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STUDYING THE EFFECTS OF BRAND EQUITY ON THE CONSUMERS RESPONSES IN THE SERVICE MARKETS

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Abstract

Today in competitive world of businesses, survival and effectiveness of an organization depend on the long-term satisfaction of customers. One of the most important factors affecting customer satisfaction and maintaining customer is brand equity. The brand equity increase the efficiency of the marketing plans and customer loyalty for the brand, decreases expenses and cost of the promotional activities and provides platform to develop it via brand extension. The main objective of this study is to evaluate the effect of brand equity on the responses of consumers (brand preference, brand extension, double payments and purchase intention). For this a descriptive design was used. The statistical population of this study consists of state bank customers in Tehran, Iran where 384 customers were selected randomly. Standard questionnaire was used and, in order to verify the validity and reliability, the Cronbach's alpha and experts confirmation have been used respectively. The results showed that brand equity has a significant positive effect on four components of customer responses. Secondary findings indicate that at present the brand equity and consumer responses in studied bank are not appropriate. Accordingly, proposals were provided to improve these factors.

Keywords: brand equity, consumer behavior, brand loyalty, brand awareness, brand image

INTRODUCTION

Nowadays, the strong brand equity is an important factor to influence customer perceptions of the brand and in fact, the success in managing brand can be achieved by understanding and proper management of brand equity and in this way, there can be created strong characteristics of brand that influences the decision –making ability of customers to choose brand(Pike et al,2010).Brand equity is an added value created due to brand for the organization. This concept is discussed in different ways and for different purposes (Glynn et al, 2007).Generally, brand equity is the value added to a product by brand(Hanna & Wozniak, 2001).For companies, strong brand equity enable them to get price premium and increase market share and maintain loyal customers (Kayaman & Arasli, 2007). David Aaker(1991) says: brand equity increase the efficiency of marketing programs brand and customer loyalty, decreases expenses and costs of promotional activities and creates a platform to develop via brand expansion. Therefore, brand equity makes benefits and for the organization creates cash flow (Buil et al, 2008).

Today, the brand value is formed by loyalty and customer purchase preferences for organization, i.e.strong brands can have loyal customers and can be placed in customer purchase preferences. Indeed, the key to the survival of any organization is customer satisfaction and in this regard, brand reputation has an important role. Therefore special attention to brand has led many theorists, managers, researchers to call the future world of marketing as world of brand and branding related activities. Perhaps no investment can be more efficient than an strong, reliable and value-creating name to the organization. In many markets, there is little difference between different products. Notebooks, shoes, electronic appliances, news sites, television channels and applications do not show such a difference, one of the most influential factors affecting consumer choice is the brand of such products (Ballester and Munuera, 2005).

Many studies and their related literature emphasize the brand equity of tangible products and there are less studies about brand equity of services (Kayaman & Arsali, 2007) .Brands are very vital for services, because the intangible nature of services makes the qualitative assessment difficult to customers (Krishnan & Hartline, 2001). This can be seen in spite of the fact that there is the difference between goods and services. Most goods are tangible and physical. However, services are intangible, such as banking. Customer experience of services and its relationship with the brand, is not the result of what happens in the factory, but it is directly related to the people who provide the service (Mohammadian, 2011). Davis and Keller (2001) argue that marketers in service sectors can measure and manage strength of brands through research about brand equity (Taylor et al, 2007).

Despite the importance of brand equity in the services sector, little research has been done in this field in Iran. One of the service industries with major growth is the banking industry. With regard to the privatization of banks on the one hand, and despite the competitive environment of the banking industry on the other hand, in the coming years the brand equity will be one of the effective factors to gain competitive advantage for banks.

In addition to the improvement of brand equity, it is important to understand how brand equity influences attitudes and consumer behavior (Hoeffler and Keller, 2003). Ultimately, the value of a brand is derived in the market through the actions of consumers. The study of its outcomes has become, therefore, an urgent and challenging task (Wang et al., 2008; Broyles et al., 2009). Yet, most articles assume that brand equity has positive effects on consumer responses (Cobb-Walgren et al., 1995) and those that empirically try to investigate this issue use different proxies of brand equity, such as familiarity or market share (Hoeffler and Keller, 2003). Thus, there is a scarcity of empirical research which explores the relationship between consumer-based brand equity and consumer response. Addressing these gaps, this paper proposes and tests a model to better understand brand equity and investigate the effects of this construct on consumers' responses using data from a private bank in Iran. In particular, it examines the effect of brand equity on consumers' brand preferences, brand extension, brand premium and purchase intention.

