

## THE IMPACT OF BRAND EQUITY ON CONSUMER- BASED BRAND RESONANCE

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### **Abstract**

What helps to companies to set them in market, to subject less competitive possible risk and to have much intermediate role on cooperation and support opportunities of brand development, is their strong brands. Therefore, nowadays, creating strong brands has been changed to one of priorities of every organization. Researchers and operant of marketing, at first, begin to study concept of a brand equity for measuring and evaluating total value of a brand. This study considers to a remarkable value that name of brand has for producer, retailer and consumer. Brand equity can be understood by considering to only its source, namely, the factors that are effective on creating and forming special brand equity at mind of consumer. At this research, these factors are studied for studying impact of brand equity drivers on consumer-based brand on brand resonance. In this direction, Keller model of brand equity is used that is a well-known model with variables such as brand awareness, brand association, brand superiority, brand affect and brand resonance. Research method is applied and its plan is descriptive and measuring. Method of collecting information was questionnaire which was analyzed by using route analysis by Amos software. The results showed that variable of brand awareness/association has positive effect on consumer's perception of brand superiority and brand effect on consumers. But this variable (brand awareness/association) has not direct effect on level of brand resonance. At this research, brand affect has positive effect on brand resonance but effect of brand superiority on brand resonance was not confirmed.

**Key words:** brand awareness/association, brand superiority, brand affect and brand resonance.

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## Introduction

Brand management has been changed into a very important subject as means of creating brand equity. However, concentrating on strategies of brand management is partly a new phenomenon in bank industry, importance of brand making has been a testifier for traditional merchandises and service companies since late of 1980's. (Sirinivasan, Park, Chang, 2005). Researches have always showed that strong brands have benefit for companies and consumers equally. Strong brands decrease risk of perception and costs of inquiry for consumers, increase possibility of more use and be able to reinforce social identity (Cobb-Walgren, ruble, Donthu, 1995, Keller, 1993). Due to power of a brand, organizations can demand additional price for their services or goods, be able to gain shares of market, keep loyalty of consumer, propose and offer opportunities of successful brand development and have effect on consumers for issuing positive statement (Brady et al. 2008, Kab Valgren et al., 1995; Sangster, Wotton, Mackenney, 2001).

Although importance of brand equity is obvious, the method by which considered indicators of brand equity effect on behavioral trends of consumers, effect rarely on empirical researches (see for exception on Bauer, Sauer, Schmitt, 2005; Bauer, Sauer, Exler, 2008; Gladden, Funk, 2001). Gordon (2010) believes that empirical evaluation of how indicators of brand equity such as brand awareness and brand association effect on behavioral trends of consumers is very important due to many reasons. First, as mentioned above, companies spend millions for their brand development every year. Increase of knowledge about how to create brand equity can help to organizations to be more efficient at their strategies of brand management.

Second, experts believe that masters should focus on their marketing for creating distinct marketing knowledge and awareness in order to direct decision making of consumer (faircloth; Capella, Alford, 2001, Keller, 1993). However, experts have not yet provided absolute testifiers based on being important or powerful relation between awareness, association and behavior of consumer. Meanwhile, last research has not studied potential role of such global views of brand on the mentioned relations. This empirical document, namely, brand association and brand awareness effect on consumer's behavior validates focusing on combinatory activities of marketing for gaining purpose of awareness development and increase of delineation of a brand. Also, the research that learn us how effective reactions of consumer effect on brand equity

increase our knowledge about what determines brand equity and provides special instruction for academic professors to create of brand equity.

