J. Basic. Appl. Sci. Res., 2(6)5487-5493, 2012
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ISSN 2090-4304
Journal of Basic and Applied Scientific Research
www.textroad.com

A Model Evaluating Brand Strength in Banking: Consumer-Based Approach

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ABSTRACT

Nowadays, brand is a valuable asset of every corporation. A powerful brand accompanies many benefits for the corporation. This study aimed to create strong criteria for brand managers of the banks by which they evaluate brand strength. This study was of applied type with descriptive method of data gathering. Statistical population of this study included all the customers of Sina Bank in Tabriz City, Iran. Data gathering tool included a researcher-made questionnaire. The elements of brand strength evaluation were recognized by exploratory factor analysis in the following way: brand salience, brand judgment, brand image, brand loyalty, perceived quality, and service providers.
KEY WORDS: brand strength, brand salience, brand judgment, brand image, brand loyalty, perceived quality, service providers.

INTRODUCTION

Brand contains diverse information that, differently from ancient times, acts not just as identification mean. Modern brands embody different sets of meanings that generate specific associations or emotions for every consumer [1].

A brand is a bundle of functional, economic and psychological benefits for the end-user [2]. Building strong brands is the goal of many organizations. Brand equity creates value for the firm as well as for the customer [3, 4]. If strong brands may enhance market share, create customer loyalty and increase profit, they are valuable assets to a firm and therefore it is important for managers to measure the equity that had been built up by their brand. The concept of brand equity [3,5] has both a financial and a marketing aspect. From a financial perspective it is possible to give a monetary value to the brand that can be useful for managers in case of merger, acquisition or divestiture purposes. The marketing perspective of brand equity is viewed with a customer perspective to help marketers to understand the brand in the minds of customers and design effective marketing programs to build the brand [6]. The goal of the article is to prepare consumer-based brand equity evaluation model to create strong criteria for brand managers of the banks by which they evaluate brand strength.

1-1- Brand

A brand is the intangible sum of an organization's attributes, which can reflect an organization's name, history, reputation, and advertisement. Searching engine interfaces contain branding elements. A brand can be recognized as the identifiable symbol, sign, name, or mark that distinguishes an organization or a product from its competitors. Therefore, good branding can result in customer loyalty and positive image of a firm's products and services. Therefore, good branding can result in customer loyalty and positive image of a firm's products and services [7]. Brands identify the source or maker of a product and allow consumers-either individuals or organizations-to assign responsibility for its performance to a particular manufacturer or distributor.

1-2- Brand Equity

Simom and Sullivan [8] as well as Biel [9] define brand equity in terms of cash flow differences between a scenario where the brand name is added to a company product and another scenario where the same product does not have brand name.

Aaker[3] defines brand equity as a set of assets and liabilities linked to a brand name and symbol that adds to or subtracts from the value provided by a product or service to a firm and that firm's customers. These assets can be grouped into five dimensions: brand awareness, brand associations, perceived quality, brand loyalty and other proprietary assets. Keller [5] defines brand equity as differences in customer response to marketing activity. His customer brand equity model identifies 6 components including brand salience, brand performances, brand imagery, brand feelings, brand judgments and brand relationships. According to Keller the process of building a brand requires to follow four consecutive steps:

1.building brand awareness;

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2.creating brand meanings through imagery and brand performances;
3.building brand responses through brand feelings and judgments; and finally
4.building relationships between the brand and its customers.

Brand equity from this perspective occurs when a consumer is familiar with the brand and holds some favorable, strong, and unique brand associations in memory. However, Lassar et al. [10] argue for a five-factor conceptualization comprised of performance, social image, value, trustworthiness, and attachment. Aaker[11, 12] alternatively presents a perspective of CBBE which posits five different overall dimensions of CBBE: brand loyalty, brand awareness, perceived quality, brand associations, and other proprietary brand assets such as competitive advantage. Aaker and Joachimsthaler[13] simplify this model to include only the four primary dimensions of brand awareness, perceived quality, brand associations, and brand loyalty.

1-3- Service brands

Brands and the power they possess are critically important to today's service firms, and are fundamentally linked to the concept of relationship marketing [14].

Similar to research on B2B brands, research that examines service brands also proposes that brands are more often successfully attached to the parent firm than to an individual product [15, 16]. Service brands assure customers of a consistent, uniform level of service quality, which is important for market offers, such as logistics services, that are characterized by experience and credence attributes [15]. The strength of a service brand is primarily driven by attributes of the firm such as the quality of the service, the people standing behind the service and supplier/customer relationships [15, 17].

