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Assessing Customer-Based Brand Equity Ratings in Family Restaurant

Mohd Aliff Abdul Majid[a,]*, Mohd Azuan Mohd Alias[a], Azlina Samsudin[a], Chemah Tamby Chik[b]

[a]*Universiti Teknologi MARA (Terengganu), 23000, Terengganu, Malaysia*
[b]*Universiti Teknologi MARA, Puncak Alam, 42300, Selangor, Malaysia*

Abstract

Due to customer's changing demand and increased competition among restaurants, brand has become vital for the business to succeed. One of the strategies is to focus on improving their brand to add value to the restaurants. Brand equity holds the key element of differentiation among competitors and this has been regarded as valuable asset. This study employed four dimensions of customer-based brand equity; brand loyalty, perceived quality, brand awareness and brand association in determining the customer-based brand equity ratings. The study was conducted in three different family restaurant brands in Klang Valley with 349 usable questionnaires were analyzed by using one-way ANOVA. The Scheffe's test result proved that The Chicken Rice Shop was significantly different from others and obtained a higher brand equity rating (M=5.17, SD=.81). However, Pizza Hut (M=4.51, SD=.97) and Rasamas (M=4.30, SD=1.12) did not significantly different to each other. The implications and recommendations for restaurant operators and practitioners were also highlighted.

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Keywords: Customer-based brand equity; family restaurant

1. Introduction

1.1 Background of the study

* Corresponding author.
E-mail address: mohdaliff@tganu.uitm.edu.my

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Brand is measured as the vital element to predict customers' purchase decision, regardless of any businesses. A company with strong brand has a higher probability to gain competitive benefit and easily noticeable as compared to other competing companies. Hoeffler and Keller (2002) mentioned the advantages comprise of greater better marketing communication effectiveness, customer loyalty, and greater resiliency to withstand misfortune. It demonstrated that building a strong brand is imperative for every company to obtain greater performance due to increased competition and varying needs of global market.

Emphatically, customer's demands had forced restaurants to display fierce competitions and brand has become one of the important elements for the business to prosper. Refining their brand to add significant value to the restaurants is the strategy to emphasis on. Seemingly, most chain restaurants such as KFC and McDonald's have recognizable brand, where customers could certainly identify them. This is in line with Keller (2004) who identified a successful brand is a particular brand that can closely fit customer's needs.

Customers who perceived the brand value and the companies preserving the brand have been theorized with "brand equity" (Randall, 2000), and many companies reckon this as their invaluable asset (Ambler, 2003) because it is almost difficult to be imitated by other competitors. Moreover, many industries have been deliberated brand equity as the significant investment to the companies (Chen and Chang, 2008) and Aaker (1991) recommends that the nature of brand equity contrasts from one context to another and it should be described within a specific industry circumstance. For instance, Boo, Busser and Baloglu (2009) validated that the applications of the goods-based brand equity models demonstrate a poor validity in the tourism industry. Although hospitality researchers and scholars spent numerous efforts in branding and brand equity for many years, there are various aspects of branding remaining to be explored. Adding to that, there were many substantial studies of brand equity in diverse extent in hospitality industry such as airlines (Chen and Chang, 2008), hotels (Zhou and Jiang, 2011; Nam, Ekinci and Whyatt 2011), restaurants (Majid and Chik, 2013; Nam, Ekinci and Whyatt, 2011; Kim and Kim, 2004), and casinos (Tsai, Cheung and Lo, 2010). However, the study of restaurants' brand equity, focusing on family restaurants is limited hence, this study has narrowed brand equity into this possibility. Therefore, the main purpose of this study is to assess the customer-based brand equity (CBBE) ratings among Pizza Hut, The Chicken Rice Shop (TCRS) and Rasamas.

