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THE EFFECT OF CUSTOMER BASED BRAND EQUITY ON CUSTOMER RETENTION IN THE CASE OF BGI ETHIOPIA

BY

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DECLARATION

I, the undersigned, declare that this thesis is my original work, prepared under the guidance of Mesfin Workineh (PHD). 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.

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Name **Signature**

St. Mary's University, Addis Ababa June, 2021

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   **Signature**

St. Mary's University, Addis Ababa June, 2021

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Table of Content

Contents **Page**

List of Tables

List of Graphs

List of Figure

Acronyms

ANOVA: Analysis of Variance

BAV: Brand Asset Valuator

BGI: Brasseries et Glacie’res Internatioales

MSI: Marketing science institute

SPSS: Statistical Package for Social Sciences

ABSTRACT

The general objective of this study was to investigate the effect of customer based brand equity on customer retention in the case of BGI Ethiopia. The study considered brand asset valuator model measures or pillars (differentiation, relevance, esteem and knowledge) to investigate the effect of customer based brand equity on customer retention. The study sample constituted 384 respondent consumers of BGI Ethiopia chosen from the five territories in Addis Ababa by using non probability sampling approach specifically convenient sampling technique. The data were collected, edited, coded and entries were made into statistical software (Statistical Package for Social Sciences, SPSS version 20). According to the findings, all the selected dimensions of customer based brand equity have a significant and positive impact on customer retention. When compared to the impact of independent variables; differentiation is ranked first in its magnitude effect by brand relevance, brand esteem and brand knowledge. Finally, in order for BGI Ethiopia, to be benefited the most out of customer based brand equity, constructive suggestion was forwarded by the researcher such as: the BGI Ethiopia needs to keep up with its differentiation strategies and maintain its uniqueness; BGI Ethiopia brand managers also have to use different sales promotion tools to serve different objectives and trigger different consumer response. If a brand has established its relevant differentiation and consumers come to hold it in high esteem, brand knowledge is the outcome and represents the successful culmination of building a brand.

Key words: Customer Based Brand Equity, Customer Retention, BGI Ethiopia

CHAPTER ONE

INTRODUCTION

This chapter was consists of the background of the study, statement of the problem, research question, and objectives of the study, significance of the study, scope of the study, limitation of the study, definition of terms and organization of the study.

1.1. Background of the Study

The American Marketing Association defines the term ‘Brand’ as “A name, term, symbol or design, or a combination of them, which is intended to signify the goods or services of one seller or group of sellers and to differentiate them from those of competitors.” More importantly, a brand promises relevant differentiated benefits. Everything an organization does should be focused on enhancing delivery against its brand’s promise (Wijaya, 2013).

There are mainly two perspectives in interpreting the concept of brand equity: financial one and consumer based one. From a financial perspective, brand equity is seen as a monetary figure and is used to estimate the brand for accounting purposes (in terms of asset valuation for the balance sheet) or for merger, acquisition, or divesture purposes (Keller 1993). From a consumer-based perspective, brand equity is viewed from the individual consumer’s viewpoint and is used to help marketers develop effective strategy to understand, meet, and influence consumer behavior. In this way, marketers could measure the consumer reactions toward a brand. This perspective uses different dimensions and definitions for brand equity (Wijaya, 2013).

There are many industry models currently used by companies to measure brand from the customers’ perspective only. Young and Rubicam’s BrandAsset Valuator (BAV) model profiles brands according to four key dimensions: differentiation, relevance, esteem, and knowledge. Differentiation is about a brand’s ability to create a sustainable competitive advantage and it is the engine of the brand. Relevance is the brand’s ability to be personally meaningful. Esteem is the extent to which consumers like and respect a brand; it measures loyalty and how well a brand fulfills its promise. Knowledge measures the level of intimacy a consumer has with the brand. Differentiation and relevance form a measure of brand strength which is a leading indicator of future growth value; whereas esteem and knowledge form a measure of brand stature, which is a current indicator of current operating value. According to BAV, leadership brands excel on both strength and stature (BrandAsset Consulting, 2010).

Differentiation is critical to brand success. If a brand is going to be successful it must first build Differentiation. BAV® illustrates clearly that Differentiation is critical in the successful development and maintenance of a brand. Differentiation is instrumental when marketers position their brands on the market and ultimately in the consumer´s mind. Grönroos (1988) stated that differentiation is done through marketing by creating an image in the consumer´s mind that a product or a brand is different, even though there is no real difference, the perception of that difference is created in the consumer's mind.

The second step in brand development is Relevance. If a brand is not relevant, or personally appropriate to consumers, it is not going to attract or retain them. Again, the progression within the Pillars mirrors human relationships. In other words According to Rizwan & Xian (2008), (Keller, 1993) and Laiho & Inha (2012), the personal value consumers attach to the product attributes called brand image benefits. Brand Benefits are what the consumers think the product can do for them" and they categorized brand image benefits in to three parts. In addition, Park, Jaworski, and Maclnnis, (1986) mention that based on their relationship, brand benefits are categorized into functional benefits, experiential benefits, and symbolic benefits. Functional benefits are related to physiological and safety needs.

According to Young and Rubicam, (2000) esteem is influenced by two factors: perceptions of Quality and Popularity. 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. As expected, Quality has a strong relationship with Esteem. But, when Popularity is added in, the relationship becomes even stronger (Young and Rubicam, 2000).

If a brand has established its Relevant Differentiation and consumers come to hold it in high Esteem, brand Knowledge will follow. Keller (2003) states that brand knowledge consists of mutually related information to a brand, such as awareness, attributes, benefits, images, thoughts, feelings attitudes and experiences. All these information characteristics of brand knowledge become integrated in constant interaction with customers that brings out forth the real understanding of the product or service.

Much like its economy, Ethiopia's beer consumption of Ethiopia on the years 2015, 2016 and 2017 was 5, 8.6 and 11.7 million hectoliters respectively. Currently Ethiopia has five local and international beer companies that produce 14.5 million hectoliters a year. The beer market is at a turning point in Ethiopia. Its value has grown dramatically, reaching USD620 million over the years, while consumption grew by 16 per cent yearly, as studies shows. BGI is one of the largest brewers in Ethiopia with a production capacity of 5.3 million hectoliters a year. BGI occupies a 38pc market share in the Ethiopian beer industry. Heineken Beer, BGI Ethiopia and Diageo Meta Abo Brewery are the big players in the industry in volume and revenues.

The late entrants undertook expansion projects to secure their existence in the industry. Habesha has recently become a highly recognized brand in the Ethiopian Beer market. The company, which claims to have 13 per cent market share as of last year it was 7.55% on the year 2017, has a capacity of producing 750,000 hectoliters of beer a year in its 7.5ha plant situated at Debre Berhan, 130km from Addis Ababa. Anbessa a pale lager was launched in May of last year the same month that advertising in the industry was forbidden. But the ban on alcohol advertising increase excise on beer and soon afterwards came the third blow the global Corona virus pandemic. The combined effect of these three factors has of course had a detrimental impact on what was becoming one of the continent's most vibrant beer industries.

St. George remains the most successful brand of beer in Ethiopia, despite stiff competition from Heineken Breweries, which has a slew of brands under it, including its signature beer, Walia, Harar and Bedele. Despite having bullish performance, the reports have indicated that the company has also had some limited success with some of its brands in the past such as Amber and Panache, which are launched in 2012 and 2018 respectively and Guinness beer in early 2000's. The brewer called off the products due to poor sales. Guinness was later launched by Diageo in 2018 and suffered the same fate after a year. BGI also bought Raya beer in 2018, while it made an initial plan to make the beer available across the country. However, it is now selling the product in the Tigray region only. BGI latest moves coincide with the massive expansion projects of its closest competitor Heineken. This has brought about many changes, from rethinking the marketing strategy and resource management in the retail trenches to mushrooming of products and services by the breweries to simplify, innovate and improve their operations. And, noticeably, the entrance of small brewers into the industry and the rising popularity of their products have pushed one of the mega brewers, BGI Ethiopia, to innovate new ways of raising its production volumes.

The causes of the stiff competition, according to Mekonnin, (2015) and Negesu, (2015) were an aggressive massively expansion projects and the fact that all these companies basically provide similar products, which clearly challenged managers of companies in terms of customer retention.

Retaining customers is so important to many stakeholders. According to (Carbaugh, 2011), for business providers, customer retention equals higher profit; because it is believed that cultivating an existing customer is far less expensive than seeking or recruiting a single new purchase customer. This is the single most obvious advantage of customer retention, because value is added through the products that create customer satisfaction. At the same time, repeat businesses benefit customers through reducing their expenditure of time and money, by not having to switch to or look for other vendors. And its repercussion would be a healthily growing Ethiopia's beer industry, which is actually the back bone for the growth of a given country's economy. Although the customer based brand equity model is popular and can be applied to any sector, there are no adequate and conclusive empirical studies carried out in Ethiopia that investigated the link between customer based brand equity and customer retention in the Ethiopia's beer industry.

1.2. Background of the BGI-Ethiopia

BGI-Ethiopia is a large-scale brewery and beverage production wing of Castel Group operating internationally in more than 53 countries. BGI, operating in Ethiopia since 1998 as BGI Ethiopia PLC., has been engaged in the production and distribution of beer, wine and beverage products. BGI owns Five breweries including the iconic St. George Brewery in Addis Ababa, the Kombolcha Brewery in Kombolcha city, the Hawassa Brewery in Hawassa city, Raya Brewery in Raya city and Zebidar Brewery in Gubre city. This combined production capacity is 3.6 million hectoliters of bottled and draft beer annually. BGI Ethiopia PLC also owns and operates the Castel Winery and Vineyard located in the town of Ziway.

St. George Brewery was established in 1922. It was nationalized in 1974/75 and had been operating as a state owned enterprise. Since December 1998, it became part of BGI Ethiopia through the privatization program. Its production Capacity was 200 to 300 bottles per day in 1923 and has now reached 550,000 hectoliters per annum. The known brands produced are St. George, castel and Panach Beer brands in bottle and draught. At present, the company is providing jobs for 956 permanents and 58 contractual employees (BGI-Ethiopia, 2019).

The Kombolcha Brewery, located in Kombolcha Town, Wollo, Amhara Regional State, 368 KM. from Addis Ababa, was established in November 1998. Its production capacity started with 450,000 hectoliters per annum in 2011 and grew to 780,000 hectoliters in 2013. After additional major upgrade and establishment of a second bottling line, the brewery is now capable of producing 1,500,000 hectoliters per annum. Currently, it is providing jobs for 449 permanents and

3 contractual employees (BGI-Ethiopia, 2019). The Hawassa Brewery, located in Hawassa Town, Southern Nations, Nationalities and Peoples' Regional State, 275 KM. from Addis Ababa, was established in June 2011. Its production capacity which started with 450,000 hectoliters per annum in 2011 grew to 780,000 hectoliters in 2013. After a major upgrade and a second bottling line, the brewery is now capable of producing 1,500,000 hectoliters per annum. Currently the company has employed 498 permanents and 13 contractual employees (BGI-Ethiopia, 2021).

