

Antecedents of Customer Based Brand Equity-Research in Azerbaijan

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Abstract The purpose of this research is to determine the relationship between the elements of customer-based brand equity. 248 questionnaire was gained through convenience sample. Data was analyzed with SPSS AMOS-23. Confirmatory factor analysis first done and then path analysis with AMOS 23. It was determined that brand awareness has a direct and significant effect on perceived quality, brand loyalty and overall brand equity, an indirect and significant effect on brand loyalty and overall brand equity. It was also determined that the perceived quality has no direct effect on overall brand equity, but has direct effect on brand loyalty and indirect effect on overall brand equity. The most influential factor on overall brand equity is brand loyalty. The study is important because it is carried out in Azerbaijan, a country where brand perception is a new phenomenon. The results of the research are thought to be beneficial to both the theorist and the practitioner.

Keywords: brand awareness, perceived quality, brand loyalty, customer based brand equity, azerbaijan

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1. Introduction

Brand equity structures can be divided into three main groups: customer mindset structure, brand performance structure and shareholder value structure [1]. The customer mindset measures the general attitude of the customer directly toward a brand. The brand performance structure measures the brand market performance, which is the result of the customer mindset, and includes dollar sales, volume sales, revenue premium, price premium, volume premium, and share premium. The shareholder value structure measures the value created by the brand for the overall company.

The consumer-related method of measuring brand equity can be divided into two groups: those involving consumer perceptions (perceptual dimension) such as brand awareness, brand associations, perceived quality; and those involving consumer behaviour (behavioural dimension) such as brand loyalty [2,3].

Generally, customer-based brand equity studies represent two theoretical frameworks: Aaker's customer-based brand equity model and Keller's customer-based brand equity theory [4]. Aaker's [5,6] customer-based brand equity dimensions included brand awareness, brand associations, perceived quality, brand loyalty, and other proprietary brand assets. Because proprietary brand assets are firm related, only consumer-related components have been adopted by subsequent researchers, resulting in a four-dimensional CBBE (customer-based brand equity) including awareness, associations, quality, and loyalty [7]. Utilizing Aaker's and Keller's brand equity concepts, Yoo

and Donthu [8] developed a multidimensional scale to measure customer-based brand equity. Yoo and Donthu [8] suggest that the brand loyalty is one of the components of customer-based brand equity, and that three brand equity dimensions affect overall brand equity. Also brand awareness and brand associations are considered as the same dimension. Nam et al. [9] claims that the brand loyalty is one of the components of customer-based brand equity, but an outcome rather than antecedent of brand equity. Buil et al. [10] argued that brand associations, brand awareness and perceived quality influence brand loyalty [11]. Liu et al., [4] used perceived quality, brand loyalty, brand awareness, and brand image as common dimensions of CBBE. The common denominator in all models is adoption of one or more dimensions from the Aaker model [4].

The purpose of this research is to determine the relationship between the elements of customer-based brand equity. In this context, firstly literature review was made on the subject, a model based on the theory was put forward and the model was tested and the results were obtained.

2. Literature Review

2.1. Brand Equity

Brand equity refers to the customer's subjective and intangible assessment of the brand, above and beyond its objectively-perceived value [12]. Furthermore, brand equity can reflect the consumers' thinking, feelings and actions toward the brand, and can even help to increase the value, market share and benefits of a firm [13]. Aaker

[5] defines CBBE as a multidimensional concept, which is “a set of brand assets and liabilities linked to a brand, its name and symbol that adds to or subtracts from the value provided by a product or service to a firm and/or to that firm’s consumers.” Keller [14] defined customer-based brand equity as the differential effect that brand knowledge has on consumer response to the marketing of that brand. Customer-based brand equity occurs when the consumer has a high level of awareness and familiarity with the brand and holds some strong, favorable, and unique brand associations in memory [14]. CBBE is “a set of perceptions, attitudes, knowledge, and behaviors on the part of consumers that results in increased utility and allows a brand to earn greater volume or greater margins than it could without the brand name” [15].

2.2. Brand Awareness

Different brands have different relative strengths in consumers’ minds. This strength has been referred to as brand awareness and is an integral part of brand equity [16]. Brand awareness is one of the dimensions of brand equity [5,17,18]. It is the first step to creating brand equity [10] and it is the ability of a customer to recognize or recall that a brand is a member of a certain product category [19]. According to Aaker, brand awareness is the foundation of overall brand equity and the other three dimensions (brand associations, perceived quality, brand loyalty) [20]. Aaker [5] considers that brand awareness may result in brand equity in four different ways: creating a brand node in consumer’s memory, providing a sense of familiarity of the brand in the consumer’s mind, acting as a signal of trust in the brand and being enough reason for the consumer to consider the brand in his consideration set [21]. When consumers are aware of a brand, it is more likely to be chosen over other brands with lesser awareness [22]. Keller, conceptualized that brand awareness consists of brand recognition as well as brand recall [16].

