact, these two complete one another, like many other phenomena. Therefore, presence of one without the other impedes the growth of both.

4th hypothesis: The fifth hypothesis, i.e., brand identity has a positive significant effect on formation of the customers' mental image of the bank, was completely

accepted (Table 2). In this regard, it can be stated that brand identity is one of the most important factors influencing the formation of mental image. Imitation efforts have caused the managers to forget the identity of their brand and take up the public opinion. A brand can lose its main essence as a result of opportunism and popularity which cause the brand to turn into an embellished appearance which has no meaning. Identity can depict the quality of the brand. As referred to before, company identity is one of the five factors which has a potential effect on the customers' perceptions of mental images. Company identity is correlated with the organization's characteristics and personality. Elements like company, name, logo, price and the level and quality of the delivered services can easily be distinguished by the customers. These elements play a vital role in stabilization of the organization's position.

CONCLUSION

Company or organization identity is a physical and behavioral index that can be controlled by the organization while mental image is a general and total feeling that has formed in the customers' mind and is based on elements that form such an image.

SUGGESTIONS

- Carrying out studies aimed at determining the relationship between the number of the customers and the variables of quality of services, diversity of services and technology over several consecutive years
- Conducting studies aimed at determining the relationship between the number of the customers and variables of technology and brand identity over several consecutive years
- It is suggested that the components of the present study are focused on along with other components in order to be able to identify an appropriate criterion for specifying factors that influence the positive mental image among the customers
- It is suggested that the mental image of the customers on Mehr Finance Bank is compared with other domestic and some foreign banks

- It is suggested that the relationship of other factors like bank's location, the employees' effective relationship with customers and the level of education relevant to or irrelevant of banking with the customers' mental image should also be focused on so that the role of other factors can be specified as well

Practical suggestions:
- Providing Mehr Bank's employees with necessary training in the field of enhancing the quality of services
- Providing Mehr Bank's employees with necessary training on how to provide word-of-mouth advertisement to the customers
- Administering customer-oriented training periods for the employees
- Developing counseling services to the customers by the employees of each branch and
- Providing counseling services on the phone for types of services that Mehr Bank delivers

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