A STUDY ON LINKAGE BETWEEN CUSTOMER BASED BRAND EQUITY AND IT'S ANTECEDENTS IN FMCG MARKET: AN EMPRICAL STUDY IN COIMBATORE CITY

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Abstract

Fast moving consumer goods (FMCG) is the fourth largest sector in the Indian economy. FMCG market is expected to grow 5.6% in 2020. The study measured the linkage between customer based brand equity and its antecedents in FMCG market in Coimbatore City. The CBBE model shows the power of brand significantly lies in what customers have seen, heard, felt or availed from the brand over a period of time. The study is mainly rest on primary data. It is collected from the well designed and structure interview schedule. The 283 customers are distributed in Coimbatore city. The validation of variables included in each concept is tested by confirmatory factor analysis through content, convergent and discriminant validity. The present study contributes to an understanding of CBBE phenomena and it's measurement and antecedents by examining the dimensions of this constructs. The end results give an opportunity to managers to develop a detailed brand equity strategies for their organisation.

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

Introduction

After the globalization, the competition in the market is becoming very tough (Keller et al., 2011). The customer's knowledge on the products and it's availability and it's close substitutes are increasing due to their level of education and growth of information technology (Gurhan et al., 2016). The marketing professionals often encounter two major questions namely what makes a brand strong and how can the marketer build a strong brand (Keller, 2016). The marketing scholars and experts are suggesting the solution of Customer Based Brand Equity (CBBC) model which is to be incorporated in their managerial practices (Chow et al., 2017).

The CBBE model shows the power of brand significantly lies in what customers have seen, heard, felt or availed from the brand over a period of time (Boo et al., 2009). The brand equity depends on two elements namely behavioural and perceptional aspects (Broyles et al., 2009). The behavioural aspects includes brand loyalty (Podrigues and Francisco, 2016) whereas the perception aspects covers the brand awareness, perceived Quality and brand associations (Pappu et al., 2005). In the case of FMCG products, the customer switching is very easier (Aaker, 2009) since there is a higher availability of substitutes, continuous products enrichment, product innovation and other marketing aspects (Atilgan, et al., 2005). Hence, the marketers are darely to retain the existing customers and also to attract new customers simultaneously (Shekker et al., 2013). In juncture, the present study focuses on the linkage between CBBE and it's antecedents in FMGC market.

Conceptualization of Customer Based Brand Equity (CBBE)

The CBBE is defined by Aaker (1991) with four dimensions namely Brand loyalty, brand awareness perceived quality and brand association. Keller (1993) identified CBBE with three dimensions namely brand knowledge, brand awareness and brand image. Keller (2003) extended his view on CBBE is the power of a brand lies in what customer have learned, felt, seen and heard about the brand as a result of their experiences over time. Berry (2000) associated the brand awareness and brand meaning with CBBE. Yoo and Donthu (2001) listed the brand loyalty, perceived quality, brand awareness, association with CBBE. In the present study, it is measured by eleven variables namely perceived utility, perceived desirability, high awareness, familiarity, strong hold on brand, favourable

attitude, unique brand association, emotional impressions, first choice, recommend to other and clean image (Vazquez et al., 2002).

Antecedents of Customer Based Brand Equity (ACBBE)

The antecedents are the factors leading to determine the CBBE (Gounares and Vlasis, 2004). These are totally five factors namely perceived quality, brand loyalty, brand association, brand awareness and brand trust (Atilgan, 2005).

Perceived Quality

It is the primary dimension in CBBE since it reduces the perceived risk (Erdem et al., 2004). It creates the brand differentiation and extension (Netemeyer et al., 2004) and offers a prices premium advantage for firms (Quelch and Taylor, 2004). The perceived quality in the present study is examined by error free service, right at first time, delicious, superior than others, continuous consistent, deliver the promises, and satisfactory.

Brand Loyalty

It was introduced by copeland (1923). It covers the behavioural loyalty (Chaudhuri and Holbrook, 2001) and attitudinal loyalty (Huang & Yu, 1999). Behavioural aspects shows the repeat purchases and is related with how often and how much consumers purchase a brand (Aaker, 1996). Attitudinal aspects is related with the repeat purchase, recommend to others and strong faith on the brand (Yoo et al., 2000). In the present study, it measured by attachment with the brand, repeat the purchase, my first choice on the brand, extremely satisfied and recommend to others (Kim and Kim, 2004).

Brand Association

It is defined as anything related to the memory of a brand (Zinkhan and Prenshaw, 1994). It covers the memory of product features, brand name, relative price, company name and others. The association is classified into attributes, benefits and attitudes. The association reflects the business psychology of the organisation (Kapferer, 1999). It is measured by comfortable to use, have a long history, familiar to me, clean in age, differentiated image, reasonable price, and prompt in service (Rio, 2001).

