

DETERMINANTS OF CUSTOMER-BASED BRAND EQUITY IN BANKING SECTOR— A STUDY

RAMBABU LAVURI,
MBA(UGC - JRF, NET), MA, PGDSRD-NIRD, (PH.D)
DEPT. OF BUSINESS MANAGEMENT,
OSMANIA UNIVERSITY,
HYDERABAD

ABSTRACT

Now a day's many of the financial institutions and banking sector are using strategic branding for capturing customer attention in long run, so Banks must adopt various types of strategic planning towards develop a positive perception in the minds of customers. For that, developing and implementing customer centric strategies, banks need to provide a consistent strategic brand experience to prevent customer from switch out to other competitive banks. In order to understand customer perception towards banking sector, there is a need to understand customer based brand equity and its major deterrents. The current research paper deals to identify the various determinants of customer-based brand equity in the banking sector. For this purpose, a structured questionnaire was developed and a sample of 140 respondents was taken from the banks customer of Hyderabad only, and tested by the correlation analysis and multiple regression by using SPSS 20.0 Version. Correlation analysis was conducted on the study variables and the results indicated that there are strong, positive and significant relationships between demographical variable and Determinants of CBBE, and The multiple regression results showed that Brand verdict, brand felling and brand performance have significant influence on the banking customers.

Keywords: Brand equity, Banking sector, Brand verdict, Brand felling, Brand performance, CBBE

INTRODUCTION

Customer-based brand equity (CBBE) is a way of assessing the value of a brand in customers' minds. The CBBE concept approaches brand equity from the perspective of the consumer, whether the consumer is an individual or an organization or an existing or prospective customer. The basic premise of the CBBE concept is that, the power of a brand lies in what resides in the minds and hearts of customers. The challenge for marketers in building a strong brand is ensuring that customers have the right type of experiences with products and services and their accompanying marketing programs so that the desired thoughts, feelings, images, beliefs, perceptions, opinions, and experiences become linked to the brand. Mainly it refers, The value consumers associate with a brand, as reflected in the dimensions of brand awareness, brand associations, perceived quality, brand loyalty and other proprietary brand asset. The differential effect of brand knowledge on consumer response to the marketing of the brand. Brand knowledge is the full set of brand associations linked to the brand in long-term consumer memory. Building brand equity requires creating a familiar brand name and a positive brand image i.e., favourable, strong, and unique brand associations. Strategies to build customer-based brand equity can be both in terms of the initial choice of the brand identifiers (brand name, logo, and symbol) and how the brand identifiers are supported by and integrated into the marketing program. Two basic approaches can be outlined as to how to measure customer-based brand equity: 1) The indirect approach measures brand knowledge (brand awareness and elements of brand image) to assess the potential sources of brand equity; and 2) the direct approach measures the effects of the brand knowledge on consumer response to marketing activity. Rust, 2004). Brand equity may be defined as a set of elements, such as brand associations (BASs), market fundamentals and

marketing assets, that help distinguish one brand from another (Tiwari, 2010). Brand equity has been considered in many contexts (Kim, 2003); in a general sense, brand equity is defined in terms of the marketing effects uniquely attributable to the brand (Keller, 1993). One of the most common definitions of brand equity is that it is a set of brand assets and liabilities, linked to the brand's name and symbol, which can subtract from as well as add to the value provided by a product or service, and which provides value to customers as well as to a firm (Aaker, 1991). So brand equity can be viewed from different perspectives.

