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A Study of the Relationship between Brand Value and the Performance of Private Banks in Terms of E-Cards Sales

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ABSTARCT

The present research studies the relationship between brand value and the performance of private banks in Tehran. An inventory containing 28 closed questions was used to collect data. After confirming the validity and reliability of the inventory and distributing it among the sample, the data were examined using Pearson correlation and the results suggested significant positive relationships between the performance of private banks and perceived quality, differentiation, brand awareness, and knowledge. In addition, the results of regression test showed that the effect of perceived quality and brand differentiation on the performance of banks is greater than the effect of other variables. Then, the variables were examined using t-test and the results suggested that all the variables were at a favorable level. Finally, using Analytic Hierarchy Process, the dimensions of brand value were ranked and the variables of brand differentiation and brand knowledge were selected as the most important and influential dimensions.

Keywords: brand, brand value, performance, private banks, e-cards

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INTRODUCTION

Nowadays brand is not only an efficient tool for managers in competitive markets, but also a strategic necessity that helps organizations in creating more value for customers and creates sustainable competitive advantages [1]. Valuation of brands is possible through the concept of brand equity. Brand equity is the added value that an organization obtains by its brand name. Factors such as perceived quality, tendency to pay higher prices, brand popularity, and differentiation are some of the constituent elements of brand equity. Creating a powerful brand over time instead of short-term strategies has been taken into consideration by many organizations. Many such organizations have defined the strengthening of their brand and its byproducts as a major part of their business strategy. The position of brand in business has expanded to such an extent that modern management can be called brand management. Brand can create such issues as customer loyalty, X responses to price changes, and market outlooks evaluation in the organization.

On the other hand, the banking industry is, without doubt, one of the main foundations of the economy of any country. In addition to the environmental and legal issues that banks encounter, electronic banking reduces the dependence of daily transactions on cash and checks by promoting electronic payment tools and finally reduces the costs related to print and maintenance of banknotes. It also accelerates performance speed and increases customer satisfaction. These factors indicate the expansion of electronic banking system and the increasing application of modern banking systems. If these circumstances are examined from the perspective of customers, the first issue is the identity and status of a brand in the mind of the society and specially the potential and actual customers of banks. It is the customers' attitude toward the electronic infrastructures and capabilities of banks that motivates them to use modern banking services in the future. Commercial banks must create a proper mental image in order to be received by customers as electronic banks. Thus, studying the current condition of brand equity as one of the value creation measures in the mind of customers can guide banks in this regard. Brand equity not only is a measure for determining the current value of an organization, but it also can be regarded as one of the underlying and influential factors in its future activities. Therefore, the present research tries to study the different dimensions of brand equity to examine its relationship with the performance of the studied organizations [1]. Today's world is a results-based world. There are many alternatives and, thus, much uncertainty. However, customers cannot spend much time on comparing the alternatives. Even if they have the time, they are not able to select the appropriate product or service with certainty. This is brand that conveys certainty and confidence. The real value is not within a product or service, but in the mind of the potential and actual customers. It is brand that creates real value in the minds of customers [2]. Therefore, intangible assets are replacing tangible assets. Brand is considered as the most valuable of intangible assets, such that it constitutes about one third of the value of 500 leading companies in Fortune Magazine.In today's materialistic world, people seek to make their consumption meaningful. Only brands that add value to the product and tell a story about its buyers, or situate their consumption in a ladder of immaterial values, can provide this meaning. Amazingly, all types of organizations or persons wish to be managed like brands [2].

Tom Frank argues that "we no longer sell a product; we sell the brand and consume the product. No one gains revenue merely with a product; rather, a set of tangible and intangible values are achieved by selling the brand" [2]. Most organizations are beginning to realize that one of the most important assets is the brand provided along with a product or service [3]. What distinguishes a branded product from a non-branded one and gives it value is the collection of perceptions and emotions of customers regarding the properties, performance, name, and rationale of the brand as well as the perceived properties of the company related to the brand [2]. In general, it can be argued that one of the powerful ways for differentiation of organizations is to create brands and differentiation is a key strategy in competitive positioning. From the behavioral perspective, brand equity is of utmost importance in creation of distinctions that lead to competitive advantage [3]. Brand is the direct outcome of market segmentation and product differentiation strategies [2].

Brand has surrounded us for centuries as a tool for discerning one product from another. The etymology of the word goes back to the Old Norse Brandr meaning to burn. In fact, branding began as a way to tell one's cattle from another by marking them with a hot iron stamp. These markings were the first visual representations of brands [4].