Brand Awareness

Brand awareness relates to the likelihood that a brand name will come to mind (Keller, 1993). It is based on both brand recognition and recall (Hoyer and Brown, 1990). It is operating as a care to brand retrieval (Holden, 1993). It is measured by unaided recall and familiarity (Agarwal and Rao, 1996). In the present study, it is measured by recognition of the brand, recalling of the brand, quick identification of the brand, awareness on the brand, brand retrieval and brand familiarity (Laurent et al., 1995).

Brand Trust

It is the ability of the brand to perform it's promised function (Kramer and Tyler, 1996). Brand trust is measured to evaluate the brand consistency and credibility (Puonj and Hillyer, 2004). Brand trust creates the brand reliability, intentions and predictability (Lau and Lee, 1999). The brand trust in the present study is measured by performance of promised facts, creditability of the brand, continuous and consistent in service, create reliability and provide a feel of security.

REVIEW OF LITERATURE

Atilgan et al., (2005), identified the significant positive impact of components of CBBE on the level of CBBE. Norzalita et al., (2010) identified that brand salience, performance, judgment, resonance and feelings have a significant positive influence on CBBE. Afsar et al., (2010) found that perceived quality, trust, satisfaction, switching cost and commitment have a significant influence on CBBE. Dua et al., (2013) noticed that only brand performance, brand salience and brand feelings have a significant influence on brand verdict. Muser et al., (2012) revealed the significant positive relationship between determinants of CBBE and the overall CBBE. Cerri (2012) showed the higher market shares had high indicators of CBBE.

With this background, the present study is focusing on the relationship between the antecedents CBBE on the level of CBBE in FMCG market.

OBJECTIVES OF THE STUDY

The objectives of the present study are
(1) Validation of the variables in CBBE and it's determinants in FMCG market;
(2) Measurement of the CBBE and it's determinants in FMGC market; and
(3) Evaluate the influence of determinants on the level of CBBE in FMGC market.

HYPOTHESES OF THE STUDY

The Null Hypotheses formulated for the study is:
1. There is no significant relationship between the antecedents of CBBE;
2. There is no significant influence of antecedents of CBBE on the level of CBBE in FMCG market.

METHODOLOGY

Sources of Data

The study is mainly rest on primary data. It is collected from the well designed and structure interview schedule. The schedule includes the five antecedents of CBBE and the overall CBBE in FMCG market. The related variables in the above said concepts are drawn from reviews which are measured at likert five point scale. A pilot study was conducted any 50 consumers of FMCG at Coimbatore City. The schedule has been revised and simplified on the basis of the feedback from the customers. The final schedule is prepared to collect the primary data.

Sampling Design

The sample size of the study is determined with the help of $n = \left[\dfrac{Z\sigma}{D} \right]^2$ since the population of the study is unknown (Stevens, 1996)[1]. The computed sample size is 283 since the σ - 0.4289 (Standard deviation on the branded FMCG) among the respondents in pilot study. The 283 customers are distributed in Coimbatore city.

STATISTICAL TOOLS USED

The validation of variables included in each concept is tested by confirmatory factor analysis (Yoo and Donthu, 2001) through content, convergent and discriminant validity. The relationship between the antecedents of CBBE are carried out by Karl person correlation coefficient (Odin, 2001). The influence of antecedents of CBBE on the overall CBBE is examined by multiple regression analysis with help of SPSS 20.00 version (Hair et al., 1998).

RESULTS

Characteristics of the Consumers

The sample consisted of 53.3 per cent of male and 46.70 per cent of female. In term of education, more than half of the total respondents had an under graduation. In terms of their income, majority of respondents are having a family income of Rs.50,000 and above per month. The dominant family size among them is 3 to 4 members per family.

PSYCHOMETRIC PROPERTIES OF THE MEASURES

The confirmatory factor analysis were employed to test the reliability and validity of variables in each concept generated for the study (Anderson and Gerbing, 1988). The content, convergent and discriminant validity are found. These are presented in Table 1.

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1.   Stevens, J.P., (1996), "Applied multivariate statistics for the social sciences", Mahwah, NJ: Erlbaum.

