

## Impact of Brand Awareness and Loyalty on Brand Equity

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### Abstract

The objective of our research is to know the factors that impact on brand equity. The study considered the brand awareness and loyalty of brand, to search out that how these influence the brand equity. The study was based on the primary which gathered from 200 respondents by means of a questionnaire. The application of random sampling technique are used and statistical tool like SPSS software was used for checking the reliability of questionnaire and for revealing the result of this research the correlation analysis are used. The research result indicates that the brand awareness and loyalty influence the brand equity. Main focus of every business is the customer attraction, the findings and recommendation of this research will help the managers to develop insight of research factors about the brand equity.

**Keywords:** brand awareness, brand loyalty, brand equity

### Introduction

There are several advantages for the firm while building the brand equity like lead to higher preferences and purchase intentions (Cobb-Walgren et al.). Higher stock returns to firms when a firm has brand equity (Aaker, 1993). For the measurement of consumer-based brand equity it is important of the prominence of branding. Powerful branding is a mean of differentiation. According to (porter and clycomb, 1997) that the differentiation is key competitive strategy for positioning. In the marketing literature the strategic impact of branding is duly recognized (Aaker, 1991). For any particular firms the brands might develop sustainable competitive advantages (Aaker, 1989). There are several advantages for building of brand for any firm such as unique brand defending against competitors and building/increasing the total market share of firms (Adams, 1995).

Managing the brands in the fast growing consumer's products industry, the brand personality is a central variable and the company makes greater efforts to communicate them to their target consumers. The wider range of the brands extended the higher the awareness the company needs regarding how their consumer perceives the extended brand. In order to make it possible for measure such a nonfigurative and intangible indicator such as "brand personality".

A successful brand helps a company to enter new product categories more easily. For example, Omo (owned by Unilever) was extended from a washing powder to a bar soap. The Lucozade brand was productively comprehensive from children's health drink to an energy drink and sports drink. The marketing point of view brand equity is defined as the value of any product in the mind of customer or user. One can examine the value of the brand in the mind of customer by viewing the level of attachment of customer with the brand, their loyalty with the brand. Furthermore the idea of brand equity has been discussed both in the accounting and marketing literatures, and has painted out the importance of having long term focus with in brand management. Although there have been considerable moves by the companies to be strategic in the way that brands are managed.

### Objectives of the study

The main purpose of this research is to gain deeper understanding of how brand awareness contributes to brand

equity, or is there any impact of brand loyalty on brand equity. Do the customers increase the worth of the brand in their mind due to better selection of new variants and new product lines? The specific aims of this research are:

- To develop the proposed research model
- To know the impact of brand awareness on brand equity
- To know the impact of brand loyalty on brand equity

### Research questions

Initially we need to know the problem, to examine the effect of brand awareness and brand loyalty on the brand equity in beverage sector. The research questions are mentioned as follows:

- *How brand awareness affect brand equity?*
- *Does consumer loyalty about the brand have its impact on brand equity?*

### Scope of the study

We study in this research on factor of brand association that is consumer's awareness about brand that significance influence the brand equity. The other element of this research will be investigated further. The role of other associations such as co-branding, company, country of origin or other geographic area, channel of distribution licensing, celebrity endorsement, e.t.c must also be studied in this context.

### Literature review

#### Brand Awareness

It is discussed in previous researches that, Brand names can also be associated with certain attributes based on the positioning strategies utilized by the firm. (Lynch and Srull; 1982) propose that knowledge of an established brand is demonstrated in the memory as a series of associations. Findings in cognitive psychology indicate that accessibility of brand association depend upon their strength in memory (Anderson et al. 1983; Wyer & srull 1986).

(Chakravarti et al. 1990) argues that evaluative judgments regarding a brand extension are based on the associations that link the brand product and the extension. (Chakravarti et al. 1990) studied the influence of external cues on salient as well as non salient similarities. They use recognized brands such as Coca-Cola international, red bull to demonstrate that the presence of an explanation cue, which increases the influence of non- salient similarities and reduces the impact of salient difference on evaluations.

Various authors have explained brand equity in terms of competent of brand knowledge. From all definitions of brand equity the most relevant treats it as the differential effect of brand knowledge of consumer response to the marketing of the brand (Keller and Lehman, 2006). Brand awareness represents a condition in which the consumer is familiar with the brand and recalls some favorable, strong, and unique brand associations. This definition focuses on the individual consumers and the consumer's reactions to marketing of a particular product. In addition, (Keller, 1993) describes what consumers know about brands and what such knowledge implies for marketing strategy. (Keller, 1993) conceptualized brand equity by using an associative memory model focused on brand knowledge and involving two components, brands awareness and brand image, described as a set of brand association. Particularly organizations move toward attempt to communicate ever difficult and intangible messages as part of brand management strategies (Davis, 2000; Goodchild and Callow, 2001.)

