Influences of Brand Image on Brand Equity and Brand Loyalty in case of Mongolian Banking Sector

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ABSTRACT: *In 21th century's competitive business environment, commercial organizations need to get advantage compared to competitors in order to survive. Because customer intention is changed always by result of competition. In contrast, Service business is high availability of copying from each other's and to keep advantage is very difficult. Commercial Banks offer financial services or loans, credit savings, checking accounts for companies and individuals. Therefore, Strong brand image is most essential in the differentiating bank and adding value on customer service. Data was collected from 230 customers who live in Mongolia by online survey and analyzed using SPSS 21 software. Research purpose focused to investigate influences of brand image on brand loyalty and brand equity. The findings show bank brand image positive influences on brand image and brand loyalty.*

KEYWORDS: *Brand Image, Brand Equity, Brand Loyalty, Banking Sector*

I.   INTRODUCTION

The banking sector was always deemed to be one of the most vital sectors for the economy to be able to function. Its importance as the "lifeblood" of economic activity, in collecting deposits and providing credits to states and people, households and businesses is undisputable. Today, Mongolian Banking Sector was highly developed and 2 million customers are getting financial service. The banks faced problems of customer switching or loyalty between banks because customers get service from 2 or 3 banks at same time. If a firm's products or services do not satisfy or meet the customer's needs and wants, all the strategies are insufficient. With loyal customers, companies can have higher market share and reduce the operating cost. An improvement of 5 percent in customer retention leads to an increase of 25 percent to 75 percent in profit. Therefore, they need to develop strong brand image   in order to keep loyal customers and find new customers. The all banks of Mongolian offer highest saving rate or interest rate (13-15% per year) compared to international standard for customers but it can't be competitive advantage for each other's. The price competition decreases profit and negative effect (high interest rate or 24% per year) on the business companies. In the condition, Managers or Ceo of Banks need to keep or find loyal customers by improving the brand image and increasing customer satisfaction. Past literature reviews already investigated the relationship of factors but not popular studied in case of Mongolia. Thus, Research purpose to find relationship of factors (Brand Image, Brand loyalty, Brand Equity) in the case of Mongolian Banking Sector and to produce suggestion for them.

II.   LITERATURE REVIEW

Brand Image: Brand image is most vital and one of topics which was most popular studied by researchers in marketing. Aaker (1991) defines "set of brand association that are anything linked in memory to a brand, usually in some meaningful way". According On yancha (2013) brand image is a perception of a brand held in customer memory and reflecting a customer's overall impression. A positive brand image can be considered as a crucial ability of a company to hold its market position. It means customers select bank which developed strong brand image more than others as well as helps to have more loyal customers.

Brand Loyalty: brand loyalty is defined as "a deeply held commitment to re-buy or re patronize a preferred product/service consistently in the future, thereby causing repetitive same-brand or same-brand set purchasing despite situational influences and marketing efforts having the potential to cause switching behavior" (Oliver, 1997). Brand loyalty has a many critical advantages to the organizations, for example, increasing high market share of the industry and new clients or customers, supporting brand expansions, decreasing marketing costs, and fortifying brand to the competitive threats. Brand image positively influence customers loyalty (Wu P.C, Yen G. Y. Y & Hsiao C. R (2011). Brand image supports in creating satisfaction and loyalty for the brand

(Satyendra & Singh 2012). Brand image has specified impact on loyalty intentions that is customer repurchase intentions. Social, confident and special brand image has positive impact on loyalty intention (Vazquez-Carrasco R & G. R Fox all 2006).

Hypothesis 1: Brand image positively influence on brand loyalty

Brand Equity: Brand equity defined as "the marketing and financial values linked with a brand's strength in the market, including actual proprietary brand assets, brand name awareness, brand loyalty, perceived brand quality, and brand associations" (Pride & Ferrell, 2003, p. 299). According Farquhar (1989), brand equity is the value added by a specific brand to a corporation or consumers. Also, brand equity is often created by products or services that bring value directly or indirectly (Kapferer, 2005). Sajjad (2015) investigated relationship of brand image and brand equity. Result showed positive significant relationship between the independent variable (Brand Image) and dependent variable (Brand Equity).

Hypothesis 2: Brand image positively influence on brand Equity.

brand equity brings many benefits to the organization. These benefits include increase of probability of choosing the brand which leads to customer or brand loyalty to the certain brand (Pitta & Katsanis, 1995) as well as the possibility of spreading the brand on other product categories (Rajh, 1995).

