

# The Impact Of Brand Awareness On Market Brand Performance Of Service Brands: Contextual Consideration of Kenya's Banking Industry

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## ABSTRACT

*The purpose of this study was to investigate the impact of brand awareness on market brand performance in the services sector within the context of a developing economy, in particular the banking industry in Kenya. The study was necessitated by lack of empirical evidence from a developing economy's context linking brand awareness measures from the perspective of the customer and brand market performance measures from the brand managers' perspective. The study adopted a positivist, quantitative research design, with cross-sectional field survey data collection method. Data were collected from stratified, randomly selected sample of 347 consumers of financial services of 35 commercial banks in Kenya and 35 senior managers of these banks. Correlation analysis was conducted to investigate the impact of brand awareness variables on market brand performance. The study finds that brand recall and brand recognition are positively and significantly correlated, and that brand recall and overall brand awareness are significant predictors of market brand performance. However, brand recognition has no significant correlation with market brand performance. These results suggest that marketing/brand managers should continue to develop and implement effective brand awareness campaigns in order to attract and enhance consumers' attention towards their brands and thus enhance market brand performance.*

**Keywords:** Brand Awareness; Brand Recall; Brand Recognition; Market Brand, Brand Performance.

## 1.0 INTRODUCTION

The success of a brand in the market is reflected in the market performance of the brand (Ho&Merrilees, 2008). Consequently, attribution of brand success to brand equity has triggered most business firms in Business-to-Consumer (B2C) environments to focus on developing and maintaining strong brands as a key element of their marketing strategy (Aaker, 2002; Keller & Lehmann, 2006). Strong brand equity signals favorable customer associations toward a brand, which distinguishes a brand from that of the competitors (Keller, 2008). Moreover, strong brand equity is critical as its perceptions affect both financial and non-financial performance of an organization (Shamma & Hassan, 2011), resulting in positive market performance reflected in market share and leadership.

With the contemporary marketplace afloat with a wide assortment of service brands, keeping pace with the diverse brands in the market becomes a challenge for the simple consumer (Suresh, Monahan & Naresh 2012). Nevertheless, business firms develop brands with the prime intention of attracting and retaining consumers. At the centre of branding strategy is enhancing brand awareness, whose special role in driving brand equity in business markets has been recognized (Davis, Golicic, & Marquardt, 2008). It is argued that effective brand awareness campaigns tend to attract consumers' attention and convince consumers to venture out to use the service repetitively, leading to increased sales for the company (McKee 2010). Thus, for many business firms, the creation of brand awareness- that is, the ability to recognize or recall a brand - is a critical element of branding strategy (Celi & Eagle, 2008; Munoz & Kumar, 2004). However, information on whether investments in enhancing brand awareness actually pay dividends for service organizations in B2C markets remains inconclusive.

Whilst there have been empirical researches focusing the various dimensions of customer-based brand equity (CBBE) including brand awareness, the very studies have underlined the necessity for continued empirical research on the relationship on brand equity measures and brand performance metrics. Previous studies that have examined the link between brand awareness and brand market performance measures include Homburg, Klarmann and Schmitt (2010) who examined the impact of brand awareness on firm performance; Huang and Sarigollu (2012) explored the association between awareness and market outcome, brand loyalty and the marketing mix; Kim *et al.* (2013) investigated the relationship between brand awareness and brand performance in the hotel industry and; Baldauf *et al.*'s (2013) investigation of performance consequences of brand equity management in the value chain tile industry.

Notably, most of the previous studies on the effect of brand awareness on brand market performance were conducted in Western countries were and mostly concentrated in product markets. Furthermore, despite the fact that studying brand equity using either a consumer-based or financially-based approach has yielded valuable insights on the different ways that brand equity can be measured and managed, there is a dearth of empirical research that treat financially-based metrics as exogenous to CBBE metrics such as brand awareness, yet there is a general consensus that a brand's performance in the marketplace is determined in part by consumer perceptions, behavioural intentions, and attitudes toward the brand (Baldauf *et al.*, 2013). Therefore, the focus of this study was to understand the link between brand awareness measures from the perspective of the customer and brand market performance metrics from the brand managers' perspective within the financial services sector in the context of a developing economy, particularly Kenya.

## **2.0 BRANDING IN KENYA'S BANKING SERVICES INDUSTRY**

Branding of financial services in Kenya is relatively weak, with many brands lacking saliency and true customer based brand equity. For commercial banks, the challenge is even bigger, more so with regard to maintaining the consistency of a bank's brand and customer experience as well as remaining relevant to customers' specific needs. Yet, marketers have to grapple with the pressure of justifying their marketing strategies and actions in a banking industry that continues to experience strong competitive pressures resulting from the integration and globalization of financial markets, and extensive use of e-commerce to deliver services and create new products, thus differentiating industry players along market performance. More worrying is the fact that even for commercial banks that have openly exhibited aggressiveness in brand building activities, they still suffer from a lack of guidance due to a limited number of published studies concerning the transformation of branding strategies into CBBE and its effectiveness in creating market brand value. It is possible that brand building strategies among commercial banks may not be successful in creating value for the brands in the market.

