

*Addis Ababa*  
*University*  
*(Since 1950)*



# **THE ROLE OF BRAND EQUITY ON CUSTOMERS BANK CHOICE**

**(A CASE STUDY ON ENAT BANK SC)**

**In Partial Fulfilment of the Requirement for the Award of Master of  
Arts in Marketing Management**

**By: Muse Mekonnen**

**Advisor: Dr. Tewoderos M.**

**Addis Ababa University**

**School of Commerce**

**Department of Marketing Management**

**ADDIS ABABA**

**MAY, 2017**

**THE ROLE OF BRAND EQUITY ON CUSTOMERS BANK  
CHOICE**

**(A CASE STUDY ON ENAT BANK SC)**

**In Partial Fulfillment of the Requirement for the Award of  
Master of Arts in Marketing Management**

**By: Muse Mekonnen**

**Advisor: Dr. Tewoderos M.**

**Addis Ababa University**

**School of Commerce**

**Department of Marketing Management**

**May 2017**

**Addis Ababa**

**Addis Ababa University  
School of Commerce**

**THE ROLE OF BRAND EQUITY ON CUSTOMERS BANK CHOICE  
(A CASE STUDY ON ENAT BANK SC)**

By: Muse Mekonnen

MARKETING MANAGEMENT POST GRADUATE PROGRAM

**Approved by Board of Examiners**

_____ <b>Chair Man</b>	_____ <b>Signature</b>
_____ <b>Examiner</b>	_____ <b>Signature</b>
_____ <b>Examiner</b>	_____ <b>Signature</b>
_____ <b>Examiner</b>	_____ <b>Signature</b>

**ADDIS ABABA UNIVERSITY  
SCHOOL OF COMMERCE**

**Statement of Certification**

This is to certify that the thesis prepared by Muse Mekonnen, entitled: *The Role of Brand Equity on Customers Bank Choice (A Case Study On Enat Bank Sc)* and submitted in partial fulfillment of the requirements for the Degree of Master of Art in Marketing Management complies with the regulations of the University and meets the accepted standards with respect to originality and quality.

**Approved by the Examining Committee:**

**Advisor**

**Signature**

**Date**

\_\_\_\_\_

**Internal Examiner**

\_\_\_\_\_

**External Examiner**

\_\_\_\_\_

\_\_\_\_\_

**Chair of Department or Graduate Program Coordinator**

**ADDIS ABABA UNIVERSITY  
SCHOOL OF COMMERCE  
MARKETING MANAGEMENT**

**DECLARATION**

I hereby declare the thesis entitled “The Role of Brand Equity on Customers Bank Choice (A Case Study on Enat Bank Sc)” is my original work and has not been presented for a degree, a diploma or fellow ship to any other University and that all the materials used for this study have been duly acknowledged.

**Name of the student**

**Signature**

**Date**

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**Confirmed By Advisor:**

**Name of the student**

**Signature**

**Date**

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

## **ABSTRACT**

*The research entitled, The Role of Brand Equity on Customers Bank Choice. (A Case Study on Enat Bank Sc.). This research tries to answer to basic research questions: How brand equity affects customer's bank choice? and Which brand equity dimension has more effect on customers' bank choice?. The purpose with this research is that to light on the extent of customer based brand equity in banking industry and to find out how customers perceive the value and brand of the bank they are using for the financial services of their business and personal wish for. To fill full the above aim the research used a quantitative method and a deductive approach for this thesis. Hypotheses were created with theory as a base and tested on a sample population of Enat Bank selected branches customers in Addis Ababa. The data were compared with mean, standard deviation and variance using SPSS. Cronbach's alpha, Pearson's correlation, and Regression analysis were used to improve reliability and test the correlation between statements used in the study. The theory is based on Aaker (1991) and Keller (1993) and their research and theories about branding, surrounded by findings done by other researchers within the subject.*

*The most significant finding in this study was that the most important factors for customers bank choice are related to brand associations, brand activity and brand loyalty towards the brand equity of the bank. Having positive feelings about the bank, the service from employees and their ability, the satisfaction from the financial services of the bank, and the uniqueness of the bank are the most important part according to the findings in this research.*

**Key words:** *Customers choice, brand equity, brand awareness, brand association, brand attitude, brand activity, brand loyalty.*

## **ACKNOWLEDGEMENTS**

I am grateful to God Almighty for His mercy and grace through this thesis because the journey from a blank paper to a thesis of wisdom has been a pleasure.

I am heartily thankful to my Advisor, Dr. Tewoderos, for his precious time in reviewing as well as adding precious opinions and advice to my thesis. Special thanks are also dedicated to my colleagues and friends and family members for their encouragement and prayers. I am thankful to woy. Abeba G/Hiwot to her deep concern and advice up to the end of the project. Also I am grateful to all the participants of the questionnaire who have contributed their valuable opinions for the success of the research.

Thank you all.

Muse Mekonnen

Signature \_\_\_\_\_ Date \_\_\_\_\_

## **Table Of Contents**

List Of Tables.....	XII
List Of Figures .....	XI
CHAPTER ONE	
1.1 Background Of The Study.....	1
1.1.2 BACKGROUND OF ENAT BANK SC .....	2
1.2 Statement Of The Problem.....	5
1.3 Objectives Of The Research .....	9
1.3.1 GENERAL OBJECTIVE: .....	9
1.3.2 SPECIFIC OBJECTIVES: .....	9
1.4 Hypotheses.....	9
1.5 Significant Of The Study.....	10
1.6 Scope And Limitation Of The Study .....	10
1.6.1 SCOPE OF THE STUDY.....	10
1.6.2 LIMITATION OF THE STUDY.....	11
CHAPTR TWO	
Review Of Related Litratue .....	12
2.1 Introduction.....	12
2.2 Theoretical Review.....	12
2.2.2.2. Brand Associations .....	19
2.2.2.3. Brand Attitude .....	21
2.2.2.4. Brand Loyalty.....	23
2.2.2.5. Brand Activity .....	24
2.3 Empirical Review .....	25
2.3.1 Brand Equity And Consumer Choice.....	25
2.3.2 Brand Awareness And Consumer Choice .....	27
2.3.3 Brand Association On Consumer Choice.....	30
2.3.4 Brand Attitude And Consumer Choice .....	31

2.3.5 Brand Loyalty And Consumer Choice.....	33	
2.3.6 Brand Activity And Customers Choice .....	35	
2.4 Conceptual Framework .....	36	
CHAPTER THREE		
Research Methodology.....	38	
3.1 Introduction.....	38	
3.2 Research Design .....	38	
3.3 Research Approach .....	39	
3.4 Sampling Design .....	40	
3.4.2 TARGET POPULATION .....	40	
3.4.3 SAMPLING FRAME .....	42	
3.4.4 SAMPLING TECHNIQUE .....	42	
3.4.5 SAMPLE SIZE.....	43	
3.4.6 SAMPLING PROCEDURE .....	43	
3.5 Sources Of Data .....	43	
3.6 Data Collection Method .....	44	
3.7 Data Collection Instrument .....	44	
3.8 Data Analysis Method.....	45	
3.9 Validity And Reliability .....	46	
3.9.1 VALIDITY .....	46	
3.9.2 RELIABILITY .....	47	
3.10 Research Ethics.....	47	
CHAPTER FOUR .....		49
Results And Discussions .....	49	
4.1 Sample Description .....	49	
4.1.1 RESPONSE RATE.....	49	
4.1.2 CHARACTERISTICS OF RESPONDENTS .....	49	
4.2. Respondents Perception About Customer Based Brand Equity .....	51	
4.3. Respondents Perception About Customer’s Bank Choice .....	56	
4.4. Reliability Test Of Overall Factor Of The Five Point Likert Scales And Research Hypotheses .....	56	

4.4.1. RELIABILITY TEST OF OVERALL FACTOR OF THE FIVE POINT LIKERT SCALES..	56
4.4.2. RELIABILITY TEST OF HYPOTHESIS (H1).....	57
4.4.3. RELIABILITY TEST OF HYPOTHESIS (H2).....	58
4.4.4. RELIABILITY TEST OF HYPOTHESIS (H3).....	60
4.4.5. RELIABILITY TEST OF HYPOTHESIS (H4).....	61
4.4.6. RELIABILITY TEST OF HYPOTHESIS (H5).....	62
4.5. Correlation Matrix For The Importance Of Brand Equity Dimensions In Predicting Overall Customers Bank Choices In Enat Bank Sc.....	63
4.6. Regression Analyses.....	65
4.7. Summary Of Hypotheses Findings.....	68
CHAPTER FIVE .....	71
Conclusion And Recommendation .....	71
5.1 Conclusion .....	71
5.2 Recommendations .....	73
5.3 Recommendations For Future Research .....	75
References .....	76
<b>Annex-1</b> .....	83
Structured Questionnaire.....	83

## **LIST OF TABLES**

	<b>Page</b>
Table 3.1: Sample size from each branch.....	41
Table 4.1: Response rate.....	49
Table 4.2: Gender of respondents.....	50
Table 4.3: The type of jobs that respondents participated in.....	50
Table 4.4: Customers Experience with Enat Bank.....	51
Table 4.5: Customer based brand equity and its descriptive features.....	52
Table 4.6: Customer’s bank choice and its descriptive features.....	56
Table 4.7: Reliability statistics of the five point likert scale questions.....	57
Table 4.8: Reliability statistics of H1.....	57
Table 4.9: Inter-Item Correlation Matrix of H1.....	58
Table 4.10: Reliability statistics of H2.....	59
Table 4.11: Inter-Item Correlation Matrix of H2.....	59
Table 4.12: Reliability statistics of H3.....	60
Table 4.13: Inter-Item Correlation Matrix of H3.....	60
Table 4.14: Reliability statistics of H4.....	61
Table 4.15: Inter-Item Correlation Matrix of H4.....	61
Table 4.16: Reliability statistics of H5.....	62
Table 4.17: Inter-Item Correlation Matrix of H5.....	62
Table 4.18: Correlation matrix of brand equity dimensions and bank choice..	63
Table 4.19: Correlation between Brand Equity and Customer bank choices...	64
Table 4.20: Simple regression analysis to test the effect of the independent variables (brand equity) on the dependent variable (customer bank choice)...	66
Table 4.21: Regression analysis with customers bank choice as dependent variable.....	66
Table 4.22: ANOVA.....	67
Table 4.23: Collinearity Statistics.....	68
Table 4.24: Results Summary of Hypotheses.....	69

## **LIST OF FIGURES**

	<b>Page</b>
Figure 2.1. Building strong brand equity.....	13
Figure 2.2. Customer-Based Brand Equity Pyramid.....	14
Figure 2.3. Brand Equity Model.....	15
Figure 2.4. The Awareness Pyramid.....	17
Figure 2.5. Conceptual framework.....	36

## **CHAPTER ONE**

### **1.1 Background of the Study**

Brand equity is “differential effect of brand knowledge on consumer response to marketing the brand” (Keller, 1993). A brand is said to have positive (negative) customer-based brand equity when consumers react more (less) favorably to an element of the marketing mix for the brand than they do to the same marketing mix element when it is attributed to a fictitiously named or unnamed version of the product or service (Keller, 1993).

According to Aaker (1991) from the firm context defines brand equity as it is the difference between a brand’s assets and brand’s liabilities linked to a brand. Brand assets are a function of *reputation, quality, relevance, and loyalty*. Brand liabilities are incurred by brands because of failures and questionable business practices that may increase costs and liabilities. The larger the ratio of brand assets to brand liabilities, the greater is the brand equity. Brand awareness, brand associations, perceived quality, brand loyalty and other proprietary assets were the five assets of brand equity.

There are two principal and distinct perspectives that have been taken by academics to study brand equity; financial and customer based. The first perspective of brand equity is from a financial market’s point of view where the asset value of a brand is appraised (Farquhar et al. 1991, Simon and Sullivan 1990). The second perspective is customer-based brand equity which is evaluating the consumer’s response to a brand (Keller 1993, Shocker et al. 1994).

In today’s competitive business environment, the concept of brand equity is becoming an important source of strategic intelligence for marketers. The higher a company’s brand equity, brand priorities in the customers’ mind there will be higher (Cobb-Walgren et al., 1995). The study of brand equity is increasingly popular as some researchers have concluded that brands are one

of the most valuable assets that a company has. High brand equity levels are known to lead to higher consumer preferences and purchase intentions (Cobb-Walgren et al. 1995) as well as higher stock returns (Aaker and Jacobson, 1994). Besides, high brand equity brings an opportunity for successful extensions, resilience against competitors' promotional pressures, and creation of barriers to competitive entry (Farquhar 1989).

Brand equity is based on consumer behavior approach and focuses on the knowledge that consumers earned about. The knowledge is created by brand awareness and brand associations and reflected brand image as well (Aaker, 1991; Keller, 1993). Brand equity was suggested as a measure of brands strength. The concept of brand equity formed and evolved over the past four decades, especially from 1980s on wards. Brand equity is a key factor in customer satisfaction. In this study, customer-based brand equity is conceptualized in accordance to Aaker (1991) and Keller (1993) models and the study will examine dimensions of brand equity and will illustrate an integrated model for the relationship between brand equity and bank choice by customers.

### **1.1.2 Background of Enat Bank Sc**

After the change of Derg regime which took place in 1991 and the shift from a socialist command economic system to a free market oriented one, the first wave of financial sector reform opened up the sector for private participation in 1994. The First Private Commercial Bank was Awash International Bank established during the same year. The following two decades saw the establishment of 16 private Commercial Banks, 17 private Insurance Companies and 32 Micro Finance Institutions. Even if the economic reform in Ethiopia paves the way for the formation of different domestic banks, foreign banks are not allowed to join the Ethiopian financial sector. The rationale behind the blockade was that the limited capacity of the statutory (National Bank of Ethiopia) to effectively control and regulates the activities of multi-

national banks and to protect domestic infant financial institution from intense competition. Hence, the policies protected domestic private banks from the possible competition but also restricts consumers from enjoying multi dimensional financial products and services.

Currently, there are 18 public and private banks in operation consisting of; Commercial Bank of Ethiopia, Development Bank of Ethiopia, Awash Bank, Dashen Bank, Bank of Abyssinia, Wogagen Bank, Nib International Bank, United Bank, Lion International Bank, Zemen Bank, Oromia International Bank, Cooperative Bank of Oromia, Bunna International Bank, Abay Bank, Birhan International Bank, Addis International Bank, Dehub Global Bank, and Enat Bank. Now a days the formation of a new local banks seem difficult due to recently implemented requirement of National Bank of Ethiopia's that raised the bank formation initial capital from 500 million to 2 billion birr and even most of the existing private banks are struggling to fulfil the statutory requirement within five years.

Enat Bank was the last private commercial Bank to enter the market as the entry barrier (required minimum capital to establish a private Bank) was raised from Birr 75 million to Birr 500 million. Enat Bank joined the Ethiopia Banking industry by commencing operation in March, 2013 as the latest entrant of the sixteen currently operational private commercial banks. The establishment objectives of the Bank revolve around the two pillars that are conventional commercial banking services and leveraging women economic capabilities. Besides, the bank holds branding as a strategic and unique innovative tool in the banking sector.

The story of Enat Bank is one of triumph over adversity. Enat Bank was initiated by a diverse group of 11 powerful Ethiopian women, and this tight team of founders has shepherded Enat from an idea to a reality. Enat is a unique success story that should make all Ethiopians proud. The founders of Enat had a vision to create a new bank that was open to everyone, with a special focus on women. Such a focus was necessary to help women access

credit, among other products. While the team found many supporters, raising the funds constituted a major hurdle. But the more difficulties the team faced, the more unified and determined they became to make Enat a reality. Each founder contributed their own time and resources. The establishment of Enat marks a unique point in Ethiopian and African banking history. Women own 64 percent of the bank, and compose many major leadership positions from the senior bank management to the Board of Directors. The founders succeeded in their vision through commitment and hard work, and are prepared to continue to nurture the bank as it establishes itself. The founders believe after Enat succeeds in Ethiopia, it can be expanded across Africa ([www.enatbanksc.com](http://www.enatbanksc.com)).

Enat Bank registered impressive operational results during its first fiscal year 2013/14 [EFY 2006]. Among these remarkable achievements was that Enat Bank managed to reach and surpass the Billion Birr mark in deposits mobilization and registered a gross profit of Birr 38.9 million as at June 30, 2014. It looks other private banks three or more years to reach that threshold. The bank has registered annual gross profit 102 million at fiscal year 2015-16 (Annual Report, 2016).

Enat Bank has not chosen the “Business as Usual” growth and development path and to maintain the almost two decade’s early entry head start advantage of the older operators have over it. The Bank’s unique establishment objectives and the equally unique opportunities available to it have already manifested themselves in the Bank’s remarkable performance during its first Fiscal Year operational results. This does not mean that operational life hereafter shall be a bed of roses. Enat Bank’s takeoff shall remain sustainable and even more upgradeable, if and only if it can formulate and successfully implement unique and innovative growth and development strategies. ([www.enatbanksc.com](http://www.enatbanksc.com))

### **Mission of the Bank**

To remain true to our name and set a trend in the provision of best quality banking services with a special focus on the needs of women and play a

catalytic role in stimulating social and economic developments and in creating shareholders' value.

### **Vision of the Bank**

To become a world-class bank mainly by leveraging women's capabilities.

### **Values of the Bank:**

- Authentic
- Trustworthy
- Excellence
- Bold aspirations
- Better life
- Impartiality
- Teamwork

## **1.2 Statement Of The Problem**

The health of the economy is closely related to the soundness of its financial system. One of the most important participants in financial system is banking sector. Banks have become very effective partners in the process of economic development. Today's modern and competitive financial atmosphere also affects banks to improve their service quality and follow new technologies all over the world. Currently, banking industry uses different instruments to obtain the attention of existing and potential customers. One of the devices which are very well known is the brand. Brand might perhaps helps to a link the perception of the customer and product/ service of the company. This can be achieved by rendering quality services and values to the customers.

Brand equity concept is explored by various investigators as a vital factor in marketing. According to Shpëtim (2012), although branding has caught

considerable attention of marketing academics, most of the studies have been concentrated on goods branding and not on services. Few researchers have explored in depth the services brand building. The four distinct characteristics of services (intangibility, inseparability, variability and perishability (Berry 1980; Zeithaml, Parasuramat and Bery 1985; Shostack 1977) pose special challenges for marketers and may demand adoptions in branding and marketing techniques that usually are used for tangible goods. However, those who have analyzed the “strength” of brands in the financial sector have concluded that, they are relatively weak brands when compared with consumer products. In particular, the brands have failed to provide a sustainable source of differentiation and in most instances have only succeeded in achieving awareness (Debling, 2000; Harris, 2007).

