CHAPTER 3

CONSUMER BEHAVIOUR AND BRAND EQUITY - AN OVER VIEW

3.1 INTRODUCTION

A brand must make the product relevant and meaningful for the target customers. It must enhance the product over and above the basic generic level. A product that comes off the assembly line tends to be merely a physical object. But what customers look for is total product satisfiers. As consumers tend to have both rational and emotional dimensions the product must also be preferred to achieve completeness. It must mirror the customer in his or entirety. The outcome of manufacturing is physical but the outcome of branding is both physical and symbolic. Branding pushes the product into a perceptual realm by integrating what it is and what the consumer is into a composite whole in order to make it more meaningful to the customer. Branding gives customers reasons to buy and use the product. It is a connecting device, as customers connect with brands they identify with.

The brand has gone far beyond the confines of the physical aspects of the product. Rolex is not a watch to its owner. The brand is all about user image, prestige and luxury. It is not a time keeping service. It is a device to separate people into Rolex users a distinct category-and others. A brand is a bundle of utility or reason based value delivery. It is also a vehicle to deliver emotion based psychological satisfaction. A brand provides reasons for customers to buy it, either through product aspects or psychic aspects or both.
3.2 CONSUMERS’ DECISION MAKING PROCESS FOR BRAND

The customer, after having done mental calculations about product assortment; moves on to the next stage of market. A customer faces a hierarchy of levels of choice to actually reach brand choice. The brand choice decisions are critical to the marketers. The emphasis oriented forces the marketers to adopt a customer oriented approach. From the viewpoint of brand development, it is essential to understand how customers arrive at specific brand choices. The brand must fulfil roles and challenges that are embodied in the decision making process. The cognitive perspective of a customer suggests that consumers’ actively process the external environment with the help of their cognitions and affects including knowledge, beliefs and meanings. The perception and information processing abilities are used to interpret new information. The core of decision making is the integration process by which evaluation of alternatives and selection takes place. The outcome of this process is choice.

A pioneering framework illustrating the decision making process suggests that it has the following five stages: problem recognition, search for a satisfactory solution, evaluation of alternatives, purchase decision and post-purchase evaluation.

3.2.1 Problem Recognition

It is a situation when a discrepancy between an existing state of affairs and a desired state of affairs is registered in a consumer’s mind. This perceived discrepancy comes to the consumer as a problem. There can be two types of need recognition style among consumers. It actual state consumer recognizes problem when the product fails to perform. The other is derived state that the desire for something new trigger decision making. However
sometimes, need recognition may be facilitated by the awareness of the products and brand.

3.2.2 Search for Information

Once the problem is recognized by a consumer, he or she enters in the next stage of decision making. The search for a satisfactory solution necessitates gathering of relevant information about alternative products and or brands. The evaluation cannot be completed without adequate information about alternatives. In some cases, the consumer may rely on stored information in his mind. The memory is a storehouse of information accumulated over time by way of information processing and past experience. In some cases, the consumer may be motivated to seek information from outside sources like advertising, sales people, demonstrations. The information search stage is crucial for the marketers. The outcome of the information search is knowledge about various brands. The brands available in the market are organized in a particular form. This organization of brands helps the consumer in brand choice process.

3.2.3 Alternative Evaluation

The consumers’ evaluation of the choice alternatives in the consideration set are based on their beliefs about the consequences of buying those products or brand. The specific consequences that are used to evaluate and choose among choice alternative are called evaluative criteria. In other words, the evaluative criteria are the set of standards that consumers employ to compare product and brands. The evaluate criteria may be based on abstract values that consumers seek from their buying. But generally consumers use brand attributes information to make evaluations. A consumer tends to have beliefs about brands on these dimensions- attributes, consequences and values. This set of beliefs about various brands make up brand image.
A consumer’s choice represents selection of a brand which comes closest to what he is looking for.

