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BRAND EVALUATION FOR FINANCIAL INVESTMENT AND CUSTOMER SATSIFACTION

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Abstract

This paper presents an estimation technique for the brand equity of a company regarding the company's financial market value. Brand equity is the incremental cash flow that branded products receive from unbranded goods. It extracts the brand equity value from the value of the other assets of the company. The study looks at the interaction between shareholder value and client satisfaction as well as the impact on the brand equity of a company. Customer satisfaction can have a positive effect on brand equity unless managers have an excessive orientation towards their customers, and the effect in this case is negative because of a shareholder value reduction. Ten financial services organizations provided consumers with access from whom data were collected using the postal questionnaire. The main component analysis, based on the 664 reported questionnaires, enabled identification of the consumer equity measure. This was shown to be a valid and reliable measure in additional tests. This measure provides managers and researchers with a simple tool to evaluate consumer equity among financial service brands and its strategic applications.

Keywords

Brand Evaluation, Financial Services, Financial Investment, Customer-Satisfaction, Shareholder Value.

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INTRODCUTION

One of the most important structures for managers is the brand performance, yet just as "brand" (e.g. Chernatony 2001) has been interpreted (e.g. Ambler 2000; Aaker 1997). This paper shows a variety of ways to interpret branded performance. It is not only imprecise to talk about a brand that performs "well" or "badly," but it is about one measure of brand performance. Managers were encouraged in part to look at one single measure of Brand Performance by a significant interest in brand valuation (e.g., Perrier 1997). This output outlook however ignores the wealth of information provided by some of the Intermediate Indicators which indicate the financial value of a brand (Feldwick 1996).

By knowing about the attributes that make up brand performance, managers can develop better brand strategies. For example, the brand's brands marketers are better informed by data on the characterization dimensions of their brands to draw up an analogy, just like a doctor assesses the patient's health by measuring various parameters such as blood pressure, height, weight and body temperature (CF Mitchell, 2001). The idea of a universal approach to brand performance measurement is attractive, but the actual metrics used differ from one business to another (Ambler 2000), in accordance with the established targets of brand marketing (Srivastava, Shervani and Fahey 1998).

The objective of this paper is to appreciate the measurements to be made of brand performance and how a brand-performance metric in view of existing literature is implemented. In order to further promote knowledge, it seeks to focus on financial services brandings with a view to the limited investigation undertaken into branding (van Rial, Lemmink and Ouwersloot 2001). There are various meanings to the term "brand." Murphy (1990) says that the brand is not merely an actual product, but also a special owner 's unique property. It was developed over time to incorporate a set of tangible and intangible characteristics which properly distinguish products.

In many companies, brands are more and more regarded as primary capital. Financial professionals have created the idea that a brand has an equity that exceeds its traditional asset value. In fact, it has cost about 100 million dollars with a 30 percent chance of failure (Ourusoff, 1993; Crawford, 1993). This is the case in terms of cost. A large number of American companies have re-evaluated management strategies for long-lasting brand energy, rather than short-term performance (Aoki, 1997).

Moreover, some companies that seek opportunities for growth preferred to acquire existing brands, thereby forming brand management as a formal part of corporate strategy. Therefore, for over ten years, academics and practitioners interested in the concept and measurement of brand equities primarily because of the importance of building, maintaining and using brands for a definite competitive advantage in today's marketplace.

Brand equity and its components

The brand equities are considered for many applications: brand loyalty, brand awareness, perceived quality, brand associations and other proprietary brand assets (Aaker 1991), differing brand knowledge impact in brand marketing response (Keller, 1993), incremental utility (Simon &Sullivan, 1993); total utilitarian knowledge in brand marketing. Brand equity has been considered in many respects: the brand name-based added value (Farquer, 1989). All these definitions mean that the incremental value of a product by brand name is brand equity (Srivastava and Shocker, 1991).

There have been three different viewpoints for considering brand equity:

- The consumer-based perspective;
- The financial perspective; and
- The combined perspective.