REVIEW OF LITERATURE

Atiglan et al. (2005) aimed to investigate the causal relationships between the dimensions of brand equity and brand equity itself. The study was conducted in the beverage industry of Turkey. Data were collected from a sample of 255 university students in Turkey. The statistical techniques used for the analysis were exploratory factor analysis and structural equation modelling (SEM). The results of factor analysis revealed that four factors were extracted from 13 variables; 74 per cent variance was explained by the model. These four factors were named as BL, BA, perceived quality and BAS. The results of SEM reflected that out of the four factors extracted, BL underlined the positive and direct role in affecting brand equity and the other three constructs had very low or negative influence on brand equity. **Che and Hashim (2007)** analyzed the customer perceptions on brand equity dimensions among consumers of bank services in Malaysia. The study was conducted on 265 MBA students at the Graduate School of Business, University of Malaya City Campus, Kuala Lumpur. Multiple regression analysis was applied. The results showed that bank service operation, bank employees, brand-aroused feelings, bank environment and bank word of mouth are important factors in explaining customer satisfaction and customer loyalty. **Norzalita et al. (2010)** examined the various factors that determine the brand equity and analyzed the customer perceptions regarding the brand equity of services. The sample included 480 bank customers of private banks of Malaysia. Exploratory factor analysis, correlation as well as regression analysis were used for the analysis. Factor analysis extracted five factors, that is, brand salience, brand performance, brand judgement, brand resonance and brand feelings. Correlation analysis depicted the strong correlation between brand resonance and brand judgement. Regression analysis concluded that only three factors have a significant impact on brand resonance, that is, brand feelings, brand judgement and positive brand performance. **Afsar, Rehman, Qureshi and Shahjehan (2010)** attempted to analyze the various determinants of customer loyalty in the banking industry. The main determinants of customer loyalty were perceived quality, trust, satisfaction, switching cost and commitment. The main objective of the study was to analyze the impact of these determinants on customer loyalty. Data were collected with the help of a structured questionnaire of 49 questions. The sampling frame was a complete list of all banking customers in Pakistan. A sample of 325 respondents was selected. Multiple regression analysis was applied. The results indicated that the effect of satisfaction and trust on commitment is positive and significant. The effect of perceived quality on satisfaction is positive and significant but low. The effect of satisfaction, switching cost and commitment on customer loyalty is positive and significant. **Venkatesh (2011)** examined the influence of external brand factors on customer's evaluation of banking services in India. The sample consisted of 1,468 customers from different parts of India from 26 different banks operating in the country. Correlation, factor analysis, multiple regression and discriminate analysis were used. The findings revealed that the associations between each of the brand factors were positive. The factors which contribute mainly to a positive brand verdict are core service, feelings, price/value for money, customer satisfaction and brand attitude. **Cerri (2012)** aimed to measure the brand equity in the Albanian banking sector. Nine banks, which make up more than 98 per cent of the domestic market in banking services (according to the official data of the Bank of Albania), were chosen to be included in the study. Using direct interviews, 250 bank customers were interviewed. After an extensive literature review about the branding and services branding, seven measures were chosen to determine the brand equity, that is, brand recall, brand familiarity, quality of BN, likelihood of changing service provider, number of BASs, origin of BASs and uniqueness. Seven correlation tests were conducted, aiming to reveal the level of correlation between scores of consumer-based brand measures for each brand

with respective market share indicators for each brand. The findings revealed that banks with high market shares also had high indicators of CBBE. This means the CBBE indicators are also good indicators of brand equity, since CBBE showed high correlation with market share.

Dua et al. (2013) examined the interrelationship of Aaker's CBBE dimensions in the banking sector. Data were collected with the help of a structured questionnaire from 150 respondents of Punjab. Structural equation modelling was used. The results stated that all dimensions, that is, perceived quality, BL, BA and BAS, have a direct positive effect on brand equity.

Sangeeta Arora (2016) aimed that to identify the various determinants of customer-based brand equity in the banking industry and to verify whether these determinants vary across bank types. For this purpose, a structured questionnaire was developed and a sample of 120 respondents was taken from selected public sector banks and private sector banks of Jalandhar. Factor analysis produced six factors, that is, brand investments, brand performance, brand salience, brand verdict, brand feelings and brand unfamiliarity, which accounted for 73 per cent variance. The findings revealed that out of the six factors extracted from the study, brand verdict emerged as the most significant factor that led to the determination of customer-based brand equity. The results of independent sample *t*-test showed no significant differences in the perceptions of customers of public and private banks with respect to customer-based brand equity. Correlation analysis was also conducted on the study variables and the results indicated that there are strong, positive and significant relationships between brand performance and brand feelings, and between brand performance and brand verdict. The multiple regression results showed that only brand performance, brand salience and brand feelings have a significant influence on brand verdict, whereas brand investment had a significant negative impact on brand verdict.

OBJECTIVES OF THE STUDY

The objectives of the study are to realize the following

1. To study relationship between Customer-Based Brand Equity and demographic variables
2. To identify the various determinants of customer-based brand equity in the banking industry.
3. To investigate the influence of brand investment, brand performance, brand feelings and brand verdict.

TESTING OF THE HYPOTHESIS

In the research study the following hypothesis will be used

1. **Ho¹:** There is no significant correlation between Customer-Based Brand Equity and demographic variables.
2. **Ho²:** There is no significant influence of brand investment, brand performance, brand feelings and the brand verdict on Banking customers.

METHODOLOGY

The study is based on both the primary data and secondary data. The primary data were collected directly well structured questionnaire administered to the bank customers. The questionnaire was designed on the bases of CBBE factors like Brand investment, Brand performance, Brand verdict, Brand feeling towards banking customers. Secondary data collected from journals, research articles for review of literature and conceptual frame work of the study.

SAMPLING DESIGN

Convenience sampling method used for the study. The study is conformed to only Hyderabad city and the sampling unit is selected from the different branches of banking industry in selected area. For understanding the influence of CBBE determinants on the customers towards selected banks. The researcher decided to select a sample size of 140 respondents from different branches of banking industries in selected area.

STATISTICAL TOOLS USED

The processing, classification, tabulation, analysis and interpretation of the data are done with the help of SPSS 20.0 Version, the followed statistical techniques have been applied depending on the nature of the data collected from the respondents, correlation analysis and multiple regression analysis was used.

ANALYSIS AND INTERPRETATION

The research finds out which determinants of customer based brand equity (CBBE) impact on banking customers for selecting their banks.

