



**ST. MARY'S UNIVERSITY  
SCHOOL OF GRADUATE STUDIES**

**MEASURING CUSTOMER-BASED BRAND EQUITY:  
THE CASE OF KANGAROO SHOE FACTORY**

**BY  
HAILEMELEKOT TEKESTEBERHAN  
ID SGS/0049/2009B**

**JUNE, 2019  
ADDIS ABABA, ETHIOPIA**

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**A THESIS SUBMITTED TO ST. MARY'S UNIVERSITY,  
SCHOOL OF GRADUATE STUDIES IN PARTIAL  
FULFILLMENT OF THE REQUIREMENTS FOR THE  
DEGREE OF MASTER OF BUSINESS ADMINISTRATION  
(MBA GENERAL)**

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## **DECLARATION**

I, the undersigned declare that this thesis is my original work, prepared under the guidance of Zemenu Aynadis (Ass. Prof). All sources of materials used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institution for the purpose of earning any degree.

Hailemeleket Tekesteberhan

**St Mary's University**

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**June, 2019**

## **ENDORSEMENT**

This thesis has been submitted to St. Mary's University, School of Graduate Studies for examination with my approval as a university advisor.

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Advisor

**St. Mary's University**

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Signature

**June, 2019**

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## **ACKNOWLEDGEMENTS**

I would like to take this opportunity to thank my advisor Zemenu Aynadis (Ass. Prof.) for his useful comments, follow-ups, remarks and advises. His broad and profound knowledge immensely helped me to widen my understanding about the topic in a broader context.

Furthermore, I would like to extend my appreciation for all who supported me in undertaking this study.



## **LIST OF ABBREVIATIONS AND ACRONYMS**

CBBE	Customer-Based Brand Equity
CRM	Customer Relationship Management
CSA	Central Statistics Authority
SPSS	Statistical Package for Social Sciences
UNIDO	The United Nations Industrial Development Organization
VIF	Variance Inflation Factor

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## ABSTRACT

*This study was aimed at measuring the determinants of the customer-based brand equity of Kangaroo Shoe Factory in Addis Ababa, thus identifying the most contributing factors in building brand equity. The study deployed the four-dimension customer-based brand equity model of Aaker that are brand awareness, brand associations, perceived quality and brand loyalty where an explanatory research design and quantitative research approach was applied. The target population of this study were customers of Kangaroo Shoe Factory. The study deployed convenience sampling technique of which the participants were selected in order of their appearance in the stores as per their convenient accessibility. A structured questionnaire was used to collect data from the customers to measure the determinants of the customer-based brand equity of Kangaroo Shoe. The result of the correlation analysis signified that brand awareness, brand associations, perceived quality and brand loyalty had significant positive relationship with the overall brand equity as well as between each other. It also showed that brand loyalty and perceived quality had the strongest significant positive relationship with overall brand equity. The multiple regression analysis also stipulated that brand awareness, brand associations, perceived quality and brand loyalty had significant positive contribution to the overall brand equity of Kangaroo Shoe. However, the result revealed variations among the determinants in their level of influence to the overall brand equity. Accordingly, brand loyalty was found to have the strongest significant positive influence on the overall brand equity followed by perceived quality. Brand awareness and brand associations were also witnessed to have a statistically significant positive influence but quite in a lesser extent. This implied that Kangaroo Shoe Factory has to give due emphasis to brand loyalty and perceived quality in its endeavor to build strong brand equity and stand out from the competition.*

**Keywords:** *customer-based brand equity, brand equity, brand awareness, brand associations, perceived quality, brand loyalty*

# CHAPTER ONE

## INTRODUCTION

### 1.1 Background of the Study

The world is changing radically in a fastest speed with the advancement of technologies, the revolution in information technology and the increasing rate of globalization. The changing realities in the world exhibit an ever-informed consumer base demanding higher quality products and services with customization and intense competition among local and foreign business firms leading to higher promotion costs, loss of customers and dwindling profit margins (Kotler, 2000). Companies are responding to the changes implementing various techniques: shifting from functional teams to essential process, focusing on long term and profitable customers, launching electronic commerce to reach more customers, outsourcing different activities of the firm and emphasizing on building a strong brand image (Keller, 2013; Kotler & Keller, 2012).

As the world is becoming more competitive and dynamic, consumers have lots of choices with limited time to go around and make purchase decisions that calls for the need to build strong brands (Keller, 2013). Having a strong brand provides information about the source and quality of the product that enable customers and companies distinguish from other similar products in the market (Aaker, 1991). Moreover, building a strong brand facilitates purchasing decision making, reduces risk and maintains expectation of customers (Keller, 2013; Kotler and Keller,2001).According to the American Marketing Association (as cited in Keller, 2013, p. 9) a brand is a “name, term, sign, symbol, or design, or a combination of them, intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competition.”

In today’s complex world where companies are in stiff competition to advance their market share, the concept of brand equity is becoming a key marketing instrument to navigate through the business environment (Lee and Leh, 2011). Keller (1993) attributes brand equity as an effect of the marketing of products or services due to its brand that may not happen if that same product or service did not bear that brand name. According to Aaker (1991, p.26), 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 that firm’s customers.”

Brand equity provides three essential functions: acts as a magnet to attract new customers to the firm, uses as a reminder to customers about the organizations products and services and serves as customers emotional tie to the company (Lemon, Rust and Zeitham, 2001). Brand equity is instrumental in influencing consumer preference and purchase intentions, profits and dividends, long-lasting competitive advantages and consumers' willingness to pay premium prices (Lee and Leh, 2011). In a bid to attract and retain demanding customers with a variety of options in the market, brand equity has been given due emphasis (Keller, 1993). Further, Keller (2013) argued that brand equity influences consumers through creating brand knowhow and shape their responses accordingly differentiating from those that may not use the brand name. The American Marketing Association (as cited in Keller, 2013) elaborated brand equity within the context of customers relying on the perspectives of customers linking to the beneficial characteristics of a brand and the positive outcome through its utilization.

Aaker (1991) emphasized that brand equity is the value a brand creates to the customer outlining five elements of assets: brand awareness, brand associations, perceived quality, brand loyalty and other proprietary assets. Brand strength and brand value are the major components of consumer-focused brand equity of which the former refers to the brand associations held by customers and the latter the gains that result as brand strength is gaining momentum to maximize current and future profits (Lassar, Mittal and Sharma, 1995).

Taking in to consideration the constant changes in the business world that offers lots of choices to customers, the concept of brand equity focuses on creating strong brands, satisfying the demands of customers, and enable businesses stand out in the competition (Yoo and Donthu, 2001; Chowdhury, 2012). According to Fayrene and Lee (2011), brand equity is principally studied in two major perspectives: customer-based brand equity (CBBE) and financial-based brand equity. While customer-based brand equity focuses on measuring the customers' response to a given brand the financial-based brand equity attributes to the asset value of a brand (Keller, 1993).

The leather and leather products sector is one of the fastest growing sectors facing stiff competition globally and locally with known brands. with a huge potential prospect. Ethiopia has a huge potential for leather and leather products industry. It is endowed with more than 60 million cattle population, 31.7 sheep and 32.7 million goat population (CSA, 2018). The country has immense supply of cheap hides and skins, which is the main raw material for leather

footwear, with an annual off-take rate of around 10%, 33% and 38% for cattle, sheep and goats respectively, (Girum and Schaefer, 2013).

The footwear industry in Ethiopia has grown steadily in the past twenty years following the opening up of the sector to private investors (Ethiopian Leather Industry Development Institute, 2015). The number of footwear manufacturers were only two before twenty years that has shown an increase of more than 24 with a production capacity of more than 20,000 pairs of shoes per day and 15 million pairs per year over the years (Ethiopian Leather Industry Development Institute, 2017; Girum and Schaefer, 2013).

However, the footwear industry in Ethiopia is marred by several bottlenecks. According to the Benchmark Implementation Plan for the Ethiopian Footwear Sector (2009), the Ethiopian footwear sector was characterized by low quality products, negative perception of products that lead to lower demand and poor relationship with customers. Absence of market-led strategy, less attention to consumers preference of style and quality, and inconsistent customer relationship channels depicted the footwear sector in Ethiopia (Gezahegn, Daniel and Amare, 2014; Mulugeta, 2016). Furthermore, Mengstu, Gebremeskel and Hadush (2013) elaborated that locally made footwear products lack durability, comfort, appealing features and new designs. The multifaceted problems in relation to customer satisfaction, product quality and innovative features led customers to rely on foreign brand shoes (Mengstu et al., 2013; Yibeltal, 2018).

With the increasing competition in the ever-interconnected world, it is critical for companies to win the hearts and minds of customers through creating an added value to their products and services denoting the need for customer-based brand equity (Aaker, 1991; Keller, 2013). In this context, it is crucial for Ethiopian footwear manufacturers to give due attention to consumers reaction to their brand products, identify their weak brand elements, and address it, calling the need for brand equity. Hence, this study attempts to examine the determinants of the customer-based brand equity in the footwear industry with a particular focus on Kangaroo Shoe Factory.

## **1.2 Statement of the Problem**

The leather and footwear industry has a huge market potential in Ethiopia but faced with enormous challenges (Gezahegn et al., 2014; Girum and Schaefer, 2013). The World Bank (2006) report indicated that the manufacturing sector and more specifically the leather and

footwear industry in Ethiopia had suffered from quality and market problems that resulted in mismatch with customers' expectations. Footwear factories in Ethiopia faced critical problems of low productivity and weak relationship with customers' (Embassy of Japan, 2008). Despite the huge potential in the local market, the local shoes manufacturers failed to attract new customers and keep existing ones lacking proper customer engagement, desired comfort, esthetic value and durability (Mengestu et al., 2013).

Gezahegn et al., (2014); Mulugeta (2016) noted that lack of proper market-led strategy, less attention to consumers preference of style and quality, and inconsistent customer relationship channels characterized the footwear sector in Ethiopia. Consumers confidence in purchasing locally manufactured footwear brands were low due to lack of product innovation, comfort, product design and product prestige (Yibeltal, 2018). The local footwear companies in Ethiopia were weak in creating reliable customer and supplier relationship linkages, improving manufacturing schemes, positioning in the marketplace through creating lasting impression on consumers and applying continuous product innovation to meet customers' expectations (Gezahegn et al., 2014; Yibeltal, 2018).

Mengestu et al., (2013) argued that consumers in Ethiopia preferred to buy imported footwear products over the locally produced ones as the former had strong brand image associated with consumers such as superior design and quality, aesthetic value, comfort and durability highlighting the need to give due attention to the preferences of customers and add values to the footwear products for the latter. Kotler & Keller (2012) elaborated that it was inevitable for companies to provide customers with a pleasant experience with their products and services to build the anticipated brand knowledge. Strong brand equity lead to positive brand perception of the product, brand loyalty, less susceptibility to competition and, higher revenue.

This study was focused on the manufacturing sector, the footwear industry in Ethiopia with particular emphasis in Kangaroo Shoe Factory. The company has been one of the major producers and suppliers of shoes in Ethiopia since 1990. The company had undergone major expansion to reach more customers and satisfy their needs. However, according to internal reports of Kangaroo Shoe Factory, the company didn't have an established customer engagement mechanism that enabled it to gather proper feedback about its brand, identify the needs and demands of customers and respond accordingly.



The company had informal internal assessments that indicated low level of brand positioning of its products. There were indications that customers buy Kangaroo Shoe brand products incidentally without putting it as their primary choice. Though the company produced a range of products taking in to consideration the current market need, customers perceived its products as a preference for adults given its former brand products that used to be popular with in that customer base. The company had a weak mechanism of properly segmenting customers and position itself in the market as per the needs of customers that enabled it to retain its valuable customers and attract new ones. The company believed that its brands couldn't get the proper market positioning in the market that affected its competitiveness. There was also a shared understanding in the company that it lagged behind in meeting customers' expectations taking in to account the availability of alternative products and subsequent competition in the market. Overall, the company didn't have a reliable assessment of the knowledge of customers about its brand, the value the brand creates with the customers and its brand positioning in the market.

In tandem with this, this study attempted to examine the determinants of customer-based brand equity focusing on the manufacturing sector in the footwear industry in Ethiopia, with a particular focus on Kangaroo Shoe Factory.

### **1.3 Research Questions**

As highlighted in the research problem, this study attempted to answer the following questions:

- Is there a relationship between brand awareness and overall brand equity of Kangaroo Shoe Factory?
- How does brand associations affect overall brand equity of Kangaroo Shoe Factory?
- Is there a relationship between perceived quality and overall brand equity of Kangaroo Shoe brand products?
- How does brand loyalty relate to the overall brand equity of Kangaroo Shoe Factory products?

### **1.4 Objectives of the Study**

#### **1.4.1 General objective**

The general objective of this study was to measure the determinants of the customer-based brand equity of Kangaroo Shoe Factory products.

### **1.4.2 Specific objectives**

- To examine the relationship between brand awareness and overall brand equity of Kangaroo Shoe Factory brand products.
- To evaluate the effect of brand associations on overall brand equity of Kangaroo Shoe Factory brand products.
- To assess the relationship between perceived quality and overall brand equity of Kangaroo Shoe Factory brand products.
- To investigate the effect brand loyalty has to the overall brand equity of Kangaroo Shoe Factory brand products.

### **1.5 Hypothesis**

To answer the research questions and the objectives set, the following hypothesis was set based on the literatures reviewed on customer-based brand equity:

H1. Brand awareness doesn't have a significant positive effect on overall brand equity of Kangaroo Shoe.

H2. Brand associations doesn't have a significant positive effect on overall brand equity of Kangaroo Shoe.

H3. Perceived quality doesn't have a significant positive effect on overall brand equity of Kangaroo Shoe.

H4. Brand loyalty doesn't have a significant positive effect on overall brand equity of Kangaroo Shoe.

### **1.6 Significance of the Study**

The study of customer-based brand equity helps to understand consumers insight about a particular brand and guides the way to build strong brand image through identifying the major determining factors. In line with this, this study helped to identify customer's view of Kangaroo Shoe Factory brand, and the major determinants in building a strong brand. This enabled the company to learn the needs and demands of customers, devise its marketing strategies accordingly and position itself in a competitive manner in the footwear industry.

Moreover, the study was expected to contribute to add knowledge to interested readers and practitioners about customer-based brand equity and its determinants in the footwear industry in Ethiopia with particular focus on Kangaroo Shoe Factory brand products. Hence, the findings might encourage other researchers to delve in to customer-based brand equity with different perspectives in an in-depth way.

## **1.7 Scope and Limitations of the Study**

### **1.7.1 Delimitation/Scope of the Study**

The scope of this study was delimited conceptually, geographically and methodologically in the following manner:

#### **1.7.1.1 Conceptual Delimitation/Scope**

Conceptually, this study only focused on the customer-based brand equity determinants deploying Aaker's first four brand equity dimensions that were brand awareness, brand associations, perceived quality and brand loyalty. The fifth element in Aker's model, 'other proprietary assets' was not included as it measured brand equity of the firms' value (Barwise, 1993; Pappu, Quester and Cooksey, 2005; Yoo and Donthu, 2001).

