CHAPTER – I
INTRODUCTION
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In the modern money using economy marketing gains momentum persistently in all walks of human life. Marketing starts with identifying latent needs, developing and promoting the products and services at the middle and ends with providing utmost satisfaction to the human beings. In this process marketing involves with introduction and promotion of utility goods and services. With the advent of new economic reforms in 21\textsuperscript{st} century marketing may be felt as an indispensable and unequivocal activity that stimulates, provides and protects the needs satisfying means.

Thus, marketing enunciates research process to comprehend and to test the trueness and appropriate usage of various strategies relating to linking the elements of marketing mix viz., product, price, promotion and physical distribution. Any conclusion derived may be in vain if marketing could not understand how the consumer gets satisfied, and the extent to which they support a particular product in the long run in order to provide a base for sustainable growth of a firm which initiates, activates and keeps going on formulating marketing strategies and actions.

Marketing research and consumer behaviour elaborate the marketing efforts to provide satisfaction by all means to the ultimate user of the product or service as well as to the producers and marketers in maximising their revenues in the
long run. Henceforth, marketers are consistently investing their efforts to probe and to comprehend both micro and macro aspects of marketing activities through a constructive, analytical and pragmatic approach. Many research studies have been exploring new thoughts and advocating new philosophy of marketing programmes. One such new philosophy that gained impetus in the recent past is pertaining to brand concepts of the product. Of all the concepts of brand viz., brand awareness, brand knowledge, and brand loyalty, brand equity has emerged as the central concept in marketing over the past 20 years. The brand equity of a particular product would be an outcome derived from the consumer’s response that perpetuates a product to live long in the midst of hectic competition. In contrast to a large number of research studies in other concepts of brand, there is a dearth of research work on brand equity of various types of products specifically relating to personal care products which are in variously used by all groups of consumer. The present study tries to overcome such deficiency that prevails upon marketing research in a developing economy like India.

**BRAND EQUITY**

Brand equity has emerged as the central concept in marketing over the past 20 years. Much attention has been devoted recently to the concept of brand equity. Brand equity has been viewed from a variety of perceptive; more had been learnt about the source of brand equity as well as its many benefits for a firm and its customers. In today’s competitive
battleground, the concept of brand equity has proved to be an important source of strategic insights for marketers.

In a general sense, brand equity in terms of marketing is uniquely attributable to the brand. Brand equity relates to the different outcomes that result from the marketing of a product or service because of its brand name or some other brand element that if the same product or service did not have that brand identification. It represents the marketing efforts uniquely attributable to the brand and the added value endowed to a product or service as a result of past investments in the marketing activity for a brand. Thus brand equity serves as a bridge between what has happened to the brand in the past and what will happen to the brand in the future.

Marketing effort of creating brand equity can be materialised only after inspiring the customers regarding the brand of the product. Thus brand equity may be inferred on the basis of the customer's intension and satisfaction.

CUSTOMER BASED BRAND EQUITY (CBBE)

CBBE incorporates recent theoretical advances and managerial practices to understand and influence consumer behaviour. It gives a good exposure to the marketer to build a strong brand.

Keller (1998), Customer-Based Brand Equity (CBBE) framework identifies a brand’s meaning as the key to creating
equity. He also stresses that meaningful differences among brands derive from brand associations that are unique, favourable and strong. Finally, he points out that firms enjoy a number of brand equity benefits related to growth and profits that ensure from increased customer loyalty levels. The possibility of extending loyalties from one generation to the other is an added benefit that has not yet been well recognized.

As observed by Keller, CBBE (1993) is referred to “the differential effect of brand knowledge on consumer response to the marketing of the brand. That is CBBE occurs when the consumer is familiar with the brand and holds some favourable, strong and unique brand associations in memory”. This brand knowledge can be expressed as a sum of brand awareness and brand image.

**IMPORTANCE OF THE STUDY**

Marketers have become increasingly aware of the importance and value of the brand name, which would provide a base for resorting and restoring to brand equity. The Customer Based Brand Equity (CBBE) referred to consumers’ ability to retain and recall the benefits and attributes of a particular product in the long run. In this sense, it may be noted that brand equity is an extension of brand loyalty and brand knowledge.

