

Determinants of Customer based Brand Equity

The Case of Wegagen Bank in Mekelle city



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**“Determinant of Customer Based Brand Equity in the Bank industry” The case of
Wegagen Bank Under Mekle Districts**

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Declaration

This is to certify that this thesis entitled “Determinants of Customer Based Brand Equity” submitted to partial fulfillment of the requirements for the award of the Degree of MA, in Marketing management to the colleges of Business and Economics, Mekelle university through the department of Marketing management, done by; Mr. **Mearg Berhe Gebremichael** Id No **cbe/prm18/12** is an authentic work carried out by him under my guidance. The matter embodied in this project work has not been submitted earlier for award of any degree or diploma to the best of my knowledge and belief.

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Table of Contents

Page

Declaration	ii
Abstract	vi
Acknowledgments.....	vii
List of Tables	viii
List of Figures.....	ix
List of Appendices	ix
List of Abbreviations	ix
CHAPTER ONE	1
Introduction.....	1
1.1 Back ground of the study	1
1.2 Background of the organization.....	3
1.3 Statement of the problem	4
1.4 Research Questions.....	5
1.5.2 Specific Objective of the study	6
1.6 Research Hypotheses	6
1.7 Significance of the Study	6
1.8 Scope of the study.....	6
1.9 Organization of the paper.....	7
1.10 Definition of Key Terms.....	7
CHAPTER TWO	8
Review of Related Literature	8
2.1 Theoretical review	8
2.1.1 Concept of Brand equity	9
2.1.2 Perspective of Brand Equity	11
2.1.3 Customer Based Brand Equity.....	12
2.1. 4 Models of brand equity	14

2.2 Empirical Review.....	24
2.2.1. Studies Based on Aaker’s Brand Equity Model.....	25
2.2.2 The Relationship between Dimensions of Brand Equity and Over All Brand Equity	30
2.3 Conceptual Framework.....	33
CHAPTER THREE	35
Research Methodology	35
3.1 Site Selection and Description	35
3.2 Research Approach	35
3.3 Research Design.....	36
3.4 Target Population and Sample Size	37
3.5 Sampling Design Technique	38
3.6 Data Source and Data type.....	39
3.7 Data Collection Procedures.....	39
3.8 Method of Data analysis	40
3.9 Reliability and Validity of the Study	41
3.9.1 Reliability of the study	41
3.9.2 Validity of the study.....	41
3.10 Ethical Consideration.....	41
CHAPTER FOUR.....	42
Data presentation, Analysis and Interpretation.....	42
4. 1 Response rate	42
4.2 Demographic characteristics of respondents.....	43
4.3 Inferential Statistics	54
4.3.1 Correlation Analysis	54
4.3.1 Model Assumptions	55
4.3.3 Regression Analysis.....	58
4.4 Hypothesis Testing and Interpretation of Results	61
4.5 Discussion of Findings.....	63

CHAPTER FIVE	65
Summary, Conclusions and Recommendations	65
5.1 Summary of the Major Findings	65
5.1. Summary	65
5.2 Conclusion	67
5.3 Recommendation	68
5.4 Research Limitation and suggestion for future researchers	69
Reference	70
Appendix 1	73
Appendix 2	76

Abstract

The study was aimed to measure customer-based brand equity of selected Wegagen bank branches in Mekelle with respect to bank service buyers' perception by utilizing Aaker's customer-based brand equity model. A five dimension of brand equity model posited by David Aaker was used in order to conduct the investigation via quantitative research design, where descriptive and explanatory research approach was applied. A sample of 398 bank customers from Mekelle were selected using a Purposive sampling method and data was collected through a structured questionnaire intending to identify their perception towards the bank brand. Out of 398 structured questionnaires distributed to respondents 380 were collected, which maintained 95.47% response rate. The results of correlation analysis showed that the three (brand loyalty, brand association and perceived quality) determinants of Customer-Based Brand Equity had a positive significant relationship with the overall brand equity as well as within themselves. However, brand awareness and Other proprietary assets had negative relationship with overall brand equity. The results of multiple regression analysis also revealed that the three dimensions (brand loyalty, brand association and perceived quality) have a positive influence on the overall brand equity though their contribution magnitude is not the same however brand awareness contribute or predict the overall brand equity positively but not significant. Other proprietary assets also predict the overall brand equity negatively but with significant effect. Among those dimensions, perceived quality had the strongest positive significant influence on the studied bank customer-based brand equity followed by brand loyalty. Thus, Bank managers should exert their efforts to increase Perceived Quality first along brand loyalty with of their customers so that the Overall brand equity would accordingly increase.

Key words/terms: *Wegagen Bank, Customer Based Brand Equity, Brand Equity, Brand awareness, Perceived quality, brand association, brand loyalty, other proprietary assets.*

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List of Tables

Table 3.1 Proportionate sample distribution-----	38
Table 4. 1 Response rate -----	42
Table 4.2 Reliability test -----	43
Table 4.3 Demographic characteristics of respondents-----	44
Table 4.4 Purpose to visit Wegagen bank-----	48
Table 4.5 Customer preference to Wegagen bank-----	49
Table 4.6 Reason why customer of Wegagen didn't choose Wegagen bank than others-----	50
Table 4.7 Dimensions of Brand equity-----	52
Table 4.8 Correlation matrix-----	54
Table 4.9 Linearity Test-----	56
Table 4.10 Normality Test-----	56
Table 4.11 Multicollinearity test-----	57
Table 4.10 Model summary table-----	58
Table 4.11 Coefficient matrix of regression -----	59
Table 4.12 Summary of hypothesis result-----	61

List of Figures

Figure 2.1 David Aaker’s Brand equity model-----	15
Figure 2.2 Keller’s CBBE model-----	21
Figure 2.3 Yoo et.al Customer based brand equity-----	23
Figure 2.4 Conceptual Framework-----	33
Figure 4.1 Respondents Gender Distribution-----	44
Figure 4.2 Educational Background of respondents-----	46
Figure 4.3 Respondents Experience with Wegagen bank-----	47

List of Appendices

Appendix 1: Questionnaire-----	75
Appendix 2: Correlation statical test-----	76
Appendix 3: Model Assumption tests-----	76
Appendix 4: Regression test-----	77

List of Abbreviations

CBBE	-----	Customer Based brand Equity
OBE	-----	Over all brand Equity
WB	-----	Wegagen Bank
BA	-----	Brand Awareness
BAS	-----	Brand Association
PQ	-----	Perceived Quality
BL	-----	Brand Loyalty
OP	-----	Other proprietary
VIF	-----	Variance Inflation Factor
CRM	-----	Customer Relationship Management

CHAPTER ONE

Introduction

1.1 Back ground of the study

Nowadays, the behavior of bank customers is becoming increasingly unpredictable. Some customers seek low interest rates for loan services, while others prefer high interest rates for savings, current accounts, and deposit products. Additionally, many customers demand low administrative costs and expect financial transactions to be fast, efficient, convenient, and easily accessible anytime and anywhere (Mohammad, 2017; Sandhe, 2016). To survive in an increasingly competitive business environment, companies, including those in the banking sector, must create a competitive advantage that surpasses their competitors and increases their product market share. To achieve this, companies typically focus on designing new products, improving existing ones, and building a strong brand image (Ahmed et al., 2018; Pinar et al., 2012; Subramaniam et al., 2017). A well-known brand with a positive image is one of the most valuable assets for companies worldwide, as it can significantly enhance customer loyalty, increase profits, and improve the effectiveness of marketing communications (Keller, 2013; Pride & Ferrell, 2016).

According to a 2021 report by Lithuania, the world's most valuable brands were ranked as follows: Apple (\$323 billion), Amazon, Microsoft, Google, Samsung, Coca-Cola, Toyota, Mercedes-Benz, McDonald's, and Disney. This ranking highlights the significant financial and market value of these globally recognized brands, emphasizing the importance of strong brand equity in driving business success. Companies like Apple and Amazon dominate the world due to their innovative products, customer-centric approaches, and consistent ability to deliver high-quality experiences. These brands have successfully built trust, loyalty, and emotional connections with their customers, which translates into substantial financial worth. The presence of brands like Coca-Cola and Disney further underscores the enduring power of brand recognition and emotional appeal in maintaining a competitive edge in the market. This ranking serves as a testament to the critical role of brand equity in achieving long-term profitability and market leadership.

According to Subramaniam et al. (2017) and Yunus et al. (2016), many organizations strive to build a strong brand equity by implementing a series of effective marketing programs to position their brand strongly in consumer perception. Brand equity refers to the marketing and financial

value associated with strengthening a brand in the market, including brand assets, brand name awareness, brand loyalty, perceived brand quality, and brand associations (Dua et al., 2013; Pinar et al., 2012; Pride & Ferrell, 2016). Many service companies, such as those in banking, telecommunications, aviation, and hospitality, face intense business competition, making it crucial for them to develop strong brands (Ahsan et al., 2020; Ishaq et al., 2014; Khan & Khan, 2017; Nadernezhad & Vakilalroaia, 2013; Subramaniam et al., 2017; Thakshak, 2018). Understanding brand equity from a customer perspective can help marketing managers influence purchasing behavior and design effective marketing programs (Kimpakorn & Tocquer, 2010).

In recent years, both private and public banks in Ethiopia have been expanding and growing rapidly. As a result, competition in the banking sector has intensified, particularly in business activities and strategies. To gain a competitive advantage and lead in market share, both private and public banks must pay serious attention to their overall branding strategies, including developing, building, measuring, and sustaining their brands. Additionally, managers in the banking sector should make concerted efforts to create a unique identity (brand) in their services. To establish a unique and customer-based brand, managers and employees in the financial sector must analyze and understand the determinant factors of customer-based brand equity.

Therefore, the research aimed to explore and analyze the factors influencing customer-based brand equity for Wegagen Bank in Mekelle City, using Aaker's (1991) brand equity model as the framework.

1.2 Background of the organization

Wegagen Bank S.C was established on the 11th of June 1997 EC. It came to life as a result of the entrepreneurial wit of sixteen (16) founding members who recognized the critical role that financial institutions would play toward creating a sustained economic development and were able to put in an initial paid-in capital of Birr thirty million (Birr 30 million). Established under the banking proclamation of Licensing and Supervision, Proclamation No. 84/1994, the Bank was registered with the National Bank of Ethiopia on April 30, 1997. The Memorandum and Articles of Association of the Bank were signed on April 15th, 1997 and registered with the Addis Ababa Bureau of Trade, Industry and Tourism on April 15, 1997, Registration Number 1/34/4/89. Now Wegagen bank has a paid-up capital of more than Birr 6 billion and a total capital of more than Birr 11 billion. At the same time, its total assets have increased to Birr 74.6 billion. Wegagen Bank operates regular and Wegagen Amana through 443 branches, 394 ATMs and 457 pos payment machines, as well as mobile app, internet banking and 4800 agent banking service providers (Ethiopian capital market. *Wegagen bank profile*. January 30, 2025 <https://www.ethiopiancapitalmarket.com/companies/wegagen-bank>) Although Wegagen Bank operates successfully across the country, intense competition in the banking sector poses significant challenges. To remain competitive, attract new customers, and maintain brand loyalty, Wegagen bank must understand the key determinants of customer-based brand equity.

1.3 Statement of the problem

The environment of banking industry has been experiencing rapid changes reflected by the intense growth of competition between banks and increased expectation of current and potential customers. As a result, maintaining customer-based brand equity has been a major challenge for various banks especially in developing countries (Suleiman, 2013). With the current increase stiff competition in the market place, many companies and institutions are struggling to survive. It is now very clear that companies that have been survived the intense competition would those companies whose products brands and services have a competitive advantage against their competitors. This competitive advantage is the secret to survival and can be achieved by building strong brand equity among the companies' products and services.

Branding is very essential in any business environment since it communicates so much information to customers on product quality. It also plays a significant role in differentiating products as unique from those of competitors (Kumar & Prasad, 2012). Branding is more critical in industries such as banking where products seem to be more homogenous thus making it difficult for customers to distinguish any clear difference between them. (American Journal of Economics, 2012).

The concept of customer-based brand equity is critical especially for banking services, where customers highly depend on the brand and the market is highly competitive (Shameem and Jayasinghe, 2018).

According to (Nadernezhad and Vakilalroaia,2013) Bank's brand equity can be improved by designing and implementing customer relationship management and customer knowledge management to obtain customer's knowledge about his/her preferences towards a brand and customer preference analysis through data mining techniques in order to increase the value of brand products from the perspective of the customer. Implementing educational programs and empower staff as internal customers, improve formal and informal communication to transfer goals, values and aspirations of the company, talent management, job enrichment to improve staff understanding of brand products through creativity and innovation.

According to Nguyen et al., (2019) Strong brand equity can be achieved by improving customer loyalty first (increase customer satisfaction) through activities such as improving the quality of products and services, meeting the needs of customers; opening more branches, transaction offices,

building ATMs widely distributed and extending the transaction time. Then invest in activities that improve brand association, perceived quality and brand awareness of the brand.

Although some previous researchers tried to analyze customer-based brand models in different industries such as insurance industry (Almasi, 2011), M-commerce (Pantri Heriyati, 2019), Computer, cellphone and beverages (Ulla et al., 2012), social media (Dina Aulia, 2017) and financial sectors (Saputra, 2020), existing empirical research on brand equity in banking market is still sparse (Saputra, 2020; hosseini-amiri, 2013;Rêgo, 2015).

In Ethiopia, various postgraduate studies at Addis Ababa University's School of Commerce have explored brand equity across different sectors, including the mobile phone industry (Daniel, 2018), airlines (Fework, 2017), Tomoca Coffee (Yodit, 2017), the bottled water industry (Shewanesh, 2017), media services (Tesfaye, 2017) and bank (Teshome, 2018). These studies employed Aaker's (1991) four-dimensional brand equity model comprising: brand awareness, brand association, perceived quality, and brand loyalty to examine their effects on brand equity. However, the current study extends Aaker's model by incorporating a fifth dimension "other proprietary" assets to provide a more comprehensive analysis of customer-based brand equity.

Despite the growing interest in brand equity, much of the existing research has been conceptual or theoretical, with limited empirical investigation. Million (2013) highlights this gap, asserting that the role of brand equity in strategic brand management has not been explicitly addressed. Furthermore, inconsistencies in findings from previous studies and the absence of specific research on Wegagen Bank highlight the need for further exploration, making this study both relevant and necessary.

1.4 Research Questions

1. What are customers' perceptions of the services provided by Wegagen Bank?
2. What are the key determinants of customer-based brand equity in Wegagen Bank?
3. What is the level of relationship between customer-based variables and Brand equity?
4. What is the most preferred brand equity measurement dimension from the customer 's perspective?

1.5 Objective of the study

1.5.1 General Objective of the study

The general objective of the study is to investigate the determinant factors of brand equity in banking industry in the case of Wegagen Bank

1.5.2 Specific Objective of the study

1. To understand customer perceptions of Wegagen Bank's services
2. To examine the key determinants of customer-based brand equity in Wegagen Bank
3. To investigate the relationship between the four dimensions of consumer-based brand equity of Wegagen Bank and Brand equity
4. To identify the most preferred brand equity dimension in Wegagen Bank

1.6 Research Hypotheses

H1: Perceived Quality has a significant and positive effect on brand equity in Wegagen bank.

H2: Brand Awareness has a significant and positive direct effect on brand equity in Wegagen bank.

H3: Brand Association has a significant and positive direct effect on brand equity in Wegagen bank

H4: Brand Loyalty has a significant and positive direct effect on brand equity in Wegagen bank

H5: Other Proprietary assets have a significant and positive effect on brand equity of Wegagen bank.

1.7 Significance of the Study

This research will provide valuable insights for various stakeholders, including academicians, marketing professionals, and financial service providers. First, the findings will serve as a valuable resource for students and researchers, offering a foundation for future studies on brand equity, particularly in the context of developing countries like Ethiopia. Additionally, the study will contribute to the banking industry by providing insights that can help financial institutions formulate or refine their marketing strategies on brand. Furthermore, this research will be beneficial for new entrants and foreign banks seeking to understand customer-based brand equity in the Ethiopian market. It will also provide guidance for manufacturers, wholesalers, and agents on key brand positioning strategies to create a favorable perception in consumers' minds.

1.8 Scope of the study

The study has geographical, methodological, and conceptual scopes. Geographically, the study focused only on five Wegagen Bank branches in Mekelle City: Mekelle Branch, Hawelti Branch,

Castle Branch, Elala Branch, and Kalid Branch. In addition to this geographical scope, the study also has a methodological scope, as it utilized both purposive and convenience sampling methods. Furthermore, while this research incorporates Aaker's Customer-Based Brand Equity (CBBE) dimensions, there are other factors that influence brand equity. However, due to time constraints, these additional variables were not included in the study.

1.9 Organization of the paper

The research is designed to have five chapters. These are, chapter one deals about the introductory part contains, back ground of the study, statement of the problem, objectives and scopes. The second chapter is all about the literature review in relation to brand equity and dimensions of customer-based brand equity discussed by different researchers and writers. The third chapter is deal about the research methodology. The fourth chapter deals about the discussions and results of the collected data. Finally, the fifth chapter is concerns with the conclusion and proper suggestion and recommendation.