#### **1.7.1.2 Geographical Delimitation/Scope**

Geographically, this study was conducted with in Addis Ababa city in Ethiopia with particular focus on Kangaroo Shoe Factory. The study was conducted drawing samples from the ten outlet stores of Kangaroo Shoe located in Addis Ababa

#### **1.7.1.3 Methodological Delimitation/Scope**

Methodologically, the study used explanatory research design in which quantitative research approach was applied. Moreover, the study utilized primary data through administering structured questionnaire to gather relevant information crucial to answer the research questions and the objectives set. It also used convenience sampling technique to draw the representatives from the targeted population in order of their appearance as per their convenient accessibility from the ten outlet stores of Kangaroo Shoe Factory.

### **1.7.2 Limitations of the Study**

This study was carried out only in Addis Ababa. This implied that the study had geographical limitations in which it only depicted the attitudes, perceptions, test and related factors of customers found only in Addis Ababa. Having this in mind, it would be difficult to make generalizations of customers across the country as there are diverse customers in other parts of the country. More research need to be conducted that covered a broad range of areas across the country so as to come up with a more representative result depicting the nation.

As the scope of this study was limited, it focused only on Kangaroo Shoe Factory targeting its customers deploying convenient sampling. Though there might have been a possibility of drawing generalizations to other companies in the footwear industry, this made the generalizability of the results limited to the respondents of the study area. Thus, other researches need to be carried out focusing on other companies and the larger customer base deploying different sampling techniques.

Moreover, this study deployed Aaker's customer-based brand equity model using the four customer-based brand equity determinants (brand awareness, brand associations, perceived quality and brand loyalty). Future researches need to be carried out using other models so as to make it more conclusive.

# **CHAPTER TWO**

## **REVIEW OF RELATED LITERATURE**

### **2.1 Theoretical Review**

#### **2.1.1 Brand in Brief**

The use of brand is not a recent phenomenon. It dates back to ancient history though in a different form. Traders in the medieval period were embedding their names or put signs on their products to enable their customers identify the producer of that product and protect themselves from low quality products (Aaker, 1991; Kotler & Keller, 2012). According to Keller (2013), the origin of the word 'brand' is the Old Norse word 'brandr' which means 'to burn'. This is mainly derived from the practices of the early periods where farmers used to burn a mark or a symbol on their animals to identify their livestock from those of others of which the process is termed as branding. In the sixteenth century, distillers started to brand their products through burning and implanting their name on the wooden containers. This helped the distillers to protect themselves from other suppliers of cheaper versions. Later in the twentieth century, with the advent of industrialization, manufacturers started to use machineries that produce more or less similar products in bulk at once that made it difficult to differentiate products. This was high time for businesses to distinguish their product from others, let customers learn about it and remain competitive hence the use of names, signs and other forms of identification became common regarded as branding (Keller,2012; Maurya & Mishra, 2012).

In today's competitive world, the use of brand is much more than distinguishing a product through the use of signs or other mechanisms. Brands have a direct association with the strategic marketing concepts of product differentiation and market segmentation that requires continuous corporate commitment, significant amount of resource, knowledge and skill (Kapferer, 2012). As competition in the business world is becoming stiff due to the increasing rate of globalization with advancement of technologies, the use of brand is inevitable as it helps to identify the source of products, reduce risk, search cost and serve as a sign of quality (Keller, 2013; Kotler & Keller, 2012). Various authors define brand from their own perspective in different ways.

According to the American Marketing Association (as cited in Keller, 2013, p. 30) a brand is a “name, term, sign, symbol, or design, or a combination of them, intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competition.” Keller (2013) further elaborated that the above definition implies that as a company or a marketing specialist designs a logo, name or symbol for a newly developed product, they are ultimately engaging in creating brands. However, some marketing gurus and experts argued that brand involves creating some degree of knowhow, reputation, prominence and loyalty image in the minds of customers apart from having the required sign, symbol or name.

Aaker (1991) elucidated a brand as a mechanism that enables to distinguish a product or service providing it its own image and a differentiator of similar products offered in the market by other companies. Thus, to create a brand, anything that can attribute to trademark, package design, logo can be used as far it communicates with the customer the source of the product, product quality and other essential features. Establishing and managing brand should not be taken to be the principal operating target for most industries but should also be seen as a source of competitiveness. Hence, value is added to a brand when the brand competes successfully with other brands. Moore and Reid (2008) built up on the views of Aaker that the utilization of a brand serves as key determinant of customer preference. Establishing a brand value is an arduous and consistent process and it takes the same in keeping the value as it takes much time, money and skills on the one hand and the world is witnessing the propagation of brands which meant an ever-increasing competition for customers and getting access along the distribution channels (Aaker, 1991).

For Keller (2013) a brand is conceptually and technically more than a product as it incorporates the major factors that differentiate one product from the other that provide the same kind of benefits to the customer. Brand elements are essential features of a brand that enable the customer to easily identify a certain product of which marketers or business organizations need to give due attention while selecting. These can be logos, symbols, names or any other feature that represents the product. Woods (2000) also asserted that brand characteristics are crucial as they originate from the marketing mix and guided by the perspectives of customers making it highly subjective.

Kapferer (2012) explained a brand in terms of the influence it exerted on people's mind. A brand needs to have the ability in creating some sort of positive image over the customer's mind that enable to choose one product over the other. This associates with the name, logo, sign or any other identification the product uses and the customers perception while exposing to such signs. Overall, a strong brand has its name associated with trust, respect, quality, passion and engagement. A brand can also be said to include all tangible and intangible attributes that the business stands for and a brand goes beyond physical constituents and what it stands for as it has some additional attributes which maybe intangible but are still important to consumers consideration (De Chernatony and MacDonald, 2003; Prasad and Dev, 2000).

Overall, the aforementioned definitions of a brand has a common understanding of the concept that it has of a paramount importance in differentiating the products or services of one product to the other, communicating with the customer sending clear signals about the product and creating attachment with customers incorporating it in their minds.

### **2.1.2 The Concept of Brand Equity**

There are various definitions and perspectives of brand equity. There is no clear cut and aggregable definition of brand equity among the scholars and practitioners in the area (Fayrene & Lee, 2011; Park and Srinivasan, 1994; Yoo & Donthu, 2001). Brand equity is the consumers' perception of the overall superiority of a product carrying that brand name when compared to other brands and it includes five intuitive dimension of brand equity: performance, social image, value, trustworthiness and attachment (Lassar et al., 1995). Srivastava and Shocker (1991) defined brand equity as a set of recalls in the extended minds of a brand's customers, channel members and businesses that allows the brand to earn greater measurements or greater margins than it could without the brand name and that gives a strong, sustainable and differential advantage. Kotler and Keller (2012) put in perspective brand equity as the added value endowed to a product and services in which it is reflected in how consumers think, feel, and act with respect to the brand, as well as the prices, market share, and profitability that the brand commands for the firm.

The most comprehensive and widely accepted definition of brand equity was that of Aaker's (Srivastava and Shocker, 1991). Aaker (1991, p.15) defined 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." Aaker (1991)

further elaborated the major categories that impacts the values of a brand that are name awareness, brand associations, perceived quality, brand loyalty and other proprietary brand assets highlighting their influences vary as per the situations on the ground.

Keller (2012) on his part stated that brand equity incorporates the differences in the marketing consequences that are exclusively attached to a certain product or services that are being branded from those that are not branded. Brand equity is mainly about making a difference in the competitive market place. The differences in outcome result from an added value on the brand at a certain time formed in different mechanisms and serves as a basic guideline in setting the marketing strategy of the firm establishing an effective communication channel with customers. Yoo, Donthu, & Lee (2000) also asserted that brand equity is the difference in consumer choice between the focal branded product and unbranded product given the same level of product features. Brand equity is taken as the variance between the overall brand preference and the multi attribute preference depending on the objectively measured attribute level (Park and Srinivasan, 1994).

Overall, the majority of literatures touch upon that brand equity is associated with the value added to a product or services and the perceptions of consumers to a specific brand name (Fayrene & Lee, 2011). It is also common to define brand equity dividing it in two major distinct perspectives: customer-based and financial-based brand equity.

### **2.1.3 Brand Equity Perspectives**

Various authors explain brand equity in different ways despite the fact that there is common ground that there is an alignment in all it has to do with making a difference through adding value to a product or service. Apart from defining brand equity, there are two major perspectives in dealing with it: financial-based and customer-based brand equity (Fayrene & Lee, 2011; Garvey, Emmanuel, Boman & Ikegwuro, 2016). The financial-based brand equity focuses on assessing the brands financial value to the firm. While the customer-based brand equity deals with customers perception of a brand and how marketing strategies of a brand bring about a difference in the customers brand knowhow (Ruswidyo & Hudrasyah, 2012).

#### **2.1.3.1 Financial-Based Brand Equity**

The financial-based brand equity implies the total value of a brand as a separate asset measuring the brands financial value to the firm (Feldwick, 1996; Garvey, Emmanuel, Boman & Ikegwuro, 2016). In view of the financial perspective, brand equity can be measured by



incremental cash flow from associating the brand with product (Farquhar, 1990). Srivastava and Shocker (1991) stated that brand value is the financial outcome of management's ability to leverage, brand strength via tactical and strategic actions in superior current and future profits and lowered risks. The firm or financial based perspective of brand equity helps marketing professionals to understand the brand in the minds of customers and to design effective marketing programs to build the brand (Wood, 2000).

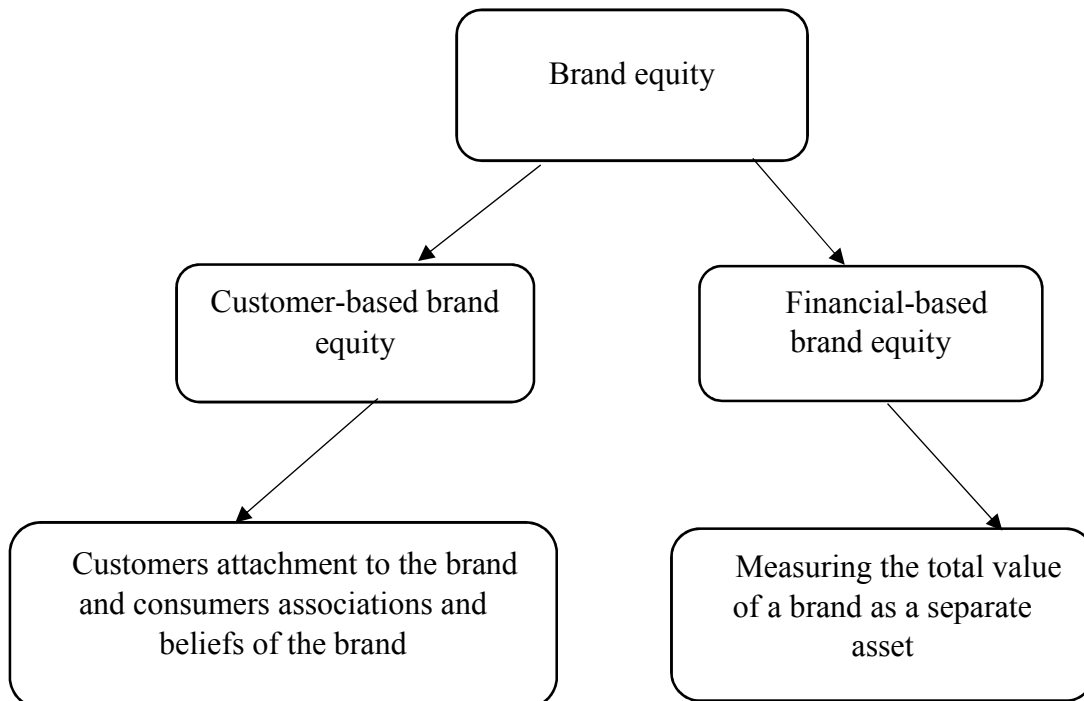
### **2.1.3.2 Customer-Based Brand Equity**

Customer-based brand equity is considered the driving force of increased market share and profitability of the brand and is based on the market's perceptions. CBBE helps to Understand the dimensions of brand equity, then investing to grow this intangible asset raises competitive barriers and drives brand wealth (Prasad and Dev, 2000; Yoo and Donthu, 2000).

Aaker (1991) elucidated brand equity as a multidimensional concept which consists of brand awareness, brand association, perceived quality, brand loyalty, and other propriety assets. He further explained each element that brand awareness has to do with the ability of a potential buyer to identify a brand among a product category. Brand association related with anything that is connected in a consumer's memory of a brand. Perceived quality deals with the consumer's perception of the brands total quality or superiority. Brand loyalty focuses on the level of devotion a consumer has to a brand and the other proprietary brand asset deals with patents and trademarks.

Keller (1993, p. 8) defined customer-based brand equity as “the differential effect of brand knowledge on consumer response to the marketing of the brand.” He further elaborated that there are three key components that construct the above definition: “differential effect”, “brand knowledge” and “consumer response”. Accordingly, marketers should take a broad view of marketing activity for a brand and recognize the various effects it has on knowledge and how changes in brand knowledge influence the outcome of the organizational output such as sells. It also important to note that marketing practitioners must realize the long-term success of all future marketing programs for a brand is greatly affected by the knowledge about the brand in memory that has been established by the firm's short-term marketing efforts. This is due to the fact that the content and structure of memory for the brand will affect the effectiveness of future brand strategies. Hence, it is crucial for managers understand how their marketing programs affect consumer learning and thus subsequent recall for brand related information (Keller, 2012).

**Figure 2. 1 Perspectives of brand equity**



Source: Christodoulides & De Chernatony, 2010

#### **2.1.4 Models of Brand Equity**

As the definitions of brand equity vary as per the intended perspectives, approaches and outcomes, there are also different models of brand equity available in the literature. However, in tandem with the purposed and objectives of this study, it focuses on Aaker's (1991) and Keller's (1993) brand equity models. Further, the study delves more in studying the widely used customer-based brand equity model of Aaker (1991).

##### **2.1.4.1 Aaker's Brand Equity Model**

One of the most cited and applied brand equity model is that of Aaker's (1991) brand equity model. In his model Aaker emphasized the definition of brand equity, its importance and determinant elements. Aaker (1991, P.15) 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." This definition highlights how valuable a brand is based on the idea that firmly established and reputable brands are more successful.

Aaker (1991) argued that one of the significant features of brand equity is that it adds value to the customer. Brand equity improves the customer's ability to interpret and process information, improves confidence in the purchase decision and affects the quality of the user experience. The fact that it provides value to customers makes it easier to justify in a brand-building budget. Aaker's brand equity model provides one perspective of brand equity as one of the major components of modern marketing alongside the marketing concept, segmentation, and several others focusing on the customer perspective (Prasad and Dev, 2000; Yoo & Donthu 2001).

Aaker (1991) initially developed five brand equity determinants or dimensions that are crucial to build strong brands which are brand awareness, brand association, perceived quality, brand loyalty and other proprietary assets such as trademarks. However, as the concept of brand equity has been gaining momentum overtime and more and more scholars base their thesis on Aaker's model, they refined it more and argued that the "other propriety assets" element tend to measure brand equity from the perspective of the firm rather than that of the customer as it focuses on the value of trademarks and patents (Park and Srinivasan, 1994; Yoo & Donthu, 2001). And the first four dimensions are widely used to measure brand equity from the perspective of the customers (Barwise, 1993; Yoo & Donthu, 2001). Aaker's (1991) brand equity models are briefly highlighted below:

**Brand awareness:** Aaker (1991) stated brand awareness as the ability of a potential buyer to distinguish or memorize that a brand is a member of a certain product category. Brand awareness plays an important role in consumer decision-making by influencing which brands enter the consideration set, which of these brands are used as common sense, and the perception of quality (Macdonald and Sharp, 2000). While making purchase decisions the decision-making process the consumer retrieves, from long-term memory, those products and brands of which they are aware.