1.3. Statement of the Problem

According to Munteanu and Dorian (2012), the main advantage of Brand Asset Valuator model is that it focuses only on costumer-based brand equity and tries to link it with actual and future stock performance, totally ignoring firm-level brand equity. The process of building brands, Brand Asset Valuator demonstrates, is reflected through a progression of four primary measures differentiation, relevance, esteem and knowledge. These measures are used in Brand Asset Valuator to evaluate current brand performance, to identify core issues for the brands, as well as to evaluate brand potential. Brands can be evaluated by these individual measures. But more important, the relationships between these measures, or "pillars", show the true picture of a brand's health, its intrinsic value, its muscular capacity to carry a premium price and its ability to fend off competitors (Young and Rubicam, 2000).

The late entrants undertook expansion projects to secure their existence in the industry. Regarding the BGI despite having bullish performance, the reports have indicated that the company has also had some limited success with some of its brands in the past such as Amber and Panache, which are launched in 2012 and 2018 respectively. In year 2014 the Castel brand had 4.8% market share by a sales volume of 74,900 hl. From the total Sales of the company's 1,568,826 hl on 2015 the brand show drop by 582 hl, and also continue declining by large amount in to 65, 013 hl by the following year 2016. The brand shows tremendous growth in 2017 with 146,657 hl sales volume. On the following year 2018 GC Castel beer was has 249,138 hl the sales volume meaning 63% growth from its sales volume a year before. According to the data from marketing department of the company, on that same year Castel Beer covers 9.9 % of the company's sales volume.

According to Keller, (1993) the direct approach of customer based brand equity focuses on customer's responses to different elements of the firm's marketing program. Accordingly the aforementioned data: the called off the two products due to poor sales; the Castel brand suffering ups and downs on it growth of share within the company's product market share; noticeably, the entrance of small brewers into the industry and the rising popularity of their products and BGI Ethiopia, to innovate new ways of raising its production volumes were the indicators there was a problem on the Customer Based Brand Equity of the company. Therefore, in this study the researcher taking this as the research gap. Atilgan, Aksoy & Akinci (2005), investigated the causal relationships between the dimensions of brand equity and brand equity itself, and specifically measured the way in which consumers' perceptions of the dimensions of brand equity affected the overall brand equity evaluations. Their study found that brand loyalty is the most influential dimension of brand equity.

The studies conducted in Ethiopia uses different brand related factors as a measure of consumer buying behavior and consumer related facts. Samuel, (2017) examine the relationship between brand image benefits (i.e. functional, experiential and symbolic benefits) and customer satisfaction and loyalty in Ethiopian Insurance Corporation Addis Ababa customers. The study by Eyerusalem (2015), focused as determinants of brand equity on brand awareness, brand association, brand loyalty, perceived quality, availability, packaging, price and promotion. Moreover Andualem (2018), used the four dimensions of branding which are, brand awareness, brand loyalty, brand association and perceived quality have positive and significant relation with customer buying behavior of the Addis Ababa beer consumers.

The study by Wasihun (2014), were attempt to measure CBBE in the Ethiopian beer industry using the Aaker (1991), brand equity model and his study has found strong support for perceived quality. Bezawit (2014), also conducted study on the CBBE measurement of Ethiopian airline to investigate the relationships between dimensions of brand equity and overall brand equity and has came to a conclusion that all the brand equity dimensions positively influenced brand equity. However, strong support was found for brand loyalty. Furthermore, Million (2013) and Wasihun (2014) have carried out a research to measure CBBE in the Ethiopian beer industry using Aaker's (1991) brand equity model. Their findings concluded that all dimensions have got support in measuring brand equity.

The study conducted by Salelaw and Amanpreet, (2015) measuring the consumer-based brand equity in the Ethiopian brewery industry. Accordingly, the study assumes brand equity dimensions affecting the creation of consumer-based brand equity and inter-relationship among brand equity dimensions. Likewise the study by Tran, (2016) examined the practicality of a customer-based brand equity model with a case of Heineken in the Vietnamese beer market. The result reveals that perceived quality, brand awareness, brand association and brand loyalty have positive and direct effects on overall brand equity.

The majority of the studies in Ethiopia used the four measures (perceived quality, brand association, brand awareness and brand loyalty) to evaluate customer based brand equity on consumes buying behavior. As Young and Rubicam, (2000) brand strength was found in the relationship between relevance and differentiation, brand stature is discovered in the combination of esteem and knowledge. Brand stature indicates brand status and scope of the consumers' response to a brand. These measures should all predict purchase behavior. Consequently the proposed changes in the four pillars of brand equity, i.e. Knowledge, Relevance, Esteem, and Differentiation, will be associated with changes in behavior, i.e. customer acquisition, customer retention, and profit margin per customer.

From the above previous several significant studies the researcher believed that the variables used to evaluate customer based brand equity affect the result on the limited scope and under the influence of few variables. In addition there are no adequate and conclusive empirical studies carried out in Ethiopia that investigated the link between customers' based brand equity and customer retention in the Ethiopia's beer industry. This study by taking as the gap and using the four pillars by Young and Rubicam, (2000) Brand asset Valuator model measures or pillars (Differentiation, Relevance, Esteem and Knowledge) to investigate the effect of customer based brand equity on customer retention of BGI Ethiopia.

1.4 Objective of the Study

1.4.1 General Objective

The general objective of this study is to investigate the effect of customer based brand equity on customer retention in the case of BGI Ethiopia.

1.4.2. Specific Objective

- To investigate the extent to which brand differentiation affects customer retention of BGI Ethiopia.
- To determine the effect of brand relevance on customer retention of BGI Ethiopia.
- To examine the extent to which brand esteem affect customer retention of BGI Ethiopia.
- To test the effect of brand knowledge on customer retention of BGI Ethiopia.

1.5. Scope and Limitation of the Study

Conceptually, the primarily focus of this research was to investigate the impact of brand image on consumers retention. For the purposes of this study, consumer retention was the dependent variable and the independent variables were the dimensions of customer based brand equity (Differentiation, Relevance, Esteem and Knowledge).

Geographically, the study was delimited to one organization called BGI Ethiopia located in Addis Ababa.

Methodologically, the study used questionnaire and applied quantitative research approach and explanatory research design.

1.6. Significance of the Study

For the researcher this study is very important to implement his knowledge on the real world. For other researchers can also benefit from this study as it add on to the growing body of knowledge and as a baseline for further researches. It can be used as a source of reference for studies to be done on brand image and its effect on consumer retention. As the company under a research, BGI Ethiopia can also be benefited from the information from the finding of the study that could guide the company in making informed decisions based on facts found during this research. For other beverage companies in the industry it can also use this study as reference point for identifying the important aspects of brand image and consumer's retention.

1.7. Organization of the Study

This study was organized in to five chapters in order to provide clarity and coherence on the discussion of the study. The first part of the study was consisted the background, statement of the problem, Objectives, Research questions, significance and limitations of the study.

The second chapter was discussed the relevance of the study in the existing literature.

The third part of the study was discussed the methods and procedures used in the study. The chapter was comprised the presentation of applied techniques for data collection and research methodology. It also contained a discussion of techniques used for data analysis as well as the data collection tools. Chapter four of this study discussed the results of the study. Data's has been presented statistically in order to discover the relationship of variable involved in the study as said with the data.

The last chapter covers three sections: the summary of the major findings, conclusions of the study, and the recommendations. With the three portions, the chapter has been able to address the problem stated in the initial chapters of the study.

Reference and additional sources were also provided in the final part of the paper.

1.8. Definition of Terms

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 competitors (Kottler, 2000).

Brand Asset Valuator**: -** isdeveloped by Young and Rubicam to measure the strength and stature of a brand (Agres and Dubitsky, 1996).

Consumer retention* -** repurchase intention is considered as the future purchasepreference for a brand's products or services, and the positive intention to repurchase and recommend the brand to others (Hellier, 2003).***

Customer-Based Brand Equity (CBBE) is defined as the differential effect of brand knowledge on consumer response to the marketing of the brand in which brand knowledge is conceptualized, based on an associative network memory model in terms of two components, brand awareness and brand image (Keller, 2003).

***Differentiation:* -**it defines the brand and distinguishes it from all others (Young and Rubicam, 2001).

***Relevance:* -** used to indicate how the brand is personally appropriate to consumers (Young and Rubicam, 2001).

***Esteem:* -**refers to the extent to which consumers like a brand and hold it in high regard (Young and Rubicam, 2001).

***Knowledge:* -** being aware of the brand and understanding what the brand or service stands for (Young and Rubicam, 2001).

CHAPTER TWO

REVIEW OF RELATED LITERATURE

This chapter is all about; the brand equity measurement and customer retention models, empirical literature regarding their relationship and conceptual frame work on brand image and the effects of brand image elements on the customers buying behavior.

2.1. Concepts of Customers Based Brand Equity (CBBE)

The majority of studies on consumer based brand equity (CBBE) in the last two decades has more or less been developed on the basis of two theoretical frameworks: Aaker's brand equity model and Keller's consumer-based brand equity theory. Aaker was the first to tackle the brand equity concept from the consumer perspective, though the term of consumer-based brand equity was not species in his work. He brought up the brand equity model in his seminal book of Managing Brand Equity in 1991 (Zhuowei and Liping, 2015). According to Keller (1993), there is both an indirect and a direct approach to measuring customer-based brand equity. The indirect approach tries to identify potential sources of such equity, whereas the direct approach focuses on consumer responses to different elements of the firm's marketing program. The implications of customer-based research suggest that measures of customers' brand perceptions are accurate reflections of brand performance in the marketplace. Strong, positive customer-based brand equity has a significant influence on the financial performance of the firms (Kim and Kim, 2004). The premise is that customer-based brand equity (CBBE) can also potentially impact on cost, revenue, profit, marketing and brand extensions among other areas (Tong and Hawley, 2009).

Aaker (1991, 1996) argued that brand equity should be measured from the perspective of the consumer. The stronger the brand awareness, brand loyalty, and brand association the higher the financial value will be. In other words the value of the brand equity dimensions (i.e. especially brand awareness, brand loyalty, brand association and perceived quality) are the bases on which the financial value of the firm will depend. The CBBE model of Aaker's (1991) is one of the most accepted models used to build, maintain, sustain, and measure brand equity over time.

