

Chapter III

CHAPTER III

AN OVERVIEW OF CUSTOMER BASED BRAND EQUITY AND CONSUMER DURABLE PRODUCTS

3.1 INTRODUCTION

Branding in true sense is the art and science of creating a perceptual entity that resides in the consumer's mind. It is a process by which a marketer tries to build long term relationship with the customers by learning their needs and wants so that, the offering (brand) could satisfy their mutual aspirations. Branding can be viewed as a tool to position a product or a service with a consistent image of quality and value for money to ensure the development of a recurring preference by the consumer. It is a common knowledge that the consumers' choice is influenced by many surrogates of which the simplest one is a brand name.

A strong brand allows customers to have a better perception of the product and services. Also they lessen customer's perceived monetary safety and social risk in purchasing products and services which are hard to ascertain before purchase. Strong brands offer a lot of advantages such as reduced competition, larger brand loyalty and increased response to price adjustment by customers, larger profit and brand extensions than brands that are not strong. Conclusively, the best way to build brand value and stop product and service commoditization is through continuous attempt to build brand equity. Strong brands are established by creating an emotional attachment with customers, seeking differentiation in communication and performing the service. Branding makes a clear reason for existence and inspires its employees to get used to the brand thereby building it for customers.

A basic and essential function of brand and branding is differentiation. In a product category brand name allows the consumer to differentiate one product from another – functionally and emotionally. Branding bricks in Egyptian kilns, putting a name on the alcohol casks, branding cattle with a hot iron, craftspeople putting their trademark on their work are some examples of the genesis of branding (Farquhar, 1989; Kotler, 2002). Brands started off as names/trademarks to differentiate one product from another, within a product

category, and evolved to have a meaning which was expressed in two ways. One from the brand creator's perspective – which was to create an entity which would articulate a specific intention, feeling or vision with the consumer. The other was the consumer perspective – where the message was interpreted and thus a brand became the sum of individual experiences. Brands then evolved further, where they become the focus, and manifested itself on the unconscious individual and collective structures supporting it, where brands then took on a life of their own and beyond the intentions of their creators or the interpretations of their consumers (Berthon, 2011).

The "brand" concept evolved in the eighteenth century as the names and pictures of animals, places of origin, and famous people replaced many producers' names. The new purpose was to strengthen the association of the brand name with a product. Producers wanted both to make their products easier for consumers to remember and to differentiate their products further from those of competitors. In the nineteenth century, a related purpose of branding emerged. A brand was used to enhance a product's perceived value through such associations. For example, smuggled Scotch whiskey acquired an excellent reputation for taste because of the special distilling processes used by bootleggers. In 1835, a brand of Scotch called "Old Smuggler" was introduced to take advantage of this established association with quality. The purposes and strategies of branding have evolved even further in the twentieth century.

Thus, brands play a key role for both the consumer and the firm. For the consumer it simplifies the buying decision by providing easy identification, previous experience, symbolism and associations. For the firm it offers legal protection, means of endowing a product with unique associations thereby being a source of competitive advantage and higher financial returns (Aaker, 1992; Keller, 2003).

3.2 CONSUMER BUYING BEHAVIOUR

Consumer behaviour is complex and the development process in which all marketing decision based on the faith in consumer behaviour. In general, Consumer behaviour is the study of person or groups to know their purchasing preference and convince their needs. Consumer behaviour is progression in which individual purchase and using goods and services. After the subsistence of consumer behaviour concept, the seller

has replaced, and the buyer has arisen so due to this method of manufacture consideration from goods to consumer particularly focus on consumer behaviour. In the marketing concept from whole selling move toward to consumer-oriented marketing which becomes an independent practice. In the modern era, the development of consumerism indicates the significance that given to the consumers.

Consumer behaviour is the real study of how consumers decide to consume their existing resources like time, money and their effort. Due to the diversity of individual, it is the complex or difficult task to the marketer to understand consumer behaviour. So marketer perceived the requirements to collect the extent awareness of consumer buying behaviour. Because this extent knowledge works as necessary tools which assist the marketer to forecast the future buying pattern of customer and also contribute to building marketing approach in line to set up a long-term relationship with the customer. In the simple word consumer behaviour is usually the study of individual or organization it is the method to know consumer search, choice, and acceptance of products or services to persuade the need and its impact on the consumer and society. It is bearing in mind the consumer behaviour is vital for long-term success and continued existence of any organization or firm. Consumer behaviour is constantly an important area of marketing management. As per marketing concept, the marketer should be competent to know the desires and needs of the customer and offer the goods and services higher efficiently than the competitors.

