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THE EFFECT OF SERVICE QUALITY ON CUSTOMER BASED BRAND EQUITY (A case of Commercial Bank of Ethiopia)

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DECLARATION

I hereby declare the thesis entitled “The effect of service quality on customer based brand equity” is done by close supervision my advisor and I declare that this study 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.

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Signature

Date

APPROVAL

This is to certify that this thesis entitled “The effect of service quality on customer based brand equity” submitted in partial fulfillment of the requirements for the award of the Masters of Business Administration, to the College of Business and Economics, Addis Ababa University, through the Department of Management, done by Hirut Sileshi is an authentic work carried out by her under my guidance.

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ABSTRACT

Brand equity is one of the crucial components that enable banks to get superior advantage over their competitors. This study will be intended to investigate the effect of service quality on customer based brand equity. So, the objective of this research will be: to analyze the effect of SERVQUAL on brand equity dimensions, to compare and evaluate each SERVQUAL dimensions in relation to brand equity dimensions, to analyze the level of performance of CBE regarding proper awareness and implementation of SERVQUAL dimensions, and to evaluate and review the position of customers associated with CBE brand equity.

Furthermore, the finding of different researchers indicated that service quality dimensions are not equally important for achieving brand equity. The degree of importance is depending on the nature of the service and performance of the service provider. The service quality of banking industry in Ethiopia in general and CBE in particular demonstrate improvement but the degree of dependability, helpfulness, responsiveness (promptness) and availability and consistency of facilities such as ATM machine, outreaches of branch outlet and other modern technology is inadequate to gain customer based brand equity

This study was conducted on customers of CBE in selected branches of Addis Ababa district. In connection to this, structured questionnaire have been distributed for to 384 randomly selected samples but analysis was made based on the data collected from 328 respondents. Analysis and interpretation of the data was conducted by using descriptive and inferential statistical tools with the help of SPSS.

The finding of this research clearly states that Service quality is considered as a significant instrument for a firm's great effort in order to differentiate itself from its competitors and effective implementation of those five dimensions of service quality have a significant effect on customer based brand equity. Service quality is vital to the development and infuses strong and dominant brands because it enhances perceived superiority of the brands or customer based brand equity on side of existing and potential customers and helps to distinguish brands from other similar service providers in competitive markets.

Key words: *SERVQUAL, brand equity, SERVQUAL dimension, banking industry*

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ACRONYMS/ABBREVIATION

AMA	American marketing association
ATM	Automatic teller machine
CBBE	Customer based brand equity
CBE	Commercial bank of Ethiopia
CSO	Customer service officer
HRMB	Human resource management and business
SERVQUAL	Service Quality

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CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND OF THE STUDY

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 brand equity concept is explored by various investigators as a vital factor in marketing (Suleiman, 2013).

According to Shpëtim (2012), Although branding has caught considerable attention of marketing academics last years, 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.

According to Ruchan and Hussaini (2010), brand equity associated with tangible goods has received a great deal of attention in the literature, a basic understanding of the nature of brand equity for service has yet to emerge. Most of what is known about brand equity for services is based on theoretical or anecdotal evidence (Krishnan and Hartline, 2001). Simoes and Dibb (2001), argue that branding plays a special role in service companies because strong brands increase customers' trust of the invisible, enabling them to better visualize and understand the intangible and reduce customers' perceived social, financial or safety risk. Blankson and Kalafatis (1999) suggest that service brands are particularly different in that service characteristics are different from those of physical goods and that they rely on employees' actions and attitudes. This difference is seen to focus around the belief that services are conceptually different from products in that services are seen to have a number of unique characteristics including intangibility, inseparability of production and consumption, heterogeneity of quality and perishability (de Chernatoy and Segal-Horn, 2001). Banking industry shares the same characteristics applicable to the services.

Even though Carman (1990) observes that there is no consensus about conceptualizing and measuring (perceived) service quality, it has been suggested by Zeithaml (1988) that service quality is "the consumer's judgment about the overall excellence or superiority of a service", or in other words, the brand's image. Perceived quality provides value to customers by providing them with a reason to buy and by differentiating the brand from competing brands. It is envisaged that customers' perception of quality will be associated with their brand loyalty. Customer is likely to perceive the brand as offering superior quality will become more brand

loyal. Bolton and Drew (1991) suggested: service quality has significant effects on customer loyalty.

Bloemer et al. (1997) and Jones et al. (2002) were among others who pointed out that there is a positive relationship between perceived service quality and repurchase intention, recommendation and resistance to better alternatives, which can be interpreted as customer loyalty. Service quality is decomposed into its five components (tangibility, reliability, responsiveness, assurance and empathy), hypotheses involving perceived quality have also been divided to show the relationship between each component with other customer-based brand equity variables

The present research aims to measure of customer-based brand equity in banking industry by using a sample of actual bank customers from Addis Ababa and provide insights into the bank brand equity phenomena. Also the present study aims to provide some contributions to the area of service branding, which has been slow to develop, and is primarily conceptual in nature. The end results of this research would have a contribution for deep understanding effect of brand equity on services as well as some meaningful implications for services marketing management.

1.2. STATEMENT OF THE PROBLEM

The environment of Banking industry have been experiencing a rapid changes reflected by the intense growth of competition between banks and increased expectation of current and potential customers. As a result the quality of service and maintaining customer based brand equity have been a major challenge for various banks specially in developing countries

(Sulieman,2013).moreover, services quality delivering practice is a pivotal strategy for success of an organization especially for current competitive business environment (Karunaratna, 2014).

Researchers such as Carman (1990),Zeithaml (1988), ruchan and hussini (2007) observes that there is no consensus about conceptualizing and measuring (perceived) service quality, it has been suggested by them as service quality is “the consumer’s judgment about the overall excellence or superiority of a service”, or in other words, the brand’s image that drive brand equity dimensions i.e. brand awareness, brand association, perceived quality and brand loyalty.

Furthermore, various research findings tried to compare the role of SERVQUAL dimensions on brand equity. According to Cheung, Lam, Chu(2013) reliability and Responsiveness were the most significant dimensions, followed by empathy and assurance dimensions; whereas assurance were existed to be least important for customer based brand equity (CBBE). However, empathy and reliability is the most important factors followed by assurance, tangibility and responsiveness for CBBE (Suleiman, 2013).

Currently, banking sector in Ethiopia is fully bonded by intense competition. The overall quality services of the bank in Ethiopia in general and CBE in particular showed improvements through the implementation of BPR and now balanced scorecards (performance management system (PMS)) (reports of HRMB, 2011). However, surveys conducted by business development sub process of CBE (2014) conducted with 20 customers in CBE indicated that there are many problems that negatively affects the banks in order to get customer based brand equity such as: some staffs faced with lack of fast and efficient service which increase waiting time , lack of knowledge /profession i.e. some of the employees do not know what they do, lack of enthusiasm to help customer by some staffs that he/she feels annoying and see the customer as wasting his/her time, some are not friendly and approachable and customers are not confident in some aspect of services such as ATM machines are occasionally out of service specially in Sunday and sometimes the system may not be functional so customers are frequently choice to withhold reserve cash in his pocket. However, previous experience of the customer and the improvement of customer expectation form time to time affect the customers based brand equity.

Given that, there are researchers (Carman (1990),Zeithaml (1988), ruchan and hussini (2007) claim that service quality are the most important one in order to develop and/or measure brand

equity and Up to the best knowledge of the researcher, limited effort were given to study regarding the effect of SERVQUAL on customer brand equity in developing countries in general and Ethiopia in particular.

Therefore this study attempts to show the effect of service quality (SERVQUAL) on brand equity a case of commercial bank of Ethiopia within the selected branches north, south, east and west Addis Ababa districts.

RESEARCH QUESTIONS

The research will try to answer the following basic questions:

1. What is the effect of SERVQUAL on customer brand equity?
2. Which SERVQUAL dimension has more effect on brand equity?
3. What is the effect of service quality dimensions on brand equity dimension?
4. Do CBE perform in line with SERVQUAL dimension?
5. What is the position of customers of CBE related to customer based brand equity?

1.3. OBJECTIVES OF THE RESEARCH

1.3.1 GENERAL OBJECTIVE

The general objective of the research is to investigate effect of service quality on customer based brand equity.

1.3.2 SPECIFIC OBJECTIVES

- To analyze the effect of SERVQUAL on brand equity dimensions.
- To compare and evaluate each SERVQUAL dimensions in relation to brand equity dimensions
- To evaluate whether CBE performs in-line with SERVQUAL dimension
- To evaluate and review the position of customers associated with CBE brand equity

1.4. 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. 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 service quality. By understanding brand perspectives, the management of banks can derive ways to improve customer based brand equity.

Furthermore, this study may use as a base for different policy or decision makers both in governmental and nongovernmental organizations. 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.

1.5. SCOPE AND LIMITATION OF THE STUDY

1.5.1. SCOPE OF THE STUDY

The study was delimited conceptually, geographically as well as methodologically.

Conceptually; this study only focuses on the cause and effect relationship between service quality dimensions (tangibility, responsiveness, reliability, empathy, and assurance) and customer based brand equity (brand loyalty, brand awareness, perceived quality, brand association) in relative terms rather than absolute terms.

Geographically; there are 19 commercial banks in Ethiopia including the recent emerged bank(Enat bank) but this study delimit itself on the biggest and oldest commercial bank which is commercial bank of Ethiopia(CBE). Furthermore, this study focused on some selected branches which are under south, north, east and west Addis Ababa districts.

Methodologically; this research is a sample survey research i.e. based on the representative sample conclusion for the population will be made. Additionally, the main source of this data could be questionnaire, interview and secondary data. The questionnaire distributed and collected to customers who queue in the selected branches of CBE.

1.5.2. LIMITATION OF THE STUDY

The limitations of this study can arise from the scope of the study. This study mainly focus the effect of service quality on brand equity but there might have various intervening factors beyond

service quality that cases the improvement of customer based brand equity such as outreach, advertisement, environment and the like. Therefore, other factors beyond service quality that affect brand equity cannot be addressed by this study.

Moreover, this study focused only on commercial bank of Ethiopia particularly on the few branches under the umbrella of the four districts which exist in Addis Ababa and it only focused on CATS (customer accounting and transaction service) core process and also the result may not represent the whole population.

1.6. Organization of the paper

This thesis is organized into five chapters. The first chapter is an introduction which consist background of the study, problem statements, objectives, significance of the study, scope and limitation of the study. The second chapter addresses review of related literatures which consists theoretical backgrounds, review of previous empirical studies and conceptual frameworks. The third chapter consists of the research methodologies applied in the study. Chapter four focused on the result and discussion of the study. Finally, chapter five focused on conclusions and policy recommendations of the study.

CHAPTER TWO

REVIEW OF RELATED LITRATURE

2.1. Service Quality: Definitions and Concepts

Services can be defined as actions, procedures and performance. Services are products that are rendered but it is not correspondent to something which is physical. The main difference between the product and services are that customers get value with no undying ownership of any tangible components. Moreover, service quality which is not like product quality which is determined by its unique characteristics which are intangible, perishable, inseparable, and heterogeneous (Zeithaml et al., 2006). As a result, service quality became vital research topics in view of its significant relationship to brand equity, profitability, leadership, customer satisfaction, customer retention, service guarantees and financial performance (Ruyter, Wetzels & Bloemer (1998).

