Measuring Customer Based Brand Equity in Indian Personal Care Industry

Poonam1, Dr. Sushil Sharma2

1Research Scholar, University School of Management, Kurukshetra University Kurukshetra
poomambansal816@gmail.com
2Professor, University School of Management, Kurukshetra University Kurukshetra
sushilsharma@kuk.ac.in

ABSTRACT

The objective of this study is to examine the causal relationships between the various dimensions that contribute to customer based brand equity, as well as to ascertain the relative significance of each component in evaluating the overall brand equity. The design and methodology employed in this study were carefully developed to ensure the validity and reliability of the findings. The research instrument developed by Yoo and Donthu was administered to a sample of post graduate students from the Kurukshetra University. The study utilized prominent brands within the Indian personal care products. The participants were instructed to provide ratings for each item using a set of five point Likert scale. The postulates were analyzed using a structural equation model (SEM). The study successfully established a causal relationship between the dimensions of brand equity. The findings indicate that perceived quality and brand loyalty has significant effect on the overall brand equity. The practical implications of this study suggest that marketing managers should prioritize the cultivation of brand loyalty as a means to enhance the total brand equity.

Keywords: brands, brand loyalty, customer based brand equity.

1. Introduction

The research issue of brand equity measurement is regarded as significant, since it holds strategic value in attaining a competitive advantage, as stated by Keller and Lehmann (2006) and supported by Atilgan et al. (2005). Consequently, scholars and professionals alike have directed their attention on the identification of the determinants that contribute to the establishment of brand equity. Multiple models for measuring brand equity have been developed by researchers such as Chenhall and Langfield-Smith (2007) and Valette-Florence et al. (2011). Nevertheless, the existing body of research on brand equity is characterized by a lack of cohesion and definitive findings (Christodoulides and Chernatony, 2010). Furthermore, only a limited number of studies have made efforts to establish causal relationships between the various components of brand equity (Buil et al., 2013; Huang and Cai, 2015). The primary objective of this study is to examine the causal linkages among the variables that elucidate brand equity. One of the benefits of having a strong and good brand equity is that it can establish competitive barriers (Yoo et al., 2000). Additionally, it has been found to have an impact on consumer preference and buy intentions (Cobb-Wal gren et al., 1995), thereby providing a firm with a competitive edge. Hence, it is widely acknowledged that brand equity contributes to the overall worth of an organisation.

While several scholars have directed their attention towards the monetary value, alternative scholars adopt a customer-centric viewpoint and argue that the financial value of brand equity is a direct result of consumer reactions to the brand name, which is contingent upon market perceptions (Christodoulides & Chernatony, 2010). Customer based brand equity is commonly referred to as the latter, and the primary focus of study in this approach is rooted in cognitive psychology (Aaker, 1991; Keller, 1993).

The majority of consumer-based brand equity models are constructed based on the conceptual aspects of brand equity put forth by Aaker (1991). These dimensions include brand awareness, brand associations, perceived quality, brand loyalty, and other exclusive brand assets such as patents, trademarks, and channel relations. Nevertheless, in the process of operationalizing the model, the last dimension is typically omitted as a result of the consumer-centric aspect of the method. The majority of previous empirical investigations have failed to establish a clear distinction between brand awareness and brand associations, so deviating from theoretical expectations. Furthermore, the past study has not adequately confirmed the causal relationships among the dimensions.

The primary aim of this study is to examine the causal relationships between various dimensions of brand equity and ascertain the relative significance of each factor in influencing overall brand equity. Our objective is to make a contribution to the existing body of research by focusing on the impact of brand awareness, perceived quality and brand loyalty on overall brand equity, as well as highlighting the significance of these dimensions as a predictor of brand equity.
The subsequent sections of the paper are structured in the following manner: The subsequent section of this paper will provide a comprehensive literature review, present the proposed model, and outline the research hypotheses. The study technique is explicited and substantiated in Section 3. The upcoming part will discuss the outcomes obtained in the following section. The subsequent section encompasses the primary findings and their ramifications for managerial practices.

2. Contextual Framework

Customer based brand equity refers to the value and perception that consumers associate with a particular brand. It encompasses the various dimensions of a brand's strength and influence in the minds of consumers, including brand awareness, brand associations. The concept of "brand equity" can be interpreted in several ways, but when viewed through the lens of consumer psychology, it can be defined as the unique impact of brand knowledge on customer reactions to the brand's marketing efforts (Keller, 1993, p. 2).

