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## Brand Equity on Banking Sector

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**Ms. Swati Prajapat**

*Research scholar, Department of Business Administration, Manipal University  
Jaipur*

**Dr. Nupur Ojha \***

*Associate professor, Department of Business Administration, Manipal University  
Jaipur*

\*Corresponding Author: [nupur.ojha@jaipur.manipal.edu](mailto:nupur.ojha@jaipur.manipal.edu)

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### Abstract

A measure of the benefit of having a recognizable and quite well brand is brand equity, or the maximum power a strong brand has in the customer's mind. Brand equity is built by providing great customer experiences that encourage people to choose them over rivals that provide identical items. Banking sector, now-a-days, are having cut throat competition in almost all the scheduled commercial banks of India. This shows that banks should maintain its brand equity to compete with other banks. According to Aaker, perceived quality, association, loyalty and brand awareness are the variables to measure Brand Equity. The study took the help of customers of the PSBs and PVBs of India to measure all the variables of brand equity.

**Keywords:** Brand loyalty, Brand association, Brand awareness, Perceived quality, Indian banking sector.

### Introduction

The increase of brand equity has become increasingly important (Keller, 1993). Equity of the brand is defined a variety of ways and a variety of reasons; there has been no consensus so far. (Simon & Sullivan, 1993). Creating strong brands is the most effective way to address this issue. Despite the fact that brands are universally recognized as one of the most valuable corporate assets, many organizations have just recently attempted to measure their brand worth. (Wang & Farquhar, 2018).

Increased brand value leads to higher financial returns, shareholder value, profitability, and other factors, all of which contribute to improved financial performance. The banking industry is essential for both supporting the economy and ensuring financial stability.

Young Generation is recognized for being computer and media aware, and they navigate platforms with ease, and they're utilizing these talents to change the game. They have free access to all knowledge and technology that have a substantial impact on the world in which they live, and they are politically and socially aware. This generation is up to date on the latest technical developments. They understand how to use YouTube like if it were their own work. Rather than

utilizing technology to isolate themselves from the rest of the world, they utilize it to connect with one another and the rest of the world. Instead of telling people what is hip and what isn't, marketers should acknowledge that they can learn from them while speaking with them (Shivdas, 2018).

Although branding is usually associated with physical items, it is as significant in the service economy. In the manufacturing or commerce sectors, a product is a physical invention; in the service business, a brand is a service organization or service provider. Physical product efforts of the brand, for example, can be emerged across presentation such as wrapping, classifying, and so on; however, service branding efforts are more tough to emerge because services are less consistent and constituted of specific elements, requiring the consumer to infer worth. (Dua, Chahal, & Sharma, 2013)(Cobb-Walgren, Ruble, & Donthu, 1995). In the service business, equity offers a stronger advantage in terms of better revenues and devoted customers, which can protect the company from rival assaults. If a service gives client satisfaction, it is termed a value service. Once the service value brand is established in the thoughts of potential customers, client loyalty will follow (Jeon, 2017).

### **Literature review**

Brand equity may be looked at from two perspectives. The first point of view is concerned by the firm's financial benefit worth, although this study will not go into that detail. The second point of view is that of a customer baser, who evaluates a consumer's response to a brand name. (Lassar, Mittal, & Sharma, 1995).

Consumer habits, advertising control, product marketing, and strategy creation all require brand awareness. (Parashar & Rastogi, 2018). When assessing brand awareness, it's common to lump it in with brand associations as a one-dimensional variable (Washburn & Plank, 2002), but it's important to remember that awareness is required to form brand associations (Domazet, Djokic, & Milovanov, 2017). Brand's quality are expected to be high-level when they have a strong emotional attachment to it, and vice versa. (Pappu, Cooksey, & Quester, 2005)(Sahin & Ahmad, 2020).

A brand's visual impact is a critical component of its capacity to appease people and has the ability to really were with them, resulting in brand loyalty. (Jeon, 2017). Brand loyalty gives a company a competitive advantage because it creates an effective barrier against rivals, increases the firm's capacity to respond to competitive tactics, and offers a customer base that is less sensitive to competitors' marketing efforts (Cinar, 2021). Strong brands are valuable assets to a business because they may increase market share, customer loyalty, sales, and profits. As a result, they are an important consideration in any business decision. (Nguyen, Ngo, & Nguyen, 2019). Marketers and brand managers must consider if their virtual presence can be planned and structured in such a way that it maximizes the potential for improving consumer happiness and brand loyalty (Ong, Nguyen, & Syed Alwi, 2017). Brand loyalty is described as having a positive opinion about a brand and purchasing the same specific brand over time. (Pappu et al.,

2005). However, as an attitude dimension, it denotes a proclivity to be devoted to a focus brand, as seen by a desire to acquire the brand first. (Pinar, Girard, & Eser, 2012).