A widely argumentative issue especially since it is so intricate to come to common agreement as to what exactly comprises service quality (Karunaratna A, 2014). According to Parasuraman et al. (1985), service quality is the difference between anticipated services (customer expectations) and perceived service (customer perceptions). Customers usually provides at specific and definite stores or shops , because they like the services rendered and they are guaranteed for particular service privileges; thus, the performance of the service provider might stimulate bonding through reliability between them and the customer, which affects the latter's perception of the company or overall brand equity (Sharareh ,Shabnam , Nasim & Mahmood . (2013).Therefore, Service quality is the act of meeting the desired and / expected needs of the customer (Smith, 1998). Service quality can be evaluated through specific service with five service quality dimensions: reliability, tangibility, responsiveness, empathy and assurance (Parasuraman et al., 1985, 1988).

According to Sahar and Mohammadbagher (2012), "Expectations" refer to the customer's ambition that they feel about the service provider should put forward and "Perceptions" are the customer's appraisal of the service provider. As a result, service quality is an evaluation process which is outcome of the service in which customers are involved and where a certain experience is always evaluated to the perceived service obtained

Moreover, service quality has been increasingly addressed and determined as the vital factor in distinguishing services and creating competitive environment and maintaining a satisfying

relationship with customers (Zeithaml et al., 2006). Service quality can mostly be compared to the customer and how he or she expects about the service they acquire. It should be indicated however that, it is not exactly the same as customer satisfaction, but shows similarity. We can therefore say that service quality is concerned with satisfying the needs and requirements of the customer as well as measure in which it succeeds to do so (Janghyeon, . Kyungnam & Georgina, 2011). If customer perception is higher than the actual performance level of the service provider, then perceived service quality is below the satisfactory level and that leads to customer dissatisfaction and finally customer might switch other provider. Therefore, Service quality is a multidimensional structure that is very difficult to appraise due to the exceptional features of each of the service provider (Karassvidov, 2009; Zeithaml et al., 2006).

2.2. Measuring Service Quality

According to Fabnoun and Chaker (2003), measuring service quality is an important tasks since it allows the service provider to appraise and compare what things were like prior to changes set in and what they are after changes were made. The SERVQUAL tool has brought a extensive recognition as an best tool to investigate, review and measure the quality of services of several industries like banking, healthcare, hotels, etc. (Akter et al., 2008). As a result, it is an extremely supportive instrument but it cannot be implemented in the same way in all of the various industries. Therefore, It needs modification depends on the situations. For Such a different situation such as in the banking industry, the SERVQUAL instrument tools had to be modified in order to fit the particular requirements of the bank (Mostafa et al., 2005).

According to Haifa (2009), there are five dimensions of service quality that are appropriate to service providers. These dimensions have experienced several modifications and many authors came up with various dimensions related to SERVQUAL which has been recognized and implemented in various industries.

A research study that was recognized as one of the most wide ranging studies in the area of service quality was conducted by Parasuraman et al. (1988). It was offered as a multidimensional construct. In their original formulation Parasuraman et al. (1985) identified ten components of service quality; Reliability, responsiveness, competence, access, courtesy, communication, credibility, security, understanding/knowing the customer, tangibles. In their work of 1988, these

components were collapsed into five service quality dimensions. The current form of SERVQUAL includes twenty two sub divisions which assist measuring service quality across the five rater dimensions which are applicable to service providing organization in general (Akter et al., 2008). According to Akter et al., 2008) those service quality dimensions with its unique features are given below:

- **Reliability:** the ability to carry out the promised service dependably and accurately.
- **Responsiveness:** the willingness to support and/help the customer and provide prompt service. It emphasizes special treatment and promptness in dealing with customer query, complaints and problems. It is communicated to customers according to the length of time they have to stay in order to get support, answer their questions, or special attention to their problems.
- **Tangibility:** referring to the appearance of physical facilities, equipment and appearance of personnel or staffs. It represents the physical image of the service that the customer will use to evaluate service quality.
- **Assurance:** referring to the knowledge and courteousness of the staff and their ability to entertain trust and confidence. Assurance is significant for services that customers perceive as high risk or where they feel doubtful about their ability to measure outcomes. This is especially significant to banking services and healthcare.
- **Empathy:** providing individualized attention provided to customers. The essence of empathy is conveying, through personalized or customized or individualized services that customers are unique and special and their needs are specified.

2.3. Service Quality in Banking Services

According to Sulieman (2013), the service quality of banking services provided to customers have been enhanced and it can be used as a foundation for realizing service excellence to meet competition, where distinguished service has become the basis for differentiation between the banks. The concept quality of service is to match and adapt to the requirements which means that service institutions such as banks, must have certain requirements and specifications of the services it provides to customers. While, Al-Mahiaoi (2006) defines service quality as: the standard for a match between the actual performance of service with customer expectations for this service. Under the alteration of the business environment, banks are seeking to reach beyond

the quality by providing a distinguishing banking services, creating a sense of satisfaction to the customer through the service acquired and met their anticipation.

2.3.1. SERVQUAL Dimensions Associated to the Banking Sector

The Five dimensions of SERVQUAL have been developed for the service sectors: tangibility, reliability, assurance, responsiveness, and empathy (Van Iwaarden et al., 2003). Tangibility represents physical facilities, equipment and appearance of personnel. Examples of the tangible factor related to banks include comfortable store designs, up-to-date equipment for customer use and sufficient staff to provide service. These aspects are important for retail banks, because there are extensive face-to-face contacts between a customer and staff. Therefore, maintaining a professional Contemporary Management Research and comfortable store environment can increase customer satisfaction.

The next dimension is responsiveness, which represents the willingness to help customers and provide on time services. In order to be helpful and responsive to customers, HSBC, for example, has incorporated the statement due date on SMS alerts sent to cardholders (HSBC, 2011). This personal service targeted to enhance customer satisfaction. The other crucial service dimension is reliability which means the ability to perform the promised services dependably and accurately. The major reason for customers to prefer banks for investment funds is because of the soundness and reputation of banks. Banks always assure customers a high level of security during transactions. Banking service can improve customers' confidence and trust if staffs are able to provide proper service to each customer. For instance, understanding the needs of each individual customer, such as knowing the customers' expected retirement age, annual income, and hobbies are required to help a good match of insurance and financial products for customers. Assurance is the knowledge and courteousness of employees and their ability to motivate trust and confidence. Bank commitments are important, as customers may save a large sum of money in banks. For complicated products such as insurance, funds, and margins, employees must provide a clear explanation of each product to customers, so that customers can feel confident about the services provided by banks.

The final dimension is empathy, which represents the individualized attention that firms provide to its customers. Employees who show understanding of customer needs and are knowledgeable

to solve customer problems are success factors for the service industry. Friendly customer service pleases customers when they walk into a bank. The purpose of this dimension is to retain customers to keep using the bank service (Van Iwaarden et al., 2003).

The applicability of the service quality measure was tested in the retail banking industry in India (Angur et al., 1999). This research was conducted to measure the overall service quality perceived by customers of two major banks in India using the SERVQUAL model. The data indicated that dimensions were not equally important in explaining variances in the overall service quality. Responsiveness and reliability were the most important dimensions, followed by the empathy and tangible dimensions; assurance appeared to be the least important. It was concluded that SERVQUAL is the best model to measure service quality in the banking industry (Angur et al., 1999). In summary, SERVQUAL is a proper assessment tool to measure service quality in the retail banking industry.

2.4. Branding and its concept

For centuries brands have been used as a mean for distinguishing the goods of a producer from the others. According to AMA (American Marketing Association), a brand is defined 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” (Keller 1993). A brand adds dimensions to a product in order to “differentiate it from the other products, designed to satisfy the same need”. The aim is to have “branded products” instead of “commodity products”, in order to reduce the dependence from price and to create an alternative basis for differentiation (Aaker 1991). In 1998 de Chernatony and Riley conducted a study where they identified twelve ways the brand have been considered in different relevant studies: as legal instruments, as a logo, suggests that strong brands are characterized by perceived quality (Aaker and Joachimsthaler 2000; Berry 2000; Biel 1997), perceived uniqueness/differentiation (Berry 2000; Doyle 1990; Young & Rubicam 2001), vivid/rich imagery (Biel 1997) and deep customer relationship (Berry 2000). A strong brand helps in creating a sustainable competitive advantage (Doyle, 1990). It gives to consumer a reason to prefer a brand over another competitor’s brand – a reason which cannot be easily copied from other competitors (Barney 1991).

Although branding has caught considerable attention of marketing academics last years, most of the studies have been concentrated on goods branding and not on services. Few researchers have explored in depth the services brand building. But this lack of attention does not reflect the level of importance that brands have in services. Brand has been described as a corner stone of the marketing in the 21st century, and it can be more important for services than for tangible goods. 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. Direct applications of marketing principles developed for tangible goods on services would prove wrong and would impose restrictions to marketing theory. Intangibility is the main characteristic that makes services differ fundamentally from goods. “A good is in essence an object; a service is in essence a performance” (Berry and Parasuraman, 1991).

Although services do possess some tangible elements (e.g. employees’ uniforms, facilitating equipment, etc.), they cannot be packaged, labeled and displayed for brand development in the same way as goods can. Most of the attributes attached to a service brand in fact are perceptions created by the service itself and the people and things that enable that service – the service experience (Berry 2000; Berry and Parasuraman 1991).

It is true that bank is not a tangible product that can be created in a factory; it is the cumulative impression of how its employees treat customers, how they tangibilize the intangibles, how good is the ambiance, etc. Consumers have to assimilate numerous impressions or associations to assess the service brand. While consumers of goods may also have multiple impressions or associations to assess, researchers suggest that services brands are evaluated with a greater number of attribute that goods brands. De Chernatony and Riley (1999) found that services brands have “more points of contact with the customer” than goods brands. While goods are generally produced, then sold and finally consumed, most labor-intensive services are sold first, then simultaneously produced and consumed (Zeithaml, Parasuraman and Berry 1985). This poses a special challenge for creating labor-intensive services brands because, unlike goods which may be produced in factories, both consumers and employees play an active role in the creation of the service itself. Consumer-employee interaction creates the service and often this

interaction is the service delivered to the consumer. Thus, consumers must be aware of the roles they are expected to undertake when purchasing a service, because their actions may affect the service delivery and their own perception of the services brand (de Chernatony and McDonald 1998). Because of the great participation of people – both employees and customers – in performing the service act, it is difficult to ensure that the same standard of service will consistently be delivered companies (Zeithaml, Parasuramand and Berry 1985).

Members of staff, who represent the service in the eyes of the consumers, may deliver the service differently from day to day, as well as differently from each other. The customer participation increases this variability, since different customers will differently perform their tasks during service production and consumption. Although technology enables a certain degree of standardization in service production process, in the case of labor-intensive services, “the brand deliverer, or indeed the brand, walks around on two legs and is, as we all know, of inherently variable quality and mood” (de Chernatony and Riley 1999).

2.5. Customer Based Brand Equity in Service Sector

Since the term "brand equity" appears in the 1980s, there has been a growing interest in the subject among marketing practitioners. Brand equity is the added value given by the brand name; it is the difference between overall brand preference and multi-attributed preference based on objectively evaluated attributable criteria and overall quality and preferable intention (Tang & Hawley, 2009).

According to Vazquez and Iglesias (2002), brand equity as the overall utility that the customer associates with the consumption of the brand, including associations expressing both functional and representative attributes. Although, customer based brand equity cited as multidimensional construct within the marketing literature, debate exists as to whether the principles of branding within goods marketing could be directly applied to service dominant brands such as banks, insurance and hotels (Nam et al, 2011).