## **3.0 LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT**

### **3.1 Brand Awareness**

Brand awareness is the first and fundamental attribute of customer brand equity, and sometimes it is underestimated component of brand equity (Tong & Hawley, 2009). It is an important indicator of consumers' knowledge about a brand, the strength of a brand's presence in the consumers' minds and how easily that knowledge can be retrieved from memory (O'Guinnet *et al.*, 2009). Brand awareness is the probability that consumers will easily recognise the existence and availability of a company's product or service (Mowen & Minor 2011). Implicitly, brand awareness precedes building brand equity in the consumer mind set (Huang and Sarigollu, 2011).

There are two main types of brand awareness, namely 'aided awareness' and 'top of the mind awareness' (Farris *et al.*, 2010). Aided awareness occurs when a consumer is provided with a list of brand names and they recognise the brand from the given set whereas 'top of the mind awareness' occurs when the name of the brand is automatically recollected because the consumer very promptly associates the brand with the product category (Keller, 2008). Moreover, brand awareness also comprises brand recognition, which is the ability of consumers to confirm that they have previously been exposed to a particular brand, and brand recall, which reflects the ability of consumers to name a particular brand when given the product/service category, category need or some other similar cue such as brand logos (Liu *et al.*, 2010).

The key assumption is that brand awareness drives market brand performance through two mechanisms: it reduces buyer information costs and buyer-perceived risk (Erdem & Swait, 2008). In the first mechanism, the reduction of information costs for the buying customer reduces the resource requirements associated with

collecting the information necessary for a purchase decision because the buyer may resort to extrinsic cues (Van Osselaer & Alba, 2011). In this context, brand awareness may function as an important cue and acts as a strong signal of service quality and service provider commitment (MacDonald & Sharp, 2011). This is premised on the belief that high levels of service provider investments in areas such as exhibitions, advertising, or packaging are usually necessary to build high brand awareness. Brand awareness may also signal presence and substance because high awareness levels imply to the buyer that the firm has been in business for a long time, that the firm's products/services are widely distributed, and that the services/products associated with the brand are purchased by many other buyers (Aaker, 2011).

The second mechanism refers to the reduction of perceived risk. It is likely that decision-makers prefer to buy a brand associated with high awareness levels because it reduces the risk of their being blamed if the decision turns out to have been a mistake. The buyer may well assume that the brands they know well are likely to be purchased by many other buyers (Aaker, 2011). Therefore, they have reason to expect that the purchase of a well-known brand will not result in any competitive disadvantage. At the same time, brand awareness signals a high service/product quality. Thus, purchasing high awareness brands is also associated with reduced functional risk for the customer, which further influences brand choice.

### **3.2 Market Brand Performance**

Extant marketing literature suggests that a universal brand performance measure does not exist, probably because no single brand performance metric is likely to be perfect (Farris *et al.*, 2010). A wide range of measurements have been adopted to operationalize brand performance. Baldauf *et al.*, (2013) considered brand profitability performance as an index of the financial share of a brand in relation to the retailing profits, evaluated using the profit and margin of profit while the brand market performance considers the market demands and evaluates indices such as sale levels and market share. Aaker (2006) proposed some brand performance indices related to the evaluation of market behaviour: market share, price and distribution coverage and argued that brand performance measurement using the market share often provides a widespread and sensible reflection of the condition of a brand or its customers. According to Aaker (2006), when a brand has a relative advantage in consumer's mind, its market share should increase or at least not decrease. Keller and Lehman (2013) operationalized brand performance in terms of profitability, price premium, price elasticity, market share, cost structure and success in category extension. Chaudhuri and Holbrook (2011) considered relative price and market share as the outcomes of brand performance. Generally, brand performance is often taken into account as the outcome of brand equity model and defined as the economic results that the producers with strong brands wish to achieve (Tran, 2006).

Keller and Lehman (2013) consider the price elasticity, price premium, market share, cost structure, profitability and the success in category extension as the main indices of brand performance measurement. According to their research, the brand premium is in fact the added price that a customer pays for the brand of a product and the price elasticity is the increase or decrease of brand demand as a result of rise or decline in prices. Market share is an index that measures the success of marketing programs in brand unit sales. Cost structure or the ability to reduce the expenditures of marketing programs of a brand is as a result of the prevailing customer mindset. In other words, because customers already have favorable opinions and knowledge about a brand, any aspect of the marketing program is likely to be more effective for the same expenditure level. In addition, according to Keller and Lehman (2013), the profitability and the development of opportunities are other factors of performance measurement and demonstrate the brand success in supporting line and category extensions and new product launches to the related categories. It indicates the potential ability of a brand for development and increase of income flow (Keller & Lehman, 2013).

