



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

**DEPARTMENT OF MARKETING MANAGEMENT**

**THE EFFECT OF BRAND EQUITY ON CUSTOMER SATISFACTION: A  
CASE STUDY OF DASHEN BREWERIES S.C**

**BY  
LIDETESELAM TEFERI**

**December, 2019  
ADDIS ABEBA, ETHIOPIA**



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**A THESIS SUBMITTED TO ST. MARY'S UNIVERSITY, SCHOOL OF  
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**SCHOOL OF GRADUATE STUDIES FACULTY OF BUSINESS AND**  
**ECONOMICS DEPARTMENT OF MARKETING MANAGEMENT**

**THE EFFECT OF BRAND EQUITY ON CUSTOMER**  
**SATISFACTION: A CASE STUDY OF DASHEN**  
**BREWERIES S.C**

BY

**LIDETESELAM TEFERI**

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## **DECLARATION**

I, the under signed, declare that this thesis is my original work, prepared under the guidance of **Mulugeta Gebremedhin (PhD)**. All sources of material used while working on this 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 type of degree.

**LIDETESELAM TEFERI**

**Name**

**Signature and Date**

## **ENDORSEMENT**

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

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**Advisor**

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**Signature**

**St.Mary's University, Addis Ababa**

**December, 2019**

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## LIST OF TABLES

<b>List of Tables</b>	<b>Page no</b>
Table 1: Population Distribution	27
Table 2: Sample size Distribution	24
Table 3: Background of the respondents	29
Table 4: Reliability Test	30
Table 5: Descriptive analysis	30
Table 6: Correlation result between the dependent and independent variable	32
Table 7: Correlation between independent variables	36
Table 8: Multicollinearity Test (Independent and Dependent Variables)	37
Table 9: Model summary	38
Table 10: ANOVA	38
Table 11: Coefficients	39
Table 10: Hypothesis summary	41



## LIST OF FIGURES

<b>List of Figure</b>	<b>Page No.</b>
Figure 1: Aaker's Brand Equity	14
Figure 2: Conceptual framework (Adapted from Aaker 1996)	20
Figure 3: Histogram	34
Figure 4: Normal P-Plot	35

## **ABSTRACT**

*Customer satisfaction is important to long term business success to protect/gain market shares, organizations need to overtake competitors by offering high quality product or service to ensure satisfaction of customers. Through satisfying customers, organizations could improve profitability by expanding their business and gaining a higher market share as well as repeat and referral business. There is a strong and positive relationship between customer satisfaction and loyalty. A satisfied customer is six times more likely to repurchase a product and share his experience with five or six other people. The general objective of the study was to examine the effect of brand equity on customer satisfaction: a case study of Dashen breweries S.C. In order to get a comprehensive data 340 customers are included in the study. The study used both primary and secondary data that were collected through a semi-structured questionnaire. Out of the 390 questionnaires that were distributed 340 questionnaires were filled and returned successfully. This represents a response rate of 87.1 percent. Data was analyzed using descriptive and inferential statistics. The study found that brand association, brand loyalty has positive and strong effect on customer satisfaction. Brand awareness and perceived quality have low significant effect. Based on these findings, the study recommends that Dashen is advised to work on customer brand awareness since it have a big impact on the customer satisfaction by making the brand easily and quickly recalled by the customer, to give good attention on improving the customers brand association of Dashen by improving the aspect of the brand image when compared to other competing brands, by making their logo easily to recall.*

*Key words: Customer satisfaction, brand equity, brand association, brand loyalty, Brand awareness, perceived quality*

# Contents

<b>DECLARATION .....</b>	<b>ii</b>
<b>ENDORSEMENT .....</b>	<b>iii</b>
<b>ACKNOWLEDGEMENTS .....</b>	<b>iv</b>
<b>LIST OF TABLES .....</b>	<b>v</b>
<b>LIST OF FIGURES .....</b>	<b>vi</b>
<b>ABSTRACT.....</b>	<b>vii</b>
<b>CHAPTER ONE .....</b>	<b>1</b>
<b>INTRODUCTION .....</b>	<b>1</b>
<b>1.1 Background of the study .....</b>	<b>1</b>
<b>1.2 Brief Background of Dashen brewery S.C .....</b>	<b>3</b>
<b>1.3 Statement of the problem .....</b>	<b>4</b>
<b>1.4 Research question .....</b>	<b>5</b>
<b>1.5 Objective of the study .....</b>	<b>5</b>
<b>1.5.1 General objective .....</b>	<b>5</b>
<b>1.5.2 Specific objective.....</b>	<b>5</b>
<b>1.6 Scope of the Study.....</b>	<b>6</b>
<b>1.7 Significance of the study.....</b>	<b>6</b>
<b>1.8 Organization of the Study .....</b>	<b>6</b>
<b>1.9 Definition of Terms.....</b>	<b>7</b>
<b>CHAPTER TWO .....</b>	<b>8</b>
<b>REVIEW OF RELATED LITERATURES .....</b>	<b>8</b>
<b>2. Introduction.....</b>	<b>8</b>
<b>2.1 The concept of Branding .....</b>	<b>8</b>
<b>2.2 Brand Equity.....</b>	<b>9</b>
<b>2.3 Brand Equity Models .....</b>	<b>10</b>
<b>2.3.1 Aaker’s Brand Equity Model.....</b>	<b>10</b>
<b>2.3.2 Keller’s Brand Equity Model.....</b>	<b>14</b>
<b>2.3.3 Yoo and Donthu brand equity model.....</b>	<b>15</b>
<b>2.4 Impact of Branding on Consumer Behavior .....</b>	<b>16</b>

2.4.1 Value to Consumers.....	16
2.4.2 Value to Firms.....	17
2.5 Customer Satisfaction .....	17
2.5.1 Determinant of Customer Satisfaction .....	18
2.5.2 Relationship of Brand Equity to Customer Satisfaction .....	18
2.6 Empirical Review.....	19
2.7 Conceptual framework.....	20
<b>CHAPTER THREE.....</b>	<b>22</b>
<b>RESEARCH METHODOLOGY .....</b>	<b>22</b>
3. Introduction.....	22
3.1 Research approach .....	22
3.2 Research Design .....	23
3.3 Target Population .....	23
3.4 Sampling Methods and Sample Size .....	24
3.4.1 Sampling Frame.....	24
3.4.2 Sample Size.....	24
3.5 Data Source and Types.....	25
3.6 Data Collection Procedure .....	26
3.7 Methods of Data Analysis .....	26
3.8 Validity & Reliability .....	27
3.8.1 Reliability analysis .....	27
3.8.2 Validity analysis.....	28
3.9 Ethical Consideration.....	28
<b>CHAPTER Four .....</b>	<b>29</b>
<b>Data Presentation, Analysis and Interpretation .....</b>	<b>29</b>
4.1 General Information about the respondents .....	29
4.2 Reliability Test .....	31
4.3 Descriptive analysis.....	31
4.2 Correlation Analysis .....	32
4.3 Regression Analysis .....	34
<b>CHAPTER FIVE .....</b>	<b>43</b>
<b>SUMMARY, CONCLUSION AND RECOMMENDATIONS.....</b>	<b>43</b>
5.1 Summary of Finding.....	43

**5.3 Recommendations..... 45**

**5.4 Limitation of the Research..... 46**

**References..... i**

**Appendix I: QUESTIONNAIRE..... iv**

# CHAPTER ONE

## INTRODUCTION

### 1.1 Background of the study

A successful brand is an identifiable product, service, person or place, augmented in such a way that the buyer or user perceives relevant, unique benefits, which match their needs most closely (Chernatony and McDonald, 1998). From the customer's point of view, a brand can be defined as the total accumulation of all his/her experiences, and is built at all points of contact with the customer (Kapferer, 2004).

Today, brand is considered as a strategic requirement for organizations, which helps them to create more value for customers and to provide sustainable competitive advantages. Development of strong brand in the market is main objective of many organizations because of its abundant advantages (Ballester and Aleman, 2005).

Due to increase of globalization a homogenization of consumers' preference in the world, global branding has become more widespread. Research in marketing has concentrated more on discussing how to raise sales rather than how to satisfy create loyal customers (Lee, 2006). That is, it is important to be aware of different brands. In the world most of branded goods influence consumers; hence industries are in competition to win the market in a manner that, producers should be able to create loyal customers and not concentrate on increase sales only.

According to Keller (1997) brand is vital and draws synergy between company and consumers. In this regard, by achieving success through branding maintaining and managing the consumer buying reputation becomes integral to be the market leader. The branding aspects of the product that is, refine quality of products and social responsibilities of any business can positively affect the buying behaviors of people regarding brand image, satisfaction and loyalty (World Applied Sciences Journal 23)

Brand equity is the ability of brand associations to predispose people to choose it over others or pay more for it, both now and in the future Alagon and Samuel (2011). According to Aaker (1991) brand equity as it is the difference between a brand's assets and brand's liabilities linked to a brand. Brand assets are a function of reputation, quality, relevance, and loyalty. Brand liabilities are incurred by brands because of failures and questionable business practices that may increase costs and liabilities. The larger the ratio of brand assets to brand liabilities, the greater is the brand equity. Brand awareness, brand associations, perceived quality, brand loyalty and other proprietary assets were the five assets of brand equity.

The study of brand equity is increasingly popular as some researchers have concluded that brands are one of the most valuable assets that a company has. High brand equity levels are known to lead to higher consumer preferences and purchase intentions (Cobb-Walgren et al. 1995) as well as higher stock returns (Aaker and Jacobson, 1994). Besides, high brand equity brings an opportunity for successful extensions, resilience against competitors' promotional pressures, and creation of barriers to competitive entry (Farquhar 1989).

Customer satisfaction has fundamental importance in business growth and competitive advantage in the increasing global economy. The simple act of appreciating the customers' expectations does enhance customer satisfaction. Therefore, maintaining customers' relationship is one of the key aspects of organizational growth. Equally, Anderson and Mary (2008), argue that customer satisfaction is a result of well-maintained relationships between the client and the organization.