Aaker's conceptualization of brand equity is one of critically cited works that identify various dimensions of brand equity (Tang & Hawley, 2009). He viewed brand equity as a

multidimensional construct which is made up of perceived quality, brand loyalty, brand awareness, brand association and other propriety assets. Aaker's study didn't state which quality dimensions should be included in the brand equity model and therefore whether the model is suitable for assessing service dominant brand equity models in the different service industries (Nam et al, 2011). A similar conceptualization was proposed by Keller; according to him, customer based brand equity consists of two dimensions, brand knowledge and brand awareness.

Many researchers adopted Aaker's framework in their study of customer based brand equity (Prasad & Dev, 2000; Low & Lamb, 2000). Alterations to the Aaker's branding based models needed to contains the distinctive features of services (Nam et al, 2011). Yoo and Donthu(2001), employed four of Aaker's dimension of brand equity; brand awareness, brand loyalty, perceived quality and brand association exclusive of proprietary asset dimension as it is not important in the measurement of customer based brand equity (Yoo & Donthu, 2001).

According to Brady, Cronin, Fox, and Roehm's (2008), brand equity is notable because it distinguishes brand equity from brand loyalty; this is conceptually broader which includes brand image (e.g., perception of service quality) and brand familiarity. Brand loyalty is a behavioral construct relating to intentions towards repeat purchase. In contrast, brand equity involves favorable character that may not necessarily result in purchasing performance. Thus, behavioral intentions are the result of brand equity, rather than its elements (Nam et al, 2011).

There are specifically three perspectives in interpreting the concept of customer based brand equity: financial, trade and consumer based one. From a financial perspective, brand equity is seen as a monetary character and is used to evaluate the brand for accounting purposes (in terms of asset estimation for the balance sheet) or for merger, acquisition, or diversification purposes (Keller 1993). For example, Simon and Sullivan (1993) argued that, brand equity in terms of "incremental money flows" that would result from a product having its brand name in contrast with the proceeds that would accumulate if the similar product did not have the brand name. Biel (1997) ,viewed brand equity in terms of "future additional cash flows" realized by comparing a brand name with a product. From a customer based perspective, brand equity is viewed from the individual customer's perspective and is used to help marketers develop effective strategy to understand, meet, and influence the behavior of the customer. Similarly, marketers could measure the reactions toward a brand name. This perspective uses different dimensions and

definitions for brand equity. Similarly, the viewpoint of Keller (1993) indicated that, brand equity as the differential impacts of brand knowledge on customer reaction to the marketing of a brand. According to him, a brand may have a positive or negative equity when customers react more or less favorably to the component of the marketing mix for the brand than they do to the same marketing mix element when it is attributed to a dishonestly named or unnamed version of the product. Brand knowledge is conceptualized according to an associative system memory model in terms of two components, brand awareness (which includes remembering the brand and recognizing performance by customer and brand image (includes the set of associations linked to the brand that customers hold in memory)). Positive brand equity entertains when the customer is familiar with the brand and has some strong, positive and unique associations about the brand in his memory. According to Aaker and Joachimsthaler (2000), brand equity as brand assets (or liabilities) linked to a brand's name and symbol that add to or subtract from a product. These assets can be categorized in to four dimensions: brand awareness, brand associations, perceived quality and brand loyalty. The managers must strategically take care of these assets in order to build positive brand equity. According to Yung & Rubicam (2001), the use of Brand Asset Valuator to conceptualize brand equity, based on four primary measures: differentiation (the degree to which a brand is considered as different from others), relevance (the span of brand's appeal), esteem (how well the brand is recognized and esteemed), and knowledge (how familiar and approach customer are with the brand). Managers should encourage brand equity by creating differentiation, relevance, esteem, and knowledge, in that order.

Perceived Quality

Perceived quality is the judgment of the customer regarding the overall excellence or superiority of the product that is different from objective quality and associates to the perception of customer (Tang & Hawley, 2009) (Fayrene & Lee, 2011) cited in (Abad & Hossein 2012). According to Syzmanski & Henard (2001), Perceived quality is part of the forerunners of customer satisfaction and has a significant effect on repeat purchase. Therefore, perceived quality about the service is central to boost up strong service brands because it improves the superiority regarding the perception of the brand and aids to enhance brands differentiation in the markets (Low & Lamb, 2000; Yoo et al, 2000).

Brand Loyalty

According to Caceres & Paparoidamis (2007) cited in Abad & Hossein (2012), brand loyalty creates and brings constructive word-of-mouth recommendation for potential customers, and greater resistance from rival. It is widely recognized that loyalty has both attitudinal and behavioral elements. Behavioral components of loyalty refer to the regularity of repeat purchases whereas, Attitudinal components of brand loyalty conveys the psychological commitments related to purchase acts of the customer, such as showing purchase intention and intention to recommend to others (Nam et al, 2011). Therefore, the attitudinal component of brand loyalty is closely associated with the highest intensity of awareness (Odin et al, 2001). Thus, a brand should be able to become the customer's first choices (Attitudinal loyalty), and repeat purchase will follow (Behavioral loyalty). Therefore, loyalty emanates from customer awareness about the product (Fayrene & Lee, 2011).

Brand Awareness

According to Keller(2003) cited in Abad & Hossein (2012), brand awareness is the ability to recall and recognize the brand by the customer visa-vise their ability to identify the brand under different situations and to link with the brand name, , symbol, logo and the like in the memory of the customer. So, brand awareness has two features; to recall and recognize the brand. In connection to that, Brand awareness can be identified as a sign of quality, commitment and the act of letting customers to become familiar with a brand (Tang & Hawley, 2009). Various researchers saw brand awareness as a vital component that plays a role in order to choice the brand. So, brand awareness has a powerful impact on customer's decision to purchase (Lin & Chang, 2003).

Brand Association

Brand association is anything that is linked to memory in a brand (Tang & Hawley, 2009) and it is the most accepted dimensions of brand equity (Fayrene & Lee, 2011). According to (Kotler & Keller, 2006) cited in Abad & Hossein (2012), 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 (Chen, 2001).

2.6. The Relationship between Service Quality and Brand Equity

Judging the brand equity (brand awareness, brand association, brand loyalty and perceived quality) is a result of comparing customer expectations regarding perceived quality about the service and the actual performance of the service quality that is evaluated by the customer by the following dimensions: (tangibility, reliability, responsiveness, assurance and empathy). If service obtained is less than expected the result will be negative in trust and feelings about the service. While, if the consequence is positive of the expected results this will give a positive and constructive trust and feeling (Alagarma, 2005).

Customer expectations are seen in the concept of the provided quality of services as an expectations of customers as a result of dealing or exchanging services, there are three levels of customer expectations (parasuraman et al., 1985):

1. Required service: reflects what the customer need.
2. Adequate service: the level customers are willing to accept.
3. Predictable service: the level of service which the customer believes he can get.

The status or prestige of the Organization is determined by the quality of the provided services, organization of high quality level of its services has a high competitive status as achieving a high level of services meet the needs of customers is an important means of achieving competitive advantage and is confirmed by studies in this field on having a strong relationship, when the customer receives high quality service, his behavior and attitude towards the organization will be positive and that would strengthen the relationship with the organization and vice versa, building brand equity is the most important criteria that enable the organization to ensure the quality of their goods or services. Because it is the source of customer satisfaction for the organization so it seeks to increase customer level of satisfaction as a way to maintain their survival in the market as the quality of services is identified in customer's expectations (parasuraman et al., 1985) .

2.7. Review of Previous Empirical Studies

According to Moala (1998) Study aimed at measuring the quality of banking services rendered by commercial banks of Jordan, from the point of view of the bank's customers, where the study found that the actual performance of banking services quality is low compared with the level of

quality customer's expectation in their banking services. The study recommended that the departments of commercial banks should develop programs to enhance the quality of their services.

According to zarour (2003), cited in Sulieman (2013), Study aimed at measuring the impact of the quality and price of services provided by banks to build brand image of the industrial sector in Jordan, the study found a relationship between industrial company's brand equity, and of some dimensions of quality banking service and the prices of these services. The study recommended banking departments to improve the quality of services and prices.

According to Abu Muammar (2005), Study entitled "banking service quality measurement in banks operating in the Gaza Strip, Palestine", this study aimed to assess the link between service quality and customer based brand equity for customer satisfaction, the study found that need to understand customer expectations in order to provide the best banking services, and achieve brand equity and satisfaction. Furthermore, customer loyalty and perceived quality is primarily depends on the investigation of the quality of banking services. The study recommended that the need to boost up assurance between customer and bank and take more curiosity in speed and accuracy and in the provision of banking services.

Moreover, according to Al-Saidi (2007) cited in Sulieman (2013), Study on "assessing the effectiveness of the quality of health services in the State of Kuwait's Jahra hospital. The study found that the level of response of the sample study about the effectiveness of quality services was high and statistical differences depending on the educational level variable. This study recommended the establishment of a specialized quality management centre in the hospital in order to get customer based brand equity to the center.

Research conducted by Abu Zaid (2009), Study entitled "impact of the service quality to customer loyalty and satisfaction in commercial bank ". The aim of this study was to assess the extent of customer based brand equity with the reality of quality service in commercial banks operating in the West Bank, the study found that the level of customer satisfaction, customer loyalty and perceived quality was improved .The study recommended that, the banks

continuation of holding training sessions for staff and the need to poll customers about services provided and to access to Arabic and international banking experience.

According to Blomer (1998), Study handled the concept of loyalty to the Bank, this research verify how the mental image, perceived service quality, and customer satisfaction affect their loyalty in the individual banks at the international level, it was found that mental image indirectly linked with the loyalty to the Bank via quality, which is associated through customer satisfaction and found that reliability dimensions is the most important dimensions of service quality.

Addams, (2000) Study entitled "Service at Banks and Credit Unions," the study found that credit institutions are better than banks on providing quality banking service as the Bank does not identify customer needs, the study recommended the need to pay attention to the quality of banking services, and to identify the needs of customers.

Jabnoun & Al-Tamimi, (2002) Study entitled "Measuring Perceived Service Quality at UAE Commercial Banks" this study aimed to measure the responsible quality through banking service quality dimensions, represented by human skills, concrete skills, empathy and response, the study found that customers give dimensions in financial value, but gave higher value for human skills.

Suresh et al., (2003) Study entitled "Customer Perceptions of Service Quality in the Banking Sector of Developing Economy," the study found that banks varied significantly in providing quality service through customer perception of the quality of service provided.

The study found an association between customers and knowing customers, to lead the competition in this area. The study found a link between quality of service and customer satisfaction, and that it has a significant impact in improving the level of customer satisfaction. This study also recommended to make a focus on reliability and customer knowledge in order to improve the competitive position of the sector, in order to ensure customer loyalty, and continued success in the future.

