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PRIORITIZATION AND VALUATION FACTORS AFFECTING ON BRAND EQUITY BASED ON THE GILL MODEL: A CASE STUDY ON BUYERS OF LG HOME PRODUCTS IN KERMANSHAH CITY, IRAN

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ABSTRACT

Brand equity (BE) is measured in different international brands by international institutions each year. However, this valuation important for companies to see the customer, because their survival and success depends on their customers. In current study, effective factors on brand equity (price, advertisement, promotions and family) were investigated, using their effects on aspects of brand equity (brand image, awareness of it, loyalty to it and its perceived quality). In fact model of Gill et al (2007) was used to study effective factors on brand equity from a consumers' point of view. In this model for the first time family variable is studied along with others. Statistical population was LG home-product consumers in whole Kermanshah city. Since the number of members in this population was infinite, a sample size of 384 persons was derived from Morgan's table; these were selected by cluster sampling. Statistical significance of Pearson's correlation coefficients were tested at $\alpha = 0.01$. The results indicated that the loyalty factor was the most effective variable factors affecting brand equity ($r = 0.729$). Regarding model of Gill et al. the largest positive correlation was found between the positive information about the brand in the family and its perceived quality ($r = 0.642$). This means that the family is an effective source of power on behavior and perception of the consumer.

Keywords: Brand Equity, Factors Affecting Brand Equity, Aspects of Brand Equity, Model of Gill, Consumer

Brand name is one of intangible assets of any company that reserves a high value for its owner (Ebrahimi et al, 2009). BE is the perception of consumer from all advantages and superiorities of a brand compared to rival brands (Farquhar, 1989). Aaker (1991) for the first time introduced BE and Yoo et al (2000) developed this notion in subsequent studies; finally four brand aspects including, its image, awareness toward it, loyalty to it and its perceived quality were defined as brand specific aspects, which were affected by three variable that are, price, advertisement and promotions. following Gill et al (2007), the family was also added to the factors affecting BE (Ebrahimi et al, 2009). In current study we used the model of Gill et al (2007).

THEORETICAL AND EXPLANATION

The main objective of this study was to investigate effective factors on BE from a consumer's point of view. Since there have been little studies investigating factors that improve BE, further research is needed. conducting this study, the researcher aims to help in identifying characteristics of LG buyers and the reason for their purchase, to investigate attitude of buyers toward the respective product and to compare this with similar products and to identify why each customer chooses LG and prefers it to other similar products.

Research Background

Konecnick et al, investigated customer related aspects of BE from a tourist's point of view; BE was studied in two markets of Slovenia. the results indicated that the BE measured by brand aspects was

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different in these markets. The results also showed that however mental image plays an important role in assessment, the examination of awareness, quality, and loyalty aspects are also needed for a more complete evaluation of BE (Konecnick et al, 2007). The stock price fluctuations were used for detecting dynamic nature of BE; the authors concluded that stock market reflects the future perspective of a brand (Sullivan and Simon, 1993). One of studies in this field in Iran entitled “investigating the relationship between customer's images of brand-defining aspects and the performance of the brand from the customer's point of view (case study of Banke Melat)”. The results showed that there was a significant correlation between brand-defining aspects and its performance (Alahyaree, 2009).

Conceptual Model

Conceptual model of the study (Gill, 2007) is presented in figure 1.

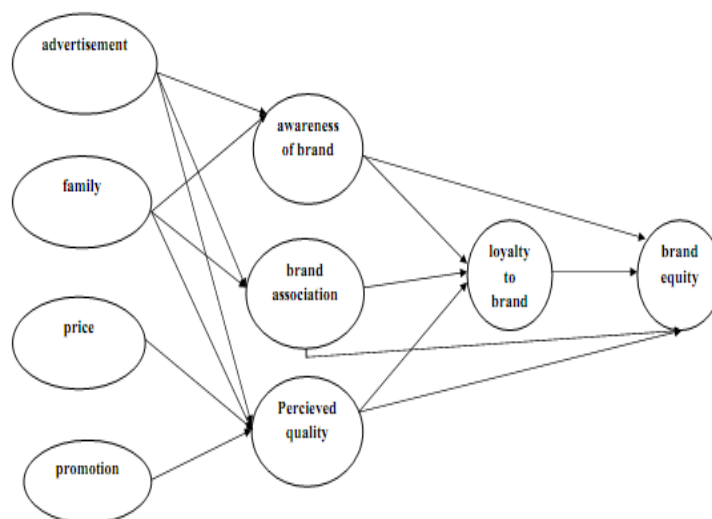


Figure 1: Conceptual Model Hypotheses

- 1) A rise in advertisement costs is positively related to awareness of the brand.
- 2) Positive information about the brand in the family is positively related to awareness of the brand.
- 3) A rise in advertisement costs is positively related to images of the brand.
- 4) Positive information about the brand in the family is positively related to its images.
- 5) a rise in advertisement is positively related to perceived quality of the brand.
- 6) Positive information about the brand in the family is positively related to perceived quality of the brand.
- 7) Price of the brand is positively related to its perceived quality.
- 8) Amount of promotions in the brand is inversely related to its perceived quality.
- 9) Awareness of the brand is positively related to loyalty to it.
- 10) The brand association is positively related to loyalty to it.
- 11) Perceived quality of the brand is positively related to loyalty to it.
- 12) Awareness of the brand is positively related to BE.
- 13) Association of a mark is positively related to BE.
- 14) Perceived quality of the brand is positively related to BE.
- 15) Loyalty to the brand is positively related to its BE.