While several researchers proposed brand awareness as a direct antecedent of brand equity—that is, brand awareness not conceptualized as a component of brand equity, other empirical results showed that brand awareness, along with other brand related attitudes, could positively influence future brand choice and market share [23].

Brand awareness with strong associations develops a specific perception of brand image (e.g., quality, feelings) and is positively related to brand equity because it can signal quality and loyalty, which leads to a favorable purchase behavior [24]. Some studies consider brand awareness and brand associations as a joint dimension, causing difficulty in untangling the effect of brand awareness from brand association [25].

Several studies found positive impact of brand awareness on perceived quality [10,20,26,27], on brand loyalty [20,21], on CBBE [19] and on customer satisfaction [28]. On the other hand some studies did not found significant impact of brand awareness on brand loyalty [26,28] and on CBBE [9,16,29,30,31,32].

2.3. Brand Association

Brand associations are the informational nodes linked

to the brand node in memory and contain the meaning of the brand for consumers (Keller, 2013). Brand association refers to all the thoughts in consumers’ minds related to a brand [22]. Brand associations may be either brand attributes or benefits. Brand attributes are those descriptive features that characterize a product or service. Brand benefits are the personal value and meaning that consumers attach to the product or service attributes [14].

There is a strong connection between awareness and association; some argue that the former precedes the latter [33]. Some empirical evidence suggests that association and awareness should be combined into one [34]. As we used Yoo and Donthu’s [8,35] scale because of its cross cultural validation, we took association and awareness as the same construct.

2.4. Perceived Quality

Perceived quality is another core dimension of customer-based brand equity [19]. It is not the real quality of the product but the customer’s perception of the overall quality or superiority of the product (or service) with respect to its intended purpose, relative to alternatives [31]. Perceived quality is related to consumers’ judgments, which are formed after consumers compare expectations with perception of actual service [4]. Yoo et al. [36], Pappu and Quester [37,38], Tong and Hawley [31] empirically validated perceived quality as one of the dimensions of customer-based brand equity [19].

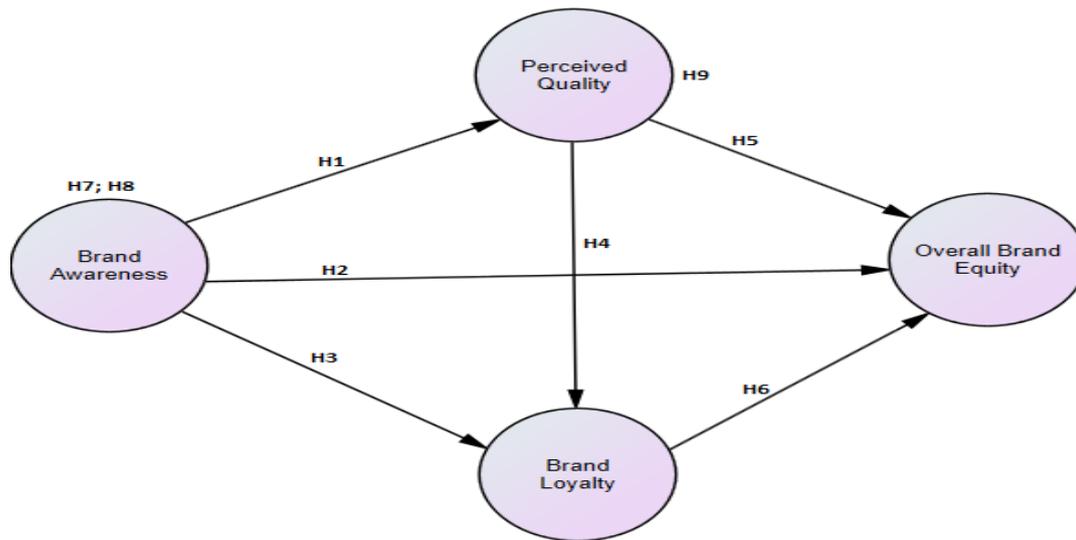
Several studies found positive impact of perceived quality on brand loyalty [20,26,27,28], on brand equity [10,16,19,27,32] and on customer satisfaction [28]. On the other hand some studies did not found significant impact of perceived quality on brand loyalty [10,21] and on CBBE [21,29,31].