3.3 BRAND

Any discussion on Brand Equity has to first begin by understanding what a brand is. The American Marketing Association defines brand as —a name, term, sign, symbol, or design, or a combination of them intended to identify the goods and services of one seller or group of sellers to differentiate them from those of competition. Sokolowski (1989) at its root a brand is a mark of distinction that differentiates one thing from another: at one level, it is a material act; on the other, a philosophic process. A product is something that offers a functional benefit (e.g., a toothpaste, a life insurance policy, or a car). A brand is a name, symbol, design, or mark that enhances the value of a product beyond its functional purpose (Farquhar, 1989). Aaker (1992) qualifies this definition by saying that

“a brand thus signals to the customer the source of the product, and protects both the customer and the producer from competitors who would attempt to provide products that appear to be identical”.

3.4 BRANDING

There is the physical side – brand name, logo, design elements and then the emotional connect that the brand builds with the consumer. The primary focus of marketing strategy is to effectively allocate and coordinate marketing resources and activities to accomplish the firm’s objectives within a specific product market. Therefore, the critical issue concerning the scope of a marketing strategy is specifying the target market(s) for a particular product or product line. Next, firms seek competitive advantage and synergy through a well- integrated program of marketing mix elements (primarily the 4 Ps of product, price, place, promotions) tailored to the needs and wants of potential customer in the target market- Walker et al (2006).

Aaker (1991) emphasizes that for creating brand equity it is important to understand the driving determinants of brand equity which come from the name, channel, advertising, spokesperson and the package and how they interrelate. Brand equity thus becomes the outcome of marketing strategy. Building of brands involves the management of marketing elements, which is encompassed in marketing strategy.

3.5 CHALLENGES AND OPPORTUNITIES IN BRANDING

Brands build their strength by providing consumers consistently superior product and service experiences. A strong brand is a promise or bond with consumers. In return for their loyalty, customers expect the firm to satisfy their needs better than any other competitors. Brands will always be important given their fundamental purpose - to identify and differentiate products and services. A good brand makes people’s lives a little easier and better. People are loyal to brands that satisfy their expectations and deliver on its brand promise. The good performance of a strong brand is something that consumer will always value with the increasing pressure to generate ever-improving profitability, it is often considered a luxury for managers to develop long-term strategic plans. As a result, there is a shift from strategy to tactics. This is further exacerbated by short-term goal setting. As a consequence of the increasing pressure on brand manager to achieve short-term goals, there

is a temptation to cut back on advertising support and favouring promotions, which generate much quicker short- term results. Though internet facilitates online shopping, it poses threats to brands as, some components of added value, agent or the retail outlet which has originally added value by matching consumers with suppliers may be eliminated.

Brand marketers are now able to take advantage of technology to gain a competitive advantage through time. Technology is already reducing the lead time needed to respond rapidly to changing customers' need and minimizing any delays in the supply chain. Today, sellers have to face sophisticated buyers who are served by better information system enabling them to pay off brand suppliers against each other with media inhabiting individual brand advertising, many firms are putting more emphasis on corporate branding. Through corporate identity program functional aspects of individual brands in the firm's portfolio can be augmented, enabling the consumer to select brands through assessment of the values of competing firms. Firms have developed powerful corporate identity programmes by recognizing the need. Firstly, to identify their internal corporate values, from which flow employee attitudes and specific types of staff behaviour. Secondly, to devise integrated communication programmes for different external audiences (Chunawalla 2008).

3.6 BRAND EQUITY DEFINITION

Aaker (1992) defines it - 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 to a firm and/or to that firm's customers. For assets or liabilities to underlie brand equity they must be linked to the name and/or symbol of the brand. If the brand's name or symbol should change, some or all of the assets or liabilities could be affected and even lost, although some might be shifted to a new name and symbol. Keller defines it as the differential effect that brand knowledge has on consumer response to the marketing of that brand. Kotler (2009) refers to it as the added value endowed on products and services. It may be reflected in the way consumers think, feel, and act with respect to the brand, as well as the prices, market share, and profitability the brand commands for the firm'. Yoo et al define it as the difference in consumer choice between the focal branded product and an unbranded product given the same level of product features'. Brand equity exists in the hearts and minds of those in the market place, Consumer brand equity is only part of

the whole: there are other customers along the chain, the sellers have brand equity and so do outside influencers. It is important to realize that brand equity is the intangible asset created by marketing endeavor (Ambler, 1997).

