Measuring Customer Based Brand Equity: Evidence from Colgate-Palmolive Products in Tamilnadu

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Abstract: *The study measured customer based brand equity pertaining to the consumers of Colgate-Palmolive products in Tamilnadu using a structured questionnaire considering four dimensions of brand equity such as brand awareness, brand association, perceived quality and brand loyalty. Simple random sampling method was adapted in collecting 200 responses from Tamilnadu and the collected data were analysed using suitable statistical tools. The outcome of this study revealed the existence of positive significant impact of brand awareness, perceived quality and brand loyalty on brand equity of Colgate-Palmolive products in Tamilnadu. However, questions related with brand association failed to exhibit its significant impact on its brand equity. Based on the outcomes, necessary recommendations were made to the Brand Managers of Colgate-Palmolive to take further actions.*

Keywords*:* Brand Equity, Brand Awareness, Brand Association, Perceived Quality, Brand Loyalty

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1. Introduction

Fast Moving Consumer Goods (FMCG) is the 4th largest sector in India and having 20.25% of annual growth. Especially in the last few years, the growth in rural areas is 50% higher than the growth in urban and semi-urban areas [6]. In India, 100% FDI is allowed in food processing – single brand retail and 51% is allowed in multi brand retail outlets. This policy ammendments not only encourages the employment opportunities in India, but also attracts more cash inflow to the country. When the market boundry is open, more number of players may walk in and try to sell their products at a competitive price. So inorder to survive and sustain, the companies are forced to maintan their brand image among the public.

Brand equity is one of the important and emerging concepts in the field of marketing and it has been extensively discussed by the researchers and industry persons. However, it is not enough and it is expected to have a deep understanding on brand equity to develop and measure for a brand. Inspite of having considerable interest on customer based brand equity; very few efforts have been taken to measure the brand equity in FMCG sector.

Brand equity will not only ensure customer satisfaction, but also yield an extra return than the competetitors. Invariably, the brand equity will support the marketing team to reduce their expenditure on their promotional activities. Brand Awareness, Brand Association, Perceived Quality and Brand Loyalty are the four important factors influencing brand equity for a product.

The present study is intended to measure customer based brand equity with reference to Colgate-Palmolive products in Tamilnadu. The outcome of this study will not only reflect the brand equity for leveraging business performance, but also supports the corporate executives to manage their brands effectivey.

2. Literature Review

The concept of brand equity had been defined differently with respect to different dimensions it associated with. However, the most famous and widely accepted meaning of brand equity by [1]; defined brand equity as an asset and liability associated with a company's product in the minds of the customers. Five dimensions of brand equity such as brand awareness, brand association, perceived quality, brand loyalty and proprietary assets proposed by [1] was also accepted universally. The customer's experience and knowledge about a brand is known as brand power, [7].

The present study adapted the conceptual framework suggested by [1] and [7] along with the recommended four dimensions of brand equity such as brand awareness, brand association, perceived quality and brand loyalty. The variables or scales used in this study are the recommendation and validatated by [16] and [5] respecytively.

[1] and [7] defined brand awareness as the ability of customers to recall a product or identify a brand without influence of others. The brand awareness is one of the highly influencing factors in customers' decision making process with respect to purchasing, [8]. Brand association comes in the second stage after brand awareness, [5]. Brand performance as product linked attribute and non-product linked attributes such as brand personality and organizational associations are directly connected with a brand, [4], [10] and [14]. Fault free working and physical durability are the broad dimensions of product performance, [9]. Attributes like social image, country of origin, trustworthiness and its perceived value are used to explain the personality of a brand, [9].

Perceived quality is defined as the perception about a product and it has the higher level of influence in purchase decion making, [17], (A.Aarker & Jacobson, 1994) and (A.Aarker, 1996). [3] and [2] proved that colour of a product and its appearance, forms of a product and its availability are the additional influencing factors in purchase decision making. Behavioural loyalty and cognitive loyalty are the two broader perspectives of brand loyalty which can be defined as the attachment by the customer with a brand, [1]. [11] defined behavioural loyalty as a commitment made by the customers to purchase a product again and again, and cognitive loyalty as an intention of the customers to purchase the brand as their first choice, [16]. The loyal customer may purchase a product even after the price increased in the market compared with the competetitors.

3. Objectives

The study is primarily intended to measure the customer based brand equity of Colgate-Palmolive products in Tamilnadu. The study also assessed the significant impact of four variables such as brand awareness, brand association, perceived quality and brand loyalty on brand equity of Colgate-Palmolive products.

4. Research Methodology

Descriptive study was adapted in this research to measure the customer based brand equity of Colgate-Palmolive products in Tamilnadu administerd through well-structured questionnaire considering four dimensions such as brand awareness, brand association, perceived quality and brand loyalty. The questionnaire is framed in two parts; Part 1 consisted of demographic profile of the respondents such as, age, gender, educational qualification and income of the respondents and Part 2 contained specific questions with respect to the four dimensions of brand equity.

A total of 20 variables were used in this questionnaire to measure the brand equity and 200 valid samples were considered for the study and results were analysed using the tools such as percentage analysis, correlation and regression analysis.