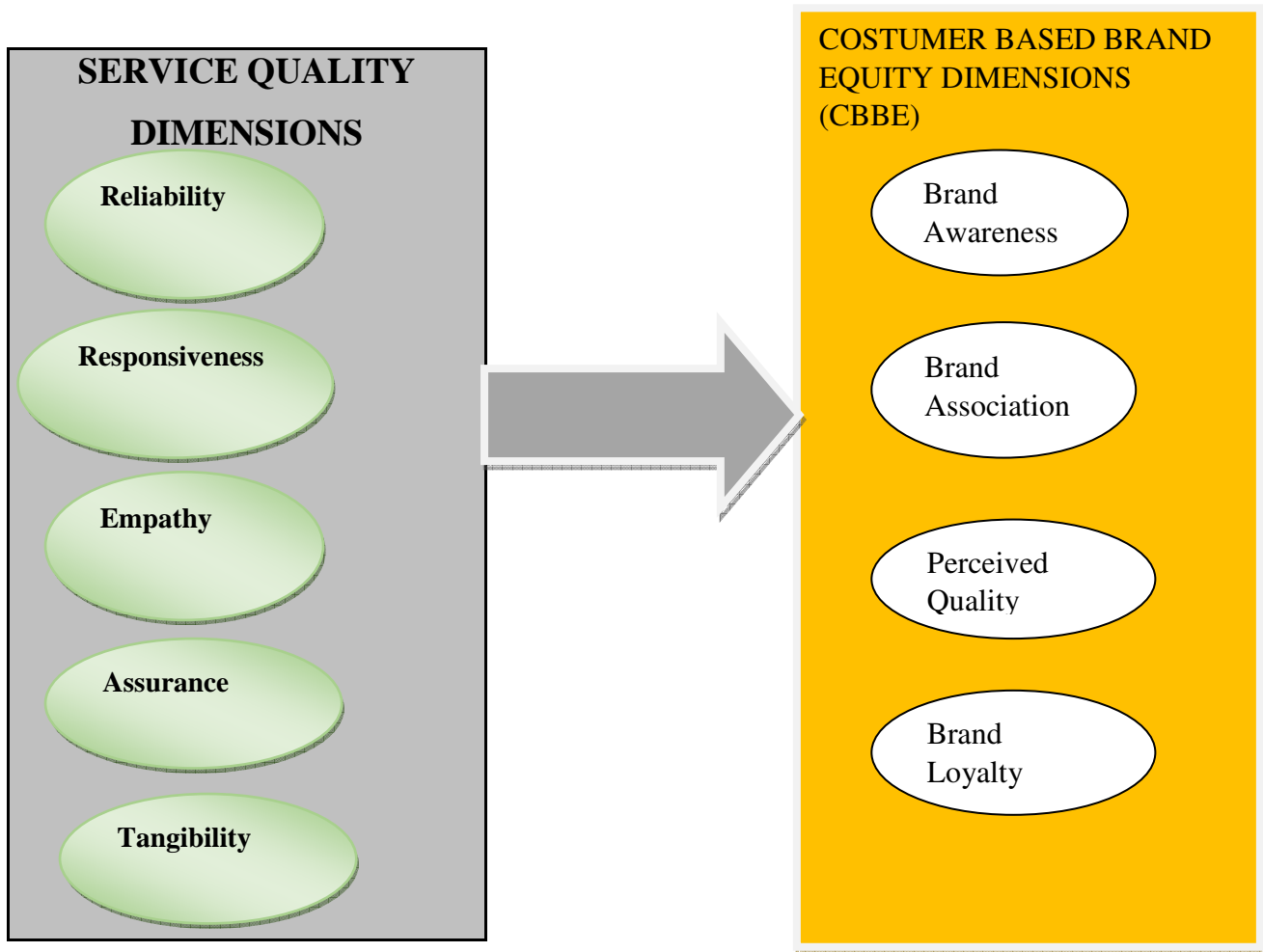
Hunjra et al., (2011) Study entitled "the relationship between customer satisfaction, and quality of service in Islamic banking in Pakistan". This study aimed to highlight the relationship between customer satisfaction and quality of service for Islamic banks. The study found a relationship

between customer satisfaction and building the quality of bank service, the study also ensures that the effect of the response to the needs of the customers and satisfaction are of the most influential variables in Pakistan.

2.8. Conceptual Framework

Independent variable

Dependent variable



Source: Suleiman (2013) and own compilation

Figure1. Conceptual Framework

The above figure shows the conceptual frame work concerned with the effect of service quality dimensions such as reliability, responsiveness, assurance, empathy and tangibility as an independent variable on customer based brand equity especially on brand awareness, brand association, perceived quality and brand loyalty as a dependent variable.

Service providers could have guidelines to perform the service efficiently and treating the customers properly however, these do not mean that excellent service quality performance is provided. But, Employees play a crucial role in assuring excellent service quality perception and.

This affects customer's perception about service quality which in turn has an important effect on customer based brand equity (Suliman, 2013).

Brand awareness, brand associations, perceived quality, brand loyalty and other proprietary assets were the five assets of brand equity he proposed but this research only focus on the four equity dimensions. Keller (1993) referred to brand equity as the differential effect of brand knowledge on the consumer response to the marketing of the brand. Among these dimensions, the first four represent customers' evaluations and reactions to the brand that can be readily understood by consumers; these elements have widely adapted to measure customer based brand equity in previous studies (Tang & Hawley, 2009).

The importance of understanding brand equity from the customer's point of view is explained by Keller (1993) as positive customer based brand equity can lead to a greater revenue, lower costs, and higher profit, it has direct implications for the firm's ability to command higher prices, customer's willingness to seek out new distribution channels, the effectiveness of marketing communications, and the success of brand extensions and licensing opportunities.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1. Data Type and Source

Primary sources

The researcher had used both qualitative and quantitative type of data. The Data that would be collected from sample survey through questionnaire that describes numerical figures were the quantitative data types that have been used in this study, whereas data that have been collected from interview and the like have been the qualitative data types of this study. The quantitative type of data that we collected was nominal, ordinal and/or interval type. Both qualitative and quantitative data was from primary and secondary source of data.

Secondary Sources

The main source of primary data was Respondents who were the customers of commercial bank of Ethiopia through questionnaire distribution and collection. Furthermore, Key informants of branch manager and marketing CSMs from the selected branches through interview had been also part of primary source of data.

3.2 Research Design and strategy

Saunders et al. (2007), defines research design as the general plan of how the research questions had been answered. The research design for this study was the Cross-sectional field survey method to assess the relationship between SERVQUAL and brand equity based on consumer attitude. In cross-sectional field surveys, independent and dependent variables were measured at the same point in time using a single questionnaire.

Along with the cross sectional nature of this study, descriptive research design was employed for detail description of the findings displayed in tables and charts as well as to develop inferences on the relationship between service quality and customer based brand equity.

Regarding the research strategy, the researcher was followed both quantitative and qualitative approaches. A quantitative approach have been used in which the investigator primarily uses postpositive claims for developing knowledge, i.e., cause and effect relationship between known

variables of interest or it employs strategies of inquiry such as experiments and surveys, and collect data on predetermined instruments that yield statistical data (Creswell, 2003).

Therefore, Quantitative approaches have been used for the data that we collected from respondents through questionnaire. To provide a more complete picture of evaluation, this study used to apply qualitative approaches for the data that we gather from interviews and secondary sources.

3.3. Population and sampling

All the items under consideration in any field of inquiry constitute a population. According to Sekeran (2001), a population as “the entire group of people, events, or thing of interest that the researcher wishes to investigate”.

The target population of this research was customers of CBE in Addis Ababa districts such as north, south, east and west districts. From those districts two level (grade) 4&3 and level 2 branches will be selected randomly. Selecting level (grade 4&3) branch helps to get more experienced (familiar) customers and selecting level 2 branches helps to collect data from new customers.

The representative sample size was determined by using estimation method given by Cochran (1963) cited in Israel (2003) as:

$$n = Z^2 pq / e^2$$

n=stands for the sample size which will be drawn

e = level of precision or sometimes called sampling error (is ranges in which the true value of the population would be estimated).

P= population proportion

Z= level of confidence

The sample have been drawn from maximum variability of the population (P=0.5) with 95% level of confidence with 5% precision level.

Therefore;

$$n = 1.96^2 \times 0.5 \times 0.5 / 0.05^2 = 384$$

With respect to sampling techniques, the primary data from the respondents were collected through probability sampling techniques to give the chance of being respondents. Along with this technique, simple random sampling techniques were used to give each and every population an equal chance to be respondent. So, to accomplish this researcher was mainly used lottery method based on the list of customers specified written by the bank's register book during account opening and the target group was those customers who have an experience of at least one year and enumerators prepare a piece of paper that holds 0&1 and the one who pick 1 was my respondent. Therefore, simple random sampling method was the technique that has been designed to be used by researcher throughout the data collection dates.

3.4. Data Collection and Instrument

A survey is a method of collecting data in which people are asked to answer a number of questions (usually in the form of a questionnaire). The reliability of a survey's results depends on whether the sample of people from which the information has been collected is free from bias and sufficiently large. According to Leary (2004), the major advantages of questionnaires are that they can be administered to groups of people simultaneously, and they are less costly and less time-consuming than other measuring instruments. Because of the aforementioned structured questionnaire was used.

Therefore, the researcher has been collected the relevant data from primary and secondary sources. The primary data was gathered through structured questionnaire comprised of both open ended and close ended questions and through unstructured & semi-structured interviews.

The questionnaire was the main method of gathering the relevant data in this study and it had been distributed to customers who were queuing in CBE branches for deposit, transfer and/or withdrawal of money from the branches. Furthermore, the design of close ended question comprised of 5 point likert scale and multiple choice questions. In addition, Face to face interviews with selected branch managers and some selected marketing CSM have been made for triangulation purpose.

Furthermore, Secondary data was collected through reviewing different files, company manuals, brushers and annual reports of the branch and district. The relevant data that was collected from

different data sources especially from journal article that help to fill the knowledge gap and understand the concepts, definitions, theories and empirical results through reviewing various relevant journals articles from internet sources.

3.5. Data Analysis and Interpretation

After collection, field and in-house editing was made. Then the researcher made post coding so as to minimize the complexity of data entry. The data entry method had been done by using statistical process for social science (SPSS).

After the accomplishment of this all process, the analysis of data have been started to draw important conclusions that reflect the researcher's interest of inquiry stated right at the beginning of the study (Arega, 2007).

Charts (bar and Pie charts), tables, frequencies and percentages have been used to display the survey results. Based on the general concepts and theories the statement of the purpose of the institution's existence, and their real practices; strengths & gaps, roles they performed and other related issues were identified and analyzed by using both quantitative and qualitative analysis techniques.

Quantitative analysis techniques were employed to demonstrate processed data in absolute terms through the use of descriptive statistical tools such as frequency, valid percentages, minimum and maximum value, mean and standard deviation of results with the help of SPSS by employing descriptive and inferential analysis techniques. Descriptive analysis was used to describe the data that have been collected from questionnaire in terms of frequency, percentage, mean, standard deviation and the like while inferential analysis has been used to explore the relationship between variables by using associational inferential statistics particularly Pearson correlation coefficient and Cronbach's Alpha to test internal reliability of various items.

The researcher was also used qualitative analysis technique so as to analyze the collected data from interview and secondary data in order to display the result in the form of narration by using descriptive narration and content analysis techniques.

CHAPTER FOUR

RESULTS AND DISCUSSIONS

4.1. Response Rate

A total of 385 questionnaires were distributed with the help of 4 enumerators and the response rate was indicated in the table below.

Table 1- Response rate

Items	Response rate	
	No.	percent
Sample size	384	100%
Collected	341`	88.8%
Remain uncollected	43	11.2%

Source: own survey

From the above table, out of 384 distributed questionnaire 341(88.8%) were collected while 43(11.2%) of the questionnaire remained uncollected. Moreover, from the collected questionnaire i.e.341 (88.8%), 13 questionnaire were not filled properly and completely .Therefore, analysis were made based on the responses obtained from 328(341-13) questionnaire.