1.10 Definition of Key Terms

Brand: Brand is a distinguishing name and/or symbol (such as logo, trademark, or package design) intended to identify the goods or services of either one seller or a group of sellers, and to differentiate those goods or services from those of competitors.

Brand Equity: Brand equity is a marketing and financial value associated with strengthening a brand in the market, including in brand assets, brand name awareness, brand loyalty, perceived brand quality, and brand association

Customer Based Brand Equity: customer-based brand equity is considered as the driving force of increased market share and profitability of the brand, and is based on the marketers' perceptions.

Bank: A bank is a financial institution that provides services such as accepting deposits, lending money, facilitating transactions, and offering investment and wealth management solutions to individuals and businesses.

Customer Relationship Management: customer relationship management is a blend of business process and technology that are used to realize a company's customers from the viewpoint of who they are, what they do, and what they are like.

CHAPTER TWO

Review of related literature

2.1 Theoretical review

For centuries brands have been used as a mean for distinguishing the goods of a producer from the others. According to AMA (American Marketing Association), a brand is defined as a name, term, sign, symbol, or design, or a combination of them intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competition (Keller 1993). Originally, the word brand is derived from the Old Norse” brander”, meaning to “burn”-recalling the practice of producers burning their mark (or brand) onto their products. (Marketing Magazine.com.uk, 2006). The idea or concept of branding was essentially to depict ownership of things which had value. For instance, livestock branding was adopted to differentiate one person ‘s cattle from another ‘s by means of distinctive symbol burned onto the animal ‘s skin with a hot branding iron. Ancient Egyptian brick-makers drew symbols on bricks to identify their products (Farquhar, 1990), shop keepers in the ancient Roman and Greek times used symbols to identify their shops. However, in today modern world the concept of brand has come to include much more than just creating a way to identify a product or company.

As Chern tony and McDonald (2003) clarification, brands have also been viewed to go beyond the physical components of what they stand for to encompass additional attributes, which are important considerations for consumers’ buying decisions. Different authors provide their own explanation towards the meaning of a brand.

According to the American Marketing Association cited in (Keller, 2013), “A brand is a name, term, sign, symbol, or design, or a combination of them, intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competition.” Technically speaking, whenever a marketer creates a new name, logo, or symbol for a new product or service, he or she has created a brand (Keller, 2013).

For Kapferer (2008), brands are intangible assets, assets that produce added benefits for the business. This definition tried to see brands as valuable to the firms mainly from financial perspective. Brands will result in higher returns to the business since premium price can be set and claimed by the business of a product with a brand than with a generic brand. Keller (2004), on his

part defines brand as a perceptual entity embedded in reality, but it is also more than that reflecting the perceptions and perhaps even the peculiarity of consumers. This definition states that, brand is what resides in the minds of consumers and the ultimate goal of all efforts in creating a perceived value of products and services in the minds of consumers.

Kapferer (2008), support Keller 's definition by explaining a brand as a set of mental associations, held by the customer, which add to the perceived value of a product or service.

Aaker (1991) defines brand in a perspective of identification and differentiation of product/service by the customer from the competitor. For him a brand is a portion of an intangible asset that offers a sustainable competitive advantage over the competitor. In addition, brands are built now for the purpose of earning a long-term benefit.

According to Kotler (2009), Brands are important valuable intangible assets for companies, a distinctive tool that builds a long-term relationship with the consumers, and protects its 'rights. For consumers, brands reflect their experience and knowledge; simplifying the processing of information accumulated over time about the company and its products or brands. In addition, brands reflect consumer 's experiences and knowledge; thus, simplify the processing of information accumulated over time about the company and its products or brands. Consequently, brands act as signals for products of high quality and low perceived risk, thus, enable the consumers to capture both cognitive and non-cognitive values expressed in the positive feelings or self-expression experienced (Aaker, 1996).

The above explanations have something in common which explain what a brand is. Brand is an added value, which identify and differentiate a product from other brands/products and brand used as a source of competitive advantage when consumers able to create strong mental association in their mind.

2.1.1 Concept of Brand equity

The concept of brand equity has been popular and potentially important marketing concepts since 1980s (Keller, 2013). However, similar to brand, despite brand equity is an extremely important construct for marketing, yet it lacks theoretical consensus and clarity in its conceptualization, mainly because the researchers defining it come from different philosophies and perspectives (Wood, 2000). For example, a consensus has not emerged on whether brand equity refers to the value of a brand name or the value of a brand which is denoted by a brand name. This lack of consensus is reflected in the numerous measures and theoretical perspectives (for example,

customer-based, and financial marketplace-based) that underlie the brand equity construct. Due to the lack of conceptual agreement, the construct has been subject to varying terminology during the past two decades (Oliveira & Luce, 2012). The following are some of the definitions provided for the term brand equity. Brand equity is the added value endowed by the brand name (Farquhar, 1991). It is the difference in consumer choice between the focal branded product and unbranded product given the same level of product features (Yoo, Donthu, & Lee, 2000).

Brand equity is defined as the marketing effects or outcomes that accrue to a product with its brand name compared with those that would add if the same product did not have the brand name (Aaker 1991; Keller 2003). The specific effects may be either consumer-level constructs, such as attitudes, awareness, image, and knowledge, or firm level outcomes, such as price, market share, revenue, and cash flow.

Aaker (1991) defined “brand equity as a set of brand assets and liabilities linked to a brand, its name and symbol add to or subtract from the value provided by a product or service to a firm and/or that firm’s customers. “His approach to brand equity is viewed as a managerial and corporate strategy perspective. He stated that the assets and liabilities linked to a brand’s name or symbol can be grouped into five dimensions: brand loyalty, brand awareness, perceived quality, brand associations, and other proprietary brand assets. He suggested that we can generate brand equity by strengthening those dimensions.

Keller (1998) approached the concept of brand equity from the perspective of the consumer, he defined “customer-based brand equity as the differential effect that brand knowledge has on the consumer or how customers respond to the marketing of that brand.” He also suggested that as customers respond more favorably to a product whose brand is identified, the brand has positive customer-based brand equity and it exists when the consumer has a high level of awareness and familiarity and strong, favorable, and unique brand associations in their memory (Keller, 2002). The brand is established through the proper identity, the appropriate brand meaning, the right brand responses, and the appropriate brand relationships with customers by establishing six core brand values: brand salience, brand performance, brand imagery, brand judgments, brand feelings, and brand resonance (Keller, 2001)

Generally, the above definition singles out that when brand equity dimensions, whether name or

symbol, are strong the brand equity can be considered as an asset of the firm. As an asset the brand can command higher price, the brand can be sold above the infrastructure of the firm, competitors would be forced to incur huge amount of money to compete. Furthermore, the consumers are less likely to shift the brand because it offers values to them like functional value, avoidance of perceived risk, information processing, confidence and symbol. Moreover, as one can observe from the above definitions, some define brand equity from the customer's point of view while others addressed it for the financial perspective.

2.1.2 Perspective of Brand Equity

According to Kapferer (2008), there are two principal and distinct perspectives that have been taken by academics from which brand equity can be viewed. The first perspective of brand equity is from a financial market's point of view where the asset value of a brand is appraised (Farquhar et al., 1991; Simon & Sullivan, 1990); while the second perspective of brand equity is customer-based perspective which is evaluating the customer's response to a brand name (Aaker, 1991; Keller, 1993).

2.1.2.1 The Financial Perspective (Financial- Based Brand Equity)

Supporters of the financial perspective defined brand equity as the total value of a brand which is a separable asset when it is sold or included in a balance sheet (Atilgan, Aksoy & Akinci, 2005). Simon and Sullivan (1993), on their part explain brand equity as the incremental cash flows which add to branded products over and above the cash flows which would result from the sale of unbranded products. From a financial perspective, brand equity is seen as a monetary figure and is used to estimate the brand value for accounting purposes (in terms of asset valuation for the balance sheet) or for merger, acquisition, or divesture purposes (Keller, 1993).

2.1.2.2 Customer Perspective (Customer-Based Brand Equity)

This perspective focuses exclusively on the relationship customers have with the brand (from total indifference to attachment, loyalty, and willingness to buy and re-buy based on beliefs of superiority and evoked emotions (Kapferer, 2008). The customer-based brand equity (CBBE) approach is the dominant perspective and the one preferred by a majority of academics and practitioners in marketing research because if a brand has no meaning or value to the consumer it

is ultimately meaningless to investors, manufacturers, or retailers (Cobb-Walgreen, Beal & Donthu, 1995). From a customer-based perspective, brand equity is viewed from the individual customer's viewpoint and is used to help marketers develop effective strategy to understand, meet, and influence customer behavior. In this way, marketers could measure the consumer reactions toward a brand name. Thus, the second perspective, customer-based perspective, is based on customers' perception; such as associations and beliefs connected to the brand (Christodoulides & Chern Tony, 2010). For Leone et al., (2006), those from a consumer perspective, are based on the ground that the power of brands lies in the minds of consumers. Hence, the current study will focus only on the consumer-based brand equity perspective and will not discuss the financial based brand equity as it is outside the scope of this study. The financial value of brand equity is ultimately the outcome of consumer response to a brand name. As Keller (1993) stated it for a brand to have value it must be valued first by the customer, if the brand has no meaning to the customer; the other definitions are meaningless.

2.1.3 Customer Based Brand Equity

Brand equity is a multidimensional concept and a complex phenomenon. (Keller, 1993) separated it into two components: awareness and association. (Aaker, 1991, 1996) grouped it into five categories: perceived quality, brand loyalty, brand awareness, brand association, and other proprietary brand assets such as patents, trademarks, and channel relationships. Among these five brand equity dimensions, the first four represent customers evaluations and reactions to the brand that can be readily understood by consumers (Yoo, 2001), so they have been widely adapted to measure customer-based brand equity in previous studies. In summary, strong brand equity means that customers have high brand-name awareness, maintain a favorable brand image, perceive that the brand is of high quality, and are loyal to the brand.

According to (Keller K., 2013), customer-based brand equity is the differential effect that brand knowledge has on consumer response to the marketing of that brand. A brand has positive customer-based brand equity when consumers react more favorably to a product and the way it is marketed when the brand is identified than when it is not (say, when the product is attributed to a fictitious name or is unnamed). The above definition has jumbled three ideas in to one which needs more elaboration. These three concepts are: (1) differential effect, (2) brand knowledge, and (3) consumer response to marketing. In explaining the first concept, (Keller K., 2013) stated it as brand equity arising from differences in consumer response. If no differences occur, then the brand-name

product can essentially be classified as a commodity or a generic version of the product in which, competition, most likely, would then just be based on price.

The second point, which is one of the building blocks of the customer-based brand equity model, differences in response are a result of consumers knowledge about the brand, that is, what they have learned, felt, seen, and heard about the brand as a result of their experiences over time. Thus, although strongly influenced by the marketing activity of the firm, brand equity ultimately depends on what resides in the minds and hearts of consumers.

Third, customers differential responses, which make up brand equity, are reflected in perceptions, preferences, and behavior related to all aspects of brand marketing, for example, including choice of a brand, recall of copy points from an advertisement, response to a sales promotion, and evaluations of a proposed brand extension. Hence the CBBE concept approaches brand equity from the perspective of the consumer whether the consumer is an individual or an organization or an existing or prospective customer. Understanding the needs and wants of consumers and organizations and devising products and programs to satisfy them are at the heart of successful marketing. The second definition is the one posited by Aaker.

(Aaker, 1996) in his book building strong brands defined customer-based brand equity in this way: Brand equity is defined as a 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. According to (Keller, 1993), there is both an indirect and a direct approach to measuring customer-based brand equity. The indirect approach tries to identify potential sources of such equity, whereas the direct approach focuses on consumer responses to different elements of the firm's marketing program. The implications of customer-based research suggest that measures of customers 'brand perceptions are accurate reflections of brand performance in the marketplace.

Strong, positive customer-based brand equity has a significant influence on the financial performance of the firms (Kapferer, 2008). Therefore, the indirect approach to measuring customer- based brand equity is considered for this research.

2.1. 4 Models of brand equity

In the literature, there are many brand equity models depending on the purpose of the outcome and the approach employed. Among the different CBBE models in the literature, this study will describe the most widely adopted by various contemporary scholars Aaker's (1991), Yoo et al. (2002) and Keller's (1993) brand equity model and finally give emphasis on the most influential conceptualizations of brand equity models developed by Aaker (1991).

2.1.4.1 Aaker's brand equity model

Aaker (1991) is one of the earliest scholars in the field of brand equity that developed conceptual frame work of brand equity. He provided the most comprehensive brand equity model which consists of five different assets that are the sources of the value creation.

Aaker (1991, 1996), grouped dimension of brand equity into a set of five assets (or liabilities) which are determinants of brand equity namely perceived quality, brand loyalty, brand awareness, brand association, and other proprietary brand assets such as patents, trademarks, and channel relationships. The purpose of the Aaker Model is to help in creating a brand strategy consisting of different brand elements or patterns, so as to clarify, enrich and differentiate a brand from its competitors. Aaker argues that brand equity should be measured from the perspective of the consumer. The stronger the brand awareness, brand loyalty, perceived quality and brand association the higher the financial value will be. In other words, the value of the brand equity dimensions (i.e. especially brand awareness, brand loyalty, brand association and perceived quality) are the base on which the financial value of the firm will depend. Scholars argue that, all the five dimension of Aaker's represent a fluctuation of consumer perception and behavior to the brand that can be readily understood by consumers (Barwise, 1993; Yoo & Donthu, 2001).

Previous researchers were measure CBBE mainly using Aaker's four dimensions: Brand awareness, Brand association, perceived quality and brand loyalty, But the fifth dimension also a determinant factor for CBBE. Hence, All the five dimensions of Aaker's model should be regarded as a determinant's factors of customer-based brand equity in this study.

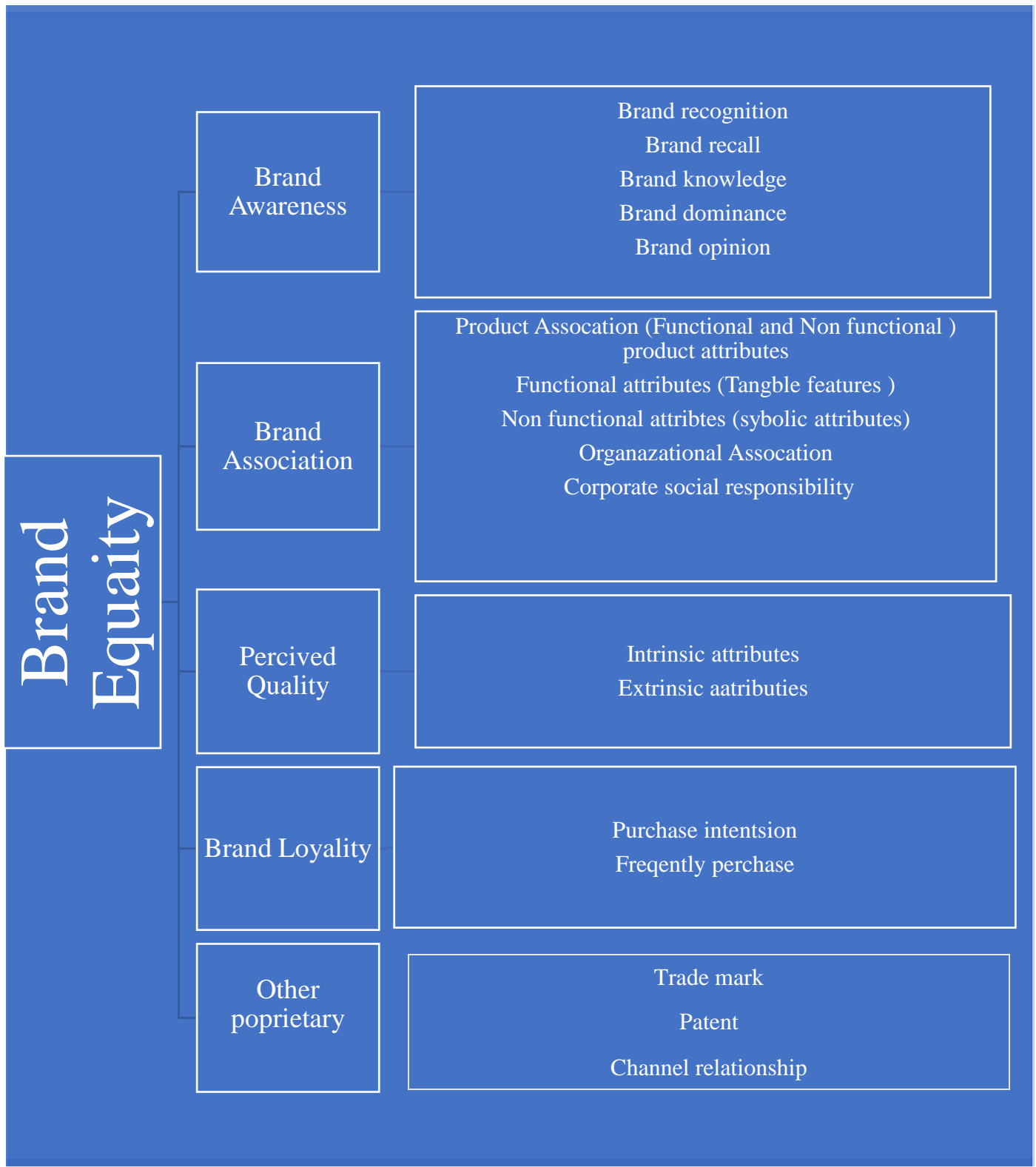


Figure 2.1: David A. Aaker's Brand Equity Model *Source: Aaker (1991)*

Brand Awareness

Awareness is a key determinant identified in almost all brand equity models (Aaker, 1991; Keller, 1993). It's obvious that as the first step in brand equity construction, without awareness a customer cannot possibly put offerings in context. Brand awareness means the ability of a consumer can recognize and recall a brand in different situations (Aaker, 1996).