Aaker (1991) presents an alternative definition of brand equity that is widely acknowledged. According to this definition, brand equity refers to a collection of brand assets and liabilities that are associated with the brand, its name, and symbol. These assets and liabilities either enhance or diminish the value that a product or service offers to a company and/or its customers (p. 15). Aaker (1991) posits that brand equity should be conceptualized as a universal inclination towards a particular brand in comparison to other comparable alternatives.

The analysis of brand equity can be conducted from two perspectives: firm-based brand equity and consumer-based brand equity. Nevertheless, the focus of marketing research has predominantly been on the latter option (Christodoulides et al., 2006), as it offers a greater understanding of consumer behaviour that can be translated into practical brand strategy (Keller, 1993). Furthermore, efforts to quantify brand equity can be categorized as either direct or indirect. According to Christodoulides and Chernatony (2010), the direct method in marketing emphasizes the consumer's preferences and utility, whereas indirect techniques are centered around the observable manifestations of these desires.

Drawing on the theoretical frameworks proposed by Aaker (1991) and Keller (1993) regarding brand equity, Yoo and Donthu (2001) devised a consumer-based brand equity scale. This scale, as evaluated by Christodoulides and Chernatony (2010), is regarded as possessing numerous strengths and minimal weaknesses. Furthermore, it has been subjected to subsequent retesting in various contexts and categories (Atilgan et al., 2005; Washburn and Plank, 2002). Yoo and Donthu (2001) conducted a study to assess brand equity at the individual consumer level. The study focused on four dimensions: brand awareness, brand associations, perceived quality, and brand loyalty. According to Christodoulides and Chernatony (2010), the scale is regarded as reliable, valid, parsimonious, and straightforward to administer. However, it is important to note that the dimensions of brand associations and brand awareness, although conceptually independent components of brand equity, have been combined into a single dimension. Similar occurrences were observed in following studies, such as those conducted by Gil et al. (2007) and Washburn and Plank (2002), Pappu et al. (2005) identified an exception that differentiates the two conceptual aspects. Nevertheless, the validity of the scale employed by Pappu et al. (2005) has been called into doubt by Buil et al. (2008) and Christodoulides and Chernatony (2010). Additionally, it is worth noting that brand associations can arise from several origins (Pappu et al., 2005), making them challenging to ascertain. Indeed, this particular dimension has the potential to be subdivided into a minimum of three sub-dimensions, namely perceived value, brand personality, and organizational affiliations (Buil et al., 2008). Furthermore, while brand associations play a crucial role in determining brand equity, the identification of the most influential associations on consumer behavior is a challenging task. Hence, it has been proposed by several scholars that the examination of brand associations should be conducted independently in order to provide more effective guidance for brand-related decision-making (Del Rio et al., 2001).

The issue of whether brand awareness and brand associations can be considered distinct dimensions is of utmost importance, as highlighted by Christodoulides and Chernatony (2010) and Washburn and Plank (2002). Scholars such as Aaker (1991) and Keller (1993) have made a clear distinction between these two constructs, and empirical research conducted by Pappu et al. (2005) supports the notion that they indeed represent separate dimensions of brand equity. This matter constitutes a significant limitation of prior research endeavors.

However, past studies have shown that writers who have sought to establish causal links between the aspects of brand equity have not achieved conceptually robust findings. In the study conducted by Buil et al. (2013), it was posited that there exists a modest yet adverse impact of perceived quality on brand loyalty. However, the findings of Gil et al. (2007) did not establish any substantial association between perceived quality and brand loyalty. These results contradict the researchers' initial hypotheses and are incongruent with established theoretical frameworks (Keller, 1993; Pappu et al., 2005). There is a limited number of research that propose the causal connections between brand equity aspects, and these connections are not well-defined. For instance, brand loyalty may have an impact on brand equity, while also being influenced by brand equity (Wang and Finn, 2013). Furthermore, certain studies have theoretically examined the progression of brand equity as a cognitive process for consumers. Specifically, it is proposed that brand awareness serves as a precursor to perceived quality and brand associations, ultimately impacting brand loyalty. However, the findings of prior research have not substantiated the anticipated connections (Buil et al., 2013; Konecnik and Gartner, 2007). In a recent study, Huang and Cai (2015) highlighted a research gap pertaining to the interrelationships across brand equity aspects.