Perceived quality is a subjective category that is linked to the customer and their individual consuming circumstances; it contrasts from objective quality, which is the word used to describe a product's technological superiority that can be examined and quantified (Sunčana Piri Rajh, 2012). The product's and service's quality would be included in this dimension. The emotive component is less defined, yet it captures the emotions or sentiments evoked by the items or services (Sánchez, Callarisa, Rodríguez, & Moliner, 2006). Repurchase intentions and consumer loyalty are frequently predicted purely by indicators of consumer happiness and/or service quality in the leisure and tourist industries (Petrick, 2002). "Quality and value are difficult to discern from one another, as well as from analogous ideas like perceived worth and usefulness," according to Zeithaml (1988)(Snoj, Korda, & Mumel, 2004). Perceived quality is a main strategic thrust for many businesses since it has been shown to improve financial success (Oppong, Yeboah, & Gyawu, 2020). Perceived quality is a specific advantages that evaluates a product's or service's worth, which can affect customer purchase decisions and brand loyalty. The product will be hated and will not last long if the consumer has a negative sense of quality. It is favored when a consumer is supportive of a product. (Doddy, Ali, Hindardjo, & Ratnasih, 2020).

Well-understood aspects is brand association. Both buying and brand loyalty are built on the foundation of association. Product associations and organization associations are the two types of brand affiliations(Chen, 2001).

### **Research Methodology**

The study has been carried out with the help of the questionnaire. After cleaning the data, a total of 187 responses has been recorded. The questionnaire contains three questions of brand loyalty, five questions of brand awareness, four questions of perceived quality, ten questions of brand association and four questions of overall brand equity.

#### *Data analysis*

The data was analyzed in a proper systematic way. First of all, Cronbach's alpha was performed which should not be less than 0.7. SPSS AMOS 21 was used to conduct the CFA. Various metrics were used to examine the results.

#### *Results*

CFA was used to assess the reliability and validity of the questionnaire. Cronbach's Alpha was used to determine the level of reliability. Table 1 depicts the reliability of all the variables.

Sl.No.	Factors	Reliability analysis
1	Loyalty	0.90
2	Awareness	0.77
3	Perceived Quality	0.82
4	Association	0.81
5	Equity	0.82

Table 1: Reliability analysis

Table 2 contains the CFA results as well as the whole content of the scale elements. The standardised regression factors are significant in each specific t-value because the measurement model does not contain any alarming estimates, such as adverse error variances, standardised factors beyond or very near to 1.0, or very huge average errors related with any assessed factors. Fit indices from the CFA model's initial run were largely acceptable. The model fit values of the CFA are shown in the table below:

Measure	Estimate
CMIN	523.388
DF	289
CMIN/DF	1.811
CFI	0.894
SRMR	0.061
RMSEA	0.053
PClose	0.226

Table 2: Model fit

The discriminant and convergent validity were assessed using accepted criteria. Strong composite reliability coefficients and convergent characteristics were present in all of the multi-item components, as shown in Table 3.

Variables	CR	AVE
<b>BL</b>	0.843	0.643
<b>BA</b>	0.767	0.509
<b>PQ</b>	0.806	0.519
<b>BAss</b>	0.803	0.689
<b>BEq</b>	0.775	0.564

Table 3: Composite Reliability and Validity

AVE for the aforesaid construct was below 0.50 and did not exceed the squared correlations between construct pairings, demonstrating the discriminant validity. The findings further backing nomological validity, since strong correlations and pathways among the components were validated in the academically anticipated manner. (Huang, Lin, & Phau, 2015; Hwang, Baloglu, & Tanford, 2019; Levy & Hino, 2016; Pedeliento, Andreini, Bergamaschi, & Salo, 2015; Taghipourian, 2016; Thakur & Kaur, 2016).

## Conclusion

The empirical findings appear that there is no significant discrepancy between the suggested model and the actual outcomes. The technique used in this study to explain how independent variables might impact equity favorably. In India, where the banking business is rapidly developing, more private companies will take advantage of this opportunity by entering the sector. This simple approach may help businesses to simply attract new clients. Brand recognition takes time, but it demands greater management attention so as to most consumers believe of the brand when shopping for a manufactured goods. Brand association is frequently associated with a company's functional element, and it can lead to brand loyalty.

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