3.2.4 Post-purchase Behaviour

The purchase decision is the culmination of the decision making process. Once a choice has been made, the consumer moves on to buy the product. The decision making does not terminate with the act of purchase. After the purchase, consumers go through the post-purchase evaluation stage. The post-purchase evaluation involves comparison between the expectations and actual performance of the product or brand. There are three possibilities at this stage. First, there is no discrepancy between expectations and actual performance. It leaves the consumer with neutral feelings. Second, performance exceeds expectations. In this situation the customer feels satisfied, and finally, performance falls below expectations. This leaves the consumer dissatisfied.

3.2.5 Brand Selection

Brand marketer’s interest is served when the consumer selects and purchases in his brand. A brand fails when it gets eliminated in the process. Therefore, the greatest challenge facing the brand marketer how to survive in each stage of decision making and ultimately get bought. What is essential, therefore, is that consumer decision process is identified and tasks therein are prudently handled. Consumers, take decisions based on reason in order to solve their problems. The linear decision making process has been the only standard explanation of consumer buying for a very long period of time. It was assumed that consumers always move sequentially from one stage to the other to solve their buying problem.
It was proposed that many consumers’ purchases are preceded by decision making. That is, there is a possibility of buying without cognitive involvement. Secondly, the sequence suggested in a decision making model may not be followed in a linear fashion. That is, the consumer may alter the sequence. The decision making perspective, which was generally accepted explanation of consumer buying, begun to be questioned in the seventies for its inability to provide answers to all type of buying. Understanding how a consumer buys is crucial for achieving effectiveness in marketing efforts. Any misunderstanding in this regard and all the efforts would go haywire.

3.3 BRAND EQUITY

The past -90s saw a clearing of the fog that surrounded the concept of brand. Managers and academicians began to take a closer look at the anatomy and role of brands. One immediate realization that dawned was that a brand is more than a simple tag gives to identify and differentiate a product. It is tag, no doubt. But at a deeper level, it is an asset. Brand is clearly an asset capable of generating revenue streams. It is all about financial value. Strong brands dramatically enhance revenue capabilities of a product. It is the financial angle of the brand that led to the concept of equity. At the heart of the equity debate is the question: how does a brand create superior financial outcomes for the owners? And the lesson is – to manage and protect brand equity, because it will perhaps be the most valuable asset in times to come.

In the beginning of the 90s, four issues were identified as the strategic challenges for marketers and researchers. There were:

- Measuring brand equity
- Measuring marketing’s effectiveness
- A better new product process
- Measuring customer satisfaction
In fact, all these issues prima facie appear to be different from one to another. However, this is not the case. There is really only one issue: Brand equity. This is because brand equity is really the umbrella concept. All these four issues are but contributors to it. Equity is the driver of a firm’s bottom-line and it must be protected and nurtured: After all, the purpose of advertising should really be to increase a brand’s equity. A successful new product programme will leverage the existing brand equities into new categories, or at least point out categories where equities can be efficiently built from scratch. Improvements in product quality and customer satisfaction are mere tools used to build a loyal customer base, one of the hallmarks of a brand’s equity.

3.3.1 Brand Equity for the Marketers and Customers

A brand adds value in a number of ways. According to Aaker, brand equity creates value both for the marketer and customer.

3.3.1.1 Value to Customer

Brand equity helps customers in information processing. A brand is useful in aiding customers in interpreting, processing, and storing information about products and brands. It simplifies this process. Brands are taken by customers as chunks of information which are easily decoded and stored in a proper order. It considerably reduces chaos possibilities that may occur in the absence of branding. Brands allow customers to store great quantities of information about brands without getting confused.

A brand’s assets enhance customer confidence in the purchase decision. One feels more confident in purchasing a brand. It happens because of familiarity
with a brand. Familiarity creates confidence. Brand stands for consistency and assurance. It provides guarantee of promised delivery. The final value to the customer comes in the form of usage satisfaction. Brands transform customer experience. The brand associations and quality move the beyond the ‘things’ boundary enveloping it with images that customers value and identify with.