3.7 CUSTOMER BASED BRAND EQUITY - AAKER BRAND EQUITY MODEL

In the field of marketing, Brand Equity means the value of a brand. The concept of the value of a brand is very interesting and deeper than what it looks like. The generally accepted notion for a brand owner is that a well-known brand in the market will give more revenues and goodwill rather than the lesser known ones. There have been multiple approaches and studies happened to understand the concept of brand value.

Different fields of consumer and brands have given different definitions and ways to identify the brand value. As per cognitive psychology, the brand equity depends upon the consumers' awareness and how they associate with a brand, however, information economics suggests that since a strong brand name is an identifier of the good quality product, the monetary value that it can generate will be the parameter of brand equity. Many other types of research in the field have suggested that brand is one of the most important assets of a company as it can significantly help in improving the financial performance of the company. One of the many types of research, tools, and concepts in brand equity is the Aaker Brand Equity Model.

3.8 COMPONENTS OF BRAND VALUE AS PER AAKER BRAND EQUITY MODEL

Aaker states that brand value is controlled by associated five components.

- **Brand Loyalty** – The extent to which people are loyal to a brand
- **Brand Awareness** – The extent to which a brand is known among the public
- **Perceived Quality** – The extent to which a brand is considered to provide good quality products
- **Brand Associations** – The associations triggered by a brand
- **Other Proprietary** – Assets like patents and intellectual property rights, relations with trade partners. The more proprietary rights a brand has accumulated, the

greater the brands competitive edge in those fields.

3.9 AAKER (1991) MODEL

Aaker 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 to a firm and/or to that firm’s customers”. Whilst equity can be an asset and add to the value provided by a product or service, it can also be a liability and reduce the value provided.

Aaker’s model of brand equity was a conceptual model but later studies have empirical tested (Yoo & Donthu 2001, Pappu et al 2005) this model and have found it to explain most of the contribution to a brand’s equity. Brand Equity Brand evaluation (loyalty) Affective Cognitive Behavioural Attitude accessibility Brand image/personality.

Aaker Hypothesized Brand Equity to be Composed of Five Components

- **Brand awareness-** i.e. how many of the intended consumers recall or recognize the brand. This is a prerequisite for other components of brand equity to exist. Awareness includes recall (unaided recall of the brand by the consumer) and recognition (aided recall).
- **Perceived Quality** of the brand in the mind of the consumer.
- **Brand association** - It includes all the things that the consumer associates with the brand (could include the product or parent company, any advertising or communication, colors, logo or country of origin, brand benefits to the consumer, brand ambassador and a host of other such associations).
- **Loyalty** that consumers have towards the brand and
- **Proprietary assets** that the company owns for the brand like patents, trademarks and copyrights. This increases the sustainability (inability to copy) of the brand equity.

AAKER (1991) Model of Brand Equity

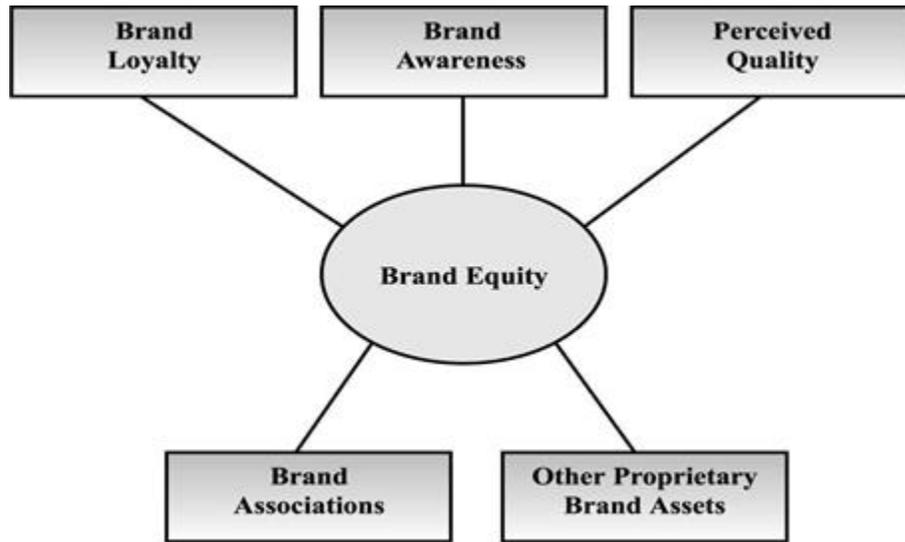


Figure 3.1. Source: Aaker (1991)