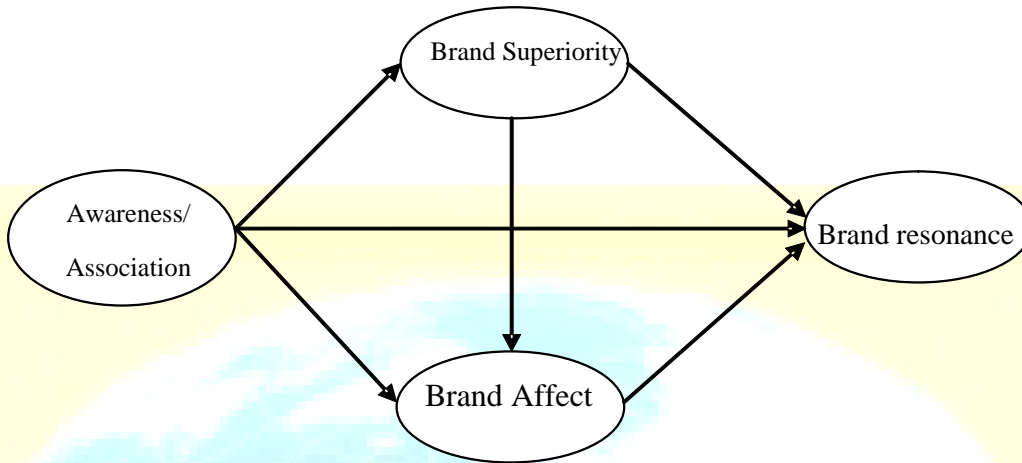
Importance of brand attitudes for brand equity has been proved by last researches (see on Bauer et al. 2005; Bauer et al., 2008, Gladden, Funk, 2002; Keller, 1993), while there are less empirical documents for describing nature of this importance. Brand attitudes have been recognized by mistake as special kind of brand association. This classification should be corrected because consumers form attitudes considering to a brand based on their thoughts' evaluation (namely brand association), the thoughts that have goal towards brand. These evaluations are something more than mere thoughts about a brand (namely brand association). In this way, Gordon's studies (2010) don't determine brand attitudes as a special kind of relation. Brand attitudes were measured as a separate structure which was named as brand superiority.

Research about brand equity has been a common subject at two last decades. Marketing science institute (2004) declared that the cases related to brand making and brand equity are one of main priorities of marketing researchers. However, prior to Gordon (2010), researches related to consumer-based brand equity have not been successful in empirical studying relation between brand awareness, brand association and behavioral tendency of consumers. Instead, the most empirical studies have focused just on determining the most precise method of measuring components of brand equity (brand awareness, brand association). As mentioned above, brand awareness and brand association are two main indicators of brand equity which have been determined by last researches while there is lack of empirical documents for how these indicators effect on brand equity. In addition, researches prior to Gordon (2010) have completely overlooked potential changing role that effective reactions and cognitive evaluation of consumer may play on relation between indicators of brand equity and behavioral purposes of consumer.

Purpose of this research is to operate structures and study relation between dimensions of brand equity, empirically. Model of consumer-based brand equity is used the field of bank services at this study.

At this research, researcher used the following research model while using Gordon (2010) model considering to common research of Yoo et al. for "studying lack of diversity between cultures in process of creating brand equity" and considering to two structures of brand awareness and brand

association in the field of bank services which are jointly created namely as soon as consumers is aware of brand, association will inscribe at his/her mind.



Model of Current research

### Definition of brand equity

There isn't unanimity for definition of brand equity at marketing literatures. In organizational view, Aaker (1991-1996) defines brand equity as: "a set of properties and commitments related to symbol and name of a brand which are added (deducted) to value of a product or service of a factory/or consumers of factory". Companies are responsible to manage plenty properties of brand in order to improve value of product for consumer and factory. In view of Aaker, a factory should consider that the brand exhibits its tangible aspects, values and goals of organization and personal specifications of that brand may have and symbolic exhibitions of the brand. In addition, these aspects of brand form from universal similarity or image of brand at mind of consumer (Aaker, 1996).

Keller (1993) considers to brand equity in view of consumer; he defines this equity as: "different effect of brand knowledge toward answer of consumer on brand marketing". Power of a brand for calling strong, suitable and unique association of brand is considered as nature of brand equity (Keller 1994; McDowell, 2004). In competitive field of market, ability of a brand to

separate itself from other competitors is necessary for its life. Unique associations of brand have been studied in order to be more useful at directing decision making of consumer comparing normal brand associations.

In view of finance, brand equity has been defined as difference in increasing cash flow between a branded service and unbranded competitor. In this way, financial definitions of brand equity include difference in benefits or revenues between a branded service and a specific mark (Ailawahai, Lehmann, Neslin, 2003; Dubin, 1998). In this case, correct value of a brand's name is understood by comparing liquidity of branded service with unbranded competitor.

