A study of the relationship between Brand equity and Ranking of Indian banking sector

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Abstract

A brand can simply be termed as a unique identity of a product or service offered by a particular organization. It enables both, the organization as well as the consumer to differentiate between similar products or services offered by competitors. One of the key indicators of growth of the services sector is its contribution to the gross domestic product (GDP) of the country. Services contribute about 56.9 per cent share in GDP (2017). With share of services in employment being 28.1 per cent in 2016, share of services to total exports in 2013 being 32.8 per cent and an export growth of 4.8 per cent (2016), our country is ranked 10th in terms of overall GDP and 12th in terms of services GDP in 2016. Banks are selected on the basis of its global ranking reports of world's most valuable banking brands in Banking , which is the world's leading independent brand valuation and strategy consultancy. The brand finance puts thousands of the world's biggest brands to the test every year, which evaluates strongest and most valuable brands.

Keywords: Brand, Banks, GDP, Global Ranking

INTRODUCTION

"Ultimately, a brand is the things people say about you when you're not there," says Jeff Bezos, CEO of Amazon.com.

Brand equity is a marketing term that describes a brand's value. It is determined by consumer perception and experiences whether it is positive or negative. When people think positive about

the brand, it has positive brand equity. When people think negative about the brand, it has negative brand equity. Brand equity is defined as the value that consumers associate with a brand. Brand awareness, brand associations, perceived quality, brand loyalty and other proprietary assets are the five components of brand equity (Aaker, 1991). Keller (2003) claimed that the Strength of a brand associate in the minds of customers by usage or their experiential learning about the brand over time. Brand knowledge comprises of brand awareness and brand image.Srinivasan et al.,(2005) defines brand equity as the variance between the choice probability for a certain brand and that of the base brand. Kim and Hyun (2010) stated that,Awareness/Associations, Perceived quality and Loyalty are the most weigh up to be the determinants of Brand equity. Consumers' associations with the brands play a dynamic role in shaping brand equity.

According to American Marketing Association, "The value of a brand, from a consumer perspective, brand equity is based on consumer attitudes about positive brand attributes and favourable consequences of brand use."

David Aaker defined brand equity in 1991 as, "A set of assets and liabilities linked to a brand, its name and symbol, that adds to or subtracts from the value provided by a product or service to a firm and/or to that firm's customers."

Perceived quality enhances value to a brand in quite a lot of ways: high quality gives customers a resilient reason to purchase the brand and enables the brand to differentiate from its competitors, to charge reasonably priced, and to have strong opportunities for the brand extension (Aaker, 1991). Two dimensions of service quality − physical quality and staff behaviour − have a positive impact on both desires congruence and consumer satisfaction.

Brand associations are anything "linked" in memory to a brand (Aaker 1991), and a set of these associations creates the *brand's identity* (Aaker and Joachimsthaler 2000). They, as important informational nodes linked to a brand node in memory, contain the meaning of the brand for consumers (Keller 1993).

Keller (1993) claimed that brand awareness plays imperative role in consumer decision making by assigning three advantages; these are knowledge about Brand, deliberation and choice advantages. According to Keller (2001) building brand awareness ensures that the customer is conscious of the category of products the brand competes in, which results in improving brand

equity. Brand loyalty is defined as how likely a customer will be willing to switch to another brand, especially when that brand undergoes a change, either in price or in product features. In today's technologically advanced world and due to arrival of internet, it's much more difficult to retain customer.Trust has been defined as the willingness to rely on an exchange partner in whom one has confidence or confidence in an exchange partner's reliability and integrity (Morgan and Hunt, 2004). Brand personality as, "the set of human personality traits that are both applicable to and relevant for brands". It is what the brand can live and die for. It is composed of a unique set of attributes that can only that particular brand possess. For example, Apple which has a brand personality as being "cool, stylish and upper class".

INDIAN BANKING SECTOR

The service sector is the key driver of India's economic growth. India's service sector overall GDP rank 5th in 2017 and in terms of services GVA India ranked 13th as of 2015.In service sector, bank provides the maximum opportunities. the entry of foreign bank and private sector provides lot of competition.21 public sector banks,21 private sector banks and 26 foreign banks . With a compounded annual growth rate of 9 per cent for 2007–2017, the service sector plays an important role in the progress and development of Indian economy.