The proprietary brand assets include intellectual property rights, patents and trademarks (Shen et al., 2014). According to Lee, Chen and Guy (2014), it is impractical to precisely evaluate the latter source because it is indirectly related to consumers. Since in this study seeks to measure CBBE, the proprietary brand assets source was not included.

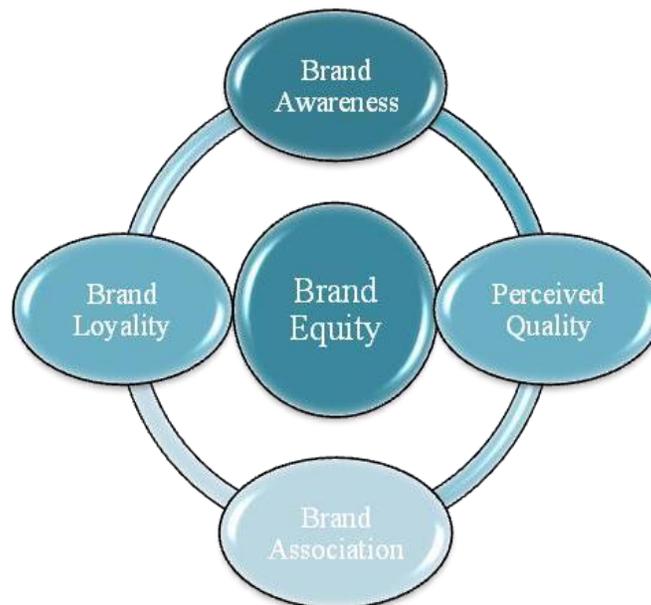


Figure 3.2 Aaker Model Tools Implementation

3.10 PRE- PURCHASE DECISION

A consumer construct certain types of consumption and purchase associated decisions like, a) Essential purchase or Consumption decision to decide whether to buy or not and/or to consume or not, b) Brand purchase or Consumption decision to decide which brand to buy and consume and whether to change a brand, c) Channel purchase decision to decide whether to buy from a specific store or from other type and d) Payment purchase decisions to decide as to how to pay for the purchases made i.e. whether by cash or credit/debit card, to avail installment facility etc. In the field of Consumer behaviour, a consumer is often generalized according to one or more of the decision-making models of men. Once the options have been evaluated, the consumer is prepared to make a decision to purchase. But it may not essentially result in an actual purchase. Here the responsibility of the marketing organization is to assist the consumer to put this decision into action through a range of technique. The provision of credit or payment conditions may give confidence to purchase, or a sales promotion attractive the buyer with a premium or enter a competition may offer an encouragement to buy without delay. The imperative internal psychological process that is connected with purchase decision is integration. Once it is accomplished, it is easier for the organization to influence the purchase decision.

3.11 POST PURCHASE SATISFACTION

Consumer satisfaction will determine how the necessities and responses are teamed up and communicated to exceed expectations that consumer desire. It should be attained if the consumer has a general decent connection with the supplier. In the current aggressive business commercial center, consumer satisfaction is a critical execution example and important differentiator of business methodologies. Thus, the more is consumer satisfaction; more is the business and the hold with consumer. Consumer satisfaction is a part of consumer's experience that exposed a supplier's conduct on consumer's desire. It furthermore relies upon how capably it is overseen and how speedily benefits are given. It is basically required for an association to interface and converse with consumers all the time to expand consumer satisfaction. In these relations and correspondences, it is required to learn and decide consumer desires and react likewise. Higher the satisfaction level, higher is the sentimental connection of consumers with the particular brand of item and furthermore with the

supplier. This helps in making a solid and healthy consumer-supplier bonding. This attachment forces the consumer to be tied up with that specific supplier and odds of abandonment less. Thus, consumer satisfaction is critical scene that each marketer should center around to set up a disavowed position in the worldwide market and upgrade business and benefit.” (Kotler, 2003)

After making the purchase, the consumer may experience dissatisfaction that comes from certain disquieting features or hearing favourable things about other brands and will be alert to information that supports his or her decision. (Jonathan Groucutt, Peter Leadley, Patrick Forsyth Kogan, 2004). Marketing communications should supply beliefs and evaluations that reinforce the preference of consumers and help him feel good about the brand. Therefore, the marketer has a great responsibility in monitoring post purchase satisfaction, post purchase actions and post purchase product uses.

