



**Faculty of Economics and Business**

**The Impact of Customer Value Co-Creation Behaviour on Brand Equity  
within the Banking Industry of Lahore (Pakistan): Social Media as a  
Moderator Relationship, Impact Between Brand Equity and Value Co-  
Creation**

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The Impact of Customer Value Co-Creation on Brand Equity within the  
Banking Industry of Lahore (Pakistan): Social Media as Moderator  
Relationship, Impact between Brand equity and Value Co-Creation

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## DECLARATION

I declare that the work in this thesis was carried out in accordance with the regulations of Universiti Malaysia Sarawak. Except where due acknowledgements have been made, the work is that of the author alone. The thesis has not been accepted for any degree and is not concurrently submitted in candidature of any other degree.



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## ABSTRACT

The importance of brand equity in branding and marketing has led researchers and industry specialists to investigate its model and evaluation. There is a lack of studies on the brand equity of service and banking industries in emerging economies. It is atypical for banks to be devoid of branding study. Evaluating a service prior to purchasing or using it can be challenging, and it sometimes requires a significant amount of effort to authenticate the claims made by the company. One may also resort to leveraging social media platforms to gather feedback from family, friends, and groups regarding specific products or services. Many brand equity studies conducted in affluent nations have yielded positive results, indicating the need for a concentrated effort on emerging countries in the same region. Brand equity data is limited in the service industry, particularly in the banking sector, especially in emerging countries such as Pakistan. This study employs Aaker's model dimensions to evaluate the brand equity of banks in Pakistan. A total of 426 banking users from Lahore were surveyed in person to gather data based on non-probability by following purposive technique. Lahore is the capital of Punjab, the second-largest city in terms of population, and also houses the second largest stock market. PLS-SEM was employed to assess the adequacy of the model by examining both the measurement model and structural equation modeling. The study demonstrates that customer participation behaviour (CPB) and citizenship behaviour (CCB) enhance brand equity. Social media serves as a mediator and enhances the value of a brand. Social media platforms also have a favourable impact on the relationship between customer participation behaviour (CPB) and brand equity (BE), ultimately strengthening brand equity. Nevertheless, it does not enhance the links between CCB and BE. The primary cause is the proliferation of counterfeit, inaccurate, and manipulated

material and comments on websites, blogs, and comment sections. It is imperative for all banks to provide utmost importance to internal branding, services, security, and privacy, as well as external consumers. This is for the reason that the service encounter is a critical moment that determines the value of the brand. Stakeholder encouragement should be given priority by top management, as it directly represents the brand values through customer service. The majority of Pakistani banks provide internet banking services, although the survey participants refrain from using it due to a lack of trust. Therefore, it is imperative for the majority of Pakistani banks to collaborate with the State Bank of Pakistan (SBP) in order to establish and enhance the trustworthiness of internet banking. Enhancements in service, client satisfaction, and brand equity are observed.

**Keywords:** Banking sector, Brand equity, Emerging markets, Service brand equity, Service sector

***Kesan Penciptaan Bersama Nilai Pelanggan terhadap Ekuiti Jenama di Sektor Perbankan Lahore (Pakistan): Media Sosial sebagai Hubungan Moderator, Kesan antara ekuiti Jenama dan Penciptaan Bersama Nilai***

