

Brand Equity, Customer Satisfaction & Loyalty: Malaysian Banking Sector

Norbani Che-Ha* and Shahrizal Hashim**

Services cannot be seen, felt, tasted or touched in the same manner in which goods can be sensed. Therefore, the key to success in services marketing is to 'tangibilizing the intangible' by using an extrinsic cue like a brand. Moreover, brands that are high in brand equity are organization powerful assets. They can lead to customer satisfaction and customer loyalty. This study is to explore customer perceptions on brand equity dimensions among consumers of bank services in Malaysia. The results show brand meaning is an important factor to create brand equity that will lead to customer satisfaction and loyalty.

Field of Research: Services, Banking, Brand Equity, Customer Satisfaction, Customer Loyalty

1. Banking Sector and Service branding

Malaysian banking sector is in a process of restructuring in supporting and preparing the sector towards fulfilling the World Trade Organization bank service agreement. For that, the Malaysian government has introduced Financial Sector Masterplan with guidelines and milestones to be followed (Bank Negara Malaysia, 2005). The sector is experiencing deregulation and liberalization, which also indicate more competitions, not only among the major local players but most importantly from global players. With that, it is crucial for these organizations to examine their strategy in order to survive in their businesses. One of the strategies is to understand their customers better, and this can be done through managing the brand of the organization. Branding is regarded as the tool to compete particularly in the sector that is regarded as highly intangible such as service sectors (Berry, 2000; Berry and Clark, 1986).

What is a service? Kotler and Amstrong (2006:243-244) describe four characteristics of services, they are:

- (1) Intangibility – cannot be seen, tasted, felt, heard or smelled before they are bought.
- (2) Inseparability – produced and consumed at the same time and cannot be separated

*Norbani Che Ha – Faculty of Business and Accountancy, University of Malaya; Kuala Lumpur, Malaysia. norbanicheha@um.edu.my

**Shahrizal Hashim, Faculty of Economics and Business, University Malaysia Sarawak, Malaysia