3.12 CONSUMER DURABLE PRODUCTS

The Consumer products industry consists of durable and non-durable products. Durable products comprise FMCG and appliances for domestic use such as televisions, refrigerators, air conditioners and washing machines. Instruments such as mobile phones and kitchen appliances like microwave ovens are also included in this category. Consumer products can be broadly classified into three broad categories: Convenience Goods, Shopping Goods and Specialty Goods. Convenience goods include FMCG and other goods which satisfy the everyday needs of the households. Brands of soaps & detergents, personal care products, food & beverages and other essentials have been selected under this category for the study. Shopping goods have consumer electronics and consumer appliances. Brands from home appliances, personal service products come under the category of shopping goods and the brands selected under the specialty goods are from passenger cars and motorcycles.

Durable goods are those which do not wear out quickly, yielding utility over time rather than at once. Examples of consumer durable goods include electronic equipment, home furnishings and fixtures, photographic equipment, leisure equipment and kitchen appliances. They can be further classified as Consumer electronics (brown goods) and

Consumer appliances (white goods) white goods, such as refrigerators, washing machines and air conditioners or brown goods such as blenders, cooking ranges and microwaves or consumer electronics such as televisions and DVD players. Such big-ticket items typically continue to be serviceable for three years at least and are characterized by long inter-purchase times.

Developing countries such as India and China have largely been shielded from the backlash of the recession, as consumers continue to buy basic appliances. The Indian consumer durables industry has witnessed a considerable change in the past couple of years. Changing lifestyle, higher disposable income coupled with greater affordability and a surge in advertising has been instrumental in bringing about a sea change in the consumer behaviour pattern. This industry consists of durable goods used for domestic purposes such as televisions, washing machines, refrigerators, microwave ovens, mobile phones etc. The growth in the consumer durables sector has been driven primarily by factors such as the boom in the real estate and housing industry, higher disposable income, emergence of the retail industry in a big way coupled with rising affluence levels of a considerable section of the population.

3.13 CONSUMER DURABLE GOODS SELECTED FOR THE STUDY

The study focuses on restricts its range to chosen most usable consumer durable in home such as Television, Refrigerator, Washing machine, Air Conditioner, Mobile and Laptop. For each product, the researcher has chosen 5 brands for all consumer durable goods. The five brands chosen based on the most familiar brand among the Consumer

From the above figure the researcher has taken three goods from each category of Consumer durables.

➤ Consumer electronics (brown goods)

- Televisions
- Laptops
- Mobile Phones

➤ **Consumer appliances (white goods)**

- Air conditioners
- Refrigerators
- Washing machines

✓ **Television**

Television is an audio-visual communication medium. It has broad reach and stronger influence upon people and culture. It is most acceptable that each households watch Television and it has become a most effective medium to reach large number of audience. It's very hard to imagine a world without TV. It is the most significant medium of providing information, education and entertainment. Advancement in technology and increase in competition among viewers are making television more efficient. "The transmission of dynamic or sometimes static images, generally with accompanying sound, via electric or electromagnetic signals.