The consumers perspective is a substitution of the brand strength and brand value two multi-dimensional concepts (Srivastava and Shocker, 1991). Brand strength builds on the perceptions and conduct of customers that allow the brand's competitive advantage to be sustained and differentiated. The financial result of the management's ability to leverage brand strength through strategic actions to deliver superior current and future profits is brand value. Aaker (1996) has defined brand equity, which adds up or removes from the value given to a company or customers by a product or service, as a group of brand assets and liabilities connected with a company – the name and symbol.

The financial perspectives adopt the financial market valuation technique to evaluate the brand equity of a company (Simon and Sullivan, 1993). The estimate technique derives the value of the brand equity from the value of the other assets of the company. This methodology divides the value of the securities of a company into tangible and intangible assets and then cuts brand equity from other immaturities.

In the end, comprehensive perspectivesinclude both brand equity based on consumers and brand equity. This approach was designed to overcome the shortcomings that could arise if only one of the two perspectives is highlighted. Dyson et al.(1996) have described a research system for surveying the consumer share of brand pictures and associations with financially related value. Motameni and Shahrokhi (1998) have proposed a global valuation of brand equity that combines market equity and financial brand equity.

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Theoretical framework

In connection with customer satisfactions (CS) and the brand equity (BE), the model proposed establishes partial mediation by shareholder value (SV). This partial mediation shows that CS affects BE, but also affects BE indirectly by influencing SV, as in Figure. 1

Figure 1:

Impact of customer satisfaction on shareholder value

According to several arguments, early investigations justify the connection from CS to SV. Satisfied customers, firstly, are loyal, less priced and likely to conduct positive word-of - mouth (Anderson et al. 2004; Brady and Robertson 2001; Matzler et al. 2008). This reduces the volatility and risk of current and expected cash flow in the company (Anderson &Sullivan, 1993; Berger etal., 2006; Gruca & Rego, 2005; Hogan et al., 2002; Luo & Bhattacharya, 2006; Mittal etal. 2005). Lower volatility facilitates decisions on investment that maximize the value of a business. Secondly, loyal, satisfied customers enhance the negotiating power of the firm to other stakeholders, such as suppliers, and allow the company to call for special investment to reduce cost and risk, speed up market penetration and improve financial performance (Anderson et al., 2004).

Connecting customer satisfaction to brand equity

The satisfaction of customers may affect BE via a direct and indirect channel (through SV). Significantly, BE actions can include customer attitudes and brand-related products and markets (Ailawadi et al. 2003). The channel direct. A positive relationship between CS and BE is suggested by some authors (Aaker, 1992; Anderson and Sullivan, 1993; Blackston, 2000; Keller, 1993). Enhanced CS is regarded by companies as a main loyalty-gaining strategy, improved readiness to pay, and increased customer value for the business (i.e., Customer Equity, Keller and Lehmann, 2006; Hogan et al., 2002).

The loyal customers of the Company are, the less vulnerable to competitive pressures, allowing managers to implement successful value-generating strategies that generate BE-value. CS is also one of the main components of a more general concept of a CSP company that generates value in accordance with the theory of the instruments involved (Donaldson and Preston, 1995; Jones, 1995). By acting responsibly, firms can gain continued support from stakeholders, and access to valuable resources to support and enhance brand knowledge and thus BE (Keller 1993, 2003). Blackston (2000) says that consumers play an active role in the development of BE. A positive direct effect from CS to the BE of a company should therefore be transferred.

LITERATURE REVIEW

The company's success is in no significant fraction because of the brands' performance (Doyle 2000). Thus, one could expect that a study of the business literature would uncover a consensus on performance measurement. It reveals, however, that researchers have designed and measured performance by a range of metrics (Venkatraman and Ramanujan 1986; Day and Fahey 1988; Doyle 2000). Srivastava and Shervani. This has a number of reasons. First of all, it is a multi-dimensional, complex phenomenon that has business performance (Lenz 1981, Ogbonna and Harris 2000).