LITERATURE REVIEW

Brand equity

Today, building a strong brand has become a marketing priority for many organizations due to the great advantages that it creates. Strong brand creates an identity for the company in the market (Yasin et al, 2007).Although in the classical definitions, brand equity refers to added value of a brand. In the new definitions, a more widespread definition is used which includes a wide range of characteristics that lead to product selection by customer (Ross and the Et al., 2010).Brand equity is the value added by a brand to a product. Generally, brand equity is the consumer perception of all advantages that a brand had in compared with other competing brands (Gil et al. 2007). The brand has positive value based on customer perception when a customer responses favorably to a known brand. Also, when the customer responses unfavorably to the marketing activities related to a brand, brand equity has the negative value based on customer perception. Additionally, one of the characteristics of having strong brand equity is the existence of high loyalty to a brand (Keller, 2000).

Brand equity has many advantages for the company, for example, if the brand has a high equity then targeted consumer will have a positive behavior to a brand and as a result, he will pay price premium for a specific product, repeats his purchasing behavior and will do word-of-mouth advertising for that product (Kim& Hyun, 2011).

These behaviors can improve competitive position and financial performance of the company. Equity of a Brand can increase the possibility of selecting a brand by creating customer loyalty of consumers and companies can use this advantage to develop the range of their products. With the extension of an existing brand to new products, advertisement costs for new products will decrease. Of the other advantages of brand equity are to transfer the license and rights to other companies, effectiveness of marketing communication, lack of sensitivity of consumers to prices and reduction of vulnerability of companies against competitors and recessions, retain and develop of brand equity, etc. (Raj, 2005).

Customer-based brand equity

Although brand creates value for an organization clearly but the root of this value is in customer (Aaker, 2005;Keller,2001;Schultz &Barnes, 1999). Indeed, customer-based brand equity determines the real value of brand. One of the comprehensive models to explain brand and branding is the model of customer-based brand equity which has been developed by Professor Keller. This model seeks to answer two main questions. “How to create an strong brand ?” and “ What makes the brand strong?” (Carlene Elrod, 2007). Customer-based brand equity is the various effects of brand awareness on customer response to brand activities. In this definition, There are three key concepts visible in relation to vale creation of brand:” response resulted from brand awareness”, “customer response to brand activities”, ”distinct responses” (Keller,1993, 2003, 2006). Hence we can say all kinds of organizational activities influence brand awareness and this change in brand awareness influences consumer response. Also long-term success of a brand is influenced by experiences resulted from short-term marketing activities (Schultz, D.E., & Schultz, H.F., 2007). In this regard, the process of creating an strong brand is a four-staged process and in each stage, one of the fundamental question of customer will be answered (Keller,2003):

1. Making sure of brand identification by customers and linking brand to a specific category or need in the minds of customers (who are you? Brand identity);
2. Creating brand meaning in the minds of customers by strategic linking of a range of tangible and in tangible characteristics to a brand (what are you? Brand meaning);
3. Getting favorable response from customers based on their judgment and emotions (what is my answer to you? Brand reply);
4. Converting brand reply to an strong and brand-based relation (how are we together? Brand association).

Indeed, these fundamental stages form brand creating blocks (being outstanding, performance, visualization, emotions, judgment and brand associations) and to create strong brand, organization must integrates its marketing activities alongside with creating these blocks(Keller,2001; Kotler, P., & Keller, K.L., 2006).

Brand awareness

One aspect of customer-based brand equity is to response to this question "What makes the brand strong?", marketing efforts to form brand blocks in the minds of customers results in stronger brand than other brands (Keller &Lehmann, 2003). Brand awareness is related to the people perceptions about brand and includes all prescriptive and descriptive aspects of information related to a brand (Li, 2004). In fact it can be said that the source of value creation of brand for customer is brand awareness (Aaker, 1992). In this regard, first customer will be enabled to recognize brand by feeling its elements in various situation (Aaker,1992) and distinguish the main characteristics of a brand (Aaker,1991,1996). If brand can link to a specific characteristic in the mind of a customer strongly then it can recall brand when necessary (brand recall) (Keller K.L, 2008; Percy, 2008). These two concepts show the components of brand recall and brand identity reflection in the minds of customers (Keller K.L, 2008). All customer experiences of brand create characteristics and specific image of brand in the minds of customers during time passes (brand image) (Batey, 2008).