### **3.3 Brand Awareness and Market Brand Performance**

Huang and Sarigollu (2012) investigated how brand awareness relates to market outcome, brand equity and the marketing mix by combining survey data with real-market data to investigate the relationship between brand awareness and market outcome and the relationship between brand awareness and brand equity. These authors use brand sales and market share to measure brand market outcome and adopts measures of brand market performance, that is, revenue premium due to its ability to offer a more complete view than other brand market performance measures, such as market share or price premium and its consideration for both the price and the sales of a brand as well as competitors' performance, which is consistent with brand equity which symbolizes the strength of the brand in the marketplace relative to competitors. Using both regression and cross-prediction analyses to test whether brand awareness is an antecedent of market outcome, the results of Huang and Sarigollu's (2012) study established that a positive correlation exists between brand awareness and brand market

outcome. Specifically, there was positive correlation between brand awareness and sales is and between brand awareness and market share at  $p < .0001$ .

In other related studies of the relationship between brand awareness and brand performance, Kim *et al.* (2013) using sales as market performance outcome in the hotel industry establishes that brand awareness has a positive relationship with market performance, and that significant differences in brand awareness are found between high and low market performance hotels. Baldauf *et al.*'s (2013) investigation of performance consequences of brand equity management in the value chain tile industry using profit and sales as market performance outcomes established that brand awareness is the antecedent of brand profitability and sales. Kim and Kum (2010), in a study of the relationship between brand equity and firms' performance using sales as a market performance outcome in the restaurant industry report that brand awareness has a positive relationship to market performance. Similarly, Kim and Kim (2013) using sales as a market outcome in hotel and restaurant industry report that brand awareness has a positive relationship to market performance. Srinivasan *et al.* (2008) use sales as a market performance outcome in the consumer-packaged goods industry and report that brand awareness could explain for approximately 3% of the variations in sales. Based on the foregoing literature, the following hypotheses were proposed:

*H1*: There is a significant and positive relationship between brand recall and brand recognition

*H2*: There is a significant and positive relationship between brand recall and market brand performance

*H3*: There is a significant and positive relationship between brand recognition and market brand performance

*H4*: There is a significant and positive relationship between overall brand awareness and market brand performance

#### 4.0 RESEARCH METHODOLOGY

A positivist, quantitative research design utilizing a cross-section field survey method was employed to examine the impact of brand awareness on market brand performance (Berry, 2011; Martenson, 2007; Norazah, 2013). The use of the quantitative approach in this study was based on its suitability in test for relationships using hypotheses as the study was primarily designed to examine hypothesised relationships (Glasow 2005). The cross-sectional field survey method was preferred due to the fact that data was collected from a large group of study participants at one point in time with minimum investment in developing and administering the survey (Zikmund *et al.* 2009).

Target population comprised 25.5 million account holders/consumers of various financial services of 43 commercial banks in Kenya as well as senior managers of these commercial banks (CBK, 2014). The choice of the banks' services consumers as the study's target population was premised on the fact that CBBE, one side of brand equity relates to brand strength which is the set of associations and behaviors on the part of the brand's customers, channel members, and parent corporation that permits the brand to enjoy sustainable and differentiated competitive advantages. On the other hand, the views of the branch managers on the market performance of the brand to a large extent represented brand value, the financial outcome of management's ability to leverage brand strength via tactical and strategic actions in providing superior current and future profits and lowered risks for the brand/organization. Thus, the sampling frame was developed from a list of all customers of 80 branches of the 43 commercial bank branches in Mombasa City and senior managers all the 43 commercial banks. An optimum sample of 384 account holders that was billed to fulfill the requirements of efficiency, representativeness (Kothari, 2010), reliability and flexibility, was targeted based on cost, accepted confidence level and size of the population. Probability proportionate to size sampling methods were used to allocate the study's bank customers' sample to commercial banks such that banks with larger populations of account holders/customers were allocated commensurate portions of the sample. The ultimate participants in the study were picked through simple random sampling techniques.

Quantitative primary data were collected by use of two sets of structured questionnaires to control for common method variance (Podsakoff *et al.*, 2013). The first set of the questionnaire measuring brand awareness was administered to by the banks' individual customers while the second set of the questionnaire measuring market brand performance was responded to by the senior managers of the commercial banks. Both sets of bank customers' and managers' questionnaires were divided into two sections each. For the bank customers' questionnaire, Section A elicited general and demographic information of the respondents including age, gender, educational qualification and experience with the bank in years. The questions in Section B elicited information on brand awareness and were adapted from Yoo *et al.* (2011) measuring both brand recall and brand recognition. For the bank managers' questionnaire, Section A collected general and biographical information about the

respondents while Section B sought information on market brand performance with items adapted from Coleman *et al.* (2011). With the exception of Sections A in both questionnaires, Likert scales anchored by strongly disagree (1) to strongly agree (5) were used in the questionnaires' Section B.

