The Influence of Customer Based Brand Equity on Consumer Responses-the newly opened West Hills Mall in Ghana

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Abstract: The interest of this study is to understand customer based brand equity and its effect on consumers’ willingness to pay price premiums, consumers’ attitude towards brand preference and purchase intention at the newly open West Hills Mall in Ghana. The data for the study was collected from 400 customers who went to shop at the West Hills Mall. Using a confirmatory factor analysis and path analyses it was found out that brand preference and purchase intention is significantly related to brand equity. However, consumers’ willingness to pay price premiums is not significantly related to brand equity. Possible future research could look at involving customers from more than one shopping Mall in the country because of the cultural differences in customer preference. Also, performance measurement and financial performance could by studied to help marketing managers and marketing planners to know the importance of brand equity in running shopping Malls.

Keywords: Customer Based Brand Equity, Consumer Response, West Hills Mall, Ghana

JEL Classification: M31, M15

INTRODUCTION

The definition of brand equity can be approached from the perspective of investors, manufacturers, retailers or consumers. Retailers and manufacturers are usually concerned with the cash flow and strategic implications of brand equity, while investors concern themselves with value in terms of finances so as to treat it as an asset and include it in the firm’s balance sheet (Myers, 2003; Keller, 1993). According to Keller (2003), “brand equity [is] the differential effect that brand knowledge has on consumer response to the marketing of the brand”. Therefore, it is important for the brand to provide some value to customers in order for it to have a high equity level. This is because the power of a brand is determined by what customers learn of it over time. It also includes what they have felt, seen, or heard about the brand (Keller, 2003).

Aaker (1991) and Keller (1993) developed the foundation for consumer-based brand equity research. From a cognitive psychology approach, Aaker (1991) defines brand equity as “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 customers”. These assets are brand awareness, perceived quality, brand associations, brand loyalty and other proprietary assets. Keller (1993) develops an alternative view and defines the concept of consumer-based brand equity as the differential effect of brand knowledge on consumer response to the marketing of the brand. Following these two approaches, this study uses a consumer-based brand equity measure that consists of four key constructs: brand awareness, perceived quality, brand associations, and brand loyalty and examines these on consumers’ willingness to pay price premiums, consumers’ attitude towards brand preference and purchase intention. These brand equity dimensions are widely accepted and
used by numerous researchers (e.g. Yoo et al., 2000; Kim et al., 2003; Pappu et al., 2005; Lee and Back, 2010; Pike et al., 2010; Kim and Hyun, 2011).

1. BRAND AWARENESS

Brand awareness is the first step to creating brand equity. This dimension refers to whether consumers can recall or recognise a brand and is related to the strength of a brand’s presence in consumers’ minds (Aaker, 1996). Perceived quality and brand associations are also two key dimensions of brand equity. Perceived quality refers to the perception of the overall quality or superiority of a product or service relative (Keller, 2003), while brand associations are the concepts that have links to the brand name in consumer memory (Keller and Lehmann, 2006).

Brand awareness involves linking the brand to different associations in memory (Keller, 2003). Therefore, consumers must first be aware of a brand to later have a set of brand associations (Aaker, 1991). Brand awareness affects the formation and the strength of brand associations, including perceived quality (Keller, 1993; Pitta and Katsanis, 1995; Keller and Lehmann, 2003; Pike et al., 2010).

1.1 Perceived quality

Perceived quality refers to the judgement or perception about the superiority of the product compared to others in the same category or close substitutes. It is the ability of a product to offer the necessary level of satisfaction better than other alternatives. As explained by Baldauf et al. (2003), the quality of a product is a significant resource that enables the firm to achieve competitiveness. When the firm creates a brand, they need to communicate the essence of the brand with the aim of positioning it in the minds of the audience in the marketplace so as to match the characteristics of the brand to the needs and expectations of the consumers. According to Hamann et al. (2007), branding contributes greatly to providing security and assuring customers of the quality of products.