In the breweries industry, customer retention and acquisition is so intense due to the high levels of substitute products in any given market contends that the brewery industries all in Ethiopia are also struggling to retain their customers in an increasingly competitive market. Customer satisfaction has therefore become a major preoccupation for executives and marketing managers (Conkilyn, Powaga & Lipovetsky, 2004).

In this study, brand equity is conceptualized in accordance to Aaker (1991) and Keller (1993) models and the study will examine dimensions of brand equity and will illustrate an integrated model for the relationship between brand equity and customers satisfaction.

## **1.2 Brief Background of Dashen brewery S.C**

Dashen Brewery SC as one of the largest Ethiopian brewery companies. It is co-owned by Tiret Corporate and Duet Vasari beverages African limited.

The Company first entered to Ethiopian market after planting its first plant at a historical city of Gondar, 738 kilometers from Addis Ababa, at a place called Aba Samuel.

Its first factory was built at a total cost of 325,000,000.12 birr. The total cost of the construction was obtained from Endowment Fund and Ethiopian Development Bank. The plant which was laid at 8.5 hectare of land was built with an annual production capacity of 300,000 hl. But by the time this production capacity of the factory could not match with the demand of beer.

Subsequently, plans to carry out this expansion of the factory as soon as possible and went into action. Accordingly, the production capacity has increased. As of now the plant in Gondar has reached to 950,000 hectoliters a year.

Dashen Brewery was fully owned by Tiret Corporate during the establishment of the first factory in the city of Gondar. The aim is to inject the profit from beer sales to community oriented development activities. This has especially targeted farmers engaged in barely production, to supply their output to the factory. Furthermore, it was meant to favor the country's industrial sector.

Specifically, the city of Gondar has benefited from Dashen Brewery, as the brewery factory for the city.

Dashen has released its first product in June 2000. Given, its unique and wonderful taste the beer has managed to get a wide acceptance from the customers, across the nation. The company has then decided to expand its production in order to meet the demand.

Its product was largely limited in Northern part of Ethiopia such as Amhara and Tigray regional states. So to fill this gap, the company has begun to work on how to expand its production.

The company has then decided to search for a partner to work with. The effort has finally brought Dashen to work with Duet Vasari beverages African limited. The two signed a partnership agreement in May 2012.



The agreement resulted in the creation of a second plant, in Debr Berhan, North Shoa. Fifteen years after the opening of the plant in Gondar, the share company launched its second plant at a total investment of three billion birr.

The plant which has two million hectoliter annual production capacity was officially inaugurated by Prime Minister Hailemariam Desalegne.

The plant is designed to produce an annual production capacity of three million hectoliters.

The factory was consider as a milestone for its role of creating a back and forth linkage between the agriculture and industry, at the region.

Dashen brewery currently has a total capital of 5,000,000,000 birr and will work to raise its capital. As a result, this will benefit different part of the society.

In terms of job creation the company has currently created 1,721 jobs. This include those hired as a permanent staffs and workers organized as union in Gondar, Debre Berhan and Addis Ababa.

The figure doesn't include those involved in beer distribution, loading and off-loading.

The factory, for the past 17 years has only one brand of beer. However, after looking into the market, this year it introduced a new brand called-Balageru beer to the market. Before officially releasing the new brand to market, the company has extensively worked on familiarizing the beer using different strategies.

### **1.3 Statement of the problem**

Brands play a pivotal role in shaping people's perceptions of products as well as being a focal point for the meaning and value that products have for different individuals. If a brand can provide value through form and function, then consumers can feel comfortable repurchasing the brand and possibly other products made by the same firm, Aaker, (1991). Over time, consumers can and do develop relationships with particular brands they purchase.

In Ethiopia, by observing the current marketing and brand building efforts, one can easily understand that branding is becoming an important focus and in order to be differentiated and selected by customers, knowing and identifying the current level of customer based brand equity

dimensions with their relationship to customer satisfaction is mandatory. Thus, in this competitive market, since breweries industry deliver similar services and experiencing increased competition, the management of beer brands in relationship to customer satisfaction has gained greater importance. As a fundamentally intangible and complex concept, it is difficult for a customer to compare the offerings of various beers on the market. Therefore, in this study as the major problem, the researcher tried to link the gap that exists due to the lack of empirical evidence that links the effect of the major brand equity dimensions on customer's satisfaction. And in our local scenario branding can change peoples' buying behavior and it is also considered as a valuable asset for business and it can play a vital role to expand marketing. Based on the above background, this study was initiated to assess the effect of brand equity on customer satisfaction in Dashen breweries S.C.

#### **1.4 Research question**

In this study, the researcher attempted to get answers for basic research questions by measuring the effect of brand equity on customer satisfaction in Dashen breweries S.C. In this regard, the major research questions of the study included the following.

1. How brand awareness affects customer's satisfaction of Dashen breweries S.C?
2. How does perceived quality influence customers satisfaction of Dashen breweries S.C?
3. How does brand association affect customer's satisfaction of Dashen breweries S.C?
4. How does brand loyalty influence customers satisfaction of Dashen breweries S.C?

#### **1.5 Objective of the study**

This study attempts to meet the following general objective and specific objective.

##### **1.5.1 General objective**

The general objective of this research is to examine the effect of brand equity on customer satisfaction: a case study of Dashen breweries S.C

##### **1.5.2 Specific objective**

In consistent with the preceding general objective, the researcher conducted the following specific objectives.

- To investigate the effect of brand awareness in customer satisfaction.
- To examine the effect of perceived quality in customer satisfaction.
- To determine the effect of brand association in customer satisfaction.
- To identify the effect brand loyalty in customer satisfaction.

## **1.6 Scope of the Study**

The study was delimited conceptually, geographically as well as methodologically.

**Conceptually;** this study only focused on the cause and effect relationship between brand equity (brand loyalty, brand awareness, perceived quality, and brand association) and Customer satisfaction.

**Geographically;** from different branches that are found in Ethiopia, this study focused on 3 agents, 40 wholesalers and 347 retailer located in Addis Ababa only.

**Methodologically;** this research was a sample survey research that was based on the representative sample conclusion for the population will be made. Additionally, the main source of this data was questionnaire and secondary data.

## **1.7 Significance of the study**

The brewery industries in Ethiopia are using their own brands and service distinction. Hence, this study regarding brand equity gives an insight to the concerned stakeholder of Dashen breweries to adjust their marketing strategies about the importance of various dimensions of brand equity and their relationship to customer satisfaction. Furthermore, this study provides essential suggestions and recommendations that will be used by any interested party for further research area.

## **1.8 Organization of the Study**

The study is organized in to five chapters, including this chapter that discusses the background, statement of the problem, research question, and objective of the study, hypothesis, and definition of terms, significance and delimitation of the study. Related literature that is reviewed for this study together with the conceptual framework is discussed under chapter two. Chapter three deals with the detail of research methodology which the study has applied in its investigation of the problem. Data presentation, analysis and interpretation are stated in chapter four. The last and the fifth chapter forward the conclusion and recommendation on the study.

## 1.9 Definition of Terms

**Beer:** an alcoholic beverage usually made from malted cereal grain (as barley), flavored with hops and brewed by slow fermentation (Merriam Webster Dictionary).

**Brand:** Brand can be defined as "a name, term, sign, symbol, or design, or combination of them which is intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competitors" (Kotler 1991).

**Brand equity:** Brand equity defined "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).

**Brand awareness:** according to (Keller, 2003) brand awareness consists of two sub-dimensions: brand recall and recognition. Brand recognition is related to picking out a brand whenever some sort of cue is provided whereas recall is done when there is no cue present.

**Brand association:** 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 2006).

**Perceived quality:** Perceived quality is defined as "the consumer's subjective judgment about a product's overall excellence or superiority" (Zeithaml, 1988).

**Brand loyalty:** Brand loyalty is a core dimension of brand equity measured by the level of attachment the consumer has with a brand (Aaker, 1991).

**Customer satisfaction:** Customer satisfaction means customer can get something beyond their expectation (Kotler and Keller, 2012).

## **CHAPTER TWO**

### **REVIEW OF RELATED LITERATURES**

#### **2. Introduction**

This chapter reviews the literatures that are related to the subject of this study in order to gain an understanding of the effect of brand equity on customer satisfaction. Literature was reviewed in line with the stated study objectives. The review was relay greatly on data obtained from published reference materials such as books and journals.

#### **2.1 The concept of Branding**

Branding has been defined as the use of identifiable variable like attractive names, symbolisms, terminologies (slogans), terms, and signs and in an extended version, the combination of all the above-mentioned variables with the intent of associating it with particular services and products in an organization which is distinctive from competitors' brand. Formally, branding was defined as names, associations and other ingredients that are used to identify a product (Kotler 2000).

The American Marketing Association (AMA) defines a brand as 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 other sellers. Brand is the name associated with one of more items in the product line that is used to identify the source of characters of the items (Kotler, 2002).

Branding is a disciplined process used to build awareness and extend customer loyalty. It requires a mandate from the top and readiness to invest in the future. Branding is about seizing every opportunity to express why people should choose one brand over another. A desire to lead outpaces the competition, and gives employees the best tools to reach customers are the reasons why companies leverage branding (Wheeler, 2012).

According to Duman (2017), branding is crucial for business success more significantly today than ever before. He further explains that in today's sophisticated business environments, consumers are exposed to more choices; media and communication technologies bring more visually appealing messages about alternative products; consumers have less and less time to make choices

among alternatives; and consequently, they are pushed to make less risky and simplified decisions. Accordingly, as consumers make their decisions based on brand evaluations, companies try to strengthen their brand images to influence their customers.

## **2.2 Brand Equity**

Brand Equity is the sum total of all the different values people attach to the brand, or the holistic value of the brand to its owner as a corporate asset. Brand equity can include: the monetary value or the amount of additional income expected from a branded product over and above what might be expected from an identical, but unbranded product; the intangible value associated with the product that cannot be accounted for by price or features; and the perceived quality attributed to the product independent of its physical features. A brand is nearly worthless unless it enjoys some equity in the marketplace. Without brand equity, you simply have a commodity product.

