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Evaluating Brand Equity from the View of the Customers in Banking

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ABSTRACT

The goal of this study was evaluating brand equity from the view of the customers in banking according to Keller model. Brand equity was evaluated according to its 6 factors including , brand salience, brand performance, brand image , judgments to brand, feelings to brand, and resonance with brand from the view of customers. This study was of descriptive type with applied goals. Statistical population consisted of all the customers in Sepah bank of Tabriz in Iran. Sampling method was multi-step clustering. To test the hypothesis, an independent T-test was used. The results showed a higher mean of brand equity and its 6 factors than the base mean.

KEY WORDS: brand equity, brand salience, brand performance, brand image, judgments to brand, feelings to brand, and resonance with brand.

INTRODUCTION

In past years, the equity of a company was measured by its properties, intangible assets, factories, and equipment; But, nowadays the equity of a company is somewhere else i.e. in the minds of the potential buyers. While the price of a product measures its monetary value, a brand introduces that product and reveals its distinct aspects (Kapfer 2006, 3). Brands are mostly considered as the most valuable assets of an organization. Making strong brands is an important necessity of most organizations for providing a competitive privilege (Bekhradi 2010, 98). Banks have significant positions in the economy of every country as a ring of financial chain. Competition in global economy leads the banks to render various instruments and methods for their qualitative and quantitative development. On this basis, the abilities of the brands in simplifying decision-makings of the customers, risk reduction, and identifying their expectations are very valuable (Keller 2010, 3).A brand adds the aspects to a product or service which differentiate it from other products or services. This distinction can be applied, reasonable, tangible or even intangible (Mohammadian & Talalzadeh 2007, 112). According to Aeker , a brand implies a better product s quality for the customer, unconsciously. The customer believes that he gets a valuable thing in return for paying for a product with a superior brand (Heydarzadeh et al 2007, 112). So, brand equity has the potential of creating final cash flow and adding it to the company by creating equity for the customers (Aeker & Keller 1991, 27). Increasing competition in business world, fast changes in technology , and power and choice of the customers make the success of the companies identifying the needs and expectations of their customers in order to meet them (Javanmard 2010, 229). If a company considers a brand just as a name, it will not be able to understand the deep applications of the brand in marketing (Smailpour 2005, 190). Understanding different aspects of the brands and their relations or impressions on the reactions of the customers can help the companies to provide effective marketing and proper resource allocation (Samadi 2010, 49).This study aims to evaluate brand equity from the view of the customers according to Keller model.

- Research Theories

In new age, which is the age of amalgamation and purchase of companies, brand equity is a key and determining factor in a company and the equity of stock market. Goods can be copied but a brand is unique (Houng 2003, 335). Brand equity is the final goal and surplus value which a product creates by the brand. Brand equity is as the asset for a company which increases its surplus value (Simon & Salivan 1993, 28). In other words, the equity

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creates more distinction, awareness about brand, and customer reflection, leading to better performance of the mark financially and from the view of the customers (Keller 2003). Brand equity is surplus value understood by the customer from a name while comparing it with a similar or unknown product (Yoo & Douth 1997). Brand equity can help the customers to interpret, process, and store a good deal of information about a product and its brand. It can also affect on the confidence of the customers about the purchase of a product because of his previous experiences and familiarity with the brand and its properties .The more important point is the understood quality by the customer which can increase his satisfaction from experiencing the product (Aeker 1991, 16). Brand equity is surplus value which a brand gives to a product (Farquhar 1989, 24-33). Awareness to the views of the customers about every brand-making component can help the banks to optimize their marketing programs in the field of brands and the efficiency of the advertisements. It also helps spending the sources for the growth of the market and improving marks. (Roosta 2007). A brand can be beyond a sign or a text and act as a communication tool (Arjmandian 2010, 53). A brand is a complicated symbol which includes a variety of ideas and properties which not only communicates with the customers by its tone but also makes connection by every factor mixed with it in the society during the times (Yadgariniaraki & Karimi 2010, 128-130). Appreciating the services over the products in the economical deals, a new perspective about marketing is emerging. With such a view, the companies must increase some services along with the products to compete with the others (Davis 2007, 7).A famous brand is as a tool for decreasing risk and remembering information and facilitating decision-making (Kayaman 2007, 92). Internet has provided more access of the customers to the various information and pre-purchase evaluations (Moon 2004, 18). In such situations, a powerful brand is needed to reduce the challenges of the customers for purchase. So, a brand is a guarantee for the future satisfaction of the customers and increases their trust for buying the services, enabling them to imagine and understand intangible products (Berry 2008, 37).