### 3.3.1.2 Value of Marketer

Brand equity also plays a critical role in enhancing value for the marketer. The effectiveness and efficiency of marketing programmes is increased by brand equity assets. The expenditure associated with a brand to achieve a goal generally tends to be less than an unbranded product aiming to achieve the same goal. For example instance, retaining a customer is much less costly than retention when a product is unbranded; it may partially happen due to lack of brand loyalty and preference. Similarly, launching of a new product with extension may be much simpler, easy and less costly.

Brand equity dimensions allow a firm to have greater customer loyalty. The customers can exhibit preference and commitment to a brand only. A greater number of loyal customers in the basket automatically reduce the expenditures that need to be incurred in maintaining a customer base. Fewer customers would need to be replaced. Accordingly, the expenditure would be lesser. Brand equity allows a firm to change premium. That is, a customer may willingly support a brand in spite of greater sacrifice that needs to be made. In fact, brands with premium pricing are the ones which enjoy strong equity in the market.

Brand equity provides great opportunities for growth. In fact, most firms now rely on brand extensions to achieve growth rather than launch new brands. Brand equity makes growth easier for the firms. It is how the value is added. Brand equity is a good source of achieving of leverage in distribution
channels. It is easier to get access in the distribution chain when the brand has equity. Trade partners’ exhibit skepticism in dealing with a brand without equity because of the uncertainties it brings along with it. Brand equity is an implicit assurance of success. Therefore, channels welcome brands with equity and give access to point of purchase displays, shelf space, etc. Channel cooperation is achieved easily when the brand enjoys equity.

3.4 CUSTOMER BASED BRAND EQUITY

Keller’s views on brand equity are customer oriented. Brand equity is seen from the perspective of the customer. Customer based brand equity is conceptualized as the ‘differential effect’ of ‘brand knowledge’ on ‘consumer response’ to marketing of a brand. At a more general level, equity is seen as the marketing effects – customer’s perception of value/behaviours/preference – that occur due to brand name, which otherwise would not occur if brand name is missing. It is the differential in marketing effect which could be attributed to a brand name. The differential that a brand name brings determines the brand worth of value. Strong brands embody a kind of brand power which dramatically enhances the marketing effects while the weaker brands are unable to achieve this feat. It is for this reason that strong brands command huge financial value.

These are three key elements in Keller’s framework of brand equity:

(i) Differential effect
(ii) Brand knowledge
(iii) Customer response

Consider the situation when a product without any brand name is marketed. It is generic commodity. In such a situation, a consumer is likely to
exhibit a particular kind of behavior pattern both in terms of liking, preference and perception of value. These are marketing effects that are attributable to the commodity marketed in question. If the brand name is now attached to the product, it acts as a moderator between marketing efforts and marketing effects. The brand name may bring along with it a knowledge structure – associations tied to a brand node – creating a change in the marketing effects. This differential is brand equity, the source of which is brand knowledge structure. The differential effect can be both positive and negative. A brand name, if it signifies associations that are not favourable, could create negative differential effect in the form of consumers disliking, and valuing the brand less than the generic product. Accordingly, customers may prefer to stay away from the brand. This view of brand equity as differential effect caused by brand knowledge structure is particularly useful in conducting operational decisions. Given the pressures that marketers are experiencing about raising effectiveness and efficiency of decisions, this consumer oriented framework may provide help in pinpointing exactly what needs to be done in order to achieve desired results. In the absence of this framework, marketers have to rely on aggregate indirect measures like sales as a guide to decisions. The performance of a brand is directly influenced by the knowledge structure it has. Accordingly, a marketer can explore the content and structure of brand knowledge to arrive at the attending challenges that must be taken care of by the marketing efforts.