The bank customers' questionnaire was pretested on a convenient sample of 40 respondents in order to identify and eliminate problems, determine the time for the completion of the questionnaire (Presser *et al.*, 2004) and establish early reliability estimates. Feedback from both the pre-test was used to make minor revisions to the questionnaire (Radhakrishna 2007) before the actual survey was conducted. Thereafter, the customers questionnaire was administered to respondents at their branches during the working hours over a period of three weeks while the managers' questionnaire was administered online.

## 5.0 RESULTS AND DISCUSSION

### 5.1 Sample Profile

Seven main variables were used in order to describe the bank customers' sample characteristics: sex; nationality; age; level of education; type of bank account operated by the respondent; experience in years of operating the bank account and; average monthly income. The final bank customers' sample had a higher number of male (236) respondents than female (111), representing a ratio of 68% and 32%, respectively. An overwhelming 81% of the respondents were Kenyans while 19% reported being non-Kenyans. The modal age group was 35-44 years to which 42.4% of the respondents belonged, followed by the 25-34 age group that covered 36.3% of the respondents. Slightly less than 2% of the respondents were above the age of 55 years.

In terms of the respondents' level of education, the highest percentage (35.2%) had secondary school level of education, 26.8% were diploma holders, 24.5% were undergraduate degree graduates, 12.7% primary school drop outs and less than 1% had post graduate education qualifications. With regard to the type of account operated, almost as many respondents operated the savings account (47%) as those who operated the current account type (47.6%), while the lesser of 5.4% of the respondents were corporate account holders. Majority of the bank customers (61.1%) had operated their respective accounts for 1-5 years while only 5.2% had reported having operated their respective accounts for over 10 years. In regard to the level of income, the highest percentage of the respondents (43.5%) earned 50,000 - 100,000 shillings, 33.4% earned less than 50,000 shillings, 18.2% earned from 100,001 to 150,000 shillings while 4.9% earned over 150,000 shillings.

As for the bank managers, the three main variables that were used to describe their characteristics were sex, level of education and experience working with their respective banks. An overwhelming 77.1% were male compared to 22.9% female bank managers. In terms of highest level of education attained, 71.4% had bachelor's degrees while 28.6% had masters' degrees. Slightly over half of the bank managers (54.2%) had 1-5 years' working experience with their respective banks, 42.9% had worked with their banks for 6 - 10 years while a paltry 2.9% had over 10 years' working experience with their respective banks.

### 5.2 Results of Descriptive Analysis of the Study Variables

#### 5.2.1 Means and Standard Deviations of Brand Awareness Measurement Scale

The brand awareness scale consisted of 8 items reflecting the customers' ability to recall and recognize the brand (commercial bank) as reflected by their ability to identify their bank under different conditions and to link the brand name, logo and symbol to certain associations in memory (Keller, 2013). Based on the mean scores for each item (Table 1), the banks' customers demonstrated their agreement that they could quickly recall the symbol or logo of their respective banks ( $M=3.80$ ;  $S.D = 0.915$ ) as they knew how the colours of their banks look like ( $M=3.76$ ;  $S.D = 0.964$ ). Additionally, they also agreed that whenever they think of their favourite bank, the particular bank comes to mind quickly ( $M=3.66$ ;  $S.D = 1.003$ ); when someone talks about banking, their favourite bank always comes to mind ( $M=3.65$ ;  $S.D = 1.038$ ) and; among their respective banks' competitors, they know what their bank looks like ( $M=3.65$ ;  $S.D = 1.081$ ). Further, the customers of commercial banks in Kenya fundamentally agreed that their respective bank was the only bank they recall whenever they need to make a decision on financial/banking services ( $M=3.57$ ,  $S.D = .984$ ) and that they can recognize the bank in comparison with other competing banks in the banking sector ( $M=3.51$ ;  $S.D = 1.027$ ).