According to Netemeyer et al. (2004), consumer based perspective, brand equity is viewed from the individual consumer's viewpoint and is used to help marketers develop effective strategy to understand, meet, and influence consumer behavior. In this way, marketers could measure the consumer reactions toward a brand name. In recent years; customer-based brand equity has garnered considerable attention.

Brand equity has been defined as "outcomes that accrue to a product with its brand name compared with those that would accrue if the same product did not have the brand name" (Ailawadi, Lehmann, and Neslin 2003), i.e., the benefits a product achieves through the power of its brand name. Keller and Lehmann (2003) delineate three approaches for assessing brand equity: customer mind-set (e.g. Aaker 1996, Keller 2008), product-market (e.g., Park and Srinivisan 1994), and financial-market (e.g., Mahajan, Rao, and Srivastava 1994). These approaches have different strengths and weaknesses (Ailawadi, Lehmann, and Neslin 2003). While financial-market measures theoretically capture current and future brand potential, they often rely on subjective judgments or volatile measures to estimate future value (Simon and Sullivan 1993).

2.1.1. Brand Equity Measurement Models

Brand value or equity has been viewed from a variety of perspectives. It can be measured from both consumer and financial perspectives and several methods for measuring what a brand may be worth have emerged over the years (Kriegbaum, 1998). The first perspective conceptualizes brand equity in the context of marketing decision-making. Some researchers are of the opinion that when studies are performed at the individual consumer level through consumer surveys, consumer-based brand equity is discussed (Pappu et al., 2005; Yoo and Donthu, 2001). The second perspective on measuring brand equity is by using financial data. This views brand equity in terms of incremental discounted future cash flows that would result from branded product revenue, in comparison with the revenue that would occur if the same product did not have the brand name (Simon and Sullivan, 1993). Many of these methods are finance or accounting-based.

However, there is no clear evidence that marketing-based consumer evaluation models for determining brand equity are superior in comparison to financial models, but the latter appear to be a rather static approach and the managerial implications derived from research based on financial indicators are limited. Also, a narrow focus on financial data is probably more useful for accounting purposes or when a brand is put up for sale (Murphy, 1989). The chief advocate of consumer-based brand equity is Keller (1993). He defines customer-based brand equity as the degree of difference between the effects of brand knowledge on consumer response to the marketing of a brand. Keller proposed an indirect approach to measure the level of brand awareness using techniques such as aided and unaided memory measures. Subsequently, he demonstrated the effect of brand knowledge on consumer response on branded and unbranded products, thereby, leading to a measurement tool. Kamakura and Russell (1993) developed a method that is based on the actual purchase choice data from a single-source scanner data. The authors constructed two measure of brand value:

i. perceived quality, the value assigned by consumer to the brand after discounting for current price and recent advertising exposures
ii. brand intangible value created such factors as brand name association and perceptual distortions.

Swait et al. (1993) proposed an approach to model and measure brand equity based on consumer utility functions that account for brand name, price, product attributes, brand image and consumer heterogeneity effects. Their model expresses the utility difference, as a monetary equivalent, attributed by consumer to a brand. Park and Srinivasan (1994) developed a survey-based method of measurement. This method calls for gathering consumer's attitudes and opinions in order to come down to various factors contributing to the brand equity.

The approach provided an indication of the source of brand equity in terms of its attribute and non-attribute-based components. Cobb-Walgren et al. (1995) were the pioneering researchers to measure consumer-based brand equity based on the conceptualization of Aaker (1991) and Keller (1993). Consumer-based brand equity was treated by these researchers as a set of four dimensions, namely brand awareness, brand associations, perceived quality and brand loyalty. Lassar et al. (1995) developed a 17-point scale which tries to measure brand equity across five dimensions: performance, social image, value, trustworthiness and attachment. Agarwal and Rao (1996) came up with an 11-point scale to measure consumer-based brand equity. Sinha and Pappu (1998) and Sinha et al. (2000) measured consumer-based brand equity in a similar fashion, but used Bayesian methods. Others such as Yoo et al. (2000) used confirmatory factor analysis (CFA) to measure consumer-based brand equity. However, they treated consumer-based brand equity as a three-dimensional construct, combining brand awareness and brand associations into one dimension. Later on, Yoo and Donthu (2001) developed a multidimensional consumer-based brand equity scale which was based on the work of Aaker. The scale measures brand equity across brand awareness, brand associations, brand perceived quality and brand loyalty. They also observed only three dimensions for consumer-based brand equity, which was in line with Yoo et al. (2000) study. The scale developed by Yoo and Donthu (2001) was validated by Washburn and Plank (2002). However, both Yoo and Donthu (2001) and Washburn and Plank (2002) have acknowledged the scope to improve the measurement of consumer-based brand equity. They have highlighted the need to refine the dimensionality of consumer-based brand equity. They also advocated that researchers focus on the distinction between the dimensions of brand awareness and brand associations. Hence, it is important to examine further the dimensionality of consumer-based brand equity construct and the need to visualise brand equity from a new consumer-based perspective.

In order to assess brand performance and properly manage brands, it is essential that marketers understand their brands' value or equity (Keller and Lehmann, 2006). Therefore, marketers must be aware of two aspects of brand performance: the measurement of brand equity; and the relationship between customer equity and brand equity (Leone et al., 2006). In terms of measurement, brand equity has been measured according to the three previously discussed perspectives: at the customer level (Aaker and Joachimsthaler, 2000; Baker et al., 2005; Bendixen et al., 2003; Chen, 2001, Keller, 1993; Lassar et al., 1995; Shocker et al., 1994; Tong and Hawley, 2009), the company or firm level (Cobb-Walgren et al., 1995; Doyle, 2001; Dyson et al., 1996; Farquhar et al., 1991; Kapferer, 1997; Kim et al., 2003) and the financial market level (Aaker and Jacobson, 1994; Barth et al., 1998; Simon and Sullivan, 1993). Many authors have also developed models that encompass all aspects of brand equity (Epstein and Westbrook, 2001; Keller and Lehmann, 2003; Srivastava et al., 1998).

2.1.2. Consumer Level Measures

Consumer-based brand equity refers to consumers' feelings of a particular product due to associations that are not necessarily related to specific product attributes, that is, associations that exist independent of the product itself (Keller and Lehmann, 2006). The customer level measurement perceives the value of a brand to originate entirely from the consumers (what they buy, how they buy, why they buy, etc.). Therefore, consumers assign levels of equity to brands when they favor one over the other. From the consumers' point of view, brand equity is part of their attraction to or repulsion from a product (Keller and Lehmann, 2006). This perspective allows marketing managers to use an effective strategy in understanding and influencing consumer attitudes and behaviors. Consumer-based brand equity (CBBE) focuses on understanding consumers' state of mind in brand selections and identifying the sources of brand values (Baker et al., 2005; Lassar et al., 1995; Yoo and Donthu, 2001). According to Keller (1993) and Srivastava and Shocker (1991), CBBE can be measured directly or indirectly. The direct approach looks at brand equity as the value that a brand adds to a product and uses consumers' responses to understand the effects of branding activities. The indirect approach is based on Keller's (1993) view of identifying the antecedents of brand equity that exist in consumers' minds and influence their purchase decisions.

2.1.3. Company Level Measures

Company or firm based brand equity is the added value a company receives from a branded product that it would not have if the product were unbranded (Cobb-Walgren et al., 1995; Doyle, 2001; Dyson et al., 1996; Farquhar et al., 1991; Kapferer, 1997; Kim et al., 2003). A company benefits from a strong brand with respect to advertising and promotion effectiveness,brand extensions insulation from competition, and strong distribution (Hoeffler and Keller, 2003). According to Hoeffler and Keller (2003), there have been numerous measures, including increased advertising elasticity, decreased sensitivity to competitor prices, price premiums, and the ability to secure and maintain distribution channels, that assess the impact of brand equity in the product market.

2.1.4. Financial Level Measures

From a financial-based perspective, brands are assets that can be bought and sold for a certain price; this price is the financial worth of a brand. Several authors have looked at measuring brand equity based on financial market performance (Simon and Sullivan, 1993; Aaker and Jacobson, 1994; and Barth et al., 1998). Simon and Sullivan (1993) define brand equity as “the incremental cash flows which accrue to branded products over and above the cash flows which would result from the sale of unbranded products”. The authors measure a firm’s brand equity by deriving financial market estimates from brand-related profits. They do this by using the financial market value of the firm as a base and then extract the firm’s brand equity from the value of the firm’s other tangible and intangible assets. This then results in an estimate based on the firm’s future cash flows. Doyle (2001) contends that brand equity is explained by the ability of brands to create value by accelerating growth and enhancing prices. Therefore, brands function as an important driver of cash flow. These different measures have allowed for a different understanding of why and how companies or brands have been able to create or maintain high brand equity.

2.1.4. Customer Equity and Brand Equity

As for the relationship between customer equity and brand equity, Rust et al. (2000) look at the antecedents and consequences of developing and maintaining strong ties with consumers. Furthermore, the value of a customer to the firm (customer equity) is shown to be the sum of the profit from the sale of generic products and the additional value from the sale of branded Products brand equity (Ambler et al., 2002). Therefore, customer equity is perceived as the sum of lifetime values of all customers, or customer lifetime value (CLV) (Rust et al., 2004). Customer loyalty to a brand affects both brand equity and customer equity and allows companies to charge consumers higher prices. Hence, both brand equity and customer equity are equally important (Leone et al., 2006).