1.2 Rationale of the study

Recently, in a study conducted by Tan, Devinaga and Hishamuddin (2013) on the brand equity challenges on Malaysian fast food brands, the results showed that there were differences on improvement of brand equity between local and global brands. They further affirmed that global established brands such as Pizza Hut, KFC and McDonald's have a better brand management as compared to Malaysian restaurant brands such as 1901 Hot Dog and Marrybrown. Aseambankers (2007) explained that this circumstance occurred when market shares are dominated by global brands. Hypothetically, it is anticipated that Pizza Hut could have a better brand equity rating as compared to the other two competing brands, which are TCRS and Rasamas. Adding to that, Malaysian brands are lacking in branding strategy and management, hence, contribute to poor development of brand equity. It is asserted that there are several Malaysian food brands have insufficient competencies in branding and marketing strategies and management. This study proved an evident to conclude that Malaysian restaurant brands could compete with international brands.

The findings could assist family restaurants operators to comprehend the significance of the brand value that the restaurants hold and facilitate them to benchmark themselves to convalesce their proficiency in value creation. Adding to that, investment and improved marketing strategies aids in enhancing the value of brand equity and the dimensions of brand equity help firm to develop a competitive benefit over their competitors. The findings also postulate significant information on the present situation of the industry, thus further strengthening current literature.

2. Literature Review

2.1 Brand Equity

For more than two decades, the study of brand equity has intrigued many marketing management researchers and scholars (Aaker, 1996; Lassar, Mittal and Sharma, 1995; Cobb-Walgren, Ruble, and Donthu, 1995; and Keller, 1993). The effects of the study on the brand equity includes the value added to the products (Aaker, 1996; Keller, 1993); value of the customer (Martensen and Grønholdt, 2003; Aaker, 1991); value of the firm (Kim and Kim, 2005; Aaker, 1991); brand preference and purchase intention (Cobb-Walgren *et al*., 1995); response of consumer to the marketing of brand (Keller, 1993); incremental utility (Simon and Sullivan, 1993) and consequence of marketing efforts (Villarejo-Ramos and Sánchez-Franco, 2005).

In 1994, in one of their studies, Park and Srinivasan confided that the brand equity has no specific definition to oppose Aaker (1991), who claimed to have accurately defined brand equity as “a set of brand assets and liabilities linked to a brand, its name and symbol that add to or subtract from the value provided by a product or service of a firm’s consumers”. Brand equity is believed to be consumers’ motivating factor next to the brand name itself. Keller (1993) added brand equity as the “the differential effect of brand knowledge on consumer response to the marketing of brand.” Despites the many findings and understandings, Yoo and Donthu (2001) agreed that there is an extensive argument in regards to the definition and measurement of brand equity whereas, Srivastava and Shocker (1991) before stating the interrelation of brand equity with brand value and brand strength, emphasized the most significant agreement on brand equity is the augmentation to the value of the product in relation to the brand name.

There are several numbers of researches accentuating the importance of building brand equity for the benefit to the firm of more consumers’ brand preference and purchase intention (Myers, 2003; Cobb-Walgren *et al*., 1995). Aaker (1991) debated brand equity will result in value to customer by amplifying their comprehension and processing of information, confidence in the buying decision and satisfaction. In other cases, Yoo and Donthu (2001) stated that brand equity gives value to the firm by enhancing efficiency and effectiveness of marketing programs, competitive advantage, brand extensions, prices and profits, and trade leverage.

2.2 Dimensions of Brand Equity

According to Aaker (1991) brand equity consist of brand loyalty, brand awareness, perceived quality, brand associations and other proprietary assets such as trademark, copyrights and patents and due to the fact that this study is focused on model of CBBE, the other proprietary asset, which is the fifth element of the brand equity concept, will be excluded in this study. Lu and Xie (2000) also agreed that if the other proprietary assets, which in nature are a market-based are to be included, it would conflict with the CBBE approach and it is also not applicable on customer’s perspective. It was also supported by Kim, Jin-Sun and Kim (2008), Washburn and Plank (2002) and Yoo and Donthu (2001).

