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A COMPREHENSIVE STUDY ON CUSTOMER BASED BRAND EQUITY IN IRANIAN PRIVATE BANKING

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ABSTRACT
During this study we evaluated customer based brand equity in four non-governmental banks in west area of Mashhad, based on Sweeny and Swait model. This study wants to show that there is a relation between brand equity and satisfaction of customer and loyalty of customer. This study also wants to show that customer trusts to a bank which its brand equity is higher than the other, based on his or her perceptual structure about brand of bank. This study shows that Parsian Bank and Pasargad Bank have more equity in customer mind and for this reason; customers use word of mouth as a good way for improving their Bank rank in other people mind. Our questionnaire evaluated CBBE on six directions which are: Brand equity, loyalty & liability, satisfaction, continuously liability, tendency to changing brand and finally word of mouth.

Keywords: Customer, Brand Equity, Banking, Iran

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

A brand is thus a product or service whose dimensions differentiate it in some way from other products or services designed to satisfy the same need. These differences may be functional, rational, or tangible related to product performance of the brand. They may also be more symbolic, emotional and intangible-related to what the brand represents (Kapferer, 2008).

Brand equity has two distinct marketing advantages for the brand owner. First, brand equity provides a competitive advantage. A second advantage is that consumers are often willing to pay a higher price for a product or service with brand equity.

Brand equity is represented by the premium a consumer will pay for one brand over another when the functional benefits provided are identical (Kerin and Peterson, 2010). Brand equity resides in the minds of consumers and results from what they have learned, felt, seen and heard about a brand over time (Kerin and Peterson, 2010).

In banking industry and especially in Iran, brand equity is very important because in a competition situation, banks need to have brand equity for keeping their consumers. Banks need to develop new business services and measure customer's responses (Krishnan and Hartline, 2001; Nadernezhad, 2013). During the past few years, there has been growing trend on emerging new banks in Iran. Thanks to deregulation policy, Iranian people have more choices to do banking business and they can select banks whose services are more reliable (Yl and Lee, 2011; Nadernezhad, 2013).

List of Iranian Financial Institutions
In the following we present twenty six investigated banks which have formal permission by The Central Bank of Iran. As shown in below table, there are four major classifications of banks in Iran.

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Table 1: List of Iranian Financial Institutions

Number	Banks type	Banks
1	Governmental Commercial Banks	Sepah Bank, Meli Iran Bank, Post Bank
2	Gharz-al-hasaneh Bank	Mehr Loan Bank of Iran
3	Private Banks	EghtesadNovin Bank, Prsian Bank, Karafarin Bank, Pasargad Bank, Saman Bank, Sarmaye Bank, Sina Bank, Tat Bank, Shahr Bank, Dey Bank, Ansar Bank, Tejarat bank, Refah Bank, Saderat Iran Bank, Mellat Bank, Hekmat Iranian Bank, Gardeshgari Bank
4	Specialized Business Banks	ToseSaderat Iran Bank, Sanat o Madan Bank, Keshvarzi Bank, Maskan Bank, ToseTaavon Bank

Source: www.cbi.ir

For knowing these banks classifications and better understanding of their scope of activities, we present their definitions and some needful explanations briefly as follows:

▪ *Governmental Commercial Banks:*"Governmental Commercial Banks are the banks which traditionally focus on trade financing and accept deposits and grant credit for a variety of economic activities in each country". These kinds of banks in particular have a duty to provide working capital and business enterprise. In the modern definition, the Governmental Commercial Banks are the banks which provided company's capital with stock rather than loans (http://adelblogname.mihanblog.com, accessed on30 January 2011).

▪ *Gharz-al-hasaneh Banks (Loan Banks):* These types of banks provide necessary needs and small capitals as a loan contract. (www.bina.ir/news, accessed on 30 January 2011).

▪ *Private Banks:* They like the Governmental Banks that provide working capital and business enterprise with investment of private organizations not governmental organizations.(http://adelblogname.mihanblog.com, accessed on 30 January 2011).

▪ *Specialized Business Banks:* These banks are responsible for development program and duties executing besides executing the credit bank duties. Providing the current capitals of Producing and Commercial Institutions is the key role of them. (http://adelblogname.mihanblog.com, accessed on 30 January 2011).