Research showed that brand image is the reflection of resulted thoughts from marketing activities in order to create favorable image of performance in the minds of customers (Ghodeswar, 2008; Janonis & Dovaliene & Virvilaite, 2007; Keller, K.L, 2006). Characteristics, advantages and attitude toward the brand play roles in the creation of this image (Batey, 2008; Campbell, 2002; Low & Lamb, 2000). Research also showed that brand image influences attitudes towards a brand in the minds of customers and creates behavioral intentions of customers. Consequently, it creates attitudes and judgments about a brand in the mind of a customer and accordingly responses to marketing activities favorably or unfavorably (Sotiropoulos, 2003) and in fact these responses are the reflections of judgments and emotions formed in the minds of customers as a result of marketing activities (Keller, 2001). Finally, customer feels attachment to an strong brand and will make close relation with it and the relationship between customer and brand will be created (Kelller K.L, 2008). Some research showed that we can consider the relationship between customer-brand as a relationship of two partners. The quality of this relationship with six dimensions of interest, dependence on self, mutual dependence, commitment, intimacy and quality of this relationship is measurable (Carlene Elrod, 2007; Fournier, 1998).

Brand equity effects on consumers' responses

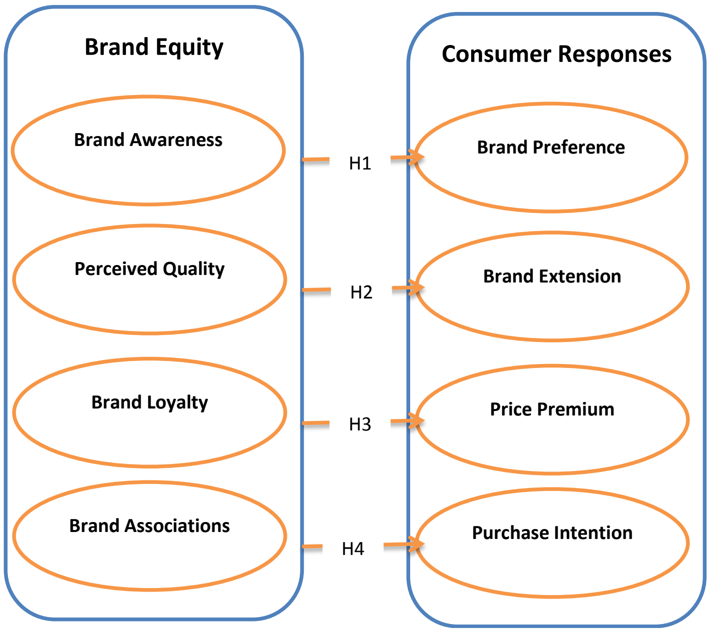
Building a strong brand with positive equity positively influences firms' performance through its effect on consumers' responses towards brands. This study explores four of these consumer responses: willingness to pay a price premium, attitude towards extensions, brand preference and purchase intention. The willingness to pay a price premium reflects the amount a consumer is willing to pay for a brand in comparison with other brands offering similar benefits. The literature indicates that brand equity has a notable effect on consumers' willingness to pay a price premium (Lassar et al., 1995; Netemeyer et al., 2004). Brand equity makes consumers less sensitive to price increases (Hoeffler and Keller, 2003; Keller and Lehmann, 2003) and more willing to pay a higher price since they perceive some unique value in the brand that no other alternative can provide (Chaudhuri, 1995; Seitz et al., 2010). Firms with higher brand equity can also extend their brands more successfully (Rangaswamy et al., 1993). One of the main reasons is that endowing a new product with a well-known brand name provides consumers with a sense of familiarity and trust that positively influences their attitude towards the extension, even when they do not have specific knowledge about it (Milberg and Sinn , 2008). The strong support for transfer of knowledge and affect from the parent brand to the extension clearly justifies the key role that brand equity plays in consumers' evaluations of brand extensions (Czellar, 2003).