Brands are a part of strategies that are formulated with the purpose of differentiation. Companies seek to better meet the expectations of a certain group of customers. Thus, they provide an ideal combination of characteristics-both tangible and intangible, practically or symbolically-under conditions that is economically feasible for [5]. Each brand evokes a picture of characteristics in the mind of the customers. In other words, brand image is a set of beliefs held by individuals regarding a product with a special brand name [6]. Brand image can be described as an individual's impression of a specific brand. If a company can communicate a better and more perfect image of its brand to customers, it can maintain its customers, give a more proper response to their needs, and increase the market share and profitability of the company [7].

There are many driving factors in the formation of a brand in the minds of customers, including brand name, visualsigns, products, advertisement, sponsorship, support, and official announcements. From another perspective, we can argue that brand image is associated with positive characteristics such as packaging, advertisement, pricing, reception, disciplined sales personnel, customer satisfaction, and repurchase patterns [8]. Brand is a concept beyond a product or service. Nowadays, many computers, automobiles, shoes, bank accounts, etc. are not much different; yet, it is brands that create fundamental distinctions in many industries and markets. Many market leaders regard their brand as a competitive advantage. Brand has been defined as a name, a logo, a sign, an identity, and a trademark. In other words, brand includes all tangible and intangible characteristics of a business. According to the definition of Inter brand, brand is a mixture of tangible and intangible attributes, symbolized in a trademark, which if managed properly, creates influence and generates value [9].The American Marketing Association defines brand as "a name, term, design, symbol, or any other feature that identifies one seller's good or service as distinct from those of other sellers". A powerful brand has a positive effect on the customers' attitude toward the identity of the manufacturer. Awareness of brand name and symbol affects the perception of the customers and directly leads to their loyalty [1].

Not only is it the actual product, but it is also the unique property of a specific owner and has been developed over time so as to embrace a set of values and attributes (both tangible and intangible) which meaningfully and appropriately differentiate products which are otherwise very similar [10]. Brands are increasing emerging as the main capital of many businesses. Financial experts believe that brand has a hidden value that is much more precious than common assets. However, the cost of introducing a brand into a consumer market can be considerable, ranging from about 100 million dollars, with a 50% probability of failure [11].Many companies have considered creating a powerful brand over time instead of managing short-term strategies. Many such organizations have defined the strengthening of their brand and its byproducts as a major part of their business strategy. The position of brand in business has expanded to such an extent that modern management can be called brand management [12].

Brand image refers to the mental image evoked in the mind of a consumer upon seeing the brand name. Brand image can include characteristics of the organization, service, product, and/or the personality characteristics of the consumer [13]. Dean defines brand image as a person's impression of that brand. In other words, brand image is a set of impressions of the brand name that are meaningfully organized in the mind of the consumer [14].As mentioned earlier, one of the most important responsibilities of managers, especially in service industries, is to measure brand's strength. Managers are always faced with such questions as: how much value does our brand create for customers? Which brand is more valid for the customers in such a competitive market? How do trademarks affect customer behavior in this market? Is it important for customers what brand name the product comes with? These are some of the questions that have been addressed by the majority of studies on brand over the last decade. The answer to this question lies within the concept of brand equity. What makes our corporate brand and products stronger? What tools are necessary for creating this situation? Brand equity and its components are the answer to all these questions [3]. The first step in creating a brand is to meticulously define all the characteristics the brand aims to communicate to the customers. Also the manner of communicating these characteristics by the brand must be specified. Identity must lead to brand awareness [1]. In fact, this concept shows how often a brand is brought into the minds of customers and how easily it occurs. To what extent is a brand recalled by customers? What cues and reminders are necessary? [6]. Administrators and management researchers are much interested in quantifying brand value. This is referred to as brand equity in marketing definitions. There have been many definitions of brand equity, but here we refer to the definition provided by Aaker (2000) who is one of the distinguished theorists in this area: the set of assets and liabilities linked to a brand's name and symbol that adds to or subtracts from the value provided by a product or service to a firm and/or that firm's customers. Various aspects of brand equity have been studied for different purposes, where brand equity is examined from the perspective of the producer, supplier, and customer. While producers pay attention to brand equity for its strategic values, investors regard the financial value of brands as important. Those in favor of the financial aspect of brand equity define it as an independent asset and tend to report it in their income statement. Brand equity has also been defined as the potential of the brand to generate superior cash flow for the business [15].