It is worthy of notice, although The Central Bank of Iran has defined four major types of banking system, there is another type of banking system in Iranian Financial Institutions that called Development Banks. In Iranian banking system tradition, these kinds of banks are defined as banks which activated in capital market with mid and long term finance and debt. Accordingly, Specialized Business Banks are particular kinds of Development Banks. In Iran just Sanat o Madan Bank is included in Development Commercial Bank classification which its major activities are in industrial and mining section, so put them in Specialized Business Bank's category. Based on these facts, this study wants to evaluate brand equity in four banks in Iran. All of these banks are non-governmental. Parsian and Pasargad are non-governmental banks from the beginning but Mellat and Saderat were governmental banks that are non-governmental at the present.

Objective of Study
The objective of this study is to find out the practical solution in the following objectives:
H1: There is a relation between educational level and loyalty in Iranian banks.
H2: There is a relation between customer switching and bank service charges.
H3: There is a relation between brand equity and brand loyalty in Iranian bank
H4: There is a relation between brand equity and satisfaction in Iranian private Banks

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Literature Review

Customer-based Brand Equity (CBBE): Successful brands, in turn, are considered to have high brand equity (King and Grace, 2010). Brand equity is defined as the differential impact of brand knowledge on consumer response to the marketing of the brand (Gammoh *et al.,* 2011). Brand equity is the added value endowed by the brand name (Farquhar *et al.,* 1991; Tong and Hawley, 2009). Biel (1997) defines brand equity in terms of cash flow differences between a scenario where the brand name is added to a company product and another scenario where the same product does not have brand name (Kimpakorn and Tocquer, 2010). Aaker (1991) defines brand equity as a set of assets and liabilities linked to a brand name and symbol that adds to or subtracts from the value provided by a product or service to a firm and that firm's customers. Keller (2003) defines brand equity as differences in customer response to marketing activity. Brand equity is regarded as a very important concept in business practice as well as in academic research because marketers can gain competitive advantages through strong brands (Wong *et al.,* 2008). Brand equity is an important consideration for service marketers (Davis, 2000; Keller, 2001; Keller and Lehmann, 2003) and should be managed as an asset (Aaker, 2001; Davis, 2000; Keller, 2003). Marketers and researchers use various perspectives to study brand equity. Customer based approaches view it from the perspective of the consumer-either an individual or an organization. The premise of customer-based brand equity models is that the power of a brand lies in what customers have seen, read, heard, learned, thought, and felt about the brand over time (Kotller and Keller, 2009). The financial approach measures brand value by isolating the net additional cash flows created by the brand. These additional cash flows are the result of customer's willingness to buy one brand more than its competitors, even when another brand is cheaper. In brief, customer equity is the preamble of financial equity (Kapferer, 2008).
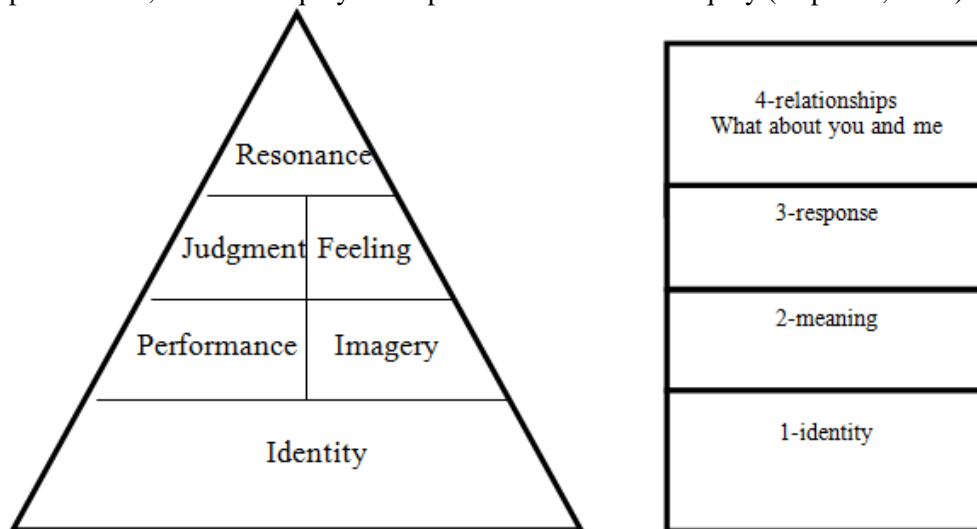