Reliability Analysis

Relaibility of the questionnaire was verified by using Cronbach's alpha. Reliability level for the 20 questions used to measure the customer based brand equity representing four dimensions such as brand awareness, brand association, perceived quality and brand loyalty was calculated and presented as below:

Table 1. Reliability analysis

	Cronbach's Alpha
Perceived Quality	0.834
Brand Awareness	0.800
Brand Association	0.882
Brand Loyalty	0.874

The value of the Cronbach's alpha from the above table confirms the existence of strong internal consistency of the questionnaire used, as the values are above the customary value of 0.7. Hence it is concluded that the variables used in this study are more reliable to measure the customer based brand equity with respect to four dimensions such as brand awareness, brand association, perceived quality and brand loyalty. Among the four, questionnaire related with internal consistency of brand association was the highest (0.882).

5. Results and Discussion:

Demographic profile of the respondents

The demographic variables such as gender, age, monthly income, educational qualification and marital status of the respondents were collected and analysed using frequency distribution table. The outcomes are presented below.

Table 2. Demographic profile of the respondents

Parameter		Frequency	Percentage
Gender	Male	80	40.0
	Female	120	60.0
Total		**200**	**100.0**
Age	< 21 years	38	18.0
	22 to 25 years	66	33.0
	26 to 30 years	51	25.5
	> 30 years	47	23.5
Total		**200**	**100.0**
Income per Month (Rs.)	< 10,000	20	10.0
	10,001 to 20,000	29	14.5
	20,001 to 30,000	49	25.5
	> 30,000	35	17.5
	Not Applicable	67	33.5
Total		**200**	**100.0**
Educational Qualification	SSLC / HSC	45	22.5
	UG Degree	66	33.0
	PG Degree	65	32.5
	Ph.D	10	5.0
	Not Applicable	14	7.0
Total		**200**	**100.0**
Marital Status	Married	120	60.0
	Unmarried	80	40.0
Total		**200**	**100.0**

From the above table it is inferred that out of 200 respondents female respondents are higher than male respondents; 120 female and 80 male respondents. 66 respondents are in the age group between 22 to 25 years old. 67 respondents yet to start earning. 49 respondents earn between Rs.20,001 to Rs.30,000 per month. 66 respondents are UG qualified and 120 of the respondents are married. .

Descriptive Statistics

The descriptive statsistics provides the information with respect to mean and standard deviation for the data collected pertaining to four components of brand equity such as, brand awareness, brand association, perceived quality and brand loyalty.

Table 3. Descriptive statistics of brand equity dimensions

Variables	Mean	Standard Deviation
Brand Awareness	1.660	1.118
Brand Association	1.509	0.992
Perceived Quality	1.545	1.048
Brand Loyalty	1.612	1.040

The result depicts the absence of bias for any of the variables used in this study to assess the brand equity via brand awareness, brand association, perceived quality and brand loyalty. The highest mean value of 1.660 followed by 1.612 was found in the variables used to asses brand awareness and brand loyalty respectively.

Intercorrelations – Brand Equity Dimensions

In order to find the degree of relationship between the variables pertaining to brand awareness, brand association, perceived quality and brand loyalty Pearson correlation was used and the outcomes are presented below.

Table 4. Correlation Matrix

	Brand Awareness	Brand Association	Perceived Quality	Brand Loyalty
Brand Awareness	1	-	-	-
Brand Association	0.820*	1	-	-
Perceived Quality	0.774*	0.698*	1	-
Brand Loyalty	0.798*	0.875*	0.910*	1

*Significant at 5% LOS

The data from above table indicates the existence of strong and positive correlation between the variables used in this study with respect to the components of brand equity such as brand awareness, brand association, perceived quality and brand loyalty. The highest degree of relationship exists between the variables used to measure the brand loyalty and perceived quality, as indicated by the highest value of 0.910 and it is statistically significant at 5% level of significance. Similarly, the lowest degree of relationship was observed between perceived quality and brand association; 0.698 and this value also statistically significant at 5% level of significance.

Regression Analysis

Brand awareness, brand loyalty, brand association and brand image were used as independent variables to calculate its influence on brand equity. A multiple regression model was formulated using the above independent variables and the outcome is given below.

Table 5. Regression Analysis

	Unstandardized Coefficients		Standardized Coefficients	T stat.	Sig.
	B	S.E	Beta		
(Constant)	0.056	0.117		0.468	0.641
Brand Awareness	0.272	0.072	0.242	3.589	0.000**
Brand Association	-0.158	0.089	-0.142	-1.632	0.107
Perceived Quality	-0.167	0.086	-0.153	-1.785	0.045*
Brand Loyalty	0.520	0.097	0.412	5.218	0.000**

*Significant at 5% LOS   **Significant at 1% LOS

The significance value from above table indicates that brand awareness and brand loyalty are significant at 1% level of significance and perceived quality is significant at 5% level of significance, while the coefficient of brand association is insignifanct.

6. Discussion and Conclusion

The study revealed the existence of positive significant impact of brand awareness, perceived quality and brand loyalty on brand equity of Colgate-Palmolive products in Tamilnadu. However, brand association failed to exhibit significant impact on brand equity. The results indicates and recommends the Brand Managers to concentrate more on brand awareness, perceived quality and brand loyalty to have a higher level of brand equity among the customers.

Though this study had been conducted in Tamilnadu, it is recommended to conduct an extensive research through out the country before taking a strong decision on brand equity. Based on the research outcome, the brand managers may concentrate more on the variables which has significant impact on brand equity.

7. Scope of the study

The brand equity of Colgate-Palmolive was measured in view of the samples from Tamilnadu. The present study can be extended to other states to have an aggregate view of brand equity among FMCG products. Only four dimensions such as brand awareness, brand association, perceived quality and brand loyalty were used for this study. This can be extended using brand image, financial implications and performance of FMCG products.

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