The development of powerful brands in a market arises from consistently providing a compelling experience to customers. The experience is achieved through the distribution channels, the product on offer, physical environment, employee behaviour and brand communication. These factors largely contribute to making the brand tangible to consumers (Abimbola and Vallaster, 2007). Having a high-quality brand is not only a prerequisite to being competitive in a market; it enables also the company that owns the brand to become attractive in the marketplace (Urde, 1994). The service encounter provided by the firm to its customers serves as the strongest impression of quality of the brand; hence, every interaction between the firm and its customers affects the brand image (De Chernatony and Drury, 2006).

Brand association

According to Lassar et al. (1995), brand association refers to the relative strength of a consumer’s positive feelings towards the brand. The interaction between customers and other relevant stakeholders has an influence on the brand equity of the firm. It has been argued by some researchers that when the customers’ experience of a product or brand is positive, the brand becomes stronger and there is a positive reputation of the brand (Abimbola and Vallaster, 2007). A study by Hamann et al. (2007) reveals that buyers often patronize and are also willing to pay premium prices for those products that are branded when they have a choice to select from products that fall into the same category. Buyers eventually identify with the brand and they also form some emotional bond with and sentimental attachment to the brand (Lassar et al., 1995). Consumers use the name of the brand to make inferences about the quality of a product they are not familiar with mainly because the brand name tends to build a reputation of the product as a result of the associations it has by virtue of its name and the utility or value of the product (Lassar et al., 1995). Some researchers (Simmons, 2007) explain that a brand evokes in the mind of customers
a certain presence, personality and product or service performance. The associations can be either a functional consequence or a symbolic meaning (O’Loughlin and Szmigin, 2005). According to Balmer and Gray (2003) buyers are usually persuaded to believe in some perceived cordiality associated with a particular brand. Hence, consumers tend to consume the brand and associate themselves with the brand to identify who they are, who they wish to be and/or how they wish to be seen. Brands become competitive in the marketplace as a result of the associations and behaviour of consumers towards them. Simply put, buyers tend to develop relationship with brands and such a relationship substitutes for human interaction between the firm and its customers. According to Delgado-Ballaster and Munuera-Aleman (2005), this relationship is known as relational market based brand equity.

Brand loyalty

When a customer is loyal to a product or a brand, they consider it as their first option or choice and they are not influenced or affected by the strategies that are employed by competitors to lure them or get their attention (Tong and Hawley, 2009).

Unlike the other antecedents of brand equity, brand loyalty develops from actual buying and usage of the product or brand (Baldauf et al., 2003). It is often indicated by the favourable attitude of consumers towards a brand, demonstrated by repeated purchase of the brand over time (Urde, 1994).

Brand equity is influenced by the subjective evaluation of any direct (e.g. trial, usage) and indirect contact (e.g. advertising, word of mouth) with the brand (Delgado-Ballaster and Munuera-Aleman, 2005; Keller, 1993). Consequently, in order to achieve brand equity, it is important for firms to develop marketing strategies that not win only customers but also build trust and loyalty. Brand loyalty is an important characteristic of brands with high equity (Atilgan et al., 2005; Tong and Hawley, 2009; Aaker, 1991). When a firm succeeds in building loyalty in the marketplace for its products and services, it leads to certain marketing advantages. The marketing advantages include price premiums, market share and greater trade leverage and reduced marketing costs (Delgado-Ballaster and Munuera-Aleman, 2005).

Customer based brand equity effects on consumers’ responses

Building a strong brand with positive equity positively influences firms’ performance through its effect on consumers’ responses towards brands. This study explores three of these consumer responses: willingness to pay a price premium, brand preference and purchase intention. The willingness to pay a price premium reflects the amount a consumer is willing to pay for a brand in comparison with other brands offering similar benefits. The literature indicates that brand equity has a notable impact on consumers’ willingness to pay a price premium (Lassar et al., 1995; Netemeyer et al., 2004). Brand equity makes consumers less sensitive to price increases (Hoeffler and Keller, 2003; Keller and Lehmann, 2003) and more willing to pay a higher price since they perceive some unique value in the brand that no other alternative can provide (Chaudhuri, 1995; Seitz et al., 2010).

2. OBJECTIVES OF THE STUDY

The main objective of this study is to understand customer based brand equity and examines the effect of brand equity on consumers’ willingness to pay price premiums, consumers’ attitude towards brand preference and purchase intention.