Branding in a financial service context the brand is related to the company or corporate brand, which is the highest level in Keller’s brand hierarchy. Product brands within financial services are relatively few and far between, and the banking and financial services industry has long been characterized by monolithic identities (Debling, 2000). There is also a difficulty of achieving differentiation at the banking product level since the product attributes in this sector are very easy to copy. Some argue that the difficulty in achieving any sustainable or meaningful form of product differentiation for most financial products meant that branding was a critical issue for the companies’ concerned (Harris, 2007). Milligan (1995, p. 39 cited in de Chernatony & Dall’Olmo Riley, 1999, p. 184) illustrates the power of branding in a good way “*basic products like checking accounts, credit and debit cards, mortgages and certificates of deposit have become so ubiquitous that it is hard to tell them apart. Your brand identity is....what differentiates you and makes you special*”. Branding therefore becomes a critical tool for the banks in order to build an image and differentiate (Harwood 2002, cited in Cohen et al., 2006, p. 5) and act as a reason for the consumers to choose a specific bank.

Building a strong brand is the goal of many organizations because of the host of possible benefits that may result (Hoeffler and Keller, 2002). A competitive advantage can be reached through product branding which successfully can lead to several benefits: less price sensitive customers, decreased perceived risk among the customers, and increased brand loyalty. (Jamal & Hossein, 2013; Keller, 2008) This importance of being different highlights the actuality of managing the brand in a strategic manner (Lisa, 2000), which can be done through building brand equity.

Today, services sector is occupying the significant portion of the developing economies' GDP including Ethiopia. However, little research has been performed to improve the performance of Services brands relatively. Services business branding is difficult and distinctive from physical goods for some characteristics such as intangibility, heterogeneity, inseparability and indivisibility. Research in the service sectors like banks shows that the brand equity dimensions and communications, have an effect on attitude and customers' substantially satisfaction and finally on brand preference in service sector (Chernatony and Segal-Horn, 2003). Through branding, creating a favorable image of the brand and build customer loyalty to the brand should be the most important management objective and priority in the service sector including the banking sector.

Currently banks in Ethiopia are in a more stiff competition each other that have significant effects on their cash flows and customer bases, consequently, customers are becoming more demanding and sophisticated. Being a service company on a saturated market leads to a strategy to gain market share by stealing customers from other companies while offering quality and solutions that lock-in the previous customer base. Lowering customer defection rates can be profitable to companies. In fact, research has shown that it is a more profitable strategy than gaining market share or reducing costs (Zeithaml, Berry and Parasuraman, 1996). Keeping and satisfying customers might very

well lead to an increased Word-Of-Mouth (WOM) and thereby the brand superiority. Although banks have recently taken much interest in generating perceived value for the customer, they have experienced high levels of dissatisfaction on the part of users (Johnstone, 1997). This is because it is not fully understood exactly what consumers want.

Although each types of banks management are now very strictly focusing on improved service quality and products to build positive reputation and increase profits, but most financial entities still have a lot of work ahead of them to identify the information that really is relevant and to use it effectively in the creation of value for their customers (Roig *et al*, 2006). Payne *et al* (1999 cited in Roig *et al*, 2006) conclude that it is important to highlight that for many banks the term “customer value” is used solely to refer to the value that the customer generates for them, rather than the value that they can offer their users. To attract potential customers and retain the existing, banks must provide a strong brand, and brand that gives the bank an opportunity to communicate its value, and thereby magnetize new customers. The brand can be built on a core competence and targeted to a certain segment, values and beliefs or offers that makes them unique in the market. Hence, no matter how much effort the company puts into their brand building, if the customer do not understand the meaning or value of the brand, the brand itself will be meaningless. The value of the company is not worth more than the perceived value by the customer. Therefore this study will attempt to show the impact of brand equity on customers bank choice as a case of Enat Bank Sc. within the selected branches in Addis Ababa.

### **Research Questions**

1. What is the level of customers perception about brand equity?
2. How brand equity affects customer’s bank choice?
3. How strong or weak the relationship of brand equity variables?

4. Which brand equity dimension has more effect on customers' bank choice?

### **1.3 Objectives Of The Research**

#### **1.3.1 General Objective:**

The general objective of the study is to explore how brand equity affects customer's bank choice and what role it plays on bank consumers' choice on banking services.

#### **1.3.2 Specific Objectives:**

- To evaluate and review the perception of customers associated with Enat Bank brand equity.
- To analyze the effect of brand equity dimension on bank choice.
- To compare and evaluate each Brand-Equity dimension in relation to bank choice criterion
- To determine which brand equity dimension influences bank customers the most.

### **1.4 HYPOTHESES**

**H1:** Brand awareness affects customer's choice of bank in a positive way.

**H2:** Brand association plays an important role in the choice of bank.

**H3:** Brand attitude influences the relationship between the Bank & Customer in a positive way.

**H4:** Brand loyalty is an influencing factor when the customers decides to use a bank.

**H5:** Brand activity plays an important role to decide which bank to use.

## **1.5 Significant Of The Study**

The significance of this study is that it sheds light on the extent of customer based brand equity in banking industry and to find out how customers perceive the value and brand of the bank they are using for the financial services of their business and personal wish for. It will strive to find out how they perceive their banks, and what underlying factors that affected their choice of bank the most. The results of this study might serve as input for the organization to assist in decision making, in identifying key variables in order to develop strategies to address and improve brand equity. By understanding brand perspectives, the management of banks can derive ways to improve customer based brand equity.

Furthermore, this study is significant since majority of the previous branding studies were not locally-based, and so ought not to be expected to reflect the same situation settings as in Ethiopia. Thus, the results of this study will provide a new insight to the local banks and marketers towards important brand equity attributes and offers directions for understanding their relationship with customer's bank choice and evaluation. Last but not least, this study might be used as a baseline and serve as a reference for those who want to conduct further investigation in this area.

## **1.6 Scope and Limitation of the Study**

### **1.6.1 Scope of the Study**

The study is delimited conceptually, geographically as well as methodologically. **Conceptually;** this study only focuses on the cause and effect relationship between customers based brand equity (brand loyalty, brand awareness, perceived quality, and brand association) and Customer choice in relative terms rather than absolute terms.

**Geographically;** there are 18 commercial banks in Ethiopia including Public and Private Banks and the recently emerged bank (Enat Bank) but this study delimit itself on the new comer (Enat Bank SC.) with an idea of branding. Furthermore, this study focused on some selected branches of Enat Bank Sc in Addis Ababa.

**Methodologically;** this research is a sample survey research that is based on the representative sample conclusion for the population will be made. Additionally, the main source of this data could be questionnaire and secondary data. The questionnaire distributed and collected to customers who queue in the selected branches of Enat Bank S.C in Addis Ababa area.

### **1.6.2 Limitation of the Study**

The limitations of this study can arise from the scope of the study. This study will only contain bran equity and how the phenomenon influences customers in their way of choosing bank services. The aim will be to look into how customers within a certain range perceive the brand identity of the bank they use for personal and business needs. Therefore, other factors beyond brand equity that affect choice of customers cannot be addressed by this study.

The other limitation for the current research is the exclusion of customers of outlying branches from the sample survey which could have a negative impact in inferring conclusion on the bank's brand equity throughout the country. The rationale behind the selection of participants is due to constraints of time to survey outlying branch's respondents and limited budget of the researcher. Getting the willingness of customers to fill the questioner was the most challenging task in this project.

## **CHAPTER TWO**

### **REVIEW OF RELATED LITRATURE**

#### **2.1 Introduction**

This chapter presents review of literature that forms the basis of this study and theories that cover the chosen subject. This part discusses the various models in brand equity and the importance of branding especially in retail banking and brand equity will be explained with previous research and theories and these, in turn, will be the foundation for the empirical data collection. The theories will highlight branding, brand equity and bank customers' choice.

The chapter aims to build on past studies that have been done, provide new knowledge of how the impact of brand equity on consumer choice can be understood and present a conceptual research framework which forms the basis for the research hypotheses.

#### **2.2 Theoretical Review**

##### **2.2.1 Brand**

The word *brand* is derived from the Old Norse word '*brandr*', which means "to burn," as brands were and still are the means by which owners of livestock mark their animals to identify them. Branding has been around for centuries as a means to distinguish the goods of one producer from those of another.

American Marketing Association (AMA) defines a **brand** as a "name, term, sign, symbol, or design, or a combination of them, intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competition."

A common definition, which has been adapted especially in the service branding literature, defines a brand as a promise of attributes that someone

buys (de Chernatony & Segal-Horn, 2003). “A strong service brand is essentially a promise of future satisfaction. It is a blend of what the company says the brand is, what others say, and how the company performs the service—all from the customer's point of view. A brand is perceived.” (Berry, 2000).

Brands are more than just names and symbols. They are a key element in the company’s relationships with consumers. Brands represent consumers’ perceptions and feelings about a product and its performance, everything that the product or the service *means* to consumers. In the final analysis, brands exist in the heads of consumers (Kotler & Armstrong, 2012).

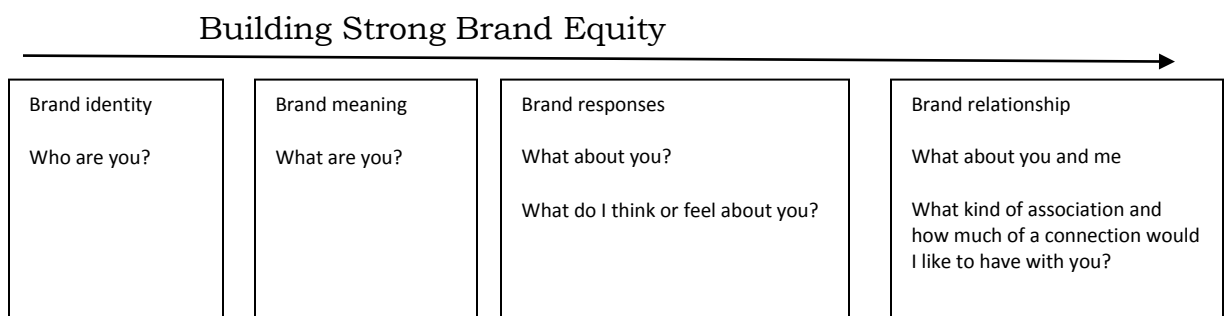
Creating a brand means to be able to choose a name, logo, symbol, package design, or other characteristic that identifies a product and distinguishes it from others. These different components of a brand that identify and differentiate it are brand elements.

### **2.2.2 Brand Equity**

In the late 80’s there was sufficient rise in the value based management philosophy whereby brand equity has been developed as one of the key philosophies throughout management theory and practice (Gonul & Srinivasan, 1996). However the need for a conclusive brand equity innovation has transpired to the various developments of different types of brand equity models. Currently there exists over three hundred different models worldwide (Amirkhizi, 2005). Many of these models have focused attention towards the buyer (Aaker & Joachimsthaler, 2000). There are two principal and distinct perspectives that have been taken by academics to study brand equity; financial and customer based. The first perspective of brand equity is from a financial market’s point of view where the asset value of a brand is appraised (Farquhar et al. 1991, Simon and Sullivan 1990). The second perspective is customer-based brand equity which is evaluating the consumer’s response to a brand (Keller 1993, Shocker et al. 1994).

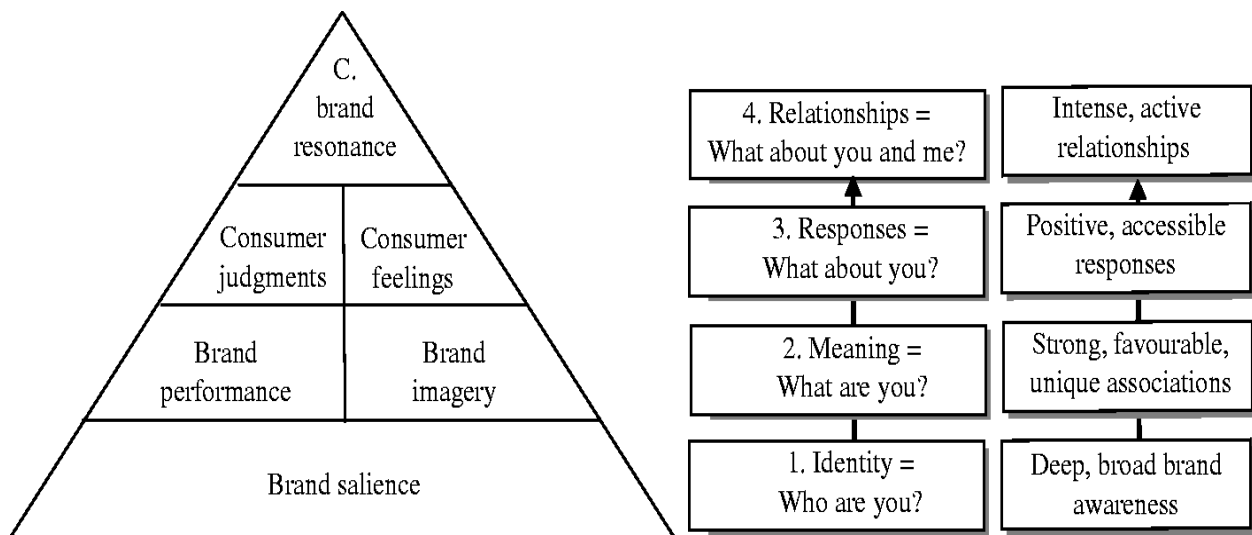
However, this study focused on the consumer-based brand equity by Aaker, (1991) and Keller (1993; 2003), whose study findings indicate the differential effect brand knowledge has on consumer choices. The conceptualizations of consumer-based brand equity theory are mainly derived from cognitive psychology and information economics. The dominant stream of research has been grounded in cognitive psychology- focusing on memory structure (Aaker, 1996; Keller, 2001). Aaker (1999) identified the conceptual dimensions of brand equity theory as brand awareness, brand associations, perceived quality, brand loyalty, and other proprietary brand assets such as patents, trademarks and channel relationships.

Brand equity from Kellers conceptual model of customer-based brand equity (CBBE) defined as “the differential effect of brand knowledge on consumer response to marketing the brand” (Keller, 1993). A brand is said to have positive (negative) customer-based brand equity when consumers react more (less) favorably to an element of the marketing mix for the brand than they do to the same marketing mix element when it is attributed to a fictitiously named or unnamed version of the product or service (Keller, 1993). The CBBE model identifies four steps for building a strong brand. In this branding ladder, each step is dependent on successfully achieving the previous. These steps in turn consist of six brand building blocks: salience, performance, imagery, judgments, feelings, and resonance.



**Figure 2.1. Building strong brand equity (Keller, 2001)**

Keller (2001) asserts that marketers need to build a brand in a series of four steps. Firstly, markets ought to comprehend how each and every consumer is able to identify the brand that satisfies their needs, which in most cases is operationalized as awareness. After a brand has been identified, the consumer tends to develop a level of perception based on a product’s performance and thereafter form judgements about quality. Thirdly, the cognitive and emotional attachment by consumers makes them feel a sense of belonging, making them committed and engaged which subsequently translates into loyalty. Although the three processes make sense when brand equity is traced longitudinally, in reality the first three components of brand awareness, perceived quality and brand loyalty, often do not take place sequentially at any one time. They tend to feed back to one another, especially when the consumer is relatively unfamiliar with the type of brand, and eventually are developed onto the fourth stage of proprietary brand assets, which enables one to protect the rights the brand has accumulated over a period of time, so as to gain a competitive edge.



Source: Keller (2001b, p.10)

Figure 2.2. Customer-Based Brand Equity Pyramid (Keller, 2001)

According to Aaker (1991) from firm side view defines brand equity as it is the difference between a brand’s assets and brand’s liabilities linked to a brand. Brand assets are a function of *reputation, quality, relevance, and loyalty*. Brand

liabilities are incurred by brands because of failures and questionable business practices that may increase costs and liabilities. The larger the ratio of brand assets to brand liabilities, the greater is the brand equity. Brand awareness, brand associations, perceived quality, brand loyalty and other proprietary assets were the five assets of brand equity. He pointed out that a good branding strategy should focus on attempts to achieve name awareness, perceived quality and brand association in order to win high loyalty to the brand product. He further explicate, brand loyalty can strengthen the other components of brand equity and increase the brand's competitiveness on the target market. A well-structured brand may become an evoked set through the attachment of symbolic attributes. Such action will motivate to like the specific brand and eventually guide to purchase its envoy products Aaker (1991).