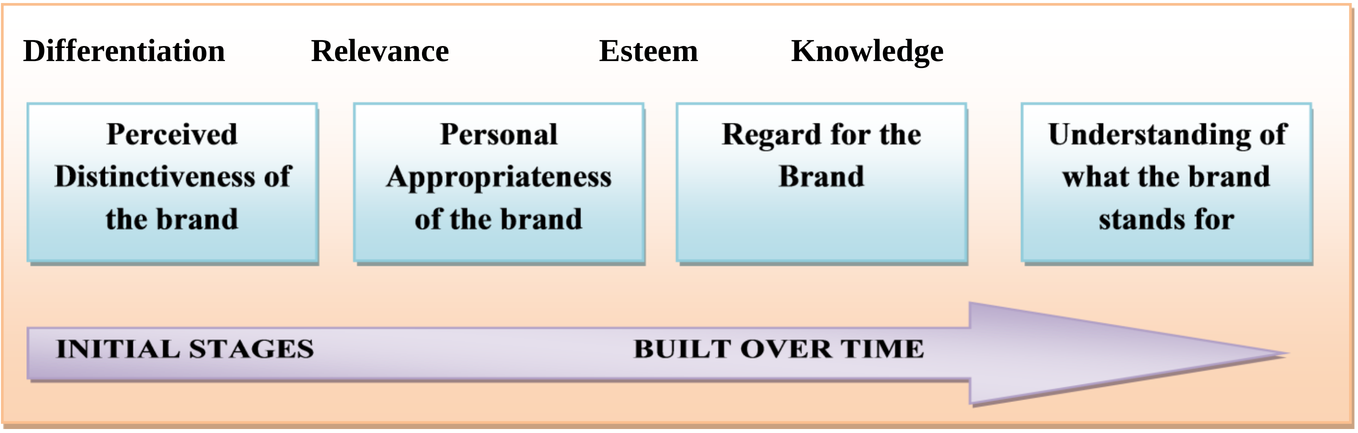
2.1.6. Industry Models

There are many industry models currently used by companies to measure brand value. Young and Rubicam's Brand Asset Valuator (BAV) model profiles brands according to four key dimensions: differentiation, relevance, esteem, and knowledge. Prominent among brand valuation models, which are based on consumer perceptions, is the Young and Rubicam BAV (Y&R model). The model is based on the principles of behavioral science. According to Ambler (1998), Young and Rubicam's BAV model uses the concept of hierarchy not in the sense of a sequence of effects in the brain (wrong), but in the sense that there is a natural order for the accumulation of positive consumer brand equity. In light of the above, the BAV model (Young and Rubicam, 2000) has been operational as brand equity construct. This is an instinctively appealing, dynamic and marketing-based consumer assessment technique developed by Young & Rubicam Inc. for measuring brand equity (Agres and Dubitsky, 1996). The Y&R model determines the value of a brand based on two major dimensions, viz. brand strength and brand stature. The model dynamically conceptualizes brand equity as driven by customer perceived brand stature and customer perceived brand strength.

BV = *f* {[*Brand strength* (*differentiation*, *relevance*)] and [*Brand statute* (*esteem*, *knowledge*)]}

Brand strength is a measure of brand distinctiveness that measures how distinctive the brand is in the marketplace and brand relevance measures whether a brand has personal relevance for the respondent which refers to the meaningfulness and appropriateness of the brand to the consumer. According to Agres and Dubitsky (1996), the factor differentiation or the 'perceived distinctiveness of the brand to the customer' precedes all other features. Differentiation measures the strength of the brand's meaning. Consumer choice, brand essence and potential margin are all driven by differentiation (e.g., Aaker, 1996; Kapferer, 1994; Keller, 1999). Once a brand is launched in the marketplace, its differentiation will define the brand and distinguish it from others. As brands grow older and mature and when other competing brands are introduced, it has been found that differentiation often declines. However, even after reaching the maturity phase in the life cycle, a brand can continue and sustain its level of differentiation as a result of good brand management.

Figure 2.1 Brand evolution



Relevance measures the personal appropriateness of a brand to consumers and is strongly tied to household penetration. It measures the appreciation of a brand to a customer in terms of the marketing mix. Is it priced right? Is it distributed where consumers can find it? Does it come in the right form? Is it packaged well? Relevance alone is not the key to brand success. Rather, relevance together with differentiation form brand strength, an important indicator of future performance and potential. It is the ultimate goal, and challenge, of every brand in the world to create relevant differentiation for the customer. Relevance and differentiation together result in brand strength, which according to Young and Rubicam is a strong indicator for future brand performance and brand health.

Brand stature, on the other hand, is a combination of brand esteem, which measures whether the brand is held in high regard and considered the best in its class and knowledge is a measure of brand understanding, which measures as to what a brand stands for. It is a more traditional measure that BAV has determined to be a lagging indicator of brand health. Esteem is considered a third driver of brand equity. Esteem is defined as the extent to which consumers hold a brand, which is relevant to them, in high regard. Does it live up to consumers' expectations? In the progression of building a brand, it follows differentiation and relevance. It is the consumer's response to a marketer's brand building activity. Esteem is itself driven by two factors: consumer perceptions of quality and popularity, and the proportions of these factors differ by country and culture (Agres and Dubitsky, 1996). Usually, when a brand has established a relevant differentiation and consumers come to hold it in high esteem, brand knowledge is the result. Knowledge in the context of this model implies that consumers are both explicitly aware of the brand and understand what the brand stands for. Thus, knowledge is not simply equal to brand awareness and is not a consequence of brand advertising and promotion. Knowledge is not an outcome of media weight alone, rather splurging money against a bad idea will not create knowledge. It has to be achieved.

2.2. The Key Brand Metrics of Brand Asset Valuator

Brand Asset Valuator® demonstrates that brands are built in a very specific progression of four consumer perceptions: Differentiation, Relevance, Esteem and Knowledge. According to (Young and Rubicam, 2001), More than 350,000 consumer interviews conducted across the globe, measuring more than 55 different consumer perceptions with regard to over 20,000 brands, have shown these four measures the Four Pillars of Brand Asset Valuator® — to be consistently linked to a brand's ability to deliver revenue and profit for its owner — no matter the category, no matter the country, no matter the age of the brand. These Pillars measure a brand's strength and stature its value as an asset capable of creating wealth. To appreciate the diagnostic advantages of Brand Asset Valuator®, it is worthwhile to examine the fundamental nature of brands.

2.2.1. Differentiation

Differentiation is critical to brand success. If a brand is going to be successful it must first build Differentiation. BAV® illustrates clearly that Differentiation is critical in the successful development and maintenance of a brand. Differentiation is instrumental when marketers position their brands on the market and ultimately in the consumer´s mind. Grönroos (1988) stated that differentiation is done through marketing by creating an image in the consumer´s mind that a product or a brand is different, even though there is no real difference, the perception of that difference is created in the consumer's mind. According to Keller et al. (2012) in order to create a positive brand image in the consumer´s mind there has to be a clear differentiation, that is, how the brand is different and what value does that difference create.

The value proposition is the summary of why a consumer should buy a product or service and is rooted in the differentiation (Aaker, 2004). The target group´s needs must be carefully regarded when a differentiation strategy is chosen. Even though there is not a significant difference between the products that the firm is offering and what the competing brands are offering, it is still crucial that the consumer perceives it to be so. The perception is gained through how brands differentiate themselves via their marketing strategies (Kotler and Armstrong, 2012).

Martin Sorrell, WPP Chief Executive Officer, as sited by (Young and Rubicam, 2001) summarizes the importance of Differentiation, "Differentiating what you do and sell is critical when competing in industries with overcapacity. According to (Young and Rubicam, 2001) The Differentiation metric has three components: Different, Unique and Distinctive.

Different captures the ability of an offering to stand out from its competition. Difference can either be positive or negative, liked or disliked.

Uniqueness tends to reflect a brand’s essence, beliefs, and personality. Uniqueness is highly correlated to a brand’s originality and authenticity.

Distinctiveness is about a brand’s prestige and its pricing power. Distinctiveness captures the brand’s ability to command a premium price.

The marketing literature explicitly emphasizes that the differentiation has to be perceived by customers as different (Ries& Trout, 1986) and must be valued (Carpenter et al., 1994; Kotler et al., 1996; Reeves, 1961). This valued difference does not have to be a material product feature. Rather, it may be symbolic, emotional, or even quite trivial (such as in Broniarczyk and Gershoff, 2003).More over Aaker, (1996) explained this uniqueness of a brand comes from brands identity. Brand identity is a unique set of brand associations that the brand strategist aspires to create or maintain. These associations represent what the brand stands for and imply a promise to customers from the organization members. Brand identity should help establish a relationship between the brand and the customer by generating a value proposition involving functional, emotional or self-expressive benefit.” (Aaker, 1996).Brand identity is how the brand aspires to be perceived. According to Aaker, (1996) the uniqueness of a brand reflects the timeless essence of the brand and its central associations to the meaning and success of the brand. According to Aaker (1996), the associations are most likely to remain constant as the brand encompasses new products and travels new markets. The identity of a brand tends to answer to questions, such as “What is the soul of the brand?” “What are the fundamental beliefs and values that drive the brand?” and “What does the organization behind the brand stand for?” (Aaker, 1996).

In addition to the beliefs and essence of a brand differentiation also can be explained by brands personality (Young and Rubicam, 2001). According to Solomon (2009) brand image includes the consumers’ feelings about a brand’s personality; brand image indicates to the extent to which the consumers hold strong, favorable and unique associations with a brand in memory. Generally, consumers are willing to pay more for a product from a specific brand than for a generic product. To be able to compare and contrast the perceived characteristics of a brand in various product categories, different personality dimensions are used. The different personality dimensions include, for instance, more traditional and old-fashioned brands, surprising and lively brands, intelligent and serious brands, glamorous and romantic brands as well as athletic and tough brands.

Solomon (2009) claims that products, which create and communicate distinctive brand personalities, are likely to stand out from their competitors and inspire years or loyalty. On the other hand, thebrand builder should keep in mind that personality analysis also identifies the brand's weaknesses.Successful new brands have consistently shown higher rankings for Differentiation than the other three Pillars.

As (Young and Rubicam, 2001), differentiation doesn't lose its importance. It remains crucial, even as a brand's performance on the other Pillars grows and remains strong, and even as a brand achieves market leadership. Yet, as brands mature, BAV® finds that differentiation often declines. A low or declining level of differentiation is a clear warning—often the first warning that a brand is fading. Changes in differentiation appear well before any weakness appears in a brand's business results or other more traditional research. Declining differentiation is a sure sign that weakness is coming. This doesn't have to happen to all brands that achieve longevity. Even after reaching maturity, a brand can perpetuate its differentiation.

2.2.2. Relevance

The second step in brand development is Relevance. If a brand is not relevant, or personally appropriate to consumers, it is not going to attract or retain them. Again, the progression within the Pillars mirrors human relationships (Young & Rubicam, 2000). According to Sigind T, (2018) while buying a product, consumers take different factors into consideration such as customer services, quality, price, and brand. The significance of product's brand's role in this process is defined as brand relevance. Sigind T, (2018). According to (Fischer, Volckner& Sattler, 2010). Having accurate knowledge about brand functions that are the antecedents of brand relevance and knowing the power of these functions help decision makers. Thus, it is possible to determine the brand functions that are effective through brand relevance in the purchasing process and the level of these effects. Upon this knowledge, marketing managers are able to direct the marketing communication tools towards the related function. (Fischer et al., 2010)

The concept of brand relevance is reflected in different definitions in the literature. According to Aaker (2011), in the purchasing process customers firstly decide the product/sub-product class, and then evaluate the brands that they recall in the product/sub-product class. In addition Aaker (2011) stated that, in order to be able to say that a specific brand is relevant, a customer should choose the product/sub-product groups in which that brand functions and the brand should be one of the brands that is recalled by that customer. According to another approach by (Keller, 2000), if a brand can reflect identities and personalities of customers, that brand is relevant. In addition brand becomes more relevant when its role increases, and this roles are its functions (Fischer et al., 2010).