From this definition it can be seen that brand awareness consists of brand recall and brand recognition. While brand recall refers a situation when consumers see a product category, they can recall a brand name exactly, and brand recognition used to describe consumers ability to identify a brand when there is a brand cue (Keller, 1993). Aaker (1996) identifies other higher levels of awareness besides recognition, a recall and top mind (Aaker 1991). He includes brand dominance (the only brand recalled), brand knowledge (I know what the brand stands for) and brand opinion (I have an opinion about the brand).

The followings are some of the sub-dimensions included under the brand awareness (Keller, 1993; Aaker 1996):

Brand recognition: Brand recognition is the extent to which a consumer can correctly identify a particular product or service just by viewing the product or service's logo, tagline, packaging or advertising campaign. In order to build brand recognition, an organization must repeatedly provide customers with a consistent visual or auditory learning experience.

Brand recall: Brand Recall is the extent to which a brand name is recalled as a member of a brand, product or service class. It refers to the ability of study respondents to remember a name (i.e. of a brand, company or product)". It is a qualitative measure of how well a brand name is connected with a product type or class of products by consumers.

Top-of-mind: Top-of-mind is the situation by which a brand or specific product coming first in customers' minds when thinking of a particular industry. Achieving top -of -mind requires consistent communication efforts by companies through various marketing channels.

Brand dominance: Brand dominance is the state that exists when the majority of consumers believe that one brand outperforms all competitors. Is your product or service is the first product that comes to customers' minds when they deliver into your market segment? Why not? To what extent a product, brand, or firm controls a product category is termed as brand dominance.

Brand knowledge: Keller (1993), defined brand knowledge as awareness of the brand name and belief about the brand image. Valuable beliefs are authentic beliefs – consistent and durable. In addition to belief, consumer experience is an important part of brand knowledge. Consumer experience includes emotions, sensations, and activity. It is a function of awareness, which relates to consumers' ability to recognize or recall the brand, and image, which consists of consumers' perceptions and of associations for the brand.

Generally, Brand awareness can be a sign of quality and commitment, letting consumers become familiar with a brand and helping them consider it at the point of purchase (Aaker, 1991).

It can affect customers' perceptions, which lead to different brand choice and even loyalty (Aaker,1996). A brand with strong brand recall (unaided awareness) and top of mind can affect customers' perceptions, which lead to different customer choice inside a product category (Aaker, 1996).

According to (Aaker, 1996), for new or niche brands, recognition can be important. For well-known brands recall and top-of-mind are more sensitive and meaningful. Brand knowledge and brand opinion can be used in part to enhance the measurements of brand recall.

Brand Association

These are another important component of brand equity (Aaker, 1991; Keller, 1993).

It is the core asset for building strong brand equity (Chen, 2001). Aaker (1991) defines brand associations as "anything linked in memory to a brand" and continues to explain that several associations put together creates a brand image which includes user imagery, product attributes, use situation, organizational associations, brand personality and symbols.

As to Kotler and Keller (2006, p. 188), "Brand associations consist of all brand-related thoughts, feelings, perceptions, images, experiences, beliefs, attitudes and is anything linked in memory to a brand." Brand associations play a vital role in creating brand knowledge, and ultimately brand equity, and are widely assumed to be the driving force of a brand's strength.

The more associations a customer have to a brand, the stronger the link between the customer and the brand (Aaker, 1991; Keller, 1993).

Brand associations create value for the firm and its customers by helping to process or retrieve information, differentiate the brand, create positive attitudes or feelings, provide a reason to buy, and provide a basis for extensions (Aaker, 1991).

Marketers use brand associations to differentiate, position, and extend brands, to create positive attitudes and feelings toward brands, and to suggest attributes or benefits of purchasing or using a specific brand where as Consumers use brand associations to help process, organize, and retrieve information in memory and to aid them in making purchase decisions (Aaker, 1991).

Chen (2001) categorized brand association in to two types: product associations and organizational associations.

A. Product Association: Product associations include functional attribute associations and non-functional associations (Chen 2001). Functional attributes are the tangible features of a product (Keller 1993, Hankinson and Cowking 1993, de Chernatony and McWilliam, 1989). While evaluating a brand, consumers link the performance of the functional attributes to the brand (Pitta and Katsanis 1995, Lassar et al. 1995). If a brand does not perform the functions for which it is designed, the brand will have low level of brand equity. Performance is defined as a consumer's judgment about a brand's fault-free and long-lasting physical operation and flawlessness in the product's physical construction (Lassar et al. 1995).

Non-functional attributes include symbolic attributes (Aaker 1991, Keller 1993, Farquhar & Herr 1993, Chen 1996, Park et al. 1986) which are the intangible features that meet consumers' needs for social approval, personal expression or self-esteem (Keller 1993, Hankinson and Cowking 1993, de Chernatony and McWilliam 1989, Pitta & Katsanis 1995). Consumers linked social image of a brand, trustworthiness, perceived value, differentiation and country of origin to a brand.

B. Organizational associations: include corporate ability associations, which are those associations related to the company's expertise in producing and delivering its outputs and corporate social responsibility associations, which include organization's activities with respect to its perceived societal obligations (Chen 2001). According to Aaker (1996), consumers consider the organization that is the people, values, and programs that lies behind the brand. Brand-as-organization can be particularly helpful when brands are similar with respect to attributes, when the organization is visible (as in a durable goods or service business), or when a corporate brand is involved.

Perceived Quality

Aaker (1991) describes perceived quality as a customer's perception of a product or service superiority or overall quality. It is not the actual quality of the product but the customer's perception (subjective evaluation) of the overall excellence or superiority of the product (or service) with respect to its intended purpose, relative to alternatives (Zeithaml, 1988).

Since it is impossible for consumers to make complete and correct judgments of the objective quality, they use quality attributes that they associate with quality (Zeithaml, 1988). It is described as being intangible in nature and based on an overall feeling about the brand.

Zeithaml (1988) classify the concept of perceived quality in two groups of factors; that are intrinsic attributes and extrinsic attributes. The intrinsic attributes are related to the physical aspects of a product (e.g. color, flavor, form and appearance); on the other hand, extrinsic attributes are related to the product, but not in the physical part of this one (e.g. brand name, stamp of quality, price, store, packaging and production information. High perceived quality can be useful for a brand in several ways. It can be, a platform for brand extensions, a reason for customer to pay a premium price, a mechanism to increase the interest of channel members for the product or service, a way to differentiate a product or service, and finally, it can also provide the customer with a reason to buy the product or service (Aaker,1991).

Brand loyalty

Loyalty is a core dimension of brand equity. Aaker (1991) defines brand loyalty as the attachment that a customer has to a brand. Grembler and Brown (1996) describe different levels of loyalty. Behavioral loyalty is linked to consumer behavior in the marketplace that can be indicated by number of repeated purchases (Keller 1998) or commitment to rebuy the brand as a primary choice (Oliver 1997, 1999). Cognitive loyalty which means that a brand comes up first in a consumer's mind, when the need to make a purchase decision arises, that is the consumers' first choice. The cognitive loyalty is closely linked to the highest level of awareness (top-of-mind), where the matter of interest also is the brand, in a given category, which the consumers recall first. Thus, a brand should be able to become the respondents' first choices (cognitive loyalty) and is therefore purchased repeatedly (behavioral loyalty) (Keller 1998). Aaker (1996) identify price premium as the basic indicator of loyalty. Price premium is defined as the amount a customer will pay for the

brand in comparison with another brand offering similar benefits and it may be high or low and positive or negative depending on the two brands involved in the comparison or a consumer's preference to buy a single brand name in a product class; it is a result of the perceived quality of the brand and not its price.

Other proprietary brand assets

Other proprietary brand asset is one of the factors supposed to be determinant of brand equity. Other proprietary brand Refer to patents, trademarks and channel relationships, which can provide strong competitive advantage. A trademark was protecting brand equity from competitors who might want to confuse customers by using a similar name, symbol or package. A patent can also serve as a protective instrument for a company to keep its brands strong and remain intact in the purchase decisions of customers (Aaker, 1991).

2.1.4.2 Keller's brand equity model

Keller (1993) defines brand equity as "The differential effect of brand knowledge on consumer response to the marketing of the brand". He suggests comparing the assessments by a consumer of a product with a brand name on the one hand and an unnamed product (without brand) on the other hand. The result of this comparison can explain the preference, or intention to buy, or even the final consumer choice. Keller considers two general components: Brand Awareness and brand image. Keller's model is known as a basic conceptualization of brand equity even though its primary components of brand equity are subject to critics in recent works (Yoo *et al.*, 2000; Netemeyer *et al.*, 2004).

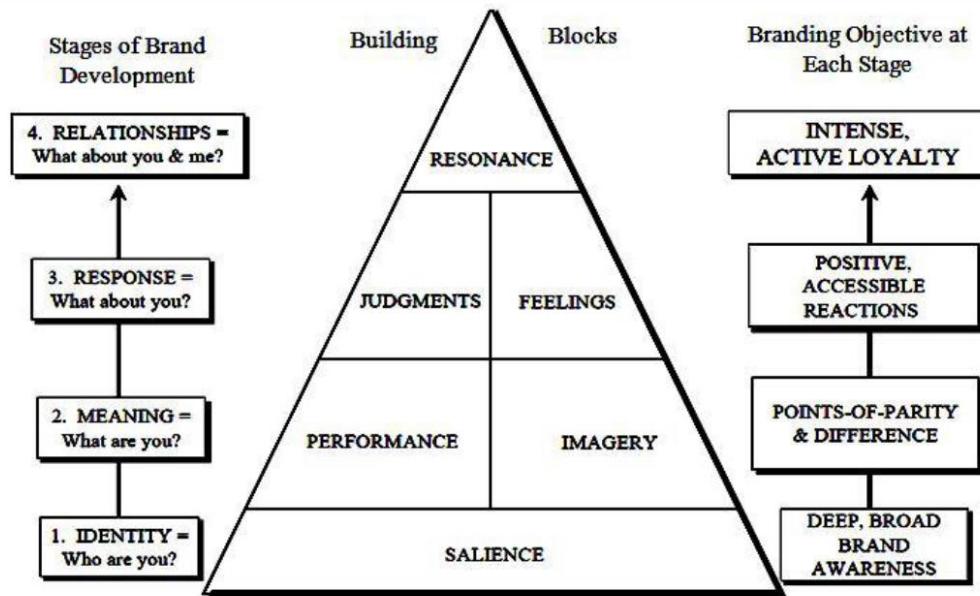


Figure 2.2: Keller's Customer Based Brand Equity (CBBE) Source: (Keller, 2002)

As shown in the figure 2.2 above Keller (2013), approached brand equity as a collection of four consecutive stages that need to be passed to achieve strong brand equity. These four steps of building brand equity move from Identity, Meaning, and Response to Relationships. Here below is given the definitions for the elements of the CBBE model as described by Keller (2009).

Brand salience: is how easily and often customers think of the brand under various purchase or consumption situations.

Brand performance: is how well the product or service meets customers' functional needs.

Brand imagery: describes the extrinsic properties of the product or service, including the ways in which the brand attempts to meet customers' psychological or social needs.

Brand judgments: focus on customers' own personal opinions and evaluations.

Brand feelings: are customers' emotional responses and reactions with respect to the brand.

Brand resonance: refers to the nature of the relationship customers have with the brand and the extent to which they feel they're 'in sync' with the brand.

Brand Identity (Who are you?): It requires creating brand salience with customers. Brand salience relates to aspects of Brand Awareness. Brand Awareness refers to the customers' ability to recall and recognize the brand. Building Brand Awareness means ensuring that customers understand the product or service category where the brand competes and creating clear links to products and services sold under the brand name.

Brand Meaning (What are you?): It is important to create a brand image and establish what the brand is characterized by and should stand for in customers' minds. Keller divided brand meaning in brand performance and brand imagery.

Brand Performance: It is the way the product or service attempts to meet customers' more functional needs. It refers to the intrinsic properties of the brand.

Brand Imagery: It deals with the extrinsic properties of the product or service, including the ways the brand attempts to meet customers' more abstract psychological needs.

Brand responses (How about you?): It refers to how customers respond to the brand, its marketing activity, and sources of information. Keller divided it in to two components.

Brand Judgments: It focuses on customers' personal opinions about the brand based on how they put together different brand performance and brand imagery associations.

Brand Feelings: It describes the customers' emotional reactions to the brand relate to the social currency the brand evokes.

Brand Relationships (What about you and me?): It focuses on the relationship and level of personal identification the customer has with the brand and requires creating brand resonance characterized by the depth of the psychological bond customers have with the brands as well as how much activity this loyalty engenders. The strongest brands excel in all six of the brand-building blocks. The most valuable building block, brand resonance, occurs when all the other brand building blocks are completely.

2.1.4.3 Yoo and Donthu (2002) brand equity model

The structural model of brand equity formation consists of three components: Marketing mix elements selected from the traditional "4p" marketing activity (i.e. price store, image, distribution intensity, advertising spending, and price deals), brand equity dimensions (i.e. perceived product quality, brand loyalty, and Brand Awareness/associations) and overall brand equity. According to the model, marketing managerial efforts can be classified into two types: brand -building activity and brand-harming activity. These authors extend Aaker's (1991) model by placing brand equity as a separate construct between the dimensions of brand equity and the value for the customer and the firm. In addition, Yoo and Donthu (2001) developed and validated cross-culturally invariant multidimensional consumer-based brand equity. They tried to extend the brand equity concept; for instance, brand loyalty in their research refers to the tendency to be loyal to a focal brand, which

is demonstrated by the intention to buy the brand as a primary choice, in contrast other researches that relied on behavioral aspects of brand loyalty.

They combined Brand Awareness and brand associations into one group and focused on three of assets; Brand Awareness/associations, perceived quality and brand loyalty.

Moreover, by mapping the assets of brand equity it is possible to determine if some aspects of brand equity seen to be more important than others for the consumer, or if a brand is lagging behind in one or many dimensions. In order for a brand to maintain high brand equity and be the preferred choice of consumers, it is important that it stays in tune with how the brand is perceived by firm's customer base.

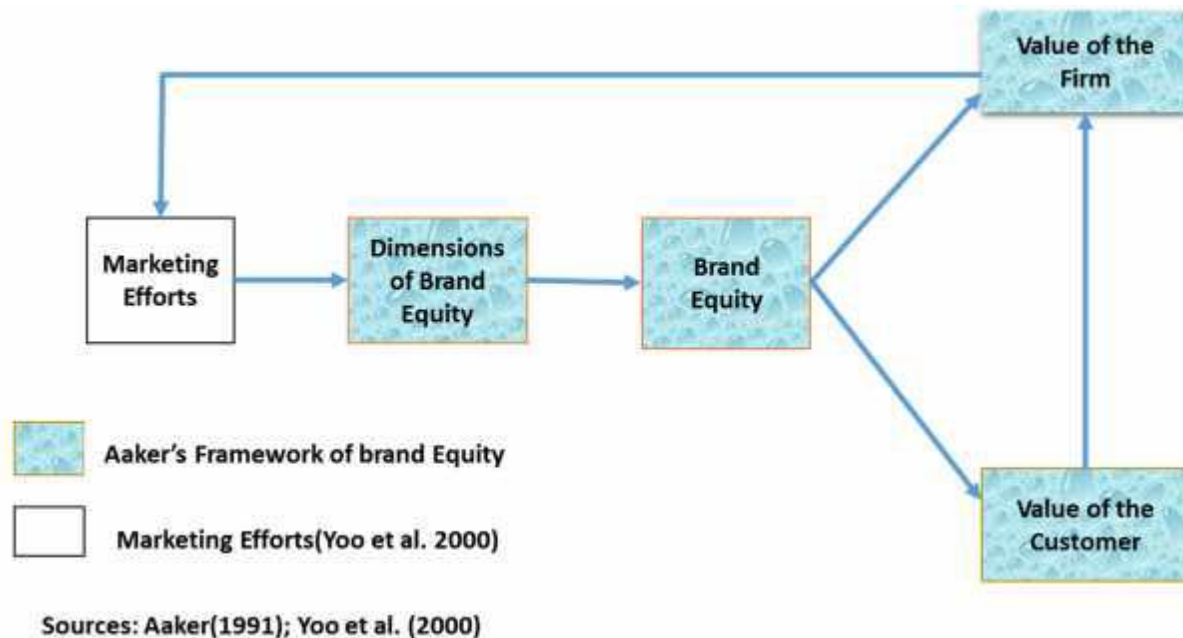


Figure 2.3: Yoo et al. (2002) Customer Based Brand Equity model extended from Aaker's (1991)

The two foremost CBBE models were conceptualized by Aaker (1991) and Keller (1993).