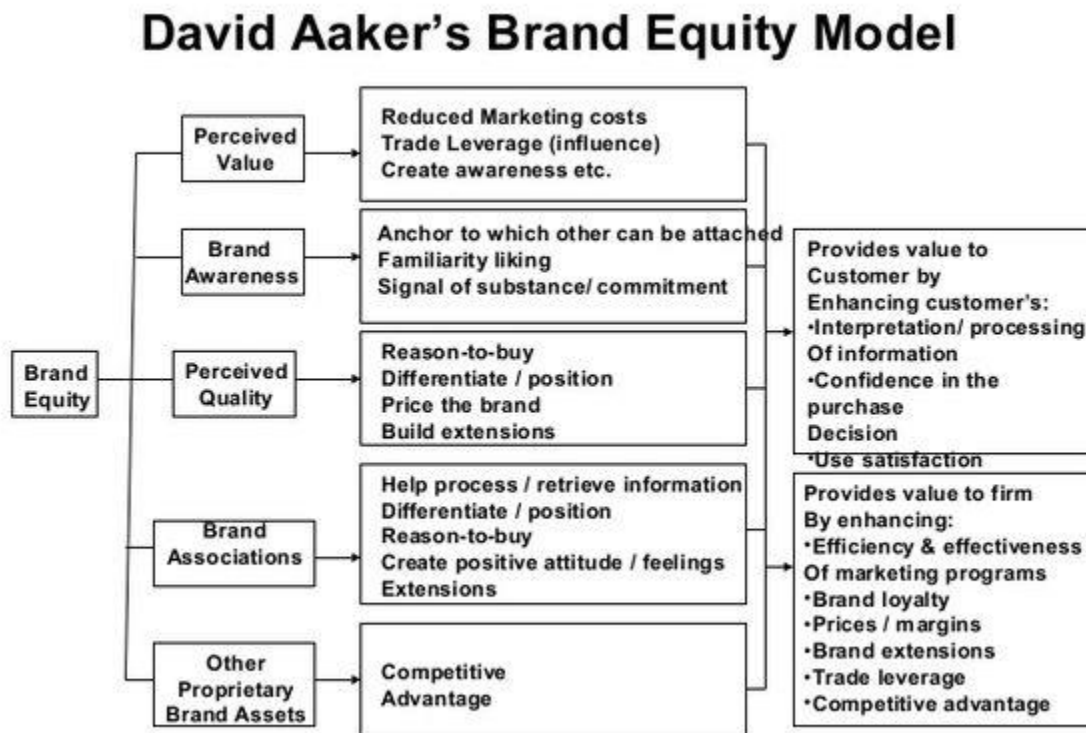


Figure 2.3. Brand Equity Model (Aaker, 1991)

Ambler also defines brand equity as the customer mind-set that includes everything that exists in the minds of customers with respect to brand

thoughts, feelings, experiences, images, perceptions, beliefs, attitudes, and so on, Ambler (2000). Marketing activities are undertaken with the goal of changing or reinforcing the consumer “mindset” in some way. This includes thoughts, feelings, experiences, images, perceptions, beliefs and attitudes towards a brand. According to Aaker (1991) brand equity is a set of assets and liabilities linked to a brand, its name and symbol that add to or subtract from the value provided by a product or service to a firm and/or to that firm’s customers. The assets and liabilities on which brand equity is based will differ from context to context. However, they can be usefully grouped into five categories: Brand loyalty, Brand awareness, Perceived quality, Brand associations in addition to perceived quality, and other proprietary brand assets; patents, trademarks, channel relationships, etc Aaker (1992). Keller (1993) states that even though the eventual goal of any marketing program is to increase sales, it is first necessary to establish knowledge structures for the brand so that customers respond favorably to the marketing activities for the brand. According to Ambler *et al.* (2002) there are five dimensions as being of great importance when measuring the consumer mindset. These are:

1. Brand awareness (recall, recognition)
2. Brand association (strength, favorability, uniqueness of perceived benefits and attributes)
3. Brand attitude (perceived quality and satisfaction with the brand)
4. Attachment (or loyalty), and
5. Activity (WoM, uses, information search, promotions, etc. regarding the brand).

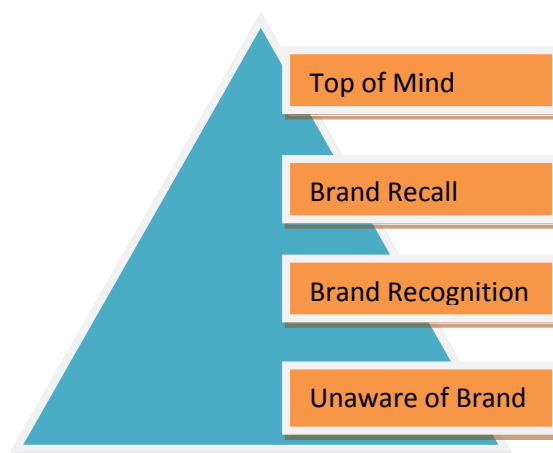
#### **2.2.2.1. Brand awareness**

Brand awareness is the extent and ease to which customers recall and recognize the brand and can identify the products and services with which it is associated (Ambler *et al.* 2002). Brand awareness represents a condition in which the consumer is familiar with the brand and recalls some favorable, strong, and unique brand associations. This definition focuses on the

individual consumers and the consumer's reactions to marketing of a particular product.

Brand awareness refers to the strength of a brand's presence in consumers' minds. It is an important component of brand equity (Aaker, 1991; Keller, 1993). In particular, brand name awareness relates to the likelihood that a brand name will come to mind and the ease with which it does so. Brand awareness consists of brand recognition and brand recall performance (Keller, 1993). People will often buy a familiar brand because they are comfortable with the familiar (Aaker, 1991).

Aaker proposed the four stages of brand awareness and the role of brand equity is dependent upon both the context and which level of awareness that is achieved. The lowest level, except unawareness, brand recognition is based upon aided recall test. It is especially important when a buyer chooses a brand at the point of purchase. The second level is brand recall. Brand recall is based upon asking a person to name the brand in a product class, it is termed "unaided recall" since the respondent is not aided by having the names provided. The first-named brand in an unaided recall task has achieved top-of-mind awareness, a special position. In a very real sense, it is ahead of the other brands in a person's mind (Aaker, 1991).



**Figure 2.4. The Awareness Pyramid (Aaker, 1991)**

Awareness is a key determinant identified in almost all brand equity models (Aaker 1991, Kapferer 1991, Keller 1992, Agarwal and Rao 1996, Krishnan 1996, Na, Marshall and Keller 1999, Mackay 2001, cited in Fayrene Y.L. & Lee, 2011). Keller (2003) defines awareness as “the customers’ ability to recall and recognize the brand as reflected by their ability to identify the brand under different conditions and to link the brand name, logo, symbol, and so forth to certain associations in memory”. Aaker (1996) states that for new or niche brands, recognition can be important. For well-known brands recall and top-of-mind are more sensitive and meaningful. Brand knowledge and brand opinion can be used in part to enhance the measurement of brand recall. Aaker conceptualizes brand awareness must precede brand associations. That is where a consumer must first be aware of the brand in order to develop a set of associations.

Various researchers and scholars saw brand awareness as a vital component that plays a significant role in consumer decision-making and to choice the brand. So, brand awareness has a vital role on customer’s decision to purchase (Lin & Chang, 2003). First, it increases the likelihood of a brand being a member of the consideration set. Second, it has been shown that consumers adopt a decision rule to buy familiar brands. Brand awareness can therefore be seen to affect decisions about brands in the consideration set. Lastly, it influences the formation and strength of brand associations. Basically, high levels of brand awareness should increase the probability of brand choice, produce greater consumer and retailer loyalty, and decrease vulnerability to competitive marketing actions (Keller, 1993).

#### **2.2.2.2. Brand Associations**

*A brand association is the strength, favorability, and uniqueness of perceived attributes and benefits for the brand (Ambler et al. 2002).* Aaker (1991) defined brand association as anything that linked in memory to a brand. The association not only exists, but it has a level of strength. A link to a brand will

be stronger when it is based on many experiences or exposures to communications, rather than few. According to Kotler & Keller, (2006) brand associations includes all brand related thoughts, perceptions, feelings images, beliefs, experiences and attitudes.

Brand association can be observed in all conditions and reflects product aspects or features rather it is not dependent on the product itself (Chen, 2001). Chen identified two kind of brand associations; product and organizational association. Product associations include functional attribute associations and non-functional associations (Chen 2001). Functional attributes are the tangible features of a product (Keller, 1993). When consumers are evaluating a brand, they link the performance of the functional attributes to the brand. If a brand does not perform the functions for which it is designed, the brand will has low level of brand equity. Organizational associations include corporate ability associations, which are those associations related to the company's expertise in producing and delivering its outputs and corporate social responsibility associations, which include organization's activities with respect to its perceived societal obligations (Chen 2001). According to Aaker (1996), consumers consider the organization that is the people, values, and programs that lies behind the brand. Brand-as-organization can be particularly helpful when brands are similar with respect to attributes, when the organization is visible or when a corporate brand is involved.

Brand associations are the informational nodes linked to the brand node in memory and contain the meaning of the brand for consumers. The strength, favorability and uniqueness of brand associations are the dimensions distinguishing brand knowledge. This plays an important role in determining the differential response that makes up brand equity, particularly in high involvement decision settings (Keller, 1993).

The strength of associations depends on how the information enters consumer memory and how it is maintained as part of the brand image. When a consumer actively thinks about and elaborates on the significance of product or service information, stronger associations are created in memory. Strength is a function of both the amount or quantity of processing the information receives at encoding, how much a person thinks about the information, the nature or quality of the processing the information receives at encoding, and the manner in which a person thinks about the information (Keller, 1993).

Favorability is reflected in the consumers' belief that the brand has attributes and benefits that satisfy their needs and wants such that a positive overall brand attitude is formed (Keller, 1993). Consumers are unlikely to view an attribute or benefit as very good or bad if they do not also consider it to be very important thus, it is difficult to create a favorable association for an unimportant attribute. Aaker (1991) defines five areas in which associations create value: Help process/retrieve information in time of purchase, Differentiate/position a company brand, Reason to buy and use the brand, Create positive attitudes/feelings, and Basis for extensions.

### **2.2.2.3. Brand Attitude**

*Brand attitudes are the overall evaluations of the brand in terms of its quality and the satisfaction it generates (Ambler et al. 2002).* Brand attitudes are important because they often form the basis for consumer behavior. One widely accepted approach to brand attitudes is based on a multi attribute formulation in which brand attitudes are a function of the associated attributes and benefits that are significant for the brand (Keller, 1993). *According Kotler & Keller, (2006), brand attitude refers the evaluation of the brand with respect to its perceived ability to meet a currently relevant need. Relevant brand needs may be negatively oriented (problem removal, problem avoidance, incomplete satisfaction, normal depletion) or positively oriented (sensory gratification,*

intellectual stimulation, or social approval). The two most important elements for brand attitude are perceived quality and satisfaction.

Perceived quality can be defined as the customer's perception of the overall quality or superiority of a product or service with respect to its intended purpose, relative to alternatives (Aaker, 1991). Perceived quality cannot necessarily be objectively determined, in part because it is a perception and also because judgments about what is important to customers are involved. Perceived quality differs from satisfaction since a customer can be satisfied because he/she had low expectations about the performance level. According to Keller, (1993), good evaluation of perceived quality increased brand association. This was because when there was a good perception of quality, a positive brand image would be created as there is strong, favorable, and unique associations linked to the brand due to greater brand attributes, benefits, and attitudes as perceived by consumers. Perceived quality of a products is central to the theory that strong brands add value to the evaluations of the consumers' purchase, as perceived quality may drive consumers to choose a certain brand over another competing brand (Yoo et al., 2000). So, if the perception of brand quality is high, it can lead customers to select a particular brand over another competing brand, which eventually will lead to an increase in brand equity (Yoo et al., 2000). The added value of perceived quality is believed to result in higher brand loyalty, larger customer base and more efficient marketing programs. (Aaker,1991).

*Perceived quality* provides a reason to buy. A brand will have associated with it a perception of overall quality not necessarily based on a knowledge of detailed specifications. The quality associated with a brand can also be a strong factor of differentiation and positioning. Building a strong durable brand implies nevertheless an above average quality positioning or at least a minimum perceived quality when considering brands positioned as low market competitors. Perceived quality can also attract channel member interest, allow

extensions and support a higher price that provides resources to reinvest in the brand (Aaker, 1991).

#### **2.2.2.4. Brand Loyalty**

Loyalty is a core dimension of brand equity. Aaker (1991) defines brand loyalty as the attachment that a customer has to a brand. If customers buy a product with little or no concern to the brand name but only look to the price, product feature and convenience, then there is little equity. But if the consumers instead continue to purchase the brand though competitors have superior prices, features, and convenience, then the brand has high equity. The loyalty measure differs from the other measures since prior purchase experience is a must. If a customer is not satisfied with a brand, they will most likely not be loyal towards it but instead search for another brand (Aaker, 1991). A satisfied customer base sends a message to others that the brand is accepted and successful (Aaker, 1991). Loyalty is of sufficient importance that other measures, such as perceived quality and associations, can often be evaluated based on their ability to influence it. A basic indicator of loyalty is the amount a customer will pay for the brand (price premium) in comparison with another brand offering similar benefits (Aaker, 1996).

Brand loyalty has both attitudinal and behavioral dimensions, thus it will result in future purchasing behavior, positive word-of-mouth, superior brand performance outcomes like price premiums and greater market shares, and it also induces users to resist situational influences and marketing efforts of the competitors, leading to high brand equity and future profitability (Aaker, 1991; Aaker, 1996). Attitudinal loyalty on the other hand focuses on consumers' preference of a brand, and refers to consumers' psychological attachment level and also attitudinal advocacy towards the brand. Behavioral loyalty is linked to consumer behavior in the marketplace that can be indicated by number of

repeated purchases (Keller, 2008) or commitment to repeatedly buy the brand as a primary choice even if there are marketing efforts promoting other brands.

Aaker (1991) refers to *brand loyalty* as how attached a customer is to a brand. This concerns placing a certain value on a brand. This is difficult to achieve but if it is done successfully, it will be highly rewarding for the company because a loyal customer base will create very stable sales. Creating brand loyalty can be considered as the heart of brand equity. Brand loyalty reduces uncertainty as well as saves costs of seeking new relational exchanges with other brand. Brand loyalty makes consumers buy a brand routinely and defend against switching to other competing brand (Yoo *et al.*, 2000). When a brand enjoys a large base of loyal consumers, it significantly reduces marketing costs thus sustaining positive brand attitude is much easier than building attitudes of consumers no simply by means of regular purchase of brand.

#### **2.2.2.5. Brand Activity**

*Brand activity or experience* refers the extent to which customers use the brand; talk to others about the brand; seek out brand information, promotions, and events (Ambler *et al.* 2002).

Word-of-mouth (WOM) communication is among the strongest factors forming expectations and in primary purchasing behavior. The importance stems from the fact that service quality is hard to evaluate in advance of the purchase, so WOM becomes a powerful factor which consumers consider (Gounaris *et al.*, 2003). When consumers' perceptions of service quality are high, consumers are willing to recommend the company to others, this means they develop positive WOM. The outcome of this communication process is used by individuals who are not familiar with either the service or the provider as signals of quality (Parasuraman, Zeithaml and Berry, 1988).

### **4.3 Empirical Review**

#### **4.3.1 Brand Equity and Consumer choice**

In today's competitive business environment, the concept of brand equity is becoming an important source of strategic intelligence for marketers. The higher a company's brand equity; brand priorities in the customers' mind there will be higher (Cobb-Walgren et al., 1995). The study of brand equity is increasingly popular as some researchers have concluded that brands are one of the most valuable assets that a company has. Brand equity is important for many reasons. Surely consumers are more likely to buy products that they believe in, but in addition to this the brand's value to the consumer also increases with a strong brand equity, making consumers more likely to pay premium price for the brand and less likely to be persuaded by a competitor (Russell, 2010). High brand equity levels are known to lead to higher consumer preferences and purchase intentions (Cobb-Walgren et al. 1995) as well as higher stock returns (Aaker and Jacobson, 1994). Besides, high brand equity brings an opportunity for successful extensions, resilience against competitors' promotional pressures, and creation of barriers to competitive entry (Farquhar 1989).

Brand equity defines the value of the brand, is the incremental utility or value added to a product and/or service (Farquhar, 1990; Farquhar, Han and Ijiri, 1991; Kamakura and Russell, 1993; Rangaswamy, Burke and Oliva, 1993), In Aaker's (1991) conceptualization, brand equity creates value for the firms as well as the customers and it can be estimated by two different aspects, one is a financial, objective aspect, the other is a subjective aspect, which refers to the consumers' perception (Feldwick, 1996; Kapferer, 1997). According to Aaker (1991) from firm side view defines brand equity as it is the difference between a brand's assets and brand's liabilities linked to a brand. He pointed out that a good branding strategy should focus on attempts to achieve name awareness, perceived quality and brand association in order to win high loyalty to the

brand product. He further explicate, brand loyalty can strengthen the other components of brand equity and increase the brand's competitiveness on the target market. A well-structured brand may become an evoked set through the attachment of symbolic attributes. Such action will motivate to like the specific brand and eventually guide to purchase its envoy products Aaker (1991).

From the consumer's aspect: "A consumer perceives a brand's equity as the value added to the functional product or service by associating it with the brand name (Aaker and Biel, 1993). Thus brand equity is important from numerous benefits for the firms and consumers. It increases the possibility of brand extension (Aaker and Keller, 1990) and costs less advertising fees with higher sales compared to new brand names. It also increases the probability of brand choice, more specifically, consumers willing to pay a premium price and less elastic to price increases (Barwise, 1993; Pitta and Katsanis, 1995). Mckinsey & Co. and Inc. found that consumers tend to buy brands with low brand equity only at a price discount while the brands with high brand equity can charge a price premium (Pope, 1993). In addition, brand equity increases the efficiency of marketing communication, have resilience effects against competitors' promotional pressures, and form barriers to the competitors' entry (Farquhar, 1990; Smith and Park, 1992; Keller, 1993; Simon and Sullivan, 1993; Yoo, Donthu and Lee, 2000; Keller, 2001). In summary, brand equity provides a source of sustainable competitive advantage.

Prior research of brand equity and consumer choice studies from researchers such as Mittal, & Sharma, (1995) identified five constructs. These include performance, social image, value, trustworthiness, and attachment. Yoo et al., (2001) integrated these five, and used three measures to test brand equity and consumer choice. The researchers measured brand loyalty, brand awareness, perceived quality and other proprietary brand assets in consumer product study. Yoo et al., (2001) did acknowledge marketing strategy (marketing mix elements), or marketing efforts as antecedent of brand equity, and

operationalized the marketing mix as store image, distribution intensity, price and promotional spending.

Christodoulides & Chenatony (2010) (2013) study on the influence of brand equity on consumer responses, investigated the effects of this construct on consumers' responses using data from two European countries. The results of their study indicated that brand equity dimensions inter-relate. Brand awareness positively impacts perceived quality and brand associations. Brand loyalty is mainly influenced by brand association and finally that perceived quality, brand associations and brand loyalty are the main drivers of overall brand equity. Their findings also confirm the positive impact of brand equity on consumers' responses.

Brand equity concept is explored by various investigators as a vital factor in marketing. According to some studies, although branding has caught considerable attention of marketing academics, most of the studies have been concentrated on goods branding and not on services. Few researchers have explored in depth the services brand building. The four distinct characteristics of services (intangibility, inseparability, variability and perishability (Berry, 1980; Zeithaml, Parasuramat and Bery, 1985) pose special challenges for marketers and may demand adoptions in branding and marketing techniques that usually are used for tangible goods. However, those who have analyzed the "strength" of brands in the financial sector have concluded that, they are relatively weak brands when compared with consumer products. In particular, the brands have failed to provide a sustainable source of differentiation and in most instances have only succeeded in achieving awareness (Debling, 2000; Harris, 2007).

#### **4.3.2 Brand Awareness and Consumer Choice**

Brand awareness refers to the strength of a brand's presence in consumers' minds. It is an important component of brand equity (Aaker, 1991; Keller,

1993). In particular, brand name awareness relates to the likelihood that a brand name will come to mind and the ease with which it does so. Brand awareness consists of brand recognition and brand recall performance (Keller, 1993). People will often buy a familiar brand because they are comfortable with the familiar (Aaker, 1991).