Figure1: Keller CBBE Pyramid (2009)

Brand Equity Models: Although marketers agree on basic branding principles, some models of brand equity offer some different perspectives from which two more-established ones will be as follows: Brand asset value or advertising agency- Young and Rubicam (Y&R) developed a model of brand equity called brand asset valuator (BAV). Based on research with almost 500,000 consumers in 44 countries, BAV provides comparative measures of the brand equity of thousands of brands across hundreds of different categories (Kotller and Keller, 2009).

Aeker model- Former lice-Berkeley marketing professor David Aaker views brand equity as the brand awareness, brand loyalty, and brand associations that combine to add to or subtract from the value provided by a product or service. According to Aaker, brand management starts with developing a brand identity-the unique set of brand associations that represent what the brand stands for and promises to customers, an aspirational brand image (Kotller and Keller, 2009).

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Brand resonance model- The brand resonance model also views brand building as an ascending series of steps, from bottom to top: (1) ensuring identification of the brand with customers and an association of the brand in customer's minds with a specific product class or customer need; (2) firmly establishing the totality of brand meaning in the minds of customers by strategically linking a host of tangible and intangible brand associations; (3) eliciting the proper customer responses in terms of brand-related judgment and feelings; and (4) converting brand response to create an intense, active loyalty relationship between customers and the brand (Kotller and Keller, 2009).

MATERIALS AND METHODS
Research Methodology
For any study research design is look likes the framework which used to collect and analyze data. Conducting a well research design brings about ensuring of these fact that the study will be relevant to the problem and economical procedures will be used within this process. There are many research design frames, that usually classified in three major parts: Exploratory, Descriptive or Casual (Churchill, 2010). The following table provides an overview of the three kinds of research designs. Churchill explained that sampling techniques can be divided into Probability and Non-probability samples. A probability sample is distinct and each elements of population are known with the nonzero chance in selection. In contrast, non-probability sample is based on personal judgment and there is no way to estimate the probability of population's element and also to guarantee that the sample is representative of the population (Churchill, 2010).

Each of the mentioned sampling plans is divided into other types. The classification of sampling techniques is summarized in following table:

Table 2: Classification of sampling Techniques

Sample Designs	
Non-probability Samples	▪ **Convenience**
	▪ Judgment
	▪ Quota
Probability Samples	▪ Simple random
	▪ Stratified
	▪ Proportionate
	▪ Disproportionate
	▪ Cluster
	▪ Systematic
	▪ Area

Source:(Churchill, 2010)

When conducting research, it is often impractical and impossible or too expensive to collect data from all the potential units of analysis included in the research problem. So, from smaller number of units, a sample, as often chose to represent the relevant attributes of the whole set of units. We used convenience sampling to examine financial institutions which have some internet and electronic facilities and in the near future they will contemplate to implement brand Equity. (The highlighted technique is represented our sampling selection during performing this research).

According to Yin preparation for data collection can be complex and difficult. If they are not handled well, the entire case study investigation can be imperiled, and all of the earlier work (Yin, 1984).

After a research problem is defined, this is the turn to collect data. There are two ways of collecting data: Primary and Secondary methods. Churchill suggested that for conducting research, initially the attempts on data collection should focus on secondary data (Churchill, 2010).

There are several choices in collecting either primary data or secondary data that we outlined them in table below.

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Table 3: Choices when collecting Primary and Secondary Data

	Methods of Administration
Primary Data	▪ Communication
	■ Personal interview
	■ Telephone Interview
	■ Questionnaire
	■ Structured-Undisguised questionnaire
	■ Unstructured-Undisguised questionnaire
	■ Unstructured-disguised questionnaire
	■ Structured-disguised questionnaire
	▪ Observation
	■ Human
	■ Mechanical
Secondary Data	▪ Documents
	■ Investigating among
	■ Internal company data
	■ Published external data
	■ Data of commercial marketing information services

Source:(Churchill, 2010; Denscombe, 2000)

According to Churchill, Structured-Undisguised questionnaire is the most typical questionnaire which used very frequently in marketing research. This type of questionnaire consists of standardize and same wording questions for all respondents to ensure that all the candidates are replying to the same questions (Churchill, 2010).