### **Brand awareness**

Brand awareness clears presence of brand at mind of consumer (Keller (1993)). In view of consumer, ability of organizing and calling a brand is a sensitive point of innovation on the way of brand equity. Brand awareness is combined in two dimensions: brand recognition, brand recall. Meaning of brand recognition is the ability of consumer for remembering last experiences with this brand; while he/she assumes the brand as a pattern (Keller (2002)). ability of consumer for recognizing a brand get maximum mental awareness that a brand creates for the consumer. Meaning of brand recall is the ability of consumer for resuming the brand; while he/she assumes classification of the product as pattern or another kind of inquiry about the brand (Keller 1994). Brand recall appertain to brand availability in mind. The consumer should exhibit a product by marketing communications or first-hand experience methods in order to create positive associations about the product.

Many researches have cleared importance of brand awareness at process of creating brand equity (Aakar, 1991, et al., 2001). Keller (1993) believed that brand awareness is important because it increases acceptability of brand due to brand salience at mind of consumer especially under conditions of low mental involvement. In addition, brand awareness has direct influence on the image in which brand awareness is the first step in creating strong and suitable associations at mind of consumer.



## Brand association

For knowing why brand associations are decisive in creating brand equity, we should recognize how associations are created at memory of human. Anderson (1983) created principle of association from long term memory and explained how each meaning, idea or some information are stored at memory and also mechanisms by which these information are organized and coded at short term memory.

There is the idea that every part of information is exhibited at memory in form of nodes which are related to each other by associations. Totally, these parts make association net in which all sciences has been webbed with other nodes. If one idea is much related to the other one, they will be related strongly with each other and accessible while abstract ideas are related with each other with a very complicated system which is hardly accessible.

This association has drawn a positive relation between these concepts. It has been improved that power of association between two ideas has effect on availability of coded and recovered association at short term memory (Anderson, 1984; Keller, 1994; Ross, 2006). It means that the stronger is the association between two ideas, more rapidly the individual will gain a stimulus that enters into association. For retrieving information, a node should be activated namely, transfer of information from stored long term memory to active short term memory (Anderson, 1983).

As soon as a node is activated, connected nodes of the net are activated by a process named wide activation. As a result, it is important for marketers that implant positive and strong associations at mind of their consumers. These associations can help to decision making by help of consumer at passing from ambiguous information at a garbled media environment. Also, marketers can use these associations for their media communication with main consumers while flipping related associations and using them for gaining their attention and proposing an activity period. Considering to above description, it is clear that how much associations can be important in helping to consumers for decision making. As a result, experts found the brand association that is a vital component in creating brand equity.

### **Brand superiority**

Sense of brand superiority is limited to Keller's image conceptualizing of structure (2003). Therefore, the following discussion provides a precise review of literatures of brand attitude in view point of brand superiority. Brand attitude and brand superiority relate structures to each other so that both put through total cognitive evaluation of a target brand. Primary difference is in operating every structure in view of measurement. Brand attitudes are mainly measured by using semantic difference scale that is confirmed by antithetic specifications. Brand superiority measures total cognitive evaluation of brand user in relation with competitive brands. Unlike situation of last brand attitudes which have been presented at marketing literatures, there is remarkable difference between brand attitudes and brand superiority. Measuring brand superiority gains difference and singularity which consumers considers while evaluating a brand in relation with their competitors. At this point of view, this measurement tries to gain one of final purposes of effective brand making: creation of a brand which is unique and different with their competitors.

### **Brand affect**

Effective reaction of consumer to advertisements, use of products, using services have been studied at last researches (Bagozzi, Gopinath, et al. 1999; Chaudhuri, Holbrook, 2001; Mano and Oliver, 1993; Matezler, gerbner-Krater, 2006; Mano and Oliver, 1997; Richins, 1997; Thompson, Rindfliesh, Arsel, 2006). Last findings show that kind feelings have important role on reaction of consumer and occupy central position at behavioral literature of consumer (Bagozzi et al., 1999; Chaudhuri, Holbrook, 2001; Richins, 1997).

At new model of theory, Bagozzi (1992) stated that emotive reactions adjust relation between cognitive evaluation and behavioral purposes toward a stimulus. This model shows the importance which has effect on predicting behavioral purposes of consumer toward a product or brand. Emotive theory, which is considered at this study, is emotive recognition of Bagozzi et al. in the field of marketing. They know these feelings as something caused by reaction to event or cognitive evaluation which is often along with psychological processes and may result in special behavioral reactions to meet such effective reactions.