Thus, a brand is said to have equity to the extent that consumers are more willing to purchase the branded product over an identical unbranded product. Any product may be
restored with brand equity only when the marketing efforts are inspiring the customers not only to get intended with a product but retained with it and get satisfied in the future. Any effort that interacts marketing efforts and learning about consumers would emphasize in identifying the extent of existing loyalty ending with equity for that product in due course of time. It provokes the researcher to choose the present study for the purpose of identifying the presence of the brand equity in the case of personal care products being the daily use items used indifferently by all categories of the people.

Therefore, the present study makes an important distinction between what brand is at the marketer level, and how it is manifested at the consumer level. Brand equity is the extra value that accrues to marketers, as a result of associating the brand with the product. Despite the complexity of accounting for and valuing brands, it is noteworthy that the examples of brand equity cited in the literature based upon studies in the past are a consequence of consumer behaviour benefiting the brand.

**STATEMENT OF THE PROBLEM**

Every living being is a potential consumer of goods and services. The needs of the consumers throughout the world are similar, while the social, environmental and other forces that vary from place to place lead to differences in buying and consumption patterns.
To live well, the consumers need to make their choices more independently. To get the things that will give them real satisfaction, they have to manage their incomes and expenditures better than they had been doing. They need to get as much as they can for their money. They need information and guidance to help them decide on the relative merits of different products. As consumers, they are now thinking consciously and critically of how the market serves their actual economic requirements.

Thus, Marketing consists of a set of principles for choosing target markets, evaluating consumers’ needs, developing wants, satisfying product and services and delivering value to customers and profit to the company. Most successful companies owe their success to their practice of a thorough going marketing orientation. The evolution of various strategies are unavoidable to match the requirements of the consumers and the marketers’ efforts being the norm for connecting the consumers with the product.

Business investors recognise the legalised brand name of the product as the company’s most valuable asset. Competency of the firm prevails upon its vision about how to develop, strengthen, defend, and manage its own brand by inculcating the consumers not to have a favour over other brands. Thus, marketing battle will be a battle for brands. The only way to own markets is to own market dominant brands.
With the advent of globalisation not only industrial goods but the consumer goods are realising the importance of the brand name considering to a greater extent the quality orientation of a product than price as a stimuli for the purchase of the product.

Thus, marketing and consumer research penetrate to identify the variables causing a concern to retain the customer forever to accomplish their end means by propagating not only the product innovation but also to retain and restore the product, starting with brand name/awareness and ending with brand equity.

In this regard though there are some studies they had contributed a few effective results to help the markets in their innovative strategies to make the product reach the potential customers. Consumers had been getting satisfied through various goods and services. They are much concerned with the daily use items of personal care products being accustomed to live in the midst of pollution. Henceforth, they are curious in purchasing such products which provide them care and protection in maintaining their fair complexion, preventing tooth decay and other matters leading to have good health. Hence, an attempt is imperative to thoroughly study the brand equity among personal care products. Thus, the present study makes an approach to identify and evaluate the brand equity of personal care products to provide an effective information to the business world.
OBJECTIVES OF THE STUDY

The underlying objectives of the study are framed, formulated and analysed for screening the existence of brand equity among personal care products, being not only convenience goods but daily use items.

- To identify and analyse the relationship of brand equity with the socio economic characteristics of the consumers.

- To analyse the association between the brand equity and its fundamentals viz., product attributes, post purchase behaviour, purchase decision and sales promotion mix.

- To identify the relationship of brand equity with regard to awareness, loyalty, association, performance and knowledge of brand of each personal care product.

- To examine and analyse the reasons for success or failure of the selected products in ensuring brand equity.

- To suggest measures for establishing brand equity of each type of personal care products.
SCOPE AND LIMITATIONS OF THE STUDY

There have been two general motivations for studying brand equity. One is a financially based motivation to estimate the value of a brand more precisely for accounting purposes (in terms of asset valuation for the balance sheet) or for merger, acquisition or divestiture purposes.

A second reason for studying brand equity arises from a strategy-based motivation to improve marketing productivity. Given higher costs, greater competition and flattening demand in many markets, firms seek to increase the efficiency of their marketing expenses. As a consequence marketers need a more thorough understanding of a consumer behaviour as a basis for making better strategic decisions about target market definition and product positioning, as well as better tactical decision about specific marketing mix actions. Perhaps a firm’s most valuable assets for improving marketing productivity is the knowledge that has been created about the brand in consumer’s minds from the firm’s investment in previous marketing programs.