Aaker (1991, 1996) corroborated that CBBE consists of four dimensions, which are brand loyalty, perceived quality, brand awareness and brand association. Many scholars (Yoo and Donthu, 2001; Low and Lamb, 2000; Prasad and Dev, 2000; Motameni and Shahrokhi, 1998; Keller, 1993) adopted his theory in assessing brand equity. In addition, Yoo, Donthu and Lee (2000) have tested a model by using three dimensions of Aaker’s (1991) components, excluding brand awareness and the findings shown that these dimensions contribute to brand equity. In a recent study by Hosseini and Moezzi (2015), CBBE is deemed to be a factor in the firm operation framework in building a stronger brand. Adding to that, CBBE has pulled a lot of attention, as the perceptions of customers are the key in marketing strategies. Furthermore, Kim and Kim (2004) affirmed the importance of the four dimensions to be included in the brand equity model. Therefore, it was important for authors to include these four dimensions in order to measure CBBE ratings.

3. Methodology

A quantitative research design was employed and 33-item of structured questionnaire from previous research in CBBE studies was developed as the instrument of the study. Three family restaurants namely Pizza Hut, The Chicken Rice Shop and Rasamas within Klang Valley, Selangor were selected as study area. Aziz and Yasin (2010) stated that Klang Valley comprises of the heterogeneous subject from diverse demographic backgrounds and ethnic clusters. Therefore, it has a wide-ranging target population of customers that provided meaningful and significant responses. “Drop-off/ pick-up technique was employed as no permission granted to personally administer the questionnaire, thus, it explained the uneven number of respondents obtained from each restaurant. A total of 450 questionnaires with each restaurant were handed 150 questionnaires, were distributed by the managers and employees using convenience sampling method to customers from participating restaurants. 349 usable questionnaires were analysed and the data set was coded and keyed for analysis using Statistical Package for Social Science (SPSS) version 21.0. In order to determine brand equity ratings among measured family restaurants, one-way ANOVA was employed.

4. Data analysis

4.1 CBBE ratings for measured restaurants

One-way ANOVA was the statistical technique that was used to measure brand equity ratings. Respondents were divided into three groups according to restaurants (Rasamas, TCRS and Pizza Hut). Evidently, TCRS attained the highest CBBE ratings among the measured restaurants (M=5.17). The results were properly presented, as the sample size was not very different. Table 1 presents the details of mean scores obtained from three family restaurants on each dimension of brand equity.

Table 1: ANOVA

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	66.781	2	33.390	36.016	.000
Within Groups	320.774	346	.927		
Total	387.555	348			

Table 2: Multiple comparisons

(I) Type of restaurant	(J) Type of restaurant	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
Rasamas	TCRS	-1.03495*	.12782	.000	-1.3492	-.7207
	PizzaHut	-.24031	.12543	.161	-.5486	.0680
TCRS	Rasamas	1.03495*	.12782	.000	.7207	1.3492
	PizzaHut	.79464*	.12571	.000	.4856	1.1037
PizzaHut	Rasamas	.24031	.12543	.161	-.0680	.5486
	TCRS	-.79464*	.12571	.000	-1.1037	-.4856

Table 3: Mean differences among measured restaurants

	BL		PQ		BW		BS		Total	
	M	*SD*	*M*	*SD*	*M*	*SD*	*M*	*SD*	*M*	*SD*
Rasamas	4.07	1.30	4.40	1.20	4.38	1.51	4.35	1.35	4.30	1.12
TCRS	5.00	1.30	5.44	.71	5.07	1.26	5.05	1.10	5.17	.81
Pizza Hut	4.05	1.28	4.64	.92	4.83	1.28	4.51	1.12	4.51	.97

Note: Rasamas (n=114); TCRS (n=113); Pizza Hut (n=122); BL=brand loyalty; PQ=perceived quality; BW=brand awareness; BS=brand association

4.2 Details of the analysis

An analysis of variance in Table 1 shows that there is a significant effect of brand equity on measured family restaurants, $F(2,346)$, $36.02 = p < .001$. Scheffe's test in Table 2 reveals that the brand equity for TCRS is significantly different with each other ($p < .001$). However, it shows that there were no significant differences between Pizza Hut and Rasamas ($p < .161$). TCRS shows the highest brand equity rating as compared to the other restaurants and the differences are statistically significant, while the least brand equity ratings was Rasamas.