Brands Chosen for Television are

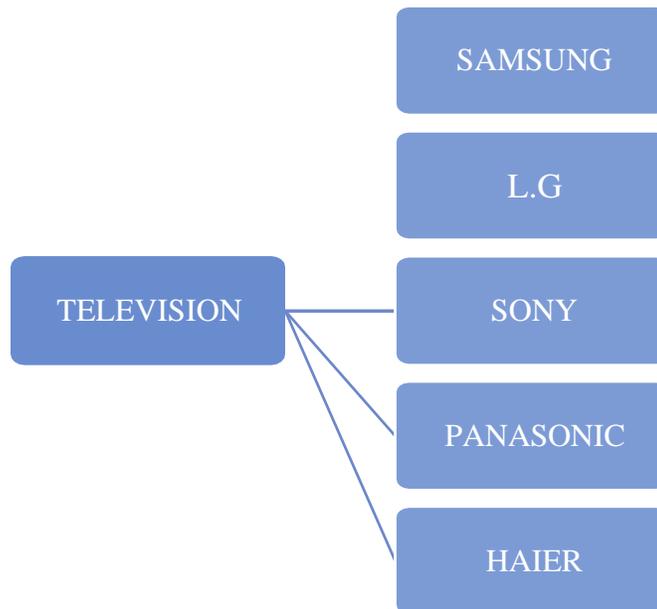


Figure 3.3 Brands Chosen for Television

✓ **Refrigerator**

Refrigerators are one of the most valuable equipment found in our home today. Almost every household in the world needs something to store their food to prevent them from spoiling. This magical equipment which is craftily made turns on every five minutes and keeps everything cold. Without it, there will be enormous amount of food that will go to be on the garbage every day. Natural preservatives used in the past are through salt and ice. This will relatively lengthen and preserve the foods but they are not that easy to do and the preparations are delicate. Today, refrigerators not only help us on preserving foods but also provide us a luxurious kind of life. It keeps our beverage cool whenever we wanted them to, and it has freezer which relatively make a fine desert that all of us are enjoying today.

Brands Chosen for refrigerator are

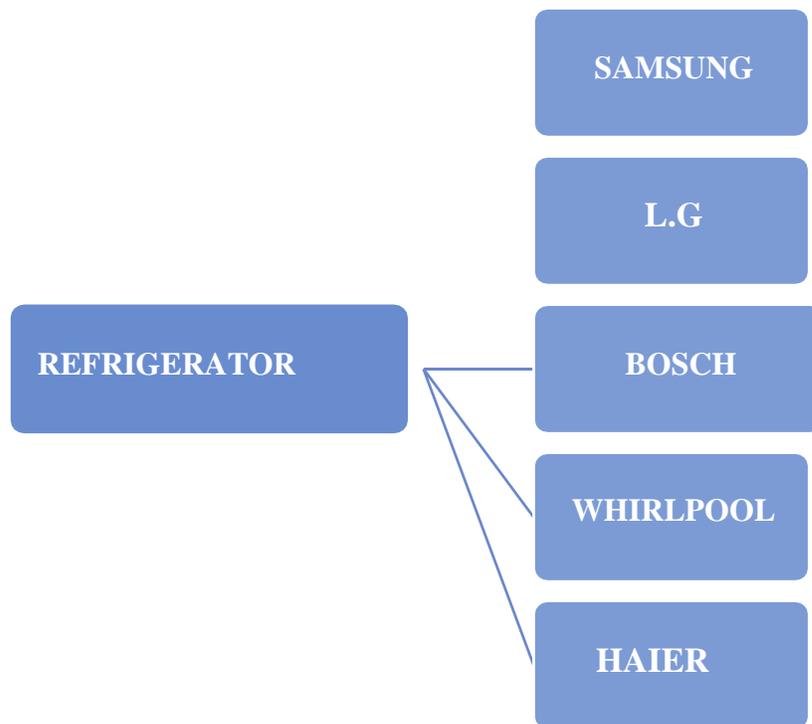


Figure 3.4 Brands Chosen for Refrigerator

✓ **Washing Machine**

In modern life washing machine become the most important gadget for our life. This gives complete comfort while washing clothes. There are different types of washing machines available with different specification. As per your budget and requirement, you can find the best washing machine. Broadly it is classified in two categories fully automatic and semi-automatic. And on the basis of specification it is divided in front loading and top loading.