4.2. Demographic characteristics of respondents

This research was enclosed the main demographic characteristics such as gender, age groups, marital status, educational levels, experience of customers with CBE, 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 specially CBE. Educational level was considered to find out the customers level of educations that were mostly engaged. Whereas, marital status was considered to uncover which marital status was more involved as a customer of CBE. Likewise, year of customer contact with CBE and the job of customer were considered to

consider the longevity of relationship existed with CBE and the job mostly involved by customer respectively. The findings were indicated below:

Table 2. Gender, age group, educational level and marital status of the respondents

Items	Options	Freq.	Valid Percent	Cumulative Percent
Gender of respondents	Male	177	54	54
	Female	151	46	100
	Total	328	100	
Age (in year)	≤ 20	7	2	2
	21-30	262	80	82
	31-40	43	13	95
	41-50	16	5	100
	> 50	0	0	100
	Total	328	100	
Educational level	High school and below	20	6	6
	Diploma and / certificate	89	27	33
	Bachelor degree	190	58	91
	Masters and above	29	9	100
	Total	328	100	
Marital status	single	99	30	30
	married	216	66	96
	divorced	13	4	100.0
	Widowed	0	0	100
	Total	328	100.0	

Source: own survey

From the data presented in table above, the majority (54%) of the respondents was male and the remaining 45% of the respondents were female. This indicates that out of 328 customers around 177 customers were male and the remaining 151 customers were female. Therefore, with insignificant variation both male and female customer visit CBE and obtain banking services.

From the data presented in table 2 above, the majority(80%) of the respondents were under age group of 21-30 years old ; 13% of the respondents were under age group of 31-40 years and the remaining 2% and 5% were less than or equal to 20 years and 41-50 years old respectively.

Therefore, the majority of the customers who visit CBE are youngsters and according to Ato Desaleghn, worku, manager of Sengatera justified that CBE is pioneer to expand banking products such as youth- teen account, youth account and women account, special deposit accounts and the like so this increases the customer bases of the bank especially young customers.

Regarding educational level of the respondents, the above table portray that, the majority(58%) of the respondents were BA/BSC holders, 27% were diploma and certificate and the remaining 6% &9% of the respondents were high school &below and masters & above respectively.

Therefore, the educational background of most customers is BA/BSC holders and/or diploma/certificate holders. Interview results conducted from manger of Sengatera branch and Sillase branch indicated that most educated peoples especially government employees are customers of CBE because different organizations and institutions have been insisted to handle and /or post their salary payment to various account of their employees and CBE as a government bank play its role enhance saving habits of the society.

Finally, regarding marital status, the lion share (66%) of the respondents was married; 30% of the respondents were single and the remaining 4% were divorced. Therefore, the majority of customers are married customers due to this CBE is aggressively advertise and cross selling its products such as minor account, teen-youth and women account to existing customers(CBE business development sub process report , 2013/14).

Table3. Customer’s experience with CBE and their respective jobs participated with

Items	Options	Freq.	Valid Percent	Cumulative Percent
How many years did you have contact with CBE?	<1 year	39	12.0	12
	1-5 year	220	67.0	79.0
	6-10 year	46	14.0	93.0
	11-15 year	23	7.0	100.0
	Total	328	100.0	
The type of jobs that respondents participated	Student	53	16.0	16.0
	employee	157	48.0	64.0
	Agriculture and related	10	3.0	67.0
	Business owner	72	22.0	89.0
	student and employee simultaneously	36	11.0	100.0
	Total	328	100.0	

Source: own survey

From the table above, most(67%) of the respondents have an experience of 1-5 years as a customer of CBE; 14% had an experience of 6-10 years;12% had less than one year and the remaining 7% of the respondents had experience of 11-15 years with CBE. Therefore, the finding indicates that the customer base of CBE has been improving specially starting from recent time. This is an indicator of the bank that enhances the banking services of CBE.

Regarding the job that the respondents participated; 48% of the respondents were employees; 22% were business owners; 16% were students; 11% were simultaneously students and employees and the remaining 3% were agriculture related 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 are only few.

4.3. Analysis of general questions related to service quality and brand equity

Table4. Frequency and purpose to visit CBE

Items	Options	Freq	Valid Percent	Cumulative Percent
Did you frequently visit and served in CBE?	Yes	266	81.0	81.0
	No	62	19.0	100.0
	Total	328	100.0	
For what purpose did you visit CBE?	to transfer money	43	13.0	13.0
	To save money	79	24.0	37.0
	To withdraw money	43	13.0	50.0
	to transfer and save money	36	11.0	61.0
	To save and withdrawal	56	17.0	78.0
	To save and sell foreign currency	7	2.0	80.0
	To transfer, save and withdrawal	52	16.0	96.0
	To transfer, save, withdrawal and sell foreign currency	13	4.0	100.0
	Total	328	100.0	

Source: own survey

From the above table, 81% of the respondents were frequently visiting CBE in order to get various banking services and the remaining 19% of the respondents were infrequently visiting CBE. Therefore, most of the customers are frequently come and take various banking services on different business transaction.

Regarding the purposes to visit CBE; various customers opined various reasons such as for money transfer by using local money transfer (local Hawala) and foreign remittance(13% of the respondents); for saving money by opening current, saving and special deposit accounts or currently interest free banking(24% of the respondents); for withdrawal purpose/withdraw money from accounts that were opened before(13%) and the remaining 50% of the respondents were frequently come to CBE for dual and/or triple purposes such as money transfer, save withdraw and sell foreign currency. Therefore, CBE in its different branch provides important banking services that are highly demanded by major customers. However, these transaction

services are not the only activities that have been performed in CBE because Credit, trade services, bank guarantees and the like have been performed at head office level.

Table 5. Preferring CBE than other banks

Items	options	Freq.	Valid Percent	Cumulative Percent
Did you prefer CBE than others?	Yes	174	53.0	53.0
	No	154	47.0	100.0
	Total	328	100.0	
Why you prefer CBE?	It provide fast and accurate services	53	25.0	25.0
	Enthusiastic to solve customer problem	60	28.6	53.6
	Reliable and instill confidence on the mind of customer	29	14.0	67.6
	Engaged in modern facility and technology	14	6.7	74.3
	Fast and accurate service and enthusiasm to solve customer's problem	14	6.7	81.0
	Fast and accurate service and its reliability and instill confidence	23	11.0	92.0
	Fast and accurate service and engaged in modern facility and technology	10	4.8	96.8
	Fast and accurate service, solve customer problem and reliable and instill confidence	7	3.2	100.0
	Total	210	100.0	
If you don't prefer CBE than others, why?	Lack of competent and quality services	59	39.3	39.3
	Existence of unnecessary bureaucracy and procedure	16	10.7	50.0
	Give more attention for national development but less attention to individual customers	13	8.7	58.7
	Both lack of competent & quality service and bureaucracy and procedure	20	13.3	72.0
	Both lack of competent & quality service and less attention to individual customers	29	19.3	91.3
	Both unnecessary bureaucracy & procedure and less attention to individual customers	13	8.7	100.0
	Total	150	100.0	

Source: own survey

From the above table, 53% of the respondents depicted that they prefer CBE than other banks and the remaining 47% of the respondents oppose the issue i.e. they do not prefer CBE than other banks. In connection to that, they depict their reasons for choosing CBE, so 25% of the respondent refer CBE than other banks because it provides fast and accurate services while around 29% of the respondents prefer because of its enthusiasm to solve customer problem; Whereas, 14% of them prefer because CBE is reliable and instill confidence on the mind of them while around 7% of the respondents have been preferred CBE because of its competence on modern technology and facilities; furthermore, the remaining 25% of the respondents were pointed out the combination of reasons for preferring CBE such as fast and accurate service, passion to solve customer problem, its vast outreach even to rural areas, its trustworthiness and the like.

However, the above table also indicates respondents who do not prefer CBE portray their reasons. Among others, the lion share(39.3%) of the customer do not prefer CBE because it lacks competent and quality services while around 11% of the respondents reason out that the existence of unnecessary procedures and bureaucracy such as procedure to replace lost pass book, ATM & other credentials, procedures and bureaucracy to gate foreign exchange, bank guarantee and the like is the one who hesitate make CBE as a first choice while 8.7% of them opposed CBE's prioritization to national development such as financing national projects such as great renaissance dam, sugar corporation, housing & the like and they feel that CBE provides less attention to individual customers. However, the remaining 41.3% of the respondents put the combination of the above reason that justify why they do not prefer CBE than other local banks.

Therefore, CBE as a commercial bank has its peculiar competencies that it can be chosen first by the mind of customers but there are factors that affect its competency and prefer ability. Among other thing, it is not like private banks i.e.as government bank it should follow and implement the government policy and directions and the direction of the country. So it may make hindrance for achieving selected targets.

Table6.Service acquisition and ability to deal with customer problem

Items	options	Freq	Valid Percent	Cumulative Percent
I frequently acquire services in CBE that are	Above my expectation	49	15.0	15.0
	Equal with my expectation	144	44.0	59.0
	Below my expectation	135	41.0	100.0
	Total	328	100.0	
How often CBE reflects a strong ability to fulfill customer's affair such as solving customers enquiries and problems?	Always	43	13.1	13.1
	Frequently	122	37.2	50.3
	Sometimes	140	42.7	93.0
	Not at all	23	7.0	100.0
	Total	328	100.0	
How do you evaluate the overall quality of service in CBE?	excellent	10	3.0	3.0
	Very good	164	50.0	53.0
	good	115	35.0	88.0
	Poor	39	12.0	100.0
	Total	328	100.0	

Source: own survey

From the above table, respondents depict their expectation on services acquired from CBE; among others, 15% of the respondents perceived that they acquire banking service from different bank products that are above their expectation and it is impressive while the majority (44%) of the respondents feel that it is consistent with their expectation and the remaining 41% of the respondents perceived that service acquisition from CBE is below their expectation and it seemed horrible.

Regardless of the above finding, respondents also reflect their perception about CBE's strength and ability to solve customer's problem and enquiry. So, 13.1% of the respondents demonstrate that CBE is always strong enough and has a capacity to solve customer problems and complaint while 37.2% of the respondents perceived that CBE is frequently reflect strong ability to solve customer affaire and problems. Whereas, 42.7% of the respondents feel that sometimes it demonstrate strong ability to solve customer affair and the remaining 7% of the respondents depicted that CBE never reflect strong ability to solve customer problems and enquiries.

Besides the above issues, respondents also demonstrated their perception on the overall quality of services in CBE; so 3% of the respondent perceived that CBE provides excellent service quality while 50% of the respondent evaluated that it provides very good quality service and the remaining 35% and 12% evaluated good and poor respectively.

Therefore, from the above finding, CBE have been enclosed by problems that hinder from success such as problems in rendering services and delighting customers and meeting their expectation and solving customer's problem. Regarding this, interview result shows that, this problems are always familiar in CBE due to factors that are beyond the control of the branch such as customers are overcrowded specially during salary time, system failure due to problems arise from telecommunication network failure, lack of skillful IT staffs from management information system (MIS) sub process; but currently, CBE is aggressively hiring competent and proficient external applicants as an strategy in order to solve such problems.

4.4. Respondents perception about customer based brand equity

This is intended to portray customers perception on the brand equity of CBE and it can be determined by brand loyalty, perceived quality, brand association and brand awareness and their basic descriptive features are specified under each dimension.