**Brand associations:** is the most accepted aspect of brand equity (Aaker, 1991). Associations represent the basis for purchase decision and for brand loyalty (Aaker,1991). Brand associations consist of all brand-related thoughts, feelings, perceptions, images, experiences, beliefs, attitudes and is anything linked in memory to a brand (Kotler and Keller, 2012). Brand association is the core asset for building strong brand equity (Chen, 2001). Brand associations can be defined as anything that connects the consumer to the brand including user imagery, product attribute, use situation, organizational associations, brand personality, and symbols

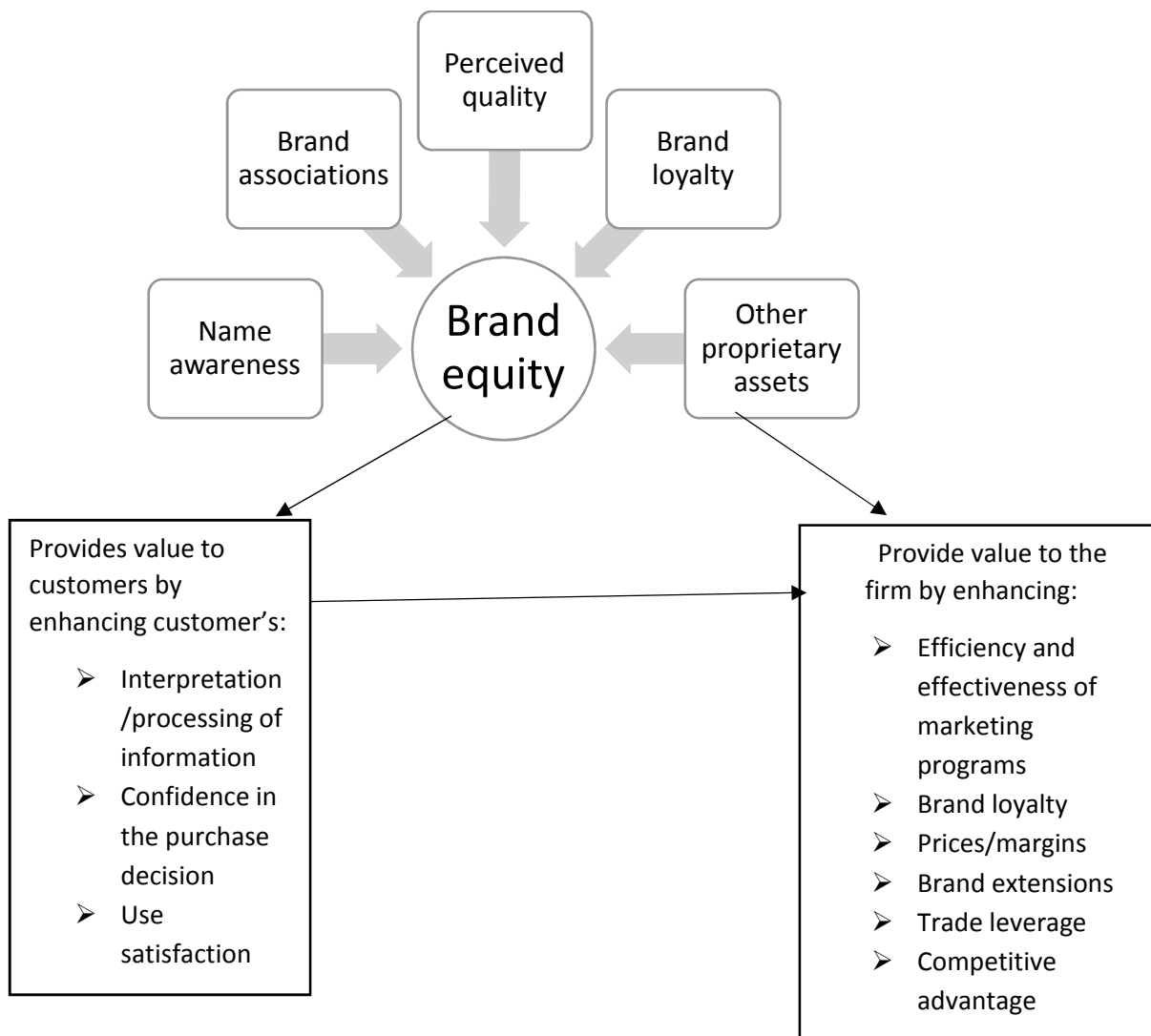
(Aaker and Joachimsthaler, 2000). The more the brand possess strong, congruent, dominant and positive associations, the greater its ability to create performance for its products. Marketers use brand associations to differentiate, position, and extend brands, to create positive attitudes and feelings toward brands, and to suggest attributes or benefits of purchasing or using a specific brand.

**Perceived quality:** refers to one of the core dimensions of customers-based brand equity as it relates to the willingness to pay a price premium, brand choice and brand purchase intention (Aaker, 1991). Perceived quality is the customer's judgment about a product's overall excellence or superiority that is different from objective quality (Aaker, 1991; Zeithaml 1988, pp. 3 and 4). Objective quality refers to the technical, measurable and verifiable nature of products/services, processes and quality controls. High objective quality does not necessarily contribute to brand equity and its impossible for consumers to make complete and correct judgments of the objective quality, they use quality attributes that they associate with quality (Olson and Jacoby, 1972; Zeithaml 1988,). Perceived quality is thus formed to judge the overall quality of a product/service.

**Brand loyalty:** Aaker (1991, p.39) defines brand loyalty as “the attachment that a customer has to a brand”. Yoo and Donthu (2001) viewed brand loyalty as the tendency to be loyal to a brand and this can be exhibited by the intention of the consumer to buy the brand as a foremost choice. Oliver (1999) defines of brand loyalty as a deeply held commitment to re-buy or re-patronize a preferred product/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.

**Other proprietary brand assets:** denoted patents, trademarks and channel relationships which can make a company competitive in the market place. A trademark will protect brand equity from competitors who might want to offer similar or substitute products with highly related symbol or package. A patent can serve us a protective instrument for a company to keep its brands strong and remain intact in the purchase decisions of customers (Aaker, 1991).

**Figure 2. 2 Aaker’s brand equity model**



**Source: Aaker,1991**

### **2.1.4.2 Keller’s Brand Equity Model**

Keller (1993) asserted that the most defining aspect in the process of brand equity for marketers is that making sure that individual customers have the knowledge about the intended product or service. Hence, studying brand equity from the perspective of customers has of paramount value as the financial value of the company highly depend on the preference of customers to that particular brand. Though, Keller (1993) shared the view of Aaker (1991) about the importance of brand equity looking it at the customers perspective, Keller (1993); Keller (2013) preferred to explain brand equity in two dimensions: brand awareness and brand image. He also stated that brand knowledge played a key role that expanded customers’ ability to have more information about brand awareness and brand image.

Keller (1993) further elaborated that customer-based brand equity occurs only when customers have a high level of awareness with the brand and hold some strong, unique and favorable brand associations in memory. Keller (1993) also viewed brand image as stakeholder's perceptions of and preferences for a brand that can be measured by the various types of brand associations held in memory.

### **2.1.5 Measuring Customer-Based Brand Equity**

Various researchers have developed different models of measuring brand equity and more specifically customer-based brand equity. However, the dominant models in measuring customer-based brand equity are the ones developed by Aaker (1991) and Keller (1993). Measuring customer-based brand equity implies how marketing programs of the brand creates a differential outcome in brand knowledge of the customers outlining three elements to build it, which are "differential effect", "brand knowledge", and "consumer response to marketing" (Keller, 1993). Keller (1993) further elaborated that there are two approaches in measuring customer-based brand equity: an indirect and a direct approach. The former approach tries to distinguish potential sources of such equity, whereas the latter approach focuses on consumer responses to different elements of the firm's marketing program. The importance of studying customer-based brand equity and developing its measures is that brand perceptions provide the precise positioning of the brand in the marketplace. Kim and Kim (2004) argued that robust and positive customer-based brand equity has a substantial effect on the value of the firms from the financial perspective.

Aaker (1991) one of the most cited and applied model in measuring customer-based brand equity describes brand equity as a multidimensional concept with the following elements: brand awareness, brand loyalty, perceived quality, brand association, and other proprietary brand assets. However, to consumer-based brand equity is best to be measured applying the four elements: brand awareness, brand association, brand loyalty, perceived quality (Washburn and Plank, 2002; Yoo, Donthu & Lee, 2000). Washburn and Plank (2002) further elaborated that the element of "other proprietary brand assets" wouldn't be fit to measure consumer-based brand equity as it dwells upon in measuring brand equity from the financial perspective.

Hence, this study deploys Aaker's customer-based brand equity measurement as it is the mostly widely used and applied using the four dimensions that are brand awareness, brand association, perceived quality and brand loyalty (Washburn and Plank, 2002; Yoo, Donthu & Lee, 2000).

### **2.1.6 Significance of Measuring Brand Equity**

According to Aaker (1991) brand-equity add or subtract value for customers. Thus, measuring customer-based brand-equity the can help companies interpret, process, and store huge quantities of information about products and brands that ultimately affects customers' confidence in the purchase decision because of their previous exposure to the product or familiarity with the brand and its features. It also helps to enhance the customers loyalty to a brand that enables customers pay premium prices which in turn increases the value of the firm. Moreover, brand equity adds value to the firm by increasing efficiency and effectiveness of marketing programs, prices and profits, brand extensions, trade leverage, and competitive advantage (Yoo and Donthu, 2001).

Keller (1993) also noted that improving the status of brand equity results in the ability to achieve larger margins from consumers, extracts increased consumer information search, and improves marketing communication efficiency, and consumers' responsiveness to brand extensions. Overall, literatures on brand equity ascertained that measuring brand equity with a focus on customer-based brand equity has of a paramount significance in enhancing the value of the organization.

### **2.1.7 Determinants of Brand Equity**

Having a comprehensive outlook on the determinants of brand equity is useful for different reasons. First and foremost, it provides a means to examine brand equity theories (Yoo and Donthu, 2001). Brand equity offers value to customers by enhancing their interpretation and processing of information, confidence in the purchase decision, and satisfaction. Brand equity also provides value to the firm by enhancing efficiency and effectiveness of marketing programs, prices and profits, brand extensions, trade leverage, and competitive advantage (Aaker, 1991). Keller (1993) also states that enhancing brand equity results in the ability to command larger margins from consumers, acquires increased consumer information search, and improves marketing communication effectiveness, licensing opportunities, and consumers' responsiveness to brand extensions. According to Yoo and Donthu (2001), a brand equity determinant or dimension developed based on Aaker's (1991) and Keller's (1993) models would pave the way to measure the brand equity of prevailing brands, then to examine the relationship of brand equity to the resulting firm and consumer benefits. This study conceptualized brand equity according to Aaker's (1991) model which also widely referred

customer-based brand equity model. Accordingly, the determinants used in this study are brand awareness, brand associations, perceived quality and brand loyalty.

### **2.1.7.1 Brand Awareness**

Brand awareness is a crucial determinant illustrated in every brand equity models (Aaker 1991; Fayeren and Lee, 2011; Kapferer 1991; Keller 1993). Aaker (1991) defined brand awareness as “the ability of a potential buyer to recognize or recall that a brand is a member of a certain product category.” Brand awareness is the ability of consumers to distinguish a brand amongst another brand. Keller (1993) conceptualized brand awareness as comprising of brand recall and brand recognition. He further elaborated that brand recall is the ability of consumers to remember a brand from their mind when the product class is made know. Brand awareness plays an important role in consumer decision-making by influencing which brands are being considered by the consumers, which of these brands are getting the benefit of doubt, and the perception of quality. In the decision-making process the consumer retrieves, from long-term memory, those products and brands of which they know well (Chowudhury, 2012).

According to Macdonald & Sharp (2000) brand awareness is linked to the strength of the brand tip or trace in memory, as reflected by consumers' ability to identify the brand under different conditions. Brand awareness plays an important role in consumer decision making for three major reasons. First, it is important that consumers think of the brand when they think about the product category. Raising brand awareness increases the likelihood that the brand will be a member of the consideration set the handful of brands that receive serious consideration for purchase. Second, brand awareness can affect decisions about brands in the consideration set, even if there are essentially no other brand associations Finally, brand awareness affects consumer decision making by influencing the formation and strength of brand associations in the brand image (Fayeren and Lee, 2011; Kapferer 1991).

According to Aaker and Joachimsthaler (2000) brand awareness is regularly an unrecognized asset in companies. However, awareness has been revealed to affect customers' perceptions of a brand. It is important for companies to examine their placement in customers' consideration set and how wide their brand awareness is among consumers. People like to purchase familiar brands. Customers are also prepared to accredit different good attitudes to products or services that are familiar to them. Keller (1993) has recognized three major reasons on the importance of brand awareness in customer decision making: it increases the likelihood that the brand will be a member of consumer's consideration set, it can affect decisions about a brand in



consideration set and it influences the formation and strength of brand associations in the brand image.

Aaker (1991) highlighted the levels of brand awareness as stipulated below:

- **Brand recognition:** is considered as the first stage of brand awareness. It is the ability of consumers to recognize a certain brand amongst others which also termed as “aided recall”. Aided recall is described as a situation whereby a consumer is asked to identify a recognized brand name from a list of brands from the same product class. Brand recognition is becoming more crucial when customers are coming up with buying procedure.
- **Brand recall:** refers a situation whereby a consumer is expected to name a brand in a product class. It is upon the consumers to identify the trademark in a product class. It is also referred to as “unaided recall” as they are not given any clue from the product class. The role of brand recall is important for products that are purchased regularly such as fast-moving consumer goods as consumers tend to make purchase decisions prior to going to the store.
- **Top of mind:** is viewed as the first brand that a consumer can recall amongst a given class of product. Getting in to the level of top-of-mind demands lots of effort and persistent engagements with the customer deploying multiple marketing channels

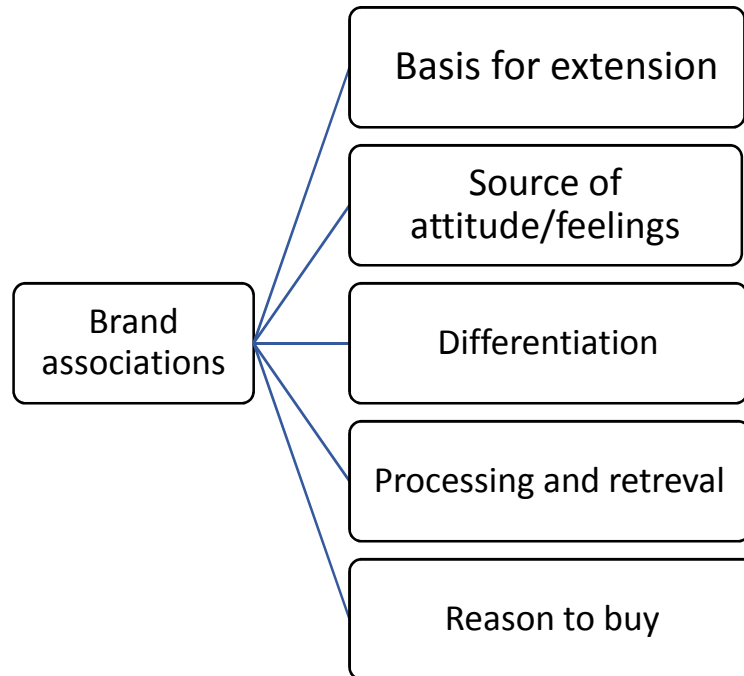
#### **2.1.7.2 Brand Associations**

Aaker (1991, p.86) defines brand association as “anything “linked” in memory to a brand” It is believed to encompass the meaning of the brand for consumers. Brand association can be seen in all forms and reflects features of the product or aspects independent of the product itself (Chen,2001). Brand associations comprises of all brand-related thoughts, feelings, perceptions, images, experiences, beliefs, attitudes (Kotler and Keller, 2013). A set of associations, usually organized in some meaningful way, forms a brand image.