Based on the value of brand equity, Aaker (1991) defines brand equity as “a set of brand assets and liabilities linked to a brand, its name and symbol that add to or subtract from the value provided by a product or service to a firm and/or to that firm's customers. These assets are brand awareness, perceived quality, brand associations, brand loyalty and other proprietary assets. However, Farquhar (1989) defines brand equity as the monetary value added by the brand to the product. Schocker and Srivastava, (1991) also define it by way of “financial result as a reflection of the management capability to support the brand's strength through tactical and strategic actions for ensuring higher current and future profit and for lowering the risk”.

Brand equity can be viewed from different perspectives, as Baalbaki (2012) mentioned brand equity can be seen from three different perspectives,

### **i) Financial Perspective (Financial based brand equity)**

According to Dass and Jansson (2012) the financial perspective which is also often referred to as firm based brand equity (FBBE) focuses on the financial value the brand equity creates for the business. One way of determining the financial value of the brand, and perhaps also the simplest way, is to look at the value stated in the balance sheet when the brand or the company is sold. However, it is the consumer's response to the brand name which determines the financial value of the brand equity.

### **ii) Customer perspective (Customer-based brand equity)**

Customer based brand equity is the differential effect that brand knowledge has on consumer response to the marketing of the brand. A brand has positive customer based brand equity (CBBE) when consumers react more favorably to an offering and its marketing. A brand has negative CBBE when consumers react less favorably to an offering and its marketing when the brand is identified than when it is not (Keller, 1993).

**iii) Employee perspective (Employee-based brand equity)**

The definitions of Employee-based brand equity (EBBE) and Customer-based brand equity (CBBE) are similar in respect that they are both values that come from the innate nature of the brand. Employee-based brand equity is defined from the employee perspective and is based on the differential effect that brand knowledge has on an employee's response to his or her work environments and cultures (King and Grace, 2009).

According to Aaker (2012) the most important assets to create Brand Equity are, brand awareness, brand association, perceived quality and brand loyalty.

## **2.3 Brand Equity Models**

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

In his brand equity model, Aker (1991) stated that brand equity is the net result of brand assets and liabilities. For assets or liabilities to underlie brand equity, they must be linked to the name and /or symbol of the brand. If the brand's name or symbol should change, some or all of the assets or liabilities could be affected and even lost, although some might be shifted to a new name and symbol.

According to this model, five major brand assets of dimensions are identified as;

- i. Brand awareness
- ii. Brand loyalty
- iii. Perceived quality
- iv. Brand associations
- v. Other proprietary brand assets – patents, trademarks and channel relationships

### **2.3.1.1 Brand Awareness**

Brand Awareness is the first dimension that distinguishes brand knowledge. It is related to the strength of the brand node or trace in memory, as reflected by consumers' ability to identify the brand under different conditions.

Brand awareness consists of brand recognition and brand recall performance. Brand recognition relates to consumers' ability to confirm prior exposure to the brand when given the brand as a cue. Brand recall relates to consumers' ability to retrieve the brand when given the product category, the needs fulfilled by the category, or some other type of probe as a cue (Aaker, 1991).

According to Valkenburg & Buijzen (2005) Brand awareness commonly refers to an individual's active and passive knowledge of a specific brand. Brand Awareness is an important and sometimes undervalued component of brand equity. Awareness can affect perceptions and attitudes. It can be a driver of brand choice and even loyalty. Brand awareness reflects the salience of the brand in the customer's mind. There are levels of awareness, which include: Recognition, Recall, Top-of-Mind, Brand Dominance, Brand Knowledge and Brand Opinion (Aaker, 1996). Brand awareness is an important component of brand equity. It refers to the ability of a potential buyer to recognize or recall a brand as a member of a certain product category (Aaker, 1991). 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).

### **2.3.1.2 Brand Loyalty**

Brand loyalty is believed to be one of the main components of brand equity. Brand loyalty shows customer preferences to purchase a particular brand; customers believe that the brand offers the enjoyable features, images, or standard of quality at the right price. The increased profits from loyalty come from reduced marketing costs, increased sales and reduced operational costs. Further, loyal customers provide strong word -of-mouth, create business referrals, provide references and serve on advisory boards (Bowen and Chen 2001). Hence, customer loyalty has a powerful impact on firm's performance and is considered by many companies an important source of competitive advantage (Lam et al. 2004).

The four brand loyalties according to Aaker (1991) are:



- i. Switchers: - they do not look at the brand name and they tend to purchase brand in the sales and they are no loyalty to any brand.
- ii. Habitual buyers: - These are the customers who purchase a brand out of the habitude and do not see a need to change a brand. However, these buyers may change a brand if they face some troubles. The buyer would relatively purchase another brand instead of solving additional problems stopping from purchasing a regular brand.
- iii. Satisfied buyers: - These customers are satisfied clients who tend to switch to another brand due to thresholds risen (i.e. distance, additional costs, time consumption, etc.). In order to retain clients and attract new buyers marketers are encouraged to create strategy based on increasing perceived quality.
- iv. Committed buyers: - The most loyal customers are committed buyers. The brand plays important role in their lives and they do not raise question about switching the brand. Committed buyers purchase the brand due to ties closely related between brand and personal values.

### **2.3.1.3 Perceived Quality**

Perceived quality is how a brands quality is seen by consumers. It is one of the key dimensions in Aakers brand equity model. According to Aaker (1991), perceived quality is the customer's perception about the overall quality of the product. The perception about the product quality is subjective and it is constructed by different knowledge of the same product specification.

It is the ability of a product to offer the necessary level of satisfaction better than other alternatives. The quality of a product is a significant resource that enables the firm to achieve competitiveness. When the firm creates a brand, they need to communicate the essence of the brand with the aim of positioning it in the minds of the audience in the marketplace so as to match the characteristics of the brand to the needs and expectations of the consumers (Baldauf et al. 2003).

#### **2.3.1.4 Brand Associations**

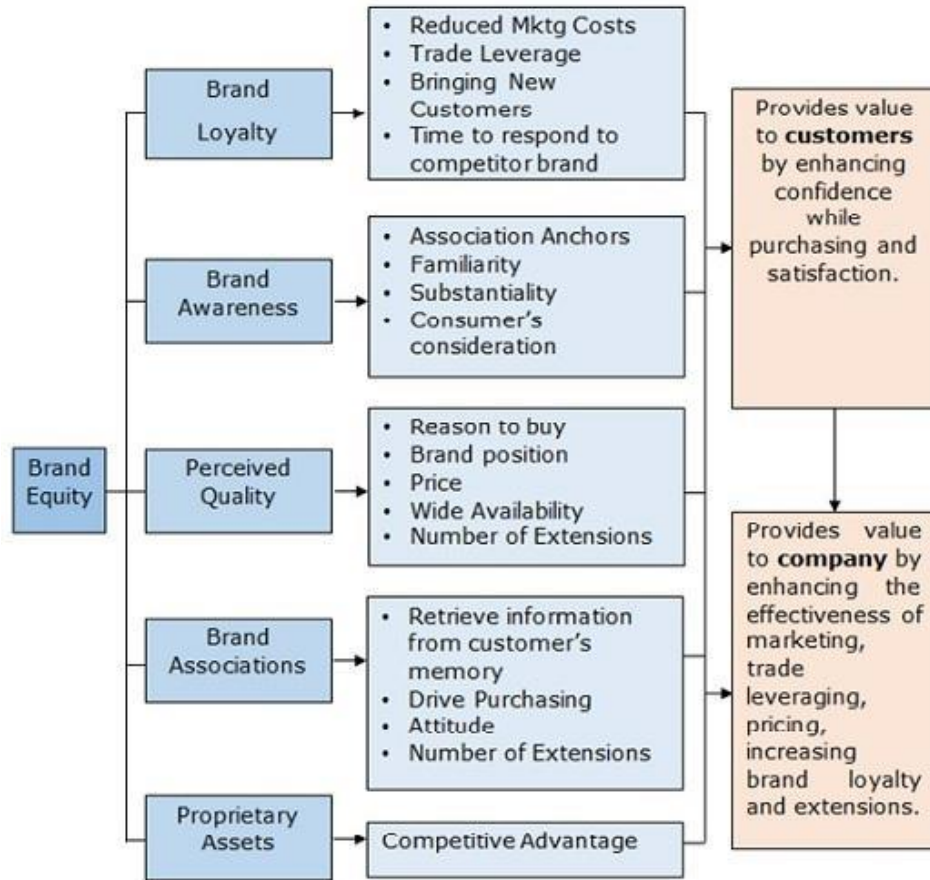
Brand association contains the meaning of the brand for consumers (Keller, 1993). It is anything linked in memory to a brand (Aaker, 1991). Brand associations are mostly grouped into a product-related attribute like brand performance and non-product related attributes like brand personality and organizational associations (Aaker, 1996; Keller, 2003). Customers evaluate a product not merely by whether the product can perform the functions for which it is designed for but the reasons to buy this brand over the competitors (Aaker, 1996) such as brand's fault-free and long-lasting physical operation and flawlessness in the product's physical construction.

#### **2.3.1.5 Other Proprietary Brand Assets**

The fifth category of Aaker's brand equity model represents other proprietary brand assets such as patents, trademarks and channel relationships. Brand assets will be most valuable if they inhibit or prevent competitors from eroding a customer base and loyalty. These assets can take several forms. For example, a trademark will protect brand equity from competitors who might want to confuse customers by using a similar name, symbol, or package. A patent, if strong and relevant to customer choice, can prevent direct competition. A distribution channel can be controlled by a brand because of a history of brand performance (Aaker, 1991).

Moreover, brand equity model provided by Aaker (1991) has dominated the literature on consumer perceptions which comprises the first four dimensions: Brand Awareness, perceived quality, brand associations and brand loyalty (Ha et al., 2010).