This attitude has important effect on creating consumer-based brand equity. First, effective reactions show experience of consumers in reaction to cognitive evaluation or evaluation of a target brand. Second, effective reactions may rise just based on brand association not necessarily in reaction to cognitive evaluation of brand association. Finally, operating effective brand should clearly include effective cases.

Last researches have been combinations of how feelings are evaluated by measurements that include cognitive cases. Therefore, these studies show potential relation between brand association, brand attitudes and brand affect. Brand affect is evaluated based on emotive intelligible making that was stated by Bagozzi et al. (1999).

Role of effect on relations between consumers and brand have been studied. Dick and Basu (1994) stated that positive effect is related to higher levels of brand loyalty. Chaudhuri and Holbrook (2001) stated that consumers show high level of commitment toward relations with a brand that experiences sever effect on target brand. Chaudhuri and Holbrook (2001) define brand affect as potential of "brand" to create positive motive reaction of mean consumer as consumed result". Unlike cognitive reactions to brand, emotive reaction of consumer to brand is spontaneity and less computed. Brand effect on purchase loyalty and attitude between consumers of goods and services have been shown (Chaudhuri and Holbrook, 2001).

The most important is that brand affect indirectly on added share of market has been shown for organization and last price of product. Inattention to the subject considering brand affect is remarkable effect that motive aspects of brand has on intentions and conceptions of consumer about brand. Although capability of motive relation of brand with consumers cause to increase consumers and have positive effect on brand conceptions at mind of consumer.

### **Definition of brand resonance**

Unlike last measurement results of brand equity, brand resonance concentrate on many behaviors that the consumers who are faithful to benefit of suitable brands undertake. Brand resonance gains social loyalty aspect of brands and also other aspects (time, effort and costs) that consumers show while they share with brand at these final relations. Therefore, meaning of brand resonance is final relation that consumers had with brand insofar as the consumer sense coordination with a brand (Keller, 2003).



Level of relation between a consumer and a brand leads to activity of consumer toward brand and power of relation that consumer has with other brand users. The consumer who uses a brand constantly or does other activities is described as someone who has high level of relation with brand. Also, the consumer who has association with other consumers of brand steadily, participate in news about the brand and help to using brand, is determined as having high level of action toward the brand, therefore, brand resonance has been combined with four different but related dimensions: behavioral loyalty, theoretical relation, sense of community and active engagement. At this study, theoretical relation is not operated due to using brand attitudes in model and clear lack of different stability between two structures.

### Hypotheses of research

- Brand awareness/association will have effect on consumer's perception (consumers of bank Saderat) of brand superiority.
- Brand awareness/association will have effect on consumers' level (consumers of bank Saderat) of brand affect.
- Brand awareness/association will have effect on consumers' level (consumers of bank Saderat) of brand resonance.
- Consumers' perception (consumers of bank Saderat) of brand superiority will have effect on their brand affect.
- Consumers' perception (consumers of bank Saderat) of brand superiority have affect on brand resonance.
- Consumers' level (consumers of bank Saderat) of brand affect has effect on brand resonance.

### Research method

Considering to purpose, this research is the kind of applied and measurement and non-experimental kind considering to method of information collecting and correlation and structural equations kind considering to method of analyzing information. At this research, statistical society includes consumers of Bank Saderat at Tehran province. Sample at this research was 384 consumers of bank Saderat at Tehran province.

At this research, the techniques of descriptive and illative statistics have been used. Descriptive statistics is used for describing status of studying subject or problem. Spearman correlation ratio

was used for testing hypotheses and route analysis was used for studying effect of every variable on brand equity by Amos software. For testing the model, method of confirmatory-operating analysis with AMOS software was used. In this direction, first, a standard model, that has been proposed based on theoretical literatures at second chapter, is provided and then, the model is stated at status of standard assessment. Finally, we confirm or reject the hypotheses by using T-Values model.