Brand functions are the antecedents of brand relevance, and consumer demands have determinant roles in the formation of brand functions (Fischer et al., 2010). Keller (2003) explains that, consumer demands are separated into three as functional, experiential and symbolic. Functional demands are generally intuitive requirements of consumers. Experiential demands include sensory, pleasure and cognitive stimulation. Symbolic demands are self-expression and social acceptance requirements.

Mittal, Ratchford and Prabhakar (1990) combined experiential and symbolic demands and analyzed them under the dimension of expressive and categorized consumer demands in two classes as expressive and functional. According to this definition, functional demands involve factors that are necessary in order to live in harmony with physical environment.

On the other hand, expressive demands contain consumer needs in terms of self-expression and social interaction. Brand functions are the factors that enable consumers meet their demands (Guo, Wei Hao& Shang, 2011). Antecedentsof brand relevance, the importance attributed to a brand in the purchasing process, are brand functions used for meeting the demands of customers in terms of the brand (Backhaus et al., 2011).

There are various studies about defining brand functions or about classification of them in the literature. Ambler (1997) made a detailed analysis by taking indirect effects of brand functions into consideration. According to this analysis, brand functions are divided into three as: Economic, psychological and beneficial. Economic functions mean `getting one’s money’s worth`. Psychological functions are the contributions of a brand in terms of psychological wellbeing of a customer while beneficial function is based on the quality of a product that is promised by its brand. In addition according to Amber, (1997) brands can fulfill some of these functions in different periods for different consumers; but it may be impossible to ensure all these functions by one brand under all circumstances. According to another viewpoint, brand functions are perceived as guarantee, self-identity, social-identity and status and these factors positively support behavioral loyalty dimensions (Rio, Vasquez & Iglesias, 2001).

Kapferer and Lauren, (2016) list brand functions under 6 articles: Simplification is used for enabling consumer define purchasing process easily and spend less time. Guarantee aims at directing towards familiar brands because of perceived risk and cognitive insufficiency. Originality stands for the process of perceiving specific brands with some specific features. Personalization ensures customers reflect personality through the brand and gives a sense of social relation. Affective component stands for the excitement and joy ofconsumers. Finally, the function of distinguishing includes the meaning of product quality of a brand, which distinguishes a brand from the others (Guo et al., 2011).

By way of (Yong and Rubicam 2000), Differentiation can lead to a fling, but without a belief that another person has a relevant connection to one's own life, a person won't engage in a serious relationship. Successful new brands – on a growth trajectory – tend to show higher Differentiation than Relevance. This indicates that consumers perceive the brands as distinctive, with room for the brands to become even more relevant to their ways of life. Intuitively, Relevance would seem to come first in a brand's progression. If it's not relevant, why would consumers bother with it in the first place? However, BAV® shows that Differentiation is what catches the eye – if a brand doesn't stand out, you can't judge its Relevance. Without Differentiation, a brand just gets lost in the crowd. But once Differentiation has been achieved, Relevance is the source of a brand's staying in power. The lack of Relevance is the reason so many fads come and go.

2.2.3. Esteem

The third key measure identified by Brand Asset Valuator® is Esteem, the extent to which consumers like a brand and hold it in high regard. Apart from Brand Asset Valuator Aaker (1991) explained the extent to which consumers like a brand as a brand loyalty. Brand loyalty reflects the commitment of a consumer to keep buying the brand when the brand either made changes to its price or product attributes. Esteem relates to how well a brand fulfills its implied or overtly stated consumer promise. It doesn't occur without Differentiation and Relevance having preceded it, but it can outlive those Pillars by many years. Brands that show high Esteem even after losing ground on Differentiation and Relevance, tend to be older brands that have grown stagnant in their development.

According to (Young and Rubicam, 2001) Esteem is influenced by two factors: perceptions of Quality and Popularity. According to D. 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. As expected, Quality has a strong relationship with Esteem. But, when Popularity is added in, the relationship becomes even stronger (Young and Rubicam, 2001). In a sense, Quality can be thought of as representing one's own experience with the brand, and Popularity as representing how you think others experience the brand. According to Aaker (1991), consumers often buy products that have famous brand because they feel more comfortable with things that are already known. Moreover, Vincent (2012) evaluates the success of some world-famous brands and states that one of the major factor is consumer's attachment with the brand. Vincent (2012) claims, that when consumers become attached to brands their behavior changes, on the other hand brand attachment measures how much consumers view the brand as an extension of themselves. Vincent (2012) differentiates brand attitudes and brand attachment; brand attitudes measures how much people like some specific brand, when brand attachment weights on brand esteem, how much people say that the brand is like them. That is to say, brand attachment deals with consumers identifying with a brand because it expresses their values as well as resembles in a way they see themselves.

The power of brand attachment is significant, and Vincent (2012) claims that when consumers are truly attached to a brand, they are willing to make compromises in their other consumer and buying behavior in order to keep that specific brand in their life.

The assumption that the well-known brand is more reliable, always available and easy to find, and has a quality that no doubt, make a familiar brand is more potential to be chosen by consumers than a brand that is not familiar.

2.2.4. Knowledge

If a brand has established its Relevant Differentiation and consumers come to hold it in high Esteem, brand Knowledge will follow. Brand knowledge as Young and Rubicam (2000) is that, "how familiar and intimate consumers are with the brand". Keller (2003) states that brand knowledge consists of mutually related information to a brand, such as awareness, attributes, benefits, images, thoughts, feelings attitudes and experiences. All these information characteristics of brand knowledge become integrated in constant interaction with customers that brings out forth the real understanding of the product or service.

A review of branding research suggests that brand knowledge, which ultimately leads to consumer-based brand equity, is comprised of two basic components – brand awareness and brand associations.

Brand Awareness

Literature defines brand awareness as “the ability of a potential buyer to recognize or recall that a brand is a member of certain product category” (Aaker, 1991). According to (Aaker, 1991), Brand awareness typically consists of different levels, based on the different ways consumers remember a brand. Brand recognition, is the lowest level of awareness, it reflects familiarity gained from consumers’ past exposure to the brand when given the brand cue (an aided recall task). For example, consumers might be asked “Have you ever heard of this brand before?”. The next level of awareness is brand recall. Brand recall reflects “the ability of consumers to retrieve the brand when given a product category, the needs fulfilled by that category or some other type of probe as a cue” (Keller, 1993).

Unlike brand recognition, brand recall reflects brand awareness without actually mentioning the brand name (an unaided recall task).The third level of awareness is Top of mind, and is the first-named brand in an unaided recall task (Aaker, 1991). After asking consumers to list brands in a certain product class (an unaided recall task), the brand first mentioned suggests that it holds special place in the consumers’ mind. The ultimate awareness level is brand dominance where, in a recall task, most consumers can only provide the name of a single brand.

Alternative methods of assessing brand awareness levels may include brand knowledge tests (which attempt to uncover what the brand stands for in the consumer’s mind) and brand opinion tests (which try to see what kind of opinion, if any, the consumer has about the brand) (Aaker 1996; de Chernatony and McDonald 1998). These are used conjunction with recall tasks, based on researcher preferences.

Brand associations

Brand associations play a vital role in creating brand knowledge, and ultimately brand equity, and are widely assumed to be the driving force of a brand’s strength (Biel 1992; Feldwick 1996). Almost every conceptualization of brand equity addresses brand associations, albeit under a variety of titles, including brand identity (Aaker and Joachimsthaler 2000), brand image (Aaker 1991; Biel 1992; Keller 1993), brand magic (Biel 1997), brand attributes (de Chernatony and McDonald 1998; Park and Srinivasan 1994), brand description (Feldwick 1996), and brand meaning (Berry

2000; Blackston 1992). No matter what name used, brand associations play a critical role in creating and managing brand equity.

Brand associations are anything “linked” in memory to a brand (Aaker 1991, p. 109), and a set of these associations creates the brand’s identity (Aaker and Joachimsthaler 2000). They, as important informational nodes linked to a brand node in memory, contain the meaning of the brand for consumers (Keller 1993). Brand literature suggests numerous ways to describe these associations.

Many researchers look at the brand associations and identify those that are related to the product in some way (Aaker 1996; Aaker and Joachimsthaler 2000; Biel 1997; Keller 1993; Lassar, Mittal and Sharma 1995; Park and Srinivasan 1994). These associations, often called attributes (Keller 1993), brand-as-product associations (Aaker 1996; Aaker and Joachimsthaler 2000), or physique associations (Biel 1997), include descriptive features that influence what a consumer thinks about a product and what is involved with its purchase or consumption (Keller 1993). Literature also looks at brand associations in terms of benefits (Aaker and Jachimsthaler 2000; Ambler 1997; Keller 1993).

Benefits address those associations that create personal value for consumers and represent what the product can do for them. More specifically, literature discusses benefits in terms of three basic categories – functional, experiential and self-expressive. Functional benefits include those associations that address the performance of the product itself. Experiential benefits, also referred as emotional benefits (Aaker and Jachimsthaler 2000; Keller 1993), include associations that suggest the ability of the brand to make the buyer or user of a brand feel something during the purchase process or use experience. Self-expressive benefits include those associations that indicate how a consumer wishes to be seen as a result of using a brand. Keller (1993) refers to these self-expressive benefits as symbolic benefits, and Biel (1998) uses the term reflection. Another basic grouping for brand associations involves those associations that address the organization that lies behind the brand (Aaker 1996; de Chernatony 1999; Free 1999; Keller 1993). This includes associations with people, the values, and the corporate culture of an organization. These types of associations create a reputation for an organization, such as being innovative, trustworthy, socially responsible, and likeable or an expert (Keller 1993).

Finally, Keller (2003) states that brand knowledge consists of mutually related information to a brand, such as awareness, attributes, benefits, images, thoughts, feelings attitudes and experiences.

All these information characteristics of brand knowledge become integrated in constant interaction with customers that brings out forth the real understanding of the product or service. Young and Rubicam,also suggested that, High Knowledge means consumers understand and have internalized what the brand stands for. High Knowledge cannot be attained only by higher levels of media support spending. It has to be achieved, and it generally takes time. Knowledge is the end result of all of the marketing and communications efforts and experiences consumers have had with a brand.

2.3. Customer Retention

Customer retention is a pivot in creating relationships that leads to customer loyalty, in view of these many researchers has dealt deep into construct of customer retentions. Customer retention is important to most companies because the cost of acquiring a new customer is far greater than the cost of maintaining a relationship with current customer (James, 2012).