Brand associations create value for the firm and its customers by helping to process/retrieve information, differentiate the brand, create positive attitudes or feelings, provide a reason to buy, and provide a basis for extensions (Aaker, 1991). CBBE occurs when consumers have a high level of awareness and hold some strong, favorable, and unique brand associations in their

memories. Aaker (1991) further elaborated the ways brand associations create value in the following manner:

**Figure 2. 3 Brand associations functions**



**Source: Aaker, 1991**

- **Processing and retrieval:** relates with summarizing a set of facts and specifications that would be difficult for the customer to access and expensive for firms to communicate. The association network comprises nodes that stores information. Different conditions set about a brand can be summarized by a strong position relative to a competitor on a given dimension or attribute, such as product quality, service quality, emotional connection, and other features. Brand associations can also influence the interpretation of facts and recall of information, especially during decision making.
- **Differentiation:** brand associations serve as a basis for differentiation. In some categories of products where the similarities among the products are very high, associations play a vital role in influencing the purchase decision making of customers. A differentiating association provides the competitive advantage for a particular brand. A well-positioned brand induces positive and strong associations that provide a reason for purchase and a barrier to competitors (Keller, 2012; Aaker 1991).
- **Source of attitudes/feelings:** refers that some associations are linked and easily transferable to another brand. Brands use advocates to create associations that can be

transferred to the brand. Some associations generally provide positive feelings during the use experience, serving to transfer and add more value than in the absence of the brand (Aaker, 1991). The most successful advocate-brand alliances match an advocate whose image fits completely with that of a brand.

- **Basis for extension:** certain associations can be owned by a brand. Brands use this associations as an extension to promote their new products building on the established brand. Hence it refers to creating new beliefs and associations transferring from the original brand and possibly from the original product category to the new product category.
- **Reason to buy:** many brand associations involve the product attributes or customer benefits that provide a specific reason to buy or consume the brands. Some associations provide credibility and confidence. If a famous individual or celebrity buys a certain product, they usually influence the customer and create confidence in the product offered.

### 2.1.7.3 Perceived Quality

Perceived quality is a crucial brand feature and one of the measurable determinants of brand equity (Aaker, 1991; Keller, 2013). A robust perceived quality position is desirable in the market place, which is not easily replicated by competitors. Zeithaml (1993, p. 3) defined perceived quality as “the consumer's judgment about a product's overall excellence or superiority.” Zeithaml (1993) further elaborated that perceived quality has the following four key features: it is different from objective or actual quality, it refers to a higher level thought rather than a specific attribute of a product, it anchors a global view and a purchase decision is usually made within consumers elicit interest. Aaker (1991, p 85) defined perceived quality as a “customer’s perceptions of the overall quality or superiority of a product or service with respect to its intent purpose.” In addition, Keller (2013) enumerated perceived quality as the most important element for customers to judge a brand because of its inherent resemblances in many approaches to brand equity. Moreover, Aaker (1991) stated that the perceived quality, the associations, and renowned name can provide reasons for customers to buy products or services and affect their usage satisfaction level as well as enhance brand loyalty.

Perceived quality can be considered as the perception of the superiority of a brand when compared to alternative brand. As of brand associations, perceived quality offers consumers

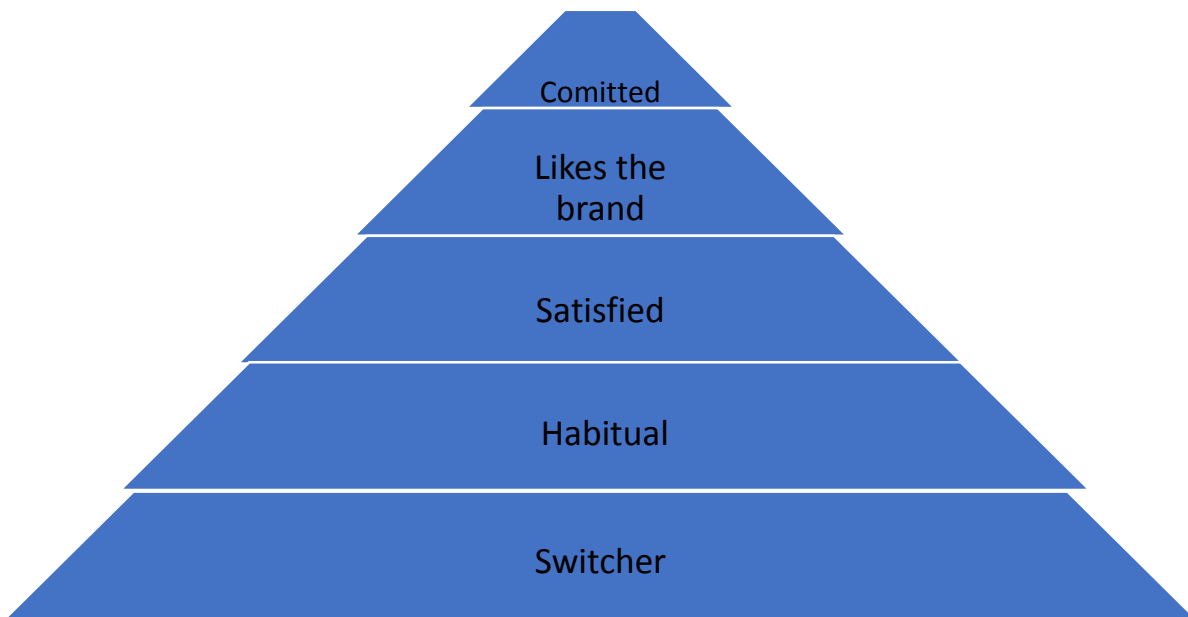
with value and give them reason to differentiate a brand from another (Aaker,1991; Keller, 2013; Zeithaml,1993). Zeithaml (1993) noted that what matters is not the real quality of the product rather the customer's perception of the overall quality or superiority of the product with respect to its intended purpose, relative to substitutes in the market.

#### **2.1.7.4 Brand loyalty**

Brand loyalty is the core component of brand equity that makes consumers attached to a certain product or service (Aaker, 1991; Kotler and Keller, 2012). According to Aaker (1991, p. 39), brand loyalty is “the attachment that a customer has to a brand”). Brand loyalty can also be explained as the inclination to be loyal to a brand and this can be revealed by the intention of the consumer to buy the brand as a primary choice (Yoo and Donthu, 2001). Aaker (1991) further argued that brand loyalty adds considerable value to a brand and/or its firm as it provides a set of customary buyers for a long period of time. Loyal customers are less likely to shift to a competitor only because of price; they also make more frequent purchases than comparable non-loyal customers. Oliver (1999) elaborated that brand loyalty as a profound commitment of customers to make repeated purchases of a preferred product/service continuously in the future, thus causing repetition of same-brand or same brand set purchasing, despite different sets of anticipated or unanticipated influences and marketing strategies that might lead to switching behavior.

Many authors (Aaker, 1991; Keller 2013; Oliver, 1999) shared the view that brand loyalty can be considered as the degree of faithfulness customers have towards a particular brand. This can be articulated through their repeated purchases, regardless of the marketing pressure generated by the competitors in the market place. When consumers become committed to a brand they make repeated purchases continuously. Brand loyalty is mostly the outcome of customer behavior which is affected by a person's interests towards a certain product. Loyal customers will dependably purchase products of their chosen brands, despite of convenience or price. Companies need to use different marketing approaches to encourage loyal customers such as designing loyalty programs or introducing different kinds of incentives. Businesses that successfully nurture loyal customers also need to devise a sustainable mechanism that enable them to keep their customers such as a culture of forming brand ambassadors – consumers that can market a certain brand and promote it among their circles.

**Figure 2. 4 Levels of brand loyalty**



**Source: Aaker, 1991**

David Aaker (1991) developed five levels of brand loyalty and grouped customers accordingly:

- **Switcher:** stipulates non-loyal buyers who are absolutely indifferent to brands, each brand being supposed to be adequate if the price is accepted
- **Habitual:** encompasses satisfied or at least not disgruntled buyers with no dimension of dissatisfaction sufficient enough to stimulate a change, but exposed to competitors that can create a perceived benefit in the case of switching
- **Satisfied:** includes those customers who are satisfied with switching costs which are loss of time, money, or acquired loyalty advantages, performance risks associated with switching and related factors). Switching incentives from competitors would reimburse the switching costs.
- **Likes the brand:** Customers who actually like the brand and an emotional attachment to the brand taking in to consideration the associations such as a symbol, a set of user experiences, or a high perceived quality. The main reason for the emotional attachment is linked to the existence of a developed long-term relationship.
- **Committed to the brand:** refers devoted to customers who are proud to have discovered and used the brand. They also consider the brand very vital both functionally and as an expression of their personality. This type of customers has a lasting impact as they recommend the product to others and influence them to buy it. Hence, serving as an important words of mouth promotion for a company's brand's.

## **2.2 Empirical Review**

### **2.2.1 Major Highlights of Studies on Aaker's Brand Equity Model**

Various scholars conducted empirical studies using Aaker's (1991) customer-based brand equity (CBBE). Tong and Hawley (2009) conducted a study in the Chinese sportswear market that examined the practicality and applications of customer-based brand equity using Aaker's (1991) model. The research put brand awareness, brand association, perceived quality and brand loyalty as independent variables and overall brand equity as dependent variable. The findings of the study asserted the four dimensions were reliable and valid opening doors for further research in the area.

Yoo and Donthu (2001) empirically tested the determinants of customer-based brand equity using Aaker's (1991) model. The study was conducted deploying the four determinants: brand awareness, brand associations, perceived quality and brand loyalty as independent variables and overall brand equity as dependent variable. It assessed twelve brands of Korean and American customers for three product categories (color television, athletic shoes and film for cameras). The findings of the study asserted that the dimensions reliable, valid and generalizable across cultures and product categories.

Washburn and Plank (2002) also carried out a research using Aaker's (1991) four dimensions: brand awareness, brand associations, perceived quality and brand loyalty. The focus of the study was to further strengthen Yoo and Donthu (2001) brand equity scale for diverse brands in framework of co-branded products. The results proved that the dimensions have come up with a globally accepted instrument though further researches were needed for its outright acceptance.

Furthermore, Barwise (1993) and Yoo & Donthu (2001) stressed that though Aaker's (1991) brand equity model had originally composed of five determinants: brand awareness, brand associations, perceived quality, brand loyalty and other proprietary assets, the first four characterize customers' assessments and responses to the brand that can be readily understood by consumers which have been widely adopted to measure customer-based brand equity in earlier studies.

Apart from researches in the international arena, few researches were carried out with in the Ethiopian context.

Tesfaye (2017) conducted a study based on Aaker's (1991) model that focused on measuring on customer-based brand equity of television channels in Addis Ababa. The study deployed structured questionnaire and applied correlation and regression analysis. The results revealed that all the four determinants of customer-based brand equity: brand awareness, brand associations, perceived quality and brand loyalty had a positive significant relationship with the overall brand equity and within themselves. Moreover, the multiple regression analysis showed that brand associations, perceived quality and brand loyalty had a positive influence on overall brand equity despite the magnitude varied among the dimensions. However, brand awareness contributed negatively to the overall brand equity which was not significant. Overall, brand loyalty and perceived quality had the strongest positive influence on overall brand equity of customer-based brand equity respectively.

Beidemariam (2014) conducted a study that dealt with measuring the customer-based brand equity of the Ethiopian beer industry based on Aaker's (1991) brand equity dimensions. But Beidemariam (2014) deployed one additional dimension, brand preference, apart from the four. The findings suggested that all the dimensions had positive relationship with brand equity except for brand awareness.

Wongelawit (2014) also attempted to measure the customer-based brand equity in the carbonated soft drink industry in Ethiopia applying Aaker's (1991) brand equity model with particular focus on coca cola. She used the four brand equity determinants: brand awareness, brand associations, perceived quality and brand loyalty. The study came up with a result that brand association and brand loyalty positively affected brand equity. On the other hand, perceived quality and brand awareness negatively affected brand awareness.

Moreover, Seifu (2016) tried to measure customer-based brand equity of the bottled water industry in Addis Ababa deploying the brand equity dimensions focusing on assessing the perception of customers. The results indicated that perceived quality showed the strongest influence among the four determinants followed by brand awareness.

Various literatures in brand equity stated that Aaker's (1991) model are the most widely used determinants of brand equity. This is further proved by various studies (Barwise, 1993; Pappu, Quester and Cooksey, 2005; Yoo and Donthu, 2001; Washburn and Plunk, 2002). The studies found out that Aaker's (1991) brand equity dimensions are the most widely used. Moreover, the aforementioned literature reviews stressed that Aaker's (1991) four brand equity

dimensions: brand awareness, brand associations, perceived quality and brand awareness were empirically tested in various industry sectors and proved to be reliable and valid. Having the above literature reviews and empirical findings, this study also relied on Aaker's (1991) customer-based brand equity model using the four dimensions: brand awareness, brand associations, perceived quality and brand loyalty. The fifth model, other proprietary assets was not used in this study as different studies on brand equity indicated that other proprietary assets measure brand equity from the firm's point of view not from the customer's side (Barwise, Yoo and Donthu, 2001).

## **2.2.2 The Relationship Between Brand Equity Determinants and Brand Equity**

### **2.2.2.1 Brand Awareness and Brand Equity**

Brand awareness is a crucial determinant illustrated in every brand equity models (Aaker 1991; Fayeren and Lee, 2011; Yoo and Donthu, 2001). Brand awareness plays an important role in consumer decision-making by influencing which brands are being considered by the consumers, which of these brands are getting the benefit of doubt, and the perception of quality. In the decision-making process the consumer retrieves, from long-term memory, those products and brands of which they know well (Chowudhury, 2012). Brand awareness consists of two sub-dimensions: brand recall and recognition (Keller, 2013). Brand recognition is the basic first step in the task of brand communication, whereby a firm communicates the product's attributes until a brand name is established with which to associate them. Brand awareness can be a sign of quality and commitment, letting consumers become familiar with a brand and helping them consider it at the point of purchase (Aaker, 1991). Hence, brand awareness exhibited a positive effect on brand equity (Washburn and Plunk, 2002; Yoo and Donthu, 2001).

### **2.2.2.2 Brand Associations and Brand Equity**

Aaker (1991, p.86) defines brand association as "anything "linked" in memory to a brand" It encompassed the meaning of the brand for consumers. Brand associations create value for the firm and its customers by helping to process/retrieve information, differentiate the brand, create positive attitudes or feelings, provide a reason to buy, and provide a basis for extensions (Aaker, 1991, Yoo and Donthu, 2001). CBBE occurs when consumers have a high level of awareness and hold some strong, favorable, and unique brand associations in their memories. Aaker (1991) brand associations also create value for the firm and its customers through helping to process/retrieve information, differentiate the brand, create positive attitudes or feelings,



provide a reason to buy, and provide a basis for extensions. Washburn and Plunk (2002) and Yoo and Donthu (2001) argued that strong, positive associations help to strengthen brand and the equity that is carried into a leverage situation if affected by the types association made with the brand.