Brand knowledge is the key concept. It is important to understand what kind of structure the brand knowledge has in the customer’s mind. That is, when a customer is confronted with a brand name, what kind of associations spring up. Whatever is connected to the brand name is a crucial determinant of customer behavior. As discussed earlier, a brand tends to form an associative network of nodes and connections. The nodes signify concepts or information chunks which are linked to other nodes. The links or
connections may vary in their strength. A weak link would mean difficulty in spreading activation, while a strong link suggests quick spreading of activation. The links determine the speed at which other nodes would be activated and what would be recalled. Activation spreads from one node to another. Thus, strength of link or connection is an important concept. The recall of information contained in a node depends on its level of activation. Only if activation exceeds a threshold level, is information recalled. David Aaker defines brand equity as “a set of brand assets and liabilities linked to a brand, its name and symbol add to or subtract from the value provided by a product or service to a firm and/or to that firm’s customers’ the brand equity in this definition can take the form of an asset or a liability. An asset is something that enhances the value, while liability decreases the value. They are all embodied in the brand name or symbol. In other words, the equity is the value differential that is created when a brand name or symbol is added to a product. The following are the assets and liabilities on which the brand equity is based:

- Brand loyalty
- Name awareness
- Perceived quality
- Brand association in addition to perceived quality
- Other proprietary assets linked to brand – patents, trademarks, etc.,

Brand equity assets can add or subtract value for the customer and the firm. They add value to customers by providing help in information interpretation, processing and storage. The customers are able to process brand information faster and store a greater quantity. Brand equity assets can boost confidence in a ‘buy’ decision and provide user satisfaction. Brand
equity assets also provide value to the firm by way of their ability to charge premium, leverage brands into extensions, channel support and corporation, customer brand loyalty benefits, etc. Brands are valued depending upon the kind of assets and liabilities they represent.

3.4.1 **Brand Loyalty**

Brand loyalty has always been one of key concerns of marketers. A brand is valued for its ability to have a dramatic impact on a firm’s marketing performance. Loyalty provides insulation against competitive assaults. It also allows the opportunity to command a premium. Earlier, brand loyalty was viewed purely from the angle of a customer’s response or behaviour. Now, behavioural angle is combined with attitudinal dimension in defining loyalty. “Brand loyalty is the biased behavioural response expressed over time by some decision making unit, with respect to one or more alternative brands out of a set of such brands, and is a function of psychological processes”. Another definition of loyalty is proposed as “consisting of repeated purchases prompted by a strong internal disposition”. Thus loyalty has both behavioural and attitudinal dimensions to it. Loyalty is at the heart of equity and is one of the important brand equity assets. Brand loyalty is not a dichotomous construct. It may operate at different levels. Five levels of brand loyalty can be distinguished, extending from committed buyer at one extreme to switcher or indifferent buyer at the other extreme. The other three are in-between states.

Each state implies a different type of brand equity asset and different types of marketing challenges. At the lowest level, the indifferent buyer does not attach any importance to the brand. The buying is done on a basis other than brand, like availability or price. These buyers are switchers and are indifferent to the brand. The second category of buyers comprises the
ones satisfied with the brand. These buyers have no reason to switch but may actually switch given the stimulations from the competitors. These can be called ‘habirual buyers’. They are vulnerable and can succumb to benefits offered by the competition. The third category of buyers is satisfied with the brand, though they have switching costs in terms of time, money, and risk. This category is somewhat safe because they would switch only when competition is able to overcome switching costs for them. This set can be called ‘switching-cost loyal’ customers. In all these categories of customers, a virtually negligible element of attitudinal commitment to the brand is visible. They all signify different shades of behavioural loyalty. The fourth category of loyalty implies that the buyers like the brand. They tend to have some sort of emotional attachment to the brand. This attachment may get developed as the result of prolonged relationship or use experience or perceived high quality. People in this category consider a brand as a friend. It is an affect driven loyalty. At the next level of loyalty, the customers tend to be committed to the brand. The commitment is “an enduring desire to continue the relationship and to work to ensure its continuance”. Customers get committed to a brand when the brand achieves personal significance for them. It happens when buyers perceive it to be a part of them. They identify with the brand. It becomes a vehicle of self expression. The strong identification may be based on functionality or images/symbolism that it signifies.