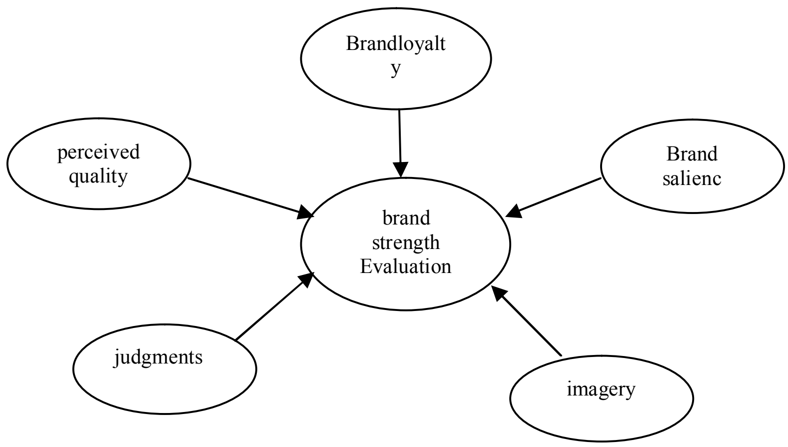

Figure 1: Conceptual model

Our conceptual model of service brand equity identifies five dimensions that seem relevant for measuring the value of a service brand with a customer perspective. These dimensions are the following.

1-4- Brand strength

Brand strength refers to brand characteristics that make consumers more or less predisposed to the brand [18]. Srivastava and Shocker refer to brand strength as the set of associations that permits the brand to enjoy a sustainable and differentiated competitive advantage [19]. In general, prior research has conceptualized brand strength in terms of consumers' brand attitude and beliefs, generally defined as overall evaluations of a product or brand.

1-5- Brand image

A favorable reputation or image of a brand has been considered a valuable competitive Advantage for a firm.Kotler[20] defines brand image as ''the set of beliefs held about a particular brand'', while Aaker[11] refers to brand image as ''a set of associations, usually organized in some meaningful way''. Keller [21] has defined brand image as 'perceptions about a brand as reflected by the brand associations held in consumer memory', and this definition has been adopted by Faircloth et al. [22] and Romaniuk and Sharp [23]. Campbell[24] defined brand image as the combination of the consumer's perceptions and beliefs about a brand. Unsurprisingly, brand image is sometimes confused with brand equity. A brand can be characterized by endowing the brand with unique personality traits and dimensions because consumers could often associate the brands with celebrity characters or famous historical figures [25, 26].

1-6- Brand Loyalty

Several meanings have been attributed to brand loyalty after the concept was first introduced by Copeland [27]. The concept is examined mainly from two broad aspects, which are behavioral (or purchase) loyalty [28, 29] and attitudinal loyalty [29, 30]. Behavioral loyalty refers to repeat purchases and is related with how often and how much consumers purchase a brand [3, 5]. Fournier and Yao [31] and Dekimpe, Steenkamp, Mellens, and Abeele[32] suggested that an ideal measure of brand loyalty should incorporate both behavioral and attitudinal aspects. For instance, consumers with a great deal of attitudinal attachment to a brand may state that they "love" the brand [5] or consider themselves "loyal customer[s]" [33]. brand loyalty, as one of the most important determinants of brand equity [3,33].

1-7- Perceived quality

In the customer-based brand equity frameworks[34, 35], perceived quality is considered a primary dimension. Service quality dimensions, on the other hand, reflect the characteristics of a service business such as reliability, responsiveness, and tangibles [36]. The main reason that perceived quality is a primary dimension in brand equity models is that it has a strategic effect on brand equity, by reducing the perceived risk [35]. It also creates a basis for brand differentiation and extension [3], and offers a price premium advantage for firms [35].

1-8- judgments

`Judgments to brand consist of individual believes and evaluations of the customers about a brand which form by putting together all the performances and mental images of a brand. The customers may judge a brand differently; but, there are 4 important judgments including, judgments about the brand quality, reliability, properties, and superiority[37].

1-9- Brand salience

Brand salience is an index measuring the awareness to a brand, considering the following points:

1. How many times/how easily a brand is remembered in the minds of the customers?
2. How much does a customer remember the brand?
3. Does the customer remember and recognize it easily?
4. What kinds of hints are needed to remind the customers of the brand?
5. How much awareness to the brand is there in the minds of the customers?

A brand with much depth and spread in the minds of the customers has high salience in a way that its customer always think about buying it and in many situations with the feeling of need go toward it. Brand salience is the first important step in investigating brand equity but is not enough by itself [37].