List of Top Public and Private banks

PUBLIC BANKS	PRIVATE BANKS
STATE BANK OF INDIA	HDFC BANK
PANJAB NATIONAL BANK	ICICI BANK
BANK OF BARODA	AXIS BANK
BANK OF INDIA	KOTAK MAHINDRA BANK
CANARA BANK	YES BANK
UNION BANK OF INDIA	INDUSIND BANK
SYNDICATE BANK	FEDERAL BANK
IDBI BANK LTD	JAMMU AND KASHMIR BANK LTD
CENTRAL BANK OF INDIA	SOUTH INDIAN BANK LTD
ORIENTAL BANK OF COMMERCE	KARUR VYSYA BANK LTD
CORPORATION BANK	KARNATAKA BANK LTD
ALLAHABAD BANK	IDFC BANK

Source: India 'top banks 2017 published in India by dun and Bradstreet information services India pvt ltd

In services sector, banking service has emerged as a growth area offering immense business opportunities. The Indian commercial banking sector offers an enormous opportunity (Business Monitor International, 2016). The entry of foreign banks and marketing-oriented approach of the new private sector banks has intensified competition.

Public Sector Banks

State Bank of India

State Bank of India is an Indian multinational, public sector banking and financial service company and the country's oldest, premier bank with its history dating back to 1806, When bank of Calcutta was established. After that three banks Bank of Bombay, Bank of Madras were amalgamated with bank to form the Imperial bank in 1921.In 1955, by the act of parliament ,Imperial bank converted into State bank of India .On 15 February,2017,the union cabinet approved the merger of five associate banks with SBI.Today bank provides a wide range of products and services through its network of branches in India and overseas,including products aimed at NRIs.SBI has more than 24017 Branches and have 32 subsidiaries,9 joint ventures and 59,291 ATMs as of 31st March,2017.The bank is ranked 217th on the Fortune Global 500 list of the world 's biggest corporations as of 2017.It is the largest bank in India with a 23% market share of the total loan and deposits market.

Punjab National Bank

Over the years,PNB has merged with its seven banks and has 6938 branches across India.It has joined ventures in Nepal and Kazakhstan.It has the privilege of maintaining accounts of national leaders such as Mahatma Gandhi,JawaharLal Nehru as well as the account of the famous JalliawalaBagh Committee.As of 31st march 2017,the bank has 80 million customers,6937 branches and 10681 ATMs across cities.In February 2018,PNB was part of India's biggest ever fraud in which two officers had illegally give loans to companies of NiravModi. The bank is ranked 239th on the Fortune Global 500 list of the world's biggest corporations as of 2017

Bank of Baroda

The bank along with13 other major commercial banks of India was nationalized on 19th July 1969.The tagline of bank is "India's international bank"The bank has strong presence both in India and abroad with 5529 branches out of these, 107 branches are overseas branches across

24 countries.It is ranked 1145 on Forbes Global 2000 list and it has total assets in 3.58 trillion,10441 ATMs as of July,2017

Private sector banks

HDFC Bank

HDFC had a strong network of 4715 branches and 12260 automated teller machines across 2657 cities and towns in India ,as of March 31,2017.The bank also installed 4.30 lacs POS terminals and issued 235.7 Lacs debit cards and 85.4 lacs credit cards in financial year 2017.The bank provides a wide array of banking services in the areas of commercial and investment banking and also provides treasury services with three main product areas-foreign exchanges and derivatives, local currency money market and debt securities.

ICICI Bank

Today, ICICI is the country's largest private sector bank and provides a comprehensive range of banking products and financial services. These services include commercial and retail banking, project and corporate finance, working capital finance and insurance venture capital.In 2017, it is the third largest bank in India in terms of assets and fourth in term of market capitalization.The bank has a vast network of 4850 branches and 14404 ATMs in India, and has a presence in 17 countries including India.It provides products and services like credit cards,consumer banking, corporate banking,finance and insurance, investment banking,mortgage loans etc.

Axis Bank

Axis Bank Ltd began operations in 1994 and ranks among the first new generation private sector banks of India offering a comprehensive range of financial products. The bank has its head office in Mumbai and registered office in Ahmadabad. As of June 2016, 30.18% shares are owned by promoters and promoter group of UTI, LIC, GIC, National Insurance Company Ltd .Remaining 69.19% shares are owned by mutual fund institutions, FIIs, Financial institutions, insurance companies, corporate bodies and individual investors.