Loyalty implies customers who would continue to buy the brand. It represents a future revenue stream. It also implies lesser loss of customers by way of defection or attrition. Hence, firms with a greater proportion of loyal customers would have relatively lesser marketing costs and greater revenue. Brand loyalty is generally a function of product usage experience whereas other brand equity assets like awareness, associations, and perceived quality may not be related with usage experience. However, these dimensions also contribute to loyalty. All brand equity dimensions tend to have causal
relationships among each other. The key premise is that for brand equity to exist the customers remain loyal to the brand. When customers are not loyal to the brand, the equity is not likely to exist. Customer loyalty is of strategic importance to the firm. It is an asset. Loyalty adds value in four ways. First, loyalty reduces marketing costs of the firm because it costs much less to do business with repeat customers than attracting new ones. Loyalty also imposes entry barriers on potential players as customers are not easily available to be captured. Secondly, loyalty provides trade leverage. It is much easier to gain shelf space, trade cooperation, etc., when a brand has a loyal customer base. Thirdly, it allows a marketer to attract new customers because loyal customers signify assurance, confidence and faith in the brand. A prospect can more easily be converted into a customer when a brand has loyal followers. Finally, loyal customers provide the firm with lead time to respond to competitive moves. Loyal customers do not move quickly to such competitive endeavors, giving the firm the much needed time to effectively counter competitive moves.

3.4.2 Brand Awareness

Brand awareness is the second brand equity asset. It includes brand recognition and brand recall. Brand recognition is the ability to confirm prior exposure and recall is the ability to remember the brand when a product category is thought about. This sort of awareness is essential for a brand to be able to take part in the decision process. Brand awareness may exist at three levels: brand recognition, brand recall and top-of-the-mind recall. Brand recognition is at the bottom level of the awareness pyramid. When a person is able to confirm prior exposure, the brand is said to have been recognized. It is gauged by aided recall measures. Brand recognition is particularly important under low involvement buying situations, especially when the decision is taken in stores or at the point of purchase. Recognition means some sense of
familiarity, which is sometimes sufficient in choice decision. Still higher level of awareness is reflected in a person’s ability to recall a brand without any aid when a clue about a product class is given. It indicates stronger brand position in the mind. At a still higher level of awareness is the top-of-the-mind recall: the brand that comes first to mind. The top-of-the-mind awareness indicates the relative superiority a brand enjoys over others. Sometimes, a brand is able to achieve such a dominant position that it becomes the only recalled brand in the product category. Brand dominance, competitively, is a coveted state which every marketer would like to achieve. A dominant position prevents other brands from getting in the buyer’s mind. Hence, dominant brand is the only one that is considered while marking a purchase. Very few brands are able to achieve dominance. The brand awareness creates value in four ways. First, brand name acts as the central node to which other associations can be attached. It is, therefore, the first communication task. Brand recognition must be created first, without which other associations cannot be established. Brand awareness allows easy access to these associations. Awareness acts as an anchor to which other associations can be attached. It is for this reason that marketers first establish a brand name and then expand its scope by incorporating various attributes and benefit associations. Second, recognition – confirmation of prior exposure – implies familiarity, which sometimes leads to liking. Brand recognition is particularly important in low involvement conditions when the customer is not motivated to engage in extensive product evaluation. Brands may simply be bought on the strength of familiarity. Third, awareness also acts as a surrogate for a firm’s commitment and substance. A brand which enjoys recognition may imply extensive advertising support, long standing of the firm, brand success, etc., It suggests that a brand is supported by a firm. The perception of substance and commitment of the firm to the brand sometimes influences buying in high involvement conditions. Final source of value from awareness is a brand’s ability to be considered in the decision process. Brand awareness
is a crucial determinant of its participation in the consideration or evoked set. Generally, when a brand is not able to get recall, it is not included in the consideration set. Recall is essential for finding membership in the evoked set. Recall sometimes may also be an adequate condition to survive, especially in low involvement buying. The mind share (top-of-the-mind recall) often leads to market share.

