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DETERMINANTS OF CUSTOMER-BASED BRAND EQUITY OF CREDIT CARDS ISSUED BY THE LICENSED COMMERCIAL BANKS IN SRILANKA

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ABSTRACT

Customer Based Brand Equity is an important concept in Brand Management as well as in the academic research. Customer Based Brand Equity has become as an important concept to win competition and to become as the dominant brand in consumers' mind. In this scenario developing and managing Customer Based Brand Equity is critical for most organizations. Hence the study investigates the practicality and application of Aaker's (1991) Customer Based Brand Equity model with respect to different Credit Cards offered by different licensed commercial banks in Srilanka to evaluate how really customers perceive the brand. The exogenous variables are Brand Awareness as measured by six items, Brand Associations by nine items, Perceived Quality by six items and Brand Loyalty by three items. According to Cooper, (1990) the sample is 150 because population is unknown and customers who are in Colombo area are selected as respondents. First to check whether the credit cards issued by the licensed commercial banks in Srilanka has or not an adequate Customer Based Brand Equity, it was measured descriptive statistics and one sample test for checking the confidence level. Thus it found that Credit Cards offered by different licensed commercial banks in Srilanka have high Customer Based Brand Equity with 95% confidence interval. Regression analysis was also employed to test the impact of each Brand Awareness, Brand Association, Perceived Quality and Brand Loyalty on Customer Based Brand Equity. Through this finding hypotheses

were tested. Perceived Quality, Brand Loyalty, Brand Awareness and Brand Association have significant positive impact on Customer Based Brand Equity.

Key words: Key words: Customer Based Brand Equity, Perceived Quality, Brand Loyalty, Brand Awareness, Brand Association

INTRODUCTION

When we talk about brand, in today market it plays a vital role. Mainly it is playing two roles as identify the goods and services and to differentiate them from the competitors. Brand is the most important thing that we have to talk when we are talking about the marketing. Because of the competitiveness of the market, people tend to create and establish new brands. Because of the relationship marketing concept and transactional marketing concept Customer Based Brand Equity (CBBE) came into play.

The customer based brand equity emphasizes customer's mind-set for a brand to have value it must be valued by the consumer. Rio and Iglesian (2009) defined CBBE is the overall benefit that customers associate with the consumption of a brand and those overall benefits may be either functional or symbolic benefits.

Today different licensed commercial banks in Srilanka offer credit cards with different brands. Here we have selected and tested 150 customers who are using credit card/s.This study is centered around Colombo district because of the high usage of the credit cards. We have identified the research problem as "the study on the impact on customer based brand equity on credit card usage with special reference to the Colombo district".

When we talk about Customer Based Brand Equity we have 4 major independent variables that are affecting for that. They are Brand Awareness, Brand Associations, Perceived Quality and Brand Loyalty. Here Customer Based Brand Equity is the dependent variable. Research model is developed based on those 4 factors. The researchers aim to evaluate and prove the positive relationship between dependent variable (Customer Based Brand Equity) and the independent variables (Brand Awareness, Brand Associations, Perceived Quality and Brand Loyalty)

We have to have four main research objectives with us. They are as follows.

- To examine the impact of Brand Awareness on CBBE(Customer Based Brand Equity) of credit cards issued by the licensed commercial banks in Srilanka.

- To examine the impact of Brand Associations on CBBE(Customer Based Brand Equity) of credit cards issued by the licensed commercial banks in Srilanka.

- To examine the impact of Perceived Quality on CBBE(Customer Based Brand Equity) of credit cards issued by the licensed commercial banks in Srilanka.

- To examine the impact of Brand Loyalty on CBBE(Customer Based Brand Equity) of credit cards issued by the licensed commercial banks in Srilanka.

Problem statement of this research is "The study of the impact on customer based brand equity on credit card usage with special reference to the Colombo district".

When we are talking about the significance of this study mainly three parties can get the advantages from this. They are,

- **For the company**

Yoo, Donthu and Lee (2000) says that understanding the impact of Brand Awareness, Brand Associations, Perceived Quality and Brand Loyalty on Brand Equity, then investing to grow this intangible asset will help to develop competitive barriers and drives brand wealth. Based on these research findings the company can make decisions to increase market share by increasing the factors which mostly impact on Customer Based Brand Equity (Cobb-Walgren et al., 1995; Aaker and Jacobson, 1994). Thus the proper understanding of the concept of CBBE and its variables provides more information to make strategic decisions about target markets, branding, positioning and the marketing mix (Keller, 1993).

- **For the future researchers**

For future researchers this study will help improve their research knowledge and to conduct their researches more successfully by further improving it.