**Table 1: Means and Standard Deviations of the Brand Awareness Scale Items**

Item No.	Questionnaire item description	Mean	Std. Dev
BAW_1	I have no difficulty in imagining this bank in my mind.	3.32	1.340
BAW_2	I can recognize this bank in comparison with other competing banks in the banking sector	3.51	1.027
BAW_3	This bank is the only bank I recall whenever I need to make a decision on financial/banking services	3.57	.984
BAW_4	I can quickly recall the symbol or logo of this bank	3.80	.915
BAW_5	I know how the colours of my bank look like.	3.76	.964
BAW_6	When I think of my favourite bank, this bank comes to mind quickly	3.66	1.003
BAW_7	When someone talks about banking, my favourite bank always comes to mind.	3.65	1.038
BAW_8	Among its competitors, I know what my bank looks like	3.65	1.081

### 5.2.2 Means and Stand Deviations of Market Brand Performance Measurement Scale

The final market brand performance measurement scale comprised 6 subjective scale items (2 customer, 2 financial and 2 employee measures). The respondents were asked to state the extent to which they agreed that over the past three years, that on average, their banks had performed significantly better than their main competitor on each of the 6 performance measurement items. The results (Table 2) indicated that the bank managers tended to agree strongly that on average, their respective banks had performed significantly better than their main competitors with respect to market share based on revenue (M=4.43; SD=0.61) and employee retention (M=4.40; SD=0.50). In addition, the bank managers agreed that their banks had performed better with respect to customer awareness (M=4.37; SD=0.60), employee satisfaction (M=4.37; SD=0.49) and relative customer satisfaction (M=4.31; SD=0.50). They further agreed that on average their respective banks had performed significantly better than their main competitors with regard to net profit (M=4.26; SD=0.56).

**Table 2: Means and Standard Deviations of Market Brand Performance Measurement Scale**

Item No.	Questionnaire item description	Mean	Std. Deviation
MBP_1	Relative customer satisfaction	4.31	.530
MBP_2	Market share (based on revenue)	4.43	.608
MBP_3	Net profit	4.26	.561
MBP_4	Customer awareness	4.37	.598
MBP_5	Employee satisfaction	4.37	.490
MBP_6	Employee retention	4.40	.497

### 5.2.3 Reliability Analysis

Table 3 presents the initial reliability examination of brand awareness and market brand performance measurement scales.

**Table 3: Brand Awareness and Market Brand Performance- Item-Total Correlation Statistics**

Item No.	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted	Cronbach's Alpha
<b>Brand Awareness</b>			
BAW_1	.520	.817	<b>0.827</b>
BAW_2	.623	.798	
BAW_3	.524	.811	
BAW_4*	.428	.822	
BAW_5	.561	.806	
BAW_6	.613	.799	
BAW_7	.624	.797	
BAW_8	.548	.808	
<b>Market Brand Performance</b>			
MBP_1	.562	.754	<b>0.790</b>
MBP_2	.507	.769	
MBP_3	.601	.744	
MBP_4	.477	.776	
MBP_5	.608	.745	
MBP_6	.519	.764	

Note: \* Item was deleted

The Cronbach alpha coefficients were calculated in SPSS 23.0 along with item-to-total correlations (ITC). Straub (1989) states that high correlations between alternative measures or large Cronbach alphas are usually signs that the measures are reliable. Whilst a standard cut-off point for the alpha coefficient seems to be not agreed upon, the generally agreed upon lower limit for Cronbach alpha is .70, although it may decrease to .60 (Hair *et al.*, 2010) or even .50 (Nunnally, 1978) in exploratory research. The Cronbach alphas of each measurement scale in this study are shown to be above 0.70, showing a high degree of internal consistency. The brand awareness scale shows an alpha value at 0.83, while market brand performance indicates an alpha value of 0.79. While one item was deleted from the brand awareness measurement scales, for market brand performance, the ITC values indicated that the Cronbach alpha value would degrade considerably if any of the 6 items were to be removed. This implies that the six items were an adequate measure of market brand performance. The item was based on ITC of less than .50 (Hair *et al.*, 2010).

### 5.3 Exploratory Factor Analysis

The exploratory factor analysis (EFA) was conducted to identify underlying dimensions of brand awareness measurement scale. The latent root criterion (eigenvalue) of 1.0 was used for factor inclusion and a factor loading of 0.40 was used as benchmark to include items for each factor. The appropriateness of factor analysis was determined by the Kaiser-Meyer-Olkin (value of KMO = 0.748) measure of sampling adequacy and Bartlett's test of sphericity ( $\chi^2 = 1144.68$ ,  $df = 21$ ,  $p = .000$ ). Results showed that two factors were derived from 7 items of brand awareness measurement scale, which explained 60.5% of the variance. Based on the information of loadings and content of the factors, the factors derived were labeled as brand recall (eigenvalue = 3.436,  $\alpha = 0.827$ ) and brand recognition (eigenvalue = 1.509,  $\alpha = 0.833$ ) as shown in Table 4. The properties of these two constructs of brand awareness were tested with SEM procedure (Hair *et al.*, 2006).