1-10- Employees

In the services marketing literature, a few authors have suggested new approaches to build a strong brand in the service sector [15]. They recognize and emphasize the importance of employees during their interactions with customers and their ability to distill the brand values in order to create a specific meaning to the brands. The employees must be imbued with the desired image of the service and play their appropriate roles in the brand promises. Most authors who focus on service branding agree that employees' attitude, belief, value, and behavioral style reflect the brand. The employees must be imbued with the desired image of the service and play their appropriate roles in the brand promises. Most authors who focus on service branding agree that employees' attitude, belief, value, and behavioral style reflect the brand [6].

Research questions

This research aims to answer the following questions:

1. What are the evaluating elements of brand strength in banking?
2. What model can be represented according to these elements?

METHODOLOGY

This research is of applied type using descriptive data gathering. Statistical population of this study included all the customers of Sina Bank in Tabriz City Iran (n=48000). Putting this number in related formula, the number of 381 was achieved; accordingly, 390 questionnaires were distributed among bank customers. 362 out of them were considered as reliable and applicable cases.

Data gathering methods and tools

To gather data, library and field methods of data gathering were used. The tools included observation, interview, and a researcher-made questionnaire. The questionnaire had 3 parts: first part included a request for completing the questionnaire, second part asked about demographical quality of respondents, and third part had 35 questions with 5-Likert scale. According to research goals, the answers were divided from quite agree to quite disagree.

Validity and consistency of the questionnaire

To investigate validity, the ideas of some experts were used and content validity of the research was confirmed. To investigate consistency, Chronbakh α in pre-test (with 30 questionnaire) and final test were calculated (pre-test α=0.95, final test α=0.94, and α=0.94 for every question of pre-test and final test);so the reliability of the questionnaire was confirmed. To have statistical investigations, exploratory factor analysis was used.

Research findings

The results of sociological investigations of the questionnaire are reflected in Table 1.

Table 1. Investigating sociological factors

		number	percent			number	percent
Sex	female	74	20.4	Monthly income (in Rials)	Less than 25000	71	19.6
					25000-50000	106	29.3
	male	288	79.6		50000-75000	91	25.1
					Over 75000	94	26
					Academic	34	9.4
Education level	Under diploma	42	11.6	career	Doctor/engineer	33	6.1
	diploma	143	39.5		employee	64	17.7
	Bachelor	106	29.3		salesperson	159	43.9
					student	27	7.5
	M.A & higher	26	7.2		unemployed	22	6.1
Marital status	single	133	36.7		other	23	6.4
	married	227	62.7				
	divorced	2	6				

For different reasons, we deal with many variables. For a careful analysis of the data and more scientific and operational results, researchers try to reduce variables and create new structures for them for which factor analysis is applied. Factor analysis is applied for data reduction or structure detection. Data reduction aims to omit extra variables (with high correlation) from data files. Structure detection investigates the hidden relations among variables. Factor analysis is of 2 types: exploratory and confirmatory. The former discovers the basic structure of a big deal of variables. Researcher presumption states that every variable may be related to every factor. The latter assumes that every factor is related to a specific set of variables.

To analyze data, 35 variables related to brand strength evaluation were signified. In fact, using exploratory factor analysis, the relation among variables was determined and essential divisions were done whose results are shown in Table 2.

Table 2 . Exploratory factor analysis results for brand strength evaluation

	Repetition number of factor analysis	Kmo test	Bartlett's test	Determined factor number	total Determined factor	Omitted variable number
brand strength evaluation	2	0.93	0.0	6	60.80	3

Table 3. Matrix of factor correlation after varimax

elements		First factor	Second factor	Third factor	Fourth factor	Fifth factor	Sixth factor
judgements	J1	0.71					
	J2	0.54					
	J3	0.55					
	J4	0.65					
	J5	0.60					
	J6	0.60					
	J7	0.63					
imagery	I1		0.48				
	I2		0.56				
	I3		0.65				
	I4		0.61				
	I5		0.51				
	I6		0.61				
	I7		0.59				
loyalty	L1			0.41			
	L2			0.60			
	L3			0.51			
	L4			0.65			
	L5			0.57			
	L6			0.57			
	L7			0.66			
Percieved quality	Q1				0.68		
	Q2				0.70		
	Q3				0.66		
	Q4				0.48		
	Q5				0.40		
Service providers	E1					0.78	
	E2					0.83	
	E3					0.54	
salience	S1						0.68
	S2						0.60
	S3						0.60

Table 4. Determined variance

factors	Determined variances
first factor	12.12
second factor	11.65
third factor	11.18
fourth factor	10.11
fifth factor	8.9
Sixth factor	6.8
total	60.80