3. HYPOTHESIS DEVELOPMENT AND CONCEPTUAL FRAMEWORK

Building a strong brand with positive equity positively influences firms’ performance through its effect on consumers’ responses towards brands. This study explores four of these consumer responses: willingness to pay a price premium, attitude towards extensions, brand preference and purchase intention. The willingness to pay a price premium reflects...
the amount a consumer is willing to pay for a brand in comparison with other brands offering similar benefits. The literature indicates that brand equity has a notable impact on consumers’ willingness to pay a price premium (Lassar et al., 1995; Netemeyer et al., 2004). Brand equity makes consumers less sensitive to price increases (Hoeffler and Keller, 2003; Keller and Lehmann, 2003) and more willing to pay a higher price since they perceive some unique value in the brand that no other alternative can provide (Chaudhuri, 1995; Seitz et al., 2010). Thus it is hypothesized that:

• **H1. Brand equity has a positive influence on consumers’ willingness to pay price premiums at the Westhill Mall**

Firms with higher brand equity can also extend their brands more successfully (Rangaswamy et al., 1993). One of the main reasons is that endowing a new product with a well-known brand name provides consumers with a sense of familiarity and trust that positively influences their attitude towards the extension, even when they do not have specific knowledge about it (Milberg and Sinn, 2008). The strong support for transfer of knowledge and affect from the parent brand to the extension clearly justifies the key role that brand equity plays in consumers’ evaluations of brand extensions (Czellar, 2003). Therefore, brands with higher equity are expected to generate more positive consumer responses towards potential extensions, as the following hypothesis propose:

• **H2. Brand equity has a positive influence on consumers’ brand preference at the Westhill Mall**

Brand equity also has a positive impact on consumers’ brand preferences. The literature suggests that strong brands get preferential evaluations as well as higher overall preference (Hoeffler and Keller, 2003). Similarly, customers who perceive a higher value in a brand are more likely to buy it (Aaker, 1991). Researchers have found a positive effect of brand equity on consumers’ brand preferences and purchase intentions. For instance, Cobb-Walgren et al. (1995) found across two categories, hotels and household cleaners, that those brands with higher equity generated greater brand preferences and purchase intentions. Similar results are reported by Tolba and Hassan (2009). Thus the following hypothesis is formulated:

• **H3. Brand equity has a positive influence on consumers’ purchase intention at the Westhill Mall**

According to Hellier et al., 2003 there is a relationship between these two constructs: brand preference and purchase intention the theory of reasoned action has been used to explain the relationships between attitudes, intentions and behaviour (Fishbein and Ajzen, 1975). According to this theory, a favourable attitude towards a brand leads to purchase intention. Hence the following hypothesis is formulated.

• **H4. Brand preference has a positive influence on consumers’ purchase intention at the Westhill Mall**
4. METHODOLOGY

Data will be collected through a survey at the West Hills Mall using quota sampling (by age and sex). The West Hills Mall was selected because it is the biggest mall currently in Ghana with high customer patronage. To deal with administration and response, teaching assistance from the Dominion University were provided with training to do the surveys (Craig and Douglas, 2005). The empirical study used four questionnaires, one for each brand. Each respondent were required to complete one version of the questionnaire and evaluate only one brand. To be eligible for the study, respondents needed to be aware of the focal brand on their questionnaire. A total of 500 questionnaires were completed. Non-valid questionnaires were discarded. Regarding consumers' responses to brand equity, three of the items used in Netemeyer et al. (2004) were adopted to measure the willingness to pay a price premium. Based on Sirgy et al. (1997), brand preference were measured using a three items. Three items on understanding brand equity and the effect of on consumers' purchase intention measure were taken from Yoo et al. (2000). Finally, purchase intention was measured using three items adapted from a previous study by Erdem et al. (2006). A total of 500 questionnaires were administered and out of which 400 were considered valid and were used in the final analysis. A total of 100 questionnaires were eliminated because they were incomplete.