The results from one-way ANOVA for brand loyalty signified that TCRS obtained a higher score (M=5.00, SD=1.30), followed by Rasamas (M=4.07, SD=1.30) and Pizza Hut (M=4.05, SD=1.28). In term of perceived quality, the highest rating was obtained by TCRS with *M*=5.44, *SD*=.71. Although Rasamas obtained a slightly higher rating as compared to Pizza for brand equity scores, it conversely recorded for this dimension. Pizza Hut found to have a higher rating of perceived quality (*M*=4.64, *SD*=.92) while Rasamas (*M*=4.40, *SD*=1.20). Again, TCRS showed an excellent brand equity strategy as it attained highest rating for brand awareness and brand association (*M*=5.07, *SD*=1.26 and *M*=5.05, *SD*=1.10 respectively). It was recorded that Rasamas has the lowest rating of brand equity for brand awareness and brand association with *M*=4.38, *SD*=1.51 and *M*=4.35, *SD*=1.35. In other hand, Pizza Hut recorded better brand equity ratings as compared to Rasamas for both dimensions (*M*=4.83, *SD*=1.28 and *M*=4.51, *SD*=1.15 respectively).

Abridging from the results interpreted above, it was clearly revealed that TCRS obtained the highest brand equity in score ratings in relative to other measured restaurants and was significantly different from the other restaurants. The overall score of TCRS was (*M*=5.17, *SD*=.81), followed by Pizza Hut (*M*=4.51, *SD*=.97) and Rasamas (*M*=4.30, *SD*=1.12).

5. Discussions

5.1 Implications, recommendations and conclusion

Unexpectedly, the finding showed that TCRS has a highest brand equity score as compared to the Pizza Hut. It can be concluded that TCRS work an excellent marketing strategy, thus, assist in perceived brand value of customers towards the restaurant. Mongkol (2014) stated that company should to pay more attention on appropriate marketing strategies such as advertising, promotion and interactive marketing to create competitive advantages, thus improve the company's brand equity. Some of the success factors might come from the aggressive advertising through the mass media such as television, radio and social media. As suggested by Severi, Ling and Nasermoadeli (2014), social media is a great advertising strategy to enhance brand equity, as it seems to be trusted by customers. Furthermore, TCRS also give a new look and vibrant image to most of their restaurant outlets in Klang, as its project new impression and better dining experience towards their existing and potential customers. Positively, the changes will improve customer's perception, brand awareness and brand association towards the restaurant. In addition, there is an increment in their revenue as customer turnover getting an increase. This is evident in marketing strategy by developing and improving brand equity will lead to a better customer's purchase intention.

In contrast with TCRS, Rasamas attain the lowest brand equity score as it indicated that the restaurant did not receive much attention from the customers. Thus, at this situation, it refers to the unaware of the brands and lower purchase intentions from the customers. Kim and Kim (2004) mentioned that as a restaurant brand operator, they have to be cautious due to the poor brand management, overextension or lack of investment in building brand value as it will lead to the perish of familiar brands. Besides, some of the factors might also come from the menu selection, as it did not match with customer's demand and preferences. Clearly, Rasamas had poor brand equity management and it is suggested that Rasamas should invest and participate actively in order to gain customers' repurchase intention, hence, competing with its competitors.

It can be concluded that CBBE leads the intention of customers to repurchase the product or services offered. It is convinced that if the restaurant operators do not make an effort to improve the brand equity of the restaurant, the decreasing numbers of customers are expected. Lack of brand equity also would affect the customer purchase intention in the future. Consequently, restaurants are required to work continuously to develop, improve and maintain their restaurant brand in competing with other restaurants.

5.2 Limitations and Suggestions for Future Research

The findings of this research might be seen with a number of limitations. The convenience sampling technique employed has restricted the generalizability of the research findings. It is recommended to employ probability-sampling technique for the purpose to improve validity and generalizability of the study outcomes. In addition, this study only looked into family restaurant, thus might be difficult for other types of restaurant operators to adopt the implications. Future research could look into different types of restaurants to assist these practitioners in enhancing brand equity towards their customers.

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