Table7.customer based brand equity and its descriptive features

	N	Min	Max	Mean	Std. Dev
Brand Loyalty					
I usually use CBE as my first choice compared to other banks	328	1	5	3.54	.947
I am satisfied to the visit of CBE	328	1	5	3.76	.712
I would recommend this bank to others	328	1	5	4.00	.620
I would not switch to another bank the next time	328	1	5	3.68	1.091
Perceived Quality					
CBE has modern looking equipment	328	1	5	4.00	.765
The physical facilities at CBE are visually appealing	328	1	5	3.68	.764
When CBE promised to do something by a certain time ,it did it	328	1	5	4.14	.766
When customers have problems ,CBE shows a genuine interest in solving them	328	2	5	3.99	.798
Brand Association					
I am highly aware about CBE	328	1	5	3.91	.726
I can recognize CBE among other comparing bank	328	1	5	4.01	.759
CBE is a brand I am very familiar with	328	1	5	3.89	.815
Brand Awareness					
Some characteristics of CBE come to my mind quickly	328	1	5	3.91	.986
I can recognize CBE quickly among other competing brands	328	1	5	4.10	.718
I am familiar with CBE's brand	328	1	5	4.00	.739

Source: own survey

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

From the above table, Respondents perceived that CBE is their first choice and so that they have been usually served in CBE (Mean =3.54 with std. deviation =.947), they also perceived that they are satisfied with CBE (Mean=3.76 with std. deviation =.712).In line with the above idea, they would recommend CBE to other potential customers (mean=4.00 and std. deviation .620) and finally they perceived that they would not switch to other bank the next time(mean=3.68 and

std. deviation 1.091). Therefore, most of the customers of CBE are loyal customer (with mean of the mean 3.775). Therefore, most of the customers perceived that they feel sense of loyalty.

From the above table, most of the respondent perceived that CBE has modern looking equipment (mean=4.00 and std. deviation .765). Furthermore, they perceived that the physical facilities at CBE are usually appealing or attractive to the sight of most customer (M=3.68&std.deviation .764). On the other hand, most customers perceived that CBE provide services as per its promise and if it promise to do things it definitely did it on a promised time (M=4.14 &std. deviation .766). Finally, CBE has strong passion to solve customer problem (M=3.99 &std.dev. =.798).

The above result demonstrates that, most customers perceived that the overall excellence or superiority of CBE's service and /or products are promising and are existed in a good position and it is the direct effect on brand equity. This result is consistence with researches done by Sulieman (2003).

From the above table, customers are highly aware about CBE (M=3.91&std.dev.=.726). Moreover, most respondents can recognize CBE than other banks (M=4.01 &std.dev.=.759). Furthermore, most respondents perceived that they are very familiar with CBE (M=3.89 &std.dev =.815). Therefore, most customers have good brand image and / or association with the brand of CBE because they feel that they can easily recall and associate banking services and/or products to CBE. It is the direct effect of service quality. This is in line with research conducted by Nam et al., (2011).

Most respondents perceived that some features of CBE comes to their mind (M=3.91 std.dev=.986). In another word, most respondents quickly recognize CBE among other competing brands and like brand association they are familiar with CBE.

Therefore, the cumulative effect of the above result shows that brand awareness of CBE on the mind of customer is positive. However, it is not mean that every customer have positive brand awareness about the brand of CBE.

4.5. Cross tabulation of selected demographic characteristics with features of Customer based brand equity (CBBE)

Table8. Fulfill customer’s problem cross tabulation with years of experience with CBE

A strong ability to fulfill customer’s problem							Total	
			Always	frequently	sometimes	Not at all		
Customer’s year of experience with CBE	<1 year	Count	0	16	14	13	43	
		%	.0%	37.2%	32.6%	30.2%	100.0%	
	1-5 year	Count	29	82	89	0	200	
		%	14.5%	41%	44.5%	.0%	100.0%	
	6-10 year	Count	20	10	15	12	57	
		%	35%	17.5%	26.3%	21.5%	100.0%	
	11-15 year	Count	0	15	6	0	21	
		%	.0%	71.4%	28.6%	.0%	100.0%	
	Total		Count	56	123	124	25	328
			%	17.7%	37.0%	37.8%	7.6%	100.0%

Source: own survey

From the above table, 37.2% of the respondents who have an experience of less than one year perceived CBE frequently portray strong ability to fulfill customer’s problem ,the remaining 32.6% of them say sometimes and the remaining 30.2% perceived that CBE has no strong ability to solve customer problem. On the other hand, respondents who have an experience of 1-5 year perceived as follow: 14.5% perceived always, 41% revealed frequently and 44.5% revealed sometimes. Whereas, among respondents who have an experience of 6-10 years perceived that 35% of them opined that CBE shows strong ability to solve customer problem and the remaining 17.5%,26.3% and 21.5% of the respondents pinpoint frequently, sometimes and not at all respectively. Finally, respondents who have an experience of 11-15 year perceived that 71.4% of them said frequently and the remaining 28.6% of them revealed some times CBE has strong ability to solve customer problem.

Therefore, customers who have long contact and/or experience with CBE has a positive perception regarding the bank’s strong passion to solve customers’ affair and the overall result is positive because only 7.6% of the respondent revealed CBE has no strong passion and/enthusiasm to solve customers’ problem.

Table 9. Overall quality service crosses tabulation with jobs of respondents

Evaluating overall quality service							Total	
			excellent	Very good	good	poor		
Type of jobs respondents participated	Student	Count	7	20	22	3	52	
		%	12.5%	37.5%	43.8%	6.3%	100.0%	
	Employee	Count	0	115	62	16	193	
		%	.0%	59.6%	32.1%	8.3%	100.0%	
	Agriculture	Count	0	0	3	7	10	
		%	.0%	.0%	33.3%	66.7%	100.0%	
	Business owner	Count	3	26	28	16	73	
		%	4.5%	36.4%	37%	22.7%	100.0%	
	Total		Count	10	161	115	42	328
			%	3.04%	49.09%	35.1%	12.8%	100.0%
Educational background	High school &below	Count	0	13	7	0	20	
		%	.0%	66.7%	33.3%	.0%	100.0%	
	Diploma and/or certificate	Count	0	39	28	22	89	
		%	.0%	40.7%	33.3%	25.9%	100.0%	
	Bachelor degree	Count	20	67	60	30	190	
		%	13%	36.8%	34.2%	15.8%	100.0%	
Masters &above	Count	8	13	16	0	37		
	%	21.6.%	35.1%	43.2%	.0%	100.0%		
Total		Count	28	135	151	52	328	
		%	8.5%	41.2	46.03%	15.8%	100.0%	

Source: own survey

From the above table, respondents who were student rated the overall quality services of CBE and among them 12.5% excellent service quality have been provided in CBE,37.5% revealed very good quality service and the remaining 43.8% and 6.3% rated good and poor respectively. Alternatively, respondents who were employee of various organizations rated the overall service

quality of CBE and among them 59.6% revealed very good, 32.1% rated good and 8.3% rated poor. From 10 respondents who were participated in farming/agriculture, 33.3% rated good and 66.7 revealed poor. Finally, among respondents who have been participated as a business owners, 4.5% revealed excellent, 36.4% revealed very good, 37% rated good and the remaining 22.7% of the respondent rated poor service quality have been delivered in CBE.

The above table also crosses tabulate educational backgrounds and perception of respondents about the overall quality of services provided in CBE. Among 20 respondents who were high school and below revealed the following: 66.7% of them rated very good quality service and the remaining 33.3% rated good while among 89 respondents who own diploma or certificate perceived as: 40.7% revealed very good, 33.3% rated good and the remaining 25.9% revealed poor. Regarding respondents who own bachelor degree, 13% of the respondents revealed excellent quality service, 36.8% rated very good 34.2% perceived good and the remaining 15.8% perceived poor quality service. Finally, among 37 respondents who own masters and above rated the overall service quality delivered by CBE as follows: 21.6% revealed excellent, 35.1% perceived very good and the remaining 43.2% revealed that the overall quality of services rendered by CBE is good.

Therefore, employees and business owners have relatively better perception about the overall quality of services rendered by CBE. Customers who have been participated in agriculture and related jobs perceived negatively (poor performer) regarding the overall quality of services provided by CBE.

On the other hand, more educated customers evaluated positively about the overall service quality rendered by CBE. Around 87 % of customers who own bachelor degree and above constructively evaluate the overall service quality of CBE.

Table10. Recommend CBE to others crosstab with experience of customers with CBE

Recommend CBE to others								Total
			ST.D A	DA	N	A	SA	
Experience with CBE	<1 years	Count	0	12	0	23	0	35
		%	0%	34%	0%	65.7%	0%	100.0%
	1-5 years	Count	0	14	43	118	32	207
		%	0%	6.8%	20.8%	57%	15.4%	100.0%
	6-10 years	Count	0	6	12	23	17	58
		%	0%	10.3%	20.7%	39.7%	29.3%	100.0%
11-15 years	Count	0	3	0	19	6	28	
	%	0%	10.7%	.0%	68%	21.3%	100.0%	
Total		Count	0		19	62	19	328
		%	0%		19.0%	62.0%	19.0%	100.0%

Source own survey

Note: ST.DA=strongly disagree; DA=disagree; N=neutral; A=agree; SA=strongly agree

The above table cross tabulate customer year of contact with CBE with customer's recommendation to others (word of mouth). Around 66% of the respondents who have an experience of less than 1 year have a positive word of mouth. Likewise, around 72% of the respondents who have familiarity with CBE for 1-5 years have a positive word of mouth. Furthermore 69% of respondents who have familiarity with CBE for 6-10 years also have a positive word of mouth. Finally, among 28 respondents, 89% of them having an experience of 11-15 years revealed that they recommend CBE to others or potential customers.

Therefore, customers having long experience with specific brand have a positive impact for ones loyalty. If year of contact with CBE increase, positive word of mouth to others will increase and this is the basic features of loyal customer and it contribute positively for customer based brand equity.

4.6. 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.

Table11. Reliability statistics of the five point likert scale questions

Alpha	Cronbach's	Cronbach's Alpha Based on Standardized Items	N of Items
.811		.803	33

Source: own survey

Therefore, the reliability of 33 items that are critical determine the effect of service quality on customer based brand equity have been tested by using cronbach's alpha. According to Haire et al. (2005) 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 80.3%. This implies that the item were reliable and understandable to the respondents.

4.7. Effect of service quality on brand equity

The following descriptive statistics clearly shows the perception of respondents on the effect of service quality on customer based brand equity .Therefore, this part was considered to analyze and find out the general perceptions of the respondents regarding service quality dimensions such as reliability, tangibility, responsiveness, assurance and empathy on customer based brand equity specifically on brand loyalty, perceived quality, brand association and brand awareness. The findings are exhibited in the table below.