2.5. Brand Loyalty

Brand loyalty is the core dimension of customer-based brand equity [19]. It is the commitment to buy again or patronize a preferred product or service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behavior [39]. Loyal customers are less likely to switch to a competitor solely because of price; they also make more frequent purchases than comparable non-loyal customers [31]. Brand-loyal consumers are willing to pay more for that brand and respond more favorably to a brand than nonloyal or switching consumers [4].

One of the observable differences among different CBBE studies is the role of the loyalty component. Loyalty is included as a component of CBBE in some studies, but treated as an outcome of CBBE in other studies [7]. In Yoo ve Donthu’s [8] study, brand loyalty refers to the tendency to be loyal to a focal brand, which is demonstrated by the intention to buy the brand as a primary choice.

Several studies found positive impact of brand loyalty on brand equity [10,19,21,29,30,31,32,40]. On the other hand some studies did not found significant impact of brand loyalty on brand equity [16].



- H1. Brand awareness has a direct and positive effect on perceived quality
 H2. Brand awareness has a direct and positive effect on overall brand equity
 H3. Brand awareness has a direct and positive effect on brand loyalty
 H4. Perceived quality has a direct and positive effect on brand loyalty
 H5. Perceived quality has a direct and positive effect on overall brand equity
 H6. Brand loyalty has a direct and positive effect on overall brand equity
 H7. Perceived quality mediates the effect of brand awareness on brand loyalty
 H8. Brand loyalty mediates the effect of brand awareness on overall brand equity
 H9. Brand loyalty mediates the effect of perceived quality on overall brand equity

Figure 1. Research Model

3. Research Model and Hypotheses

As a result of the literature review, the following model (Figure 1) has been adopted and hypotheses have been developed for testing.

4. Methodology

Items measuring variables were taken from Yoo and Donthu's [8,35] (Yoo and Donthu developed a multidimensional scale for customer-based brand equity and test its psychometric properties. They observed only three dimensions for customer-based brand equity as discussed in this paper) customer-based brand equity construct due to its cross-cultural validity. The items were translated into Azerbaijani language and after the approval of the language and marketing experts, pilot study were conducted with 20 respondents. Then, 248 questionnaires were collected using convenience sampling method. The universe of research is Baku population over 16 years old.

The questionnaire consists of demographic questions and items that measure customer-based brand equity structure. The customer-based brand equity items were measured on a five-point Likert type scale where 1 representing "strongly disagree" and 5 "strongly agree". Respondents were asked to answer questions, taking into account any brands they used. The data were analyzed with the SPSS AMOS 23.

5. Analysis and Findings

Some socio-demographic characteristics of the sample are presented in Table 1.

AMOS 24 was used for data analysis. For investigating model fit confirmatory factor analysis were performed. Indicators related model fit are all acceptable: $3 > \text{CMIN/DF} = 2,103$; $0.90 < \text{GFI} = 0,929$; $0.95 < \text{CFI} = 0,974$; $0.08 > \text{RMSEA} = 0,067$ [41].

For determining relations among variables path analysis performed using SPSS Amos. Figure 1 presents path estimates, and Table 2 shows standardized direct effects (estimates), standard errors (SE) and significance of relationships (P). As shown in table direct effect of perceived quality (PQ) on overall brand equity (OBE) is not statistically significant, thus H5 were not supported. All other direct effects are statistically significant, thus H1, H2, H3, H4, H6 were supported.

To investigate indirect effects, bootstrapping procedure were implemented ($n = 500$, BC - %95). Table 3 presents the indirect effects of awareness on loyalty, awareness on overall brand equity, and perceived quality on overall brand equity. Results indicate that all indirect effects are statistically significant. That is hypothesis H7, H8 and H9 were supported.

Table 1. Socio-demographic characteristics of the sample

Gender		Income (1 AZN=0,59\$)	
Male	43%	0-250 AZN	54%
Female	57%	251- 500 AZN	18%
		501- 750 AZN	9%
		751- 1000 AZN	8%
		1001 or more AZN	11%
Marital Status		Occupation	
Married	42%	Student	41%
Single	58%	Employed	42%
		Unemployed	17%
Age			
16- 25 years	60%		
26 - 35 years	23%		
36 - 45 years	11%		
46 or more years	6%		