Brand equity is 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 customer. Brand equity assets generally add or subtract value for customer. They can help them interpret, process and store huge quantities of information about products and brands.
The assets and liabilities on which brand equity is based will differ from context to context. However, they can be usefully grouped into seven categories.

- Brand Awareness
- Brand Knowledge
- Brand Image and Identity
- Perceived Quality
- Brand Performance
- Brand Loyalty and
- Brand Disloyalty (switching).

Not only brand equity plays a vital role in adding value for the customer but it also has the potential to add the value for the firm in the form of investment to create, to maintain, and to function as a memory of interference.

There has been extensive academic research on the various aspects of brand equity such as brand extension research, enduring consumer acceptance of a proposed brand extension and the success of the same. As noted from earlier research a very little attention has been paid on the consumer behaviour aspects of brand equity and its roots in the brand customer franchise.

Thus, the present study fulfills the gap of limited works on CBBE by choosing personal care products. Toothpaste, bathing soap, talcum powder and shampoo are chosen on account of their frequency of purchase and usage and the availability of multiple brands in each personal care product. Moreover, low price, and low cross elasticity are also
considered for the selection of the products. Personal care products, also called daily use items, that are often brought by habit command brand loyalty. Hence, the various brands of the product listed above are brought to the knowledge of the customers for their complete understanding and also to perceive the contribution of the products. The sample units are the residents of Chennai city, being one of the metropolitan cities in the world and comprises of diversity in culture and traditions adopted in day today life for delineating the concepts of brand equity.

However, the present study is within the ambit of the following limitations.

- The study solely emphasizes upon the data collected from the selected respondents (Government Employees, Private Employees, Businessmen, Self Employed, Housewife and students with in the Chennai city limits). The other groups are not considered in view of the extensiveness of the study due to time and cost constraint.

- The study covers only the daily use items of fast moving personal care products in use by the respondents of the present study. No attempt has been made at the products of similar nature as it involves wider area of the study.
The information provided by the respondents are based on their memory only. It is obvious, the lapses in their recall from memory would have affected the quality of the data to some extent.

AREA OF THE STUDY

The chennai city has been chosen for undertaking the present study in view of its distinct and unique historical importance. Moreover, it is the work place as well as the domicile of the researcher. The features of chennai city are as under.

Chennai, formerly known as Madras is a city on the east coast of Southern India, situated on the shores of Bay of Bengal. This capital of the state of Tamilnadu is India’s fourth largest metropolitan city and one of the 35th largest metropolitan areas in the world with a metropolitan population of about 7.4 million in 2005. The city is a large commercial and industrial centre in India and is known for its cultural heritage.

Chennai city is governed by the corporation of Chennai. It consists of 10 zones and is divided into 155 wards for enforcing clean administration and providing welfare measures. The metropolitan region of Chennai covers many suburbs that are part of Kancheepuram and Thiruvallur Districts.
Chennai has a diversified industrial base. It is the base for over 40% of India’s automotive industry. Moreover, Chennai service sector is traditionally dominated by Finance and Banking. Also, Chennai is now an important hub for software and Information Technology companies.

**METHODOLOGY**

In securing the most effective results from the present study, a methodology has been framed in relation to the area of the study, products covered in the study, data collection, sampling, hypotheses and statistical tools.

**DATA OF THE STUDY**

The data comprises of two vital parts: Primary and Secondary. The primary data is devoted to gather the perception and opinion of the respondents with respect to conceptual relationship between brand equity and its sources. The secondary data is pertaining to extensive theoretical knowledge relating to the concepts of brand equity and its sources.

**SOURCES OF DATA**

The primary data is collected from the respondents on the basis of their perceptions to different thought provoking insights relating to the concepts of brand equity, contained in the well defined questionnaire. The sources of secondary data
comprises of books, journals, periodicals, reports, theses and websites.

**SAMPLING**

**SAMPLE SIZE:** Sample size consisting of 500 customers of personal care products.

**SAMPLE SELECTION:** To make the sample more balanced relating to life styles occupation, gender, cultural and socio-economic status of Chennai residents viz., Government employees, Private employees, Businessman, Self-employed, Housewives and students, a stratified random sampling technique has been executed. All the 10 zones of Chennai Corporation are taken up for the study. From each zone 5 streets are identified and from each streets 10 customers are selected.