According to Eriksson and Vaghult (2000) customer retention is central to the development of business relationships, and these relationships depend on satisfaction. Gets and Thomas (2001) defined customer retention as customer purchasing a product or services in again and again over an extended period of the time. Pyne, (2000) stated that the customer retention explains the percentage rate at the start of the time period and the customer who still remain customer in the end of the time period. According to Kottler (2000) customer retention is very important because it has a bearing on costs and profitability over time. Ro King (2005) also explained that customer retention involves steps taken by organization in order to reduce customer defection and successful customer retention starts with the first contact with a customer and continues throughout the entire lifetime of a relationship.

Customer retention is the activity a company undertakes to prevent customers from defecting to alternative companies. Successful customer retention starts with the first contact and continues throughout the entire lifetime of the relationship. Customer retention has many benefits such as; increased revenue, lower customer acquisition costs and increased referrals (Murph 2002).

Khan, (200) identified four criteria which act as customer retention: price (charges), customer satisfaction, service quality and brand image as constructs. Customer loyalty is the mind-set that persuades a customer either to revisit a company, shop or outlet to purchase a particular product, service or brand (Jessy John, 2010) there again. All loyal customers build businesses by buying more, paying premium prices, and providing new referrals through positive word of mouth over time (Ganesh *et al*., 2000). Customer loyalty is closely relates to the company's continued survival, and to a brawny future growth. Hence, for a company to maintain a stable profit level in a fierce competitive market striving to retain existing customers is more important than an aggressive one, which expands the size of the overall market by inducing potential customers (Ahmad &Buttle, 2002).

2.3.1. Customer Retention and Loyalty

Bateson and Hoffman (2002) define customer retention as; focusing a firm's marketing efforts towards the existing customer base. This explains the view for maintaining existing customers satisfied so as to create and maintain long-term relationships instead of trying to acquire new customers. Lovelock et al (1999) describes loyalty in business context as; the willingness of a customer to continue patronizing a firm's goods and services over a long period of time on a repeated and preferably exclusive basis and voluntarily recommending the firm's products to friends and associates. In their view, customers will continue to be loyal to a particular firm, if they feel and realize that better value is being offered. Many organizations overspend on courting new customers and under-spend on retaining existing customers (Kotler, 2003).

Many advertising campaigns and strategies are designed with new clients in mind as opposed to existing customers. Some organizations have formal incentives and even entire departments dedicated to identifying and developing what has become known as "new business," while no one seems to be responsible for retaining existing customers who, once acquired, may be neglected. In reality, 80 percent or more of marketing budgets are often earmarked for attracting new customers, leaving only 20 percent allocated to retaining existing customers (Weinstein, 2002) – despite the wide array of practices available to retain customers (Claycomb and Martin, 2002). While it is critical for a business to replace lost customers and discover expanding markets, this objective can be pursued without necessarily sacrificing the goals of maintaining relationships and retaining existing customers.

In her paper discussing customer switching behavior, Keaveney (1995) found that service-related problems such as inconvenience, core service failures, failed service encounters, and response to failed service accounted for more than two thirds (67.8 percent) of the reasons why customers switch service providers. Contrary to popular belief, pricing was related to only 17.1 percent of switching behavior. Once, marketers realize that many customers leave primarily due to service-related reasons, these issues become highly controllable from the firm's perspective (Weinstein, 2002).

Kotler (2000) state, the critical factor for attaining customer loyalty is customer satisfaction because a customer who is highly satisfied will exhibit the following characteristics:

1. Stay loyal longer
2. Buys more as the company introduces new products and upgrading ones
3. Talks favorably about the company and its products
4. Pay less attention to competing brands and advertizing, and is less sensitive to price
5. Cost less to serve than new customers because transactions are routine.

Bateson and Hoffman (2002) noted that firms must put in place effective tactics for retaining customers and subsequently making them loyal. They mentioned tactics such as maintenance of proper perspective, remembering customers between calls, building trusting relationships, monitoring the service delivery process, responding swiftly to customers in need and provision of discretionary effort.

2.3.2. Customer Retention Strategies

Customer retention is about keeping the customers that a firm has spent money to acquire .They also involve building barriers so that the customers do not switch .This can be done through cross selling, cross promotions and loyalty programs. A firm must develop programs within itself that will increase customer loyalty and reduce the turnover of the customers .This is largely constituted in customer retention strategies that include on boarding strategies in customer retention and win back strategies in customer retention. Jill and Lowenstein, (2007) commented, "And why is there so much emphasis on retention? Because retained customers are loyal, which means they spend more with you and advocate your brand. Growing loyalty among the right customers means increased profitability for your business. This means that a business has a lot to gain from retained customers. They further note that the cost that the payoff pay-off from investing in customer retention compared to the payoff from investing in traditional marketing is huge.

According to Mintzberg (1998), the concept of strategy has the 5p's.They include the plan, pattern, position and perspective. As a plan it is consciously intended as a course of action. When customer retention is a plan it means that an organization will have to formulate ways of keeping the customers with them, this can be by a wide array of products through technology innovation or low costs. As a ploy it is a specific maneuver intended to outwit a competitor. This means that the organization must be able to outwit the competition and shed them off. Customer retention can be a ploy to a commercial bank. In this if they keep their customers then the other banks have no choice than to look for customers out of the banking sector who are unbaked.

According to Buchanan and Gille (1990), Attracting and retaining new customers is a costly affair thus the other banks will have a higher operating cost thus reducing their incomes. They argue that a firm may have a challenge in generating profits if they do not retain their customers.

As a customer gains more value the organization too must gain from the customer and this ensures a long lasting relationship is created .Such a lasting relationship is what any firm should aim to have as it reduces the cost of acquisition. The bank using customer retention as a ploy thus is a powerful strategic tool to keep ahead of business .As a pattern it emerges from a stream of actions. It thus comes up without any intention. As a position it becomes a means of locating an organization in the environment. This is seen in how an organization intends to develop a sustainable competitive advantage. In this case customer retention is a way of being ahead the rest. Thus such a commercial bank will have to find ways that are sustainable to do this. Strategy as a perspective gives an organization an identity. It shows the way an organization perceives the outside world.

2.4. Review of Empirical Studies on the Effect of Customer Based Brand Equity on the Customer Retention

According to the study conducted by Ulla et al. (2012) under the title Consumer-based brand equity and top-of-mind awareness: a cross-country analysis, the study focused on dimensions of consumer-based brand equity, and especially the recall level of brand awareness and to identify any statistically significant differences in brand recall in various product categories and different national contexts. Appling Aaker's (1996) model the result shows that the four dimensions of Brand equity co-vary depending on the cultural context. The three product categories (beverages, computers and cell phones) revealed a relationship between culture and top-of-mind awareness on generalize able level.

Abad (2012) studied Customer Based Brand Equity in the Banking sector of Iran aiming to conceptualize the customer based brand equity in the financial service sector with respect to its effect on perception of brand. After employing Aaker's (1996) CBBE model, they found out that Perceived quality, brand loyalty, brand awareness and brand association are influential criteria of brand equity that enhances perception of brand in financial service sector. Among the four mentioned dimensions, brand association appears to have the most influence on brand equity.

Also Hossien (2012) studied Customer Based Brand Equity in the Chocolate industry of Iran with the intention of identifying which factors are influential in building brand equity and also to measure the relationship among the dimensions of CBBE in the Iranian chocolate industry. After employing Aaker's CBBE model, the researcher found out that the brand equity of chocolate products is directly made up of two dimensions, namely brand loyalty and brand image. These two dimensions have a medium direct impact on brand equity. Other dimensions have a very small and indirect impact on brand equity that in chocolate industry of Iran.

Yoo and Donthu (2001), empirically tested Aaker's four dimensions on Korean and American customers for three product categories (color television, athletic shoes and film for cameras). Their results show that the four dimensions are reliable and valid across both cultures and all the product categories that were tested.

Washburn and Plank (2002), similar to Yoo & Donthu (2001), also empirically tested the four dimensions: brand awareness, brand associations, perceived quality and brand loyalty in the context of co-branded products. Washburn and Plank (2002), also found support for all four dimensions; however, they concluded that further research is necessary for unconditional acceptance of the dimensions. Pappu et al., (2005), also empirically tested the four dimensions conceptualized by Aaker on two product categories, cars and televisions, in Australia. The results of Pappu et al., (2005) also provide evidence for the validity of the four dimensions.

Barwise (1993) and Yoo & Donthu (2001), asserted that among Aaker's five brand equity dimensions, the first four represent customers' evaluations and reactions to the brand that can be readily understood by consumers and hence they have been widely adopted to measure customer-based brand equity in prior researches. A few research works were also conducted using Aaker (1991), brand equity model in the area of customer based brand equity measurement in the Ethiopian context.

Amongst, Wongelawit's (2014), were applied Aaker's (1991) brand equity model , in her study that focused on measuring consumer-based brand equity in the carbonated soft drink sector in the Ethiopian context. She employed Aaker's four brand equity dimensions to measure customer based brand equity of coca cola and concluded that brand association and brand loyalty positively influenced brand equity while perceived quality and brand awareness negatively influenced it.

Beidemariam (2014) also attempted to measure CBBE in the Ethiopian beer industry based on Aaker's established determinants of brand equity model. Like Wngelawit (2014),he used the first four dimensions of Aaker's (1991) brandy equity model but included brand preference as additional dimension of brand equity in determining the magnitude of brand equity in the Ethiopian beer industry. All dimensions were supported except for brand awareness according to the findings of Beidmariam (2014).

Similarly, Bezawit's (2014) adopted Aaker's brand equity model on the CBBE measurement of Ethiopian Airlines and she has came to a conclusion that all brand equity dimensions positively influenced brand equity. Furthermore, Million (2013) and Wasihun (2014) were carried out a research to measure CBBE in the Ethiopian beer industry using Aaker's (1991) brand equity model. Their findings concluded that all dimensions have got support in measuring brand equity.

The research conducted by Watson et al. (2015) investigated the influence of brand image on the buying decision of branded apparel products in Germany. The results found that brand image is able to influence buying decision in a positive direction. Concerning the matters above, the researcher formulated hypotheses that brand image has a positive effect on the consumer's buying decision of MPV cars. Yi Zhang, (2015) reviewed a literature entitled "The Impact of Brand Image on Consumer Behavior" argued that the concept "brand image" has drawn significant attention from academics and practitioners since it was put forward, because it played an important role in marketing activities. Although brand image was recognized as the driving force of brand asset and brand performance, few studies have elaborated on the relationship between brand image and brand equity. Based on the brand image theories, this study reviewed existing studies about the impact of brand image on consumer from perspective of customer equity. It also presented the short comings of current research and pointed out the trends for future study.

Aberra, (2015) conducted a thesis entitled "factors affecting consumers brand preference of dairy products in Addis Ababa outlet shops". The study was done due to the fact to inform how to design and update marketing and branding of dairy products. The study used descriptive analysis method to analyze the quantitative data gathered in the outlets. The researcher concluded the study brand attributes (product price, quality, taste and brand familiarity), advertisement and sales promotion affect consumers brand preference on dairy products in Addis Ababa.