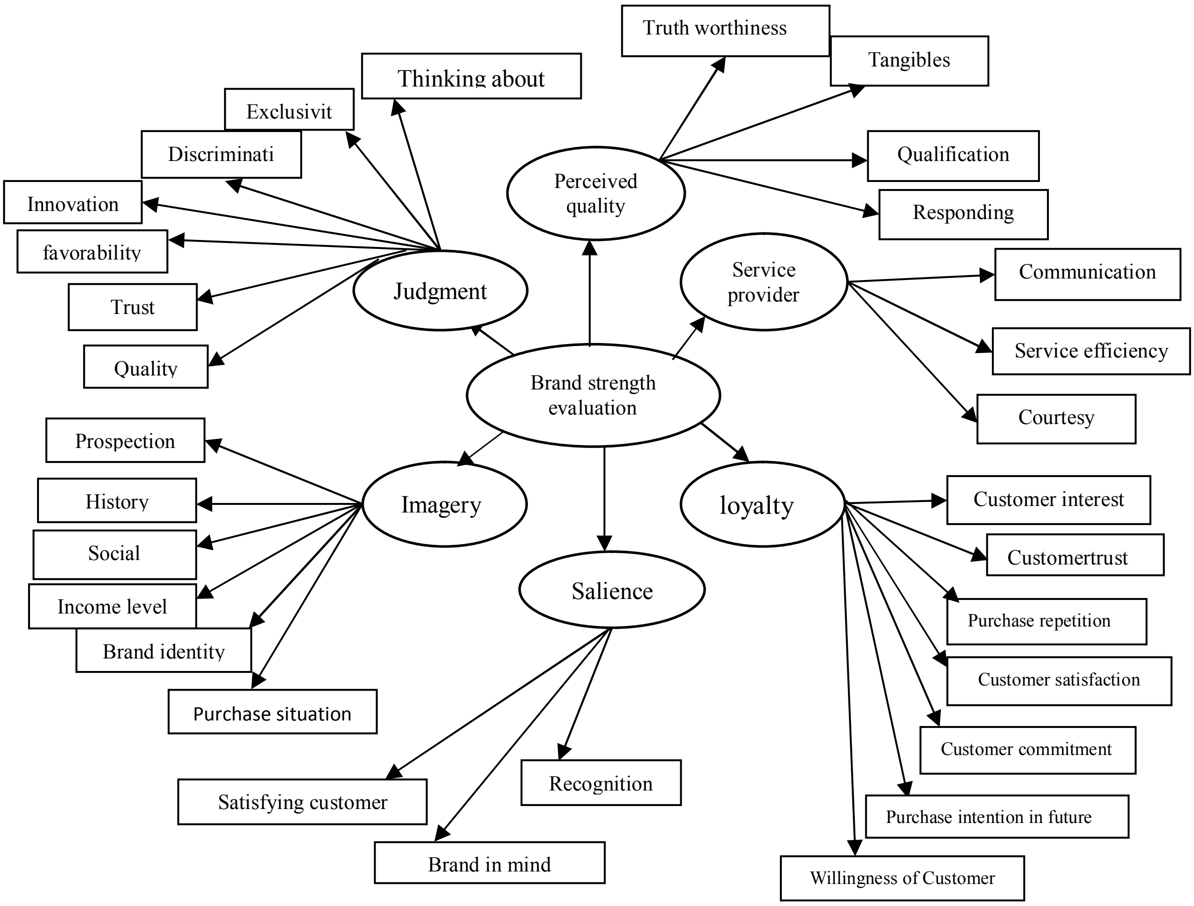

Figure 2. A model of evaluating brand strength

Conclusion

This paper aims to represent a model for evaluating brand strength using Aker &Keler models. To find related elements, exploratory factor analysis was used. Since KMO =0.938, question numbers match the respondents. For Bartlett's test sig < 0.5 %, factor analysis fits structure detection of factor model. So recognition of correlation matrix is rejected. Common things table shows the property of the questions in factor analysis process. Common extraction values for question 3, 4, and 17 were 0.30, 0.33 and 0.46, respectively. For the low rate of these values (<0.5), these questions were deleted and factor analysis was done again. Finally 6 out of 32 factors were selected having 60.80% of variance. In factor analysis for true sorting, the questions were determined according to factor load coefficients from varimax. It was determined that which question belongs to which factor. In correlation matrix, factors were classified and named in 6 groups including, Brand salience, judgment to brand, imagination about brand, loyalty to brand, perceived quality of brand, and service providers. Brand salience, judgment to brand, and imagination about brand are the elements creating brand equity in resonance model of Keler and loyalty and perceived quality are the elements creating brand equity in the model of Aker. Service provider factor was creating brand equity in the model of Berry (2000) in brand strength evaluations.

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