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Brand Equity and Perceived Value: The case in Commercial Banks in Sri Lanka

By

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The work described in this thesis was carried out by me under the supervision of Prof. Neville Warnakulasooriya and a report on this has not been submitted in whole or in part to any university or any other institution for another Degree/ Diploma.

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I certify that the above statement made by the candidate is true and that this thesis is suitable for submission to the University for the purpose of evaluation.

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ABSTRACT

In the midst of Economic upheaval that we are faced globally, time could have not been more crucial to critically discuss the impact of Brand Equity and Perceived Value in the sector of Commercial Banks in Sri Lanka. Where more than two third of the world economy is accountable under the Service sector, effective brand management, through understanding of 'Brand' and 'Brand Equity' thus 'Perceived Value' could be the deciding or the winning factor, which would essentially differentiate one service provider from another.

The main objectives of this study is to underpin the degree of Brand Equity, to identify the most influential dimension of Brand Equity, to evaluate the association/relation between Brand Equity and Perceived Value and to determine the moderating effect on demographic factors on the association between Brand Equity and Perceived Value. To find answers to these objectives/research questions with empirical evidence, this research was carried out, taking into consideration various factors such as the sample size, validity of the collected data, limitations of the study.

Six commercial banks in Sri Lanka have been considered as the sample of the study namely, Bank of Ceylon, Peoples Bank, Hatton National Bank, Commercial Bank, Sampath Bank and Seylan Bank. 413 respondents were considered covering all banks in sample. The research strategy to collect data was a survey questionnaire, which was validated using content and construct validity tests.

Findings of this study indicate a moderate degree of Brand Equity in the Commercial Banking sector in Sri Lanka, in sector wise this stands the same with a slight positivity towards the private banking sector where the degree of Brand Equity tends to be comparatively high. Perceived Quality was the most influential dimension of the degree of Brand Equity. There was a higher degree of association between Brand Association and Perceived Value, where the quick identity and established perception of a Brand tend to pay off in terms of Perceived Value, which also hinder the uncertainty in purchasing/consuming a product/service, which may be a reason for aggressive and assertive marketing exercises practiced by many financial institutes and service sector related organizations. Finally the moderating effect of Demographic Variables is proven to be null in relation/association between Brand Equity and Perceived Value.

In conclusion the importance of Brand equity and Perceived Value gain its importance day by day, and modern day managers should adopt and execute a holistic approach towards building and maintaining Brand Equity and Perceived Value, which will ultimately answer the final question 'To be or not to be' (Hamlette, Shakespeare) successful in terms of prolonged success and continues progression.

CHAPTER 1
INTRODUCTION

1.1. Background of the Study

Over the past few decades, there has been an explosive interest in brands among practitioners and researchers. The notion that a brand has an equity that exceeds its conventional asset value was developed by financial professionals (Motameni et al. 1998). According to Cobb-Walgren (1995), the probability of failure of a new brand launching in the market is as enormous as the cost of bringing new brand to market. Due to brands' special attributes contributing to firms' assets, bank/financial institute brands are regarded as very important properties that add significant value to the firms. Thus, many banks/financial institutes are looking for expansion opportunities to acquire existing brands rather than to develop new brands. This has been the trend in this sector globally since the traceable history, for an example locally, in 1970 Hatton bank acquired the branches of National Grindlays Bank in Kandy and Nuwara Eliya, heralding the change of name to Hatton National Bank in which went on to acquire Colombo branch of Emirates International Bank UAE in 1989 and Habib Bank AG Zurich in 2002. In the global history National Provincial Bank (est.1833) and Westminster Bank (est.1836), merged as National Westminster Bank in 1970. Giving a considerable weight to the economic climate and other influential factors for these mergers and acquisitions, still the notion to which Brand, Brand equity and perceived value have gained its limelight, being deciding/curtail factors of these mergers/acquisitions cannot be shaded or ignored.