Chapter **8**

Customer-based Brand Equity and Behavioural Intentions – Examining the Mediating Role of Customer Satisfaction

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8.1 Introduction

The present chapter provides an analysis of the fourth objective of the research study, which was to examine customer satisfaction's mediating role in relation to customer-based brand equity and behavioural intentions. The IBM SPSS AMOS Graphics 21 software package was used for the development of the mediation model, and the bootstrapping method was used for the purpose of evaluating the significance of the mediation in the model.

8.2 Mediation Analysis: An Overview

A mediation model is a kind of statistical model that uses a third hypothetical variable known as a mediator variable. This tries to discover and explain the mechanism or process that underpins an observed association between an independent variable and a dependent variable. To do this, a mediating variable also known as intermediate variable, or intervening variable, is employed as one of the model's variables. The mediation model proposes that the independent variable affects the mediating variable, which then affects the dependent variable. This means that there is a direct causal relationship between the independent and dependent variables. In other words, rather than the independent variable directly affecting the dependent variable, the mediator variable has an indirect influence. Because of this, the mediator variable's role is to shed information on the nature of the relationship between the independent and dependent variables. Mediation investigations seek to further understand an already known connection by looking at the mechanism or procedure by which one variable influences another variable through the use of a mediator variable.

The independent variable in this study is customer-based brand equity, while the dependent variable is behavioural intentions, and the mediating variable is customer satisfaction. Mediation analysis measure the direct influence of customer-based brand equity on behavioural intentions, and evaluate the indirect influence via customer satisfaction. This would provide information on the extent to which brand equity and behavioural intentions are mediated by customer satisfaction, leading to a greater comprehension of how these variables interact and affect customer behaviour in the context of the study. The bootstrapping approach was utilised so that the model could be examined for any evidence of a mediation effect, also identified as an indirect impact.

8.3 Research Objective

Objective IV: To evaluate the mediating role of customer satisfaction in relation to customer-based brand equity and the behavioural intentions of the customers.

The significance of the model's mediation function was examined using the bootstrapping method. Bootstrapping is a statistical replication method that creates several random samples using replacements from the original data. For determining the mediation effect, bootstrap samples are employed. Covariance-based structural equation modeling was used to create the mediation model using the IBM SPSS AMOS Graphics 21 software.

Table 8.1
Hypotheses Formulation

SI. No.	Hypotheses
MEH.1	Customer based brand equity has a positive and direct effect on behavioural intentions.
MEH.2	Customer based brand equity has a positive and direct effect on customer satisfaction.
MEH.3	Customer satisfaction has a positive and direct effect on behavioural intentions.
MEH.4	Customer satisfaction has a mediating role in the relationship between customer-based brand equity and behavioural intentions.

Figure 8.1

Mediation Model which Measures the Indirect Relationship between Customers-based Brand Equity and Behavioural Intentions via Customer Satisfaction
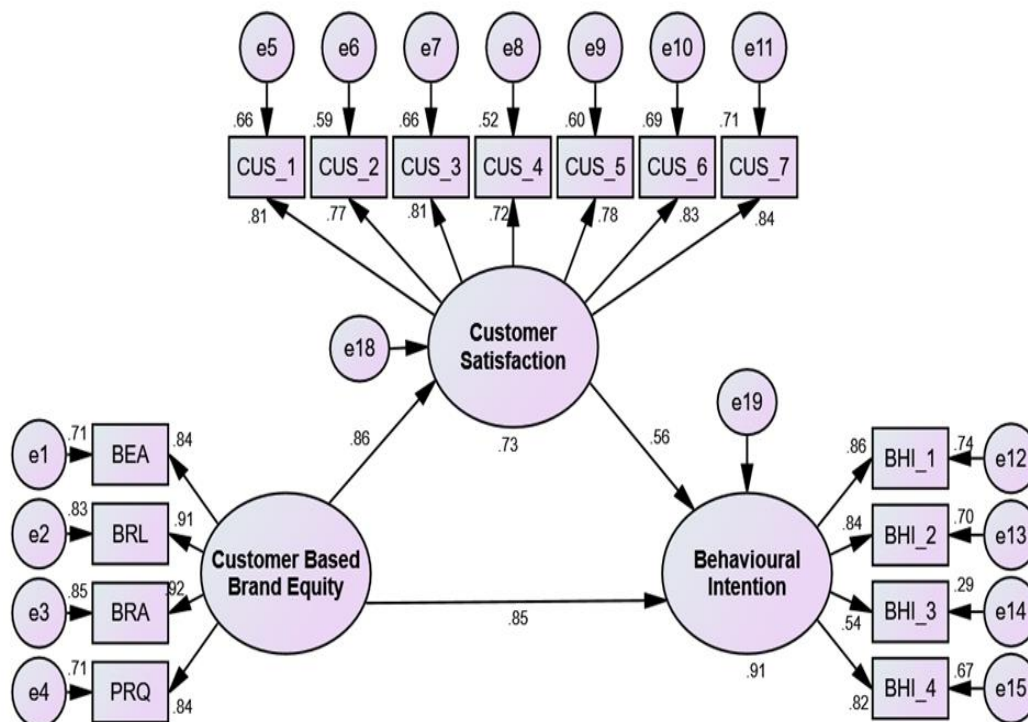
Source: Primary Survey