Various researchers and scholars saw brand awareness as a vital component that plays a significant role in consumer decision-making and to choice the brand. So, brand awareness has a vital role on customer's decision to purchase (Lin & Chang, 2003). First, it increases the likelihood of a brand being a member of the consideration set. Second, it has been shown that consumers adopt a decision rule to buy familiar brands. Brand awareness can therefore be seen to affect decisions about brands in the consideration set. Lastly, it influences the formation and strength of brand associations. Basically, high levels of brand awareness should increase the probability of brand choice, produce greater consumer and retailer loyalty, and decrease vulnerability to competitive marketing actions (Keller, 1993). Awareness is a key determinant identified in almost all brand equity models (Aaker 1991, Kapferer 1991, Keller 1992, Agarwal and Rao 1996, Krishnan 1996, Na, Marshall and Keller 1999, Mackay 2001, cited in Fayrene Y.L. & Lee, 2011).

As cited in Abrahamsson (2014), 'Locked in or true love: Branding among banks', *A qualitative study of technologies, brand equity, switching barriers, choice criteria and future strategies in the context of retail banking, brand awareness* is related to the strength of the brand node or trace in memory, which can be measured as the consumer's "ability to identify the brand under different conditions" (Rossiter & Percy 1987, cited in Keller 2008, p. 51). Brand awareness includes brand recognition and brand recall performance, the former handles the customer's ability to confirm prior exposure to the brand and the latter the ability to retrieve a brand from a product category. In this case, relating to banks, the customers need to think of a certain bank when thinking of banks, in order to choose it. Moreover, a high awareness can be

enough for a consumer lacking specific associations of a brand, to choose a well-known brand, and it is also a prerequisite to build brand image. (Keller, 1993, p. 3) An old study showed that customers in the financial sector do not know so much about the specific products, and they do not want to increase their knowledge. Instead they assume that the best known banks have the best services (Boyd et al., 1994). This indicates that the awareness is important for the banks in order to gain new customers.

For instance, a Swedish study shows that the decision of bank can be a random decision (Martensson, 1985, cited in Abrahamsson, 2014). In this case, high awareness can be enough to attract new customers. However, if the customers are highly aware of the major banks in Sweden, they need to create something that sets them apart from the rest and make them different in order to affect the consumer's choice in an active manner and increase the share of new customers.

Seitz, Razzouk and Wells (2010) study on 'the importance of brand equity on purchasing consumer durables: an analysis of home air-conditioning' findings indicated that having a brand name facilitates the communication of quality to the customers, but was not an important choice criterion. However, consumers were willing to pay more for an air-conditioner with a reputation for quality. Their results also indicated that consumers searched for product information from friends and family, manufacturers' websites and brochures. However, dealers were highly influential during the decision making process by helping consumers to refine their choice criteria and choose systems that satisfied their end goals. This study asserted that if the consumers are better informed about the important attributes of a particular brand (reliability, serviceability and energy efficiency), they would be willing to pay more for it. They also added that those consumers who are unaware of the different brands tend to assume homogeneity and shop for price.

Yi & La (2004) extended the concept of brand awareness to ‘awareness sensitivity and bias’ using signal detection theory. The effect of divided attention on the extended components was investigated in three laboratory experiments. Findings showed that, in the attended mode compared with the unattended mode, consumers perform better in preserving favourable brand awareness and have a conservative reaction tendency. The effects of attention occur in building brand awareness and have conservation reaction tendency. This effect of attention occurs in building brand awareness for short presentations, but not for long presentations. These findings may serve as guidelines for a strategy formulation for enhancing customer mind set brand equity.

**H1: Brand awareness affects customer’s choice of bank in a positive way**

#### **4.3.3 Brand Association on Consumer Choice**

Aaker (1991) states that association not merely exists, but it has a level of strength. A link to a brand will be stronger when it is based on many experiences or exposures to communications, rather than few. According to Kotler & Keller, (2006) brand associations includes all brand related thoughts, perceptions, feelings images, beliefs, experiences and attitudes. Brand association can be observed in all conditions and reflects product aspects or features rather it is not dependent on the product itself (Chen, 2001). Chen identified two kind of brand associations; product and organizational association. Product associations include functional attribute associations and non-functional associations (Chen 2001).

Aaker (1991) defines five areas in which associations create value: Help process/retrieve information in time of purchase, Differentiate/position a company brand, Reason to buy and use the brand, Create positive attitudes/feelings, and basis for extensions.

The meaning a consumer associates with a certain brand upon hearing the brand's jingle or seeing the brand name, logo or color scheme profoundly influences how well the brand is remembered (LePla, 2000). Associations are the mental short cuts to a company's brand promise and an important part of creating customer loyalty. Successful associations help a company develop deeper customer relationships by influencing in a positive way its customer's senses, minds, and emotions during the buying experience (LePla, 2000).

Organizational associations include corporate ability associations. These are associations related to the company's expertise in producing and delivering its outputs and corporate social responsibility associations which include the organization's activities with respect to its perceived societal obligations (Chen 2001). According to Aaker (2001), consumers consider the organization, the people, values, and programmers that lie behind the brand. Brand-as-organization can be particularly helpful when brands are similar with respect to attributes, when the organization is visible as a durable goods or service business, or when a corporate brand is involved.

## **H2: Brand association plays an important role in the choice of bank**

### **4.3.4 Brand Attitude and Consumer Choice**

*Brand attitudes are the overall evaluations of the brand in terms of its quality and the satisfaction it generates (Ambler et al. 2002).* Brand attitudes are important because they often form the basis for consumer behavior. One widely accepted approach to brand attitudes is based on a multi attribute formulation in which brand attitudes are a function of the associated attributes and benefits that are significant for the brand (Keller, 1993). *According Kotler & Keller, (2006), brand attitude refers the evaluation of the brand with respect to its perceived ability to meet a currently relevant need. Relevant brand needs may be negatively oriented (problem removal, problem avoidance, incomplete satisfaction, normal depletion) or positively oriented (sensory gratification,*

intellectual stimulation, or social approval). The two most important elements for brand attitude are perceived quality and satisfaction.

Perceived quality can be defined as the customer's perception of the overall quality or superiority of a product or service with respect to its intended purpose, relative to alternatives (Aaker, 1991). Perceived quality cannot necessarily be objectively determined, in part because it is a perception and also because judgments about what is important to customers are involved. Perceived quality differs from satisfaction since a customer can be satisfied because he/she had low expectations about the performance level. According to Keller, (1993), good evaluation of perceived quality increased brand association. This was because when there was a good perception of quality, a positive brand image would be created as there is strong, favorable, and unique associations linked to the brand due to greater brand attributes, benefits, and attitudes as perceived by consumers.

Perceived quality of a product is central to the theory that strong brands add value to the evaluations of the consumers' purchase, as perceived quality may drive consumers to choose a certain brand over another competing brand (Yoo et al., 2000). So, if the perception of brand quality is high, it can lead customers to select a particular brand over another competing brand, which eventually will lead to an increase in brand equity (Yoo et al., 2000). The added value of perceived quality is believed to result in higher brand loyalty, larger customer base and more efficient marketing programs. (Aaker, 1991).

Perceived quality provides a reason to buy. A brand will have associated with it a perception of overall quality not necessarily based on a knowledge of detailed specifications. The quality associated with a brand can also be a strong factor of differentiation and positioning. Building a strong durable brand implies nevertheless an above average quality positioning or at least a minimum perceived quality when considering brands positioned as low market

competitors. Perceived quality can also attract channel member interest, allow extensions and support a higher price that provides resources to reinvest in the brand (Aaker, 1991).

Kamakura and Russell (1999) proposed three measures of brand equity, each based on the value that the consumer places on a product: perceived value, dominance ratio and intangible value. Perceived value estimates the value consumers assign to the brand, after discounting for situational factors such as price and promotions.

Bamert & Wehrli (2005) conducted a study assessing the quality dimension in consumer based measures of brand equity in the context of services and compared it with consumer goods. Nine different brands were tested in a consumer based experimental online survey. The findings indicated that in consumer goods, customer service can be considered as a marketing instrument while in the services market, customer service was part of the perceived quality of a service. Therefore, there is a need to identify the impact of other building blocks of brand equity through further research.

**H3: Brand attitude influences the relationship between the Bank & Customer in a positive way**

#### **4.3.5 Brand Loyalty and Consumer Choice**

Aaker (1991) refers to *brand loyalty* as how attached a customer is to a brand. This concerns placing a certain value on a brand. This is difficult to achieve but if it is done successfully, it will be highly rewarding for the company because a loyal customer base will create very stable sales. Brand loyalty reduces uncertainty as well as saves costs of seeking new relational exchanges with other brand. Brand loyalty makes consumers buy a brand routinely and defend against switching to other competing brand (Yoo *et al.*, 2000). Brand loyalty is linked to consumer behavior in the marketplace that can be indicated by number of repeated purchases (Keller, 2008) or commitment to repeatedly

buy the brand as a primary choice even if there are marketing efforts promoting other brands. Creating brand loyalty can be considered as the heart of brand equity. When a brand enjoys a large base of loyal consumers, it significantly reduces marketing costs thus sustaining positive brand attitude is much easier than building attitudes of consumers not simply by means of regular purchase of brand.

Brand loyalty has both attitudinal and behavioral dimensions, thus it will result in future purchasing behavior, positive word-of-mouth, superior brand performance outcomes like price premiums and greater market shares, and it also induces users to resist situational influences and marketing efforts of the competitors, leading to high brand equity and future profitability (Aaker, 1991; Aaker, 1996). Attitudinal loyalty on the other hand focuses on consumers' preference of a brand, and refers to consumers' psychological attachment level and also attitudinal advocacy towards the brand. Behavioral loyalty is linked to consumer behavior in the marketplace that can be indicated by number of repeated purchases (Keller, 2008) or commitment to repeatedly buy the brand as a primary choice even if there are marketing efforts promoting other brands.

Taylor, Celuch, & Goodwin, (2004) in their study "The importance of brand equity to customer loyalty" involved a nation-wide sample of industrial customers of heavy equipment manufacturers. Their findings suggested that brand equity and trust are consistently the most important antecedents to both behavioural and attitudinal forms of customer loyalty. Their results suggested that industrial equipment marketers may consider moving beyond a focus on satisfaction in relationship marketing strategies toward integrated strategies that foster brand equity and trust in their customer base as well.

Malik (2012) explored the effect of brand awareness and brand loyalty on purchase intention. The results of this study indicated that purchase intentions have a strong positive association with brand awareness and brand loyalty, and concluded that purchase intentions can be enhanced by brand

awareness and brand Loyalty as a result of their strong positive association, thus managers all over the world should strive to promote the brand awareness along with brand loyalty as both of them contribute towards positive purchase intentions.

Brand loyalty has both attitudinal and behavioral dimensions, thus it will result in future purchasing behavior, positive word-of-mouth, superior brand performance outcomes like price premiums and greater market shares, and it also induces users to resist situational influences and marketing efforts of the competitors, leading to high brand equity and future profitability (Aaker, 1991; Aaker, 1996; Oliver, 1999; Yoo, Donthu et al., 2000; Chaudhuri and Holbrook, 2001; Caruana, 2002).

**H4: Loyalty is an influencing factor when the customers decides to use a bank**

#### **4.3.6 Brand Activity and Customers Choice**

*Brand activity or experience* refers the extent to which customers use the brand; talk to others about the brand; seek out brand information, promotions, and events (Ambler *et al.* 2002).

The Seitz, Razzouk and Wells (2010) study on ‘the importance of brand equity on purchasing consumer durables’ findings indicated that having a brand name facilitates the communication of quality to the customers, but was not an important choice criterion. However, consumers were willing to pay more for an air-conditioner with a reputation for quality. Their results also indicated that consumers searched for product information from friends and family, manufacturers’ websites and brochures.

Word-of-mouth (WOM) communication is among the strongest factors forming expectations and in primary purchasing behavior. The importance stems from the fact that service quality is hard to evaluate in advance of the purchase, so WOM becomes a powerful factor which consumers consider (Gounaris *et al.*, 2003). When consumers’ perceptions of service quality are high, consumers are

willing to recommend the company to others, this means they develop positive WOM. The outcome of this communication process is used by individuals who are not familiar with either the service or the provider as signals of quality (Parasuraman, Zeithaml and Berry, 1988).

K. Ahmad, A.Rustam, and M.Dent (2011), in their study on “Brand Preference in Islamic Banking” findings identified the major factors relating to brand choice. As might be expected, the recommendations of friends and relatives ranks highly as does the (convenience factor) of the university using the same bank. Confidence and friendliness of bank personnel also show means of above 3.9 which suggest (particularly in the early stages of the interaction) that the human dimension is important be that approachability or trustworthiness/reliability as evidenced by their confidence. By far, the most important factor, however, was that of the bank’s reputation or brand. It is probable that with less financial insight and experience students in their early twenties are more likely to select a bank with a good and well-known brand name (Flavian et al., 2005, cited in K.Ahmad et.al 2011).

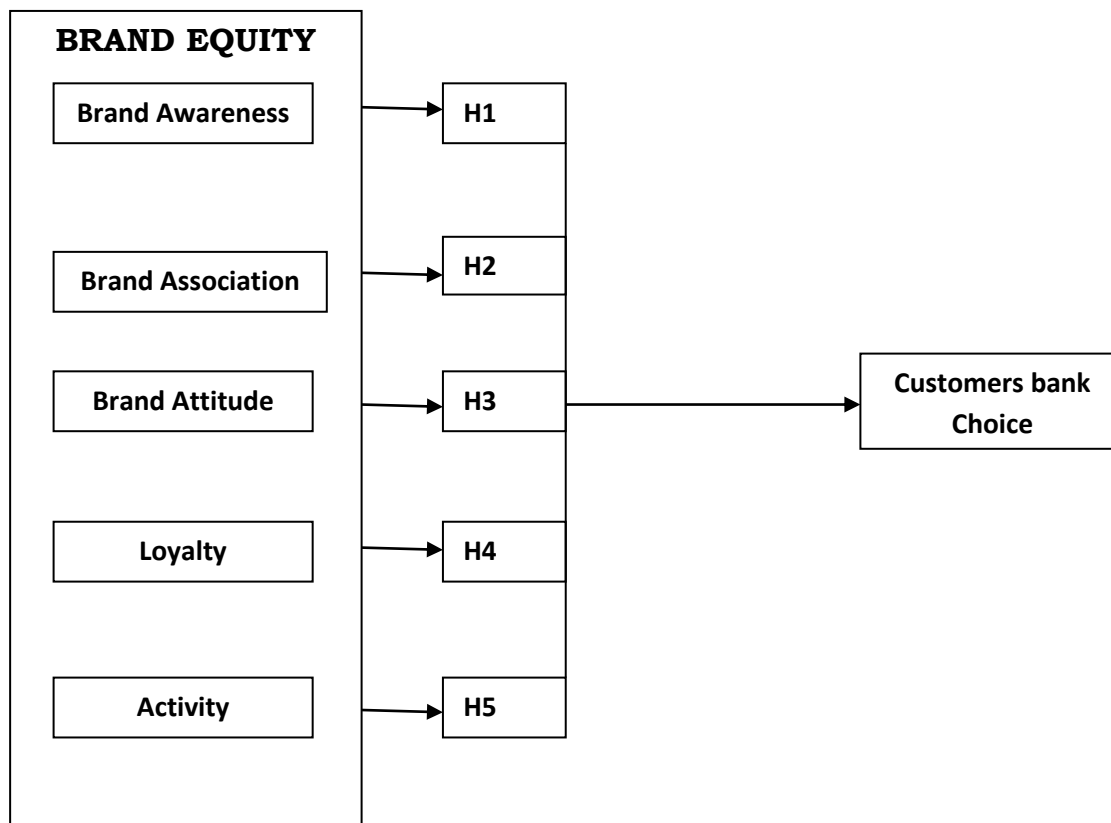
**H5: Activity plays an important role to decide which bank to use**

## **2.4 Conceptual Framework**

Brand equity is defined as the value that consumers associate with a brand (Aaker 1999) and is the consumers’ perception of the overall superiority of a product carrying that brand name when compared to other brands. The conceptual framework for measuring customer-based brand equity is developed by using the conceptualization of Aaker’s and Keller’s dimensions of brand equity and aforementioned studies. The model below elaborates how brand equity affects the consumer choice as a relationship between the independent (brand equity) and dependent (customer choice).

The brand equity dimensions which are summarized under five main subjects: *attitude, association, awareness, activity and loyalty will be used for this study.*

The study aims to find out which of the brand equity dimensions affect customers the most when they decide upon which bank to use.



**Figure 2.5. Conceptual framework (source; adopted from Aaker, 1991)**

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

In this chapter, for the research to be systematic, logical, empirical and replicable, the practical methods will be used in order to answer the research questions and fulfil the purpose of the research. Also it will provides an overview of the research design, a description of the instrument used for data collection, the target population, sampling procedure, sources of data used and methods of data analysis, presentation and interpretation.

#### **3.2 Research Design**

Research design is a comprehensive plan for data collection in an empirical research project. It is a general plan for empirical research aimed at answering research questions or testing specific hypotheses (Bhattacharjee, 2012, P.37). Research can be classified as descriptive, explanatory and exploratory depending on the specific purpose that the research tries to address. **Descriptive** research sets out to describe and to interpret what is it looks at individuals, groups, institutions, methods and materials in order to describe, compare, contrast, classify, analyze and interpret the entities and the events that constitute the various fields of inquiry. It aims to describe the state of affairs as it exists. On the other hand, **explanatory** research, aims at establishing the cause and effect relationship between variables. The researcher uses the facts or information already available to analyze and make a critical evaluation of the data/information. **Exploratory** research is often conducted in new areas of inquiry, where the goals of the research are: (1) to scope out the magnitude or extent of a particular phenomenon, problem, or behavior, (2) to generate some initial ideas about that phenomenon, or (3)

to test the feasibility of undertaking a more extensive study regarding that phenomenon (Abiy *et al.*, 2009, cited in Hussen, 2012).

The two categories of data collection techniques used in scientific research are quantitative or a qualitative research design. Within each category are a host of specific designs such as experiments, field surveys, case research, ethnographic studies, and so forth. Quantitative designs are proposed to collect primarily quantitative data such as numeric scores and metrics, while qualitative designs are aimed at collective qualitative data, such as interview or observational data.

Accordingly, the research design for this study will both **explanatory and descriptive research design** were employed for detail description of the findings displayed in tables and charts as well as to develop inferences on the relationship between customer based brand equity and bank choice. Along with the research design, the **Cross-sectional field survey method** used to assess the relationship between brand equity and customer choice. In cross-sectional field surveys, independent and dependent variables were measured at the same point in time using a single questionnaire.