The investigation of causal relationships among dimensions of consumer brand equity holds significant significance for managers. It is crucial for managers to understand and control the causal relationships among brand equity dimensions in order to effectively strategize their marketing activities (Buil et al., 2013). Moreover, the researchers who examined the relationships between the dimensions failed to take into account the widely acknowledged constructions of consumer-based brand equity. As a result, the findings are not entirely aligned with the fundamental conceptual framework established by previous studies (e.g., Netemeyer et al., 2004; Wang and Finn, 2013). A precise and reliable assessment of consumer-based brand equity necessitates the accurate identification and understanding of its various aspects and their interconnected causal associations. Nevertheless, it is crucial to acknowledge...
that the majority of scales utilized in measuring brand equity possess significant limitations. Consequently, it is not possible to establish valid comparisons between consumer-based brand equity scores that are derived from different scales (Wang & Finn, 2013).

In light of the aforementioned information, within the framework of the current research, this study employed a model derived from Aaker's (1991) conceptual framework, excluding the dimension of brand associations, with the aim of extracting findings that possess conceptual robustness.

2.2 Hypotheses Development and Proposed Model

This section introduces the theoretical constructs and formulates the study hypotheses pertaining to the various dimensions of brand equity, based on the findings of the literature review.

According to Aaker's (1991) proposed conceptual framework, brand equity is a multidimensional construct that encompasses various dimensions, namely brand awareness, brand associations, perceived quality, brand loyalty, and other proprietary brand assets. However, the inclusion of the fifth dimension is not deemed relevant to consumers, as indicated by Buil et al. (2013). Furthermore, it is worth noting that brand association and brand awareness are frequently regarded as a single dimension, as previously discussed, despite lacking conceptual consistency. Therefore, this study decided to omit this dimension from the proposed model as well. However, according to Aaker (1991, p. 109), brand associations encompass all elements that are mentally connected to a brand. If these associations are distinct, influential, and positive, they can contribute to the overall brand equity, as suggested by Keller (2003). This is because they foster favorable attitudes and behaviors towards the brand, ultimately impacting consumers' intentions to make a purchase. Prior to developing a set of brand associations, it is necessary for customers to possess awareness of the brand (Aaker, 1991).

Perceived quality can be conceptualized as the consumer's subjective evaluation of a product's overall level of excellence or superiority (Zeithaml, 1988, p. 3). Prior studies have indicated that brand loyalty can be influenced by the impression of quality (Chou et al., 2002; Konecnik and Gartner, 2007). Additionally, Oliver (1997) posited that the perception of good product quality plays a crucial role in fostering brand loyalty as it serves as a foundation for consumer pleasure. Therefore, the initial study hypothesis is formulated as follows:

The user's text does not contain any information to rewrite in an academic manner. There exists a positive correlation between the perceived quality of a product and the level of brand loyalty exhibited by consumers.

Brand awareness refers to the capacity of prospective consumers to identify and remember that a brand belongs to a specific product category (Aaker, 1991, p. 61). The recognition and recall of a brand are outcomes of an individual's extended exposure to the brand (Keller, 2003). The amount of brand awareness can be attributed to the extent and frequency of brand visibility, which is associated with the expenditure on brand advertising (Keller, 2003). Consequently, there exists a positive correlation between advertising expenditure and levels of awareness, as evidenced by studies conducted by Gil et al. (2007), Keller (2003), and Yoo et al. (2000). While it is acknowledged that awareness does not guarantee purchase (Fesenmaier et al., 1993), this study posits:

\[ H1: \text{there is significant relation between brand awareness and overall brand equity.} \]

Brand loyalty is commonly seen as a fundamental aspect of brand equity, as posited by Aaker (1991), wherein it pertains to the propensity of a client to move to an alternative brand relationship. This sense of synchronization can be influenced by factors such as shared values, beliefs, and lifestyle choices. Additionally, brand loyalty may also be influenced by the level of trust and satisfaction that customers have with the brand, as well as their perception of the brand's quality and reputation.

\[ H2: \text{there is significant relationship between perceived quality and overall brand equity.} \]