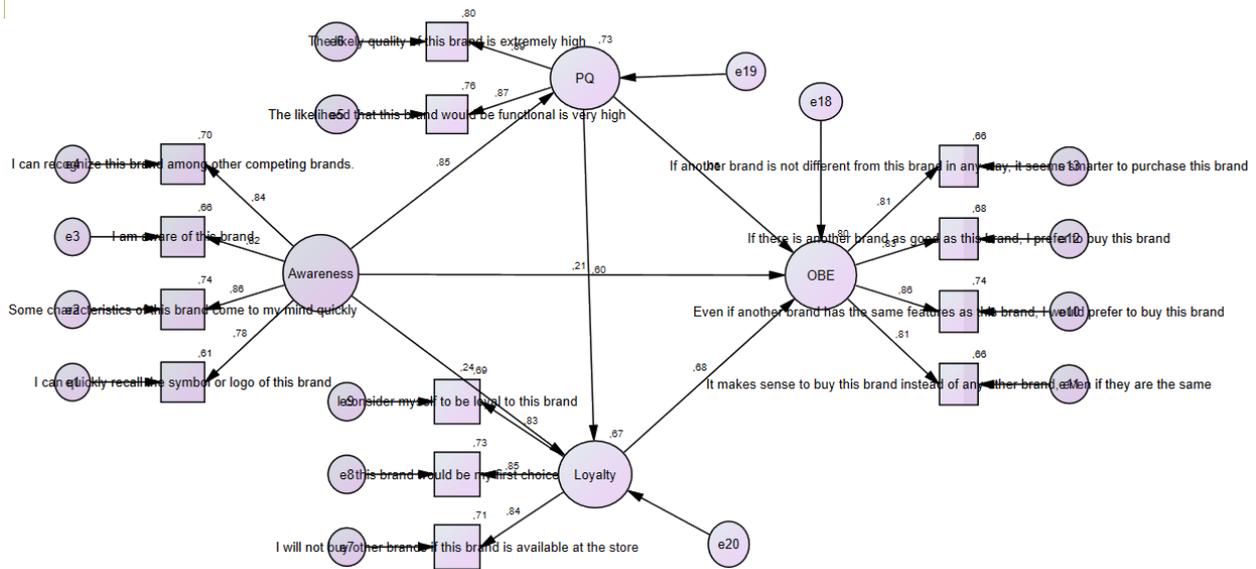


Figure 2. SPSS Amos Path Analysis Output

Table 2. Standardized Direct Effects

			Estimates	SE	P	Hypothesis	Status
Brand Awareness	---	Perceived Quality	,853	,075	***	1	S
Brand Awareness	---	Overall Brand Equity	,209	,119	,042	2	S
Brand Awareness	---	Brand Loyalty	,243	,157	,048	3	S
Perceived Quality	---	Brand Loyalty	,599	,148	***	4	S
Perceived Quality	---	Overall Brand Equity	,049	,129	,684	5	NS
Brand Loyalty	---	Overall Brand Equity	,680	,086	***	6	S

***p<0,001; S-Supported; NS-Not Supported.

Table 3. Standardized Indirect Effects

			Estimates	SE	P	Hypothesis	Status
Awareness	---	Brand Loyalty	,511	,174	,005	7	S
Awareness	---	Overall Brand Equity	,555	,143	,008	8	S
Perceived Quality	---	Overall Brand Equity	,408	,164	,005	9	S

S-Supported.

Squared multiple correlations for structural equations indicate that (Table 4) the predictors of perceived quality explain 72,8 percent of its variance, the predictors of loyalty explain 66,6 percent of its variance and the predictors of overall brand equity explain 79,5 percent of its variance.

Table 4. Squared Multiple Correlations

	Estimate
Perceived Quality	,728
Brand Loyalty	,666
Overall Brand Equity	,795

6. Conclusions

In this paper we first introduce literature review about customer-based brand equity. Almost all researchers that we reviewed refer to Aaker`s and Keller`s customer based brand equity concept and accept their definition. In this article we accept Yoo and Donthu`s [8] customer-based

brand equity scale as they test its psychometric properties in the cross-cultural setting. As in majority research, Yoo and Donthu [8] also identified brand equity construct dimensions as proposed by Aaker [5] and Keller [18].

According to research model nine hypotheses was determined. Eight hypotheses was supported, only H5, which claims the direct effect of perceived quality on overall brand equity has been rejected. However, the indirect and significant effect of perceived quality on overall brand equity has been determined. The most influential factor on overall brand equity is brand loyalty.

The results present some implications for theorists and practitioners.

Although being tested in different countries, it is thought that to test customer-based brand equity structure in Azerbaijan will contribute to filling the gap in this field, as that Azerbaijan is a Post-Soviet country, with the mix of Islamic, European, Caucasian cultures. The other characteristics of Azerbaijan are its rapid development with oil incomes and new acquaintance with world brands.

Domestic and foreign companies which operate in Azerbaijan may use the findings of this research to create

customer-based brand equity. So, companies that want to create customer-based brand equity are in need of brand awareness, increasing perceived quality and creating loyalty. Besides brand loyalty is tightly linked with perceived quality.

As major constraints of the research, it is possible to show that only Baku has taken as a universe and the sample size is small. Larger sample sizes will be better for comprehensiveness.

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