CORRELATION

Table 1. PEARSON CORRELATION

	Age in years	Gender	Education	Occupation	Income	CBBE determinants
Age in years	1	-.273**	.112	.034	.095	.223**
Gender	-.273**	1	.566**	.287**	.498**	.342**
Education	.112	.566**	1	.571**	.017	.470**
Occupation	.034	.287**	.571**	1	.012	.197*
Income	.095	.498**	.017	.012	1	.021
CBBE determinants	.223**	.342**	.470**	.197*	.021	1

Source: Authors finding

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

* . Correlation is significant at the 0.05 level (2-tailed).

In order to understanding of relationships among the demographical variable and determinants of CBBE, the Pearson correlation technique was calculated in the study. Numerical values of the correlation coefficients reflects the degree of association between demographical variable and determinants of CBBE.

From table 1, correlation results shows that there is strong correlation between education with determinants of CBBE($r = 0.470$) at the 0.01 significance level(2-tailed). and between gender with determinants of CBBE($r = 0.342$ at the 0.01 significance level(2-tailed).

Table 2 Pearson correlation

	Brand investment	Brand performance	Brand verdict	Brand felling
Brand investment	1	.625**	.398**	.406**
Brand performance	.625**	1	.525**	0.062
Brand verdict	.398**	.525**	1	.228**
Brand felling	.406**	0.062	.228**	1

Source: Authors finding

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

In order to understanding of relationships among all the Brand equity constructs which are impact on the banking customers, the Pearson correlation technique was calculated in the study. Numerical values of the correlation coefficients reflects the degree of association between all the Brand equity constructs.

From table 2, correlation results shows that there is strong correlation between Brand investment with Brand performance ($r = 0.625$) at the 0.01 significance level(2-tailed). and between Brand performance with Brand verdict ($r = 0.525$).

Multiple Regression

1. *Ho¹: There is no significant correlation between Customer-Based Brand Equity and demographic variables.*

Table 3

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	F	Sig.
1	.510 ^a	.261	.233	.36000	9.445	.000 ^b

Source: Authors finding

a. Predictors: (Constant), Age in years, Gender, Education, Occupation, Income

From the table 3, R² value is found to be 0.461, meaning there by that 46% of the variation in dependent variable is explained by predictors. Since the F value found to be significant, the null hypothesis is rejected and the alternative hypothesis accepted , meaning there is a significant in the variation caused by the predictors.

Table 4

Coefficients ^a						
Model		Un standardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.378	.252		17.362	.000
	Age in years	.060	.038	.130	1.584	.116
	Gender	-.110	.108	-.124	-1.020	.310
	Education	.144	.037	.434	3.877	.000
	Occupation	.125	.028	.082	.900	.370
	Income	-.027	.033	-.079	-.808	.421

a. Dependent Variable: Customer-Based Brand Equity

Source: Authors finding

From the Table 4, it is evident that Education(.144) emerged as the most important demographic variable, followed with Occupation (.125) and age in years (.060). It concluded that higher education of banks customer will have higher positive evaluation on CBBE of banks. And also results shown that there is negative impact of gender and income with the CBBE, which concluded that higher age and income generate negative perception on CBBE of banks.

2. *Ho²: There is no significant influence of brand investment, brand performance, brand feelings and the brand verdict on Banking customers*

Table 5

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	F	Sig.
1	.614 ^a	.376	.358	.995	20.374	.000 ^b

Source: Authors finding

a. Predictors: (Constant), Brand investment, Brand performance, Brand verdict, Brand felling

From the table 5, R² value is found to be 0.376, meaning there by that 37% of the variation in dependent variable is explained by predictors. Since the F value found to be significant, the null hypothesis is rejected

and the alternative hypothesis accepted , meaning there is a significant in the variation caused by the predictors.

Table 6

Coefficients ^a						
Model		Un standardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	13.906	1.323		10.514	.000
	Brand investment	-.561	.208	.287	-2.693	.008
	Brand performance	.866	.202	-.471	4.278	.000
	Brand verdict	1.173	.338	-.293	3.475	.001
	Brand felling	1.106	.261	-.368	4.229	.000

a. Dependent Variable: Banking customers

Source: Authors finding

From the Table 6, it is indicated that Brand verdict (1.173) emerged as the most important determinants of CBBE, followed with Brand felling (1.106) and Brand performance (.866). It concluded that higher efforts of Brand verdict of banks will have higher positive evaluation on customers of banks. And also results shown that there is negative influence of Brand investment , which concluded that higher Brand investment generate negative perception on customers towards banks.

LIMITATION

1. The study is limited to a sample size 140, so pure generalization of the study is not possible.
2. The study may be biased on influence of banking customers by the determinants of CBBE, the study conducted in Hyderabad city only.
3. The study carried out the to understand determinants of CBBE in banking.

CONCLUSION

The present study concluded that , successes of many banking industries depend on the ability to create and retaining the customers towards banking services. The study extracted four relevant factors in the CBBE like brand investment, brand performance, brand verdict and brand felling, among all brand verdict having most significant determinant factor of CBBE and followed with brand felling and brand performance also influence towards banking customers. Correlation analysis was conducted on the study variables and the results indicated that there are strong, positive and significant relationships between demographical variable and Determinants of CBBE, and The multiple regression results showed that Brand verdict, brand felling and brand performance have significant influence on the banking customers.

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