5. DATA ANALYSIS AND DISCUSSIONS

A total of 500 questionnaires were administered and out of which 400 were used to do the analysis. 100 questionnaires were not valid to be included in the analysis. A structural equation modeling was used for confirmatory factor analysis and path analyses. The study used two-step approach recommended by Anderson and Gerbing (1988). First, the measurement model was analyzed to ensure sufficient reliability and validity of the constructs. Second, the hypotheses of the relationships between constructs were tested. Model fit criteria suggested by Hu and Bentler (1999) were used for both the measurement and the structural model: goodness of fit (GFI), adjusted goodness of fit (AGFI), comparative fit index (CFI), root mean square residual (RMR), and root mean square error of approximation (RMSEA). Acceptable models should have (and GFI and CFI greater than 0.90.

5.1 Demographic characteristics

Proctor (2000) explains that demographic data are needed to obtain basic information about the respondent. It provides identification material about the respondent such as age and sex. Demographic data, in addition, helps in the analysis of subgroups within the sample to provide a method for identifying differences.
in key results in responses by subgroups such as age, sex, etc. The distribution of demographic variables (Table 1) of the sample indicated that the respondents tended to be the youth. Out of the 400 respondents, 47.5% were male and 52.5% were female. 77% of the sample were between the youth ages of 18 years and 30 years. The ratio of respondents to the selected brands was: 8.0% preferred Apple and 17.0% preferred for Samsung in relation to Consumer Electronics, 13.3% preferred for Barcelos and 11.8% preferred Food Inn in relation to Food, 10.5% preferred Wooden and 14.5% preferred GTP/Holland in terms of Fashion, and 16.0% preferred Guinness and 9.0% preferred club beer in terms of Alcoholic drinks. This gives the current standing of each the brands at the West Hills Mall.

Tab. 1: Demographic Characteristics

<table>
<thead>
<tr>
<th>Parameter</th>
<th>No. of Respondent</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>190</td>
<td>47.5</td>
</tr>
<tr>
<td>Female</td>
<td>210</td>
<td>52.5</td>
</tr>
<tr>
<td>Total</td>
<td>400</td>
<td>100</td>
</tr>
<tr>
<td>Age Group</td>
<td></td>
<td></td>
</tr>
<tr>
<td>18 - 24</td>
<td>112</td>
<td>28.0</td>
</tr>
<tr>
<td>25 - 30</td>
<td>196</td>
<td>49.0</td>
</tr>
<tr>
<td>31 - 40</td>
<td>61</td>
<td>15.3</td>
</tr>
<tr>
<td>41 – 50</td>
<td>31</td>
<td>7.8</td>
</tr>
<tr>
<td>Total</td>
<td>400</td>
<td>100</td>
</tr>
<tr>
<td>Apple</td>
<td>32</td>
<td>8.0</td>
</tr>
<tr>
<td>Barcelos</td>
<td>53</td>
<td>13.3</td>
</tr>
<tr>
<td>Club Beer</td>
<td>36</td>
<td>9.0</td>
</tr>
<tr>
<td>Food Inn</td>
<td>47</td>
<td>11.8</td>
</tr>
<tr>
<td>GTP/Holland</td>
<td>58</td>
<td>14.5</td>
</tr>
<tr>
<td>Guinness</td>
<td>64</td>
<td>16.0</td>
</tr>
<tr>
<td>Samsung</td>
<td>68</td>
<td>17.0</td>
</tr>
<tr>
<td>Wooden</td>
<td>42</td>
<td>10.5</td>
</tr>
<tr>
<td>Total</td>
<td>400</td>
<td>100.0</td>
</tr>
</tbody>
</table>

5.2 Reliability and validity of measures

To assess the initial reliability of the measures, Cronbach’s alpha for all the construct was calculated and found to be 0.85. Next, a confirmative factor analysis (CFA) with Amos 5.0 Graphics software for the measurement model with four constructs was performed. Patterns fitting indicators are listed in the Table 2.