Brand equity also has a positive effect on consumers' brand preferences. The literature suggests that strong brands get preferential evaluations as well as higher overall preference (Hoeffler and Keller, 2003). Similarly, customers who perceive a higher value in a brand are more likely to buy it (Aaker, 1991). Researchers have found a positive effect of brand equity on consumers' brand preferences and purchase intentions. For instance, Cobb-Walgren et al. (1995) found across two categories, hotels and household cleaners, that those brands with higher equity generated greater brand preferences and purchase intentions. Similar results are reported by Tolba and Hassan (2009).

PROPOSED RESEARCH MODEL

This study focused on consumer responses because marketers and scholars have largely accepted the notion that consumer responses has a considerable effect on the organizations' profitability and sustainability. In addition there is growing evidence to suggest that brand equity has a notable effect on consumers' willingness to pay a price premium (Lassar et al., 1995; Netemeyer et al., 2004). Brand equity also has a positive effect on consumers ' brand preferences (Hoeffler and Keller, 2003). Therefore, this study examines the effect of brand equity on the consumer responses. Figure 1 shows the suggested research model for this study. According to the model brand equity is considered as the independent variable (Yasin et al., 2007; Jung and Sung, 2008). Consumer responses with four dimensions (brand preferences, brand extension, brand premium and purchase intention) Is also considered as independent variable (Buil I. and Mart ı' nez E, 2013).

Figure1: The conceptual model of the research



RESEARCH HYPOTHESES

According to the discussed issues and conceptual model, about the brand equity on consumer responses, formulated hypotheses of this research are as follow:

H1: Brand equity has a positive and significant effect on brand preference.

H2: Brand equity has a positive and significant effect on brand extension.

H3: Brand equity has a positive and significant effect on purchase intention.

H4: Brand equity has a positive and significant effect on consumer willingness to pay price premium for the brand in compared to similar products.

RESEARCH METHODOLOGY

The present study from targeted view is applicable because its findings are used to solve problems inside organization. From quality of collecting data point of view, is considered as descriptive-survey, because it tries to obtain required information of current position of statistical sample by using questionnaire. Also in terms of time period, it is cross sectional and from view of data type is quantitative.

The statistical territory

The population of interest in this research includes customers of a state Bank of Islamic Republic of Iran in Tehran. In this study, using the stratified random method, 384 people were selected as sample. To ensure collecting right numbers of questionnaire, 450 questionnaire were distributed and finally 395 questionnaires were collected (11 questionnaires were excluded due to confounding).

Data collection tools

Data collection tools used in this research is a 24 question questionnaire that has been used as Likert scale. To test the reliability of the questionnaire, the primary prototype Including 30 questionnaires were pre-tested and then by using resulted data and with the help of statistical software of SPSS, the confidence coefficient was calculated by Cronbach's alpha that confidence level of 87% has been obtained.

Methods of data analysis

In this research, the structural equation modeling is used by means of LESREL to analyze the obtained data from samples and investigating the presence or absence of simultaneous relationship between research variables.

ANALYSIS AND FINDINGS

In structural equation modeling, existing relations between traits that were extracted based on the theory, are investigated according to collected data .In this model, there are 24 given variables (survey questions) and 5 latent variable s (expressed independent and dependent variables) .

After modeling in order to assess the validity of model, special indicators are used including: Chi square ratio to freedom degree that must be less than 3, the root of mean square of approximation error must be less than 0.08 and P-value must be less than 0.05 and adjusted fitness index must be greater than 0.9.