Table12. Effect of service quality dimensions on brand equity

Options	Min.	Max	Mean	Std. Deviation
Tangibility on brand equity				
The logo of CBE usually come to my mind because of the availability of modern equipments are sufficient and visible for customers usage.	1	5	3.1	.946
The available, convenient and appealing of physical facilities and locations are key to select CBE than others	1	5	3.4	.839
I perceive that availability of Sufficient, neat and qualified staffs in CBE aids to enhance perceived quality	1	5	3.58	.794
Grand mean	3.36			
Reliability on brand equity				
Delivery of bank service as promised by CBE could be the basic factor for choosing CBE than other banks	1	5	3.34	.956
Customer confidence on CBE to realize the promised services with trust causes to increase loyalty of customer to CBE	1	5	3.85	.821
I am favorably and distinctively use CBE because I feel a sense of secure during the transaction process.	1	5	3.86	.711
Dependable and appropriate services of Staffs right from the customer service officer (CSO) to the branch manager leads to stick myself to CBE.	1	5	3.68	.665
I frequently recommend this bank to others, because of reliability and confidentiality in handling customers service problems	1	5	3.74	1.116
Grand mean	3.69			
Assurance on brand equity				
I am highly familiarized with CBE because it can provide services as promised and honor their commitment.	1	5	3.2	1.125
I am a loyal customer in CBE due to employees who instill confidence and consistently courteous	1	5	3.5	.844
I have unique and strong brand association in my memory about CBE because of providing accurate service to the customers	1	5	3.69	.961
I perceived that CBE is best commercial bank due to its excellent service	1	5	3.73	.930
Grand mean	3.53			
Responsiveness on brand equity				
I prefer CBE because the staff tell me exactly when services will be performed	1	5	3.55	.757
When the bank service I need, CBE immediately come to my mind because it provides me a prompt service	1	5	3.60	1.082
I am loyal customer to CBE because of their readiness to respond the customer request	1	5	3.51	.893
Grand mean	3.55			
Empathy on brand equity				
Enthusiasm to understand customer's specific needs causes building long term relationship with CBE than others	1	5	3.12	.875
Individual attention to the customer can helps to get loyal customer	1	5	3.4	.841
Employees who deal with customers in a caring manner lead the bank to retain the existing customer and get new customer	1	5	3.6	.742
Having the customer's best interest at heart and convenient business hour is crucial to remain the bank in the customer's mind.	1	5	3.2	.887
Grand mean	3.33			

Source: own survey

The above table regarding the effect of tangibility on brand equity indicates that modern equipments are sufficient and visible such as ATM and POS machines and the like for customers usage have a positive effect on the logo of CBE to usually come to the customers mind quickly (M=3.1 with std.dev=.946). Most respondents perceived that convenient ,easily available and appealing nature of the facility, location and personal appearance of the staff have positive effect to prefer CBE than others (M=3.4 with std.dev.=.839). In connection to the above idea, the availability of sufficient, neat and qualified staffs in CBE have a positive effect for customers based brand equity and enhance service quality (M=3.58 with std.dev. = .794).

Now a day commercial bank of Ethiopia (CBE) owned more than 400 ATM machines, more than 1000 POS (point of sales) machine, more than 900 branches and more than 18,000 qualified staffs in order to fill and satisfy the scarcity of banking services in Ethiopia (www.cbe.com). In addition to the above idea, physical facilities, equipments and personal appearance have a great effect improving and keeping once brand equity however it is highly affected by other factors such as customers expectation, persistent communication(aggressive advertisement) and competitors condition and/ or existing state of the competitors(Ackah,2010).

Regarding effect of reliability on brand equipment, The above table clearly shows that, most customers perceived that the basic factors for choosing CBE than its competitors is the delivery of bank services as promised and on stated time and condition(M=3.34 with std. deviation=.956). Customer's confidence and trust on CBE through realizing the promised services are the key factor to establish loyal customers (M=3.85 with std. deviation=.821). Moreover, customer's having a sense of security during the transaction process has a positive effect on customer's use CBE on favorable and distinctive manner (M=3.86 with std. deviation=.711). All reliable/ dependable staffs delivering appropriate and competent services regardless of his/her position is the key to maintain customers from switching other bank (M=3.68 with std. deviation=.665).Finally, Handling customer problems reliably and confidentially has a positive effect for obtaining new customers through the recommendation of existing customers and build positive image (M=3.74 with std. deviation=1.116).

From the above table regarding the effect of assurance on brand equity, customer's being self reliant on regarding delivery of services as promised , honored and committed enhances once familiarization and becoming accustomed to the service provider(M=3.2 with

std.dev.=1.125).Most respondents perceived that employees who instill confidence and consistently demonstrate courtesy is the key to establish loyal customers(M=3.5 with std.dev.=.844).In line with the above idea, customers would have unique and strong brand association in his/her memory if they are certain that CBE provides accurate and/trustworthy services(M=3.69 with std.dev.=.961).finally, most respondents perceived that CBE is best commercial bank due to its excellent services(M=3.73 with std.dev.=.93).

Therefore, assurance (knowledge and courtesy of employees and their ability to inspire trust and Confidence) has a positive effect for customer based brand equity. So it is one important service quality dimension to enhance brand equity such as loyalty, brand awareness and association and perceived quality. Moreover, the result is consistent with research conducted by Emori and Ackah(2010).

Among other things the above table shows the finding about the effect of responsiveness on brand equity. Staff's Alertness and telling exactly when service is performed and providing services to the customers exactly when it is required is key to prefer CBE(M=3.55 with std.dev.=.757). In connection to the above idea, most respondents perceived that, when they need bank service, CBE immediately come to their mind due to its promptness on delivering services as per the customer's requirement(M=3.6 with std.dev.=1.082). Lastly, most respondents perceived that CBE shows extensive readiness and /or willingness to respond the customer's request and complain (M=3.51with std.dev=.893).

Finally, the above table exhibits the results concerning the effect of empathy on brand equity. Accompanying enthusiasm or passion to understand the specific need/problem of the customer has a positive effect to build and maintain long term relationship with CBE than others(M=3.12 with std.dev=.875).In line with the above idea, providing personal or individual attention to the customer is crucial to get loyal customer(M=3.4 with std. deviation =.841).Moreover, dealing customers in caring manner has an indispensable role to retain existing customers and attract the new one(M=3.6 with std.dev=.742). Furthermore, plan and implement strategies that improve customer's best interest at heart and arranging convenient business hour have a vital role to remain the brand of CBE on the mind of the customers(M=3.2 with std.dev=.887).

Therefore, the finding of this research clearly states that Service quality is considered as a significant instrument for a firm's great effort in order to differentiate itself from its competitors. The result of the above finding clearly reveals that the effective implementation of those five dimensions of service quality have a significant effect on customer based brand equity. As a result, tangibility has a positive effect on customer based brand equity especially on the two dimension of customer based brand equity such as brand association and perceived quality. Furthermore reliability dimension has more important to maintain brand loyalty and brand awareness. On the other hand, assurance dimension are crucial to build brand association and brand loyalty. Moreover, responsiveness has a great effect on building perceived quality, brand association and brand loyalty. Finally, empathy as a service quality dimension is vital to build up customer based brand equity such as brand loyalty and brand awareness .Therefore, regardless of the degree to impact, each dimension of service quality have a vital effect to build successful customer based brand equity

When ones service quality is high, then it has a great contribution on the improvement of customer based brand equity and this is in line with research conducted by Daniel & Berinyuy(2010) and Karunaratna(2014) who investigated that customer based brand equity is based upon the level of service quality delivered by the service provider. However, the entire service quality dimension is not equally important. Therefore, Service quality is vital to the development and infuses strong and dominant brands because it enhances perceived superiority of the brands or customer based brand equity on side of existing and potential customers and helps to distinguish brands from other similar service providers in competitive markets. Moreover, the above finding indicates that reliability is the most important dimension and then responsiveness, assurance, tangibility and empathy respectively have followed and has a significant effect on customer based brand equity (CBBE).

4.8. Correlation Matrix

The above findings (findings in table 9) will be strengthened / supported by correlation matrix which was created by using the Pearson correlation coefficient (r).It demonstrates how each service quality dimension such as reliability, responsiveness, assurance, tangibility and empathy was correlated with customer based brand equity (CBBE) based on the overall customer based

brand equity by using data reduction of customer based brand equity dimensions. The result would be demonstrated as follows.

Table13. Correlation matrix of brand equity and service quality dimensions

	Brand equity	Reliability	Responsiveness	Assurance	Tangibility	Empathy
Brand equity	1**					
Reliability	.945**	1**				
Responsiveness	.81**	.755**	1**			
Assurance	.69**	.623**	.71**	1**		
Tangibility	.62**	.23*	.75**	.561**	1**	
Empathy	.52**	.381**	.62**	.613**	.369**	1**

Source: own survey

*Note: ** correlation is significant at the 0.01 level (2-tailed)*

Sample size =328

From the above Table, we can understand that all of the variables had positive correlation with brand equity 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.

The correlation coefficient between service quality and customer based brand equity. This indicates a strong direct linear relationship between service quality and brand equity. Further, the correlation coefficient between reliability and brand equity intentions is 0.945, again indicating a strong direct relationship between tangibility and brand equity 0.62. Similarly, the correlation coefficient between responsiveness and brand equity intentions is 0.81 confirming a strong direct relationship between them and the like.

As a result, we can observe that, reliability is the most correlated variable with customer based brand equity (.945**) and it was followed by responsiveness (.81**), but empathy had a weakest correlation with brand equity (0.52**). Therefore, reliability and responsiveness have a strong relationship with and vital effect on customer based brand equity (CBBE) followed by assurance (.69**), tangibility (.62**) and empathy (.52**). Therefore, the five dimensions of service

quality namely reliability, responsiveness, assurance, tangibility and empathy vary in the degree to which they drive customer based brand equity.

Table 14: Correlation between Services Quality and brand equity

variable	Mean	SD	r value	p value
Service quality	3.80	0.395	0.721**	0.000
Customer based brand equity	4.13	0.459		

**correlation is significant at 0.05 levels

The table above clearly demonstrates that perception of customers towards quality service is favorable with mean value 3.80 while customer based brand equity exhibit a higher level with mean value 4.13. The survey results demonstrate a very good relationship between services quality and customer based brand equity. The above table also shows that the correlation coefficient between services quality and brand equity stands on a high value 0.721. This value is significant at the significant level of 0.05. This means that services quality has an exert influence on brand equity. Thus, we can confirm the positive significant relationship between services quality and brand equity as demonstrated by several scholars and marketing research specialists, and as in other field; this can be applied in the banking services industry as well.

Table15. Simple regression analysis to test the effect of the independent variable (service quality) on the dependent variable (customer based brand equity).

Source	Sum of Squares	df	Mean Square	F value	Indication level
Regression	4421.22	347	4421.22	107.623	0.00
Error	14953.392	1	41.081		
Total	14953.392	348			

Coefficient of determination $R^2 = .487$

Table 15 indicated that there is a statistically significant effect between the independent variable (service quality) and dependent variables(customer based brand equity) which the independent variable where (F) value was (107.62) at ($\alpha \geq 0.05$) indication level, and , which states that there is statistically significant effect of service quality dimension on customer based brand equity dimension. It is evident that the strengths of the relationships vary. Thus emphasizing the fact that the five service quality dimensions varies in the degree to which they drive customer based brand equity. Among other things, this study has considered how the different dimensions of service quality instigate customer based brand equity. By not taking an aggregate approach and studying how all five dimensions instigate customer based brand equity, we have shown that not all five antecedents of service quality (tangibility, reliability, responsiveness, assurance and empathy) equally contribute to customer based brand equity.

CHAPTER FIVE

CONCLUSION AND RECOMMENDATION

This chapter focuses on the conclusions and recommendations based on the analysis and basic Findings on the effect of service quality on customer based brand equity. Different researchers find different results and conclude based on the results they obtained on the issue of instigating service quality for customer based brand equity such as loyalty, perceived quality, brand association/brand image and brand awareness. For example, Karunaratna(2014)concluded that there is positive relationship between services quality and customer loyalty. Others like Momeni et al (2013), concluded that Service quality is the basic factor including, tangibles, reliability, assurance, responsiveness, and empathy that affect customer based brand equity. This research would be concluded and recommended on the following ways.