Developmental measures (Day and Nedungadi 1994) and functions within which the manager operating (Deshpande and Webster 1989) are based on the nature of the environment and the strategy followed. The results A preference is probable among managers working in the same company for different types of performance action because managers have conflicting objectives and do not seek optimal but rather satisfactory solutions, often with partial information as suggested by Cyert and March (1963). Furthermore, since various managers have various mental models to give meaning to a competitive environment (de Chernatony, Daniels and JohnSon 1993), preferences for performance measures vary between managers in the same Organization (Day and Nedungadi 1994).

A brand's type of market impacts on the kind of performance measurement used (Ambler 2000; Rust, Zeithaml and Lemon 2000). Thus, a relationship-centered bank, such as a Swiss private bank, is concerned more with measures of customer satisfaction and customer relationships assessment, as these retention rates are the foundation of its business model. In contrast, a very competitive price sensitive insurance company must maintain cost control and focus more on the amount and level of claims made, as its business model will fail if the proportion of consumers who are prone to accident increases.

Different consulting companies have developed their philosophies about the management of brands, which makes specific consulting companies available for individual brand performance monitoring methods. As a result of their Brand Dynamics T M pyramids (Dyson, Farr and Hollis in 1996), Millward Brown advocates performance measures while Young & Rubicam (1994) are carrying a number of different measurements based on their Brand Asset ® valuation device. Ambler (2000) summarizes so briefly the dilemma of the dilemma managers, noting "they (market research organizations) begin with and continue to progress" (p57). A large number of measures (e.g., Blattberg and Deighton in 1996, Pitta and Katsanis (1995), Barwise and Ehrenberg 1985) were taken for a look at the literature of the measurement researchers' assessments of performance. The different measures for the use of performance are the result of the various research questions, the discipline focus and the pragmatic question of data availability, as Venkatraman and Ramanujan (1987) observed.

Ambler (2000) maintains that performance measures are divided into two parts, i.e. the short-term outcomes, and an element which shows how the brand has changed. A measure of consumer equity is the starting point in this process to develop brand performance measurement. The short-term component concerns profit- and loss-related data. However, as Aaker and Joachimsthaler

(2000) argue, the focus on short-term finance to brand equity measurements has shifted. Partly because brands require long-term investment (Kendall 1999). This may be the result of this.

Our problem is that in a number of companies involved in the marketing of a very wide range of financial services, we needed to measure brand performance. No standard short-term measure for all companies is available in the financial services sector. Partly because financial services include such a wide range of services (e.g. insurance, consumer banking, insurance, mortgages, savings schemes, shares purchases and sales), supported by different business models and managers in various sectors focusing on a variety of metrics. Although managers in different categories share the commonality of key reporting parameters, such as profitability or shareholder dividends, they rely on various evaluation measures.

Consumer satisfaction with the marks has resulted from the willingness to pay a price premium, to use the brand more, to provide positive referrals and financial benefits (Srivastaba, Shervani and Fahey, 1998) (Ittner and Larcher, 1998; Yeung and Ennew, 2000). Due to these significant advantages, the use of consumer satisfaction studies has increased markedly (Piercy 1997). In the literature, satisfaction is defined as an attitude judgement following the purchase and/or interaction with a service provider (Fournier and Mick 1999). A considerable amount of research has been carried out on the background of satisfaction, namely expectations, unexpected expectations, performance, impact and equity (Szymanski & Henard 2001). We have taken up the methodology used by Crosby and Stephens (1987), following the tradition of other service scientists. A gestalt approach was used (see Oliver, Rust and Varki 1997), requesting satisfaction from respondents at the total five-point semantic differential level.

OBJECTIVES OF THE STUDY

1. This study aims mainly at examining the relationship between consumer brand equity and finance company performance.
2. Knowing the factors affecting the satisfaction of customers.

RESEARCH METHODOLOGY

This survey was part of a major project to study the perceptions of the brands in financial services. Fifty-two financial service organizations have been identified and approached. Twelve of them agreed to participate. Other organizations were rejected on the basis that some of the data were considered commercially sensitive or time-consuming. To collect consumer information, we had to send questionnaires to the consumers of the participating organizations. One company was a business-to - business and could not participate in the data collection process. Other companies were unable to participate in the research due to resource constraints.