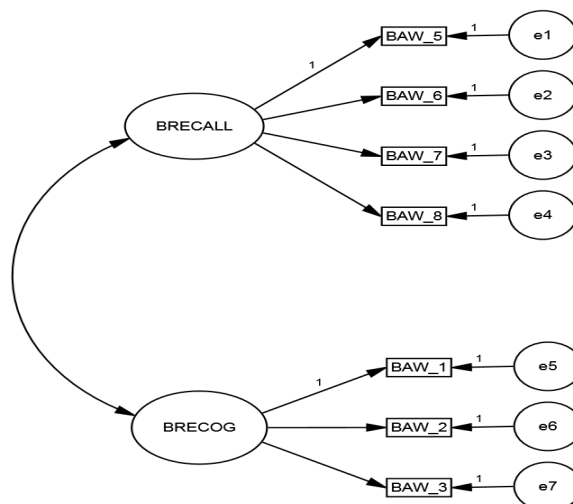
**Table 4: EFA, Factor Loadings, Eigen Values and Cronbach's Alpha of Brand Awareness**

Item No.	Description	Factor	
		Brand recall	Brand recognition
BAW_7	When someone talks about banking, my favourite bank always comes to mind.	.852	
BAW_6	When I think of my favourite bank, this bank comes to mind quickly	.820	
BAW_5	I know how the colours of my bank look like.	.655	
BAW_8	Among its competitors, I know what my bank looks like	.641	
BAW_2	I can recognize this bank in comparison with other competing banks in the banking sector		.929
BAW_1	I have no difficulty in imagining this bank in my mind.		.832
BAW_3	This bank is the only bank I recall whenever I need to make a decision on financial/banking services		.650
<i>Eigen Value</i>		3.436	1.509
<i>% of Variance</i>		43.81	16.67
<i>Cronbach's <math>\alpha</math></i>		0.827	0.833

*Extraction Method: Principal Axis Factoring. Rotation Method: Promax with Kaiser Normalization.*

### 5.4 Confirmatory Factor Analysis

A confirmatory factor analysis (CFA) was conducted using structural equation modelling (SEM) in Analysis of Moment Structures (AMOS) Version 23.0 in order to establish confidence in the measurement of the brand awareness indicators. In the result of CFA analysis, the items having relatively low-standardized loadings on that factor less than (0.60) (Hair *et al.*, 2010) and/or a squared multiple correlations ( $R^2$ ) value below 0.4 were unacceptable and deleted for further analysis (Joreskog & Sorbom, 1993). In addition, evaluation of model fit was obtained by inspecting the normalized residual and modification indices (Hair *et al.*, 2010; Holmes-Smith *et al.*, 2006). Residuals more than  $\pm 2.58$  are indicative of a specification error in the model, whereas a modification index value greater than 3.84 shows that the chi-square would be significantly reduced when the corresponding parameter is estimated (Hair *et al.*, 2010; Holmes-Smith *et al.*, 2006). The two-factor brand awareness was estimated using the maximum likelihood estimation method in AMOS 23.0. Given that the two constructs of brand awareness (brand recall and brand recognition) were considered as exogenous variables, the statistical SEM model specifies that they are intercorrelated as shown in the path diagram in Figure 1.



**Figure 1: Measurement Model for Brand Awareness**

The CFA results demonstrated that all the *t*-values associated with the individual items were greater than  $\pm 1.96$ , hence achieving the threshold level of convergent validity (Anderson and Gerbing, 1988). In addition, standardized parameter estimates were all significant ( $P < 0.001$ ). However, as displayed in the 'Initial' column of Table 5, all the fit statistics of the CFA except GFI (.929), NFI (.920) and CFI (.930), indicated that the initial measurement model needed to be re-specified. The chi-square was significant ( $\chi^2 = 92.052$ ;  $df = 13$ ;  $p = .000$ ;  $N = 347$ ). The AGFI was .848, RMSEA = .133, TLI = .887, and  $\chi^2/df = 7.081$ . Despite some fit indices indicating that the model was not a good fit, the CFA results showed that the intercorrelation (covariance between brand recall and brand recognition) was lower than .85 (i.e. .43), demonstrating strong discriminant validity (Kline, 2005).

Inspection of the CFA results revealed that one indicator of brand recognition, 'BAW\_3' had a relatively lower standardised loading (.65) on its latent variable/factor compared to the other indicators), accompanied by a low  $R^2$  value (.42). In addition, although the item BAW\_5 had a relatively high standardized loading of .63 on its latent variable (brand recall), it had an  $R^2$  value less than .4 (.398) (Bollen, 1989; Mueller, 1996). Further examination of the modification indices indicated that the indicators BAW\_5 had unacceptably high value (27.36). Based on these parameters, the two items 'BAW\_3' and BAW\_5 were deleted from the model. Consequently, CFA with the two endogenous variables and 5 indicators was re-estimated to test whether or not the collected data fit the modified model.