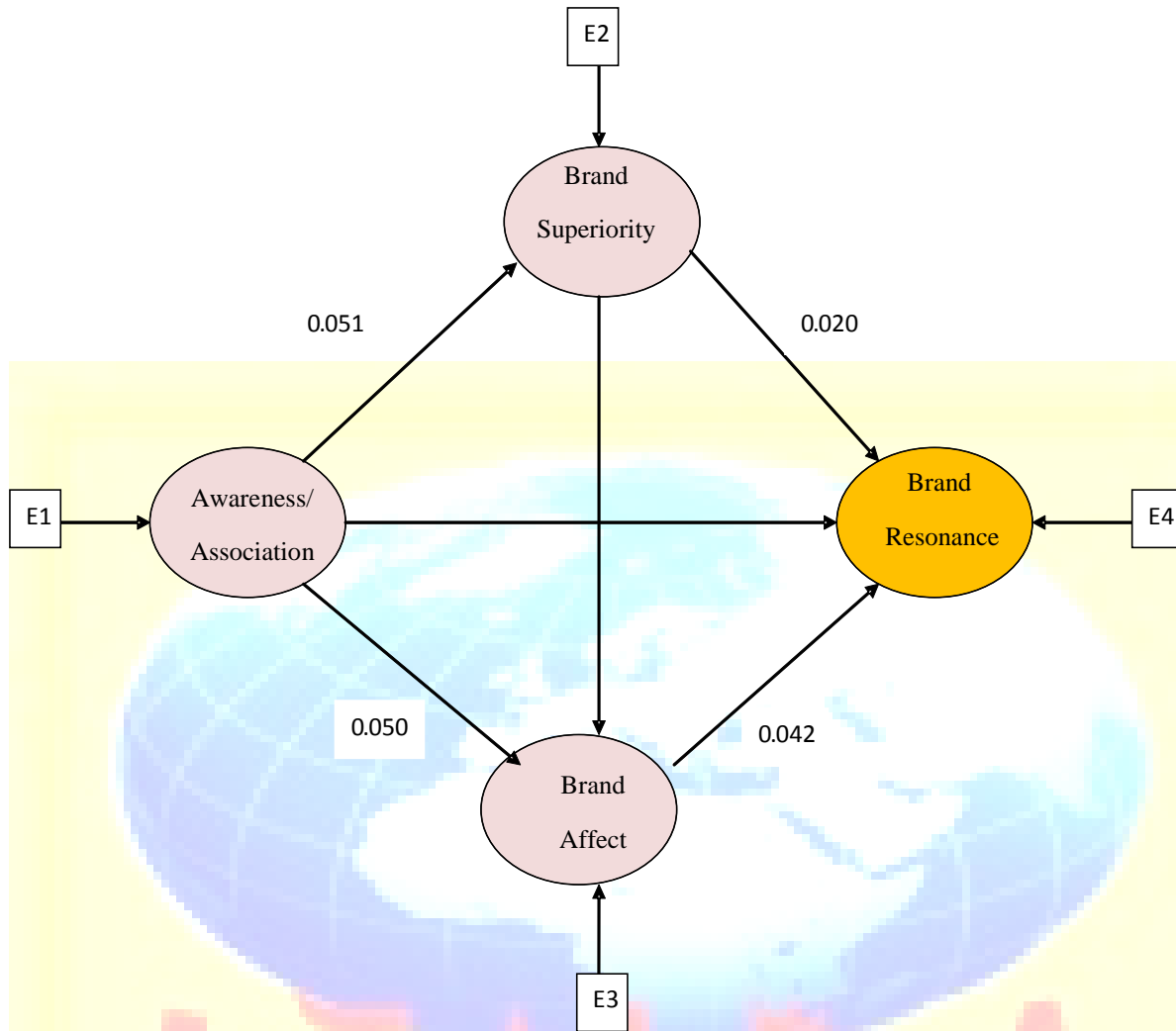
#### Evaluating total fit of model

- One of indicators of model fit is proportion of  $\chi^2/df$ . According to Hir et al. (1995) low limit of this proportion is 1 and its high limit can be 5. Amount of  $\chi^2$  4.149 and degree of freedom is 1 and as a result, is 4.149.
- Next indicator is RMSEA. Hir et al. (1995) believe that if amount of this indicator is between 0.05 and 0.08, the model will be suitable and if it is between 0.08 and 0.1, the model is acceptable. In current research RMSEA is 0.091 and it appears that the model is acceptable.
- Amount of GFI (good fitting indicator) and RMR of model are 0.995 and 0.026 respectively. Totally, at structural model, when amount of GFI is more than 0.7 and RMR less than 0.1, the model is at a good situation in terms of the two indicators.