3.4.3 Perceived Quality

The quality can be objective or perceived. The objective quality means the actual superiority of product or service. However, the perceived quality is perception of superiority of a product or service with respect to its intended function. Perceived quality is customer based. Different people value different things. It involves judgment about what is valued by the customers. Quality also needs to be distinguished from satisfaction. A customer may still be satisfied with poor quality. Satisfaction is determined by expectations. On the whole, perceived quality is an overall feeling that a customer tends to have about a brand. It is generally based on some underlying quality dimensions on which the customer perceives the product’s performance or delivery. There are various ways in which perceived quality generates value. Firstly, perceived quality gives a powerful reason to the customer to consider and buy a specific brand. Only brands that are perceived to be of quality are considered in a purchase decision: the rest are all eliminated. It is particularly important when a buyer is not motivated to collect information to determine quality objectively, where information is not available and the customer does not have the ability to obtain and process brand information. A customer relies on perceived quality and makes the purchase decision. Secondly, perceived quality allows a brand to acquire a position or differentiation. Brands are differentiated on the basis of their position on the quality spectrum. Top-of-the-line brands are differentiated on the basis of perceived
quality. Brands with higher quality perception can afford to charge price premiums. The premium can be further deployed in brand building efforts like research and development, awareness enhancement, and strengthening association. Selling a quality brand at competitive prices enhances value of perceptions. This would further contribute to brand loyalty, increased customer base, and improvement in marketing effectiveness and efficiency. Brands with higher perceived quality find greater acceptance from trade partners and they are willing to carry such brands. Finally, it can be the basis to leverage brands into launching extensions. A brand with strong quality perceptions is likely to be extended further and has a greater probability of success.

3.4.4 Brand Associations

Brand is connected with forms part of the brand association network. For instance, a brand may have connected associations of feelings, character, symbols, lifestyle, user, etc. Associations tend to have strength. Some associations linked to the brand may be strong, while others could be weak. Brand image is how a brand is perceived by the prospects in terms of these associations. Brand image may represent perception, but may not reflect reality. From the equity point of view, brand association can create value in a number of ways. Brands are bought for what is associated with them. Customers also exhibit loyalty for the same reasons. Associations form an information chunk representing what the brand is. Information in chunks is relatively easy to process, store, and retrieve. Associations, in fact, also help in interpretation by providing the context. Associations also influence recall of information. This is especially important during decision making. The other ways in which associations create value, is by becoming the basis of differentiation. Brands are differentiated essentially on the basis of associations. Associations also stimulate positive feelings. These feelings, in
turn, are transferred to the brand. A brand is an asset. It is a source of value generation. A brand’s equity is determined by a set of assets and liabilities that are associated with it. These are brand associations, perceived quality, loyalty, awareness and other proprietary assets.

3.5 HYPOTHESIS DEVELOPMENT

Marketing is seen as the whole business from the point of view of its final result, that is, from the customer’s point of view (Peter Drucker 1986). The consumer is king in age of consumerism (McGuire 2000). The term consumer behaviour defines as, state “the behaviour of consumers in deciding to buy or use or not to buy or use or dispose or not to dispose of the products which satisfy their needs”(Schiffman and Kanuk 1995, Chunawalla 2000, Solomon et al 2001). Moreover one of the key analyses under the heading “consumer behaviour” refers to the interaction between price changes of products and consumer demand too. It reflects in their search for different products of different level of their involvement required to purchase & consume. High involvement only requires in those products, which are of high price, complex features, large difference between options, high perceived risk, reflect the self-concept of the buyer. Looking at this classification of products by the consumption patterns, buying of the durable goods needs higher attention of consumers. While, durables goods are expected to last longer than three year. So, it is a product of high involvement for consumers. This characteristics of the consumer’s behaviour for durable goods, makes it a more suitable and appropriate behaviour to study. The above arguments lead us to the following hypothesis

