# Determinants of Brand Equity and Its Causes & Consequences
## A Study of Automobiles Oil from Peshawar Region Pakistan

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*ABSTRACT – The word brand equity is known to every marketer and they wish that they have positive brand equity for their brands. The question arises why customers will play extra amount for one particular product? There are many variables which create brand equity. These variables include Brand awareness, familiarity, brand image, association, loyalty, preferences and availability. But it is important to find that how each of these variables contribute towards brand equity for auto mobiles oil. To find out which of these variables contribute how much towards brand equity a sample of 100 auto mobile oil users has been contacted from Peshawar region. On the basis of their responses a regression and correlation analysis was conducted. Findings and results of the study shows that brand loyalty and brand familiarity has more influence on brand equity in case of automobile oil in Peshawar Pakistan*

*KEY WORDS: brand equity, brand awareness, brand familiarity, brand image, brand association, Brand loyalty, brand preferences and brand availability*

## Introduction

Positive Brand equity is the critical success factor for any company for long term survival and enjoying tremendous profit. The question why a customer will pay additional amount of money for a particular brand? For the very same purpose this research has been conducted. But there are many variables which contribute for brand equity. How ever these variables can vary from brand to brand and segment to segment. This research is focused on determinants of brand equity that what are the factors that create brand equity and how much these variables contribute towards brand equity for automobiles oil in Peshawar region. Research finds seven variables Brand awareness, Brand familiarity, Brand image, Brand association, Brand loyalty, Brand preferences and Brand availability from previous researches. Research is focused on that how these variables are contribution towards the brand equity of automobiles oil in Peshawar region Pakistan.

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**Literature review**

Tanmay Chattopadhyay, Shradha Shivani and Mahesh Krishnan (2009) brand equity is the amount generated by the firm just because of it brand image. But charging this additional amount is not an easy job. The effort behind it is effective marketing mix. There are many ways to aware target market about their product. Advertising is one of the major among them to create mass awareness in mind of consumers. According to Eda Atilgan, Safak Aksoy and Serkan Akinci (2005) for brand equity its is important to have brand awareness because without awareness consumers don't pay extra attention towards brands and even don't pay as the brand is not exposed to them. According to Hamed M. Shamma and Salah S. Hassan (2011) brand familiarity in term of usage or experience is an important factor which can influence consumer towards brand equity. That is just because on the basis of experience consumers can decide either the brand is according to their requirements or not. Even the post purchase behavior is also dependent upon the brand familiarity or first time use of product.

According to U. Thiripurasundari and P. Natarajan (2011) Brands take years to create its brand image. Although there are many reasons that contribute for making their brand image but this is the brand image because of which company can charge extra from their customers. This is the brand image which contributes towards brand equity. Emari Hossien (2011) Brand association in terms of any ways can be a reason for brand equity. Maha Mourad, Christine Ennew and Wael Kortam (2010) that country origin can be a reason for brand association.

Eda Atilgan, Safak Aksoy and Serkan Akinci (2005) describes in their study that customer loyalty is based on various brand characteristics like price, product quality and post purchase services. These factors directly responsible for customer loyalty. Manoj Pandey & Dr. J.K. Raju (2009) describe that customer loyalty is the major factor which create brand equity.

Aaker, D.A. (1991) Preferring a brand over its competitor means that brand has some features which compels consumers to prefer a brand over its competitors. For brand preference the brand characteristics are primarily responsible. When a brand is preferred over its competition it mean consumer are willing to pay even more for that product. But however it depends upon nature of product and market structure and competition strategies.

Owais (2000) in his study describe that availability is the realistic factor in consumer purchase decision. Companies make it available its products every where in market because it should be convenient for the buyers that not to waste time and energy cost for the purchase of one particular brand. Consumer can only pay and buy if the product is available in market. If it is not in reach of consumers they can not allocate its purchase resources for it.

**Theoretical frame work of the study**

There are two variables discussed in this study, i.e. dependent and independent variables. The below figure shows the brand equity depends upon Brand familiarity, Brand image, Brand association, Brand loyalty, Brand preferences and Brand availability. The theoretical frame work of the study includes all those variables that are identified from literature Brand familiarity, Brand image, Brand association, Brand loyalty, Brand