According to Aaker (1991), brand equity may result from five categories of brand assets (or liabilities) that include brand awareness, brand associations, perceived quality, brand loyalty and other proprietary assets. Keller's (1993) brand resonance pyramid explored brand equity as the culmination of interdependent stages that include brand salience, brand performance and imagery, judgements and feelings. In summary, the major difference between these two models lies in brand loyalty. According to Keller, brand loyalty is an outcome of CBBE, while Aaker argued that brand loyalty is a source of CBBE. These two models have been adopted by many academic articles,

research reports, and books in the past two decades, with the focus on conceptual development of the CBBE concept. The major difference between Aaker's (1991) and Yoo et al. (2000) is the conceptualization of brand loyalty. Aaker (1991) defined brand loyalty as the attachment that a customer has to a brand, whereas Yoo et al. (2000) defined loyalty as the tendency to be loyal to a focal brand, which is demonstrated by the intention to buy the brand as a primary choice. The other difference is that Aaker (1991) treated brand awareness and brand association dimensions distinctively. Aaker (1991) argued that a brand association has a level of strength, and that the link to a brand (from the association) will be stronger when it is based on many experiences or exposures to communications, and when a network of other links supports it. Furthermore, Aaker (1991) suggested that brand associations could provide value to the consumer by providing a reason for consumers to buy the brand, and by creating positive attitudes/feelings among consumers whereas Yoo et al. (2000) conceptualized CBBE model and combined the two dimensions awareness/association and treated as a single component.

2.2 Empirical Review

This section will cover prior researches that were done within this area in the past including both locally and foreign. It will discuss the purpose of the researches, problem, their methodology and findings. Yoo and Donthu (2001), empirically tested Aaker's four dimensions on Korean and American customers for three product categories (color television, athletic shoes and film for cameras). Their results show that the four dimensions are reliable and valid across both cultures and all the product categories that were tested.

Abad (2012) studied CBBE in the Banking sector of Iran aiming to conceptualize the customer-based brand equity in the financial service sector with respect to its effect on perception of brand. After employing Aaker's (1991) CBBE model, he found out that Perceived quality, brand loyalty, brand awareness and brand association are influential criteria of brand equity that enhances perception of brand in financial service sector. Among the four mentioned dimensions, brand association appears to have the most influence on brand equity. Barwise (1993) and Yoo & Donthu (2001), asserted that among Aaker's five brand equity dimensions, the first four represent customers' evaluations and reactions to the brand that can be readily understood by consumers and hence they have been widely adopted to measure customer-based brand equity in prior researches.

2.2.1. Studies Based on Aaker's Brand Equity Model

Nadernezhad and Vakilalroaia (2013)	This study examines the influencing factors on brand equity in Iranian banking industry. The study seeks to measure brand loyalty, brand awareness, brand compatibility and perceived quality in Iran's Mellat Bank	196	Perceived Quality Brand Compatibility Brand Awareness Brand Loyalty	The study gathers data from a 16-question survey. The gathered data is analyzed using t-student test.	The study indicates that brand loyalty, brand awareness and brand compatibility are present desirable levels over the brand equity of Mellat bank branches in Mazandaran province. While perceived quality indicator of Mellat Bank appears not to be desirable on creating brand equity
Shameem and Jayasinghe (2018)	The study investigates the practicality and application of Aaker's (1991) Customer Based Brand Equity model with respect to different Credit Cards offered by different licensed commercial banks in Srilanka.	150 respondents were selected using convenience sampling method	Brand awareness Brand loyalty Perceived Quality Brand association	Descriptive, correlation and regression analysis and (SPSS) 21.0 is used to analysis data	The result indicates that Perceived Quality, Brand Loyalty, Brand Awareness and Brand Association have significant positive impact on Customer Based Brand Equity.

Raiya Umar et al (2012)	The study investigates the practicality and application of Aaker's customer-based brand equity model in the Nigerian banking	250 respondents are selected using simple random sampling.	Brand awareness Brand loyalty Perceived Quality Brand association	Structural Equation Modelling (SEM) was used to analyze the relationship among the variables.	The finding indicate that perceived quality and brand awareness have in significant relationship with brand equity.
Atilgan et al (2005)	The research study aims to examine the practicality and application of a customer-based brand equity model, based on Aaker's well-known conceptual framework of brand equity on beverage industry in Turkey	255 students	Brand awareness Brand loyalty Perceived Quality Brand association	The study employed structural equation modelling to investigate the causal relationships between the dimensions of brand equity and brand equity itself.	The study concludes that brand loyalty is the most influential dimension of brand equity. Weak support is found for the brand awareness and perceived quality dimensions.

<p style="text-align: center;">Nguyen Van et al (2019)</p>	<p>The study aim is to provide empirical evidence of factors that impacted on bank brand equity in a specific context on Vietnam Banking Sector.</p>	<p>378 banking customers</p>	<p>Brand awareness Brand loyalty Perceived Quality Brand association Brand satisfaction</p>	<p>The data was analyzed by the following statistical methods: Exploratory Factor Analysis, Correlation Analysis and Regression Analysis</p>	<p>The findings indicate strong support for bank brand equity coming from two factors among others: Brand Loyalty and Brand Association.</p>
<p style="text-align: center;">Aulia and Briliana (2017)</p>	<p>The study focuses on the effects of brand association, brand loyalty, brand awareness, and brand image on brand equity in Indonesia social media.</p>	<p>80 samples were selected using purposive sampling method</p>	<p>Brand awareness Brand loyalty Perceived Quality Brand Image</p>	<p>an online survey was conducted with 80 Muslim women consumers who used Instagram and analyzed using Structural Equation Modelling</p>	<p>The findings confirm that brand image was a strong dimension influencing brand equity followed by brand loyalty and brand association. However, brand awareness did not influence brand equity.</p>

2.2.1.1 Previous CBBE Studies in the Ethiopian

A few previous studies that were conducted in Ethiopia regarding customer-based brand equity measurement using Aaker (1991) four-dimensional brand equity model are discussed here (Milion, 2013; Bezawit, 2014; Wengelawit, 2014; Mahlet, 2017; Tesfaye, 2017; Daniel, 2018; Abeba, 2021).

Abeba (2014) had studied on determinants of customer-based brand equity in nyala motors industry in Ethiopia. Four determinants: brand awareness, brand association, brand loyalty and perceived quality have been kept in mind while doing this research. The researcher used quantitative techniques in which 362 respondents from Addis Ababa were included. Structured questionnaire for customers identified through convenience sampling. The researcher used person correlation and regression analysis to analyze the data. The reported shows that among the four variables brand awareness demonstrates the strong contribution to the overall brand equity followed by brand loyalty. the brand equity determinants (brand association, brand awareness, brand loyalty, and perceived quality) considered in this study have a positive and significant relationship with the CBBE, which implies that the vehicle buyers have a positive attitude towards the Nyala Motors.

Daniel (2018) had studied on measure customer-based brand equity (CBBE) in Ethiopian Four mobile phone market. Four determinants: brand awareness, brand association, brand loyalty and perceived quality have been kept in mind while doing this research. The researcher used quantitative techniques in which 336 respondents from Addis Ababa were included. Structured questionnaire for customers identified through convenience sampling. The researcher used person correlation and regression analysis to analyze the data. The reported shows that among the four variables Brand association and Brand Loyalty have shown a significant positive effect on Overall Brand Equity. Whereas Perceived Quality and Brand Awareness were insignificant to affect CBBE of mobile phone brands.

Tesfaye (2017) had studied measuring customer-based brand equity of selected television Channels in Addis Ababa: Four determinants: brand awareness, brand association, brand loyalty and perceived quality have been kept in mind while doing this research. The researcher used quantitative techniques in which 404 respondents from Addis Ababa were included. Structured questionnaire for customers identified through convenience sampling. The researcher used person

correlation and regression analysis to analyze the data. The reported shows that among the four variables brand loyalty had the strongest positive significant influence on the studied television channels' customer-based brand equity followed by perceived quality. Whereas brand awareness is insignificant to affect CBBE of television Channels.

Semhal (2017) had studied customer-based brand equity with the study aims to test the coca cola customers' perception in view of the five brand equity dimensions, and how these dimensions are influencing brand building in the customers' mind in Addis Ababa market. The researcher took sample size 470 respondents selected conveniently and analyzed on the coca cola brands towards, assessing the perception of consumers on the dimensions of brand equity. He found that the customers' perception is highly influenced by Brand Perceived Quality followed by Brand preferences. Brand Awareness take the third place and Brand Association is regarded as the fourth most important dimension of Brand Equity. Finally, Brand Loyalty takes the fifth place. and concluded that Brand Perceived Quality is the influential dimension than the other dimensions of brand equity.

Frework (20017) had studied on the Airline brand in the Ethiopian context using a sample size of 395 international gold and silver passengers of Ethiopian respondents and employing a structural equation modeling has concluded that brand association, brand loyalty, perceived quality and Brand Awareness have positively influenced brand equity of Ethiopian airlines.

Habtamu (2017) had studied determinants of brand equity in Bahir- Dar private banks: Three determinants: brand awareness attributes, Service provider attributes and Symbolic attributes have been kept in mind while doing this research. The researcher used quantitative techniques in which 385 respondents from Bahr Dar were included. Structured questionnaire for customers identified through convenience sampling. The researcher used person correlation and regression analysis to analyze the data. The reported shows that among the three variables Service provider attributes and Symbolic attributes were strong predictors of brand equity of banking sectors particularly in the case of private banks in Bahir-Dar. Whereas brand awareness attribute had not significant impact on private bank.

Didiso, W. M., Dewiso, A. F., & Hirpo, T. T. also studied customer-based brand equity (CBBE) in the banking sector, focusing on Dashen Bank Hawassa Branches, with respect to factors affecting brand equity in the service sector. They employed Aaker's (1991) CBBE model and

analyzed its five dimensions. Their findings revealed that brand association, brand awareness, brand loyalty, and perceived quality are influential factors of customer-based brand equity at Dashen Bank Hawassa Branches. However, the variable "other proprietary brand assets" was not statistically significant and did not contribute significantly to overall customer-based brand equity. The study concluded that respondents perceived themselves as less aware of Dashen Bank's brand. The detailed literature review focused on key aspects of brand equity models, including those proposed by Aaker (1996), Keller (2003), and Yoo and Donthu (2002). It also incorporated findings from other researchers, highlighting the significance of analyzing brand equity in both manufacturing and service sectors. Additionally, the review examined empirical evidence, formulated hypotheses, and discussed the underlying conceptual framework.

To capture the concept of consumer-based brand equity (CBBE), the study employed Aaker's five core dimensions of brand equity: brand awareness, brand associations, perceived quality, brand loyalty, and other proprietary frameworks relevant to CBBE.

2.2.2 The Relationship between Dimensions of Brand Equity and Over All Brand Equity

2.2.2.1 Perceived Quality and Brand Equity

Perceived quality is a crucial dimension of brand equity due to its strategic impact, particularly in reducing perceived risk (Aaker, 1991; Keller, 1993). As a primary component of brand equity models, perceived quality has been shown to significantly influence brand equity in various contexts, such as hotel services, shopping mall consumers, and student preferences for U.S. products in India (Papu et al., 2005; Aaker, 1991; Kayaman & Arasli, 2007; Keller, 2003). Yoo et al. (2000) also highlight that promoting positive perceived quality enhances brand equity by encouraging consumers to choose one brand over competing alternatives. Similarly, Wasihun (2014) examined consumer-based brand equity (CBBE) in Ethiopia's beer industry using Aaker's (1991) brand equity model and found strong support for the role of perceived quality: Based on the theoretical and empirical relationship between perceived quality and brand equity presented in the literature, the following hypothesis is proposed;

H1: Perceived Quality has a significant and positive effect on brand equity in Wegagen bank.

2.2.2.2 Brand Awareness and Brand Equity

Brand awareness is a fundamental attribute of customer-based brand equity (Aaker, 1991; Tong & Hawley, 2009). It serves as the foundation for building brand equity in the consumer's mindset (Huang & Sarigollu, 2011). Brand equity is established when consumers exhibit a high level of awareness and familiarity with the brand while associating it with strong, favorable, and unique attributes. Yoo and Donthu (2001) suggest that brand awareness has a positive and equivalent impact on brand equity. Similarly, Aaker (1996) emphasizes that brand awareness must be considered when evaluating brand equity. High brand awareness signals quality and commitment, helps consumers become familiar with a brand, and encourages them to consider it during the purchase decision process (Aaker, 1991; Tong & Hawley, 2009; Yoo et al., 2000). Esch et al. (2006) also argue that customer-based brand equity arises when consumers are aware of and familiar with a brand while holding positive associations in their memory. Keller (2004) extends this perspective, stating that customers develop specific associations with a brand only when they have a high level of awareness and familiarity. In summary, brand awareness influences customers' perceptions, attitudes, brand choices, and loyalty (Aaker, 1996). Based on this theoretical relationship between brand awareness and brand equity, the following hypothesis is formulated;

H2: Brand Awareness has a significant and positive direct effect on brand equity in Wegagen bank.

2.2.2.3 Brand Association and Brand Equity

Brand association is a key element that helps a brand remain memorable (Aaker, 1991). According to Aaker (1991), brand association and brand equity are strongly interconnected. Brand associations, which stem from high brand awareness, positively influence brand equity as they signify quality and commitment, encouraging customers to become familiar with the brand (Aaker, 1991; Tong & Hawley, 2009; Yoo et al., 2000). Aaker (1996) further emphasizes that brand equity is largely supported by the associations customers form with a brand. Brand equity is established when customers exhibit a high level of awareness and hold strong, favorable, and unique associations in their memory. Leone et al. (2006) highlight that brand associations are integral to brand equity, as these strong, favorable, and unique associations serve as sources of equity and influence customer behavior. Similarly, research by Atilgan et al. (2005) and Yoo et al. (2000) reveals that customers with more positive brand associations are more likely to demonstrate loyalty

toward the brand. Based on the theoretical and empirical relationship between brand associations and brand equity, the following hypothesis is proposed:

H3: Brand Association has a significant and positive direct effect on brand equity in Wegagen bank

2.2.2.4 Brand Loyalty and Brand Equity

According to Travis (2000), the ultimate goal and essence of brand equity is to build brand loyalty. Yoo et al. (2000) argue that brand loyalty significantly influences customers' decisions to repeatedly purchase the same product or brand while resisting competitive alternatives. Aaker (1991) highlights that brand loyalty adds substantial value to a brand and its firm by creating a base of habitual buyers over the long term. Loyal customers are less likely to switch to competitors based solely on price and tend to make more frequent purchases compared to non-loyal customers (Bowen & Shoemaker, 1998). Brand loyalty encourages consumers to consistently purchase a specific brand and resist switching to competing brands (Yoo et al., 2000). As a result, brand loyalty is central to brand equity, as it helps sustain customer patronage over time and enhances the brand's overall value. Atilgan et al. (2005) investigated the causal relationships between the dimensions of brand equity and overall brand equity. Their study found that brand loyalty is the most influential dimension of brand equity. Similarly, Bezawit (2014) conducted a study on the measurement of consumer-based brand equity (CBBE) for Ethiopian Airlines and concluded that all dimensions of brand equity positively contribute to overall brand equity, with brand loyalty showing the strongest influence. Based on these findings and the established relationship between brand loyalty and brand equity, the following hypothesis is proposed: **H4:** Brand Loyalty has a significant and positive direct effect on brand equity in Wegagen bank

2.2.2.5 Other proprietary assets and Brand Equity

Other proprietary brand asset is one of the factors supposed to be determinant of brand equity. Other proprietary brand Refer to patents, trademarks and channel relationships, which can provide strong competitive advantage. A trademark was protecting brand equity from competitors who might want to confuse customers by using a similar name, symbol or package. A patent can also serve as a protective instrument for a company to keep its brands strong and remain intact in the purchase decisions of customers (Aaker, 1991). **H5:** Other Proprietary assets have a significant and positive effect on brand equity of Wegagen bank.

2.3 Conceptual Framework

Brand equity is a multidimensional concept and a complex phenomenon. Keller (2002) separated it into two components: awareness and association. Aaker (1991, 1996) grouped it into five categories: perceived quality, brand loyalty, brand awareness, brand association, and other proprietary brand assets such as patents, trademarks, and channel relationships. These five brand equity dimensions, representing customers' evaluations and reactions to the brand that can be readily understood by consumers (Barwise, 1993; Yoo & Donthu, 2001), have been widely adopted to measure customer-based brand equity in previous studies. Based on the literature and previous researchers, the study employed Aaker (1991) Customer Based Brand Equity Model as a framework and measured the brand equity dimensions by breaking it down into sub components and testing the relations between these sub components.