Brands Chosen for Washing Machine are

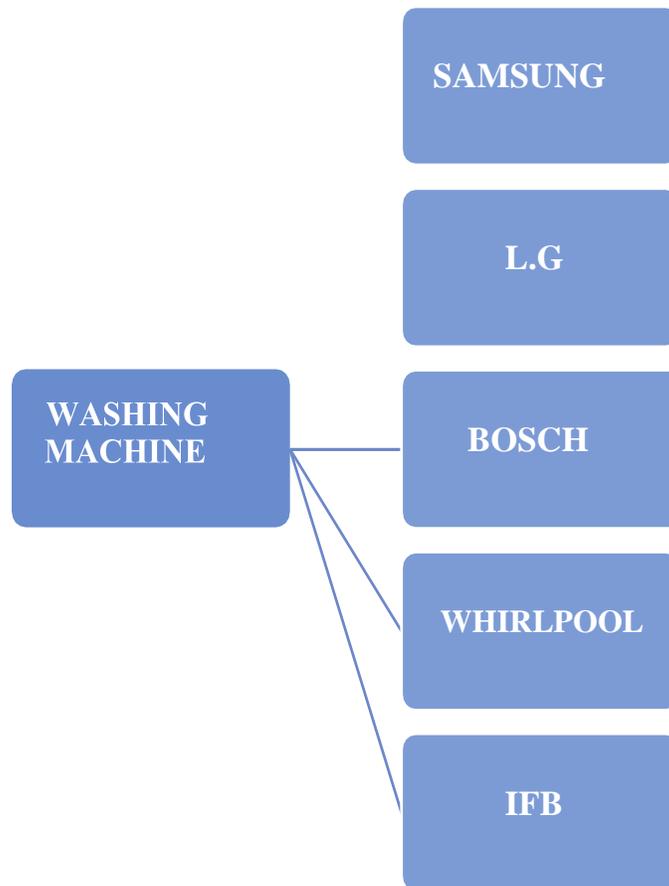


Figure 3.5 Brands Chosen for Washing Machine

✓ **Air Conditioners**

Air conditioners serve a multitude of purposes, making them an extremely important appliance in the home or workplace. A qualified, professional air conditioning and heating repair specialist will allow a user to maintain a properly functioning HVAC system, but for those who do not already have a system installed, there are numerous benefits they must first understand. Air Conditioners Manage Heat Produced by Appliances. As well as the heat produced by human bodies, air conditioning can reverse the heat produced by computer appliances and other machinery. Electrical equipment, even small appliances like coffee makers, gradually increase the temperature within a room. A small property will become warmer much more quickly, and large commercial properties will experience an increase in temperature simply as a result of the large amount of electrical appliances in use.

Brands Chosen for Air Conditioner are

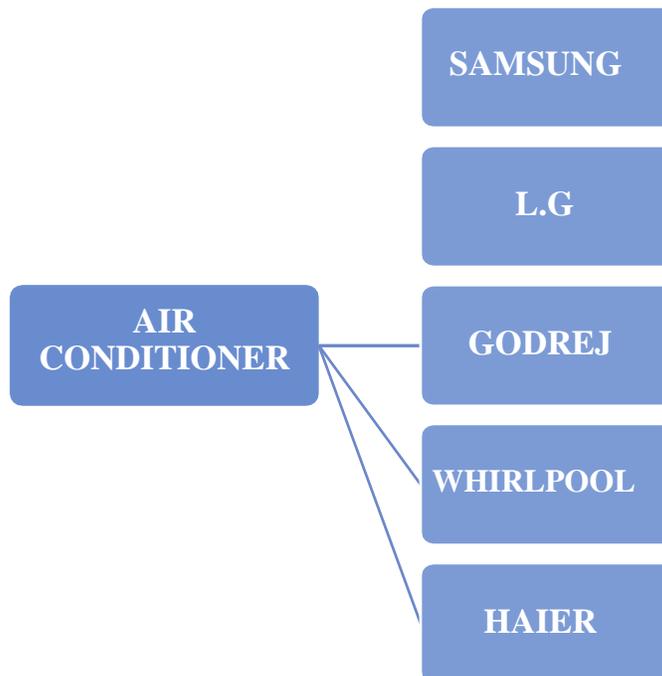


Figure 3.6 Brands Chosen for Air Conditioner

✓ **Mobile Phones**

Mobile phones are ubiquitous. In the last few decades, cell phones have changed human's daily life in many ways. Mobile phones have made personal and group communications much easier. They have given the users the freedom to move around while staying connected all the time. Mobile phones are efficient communication devices and make life easier. Whether locating a friend or following up with a new contact, mobile phones allow you to connect to people in any part of the world. New mobile-phone models are constantly engineered to meet the needs of consumers and now have multifunctional tools that may be useful in everyday life.