preferences and Brand availability are independent variables of the study. While brand equity is dependent upon mentioned variables.
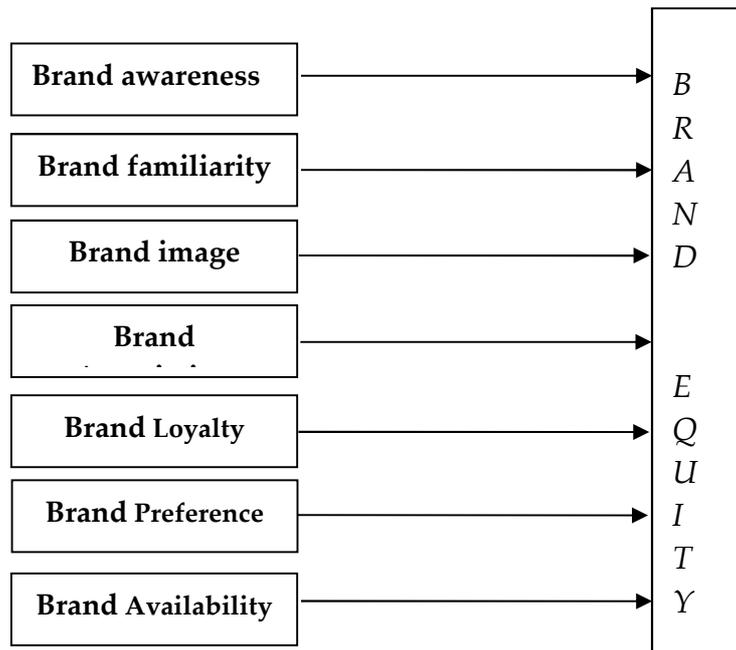


*Research Framework of the Study*

Study identified the relationship among above variables. On the basis of these variables a conclusion and recommendations is provided.

## Methodology

As this research is focused on the brand equity of automobiles oil. For research purpose the branded automobiles oil consumers of Peshawar region are targeted. A sample of 100 was selected for data analysis. The four automobiles companies were taken under considerations i.e Zic, Shell, Total and Volvien. The Likert scale questionnaire is designed for collecting the data from the mention sample. The number of participants who contacted was 100. For data collection among 100 consumers a research instrument was distributed. The response from respondent was 100% and regression and correlation analysis is conducted on mentioned sample size.

## Reliability of scale

The table 1 below shows the reliability of the data collected from respondents. The following table show that the data collected from mentioned sample is reliable and respondents answered accurately. Because the variables are exceeding from 70% which is the standard of acceptance for reliability.

*Table 1. Reliability of the Scale of the study*

| S.No | Variables | Cronbach's Alpha |
|------|-----------|------------------|
| 1 | Brand Equity | 0.820 |
| 2 | Brand awareness | 0.813 |
| 3 | Brand Familiarity/usage | 0.799 |
| 4 | Brand image | 0.911 |
| 5 | Brand Association | 0.745 |
| 6 | Brand Loyalty | 0.760 |
| 7 | Brand Preference | 0.803 |
| 8 | Brand Availability | 0.918 |

The above table calculations suggest that the responses given by respondents of the study are reliable.

## Hypotheses of the study and Regression Analysis

An overview of the hypothesis related to the relationship of brand equity with Brand familiarity, Brand image, Brand association, Brand loyalty, Brand preferences and Brand availability. In order to test the hypothesis of the study eight hypotheses are developed. Study shows that there is significant relationship between the brand equity and following hypothesis.

| Objectives | Hypothesis |
|------------|------------|
| Relationship between Brand Equity and its determinants. | H:1 There is a positive relationship between brand equity and brand awareness. |
| | H:2 Brand Familiarity/usage has an impact on brand equity.. |
| | H:3 There is a positive relationship between brand image and brand equity. |
| | H:4 Brand association has an impact on brand equity |
| | H:5 Brand Loyalty has a significant impact on brand equity. |
| | H:6 Brand preferences has an influence on brand equity. |
| | H:7 Brand Availability has a relationship with brand equity. |

Table 2 below shows significance relationship between the dependent and independent variables. It explains that the brand equity has a significant relationship with Brand familiarity, Brand image, Brand association, Brand loyalty, Brand preferences and Brand availability.

Table 2 show that the overall model is highly significant. Table 2 below shows significance relationship between brand equity and brand awareness. There is significant relationship exist between brand equity and brand awareness (t-statistic = 27.213 and P-value= 0.000). There is a significant relationships exist between brand equity and brand familiarity (t-statistic = 33.620 and P-value= 0.000) which mean that brand familiarity has an impact on brand equity.

*Table 2. Regression Results for Variables of the study.*

| S. No | Dependent Variables | Independent variable | Adjusted R square | F | B | St. Error | T | P. Value |
|---|---|---|---|---|---|---|---|---|
| DETERMINANTS OF BRAND EQUITY |
| 1 | Brand Equity | Brand awareness | 0.673 | 17.107 | 0.173 | 0.286 | 27.213 | 0.000 |
| 2 | Brand Equity | Brand Familiarity | 0.792 | 21.169 | 0.321 | 0.212 | 33.620 | 0.000 |
| 3 | Brand Equity | Brand image | 0.697 | 18.304 | 0.401 | 0.271 | 17.411 | 0.000 |
| 4 | Brand Equity | Brand Association | 0.325 | 32.453 | 0.720 | 0.252 | 28.841 | 0.000 |
| 5 | Brand Equity | Brand Loyalty | 0.894 | 31.412 | 0.732 | 0.293 | 39.112 | 0.000 |
| 6 | Brand Equity | Brand Preference | 0.782 | 27.987 | 0.383 | 0.413 | 33.230 | 0.000 |
| 7 | Brand Equity | Brand Availability | 0.577 | 13.120 | 0.297 | 0.610 | 17.113 | 0.000 |