- **For the researcher**

This study will helpful researcher to improve knowledge about research area and other subjects linking with the study.

RESEARCH FRAMEWORK

Brand

Prior to the literature as a beginning the researcher hopes to provide a deep understanding on the word which indicates by the term "Brand". According to Rios (2007) the term "Brand" can be defined from three different perspectives as customer's perspective, organizational perspective and from the purpose that brand serve. Aaker as cited in Jung and Sung (2008) defines a brand is a distinguishing name and symbol which is intended to identify goods or services of one seller or a group of sellers, and to differentiate those goods or services from competitors. Kotler as cited in Lee and Leh (2011) explainess a brand is a name associated with one or more items in the product line that is used to identify the source of character of item.

Brand Equity

According to Srivastava and Shocker Brand Equity is the incremental value that a brand name gives to a product (as cited in Baalbaki, 2012). According to Ailawadi, Lehmann and Neslin as cited in (Stahl, Heitmann, Lehmann , & Neslin) Brand Equity is the outcome that occurs to a product with its brand name when compared with those that would occur, if the same product does not have that brand name.

Customer Based Brand Equity

According to Lemon, Rust & Zeithamal Brand Equity plays three important roles as, attract new customers to the company, acts as a reminder to customers and it is the emotional tie to the organization (as cited in Lee & Leh, 2011).

When we talk about Customer Based Brand Equity we have 4 major independent variables that are affecting for that. They are Brand Awareness, Brand Associations, Perceived Quality and Brand Loyalty. Research model is developed based on those 4 factors.

Brand Awareness

According to Aaker (1991) Brand awareness is an important component of customer based brand equity. It indicates the ability of a potential buyer to recognize or recall a brand (Aaker, 1991). According to Keller (1993), brand awareness divided in to two dimensions: brand recall and recognition. Brand recognition is the basic first step in the brand communication task, whereby a firm communicates the product's attributes until the brand name establishes. Brand awareness can be a sign of quality and commitment, letting consumers become familiar with a brand and helping them consider it at the point of purchase (Aaker, 1991).

Perceived Quality

Perceived quality is known as the "core/primary" facet across the CBBE model (Aaker, 1996; Farquhar, 1989). Perceived quality lends value to a brand in several ways: high quality gives consumers a good reason to buy the brand and allows the brand to differentiate itself from its competitors, to charge a premium price, and to have a strong basis for the brand extension (Aaker, 1991).

Brand Loyalty, Brand Associations

In the study done by Atilgan, Aksoy and Akinci (2005) in the beverage industry, it was found that brand loyalty has a significant effect on brand equity. On examining the practicality and applications of Aaker's customer-based brand equity model in the Chinese sportswear market it revealed that brand association and brand loyalty are influential dimensions of brand equity.

Effect of Customer Service on Customer Satisfaction

These days all the organizations are realizing the significance of customer centered philosophies. One of the key challenges of them is how they manage customer service quality, which holds a great importance to customer satisfaction (Bowen & Chen, 2001).

Customer Service Quality to Consumer Satisfaction

In a survey carried out by Thompson (2005) found that 70% of customers cite poor customer service as their reason for leaving a firm. 30% cite poor quality, about 25% cite price as a key factor, and over 10% cited functionality as a factor while about 9% cited change of needs as their reason for moving.

Service quality, in the context of offline and online services, has received considerable attention within the literature. Generally, service quality has been identified as consumers comparison between service expectation and service performance as well as the subjective comparison that customers make between the quality of service that they wish to receive and what they actually get.

Based on the study researcher developed hypothesis which show the relationship between the independent variables and the dependent variable.

- H1 – There is an impact of Brand Awareness on CBBE (Customer Based Brand Equity) of credit cards issued by the licensed commercial banks in Srilanka.
- H2 – There is an impact of Brand Associations on CBBE (Customer Based Brand Equity) of credit cards issued by the licensed commercial banks in Srilanka.

- H3 – There is an impact of Perceived Quality CBBE (Customer Based Brand Equity) of credit cards issued by the licensed commercial banks in Srilanka.
- H4 – There is an impact of Brand Loyalty CBBE on (Customer Based Brand Equity) of credit cards issued by the licensed commercial banks in Srilanka.
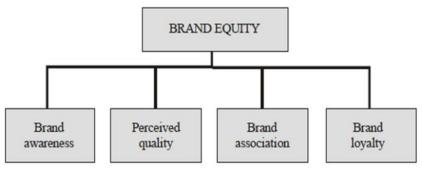
STUDY DESIGN

The researcher interest in investigating whether the Brand Awareness, Brand Association, Perceived Quality and Brand Loyalty relate with the Customer Based brand Equity of the credit cards issued by the licensed commercial banks in Srilanka.