\[ H_1 : \text{There is no significant relationship between consumer buying behavior and purchase of durable products.} \]
Last few years have witnessed of growing demands for different consumer products (Chunawalla 2000). Increase in demand is a result of increase in income of the people and increase in discretionary income too (Arora 1995). A rise in discretionary income results usually in an increased spending by consumer on those items that raise their living standards. Moreover, a trend for people to utilize their income for more comforts and facilities is also developing. Intense competition among the marketers of consumer durables (Sontaki 1999) and the increasing awareness of consumers about their own needs is making a major difference in marketing of consumer durables (Kumar 1998). The above arguments lead us to the following hypothesis

\[ H_2 : \text{There is no significant relationship between demographic variable and purchase of durable products.} \]

3.5.1 Brand Equity

Customer mindset measures as defined by Keller and Lehmann (2003) include “everything that exists in the minds of customers with respect to a brand (e.g. thoughts, feelings, experiences, images, perceptions, beliefs, and attitudes)” and encompass a wide variety of both quantitative and qualitative measures of brand equity. Such measures of consumer-based brand equity have received considerable attention in both academia (e.g. Aaker 1991, 1996; Keller 1993, 2003; Erdem and Swait 1998; Swait, Erdem, Louviere, and Dubelaar (1993) as well as industry. Keller (2003) and Keller and Lehmann (2003) suggested that customer mindset measures can be summarized by five key dimensions that include brand awareness, associations, attitudes, attachment, and activity. Aaker (1991) proposed a brand equity model which consists of the four mindset measures of brand
loyalty, brand awareness, perceived quality, and brand associations, as well as a measure of other proprietary brand assets, such as trademarks, patents, and channel relationships. In an empirical study that compares various consumer-mindset measures of brand equity, Agarwal and Rao (1996) find that most of the common measures (with the exception of unaided recall) as conceptualized by Aaker (1991) and Keller (1993) have convergent validity and are hence appropriate measures of the brand equity construct. For the most part, consumer-based brand equity models study the way a brand is perceived in a consumer’s mind by collecting primary data directly from the consumer through interviews, surveys or experiments. A number of studies, however, have also used firm-based data on the consumer’s revealed preference behavior to measure brand equity by defining it as a form of incremental utility which a product’s brand name provides to the consumer, and measure brand equity as a component of the consumer’s utility in a choice model under a random utility framework (McFadden 1974). Kamakura and Russell (1993) use household panel data to decompose the brand constant in a logic choice model into a ‘Brand Tangible Value’, which measures the customer’s valuation of the brand based on tangible product attributes after discounting for price and recent advertising, and ‘Brand Intangible Value’, which measures the residual value not directly attributable to the physical product and serves as a measure of the product’s brand equity. Such utility-based models have also been developed using choice models estimated from consumer survey data. Examples include Park and Srinivasan (1994), who calculate brand equity as the difference between a consumer’s overall utility from a brand and her utility based only on objective product attributes, and Swait et al (1993), who define brand equity as the consumer’s implicit valuation of the brand in a market with differentiated brands relative to a market with no brand differentiation. Among several brand equity models in the literature, this study uses the one constructed by Aaker (1991), which is the most commonly cited. It has been empirically tested in a number of
previous studies. With Aaker’s brand equity model; this study sets out to retest the measurement of customer-based brand equity with consumer durable products, which is shown in Figure 3.1.

![Figure 3.1 Brand Equity Model](image)

3.5.2 **Brand Awareness**

Brand awareness refers to the strength of a brand’s presence in the consumer’s mind (Aaker, 1996). It is a measure of the percentage of the target market that is aware of a brand name (Bovee et al., 1995). Marketers can create awareness among their target audience through repetitive advertising and publicity (Strydom et al., 2000). A brand with high brand awareness and with positively distinguishing associations will have a high added value for consumers (Riezebos, 2003). Brand awareness is measured according to the different way in which consumers remember a brand, which may include brand recognition, brand recall, top of the mind brand, and dominant brand (Aaker, 1996). The above arguments lead us to the following hypothesis:

$H_3$: There is no positive relation between Brand awareness and brand equity
3.5.3 Brand Image

