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EFFECTS OF IMAGE AND ADVERTISING EFFICIENCY ON CUSTOMER LOYALTY AND ANTECEDENTS OF LOYALTY: TURKISH BANKS SAMPLE

During the past decade, the financial services sector has undergone drastic changes, resulting in a market place which is characterised by intense competition, little growth in primary demand and increased deregulation. In the new market place, the occurrence of committed and often inherited relationships between a customer and his or her bank is becoming increasingly scarce. Several strategies have been attempted to retain customers. In order to increase customer loyalty, many banks have introduced innovative products and services. However, as such innovations are frequently followed by similar charges, it has been argued that a more viable approach for banks is to focus on less tangible and less easy to imitate determinants of customer loyalty such as customer evaluative judgements like service quality, perceived value and satisfaction.

Customer loyalty is critical to the conduct of business in today's competitive marketplace, and banks are no exception. Specially, commercial banks have, thus, embarked on different management strategies as ways to promote customer loyalty. Yet, in the present environment of increased competition with rapid market entry of new service concepts and formats, the challenge of increasing loyalty also presents a challenge of a more in-depth understanding of the complex relationship between aforementioned construct (image, advertising efficiency) and loyalty.

The Turkish banking industry is going through turbulent times. With the lowering of entry barriers and blurring product lines of banks and non-banks since the financial sector reforms, banks are functioning increasingly under competitive pressures emanating from the banking system, from non-banking institutions, and from the domestic and international capital markets.

In the present competitive Turkey banking context, characterised by rapid change and increasingly sophisticated customers, it has become very important that banks in Turkey to determine the bank image effect on customer loyalty model which specifies customers' selection process. With the advent of international banking, the trend towards larger bank holding companies, and innovations in the marketplace, the customers have greater and greater difficulty in selecting one institution from another. Therefore the current problem for the banking industry in Turkey is to determine the factor that diversify one bank from another bank like efficient advertising factor. To gain and sustain competitive advantages in the fast changing retail banking industry in Turkey, it is crucial for banks to understand in-depth which factors effect customer loyalty. If a bank improves its image via efficient advertising, customer loyalty of that bank will be greater.

The results of descriptive analysis for demographic information indicated that among the samples analyzed (N =1467), 55,4 % of the respondents were male, 48,6 % were married and 43,1 % had at least a 4 year university education. In terms of age group, 29,1 % were 20-29, followed by 30-39 yr old (23,2 %) and 40-

49 yr old (19,1 %). Many of the respondents considered themselves to be middle annual income level (54,0 %) and middle-high annual income level (17,39 %).

The following hypotheses were formulated:

H1. Advertising efficiency will have positive effect on bank image (r=0,77, **ACCEPTED**).

H2. Advertising efficiency will have positive effect on perceived quality (r=0,58, **ACCEPTED**).

H3. Advertising efficiency will have positive effect on customer expectation (r=1,21, **ACCEPTED**).

H4. Advertising efficiency will have positive effect on perceived value (r=0,30, **ACCEPTED**).

H5. Advertising efficiency will have positive effect on customer satisfaction (r=0,52, **ACCEPTED**).

H6. Advertising efficiency will have positive effect on customer loyalty (r=0,67, **ACCEPTED**).

H7. Advertising efficiency will have positive effect on customer complaint (r=0,51, **ACCEPTED**).

H8. Bank image will have positive effect on perceived quality (r=0,61, **ACCEPTED**).

H9. Bank image will have positive effect on customer expectation (r=0,87, **ACCEPTED**).

H10. Bank image will have positive effect on perceived value (r=0,49, **ACCEPTED**).

H11. Bank image will have positive effect on customer satisfaction (r=0,53, **ACCEPTED**).

H12. Bank image will have positive effect on customer complaint (r=0,34, **ACCEPTED**).

H13. Bank image will have positive effect on customer loyalty (r=0,57, **ACCEPTED**).

The purpose of our research is to develop a model that asserts image and advertising efficiency effect customer loyalty and antecedents of loyalty. As a result of structural equation model all hypotheses were accepted.