**Hypothesis 01:** *Brand awareness has positive impact on brand equity.*

#### Loyalty with the Brand

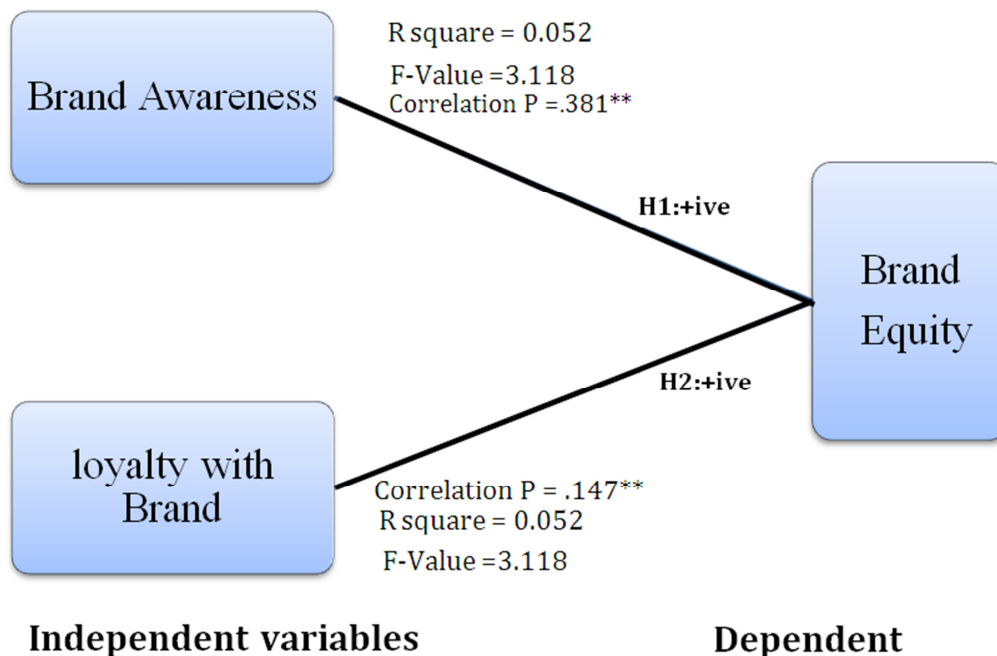
The emerging literature proposes that customer brand loyalty is generally considered the final attractive marketing-based outcome form strategic marketing activities (Gwinner et al., 1998). This assertion is largely based on the growing influence of the relationship marketing orientation on marketing theory and practice. The movement from purchase loyalty in terms of (repurchase intension) towards more holistic conceptualization of the loyalty construct emerges supported in the emerging literature. (Keller, 1993) acknowledges that brand loyalty has historically often been simplistically measured behaviorally simply via repeat purchase behavior. However, he also acknowledges that customers' loyalty can be viewed more broadly than reflected by simple purchase behaviors. (Baldinger and Rubinson, 1996) suggested in his previous researches that the use of loyalty definitions that includes both attitudinal and behavioral components will be superior in terms of their predictive ability to conceptualizations of loyalty that are purely behaviorally based a model of brand loyalty that suggests the purchase loyalty tends to lead to greater market share, while attitudinal loyalty leads to higher relative brand pricing. (Morgan et al. 2000) similarly suggests that the term "loyalty" can be interpreted in different ways, ranging from affective loyalty to behavioral loyalty. (White and Schneider, 2000) proposed laddering models that appears consistent with this emerging orientation. Satisfaction is unique for other closely related concepts such as quality, loyalty, and attitude that have been hypothesized in the literature to have a direct influence on

customer loyalty (Oliver et al. 1997). We test the relationship between satisfaction and loyalty in our research to ascertain whether the relationship identified in previous studies can be supported in industrial setting when simultaneously considering all of the relevant constructs in a single research model. Loyal customers are beneficial for the organizations as the base of loyal customers reduce the marketing cost of doing business. In addition loyalty can be capitalized on through strategies such as brand extension and market penetration. When there are large numbers of loyal customers they are an asset for that particular brand they are also identified as huge determinant of brand equity (Dekimpe et al., 1997). Most of the researches on loyalty have focused on frequent purchases made by consumers, the concept of loyalty is also as important in industrial goods as in consumer goods, known as ( vendor loyalty), services often referred as service loyalty marketing literature (Dekimpe et al., 1997).

Most of the researchers define brand loyalty either on behavioral or attitudinal terms (Mellens et al., 1996). Loyalty itself is a difficult construct and many studies utilize the complex definition of brand loyalty. As discussed previously, it is commonly acknowledged in the literature (Jacoby and Chestnut, 1978) that the majority of loyalty measures can be categorized as either behavioral or attitudinal, which implies that loyalty is a dimensional concept. Now a day's according to the need of time, companies must be customer orientation. All the bases of marketing concepts identify that satisfaction of customer need leads towards improved customer retention.