Aaker defines brand equity as a set of brand assets and liabilities linked to a brand, its name, and symbol that add to or subtract from the value provided by a product or service to a firm and/or to that firm's customers. He specifies five dimensions to brand equity: brand loyalty, brand awareness, perceived quality, brand associations, and other proprietary brand assets [16].

Brand awareness is the ability of a potential buyer to recognize or recall that a brand is a member of a certain product category. It is a continuum that ranges from a consumer being totally unaware of a particular brand to the belief that it is the only brand that exists for a product. Research has shown that brand awareness highly influences purchase decisions. Customers who recognize a brand are more likely to buy it.

Perceived quality is the customer's perception of the overall quality or superiority of a product or service with respect to its intended purpose, relative to alternatives. This dimension mainly underlines the mental evaluations of the consumers. Research has shown that perceived quality is positively associated with brand equity. Perceived quality can lead to advantage over competitors.

Another dimension of brand equity is brand loyalty. It is a measure of the attachment that a customer has to a brand. It reflects how likely a customer will be to switch to another brand, especially when that brand makes a change, either in price or in product features. Brand equity is mainly the result of brand loyalty and this loyalty is due to the experiences of customers with the brand [3].

MATERIALS AND METHODS

The present research is applied in terms of its purpose and descriptive-survey in terms of data collection. Since the research addresses a specific population, it can also be classified as a case study. The population of the research consists of customers who use the services of e-cards provided by the private banks of Tehran City. The private banks in Tehran include the different branches of Parsian, Eghtesad Novin (EN), Pasargad, Mehr, Tat, Day, and Samen.

Sample size formula was applied since the population of the present research was quite large and access to all individuals was difficult. The calculated sample size for each bank is as follows:

Table 1.Sample size of the selected branches and people

Population	Number of E-Cards in Tehran	Calculated Sample	Used Sample
Parsian	485061	390.84	390
EN	477034	390.83	390
Pasargad	377301	390.62	390
Mehr	350243	390.54	390
Tat	350243	390.48	390
Day	323191	390.45	390
Samen	264831	390.30	390

Moreover, cluster sampling was applied. Library methods (referring to books, articles, archives, Internet, etc.) and a questionnaire were used for data collection. The questionnaire included 28 items rated on a 5-point Likert scale (ranging from very low to very high). Content validity was examined to determine the validity of the questionnaire. Accordingly, a number of management professors were consulted and the questions were modified with respect to their views. Then, 30 questionnaires were distributed among the population and all the flaws and ambiguities were resolved. At last, the final version of the questionnaire was distributed among the sample. The following methods were employed to increase the content validity:

- Applying the views of management professors, experts, and banking specialists
- Studying similar questionnaires, articles, books, and magazines
- A preliminary distribution of the questionnaire among a certain number of the population and making the necessary modifications

Moreover, Cronbach's alpha was used to determine the reliability of the questionnaire. The alpha values obtained for the research variables are presented in table 2.

Table 2. The research variables and their reliability

Variables	Cronbach's Alpha
Perceived Quality	0.82
Bank Performance	0.92
Brand Value	0.75
Brand Differentiation	0.80
Brand Awareness	0.89
Brand Knowledge	0.74
Brand Popularity	0.77

Since the Cronbach's alpha is greater than 0.7 for all the variables, the reliability of the questionnaire can be confirmed. The data was analyzed using Pearson correlation, regression analysis, and t-test.

RESULTS

Kolmogorov-Smirnov test was applied to examine the normality of factor scores. The results are shown in table 3.

Table 3. The results of Kolmogorov-Smirnov test

Variables	Bank Performance	Perceived Quality	Brand Value	Brand Differentiation	Brand Awareness	Brand Knowledge	Brand Popularity
Sig.	0.128	0.076	0.212	0.134	0.307	0.254	0.142

Table 4. The results of Pearson correlation

Variable	Pearson's r	Sig.	Result
Perceived Quality	0.967	0.000	Significant positive relationship
Brand Value	0.747	0.054	No relationship
Brand Differentiation	0.906	0.005	Significant positive relationship
Brand Awareness	0.895	0.007	Significant positive relationship
Brand Awareness	0.895	0.007	Significant positive relationship
Brand Knowledge	0.894	0.007	Significant positive relationship
Brand Popularity	0.612	0.144	No relationship

As can be seen, the significance values obtained for the variables are all greater than the error level of the research (0.05). Thus, the null hypothesis of normal distribution of the data is accepted. Accordingly, parametric statistical methods were applied for data analysis.