**Table 5: CFA Results for Brand Awareness Measurement Model**

		Std Loadings	<i>t</i> -Values
BAW_5	I know how the colours of my bank look like.	.631	N/A
BAW_6	When I think of my favourite bank, this bank comes to mind quickly	.773	11.368
BAW_7	When someone talks about banking, my favourite bank always comes to mind.	.872	11.989
BAW_8	Among its competitors, I know what my bank looks like	.694	10.530
BAW_1	I have no difficulty in imagining this bank in my mind.	.830	N/A
BAW_2	I can recognize this bank in comparison with other competing banks in the banking sector	.933	16.717
BAW_3	This bank is the only bank I recall whenever I need to make a decision on financial/banking services	.648	12.868

Goodness of Fit Statistics	Initial	Re-specified
Chi-square ( $\chi^2$ ) of estimate model	92.052 (df=13; p=.000)	13.393 (df = 4, P = .010)
$\chi^2/df$	7.081	3.348
Goodness-of-fit (GFI)	.929	.986
Adjusted Goodness-of-fit Index (AGFI)	.848	.946
Normed Fit Index (NFI)	.920	.983
Comparative Fit Index (CFI)	.930	.988
Tucker-Lewis Index (TLI)	.887	.970
Root Mean Square Error of Approximation (RMSEA)	.133	.082



The CFA results of the "re-specified" model revealed that goodness of fit indices had improved, as displayed in the 're-specified' column of Table 4.15 ( $\chi^2 = 13.393$ ,  $df = 4$ ,  $P = .010$ ,  $N = 347$ ). The GFI=.986, AGFI=.946, RMSEA=.082, NFI=.983, CFI=.988 and TLI=.970 and  $\chi^2 / df = 3.348$ . Even though the chi-square is still significant, these values suggest that this model fits adequately to the data. It is commonly accepted that the chi-square estimate would potentially reject valid models in large sample size (Bagozzi and Yi, 1988). Given that the model fits the data adequately and the correlation between the underlying factors was less than .85 (i.e. .39), no further adjustments were required. Although deleting the three items from the model considerably reduced the number of items measuring brand recognition to a bare minimum of two and those measuring brand recall to three having deleted a total of 3 items from the originally conceptualized scale of brand awareness, their removal did not significantly change the content of the construct as it was conceptualized. This is because the remaining items for brand recall and brand recognition had the highest initial loadings, and thus the meaning of the factors had been preserved by these items. Therefore, the remaining five items capture a more consistent meaning of the brand awareness, conceptualized as brand recall and brand recognition.

### 5.5 Validity and Reliability of Final Brand Awareness Measurement Scale

Convergent validity was accessed by examining the factor loading, construct reliability, and average variance extracted (Hair *et al.* 2006). The average variance extracted (AVE) should exceed the recommended level of 0.50, (Fornell and Larcker 1981); construct must meet the minimum reliability of 0.60 (Bagozzi and Yi, 1988) and the standardized factor loadings for all items must be above 0.60 (Hatcher, 1994). As Table 6 shows, the factor loadings for the final measurement model ranged between 0.69 and 0.97 with *t*-values significant at  $p = 0.000$ , while the AVE for brand recall and brand recognition were 0.99 and 0.98 respectively, thus confirming convergent validity. The composite reliabilities for brand recall and brand recognition were 0.97 and 0.93 respectively which were above the recommended level of 0.6 (Bagozzi and Yi, 1988).

**Table 6: Std Factor Loading, t-Values, AVE and Composite Reliability for Brand Awareness**

Construct Item	Std Factor Loading	t-Value	p-Value	AVE	Composite reliability
<b>Brand recall</b>				<b>0.99</b>	<b>0.97</b>
BAW_6	.692	N/A			
BAW_7	.956	12.683	.000		
BAW_8	.698	12.162	.000		
<b>Brand Recognition</b>				<b>0.98</b>	<b>0.93</b>
BAW_1	.829	N/A			
BAW_2	.936	9.016	.000		

The discriminant validity of brand recall and brand recognition was verified by comparing the AVE values for brand recall and brand recognition to their squared correlation coefficient (Fornell and Larcker, 1981) as well as correlation between the variables. AVE should be greater than the squared correlation estimate (Fornell and Larcker, 1981) while correlation between the variables in the confirmatory model should not higher than 0.8 points (Bagozzi and Heatherton, 1994). In this study, AVE values of the variables were 0.99 and 0.98 for brand recall and brand recognition respectively while the squared correlation coefficient of the pair of variables was 0.15. The correlation coefficient between brand recall and brand recognition was 0.39 thus indicating that the two variables exhibited discriminant validity.

### 5.6 Hypothesis Testing

The analytical technique used to test the hypotheses in this study correlation analysis. Structural equation modelling was not used to estimate the structural model because, whereas data on brand awareness was collected from the customers of commercial banks who constituted a final sample size of 347, data on market brand performance measures was collected from senior managers of these commercial banks - one from each bank. The final sample size of the bank managers was 35, representing 35 commercial banks out of the total 43 commercial banks in Kenya. Consequently, the composite brand awareness score for each of the 35 commercial banks was established by averaging the responses of customers from each of these respective banks and the correlating with brand performance scores provided by the bank managers. The unit of analysis was therefore a commercial bank or "brand". The 35 brands could therefore not constitute an adequate sample size to allow for SEM.