### **3.3 Research Approach**

Research approaches are strategies of inquiry that provide specific route for procedure in a research design. Scientific research approaches are classified into three: quantitative, qualitative and mixed research. Quantitative research is the systematic and scientific investigation of quantitative properties and phenomena and their relationships. Its objective is to develop and employ mathematical models, theories and hypotheses pertaining to natural phenomena. A qualitative approach is one in which the researcher often makes knowledge claims based on constructivist perspectives (i.e., the multiple meanings of individual experiences meanings socially and historically constructed, with an intent of developing a theory or pattern) or advocacy/participatory perspectives (i.e., issue-oriented, change oriented,

political, or collaborative) or both. It also uses strategies of inquiry such as phenomenologies, ethnographies, narratives, grounded theory studies, or case studies. The researcher collects open-ended, emerging data with the primary intent of developing premise from the data. A mixed methods approach is also the one in which the researcher tends to base knowledge claims on pragmatic grounds (e.g., problem-centered, consequence-oriented, and pluralistic). It employs strategies of inquiry that involve collecting data either simultaneously or sequentially to best understand research problem. The data collection also involves gathering both numeric information as well as text information.

To achieve the aforementioned objectives, this study adopted a **quantitative research approach**. Quantitative method is a study involving analysis of data and information that are descriptive in nature and qualified. A quantitative approach was used because this study primarily uses postpositive claims for developing knowledge. According to Bhattacharjee (2012), postpositive claims take a position that one can make reasonable inferences about a phenomenon by combining empirical observations with logical reasoning and employs strategies such as surveys, and collected data on predetermined instruments that yield statistics data.

### **3.4 Target Population**

The target population is a group of people or organization or any other entities that the researcher is attempting to make a valid inference and generalization. The inference and generalization is based on statistically and logically representative study population that the researcher is investigating directly. In the case at hand the study populations will be retail bank customers of Enat Bank in selected branches in Addis Ababa.

According to the bank's annual report for the year ended June 30, 2016; Enat Bank S.C. has a total of 32,033 customers both in Addis Ababa and outlying branches. The quarter report for the month ended December 31, 2016 revealed

that the bank have a total of 25 branches throughout the country of which 18 branches are found in Addis Ababa.

### **3.5 Sampling Design**

The population of the study encompasses all customers of Enat Bank found at the vicinity of Addis Ababa. As it is impractical to assess all branches found in Addis Ababa, **a purposeful sampling** is found to be the most appropriate for this case study approach, because ‘information- rich’ cases can be selected so as to learn much about the issues that are important to the study (Patton, M. Q, 1990).

To do so, the branches in Addis Ababa were categorized into sub-groups per the Bank’s branch grading system. This grading system categorizes branches from Grade A to Grade C based on volume of transaction, variety of services provided, site location, amenities and staff strength, cash holding limits and other similar considerations.

After the identification of the specific number of branches in each group the sample is drawn only from the higher grade branches (Grade A) which constitute 5 branches of the Bank as at June, 2016. Based on this, the total sample size 381, distributed to each area branch based on their respective proportion as follows:

**Table 3.1: Sample size from each branch**

<b>Branches Name</b>	<b>Location</b>	<b>Number of customers</b>	<b>Percentage</b>	<b>Number of sample</b>
Etige Taitu (Main)	Kazanchis	9,937	45.75	174
Nigest Saba	Bole	3,116	14.35	55
Abebech Gobena	Megenagna	5,270	24.26	92
Dr.Silvia Phankirest	Mexico	1,535	7.07	27
Senidu Gebru	Merkato	1,862	8.57	33
<b>Total</b>		<b>21,717</b>	<b>100</b>	<b>381</b>

Source; Enat Bank MIS database

Focusing only in Grade A branches is believed to provide the necessary data for the study. First, these branches accommodate large number of customers that will allow the researcher to get the appropriate respondent, and enable the study to generalize to the whole population. Second, as we can see their location the branch found at different areas of the city thus it enables the researcher to contact various groups of customers who have different background, which makes the sample more representative and reliable.

### **3.5.1. Sampling Frame**

The sampling frame refers to the list of all units in the population from which the sample will be selected. It is not possible to obtain a list of the population (bank customers/users) because Banks are considering the personal information of their customers as confidential and cannot be revealed. Therefore, the request of the researcher to obtain a list of customers and their product category profiles that are currently using couldn't be possible. Accordingly, in the light of unavailability of sampling frame the sampling technique is determined.

### **3.5.2. Sampling Technique**

There are two types of sampling techniques; probability and non-probability sampling. The probability sampling means that each element in the population has the chance to be selected, while the non-probability sampling means that probability of selecting an element cannot be estimated. The probability sample includes four types of samples: simple random sample, stratified random sampling, systematic sample, and cluster sampling. While the non-probability includes the convenience sampling, snowball sample, and quota sample.

The current study will depend on non-probability sampling; namely, convenience sampling because the sampling frame is unavailable. Convenience sampling *is one of the most frequently used non-probability sampling methods* and used commonly in marketing. Convenience sampling means the non-random selection of available elements from the study-defined population. It is

an easy, quick, and cost-effective technique, but the main drawback is that it is unrepresentative of the population.

### **3.5.3. Sample Size**

Determining the sample size is very complex as it depends on other factors, such as the margin of error, size of population, degree of certainty, and the statistical techniques. Large samples are representative of the population; however, they are expensive, difficult to obtain and affect results (Saunders *et al.*, 2012). There are four ways to determine sample size including (1) census for small populations ( $P < 200$ ), (2) imitating a sample size of similar studies, (3) applying formulas to calculate a sample size, and (4) using published tables. The determination of sample size in this research will be by using the published sample size table taken from a website, <http://research-advisors.com>, for range of population, confidence interval and error rate. At 95% confidence interval with 5% error margin, the sample size for the total population of between 25,001 and 50,000 are 381 will be applied.

### **3.5.4. Sampling Procedure**

The procedure of convenience sampling adopted to generate the respondents for the survey. The respondents are customers of Enat Banks at their respective branches and they will be selected based on their availability as they queues to the chosen bank retail branches for a service. The customers could be saving, current, time, credit, international banking service, loan, or other banking services users (e.g, remittance, bank guarantee, and bankers cheque) and active account holders and facility users.

## **3.6. Sources of Data**

There are two main sources of data to collect relevant information, primary and secondary data. Since the research aim is to measure respondent attitudes or opinions, this study uses primary data for analysis purpose. All the variables in

this study will be measured in nominal and ordinal scale. A structured written questionnaire will be prepared based on the instrument developed to obtain crucial data from customers that are queue for banking service in the selected branches and questionnaires is administered by personal delivery for customers.

The researcher also uses different kinds of secondary resources for the research as input such as annual report of the bank, brochures, company website, different websites, books, journals, and internet.

### **3.7. Data Collection Method**

Both primary and secondary data were chosen to collect the data that were used in analyzing the research study. Given the nature of the research topic, it is most suitable to employ both primary and secondary data collection method. Primary data were obtained through self administered questionnaires given to respondents while the secondary data were gathered through annual reports, journals, articles, books, internet, websites and other published materials.

### **3.8. Data Collection Instrument**

In survey a researcher has two alternative instruments, the one is interview and the other is questionnaire. A questionnaire is a research instrument consisting of a set of questions (items) intended to capture responses from respondents in a standardized manner. These questions could be structured or unstructured. Unstructured questions ask respondents to provide a response in their own words, while structured questions ask respondents to select an answer from a given set of choices. Interviews are a more personalized form of data collection method than questionnaires, and are conducted by trained interviewers using the same research protocol as questionnaire surveys. Interviews are more common in qualitative and mixed research approach that is based on interpretive stances.

Within quantitative research, the most common method to collect data is by using a questionnaire with in advance formulated alternatives to answer. A self-administered survey questionnaire will be used in this thesis to collect the primary data at surveyed bank branch premises. Questionnaire is superior to interview in this case because the need for quantitative data capable of further statistical analysis. This leads to the possibility of studying a wider range of respondents for a low cost. The standardized questions will make it easier to process the information with programs as SPSS, which gives the researcher the possibility to generalize with a high degree of security.

The questionnaire contains 31 closed statements covering five hypotheses. The layout had been made as clear as possible to limit the misunderstanding, and a vertical format used when formatting the questionnaire. The analysis had made by using a Likert scale, with five levels that ranges from Strongly Disagree (1) to Strongly Agree (5). The questionnaire will be given to the sample population personally. The respondents that do not answer contacted once more and asked to fill and return after one week.

### **3.9. Data Analysis Method**

Once data is collected, it is necessary to employ statistical techniques to analyze the information, as this study is quantitative in nature. Data were decoded and analyzed based on results computed using SPSS. The data will be classified and labeled with the correct scale. A mean value, standard deviation and variance will be calculated to compare the different answers. This classification will make it possible to analyze the data. Further on Pearson's Correlation, Cronbach's alpha, and regression analysis will be performed.

Pearson's Correlation is used to calculate the linear relationship between two variables. The correlation can vary between -1 and 1, when below 0 there is a negative correlation between the variables. That means that when one of the variables is moving in one direction the other variable moves in the opposite

direction. When the correlation is zero there is no correlation between the variables, and when it is positive there is a positive correlation. If the relationship between the variables is not linear, then the correlation coefficient does not adequately represent the relationship between the variables. With this method, it is possible to see if there are any connections between the different statements within each hypothesis. This will help us to see which statements that are more connected to each other, and it will give us a clue of which statements that have more impact than others on the respondents.

The internal reliability will be tested with Cronbach's Alpha, which measures the correlation between the variables that attempt to determine a concept. The correlation within the different factors will be measured, in other words, how the different statements that treat a factor correlate with each other.

### **3.10. Validity and Reliability**

#### **3.10.1. Validity**

Validity refers to the issue of whether or not an indicator (or set of indicators) that is devised to evaluate a concept really measures that concept (Bhattacheerjee, 2012). Validity is a very important and useful concept in all forms of research methodology. Its primary purpose is to increase the accuracy and usefulness of findings by eliminating or controlling as many confounding variables as possible, which allows for greater confidence in the findings of a given study. There are four distinct types of validity: internal validity, external validity, construct validity, and statistical conclusion validity, that interact to control for and minimize the impact of a wide variety of extraneous factors that can confound a study and reduce the accuracy of its conclusions (Marczyk et.al., 2005)

Although there is no single clear-cut indicator of a scale's validity, this study addresses validity issues through the review of literature and by adapting instruments used in previous research and this strengthen the validity of the study.

### **3.10.2. Reliability**

Reliability is the degree to which the measure of a construct is consistent or dependable. Internal consistency reliability is a measure of consistency between different items of the same construct. If a multiple-item construct measure is administered to respondents, the extent to which respondents rate those items in a similar manner is a reflection of internal consistency. This reliability can be estimated in terms of average inter-item correlation, average item-to-total correlation, or more commonly, Cronbach's alpha (Bhattacheerjee, 2012).

To test the internal reliability, most researchers use Cronbach's alpha, which calculates the average of all split-half reliability coefficients. This thesis used the Cronbach's alpha for calculating whether or not the hypotheses should be accepted or rejected, and, by using this data analysis method, it tried to strengthen the internal reliability of the findings in this thesis.

### **3.11. Research Ethics**

There are certain ethical protocols that have been followed by the researcher throughout the study process. The first is explicit request of respondents consent. This ensures that their participation to the study is not out of their own volition. The researcher ensure that the respondents will be made aware of the objectives of the research and their contribution to its completion. One other ethical measure that exercised by researcher is treating the respondents with respect and courtesy to make them fill at ease and to give frank responses to the questionnaire. To protect subjects' interests and future well-being, their identity must be protected in a scientific study. This is done using the dual principles of anonymity and confidentiality. Anonymity implies that the researcher or readers of the final research report or paper cannot identify a given response with a specific respondent. Subjects should also be guaranteed

confidentiality, in which the researcher can identify a person's responses, but promises not to reveal that person's identify in any report, paper, or public forum (Bhattacheerjee, 2012).

Researchers also have ethical obligations to the scientific community on how data is analyzed and reported in their study. Unexpected or negative findings should be fully disclosed, even if they cast some doubt on the research design or the findings. Similarly, many interesting relationships are discovered after a study is completed, by chance or data mining. It is unethical to present such findings as the product of deliberate design (Bhattacheerjee, 2012).

Based on the above research considerations, the researcher checked the accuracy of encoding of the survey responses to ensure the integrity of the data and the statistics generated from the study are truthful and verifiable.

## **CHAPTER FOUR**

### **RESULTS AND DISCUSSIONS**

#### **4.1 Sample Description**

##### **4.1.1 Response Rate**

A total of 381 questionnaires were distributed within the selected five branches and the response rate was indicated in the table below.

**Table 4.1- Response rate**

<b>Items</b>	<b>Response Rate</b>	
	<b>No.</b>	<b>Percent</b>
Sample Size	381	100%
Collected	317	83.20%
Remain Uncollected	64	16.80%

Source: Own Survey 2017

From the above table, out of 381 distributed questionnaire 317(83.20%) were collected while 64(16.8%) of the questionnaire remained uncollected. Moreover, from the collected questionnaire i.e.317 (83.2%), 8 questionnaires were not filled properly and completely. Therefore, analysis were made based on the responses obtained from 309(317-8) questionnaire.

##### **4.1.2 Characteristics of Respondents**

This research was enclosed the main demographic characteristics such as gender, age groups, marital status, educational levels, experience of customers with Enat bank, and type of job customer involved. Gender was considered to find out whether male or female customers have been highly involved in bank transaction. Age group of respondents was considered to find out the age

groups that were dominant in banking service. Educational level was considered in order to find out the customer's level of education(s) that were mostly engaged. Whereas, marital status was considered to uncover which status was more involved as customers of Enat Bank Sc. Similarly, year of customer contact with Enat bank and customer's job were considered to judge the longevity of relationship existed with the Bank and the jobs mostly involved by customers respectively.

**Table 4.2: Gender of respondents**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Male	123	39.8	39.8	39.8
Female	186	60.2	60.2	100.0
Total	309	100.0	100.0	

Source: Own Survey 2017

Based on the on the above table 309 customers used for analysis purpose, the percentage of male and female respondents were 39.8% and 60.2% respectively, which shows the female dominancy as customers of Enat Bank Sc.

**Table 4.3: The type of jobs that respondents participated in**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Student	18	5.8	5.8	5.8
Employee	133	43.0	43.0	48.9
Business owner	127	41.1	41.1	90.0
Others	31	10.0	10.0	100.0
Total	309	100.0	100.0	

Source: Own Survey 2017

Regarding the job that the respondents participated; 43% of the respondents were employees; 41.1% were business owners; 18% were students; and the remaining 31% were on some other professions and other kinds of jobs. Therefore the majority of the customers are employees of different

organizations and institutions both in the public & private sectors and business owners in micro, small, medium and large enterprises.

**Table 4.4: Customers Experience with Enat Bank**

<b>How many years did you have contact with Enat Bank?</b>	Frequency	Percent	Valid Percent	Cumulative Percent
Less than 1 year	102	33.0	33.0	33.0
Valid 1-3 years	131	42.4	42.4	75.4
> 3 years	76	24.6	24.6	100.0
Total	309	100.0	100.0	

Source: Own Survey 2017

From the table above, most (42.4%) of the respondents have an experience of 1-3 years as a customer of Enat Bank; 33% have an experience less than one year; and 24.6% had greater than three years of experience with Enat Bank. Therefore, the finding indicates that the customer base of Enat Bank has been improving specially starting from recent time. This is an indicator of the bank's performance on attracting potential customers.

#### **4.2. Respondents perception about customer based brand equity**

This is intended to portray customers' perception on the brand equity of Enat Bank and it can be determined by brand awareness, brand association, brand attitude, brand loyalty, and brand activity and their basic descriptive features are specified under each dimension. The maximum and minimum responses are 1 and 5 respectively, for all variables except for two brand equity dimensions, brand awareness for one variable; (The bank was the first one that came up in our minds when thinking of financial services, 2 & 5) and brand loyalty for one variable; (We constantly compare our bank's offerings with other banks, 2 & 5) stated in the underneath table. The mean value shows the average of all customers' response on a certain dimension. While, standard deviation shows that how diverse are the responses of customers for a given construct. For instance, high Standard Deviation means that the data are wide

spread, which means that customers give variety of opinion and the low standard deviation means that customers express close opinion.