Hypothesis 3: Brand Equity positive influences on brand loyalty

Research objectives
1. To determine the influence of brand image on brand loyalty
2. To determine the influence of brand image on brand equity
3. To determine the influence of brand equity on brand loyalty

III. RESEARCH METHODOLOGY

The research design based on previous literature and data was collected from customers who regular use financial services of bank by online survey. In order to increase sampling number, survey was delivered by social media ads and 230 respondents filled survey. Questionnaire design included two sections. First section relates with demographic information such as gender, age, education, salary, job position. Second section consist of 24 questions which is used to determine relationship of brand Image, brand equity and brand Loyalty. Likert scale was used for each question in order to measure power of consumer agreement (1-Strongly Disagree, 5 – Strongly Agree). In the end, collected data analyzed using reliability statistics, frequency distribution and regression analysis and provided conclusion.

Descriptive Statistics: Demographic questionnaire design consists of 5 questions which included gender, age, education, salary, banking service usage time. In the below table shows answers of 230 respondents was converted by percentage.

Variables	Percentage
Gender	
Male	47%
Female	53%
Age	
18-23	26%
24-29	19%
30-34	21%
35-39	16%
40-44	11%
45-49	5%
50>	2%
Education	

High school	12%
Bachelor	46%
Master	37%
Doctor	5%
Salary	
500₮ <	16%
501-800₮	24%
801-1100₮	36%
1101-1400₮	13%
1400₮ >	11%
Banking service usage	
< 1 year	5%
1-3 years	8%
3-5 years	46%
5-7 years	34%
7 years >	7%

Table 1: Demographic information

Demographic information shows 53% female and 47% male of respondents and 66% is 18-34 ages. In addition, 83% of participants got bachelor and master degree and 60% which earn 500-1400 thousand % per month. Final or 5th question ask about "How have you been using banking services?" and 80% of respondents use for 3-7 years. It complains Mongolian consumers have more experience of financial service.

Descriptive Statistics: Cronbach's Alpha values of Brand Image, Brand Equity and Brand loyalty are .73, .75 and .81 which is above from 0.70 which is recommended for social sciences standard for research. It shows the data consistency among the questions. In this statistic mean values and standard deviation of all variables show its consistency.

Variables	Reliability	Means	Standar Deviation
BI	0.73	3.2865	1.19386
BE	0.75	2.9738	1.23412
BL	0.81	3.4562	1.13948

Table 2: Descriptive statistics Hypothesis result

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std.Error	Beta		
1 (Constant)	6.216	1.427		2.834	.001
Brand Image	.712	.067	.694	7.873	.000

Table 3: Regression analysis of brand image and brand loyalty

Coefficients[a]
a. Dependent Variable: brand loyalty

Table 4: Regression analysis of brand image and brand equity

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std.Error	Beta		
1	(Constant)	6.526	1.123		4.762	.000
	Brand Image	.381	.072	.456	4.923	.000

a. Dependent Variable: brand equity

Table 5: Regression analysis of brand equity and brand loyalty

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std.Error	Beta		
1	(Constant)	6.267	1.223		5.062	.000
	Brand Image	.326	.086	.424	3.978	.000

a. Dependent Variable: brand loyalty

Table 3,4,5 shows result of regression analysis which made in order to test relationship of variables. Regression tables show all variables are statistically significant at 0.000 degree which lower than p value 0.05. Brand image positively influences on brand loyalty ($\beta = 0.712$, $p < 0.01$) and hypothesis 1 was approved by result. In addition, brand image and brand loyalty have positive relationship ($\beta = 0.381$, $p < 0.01$). Also, brand equity and brand loyalty has positive relationship ($\beta = 0.326$, $p < 0.01$). Although all hypotheses were approved that has significant and positive relationship and hypotheses 1 (BI, BL) has more positive relationship than other hypothesis (H1, H2).

IV.   CONCLUSION
Research focused to investigate relationship of brand Image, brand loyalty, brand equity in case of Mongolian Banking Sector. Result shows that brand image positively influence on brand equity and brand loyalty. But affection on brand loyalty was higher than brand equity. It means if any banks create strong brand image, they will find and keep loyal customers. Furthermore, financial performance of company will increase. For example: decreasing marketing costs, increasing positive word of mouth about company, growth of market share in industry. Therefore, Managerial level employers and marketing managers need to produce or perform the marketing and operation of organization which integrated with brand image.

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