TABLE 1 Content and Convergent Validity in each Construct

Sl. No.	Constructs	No. of variables in	Cronbach alpha	Range of standardised factor loading	Composite reliability	Average Variance Extracted (in %)
1	Customer Based Brand Equity	11	0.8283	0.9089*-0.6414*	0.7968	56.73
	Antecedents					
2.	Perceived Quality	7	0.7908	0.88428*-0.6503*	0.7703	54.33
3.	Brand loyalty	5	0.7814	0.8694*-0.6208*	0.7511	52.44
4.	Brand Association	7	0.7969	0.8964*-9.6644*	0.7845	55.49
5.	Brand Awareness	6	0.7889	0.8704*-0.6414*	0.7699	53.69
6.	Brand Trust	5	0.8044	0.9011*-0.6209*	0.7844	55.08

* 'p' Value is lesser than 0.05

As indicated in Table 1, the magnitudes of the standardised factor loadings ranged from 0.60 to 0.90 and all 't' values are were significant at five per cent level. These results support the content validity (Anderson and Gerbing, 1988). The cronbach alpha were deemed acceptable since they exceeded the bench mark of 0.70 as recommended by Nunnally (1978). In terms of the quality measurement of model for the full sample, the constructs display satisfactory levels of convergent validity, as indicated by composite reliability ranging from 0.7511 to 0.7968 (Hair et al., 1998). The discriminant validity was confirmed since the mean of AVE of all possible pair of antecedents are greater than it's respective square of correlation coefficient (Anderson and Gerbing, 1998).

Correlation Analysis Results

Composite score for each study variable was calculated by averaging scores across items representing that construct. Table 2 demonstrates the correlation coefficients among the variables.

TABLE 2 Measurement of Constructs and it's Discriminant Validity

Sl. No.	Items	Main	S.D	Perceived Quality	Brand Loyalty	Brand Assistant	Brand Awareness	Brand Trust
I	Customer Based Brand Equity	3.6414	1.09					
	Antecedents							
1.	Perceived Quality	3.5403	1.42	1.00				
2.	Brand loyalty	3.3996	1.08	0.5214	1.00			
3.	Brand Association	3.5088	1.45	0.5049	0.4886	1.00		
4.	Brand Awareness	3.6546	1.17	0.4779	0.4676	0.4884	1.00	
5.	Brand Trust	3.4711	1.24	0.5141	0.5214	0.4779	0.4608	1.00

The Correlation coefficients ranged from 0.4676 to 0.5214. None of the correlation coefficients were equal to and or above 0.90, providing an empirical support for discriminant validity.

Results of Multiple Regression Analysis

All the independent variable namely all five antecedents of CBBE are having discriminant validity which avoid the problem of multi collinearity in the application of multiple regression

analysis (Tabachnick and Fidell 1996). The score of the five antecedents CBBE are treated as score of independent variables whereas the score on CBBE is treated as score of dependent variables. The least square method was adopted to estimate the regression coefficients. Results are presented in Table 3.

TABLE 3 Results of Multiple Regression Analysis

Sl. No.	Independent Variables	Unstandardised regression coefficient	Standard error	t-value	'p' Value	Standardised coefficient 'β'
1.	Perceived Quality	0.2085	0.0844	2.4704	0.0345	0.1843
2.	Brand loyalty	0.2919	0.1231	2.3712	0.0502	0.2426
3.	Brand Association	0.2173	0.1808	1.2019	0.2946	0.1493
4.	Brand Awareness	0.2732	0.0708	3.8588	0.0039	0.2542
5.	Brand Trust	0.2906	0.1174	2.4753	0.0302	0.1708
	Constant	1.2445				
	R^2	0.7803				
	F-statistics	16.8942			0.0345	

Table 3 showed that out of five antecedents of CBBE, four antecedents have a significant positive impact of the level of CBBE in FMCG market since it's 'p'values are equal or lesser than 0.05. The 'β' values declared that the higher impact on the level of CBBE is made by brand awareness and brand loyalty since it's 'β' values are 0.2542 and 0.2426 respectively. The changes in the antecedents of CBBE explain the changes in the level of CBBE to an extent of 78.03 per cent since it's R^2 0.7803.

CONCLUSION

The present study contributes to an understanding of CBBE phenomena and it's measurement and antecedents by examining the dimensions of this constructs. The end results give an opportunity to managers to develop a detailed brand equity strategies for their organisation. According to the statistical results, the brand loyalty and brand awareness are the important antecedents influence on the overall customer based equity in FMCG market. This result is commitment with the study of Bailay and Ball (2006). The other antecedents namely brand perceived quality and brand trust are having a significant impact on CBBE but the degree of influence is lesser than above said two antecedents which recall the findings of Aydin and Ozer (2005). In total, the study conclude that the first steps in maintaining CBBE in FMCG market is to build and sustain a positive brand awareness and creation of brand loyalty.

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