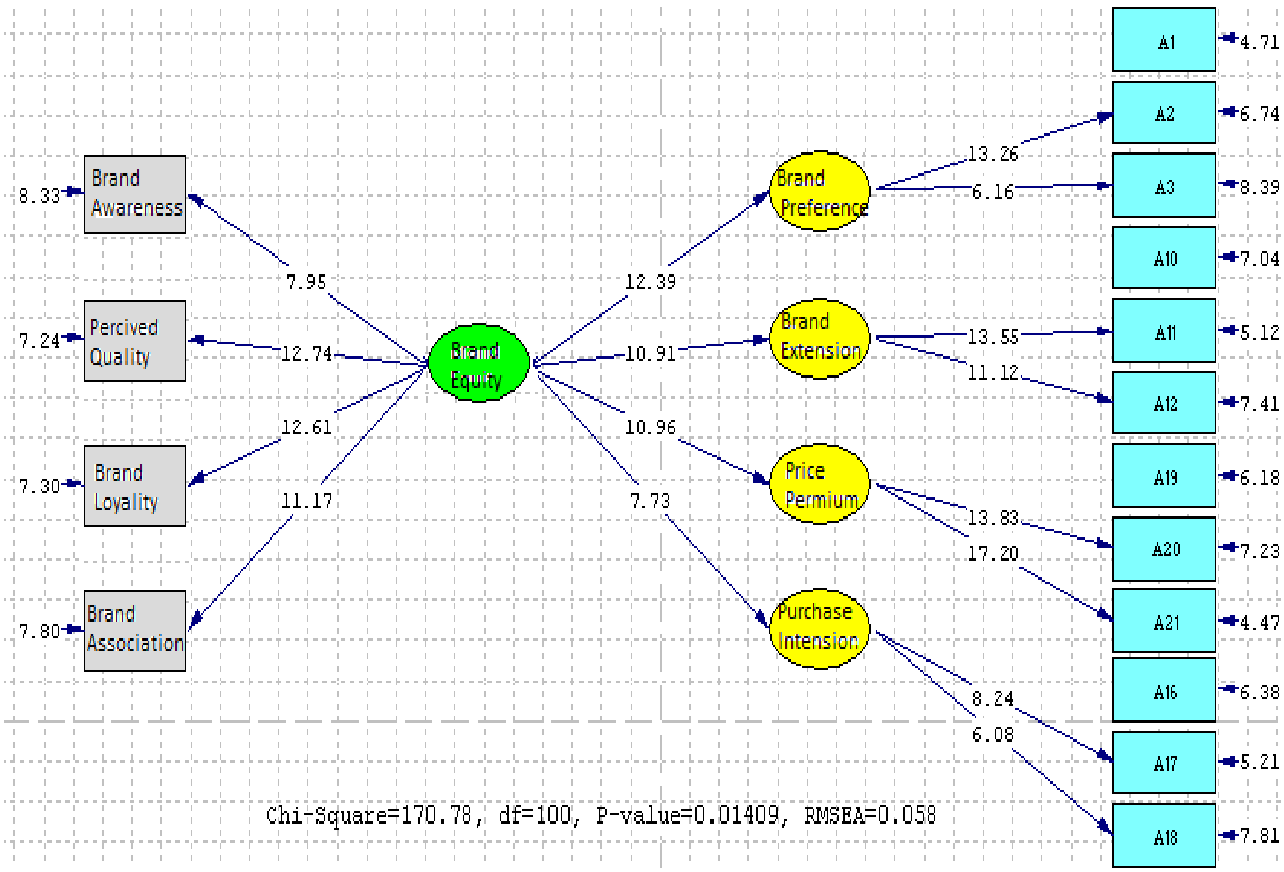
To determine the significance of the effect of brand equity on consumer responses, significant model is used and for assessing quality and amount of this effect, standards model is used. Figure 2 and 3 illustrate the significant model and standards model pertinent to the research hypothesizes.

About the significance of the obtained numbers, it can be said that since the confidence level of testing hypotheses is 0.95, those quantities will be significant that are not between 1.96 and -1.96. This means if a number exists between these two, it will not be significant.

Model fit and hypotheses testing

In this section for testing the hypotheses of this research Structural model has been used, this model shows 5 latent variables (exogenous and endogenous), and explain the effect of exogenous latent construct (brand equity) on endogenous latent construct (consumer responses dimensions). Following model is the T-value model which is showing significance of the effect of exogenous on endogenous and also shows the fit indices of the model.