**Table 4.5: Customer based brand equity and its descriptive features**

	<b>N</b>	<b>Min</b>	<b>Max</b>	<b>Mean</b>	<b>Std. Dev</b>
<b>Brand Awareness</b>					
I know the bank very well.	309	1.00	5.00	3.8382	1.04121
I am more aware of the bank compared to its competitors.	309	1.00	5.00	3.6117	1.06813
The bank was the first one that came up in my mind when thinking of financial services.	309	2.00	5.00	3.3398	.97588
Earlier experience with the bank affected the choice of bank.	309	1.00	5.00	3.7573	1.01097
The advertising from the bank was an influencing factor for me.	309	1.00	5.00	3.2298	1.32984
<b>Brand Associations</b>					
	<b>N</b>	<b>Min</b>	<b>Max</b>	<b>Mean</b>	<b>Std. Dev</b>
Before the choice of banks I heard a lot of positive things about the bank.	309	1.00	5.00	3.8382	1.06587
I could connect to the bank thanks to similar values.	309	1.00	5.00	3.6084	1.04698
I found the bank unique.	309	1.00	5.00	4.0809	.98853
The bank was the most suitable for me.	309	1.00	5.00	3.9482	.94863
I compared the bank with other banks before taking the decision.	309	1.00	5.00	3.6408	.95538
I only had positive things in my mind when thinking of the bank.	309	1.00	5.00	3.9676	.91466
The choice of bank was affected by earlier experiences.	309	1.00	5.00	3.6990	.98530
The bank offered the services that I needed.	309	1.00	5.00	3.8026	.86969
The offerings from the bank were an influencing factor in the choice.	309	1.00	5.00	3.7217	.94330
An important thing for me was the perceived attributes when deciding upon the current bank.	309	1.00	5.00	3.8026	.98521
<b>Brand Attitude</b>					
	<b>N</b>	<b>Min</b>	<b>Max</b>	<b>Mean</b>	<b>Std. Dev</b>
I have always had a positive feeling about the current bank.	309	1.00	5.00	4.2362	.79722
The service from the employees on the current bank was an influencing factor in the decision.	309	1.00	5.00	4.2265	.80611
The perceived performance of the bank was an important factor in the decision.	309	1.00	5.00	3.6472	1.06684
My motivation was to find the best alternative to my situation.	309	1.00	5.00	3.8803	.96458
The banks employees and their abilities have affected my choice of bank.	309	1.00	5.00	3.9450	.93639
The personal relationship with the bank has influenced the perception positively.	309	1.00	5.00	3.6472	1.06988

<b>Brand Loyalty</b>	<b>N</b>	<b>Min</b>	<b>Max</b>	<b>Mean</b>	<b>Std. Dev</b>
The services of the bank are performed so well that I am willing to pay a higher price.	309	1.00	5.00	3.5890	1.09426
I constantly compare the bank's offerings with other banks.	309	2.00	5.00	3.8673	.83658
My current bank is constantly out competing other banks when it comes to my needs.	309	1.00	5.00	3.7249	1.01869
I feel satisfied with the financial services contracted.	309	1.00	5.00	4.1456	.85745
<b>Brand Activity</b>	<b>N</b>	<b>Min</b>	<b>Max</b>	<b>Mean</b>	<b>Std. Dev</b>
Opinions from third-part had a great impact on the decision of bank.	309	1.00	5.00	3.7573	.96159
I continually seek out information about the current bank and their offerings.	309	1.00	5.00	3.7735	.94344
The service given from the current bank has lived up to my expectation.	309	1.00	5.00	3.5372	1.04263
The service is good in comparison to the price I pay for it.	309	1.00	5.00	3.5631	1.06603

Source: Own Survey 2017

**Note: - 1=strongly disagree; 5=strongly agree;  
- Mean value > 3 revealed positive results**

From the above table, respondents agreed that Enat Bank is well known to them and (Mean =3.84 with std. deviation =1.041), they also perceived that they are more aware of the bank compared to its competitors. (Mean=3.61 with std. deviation =1.068). In line with the above idea, they also feel that the bank was the first one that came up in their minds when thinking of financial services (mean =3.34 and std. deviation .976) and there earlier experience with the bank affected the choice of bank (mean =3.76 and std. deviation 1.011), they also perceives the advertising from the bank was an influencing factor for to know the bank (mean=3.23 and std. deviation 1.329). Therefore, most of the customers of Enat bank are very aware of the existence of the bank (with mean of the mean 3.556). Therefore, most of the customers are aware about Enat bank but the standard deviation indicates that the variance between the respondents is high.

Based on the above table, brand association elements relatively scored higher mean and lowest std. deviations specially on before the choice of banks we had

heard a lot of positive things about the bank, we found the bank unique, the bank was the most suitable for us, We only had positive things in our minds when thinking of the bank, The bank offered the services that we needed, The offerings from the bank were an influencing factor in the choice, and An important thing for us was the perceived attributes when deciding upon the current bank with mean score (3.838, 4.080, 3.948, 3.967, 3.802, 3.721 and 3.802) and std. deviation score (1.065, .988, .948, .914, .869, .943, and .985) respectively. Thus, from the results we can conclude that respondents had a positive association to Enat bank on its offerings and products and most importantly they found the bank unique than the competitors.

From the above table, most of the respondent perceived that they had a positive feeling about the bank (mean =4.24 with std. deviation= .797). Furthermore, they perceived that the service from the employees on the current bank was an influencing factor in the decision to use the bank (M=4.23 & std. deviation .806), the employees of the bank seem to be very important for the perception of the bank. The mean score is above four, and the Std. Dev is low. The services provided by the employees, who are the banks' first point of contact with the customers, seem to be very important. On the other hand, most customers believed that the perceived performance of the bank was an important factor in the decision (M=3.65 & std. deviation 1.066) even though they vary in opinion. The abilities of the employees of the bank have a high importance. The respondents agree upon this statement, the mean is 3.94 and the Std. Dev among the answers is low. Finally, they believe the personal relationship with the bank has influenced the perception positively towards the Enat bank (M=3.65 & std.dev. =1.069), personal contact is crucial for the perception of the bank. The above result demonstrates that, most customers possess a positive and good attitude to Enat bank, the service from the employees on the current bank and abilities of the employees of the bank have a high importance and an influencing factor in the decision to use the bank and has the direct effect on brand equity.

The services of the bank are performed so well that we are willing to pay a higher price; this statement is something that the respondents will agree upon. Some will pay more for the services, whilst others would accept a higher price. The mean is (3.59), and std. deviation (1.094) some respondents will accept a higher price (interest) and some others will not. The mean score and std. deviation (2.51) and (.836) for brand loyalty statement I constantly compare Enat bank's offerings with other banks. The answer revealed that they were not too much compared the banks' services and products with other banks when choosing Enat bank as service provider. The respondents also believed that Enat bank performs so well in satisfying their financial service needs compared with other bank with mean value (3.725) and std. deviation (1.018). But there is also an opinion of respondents that the performance of other banks as being quite the same or sometimes out competes the Enat banks service. Finally, they feel satisfied with the financial services they got from Enat bank with mean (4.145) and std. deviation (.857). Generally, from the above results the respondents expressed their loyalty to the bank based on the satisfaction they got from the quality services of the bank that exceeds other banks services and fulfilled customers financial wants.

The last part from the above table in the study about brand equity will be about brand activity which is constructed from four statements, among four statements opinions from others had a great impact on their choice decision and continually seeking out information about the bank and its offerings are scored a mean value (3.76 and 3.773) and std. deviation (.96 and .943) respectively which revealed that they agreed on the opinions and search out information about the bank overall performance. The respondents also agreed up on the service given from Enat bank has lived up to their expectations and the service is good in comparison to the price they pay for it and the interests they received with mean (3.537, and 3.563) and std. deviation (1.043, and 1.066), which shows there is agreement on service of the bank is good but

there is also divers opinion on the service is out compete their expectation and its evenness with the price (interest) they paid or received.

### **4.3. Respondents Perception About Customer’s Bank Choice**

*Table 4.6: Customer’s bank choice and its descriptive features*

<b>Bank Choice</b>	<b>N</b>	<b>Min</b>	<b>Max</b>	<b>Mean</b>	<b>Std. Dev</b>
I strongly believe the current bank brand equity influences my decision.	309	1.00	5.00	3.9223	1.03844
The main reason to choose this bank is its brand equity.	309	1.00	5.00	3.7799	1.11226

Source: Own Survey 2017

From the above table, the respondents perceived that the current bank brand equity influences their decision strongly with mean value (3.922) and std. deviation (1.038), this shows, though, respondents agreed on the influence of brand equity of Enat bank on their choice, they hold divers opinions about its influence level. They also agreed on the banks branding is the reason to chose the bank. Most importantly, the perception of the respondents stressed on the influential role of brand equity in their decision with higher mean and relatively lowest standard deviation, rather than being as a dominant reason or criterion for the choice of the current Bank.

### **4.4. Reliability Test of Overall Factor of the Five Point Likert Scales and Research Hypotheses**

#### **4.4.1. Reliability Test of Overall Factor of the Five Point Likert Scales**

Validity and reliability are the two important characteristics of every measure of materials such as questionnaire. So before analyzing the collected data the reliability of the main items of the questionnaire was tested by using Cronbach’s alpha. By looking at Cronbach’s Alpha, the five point likert scale

will be accepted. If it scores above 0.7, which indicates the opportunity to accept the scale applied.

**Table 4.7: Reliability statistics of the five point likert scale questions**

Cronbach's Alpha (CA)	Cronbach's Alpha Based on Standardized Items	N of Items
.922	.925	31

Source: Own Survey 2017

Therefore, the reliability of 31 items with the five point likert scale were critically determines the effect of brand equity on customers bank choice has been tested by using cronbach's alpha. The reliability coefficient which are more than or equal to 70 % ( $A > 0.7$ ) is acceptable. So, Reliability of the question was evaluated and the result (Cronbach's Alpha) was used to test the reliability of the materials used in this research. Thus, the reliability coefficient of the above item is above 70% and/or the overall reliability test for the item is 92.2%. This implies that the item were reliable and understandable to the respondents.

#### **4.4.2. Reliability Test of Hypothesis (H1)**

By looking at Cronbach's Alpha, the hypothesis will be accepted if it scores above 0.70. Now in our case, it scores 0.71, which indicates the opportunity to approve the hypothesis.

#### **H1: Brand awareness affects customer's choice of bank in a positive way**

**Table 4.8: Reliability statistics of H1**

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.707	.729	5

Source: Own Survey 2017

The correlations between the items are listed below. The connection between statements 1 and 2, 2 and 3, as well as 3 and 4, are strongly correlated to each other. There were found a negative and the weakest of all brand awareness inter items correlation at item 1 and 5, scoring -0.011 and 2 and 5 scored 0.097. This means that the statement covering the advertisement of the bank is weak and not functioned in getting customers to know the bank. Thus, Enat Bank has to work aggressively on advertisements and promotion campaigns in order to communicate its brand identity. In general we can argue that the statements in this section have served their purpose and have revealed the things upon which we wanted to obtain answers.

**Table 4.9: Inter-Item Correlation Matrix of H1**

	Brand Awareness 1	Brand Awareness 2	Brand Awareness 3	Brand Awareness 4	Brand Awareness 5
Brand Awareness 1	1.000	.559	.374	.330	-.011
Brand Awareness 2	.559	1.000	.548	.397	.097
Brand Awareness 3	.374	.548	1.000	.505	.377
Brand Awareness 4	.330	.397	.505	1.000	.317
Brand Awareness 5	-.011	.097	.377	.317	1.000

Source: Own Survey 2017

The respondents did know about Enat bank before going into business with it, and earlier experience of banks affected their decision about that specific choice. The respondents have previous knowledge about their bank, and their bank has a top-of-mind appearance. Earlier experience of the bank has a strong correlation to the fact that the bank appears top-of-mind.

#### **4.4.3. Reliability Test of Hypothesis (H2)**

The reliability in hypothesis number two is very strong; with a Cronbach's alpha 0.81, so we accept the hypothesis with honor. It is tested among 10 items on brand association.

#### **H2: Brand association plays an important role in the choice of bank**

**Table 4.10: Reliability statistics of H2**

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.812	.812	10

Source: Own Survey 2017

As the alpha is so high, and the fact that we have no negative correlation among the 10 statements, means we can say that the tested items are significant and correct with regard to brand association. Within brand association, there are 10 items. However, the correlation is only stronger within 4 different cases. These are between statement 1 and 3, 3 and 4, 4 and 6, as well as 5 and 6 and we found also a moderate correlation within 1 and 2, 2 and 3, 2 and 9, 3 and 6, 3 and 10, as well as 8 and 9.

**Table 4.11: Inter-Item Correlation Matrix of H2**

	Brand Ass.1	Brand Ass.2	Brand Ass.3	Brand Ass.4	Brand Ass.5	Brand Ass.6	Brand Ass.7	Brand Ass.8	Brand Ass.9	Brand Ass.10
Brand Ass.1	1.000	.423	.638	.268	.217	.348	.136	.028	.136	.341
Brand Ass.2	.423	1.000	.429	.319	.362	.278	.339	.332	.425	.274
Brand Ass.3	.638	.429	1.000	.503	.251	.409	.212	.143	.021	.437
Brand Ass.4	.268	.319	.503	1.000	.467	.541	.185	.287	.194	.232
Brand Ass.5	.217	.362	.251	.467	1.000	.511	.330	.321	.328	.259
Brand Ass.6	.348	.278	.409	.541	.511	1.000	.202	.257	.234	.220
Brand Ass.7	.136	.339	.212	.185	.330	.202	1.000	.268	.283	.320
Brand Ass.8	.028	.332	.143	.287	.321	.257	.268	1.000	.420	.299
Brand Ass.9	.136	.425	.021	.194	.328	.234	.283	.420	1.000	.143
Brand Ass.10	.341	.274	.437	.232	.259	.220	.320	.299	.143	1.000

Source: Own Survey 2017

From the above points, having a positive association to the bank, getting the bank as unique, suitability of the bank, and comparing the bank with other banks is the most influential things to choose the Bank. The offering from the bank also found as an influencing factor in the decision of respondents to use

the bank. Most importantly the respondents agreed on the uniqueness of the bank as an influential factor in their decision to use Enat Bank Sc.

**4.4.4. Reliability Test of Hypothesis (H3)**

Hypothesis number three is tested with six items. The Cronbach’s alpha is over 0.76 and will be accepted with honor.

**H3: Brand attitude influences the relationship between the Bank & Customer in a positive way**

*Table 4.12: Reliability statistics of H3*

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.765	.772	6

Source: Own Survey 2017

There are some strong correlations within brand attitude in statements 1 and 2, 3 and 4, and 2 and 5, which are correlating over 0.5. The correlation between all items found positive.

*Table 4.13: Inter-Item Correlation Matrix of H3*

Inter-Item Correlation Matrix						
	Brand Attitude.1	Brand Attitude.2	Brand Attitude.3	Brand Attitude.4	Brand Attitude.5	Brand Attitude.6
Brand Attitude.1	1.000	.543	.278	.396	.383	.315
Brand Attitude.2	.543	1.000	.169	.302	.511	.217
Brand Attitude.3	.278	.169	1.000	.574	.364	.400
Brand Attitude.4	.396	.302	.574	1.000	.399	.230
Brand Attitude.5	.383	.511	.364	.399	1.000	.324
Brand Attitude.6	.315	.217	.400	.230	.324	1.000

Source: Own Survey 2017

Having a positive feeling about the bank, the fascinating service from employees of the bank, and the perceived performance of the bank are found to be the most influential factors in the choice of Enat Bank.

#### 4.4.5. Reliability Test of Hypothesis (H4)

This hypothesis scores 0.74 on Cronbach’s alpha, which means that the hypothesis is accepted and all inter items correlated positively.

#### **H4: Loyalty is an influencing factor when the customers decides to use a bank**

*Table 4.14: Reliability statistics of H4*

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.740	.743	4

Source: Own Survey 2017

The correlations between the items are listed below. The connection between statements 1 and 4, and 3 and 4, are strongly correlated to each other. The statements are good enough to answer the hypothesis. As the result below shows the respondents were willing to pay a higher price as long as the they are satisfied with the service and performed service outcompetes the competitors service and offerings.

*Table 4.15: Inter-Item Correlation Matrix of H4*

Inter-Item Correlation Matrix				
	Brand Loyalty.1	Brand Loyalty.2	Brand Loyalty.3	Brand Loyalty.4
Brand Loyalty.1	1.000	.348	.446	.510
Brand Loyalty.2	.348	1.000	.235	.403
Brand Loyalty.3	.446	.235	1.000	.578
Brand Loyalty.4	.510	.403	.578	1.000

Source: Own Survey 2017

**4.4.6. Reliability Test of Hypothesis (H5)**

The last part in the study about branding will be about brand activity. The hypothesis is tested among four statements. By looking at Cronbach’s Alpha, the hypothesis will be accepted if it scores above 0.70. In our case, it scores 0.71, which indicates the opportunity to approve the hypothesis.

**H5: Activity plays an important role to decide which bank to use**

**Table 4.16: Reliability statistics of H5**

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.706	.700	4

Source: Own Survey 2017

The strongest correlation is found between item 3 and 4 which scores (0.72). As we can see from the underneath table there were also a moderate connection between 2 and 3 and 2 and 4 with alpha score 0.428 and 0.379 respectively in the brand activity statements. This shows that the service given from the bank was up to the respondents expectation and good as compared with the interest they pay or received from the bank. Quality service and serving customers up to their expectations will have a strong influence on the customers decision and benefits the bank from a positive word of mouth from a satisfied customers.

**Table 4.17: Inter-Item Correlation Matrix of H5**

Inter-Item Correlation Matrix				
	Brand Activity.1	Brand Activity.2	Brand Activity.3	Brand Activity.4
Brand Activity.1	1.000	.258	.179	.248
Brand Activity.2	.258	1.000	.428	.379
Brand Activity.3	.179	.428	1.000	.720
Brand Activity.4	.248	.379	.720	1.000

Source: Own Survey 2017

**4.5. Correlation Matrix For The importance of Brand Equity Dimensions In Predicting Overall Customers Bank Choices In Enat Bank Sc.**

The above findings will be supported by correlation matrix which was created by using the Pearson correlation coefficient (r). It demonstrates how each brand equity dimension such as brand awareness, brand association, brand attitude, brand loyalty, and brand activity was correlated with customer bank choice based on the overall customer based brand equity dimensions. From the results demonstrated the underneath table, we can understand that all of the variables of brand equity had positive correlation with customers bank choice as well as had positively correlated with each other. However, this matrix may show the causal relationship between variables and the magnitude of the association between variables.

**Table 4.18: Correlation matrix of brand equity dimensions and bank choice**

	Bank choice	Brand awareness	Brand association	Brand attitude	Brand loyalty	Brand activity
Bank choice	1					
Brand awareness	.320**	1				
Brand association	.511**	.594**	1			
Brand attitude	.387**	.535**	.675**	1		
Brand loyalty	.432**	.428**	.524**	.646**	1	
Brand activity	.419**	.577**	.552**	.662**	.639**	1

Source: Owen Survey 2017

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

**N=309**

The table indicates correlation coefficient between brand equity and customer bank choices, there is a moderate positive and direct linear relationship between them. Further, the correlation coefficient between brand awareness and customers' bank choice is low 0.320, again indicating a strong direct relationship between brand association and customers' bank choice 0.511. Similarly, the correlation coefficient between brand attitude and customers' bank choice, brand loyalty and customers' bank choice, and brand activity and customers' bank choice intentions is 0.387, 0.432, and 0.419 respectively confirming a moderately high direct relationship between them.

As a result, we can observe that, brand association is the highly correlated variable with customer choice of bank (.511\*\*) and it was followed by brand loyalty (.432\*\*) and brand activity (.419\*\*), but brand awareness and attitude had a moderate correlation with bank choice (0.320\*\*) and (.387\*\*). Therefore, brand association, brand loyalty, and brand activity have a relatively strong relationship with and vital effect on customer bank choice. Generally, the five dimensions of brand equity influence customer bank choice though they vary in the degree to which they drive a particular bank choice.

**Table 4.19: Correlation between Brand Equity and Customer bank choices**

<b>Variables</b>	<b>Mean</b>	<b>SD</b>	<b>r value</b>
Brand equity	3.7572	.55872	.503**
Customers bank choice	3.8511	.97393	

\*\*correlation is significant at 0.05 levels

Source: Own Survey 2017

The table above clearly demonstrates that perception of customers towards brand equity is favorable with mean value 3.75 while customer bank choice exhibits a higher level with mean value 3.85. The survey results demonstrate a very good relationship between brand equity and customer bank choice. The above table also shows that the correlation coefficient between brand equity and customer bank choice stands on a high value 0.503. This value is

significant at the significant level of 0.05. This means that brand equity has an influence on the choice of a bank. Thus, we can confirm the positive significant relationship between brand equity and customer bank choice as demonstrated by several marketing researches and scholars, and this can be applied in the banking industry as well.