Figure 1: Aaker's Brand Equity Model



### 2.3.2 Keller's Brand Equity Model

A major contribution to branding theory was that made by Kevin Keller (1993; 2001; 2003) with his introduction of the concept of customer-based brand equity and the brand hierarchy (Keller, 2003). Brand equity, according to Keller, is the effect that brand knowledge has on consumer response to the marketing of a brand, with the effect occurring when the brand is known and when the consumer possesses favorable, strong and unique brand associations (Keller, 1993).

In Keller's (1993) brand equity model, the consumer's brand knowledge is seen as the key outcome of the marketing program and the key measure of brand equity. Brand knowledge, in turn, can be partitioned into two components: brand awareness and brand image.

### **2.3.2.1 Brand awareness**

Brand awareness includes aided or unaided brand recall and recognition. It is a very important component of brand equity as it is a key driver in enhancing the likelihood of a consumer's purchase decision, especially in low-involvement categories (Keller 1993).

### **2.3.2.2 Brand image**

Keller (1993) defined brand image as perceptions about a brand as reflected by the brand associations held in consumer memory. "Brand associations" are seen, in turn, as "the other informational nodes linked to the brand node in memory and contain the meaning of the brand for consumers". Brand attributes, benefits and attitudes are the three major types of brand associations. Positive brand equity means that the consumer's response to the marketing program must be strong, unique and in favor of the brand.

### **2.3.3 Yoo and Donthu brand equity model**

Yoo et al (2000) structural model of brand equity formation consists of three components: Marketing mix elements selected from the traditional "4p" marketing activity, brand equity dimensions and overall brand equity. According to the model, marketing managerial efforts can be classified into two types: brand -building activity and brand-harming activity.

These authors extend Aaker's (1991) model by placing brand equity as a separate construct between the dimensions of brand equity and the value for the customer and the firm. In addition, Yoo and Donthu (2001) developed and validated cross-culturally invariant multidimensional consumer-based brand equity. They tried to extend the brand equity concept; for instance, brand loyalty in their research refers to the tendency to be loyal to a focal brand, which is demonstrated by the intention to buy the brand as a primary choice, in contrast other researches that relied on behavioral aspects of brand loyalty. They combined brand awareness and brand associations into one group and focused on three of assets; brand awareness/associations, perceived quality and brand loyalty. By mapping the assets of brand equity it is possible to determine if some aspects of brand equity seen to be more important than others for the consumer, or if a brand is lagging behind in one or many dimensions. In order for a brand to maintain high brand equity and be the preferred choice of consumers, it is important that it stay in tune with how the brand is perceived by firm's customer base.

## **2.4 Impact of Branding on Consumer Behavior**

According to The American Marketing Association (2014), consumer behavior is the dynamic interaction of affect and cognition, behavior, and the environment by which human beings conduct the exchange aspects of their lives. In another definition, consumer behavior is the study of individuals, groups, or organizations and the processes they use to select, secure, use, and dispose of products, services, experiences or ideas to satisfy needs and the impacts that these processes have on the consumer and society. Consumer behavior involves the thoughts and feelings people experience and the actions they perform in consumption processes. It also includes all the things in the environment that influence these thoughts, feelings, and actions.

Kotler & Keller (2012) also define Consumer behavior as the study of how individuals, groups, and organizations select, buy, use, and dispose of goods, services, ideas, or experiences to satisfy their needs and wants.

Branding creating brand names, logos, style etc. for it to be distinguished from competitors and also whether product brand should be separate from corporate brand or a separate brand away from other individual brands. Hence branding has major impact on perception since perception is regarded as the recognition and interpretation of sensitive information. Branding undoubtedly add a significant amount of value to a particular product that instigate consumers to purchase it. Consumers prior to acquiring a product develop a perceived level of expected satisfaction or experience through the brand of the product especially when they understand the brand of the organization. Implication of branding creates brand awareness for consumer to ascertain point of difference and point of similarity with competitors (Zhang, 2015).

### **2.4.1 Value to Consumers**

Processing of information, confidence in the purchase decision, and use satisfaction are the three values brands given to consumers (Aaker, 1991).

Processing information is an obvious step of purchase decision in consumer behavior. For many products and services, purchase decisions are the result of a long, detailed process that may include an extensive information search, brand comparisons and evaluations, and other activities (Belch, 2003). Consumer purchase decision may vary based on whether consumers had past-experience or familiarity about the brand or not. The higher the familiarity of the brand, the greater the

confidence of consumer in their purchase decision will be. Perceived quality and brand association together can enhance customer's satisfaction with the use of experience or we call it use satisfaction (Aaker, 1991).

#### **2.4.2 Value to Firms**

For firms brands are intangible assets used to offend and defend their customer base. Similarly, brands present reason to buy to customer either rational or emotional. Firms are willing to pay a huge amount of money to acquire strong brands. Firms with a strong brand are in turn having a large customer base and are able to outperform their competitors (Kapferer 2008).

Brand resides in the minds of consumers and it is a perceptual entity rooted in reality but reflecting the perceptions and idiosyncrasies of consumers it generates value to firms. Because branding creates mental structures that help consumers organize their knowledge about products and services in a way that clarifies their decision making. However, obtaining value needs a hard work on the side of the firms or marketers to teach their customers about what the product is by giving its brand name and other elements to identify it as well as what the product does and why consumers should care about the brand (Keller 2012).

#### **2.5 Customer Satisfaction**

Customer satisfaction is defined as "the number of customers or percentage of total customers, whose reported experience with a firm, its products, or its services (ratings) exceeds specified satisfaction goals, Customer satisfaction is the primary mental state of customer which comprise by two thing (1) expectation before purchase (2) perception about performance after purchase (Oliver 1997).

According to Kotler and Keller, (2006) satisfaction is a person's feeling of pleasure or disappointment that results from comparing a product's perceived performance (or outcome) to expectations. If the performance falls short of expectations, the customer is dissatisfied. If it matches expectations, the customer is satisfied. If it exceeds expectations, the customer is highly satisfied or delighted. Customer assessments of product performance depend on many factors, especially the type of loyalty relationship the customer has with the brand. Consumers often form more favorable perceptions of a product with a brand they already feel positive about.

As per, Zeithaml and Bitner, (2003) Customer satisfaction is influenced by specific product or service features and by perception of quality. Satisfaction also influenced by customer's emotional response, their attributions, and their perceptions of equity.

### **2.5.1 Determinant of Customer Satisfaction**

The followings are some of the determinants of customer satisfaction (Zeithaml, Bitner, 2003). These are:

**Product and Service Features:** Customer satisfaction with a product or service is influenced significantly by the customer's evaluation of the product or service features.

**Customer Emotion:** Customers emotions can also affect their perceptions of satisfaction with products and services. These emotions can be stable, preexisting emotions-example: mood state or life satisfaction.

**Attributions for Service Success or Failure:** Attributions are the perceived causes of events, influence perceptions of satisfaction as well. When they have been surprised by an outcome (the service is either much better or worse than expected), customers tend to look for the reasons and their assessment of the reasons can influence their satisfaction.

**Perceptions of Equity or Fairness:** Customers ask themselves: have I been treated fairly compared with other customers? Did other customers get better treatment, better prices, or better quality services? Did I pay a fair price for the service? Notion of fairness are central to customer's perceptions of satisfaction with products/services.

**Other consumers, family members, and coworkers:** In addition to products and service features one's own individual feelings and beliefs, consumer satisfaction is often influenced by other people.

### **2.5.2 Relationship of Brand Equity to Customer Satisfaction**

Customer satisfaction is a key to long term business success to protect/gain market shares, organizations need to outperform competitors by offering high quality product or service to ensure satisfaction of customers (Tsoukatos and Rand, 2006).

There is a strong and positive relationship between customer satisfaction and loyalty. A satisfied customer is six times more likely to repurchase a product and share his experience with five or six other people (Gronroos, 2000; Zairi, 2000); further unsatisfied customer can banish more business from the organization than ten highly satisfied customers do (Mohsan, 2011).

## **2.6 Empirical Review**

Empirically many research papers are computed and different outcomes are demonstrated by different researchers. The following are some of illustrations which support such a statement.

Customer satisfaction is considered to be a primary strategy for increased loyalty and willingness to pay (Keller and Lehmann, 2006; Torres and Tribo, 2011). Researchers have found a positive relationship between customer satisfaction and brand equity (Aaker, 1991; Keller, 1993; Blackston, 2000; Pappu and Quester, 2006; Chen, 2009; Ha et al., 2010; Torres and Tribo, 2011).

A study done by Bilal and Malik (2014) titled Impact of Brand Equity and Brand Awareness on Customer Satisfaction states that there is a relationship between brand equity and customer satisfaction such that “brand equity is the complete profile about the customer satisfaction on a particular product or brand”. They proved that there is a direct relationship between brand equity and customer satisfaction such that if brand equity is high then customer satisfaction is also high and this has been proven study because they have seen companies with this pattern of relationship described as “companies that have higher brand equity also have customer satisfaction”. Aaker’s research as mentioned in Bilal and Malik (2014), implies that brands with higher brand equity affects a customer’s perception towards a product or service by associating brand equity to quality of a product or service.

Previous researches done on brand equity in relation to customer satisfaction and loyalty such as Farbod Sour (2017) used five concepts that include physical quality, staff behavior, the ideal internal consistency, brand identity and lifestyle consistency. Soheila and Mousa (2015) combined the above five concepts and used to check the level of brand equity’s impact on the customers satisfaction and loyalty. The researchers independently measured the above CBBE dimensions in stores and insurance company. They both examine the impact of dimensions of customer- based brand equity as the independent variable on consumer satisfaction and brand loyalty, and as the dependent variable.



According to the research done by Howard and Sheth (1969), satisfaction is "the buyer's cognitive state of being adequately or inadequately rewarded for the sacrifices he has undergone." Oliver (1981) describes customer satisfaction as "the summary psychological state resulting when the emotion surrounding disconfirmed expectations is coupled with the consumer's prior feelings about the consumption experience." Vavra (1997) defined customer satisfaction as "a satisfactory post-purchase experience with a product or service given an existing purchase expectation." According to these studies, customer satisfaction increases the purchase intent.