Table 8.2
Fit Indices for Testing the Mediation Model

ATTRIBUTES	CMIN/DF	P-VALUE	GFI	AGFI	CFI	RMSEA
Study model	2.476	0.000	0.997	0.987	0.999	0.023
Recommended value	Acceptable fit [1-5]	Greater than 0.05	Greater than 0.9	Greater than 0.9	Greater than 0.9	Less than 0.08
Literature support	Hair et al., (1998)	Barrett (2007)	Hair et al. (2006)	Hair et al. (2006)	Hu and Bentler (1999)	Hair et al. (2006)

Source: Primary Survey

To evaluate how well the model as a whole fit the data, the CFA model fit indices are presented in the above table. Additionally, an appropriate model should have a Chi-square statistic to degrees of freedom ratio < 5. In this

case, the value is 2.476, and it is within the acceptable limit. At the same time, the RMSEA value is 0.023 and is considerably less than the recommended minimum level of 0.08. Furthermore, the GFI, AGFI, and CFI values are all greater than 0.9; 1.0 indicates an exact match. As a result, it could be inferred that the mediation model is a good fit.

Table 8.3
Path Values of Direct Effects in the Mediation Model

Construct	Path	Construct	Estimate	S. E	C. R	P-value	Result
Behavioural Intentions	←	Customer-based Brand Equity	0.85	0.031	13.09	<0.001**	Significant
Customer Satisfaction	←	Customer-based Brand Equity	0.86	0.029	13.87	<0.001**	Significant
Behavioural Intentions	←	Customer Satisfaction	0.56	0.027	8.99	<0.001**	Significant

Source: Primary Survey
*** denotes significant at 1% level*

The above figure and table depict the direct and positive relationship between customer-based brand equity and behavioural intentions. It also exhibits the direct and positive relationship between customer-based brand equity and customer satisfaction, and finally, it highlights the positive and direct relationship between customer satisfaction and behavioural intentions. Additionally, it can be identified that there is a positive and significant influence in the relationship between customer-based brand equity and behavioural intentions, with a path value of 0.85. Whereas customer-based brand equity has a positive and significant influence on customer satisfaction with a path value of 0.86. On the other hand, customer satisfaction has a positive and significant influence on behavioural intentions, with a path value of 0.56. Standardised regression coefficients are the values that are associated with each path, and they indicate the amount of change that occurs in the dependent construct in response to a change in the independent variable that is equal to one standard deviation unit. The calculation of the standardised regression coefficients is initiated by this change in the independent

variable. The following table contains a listing of the values that are connected to the various paths that can be taken.

Table 8.4
Result Summary of the Hypotheses Testing (Direct Effects) in the Mediation Model

Construct	Path	Construct	Hypotheses	Result
Behavioural Intentions	←	Customer Based Brand Equity	Customer based brand equity has a positive and direct effect on behavioural intentions.	**Supported**
Customer Satisfaction	←	Customer-based Brand Equity	Customer based brand equity has a positive and direct effect on customer satisfaction.	**Supported**
Behavioural Intentions	←	Customer Satisfaction	Customer satisfaction has a positive and direct effect on behavioural intentions.	**Supported**

Source: Primary Survey

The above table depicts the result summary of hypothesis testing and finds that there exists a direct, positive, and significant relationship between customer-based brand equity and behavioural intentions. The findings also reveal the indirect effect of customer-based brand equity and behavioural intentions via customer satisfaction. This shows that the relationship between a customer's perception of brand equity and their ensuing behavioural intentions towards the bank is strongly influenced by their degree of customer satisfaction. From the findings, it can be concluded that the results support all three hypotheses.