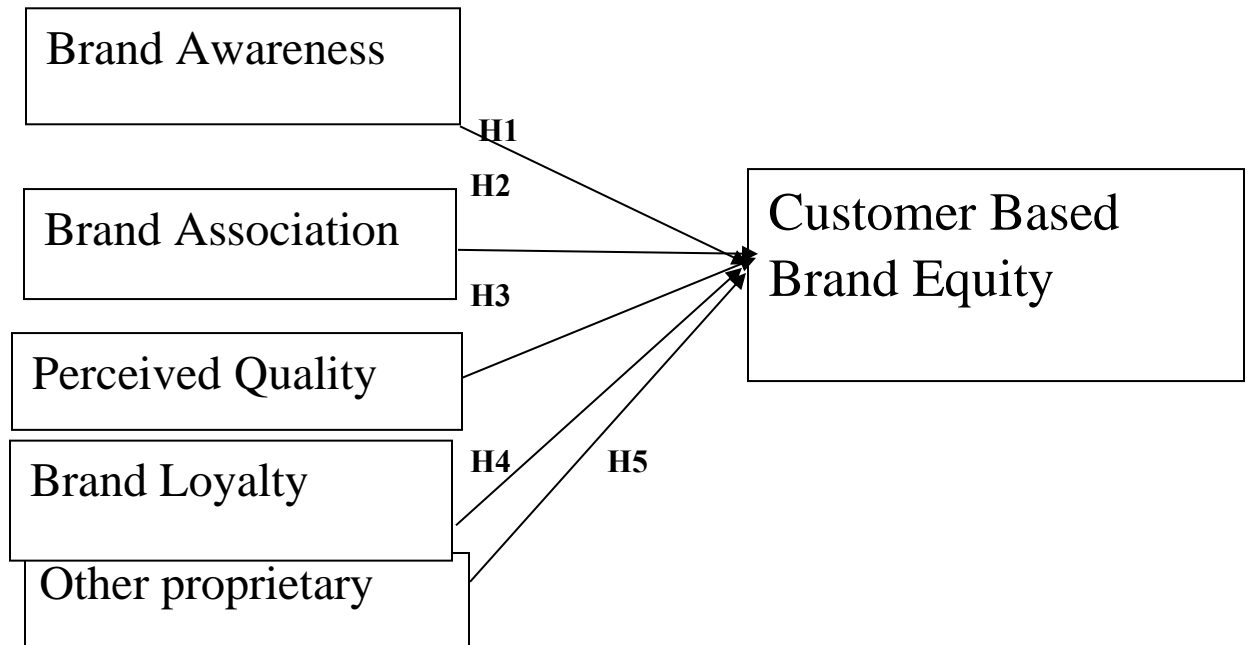


Figure 2.4: Conceptual Framework

Source: The conceptual framework of the study is adopted from Aaker (1991), with slight modifications

Perceived Quality measurement variables: The study measured Wegagen Bank Perceived Quality using intrinsic attributes and extrinsic attributes. The intrinsic attributes are related to the physical aspects of a service (e.g. color, ATM, arrangements of seat chairs, form and appearance); on the other hand, extrinsic attributes are related to the product, but not in the physical part of this

one (e.g. brand name, service quality, price (service charge), employee performance, and customer handling mechanism).

Brand Awareness measurement variables: The study measured Wegagen Bank Brand Awareness using Brand recognition and Brand recall: Brand recognition is the extent to which a consumer can correctly identify a particular product or service just by viewing the product or service's logo, tagline, packaging or advertising campaign. In order to build brand recognition, an organization must repeatedly provide customers with a consistent visual or auditory learning experience. Brand Recall is the extent to which a brand name is recalled as a member of a brand, product or service class. It refers to the ability of study respondents to remember a name (i.e. of a brand, company or product)".

Brand Association measurement variables: Aaker (1991) defines brand associations as "anything linked in memory to a brand" and continues to explain that several associations put together creates a brand image which includes user imagery, product attributes, use situation, organizational associations, brand personality and symbols. The study measured Wegagen Bank Brand Association using Product and Organization associations. Product association refers to the specific attributes, benefits, or features that customers associate with a particular product or service offered by the bank. These associations are tied to the product (Account, loan, Atm, Credit card), itself rather than the bank as a whole. Organizational association refers to the broader perceptions, values, and reputation that customers associate with the bank as an institution. These associations are tied to the bank's overall identity, culture, and actions. Examples include: Trustworthiness, Customer Service, Corporate Social Responsibility (CSR) and Innovation.

Brand Loyalty measurement variables: Loyalty is a core dimension of brand equity. Aaker (1991) defines brand loyalty as the attachment that a customer has to a brand. The study tried to measure brand loyalty of Wegagen bank brand equity using Frequently purchase and intention to purchase Wegagen bank service.

Other proprietary brand assets measurement variables: Other proprietary brand asset is one of the factors supposed to be determinant of brand equity. Other proprietary brand Refer to patents, trademarks and channel relationships, which can provide strong competitive advantage.

CHAPTER THREE

Research Methodology

3.1 Site Selection and Description

Mekelle city was founded in the 13th century. It was located 780 km north of Addis Ababa. However, its peak comes soon after Emperor Yohannes (1871-1889). Mekelle covers 23km square. Setting 2200 meters above sea level, it enjoys good weather all the year round. Mekelle, the capital city of Tigray National Regional State, has become a town where fast political and economic developments were undertaking. The availability of public and private higher institutions makes the city center of education (Tourism Bureau, n.d). Mekelle has >612,000 populations. The city is located at the center of a road system that connects all major cities in the region. The recent increase in the number of small and micro economic enterprises, foreign trustees, and financial institutions along with the expansions of the city provides various business activities for the society in general and Mekelle in particular. In Mekelle, there are many public and private banks that provides similar services like savings and checking accounts, giving short-term loans, foreign exchange transactions, and mail and money transfer services. Furthermore, they participate in equity investments, provide assurances and perform other banking activities despite of these focusing on profitable customer enhance their activities than other competitors (Bryant, 2009). Taking all the above facts about the city and study area in to consideration the researcher is interested to contribute his share for the city 's growth by conducting research.

3.2 Research Approach

There are three types of research approaches: the first one is qualitative research which involves studies that do not attempt to quantify their results through statistical summary or analysis. In qualitative research data are often in the form of descriptions not in numbers. The other one is quantitative research, which engages in systematic and scientific investigation of quantitative properties and phenomenon and their relationships. Quantitative research is the systematic and scientific investigation of quantitative properties and phenomena and their relationships (Kothari, 2005). The objective of quantitative research is to develop and employee mathematical models, theories and hypothesis pertaining to natural phenomena. The third one is mixed type which consisted of both qualitative and quantitative approach. The process of identifying determinant

factors of brand equity is directly related to quantitative research because it provides the fundamental connection between empirical observation and mathematical expression of an attribute. In this study, a quantitative research approach was utilized to achieve the designed objectives and address the mentioned questions. Statistical tools and numerical data were employed to examine Aaker's customer-based brand equity models at Wegagen bank.

3.3 Research Design

Research Design is the plan that draws the structure of investigation and the organization of the research project (David, 1987). It explains and justifies the type and method of data collection, source of information, sampling strategy and time-cost constraints (Saunders, 2012).

Saunders, Lewis and Thornhill (2000) as cited by Farhadi (2009) broadly classified research design as exploratory, descriptive, and explanatory. The author further defined exploratory research as a research design which has a primary objective to insights into and understanding of the problem situation tackling the research and descriptive research as a type of a research design that has a purpose to describe something. Moreover, if the research is concerned with learning of why (i.e. how one variable produces changes in another) the research is said to be explanatory.

The study used descriptive design to clearly describe the variables of the study. It also used an explanatory research design to explain the cause-and-effect relationship between the independent and dependent variables to see how the interdependent variable is influencing the dependent variable of the study. Moreover, the study utilized cross-sectional design because the study collects and conducts analysis on the data which have been collected at one point in time. Cross sectional design is a study in which various segments of population are sampled at a single point in a time (Zikmend, 2003).

3.4 Target Population and Sample Size

Population is defined as the complete set of units of analysis under investigation, while an element (sample) refers to the unit from which the necessary data is collected (Davis, 2000). As outlined in the scope of the study, the researcher aimed to identify the determinants of Customer-Based Brand Equity (CBBE) in the banking sector, specifically focusing on Wegagen private banks in Mekelle. The target population for the study comprised bank customers who hold accounts in selected branches of Wegagen Bank. Only Ethiopian residents with active bank accounts were included in the research. Accordingly, the total number of customers in Wegagen Bank, selected using Convenience sampling, was distributed across the following branches in Mekelle: Mekelle Branch (42,279 customers), Hawelti Branch (20,391 customers), Castle Branch (17,196 customers), Elala Branch (9,069 customers), and Kalid Branch (1,565 customers). In total, there were 90,500 customers across these branches.

The researcher used Yamane' (1967) formula to calculate sample size; $n = \frac{N}{1+N(e)^2}$

Where n is the sample size, N is the population size, and e is the level of precision. By using this formula at 95% confidence level and 5% level of precision the sample size were obtained as follows: -

$$n = \frac{90,500}{1 + 90,500(0.05)^2}$$
$$n = 398$$

Proportional sample size from each stratum is calculated by using the following formula:

$$n_i = \frac{n \times N_i}{N}$$

Where: n_i = sample size for each Bank, N_i = the total number of Customers in each Bank, N = the total number of Customers in the selected Bank branches (5 Branches), n = the total sample size for selected Bank Branches. Accordingly, the table below shows the proportionate sampling for each Branches based on the above given formula.

Table 3.1: Proportionate sample distribution for each Branches

No	List of Wegagen Branches	Total No of Customers	Number of Sample size
1	Mekelle Branch	42,279	186
2	Hawelti Branch	20,391	89
3	Castle Branch	17,196	76
4	Elala Branch	9069	40
5	Kalid Branch	1565	7
Total		90,500	398

Source: Own computation based on census taken from each Bank Branches 2025

Taking the above table into consideration, the researcher selected 398 respondents proportionally from the total population of customers. After determining this sample size, questionnaires were distributed using a convenience sampling method to collect relevant data from customers that visit the bank at data collection time.

3.5 Sampling design technique

The researcher aims to explore the determinants of customer-based brand equity in selected Wegagen Bank branches, focusing on the case of Mekelle city. However, the researcher encountered challenges in conducting the study on the entire banking industry in the city, as this would require a significant amount of time and financial resources. Consequently, the researcher decided to focus on five specific Wegagen Bank branches located in Mekelle city, chosen through purposive sampling. These branches are Wegagen Bank Mekelle Branch, Wegagen Bank Hawelti Branch, Wegagen Bank Castle Branch, Wegagen Bank Elala Branch, and Wegagen Bank Kalid Branch. The Branch selection was based on factors such as the year of establishment, number of customers, location, variety of services offered, and other relevant criteria. To carry out the research, questionnaires were distributed to customers of the selected branches.

3.6 Data Source and Data type

Both primary and secondary source of data were used by the researcher. The Primarily data for this study was collected from primary source using Structured questionnaires and secondary data was gathered from different official data sources(reports), documents and related books. The primary data that was collect have two parts. The first part is regarding the socio-demographic data of respondents and the second part encompasses the items to measure the five dimensions of brand equity and the overall brand equity aspect which is based on works of Aker's (1991). Apart from the first part, the rest was measured by using 5-point Likert scale ranging from "strongly agree" to "strongly disagree".

3.7 Data collection Procedures

First, I prepared a structured questionnaire and then selected five Wegagen Bank branches to distribute it using convenience sampling. Before data collection started, the data collector was gathered essential information from branch managers, such as the periods when customer traffic was highest, times associated with school fee payments, loan requests, and repayment schedules. then the questionnaires were administered to customers visiting the bank for services. The questionnaires were administered on the spot while the customers were visiting for the bank service. To enhance the representativeness of the respondents, the data collection was conducted at various intervals throughout the day (morning, midday, and afternoon), across different weeks (e.g., salary and pension payment weeks, school fee payment weeks), and under varying conditions (e.g., market days, loan repayment days). Additionally, data collector targeted digital users during weekends by identifying Wegagen ATM cardholders.

3.8 Method of Data analysis

After the data was collected from primary source it was checked and coded and manually entered in to Stata version 14 computer software. Moreover, quantitative method of data analysis technique was employed. Analysis of data in this research was done by using descriptive statistical methods like: frequency, mean, standard deviation and inferential statistical methods such as: correlation and regression. The Multiple Liner regression analyses were conducted to determine by how much percent the independent variable Perceived Quality, Brand Awareness, Brand Association, Brand Loyalty and Other proprietary explains the dependent variable which is Over all brand equity. Correlation analysis was conducted to test the proposed hypothesis whether there is a positive significant relationship between the CBBE dimensions and market Brand equity.

$$OBE = \alpha + \beta_1 PQ + \beta_2 BA + \beta_3 BAS + \beta_4 BL + \beta_5 OP + \Sigma$$

OBE= Over all brand Equity;

α = Alpha;

Σ =Error term

$\beta_1, \beta_2, \beta_3, \beta_4, \beta_5$ = Beta coefficients

PQ= Perceived Quality;

BA= Brand Awareness;

BAS= Brand Association,

BL= Brand loyalty

OP= Other Proprietary Assets

3.9 Reliability and Validity of the Study

3.9.1 Reliability of the study

Reliability analysis measures how consistent results are yielded over time and across situations. Cronbach's alpha, a statistical test used to examine the internal consistency of the attributes, was determined for each dimension. This statistical test shows how strongly the attributes are related to each other and to the composite score. The composite score for each section of the questionnaire was obtained by summing the scores of individual statements. According to Zikmund et al., (2010) scales with coefficient alpha between 0.6 and 0.7 indicate fair reliability, a Cronbach's alpha score of .70 or higher are considered as adequate to determine reliability. The closer the reliability coefficient gets to 1.0, the better.

A pilot test has been made to check its reliability and in doing so 20 sample respondents have been randomly considered for the test. After the test a revision and amendment of some of the questionnaire content has been made together with an advice made by the experts in the area and a final questionnaire has been crafted and distributed for the sample respondents.

3.9.2 Validity of the study

Validity is the most critical criterion and indicates the degree to which an instrument measures what it is supposed to measure. In other words, validity is the extent to which differences found with a measuring instrument reflect true differences among those being tested. (Kothari, 2004). There are different types of validity including face validity, criterion validity and construct validity (Zikmund, 2003).

3.10 Ethical Consideration

In order to keep the confidentiality of the data given by respondents, the respondents were not required to write their name and assured that their responses are treated in strict confidentiality. The purpose of the study was disclosed in the introductory part of the questionnaire. Furthermore, the researcher tried to avoid misleading or deceptive statements in the questionnaire. Lastly, the questionnaires were prepped in Tigrigna language and distributed only to voluntary participants.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

This chapter presents the descriptive analysis and empirical test based on the regression output. Based on the regression out put the researcher tries to discuss, and interpret the result of the study.

4. 1 RESPONSE RATE

The researcher targeted a sample of 398 customers of Wegagen Bank, of which 380 of them were responded. This represents 95.47% response rate as table 1 below clearly revealed. It is a reliable response rate for data analysis as Babbie (2002) stated that any response of 50% and above is adequate for analysis.

Table 4.1 Response Rate

Items		Response Rate	
		NO	Percentage
1	Sample Size	398	100
2	Collected Questionnaires	380	95.47
3	Incomplete	18	4.53

Sources: Result survey 2025

The response rate analysis shows that out of a total sample size of 398, 380 questionnaires (95.47%) were successfully collected, indicating a high response rate. Only 18 questionnaires (4.53%) were incomplete, demonstrating strong participant engagement.