Moreover, researches by Torres and Tribo (2007) has shown that there is a strong and positive relationship between brand equity and customer satisfaction. They've seen that companies with higher brand equity also have higher customer satisfaction. This satisfaction eventually leads to higher sales and higher profitability.

## **2.7 Conceptual framework**

Jabareen (2009) explain Conceptual framework as a network or a plane of interlinked concepts that together provide a comprehensive understanding of a phenomenon or phenomena. Conceptual framework provides the link between the research title, the objectives, the study methodology and the literature review. The major variables of this study were brand equity elements (independent variable) and customer satisfaction (dependent variable). Thus, the research includes all major brand equity elements in terms of brand loyalty, brand awareness, brand associations, and perceived quality. As a result, a conceptual framework was developed to illustrate the key variables and their relationship with customer satisfaction.

**Figure 2 Conceptual Framework**

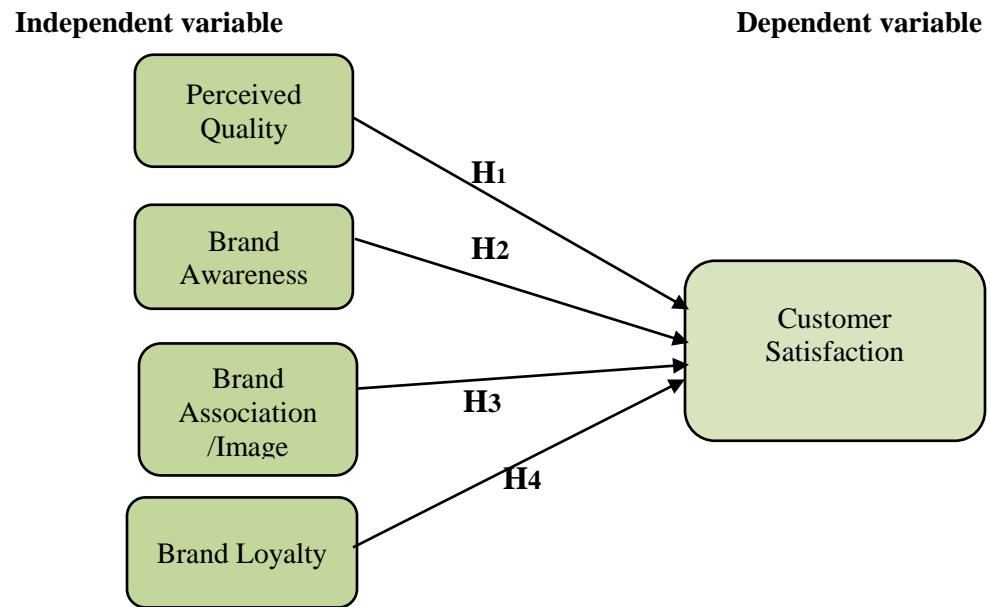


Fig 2: Conceptual framework

Source: Adapted from Aaker (1996)

There are five brand equity elements but for this research the above four elements was used.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3. Introduction**

The research methodologies includes research design, population of the study, sampling techniques and sample size, data collection procedures, the reliability and validity precautions taken. Finally, it explained the ethical considerations that the researcher took into account.

#### **3.1 Research approach**

According to Creswell (2009), there are three research designs namely; quantitative, qualitative and mixed. Quantitative research helps to determine the relationship between an independent variable and a dependent variable in a population. It also used to explain causal relationships to facilitate generalization and to predict the future whereas qualitative research methods provide a complete picture of the situation by increasing the understanding of social process and interrelations.

Quantitative research approach is an approach for testing objective theories by examining the relationship among variables, testing hypothesis but qualitative research design use the data in word rather than express in number and use open ended questioners. In addition to this quantitative research design are important to show the regression correlations, but qualitative research design is only for describe the variables of the study (Creswell, 2014). Because of the closed and very structured type of questions quantitative research is better suited for theory testing (Sobh & Perry 2006).

The aim of this research was to identify the effect of brand equity on customer satisfaction. According to the above discussion, the researcher used quantitative approach to allow the researcher measure and analyze the dependent variable (customer satisfaction) and the independent variable (brand equity).

### 3.2 Research Design

A research design provides a framework for the collection and analysis of data. A choice of research design reflects decisions about the priority being given to a range of dimensions of the research process (Bryman and Bell, 2007).

In this study the researcher used descriptive and explanatory research design to enable the researcher accomplish the objectives of the study. Explanatory studies are studies with the emphasis to study a situation or problem in order to explain the cause and effect relationship between given variables. Explanatory research is mostly used within areas where extensive research has already been done (Saunders et al., 2003).

Hence to address the five research questions or to identify and measure the effect of brand equity on customer satisfaction, the study applied both descriptive and explanatory research approach.

### 3.3 Target Population

A population is the group of units about which the researcher wants to make judgments. These units can be groups of individuals, customers, companies, or products (Mooi and Sarstedt 2011).

Target populations of this research were sum of target customers of Dashen brewery S.C in Addis Ababa, for the reason that, the study was focus on agents, wholesalers and retailers of Dashen brewery S.C.

**Table 1: Population Distribution**

Type of Population	Population Size
Agents	3
Wholesalers	1,400
Retailers	12,000

The main focus of the study was to examine the effect of brand equity on customer satisfaction on direct Dashen Brewery S.C customers not end users .

*Source: Sales report of Dashen Breweries S.C*

### **3.4 Sampling Methods and Sample Size**

Sampling is the process of selecting units (e.g., people, organizations) from a population of interest so that by studying the sample the researcher may fairly generalize the study results back to the population from which they were chosen (Trochim 2000).

#### **3.4.1 Sampling Frame**

One way to think of it is to consider sampling from a finite population, and increasing the size of the population: suppose that the population size  $N$  tends to infinity. Sampling from an infinite population is handled by regarding the population as represented by a distribution. A random sample from an infinite population is therefore considered as a random sample from a distribution.

The sampling frame for this study comprised of agents, wholesalers and retailers within Addis Ababa that purchase Dashen beer. The list of the agents, wholesalers and retailers was obtained from Dashen brewery S.C. Commercial department.

#### **3.4.2 Sample Size**

According to Israel (2013), there are different strategies to calculate sample size. These include using census for small population, using a sample size of a similar study, using a formula to calculate sample size and using published tables that help determine sample size based on the number of the population without doing any calculation.

The sample size for this particular study was computed based on a formula suggested by Yamane (1967:886) provides a simplified formula to calculate sample sizes. In addition to this, the sampling technique should be used with the population of interest is not homogenous. The total population of this research was sum of agents, wholesalers and retailers of Dashen brewery S.C in Addis Ababa.

**Table 2 Sample Size Distribution**

Type of Population	Population (P)	Sample Size (n)
Agents	3	3 (all)
Wholesaler	1,400	40
Retailers	12,000	347
<b>Total</b>	<b>13,403</b>	<b>390</b>

$$n = N / (1 + N(e)^2)$$

$$n = 13403 / (1 + 13403(0.05)^2)$$

$$n = 13403 / (1 + 13403 * 0.0025)$$

$$n = 13403 / 34.5$$

$$n = 388$$

In order to calculate the number of sample to take from wholesaler and retailer, the proportion formula was used:

Sample from wholesaler = (no of respondent from wholesaler /total population)\*sample size

$$N1 = n1/N \times 388 = 1,400/13403 \times 388 = 40$$

Sample from retailer = (no of respondent from retailer /total population)\*sample size

$$N1 = n1/N \times 388 = 12000/13403 \times 388 = 347$$

### **3.5 Data Source and Types**

To conduct this research, information obtained from both primary and secondary data sources were used. Primary data was collected from a total of 390 selected customers of the Dashen brewery S.C. through structured questioner.

Secondary date was also collected from Dashen brewery S.C. as well as from written materials like: academic books, journals, magazines, research papers, internet resources for literature review.

### 3.6 Data Collection Procedure

The procedure for the data collection was first the respondents are communicated to get their consent. Once their consent was known, the questionnaires were distributed by the researcher to each participant by appreciating their participation and devoting their precious time for the research. The researcher gave the respondents the option of filling the questionnaires at their convenient time and collected after two days for analysis. The questionnaires were collected by checking the completeness of the data.

### 3.7 Methods of Data Analysis

The data was analyzed with the combination of both descriptive statistics like mean, frequency, cross tabulation and standard deviation of the variables and inferential statics like correlation analysis to examine direction and significant of the correlation of the variables considered under this study and regression analysis to examine the relationship between the dependent variable (i.e. brand equity) and the four independent variables (i.e. brand loyalty, brand awareness, brand associations, and perceived quality) with Pearson correlation and liner multiple regression techniques. All the above were performed with SPSS version 20 software.

The regression equation or model specification for assessing the effect of brand equity on customer satisfaction: Dashen brewery S.C in Addis Ababa:

$Y_i = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \Sigma$  Where, Y=customer satisfaction  $\alpha$ = Y intercept/constant

$\beta_1$ = the beta weight or regression coefficient of brand awareness  $\beta_2$ = the beta weight or regression coefficient of brand loyalty  $\beta_3$ = the beta weight or regression coefficient of brand associations  $\beta_4$ = the beta weight or regression coefficient of perceived quality

X1= Brand Awareness

X2= brand loyalty

X3 = brand associations

X4 = perceived quality                       $\Sigma$  = sum of residuals or error terms

## **3.8 Validity & Reliability**

### **3.8.1 Reliability analysis**

Reliability tells about stability of the results that is how accurately the study or measuring has been carried out. It refers to whether a measurement instrument is able to yield consistent results each time it was applied. It is also the property of measurement device that causes it yield similar outcomes for similar inputs. In this study, Alpha reliability was used to measure internal consistency of the mean of the items at the time of administration of the questionnaire. Cronbach's Alpha is a reliability coefficient that indicates how well the items in a set are positively related to one another (Shuttleworth, 2015).