### **2.2.2.3 Perceived Quality and Brand Equity**

Perceived quality is a crucial brand feature and one of the measurable determinants of brand equity. A robust perceived quality position is desirable in the market place, which is not easily replicated by competitors (Aaker, 1991; Keller, 2013). further elaborated that perceived quality has the following four key features: it is different from objective or actual quality, it refers to a higher level thought rather than a specific attribute of a product, it anchors a global view and a purchase decision is usually made within consumers prompt interest (Zeithaml,1993). Scholars and marketing practitioners in various product and service categories are showing a tendency to gradually recognize the benefit of perceived quality in purchase decisions (Aaker, 1991; Keller, 2013). Most studies also acknowledge the close connection among product and service quality, customer satisfaction, and company profitability (Kotler and Keller, 2012; Pappu, Quester and Cooksey, 2005; Zeithaml (1993).

### **2.2.2.4 Brand Loyalty and Brand Equity**

Brand loyalty is the core component of brand equity that makes consumers attached to a certain product or service (Aaker, 1991; Kotler and Keller, 2012). Aaker (1991) further argued that brand loyalty adds considerable value to a brand and/or its firm as it provides a set of customary buyers for a long period of time. Loyal customers are less likely to shift to a competitor only because of price; they also make more frequent purchases than comparable non-loyal customers. Brand loyalty is termed as a profound commitment of customers to make repeated purchases of a preferred product/service continuously in the future causing repetition of same-brand or same brand set purchasing, despite different sets of anticipated or unanticipated influences and marketing strategies that might lead to switching behavior (Oliver, 1999). Many authors (Aaker, 1991; Keller 2013; Oliver, 1999) shared the view that brand loyalty can be considered as the degree of faithfulness customers have towards a particular brand. Yoo and Donthu (2001) further elaborated that brand loyalty from an attitudinal perspective as the inclination to be faithful to a known brand, which is proved by the intention to buy the brand as a main alternative. Several researches indicated that there was a positive relationship of brand loyalty and brand equity (Aaker, 1991; Tong and Hawley, 2009; Yoo and Donthu, 2001).

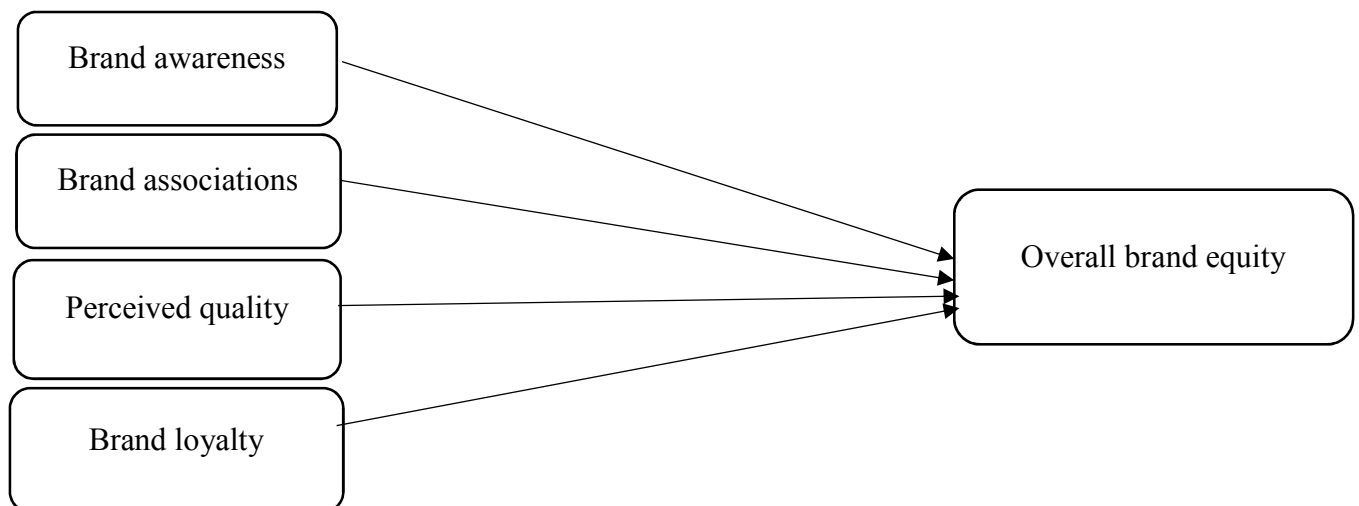
### 2.2.3 Conceptual Framework of the Study

Brand equity is an intricate and multidimensional thought that adds value to a business. Different scholars conceptualized brand equity in various ways and set their own models. From the different models and conceptualizations on brand equity, this study deployed Aaker's (1991) model that relied on customer-based brand equity on customers perceptions as it is the most comprehensive, widely referred and empirically proved among different scholars and studies (Srivastava & Shocker (1991; Washburn & Plunk, 2005; Yoo & Donthu, 2001).

This study aims at examining the determinants of the customer-based brand equity of Kangaroo Shoe Factory products. It deploys Aaker's (1991) brand equity model focusing on the first four components: brand awareness, brand associations, perceived quality and brand loyalty. However, the fifth component, proprietary assets is not applied in this study as different scholars and empirical studies pointed out that it does not measure customer-based brand equity from the customer's perspective, rather it measures brand equity from the firm's (financial) angle (Barwise, 1993; Pappu, Quester and Cooksey, 2005; Yoo and Donthu, 2001).

Accordingly, this study conceptualized the determinants of customer-based brand equity and its interrelationship formulating the conceptual framework as stipulated below:

**Figure 2. 5 Conceptual framework of the study**



**Source:** Aaker (1991);Yoo and Donthu (2001)

## CHAPTER THREE

### RESEARCH DESIGN AND METHODOLOGY

#### 3.1 Research Design

Research design is the overall plan of a research dealing with research questions aligned with its purpose that results in descriptive, explanatory or exploratory type of research (Saunders, Lewis & Thornhill, 1997). Descriptive research describes the characteristics and/or behavior of a population that is being studied. Explanatory research emphasizes on establishing casual relationships between variables. Explanatory research is also taken as an extension of descriptive research in such a way that the study tries to answer why or how the situation under study is happening. While exploratory research is conducted when the subject matter under study is relatively new and attempts to seek better understanding of the existing problem.

In light of the research questions formulated and the objectives set, the purpose of this research was to examine the determinants of the customer-based brand equity of Kangaroo Shoe Factory brand products. Hence, the research design used in this study was explanatory type. It deployed explanatory research as it dealt with the casual relationships that exist between customer-based brand equity determinants (brand awareness, brand association, perceived quality and brand loyalty) and overall brand equity.

In attempting to answer research questions and objectives set, research approach has a crucial role. Research approach is mainly devising the strategies and the methods deployed to conduct a study that takes in to account the complex stages of formulating wide-ranging assumptions and comprehensive and thorough approaches of data collection, analysis and interpretation (Creswell,2014). There are three approaches of research: qualitative, quantitative and mixed approach. Qualitative research deals with discovering the meaning people or groups attribute to societal or human problems. It involves the collection of data from the participants setting, follows inductive data analysis that flows from specific to general issues and interpretations of the data relies on the researcher. Quantitative research focuses on collecting and analyzing data that can be best answered in numbers. It is usually used for analyzing theories by investigating the relationship between and among variables of which the variables are measured through instruments and analyzed using statistical models. On the other hand, mixed approach deploys both quantitative and qualitative data, combining the two and applying definite research

outlines that incorporate theoretical assumptions and frameworks (Creswell, 2014; Saunders, Lewis & Thornhill, 1997).

Considering the above descriptions, as this study deployed numeric data that enabled to answer the research questions and the objectives set, it followed quantitative research approach. Moreover, the study used a systematic collection of data and utilization of statistical models for analysis and interpretation that aligned with its objectives.

### **3.2 Population and Sampling Technique**

Target population in a research is the whole set of available objects for which the data obtained can be used to make conclusions and get relevant information (Kothari, 2004). The target populations for this study were customers of Kangaroo Shoe Factory in Addis Ababa as it dealt with examining the determinants of the brand equity of the organization's products from the customers perspective. The organization had 10 outlet stores in Addis Ababa. Thus, Sampling was drawn from the retail outlet stores of the organization in Addis Ababa. To avoid bias and ensure representativeness of the sample, equal chance was provided to all the ten stores. Hence, to identify the respondents from each store, the study deployed convenience sampling of which the participants were selected in order of their appearance in the stores as per their convenient accessibility (Kothari, 2004).

In determining sample size of the customers, since the total number of the population for this study would be large, the following formula was used (Cochran, 1963):

$$n = \frac{z^2 pq}{e^2}$$

Where:

n= minimum sample size

z= the standardized value

p= level of variability

q=1-p

e= the level of precision

Hence, applying the formula, the sample size with 95% confidence interval, .5 variance and confidence interval of +/-5% was set to be 385 respondents.

$$n = \frac{(1.96)^2 * 0.5 * 0.5}{(0.05)^2} = 385$$

### **3.3 Types of Data and Tools/Instruments of Data Collection**

To achieve the objectives of this research primary sources of data were utilized. Primary data was collected from Kangaroo Shoe Factory customers through administering structured questionnaire. According to Saunders, Lewis & Thornhill (1997), questionnaire is the most commonly utilized data collection technique that enable each respondent to provide answers to the same set of questions that facilitates efficiency while collecting responses from a large sample.

The questionnaire was adopted and customized for this study based on the multi-dimensional scale that measured customer-based brand equity of Yoo and Donthu (2001) as it was the most widely used and often accepted measure (Lee and Leh, 2011; Washburn and Plank, 2002). Hence, brand equity was conceptualized in accordance with Aaker's (1991) model of which the descriptions of the dimensions and the constructs were brand awareness, brand associations, perceived quality and brand loyalty which were considered as independent variables and overall brand equity as dependent variable. In tandem with this, brand awareness had five items and the rest of the dimensions; brand association, perceived quality and brand loyalty incorporated four items each. The dependent viable, overall brand equity, encompassed four items that helped to examine the customers view towards the brand under study and their motive to choose the brand from the competitors.

The questionnaire for this study encompassed two parts. The first part dealt with the demographic characteristics of the respondents such as age, gender, education level and income level. The second part focused on measuring the customers brand equity views incorporating the four determinant elements (brand awareness, brand associations, perceived quality and brand loyalty) and overall brand equity developed in five-point Likert Scale from 1= strongly disagree to 5= strongly agree.

Moreover, Kangaroo Shoe Factory's internal reports, different websites, reputable reports, journal articles, magazines, newspapers and different books associated with brand and brand equity were also consulted.

### **3.4 Procedures of Data Collection**

Since the target population of this study were customers of Kangaroo Shoe Factory, taking in to consideration their diverse social and economic background, the questionnaire was translated in to the local language, Amharic in a legally certified translation office with sufficient knowledge in the area. This was mainly done to enable respondents understand the concept and provide their true feelings.

To ensure the quality of data collected, data collectors were hired, trained and strictly supervised while administering the questionnaires. The data was collected in a guided self-administered face to face interview throughout the ten outlet stores of the company.

### **3.5 Methods of Data Analysis**

Since data analysis consists of examining, categorizing, tabulating, or recombining the evidence to address the initial proposition, this study analyzed the data collected through questionnaire in light of examining the determinants of brand equity to achieve the research questions and objectives set. The data collected via questionnaires was analyzed with descriptive statistics using statistical package for social sciences (SPSS).

Descriptive statistical tools such as frequencies, percentages, mean and standard deviations were used in the data analysis to summarize the demographic characteristic of respondents and to describe and interpret the demographic information of the respondents. In addition, the study deployed correlation analysis and multiple regression analysis to examine the relationships that exist between variables of the study which were of the independent variables: brand awareness, brand loyalty, perceived quality and brand associations against the overall brand equity and test the hypothesis set.

# CHAPTER FOUR

## RESULTS AND DISCUSSION

### 4.1 Results

The aim of this study was to examine the determinants of customer-based brand equity with a focus on Kangaroo Shoe Factory. The study adopted and deployed standardized structured questionnaire to collect data developed based on Aaker's (1991) four brand equity models: brand awareness, brand associations, perceived quality and brand loyalty (Barwise, 1993; Pappu, Quester and Cooksey, 2005; Yoo and Donthu, 2001; Washburn and Plunk, 2002). It used Statistical Package for Social Sciences for data analysis (SPSS v.20). It deployed descriptive statistics and inferential statistics in analyzing the collected data. The demographic profiles of the respondents were analyzed and presented using descriptive statistics such as frequency, percentage, mean etc. The main part of the analysis that helped to achieve the objectives and test the hypothesis set were analyzed and presented using different inferential statistics such as Pearson correlation coefficient and multiple regression.

#### 4.1.1 Reliability and Validity Test

Reliability is the degree to which the measure of a construct is dependable or consistent (Shuttleworth, 2015). In order to ensure the internal consistency of the variables, Cronbach's alpha was used in this study. According to Bonett and Wright (2014), Cronbach's alpha coefficient of .70 or higher is acceptable to determine the reliability of variables. Hence, a pilot study was conducted distributing 25 questionnaires to the customers of Kangaroo Shoe so as to test the reliability of the instruments. Accordingly, the tables below indicated the Cronbach's alpha results of the variables deployed in this study:

**Table 4.1 Reliability test of variables**

Variables	Cronbach's alpha coefficient	No of items
Brand awareness	.853	5
Brand associations	.770	4
Perceived quality	.936	4
Brand loyalty	.885	4
Overall brand equity	.889	4

Source: own survey (2019)

Table 4.2 illustrated that all the variables that measured customer-based brand equity were between .770 and .889 that indicated above 0.7 of the acceptable standard. Moreover, the reliability of the whole variables was found out to be .994 that ensured its reliability and high internal consistency to measure the customer-based brand equity of the respondents.

Validity referred to the extent in which an instrument applied in a research measures what it is supposed to measure. Thus, it is instrumental to ensure the quality of the research design, content and construct validity of the research questionnaire (Kothari, 2004).

Accordingly, the questionnaire was provided to experts in the subject matter and to the thesis advisor to check for the appropriateness of the questions and scales of measurement. Hence, the questions were refined before the questionnaire was administered to respondents.

#### 4.1.2 Data Preparation

To address the research objectives set, data were collected from Kangaroo Shoe customers in Addis Ababa. Accordingly, the researcher distributed 385 questionnaires. Out of the 385 questionnaires, 332 were collected of which its response rate accounted for 86.2%. Moreover, in order to make the data analysis suitable for SPSS, the data collected using the questionnaire were coded for each question. Since, all the collected data had to fit for the analysis and proved for that, all collected questionnaires were screened to be complete. Hence, the questionnaires were checked for errors and all returned incomplete questionnaires were considered as errors. Consequently, 21 incomplete questionnaires were discarded from the survey data. Thus, only 311 full responded questionnaires were used for the analysis of this study.

**Table 4.2 Descriptive overall variables of CBBE of the respondents**

Variables	N	Missing	Minimum	Maximum	Mean	Std. Deviation
Brand awareness	311	0	5.00	25.00	3.2263	1,3051
Brand associations	311	0	4.00	20.00	3.1551	1.1326
Perceived quality	311	0	4.00	20.00	3.325	1.085
Brand loyalty	311	0	4.00	20.00	2.875	1.2125
Overall brand equity	311	0	4.00	30.00	2.64	1.34

Source: own survey (2019)



As stipulated in Table 4.3, for the analysis of the data in SPSS, the number of items used were 311 with missing of zero, minimum and maximum values within a range presented which assured no error for the data to be further analyzed.