**Hypothesis 02:** *consumer loyalty about brand has a positive effect on brand equity.*

**Theoretical framework**



**Figure No. 1**

**Research Methodology**

The research is based on primary data. To fulfill this need a questionnaire was developed having at least 8 questions on each variable. It was ensured to all respondents that their information would be kept confidential. In this questionnaire Likert Scale is used with choices of Strongly Agree, Agree, Neutral, Disagree and Strongly Disagree.

**Sample**

The samples were drawn from the population of district Layyah and Dera Ghazi Khan. This research is consisting of hypotheses testing to investigate the relationships among variables like brand awareness, brand loyalty, brand equity. An introduction session was carried out regarding to research before providing questionnaire to each respondent. The collected data was assumed to be bias free from side of respondents to avoid any deviation in findings. The questionnaire was filled by 210 respondents for both sexes and profession groups. After imputing missing values, the final sample was composed of 200 useable responses. A simple random sampling technique was used in this research in order to ensure that equal opportunity was given to all potential respondents.

### Validity and reliability

The questionnaire is checked for validity and reliability if it is valid then can be used for further research. In case of our research the value of cron batch alpha was 0.88 which is exceeded than thresholds. We evaluated total 25 questions of five independent and one dependent variable by using SPSS software.

### Gender and Qualification analysis

Hence gender wise responses received are as follow.

**Table 1: Gender wise Distribution**

Gender	Frequency	Percent	Valid Percent
Male	140	70	70
Female	60	30	30
Total	200	100.00	100.00

**Table 2: Profession wise Distribution**

Profession	Frequency	Percent	Valid percent
University students	70	35	35
Business people	30	15	15
Private sector	50	25	25
Public sector	30	15	15
House wife	20	10	10
Total	200	100.00	100.00

### Results and Analysis

A research model was developed to assess the proposed relationship among factors like brand awareness, brand loyalty, brand equity. For this purpose to check the relationship among above said factors we draw the correlation analysis.

### Correlation analysis

**Table 3: Correlation Analysis among the variables**

In the given table between the dependent and independent variable are show the Bi-variate correlation.

		Brand awareness	Loyalty with brand	Brand Equity
<b>Brand awareness</b>	Pearson Correlation	1		
	Sig. (2-tailed)			
	N	150		
<b>Loyalty with brand</b>	Pearson Correlation	.381**	1	
	Sig. (2-tailed)	0.000		
	N	150	150	
<b>Brand Equity</b>	Pearson Correlation	0.015	.147**	1
	Sig. (2-tailed)	0.000	0.000	
	N	150	150	150

\*\* . Correlation is significant at the 0.01 level (2-tailed).

\* . Correlation is significant at the 0.05 level (2-tailed).

The given above the correlation table show that there are two independent variable (brand awareness, brand loyalty) on the other hand one dependent variable Brand equity. By making the comparison with our propose research hypothesis correlation analysis are used for clear understanding.

**Hypothesis 01:** Brand awareness has positive impact on brand equity.

The above given table 3 shows the correlation analysis among variables like brand awareness, and brand equity. The value of significance ranges from 0.05 to 0.01. Following table also shows formulation of hypothesis. The relationship between brand awareness and brand equity is positive and significant with values of (.381\*\*), P=.000). So there exists significant positive relationship between brand awareness and brand equity. We cannot reject the hypothesis 01 because their alpha value is less than 1. This result clearly indicates that a customer awareness about the brand have a positive impact on the brand equity.

**Hypothesis 02:** consumer loyalty about brand has a positive effect on brand equity.

The value (.147\*\*), P=.000) shows the positive and significant relationship between brand loyalty and brand equity. This result shows that customer loyalty about the brand significant impact on the brand equity. The H2 hypothesis we cannot reject due to having P value which is less than the alpha level because the table 3 clearly

show that there is a positive relationship between the independent variable customer loyalty about brand and dependent variable brand equity.

### Conclusion

With the study contributes to our understanding that provides empirical evidence of the multidimensionality of consumer-based brand equity. The present research result show that the consumer-based brand equity measurements by incorporating the brand awareness and loyalty with the brand having the positive significant relationship. Previous research of brand are include the personality measure not the brand awareness and loyalty into the consumer-based brand equity scales. The improvement of in this research that the inclusion different sets of measures, (such as for measuring the brand equity awareness about brand, consumer's loyalty with the brand). In this proposed model this research is partial supported, brand awareness, loyalty with brand related to brand equity. The brand awareness was directly affect brand equity so the brand images is directly affecting perceived quality then enhance brand equity.

### Limitations

I have conducted this research at small level I just have collected data only from some cities. Data collection was mostly done from students and some professionals the other population was ignored. In this research only brand extension is studied there are many other factors that can affect brand equity they are not discussed.

### Recommendations and Suggestions

In this research we have studied onl two elements brand awareness and loyalty has a positive impact on brand equity, the other elements of secondary brand associations should also be investigated. The role of other associations such as co-branding, company, country of origin or other geographic area, channel of distribution licensing, celebrity endorsement, etc. must also be studied in this context.

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