Based on the above discussion, we used both types of data collection, primary and secondary data (marked in table below), since our face-to-face contact was the source of primary data and secondary data was collected through the census reports, relevant journals-national as well as the international pertaining to the topic of research, books, and business magazines and websites of banks and financial institutions.

As the study has both descriptive and exploratory nature, we utilized the great instruments which are established upon execution of exhaustive face-to-face interview and structured-undisguised questionnaire. Consequently, one separate questionnaire was designed for customer. The questionnaire was focused on those issues that were central to the research objectives.

The customer's questionnaire is consists of two main parts, the first part contains four questions about respondent profile, the second part includes twenty three questions about Customer based brand Equity (CBBE) which cover brand equity, loyalty, Satisfaction, continuously liability ,Tendency to change brand and word of mouth that provide the competitive advantages in financial industry in Iran .

During this study, data were collected from bank customers who had account in four banks of Parsian, Pasargad, Saderat & Mellatand live in Mashhad and specially in the west of city (SajjadShahr and Hashemieh area). This study has already performed during Feb2014 and April2014.

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Table 4: Research Attributes

Questionnaire facts	
1-Stability On Slogan	
2-Harmonious With Beliefs	
3-You Can Trust To Your Bank Base On Its Name	**Brand Equity**
4-Your Bank Remind You Value	
5-Your Bank Doesn't Have Any Claim On Impossible Works	
6-Using New Technologies In Branches	
7-Your Bank Is Valuable Like Your Parent	
8-You Do All Your Efforts For Keeping Bank Equity	**Loyalty & Liability**
9-Engagement To Bank's Brand	
10-You Have Full Protection On Bank's Brand	
11-You Satisfied With This Bank's Brand	
12-You Choose For Financial Works Based On Awareness	
13-This Is The Best Bank You Can Choose	**Satisfaction**
14-Choosing This Bank Is The Best Experience	
15-You Fill Full Satisfied With This Bank	
16-You Will Worry If You Close Your Account	
17-You'll Have A Big Lose If You Close Your Account	**Continuously Liability**
18-You'll Be In Pressure For Closing Your Account And Losses	
19-You'll Continue You Relationship With This Bank With Higher Prices	
20-You'll Discontinue Your Relationship And Go To Other With Lower Prices	**Tendency to change brand**
21-You Will Transfer Your Good Experiences About This Bank	
22-You'll Offer To Others For Choosing This Bank	**Word of Mouth**
23-You'll Kindly Offer Friends And Parents This Bank And Support This Bank	

Reliability and Validity of Study
Reliability of study based on Cronbach's alpha is .851 for brand equity, .873 for loyalty and liability, .858 for satisfaction, .858 for continuously liability and .818 for word of mouth.

Table 5: Reliability

Case	Number of items	Valid N	Valid %	Excluded N	Excluded %	Cronbach's alpha
Brand Equity	6	332	94.3%	20	5.7%	.851
Loyalty & Liability	4	339	96.3%	13	3.7%	.873
Satisfaction	5	331	94%	21	6%	.858
Continuously Liability	4	340	96.9%	12	3.4%	.858
Word of Mouth	3	346	98.3%	6	1.7%	.818

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Also the validity of study evaluated in two directions; face validity evaluated by two Marketing professors and they confirmed validity. Content validity is based on some studies in different year. Sweeney & Swait established this model in 1998 and based on their study" BRAND EQUITY: AN INTEGRATED FRAMEWORK", this is a good model for evaluating Banking industries, furthermore based on Maryam Abdoli study in 2012". Measuring Customer-Based Brand Equity: Empirical Evidence from the Banking Industry", we can verify that this study has content validity.

RESULTS AND DISCUSSION
Data Analysis and Interpretation
During this study we collected our samples from customers of bank who live in Mashhad city which is located in the northeast of Iran. 352 questionnaires were distributed in Mashhad overall. During this study we found out that 34.1% of people have Saderat account, 31.8% have Mellat account, 18.2% have Pasargad account and 15.9% have Parsian account. This study also revealed that 58% are male and 42% are female; 2.8% are in under diploma educational level, 21.9% are in diploma educational level, 18.2% are in post diploma level, 38.4% have bachelor degree, 13.4% have master degree and 5.4% have PhD degree.