#### 4.1.3 Demographic Profile of Respondents

Under this part, the study elaborated the demographic characteristics of the respondents that incorporated gender, age, education level and income level. Thus, the below variables were summarized and presented using frequency and percentage as shown in Table 4.4.

**Table 4.3 Demographic profile of respondents**

Variables		Frequency	Percent
Gender	Female	111	35.7
	Male	200	64.3
<b>Total</b>		<b>311</b>	<b>100%</b>
Age	18-34	187	60.1
	35-50	101	32.5
	51-60	18	5.8
	>60	5	1.6
<b>Total</b>		<b>311</b>	<b>100%</b>
Education level	High school complete and below	47	15.1
	Diploma	67	21.5
	First Degree	169	54.3
	Masters and above	28	9.0
<b>Total</b>		<b>311</b>	<b>100%</b>
Income level	≤1000 birr	13	4.2
	1001-3000	46	14.8
	3001-4000	52	16.7
	>4000	200	64.3
<b>Total</b>		<b>311</b>	<b>100%</b>

Source: own survey (2019)

Table 4.4 depicted that out of 311 usable respondents of the survey, 35.7% (111) were female while 64.3% (200) were comprised of male. This signified that the number of male Kangaroo Shoe customers who visited the factory stores were comprised of the highest percentage than that of female customers. This implied that the majority of Kangaroo Shoe customers in Addis Ababa were male customers.

Looking in to the age of the customers, out of the total number of respondents, those who aged between 18 and 34 constituted 60.1% (187), 35-50 comprised of 32.5% (101), 51-60 covered 5.8% (18) and above 60 years of age accounted for only 1.6% (5). From this, it can be inferred that the majority customers of Kangaroo Shoe Factory constituted the youth between the age of 18 and 34. While those between the age of 35 and 50 also comprised of a significant percentage of customers.

As indicated in Table 4.4, out of the 311 total respondents, as per their educational category, high school and below constituted 15.1% (47) and the rest diploma, first degree and masters and above holders were comprised of 21.5% (67), 54.3% (169) and 9.0% (28) respectively. Accordingly, this implied that the majority of Kangaroo Shoe customers who visited their stores were first degree holders.

Taking in to consideration the monthly income level of the total number of respondents, those who earned 1000 birr and below constituted 4.2% (13), while those who got an income of 1001 birr to 3000 birr comprised of 14.8% (46%), and the rest who earned 3001 to 4000 birr and above 4000 birr accounted for 16.7 % (52) and 64.3% (200). From this, it can be inferred that the majority of Kangaroo Shoe customers who visited the stores were those who earned 4000 birr and more per month.

#### **4.1.4 Descriptive Statistics of Brand Equity Dimensions**

Under this part, descriptive statistics of mean and standard deviation were deployed with a view of comparing the respondents brand equity dimensions. Accordingly, the mean implied the degree to which the respondents averagely agree or disagree to each statement applied in this study. Whereas, the standard deviation indicated how much the responses were diverse from the mean for a given statement or construct. Overall, the higher the mean, the more the respondents agree with the statement, while the lower the mean the more the respondents disagree with the statement.

As this study used the four constructs of customer-based brand equity (brand awareness, brand associations, perceived quality and brand loyalty), to achieve the objectives and test the hypothesis set, the below tables, Tables 4.5 to Table 4.9 presented and summarized as followed. Moreover, Table 4.10 presented the comparison of the four brand equity dimensions mean and standard deviation.

#### 4.1.4.1 Brand Awareness

Brand awareness is a crucial determinant illustrated in every brand equity models (Aaker 1991; Fayeren and Lee, 2011; Yoo and Donthu, 2001). Aaker (1991) defined brand awareness as “the ability of a potential buyer to recognize or recall that a brand is a member of a certain product category.” Brand awareness plays an important role in consumer decision-making by influencing which brands are being considered by the consumers, which of these brands are getting the benefit of doubt, and the perception of quality. In the decision-making process the consumer retrieves, from long-term memory, those products and brands of which they know well (Chowudhury, 2012). Accordingly, the respondents were asked five questions related to brand awareness. The table below presented the respondents result with mean and standard deviation values for each item:

**Table 4.4 Brand awareness analysis**

Statements measuring brand awareness	N	Mean	Std. Deviation
I know the symbol or logo of Kangaroo Shoe brand.	311	3.72	1.29
I can recognize the brand of Kangaroo Shoe quickly among other competing brands.	311	3.23	1.31
I can quickly recall the symbol or logo of Kangaroo Shoe brand	311	3.44	1.32
Kangaroo Shoe brand comes up first in my mind when I need to make a purchase decision on the product	311	2.36	1.22
I am familiar with Kangaroo Shoe brand	311	3.36	1.36
<b>Brand awareness</b>	311	<b>3.2263</b>	<b>1.3051</b>

Source: own survey (2019)

As Table 4.5 indicated, the mean value of the item “I know the symbol or logo of Kangaroo Shoe brand” was the highest with a score of 3.72 which showed that relatively the majority of the respondents agreed that they know the logo or symbol of Kangaroo Shoe. Whereas, the

item “Kangaroo Shoe brand comes up first in my mind when I need to make a purchase decision on the product” scored the lowest mean value 2.36. This indicated that the obtained mean value was slightly below average that the majority of the respondents disagree with the statement that Kangaroo Shoe brand came up first in their mind while they need to make purchase decisions of the product. The overall mean score of brand awareness was 3.2263 that indicated the respondents have a moderately good awareness about Kangaroo Shoe product.

#### 4.1.4.2 Brand Associations

Aaker (1991, p.86) defined brand association as “anything “linked” in memory to a brand.” It is believed to encompass the meaning of the brand for consumers. Brand association can be seen in all forms and reflects features of the product or aspects independent of the product itself (Chen, 2001). Brand associations comprises of all brand-related thoughts, feelings, perceptions, images, experiences, beliefs, attitudes (Kotler and Keller, 2013). A set of associations, usually organized in some meaningful way, forms a brand image. Thus, the respondents were asked four items related to brand association. Table 4.6 outlined the analysis of mean and standard deviation of brand association:

**Table 4.5 Brand associations analysis**

Statements measuring brand associations	N	Mean	Std. Deviation
Kangaroo Shoe brand has a very unique brand image compared to other competing footwear brands.	311	3.2830	1.21430
I trust the company which produces Kangaroo Shoe brand.	311	3.0707	1.10489
I associate and admire people who buy Kangaroo Shoe brand.	311	3.1350	1.11055
I believe that Kangaroo Shoe Factory is contributing to the society.	311	3.1318	1.10073
<b>Brand association</b>	311	<b>3.1551</b>	<b>1.1326</b>

Source: own survey (2019)

As stipulated in Table 4.6, the highest mean value went for the item “Kangaroo Shoe brand has a very unique brand image compared to other competing footwear brands” with a mean score of 3.28 while the lowest mean score was obtained from the item “I trust the company which produces Kangaroo Shoe Brand” with a mean value of 3.07. This signaled that the respondents regarded the brand image of Kangaroo Shoe as unique. The overall mean score of brand associations was 3.1551 that indicated the respondents had a moderately good association with Kangaroo Shoe brand.

#### 4.1.4.3 Perceived Quality

Aaker (1991, p 85) defined perceived quality as a “customer’s perceptions of the overall quality or superiority of a product or service with respect to its intent purpose.” In addition, Keller (2013) enumerated perceived quality as the most important element for customers to judge a brand because of its inherent resemblances in many approaches to brand equity. Perceived quality can be considered as the perception of the superiority of a brand when compared to alternative brand. Perceived quality offers consumers with value and give them reason to differentiate a brand from another (Aaker, 1991; Keller, 2013; Zeithaml, 1993). Accordingly, four items related to perceived quality were placed for the respondents and the results were shown in the table below:

**Table 4.6 Perceived quality analysis**

Statements measuring perceived quality	N	Mean	Std. Deviation
Kangaroo Shoe brand is of good quality.	311	3.39	1.08
I trust the quality of Kangaroo Shoe brand.	311	3.27	1.09
Kangaroo Shoe brand is very reliable.	311	3.22	1.05
I think Kangaroo Shoe brand has a reputation of high quality in delivering footwear products.	311	3.42	1.12
<b>Perceived quality</b>	311	<b>3.325</b>	<b>1.085</b>

Source: own survey (2019)

As stated in Table 4.7, the highest mean value for perceived quality was obtained from the item “I think Kangaroo Shoe brand has a reputation of high quality in delivering footwear products” with a score of 3.42. Whereas the lowest mean score was registered for the item “Kangaroo Shoe brand is very reliable” with a mean score of 3.22. This signified that a good number of the respondents had perceived Kangaroo Shoe brand had a reputation of good quality in producing footwear products whereas the respondents had concerns with its reliability. The overall mean score was depicted as 3.325 that indicated the respondents had a positive perception about the quality of Kangaroo Shoe brand.

#### 4.1.4.4 Brand Loyalty

Brand loyalty is the core component of brand equity that makes consumers attached to a certain product or service (Aaker, 1991; Kotler and Keller, 2012). According to Aaker (1991, p. 39), brand loyalty is “the attachment that a customer has to a brand”. Brand loyalty can also be

explained as the inclination to be loyal to a brand and this can be revealed by the intention of the consumer to buy the brand as a primary choice (Yoo and Donthu, 2001). Aaker (1991) further argued that brand loyalty adds considerable value to a brand and/or its firm as it provides a set of customary buyers for a long period of time. Loyal customers are less likely to shift to a competitor only because of price; they also make more frequent purchases than comparable non-loyal customers. Thus, four items were raised for Kangaroo Shoe customers to analyze brand loyalty as shown in the table below:

**Table 4.7 Brand loyalty analysis**

Statements measuring brand loyalty	N	Mean	Std. Deviation
I consider myself to be loyal to the Kangaroo Shoe brand.	311	2.73	1.16
I am still willing to buy Kangaroo Shoe brand even if its price is a little higher than that of its competitor.	311	2.77	1.23
I will keep on buying Kangaroo Shoe brand as long as its offering satisfies me.	311	3.08	1.27
I would like to recommend Kangaroo Shoe brand to my friends.	311	2.92	1.19
<b>Brand loyalty</b>	311	<b>2.875</b>	<b>1.2125</b>

Source: own survey (2019)

As elaborated in Table 4.8, the highest mean value was obtained from the item “I will keep on buying Kangaroo Shoe brand as long as its offering satisfies me” with a mean score of 3.08. On the other hand, the lowest mean score was registered as 2.73 for the item “I consider myself to be loyal to the Kangaroo shoe brand”. This implied that the respondents were inclined to pursue on buying Kangaroo Shoe since the product satisfied them whereas the respondents seemed to see other options or brands while buying shoes apart from Kangaroo Shoe. The overall mean score for brand loyalty was 2.875 that indicated the respondents’ moderate loyalty to Kangaroo Shoe brand.

#### **4.1.4.5 Overall Brand Equity**

Under this part, the respondents were tested for their overall brand equity deploying four items. The below table elucidated the analysis with the mean and standard deviation:

**Table 4.8 Overall brand equity analysis**

Statements measuring overall brand equity	N	Mean	Std. Deviation
If there is another brand as good as Kangaroo Shoe brand, I would prefer to buy Kangaroo Shoe brand.	311	2.58	1.69
Even if another brand has the same feature as Kangaroo Shoe brand, I would prefer to buy Kangaroo Shoe brand.	311	2.58	1.21
If there is another brand that has same price as Kangaroo Shoe brand, I prefer to buy Kangaroo Shoe brand.	311	2.71	1.22
If I have to choose among brands of shoes, Kangaroo Shoe brand is definitely my choice.	311	2.69	1.24
<b>Overall brand equity</b>	311	<b>2.64</b>	<b>1.34</b>

Source: own survey (2019)

Table 4.9 depicted that the highest mean for overall brand equity was obtained for the item “if there is another brand that has same price as Kangaroo Shoe brand, I prefer to buy Kangaroo Shoe brand” with a mean value of 2.71. This indicated that the respondents might look for other available brand options of the same price with Kangaroo Shoe. On the other hand, the lowest mean score went for the two items “If there is another brand as good as Kangaroo Shoe brand, I would prefer to buy Kangaroo Shoe brand” and “Even if another brand has the same feature as Kangaroo Shoe brand, I would prefer to buy Kangaroo Shoe brand” each registered a mean value of 2.58. This signified that the respondents might not prefer to buy Kangaroo Shoe brand if it had the same feature and as good as other brands. The overall mean score of overall brand equity was 2.64 that implied that the respondents slightly agree with the statements.

#### **4.1.4.6 Comparison of Brand Equity Dimensions Descriptive Mean Score**

In this section, comparisons were made among each element that measured the customer-based brand equity dimensions of Kangaroo Shoe brand in Addis Ababa to analyze the perception of the customers. Accordingly, the below table summarized the mean and standard deviation results:

**Table 4.9 Summary of the mean and standard deviation of the four determinants of customer-based brand equity**

<b>Brand equity dimensions</b>	<b>N</b>	<b>Mean</b>	<b>Standard deviation</b>
Brand awareness	311	3.2263	1.3051
Brand associations	311	3.1551	1.1326
Perceived quality	311	3.325	1.085
Brand loyalty	311	2.875	1.2125

Source: own survey (2019)

As enumerated in Table 4.10, among the four brand equity dimensions, perceived quality obtained the highest mean score with a mean value of 3.325. While, brand awareness, brand associations and brand loyalty took second to fourth scoring mean values of 3.3363, 3.1551 and 2.875 respectively. This indicated that the respondents show somehow an agreement to the four brand equity constructs in the survey and had a positive view of Kangaroo Shoe brand with a slight concern on brand loyalty.

In another instance, looking at the standard deviation for each brand equity dimension, high standard deviation was scored for brand awareness with a value of 1.3051 which implied that the data had widespread from the mean indicating the respondents had diverse perception. Whereas, perceived quality scored the lowest standard deviation with a value of 1.085 that signified the data had close to the mean depicting that the respondents' responses were more or less closely related.

#### **4.1.5 Correlation Analysis**

In order to achieve the research objectives, this study deployed correlation analysis. Correlation analysis helped to show the existence of relationship, the direction of relationship as well as the strength of relationship between the dimensions of customer-based brand equity (brand awareness, brand associations, perceived quality and brand loyalty) and overall brand equity of Kangaroo Shoe brands in Addis Ababa. Accordingly, correlation coefficients take values between -1 and 1 ranging from being negatively correlated (-1) to not correlated (0) to positively correlated (+1). Thus, to define the existence and level of association, this study used Pearson correlation analysis. Pearson correlation coefficients reveal the magnitude and direction of relationships (either positive or negative) of the relationship (-1.0 to +1.0).