Source: Field Data, 2015
Table 2: Measuring patterns fitting overall indicators

<table>
<thead>
<tr>
<th>Variables/Indicators</th>
<th>Brand equity</th>
<th>Price Premium</th>
<th>Brand Preference</th>
<th>Purchase Intension</th>
</tr>
</thead>
<tbody>
<tr>
<td>CMIN/DF</td>
<td>1.52</td>
<td>2.36</td>
<td>1.83</td>
<td>2.33</td>
</tr>
<tr>
<td>RMR</td>
<td>0.01</td>
<td>0.02</td>
<td>0.02</td>
<td>0.01</td>
</tr>
<tr>
<td>GFI</td>
<td>0.91</td>
<td>0.96</td>
<td>0.90</td>
<td>0.94</td>
</tr>
<tr>
<td>AGFI</td>
<td>0.92</td>
<td>0.90</td>
<td>0.98</td>
<td>0.98</td>
</tr>
<tr>
<td>IFI</td>
<td>0.90</td>
<td>0.93</td>
<td>0.99</td>
<td>0.95</td>
</tr>
<tr>
<td>CFI</td>
<td>0.95</td>
<td>0.92</td>
<td>0.96</td>
<td>0.97</td>
</tr>
</tbody>
</table>

Source: Field Data, 2015

Table 2 indicated that all criteria met the recommended values in the measuring patterns and related Factor loadings were all more than 5%, and the significance level is 0.000.

1. STRUCTURAL MODEL

Based on the study hypotheses, a structural equation modeling was developed to assess the statistical significance of the proposed relationships between brand equity and its dimensions. Table 3 shows the model overall fittings indicators.

Table 3: The Model Fitting Indicators

<table>
<thead>
<tr>
<th>Variables</th>
<th>Indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>RMR</td>
<td>0.002</td>
</tr>
<tr>
<td>PCFI</td>
<td>0.63</td>
</tr>
<tr>
<td>IFI</td>
<td>0.97</td>
</tr>
<tr>
<td>CFI</td>
<td>0.98</td>
</tr>
<tr>
<td>TLI</td>
<td>0.96</td>
</tr>
<tr>
<td>NFI</td>
<td>0.98</td>
</tr>
<tr>
<td>AGFI</td>
<td>0.96</td>
</tr>
<tr>
<td>GFI</td>
<td>0.97</td>
</tr>
<tr>
<td>RMSEA</td>
<td>0.04</td>
</tr>
<tr>
<td>CMIN/df</td>
<td>1.93</td>
</tr>
</tbody>
</table>

Source: Field Data, 2015

Amos output results (Table 3) in model standard estimation section indicate that path analysis model is a suitable model. CMIN/df is 1.93 which is acceptable. RMSEA rate is equal to 0.04 which is appropriate, GFI and AGFI and other three variables of NFI, CFI, TLI and IFI rate are all more than 95%. And finally RMR rate indicate approximately zero rate. Fitting indicators for all patterns is in the acceptance area and these indicators reveal a good pattern fitting by data and the collected data support the pattern well.

The study tested the relationship between the antecedents and the result is presented in Table 4. The estimated model results supported three of the four hypotheses as shown in the Table 4.
DISCUSSION AND CONCLUSION

The present study has analyzed consumer brand equity on consumer response. The basic objective was to understand customer based brand equity and examine the effect of brand equity on consumers’ willingness to pay price premiums, consumers’ attitude towards brand preference and purchase intention. The researcher formulated four hypotheses that relate brand equity to price premiums, brand preference and purchase intentions.

Although these findings do not completely support all hypotheses, the study found brand preference and purchase intention are significantly related brand equity. However, consumers’ willingness to pay price premiums and brand equity were found not to be significantly related, indicating that having a brand name is not a guarantee to place premiums on the product. This result is inconsistent with some earlier studies (example, Lassar et al., 1995; Netemeyer et al., 2004, Hoeffler and Keller, 2003; Keller and Lehmann, 2003)

To improving and encouraging products brand equity, it is important to establish the fact that different brand equity dimensions contribute to the overall equity in different ways, and that a relationship exists among the dimensions. Marketing managers who are often restricted due to limited resources (e.g. money, time, and manpower) to implement branding strategies, can make good use of the findings of this study by prioritizing and allocating resources across the various dimensions. The study is limited to only the West Hills Mall. Future research needs to be done among the various regions in Ghana because of the cultural difference that exist among the various regions in Ghana which would influence consumer utility and preference.

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