In the literature about brands, there are two major methods for evaluating brand equity, one of which is the financial method, using the factors like stock evaluation, current value, and etc; the other one is by final customers (Mayer 2003, 39). In this study, the main focus is brand equity from the views of the customers. The reason for such focus is that organizational profitability stems from customer awareness, desirability, power, and exclusiveness of the brand (Lasser et al 1995, 11-19). Financial view discusses brand equity to the benefit of the company while customer view concerns the value of a name or mark for the customers as a result of marketing decision-makings (Kim et al 2003, 335-351). A company with superior equity has competitive privileges of selling its products for higher prices, creating a better commercial leverage, increasing sale margin and profit, and decreasing its vulnerability (Bendixen et al 2003, 371-380). David Aeker introduces a brand as a symbol interwoven with a big deal of assets and mental dedication, used for identification and differentiation of the products. Aeker model concerns a conceptual perspective, seeking specifications which form the value of a name or mark from the view of the customers (Aeker & Keller 1990, 27-40).

The factors of Brand equity are as follows:

1. 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.

2. *Brand performance*. A product is the core of the concept of brand equity because whatever a consumer experiences from the brand, hears from the others, and a company tells to the customers by advertisements are affected by the product. A pre-requisite of successful marketing is designing and producing a product which can meet the needs of customers perfectly. To be loyal to a brand, marketers should make sure that the experiences of the customers from the product can meet their expectations. High quality brands can have better financial performance and fill the pockets of their investors with more profit. The index of brand performance explains the extent of which a product or service can meet the applied, economical, aesthetical or other needs of the customers.

3. Brand image. Brand image depends on the external properties of a product or service including the methods of meeting social and mental needs of the customers. This element shows that the thoughts and imagination of the people about brands and against the performance of the brand has less attention to the views of the people about its realities. On this basis, the term of mental image refers to the intangible and unobservable aspects of the brand. Customers receive mental images directly (using their experiences) or indirectly (by advertisement or other information sources like mouth to mouth talks).

4. *Judgments to brand*. 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.

5. *Feelings to brand*. Feelings to brand consist of the responses and emotional reflection of the customers to a brand which result from the social trends impressed by the brand. The following questions are posed in this way: What feelings do the marketing and other tools create in the customers? How does a brand impress the feelings of the customers about themselves and their relation with the others? These feelings can be little, much, negative or positive. The excitement resulted from a brand in people can create a strong mentality during using a product. Nowadays, most companies try to mix more feelings and excitement with their brands to make them more memorable in the minds of their customers (Keller 2010, 108).

6. *Resonance with brand*. The final step of the model focuses on creating a good relation between the customer and brand and their resonance which is an index explaining the nature of this relation and its amount by which the customer feels affinity. It is also indicating the intensity or depth of mental adjacency of the customers to a brand which reflects the amount of the activities , impressing the loyalty feeling.

According to the researchers, just the satisfaction of the customers is not enough for achieving this level. High loyalty needs creating a deep dependence by marketing programs in a way that just that product can meet the needs of the customers. A brand may find a wider meaning for the customers by belonging to a group. Resonance of the owners and customers of a brand reflects an important social fact.

- Research Background

Investigating the effects of brand equity on the consistency and loyalty of the customers, Samadhi et al (2010) studied Iranian Pasargad bank and concluded high preference of the customers in accepting bank services under the impression of brand equity.

Studying the effective factors on brand equity from the views of customers, referring to Aeker model, Mohammadian et al (2009) suggested an insignificant relation among grasped quality, remembrance, and awareness about a brand with brand equity, but a significant correlation with it and loyalty of the customers to the brand.