**ABSTRAK**

*Kepentingan ekuiti jenama dalam penjenamaan dan pemasaran telah menyebabkan penyelidik dan pakar industri menyasat model dan penilaiannya. Terdapat kekurangan kajian mengenai ekuiti jenama perkhidmatan dan industri perbankan dalam ekonomi sedang pesat membangun. Adalah tidak tipikal bagi bank untuk tidak mempunyai kajian penjenamaan. Menilai perkhidmatan sebelum membeli atau menggunakannya boleh menjadi mencabar, dan kadangkala memerlukan usaha yang besar untuk mengesahkan tuntutan yang dibuat oleh syarikat. Seseorang juga boleh menggunakan platform media sosial untuk mengumpulkan maklum balas daripada keluarga, rakan dan kumpulan mengenai produk atau perkhidmatan tertentu. Banyak kajian ekuiti jenama yang dijalankan di negara-negara kaya telah membuahkan hasil yang positif, menunjukkan keperluan untuk usaha tertumpu ke atas negara-negara membangun di rantau yang sama. Data ekuiti jenama adalah terhad dalam industri perkhidmatan, khususnya dalam sektor perbankan, terutamanya di negara-negara membangun seperti Pakistan. Kajian ini menggunakan dimensi model Aaker untuk menilai ekuiti jenama bank di Pakistan. Sejumlah 426 pengguna perbankan dari Lahore telah ditinjau secara peribadi untuk mengumpul data. Lahore ialah ibu kota Punjab, bandar kedua terbesar dari segi populasi, dan juga menempatkan pasaran saham. PLS-SEM digunakan untuk menilai kecukupan model dengan meneliti kedua-dua model pengukuran dan pemodelan persamaan struktur. Kajian menunjukkan bahawa*

*tingkah laku penyertaan pelanggan (CPB) dan tingkah laku kewarganegaraan (CCB) meningkatkan ekuiti jenama. Media sosial berfungsi sebagai perantara dan meningkatkan nilai sesuatu jenama. Platform media sosial juga mempunyai impak yang menggalakkan terhadap hubungan antara tingkah laku penyertaan pelanggan (CPB) dan ekuiti jenama (BE), yang akhirnya mengukuhkan ekuiti jenama. Namun begitu, ia tidak meningkatkan hubungan antara CCB dan BE. Punca utama ialah percambahan bahan dan ulasan palsu, tidak tepat dan dimanipulasi di tapak web, blog dan bahagian komen. Adalah mustahak bagi semua bank untuk memberikan kepentingan sepenuhnya kepada penjenamaan dalaman, perkhidmatan, keselamatan dan privasi, serta pengguna luar. Ini kerana pertemuan perkhidmatan adalah saat kritikal yang menentukan nilai jenama. Galakan pihak berkepentingan harus diberi keutamaan oleh pengurusan atasan, kerana ia secara langsung mewakili nilai jenama melalui perkhidmatan pelanggan. Majoriti bank Pakistan menyediakan perkhidmatan perbankan internet, walaupun peserta kaji selidik mengelak daripada menggunakannya kerana kurang kepercayaan. Oleh itu, adalah mustahak bagi majoriti bank Pakistan untuk bekerjasama dengan Bank Negara Pakistan (SBP) untuk mewujudkan dan meningkatkan kebolehpercayaan perbankan internet. Peningkatan dalam perkhidmatan, kepuasan pelanggan, dan ekuiti jenama diperhatikan.*

**Kata kunci:** *Kata Kunci: Sektor Perbankan, Ekuiti Jenama, Pasaran Berkembang, Perkhidmatan Ekuiti Jenama, Sektor Perkhidmatan*



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## **LIST OF ABBREVIATIONS**

BE	Brand Equity
CCB	Customer Citizenship Behaviour
CPB	Customer Participation Behaviour
CSR	Corporate Social Responsibility
EWOM	Electronic Word of Mouth
FMCG	Fast Moving Consumer Goods
GOVT	Government
ICT	Information and Communication Technology
RMO	Relationship Marketing Orientation
SBP	State Bank of Pakistan
SDL	Service Dominant Logic
SMM	Social Media Marketing
UNIMAS	Universiti Malaysia Sarawak
VCC	Value Co Creation
WOM	Word of Mouth

## **CHAPTER 1**

### **INTRODUCTION**

The purpose of this chapter of the thesis is to set the environment for what will follow. The first section presents the study's background and rationale. This section offers a general introduction to the Pakistani banking industry, particularly focusing on and investigating low bankerization with real-time problematic conditions. As a result, it provides context for the research being conducted, including the research questions, objectives, scope, and significance of the study. This section of the study also presents the theoretical background of the study and its practical and contextual implications.