In a mail survey, we anticipated a response rate of 30% based on Chisnall (2001). We therefore wanted the sample of 330 consumers from an Organisation to provide 100 consumer replies for each company brand. Contact information for a random sample of around 330 of their clients were provided from organizations that have direct contact with a financial services provider (rather than through intermediaries) and have sufficient level of contact to answer questions concerning the brand. Consumer samples in the organization's product portfolio were collected to the extent possible, in proportion to the number of consumers per product.

Each customer received a letter of the lead university researcher, a questionnaire, instructions and repayment envelopes returned to their universities from the financial service provider. The letters highlighted the confidentiality of the participants. Consumers were also encouraged to participate in the research.

DATA ANALYSIS AND INTERPRETATION

Brand loyalty

Brand loyalty was evaluated with both conative loyalty (or behavioural loyalty) and affective loyalty (or attitude) in mind. Consistent loyalty has been evaluated as to whether or not consumers consider using other products from the same financial service provider and recommending the brand to others. Affective loyalty was evaluated as a degree of consumer liking with verbal anchors of 'not at all' and 'very much' for the brand on a 5-point scale (see Question 3 in Annex A). The brand loyalty scale descriptive statistics are presented in Table 1.

BRAND LOYALTY SCALES	MEAN SCORE	STANDARD DEVIATION
"Conative brand loyalty: consider using other products"	0.76	0.42
"Conative brand loyalty: prepared to recommend brand to other people"	0.87	0.34
"Affective brand loyalty: liking for brand"	3.79	0.90

Table 1. "Descriptive statistics for the brand loyalty scales"

Consumer satisfaction

Three consumer satisfaction measures are used: I overall brand satisfaction of consumers; (ii) employee satisfaction of consumers; and (iii) product(s) satisfaction of consumers (cf. questions 4-6 of Appendix A). Three measures are employed: The answers were made in five-point scales with verbal 'very unhappy' and 'very satisfied' anchors. Similar approaches have been taken by other authors to evaluate general satisfaction and satisfaction with components that are considered to contribute to overall satisfaction (e.g. Crosby and Stephens, 1987; Czepiel, Rosenberg and Akerle, 1974; Westbrook, 1981). Table 2 shows the descriptive statistics for the satisfaction scales:

SATISFACTION SCALES	MEAN SCORE	STANDARD DEVIATION
"Overall satisfaction"	3.87	0.91
"Satisfaction with staff"	3.95	0.96
"Satisfaction with products"	3.95	0.93

Table 2. "Descriptive statistics for the satisfaction scales"

Brand reputation

A 5-point evaluation of the reputation of a brand with oral anchors of 'very unfavorable' to 'very favorable' was made in the Brand Reputation (see Question 7 in Appendix A). Table 3 shows descriptive statistics for the scale of reputation.

REPUTATION SCALE	MEAN SCORE	STANDARD DEVIATION
"Favourability of reputation"	3.94	0.83

Table 3. "Descriptive statistics for the reputation scale"

Purification of the measurement

On seven consumer-based performance measures, one main component analysis was carried out with varimax rotation. In this analysis there were six hundred consumers who contributed usable data. Both an own value criterion of more than 1.00 and a screen plot provided one solution of one factor. Sixty-eight% of the variance, a degree considered acceptable in social sciences, was the single factor (Hair, Anderson, Tatham and Black, 1998). Table 4 presents the coefficient of component score matrix and allows scientists to measure consumer capital of brands of financial services.

CONSUMER BASED EQUITY	COMPONENT 1
"Conative brand loyalty: consider using other products"	0.107
"Conative brand loyalty: prepared to recommend brand to other people"	0.167
"Affective brand loyalty: liking for brand"	0.211
"Overall satisfaction with the brand"	0.211
"Satisfaction with staff"	0.188
"Satisfaction with the product" (s)	0.195
"Brand reputation"	0.183

Table 4. "Component score coefficient matrix for principal components analysis of the consumer-based equity measure"

The reliability and validity of the consumer stock measure was evaluated by calculating the 7-point alpha in Cronbach. The alpha value of Cronbach was 0.88 higher than the generally accepted lower limit (Robinson and Shaver 1973, Wrightsman 1991, Robinson and Shaver 1991) In addition, the inter-item correlations of 0.3 or higher were as recommended by Hair et al.(1998) in a rule-of-thumb. Consequently, the measure on consumers' equity was considered to be satisfactory.