Table 8.5
Mediation Testing in the Model (Direct and Indirect Effect Paths) using Bootstrapping Procedure

Independent construct	Mediation construct	Dependent construct	Direct effect	Indirect effect (Mediation effect)	Result
Customer Based Brand Equity	Customer Satisfaction	Behavioural Intentions	0.85**	0.41**	**Supported and Partial mediation effect.**

Source: Primary Survey
*** denotes 1% significant level; Indirect effect values are computed through bootstrapping procedure with 5,000 bootstrap samples*

The above table reveals the direct and positive effects of customer-based brand equity and behavioural intentions on the customers of the commercial banks in Kerala, as well as the indirect (mediation effect) and positive effects of customer-based brand equity and behavioural intentions via customer satisfaction. Both of these effects are statistically significant. In this inquiry, the bootstrapping (5000 bootstrap samples) techniques and the IBM-SPSS-AMOS Graphics -21 software package are used to examine the effects of paths that act as mediators. In this case, the effect of the mediation is just partial because the direct effect still exists significantly.

In this case, the concept of partial mediation denotes not only the existence of a significant relationship between the independent variable (customer-based brand equity) and the dependent variable (behavioural intentions), but also the existence of some indirect relationship between the mediator (customer satisfaction) and the dependent variable (behavioural intentions). It appears that the magnitude of the direct effect and the mediation effect is high. It infers that the role of the mediation effect on customer satisfaction and customer-based brand equity attained by the commercial banks in Kerala plays an important role in shaping the behavioural intentions of their customers.

8.4 Discussion of the Mediating Effect in the Model

The role of customer satisfaction as a mediator between customer-based brand equity and behavioural intentions is examined in this chapter. According to the statistical findings, customer-based brand equity has a direct influence on the behavioural intentions of customers (Buil et al., 2013; Keller, 1993; Macdonald & Sharp, 2000). The study result further confirms that customers prefer brands with strong brand equity and show positive behaviour towards the bank brand (Moreira et al., 2017). This indicates that there is an emotional connection between customers and the bank brands (Hakkak et al., 2015). It also indicates that customers are ready to engage in positive behaviours such as repeat purchases, spreading positive feedback and do not want to switch their bank brand. Similarly, high brand equity promotes trust, credibility, reliability, consistency, emotional connection, and perceived value, which leads to customer satisfaction (Lassar et al.,1995; Netemeyer et al., 2004; Yoo & Donthu, 2001). Additionally, a brand with strong brand equity

engages with customers on an emotional level to influence perception and foster loyalty. As a result, brand equity and behavioural intentions are found to have a positive relationship (Camarero et al., 2011). Additionally, it can be identified that there is a positive and significant influence in the relationship between customer-based brand equity and behavioural intentions, with a path value of 0.85. Whereas customer-based brand equity has a positive and significant influence on customer satisfaction with a path value of 0.86. On the other hand, customer satisfaction has a positive and significant influence on behavioural intentions, with a path value of 0.56. Standardised regression coefficients are the values that are associated with each path, and they indicate the amount of change that occurs in the dependent construct in response to a change in the independent variable that is equal to one standard deviation unit.

The study also revealed that customer-based brand equity has an indirect relationship with behavioural intentions via customer satisfaction (Bearden & Teel, 1983; Kataria & Saini, 2020). Similar observations have been made by Park et al. (2019), who found that customer satisfaction is maximised when a product or service exceeds their expectations. Thus, the satisfaction of customers depends on their expectations for the quality of the services. In conclusion, brand equity influences customer behaviour favourably and directly, including intentions to repurchase and spread word of mouth, which is indirectly mediated by satisfaction. Further, commercial banks operating in Kerala have high customer-based brand equity, which can improve customer satisfaction, which in turn results in an increase in the positive behavioural intentions displayed by customers (Soderlund, 1998). Further, the commercial banks achieved not only high brand equity but also high customer satisfaction and positive behavioural actions from the customers. This shows that the banks' efforts to establish their brands have been effective in fostering a strong and favourable view of their brands among customers. Additionally, this favourable view has resulted in high customer satisfaction levels, which in turn encouraged good customer behaviours including commitment, repeat business, and favourable word-of-mouth recommendations. So, the banks have to take initiatives to improve the level of customer-based brand equity and customer satisfaction by employing different strategies and practices. This allows the bank to achieve its goal of

enhancing the behavioural intentions of its customers. Higher brand equity for banks can also result in higher customer satisfaction, which in turn influences customer behaviour.

8.5 Conclusion

The fourth objective, which was to study the role that customer satisfaction plays as a mediator in the relationship between customer-based brand equity and behavioural intentions, was presented in this chapter. The direct effect and the indirect effect were found to be significant, which indicates that the mediation effect is only partial. To conclude that brand building practices enhance the familiarity and popularity of the brand and thus increase brand equity. As such, a brand that enjoys high brand equity connects with customers emotionally to influence their perception, develop loyalty, and create positive behavioural intentions such as repeat purchases and word-of-mouth referrals.