#### **4.6. Regression Analyses**

To identify the brand-equity dimensions that make the greatest contributions to overall customers banking choice, multiple regression analyses were conducted with customers' bank choice as the dependent variable and the five dimensions of brand-equity (brand activity, brand association, brand awareness, brand loyalty, and brand attitude) as the independent variables.

Table 4.20 show the results for the first regression with customers' bank choice as the dependent variable; the R-square was 0.310, which indicates that the five brand-equity dimensions explained about 31 percent of the variation in bank choices. Of the five brand-equity dimensions, the three showed a significant effect on a bank choice; in order of importance these were:

- Brand Association (Beta = 0.418)
- Brand Loyalty (Beta = 0.200)
- Brand Activity (Beta = 0.157)
- Brand Attitude (Beta= -0.102)
- Brand Awareness (Beta= -0.049)

**Table 4.20: Simple regression analysis to test the effect of the independent variables (brand equity) on the dependent variable (customer bank choice).**

Model 1	Coefficients <sup>a</sup>						
	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	.268	.330		.814	.416		
Brand awareness	-.065	.084	-.049	-.772	.441	.555	1.802
Brand association	.688	.115	.418	5.959	.000	.462	2.166
Brand attitude	-.155	.117	-.102	-1.325	.186	.382	2.616
Brand loyalty	.271	.092	.200	2.956	.003	.498	2.008
Brand activity	.209	.097	.157	2.160	.032	.432	2.314

R-Square=.310 F=27.282

- a. Dependent Variable: bank choice
- b. Predictors: (Constant), brand activity, brand association, brand awareness, brand loyalty, brand attitude

Source: Own Survey 2017

The relative importance of the significant predictors is determined by looking at the standardized coefficients. Brand association has the highest standardized coefficient (.418) and the lowest significance (.000), which means brand association is the best predictor. Analyzing the whole table results, the order of significance for predictors of customers' bank choice is brand association, brand loyalty, brand activity, brand attitude, and brand awareness.

**Table 4.21: Regression analysis with customers bank choice as dependent variable**

Model 1	Coefficients <sup>a</sup>						
	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	95.0% Confidence Interval for B	
	B	Std. Error	Beta			Lower Bound	Upper Bound
(Constant)	.557	.327		1.704	.089	-.086	1.199
Brand equity	.877	.086	.503	10.198	.000	.708	1.046

R-Square=.253 F=103.993

- a. Dependent Variable: bank choice,
  - b. Predictors: (Constant), brand equity
- Source: Own Survey 2017

Table 4.21 indicated that there is a statistically significant effect between the independent variable (brand equity) and dependent variables (customer bank choice) which the independent variable where (F) value was (103.99) at ( $\alpha \geq 0.05$ ) indication level, and, which states that there is statistically significant effect of brand equity dimension on customer bank choice. It is evident that the strengths of the relationships vary and moderate. Thus emphasizing the fact that the five brand equity dimensions varies in the degree to which they drive and influence bank choice. Among other things, this study has considered how the different dimensions of brand equity instigate customer bank choice. By not taking an aggregate approach and studying how all five dimensions influence customer bank choice decision, we have shown that not all five antecedents of customer based brand equity (brand association, brand loyalty, brand activity, brand attitude, and brand awareness) equally initiates customers to select a particular bank.

**Table 4.22: ANOVA**

ANOVA <sup>a</sup>						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	73.923	1	73.923	103.993	.000 <sup>b</sup>
	Residual	218.229	307	.711		
	Total	292.152	308			

a. Dependent Variable: bank choice

b. Predictors: (Constant), brand equity

Source: Own Survey 2017

The above ANOVA tests table shows the acceptability of the model from statistical perspective. The regression row indicates information about the variation accounted by the model. While, the residual row indicates information about the variation that is not accounted for the model or show the variation as a result of extraneous variables. The significance level shows the combination of brand equity dimensions significantly ( $p < .001$ ) predicts customers bank choices.

**Table 4.23: Collinearity Statistics**

Model	Collinearity Statistics	
	Tolerance	VIF
(Constant)		
Brand awareness	.555	1.802
Brand association	.462	2.166
Brand attitude	.382	2.616
Brand loyalty	.498	2.008
Brand activity	.432	2.314

Source: Own Survey 2017

In the collinearity statistics tolerance is an indicator of how much of the variability of the specified independent variable is not explained by the other independent variables in the model and is calculated using the formula  $1-R^2$  for each variable. If this value is very small ( $< 0.10$ ), it indicates that the multiple correlation with other variables is high, suggesting the possibility of multicollinearity. The other value given is the VIF (Variance inflation factor), which is just the inverse of the Tolerance value (1 divided by Tolerance). VIF values above 10 would be a concern here, indicating multicollinearity (Julie Pallant, 2005, cited Husen, 2012). In this model the tolerance value for all of the independent variables are greater than 0.10; therefore, multicollinearity assumption have complied. This is also supported by the VIF values which are well below the cut-off point of 10.

#### **4.7. Summary of Hypotheses Findings**

In this research arithmetical mean was used when evaluating and analyzing the answers from the survey. If the arithmetical mean is above three, there is a connection between the answers, and if the mean is above four, we propose that the connection is strong. Over 4.5 mean a very strong connection and agreement among the respondents. The statements can be found in appendix 1.

The second part of the evaluation is about the correlation between the statements, to investigate which statements that have the strongest correlation and assume the strongest correlation within each hypothesis. From this, we will discover which parts of each brand equity issue have the strongest position in the minds of the sample population. For this, we have used the Pearson's Correlation test. When the coefficient of correlation equals -1 there is a negative linear relationship. When the coefficient of correlation equals +1, there is a perfect positive relationship. When the coefficient is equal to 0, there is no linear relationship. We propose that everything between 0.5 and 1 have a strong positive correlation, and between 0.3 and 0.5 will have a medium correlation. All figures above 0 have a positive correlation, which means that the statements, in some way, correlate with each other. The second part in each section of the analysis will also explain whether or not each hypothesis will be accepted or rejected, with the help of Cronbach's alpha. If the Cronbach's alpha is above 0.7 it will be accepted. We will generalize which brand related concerns are most important when deciding upon bank.

The following table briefly showed the summary of the overall outcome of the research hypotheses.

**Table 4.24: Results Summary of Hypotheses**

No.	Hypotheses	Results	Reason
H1	Brand awareness affects customer's choice of bank in a positive way	Support	Mean, 3.55 Correlation-results, $r=0.320$ , $Pr<0.01$ , $Alpha=0.05$ Cronbach's Alpha=0.71 Regression result $\beta= -0.049$ , sig. 0.441
H2	Brand association plays an important role in the choice of bank	Support	Mean, 3.811 Correlation-results, $r=0.511$ , $Pr<0.01$ , $Alpha=0.05$ Cronbach's Alpha=0.81 Regression result $\beta= 0.418$ , sig. 0.000
H3	Brand attitude influences the relationship between the	Support	Mean, 3.930 Correlation-results, $r=0.387$ ,

	Bank & Customer in a positive way		Pr<0.01, Alpha=0.05 Cronbach's Alpha=0.76 Regression result $\beta = -0.102$ , sig. 0.186
H4	Loyalty is an influencing factor when the customers decides to use a bank	Support	Mean, 3.832 Correlation-results, $r=0.432$ , Pr<0.01, Alpha=0.05 Cronbach's Alpha=.74 Regression result $\beta = 0.200$ , sig. 0.003
H5	Brand activity play an important role to decide which bank to use	Support	Mean, 3.658 Correlation-results, $r=0.419$ , Pr<0.01, Alpha=0.05 Cronbach's Alpha=.71 Regression result $\beta = 0.157$ , sig. 0.032

Source: Own Survey 2017

## **CHAPTER FIVE**

### **Conclusion and Recommendation**

This chapter focuses on the conclusions and recommendations based on the analysis and basic findings on the effect of customer based brand equity on customers bank choice decisions.

#### **5.1 Conclusion**

The purpose with this research was to find out how customers perceive the value and brand of the bank they are using. We had an attempt to find out how they perceive their banks, and what underlying factors that affected their choice of bank the most. These findings may not be exhaustive of the research in this field because other factors beyond brand equity may affect customers choice of a bank but it may give a fairly good picture of how brand equity contributed positively for maintaining and building customer brand preference.

It was found in this study that the most important factors for customers choice are related to brand associations, brand activity and brand loyalty towards the brand equity of the bank. Having positive feelings about the bank, the service from employees and their ability, the satisfaction from the financial services of the bank, and the uniqueness of the bank are the most important part according to the findings in this research. However, the results from our survey supports the theory by stating that the most important factor when it comes to brand association, is the uniqueness and suitability of the bank, and customers positive association when thinking about the particular bank strongly influences customers decisions in using at a particular bank.

As the result shows related to brand loyalty dimension, the respondents were willing to pay a higher price as long as the they are satisfied with the service

and performed service outcompetes the competitors service and offerings. In order to be benefited from the opportunity of the situation Enat Bank should enhances its service performance. However, the most important element of brand loyalty was found in the feeling of customers satisfaction that the current Bank banking services offered and experienced. In other word customers loyalty to the bank improved when the customers feel satisfied with the financial service contracted with Enat Bank Sc.

The other important brand equity dimension found in this research was brand activity. It showed that the service given from the bank was up to the respondents expectation and good as compared with the interest they pay or received from the bank. Quality service and serving customers up to their expectations will have a strong influence on the customers decision to use the bank and this in return benefits the bank from a positive word of mouth from a satisfied customers. In this regard Enat bank has to serve customers not only up to their expectation but it has to exceed the expectation in order to delight them.

In this research the moderate positive influence on customers bank choice observed in the tow brand equity dimensions of brand attitude and brand awareness. Even though, brand attitude placed as the forth predictor of the dependent variable, the overall highest mean values in this study observed in this dimension. The respondents expressed their believes on the positive feeling they have about the bank, the influence of employees outstanding service and their ability, and customers motivation to search for the best solution to their situation were the most important factors in their decision to use the bank. As the results prevailed Enat bank must work hard to sustain the positive image created in the public mind and enhance employee's performance as ambassadors of the bank through trainings and developments and keeping them satisfied.

Brand awareness elements such as knowing the bank and customers previous experience with the bank found as influential factor in respondents decision to use the bank as financial service provider. Most respondents expressed their feeling related to brand awareness that the advertisements of the bank as less influential in their choice of Enat Bank and the lowest of overall mean score was also recorded at this factor. As a result we recommended the bank to work hard as much as possible on promotional mixes in order to enhance public awareness, to communicate the banks offerings, and to preserve customers positive experiences related to the service and the good image it has in minds of the public.

Generally, the respondents perceived that the current bank brand equity influences their decision strongly. Even though, respondents agreed on the influence of brand equity of Enat bank on their choice, they hold divers opinions about its influence level. They also moderately agreed on the banks branding is the reason to chose the bank. Most importantly, the perception of the respondents stressed on the influential role of brand equity in their decision with higher mean and relatively lowest standard deviation, rather than being as a dominant reason or criterion for the choice of the current Bank. As a valuable asset Enat Bank have to extract brand equity benefits, to be the first choice bank by the customers and in order to increase its customer's base.

## **5.2 Recommendations**

Based on the findings the researcher hereby recommends the following suggestions that should be implemented.

- Based on the results from this research finding, Banks and marketers should prioritize brand equity constructs as their strategy to attract potential customers because it does show significant direct relationships between the dimensions of brand equity and customers bank choice.

- Banks and marketers should increase awareness level of customers because a high awareness can be enough for a consumer lacking specific associations of a brand, to choose a well-known brand, and it is also a prerequisite to build brand image. Studies showed that customers in the financial sector do not know so much about the specific products, and they do not want to increase their knowledge. Instead they assume that the best known banks have the best services. This indicates that the awareness is important for the banks in order to gain new customers.
- Banks must enhance their service performance and service quality in order to build positive customers attitude. This was because when there was a good perception of quality, a positive brand image would be created.
- Banks must work on promotion mix, especially on advertisement that can inform best important messages and enhance corporate brand images in order to make aware customers. Advertisement can serve as the best tool to communicate banks information and to create the necessary awareness level in the mind of customers.
- Employees of the bank are the most important assets that are directly connects with the customers. Therefore Banks should focus on their employees' satisfaction, performance, and ability to enhance their capacity through continuous training and developments.
- Banks should focus on their customers need rather than on the products and services. This is because the survival of any business depends on keeping the existing customers and attracting potential customers by serving and satisfying them well. Every decisions and strategies must hold customers at heart.

### **5.3 Recommendations For Future Research**

Several implications for future research work are suggested by the findings, some of which are in response to limitations of this study:

1. This study did not investigate every possible extraneous effect that could affect or influence a customer's choice related with brand equity. It can be studied in connection with banking technology (alternative delivery channels) and brand equity, bank profitability and brand equity.
2. This study was made only at one bank. But it can be studied in industry wide perspective.
3. The study can be extended to other service brands, e.g. Hotels, Courier Services, Hospitals and Airlines.

REFERENCES

- Aaker, D.A. (1991), *Managing Brand Equity*, Free Press, New York, NY, pp. 19-32.
- Aaker, D.A. (1992), *Managing the most important assets: Brand equity*. *Strategy & Leadership*, 29(2), pp.56-58.
- Aaker, D.A. (1996), *Building Strong Brands*, the Free Press, and New York, NY.
- Aaker D.A. and A. Biel eds. (1992) *Building strong brands*. Hillsdale, NJ: Lawrence Erlbaum Associates.
- Aaker, D. and Keller, K.L. (1990), "Consumer evaluations of brand extensions", *Journal of Marketing*. Vol. 54, pp. 27-41
- Aaker, D.A., R. Jacobson. (1994) Study shows brand-building pays off for stockholders. *Advertising Age* 65(30): 18.
- Abrahamsson, D. (2014) *Locked in or true love: Branding among banks, A qualitative study of technologies, brand equity, switching barriers, choice criteria and future strategies in the context of retail banking*. Umeå School of Business and Economics.
- Ahmad, K., Rustam, A.G., and M.Dent, M. (2011) *Brand Preference in Islamic Banking*. *Journal of Islamic Marketing*. Vol. 2, pp. 74-82.
- Ambler, Tim (2000), *Marketing and the Bottom Line*. London: Pearson Education.
- Ambler, Tim; Bhattacharya, C.B; Edell, Julie; Keller, Kevin Lane et al. (2002). "Relating brand and customer perspectives on marketing management". *Journal of Service Research*, Aug 2002; 5, 1; ABI/INFORM Global pg. 13

- Bamert, T., & Wehrli, H. (2005). Service Quality as an important dimension of Brand Equity in Swiss services industries. . *Managing Service Quality*, 132-141.
- Barwise, P. (1993) Brand equity: Snark or Boojum? *International Journal of Marketing Research* 10 (March): 93-104.
- Bhattacharjee, A. (2012) *Social Science Research: Principles, Methods, and Practices*. The Global Text Project, 2nd ed. Zurich, Switzerland.
- Chaudhuri, A. and Holbrook M. B. (2001) The chain of effects from brand trust and brand effect to brand performance: The role of brand loyalty. *Journal of Marketing* 65(April): 81-93.
- Chen, C. (2001). Using free association to examine the relationship between the characteristics of brand associations and brand equity. *Journal of Product and Brand Management*, Vol. 10, no. 6 , Pp. 439-451.
- Chieng Fayrene Y.L., & Goi Chai Lee, (2011) CUSTOMER-BASED BRAND EQUITY: A LITERATURE REVIEW. *Journal of Arts Science & Commerce* ISSN 2229-4686 International Refereed Research Journal. [www.researchersworld.com](http://www.researchersworld.com) Vol.– II, Issue –1, pg 33-42.
- Cobb-Walgren, C. J., Ruble C. A., & Donthu N. (1995) Brand equity, brand preference, and purchase intent. *Journal of Advertising* 24: 25-40.
- Christodoulides, G., & Chenatony, L. (2010). Consumer based brand Equity Conceptualization and Measurement. *International Journal of Market Research*, 43-66.

- Cohen, D., Gan, C., Yong, H. H. A., & Choong, E. (2006). Customer satisfaction: a study of bank customer retention in New Zealand. Commerce Division, Discussion Paper No. 109. Canterbury: Lincoln University.
- Debling, Fiona (2000). "On-brand banking: An examination of the factors contributing to effective branding and brand development through direct marketing in the consumer financial services sector". *Journal of Financial Services Marketing*, vol. 5, 2, pg 150-173,
- De Chernatony, L. and S. Segal-Horn, S. (2003).The criteria for Successful Service Brands, *European Journal of Marketing*, 37 (7/8), pp. 1095-1118.
- Enat Bank Sc. Annual Report magazine, 2015/16.
- Farquhar, Peter H. (1989) Managing brand equity. *Marketing Research* 1(3):24-33.
- Farquhar, P.H., Han J.Y and Ijiri Y. (1991) *Recognizing and Measuring Brand Assets*. Marketing Science Institute, Cambridge, MA
- Feldwick, P. (1996). What is brand equity anyway, and how do you measure it? *Journal of Market Research Society*, 85-104.
- Gounaris, Spiros P., Stathakopoulos, Vlassis and Athanassopoulos, Antreas D (2003).“Antecedents to Perceived Service Quality: An Explanatory Study in the Banking Industry”.*The International Journal of Bank Marketing*, 2003; 21, 4/5; ABI/INFORM Global pg. 168
- Harris, Greg (2007). "Brand Portfolio Options for the UK Retail Banks". *Journal of Financial Marketing*, Vol. 11, 3 pg. 249-256

Hoeffler, S., Keller, K.L. 2002. Building brand equity through corporate societal marketing. *Journal of Public Policy & Marketing* 21(1), 78-89.

Hussen, M. (2012). Measurement of Service Quality, Customer Satisfaction and Loyalty in Nib International Bank S.C

Jamal Abad, S. & Hossein, J. (2013). Conceptualization of customer based brand equity in financial service sector. *Studies In Business & Economics*, 8(1), 123-133.

Johnstone, Robert (1997). "Identifying the critical determinants of service quality in retail banking: importance and effect". *International Journal of Bank Marketing*, 15/4, pg. 111-116

Kamakura, W. A., & Russell, G. J. (1993). Measuring brand value with scanner data. *International Journal of Research in Marketing*, 10(1), 9-22.