A quantitative approach was followed in the survey. Burns and Grove (1933.777) define quantitative research as a formal, objective, systematic process to describe and test relationships and examine cause and effect interactions among variables. A descriptive survey design is used. This study also tries to explore the factors influencing credit card spending behavior and try to test predetermined hypotheses to identify the relationship of clearly defined 4 variables on Customer Based Brand Equity of the credit cards issued by the licensed commercial banks in Srilanka.

Primary data were collected through the questionnaire. The questionnaire includes two parts. The first part of the questionnaire was focused to gather some demographic data of the sample. Second part of the questions was focused on theory of the brand equity. Secondary data were collected from, companies' records, annual reports, companies web site texts, newspapers, journals, articles and magazines etc.

Population of the study is consumers who have the credit cards issued by the licensed commercial banks in Srilanka in Colombo area. Based on the convenience sampling method researcher have selected 150 credit card holders as sample. The questionnaires are in English medium. In this study Graphs and tables will be used for presenting data. SPSS software will be used in analyzing inferential data analysis. In this study descriptive statistics, validity and reliability analysis, correlation analysis and regression analysis have been used. Statistical Package for Social Sciences (SPSS) 21.0 is used to analysis data. Regression analysis is used to test the hypothesis.

Source: Aaker and Joachimsthaler (2000, p. 31).

RESULTS

According to the analysis part of the research, it was proved that there is a positive relationship between the independent variables and the dependent variable. The study was proved that the Customer Based Brand Equity has a significant effect from Brand Awareness, Brand Association, Brand Loyalty and Perceived Quality. According to the analysis of the research, the degree of the quality level of Brand Awareness (BA), Perceived Quality (PQ), Brand Association (BA) and Brand Loyalty (BL) is measured by this method. Descriptive analysis is used for the scale measurement of the research.

Table 01:- Descriptive Analysis

Variable	N	Mean	Std. Deviation
Brand Awareness	150	3.6707	.48723
Brand Association	150	3.5659	.41160
Perceived Quality	150	3.6056	.47590
Brand Loyalty	150	3.3133	.37160
Customer-Based Brand Equity	150	3.4383	0.55859

Source: (Survey Data 2016)

According to the table 2, BA has the highest mean value of 3.6707 and 0.48723 standard deviation and BL has the lowest mean value 3.3133 with .37160 standard deviation. Mean values for BAS and PQ are 3.5659 and 3.6056 with standard deviation 0.41160 and 0.47590 respectively. While Customer-Based Brand Equity has 3.4383 mean values with 0.55859 standard deviations. Overall, all the mean values are between 3.25 – 3.75.It means the dependent variable has moderate positive level impact from its 4 major independent variables.

Table 02:-Correlation Analysis
Correlation analysis is done to find out the relationship exists between independent variables (BA, BAS, PQ, and BL) and the dependent variable (CBBE). Therefore correlation matrix is advantageous to the researcher to identify initially whether there is a relationship with each variables and relationship between each dependent variables and independent variables.

Variables	N	Correlation coefficient	P- value
Brand Awareness- CBBE	150	0.567	0.000
Brand Association- CBBE	150	0.644	0.000
Perceived Quality- CBBE	150	0.648	0.000
Brand Loyalty- CBBE	150	0.966	0.000

According to Pearson's correlation coefficient,
- If the Pearson's coefficient of correlation is close to 1 (> 0.5) with a high significant level (F< 0.01) then, there is a strong positive relationship between the two variables.
- If the Pearson's coefficient of correlation is close to -1 (> - 0.5) with a high significant, then there is a strong negative relationship between the two variables.

According to this survey findings it shows that all variables are comes under 1 (> 0.5) with a high significant level (F< 0.01). Then the statistical evidence proved that there are strong positive relationships between independent variables (BA, BAS, PQ, and BL) and the dependent variable (CBBE). So alternative hypothesis can be accepted with rejecting null hypothesis. So CBBE can be raised because of the increments of the BA, BAS, PQ and BL.

So because of that BA, BAS, PQ and BL have significance effect on Customer Based brand Equity of the credit cards issued by the licensed commercial banks in Srilanka.

CONCLUSION

The concept of CBBE is critical for banking products especially for credit cards, where customers highly depend on the brand and the market is highly competitive, when evaluating the effectiveness of firm's marketing activities, CBBE can be used as a useful indicator. Creating and maintaining CBBE for a certain brand generates advantages for both the firm and customers. It was proved in previous researches; four factors such as BAS, BA, BL and PQ contribute for developing CBBE. Present research study also studied the impact of those four variables on CBBE of of credit cards issued by the licensed commercial banks in Srilanka.

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