Figure 2: T-value model



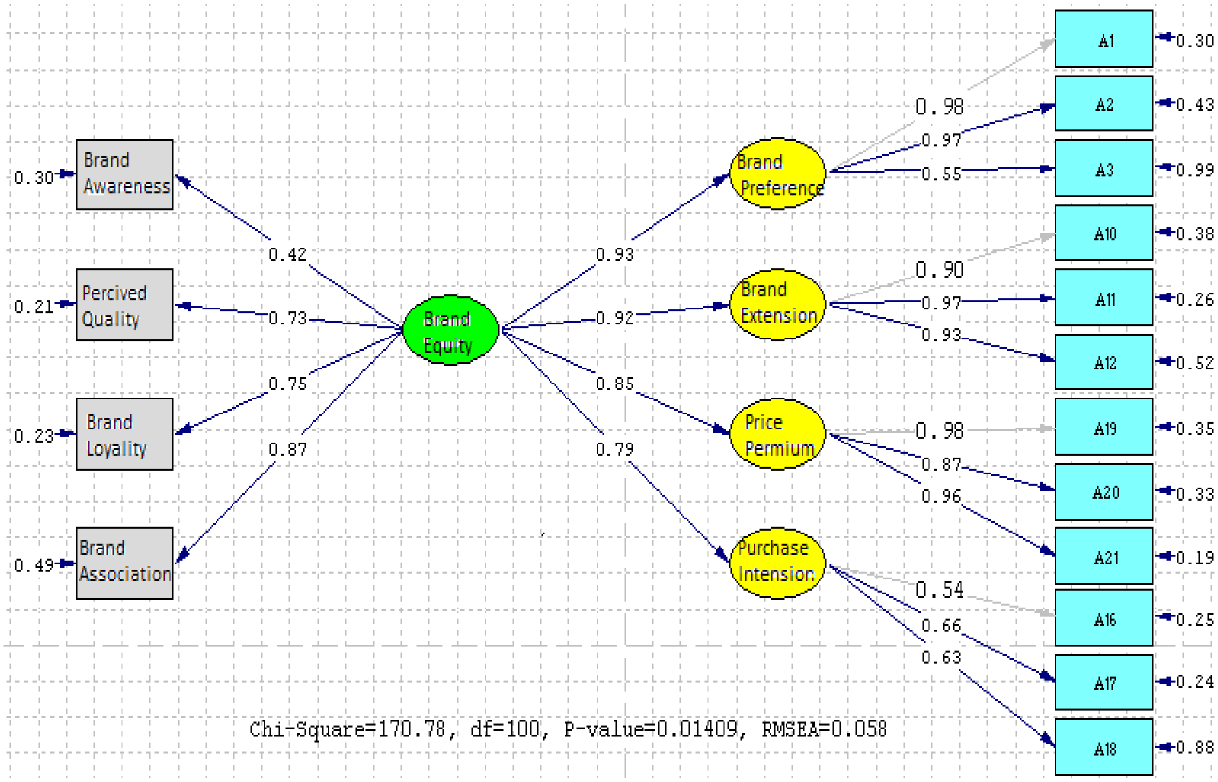
Fitness indices (see Table 1) indicate this model can be regarded as an appropriate approximation of reality.

Table 1: Fitness indices

X^2 / df	AGFI	GFI	RMSEA
1.70	0.91	0.94	0.058

Following model is the standard model which is indicating the standard coefficient of the path between exogenous and endogenous.

Figure 3: Standard model



In standard model, exogenous latent constructs explain endogenous latent construct as follow: Brand equity as the latent constructs explain (subsequently) 0.93, 0.92, 0.85 and 0.79 of brand preference, brand extension, price premium and purchase intention as endogenous latent constructs. So the result of above models indicate that all of the four hypothesis of this research have been accepted. This means that brand equity has considerable positive effects on the consumer responses.

Investigating the status quo of variables in the population

Here, the status quo of each of the dimensions of brand equity and consumer responses has been studied in statistical population. To this end, student t-test was used.

One-sample average test to measure brand equity

The results of the one-sample t-test for specific values of the brand and its components are presented. The results of Tables 2 and 3 are defined as follows:

Table 2: one-sample t-test statistic about brand equity

Variable	Numbers of samples	Average	Standard deviation	Error of standard deviations from the mean
Brand awareness	384	2.946	1.116	0.09118
Perceived quality of the brand	384	2.293	0.6918	0.05649
Brand Loyalty	384	2.551	0.8949	0.7307
Brand association	384	2.511	0.8641	0.07056
Brand equity	384	2.575	0.7327	0.05982

Table 3:one-sample t-test results on brand equity

	Test value = 3					
Variable	Statistics T	Degrees of freedom	Sig. (2-tailed)	Mean difference	95% -confidence interval	
					Lower	Upper
Brand awareness	0.585-	383	0.559	-0.0533	-0.2335	0.1268
Perceived quality of the brand	12.510-	383	0.000	-0.7066	-0.8183	-0.5950
Brand Loyalty	6.143-	383	0.000	-0.4488	-0.5933	-0.3045
Brand association	6.929-	383	0.000	-0.4888	-0.6283	-0.3495
Brand equity	7.095-	383	0.000	-0.4244	-0.5427	-0.3062

As can be seen in the tables above, the observed significance level for brand equity is zero but since its obtained t-statistic (-7.095) is smaller than 1.96, and also the lower limit and the upper limit are both negative within confidence interval of 95% , therefore the null hypothesis is not rejected, and it becomes clear that the obtained average for brand equity is smaller than test value. So it can be concluded that currently the status of brand equity is not satisfactory in studied organizations.