The above mentioned indicators are main indicators of absolute fit of structural equations. Other indicators of model fitting will be provided next. Amount of other indicators should be at the spectrum of 0 to 1 and the closer to 1, the model will be more suitable. At this research, the model is at good situation in terms of fitting indicators. Summary of above matters are shown at the following table:

#### State diagram of standard assessment of model

Indicators of fitting model show being suitable of measuring model of variables because amount of RMSEA is 0.091 and proportion of two degree of freedom is also 4.149. Totally, if RMSEA is between 0.08 and 0.1, the model will be acceptable.



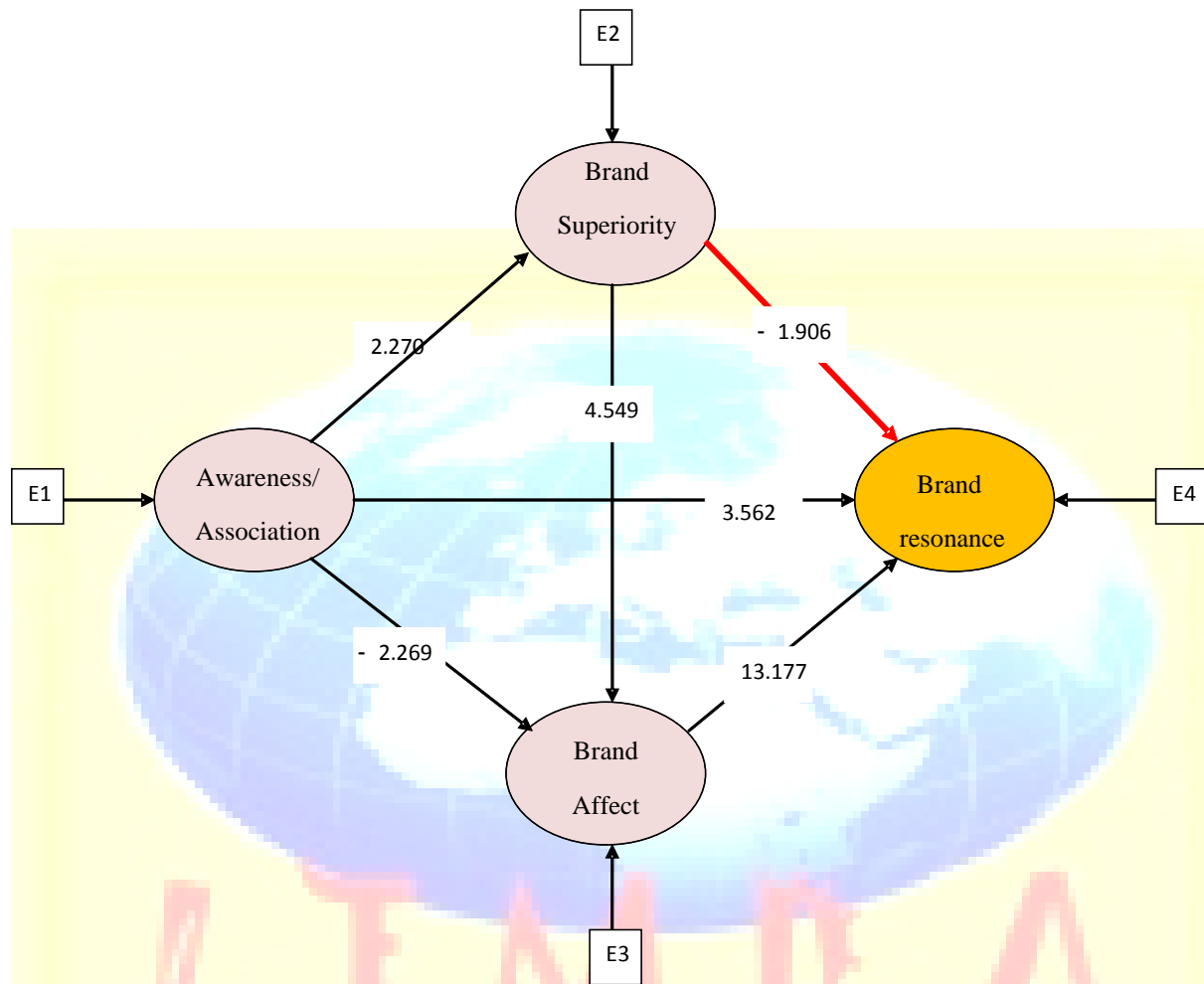
**Chi – square = 4.149, df = 1, p – value = 00.00, RMSEA = 0.091**

Figure 1: standard assessment of model

Meaningful state of numbers (T-Values) of model

At the model of structural equations, first, the evaluated model is drawn and then the model is drawn based on the same data in form of standard model. There isn't any assessment for hypotheses at form of standard model and we cannot certainly accept or reject any hypotheses by using relations but the model should be drawn at T-Value state in order to make decision about confirmation or rejection of hypotheses. As you see at figure, every arrow shows one of hypotheses and the ones with black color have meaningful amount of higher than 1.96 and lower

than -1.96 and confirm the related hypothesis and the ones with red color show rejection of related hypothesis.



