A survey on important factors influencing brand equity: A case study of banking industry

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ARTICLE INFO	ABSTRACT
	One of the most important issues in increasing customers' needs is to increase the quality of services through providing better quality services. Customer satisfaction is one of the primary requirements to meet people's needs and to have an efficient customer relationship management (CRM) we need to detect the most important factors influencing efficiency and effectiveness in banking industry. In this paper, we present an empirical study to detect these factors in one of private banks in Iran. The proposed study of this paper tries to reach three objectives. We first detect important factors, which build customers' perception towards CRM, then we detect all influencing factors, which impact CRM, and finally, we evaluate the impact of CRM towards brand equity. The proposed study first designs a questionnaire and distributes it among 386 customers. Using structural equation modeling and certified factor analysis, we analyze the results. The results indicate that three factors including information, employee job behavior and suggestions and other factor have meaningful impact on customer brand equity. However, the impact of equipment on customer brand equity was not meaningful.

1. Introduction

Lack of trust among civilians towards banking and financial systems has become one of the serious problems in our societies and an important direction in new public management is to build customer oriented system in an attempt to have more client respect (Swift, 2001; Anton & Hoeck, 2002; Lindgreen & Antioco, 2005). Customer relationship management (CRM), on the other hand, has become popular and it is one of the hottest academic and practical areas in the business field. Alem Mohammed and Rashid (2012) provided a value conceptual model, which explains the theoretical linkages existing between CRM dimensions and hotel performance. The research not only clarifies the relationship between CRM dimensions and hotel performance, but also it explains the mediation role of marketing capabilities in this relationship (Jackson, 1985). CRM can be accomplished through different tools and one of them is to use electronic facilities. Sehhat (2012), for instance, investigated the impact of five factors namely awareness from the site, site attractiveness, promotional effectiveness, effectiveness and shopping impacts and effectiveness and loyalty on the success of

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electronic marketing. He implemented a multi regression function and the results confirm that all five mentioned factors impact the sales of e-marketing, significantly.

There are different definitions on the concept of brand equity in marketing literature. Some of them have defined it as a set of assets and liabilities associated with a particular brand. According to this definition, brand name and definition can increase customers or it can reduce customer. Others define brand equity as the effect of distinguished knowledge on consumers' response on market. Another scholars have defined brand equity as a buying power that a brand builds on the market (Yoo et al., 2000; Kotler & Armstrong, 2004; Sheng, 2002; He et al., 2011).

When a customer reaches to a belief that there is a crystal clear difference between one particular brand with other brands this could become as important part of information for purchasing a product. Brands are considered as valuable intangible assets in most well known organizations. Customer based brand equity in recent years has become as important part of marketing planning and the primary focus is to find out more about what customer think of a value. In other words, brand capability is on what customers think over time and what experience customers receive over the time.

Aaker (1991) defines brand equity in terms of four perspectives including perception quality, brand awareness, brand association and brand loyalty. Awareness on a particular brand or product is determined in terms of people's capability on learning about a product or service. Perception quality is an image from a product, which exists in people's mind. Brand loyalty is resulted from a continuous purchasing attempt over time (Martinez et al., 2009). Brand awareness is associated with people's knowledge to remember more about a product or services over time. Brand association is related to any particular things, which builds a connection to a product. This could be a demographical aspect, a symbol, a plan, etc. Brand loyalty is normally a result of continues and intentional purchasing of a particular product over a long period of time (Chaudhuri & Holbrook, 2001). This reaction is the result of people's psychological and intellectual process. Brand loyalty could lead to word of mouth advertisement and creates a serious barrier against new competitors to enter the market. A large number of loyal customers have been considered as a precious asset called brand equity (Sahin et al., 2011).

2. The proposed study

The proposed study of this uses different factors influencing customer relationship management and the effect of customer relationship management on brand equity and Fig. 1 shows the details.
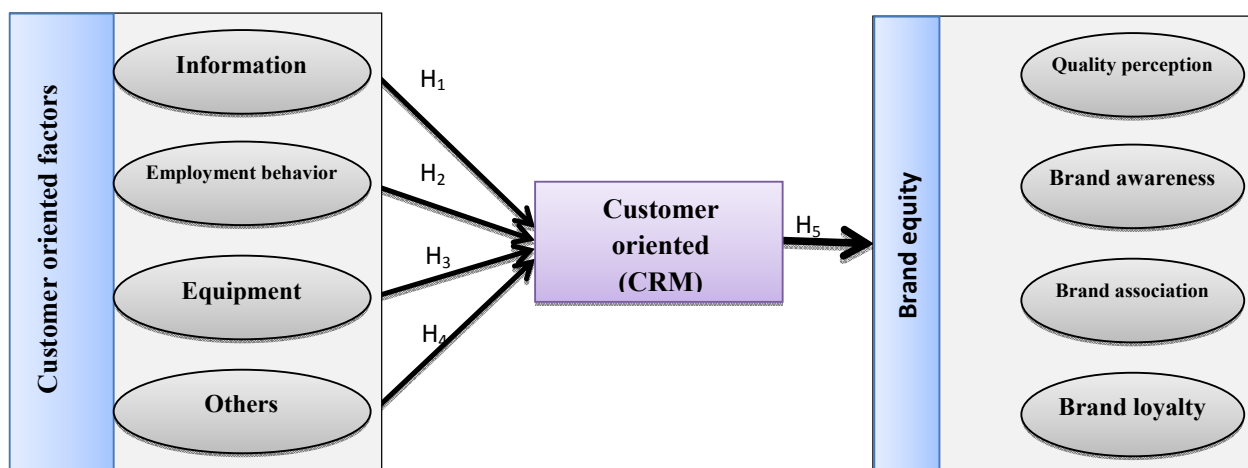

Fig. 1. The proposed framework of the model

As we can observe from Fig. 1, the proposed study of this paper considers the following hypotheses,

1. Having a better information system and better awareness on products maintains a positive impact on customer relationship management.