Kassahun, (2014) conducted a study entitled "determinants of beer brand preference the case of Addis Ababa beer market". The major theoretical gap to fill by conducting the study was identifying determinant of beer brand preference, which actually fill the understanding gap on determinants of brand preference, to all breweries in Ethiopia. The study was analyzed through descriptive statistic also factor analysis was used along with exploratory factor analysis and multiple regressions. The study concluded the finding in perception of beer consumer regarding the brand quality is important factor in shaping preference. Also price and normative influence are insignificant predictors of consumer beer brand preference.

Romaniuk and Ehrenberg,(2007)on their study concerning the importance of perceived brand differentiation. The aim of their study was to examine the extent to which brand differentiation affect consumers buying decisions. The researches use comparative research using Y&R BAV model and most of their respondent consumers do not explicitly state that they perceive their brand to be differentiated from other brand. The study takes different soft drinks in UK and different banks in Australia. In both categories only 10% of current customers perceived the brand to be different and unique. However the other brands like Alid supermarket and subway which is a fast food company scours 50% and 67% brand differentiation and uniqueness from their customers. Therefore Romaniuk, Sharp and Ehrenberg, (2007) stated that it is questionable that brand differentiation has significant impact on consumers buying behavior.

Uddin, Lopa, & Oheduzzaman, (2014), conducted a research to uncover factors that could affect the buying behavior of customers living in Khulna city. (Sited in….) Data was collected from 160 respondents via a structured questionnaire which had parameters with five point Likert scale. . To extract the major factors influencing the buying decision of people factor analysis was conducted on the data. Kaiser-Mayer-Olkin (KMO) measure of sampling adequacy was applied to determine the suitability of using factor analysis and KMO score was 0.877 which indicated that data was adequacy for testing. The result of factor analysis showed the major components of Brand relevance according to young and Robicam (2000) 'physical attributes' and "personal appropriateness" has a significant effect on consumers buying decision.

Other study by Grimm (2005), on the impact of components on consumers brand preference observed that utilitarian motives dominate the choice process. The utilitarian benefit, in other word the personal appropriateness of a brand affect the evaluation of brand performance and influence the perceived quality of the brand. If the perceived ease of use and perceived usefulness are great, they can positively influence the customers' attitude and increase the brand equity and influence consumers buying behavior.

According to the research made by Boonlertvanich, (2009) on Consumer Buying and Decision Making Behavior of a Digital Camera in Thailand. The researcher found that consumers are most likely to purchase famous but better quality brands in the market which instead less known brand they also ready to pay higher prices for renowned brand. This is as same as Young and Rubicams brand esteem of a BAV model. Which states brand Esteem as brands popularity and consumers loyalty to the extent which they are willing to pay for a specific brand. As Boonlertvanich (2009) finding, the popularity and the extent of consumers' loyalty has a significant effect on consumers buying behavior of consumers in Thailand. A research made by Fatuma S., Muzamil A. and Muhammad T. (2016) titled, the impact of branding on consumers buying behavior reviled that brand knowledge has a significant and positive effect on consumers buying behavior.

The study by Wasihun (2014), were attempt to measure CBBE in the Ethiopian beer industry using Aaker's (1991) brand equity model and his study has found strong support for perceived quality. Atilgan*et al*. (2005), investigated the causal relationships between the dimensions of brand equity and brand equity itself, and specifically measured the way in which consumers' perceptions of the dimensions of brand equity affected the overall brand equity evaluations. Their study found that brand loyalty is the most influential dimension of brand equity. Bezawit's (2014), also conducted study on the CBBE measurement of Ethiopian airline to investigate the relationships between dimensions of brand equity and overall brand equity and has came to a conclusion that all the brand equity dimensions positively influenced brand equity. However, strong support was found for brand loyalty. Furthermore, Million (2013) and Wasihun (2014) were carried out a research to measure CBBE in the Ethiopian beer industry using Aaker's (1991) brand equity model. Their findings concluded that all dimensions have got support in measuring brand equity.

The study conducted by Salelaw and Amanpreet, (2015) measuring the consumer-based brand equity in the Ethiopian brewery industry. The study adapts an exploratory approach to measure consumer-based brand equity because there is no study conducted in the Ethiopia beer market. Accordingly, the study assumes brand equity dimensions affecting the creation of consumer-based brand equity and inter-relationship among brand equity dimensions. The finding of the study showed causal inter-correlation among consumer-based brand equity dimensions. Likewise the study by Tran, (2016) examined the practicality of a customer-based brand equity model with a case of Heineken in the Vietnamese beer market. The result reveals that perceived quality, brand awareness, brand association and brand loyalty have positive and direct effects on overall brand equity.

2.5. Knowledge Gap

Howard and Sheth (1969), in their seminal work, proposed an expanded "hierarchy of effects" model (Lavidge and Steiner 1961) that begins with Knowledge and moves through attribute beliefs to confidence, attitudes, intention, and purchase. Farley and Ring (1970) tested the model incorporating advertising and couponing as marketing activities. Farley, Howard and Lehmann (1976) proposed a simplified "working system model" which had five key constructs: recall, comprehension (knowledge), confidence, attitude, and intention. What these (and other) models have in common is a hierarchy beginning with awareness and/or knowledge (familiarity) leading through brand associations (cognitions, image) to behavior. The BAV variables follow this general model by including Knowledge as a measure of awareness/familiarity, and Relevance, Esteem, and Differentiation as brand associations. The above theories suggest that these measures should all predict purchase behavior. Consequently the proposed changes in the four pillars of brand equity, i.e. Knowledge, Relevance, Esteem, and Differentiation, will be associated with changes in behavior, i.e. customer acquisition, customer retention, and profit margin per customer. One could argue that Knowledge should operate solely through the other three pillars, i.e. is a necessary condition. However, the high involvement with emotional distortion" model of consumer behavior (cf. Reed and Ewing 2004) posits that consumers faced with highly complex decisions can resort to a direct translation of awareness (Knowledge) to purchase. One might question whyas Stahl et.al, (2011) examined the individual elements of BAV rather than aggregating them to one measure. The reason is that combining the elements into one measure would mask the relative contribution of each. Stahl et.al, (2011) also test whether the BAV pillars mediate the impact of marketing variables as well as whether they add significant explanatory power to them.

From the above result the researcher believed that the previous several significant studies in Ethiopia used the four measures (perceived quality, brand association, brand awareness and brand loyalty) to evaluate customer based brand equity but it affects the result on the limited scope and under the influence of few variables. In addition there are no adequate and conclusive empirical studies carried out in Ethiopia that investigated the link between customers based brand equity and customer retention in the Ethiopia's beer industry. This study by taking as the gap and using the four pillars by Young and Rubicam, (2000) Brand asset Valuator model measures or pillars (Differentiation, Relevance, Esteem and Knowledge) to investigate the effect of customer based brand equity on customer retention of BGI Ethiopia

2.6. Conceptual Framework

The research is being conducted to determine the relationship between the following two variables Customer Based Brand Equity (independent variable) and consumer retention (dependent variable).In order to come with strong and after careful study of literature review, the following conceptual model is formulated (See figure below) to illustrate association of Customer Based Brand Equity with various variables. This study using the four pillars by Young and Rubicam, (2000) Brand asset Valuator model measures or pillars (Differentiation, Relevance, Esteem and Knowledge) to investigate the effect of customer based brand equity on customer retention of BGI Ethiopia. Hence, the following conceptual framework is constructed and has been tested in this study. Retention

Dimensions Customer Based Brand Equity BAV Model

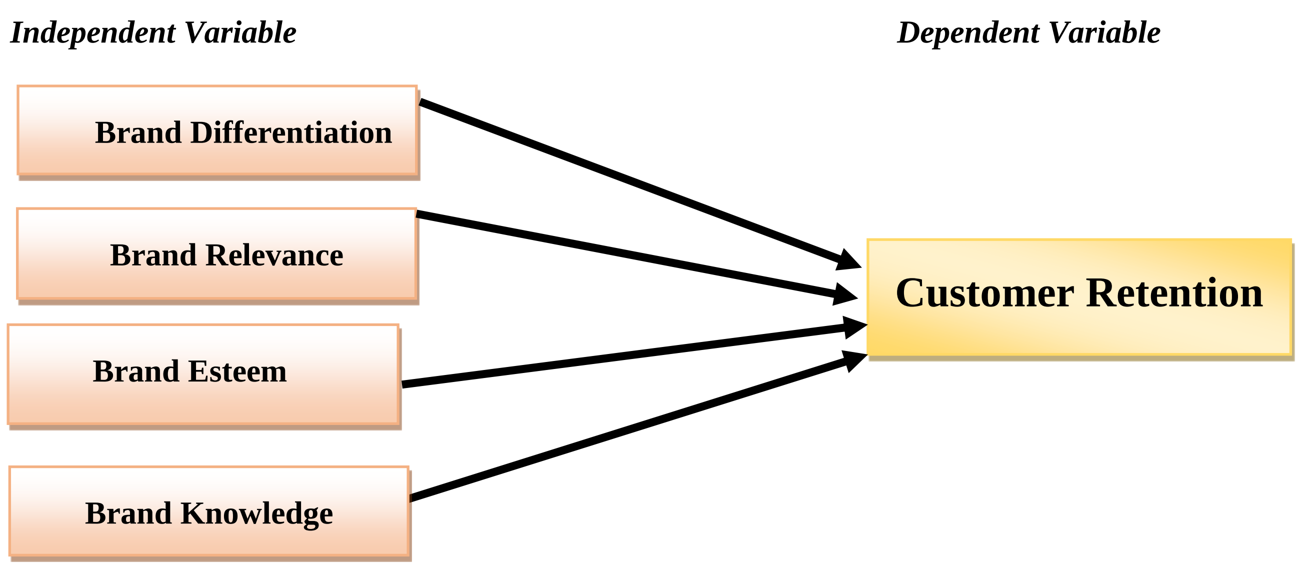


Figure 2.2 Conceptual Framework of Study; Source, Young and Rubicam, (2000)

2.6.1. Research Hypothesis

H1: Brand Differentiation causes a significant positive effect on consumers' retention.

H2: Brand Relevance causes a significant positive effect on consumers’ retention.

H3: Brand Esteem causes a significant positive effect on consumers’ retention.

H4: Brand Knowledge causes a significant positive effect on consumers’ retention.

CHAPTER THREE

RESEARCH METHODOLOGY

This part discusses the methodologies used in this study more specifically research approach, research designs, data type and source of data, research approach, data gathering technique and instruments, sampling and sampling techniques and data analysis techniques along with an appropriate justification associated with each approach.