Heleri (1995) used brand equity of David Aeker with 4 factors of awareness, grasped quality, belongings, and loyalty to a mark to study the effects of Iranol brand equity on the consumers. The results showed a significant and positive correlation among awareness, grasped quality, and loyalty to a mark and both responses of the customers. This relation showed higher amount for more loyalty.

Konenik et al suggested that mentality of a brand is not the only effective factor on evaluations; Customer awareness and loyalty as well as the quality of the product are needed. According to their findings, brand equity was different in two markets with respect to the evaluations of brand aspects.

Using structural equation model, Pappu et al (2005) evaluated brand equity from the view of the customers in an Australian city in 2 product classification among 6 brands. That study is of great help in grasping brand equity from the views of the customers.

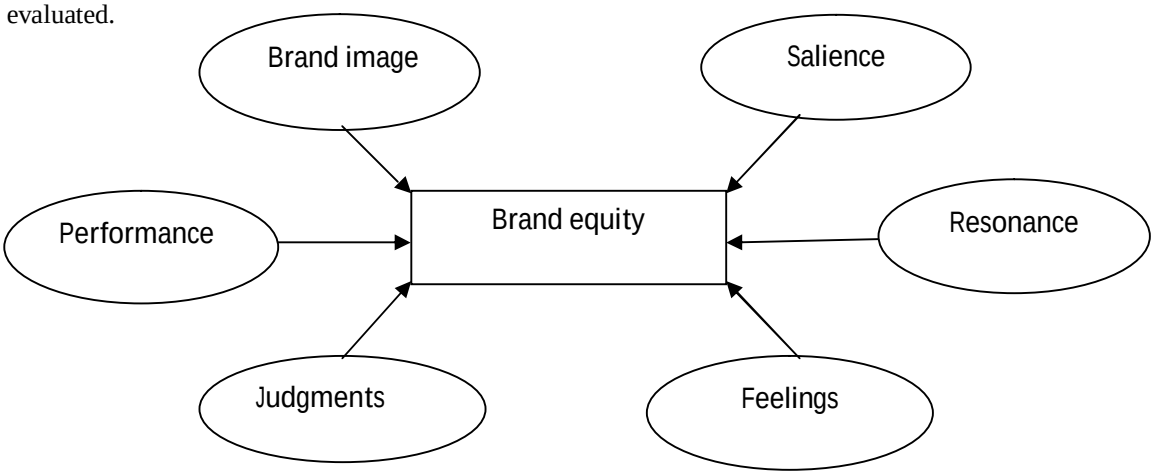
- Research Hypothesis

The hypothesis of this research include,

1. The amount of brand equity is higher than the base mean.
2. The amount of brand salience as a factor of brand equity is higher than the base mean.
3. The amount of brand performance as a factor of brand equity is higher than the base mean.
4. The amount of brand image as a factor of brand equity is higher than the base mean.
5. The amount of judgment to brand as a factor of brand equity is higher than the base mean.
6. The amount of feelings to brand as a factor of brand equity is higher than the base mean.
7. The amount of resonance with brand as a factor of brand equity is higher than the base mean.

- Research Theories

Theoretical basis of the study is represented in figure (1).in this research the amount of every factor of brand equity including brand salience, performance, image, feelings to brand judgment to brand and resonance to brand has been evaluated.



METHODOLOGY

This research is of descriptive type with applied goals. The statistical population consists of all the customers of Tabriz Sepah bank with bank accounts in Iran (N=1,909,000). Sampling method was multi-step clustering. Formula 1 (Kokeran) was used to determine sample number of 384 (N=1,909,000, p=q=0.5, t=1.96, d=0.05).

Formula 1 $$n = \frac{Nt^2 pq}{Nd^2 + t^2 pq} = 383.877 \cong 384$$

To gather data, field and library methods were used. Data gathering tools included observation, interview, and researcher-made questionnaire by 5 Likert scale. Content validity of the questionnaire was confirmed and Cronbach α =0.93. So, the questionnaire was of high consistency.

RESULTS AND DISCUSSIONS

To analyze the data, descriptive and inductive statistics were used. For statistical description, the percentages and frequencies of the central data and distribution were reported. A T-test was used to test the hypothesis.