Table 4. 2 Reliability test of Variables

Measurements	Number of Items	Cronbach's Alpha
Perceived Quality	4	0.83
Brand Awareness	3	0.71
Brand Association	4	0.744
Brand loyalty	4	0.86
Other Brand assets	4	0.76
Over all brand equity	4	0.79
Overall brand equity reliability	23	0.876

Source: Statistical result 2025

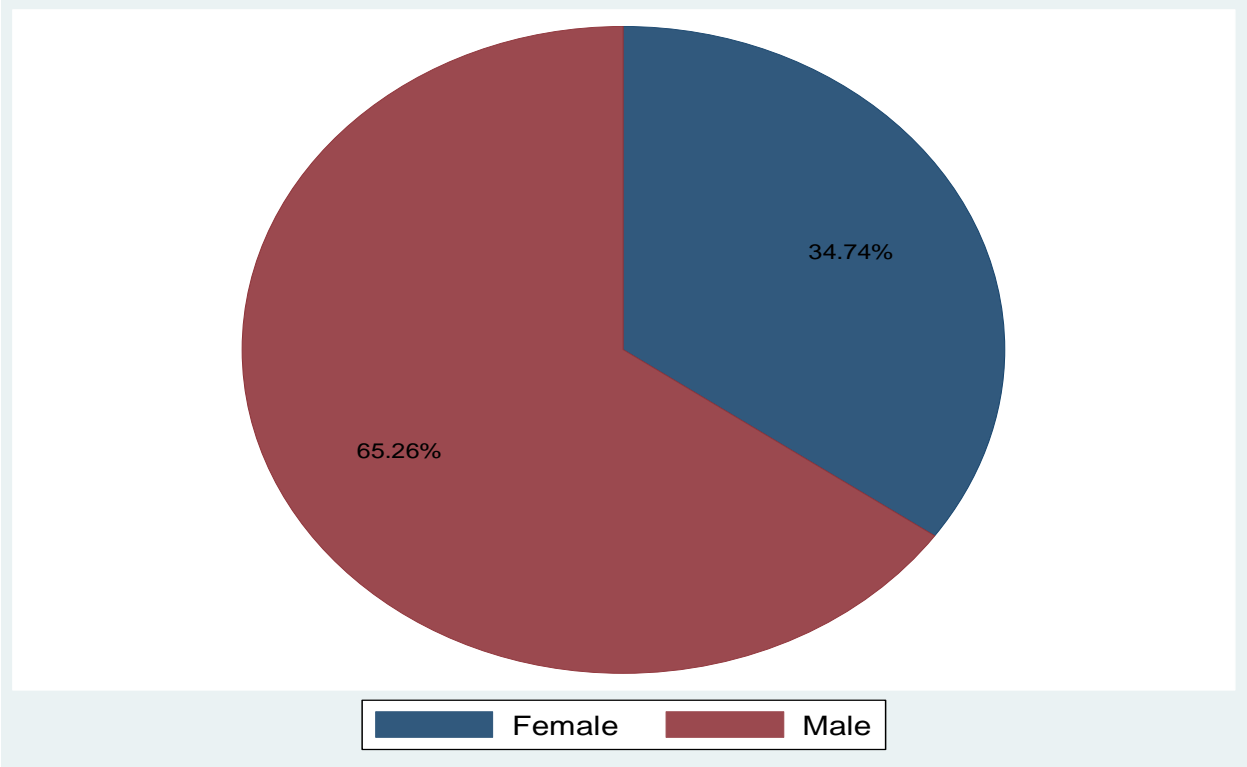
As shown in the table 4.2 above, all the constructs were fulfilled the recommended cutoff point of the alpha, i.e. 0.7, which Cronbach's Alpha 0.71 for brand awareness, 0.744 for brand association, 0.86 for brand loyalty, 0.76 for other brand assets 0.83 for perceived quality and 0.79 for the overall brand equity. The overall Cronbach Alpha Coefficient for all brand equity items is also .876. To sum up, all the constructs have confirmed as reliable variables that can be taken as an indication of acceptability of the scale for further analysis

4.2 Demographic characteristics of respondents

The questionnaire included demographic characteristic such as gender, age group, marital status, education level, experience of customers with Wegagen Bank and respondents' occupation. The above demographic variables included in the study to observe variation across various groups.

The demographic characteristics of respondents are presented in a table showing frequencies and percentages for variables like gender, age group, marital status, and occupation, while pie charts visually represent the proportional distribution of these categories, making it easier to compare and interpret the data at a glance. This combination ensures a clear and comprehensive presentation of the demographic profile. The study employed both table and pie chart to present respondent's demographic characteristics.

Figure 4.1 Respondents Gender Distribution



Source: Statical result of 2025

The pie chart shows that 65.26% of the respondents are Male and 34.74% are Female, indicating a higher proportion of males over female.

Table 4.3 Demographic characteristics of respondents

Items	Options	Frequency	Valid percent	Cumulative
Age	18-25	72	18.95	18.95
	26-35	66	17.37	36.32
	36-45	116	30.53	66.84
	46-55	75	19.74	86.58

	More than 55	51	13.42	100.00
	Total	380	100	100
Marital status	Single	106	27.89	27.89
	Married	239	62.89	90.79
	Divorced	17	4.47	95.26
	Widowed	18	4.74	100.00
	Total	380	100	100
Respondents Job	Student	69	18.16	18.16
	Self-employed	125	32.89	51.05
	P.O Employee	75	19.74	70.79
	G.O Employee	69	18.16	88.95
	Others	42	11.05	100.00
	Total	380	100	100

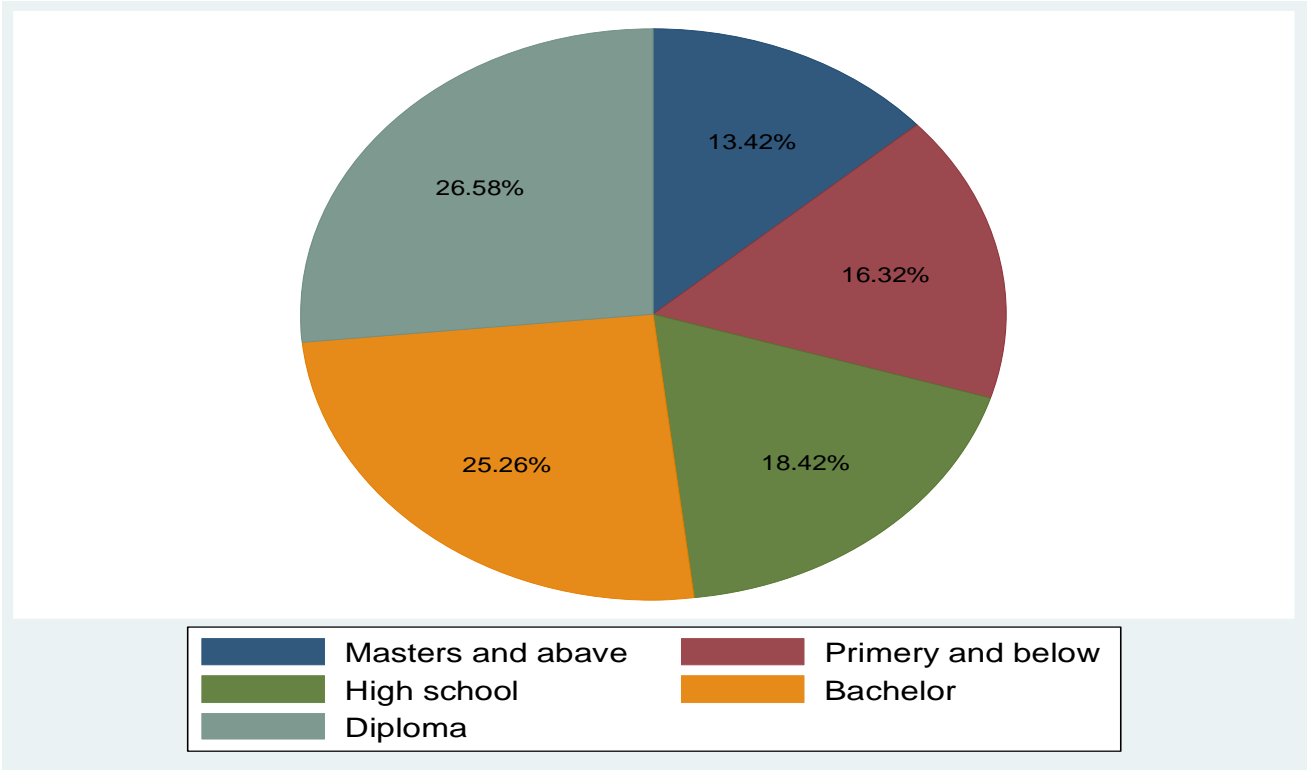
Source: Survey result 2025

The demographic profile of respondents in Table 4.3 provides critical insights into the composition of participants based on age, marital status, and occupation.

The data indicates that the largest age group among respondents is 36-45 years (30.53%), followed by 46-55 years (19.74%), highlighting a predominance of middle-aged participants in the study. In terms of marital status, 62.89% of respondents are married, significantly outnumbering single, divorced, and widowed individuals, which suggests that married individuals form the majority of the sample. Regarding employment, 32.89% of respondents are self-employed, making it the most common occupation, followed by 19.74% working in private organizations and 18.16% in government organizations, reflecting a diverse occupational distribution. Additionally, 18.16% of respondents are students, indicating a notable presence of younger or academically engaged

individuals in the sample. Overall, the data provides insights into the demographic, marital, and occupational characteristics of the respondents, which are crucial for understanding the study's context and generalizability.

Figure 4.2 Educational Background of Respondents



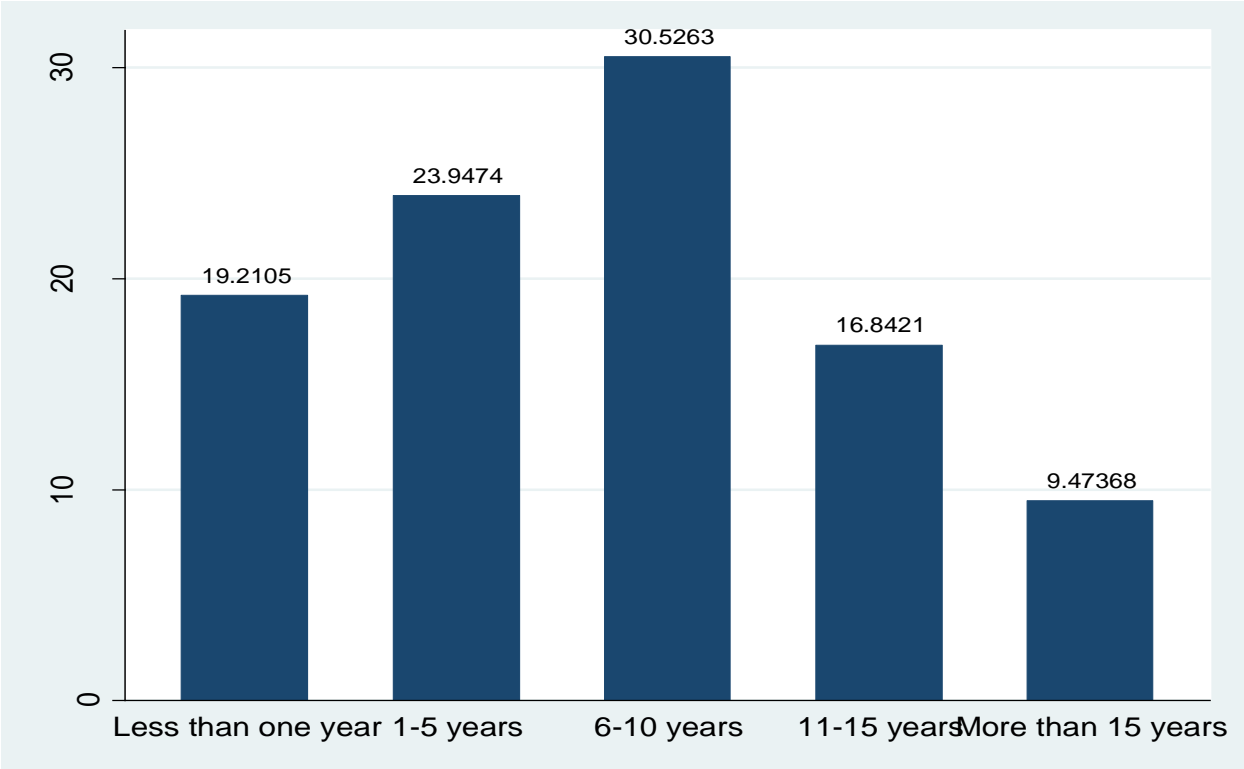
Source: Statical result of 2025

The education profile of respondents highlights a relatively well-educated sample, with the majority possessing a diploma (26.58%) or a degree (25.26%). Respondents with a master's degree or higher account for 13.42%, while those with only high school education or below make up 34.74% (16.32% with primary education and 18.42% with high school education).

Implication for Wegagen bank

The demographic characteristics of respondents, dominated by middle-aged, educated, self-employed, and married individuals, suggest that Wegagen Bank should prioritize to financial solutions such as Flexible Loan, Advanced Digital banking and technology-based transactions.

Figure 4.3 Customers/Respondents experiences with Wegagen Bank



Source: Statical result of 2025

The above bar chart indicates that 23.9% of the respondents have experience with Wegagen Bank for 1–5 years, while 30.5% of customers have been with the bank for 6–10 years. Additionally, 19.2% of respondents have been served for less than 1 year, 16.8% for 11–15 years, and 9.4% for more than 15 years. Out of the 380 respondents, 345 (90.7%) Customers frequently visiting and utilizing Wegagen Bank's services, while 35 (9.2%) stated that they do not frequently access the bank's service.

Table 4.4 The purpose to visit Wegagen Bank

Items	Options	Frq	Valid Percent	Cumulative Frq
For what purpose did you visit Wegagen Bank	To transfer money	44	11.61	11.61
	To save money in to my account	85	22.43	34.04
	To withdraw money from my account	146	38.42	72.37
	To sell foreign currency	23	6.07	78.36
	To borrow money	47	12.40	90.77
	Others	35	9.23	100.00
	Total	380	100	100

Own Source: Survey result 2025

The above table shows that 38.42% of the respondents came to Wegagen Bank to withdraw money from their account, 22.43% of respondents went to the bank to deposit money into their account and 12.4% of respondents visited Wegagen Bank to borrow money. Furthermore, 11.61% of customers visited the Bank for money transfers, 6.7% to sell foreign currency, and 9.23 of % respondents came to Wegagen for other purposes like school payments, Deposit money into different accounts, and loan repayment.

Table 4.5 Respondents/Customers preference to Wegagen bank and Their reason to prefer Wegagen bank than others

Items	Options	Frq	Valid Percent	Cumulative Frq
Do you prefer Wegagen bank than Others	Yes	348	91.58	91.58
	No	32	8.42	100.00
	Total	380	100	100
Why do you prefer Wegagen bank than other banks	It provides fast and accurate service	159	45.69	45.69
	It solves Individual and social problems	62	17.82	63.51
	It has a good image in my mind	60	17.24	80.75
	It uses Modern digital technology/bank	64	18.39	99.14
	Others	3	0.86	100.00
	Total	348	100	100

Source: Own Survey result:2025

The data reveals that an overwhelming (348) 91.58% of respondents prefer Wegagen Bank over others, driven by key factors such as fast and accurate service (45.69%), modern digital technology (18.39%), the bank's contribution to solving societal issues (17.82%), and a strong brand image (17.24%). These findings highlight the bank's operational efficiency and technological advancements as critical drivers of customer satisfaction, while its social responsibility efforts and branding further enhance its appeal. To sustain this preference, Wegagen Bank should continue to invest in service excellence, digital innovation, and corporate social responsibility initiatives, while maintaining its positive brand image to attract and retain a loyal customer base.

Table 4.6 Why didn't choose Wegagen Bank than others

Items	Options	Frq	Valid Percent	Cumulative Frq
Why didn't choose Wegagen Bank than others	Lack of competent and quality service	15	46.88	46.88
	Existence of unnecessary bureaucracy and procedures	9	28.13	75.00
	It gives less attention to Individual customers	3	9.38	84.38
	Lack of good image in my mind of customer	5	15.63	100.00
	Total	32	100	100

Survey result: 2025

The Table 4.6 highlights that the 32 (8.4%) respondents who did not prefer Wegagen Bank cited critical service-related and procedural challenges. The most significant factor, reported by respondents 46.88%, is the lack of competent and quality service, signaling potential gaps in service delivery standards. Additionally, 28.13% of respondents identified unnecessary bureaucracy and procedures as a key deterrent, reflecting inefficiencies in operational processes. A smaller portion of respondents attributed their dissatisfaction to lack of personalized attention (9.38%) and a poor brand image in their perception (15.63%). These findings suggest areas where the bank's performance falls short of customer expectations, posing risks to its competitive edge. To address these issues, Wegagen Bank should prioritize employee training to enhance service competency, streamline procedures to eliminate bureaucratic hurdles, implement personalized customer engagement strategies, and invest in brand enhancement initiatives.

Table of 4.7 Dimensions of Brand equity

Perceived Quality	No Obs	Mean	Standard Dev	Min	Max
I trust the quality of services from Wegagen Bank	380	4.144737	.8611208	2	5
Overall quality (Digital service, lending, Daily transaction, social responsibility) of Wegagen services is consistent	380	4.218421	.8516181	1	5
When compared with competitors, overall quality of services is best at Wegagen Bank	380	4.360526	.7715384	2	5
Overall, I am very satisfied with Wegagen Bank	380	4.326316	.7255911	2	5
Brand Awareness					
Among competitive banks, I can recognize Wegagen Bank brand easily	380	2.989474	1.060141	1	5
I Know and I understand the meaning of Wegagen bank logo	380	3.010526	1.0375	2	5
When I think of banks to work with, Wegagen Bank comes first to my mind	380	2.794737	1.04008	1	5
Brand Association					
Wegagen Bank has a very unique brand image compared to competing banks	380	2.565789	1.074231	1	5
I respect and admire people who prefer Wegagen Bank	380	2.607895	1.058421	2	5

I like the brand image of Wegagen Bank	380	2.607895	.9225643	1	5
I believe that the Wegagen bank is contributing to Individual and the society as large.	380	2.678947	1.028398	1	5
Brand Loyalty					
Wegagen Bank would be my first choice to be served with compared to other banks	380	4.055263	.9497111	1	5
I would recommend Wegagen Bank to others	380	3.115789	.9115287	1	5
I would remain loyal to Wegagen Bank	380	4.226913	.8301295	2	5
I am still willing to use Wegagen Bank even if its price (Price of ATM card and service charge) is a little higher than its competitors	380	4.244737	.8412823	1	5
Other proprietary brand assets					
Wegagen Bank has reliable brand, compared to competing Banks	380	2.665789	1.053397	1	5
A trademark was protecting brand equity from competitors who might want to confuse customers by using a similar name, symbol or package	380	2.544737	.9989962	1	5
The good reputation the Bank has influence me to choose Wegagen Bank services	380	2.639474	1.069619	1	5
Wegagen Bank delivers service on promises in a timely manner	380	2.636842	1.182418	1	5

Survey result: 2025

The table presents descriptive statistics for five dimensions of brand equity; Perceived Quality, Brand Awareness, Brand Association, Brand Loyalty, and Other Proprietary Brand Assets. based

on responses from 380 observations. Each dimension contains several statements rated on a Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). The means, standard deviations, and range (minimum and maximum values) are analyzed to understand the respondents' perceptions of Wegagen Bank's brand equity

Perceived quality is a critical component of brand equity, reflecting customers' trust in and satisfaction with the bank's services. The mean scores for this dimension range from 4.14 to 4.36, indicating that respondents generally perceive Wegagen Bank's services positively. The consistently high means and narrow standard deviations show that the perceived quality of Wegagen Bank is a key strength in its brand equity.