To test the internal reliability, most researchers use Cronbach's alpha, which calculates the average of all split-half reliability coefficients. This thesis used the Cronbach's alpha for calculating whether or not the hypotheses should be accepted or rejected, and, by using this data analysis method, it tried to strengthen the internal reliability of the findings in this thesis.

From data analysis the Cronbach's alpha for this study is 0.926 which is excellent according to the standard set by George and Mallery (2003) and it is over the acceptable limit of  $>0.70$ . For all individual dimensions, Cronbach's alpha is greater than 0.70, which is shown in below, that signifies greater internal consistency between the items and measures the intended dimension of the variables. (**Table 4**) show the Cronbach's alpha value of the four independent variables and the dependent variables as well the overall reliability test.



### **3.8.2 Validity analysis**

Validity means the validity of the results that is how well the questions measure the matters chosen to be studied. Pilot test was conducted with a small group in which the feedback to check validity and received to redefine it (Korb, 2012).

Its primary purpose is to increase the accuracy and usefulness of findings by eliminating or controlling as many confounding variables as possible, which allows for greater confidence in the findings of a given study. There are four distinct types of validity: internal validity, external validity, construct validity, and statistical conclusion validity, that interact to control for and minimize the impact of a wide variety of extraneous factors that can confound a study and reduce the accuracy of its conclusions (Marczyk et.al., 2005).

In this regard the validity of the current study was addressed through the review of related literatures and adapting instruments used in previous research.

### **3.9 Ethical Consideration**

A letter written from the university was taken to the respective bodies to undertake a pre survey and to assure that the study is meant to be used for academic purpose. Confidentiality and anonymity of the respondents was ensured throughout the execution of the study for participants were not expected to disclose their personal information.

The purpose and the benefit of the study and the voluntary nature of participation were discussed with each study participants, and informed verbal consent was obtained. The right of the respondents to refuse to answer for few or all questions was respected.

## **CHAPTER Four**

### **Data Presentation, Analysis and Interpretation**

This chapter consists of the presentation, analysis and the interpretation of data gathered through structured questionnaire. Questionnaires were successfully delivered to 390 proportion sampling like (40 wholesalers, 347 retailers and 3 agents) customers of Dashen breweries with in a period of seventeen days. A total of 340 valid responses with 13 were invalid and 37 missing questionnaires were returned back with 87.1% response rate. The questionnaires were personally handed to the respondents with close follow up and guide in filling the questioners.

The data collected are presented by frequency tables and to analyze the results Statistical Package for the Social Science (SPSS) vision 20 was used. Linear regression analysis was used to test the hypothesis and appropriate analysis and interpretations were made in accordance with the results of the testing. Hence, the research results that were collected through the survey questionnaires were analyzed using descriptive statistics and linear regression statistics with the help of SPSS software and the results are presented and discussed in the following sections.

#### **4.1 General Information about the respondents**

The general information is organized in the following areas: gender, level of education, and experience on the brewery sector. The purpose of the general information was to find out the characteristics of the respondents and to show the distribution of the population in the study.

**Table 3 Background of the respondents**

		Frequency	Percent
Gender	Male	265	77.9
	Female	75	22.1
	Total		100
Education level	Elementary school	56	16.5
	High school	140	41.2
	College diploma	131	38.5
	Degree and above	13	3.8
Kindly, indicate your experience the Breweries sector.	Less than a year	48	14.1
	1 - 5 years	129	37.9
	6 – 10 years	143	42
	Over 15 years	20	6
<b>Total</b>	<b>Total</b>	<b>340</b>	<b>100.0</b>

*Source: analysis of survey data 2019, using SPSS 20*

The above table shows that distribution of respondent's gender 77.9% of the respondents was male, while 22.1 % of the respondents were female. This implies that majority of the participants in the research were male. The education qualifications of respondents are shown in table 4.1 and as it indicated in the table, 3.8 % holds a first degree, 38.5 % were college diploma holders, while 41% have completed high school and 16.5 % of the respondents finished. The result form the table 4.1 shows that 14.1% have been in the brewery sector less than a year, 37.9 % of the respondents have

been on this sector from 1-5 years, 42% been in this sector 6-10 year long, the rest of the respondents responded they have experience in this brewery sector over 15 years.

## 4.2 Reliability Test

Reliability analysis was computed to test whether the scale used in the study is internally consistent and consistently measures the criterion variable using the reliability procedure in SPSS (version 20).

**Table 4. Reliability Test**

Variables	Cronbach's Alpha	No of Items
Perceived Quality	.874	4
Brand Awareness	.868	5
Brand Association /Image	.829	4
Brand Loyalty	.904	5
Customer Satisfaction	.889	5
Over all Scale Reliability	.926	23

*Source: analysis of survey data 2019, using SPSS 20*

## 4.3 Descriptive analysis

**Table 5 Descriptive analysis**

Descriptive Statistics			
	N	Mean	Std. Deviation
Brand Awareness	340	3.7065	.76491
Brand Association	340	3.6750	.77138
Brand Loyalty	340	3.8782	.72405
Perceived Quality	340	3.8765	.71553
Valid N (list wise)	340		
Customer satisfaction	340	3.7371	.77218

*Source: analysis of survey data 2019, using SPSS 20*

The above table demonstrates in detail about the mean and the standard deviation of the customer response, the interpretation is depended on the table proposed by (Andrich and David, 1978)

<b>Rating scale</b>		
<b>Mean Range</b>	<b>Interpretation</b>	<b>Response Made</b>
<b>1.0 - 1.7</b>	<b>Strongly disagree</b>	<b>Very low</b>
<b>1.8 - 2.5</b>	<b>Disagree</b>	<b>Low</b>
<b>2.6 - 3.3</b>	<b>Not Sure</b>	<b>Neutral</b>
<b>3.4 - 4.1</b>	<b>Agree</b>	<b>High</b>
<b>4.2 - 5.0</b>	<b>Strongly Agree</b>	<b>Very High</b>

The result of the descriptive table 4.5 shows that the mean of brand awareness is 3.7065 the perception of customer towards the brand awareness of Dashen beer is high. The perception of customer towards brand association is high having a mean score of 3.6750 which is high it implies customers easily associate the brand with something in there life. Customer satisfaction of Dashen is high having a mean score of 3.7371 and perceived quality of the respondent towards the quality beer Dashen proving is high having the average mean score of 3.8765 meaning the customer think the company provide quality products.

## **4.2 Correlation Analysis**

Different authors suggest different interpretations; however, (Cohen, 1988) suggests the following guidelines for interpreting correlation coefficients:-

Small =.10 to .29

Medium=.30 to .49

Large =.50 to 1.0

These guidelines apply whether or not there is a negative sign out the front of your r value.

**Table 6. Correlation result between the dependent and independent variable**

Correlation		
		Customer satisfaction
Brand Awareness	Pearson Correlation	.495**
	Sig. (2-tailed)	.000
	N	340
Brand Association	Pearson Correlation	.748**
	Sig. (2-tailed)	.000
	N	340
Brand Loyalty	Pearson Correlation	.622**
	Sig. (2-tailed)	.000
	N	340
Perceived Quality	Pearson Correlation	.137*
	Sig. (2-tailed)	.012
	N	340
Customer satisfaction	Pearson Correlation	1
	Sig. (2-tailed)	
	N	340

*Source: analysis of survey data 2019, using SPSS 20.*

The above table 6 shows, the relationship between the independent variables which is customer brand equity dimensions (Brand awareness, Brand association, Brand loyalty and Perceived quality) and the dependent variable customer satisfaction was investigated using Pearson correlation coefficient. The results of correlation analysis in the table 6, shows that all the independent variables were positively and significantly correlated with the dependent variable. The correlation coefficient between brand awareness and customer satisfaction is 0.49 with  $p < 5$ . This means if the company focus on brand awareness, Dashen's customer satisfaction will be improved. Therefore, brand awareness has medium power to determine the customer's satisfaction.

Based on the correlation result as it is shown in the table 6 brand associations have large/ high relationship with customer satisfaction having 0.74 this means that if Dashen can work on the brand association with powerful brand that the customers can easily associate the brand with their

life, as a result the customer satisfaction will be improved. Therefore, customer trust has power to determine the bank customer's loyalty.

Based on the table 6 of correlation results, brand loyalty has a positive correlation with customer loyalty with 0.622 in other words if Dashen improve its brand loyalty, the customer will have higher level of satisfaction otherwise they will not be satisfied in the long run they might change other brand. As a result; Dashen should be able to improve brand loyalty of its customers by asking them if they wanted continue to use this brand for the next time and why? By asking if they would like to talk to other people about this brand and why? Therefore, brand loyalty has power to determine the satisfaction of customers.

The last customer brand equity dimension is perceived quality. As indicated in the table 6 correlation result perceived quality has a positive but low relationship with customer satisfaction with 0.13 this means that customer perceived about Dashen brewery doesn't affect their level of satisfaction.