Brand image refers to the schematic memory of a brand. It contains the target market’s interpretation of the product’s attributes, benefits, use and characteristics of users and manufactures. It is consumers think of and feel when they hear or see a brand (Hawkings et al 2001). Marsden agrees that brand image refers to the set of beliefs that customers hold about a particular brand. Brand image is how a brand is actually perceived by its customers and constituencies. Two people might have differing opinions about the same brand, for all people are unique and have their own perceptions that are governed by many factors (Marsden 2004). Brand image is a set of unique associations with in the minds of the target consumers which represents what the brand currently stands for and implies a potential promise to consumers therefore, brand image is what currently resides in the minds of consumers, whereas a brand identity is planned (Anon 2005). Image as the way in which consumer perceive the brand. More specifically, brand image as the perceptions and the beliefs held by consumers, as reflected in the associations held in the consumer’s memory (Kotler and Keller 2006). The above arguments lead us to the following hypothesis.

\[ H_4 \quad \text{There is no positive relation between brand image and Brand equity} \]

3.5.4 Perceived Quality

Perceived quality can be defined as the customer’s perception of the overall quality or superiority of a product or service relative to alternatives. Perceived quality cannot necessarily be objectively determined, because perceived quality itself is a summary construct (Aaker 1991). When objective quality of a product is hard to justify, buyers would take more abstract signals such as brand name as the key consideration. In the mind of
customers, perceived quality defines perception, product quality and superiority. This effect on customers generally stimulates brand integration and exclusion which leads to positive consideration set before purchase decision. Categorized product quality under the two main different perspectives of the objective quality and the perceived quality. Objective quality refers to the technical, measurable and verifiable nature of products/services, processes and quality controls. Subjective or perceived quality refers the consumers’ value judgments or perceptions of quality. The above arguments lead us to the following hypothesis.

\[ H_5 \ : \ There \ is \ no \ positive \ relation \ between \ perceived \ quality \ and \ Brand \ equity \]

3.5.5 Brand Associations

High brand equity provides a company with many competitive advantages. A powerful brand does not only a high level of consumer brand loyalty and awareness but also has positive associations in consumer minds. Brand associations are perception and image that people link with particular brands (Bovee et al 1995). A positive brand image is created by marketing programmes that link strong, favorable, unique and admirable associations to the brand in the consumer’s memory (keller 2003). The associations attached to a company and its brands can therefore be key enduring business assets. A brand association is anything that is directly or indirectly linked in the consumer’s memory to a brand (Aaker 1996). The above arguments lead us to the following hypothesis.

\[ H_6 \ : \ There \ is \ no \ positive \ relation \ between \ brand \ Association \ and \ Brand \ equity \]
3.5.6 Brand Loyalty

A brand is both a physical and perceptual entity. The physical aspect of a brand can be found located in, say, retail outlets or in the delivery of a service. The perceptual aspect of a brand exists in a psychological space—in the consumer’s mind. Brand loyalty refers to the level of commitment that customers feel towards a given brand, as represented by their continuing purchase there of Bovee et al (1995). It is a form of repeat purchasing behavior based on a conscious decision to continue buying a product with a particular brand or trademark. The above arguments lead us to the following hypothesis.

**H7**: There is no positive relation between brand loyalty and Brand equity

3.6 CONCLUSION

Understanding the consumer behaviour would help the firms in formulating strategies to cater brand equity to the consumer and thereby increase their market share. Brand equity from the consumer’s perspective is useful because it suggests both specific guidelines for marketing strategies and tactics and areas where research can be useful in assisting managerial decision making. Two important points emerge from this conceptualisation. First, marketers should take a broad view of marketing activity for a brand and recognise the various effects it has on brand knowledge, as well as how changes in brand knowledge affect more traditional outcome measures such as sales. Second, marketers must realize that the long-term success of all future marketing programmes for a brand is greatly affected by the knowledge about the brand in memory that has been established by the firm’s short term marketing efforts.