2. Employment behavior influences positively on customer relationship management.

3. Work equipments have positive impact on customer relationship management.

4. Customers' feedbacks influences on customer relationship management, positively.

5. Having a positive attitude towards customers maintains a positive impact on brand equity.

The proposed study of this paper has designed a questionnaire in Likert scale and distributed among some experts. The proposed study consists of nine questions including information, employee job behavior, administration equipments, suggestion system, management perspective towards customers, perception quality, brand awareness, brand association and brand loyalty. In order to measure the impacts of information we consider nine items, employee job behavior with 11 items, administration equipments with 7 items, suggestion system with 6 items, employee perspective towards customers with 3 items, quality perception with 4 items, brand awareness with 3 items, brand association with 3 items and brand loyalty with 3 items. The proposed study of this paper uses structural equation modeling (SEM) (Fornell & Larcker, 1981; Max, 2004).

The population of this survey includes all people who live in city of Tehran, the capital city of Iran and a typical sampling system requires 385 to accomplish a survey. We have decided to use 400 questionnaires and distribute them among employee of Bank Refah, which is the case study of this paper. Cronbach alphas have been calculated information, employee job behavior (0.73), administration equipments (0.71), suggestion system (0.71), management perspective towards customers (0.72), perception quality (0.73), brand awareness (0.72), brand association (0.71) and brand loyalty (0.72). In terms of gender, 216 people were male and 140 people were female and in terms of age, 201 people were less than 30 years of age, 140 people were between 30 to 45 and 45 people were more than 45 years old. In terms of educational background, 185 people either finished high schools, 21 people finished a two years colleague, 155 people maintained a master degree and finally 25 people had master or higher educational level. Table 1 shows some statistical observation on 9 components of our survey.

Table 1
Basic statistics on different components of the survey

Variable	# of observation	min	max	mean	Standard dev.
Information	386	1	5	3.1254	0.90300
Employee job behavior	386	1	5	2.5413	0.91014
Administration equipments	386	1.25	5	3.0183	0.94481
Suggestion system	386	1	5	2.685	0.76648
Management perspective towards customers	386	1.33	4.70	2.8807	0.76405
Perception quality	386	1.33	5	3.2446	0.76261
Brand awareness	386	1	5	2.893	0.79593
Brand association	386	1	5	3.2569	0.96399
Brand loyalty	386	1	5	3.1254	0.90300

3. The results

In this section, we present details of our findings on the implementation of SEM for the proposed study of this paper shown earlier in Fig. 1. As we have explained in previous section, structural

equation modeling is used to find the relationship between the factors impacting brand equity. We first present details of our findings on data validation in Table 2 as follows,

Table 2
Statistical observations different attributes associated with implementation of SEM

	χ^2	df	χ^2/df	GFI	RMSEA	CFI	AGFI	NFI	NNFI
Value	3312	1143	2.89	0.94	0.08	0.97	0.81	0.96	0.97
desirable			<3	>0.94	<0.90	>0.90	>0.80	>0.90	>0.90

As we can observe from the results of Table 2, all statistics are within the acceptable levels, which mean the proposed SEM model maintains a good fitness. Table 3 shows details of our findings on covariance on independent variables.

Table 3
Covariance among different components of the survey

	Information	Behavior	Equipment	Suggestions	Perception	Brand equity
Information	1					
Behavior	0.79**	1				
Equipment	0.71**	0.81**	1			
Suggestions	068**	0.77**	0.87**	1		
Perception	0.74**	0.79**	0.82**	0.86**	1	
Brand equity	0.74**	0.79**	0.82**	0.86**	1**	1

**Significance level=0.01

As we can observe from the results of Table 3, there are some positive and meaningful relationships among six variables when the level of significance is one percent. However, our results did not confirm any meaningful relationship for the remaining three variables. Based on the results we can conclude that information, employees' job behavior, suggestion system and other variables influence brand equity, positively. Table 4 shows details of the implementation of certified factor analysis (CFA). The results of CFA test also helps us validate the results of SEM method and we also used CFA test to statistically test all five hypotheses.

Table 4
The results of CFA

	t-student	(β)	(r^2)	Results
Information on attitude	3.93**	0.18		Confirmed
Employment job behavior on attitude	2.73**	0.15	0.80	Confirmed
Equipment on attitude	1.71	0.12		Rejected
Suggestion on attitude	7.33**	0.52		Confirmed
Attitude on brand equity	14.40**	0.67	0.63	Confirmed

**Level of significance = 0.01

As we can observe from the results of Table 4, t-student values are valid for the first, the second, the fourth and the last hypotheses but t-student does not confirm the third hypothesis, which is associated with the impact of office equipments. In other word, having a better information system and better awareness on products maintains a positive impact on customer relationship management by 0.18. In addition, employment behavior influences positively on customer oriented relationship. Customers' feedbacks influences on customer oriented, positively and having a positive attitude towards customers maintains a positive impact on brand equity.

4. Conclusion

In this paper, we have presented an empirical study to measure the impacts of different factors on brand equity in one of Iranian private banks. The proposed study of this paper designed and distributed a questionnaire among some customers of this bank. We have used SEM and CFA method to test five hypotheses and the results of the survey indicate that three factors including information, employee job behavior and suggestions and other factor have meaningful impact on customer brand equity. However, the impact of equipment on customer brand equity was not meaningful.

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