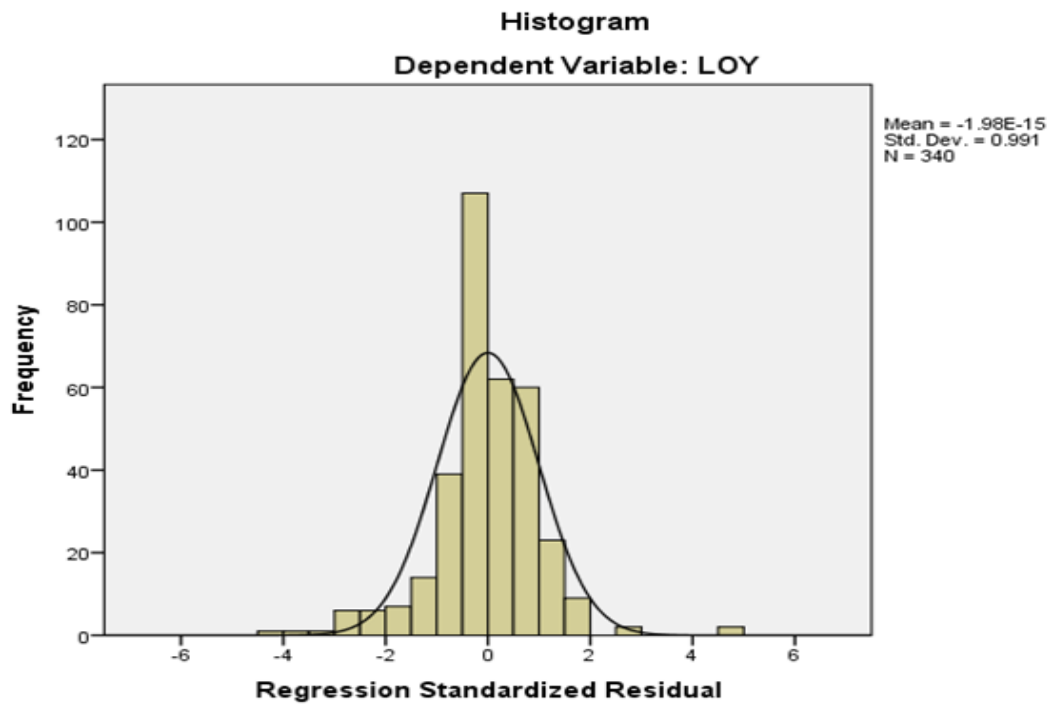
### **4.3 Regression Analysis**

The multiple regression analysis was conducted. Multiple regression is an extension of simple linear regression. It is used when we want to predict the value of dependent variable based on the value of two or more independent variables. It is conducted to investigate the influence of independent variable on the dependent variable and identify the relative significant influence of the independent variable (brand awareness, brand association, brand loyalty and perceived quality) to the dependent variable customer satisfaction.

Before interpreting the regression data result we have to check whether assumption of multi collinearity and normality assumptions are violated or not.

## Normality assumption

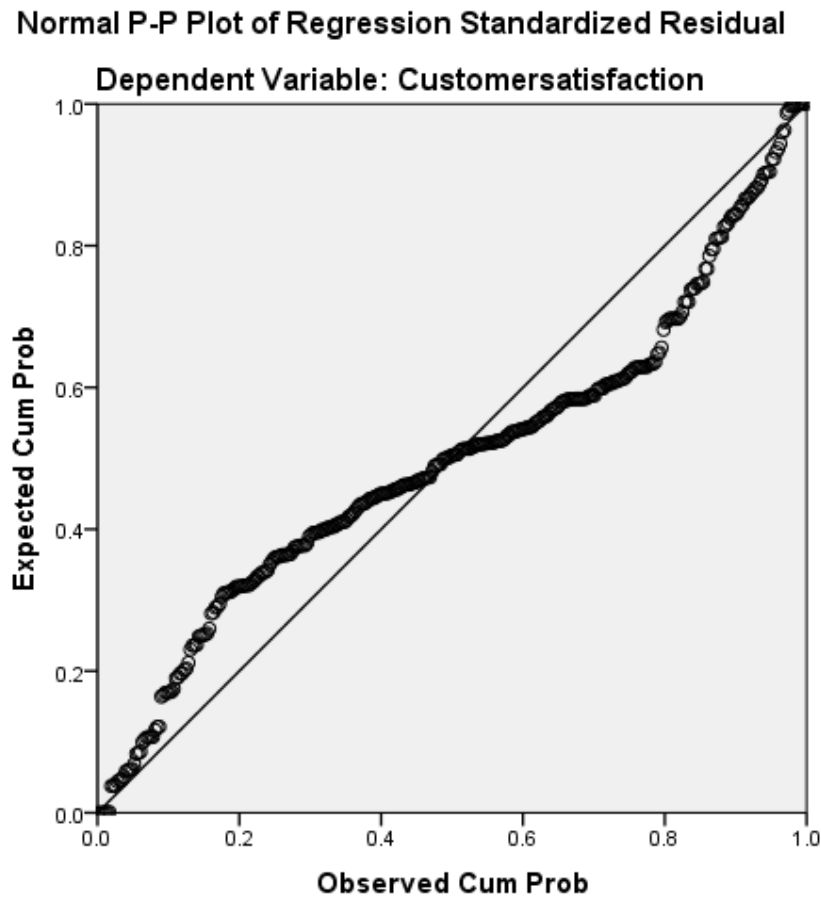
Figure 3 Histogram



From the above figure 4.2 we can conclude that the data is normally distributed



Figure 4. Normal P-Plot



Source: analysis of survey data 2019, using SPSS 20

Normality can be checked by histogram and p-plot. In the Normal P-P Plot, you are hoping that your points will lie in a reasonably straight diagonal line from bottom left to top right. This would suggest no major deviations from normality. As we can see from the histogram and p-plot graph in the above diagram we can say the variables are normally distributed.

## Multicollinearity Assumption

**Table 7 Correlation between independent variables**

Correlations					
		Brand Awareness	Brand Association	Brand Loyalty	Perceived Quality
Brand Awareness	Pearson Correlation	1			
	Sig. (2-tailed)				
	N	340			
Brand Association	Pearson Correlation	.502**	1		
	Sig. (2-tailed)	.000			
	N	340	340		
Brand Loyalty	Pearson Correlation	.538**	.638**	1	
	Sig. (2-tailed)	.000	.000		
	N	340	340	340	
Perceived Quality	Pearson Correlation	.248**	.136*	.106	1
	Sig. (2-tailed)	.000	.012	.052	
	N	340	340	340	340
**. Correlation is significant at the 0.01 level (2-tailed).					
*. Correlation is significant at the 0.05 level (2-tailed).					

*Source: analysis of survey data 2019, using SPSS 20*

Multicollinearity is a situation where independent variables in multiple regression linearly correlated. Here we are measuring degree not kind because correlation among independent variable may appear but the degree must not be strong or above 0.80 Result from the table 7 shows that there so no high correlation between the independent variables (brand awareness, brand association, brand loyalty and perceived quality) since the correlation result is between 0.12 to the minimum and to the maximum 0.58.

**Table 8 Multicollinearity Test (Independent and Dependent Variables**

Model	Collinearity Statistics
	Tolerance
Brand Awareness	.638
Brand Association	.557
Brand Loyalty	.528
Perceived Quality	.936
Dependent variable customer satisfaction	

*Source: analysis of survey data 2019, using SPSS 20*

The other way to check Multicollinearity assumption is using VIF and tolerance. Tolerance is an indicator of how much of the variability of the specified independent is not explained by the other independent variables in the model and is calculated using the formula  $1 - R^2$  for each variable. If this value is very small (less than .10) it indicates that the multiple correlation with other variables is high, suggesting the possibility of Multicollinearity. The other value given is the VIF (Variance inflation factor), which is just the inverse of the Tolerance value (1 divided by Tolerance). VIF values above 10 would be a concern here, indicating Multicollinearity. The result from table 8 shows the VIF is below ten and the tolerance result didn't exceed 0.10. Hence, we have not violated the multi collinearity assumption.

**Table 9. Model summary**

Model Summary <sup>b</sup>				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.776 <sup>a</sup>	.602	.597	.49033
a. Predictors: (Constant), Perceived Quality, Brand Loyalty, Brand Awareness, Brand Association				
b. Dependent Variable: Customer Satisfaction				

Source: analysis of survey data 2019, using SPSS 20

The result summary table 8 shows that value of R=0.776 and R Square 0.602 which means that the 60.2% of the variance Square in the dependent variable (customer satisfaction) has been significantly explained by the independent variables (brand awareness, brand association, brand loyalty and perceived quality) consequently, we can say that the remaining 39.8% represent other variable which is not explained but may have effect on customer satisfaction.

**Table 10 ANOVA**

ANOVA <sup>a</sup>						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	121.592	4	30.398	126.437	.000 <sup>b</sup>
	Residual	80.541	335	.240		
	Total	202.133	339			
a. Dependent Variable: Customer satisfaction						
b. Predictors: (Constant), Perceived Quality, Brand Loyalty, Brand Awareness, Brand Association						

Source: analysis of survey data 2019, using SPSS 20

ANOVA result of the model shows, the F-test is in this table tests whether the overall regression model is good fit for the data or not.

As we see from the above ANOVA table 10 the P value is 0.00 which is less than the level of significance or 0.05. Thus, the combination of the variables significantly predicts the dependent variable (F=126.43; p < 0.05). Therefore, the overall regression model is significant.

**Table 11 Coefficients**

Coefficients <sup>a</sup>								
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.380	.200		1.903	.058		
	Brand Awareness	.097	.044	.096	2.233	.026	.638	1.569
	Brand Association	.566	.046	.565	12.228	.000	.557	1.797
	Brand Loyalty	.221	.051	.208	4.372	.000	.528	1.894
	Perceived Quality	.015	.038	.014	.392	.695	.936	1.068
a. Dependent Variable: Customer satisfaction								

*Source: analysis of survey data 2019, using SPSS 20*

The above table 11 shows that the standardized Beta Coefficients that present the contributions of each variable to the model. The results of regression analysis of each predictor show the individual effect of relationship marketing dimensions on customer loyalty. According to the data, brand awareness ( $\beta = 0.097$ ,  $p < 0.05$ ), brand association ( $\beta = 0.566$ ,  $p < 0.05$ ), brand loyalty ( $\beta = 0.22$ ,  $p < 0.05$ ), perceived quality ( $\beta = 0.015$ ,  $p < 0.01$ ),

## Hypothesis Test

The above coefficients table 11 illustrates that the influence of customer brand equity of Dashen brewery on customer satisfaction. At this point using this multiple regression coefficient results, the proposed hypotheses for this study were tested as follows:-

### **H1-Brand awareness has a significant effect on customer satisfaction of Dashen brewery.**

As show in coefficients table 11 indicate that brand awareness has a positive influence on customer loyalty having a beta value of ( $\beta=0.097$ ) this shows that there is a positive and significant effect on customer loyalty with 95% confidence interval. Therefore, the above proposed hypothesis is confirmed.