According to Yoo and Donthu (2001, p. 3), brand loyalty can be defined as the inclination to exhibit loyalty towards a particular brand, manifested by the intention to consistently choose that brand as the primary option for purchase. In contrast, the concept of overall brand equity is commonly understood as a worldwide inclination towards a particular brand in comparison to other similar options (Aaker, 1991). It can be described as the additional value attributed to the branded product in relation to its unbranded counterpart (Kim and Hyun, 2011). Previous studies have indicated a strong association between brand loyalty and overall brand equity (Atilgan et al., 2005; Gil et al., 2007). Therefore, this study put forth the subsequent hypothesis:

\[ H3: \text{There is a significant relationship between brand loyalty and overall brand equity. Therefore, driven by the aforementioned inquiries, the objective of this research is to examine the causal connections among several dimensions of brand equity and ascertain the significance of each dimension in the overall assessment of brand equity. The conceptual model depicted in Figure 1 aims to provide a more comprehensive understanding of the causal linkages that will be examined.} \]
3. Research Methodology

3.1 Data collection

When choosing a product category, it is important to take into account its availability and level of recognition (Buil et al., 2013). Hence, in order to adhere to these specified parameters, this study focuses towards the Indian personal care market.

The research instrument refers to the tool or method employed to collect data for the study. This study distributed 500 self administered questionnaires to postgraduate students of Kurukshetra University, Haryana. The questionnaires returned to the researchers were 438. Response rate was 87.6% which is highly appreciable.

3.2 Research techniques used in the study

In order to assess and analyze the proposed model, structural equation modeling (SEM) is employed. Structural Equation Modeling (SEM) is a statistical technique that facilitates the examination of a collection of relationships between observable and latent variables (Hoyle, 1995). The utilization of the structural equation modeling (SEM) approach allows for the execution of multiple regression analysis on components that reflect constructions of interest. Therefore, it enables the integration of exploratory factor analysis with multiple regression analysis. Additionally, this approach allows for the incorporation of both latent and observable variables in the analysis, hence enhancing the model’s capacity to identify relationships between variables (Hoyle, 1995; Schumacker & Lomax, 1996). The SEM technique consists of two distinct models, namely a measurement model and a structural model.

4. Results and Discussion

Table 1 provides an overview of the theoretical constructs, the associated item measures, and the estimated results of the measurement model. Although the \( \chi^2 \) of the model is statistically significant (\( \chi^2 = 160.23 \), df = 71), the remaining global-fit indices also indicated an adequate fit (Tucker-Lewis index (TLI) = 0.95, incremental fit index (IFI) = 0.94, goodness of fit index (GFI) = 0.88, comparative fit index (CFI) = 0.94 and root mean square error approximation (RMSEA) = 0.08) based on acceptable levels cited in the literature (Schumacker and Lomax, 1996; Jaccard and Wan, 1996; Miles and Shevlin, 1998). The standardized factor loadings are larger (all loadings exceed the 0.5 threshold), and are highly significant (\( p > 0.01 \)), with all t statistics above 4. The results provided in Table 1 also indicate that the individual-item reliabilities are acceptable. The R^2 were all above the 0.20 threshold (Hooper et al., 2008), thus supporting the convergent validity of the measures.
Constructs | Items | Standard loadings | CR | R-square |
--- | --- | --- | --- | --- |
Brand awareness | I am aware of X | 0.816 | 18.216 | 0.822 |
| I can recognize X among other competing brands | 0.721 | 15.943 | 0.665 |
| I know what X looks like | 0.744 | - | 0.808 |
Perceived quality | X is of high quality. | 0.922 | 17.582 | 0.731 |
| X is likely to be extremely high quality | 0.864 | 18.063 | 0.714 |
| It is highly likely that X will be functional. | 0.722 | - | 0.592 |
Brand loyalty | I am loyal to X | 0.661 | 12.967 | 0.730 |
| X would be my first choice | 0.731 | - | 0.864 |
| I will not buy other brands if X is available at the store | 0.834 | 10.543 | 0.842 |
Overall brand equity | If another brand has the same features as X, I would prefer to buy X | 0.920 | 13.167 | 0.838 |
| It makes sense to buy X instead of any other brand, even if they are the same | 0.812 | 11.337 | 0.788 |
| If there is another brand as good as X, I prefer to buy X | 0.858 | - | 0.882 |