The tables above show the one-sample t-test results for each of the components of brand equity. As can be seen, the obtained significant level of brand awareness equals 0.559 which is greater than alpha error of 0.05 and its t-statistic equals -0.585 that is between 1.96 and -1.96 and has negative lower limit and positive upper limit in confidence interval of %95, therefore the null hypothesis is not rejected and it is said that obtained average for brand awareness is almost equal to test value. It is therefore concluded that currently the status of brand equity is not satisfactory in studied organizations and it is estimated average.

But about the other components of brand equity (perceived quality of brand, brand loyalty and brand association) the observed significance level equals zero but since the obtained t-statistic is less than 1.96 for all three components and lower and upper limits are both negative in confidence interval of %95 then the null hypothesis is not rejected and it became clear that the obtained average for these three components are less than test value. So it can be concluded that currently the status of perceived quality of brand, brand loyalty and brand association in studied organization is not desirable.

One-sample average test to measure consumer responses

In this part, the average test results are presented to investigate the status of consumer response and its components. The obtained results are shown in tables 4 and 5 as follows:

Table 4: One-sample t-test statistic about consumer response

Variable	**Numbers of Samples**	**Average**	**Standard deviation**	**Error of standard deviations from the mean**
Brand preference	384	2.78	0.9882	0.08069
Brand extension	384	2.84	1.0310	0.08418
Paying price premium	384	2.904	1.0966	0.08954
Brand purchase intention	384	2.202	0.7130	0.05822
Consumer response	384	2.681	0.8221	0.06713

Table 5: One-sample t-test results about consumer reactions

	Test value = 3					
Variable					95% confidence interval	
	Statistic T	Degrees of freedom	Sig. (2-tailed) Significance level	Mean	Lower	Upper
Brand preference	-2.726	383	0.007	-0.220	-0.3794	-0.0606
Brand extension	-1.901	383	0.059	-0.160	-0.3263	0.0063
Paying price premium	-1.067	383	0.288	-0.955	-0.2725	0.0814
Brand purchase intention	-13.703	383	0.000	-0.7977	-0.9128	-0.6827
Consumer response	-4.742	383	0.000	-0.3183	-0.4510	-0.1857

As can be seen in the tables above, the observed significance level for brand equity is zero but since its obtained t-statistic (-4.742) is smaller than 1.96, and also the lower limit and the upper limit are both negative within confidence interval of 95% , therefore the null hypothesis is not rejected, and it becomes clear that the obtained average for consumer response is smaller than test value. So it can be concluded that currently the status of customer responses of studied bank is not satisfactory.

The tables above also show the one-sample t-test results for each of the components of brand equity. As can be seen, the obtained significant level of brand extension and paying price premium is greater than alpha error of 0.05 and their t-statistics are between 1.96 and -1.96 and have negative lower limit and positive upper limit in confidence interval of %95.Therefore the null hypothesis is not rejected and it is said that obtained average for brand extension and paying price premium are almost equal to test value. It is therefore concluded that currently the status of brand extension and willingness to pay price premium of customers of this bank is not satisfactory and it is estimated average.

But about two other components of consumer behavior i.e. brand preference and brand purchase intention, the observed significance level equals zero but since the obtained t-statistic is less than 1.96 for both components and lower and upper limits are both negative in confidence interval of %95 then the null hypothesis is not rejected and it became clear that the obtained average for these two components are less than test value. So it can be concluded that currently the status of brand preference and brand purchase intention of customers of studied is not desirable.