### **H2- brand association has a significant effect on customer satisfaction of Dashen brewery.**

Based on regression analysis result in the above table 11 illustrates that brand association has significant influence on customer loyalty the value of beta is 0.566 this shows that there is a positive and significance influence of brand association of Dashen on customer satisfaction with 95% confidence interval. Therefore, the above proposed hypothesis is confirmed.

### **H3- Brand loyalty has a significant effect on customer satisfaction of Dashen brewery.**

The result of multiple regression analysis in the above table 11 clearly indicates that brand loyalty has a positive and significant influence on customer satisfaction the value of beta is ( $\beta=0.22$ ) with 95% confidence interval this shows there is a significance influence of brand loyalty on customer satisfaction. Therefore, the above proposed hypothesis is confirmed.

### **H4- perceived quality has significant effect on customer satisfaction of Dashen brewery.**

The result form the coefficients table 4.8 indicate that perceived quality has a positive influence on customer satisfaction having a beta value of ( $\beta=0.015$ ) but its significant level is 0.695 which shows that perceived quality does not have significant effect on customer satisfaction. Thus, the above proposed hypothesis is rejected.

## Hypothesis summary

**Table 10 hypothesis summary**

<b>Number</b>	<b>Hypothesis</b>	<b>Result</b>
<b>H1</b>	Brand awareness has a significant effect on customer satisfaction of Dashen brewery.	Confirmed
<b>H2</b>	Brand association has a significant effect on customer satisfaction of Dashen brewery.	Confirmed
<b>H3</b>	Brand loyalty has a significant effect on customer satisfaction of Dashen brewery.	Confirmed
<b>H4</b>	Perceived quality has significant effect on customer satisfaction of Dashen brewery.	Rejected

*Source: summary made from result of SPSS, 2019*

## CHAPTER FIVE

### SUMMARY, CONCLUSION AND RECOMMENDATIONS

#### 5.1 Summary of Finding

The main purpose of the study was to examine the effect of brand equity on customer satisfaction: case study in brewery industry, particularly Dashen breweries S.C. The major goal of Brand equity is the ability of brand associations to predispose people to choose it over others or pay more for it, both now and in the future. The brand equity dimensions that were included in this research are brand awareness, brand association, brand loyalty and perceived quality.

As the findings of this study indicated in table 5 the descriptive statistics of the respondents shows that agreed with the four dimensions of brand equity. Moreover, the respondents agreed with the four dimensions of brand equity by giving the higher rate scale to brand loyalty followed by perceived quality, brand awareness and brand association are with average mean of 3.878, 3.87, 3.70 and 3.675 respectively.

With regard to the Pearson correlation analysis, it can be clearly seen as that the four dimensions namely brand awareness; brand association; brand loyalty and perceived quality are positively related to customer satisfaction in Dashen brewery.

The relationship looks like the following:-

- brand awareness and customer satisfaction have high relationship  $r= 0.49$  and  $P<5$
- brand association and customer satisfaction have high relationship  $r= 0.79$  and  $P<5$
- brand loyalty and customer satisfaction have high relationship  $r= 0.622$  and  $P<5$
- perceived quality and customers satisfaction have low relationship  $r= 0.13$  and  $P<5$



Multiple linear regression analysis was applied to evaluate the extent to which brand equity dimensions i.e. brand awareness, brand association, brand loyalty and perceived quality have effect on customer satisfaction and came up with the following equation:

$$CST = 0.097BAW + 0.566BAS + 0.221BL + 0.15PQ$$

$$R^2 = 60.2$$

The regression analysis clearly shows that 60.2% of variance in customer satisfaction is explained by brand equity dimensions (brand awareness, brand association, brand loyalty and perceived quality).

## 5.2 Conclusion

To be successful, a firm should retain its current customers and make them loyal to their brands. More buying, paying premium prices and providing new referrals through positive word of mouth, loyal customers build businesses. For this reason, knowing the brand equity is important. Therefore, we need to determine the factors brand equity and that influences satisfaction level of customers.

Since, one need to look into different dimensions of brand equity that pose this positive relationship that in turn brings about customer satisfaction. The brand equity dimensions such as brand awareness, brand association, brand loyalty and perceived quality are believed to build high level customer satisfaction.

This study has investigated the extent to which these brand equity dimensions have effects on building customer satisfaction by taking Dashen brewery as a case study. The study, as presented in above summary, found that brand association, brand loyalty has positive and strong effect on customer satisfaction. Brand awareness and perceived quality have low significant effect.

Therefore it is reasonable to conclude that customer satisfaction can be created, reinforced and retained by marketing plans aimed at building brand awareness, brand association, brand loyalty and perceived quality with customers in a timely, reliable and proactive fashion, to developed strong bonds between Dashen brewery and customer satisfaction. Finally, this study concludes that brand equity dimensions are contributing to customer satisfaction. Brewery companies like Dashen need to implement well designed brand equity enhancing strategies and structure.

### 5.3 Recommendations

Based on the findings of the study, it is very important that Dashen brewery should understand the brand equity dimensions (brand awareness, brand association, brand loyalty and perceived quality) are very important to build customer satisfaction.

And based on the conclusions drawn above the following recommendations are forwarded for the concerned bodies:-

- Dashen is advised to work on customer brand awareness since it have a big impact on the customer satisfaction by making the brand easily and quickly recalled by the customer , by giving adequate knowledge about Dashen beer by explaining the ingredient, finally by surveying the position of the brand image on the customer mind and improving accordingly. This will help the company to increase the number of satisfied customers.
- Dashen recommended to give good attention on improving the customers brand association of Dashen by improving the aspect of the brand image when compared to other competing brands, by making their logo easily to recall and that can be associate with way of life and also they should give a huge attention for brand loyalty of customers towards the brand because customers have to be satisfied to be loyal.
- Dashen management advised to develop strategy in accordance with customer brand equity because to maintaining it is customer if not customers based brand equity might be a major challenge for the company in the future.
- Future research advised to test customer brand equity in other service sectors other than brewery sector Moreover; future research in this area can introduce some other brand equity dimensions such as physical quality, brand identity, life style consistency, staff behavior. By examining these effects, this future study will add value to the present knowledge in this area, by pushing back the frontier of knowledge in the field.

## **5.4 Limitation of the Research**

Despite the useful findings of the study, this study has several limitations. The study only focuses on one sector which is brewery, namely Dashen brewery company. The responses were only collected from whole sales, agents and retailers operated in Addis Ababa, so there is a gap to study the behaviour and attitude of the consumer in other provinces and regional markets of Ethiopia, in order to avoid the significant regional gap.

Moreover, there are restrictions in the sampling technique (convenience sampling) which indicates that the outcome of the study cannot be generalized because data is collected from readily available respondents which does not represent the whole population.

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# **Appendix I: QUESTIONNAIRE**

**ST. MARY'S UNIVERSITY**

**SCHOOL OF GRADUATE STUDIES**

**DEPARTMENT OF MARKETING MANAGEMENT**

## **Questionnaire for the effect of brand equity on customer satisfaction: A Case Study of Dashen Breweries S.C**

Dear Survey Respondents;

I am a graduate student at St. Mary's university school of graduate studies and currently conducting a research for the completion of my Master's degree in marketing management. This questionnaire is designed to collect data on the effect of brand equity on customer satisfaction. Please take a few minutes of your time to answer this questionnaire about your view and experience with regards to the Dashen Breweries S.C. Your willingness and cooperation in giving genuine information is well appreciated and the information you provide will be used for academic purpose and will be kept in strict confidentiality.

Thank You

Lidetselam Teferi

## Part I Demographic information of respondents

1. Gender

Male  Female

2. Educational Level

Elementary school  High school  Diploma  BA/ BSC

Other (please specify) \_\_\_\_\_

3. To what category do you belong?

Agent  Wholesalers  Retailers

4. Kindly, indicate your experience the Breweries sector.

- [ ] Less than a year                      [ ] 1 - 5 years  
[ ] 6 – 10 years                              [ ] 11 – 15 years  
[ ] Over 15 years

## Part II. Questions regarding to brand equity on customer satisfaction

Below are lists of questioners relating to the effect of brand equity on customer satisfaction: A case study of Dashen Breweries S.C. Please indicate whether you agree or disagree with each statement by ticking (√) on the spaces that specify your choice from the options that range from strongly disagree to strongly agree.

**Key** SA=strongly Disagree (1) A= Disagree (2) N= Neutral (3) D= agree (4) SD= strongly agree (5)



<b>S/No</b>	<b>Brand Awareness</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1.1	I can easily and quickly recall this brand during any buying Power					
1.2	I have adequate Knowledge about this Brand					
1.3	My Position of brand image is high towards this brand					
1.4	I can recognize this Brand easily than competitive brands					
1.5	At the place of purchase, I could visually detect my preferred brand without much effort.					
<b>2</b>	<b>Perceived Quality</b>					
2.1	I usually feel the test and color this beer brand					
2.2	I usually purchase this brand with Product Performance					
2.3	I usually purchase this brand with Value added features					
2.4	Improvement is key in my choice for beer brand					
<b>3</b>	<b>Brand Association</b>					
3.1	Dashen beer has a very unique brand image, compared to competing brands					
3.2	I can quickly recall the logo of this brand					
3.3	I like the brand with its involvement in corporate social responsibilities					
3.4	I can have many connections or association between experience in my life and this product.					
<b>4</b>	<b>Brand Loyalty</b>					
4.1	I would continue to use this brand for the next time					
4.2	I like to talk to other people about this brand					
4.3	I consider myself loyal to this brand					

4.4	I am still willing to buy dashen beer even if its price is a little higher than that of its competitors					
4.5	I usually trust this brand because of high Social Image					
<b>5</b>	<b>Customer satisfaction</b>					
5.1	I'm satisfied by the customer handling service of the company.					
5.2	If i have any defect on the product the company response is instant.					
5.3	The Dashen breweries always meet my expectations.					
5.4	i will continue buying any Dashen breweries company products in the future.					
5.5	Your good relationship or communication with the distributor it facilitate your work activities.					