Kapferer J.N. (1992) *Strategic Brand Management*. New York and London: Kogan Page.

Kapferer, J.N. (1997) *Strategic Brand Management: Creating and Sustaining Brand Equity Long Term*. 2nd edition. London: Kogan Page.

Keller K. (1993) Conceptualizing, measuring, and managing customer-based brand equity. *Journal of Marketing* 57(1): 1-22.

Keller, K. (1998). *Strategic Brand Management: Building, Measuring, and Managing Brand Equity*, Upper Saddle River, NJ: Prentice-Hall.

Keller, K. L. (2001) "Building Customer-Based Brand Equity. A Blueprint for Creating Strong Brand," Working papers Report, No.1, PP 107.

Keller, K. L. (2002). *Branding and Brand Equity*. London: Sage Publications.

Kotler, Philip and Keller Kevin L.(2006) *Marketing Management*.12th edition.  
Upper Saddle River, NJ: Prentice Hall.

Keller, K. (2008). *Strategic Brand Management: Building, Measuring, and Managing Brand Equity*, Upper Saddle River, NJ: Prentice-Hall.

Kumar V., Shah D., Venkatesan R. (2006), “Managing Retailer Profitability-One Customer at a Time”, *Journal of Retailing* 82(4), 277-294.

Lassar, W., Mittal, B. and Sharma, A. (1995), “Measuring consumer based brand equity”, *Journal of Consumer Marketing*. Vol.12 No.4, pp.4-11.

Lin, M.Y.,& Chang, L.H., (2003). Determinants of habitual behavior for national and leading brands in China. *Journal of Product and Brand Management*, Vol. 12, no. 2, Pp. 94-107.

Lisa, W. (2000). Brands and brand equity: definition and management. *Management Decision*, 38(9), 662-669.

Malik, F., Asif, U., & Malik, O. (2012). Determinants of Brand Loyalty in Health Sector of Pakistan. *Information Management and Business Review*, 477-486.

Marczyk, G., Dematteo, D., and Festinger, D. (2005), *Essentials of Research Design and Methodology*, John Wiley and Sons, Inc., Hoboken, New Jersey.

- Oliver, Richard L. (1999) Whence Consumer Loyalty. *Journal of Marketing*. 63(Special Issue): 33-44.
- Parasuraman, A; Zeithaml, A Valarie and Berry, L Leonard (1985). "A Conceptual Model of Service Quality and its Implications for Future Research". *Journal of Marketing*, Vol. 49 (Fall 1985), pg. 41-50
- Parasuraman, A; Zeithaml, A Valarie and Berry, L Leonard (1988). "Servqual: A Multiple-Item Scale for Measuring Consumer Perceptions of Service Quality". *Journal of Retailing*, Spring 1988; 64, 1; ABI/INFORM Global pg. 12
- Patton, M. Q. (1990). *Qualitative Evaluation and Research Methods*. 2nd ed., Sage, Newbury Park, CA
- Pitta, D. A. and Katsanis, L. P. (1995) Understanding brand equity for successful brand extension. *Journal of Consumer Marketing* 12(4): 51-64.
- Roig, J.C.F., Garcia, J.S., Tena, M.A.M., and Monzonis, J.L. (2006), Customer perceived value in banking services, *International Journal of Bank Marketing*, Vol. 24, No. 5, pp. 266-283.
- Seitz, V., Razzouk, N., & Wells, D. M. (2010). The importance of brand equity on purchasing consumer durables: an analysis of home air-conditioning systems. *Journal of Consumer Marketing*, 27(3), 236-242.
- Shocker AD, Srivastave RK, Reukert RW (1994). Challenges and Opportunities Facing Brand Management: An Introduction to Special Issue. *J. Market. Res.*, 31(2): 149-158.

Simon, C. J., & Sullivan M.W. (1990) The measurement and determinants of brand equity: A financial approach. Working Paper. Graduate School of Business, University of Chicago.

Simon, C. J., & Sullivan, M. W. (1993). The measurement and determinants of brand equity: a financial approach. *Marketing science*, 12(1), 28-52.

Taylor, S. A., Celuch, K., & Goodwin, S. (2004). The importance of brand equity to customer loyalty. *Journal of product & brand management*, 13(4), 217-227.

Yoo, B., & Donthu, N. (2001). Developing and validating a multidimensional customer-based brand equity scale. *Journal of Business Research*, 52, 1-14.

Yoo, B., Donthu, N., & Lee, S. (2000). An Examination of Selected Marketing Mix Elements and Brand Equity. *Journal Of The Academy Of Marketing Science*, 28(2), 195-211.

Zeithaml, Valarie A., Berry, Leonard L. and Parasuraman, A (1996). "The Behavioral Consequences of Service Quality". *Journal of Marketing*, Apr 1996; 60, 2; ABI/INFORM Global pg. 31

#### Websites

[www.enatbanksc.com](http://www.enatbanksc.com)

[www.reserchadvisors.com](http://www.reserchadvisors.com)

## **Annex-1**

**ADDIS ABABA UNIVERSITY  
SCHOOL OF COMMERCE  
DEPARTMENT OF MARKETING MANAGEMENT  
MBA PROGRAM**

### STRUCTURED QUESTIONNAIRE

**Dear Sir/Madam**

This questionnaire is intended to be used as primary data for master's thesis of my MA in Marketing Management at Addis Ababa University on "THE ROLE OF BRAND EQUITY ON CUSTOMERS BANK CHOICE". As a customer of these banks, your participation in this study will be valuable and greatly appreciated. Information gathered will be treated with utmost confidentiality and will not be used for any other purpose.

#### **Instruction for filling the questionnaire**

Please read each statement carefully and put the tick (✓) mark on the blank space under your choice for the questions indicated in the table

(Tick your best indicated from 1 to 5 alternatives in the Likert scale from 1 = strongly disagree Agree- SD, 2 =disagree – DA, 3=Not sure- NS, 4 =agree – A, 5=strongly agree –SA.).

**Thank you in advance** for your cooperation, dedication and sparing your time and energy in filling this questionnaire.

**Part I: Demographic or personal information (please tick (√) mark)**

1. Gender

Male

Female

2. Age

Less than 20

21-30

31-40

41-50

More than 50

3. Educational level

High school & below

Diploma

Bachelor degree

Master or higher

4. Marital status

Single

Married

Divorced

Widowed

5. The type of jobs that respondents participated

Student

Employee

Business owner

Others

6. How many years did you have contact with Enat Bank

Less than one year

1-3 years

> 3 years

**Part II: Respondents perception about brand equity of EB.**

Respondent’s level of agreement on the issues below: This part is kindly requires you to express your view on the issue being asked appropriately; 1 = strongly disagree - SD, 2 =disagree – DA, 3=Not sure- NS, 4 =agree – A, 5=strongly agree –SA.

<b>NO.</b>	<b>ITEMS</b>	<b>SD</b>	<b>DA</b>	<b>N</b>	<b>A</b>	<b>SA</b>
		<b>(1)</b>	<b>(2)</b>	<b>(3)</b>	<b>(4)</b>	<b>(5)</b>
<b>Brand Awareness</b>						
Q1	I know the bank very well.					
Q2	I am more aware of the bank compared to its competitors.					
Q3	The bank was the first one that came up in my mind when thinking of financial services.					
Q4	Earlier experience with the bank affected the choice of bank.					
Q5	The advertising from the bank was an influencing factor for me.					
<b>Brand Associations</b>						
Q6	Before the choice of banks I heard a lot of positive things about the bank.					
Q7	I could connect to the bank thanks to similar values.					
Q8	I found the bank unique.					
Q9	The bank was the most suitable for me.					
Q10	I compared the bank with other banks before taking the decision.					
Q11	I only had positive things in my mind when thinking of the bank.					
Q12	The choice of bank was affected by earlier experiences.					
Q13	The bank offered the services that I needed.					
Q14	The offerings from the bank were an influencing factor in the choice.					
Q15	An important thing for me was the perceived attributes when deciding upon the current					

	bank.					
<b>Brand Attitude</b>						
Q16	I have always had a positive feeling about the current bank.					
Q17	The service from the employees on the current bank was an influencing factor in the decision.					
Q18	The perceived performance of the bank was an important factor in the decision.					
Q19	My motivation was to find the best alternative to my situation.					
Q20	The banks employees and their abilities have affected my choice of bank.					
Q21	The personal relationship with the bank has influenced the perception positively.					
<b>Brand Loyalty</b>						
Q22	The services of the bank are performed so well that I am willing to pay a higher price.					
Q23	I constantly compare the bank's offerings with other banks.					
Q24	My current bank is constantly out competing other banks when it comes to my needs.					
Q25	I feel satisfied with the financial services contracted.					
<b>Brand Activity</b>						
Q26	Opinions from third-part had a great impact on the decision of bank.					
Q27	I continually seek out information about the current bank and their offerings.					
Q28	The service given from the current bank has lived up to my expectation.					
Q29	The service is good in comparison to the price I pay for it.					
<b>Part III</b>						
<b>Bank Choice</b>						
Q30	I strongly believe the current bank brand equity influences my decision.					
Q31	The main reason to choose this bank is its brand equity.					

አዲስ አበባ ዩንቨርሲቲ

ንግድ ሥራ ት/ቤት

የንግድ ሥራ አመራር ክፍል

የእናት ባንክ ብራንድ እሴት በደንበኞች የባንክ ምርጫ ላይ ስላለው ሚና ለመዳሰስ የተዘጋጀ መጠይቅ

ውድ ምላሽ ሰጪዎቼ

ይህ መጠይቅ በገበያ አስተዳደር ትምህርት ዘርፍ የሁለተኛ ድግሪውን ለማግኘት የሚጠበቅብኝን የመመረቂያ ጥናት ፅሁፍ ለማሟላት እንደግብዓት የሚያገለግለኝን መረጃ ለመሰብሰብ የተዘጋጀ መጠይቅ ነው። የጥናቱ ዓላማ የእናት ባንክ ብራንድ እሴት በደንበኞች የባንክ ምርጫ ላይ ስላለው ሚና ለመዳሰስ ሲሆን በመጠይቁ ውስጥ የተካተቱት አጠቃላይ መረጃዎች እና ሀሳቦች የባንኩ ደንበኞችን እይታ ለመመዘን የታለሙ ናቸው።

መጠይቁ የሚሞላው በእርሶ ሙሉ ፍቃድኝነት ነው። በዚህ መጠይቅ የሚሰበሰብ ማንኛውም መረጃ ለትምህርት አላማ ብቻ የሚውልና በሚስጥር የሚጠበቅ መሆኑን ላረጋግጥልዎ እወዳለሁ። የእርሶ ትክክለኛ ምላሽ ለጥናቱ መሳካት እጅግ አስፈላጊ ስለሆነ በመጠይቁ የተካተቱትን ጥያቄዎች እውነተኛ ስሜትዎን በሚገልፅ ሁኔታ በመሙላት እንዲተባበሩኝ በትህትና እጠይቃለሁ።

በመጨረሻም ካሎት የተጣበበ ሰዓት ላይ ወስደው መጠይቁን ለመሙላት ፍቃደኛ ስለሆኑ ከፍተኛ ምስጋናዬን አቀርባለሁ። ማንኛውም ግልፅ ያልሆነ ነገር ካጋጠመዎት ከዚህ በታች በተገለፀው የስልክ ወይም የኢሜይል አድራሻ ሊገልፁልኝ ይችላሉ።

ስልክ ቁጥር:- 0912 053222  
ኢሜይል:- mekonnenmuse@gmail.com

ክፍል አንድ:- ግላዊ አጠቃላይ መረጃዎች

ለሚከተሉት ጥያቄዎች የእርስዎን ወቅታዊ ሁኔታ የሚገልፀው አማራጭ ላይ የ(✓)ምልክት በማድረግ ምላሽዎን ይሰጡ።

- 1. ያታ?
  - 1. ወንድ
  - 2. ሴት
- 2. ዕድሜ ?
  - 1. ከ 20 ዓመት በታች
  - 2. ከ 21-30 ዓመት
  - 3. ከ 31-40 ዓመት
  - 4. ከ 41-50 ዓመት
  - 5. ከ 50 ዓመት በላይ

3. የትምህርት ደረጃ?

1. ከ ሁለተኛ ደረጃ                       3. የመጀመሪያ ድግሪ
2. ዲፕሎማ                       4. የሁለተኛ ድግሪ እና ከዛ በላይ

4. የጋብቻ ሁኔታ

1. ያላገባ/ች                       3. የተፋታ/ች
2. ያገባ/ች                       4. በሞት የተለያየ/ች

5. የስራዎ ሁኔታ

1. ተማሪ                       3. ተቀጣሪ                       5. ሌሎች
2. ስራ አጥ                       4. የግል ስራ

6. የእናት ባንክ ደንበኛ ከሆኑ ምን ያህል ዓመት ይሆናል?

1. ከ አንድ ዓመት በታች                       3. ከ ሶስት ዓመት በላይ
2. ከአንድ-ሶስት ዓመት

**ክፍል ሁለት:-**

እባክዎ ከዚህ በታች በተጠቀሱት ሀሳቦች ላይ ምን ያህል እንደሚስማሙ ወይም እንደማይስማሙ ለመግለጽ ከተሰጡት ምርጫዎች ውስጥ የእርስዎን አቋም የሚገልጸው ቁጥር ላይ የ(✓) ምልክት ያድርጉ::

	አጥብቄ አልስማማም	አልስማማም	ገለልተኛ (3)	እስማማለሁ	አጥብቄ እስማማለሁ
<b>የብራንድ ግንዛቤ</b>					
1. እናት ባንክን በደንብ አውቀዋለሁ					
2. እናት ባንክን ከሌሎች ተወዳዳሪ ባንኮች በበለጠ አውቀዋለሁ					
3. የባንክ አገልግሎት ሳስብ በቅድሚያ ወደ ሃሳቤ የሚመጣው እናት ባንክ ነው					
4. ከዚህ በፊት ከእናት ባንክ ጋር አብራ የሰራሁባችው ጊዜዓት ባንኩን እንድመርጠው ተጽእኖ አሳድሮብኛል					
5. የእናት ባንክ ማስታወቂያዎች ባንኩን					

እንድመርጥ ተጽእኖ አሳድሮብኛል					
የብራንድ ቁራኝት	አጥብቄ አልስማማም	አልስማማም	ገለልተኛ	እስማማለሁ	አጥብቄ እስማማለሁ
6. እናት ባንክን ከመምረጤ በፊት ብዙ ጥሩ ነገሮች ስለባንኩ ሰምቻለሁ					
7. ተመሳሳይ እሴቶች ሲያጋጥሙኝ ከእናት ባንክ ጋር አገናኛለሁ					
8. እናት ባንክን ከሌሎች ባንኮች የተለየ ሆኖ አግኝቻለሁ					
9. እናት ባንክ በጣም ተስማምቶኛል					
10. እናት ባንክን መርጨዎ ከመምጣቴ በፊት ከሌሎች ባንኮች ጋር አወዳድሬ ነው					
11. እናት ባንክን ሳስብ ጥሩ ነገሮች ወደ ሃሳቤ ይመጣሉ					
12. የባንክ ምርጫዬ ከዚህ ቀደም ከነበረኝ ልምድ ተፅኖ ላይ የተመሠረተ ነው					
13. እናት ባንክ የምፈልጋቸውን አገልግሎት አቅርቦአል					
14. ከእናት ባንክ የቀረቡት አገልግሎቶች ባንኩን እንድመርጠው ተፅኖ አሳድሮብኛል					
15. እናት ባንክን ለመምረጤ ዋናው ምክንያት ከባንኩ የተሻለ አገልግሎት አገኛለሁ ብዬ በማሰቤ ነው					
<b>የብራንድ አመለካከት</b>					
16. ስለእናት ባንክ ሁሌም ጥሩ አመለካከት አለኝ					
17. ከእናት ባንክ ሠራተኞች የማገኘው አገልግሎት ባንኩን እንድመርጠው ተፅኖ ካሳደሩብኝ ምክንያቶች ውስጥ አንዱ ነው					
18. በእናት ባንክ ሁሉን አቀፍ አቅም ላይ ያለኝ እምነት ባንኩን ለመምረጤ ዋና ምክንያት ነው					
19. ወደ እናት ባንክ እንድመጣ ያነሳሳኝ ምክንያት አሁን ላለሁበት ሁኔታ የተሻለ አማራጮችን ለመፈለግ ነው					
20. የባንኩ ሠራተኞች እና የነሱ ችሎታ ባንኩን					

እንድመርጥ ተፅዕኖ አሳድሮብኛል					
	አጥብቄ አልሰማማም	አልሰማማም	ገለልተኛ	እሰማማለሁ	አጥብቄ እሰማማለሁ
21. ከባንኩ ጋር ያለኝ የግል ግንኙነት ለባንኩ ያለኝ አመለካከት ላይ መልካም ተፅዕኖ ፈጥሮብኛል					
<b>የብራንድ ታማኝነት</b>					
22. የባንኩ አገልግሎት አጥጋቢ ሆኖ ስላገኘሁት ከዚህ የተሻለ ዋጋ ለመክፈል ፈቃደኛ ነኝ					
23. ስለማገኘው አገልግሎት እናት ባንክን ከሌሎች ባንኮች ጋር አወዳድራለሁ					
24. ከኔ ፍላጎት በመነሳት ከእናት ባንክ የማገኘው አገልግሎት ከሌሎች ባንኮች አገልግሎት ሁሌም የበለጠ ነው					
25. በእናት ባንክ አገልግሎት ደስተኛ ነኝ					
<b>የብራንድ ክንውን</b>					
26. ከሶስተኛ አካላት የምሰማው ሃሳብ በባንክ ምርጫ ላይ ትልቅ ተፅዕኖ አለው					
27. ዘወትር ስለእናት ባንክ አገልግሎቶች እና መረጃዎችን እፈልጋለሁ					
28. እናት ባንክ የሚሰጠው አገልግሎት ከጠበኩት በላይ ነው					
29. የባንኩ አገልግሎት ከከፈልኩት ዋጋ ጋር ሲነፃፀር አገልግሎቱ ከፍተኛ ሆኖ አግኝቻለሁ					
<b>ከፍል ሦስት:- የባንክ ምርጫ</b>					
30. የእናት ባንክ የብራንድ እሴቶች ባንኩን እንድመርጠው ተፅዕኖ አሳድሮብኛል ብዬ አምናለሁ					
31. እናት ባንክን የመረጥኩበት ዋናው ምክንያት የባንኩ የብራንድ እሴቶች ናቸው					