In interpreting the correlation analysis, this study applied the correlation classification adopted from Field (2005) to indicate the level of relationships between variables. Hence, Field (2005) outlined correlation coefficient (r) in the following manner: a correlation of 0.1-0.29 rated weak, a correlation of 0.3-0.49 considered moderate and, a correlation of more than 0.5 could be taken as strong. Based on this, all the four customer-based brand equity dimensions and the overall brand equity dimension were incorporated in the correlation analysis. Moreover, the analysis was made on bivariate, a two-tailed statistical significance at the level of 95% significance at,  $p < 0.01$ . The table below outlined the correlation analysis of each customer-based brand equity dimensions and the overall brand equity dimensions of Kangaroo Shoe brand in Addis Ababa:

**Table 4.10 Correlation analysis of Kangaroo Shoe brand customer-based equity determinants**

		Brand awareness	Brand associations	Perceived quality	Brand loyalty	Overall brand equity
Brand awareness	Pearson correlation	1				
	Sig (two tailed)					
Brand associations	Pearson correlation	.566**	1			
	Sig (two tailed)	.000				
Perceived quality	Pearson correlation	.465**	.716**	1		
	Sig (two tailed)	.000	.000			
Brand loyalty	Pearson correlation	.470**	.645**	.754**	1	
	Sig (two tailed)	.000	.000	.000		
Overall brand equity	Pearson correlation	.396**	.575**	.641**	.808**	1
	Sig (two tailed)	.000	.000	.000	.000	

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Source: own survey (2019)

Table 4.11 illustrated the four customer-based brand equity determinants (brand awareness, brand associations, perceived quality and brand loyalty) were positively correlated with the overall brand equity with values in a range of 0.396 to 0.808 in which all the constructs were significant at  $p < 0.01$  level. The correlation matrix pointed out that there was a moderate positive significant relationship between brand awareness and overall brand equity ( $r = 0.396$ ,

$p=.000<0.01$ ). Whereas, brand associations, perceived quality and brand loyalty exhibited a strong positive significant relationship with overall brand equity ( $r=0.575$ ,  $p=.000<0.01$ ;  $r=0.641$ ,  $p=.000<0.01$  and  $r=0.808$ ,  $p=.000<0.01$  respectively). Moreover, it can be noted from the correlation matrix that the strongest positive significant relationships were shown between brand loyalty and overall brand equity and perceived quality and overall brand equity ( $r=0.808$ ,  $p=.000<0.01$  and  $r=0.641$ ,  $p=.000<0.01$ ) respectively. Overall, the correlation results denoted a statistically significant positive relationship between the customer-based brand equity determinants and the overall brand equity dimension.

Table 4.11 also elucidated the relationship between the customer-based brand equity dimensions (independent variables) with themselves. The correlation result revealed a statistically significant positive relationship between the four brand equity dimensions. Looking at the correlations among the variables, the relationship between perceived quality and brand awareness and brand loyalty and brand awareness were moderately positive with a correlation coefficient of  $r=0.465$ ,  $p=.000<0.01$  and  $r=0.470$ ,  $p=.000<0.01$  respectively. Whereas, brand loyalty and perceived quality, perceived quality and brand associations, brand loyalty and brand associations and brand associations and brand awareness exhibited a strong positive significant relationship ( $r=0.754$ ,  $p=.000<0.01$ ;  $r=0.716$ ,  $p=.000<0.01$ ;  $r=0.645$ ,  $p=.000<0.01$  and  $r=0.566$ ,  $p=.000<0.01$  respectively) between each other. It can also be deduced from the result that the strongest positive significant relations were between brand loyalty and perceived quality and perceived quality and brand associations ( $r=0.754$ ,  $p=.000<0.01$ ;  $r=0.716$ ,  $p=.000<0.01$ ). Hence, it can be noted that the relationship that occurred between the customer-based brand equity dimensions could affect brand equity of Kangaroo Shoe through influencing each other.

#### **4.1.6 Model Assumptions**

##### **4.1.6.1 Normality Test**

While conducting a research, before delving in to the analysis of the main part of the study, certain assumptions need to be fulfilled. Among the most critical of which is to check whether the data is normally distributed (Muzaffar, 2016). Hence, in order to assess the normality of the data collected, descriptive statistics was produced. Based on this, Skewness and Kurtosis were applied to validate the normality of the data. The table below elaborated the Skewness and Kurtosis results of the data collected for this study:

**Table 4.11 Normality test**

	N	Skewness		Kurtosis	
	Statistic	Statistic	Std. Error	Statistic	Std. Error
Brand awareness	311	-.566	.138	-.587	.276
Brand associations	311	-.097	.138	-.438	.276
Perceived quality	311	-.671	.138	-.083	.276
Brand loyalty	311	-.238	.138	-.903	.276
Overall brand equity	311	.252	.138	-.296	.276

Source: own survey (2019)

Table 4.12 illustrated that Skewness and Kurtosis results of the data collected for this study. According to George and Mallery, (2010) and Muzzafar (2016), Skewness and Kurtosis values between -2 to +2 within acceptable range. Based on the descriptive statistics result above, it can be noted that the Skewness and Kurtosis results fall within the acceptable range of -2 to +2. Thus, it could be concluded that the data was fairly normal, and the basic assumptions of normality test were fulfilled.

#### **4.1.6.2 Multicollinearity Assumption**

Multicollinearity is a phenomenon in statistics in which two or more independent variables in a multiple regression model are highly interrelated. Multicollinearity resulted in a change in the signs and the magnitudes of the partial regression coefficients from one sample to the other sample and makes it difficult to assess the relative importance of the independent variables in explaining the variation caused by the dependent variable (Daoud, 2009).

Hence, this study was checked for multicollinearity of the regression deploying Variance Inflation Factors (VIF) and Tolerance Values. The VIF and Tolerance Values helped to spot a possible existence of multicollinearity at times even when the problem is not apparent in the correlation analysis. The table below checked for existence of the multicollinearity of the data using VIF and Tolerance Values:

**Table 4.12 Multicollinearity test**

Model	Collinearity statistics	
	Tolerance	VIF
Brand awareness	.661	1.513
Brand associations	.407	2.459
Perceived quality	.341	2.930
Brand loyalty	.402	2.487

Dependent variable: overall brand equity

Source: own survey (2019)

As stipulated in Table 4.13 the tolerance values and VIF fall within a range of 0.341 to 0.661 and 1.513 and 2.930 respectively. Tolerance values below 0.01 and VIF values above 10 suggested the existence of multicollinearity problem (Pallant, 2005). This indicated that Tolerance Values greater than 0.01 and VIF values less than 10 are fairly acceptable. Accordingly, as indicated in the table above, both the tolerance values and VIF indicators revealed the data were free from multicollinearity (See Appendix B).

#### **4.1.7 Regression Analysis**

Regression analysis is a mechanism of predicting an outcome variable from one independent variable (simple regression) or several independent variables (multiple regression) (Field, 2005). Thus, to investigate the effect of the factors that shape the customer-based brand equity of Kangaroo Shoe brand with in the eyes of customers, this study used multiple linear regression. The essence of multiple linear regression was that it helped to assess the coefficient of the linear equation, involving one or more independent variables that best predict the value of the dependent variables. Generally, this study used overall brand equity as dependent variable whereas the other four customer-based brand equity dimensions (brand awareness, brand associations, perceived quality and brand loyalty) were used as independent variables. Hence, the regression analysis results that predicted the contributions of the four brand equity dimensions to the overall brand equity were demonstrated in the tables below:

**Table 4.13 Model Summary**

Model	R	R square	Adjusted R square	Std. Error of the estimate
1	.812 <sup>a</sup>	.659	.655	2.76564

Predictors: (Constant), Brand loyalty, Brand awareness, Brand association, Perceived quality

Source: own survey (2019)

As illustrated in Table 4.14, the regression model summary exhibited the correlation of the customer-based brand equity dimensions (independent variables) with overall brand equity (dependent variables). Accordingly, R and R square were valued at 0.812 and 0.659 that inferred how much of the variance in the measure of the brand equity of Kangaroo Shoe brand customers was explained by the four customer-based brand equity dimensions.

Hence, the R square result indicated that the four customer-based brand equity determinants (brand awareness, brand associations, perceived quality and brand loyalty) accounted for 66% ( $R^2 = .659$ ) of the variations in using Kangaroo Shoe brands in Addis Ababa. Whereas, the remaining 34% of variations were influenced by other variables not considered in this study. This result asserted the existence of other variables which were out of this model that influenced the overall brand equity of Kangaroo Shoe brand in the study area.

**Table 4.14 Multiple regression analysis**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.635	.642		5.735	.000
Brand awareness	.179	.078	.108	2.285	.023
Brand association	.062	.023	.106	2.674	.008
Perceived quality	.211	.057	.209	3.711	.000
Brand loyalty	.826	.059	.737	8.693	.000

a. Dependent Variable: Overall brand equity

Source: own survey (2019)

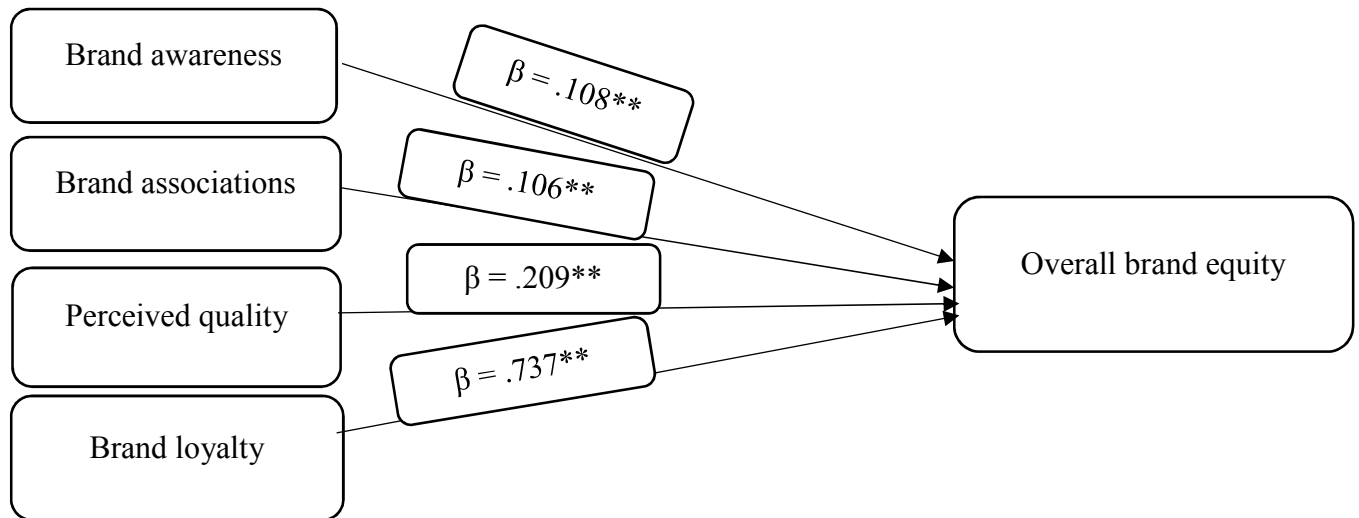
As shown in Table 4.15, the result of the regression analysis of all the four independent variables which were brand awareness, brand associations, perceived quality and brand loyalty with the dependent variable (overall brand equity) predicted a positive contribution to customer-based brand equity.

As articulated earlier, the aim of this study was to examine the determinants of the customer-based brand equity of Kangaroo Shoe brand. Hence, to find out the predictor (independent variable) that best contributed to the dependent variable. Thus, standardized Beta coefficient was applied to measure the strength of each predictor variable that influenced the dependent variable. Moreover, the regression coefficient explained the average amount of change in the dependent variable that was caused by a unit change in the independent variable. The independent variable with the higher value of Beta coefficient signified that it was more important determinant in predicting the dependent variable.

Accordingly, the outcome of the regression analysis stipulated that the contributions of each of the determinants of customer-based brand equity varied to the overall customer-based brand equity of Kangaroo Shoe brand. Thus, among the four dimensions of customer-based brand equity, brand loyalty contributed the highest with a beta value of 0.737. Whereas, perceived quality and brand awareness took second and third in their contribution with beta values of 0.209 and 0.108 respectively. According to this study, brand associations contributed positively to the overall brand equity but compared with the other determinants, it was the lowest with a beta value of 0.106.

Moreover, all the customer-based brand equity determinants were proved statistically significant. Accordingly, brand loyalty and perceived quality were statically significant ( $p=0.000<0.05$ ) and brand associations and brand awareness were also statically significant ( $p=0.008<0.05$  and  $0.023<0.05$ ) respectively. The beta values and the significance result of the regression analysis of the customer-based brand equity determinants signified the positive effect of the brand equity dimensions on the overall brand equity of Kangaroo Shoe brand. Overall, the regression analysis results illustrated variations on the customer-based brand equity determinants contributions towards the customer-based brand equity of Kangaroo Shoe brand.

**Figure 4. 1 Significance effects of customer-based brand equity determinants on the overall brand equity**



\*\* indicated  $p < 0.05$

Source: own survey (2019)

As illustrated in figure 4.1. among the four customer-based brand equity determinants, brand loyalty was proved to be the most positively contributed variable and statistically significant to the overall brand equity of Kangaroo Shoe brand ( $\beta$  value of 0.737 and  $p = 0.000 < 0.05$ ). Perceived quality came in a second position contributing positively and statistically significant to the overall brand equity of Kangaroo Shoe brand ( $\beta$  value of 0.209 and  $p = 0.000 < 0.05$ ). Whereas, brand awareness and brand associations contributed the least positively compared with the other two dimensions but statistically significant ( $\beta$  value of 0.108 and  $p = 0.000 < 0.023$  and  $\beta$  value of 0.106 and  $p = 0.000 < 0.008$ ) respectively. Thus, from the above analysis, it could be deduced that brand loyalty and perceived quality contributed the most and affecting positively the customer-based brand equity of Kangaroo Shoe brand. In addition to this, brand awareness and brand associations also contributed to the customer-based brand equity of Kangaroo Shoe positively but in a lesser degree.

#### 4.1.8 Validation of the Proposed Hypothesis

**Table 4.25 Hypothesis testing as per the multiple regression analysis result**

Hypothesis	Result	Reason
<b>H1.</b> Brand awareness does not have a significant positive effect on overall brand equity of Kangaroo Shoe.	Rejected	$\beta = .108, p=.023 < 0.05$
<b>H2.</b> Brand associations does not have a significant positive effect on overall brand equity of Kangaroo Shoe.	Rejected	$\beta = .106, p=.008 < 0.05$
<b>H3.</b> Perceived quality does not have a significant positive effect on overall brand equity of Kangaroo Shoe.	Rejected	$\beta = .209, p=.000 < 0.05$
<b>H4.</b> Brand loyalty does not have a significant positive effect on overall brand equity of Kangaroo Shoe.	Rejected	$\beta = .737, p=.000 < 0.05$

Source: own survey (2019)

As depicted in Table 4.16 all the customer-based brand equity determinants (brand loyalty, perceived quality, brand awareness and brand associations) were proved to have a significant positive contribution to the customer-based brand equity of Kangaroo shoe brand. This signified that all the hypothesis set were rejected and found out in line with the theoretical assumptions and empirical evidences. However, the regression results stipulated variations on the degree of the contributions of each variable that suggested Kangaroo Shoe might need to prioritize among the variables that contributed the most while devising its branding strategy.



## 4.2 Discussion

The objective of this study was to measure the determinants of the customer-based brand equity of Kangaroo Shoe Factory in Addis Ababa. Looking at the descriptive statistics results of the customer-based brand equity determinants, perceived quality scored the highest with a mean value of 3.325. Brand awareness and brand associations were placed in second and third positions with a mean value of 3.22 and 3.15 respectively. Brand loyalty scored the lowest with a mean value of 2.875. The results suggested that the respondents had somehow agreed with the statements in each determinant that indicated they had a slightly positive outlook about Kangaroo Shoe brand.