Table 6: Basic analysis

		Frequency	Percent
Name Of Bank	Parsian	56	15.9%
	Pasargad	64	18.2%
	saderat	120	34.1%
	Mellat	112	31.8%
Gender	Male	204	58%
	Female	148	42%
Age	18-30	98	27.8%
	30-40	109	31%
	40-50	75	21.3%
	50-60	35	9.9%
	Upper60	35	9.9%
Education	Under diploma	10	2.8%
	Diploma	77	21.9%
	Post diploma	64	18.2%
	Bachelor	135	38.4%
	Master	47	13.4%
	Phd	19	5.4%

Table 7: ANOVA For Relation Between Educational Level And Loyalty

		Sum of Squares	df	Mean Square	F	Sig.
your bank is valuable like your parent	Between Groups	3.705	5	.741	.583	.713
	Within Groups	437.509	344	1.272		
	Total	441.214	349			
you do all your efforts for keeping bank equity	Between Groups	2.606	5	.521	.459	.807
	Within Groups	388.348	342	1.136		
	Total	390.954	347			
engagement to bank's brand	Between Groups	3.209	5	.642	.554	.735
	Within Groups	398.360	344	1.158		
	Total	401.569	349			
you have full protection on bank's brand	Between Groups	2.717	5	.543	.490	.784
	Within Groups	375.132	338	1.110		
	Total	377.849	343			

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Hypothesis 1
To test the first hypothesis of study (relation between educational level and loyalty of customer), researcher take advantage of ANOVA analysis and assume that there should be a relation among them therefore, H0 confirmed that that there is a relation and H_1 is just revered.
Table 7 proved that relation between educational level and loyalty to bank brands since the Sig is just greater than 5 %, therefore researcher reject the H0 and accept the H1.
Hypothesis 2
For second hypothesis that is relation between customer switching and brand of bank, we set H_0 for a situation that there is no relation between customer switching and brand of bank and H_1 confirmed the relation exist.

Table 8: Relation Between Customer Switching And Brand Of Bank

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	4.890	3	1.630	1.117	.342
Within Groups	503.305	345	1.459		
Total	508.195	348			

The data analysis is confirmed the Sig is greater than .05; therefore there is no way to accept the H_1 and reject the H_0 as it is indicated in Table 8.

Table 9: Correlation between brand equity and brand loyalty and satisfaction

		Brand Equity	Brand Loyalty	satisfaction	Continuously liability	Wordofmouth
Brand Equity	Pearson	1				
	Sig.					
	N	352				
Brand Loyalty	Pearson	.646[**]	1			
	Sig.	.000				
	N	352	352			
Satisfaction	Pearson	.696[**]	.654[**]	1		
	Sig.	.000	.000			
	N	352	352	352		
Continuously liability	Pearson	.352[**]	.447[**]	.518[**]	1	
	Sig.	.000	.000	.000		
	N	352	352	352	352	
WordOfMouth	Pearson	.609[**]	.558[**]	.609[**]	.400[**]	1
	Sig.	.000	.000	.000	.000	
	N	352	352	352	352	352

Hypothesis 3
Third hypothesis want to discover the relation between brand equity and brand loyalty, we applied the correlation technique between this two factors. There is good moderate relation between brand equity and brand loyalty as Pearson correlation result indicated .646 in table 9.
Hypothesis 4
Forth hypothesis discussed the relation between brand equity and satisfaction, therefore there almost strong relation between brand equity and Satisfaction, therefore .696 is indicated in table 9 and H4is accepted.
Conclusion and Suggestion
It is generally accepted that the level of education has direct influence on customer loyalty with respect of various type of services they offered in banking industry. The result of this study has introduced the

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opposite view, furthermore it emerges that customer switching has no more relation with brand of banks. That is precisely the point that bank manger should take into consideration to develop and up-to-date the various services that is commentated with the target market once they develop the bank marketing strategy. Above all, the banking industry should empower the branding equity through precise marketing communication that has highly influence on brand loyalty and satisfaction.

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