7.1. Descriptive statistics. As shown in Table 1, 29.2% of the study population is female and 70.8% is male. 13.2% of the population IS undergraduate of high school, 32.9% have high school diploma, 19.7% are junior high graduate, 26.6% have Bachelor, and 7.7% have M.A.

Table 1. Frequency distribution of gender and education level

		frequency	percent	Valid percent	Cumulative percent
Sex	Male	272	70.8	70.8	70.8
	Female	112	29.2	29.2	100.0
	Total	384	100.0	100.0	
Education	High school undergraduate	14	3.6	3.6	3.6
	Diploma	46	12.0	12.0	15.6
	Junior high graduate	97	25.3	25.3	40.9
	Bachelor	134	34.9	34.9	75.8
	M.A	93	24.2	24.2	100.0
	Total	384	100.0	100.0	

In Table 2 it is seen that the mean of brand equity is 75.61 with the standard deviation of 24.3. The minimum brand equity is 10.21 and the maximum is 19.79. The amounts of 6 brand equity factors including salience performance, image, judgment, feelings and resonance are 15.61, 15.61, 15.89, 15.89, 17.94, and 17.94 respectively.

Table 2. Frequency distribution of brand equity

frequency	n	mean	median	Std deviation	minimum	maximum
Brand equity	384	15.6136	15.63	2.43	10.21	19.7
Salience	384	15.110	15.00	2.77	11.3	20
Performance	384	15.61	15.00	3.10	8	20
Image	384	15.89	16.30	2.19	11.3	20
Judgment	384	14.33	15.00	3.88	5	20
Feelings	384	17.94	18.30	1.98	15	20
resonance	384	15.443	16.30	2.84	10	18

7-2. Hypothesis test. As seen in Table 3 and 4, the mean of brand equity evaluation, brand salience, performance, image, feelings, and resonance are 15.61, 15. 110, 15.110, 15.89, 14.33, 17, 94, and 15.44 respectively. Since according to dependant sample T-test, significance level is <0.05, the amounts of brand equity and its factors according to Keller are higher than the base mean.

Table 3. The mean of evaluating brand equity and its factors

	n	mean	Std deviation	Std error mean
Brand equity	384	15.61	2.42	.12369
Salience	384	15.11	2.77	.1415
Performance	384	15.61	3.10	.1587
Image	384	15.89	2.19	.1120
Judgment	384	14.33	3.88	.1984
Feelings	384	17.94	1.98	..1011
resonance	384	15.44	2.84	.1454

Table 4. Evaluating mean difference test of brand equity and its factors

	Test value=10					
	t	df	Sig(2-tailed)	Mean difference	lower	upper
Brand equity	45.386	383	.000	5.61	5.37	5.85
Salience	36.10	383	.000	5.10	4.83	5.38
Performance	35.38	383	.000	5.61	5.30	5.92
Image	52.65	383	.000	5.89	5.67	6.11
Judgment	21.84	383	.000	4.33	3.94	4.72
Feelings	78.55	383	.000	7.94	7.74	8.14
resonance	37.43	383	.000	5.44	5.15	5.72

Conclusion

The findings of this study include,
1. The amount of brand equity is higher than the base mean.
2. The amount of brand salience as a factor of brand equity is higher than the base mean.
3. The amount of brand performance as a factor of brand equity is higher than the base mean.
4. The amount of brand image as a factor of brand equity is higher than the base mean.
5. The amount of judgment to brand as a factor of brand equity is higher than the base mean.
6. The amount of feelings to brand as a factor of brand equity is higher than the base mean.
7. The amount of resonance with brand as a factor of brand equity is higher than the base mean.

Suggestions from the study

1. Since all research hypotheses were confirmed and all the factors were higher than base mean, all bank managers should try to promote brand equity and its factors in their banks.
2. Since the bank achieved more success by creating feelings in its customers, this factor can be used for the purpose of creating competition.
3. The bank had the minimum success in creating judgments to brand so it should try to promote the quality of its service and credit for the customers to improve their judgments.

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