The sample has been broken down into the random SPSS function in two equal samples. Samples of usable data are produced respectively by 299 and 301 consumers. The main component analysis of both samples resulted in comparable results both with the original combined sample and between the split samples. The screen plots all showed a single factor solution representing 58.3% and 63.2% of the variance in each sample divided (60.8% of the variance was taken from the combined sample). In each of the analyses the score matrix was similar, as illustrated in Table 5. These findings indicate that the solution achieved throughout the sample was robust.

CONSUMER BASED EQUITY	COMPONENT 1(COMBINED SAMPLE)	COMPONENT 1(SPILT SAMPLE A)	COMPONENT 1(SPILT SAMPLE B)
“Conative brand loyalty: consider using other products”	0.107	0.092	0.119
“Conative brand loyalty: prepared to recommend brand to other people”	0.167	0.169	0.164
“Affective brand loyalty: liking for brand”	0.211	0.217	0.204
“Overall satisfaction with the brand”	0.211	0.217	0.206
“Satisfaction with staff”	0.188	0.198	0.180
“Satisfaction with the product” (s)	0.195	0.200	0.190
“Brand reputation”	0.183	0.186	0.180

Table 5 “Comparison of the component score coefficient matrix for principal components analysis of the consumer-based equity measure between the combined and split samples”

In addition to the evaluation of stability of the results of the factor model, the main components analysis of the entire sample, as suggested by Hair et al. (1999), has been re-examined by outliers on the 7 scales omitted. The results of this review were comparable to the initial analysis of the main components. Again, a one-factor solution, representing 58.4 per cent of the variance, showed both individual values greater than 1 and the screen plot.

Discussion and managerial implications

Services are not as interesting as branding, and this paper contributes to a lack of branding services which can be used in the process and consequent consumer-based brand equity measures to assess the performance of financial services brands. The reliability and validity of the measure have been demonstrated.

This is an easy-to-manage way of evaluating consumer evaluation on financial services brands for managers and scientists. It encourages managers to consider how change in their brand strategies impacts brand loyalty, consumer satisfaction and the brand reputation and they are better aware that their brand equity is changing through closer examination of this history. By regularly using this measurement tool, the Organisation can understand the relative functioning of the brand throughout its portfolio of financial services brands, and can decide better how the funds are assigned by establishing a historical database.

Managers should be more able to identify competitive threats through the inclusion of competing brands in track monitoring. By gathering information on the impact on consumer equity history that changes in competitive policies have, managers can assess the risk of severity and plan to better protect their brand. Furthermore, it would be possible to develop strategies for increasing the attractiveness of the brands in terms of three consumer stock histories through an understanding of the weaknesses of competitive brands. When companies monitor the relationship between consumer inventories and corporate results, such as market share shifts, using their databases, they could develop more realistic brand goals in their plan documents.

One trend in financial services is the merger of companies. This leads the management teams to discuss the best naming strategy considerably. The measure developed for each company brand in this paper enables an assessment of their consumer shareholdings and gives additional guidance on which brands based on the strengths of the different financial services brands are the most relevant. High-level managers can consider which of the three equity components will require early attention by the newly merged financial services Organisation.

This study focused on the sector of financial services. No study has been made of generalizing the measure to other sectors. In view of the interests and impact of the different stakeholders on a brand's well-being, the concentration of this study on consumers makes it difficult to comment on other actors. This study should be extended by researchers to other fields and stakeholders.

Conclusion

This paper illustrates how the consumer stocks of financial services brands have been evaluated through a valid and reliable measure. A good foundation for developing a measure of consumer equities was Churchill's (1979) adoption of a paradigm. Three key variables have been identified that comprise brand equity and enable scientists and managers to understand why a change is taking place on the brand equity as a result of these changes. The research was designed specifically for financial services and is encouraged to cover other services and products sectors.

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