LITERATURE REVIEW

Aaker, D.A.(1991)This study include five dimensions of brand equity like brand awareness, brand loyalty, brand associations, perceived service quality and proprietary brand assets. The

price premium with respect to its measurement is considered for its brand equity while equity of other competitors remain stable .In such a case, using only the declining competitor as a point of comparison would give an perspective of a brands health. Brand equity ten is proposed for an effort to create a set of brand equity measures that could be applied across products and markets. Brand equity ten includes loyalty measures, perceived quality, associations, awareness and market behavior measures.

Kevin Lane Keller (1993) has contributed a paper in the topic, "Conceptualizing, Measuring, and Managing Customer-Based Brand Equity". The author presents a conceptual model of brand equity from the perspective of the individual consumer. Customer-based brand equity occurs when the consumer is familiar with the brand and holds some favorable, strong, and unique brand associations in memory.

Yoo and Donthu,(2001) in their research worktitled as Developing and validationg a multidimensional consumer based-brand equity scale to measure consumer based brand equity scale(MBE)drawn from Aaker's and Keller's model of brand equity. The purpose of the study is to develop a multidimensional measure to assess psychometric properties. Data is collected through questionnaire from total of 1530 Korean, Korean American and Americans FOR evaluating 12 brands from three product categories to show an adequate range of cultural variation.

Azoulay,A.,& Kapferer,J.N.(2003) This study conducted a research on brand personality with brand identity that means personalities helps marketers position their brands. Brand personality ia a key factor of brand identity.Aakar's brand five dimensional personality scale has been used to measure psychology concept with classical parts of brand identity and found out the performance.the findings highlight that existing measure for the construct of brand personality don't measure the construct and find out the valid measurement of the construct.

Woo Gon Kim and Hong-Bumm Kim (2004) in their study, Measuring Customer-based Restaurant Brand Equity: Investigating the Relationship between Brand Equity and Firms' Performance stated that Strong brand equity is significantly correlated with revenues for quick-service restaurants. The study tested four elements of brand equity, namely, brand awareness, brand image, brand loyalty, and perceived quality. Of those attributes, brand awareness had the strongest direct effect on revenues, while loyalty had the least effect. One

of the contrary finding was that, awareness showed the smallest effect on brand equity, far eclipsed by image, loyalty, and product quality.

Ekinci,Y.,Dawes, P.L, & Massey,G.R.(2008) The purpose of this paper is to study the impact of self-congruence on consumer satisfaction and develop a conceptual model related to antecedents in the hospitality industry. This data is collected from 185 consumers who had visited the hotel and Exploratory and confirmatory factor analysis were used to test the validity of the measures, while PLS was used in hypotheses testing.

Lin, L. Y. (2010) in an article as "The relationship of consumer personality trait, brand personality and brand loyalty: An empirical study of toys and video games buyers'' considered the brands of automotive industry in India. The purpose of this article is to explore the relationship of consumer personality trait, brand personality and brand loyalty. The convenience sampling method was used to collect primary data. A total of 400 adult consumers were interviewed and 387 effective questionnaires were collected and analyzed by regression analysis to test the hypotheses.

Vikas Gautam, Mukund Kumar(2012) in his research study,titledAn empirical investigation to analyse the brand equity and resonance of banking services **.**The study is based onBrand Resonance Model suggested by Keller(2001) ,which includes brand equity constructs :brand resonance,brand judgement,brand feelings,brand performance,brand imagery and brandsalience.correlation analysis used to find out the relationships among various constructs of brand equity.exploratory factor analysis was used to reduce the total number of items to small number of factors.The results of the study reveal that brand performance emerged as the most important determinant of brand resonance,followed by brand feelings and brand judgements.

Mukherjee and Shivani (2016) The paper examined the significant relationships among the marketing mix elements and brand equity dimensions.Marketing mix elements like Advertising,People,Physical evidence,Word of Mouth with brand equity model developed by Aaker and Keller was used.State Bank of India ,the largest public sector bank was choosen for study in retail banking products specially in loan areas to know risk perception in the minds of cutomers.The findings were that perceived quality has positive relationship with advertising and there is positive influence of physical evidence on perceived

quality.Thus,physical evidence and word of mouth has a positive influence on all brand dimensions and perceived quality.