Chi – square = 4.149, df = 1, p – value = 00.00, RMSEA = 0.091

Figure 2: Meaningful state of numbers (T-Values) of model

The following table shows relations and ratios of models:

Table 4-4: results of testing hypotheses:

Effect of structure	structure	Ratio of route	Statistic T	P-Value	Result of test
Association Awareness	Brand superiority	0.051	2.270	0.023	Confirmation of hypothesis
Association Awareness	Brand resonance	0.042	3.562	0.000	Confirmation of hypothesis
Association Awareness	Brand affect	0.050	2.269-	0.023	Confirmation of hypothesis
Brand superiority	Brand resonance	0.020	1.906-	0.057	Refusal of hypothesis
Brand superiority	Brand effect	0.042	4.549	0.000	Confirmation of hypothesis
Brand affect	Brand resonance	0.042	13.177	0.000	Confirmation of hypothesis

Table 2 conclusions of hypothesis test

As you see, the results of analyzing hypotheses are above. Totally, at test of route analysis, when result of statistic T student (meaningful number) is between 1.96 and -1.96, the hypotheses are rejected and if it is out of it, the hypotheses are accepted. Considering to the above mentioned matters, hypothesis 4 cannot be accepted due to occurring its meaningful number at related distance.

### Results and Implications

Totally, results of structural model validated Keller's making intelligible (2003) of consumer-based brand equity and reformation of researcher. This structural model describes a complicated process that consumers are involved with it; when they adhere to a special brand which begins with mere awareness and ends with final relation that consumers have with brand and has been offered by personal effort, intentions and social loyalty.

The results of the research showed that this process interferes in creating brand resonance comparing to creating mere awareness/ associations. Awareness/ associations have effect on cognitive evaluations and effective reactions to brand for consumer's gain and they have direct effect on behavioral intentions of consumer toward brand (brand resonance).

Results of operating Keller's pyramid of consumer-based brand equity (2003) were some guidelines for marketers to create brand. As Keller state "there is a CBBE request at frame of



brand that provides quantitative scales of being successful at creating brand". They begin a method for knowing how consumers recognize and feel a brand.

This research establishes a basis for us to know how consumers of brand observe services. First, it is proposed that consumers create different set of associations for every texture of brand. They extract thoughts about experimental and natural elements of brand for service brands. In addition, relation between brand awareness/ association, brand superiority and brand affect is different depending to texture of brand. It is expected for services that brand associations have more effect on effective reaction of consumers to brand.

Results of this research provide experimental document of importance that brand awareness/ association has at total process of creating a brand. However, this research showed that brand awareness/ association has direct effect on natural evaluation of consumers and their effective reaction to brand not on their behavioral intentions (brand resonance). Therefore, the model presented at this research provides a "brand evaluation" recognizing how much a company has developed for management and creating its brand. In addition, this research has operated a new set of behavioral results of consumers. This study provides a document that consumers have relation with brand according to a legal basis and also, a document of effort for relation with other consumers for brand's gain. This finding figures powerful effect of powerful brands on consumers for managers and experts of brand in which the most powerful brands reinforce consumers for acting as "propagandist" or "positive teller" of brand (Keller, 2003). Consumers of powerful brands have to learn about brand constantly and share their beliefs about brand with other consumers. Brand resonance provides some marketers naturally to create their brand. Marketers can evaluate the degree that consumers have "active blend" with their brand, also they state how much effort consumers do for relation with other potential consumers of brand.

Marketers should determine which aspects of brand is different from competitors' one. Considering to this model, this case will have effect on Consumer's recognition of brand superiority. It is important for service brands that experimental benefits are determined. Marketers should focus their transfer content on how need to services are felt and how these feelings are different from competitor's brands. This model shows that this thought will have effect on how consumers feel about brand affect; a vital connection for affecting on their behavioral intentions.

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