#### **1.1 Research Background**

Businesses are starting to recognize the value of their brand names and see them as something like valuable assets (Keller, 2003). According to a Brand Finance (2022), Apple's brand is currently valued at roughly \$355 billion, up 35% from 2021. Amazon is the only firm that comes close, with its \$350 billion brand value putting it comfortably in second place with a 38% gain, and Google comes in third with a \$263 billion brand value. Tiktok is another interesting addition to this list. Tiktok's brand value has increased by a remarkable 215% throughout the company's rapid expansion (Brand Finance, 2022). It has the quickest brand value growth rate of all the companies on this list, which is unsurprising given that Tiktok's user base has soared from 290 million to 655 million in just two years. If this trend continues, Tiktok may be able to reach one billion users by 2025 (Dao et al., 2022). As the above-mentioned statistics show, it is undeniable that brands are becoming increasingly significant and are acknowledged as the most significant asset. Brands are the corporations'

capabilities, allowing them to exceed the market. Moreover, they developed a concept business to expand their market reach and generate future sales (Kapferer, 2012; Dwivedi et al., 2023).

In the current marketing and promotional environment, building a strong brand is more crucial than ever. Branding comprises creating a believable, positive, and long-lasting image of the business that builds a strong connection with customers. The robustness of the company's brand could make such a difference between struggling for awareness and profits and booming as a dynamic, greatest corporate entity. Studies in the field and practices are concerned with establishing an effective bond between the brand and the end user (Shokri & Alavi, 2019; Sichtmann, Davvetas, & Diamantopoulos, 2019).

This argument is particularly pertinent to the larger business sector, which stands out for being global and intensely competitive. Therefore, brands play a crucial role in advertising, and organizations highly value a strong brand as a component. As businesses begin to focus more on the customer than the product, wide-spectrum awareness of the brand appears to be more important than ever (Lückenbach et al., 2023). Whether it's the "priceless" effect on a better future or the ecosystem of friends and family, brands typically emphasize the importance of "balanced competition." It ultimately comes down to human morality, which is a combination of beliefs and values. That ultimately influences people's behaviours and attitudes (Sichtmann et al., 2019). Therefore, a brand is more than a creation, as it can have proportions and be differentiated in some way from some of the other objects created to accomplish the same demands. According to the data provided by the United States Census Bureau (2022), there are many distinct types of businesses that make up the service industry. Warehouse and transport services, information services, securities and

investment services, etc. are all examples of such sectors. The service industry produces intangible products. Warehouse and transport services, information services, securities and investment services, etc. are all examples of such sectors. The service industry manufactures intangible products. In particular, the service industry creates services rather than tangible things. But their services are known as products in the banking sector, such as savings accounts or fixed deposit accounts (Febrian et al., 2023). Services-based economies, rather than industries or agriculture, are considered the most advanced. These adjustments may be more significant, expressive, and intangible in light of the company's beliefs, or they may be consistent as well as tangible in reaction to the product branding (De Chernatony et al., 1998; Araujo et al., 2023).

According to Bronnenberg and Dubé (2017), "brand worth," or the commercial significance of a brand's underlying attribute to the business that maintains the mark, can be a significant and lucrative intangible asset. While it is frequently assumed that brands create necessary entry-level obstacles and ensure sustainable maximum profit, this is not the case (Schmalensee et al., 1986; Vuong, 2023). In practice, the dimensions of brand value are difficult to comprehend. The marketable value of a brand's trademark to the organisation is finally defined in accordance with a counterfactual (Borkovsky, Goldfarb, Haviv, & Moorthy, 2017). Moreover, the notion of brand equity (BE) speaks to the value addition that a particular brand contributes to a company and its products (Yoo, Donthu, & Lee, 2000). In other aspects, it is the "variation impact of brand understanding on customer reaction to promotional campaigns (Keller, 1993). Branding enhances consumer choice by providing a unique marketing aspect that includes elements that may affect consumers based on the brand's proficiencies and trustworthiness (Sasmita & Suki et al., 2015). Brands that have high brand equity (BE) will have larger profit margins, be more successful in their effective