Notes: Stand. loads, standardized loads; CR, critical ratio. Model fit: $\chi^2 = 160.23; df = 71;$ goodness of fit index (GFI) = 0.88; incremental fit index (IFI) = 0.94; Tucker-Lewis index (TLI) = 0.95; comparative fit index (CFI) = 0.94; root mean square error approximation (RMSEA) = 0.08

Table 1: Standardized parameter estimates, critical ratio and R2 for the measurement model

The scales were then examined for internal consistency. Table 2 presents univariate statistics, correlation coefficients, Cronbach’s α coefficients, composite reliabilities (CRs) and average variances extracted. The Cronbach α was above the 0.70 threshold. The CR of each scale exceeds the 0.70 threshold (Fornell and Larcker, 1981). This suggests that the scales are internally consistent. The variance extracted estimates (AVE) ranged from 0.59 for “brand awareness” to 0.74 for “perceived quality”. In all cases they exceed the 0.50 threshold as suggested by Fornell and Larcker (1981). On the basis of these results, it can be concluded that the constructs are unidimensional and meet acceptable levels of reliability and convergent validity.

<table>
<thead>
<tr>
<th>Construct</th>
<th>Mean</th>
<th>X1</th>
<th>X2</th>
<th>X3</th>
<th>X4</th>
<th>CR</th>
<th>AVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand awareness (X1)</td>
<td>4.87</td>
<td>0.94</td>
<td></td>
<td></td>
<td></td>
<td>0.76</td>
<td>0.59</td>
</tr>
<tr>
<td>Perceived quality (X2)</td>
<td>5.14</td>
<td>0.38</td>
<td>0.71</td>
<td></td>
<td></td>
<td>0.93</td>
<td>0.74</td>
</tr>
<tr>
<td>Brand loyalty (X3)</td>
<td>3.18</td>
<td>0.64</td>
<td>0.42</td>
<td>0.84</td>
<td></td>
<td>0.85</td>
<td>0.67</td>
</tr>
<tr>
<td>Overall brand equity (X4)</td>
<td>3.25</td>
<td>0.54</td>
<td>0.33</td>
<td>0.79</td>
<td>0.89</td>
<td>0.92</td>
<td>0.72</td>
</tr>
</tbody>
</table>

Notes: CR, composite reliability; AVE, average variance extracted. Diagonal entries (highlighted in italics) are Cronbach’s α coefficients, all others are correlation coefficients

Table 2: Descriptive statistics, correlation matrix, reliability, and variance extracted estimates

The hypotheses proposed in the study were validated, and the findings obtained align with the conceptualization of the constructs. Hence, it is feasible to derive implications for the practice of brand management and for future research endeavors.

The results of our study indicate that overall brand equity is influenced by perceived quality and brand loyalty. Specifically, we found that perceived quality plays a significant role in driving brand equity within the product category under investigation. This finding is noteworthy as it diverges from previous research that did not identify perceived quality as a crucial factor in brand equity. The findings indicate that brand awareness does not exert a statistically significant impact on perceived quality within the selected product category. The phenomenon of brand loyalty exerts a significant impact on
the entire value and perception of a brand. Therefore, it is imperative for marketing managers to prioritize the cultivation of brand loyalty as a means to enhance the overall brand equity.

However, the ultimate scale serves as a tool that managers can use to consistently evaluate the success of their brand in each dimension of brand equity and establish a connection to their marketing strategies. Moreover, the utilization of this tool could enable them to ascertain their competitive standing by doing a comparative analysis of rival brands.

In conclusion, the research outcomes suggest that the scale put forth by Yoo and Donthu (2001) may benefit from enhancements, and the measurement of brand associations should be further refined to facilitate its integration into the model. This contribution leads to an enhanced comprehension of the factors that influence brand equity, as it establishes previously ambiguous causal relationships between the constructs. From a managerial perspective, it is imperative for marketing managers to prioritize the cultivation of brand loyalty as a means of augmenting the overall brand equity.

However, it is important to note that while the removal of the brand association dimension enhanced the construct validity, it may be considered a constraint due to its significance in the development of brand equity, and should not be disregarded. Hence, it is recommended that future studies prioritize the examination of the many dimensions of brand associations and their incorporation into a consumer-based brand equity measuring tool.

One further constraint pertains to the utilization of a solitary product category, hence constraining the extent to which the findings can be extrapolated. Therefore, it is highly advised to conduct testing of the model in diverse geographic regions and across various product categories.

References