Pearson correlation

Pearson correlation was applied to examine the relationship of brand equity and its dimensions with performance. The results are presented in table 4.

Table 4 shows that there is a significant positive relationship between the dimensions of brand equity and performance of banks.

Regression analysis

Multivariate regression was applied to examine the intensity of the effect of each dimension of brand equity on performance. The results are presented in table 5.

Table 5.The results of regression analysis

Variables	R-squared	Adjusted R-squared	Sig.
Perceived Quality	0.395	0.922	0.000
Brand Differentiation	0.821	0.785	0.005
Brand Awareness	0.760	0.800	0.007
Brand Knowledge	0.779	0.759	0.007

As can be seen in table 5, the effect of perceived quality and brand differentiation on the performance of banks is greater than that of other variables.

T-test

This test was applied to examine the condition of the variables.

Table 6.The results of t-test

Variables	$Z_{0.05}$	Z	Result
Brand Equity	1.645	2.243	$H_0$is rejected
Perceived Quality	1.645	2.711	$H_0$is rejected
Brand Differentiation	1.645	5.672	$H_0$is rejected
Brand Awareness	1.645	1.896	$H_0$is rejected
Brand Knowledge	1.645	2.076	$H_0$is rejected
Brand Popularity	1.645	1.921	$H_0$is rejected
Performance	1.645	2.738	$H_0$is rejected

Considering table 6, we can see that the Z obtained for all the variables is greater than 1.645. Thus, it can be concluded that all the variables are at a desirable level.

Analytic Hierarchy Process (AHP)

AHP was applied to measure the importance of each dimension of brand equity. The pairwise comparison matrix is as follows:

Table 7.Pairwise comparison matrix for the dimensions of brand equity

	Perceived Quality	Brand Differentiation	Brand Awareness	Brand Knowledge
Perceived Quality	1.00	0.58	0.39	0.41
Brand Differentiation	0.58	1.00	0.61	0.55
Brand Awareness	0.39	0.61	1.00	0.46
Brand Knowledge	0.41	0.55	0.46	1.00

Table 8 presents the inconsistent matrix equivalent to the above matrix as well as the mean of all the factors.

Table 8. The final ranking of the dimensions of brand equity

Pair wise Comparison Matrix	Perceived Quality	Brand Differentiation	Brand Awareness	Brand Knowledge	Mean	Rank
Perceived Quality	0.42	0.21	0.16	0.17	0.24	4
Brand Differentiation	0.25	0.37	0.25	0.22	27.25	1
Brand Awareness	0.16	0.22	0.40	0.19	24.25	3
Brand Knowledge	0.17	0.20	0.19	0..42	24.5	2

Considering table 8, it can be seen that brand differentiation, with a weight of 0.2725, is selected as the most important brand equity dimension and that brand knowledge and brand awareness are ranked second and third. In addition, perceived quality assumed the last rank.

DISCUSSION AND CONCLUSION

The purpose of the present research was to examine the relationship between brand equity and performance. Using Kolmogorov-Smirnov test the normality of the population was confirmed and, thus, a set of parametric tests were applied for data analysis. The results of Pearson correlation test suggested a significant positive relationship between the variables of perceived quality, brand differentiation, brand awareness, and brand knowledge and the performance of the private banks in Tehran City. Moreover, regression analysis showed that the effect of perceived quality and brand differentiation is greater than the effect of other variables. The results of t-test suggested that all the variables were at a desirable level. Finally, brand equity dimensions were ranked using analytic hierarchy process where brand differentiation and brand knowledge were selected as the most important dimensions.

Considering the positive relationship between perceived quality and performance, we recommend bank managers to provide up-to-date and efficient services (especially in electronic banking), provide constant support (24 hours), promote appropriate behavior and accountability of the employees, and employ straightforward, user-friendly software to increase the quality of their services and, thus, improve their performance.

A significant positive relationship was also observed between differentiation and performance. Providing special services that are difficult for competitors to imitate can influence the performance of banks; services such as fair commissions upon money transfer to other banks, increased security, and maintenance systems for preventing system failures, and more cash dispensers.

There was also a significant positive relationship between brand awareness and performance. Therefore, using more advertisement through mass media, posters, and catalogs can provide more information about the services of the banks and raise the awareness of people regarding the bank brand that in turn improves the performance of banks.

Finally, a significant positive relationship was observed between brand knowledge and performance of the private banks. Using billboards, holding orientation courses for the main customers of the banks, providing a proper image of the services and banking industry, interacting with social reference groups are good strategies to familiarize people with the bank's brand.

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