Brands Chosen for Mobile are

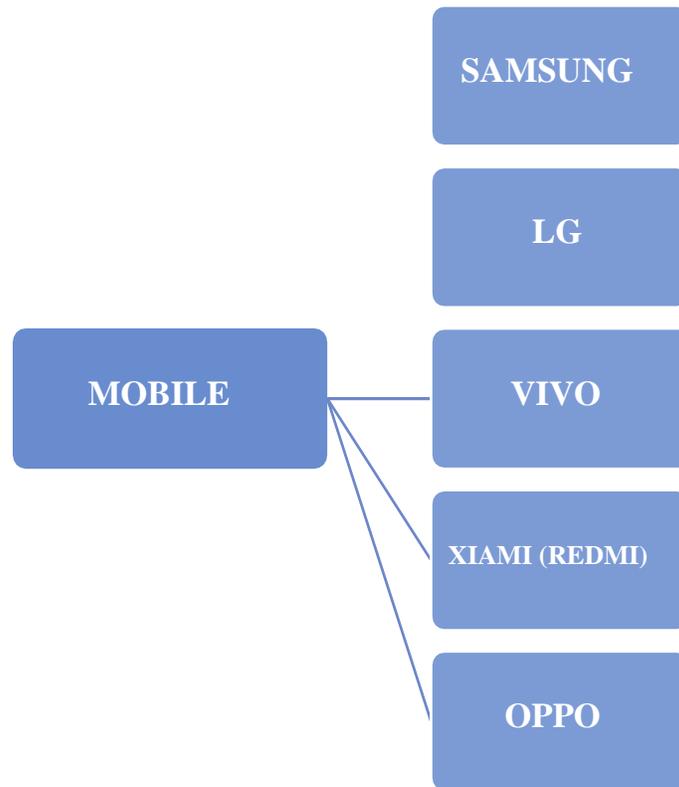


Figure 3.7 Brands Chosen for Mobile

✓ **Laptop**

In the modern times, laptops have become the most used items in the human world. Be it home, office, college, shop or any other commercial unit, these devices are in frequent use for multiple purposes. These devices play vital role in our everyday life and are of great help. They store huge amount of data, are easy to use and handle, and perform many functions that have made the life of students and professionals easy. The presentations created on these devices are more attractive. Laptops are compact version of computers and are portable. One can easily carry all the information in digital format to different places along with the laptop. It is due to these benefits that the laptop rental services are in huge demands. Laptop rental Irvine is the most sought after service in the region. Laptops can be used as music players, video players, can be used to play games, watch TV and surf the internet and lots more. For students and executives these devices have become a necessity. These play important role in their academic and professional career. Services like Laptop Rental Orange County, Computer Rental Orange County is catering to the laptop needs of the students and business professionals in the area. The other advantages of laptops include the facility to shop online, connect to people in different countries, and perform banking facilities online.

Brands Chosen for Laptop are

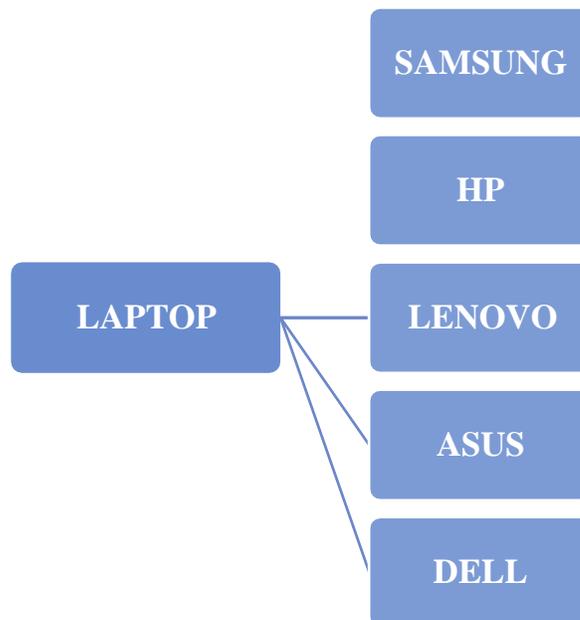


Figure 3.8 Brands Chosen for Laptop

3.14 CONCLUSION

Understanding the consumer behaviour would facilitate the firms in devise strategies to cater brand equity to the consumer and there by enhance their market share. Brand equity from the consumer's perspective is helpful because it recommends both definite guidelines for marketing strategies and plans and areas where research can be useful in supporting managerial decision making. Two significant points emerge from this conceptualization. First, marketers must take a extensive view of marketing activity for a brand and identify the various effects it has on brand familiarity, as well as how change in brand knowledge influence more customary outcome measures such as sales. Second, marketers should understand that the long-standing achievement of all future marketing programmes for a brand is wholly affected by the knowledge about the brand in remembrance that has been recognized by the firm's short term marketing efforts.