Prior to hypotheses testing, the measurement scores for each construct were summated both for the validated brand awareness dimensions and market brand performance. The averages for brand recall and brand recognition for each commercial bank were obtained by averaging the responses of customers from each of the commercial banks on these brand awareness constructs and matching the scores with the responses of the respective bank managers on market brand performance in a new and separate dataset. The new dataset represented data on the "brands" and hypotheses testing proceeded by conducting the Pearson's Product Moment Correlation (PPMC) analysis using average scores of brand awareness constructs (brand recall, brand recognition and overall brand awareness) and market brand performance.

The results of PPMC (Table 7) indicated that the relationship between brand recall and brand recognition (*H1*) was positive and statistically significant ( $r = .398$ ;  $p = .013$ ;  $N=35$ ). The relationship between brand recall and brand market performance (*H2*) was also positive and statistically significant ( $r = .402$ ;  $p = .017$ ;  $N=35$ ) while the relationship between brand recognition and market brand performance (*H3*) was not statistically significant ( $r = .133$ ;  $p = .446$ ;  $N=35$ ). Further, the relationship between overall brand awareness and market brand performance (*H4*) was positive and statistically significant ( $r = .413$ ;  $p = .014$ ;  $N=35$ ). Thus, the hypotheses *H1*, *H2* and *H4* were empirically supported by this study while *H3* was not confirmed. The findings were consistent with theory that suggest that brand awareness is a key driver of market brand performance (Erdem & Swait, 2008) as it signals presence and substance of the brand which causes the services or products associated with the brand to be purchased by many other buyers (Aaker, 2011). Brands with high awareness are also associated with reduced functional risk for the customer, which further influences brand choice and ultimate consumption of the service/product offered by the brand. Empirically, the results of this study on the relationship between brand awareness and market brand performance validate the results of earlier studies by Huang and Sarigollu (2012), Kim *et al.* (2013) and Baldauf *et al.*'s (2013) who provided empirical support for the existence of a positive relationship between brand awareness and measures of market brand performance. These results implied that on the whole, brands (commercial banks) that had high brand awareness among their customers (i.e. banks whose customers consistently remembered them as their favourite banks, the name of the bank would always come to the customers' mind when someone would talk about banking, the customers could recognize the looks of the bank from among their competitors and would have no difficulty in imagining the bank in their mind had better average market brand performance. Overall, these results provide empirical evidence support that brand awareness has a positive impact on market brand performance in the services sector Kenya.

**Table 7: Correlations Between Brand Awareness Measures and Market Brand Performance**

		Brand recall	Brand recognition	Overall Brand Awareness
Brand recall	Pearson Correlation	1		
	Sig. (2-tailed)			
	N	35		
Brand recognition	Pearson Correlation	.398*	1	
	Sig. (2-tailed)	.013		
	N	35	35	
Overall Brand Awareness	Pearson Correlation	.742**	.599**	1
	Sig. (2-tailed)	.000	.000	
	N	35	35	35
Market Brand Performance	Pearson Correlation	.402*	.133	.413*
	Sig. (2-tailed)	.017	.446	.014
	N	35	35	35

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

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

## 6.0 CONCLUSION AND RECOMMENDATIONS

The purpose of the study was to investigate the impact of brand awareness on market brand performance. Four hypotheses were proposed and tested in the study. Based on the results of correlation analysis of the data obtained from a sample of financial services consumers and senior managers of commercial banks in Kenya, it sufficed to conclude that brand recall and brand recognition are positively correlated as dimensions of brand awareness, a finding that provided confirmatory support the first hypothesis of the study. In terms of hypothesis H2, the correlation analysis revealed a significant positive and predictive relationship between brand recall and brand market performance thus confirming the second hypothesised relationship but for the third

hypothesis H3, the study failed to find a significant relationship between brand recognition and market brand performance. Notwithstanding, the overall relationship between brand awareness and market brand performance as captured in hypothesis H4 was significant and positive, confirming that brand awareness as a whole has a predictive relationship with market brand performance in the context of service brands of a developing economy. Therefore, the marketing success of a services business to a large extent depends on their ability of brand managers to continuously enhance their services' brand awareness strategies in order to improve market brand performance.

Based on the foregoing conclusion, it is important that marketing/brand managers should continue to develop and implement effective brand awareness campaigns in order to attract and enhance consumers' attention towards their brands and thus enhance market brand performance. The success of such strategies can be harnessed by actively engaging customers and building long-term relationships with them in a two-way dialogue using tools a combination of effective media platforms such as offline interactions and social media platforms as proposed by Homburg *et al.* (2010).

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