(10 Zones X 5 Streets X 10 Customers = 500)

**SAMPLE COLLECTION:** An undisguised, structured and close ended questionnaire with dichotomous and multiple choice questions is prepared. A pilot study has been conducted on 50 respondents to make the questionnaire empathetic and sympathetic.
Ninety statements have been selectively formulated from the literature survey to facilitate the respondents in perceiving the concept of brand equity relating to various fundamentals and sources cited above with regard to personal care products with seven point scale. The reliability and validity tests are used to secure conformity of the statements given to the respondents. The reliability is obtained through Cronbach Alpha Model and validity by Hotelling’s T-Square test. The following table exhibits the computed value relating to validity and reliability.

<table>
<thead>
<tr>
<th>Variable</th>
<th>No. of Statements</th>
<th>Cronbach Alpha Value</th>
<th>Hotelling’s T-Square value</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase Decision</td>
<td>10</td>
<td>0.920</td>
<td>31.560</td>
<td>0.000</td>
</tr>
<tr>
<td>Post Purchase Behaviour</td>
<td>22</td>
<td>0.956</td>
<td>22.375</td>
<td>0.000</td>
</tr>
<tr>
<td>Promotion</td>
<td>9</td>
<td>0.895</td>
<td>34.558</td>
<td>0.000</td>
</tr>
<tr>
<td>Brand Awareness</td>
<td>11</td>
<td>0.918</td>
<td>47.002</td>
<td>0.000</td>
</tr>
<tr>
<td>Brand Association</td>
<td>5</td>
<td>0.809</td>
<td>39.446</td>
<td>0.000</td>
</tr>
<tr>
<td>Brand Performance</td>
<td>11</td>
<td>0.913</td>
<td>11.845</td>
<td>0.000</td>
</tr>
<tr>
<td>Brand Loyalty</td>
<td>12</td>
<td>0.918</td>
<td>42.110</td>
<td>0.000</td>
</tr>
<tr>
<td>Brand Knowledge</td>
<td>10</td>
<td>0.925</td>
<td>31.572</td>
<td>0.000</td>
</tr>
</tbody>
</table>
The computed Cronbach Alpha value of all elements of brand equity is greater than 0.8. Hence all the statements are highly reliable in fact findings approach. The significance of Hotelling’s T-Square value indicates that the statements are possessing high internal consistency suitable for applying multivariate tests in the study.

STATISTICAL TOOLS

The following statistical tools are used in the analysis:

- Factor analysis with various rotation and Kaiser normalization is used to reduce the variables into major factors.

- K-means cluster analysis is exploited to classify the consumers into various heterogeneous groups.

- General Linear Multivariate Model (GLM) is used to find the impact of several independent variables on multiple dependent variables.

- Parametric tests, one way analysis of variance, paired t-test are brought to bear upon the problem of identifying significant variance and means respectively.

- Non parametric Chi-square test is used to find the association between the variables.
HYPOTHESES

❖ The degree of brand equity does not differ with regard to demographic variables.

❖ The post purchase behaviour, purchase decision of the consumer and promotion mix of marketers influence the brand equity.

❖ There is a significant relationship between store loyalty and brand equity.

❖ The sources of brand equity are most vital elements in creating brand equity.

❖ The characteristics of consumers which are associated with brand equity differ between products.

❖ The degree of influence of advertising on brand equity varies among products.

❖ There is no significant impact of attributes of personal care products on consumer based brand equity.
CHAPTERISATION

The study is presented in seven chapters.

Chapter I briefs introduction, need for the study, objectives and methodology.

Chapter II deals with the conceptualization of customer based brand equity with its relationship to loyalty, awareness, association, performance and knowledge. Also historical perspective of brand equity is identified and presented.

Chapter III pragmatically studies the relationship between brand equity among selected personal care products and socio economic variables.

Chapter IV brings to limelight the extent of association of brand equity with its fundamentals viz., attributes, post purchase behaviour, purchase decision and sales promotion mix.

Chapter V deals with the relationship of brand equity with regard to its sources viz., awareness, association, performance, knowledge and loyalty.

The failure or success of the selected products in ensuring brand equity is analysed meticulously in Chapter VI.

Chapter VII presents summary, findings, conclusion and suggestions.