Table 2 above shows that there is a significant relationships exist between brand equity and brand image (t-statistic = 17.411 and P-value= 0.000) which mean brand image has an impact on brand equity. There is significant relationship exist between brand equity and brand association (t-statistic = 28.841 and P-value= 0.000). There is significant relationship exist between brand equity and brand loyalty (t-statistic = 39.112 and P-value= 0.000). There is a significant relationships exist between brand equity and brand preferences (t-statistic = 33.230 and P-value= 0.000) which mean brand preferences has an impact on brand equity. Study shows that there is significant relationship between brand equity and brand availability (t-statistic = 17.113 and P-value= 0.000). Hence the above result shows that brand equity is dependent upon above mentioned variables.

## Correlation analysis

As shown in table 3 below, there is strong association between brand equity and Brand familiarity, Brand image, Brand association, Brand loyalty, Brand preferences and Brand availability. Survey demonstrates that there is a strong relationship between brand equity and awareness with Correlation coefficient (r = 0.701).

*Table 3. Correlation Analysis for Variables of the study*

| S. No | Dependent Variables | Independent variable | R | R Square |
|---|---|---|---|---|
| DETERMINANTS OF BRAND EQUITY |
| 1 | Brand Equity | Brand awarenes | 0.701 | 0.491 |
| 2 | Brand Equity | Brand Familiarity | 0.898 | 0.806 |
| 3 | Brand Equity | Brand image | 0.746 | 0.556 |
| 4 | Brand Equity | Brand Association | 0.453 | 0.205 |
| 5 | Brand Equity | Brand Loyalty | 0.917 | 0.840 |
| 6 | Brand Equity | Brand Preference | 0.811 | 0.657 |
| 7 | Brand Equity | Brand Availability | 0.521 | 0.271 |

For brand familiarity and brand equity correlation coefficient is (r = .898). Which mean that brand familiarity has a strong influence on brand equity. As shown in table 3, there is strong association between brand equity and brand image with correlation coefficient (r = .746). There is a weak relationship exist between brand equity and brand association with correlation coefficient (r = .453)

There is a very strong correlation between brand equity and brand loyalty with correlation coefficient (r = .917). Which mean that brand equity strongly dependent upon customer loyalty towards automobiles brand. Brand equity has a strong relationship with brand preference correlation coefficient (r = .811). Which mean that brand preference has strong impact on brand equity. There is a week relationship exist between brand equity and brand availability with correlation coefficient (r = .521). Which mean that brand availability can weekly affect brand equity.

## Conclusion

Research finds that brand equity has a significant relationship with Brand familiarity, Brand image, Brand association, Brand loyalty, Brand preferences and Brand availability. All factors play a vital role in creation of brand equity for automobiles oils. But findings of research show that brand loyalty contribute more with correlation (r = .917) toward brand equity for automobiles oil, in comparison of other variables of study.

The second prominent variable is brand familiarity/usage with correlation (r = .898) which contribute more toward the brand equity for branded automobile oil. Over all between all variables the vital role is from brand loyalty and familiarity. Hence it is concluded that all variables has influence on brand equity but brand loyalty and familiarity has greater influence on brand equity towards automobile oil in Peshawar Pakistan.

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# Determinante vrednosti brenda i njegovi uzroci i posledice: studija na primeru automobilskih ulja u Peševarskoj regiji Pakistan

**REZIME –** *Reč „vrednost brenda"je poznata svakom trgovcu,koji želi da ima dobre trgovačke marke za prodaju.Postavlja se pitanje zašto bi kupci suviše plaćati za jedan određen proizvod? Postoje mnoge varijable koje  odredjuju vrednost trgovačke marke. Ove varijable uključuju svesnost o brendu, poznavanje njegovog izgleda, odanost brendu, njegovo preferiranje i dostupnost istog. Pored toga, važno je otkriti kako svaka od tih varijabli doprinosi vrednosti brenda automobilskih ulja. Da bi se saznalo u kojoj meri neka od ovih varijabli doprinosi vrednosti brenda automobilskih ulja, korišćen je uzorak od 100 korisnika automobilskih u Peševarskoj regiji. Na temelju njihovih odgovora, uradjena regresiona i korelaciona analiza. Nalazi i rezultati istraživanja pokazuju da je lojalnost brendu i poznavanje brenda od najvećeg uticaja na njegovu tržišnu vrednost, kada je reč o automobilskim uljima u Peševar, Pakistan.*

**KLJU:NE REČI:** *vrednost brenda, svesnost o brendu, poznavanje trgovačke marke, izgled, odanost brendu, preferiranje brenda, raspoloživost*