Brand awareness measures the ability of customers to recognize and recall the Wegagen Bank brand. Interestingly, the mean scores for this dimension are significantly lower, ranging from 2.79 to 3.01. These results suggest that while customers are aware of the bank, its brand is not as prominently recognized or recalled as might be expected in a competitive banking environment.

Brand association examines how customers connect emotionally and cognitively with the Wegagen Bank brand. This dimension showed the weakest scores overall, with mean values ranging from 2.56 to 2.68.

Brand loyalty reflects customers' commitment to choosing Wegagen Bank over competitors and recommending it to others. This dimension scored relatively high, with means ranging from 3.11 to 4.24. These high scores suggest that, despite weaker performance in brand awareness and association, Wegagen Bank retains a loyal customer base, likely due to its perceived quality and consistent service delivery.

Implication for Wegagen Bank

The analysis of Wegagen Bank's brand equity reveals strengths in perceived quality and customer loyalty, where high mean scores and relatively low standard deviations reflect positive customer experiences and strong retention. However, weaknesses in brand awareness, association, and proprietary brand assets indicate challenges in market differentiation and emotional connection with the brand. To enhance overall brand equity, Wegagen Bank should focus on improving brand visibility, fostering emotional ties with customers, and strengthening proprietary protections. Strategic marketing initiatives, such as rebranding campaigns, community engagement, and

clearer communication of the bank’s unique value propositions, could help bridge these gaps and solidify its position in the competitive banking industry.

4.3 Inferential Statistics

4.3.1 Correlation Analysis

A correlation analysis was performed to investigate whether there is association between the dimensions of brand equity and customer-based brand equity (overall brand equity) of Wegagen bank customers, besides, significance levels of the association were computed. A correlation coefficient is a very useful means to summarize the relationship between two variables with a single number that falls between -1 and +1 Field (2005). A correlation analysis with Pearson’s correlation coefficient (r) was conducted on all variables in this study to explore the relationships between variables. To interpret the strength of relationships between variables, the guidelines suggested by Field (2005) were followed. Field’s classification of the correlation efficient (r) is as follows: 0.1 – 0.29 is weak; 0.3 – 0.49 is moderate; and > 0.5 is strong.

Table 4.8 Correlation Matrix

	Perceived Quality	Brand Awareness	Brand Association	Brand loyalty	O.Proprietary brand assets	Over all Brand Equity
Perceived Quality	1.0000					
Brand Awareness	0.0903	1.0000				
Brand Association	-0.1553	0.0917	1.0000			
Brand loyalty	0.2354	-0.1426	0.0546	1.0000		
O.Proprietary	-0.1607	0.1849	0.1956	-0.2011	1.0000	

Over	All		0.2564	-0.0110	0.0498	0.2907	-0.2321	1.0000
Brand Equity								

Correlation is significant at the 0.01 level. *Source: Survey Result, Stata 2025*

The correlation matrix provides insight into the relationships between the dimensions of customer-based brand equity (CBBE) and their influence on overall brand equity. Among the dimensions, Perceived Quality shows a positive correlation with overall brand equity ($r = 0.2564$), indicating that customers' perceptions of the bank's service quality contribute meaningfully to strengthening its brand equity. Similarly, Brand Loyalty has the strongest positive correlation with overall brand equity ($r = 0.2907$), underscoring the critical role of customer commitment and satisfaction in driving brand value. In contrast, Brand Awareness and Brand Association exhibit weaker correlations with overall brand equity ($r = -0.0110$ and $r = 0.0498$, respectively), suggesting that while these factors may be relevant, they are not primary drivers of brand equity in this context. Interestingly, Other Proprietary Assets show a negative correlation with overall brand equity ($r = -0.2321$), which highlights a potential area of concern. Furthermore, the correlations among the independent variables are generally low, minimizing the likelihood of multicollinearity in the analysis and supporting the reliability of these findings. Overall, the results emphasize the need to prioritize customer loyalty and perceived quality while addressing potential weaknesses in proprietary assets to enhance brand equity.

4.3.1 Model Assumptions

4.3.2.1 Linearity Test

The mean values of the outcome variable for each increment of the predictor(s) lie along a straight line. If we model a non-linear relationship using a linear model then this obviously limits the generalizability of the findings, Andy Field (2009). The linearity assumption in regression analysis assumes that the relationship between the independent variables and the dependent variable is linear. The Ramsey RESET test evaluates this by testing whether higher-order terms (e.g., squared or cubed terms) of the fitted values significantly improve the model.

Table 4.9 Linearity Test

F (3, 371)	0.60
Prob > F	0.6131

Source: Statistical result 2025

The Ramsey RESET test is a statistical tool used to check for linearity in regression models and to detect whether the model suffers from omitted variable bias. In this case, the test results show an F-statistic of 0.60 with a p-value of 0.6131, which is greater than the conventional significance level of 0.05. This indicates that we fail to reject the null hypothesis, meaning there is no evidence of omitted variables or nonlinearity in the model. In conclusion, the results of the Ramsey RESET test confirm that the model does not suffer from omitted variable bias or violations of the linearity assumption. This supports the validity of the regression model and its ability to accurately represent the relationship between the variables.

4.3.2.2 Normality Assumption

According to Fieled (2005), normally distributed data assumed that the data are from one or more normally distributed populations. Normality of the data should be tested before running the regression analysis because multiple regression requires that the independent variables in the analysis be normally distributed.

The Shapiro-Wilk W test is a statistical tool used to evaluate whether a dataset follows a normal distribution, which is a fundamental assumption in many statistical analyses, including linear regression. Normality is particularly important for the residuals (errors) in regression models, as it ensures the validity of hypothesis tests, confidence intervals, and other inferential statistics. In this context, the test was applied to the residuals (resid) of a regression model, with a sample size of 380 observations.

Table 4.10 Normality Test

Variable	Obs	W	V	Z	Prob>z
resid	380	0.97791	5.808	4.176	0.60001

Source: Statistical result 2025

The results of the Shapiro-Wilk test provide two key pieces of information: the W statistic and the p-value (Prob>z). The W statistic for the residuals is 0.97791, which is very close to 1. This indicates that the data aligns well with a normal distribution, as values of W closer to 1 suggest stronger evidence of normality. Additionally, the p-value is 0.60001, which is significantly greater than the conventional significance level of 0.05. This means that we fail to reject the null hypothesis that the residuals are normally distributed. The Shapiro-Wilk test confirms that the residuals of the regression model are approximately normally distributed.

4.3.2.3 Multicollinearity Test

One should check for the problem of multicollinearity which is present if there are high correlations between some of the independent variables. The study checks this with the Variance Inflation Factor (VIF) which calculates the influence of correlations among independent variables on the precision of regression estimates. The VIF factor should not exceed 10, and should ideally be close to one. Tolerance is an indicator of how much of the variability of the specified independent variable is not explained by the other independent variables in the model and is calculated using the formula $1-R^2$ for each variable. If this value is very small (less than 0.10), it indicates that the multiple correlation with other variables is high, suggesting the possibility of multicollinearity

Table 4.11 Multicollinearity Test

Variables	Collinearity Test	
	Tolerance	VIF (Variation Inflation Factor)
Perceived Quality	0.885075	1.13
Brand Awareness	0.924214	1.08
Brand Association	0.922081	1.08
Brand loyalty	0.881482	1.13
O.Proprietary brand assets	0.887037	1.13

Dependent variable: Over all brand equity *Source: survey result, Stata 2025*

As can be seen from table 4.10 above, the tolerance level of all independent variables is greater than 0.1 and the VIF value of all the independent variables are also less than 10. This confirms the absence of multicollinearity.

4.3.3 Regression Analysis

4.3.3.1 Multiple Regressions of CBBE Dimensions on Overall Brand Equity

The multiple regression analysis was conducted to investigate the influence of independent variable on the dependent variable and identify the relative significant influencer; i.e., independent variable (Perceived Quality, Brand Awareness, Brand Association, Brand loyalty and Other proprietary assets) to the dependent variable; i.e. overall brand equity. The proposed hypotheses were tested using multiple regression analysis. The result of regression analysis of the independent variables (Perceived Quality, Brand Association, Brand loyalty) on the dependent variable overall brand equity indicates positive and statistically significant effect on overall brand equity. Other Proprietary assets also have negative significant effect on CBBE. On the other hand, Brand Awareness ($B = 0.0233$, $p = 0.613$) does not have a significant impact, as its p-value is above the threshold of 0.05, indicating that it does not meaningfully contribute to explaining the dependent variable. The model summary table shows the R-Square value is 0.568 which means that 56.8% of the customer-based brand equity was explained by the variation of the five CBBE dimensions. In other words, this means that 43.2% of the dependent variable i.e. overall brand equity cannot be explained by these five dimensions and that there must be other variables that have an influence on the outcome.

Table 4.12 Model Summery

Model Summery^b

Model	R	No of Obs	R-square	Adjusted square	R-	Sd. Error of the estimate
1	0.7537 ^a	380	0.568	0.5622		0.50296

Source: Survey result 2025

- a. *Predictors: Perceived Quality, Brand Awareness, Brand Association, Brand loyalty and Other proprietary.*
- b. *Dependent variable: Over all brand equity*

Table 4.13 Coefficient matrix

Predictor Variable	Unstandardized Coefficients (B)	Std. Error	t-value (t)	p-value (Sig.)
Perceived Quality	0.2274	0.05897	3.86	0.000
Brand Awareness	0.0233	0.04603	0.51	0.613
Brand Association	0.0915	0.04099	2.23	0.026
Brand loyalty	0.2102	0.06524	3.22	0.001
Other proprietary	-0.1605	0.04700	-3.41	0.001
Constant	2.4572	0.35710	6.88	0.000

Source: Survey result 2025

The regression analysis shows that Perceived Quality, Brand Association, Brand loyalty significantly influence the dependent variable of CBBE. Perceived Quality (B = 0.2274, p = 0.000), Brand Association (B = 0.0915, p = 0.026), Brand Loyalty (B = 0.2102, p = 0.001), and Other Proprietary (B = -0.1605, p = 0.001) all have statistically significant relationships with the dependent variable.

Perceived Quality exhibits the strongest effect with a Beta of 0.2274, indicating a moderate to strong positive influence, while Other Proprietary shows a negative relationship with a Beta of -0.1605. On the other hand, Brand Awareness (B = 0.0233, p = 0.613) does not have a significant impact, as its p-value is above the threshold of 0.05, indicating that it does not meaningfully contribute to explaining the dependent variable. Overall, the analysis highlights that Perceived Quality has the most substantial and statistically significant effect, followed by Brand loyalty and

Brand Association. However, Brand Awareness does not significantly influence the outcome, suggesting that it may not be a key factor in this model.

Delving in to the results of the regression analysis, it was found out that the Three customer-based brand equity determinants (brand loyalty, perceived quality, and brand associations) contributed positively and statistically significant to brand equity of Wegagen bank. However, their contributions vary across variables. Accordingly, among the five-customer based brand equity dimensions, perceived quality contributed the most followed by brand loyalty to brand equity. From this, it can be deduced that perceived quality was the most contributing factor that have a positive significant contribution to brand equity. This result was consistent with the views of Aaker (1991) that stated perceived quality is the core component of brand equity that makes customers attached to a certain products or service. Moreover, the result was also aligned with the works of Abad (2012) and Tesfaye (2017) who found out that perceived quality showed a strong significant positive impact on customer-based brand equity in the financial sector and the selected television channels in Addis Ababa. brand loyalty was also a major contributing factor that have a strong positive significance to the brand equity of Wegagen. This finding was in line with the work of Tesfaye (2017) that stipulated perceived quality affected significantly the brand equity of television channels. Moreover, brand associations and brand other proprietary assets had a positive significant contribution to the customer-based brand equity of Wegagen bank, yet their contributions were quite lesser compared with brand loyalty and perceived quality. This result was consistent with the works of Abad (2012) and Bezawit (2014) that showed the same result in the financial sector and the Ethiopian Airlines in their attempt to study the brand equity determinants.

The regression equation based on the provided coefficients is as follows:

$$OBE = \alpha + \beta_1 PQ + \beta_2 BAW + \beta_3 BAS + \beta_4 BL + \beta_5 OP + \Sigma$$

$$OBE = \alpha + (0.2274) \text{ Perceived Quality} + (0.0233) \text{ Brand awareness} + (0.0915) \text{ Brand association} + (0.2102) \text{ Brand loyalty} + (-0.1605) \text{ Other proprietary} + \varepsilon \text{ (Error Term)}$$

$$CBBE = 2.4572 + (0.2274 \times PQ + 0.0233 \times BA) + (0.0915 \times BAS) + (0.2102 \times BL) + (-0.1605 \times OP) + \varepsilon$$

The regression model from table 4.12 above result shows that keeping other variables constant, a one unit increase in Perceived Quality will bring a 0.2274 unit increase in the overall brand equity in Wegagen bank, a one unit increase in Brand Association is associated with an expected increase

of 0.0915 units in the overall brand equity of Wegagen bank. A one unit increase in Brand Loyalty leads to an expected increase of 0.2102 units in the CBBE of Wegagen bank. A one unit increase in Other Proprietary results in an expected decrease of 0.1605 units in the dependent variable. This negative relationship is also statistically significant ($p = 0.001$), meaning it has a meaningful inverse effect on the dependent variable.

4.4 Hypothesis Testing and Interpretation of Results

Table 4.14 Summary of Hypothesis test result

Hypothesis	Result	Reason	Interpretation
H1: Perceived Quality has a significant and positive effect on brand equity in Wegagen bank.	Accepted	$\beta = 0.277, p < 0.05$	Significant positive effect
H2: Brand Awareness has a significant and positive direct effect on brand equity in Wegagen bank.	Rejected	$\beta = 0.023, p > 0.05$	No significant effect
H3: Brand Association has a significant and positive direct effect on brand equity in Wegagen bank.	Accepted	$\beta = 0.091, p < 0.05$	Significant positive effect
H4: Brand Loyalty has a significant and positive direct effect on brand equity in Wegagen bank.	Accepted	$\beta = 0.21, p < 0.05$	Significant positive effect
H5: Other Proprietary assets have a significant and positive effect on brand equity of Wegagen bank.	Accepted	$\beta = -0.16, p < 0.05$	Significant negative effect

Source: Survey result 2025

Based on the results, Perceived Quality (H1), Brand Association (H3), and Brand Loyalty (H4) have a significant and positive effect on customer-based brand equity (CBBE). This finding aligns with prior research by Tesheme (2017), Daniel (2018), Frewerk (2017), and Wonsha et al. Based on the research made by Tesheme (2017) and Frewerk (2017), the regression result showed that Brand Perceived Quality, Brand Association, and Brand Loyalty have a significant and positive effect on customer-based brand equity (CBBE). Brand awareness was not statistically significant while measuring customer-based brand equity in their study. (2021). As shown in Table 4.12, Brand Loyalty ($p = 0.001$), Perceived Quality ($p = 0.000$), Brand Association ($p = 0.026$), and Other Proprietary Assets ($p = 0.001$) were all significant at $p < 0.05$, whereas Brand Awareness ($p = 0.613$) was not significant. Consequently, the hypothesis related to Brand Awareness was rejected, while the remaining four hypotheses were accepted.

The findings support the idea that Brand Loyalty, Perceived Quality, and Brand Association positively and significantly contribute to the overall brand equity of Wegagen Bank. However, Brand Awareness was found to have no significant effect, and Other Proprietary Assets exhibited a significant negative effect on brand equity. Among the brand equity dimensions, Perceived Quality emerged as the strongest contributor, followed by Brand Loyalty and Brand Association in the Mekelle market of Wegagen Bank. This is reflected in their respective beta (β) values: Perceived Quality ($\beta = 0.2274$), Brand loyalty ($\beta = 0.2102$), Brand Association ($\beta = 0.12$), Brand Awareness ($\beta = 0.0233$), and Other Proprietary Assets ($\beta = -0.1605$).

The study further highlights that Perceived Quality is the most positively related and significantly contributing dimension to CBBE, followed by Brand Loyalty and Brand Association. Conversely, Brand Awareness was not found to be a significant factor in influencing brand equity. This could be due to redundancy in endorsing the brand, which may lead to audience annoyance and diminish its value. These results are consistent with the findings of Xiao Tong (2009), Wasihun (2014), and Tesfay (2017). Additionally, Other Proprietary Assets showed a strong negative effect on Wegagen Bank's brand equity, suggesting an inverse relationship. This finding, consistent with Wonsha et al. (2021), implies that respondents are uncertain about the contribution of proprietary brand assets to brand equity, likely due to a lack of awareness of the concept.