Samane Almasi & Keywan Samanedadaneh (2017) The research paper focused on mediating role of Brand equity in the between brand personality and obsessive shopping behavior of sports consumers. Data was collected from 246 respondents by using the structured questionnaire based on Aaker (1996), Edwards(1993) model .The findings of the study were that there is relationship between brand personality and it's components with brand equity. On the basis of findings, it can be suggested that brand personality and brand equity should be used for customers. There is significant relationship between the brand personality and its components.

RESEARCH GAP

The present study will be attempt to bridge the research gap by studying and assessing all aspects of selected Indian banks especially public and private sector banks to evaluate the brand equity parameters of customers' investment management behaviour.

- To understand the relationship between antecedents of Bank Brand Equity via Theoretical framework/model for the selection of a particular bankas its consequences in terms of final decision by retail customers.

- To examine the effects of moderators and various control variables between the relationships of antecedents of brand equity via theoretical framework for its actual use customers in Indian banks in service sector.

OBJECTIVES OF THE STUDY

- Customers's perception towards brand equity in select bank brands on the basis of global ranking.
- To examine a comparative relationship of selected public and private banks in Indian Banking Scenario.

RESEARCH METHODOLOGY

Introduction

Research Methodology is a systematic way to solve the proposed research problem in the study. It can be defined as a science of understanding as to how research is to be carried and conducted scientifically along with the logic behind the research problem. Research methodology is necessary for a researcher since he should not only know various research tests/techniques but also their application and interpretation for solving the defined research problem. Moreover, research methodology has many dimensions like hypothesis formulated and testing, defining research objectives and research results capable of being evaluated either by researcher himself or by others.

Research Design

Research Design is the base upon which the entire research depends which explore the existing research gaps, provide valuable information to frame needs, scope and objectives for the study. The design isa systematically prepared plan for guiding research. The present study will be undertaking the design of Descriptive Study. The study will be an attempt to identifyBank Brand Constructs and customers' preferences towards development of brand equity in select Indian Banks.

Data Collection

Both secondary data as well as primary data have their importance in any research .To carry out the research, both primary and secondary data was used. Secondary data has collected from published reports of various organizations, journals, books and websites of selected banks in the sample like Brand Finance 500, 2018

Sampling Technique

The major distinguishing feature of probability sampling methods is that they are unbiased, however, there are quite a few difficulties in using these sampling methods like obtaining reliable lists of the desired target population, therefore it is difficult to use a textbook probability sampling prescription. In the present study, the population sought is not defined and can be extracted from any bank customer who has experienced the brand equity in Indian scenario. Thus, the selection of banks has done using Quota Sampling technique.

Sample Size and Selection of Banks

Banks are selected on the basis of its global ranking reports of world's most valuable banking brands in Banking 500, which is the world's leading independent brand valuation and strategy consultancy in London. The brand finance puts thousands of the world's biggest brands to the test every year, which evaluates strongest and most valuable brands. In the present study, through quota sampling, a total of 3 public sector and 3 private sector Indian banks are selected **Top Five Public and Private Sector Bank**

Public Sector Bank	Global Rank 2018	Private Sector Bank	Global Rank 2018
State Bank of India	56	**HDFC Bank**	68
Bank of Baroda	235	**ICICI Bank**	84
Punjab National Bank	239	**Axis Bank**	120

Source: Brand Finance 500, February 2018.

On the analysis ,State bank has top rank in global ranking system among public sector and HDFC Bank has top rank among private sector banks .State bank has rank of 56 ,Bank of Baroda has 235 and Punjab National Bank has 239 rank in public sector .HDFC has rank of 68,ICICI bank has 84 and Axis bank has 120 in private sector.

Conclusion

In services sector, banking service has emerged as a growth area offering immense business opportunities. The Indian commercial banking sector offers an enormous opportunity (Business Monitor International, 2016). The entry of foreign banks and marketing-oriented approach of the new private sector banks has intensified competition. The brand finance puts thousands of the world's biggest brands to the test every year, which evaluates strongest and most valuable brands. The findings of the study were that there is relationship between brand personality and it's components with brand equity.

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