METHODOLOGY

The current investigation is a descriptive-correlational study conducted in 2012. Statistical population was comprised of LG home-product buyers in the whole Kermanshah city. Since the size of the statistical

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population was infinite, a sample size of 384 was determined using Morgan's table (Momeni, 2007). Cluster sampling method was used and the members of each cluster were selected by simple random sampling. In this study the effects of the family, advertisement, price, promotions (independent variables) and awareness , image, perceived quality of the brand, and loyalty to it (intermediate variables) on BE (dependent variable) were investigated. Data were collected using standard questionnaires (Yoo et al, 2000; Gill, 2007); in the technical section, research variables were evaluated through 28 questions; the answers were arranged from "completely disagree" to "completely agree" according to five-point Likert scale template. Content validity and construct validity were used in order to validate the questionnaire. Content validity was confirmed by experts. Construct validity was evaluated by factor analysis. Cronbach's alpha for reliability of questionnaire was more than 0.7. SPSS was used to calculate and test the significance of Pearson correlation coefficients (alpha= 0.01).

RESULTS

In this study 384 people took part, of which 64% were female and 36% were male. Most of these people were between 30 to 45 years old. More than a half of participants had BS degree or higher. Table 1 shows that for all variables (except promotions and perceived quality) H0 is rejected and all hypotheses (except the 8th) are attested within 0.99 % confidence limit. Regarding the 8th hypothesis (p-value= 0.021) it could be concluded that there is no inverse correlation between promotions of the brand and perceived quality and according to Pearson's correlation coefficient (r= 0.273) it could be concluded that they are positively correlated. Pearson's correlation coefficients indicated that in all hypotheses, the relation between independent and dependent variables was positive (r>0), among which the relation between loyalty to brand and BE was the highest (r= 0.729) and that of rise in advertisement and perceived quality was the least (r= 0.156).

Table 1: Hypothesis testing

Conclusion	Significant level	Amount of correlation	Dependent variables	Independent variables	Hypothesis
excepted	0/000	**0/177	awareness of brand	advertisement	1
excepted	0/000	**0/155	awareness of brand	family	2
excepted	0/000	**0/188	brand association	advertisement	3
excepted	0/000	**0/581	brand association	family	4
excepted	0/000	**0/156	Perceived quality	advertisement	5
excepted	0/000	**0/642	Perceived quality	family	6
excepted	0/000	**0/247	Perceived quality	Price of brand	7
rejected	0/000	**0/273	Perceived quality	promotion	8
excepted	0/000	**0/506	loyalty to brand	awareness of brand	9
excepted	0/000	**0/503	loyalty to brand	brand association	10
excepted	0/000	**0/497	loyalty to brand	Perceived quality	11
excepted	0/000	**0/482	brand equity	awareness of brand	12
excepted	0/000	**0/484	brand equity	brand association	13
excepted	0/000	**0/674	brand equity	Perceived quality	14
excepted	0/000	**0/729	brand equity	loyalty to brand	15

CONCLUSION

The results indicated that among four aspects of BE, the loyalty to the brand (r= 0.729) was the most influential factor that had a positive and large effect on BE. Yoo et al (2000) showed that this was true for

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two different societies. In Iran, Shams et al (2008) reported similar findings. The results indicated that positive information about the brand in the family was positively related to variables, awareness of the brand, brand image, and perceived quality of the brand. Gill et al. (2007) and Pearson (1996) have identified the family as one of the most influential factors on consumer's behavior. Our results showed that a rise in advertisement costs was positively correlated with variables, awareness of the brand, brand image, and its perceived quality which are in accord with Keb and Algreen (1998) and Zarbi et al, in Iran (2008). These authors concluded that advertisement was a powerful tool to introduce a company, product, or service and could attract the subject toward the issue. The price had a positive relation with perceived quality of the brand; Wood (2000) and Myers (2003) reported similar findings. These studies indicated that price is representative of the brand quality and generally higher prices signal a better quality and vice versa. The results showed that amount of promotions of the brand was not negatively but positively related to perceived quality of the brand which is in contrast with our hypothesis. The results of Dastjerdee (2006) and Atilgan et al, (2005) are inconsistent with current study; these authors concluded that a rise in promotion costs could decrease the customer's perceived quality of the brand. Our results are consistent with Gill et al. (2007) and Aaker (1991). The brand association was positively related to loyalty to the brand and BE; these are in accordance with Yoo et al. (2000) and Atilgan et al. (2005). They concluded that associations form a base for customer's decision making and consequently their loyalty to the brand. The results showed that perceived quality of the brand was positively related to loyalty to the brand and its BE. Wood (2000) and Shams et al, (2008) found similar results; they indicated that high perceived quality shifts the consumer toward a brand rather than its competitors. Our results showed that loyalty to the brand is positively related to the BE. According to Pearson (1996) loyalty to the brand was more influential than other variables. The following propositions are put forward after above results: Due to its effect on BE, managers should specifically attend to the family factor. They should also apply messages that show the quality and/or distinction of the product. Managers could use changes in the price as a tool for creating a good image of the quality; that is when prices rise, the customer links it to a rise in quality. Managers could use promotion as a tool for increasing selling in short periods. Brands and marks that remember people of past products in the family could be used for new ones. In future studies we propose investigating the effect of other marketing variables on BE. In addition, due to considering cultural differences and family in the model of Gill et al, studying other societies using this model would be fruitful.

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