4.5 Discussion of Findings

In this section, the major findings will be summarized and the results of this research will be further elaborated. Most of Wegagen bank customers are dominated by middle-aged, educated, self-employed, and married individuals, suggest that Wegagen Bank should prioritize to financial solutions such as Flexible Loan and Advanced Digital banking services.

A majority of respondents (43.16%) have been customers at Wegagen for 1-5 years, and 90.79% frequently visit the bank for various services. Most customers visit the bank primarily to withdraw money (38.42%), followed by depositing money (22.43%) and borrowing money (12.4%). Most of Wegagen bank customers prefer Wegagen Bank over other financial institutions, with the main reasons being fast and accurate service (45.69%), modern digital technology (18.39%), and the bank's positive image (17.24%). However, a small portion of customers (8.42%) did not prefer Wegagen Bank, citing reasons such as lack of competent service (46.88%) and unnecessary bureaucracy (28.13%). These findings highlight the bank's strengths in customer service and technology, but also suggest areas for improvement in service quality and customer-focused processes to enhance customer loyalty and attract new customer.

The analysis of Wegagen Bank's brand equity shows several key insights. Perceived quality is a notable strength, with respondents generally trusting the quality of the bank's services, reflected by high mean scores for service satisfaction and competitive comparison. However, brand awareness and brand association scored lower, indicating moderate recognition and weak emotional attachment to the brand. Despite this, brand loyalty was high, with customers expressing strong commitment to the bank and willingness to remain loyal, even at a slightly higher cost. On the other hand, proprietary brand assets, such as brand protection and reputation, were perceived as relatively weak, suggesting room for improvement in safeguarding the bank's market position. To enhance its overall brand equity, Wegagen Bank should focus on increasing brand visibility, fostering stronger emotional connections with customers, and reinforcing its proprietary brand assets to differentiate itself in the competitive banking market.

The analysis of Wegagen Bank's brand equity reveals that several dimensions significantly influence overall brand equity, with Perceived Quality, Brand Association, and Brand Loyalty emerging as key positive contributors. Perceived Quality, with a coefficient of 0.2274, has a significant positive effect on brand equity, suggesting that customers' trust in the quality of the

bank's services plays a critical role in shaping their overall perception of the brand. Brand Association and Brand Loyalty further strengthen this finding, with coefficients of 0.0915 and 0.2102, respectively, indicating that a positive emotional connection with the bank and customer commitment are essential to enhancing brand equity. Among these, Perceived has the most substantial effect, reflecting the importance of customer retention and advocacy in fostering brand strength.

In contrast, the study found that Brand Awareness does not have a significant impact on brand equity. The low coefficient of 0.05 and the high p-value (0.613) suggest that, despite customers' awareness of the bank, this factor does not substantially contribute to building brand equity in this context. This finding highlights a potential gap where the bank's visibility and recognition are not yet fully translating into stronger brand perception or preference among customers. Moreover, the analysis showed a negative relationship between Other Proprietary Assets and brand equity, with a coefficient of -0.13. This suggests that factors such as brand protection and reputation, while crucial, may be perceived as weaknesses in the context of Wegagen Bank's overall brand image, potentially hindering brand equity. The regression model explained 56.8% of the variance in overall brand equity, signifying that while the five dimensions of brand equity examined provide valuable insights, other variables might also influence brand perception. The hypothesis testing confirmed the positive effects of Perceived Quality, Brand Association, and Brand Loyalty on brand equity, while rejecting Brand Awareness as a significant factor.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary of the Major Findings

In this chapter of the study, summary of the major findings and conclusion of the study is presented.

5.1. Summary

The primary objective of this study was to assess Aaker 's Customer-based brand equity model in the case of Wegagen Bank. In order to do this, five determinants of customers-based brand equity are used. These are Perceived Quality, Brand Awareness, Brand Association, Brand Loyalty and Other proprietary assets. Hence, this study has attempted to identify which determinant has the highest influence on the overall brand equity of Wegagen bank. In addition, this study has also tried to answer the research questions stated on the introduction part.

To measure customer-based brand equity in Wegagen Bank, this study considered five determinants: Perceived Quality, Brand Awareness, Brand Association, Brand Loyalty, and Other Proprietary Assets. A sample size of 380 was selected using a convenience sampling technique, and 23 items were provided to respondents on a 5-point Likert scale based on the theoretical framework and objectives of the study. The collected data were analyzed using descriptive and inferential statistics with Stata version 14.

The descriptive analysis revealed that the majority of Wegagen Bank customers are males aged 36–45. Self-employed customers constitute the largest group among respondents. Additionally, 30.5% of respondents have been customers of Wegagen Bank for 6–10 years, and 90.79% frequently visit the bank for various services. Customers prefer Wegagen Bank over other financial institutions primarily due to its fast and accurate service (45.69%), modern digital technology (18.39%), and positive brand image (17.24%).

The analysis of Wegagen Bank's brand equity dimensions highlights strengths in perceived quality and customer loyalty, as indicated by high mean scores and low standard deviations, reflecting positive customer experiences and strong retention. However, weaknesses in brand awareness,

association, and proprietary brand assets suggest challenges in market differentiation and emotional connection with the brand.

The correlation analysis reveals that brand association, brand awareness, brand loyalty, and perceived quality have positive relationships with customer-based brand equity (CBBE), indicating a favorable customer attitude toward Wegagen Bank, while Other Proprietary Assets show a negative correlation ($r = -0.2321$), suggesting that elements like intellectual property may not align with customer perceptions and could detract from the brand's value. Additionally, the correlation matrix highlights varying relationships among the independent variables: Perceived Quality has a weak positive correlation with Brand Awareness (0.0903) but negative correlations with Brand Association (-0.1553) and Proprietary Brand Assets (-0.2321); Brand Awareness exhibits weak positive correlations with Brand Association (0.0917) and Proprietary Brand Assets (0.1849); and Brand Loyalty shows a moderate positive correlation with Perceived Quality (0.2354) but negative correlations with Brand Awareness (-0.1426) and Proprietary Brand Assets (-0.2011), with low correlations among variables minimizing multicollinearity risks and supporting the reliability of the findings.

Regression analysis shows that Perceived Quality, Brand Association, and Brand Loyalty significantly influence CBBE, while Brand Awareness does not have a significant impact, suggesting it may not be a key factor in this model. Contrary to the initial hypothesis, only four of the five brand equity determinants significantly affect CBBE. Brand Awareness was found to be insignificant, and Other Proprietary Assets negatively influenced customer perceptions, likely due to a lack of awareness about the concept. As a result, the alternative hypothesis for Brand Awareness was rejected.

In conclusion, while Perceived Quality, Brand Association, and Brand Loyalty are critical drivers of Wegagen Bank's brand equity, Brand Awareness and Other Proprietary Assets require strategic attention to enhance the bank's overall brand value and market positioning.

5.2 Conclusion

This study aimed to evaluate Aaker's Customer-Based Brand Equity (CBBE) model in the context of Wegagen Bank by examining five key determinants: Perceived Quality, Brand Awareness, Brand Association, Brand Loyalty, and Other Proprietary Assets. The findings reveal that Perceived Quality, Brand Association, and Brand Loyalty significantly and positively influence overall brand equity. However, Brand Awareness did not demonstrate a significant impact, suggesting that while customers may be familiar with Wegagen Bank, awareness alone does not necessarily contribute to stronger brand equity. Additionally, Other Proprietary Assets exhibited a negative correlation with brand equity, indicating that factors such as intellectual property and legal protections may not align with customer perceptions and expectations.

The results also provide insights into customer preferences and behaviors toward Wegagen Bank. The majority of respondents are self-employed males aged 36–45, with 30.5% having been customers for 6–10 years and 90.79% frequently using the bank's services. Customers primarily prefer Wegagen Bank for its fast and accurate service (45.69%), modern digital technology (18.39%), and strong brand image (17.24%), highlighting the importance of operational efficiency and technological advancements in customer retention. However, the bank faces challenges in brand awareness, association, and proprietary brand assets, which could hinder its ability to differentiate itself in a competitive financial market.

In conclusion, Perceived Quality and Brand Loyalty emerge as the most influential factors in building strong brand equity for Wegagen Bank, while Brand Awareness and Other Proprietary Assets appear to be less impactful or even detrimental to brand strength. To enhance its overall brand equity, Wegagen Bank should capitalize on its strengths by continuing to invest in high-quality service and customer loyalty initiatives, while addressing weaknesses in brand awareness and association to better position itself in the market.

5.3 Recommendation

Depending on the findings of the study and the conclusions made, the following possible recommendations were forwarded for the concerned body:

- ❖ The company has to introduce **loyalty reward packages** or programs that encourage current customers to buy its products and services repetitively and decrease the number of possible switchers as it might increase the switching cost from that of competitors.
- ❖ To increase brand loyalty, those Bank managers should adopt **customer loyalty programs** that can be enhanced through meeting customers' desired service level, dealing effectively with dissatisfied customers, taking customer complaints positively as an input for future improvements.
- ❖ Furthermore, to increase customer loyalty and retention, as well as to manage their interaction with current and future bank service buyers or customers, those Bank managers should have to apply **CRM** system.
- ❖ The Bank must give attention related to it is **services quality and customers satisfaction** in competitive environment. To do this serious and intensive attention should be given to training counter service bank staff or front liners so that the bank can deliver high quality service operations to ensure that customers get better perceived fees values.
- ❖ Since the real power of a brand exists in the mind of customer, the Bank managers have to always capture and analyze the bank service buyers' **feedback**. This will make the bank service buyers to perceive their opinions and feelings are acknowledged as being important. The formal customer feedback arrangement will help the bank service buyers to realize that their bank brand is interested in improving and enhancing their business relationship and it will raise the customers' top of mind and brand dominance.
- ❖ Bank managers should develop more updated facilities and also by supporting **new technology** they are able to expand their customers' loyalty/ image.
- ❖ The Wegagen bank brand managers or marketers have to develop attractive jingles, entry tunes and logos to make their brands more unique and promote it using techniques like **self-promotion** and posters.

5.4 Research Limitation

The primary limitation of this research is its **sampling methodology**. The study employed **convenience sampling** and **purposive sampling**, which are non-probability sampling techniques. While these methods were practical and feasible for the study, they introduce potential biases and limit the generalizability of the findings to a broader population. Non-probability sampling techniques often result in samples that may not fully represent the target population, which could affect the external validity of the results. Additionally, the study relied on **multiple linear regression** to analyze the determinants of brand equity in Wegagen Bank. Although regression analysis is an effective tool, it may not fully capture the complex relationships between variables, especially when unobserved or latent variables are involved. This limitation suggests that the findings might not account for all factors influencing brand equity, potentially leading to incomplete conclusions.

Direction for Future Researchers

To address the limitations of this study, future researchers should consider adopting probability sampling techniques, such as **random sampling**, to enhance the generalizability of their findings. Probability sampling ensures that every member of the population has an equal chance of being selected, thereby reducing bias and improving the representativeness of the sample. Additionally, future studies could employ more advanced analytical techniques, such as **Structural Equation Modeling (SEM)**, which allows for the examination of multiple relationships simultaneously and can account for both observed and unobserved variables. SEM provides a more comprehensive approach to understanding complex relationships, making it particularly suitable for studies on brand equity. Furthermore, conducting research with a larger sample size would improve the reliability of the findings, enabling more accurate and generalizable conclusions.

In conclusion, while this study provides valuable insights into the determinants of brand equity in Wegagen Bank, its limitations in sampling and methodology highlight the need for future research to adopt more sampling techniques and advanced analytical tools. These improvements would not only enhance the validity of the findings but also allow for broader generalization and a deeper understanding of the factors influencing brand equity. Future researchers are encouraged to build on this study by addressing these limitations and exploring additional dimensions of brand equity that may have been overlooked.

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APPENDIX 1

Questionnaire

Dear respondents

I am currently conducting research as part of a partial fulfillment of the requirements for the degree of Masters of Art in Marketing Management. The purpose of the research is to find out the factors contributing to the brand equity of Wegagen Bank. All information obtained will be used for academic purpose only. Hence, be assured that your responses will not be revealed to anyone. Please answer all the questions, as they are vital for the success of this research. Thank you in advance for your utmost cooperation.

Part I: Demographic or personal information

Please reply to the following statements by showing your level of agreement / disagreement on each by putting a “√” mark.

1. Gender Male Female
2. Age A. 18-25 B. 26-35 C. 36-45 D. 46-55 E. More than 55
3. Educational level A. Primary and below B. High school C. Diploma D. Bachelor degree E. Master & higher
4. Marital status Single Married Divorced Widowed
5. In what type of job are you currently engaged?
A. Student B. Self- employed C. Private Organization employee D. Government organization employee E. others

Part II: General Information questions

6. How many years did you have contact with Wegagen Bank
A. Less than one year B. 1-5 year's C. 6-10 years D. 11-15 years E. More than 15 years
7. Did you frequently visit and served in Wegagen Bank?
A. Yes B. No
8. For what purpose did you visit Wegagen Bank? (You can choose more than one answer)
A. to transfer money B. to save money in to my account C. to withdraw money from my account D. to sell foreign currency E. to borrow money

If others please specify _____

9. Do you prefer Wegagen bank than others?

A. yes B. No

10. If your answer for question number 9 is yes, why do you prefer Wegagen bank? (You can choose more than one answer)

A. it provides fast and accurate service B it solves Individual and social problems C. it has a good name in my mind as a customer D. it uses a modern Digital technology E. If others, please specify _____

11. If your answer for question number 9 is no, why? (You can choose more than one answer)

A. Lack of competent and quality services B. Existence of unnecessary bureaucracy and procedures C. It gives more attention to the development of the nation and less attention to Individual customers D. Lack of strong name in the minds of customers E. If others specify _____

II. Please fill the following question by considering the score

1= Strongly Disagree, 2= Disagree, 3= Neutral, 4= Agree and 5= Strongly Agree

		1	2	3	4	5
Perceived Quality	1. I trust the quality of services from Wegagen Bank	1	2	3	4	5
	2. Overall quality (Digital service, lending, Daily transaction, social responsibility) of services is consistent	1	2	3	4	5
	3. When compared with competitors, overall quality of services is best at Wegagen Bank	1	2	3	4	5
	4. Overall, I am very satisfied with Wegagen Bank	1	2	3	4	5
Brand Awareness	1. Among competitive banks, I can recognize Wegagen Bank brand easily	1	2	3	4	5
	2. I Know and I understand the meaning of Wegagen bank logo	1	2	3	4	5
	3. When I think of banks to work with, Wegagen Bank comes first to my mind	1	2	3	4	5
Brand Association	1. Wegagen Bank has a very unique brand image compared to competing banks	1	2	3	4	5
	2. I respect and admire people who prefer Wegagen Bank	1	2	3	4	5
	3. I like the brand image of Wegagen Bank	1	2	3	4	5
	4. I believe that the Wegagen bank is contributing to Individual and the society as large.	1	2	3	4	5

Brand Loyalty	1. Wegagen Bank would be my first choice to be served with compared to other banks	1	2	3	4	5
	2. I would recommend Wegagen Bank to others	1	2	3	4	5
	3. I would remain loyal to Wegagen Bank	1	2	3	4	5
	4. I am still willing to use Wegagen Bank even if its price (Price of ATM card and service charge) is a little higher than its competitors	1	2	3	4	5
Other proprietary brand assets	1. Wegagen Bank has reliable brand, compared to competing Banks	1	2	3	4	5
	2. A trademark was protecting brand equity from competitors who might want to confuse customers by using a similar name, symbol or package	1	2	3	4	5
	3. The good reputation the Bank has influence me to choose Wegagen Bank services	1	2	3	4	5
	4. Wegagen Bank delivers service on promises in a timely manner	1	2	3	4	5
Overall Brand Equity	1. If there is another brand as good as this brand, I would prefer to buy services of the Wegagen bank brands.	1	2	3	4	5
	2. Even if there is similar bank as good as Wegagen Bank I remain loyal to Wegagen Bank to work with.	1	2	3	4	5
	3. Even if there is another bank which could offer the same service, I feel secured to work with Wegagen Bank.	1	2	3	4	5
	4. If I have to choose among brands of bank services, the Wegagen brand is definitely my choice	1	2	3	4	5

Thank you for your Time

APPENDIX 2

Linearity Test

estat ovtes

Ramsey RESET test using powers of the fitted values of Mean

Ho: model has no omitted variables

$F(3, 371) = 0.60$

Prob > F = 0.6131

Normality Test

swilk resid

Shapiro-Wilk W test for normal data

Variable	Obs	W	V	z	Prob>z
resid	380	0.97791	5.808	4.176	0.00001

Multicollinearity

Variable	VIF	1/VIF
-----+-----		
MeanBL	1.13	0.881482
MeanPQ	1.13	0.885075
MeanOP	1.13	0.887037
MeanBAS	1.08	0.922081
MeanBA	1.08	0.924214
-----+-----		
Mean VIF	1.11	

Correlation analysis result

	MeanPQ	MeanBA	MeanBAS	MeanBL	MeanOP	Mean
-----+-----						
MeanPQ	1.0000					
MeanBA	0.0903	1.0000				
MeanBAS	-0.1553	0.0917	1.0000			