CONCLUSIONS

In today 's competitive and dynamic world of banking industry, customer is considered as a valuable capital for service organizations such as bank; in this regard the responses\ and satisfaction of customers have a determining effect on survival and success of related organizations. Hence, in this study the influence of brand equity on consumer responses were investigated. Studied dimensions of customer response include: brand preference, brand extension, paying price premium and purchase intention. The effect of brand equity on each of these dimensions was investigated in a form of a hypothesis. Generally, obtained results confirmed the significance of positive effect of brand equity on these responses. The findings of each hypothesis are as below:

- The obtained results of structural equation analysis and route analysis for first sub-hypothesis suggested that brand equity has a positive and significant effect on brand preference. The observed correlation coefficient for this relationship is equal to 0.93. The obtained coefficient of determination (R^2) is equal to 0.86, i.e. in the studied population brand equity explains 86% of changes in brand preference. This finding is consistent with research findings of Sarlak, A. (2013). In his research, “Assessing determinants of brand equity of financial institutions (Case study: Mizanfinance and credit institute)”, concluded that a strong brand can have more brand equity. An strong brand with positive equity have numerous advantages such as higher interest margins, brand extension opportunities, effectiveness of stronger communication, preference and higher purchase intention of customer.

- The obtained results of structural equation analysis and route analysis for second sub-hypothesis suggested that brand equity has a positive and significant effect on brand extension. The observed correlation coefficient for this relationship is equal to 0.92. The obtained coefficient of determination (R^2) is equal to 0.84, i.e. in the studied population brand equity explains 84% of changes in brand extension. This finding is consistent with research findings of Darvishi & Darvishi (2014), titled as “Studying the effect of brand awareness, brand image and perceived quality of brand services on brand equity in banking industry of Iran”.
- The obtained results of similar analysis for third sub-hypothesis suggested that brand equity has a positive and significant effect on brand purchase intention. The observed correlation coefficient for this relationship is equal to 0.79. The obtained coefficient of determination (R^2) is equal to 0.62, i.e. in the studied population brand equity explains 62% of changes in brand purchase intention. This finding is consistent with research findings of Ansari Movahed (2011).In his research titled as “ effective factors on brand equity of customers of Melat bank”, he studied the possible effects of brand equity dimensions (perceived quality, brand loyalty, brand awareness, brand association) on customer decisions of Melat bank in Iran.
- Finally, the obtained results of similar analysis for fourth sub-hypothesis suggested that brand equity has a positive and significant effect on paying price premium. The observed correlation coefficient for this relationship is equal to 0.85. The obtained coefficient of determination (R^2) is equal to 0.72, i.e. in the studied population brand equity explains 72% of changes in customer willingness to pay price premium. This finding is consistent with research findings of Motameli & Moradi (2012), entitled “the effect of brand characteristic and organizational reputation on building brand equity”.

One-sample average test results for brand equity also indicated that the status quo of brand equity in studied organization is not desirable. These results also show the status quo of brand awareness in studied organization is not desirable and it is estimated average. The status quo of other components of brand equity (perceived quality of brand, brand loyalty and brand association) also is not desirable.

One-sample average test results for customers of studied bank indicated that this component is not in desirable status. Two other components , brand extension and paying price premium also are not in desirable status and are estimated average but two more components of consumer response , i.e. brand preference and purchase intention are also not in desirable status according to the customers of studied bank.

RECOMMENDATIONS

Present study showed that the willingness of customers to accept banking services is highly influenced by brand equity. And given the Aaker model, it can be said that banks should seek ways to make their customers loyal in order to increase the brand equity. Since bank customers seek more profits for their deposits, increasing this profit can be an appropriate way to make them brand loyal. But since the amount of this profit depends highly to banking rules and regulations then banks can have more loyal customers by increasing and improving services. In the follow, study provides recommendations as:

- Strategies of brand marketing should select based on customers perceptions. Thus the thoughts and responses of customers should be noted and then holding position in customer relationship will change with brand.
- Quality is the most important factor of using banking services and reduction of perceived quality by customers towards services in compared with competitors leads to lose customers. In order to increase the level of perceived quality, following strategies are recommended:
- Conducting field researches by banks in order to identify important factors forming brand preference from customers point of view
- Focus on constitutional factors of brand preference
- Reasonable investment to improve banking services such as phone banking and POS systems that results in creating the distinction of a bank in compared with other banks and brand preference for customers.
- Emphasis on certificates and confirmations by authorized national and international institutions of banking advertisement such as receiving EFQM certificate from European foundation

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