According to the findings of the correlation analysis, all the brand equity determinants (brand awareness, brand associations, perceived quality and brand loyalty) had a positive and significant relationship with the overall customer-based brand equity. This finding was consistent with Tesfaye (2017) and Shewanesh (2017) recent studies conducted in Addis Ababa that measured the customer-based brand equity of selected television channels and the bottled water industry respectively as they came up with all the four brand equity dimensions had a significant positive relationship with overall brand equity. Among the four customer-based brand equity determinants, brand loyalty had shown the strongest positive significant correlation with overall brand equity ( $r=0.808$ ,  $p=.000<0.0$ ). This was in line with the arguments of Aaker (1991) that stated brand loyalty is the core component of brand equity determinants that make customers attached to a certain product.

Delving in to the results of the regression analysis, it was found out that all the four customer-based brand equity determinants (brand loyalty, perceived quality, brand awareness and brand associations) contributed positively and statistically significant to the overall brand equity of Kangaroo Shoe. However, their contributions vary across variables. Accordingly, among the four customer-based brand equity dimensions, brand loyalty contributed the most followed by perceived quality to the overall brand equity. From this it can be deduced that brand loyalty was the most contributing factor that have a positive significant contribution to the customer-based brand equity. This result was consistent with the views of Aaker (1991) that stated brand loyalty is the core component of brand equity that makes customers attached to a certain products or service. Moreover, the result was also aligned with the works of Abad (2012) and Tesfaye (2017) who found out that brand loyalty showed a strong significant positive effect on customer-based brand equity in the financial sector and the selected television channels in

Addis Ababa. On the other hand, perceived quality came in a second position that positively and significantly affect overall brand equity of Kangaroo Shoe. This finding was in line with the work of Tesfaye (2017) that stipulated perceived quality affected significantly the customer-based brand equity of television channels following closely with brand loyalty. Moreover, brand associations and brand awareness had a positive significant contribution to the customer-based brand equity of Kangaroo Shoe, yet their contributions were quite lesser compared with brand loyalty and perceived quality. This result was consistent with the works of Abad (2012) and Bezawit (2014) that showed the same result in the financial sector and the Ethiopian Airlines in their attempt to study the brand equity determinants.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1 Summary of Findings**

The main objective of this study was to measure the dimension of the customer based-brand equity of Kangaroo Shoe Factory. The study applied Aaker's (1991) four customer-based brand equity models that are brand awareness, brand associations, perceived quality and brand loyalty. The study examined the relationships between brand awareness, brand associations, perceived quality and brand loyalty with the overall brand equity. Moreover, it also dealt with finding out the effects brand awareness, brand associations, perceived quality and brand loyalty had on the overall brand equity to validate the research hypothesis set as per the conceptual framework of this study.

Looking at the descriptive statistics results of the customer-based brand equity determinants, perceived quality scored the highest with a mean value of 3.325. Brand awareness and brand associations were placed in second and third positions with a mean value of 3.22 and 3.15 respectively. Brand loyalty scored the lowest with a mean value of 2.875. The results suggested that the respondents had somehow agreed with the statements in each determinant that indicated they had a slightly positive outlook about Kangaroo Shoe brand.

The correlation analysis revealed that brand awareness, brand associations, perceived quality and brand loyalty had a positive and significant relationship with the overall customer-based brand equity. It also indicated that brand loyalty had shown the strongest positive significant correlation with overall brand equity followed by perceived quality. Moreover, the results of the regression analysis disclosed that brand awareness, brand associations, perceived quality and brand loyalty had a positive and statistically significant contribution with the overall brand equity of Kangaroo Shoe. However, the contributions of the dimensions showed variations. Accordingly, it was found out that brand loyalty was the most contributing factor to the overall brand equity of Kangaroo Shoe followed by perceived quality.

## 5.2 Conclusions

This study was aimed to measure the determinants of customer-based brand equity focusing on Kangaroo Shoe Factory. The study deployed Aaker's (1991) four brand equity models that are brand awareness, brand associations, perceived quality and brand loyalty to measure the customer-based brand equity of Kangaroo Shoe customers.

Based on the analysis on the relationship of the customer-brand equity determinants to the customer-based brand equity and the effects or contributions of the customer-based brand equity dimensions to the customer-based brand equity, the following conclusions were drawn.

In line with the objectives set, brand loyalty and perceived quality were found to have a strong significant positive effect with the overall brand equity of Kangaroo Shoe. Moreover, both dimensions had a strong positive correlation with the overall brand equity. Brand associations and brand awareness were also revealed a significant positive contribution to the overall brand equity of Kangaroo Shoe. In addition, both brand associations and brand awareness were also found to have a significant positive relationship with overall brand equity of Kangaroo Shoe.

Overall, from the correlation analysis result, it can be inferred that brand awareness, brand associations, perceived quality and brand loyalty exhibited a significant positive relationship with customer-based brand equity of Kangaroo Shoe. Moreover, the study also revealed that the relationship between and among brand awareness, brand associations, perceived quality and brand loyalty were significantly positive. It can be concluded from the findings that the interrelationships of the brand equity determinants and their relationship with brand equity need to be considered in building strong brand equity of Kangaroo Shoe brand.

The results of the regression analysis indicated brand loyalty, perceived quality, brand associations and brand loyalty contributed positively and significantly to the customer-based brand equity of Kangaroo Shoe. However, there witnessed variations among the variables. Accordingly, brand loyalty was the most positively contributing and statistically significant factor to the customer-based equity of Kangaroo Shoe followed by perceived quality. Moreover, brand awareness and brand associations were also contributing positively and statically significant but in a lesser extent compared with brand loyalty and perceived quality.

Overall, it can be deduced from the results that brand loyalty contributed the most and affect customers perception in shaping the brand equity of Kangaroo Shoe. Also, perceived quality followed brand loyalty in contributing to the customer-based brand equity of Kangaroo Shoe.

### 5.3 Recommendations

Based on the findings and the conclusions made in this study, the following recommendations were suggested for the concerned body:

- Kangaroo Shoe Factory need to focus on committing its resources in building brand loyalty and perceived quality, the determinants that affect the most its customer-based brand equity, while devising its branding strategy.
- Kangaroo Shoe Factory need to identify its target customers and work on its market positioning segmenting customers in different ways such as income level, age level, gender and other mechanisms so as to enable it devise successful branding strategies focusing on brand loyalty and perceived quality.
- The organization has to continuously measure customer satisfaction in implementing proper customer feedback system to have a credible and reliable information such as building customer relationship management system (CRM).
- Kangaroo Shoe Factory need to focus on devising mechanisms that enable customers to have a pleasant user-experience both in the product and customer interaction as it significantly helps the company to retain its customers and attract new ones.
- The company has to introduce loyalty reward packages or programs that encourage current customers to buy its products repetitively and decrease the number of possible switchers as it might increase the switching cost from that of competitors.
- The company is encouraged to introduce extra-services that would create long-lasting belongingness to the customers but incurs less cost to the company.
- Kangaroo Shoe Factory has to identify its existing excellence and build on its strengths so as to stand out from the competition and advance its competitive advantage that helps to build its brand, retain customers and attract new customers.
- The company has to give due emphasis to the intercorrelations that exist between and among the customer-based brand equity determinants more importantly the relationship between brand loyalty and perceived quality, perceived quality and brand associations and brand loyalty and brand associations while building the brand equity of the company.

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# APPENDIX A

## QUESTIONNAIRE

### **A questionnaire to gather data on the determinants of customer-based brand equity of Kangaroo Shoe Factory**

Dear Respondent, I am Hailemeleket T.berhan, a Masters of Business Administration (MBA) student at St. Mary's University, school of post graduate studies. Currently, I am undertaking a research entitled "Determinants of Customer-Based Brand Equity: The case of Kangaroo Shoe Factory." The result of the study will assist the company to identify the factors that affect its brand equity, the needs and demands of customers and enable it to deliver better products with better marketing strategy to satisfy customers. Your participation in this survey is voluntary. The information you provide will be used only for the purpose of the study and kept strictly confidential. Please do not write your name or contact details on the questionnaire.

**Thank you in advance for your willingness to take part in filling the questionnaire.**

#### **Part I: General Information**

**Please put your response agreement to each question by encircling the appropriate number.**

1. Gender:

- 1) Female      2) Male

2. Age:

- 1) 18-34      2) 35-50      3) 51-60      5) 60 +

3. Education background

- 1) High school complete & below      2) Diploma      3) First degree  
4) Masters & above

4. Income per month

- 1) ≤1000 ETB      2) 1001-3000 ETB      3) 3001-4000 ETB      4) >4000 ETB

#### **Part II: Determinants of brand equity**

Please select the degree of agreement/disagreement with the following statements associated with the determinants of Kangaroo Shoe brand products (**Please circle the alternative number that best describes your view**).

Where 1= Strongly Disagree 2= Disagree 3= Neutral 4= Agree 5= Strongly Agree

**Brand Awareness (BAW)**

No.	Statement	1	2	3	4	5
1	I know the symbol or logo of Kangaroo Shoe brand.	1	2	3	4	5
2	I can recognize the brand of Kangaroo Shoe quickly among other competing brands.	1	2	3	4	5
3	I can quickly recall the symbol or logo of Kangaroo Shoe brand	1	2	3	4	5
4	Kangaroo Shoe brand comes up first in my mind when I need to make a purchase decision on the product.	1	2	3	4	5
5	I am familiar with Kangaroo Shoe brand.	1	2	3	4	5

**Brand Associations (BAS)**

No.	Statement	1	2	3	4	5
1	Kangaroo Shoe brand has a very unique brand image compared to other competing footwear brands.	1	2	3	4	5
2	I trust the company which produces Kangaroo Shoe brand.	1	2	3	4	5
3	I associate and admire people who buy Kangaroo Shoe brand.	1	2	3	4	5
4	I believe that Kangaroo Shoe Factory is contributing to the society.	1	2	3	4	5

**Perceived Quality (PQ)**

No.	Statement	1	2	3	4	5
1	Kangaroo Shoe brand is of good quality.	1	2	3	4	5
2	I trust the quality of Kangaroo Shoe brand.	1	2	3	4	5
3	Kangaroo Shoe brand is very reliable.	1	2	3	4	5
4	I think Kangaroo Shoe brand has a reputation of high quality in delivering footwear products.	1	2	3	4	5

**Brand Loyalty (BL)**

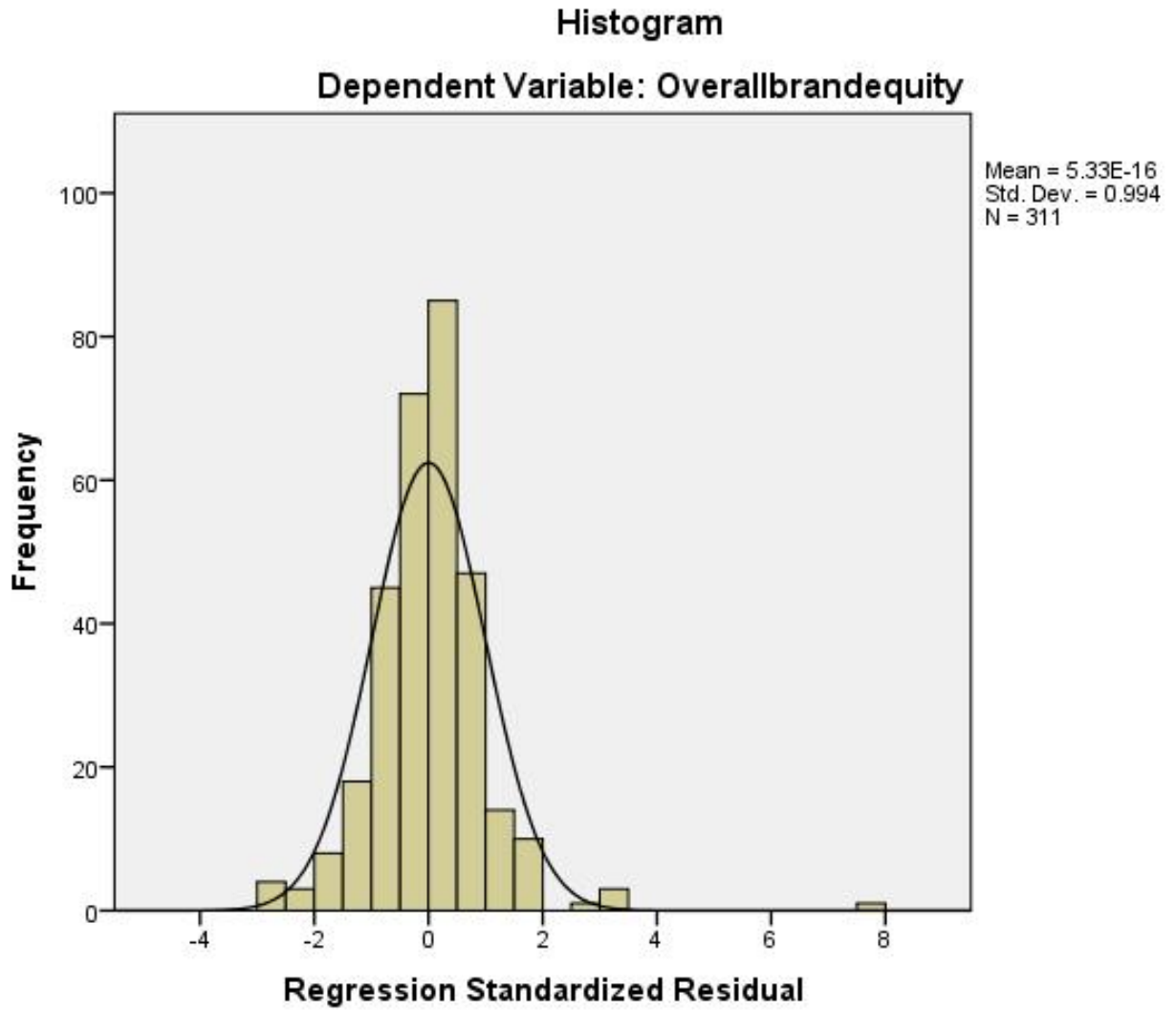
No.	Statement	1	2	3	4	5
1	I consider myself to be loyal to the Kangaroo Shoe brand.	1	2	3	4	5
2	I am still willing to buy Kangaroo Shoe brand even if its price is a little higher than that of its competitor.	1	2	3	4	5
3	I will keep on buying Kangaroo Shoe brand as long as its offering satisfies me.	1	2	3	4	5
4	I would like to recommend Kangaroo Shoe brand to my friends.	1	2	3	4	5

**Overall Brand Equity (OBE)**

No.	Statement	1	2	3	4	5
1	If there is another brand as good as Kangaroo Shoe brand, I would prefer to buy Kangaroo Shoe brand.	1	2	3	4	5
2	Even if another brand has the same feature as Kangaroo Shoe brand, I would prefer to buy Kangaroo Shoe brand.	1	2	3	4	5
3	If there is another brand that has same price as Kangaroo Shoe brand, I prefer to buy Kangaroo Shoe brand.	1	2	3	4	5
4	If I have to choose among brands of shoes, Kangaroo Shoe brand is definitely my choice.	1	2	3	4	5

# APPENDIX B

## COLLINEARITY ASSUMPTION



Normal P-P Plot of Regression Standardized Residual  
Dependent Variable: Overallbrandequity