5.1. CONCLUSION

This research paper has analyzed the effect of service quality on customer based brand equity (CBBE) and it came up with a number of findings. These findings may not be exhaustive of the research in this field because other factors beyond service quality may affect brand equity but it may give a fairly good picture of how service quality contributed positively for maintaining and building customer based brand equity.

Most of the customers are frequently come and take various banking services on different business transaction. Due to this, CBE in its different branch provides important banking services that are highly demanded by many customers because it provides relatively improved services, show improvement to solve customer problem from time to time, engaged in modern facility and technology and its reliability and instilling confidence on the mind of customers have been improving. Customers who have long contact with CBE and frequently visiting CBE had a positive perception about the overall service quality of CBE

CBE as a commercial bank has its idiosyncratic competencies that it can be preferred by customers but there are factors that affect its competency and preference. Furthermore, physical

facilities, equipments and physically appealing and skillful staffs had a great effect in improving and keeping the brand equity of CBE such as customers in CBE had a positive word of mouth such as recommend to others, they do not show the sign of switching other banks, show commitment to re-patronize the services consistently in the future. Likewise, Most customers perceived that the overall excellence of CBE's service are promising and are existed in progress because of giving due consideration on service quality.

The brand awareness and brand association of CBE on the mind of customer is positive, but it does not mean that every customer have positive brand awareness about the brand. However, most of them reflected their ability to identify the brand of CBE regardless of various situations and to link the name, symbol, logo and the like to recognize and associate in their memory. Therefore, Service quality is considered as a significant instrument for a firm's great effort in order to differentiate itself from its competitors. The effective implementation of those five dimensions of service quality has a positive effect on customer based brand equity such as customers link CBE on their mind first while one talks about bank . As a result, tangibility has a positive effect on customer based brand equity especially on the two dimension of customer based brand equity such as brand association and perceived quality.

Furthermore, reliability dimension has more important to maintain brand loyalty and brand awareness. On the other hand, assurance dimension are crucial to build brand association and brand loyalty. Moreover, responsiveness as a dimension has a significant effect on building perceived quality, brand association and brand loyalty. Empathy as a service quality dimension is vital to build up customer based brand equity such as brand loyalty and brand awareness. Therefore, regardless of the degree to impact, each dimension of service quality have a vital effect to build successful customer based brand equity.

When ones service quality is high, then it has an indispensable contribution on the improvement of customer based brand equity. Therefore, Service quality is vital to the development and infuses strong and dominant brands because it enhances perceived superiority of the brands or customer based brand equity on side of existing and potential customers and helps to distinguish brands from other similar service providers in competitive markets.

According to the finding of this research service quality have a positive effect in enhancing customer based brand equity. Some of them are: increase the linkage between customers and the company's brand; Build sense of security and satisfaction; increased perceived excellence and superiority; Uniquely remember and recognize the brand from its competitor; Increase sense of membership; Enhance sense of loyalty to the brand; Attract other customers through the recommendation of existing customers.

However, according to this research the entire service quality dimension is not equally important. The five dimensions of service quality namely reliability, responsiveness, assurance, tangibility and empathy vary in the degree to which they drive customer based brand equity. According to the above finding reliability is the most important dimension and then responsiveness, assurance, tangibility and empathy respectively have followed regarding the effect on customer based brand equity (CBBE).

We suggest that further research should be done in this direction in order to identify and evaluate specific aspects of service quality on brand equity for different contexts of service organizations and for different types of services provided. Another direction for further research could be to test the conclusions of this study by interviewing service organizations' managers and comparing the results of this study with those revealed by the experience of service sector's managers.

5.2. RECOMMENDATION

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

- To create more value for the brand, there is the need to continuously improve customer services with broaden customer base and assess gaps in taking immediate course of actions when needed.
- The need to keep up quality services rendered to customers upon its request promptly and paying individual attention to the views of customers, their needs and problems they may encounter to reach the higher level of service.
- It is better to improve the number and quality of employees through hiring and training employees regarding how to delight customer, how to handle challenging customers and courteousness, protocol and communication skills and other technical related skills could be hone through continuous training of the staff that should be designed according to the area of responsibility/ assigned tasks to improve all rounded achievements.
- It is better to continually improve the standard of confidentiality/secretcy of information through information security systems and the need to build strong customer confidence on the Bank.
- It is better to review suggestions and comments customers provide on suggestion box and act accordingly.
- The need to improve the way of professionally assessing branch's operational situation with respect to customer waiting time, approaches of front line and back office staffs towards customer handling and informally discuss with customers and staffs about the problem and propose to resolve it.

- The need to keep up its assessment on the functionality of the ATM(automated teller machine), POS(point of sales) machine, card activation rate, improvements in the atmosphere of the branches, better shelves and space management, clear clean walkways and present strategies to keep customers loyal.

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APPENDIX

STRUCTURED QUESTIONNAIRE**ADDIS ABABA UNIVERSITY
COLLEGE OF BUSINESS AND ECONOMICS
DEPARTMENT OF MANAGEMENT
MBA PROGRAM****Dear Sir/Madam**

This questionnaire is intended to be used as primary data for master's thesis of my MBA in management at Addis Ababa University on "THE EFFECT OF SERVICE QUALITY ON CONSUMER BASED BRAND EQUITY". 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 under the choice, write your opinion on the blank space and encircle your choice for the questions indicated in the table (encircle your best indicated from 1 to 5 alternative in the Likert scale part).

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. How many years did you have contact with CBE

Less than one year

1-5 years

6-10 years

11-15 years

More than 15 years

6. The type of jobs that respondents participated

Student

Employee

Agriculture and related

Business owner

If others, specify _____

Part II- general questions related to SERVQUAL and brand equity

7. Did you frequently visit and serve in CBE?

a. Yes b. No

8. For what purpose did you visit CBE?

To transfer money by using local Hawala (Remittance)

To save money in to my account

To withdraw money from my account

To sell foreign currency

To borrow money

If others specify _____

9. Did you prefer commercial bank of Ethiopia than others?

a. Yes b. No

10. Why you prefer commercial bank of Ethiopia? (you can choose more than one answer)

a. it provides fast and accurate service

b. enthusiastic to solve customer problem

c. reliable and instill confidence on the mind of customer

d. Engaged in modern facility and technology

e. If others, please specify _____

11. If your answer for question number 8 is no, why? (you can choose more than one answer)

a. Lack of competent and quality services

b. Existence of unnecessary bureaucracy and procedures

c. Its gives more attention to the development of the nation and less attention to individual customers

d. If others specify _____

12. I frequently acquire services in CBE that are

a. Above my expectation

- b. Equal with my expectation
- c. Below my expectation

13. How often CBE reflects a strong ability to fulfill customers' affair regarding individual needs, such as solving customers' enquiries and problems?

- a. Always
- b. frequently
- b. Sometimes
- c. not at all

14. Rank (tick✓) the service quality dimension in order to familiarize, build image and / or loyal customer to the brand	1 st	2 nd	3 rd	4 th	5 th
Reliable and dependable service					
Providing prompt service and willingness to help customer					
Availability of facility and state of the art technology					
Felling of safe in transaction consistent courteous with customer					
Offer personal attentions and understanding customer need					

15. How do you evaluate the quality of service in CBE?

- Excellent
- very good
- Satisfactory
- poor

Part III: Respondents perception about brand equity of CBE

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 Agree- SD, 2 =disagree – DA, 3=Not sure- NS, 4 =agree – A, 5=strongly agree –SA.

No.	Items	SD (1)	DA (2)	N (3)	A (4)	SA (5)
Brand Loyalty						
1	I usually use CBE as my first choice compared to other bank					
2	I am satisfied to the visit of this bank					
3	I would recommend this Bank to others					
4	I would not switch to another bank the next time					
Perceived Quality						
1	CBE has modern looking equipment					
2	The physical facilities at CBE are visually appealing					
3	When CBE promised to do something by a certain time, it did it					
4	When customers have problems, CBE shows a genuine interest in solving them					
Brand Association						
1	I am highly aware about CBE					
2	I can recognize CBE among other competing bank					
3	CBE is a brand I am very familiar with					
Brand Awareness						
1	Some characteristics of CBE come to my mind quickly					
2	I can recognize CBE quickly among other competing brands					
3	I am familiar with CBE's brand					

Part IV: Effect of SERVQUAL on CUSTOMER EQUITY

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 Agree- SD, 2 =disagree – DA, 3=Not sure- NS, 4 =agree – A, 5=strongly agree –SA

No.	Items	SD (1)	DA (2)	N (3)	A (4)	SA (5)
Tangibility on brand equity						
1	The logo of CBE usually come to my mind because of the availability of modern equipments (like ATM, POS, counters) are sufficient and visible for customers usage.					
2	The available, convenient and appealing of physical facilities and locations are key to select CBE than others					
3	I perceive that availability of Sufficient, neat and qualified staffs in CBE aids to enhance service quality					
Reliability on brand equity						
1	Delivery of bank service as promised by CBE could be the basic factor for choosing CBE than other banks					
2	Customer confidence on CBE to realize the promised services with trust causes to increase loyalty of customer to CBE					
3	I am favorably and distinctively use CBE because I feel a sense of secure during the transaction process.					
4	Dependable and appropriate services of Staffs right from the customer service officer (CSO) to the branch manager leads to stick myself to CBE.					
5	I frequently recommend this bank to others, because of reliability and confidentiality in handling customers service problems					
Assurance on brand equity						
1.	I am highly familiarized with CBE because it can provide services as promised and honor their commitment.					

2	I am a loyal customer in CBE due to employees who instill confidence and consistently courteous					
3	I have unique and strong brand association in my memory about CBE because of providing accurate service to the customers					
4	I perceived that CBE is best commercial bank due to its excellent service					
Responsiveness on brand equity						
1	I prefer CBE because the staff tell me exactly when services will be performed					
2	When the bank service I need, CBE immediately come to my mind because it provides me a prompt service					
3	I am loyal customer to CBE because of their readiness to respond the customer request					
Empathy on brand equity						
1	Enthusiasm to understand customer's specific needs causes building long term relationship with CBE than others					
2	Individual attention to the customer can helps to get loyal customer					
3	Employees who deal with customers in a caring manner lead the bank to retain the existing customer and get new customer					
4	Having the customer's best interest at heart and convenient business hour is key to remain the bank in the customer's mind.					

Finally, write any ideas or comment about CBE that you feel

VISION, MISSION AND VALUE OF CBE

VISION

“To Be a World Class Commercial Bank by the year 2025” through:

- Efficient, Excellence
- Customer Oriented
- Committed and qualified Employee

MISSION

- We are committed to realizing the needs of stakeholders through enhanced financial intermediation globally, and supporting national development priorities by deploying highly motivated, skilled and disciplined employees as well as state-of-the-art technology. We strongly believe that winning the public confidence is the basis of our success.

VALUES

1. Corporate citizenship

- We value the importance of our role in the national development endeavors and step-up the commitment
- We abide by the laws of Ethiopia and other countries in which we do business
- We care about the welfare of the society and the environment

2. Customer satisfaction

- We strive to excel in our business and satisfy customers

3. Quality service

We are committed to offering quality service to customers and aspire to be branded as quality service providers in the minds of our customers and the general public

4. Innovation

- We encourage new ideas that can improve customers' experience and the performance of the bank.

5. Teamwork

- We recognize the importance of teamwork for our success
- We respect diversity of viewpoints

6. Integrity

- We are committed to the highest ideals of honor and integrity.

7. Employees

- We recognize our employees as valuable organizational resources

8. Public Confidence

- We understand that the sustainability of our business depends on our ability to maintain and build up public confidence.