3.1. Research Approach

There are three different research approaches defined by Saunders et al. (2016). These are deductive, inductive and abdicative approaches. For this study, deduction research approach was used. In the deduction research approach the variable, or causal, relationship between two concepts tested. In addition, facts are measured through quantitative methods, where large and sufficient sample sizes are selected to allow for generalizations (Saunders, 2016). Accordingly the study has used the six steps involved in deduction research that is identified Blaikie (2009):

- The deduction of measurable variables by using available literature or by identifying the circumstances, which contribute to the creation of the theory.

- An examination of the propositions and the logic of opinions that formed them compared with current theories to determine whether they can generate the further understanding of an issue.
- The collection of data to measure the variables or concepts and to analyze them.
- If the outcome from the analysis is not reliable, then the test fails. Therefore, the theory is rejected or must be modified.
- If the outcome from the analysis is reliable, then the theory is validated.

3.2. Research Design

This study aims at understanding the relationship between the independent and dependent variables, which are respectively customer based brand equity and customer retention. As the study tried to establish the relationship between these two variables, it is explanatory design. In order to attain the objectives of the study descriptive research design will be used. Descriptive research is characterized by the prior formulation of specific research questions and hypotheses. Thus, the information needed is clearly defined. As a result, descriptive research is pre-planned and structured. It is typically based on large representative samples. A descriptive research design specifies the methods for selecting the sources of information and for collecting data from those sources. This study was also employed an explanatory research design. Explanatory research design was used to establish and study the relationship between two variables or concepts; therefore, it is used to test a theory. These variables are measured numerically, and the results are analyzed numerically through statistics or graphs. Researchers who adapt this method usually tend to be more deductive in their research approach and tend to follow the positivism epistemological position, where highly structured data collection techniques are used (Creswell, 2014; Saunders, 2016).

3.2. Data Type and Source of Data

Both primary and secondary sources of data collection were employed in the study. Well designed and structured questionnaire was utilized. This was completed by customers of BGL Ethiopia. Secondary data obtained from annual report was used to provide additional information where appropriate. Besides, variety of unpublished government documents, reports and newsletters will be reviewed to make the study fruitful.

3.3. Population, Sample Size and Sampling Technique

According to Hair *et al.* (2010), target population is said to be a specified group of people or object for which questions can be asked or observed made to develop required data structures and information. Accordingly, the target populations were customers of the company from the five territories of BGI Ethiopia in Addis Ababa. However, there is lack of knowledge about the total number of customer of BGI Ethiopia that constitutes the population of the study. The researcher has used probability sampling approach particularly stratified sampling technique to select the five territories as the strata.

For populations that are large, Cochran (1963:75) developed the equation yields a representative sample for proportions. Which is valid where n_0 is the sample size, Z is the abscissa of the normal curve that cuts off an area α at the tails (1 – α) equals the desired confidence level, e.g., 95%) e is the desired level of precision, p is the estimated proportion of an attribute that is present in the population and q is 1-p. The value for Z is found in statistical tables which contain the area under the normal curve e.g. Z = 1.96 for 95 % level of confidence.

$$n_0 = \frac{Z^2 pq}{e^2}$$

Accordingly, the study was used the recommendation of (Yamanie, 1967) and formula by Cochran (1963) will determine the sample size as follow. Taking 95% confidence level Z tried to be 1.96 precision of $\pm$6 and assuming p=0.5 and q is 0.5 putting the figures in the equation the sample size was determined 384.

Accordingly, 384 respondent consumers of BGI Ethiopia from the five territories in Addis Ababa were taken as the representative sample size in order to have sufficient and reliable data. In order to select the sample size of the study was used non-probability sampling approach particularly convenient sampling technique.

3.4. Data Gathering Technique and Instruments

The primary data was gathered particularly using survey questionnaire. A questionnaire, whether it is called a schedule form or measuring instrument, is a formalized set of questions for obtaining information from respondents. Measurements of customer based brand equity and customer retention context was adopted and modified from the previous studies, and a five-point Likert scale ranging from 1=Strongly Disagree to 5=Strongly Agree were used. Further, the questionnaires will be developed in English and translated to Amharic language. In addition the questions were divided into three sections. The first section was developed to measure demographics, including gender, age, income and occupation. The second section was developed customer based brand equity measuring particular dimensions (differentiation, relevance, knowledge and esteem). Each indicator represented a subscale score, that is, the average score of items designed to measure a particular dimension (differentiation, relevance, knowledge and esteem) of brand. The third section was incorporated the measure customer retention.

3.5. Method of Data Analysis

Both descriptive and inferential statistics (multiple linear regression and Pearson correlation) were used to analyze and interpret the findings. Quantitative data were processed via SPSS Version 20. Demographic variables of the respondents were interpreted using descriptive statistics whereas inferential statistics has been used to find out the relationship between customer-based brand equity dimensions and customer retention using correlation analysis. The study adopted multiple linear regression and Pearson correlation analysis to establish the relationship between variables of interest. Specifically, multiple linear regression analysis was used to determine the joint relationship between independent and dependent variables.

3.6. Validity and Reliability

The ultimate goal of any research study is to obtain high-quality, trusted, valid and reliable results (Yilmaz, 2013). Therefore, researchers should ensure that the adopted research methodology meets the defined standards and criteria. Common criteria was used to achieve these standards in research methodology are validity and reliability.

Yilmaz (2013) and Denscombe (2014) described the term 'validity' as the appropriateness and accuracy of collected data. Yilmaz (2013) defined reliability as 'consistency or the degree to which a research instrument measures a given variable consistently every time it is used under the same condition'. Accordingly, to maximize the quality of the research, Yin (2014) suggested four tests for validity and reliability that are commonly used in social research regardless of the data collection technique. The tests include:

- Construct validity
- Internal validity
- External validity
- Reliability

3.6.1 Construct validity

Construct validity is referred to as the establishment of the correct operational measures for the research topic under study (Yin, 2014). Yilmaz, (2013) stated that this type of validation is largely based on testing proper instruments during the data collection phase. This ensures that the most accurate and rich information is collected after a rigorous review of previous documents, an academic literature review and the conducted interviews; however, accuracy can be achieved through a focused use of different techniques/tactics, which include referring to multiple sources of evidence and establishing a chain of selections. The establishment of a rich chain can help immensely in producing a complete draft of evidence for further validity evaluations. For this research, construct validity was achieved through the triangulation of research techniques using different sources of evidence.

3.6.2 Internal Validity

This criterion refers to the appropriateness of the data analysis techniques utilized to analyze the collected data. It is therefore important that the theoretical propositions are linked with the data accurately in addition to the appropriate application of the analytical strategies. For this research, to increase the internal validity, a careful and comprehensive review of the literature related to the topic of choosing a research design to enable the selection of an accurate data analysis technique was conducted, and the analysis steps was also followed precisely. In addition, by fulfilling all research objectives, internal validity has been achieved.

3.6.3 External validity

External validity refers to the degree to which the research findings can be generalized or stratified in other research studies. For quantitative research, the generalization of results is applicable, as generalization can only occur for theoretical propositions. The findings of this study will be generalized or transferred to a context similar to Ethiopian context. Therefore, as this study will be involves the study of customer retention and customer based brand equity within the beer customers of BGI Ethiopia from five territories in Addis Ababa, the findings of this study was generalized to other regional territories within the same country which are prone to the same product usage.

3.6.4 Reliability

Reliability means that the process (such as data collection procedures) of the study can be repeated to obtain the same results (Yin, 2014). For this research, reliability has been achieved by selecting and following an appropriate research methodology model to ensure that the aim and objectives were fulfilled. In addition, to ensure further reliability, all participants were provided with an overview of the research background to ensure all questions were understood in the same way.

The measurement scales of this study adopted from Khan, (2009) that was designed to operational the Young and Rubicam's BAV™ as a consumer-based brand equity measure. In order to measure the consistency of the questionnaire and the overall reliability of constructs that it is measuring, the reliability test has been carried out based on Cronbach's Alpha coefficient. Cronbach's Alpha can be interpreted like a correlation coefficient. Its coefficient range lay on the value from 0 to 1. A reliability coefficient (alpha) higher than or equal to 0.7 is considered as acceptable. That means the targeted questions raised in the questionnaires are capable to meet the objective of the study.

3.7. Ethical Consideration

The respondents were never mention about their ethnicity, political and religious view points and their private concerns. Because these whole things are their personal backgrounds that they were not want to explode. Confidentiality is the researcher's were concern and duty to keep the respondents safe under psychological discipline.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

This chapter deals with the results and analysis of the findings. The first three sections present the response rate, the reliability analysis and the demographic data of the respondents. The rest three sections deal about the correlation analysis and hypothesis testing, multiple regressions and discussion. Both descriptive and inferential statistics are used to analyze and interpret the findings. The frequency and percentage of the finding are interpreted using descriptive statistics where as inferential statistics are used to predict the relationship between the customer retention and the various independent variables of customer based brand equity such as, differentiation, relevance, esteem and knowledge.

The study has adopted multiple linear regression and Pearson correlation analysis to establish the relationship between variables of interest. Specifically, multiple linear regression analysis is used to determine the joint relationship between independent and dependent variables.

4.1. Response Rate

Out of the 384 questionnaires distributed to the respondent consumers of BGI Ethiopia from the five territories in Addis Ababa, 381 copies were completed and returned making a response percent of 99.23. This rate concurs with Mugenda and Mugenda (2003) who explains that for hypothesis a response rate of half is palatable for examination and reporting, 60% is extraordinary and a response rate of 70% and over is awesome, thus 99.23% was surprising for an examination. This high response rate can be credited to the data gathering systems, where the researcher pre-told the potential individuals and associated the drop and pick technique where the surveys were picked at a later date to allow the respondents enough time to fill the reviews.

4.2. Reliability Analysis

Cronbach's alpha, α (or coefficient alpha), developed by Lee Cronbach in 1951, measures reliability, or internal consistency. "Reliability" is how well a test measures what it should. For example, a company might give a customer retention survey to their customers. High reliability means it measures customer retention, while low reliability means it measures something else (or possibly nothing at all).Cronbach's alpha tests to see if multiple-question Likert scale surveys are reliable. These questions measure latent variables hidden or unobservable variables like: a person's conscientiousness, neurosis or openness. These are very difficult to measure in real life. In general, a score of more than 0.7 is usually okay. Coefficient of .90 or greater are nearly always acceptable, .80 or greater is most situations and .70 may be appropriate in some explanatory studies for some induces. By tracing this literature the researcher tested the reliability of the items which were developed for respondents.

Thus, according to reliability statistics, Cronbach's Alpha coefficient of this study is 0.956 which is acceptable. This implies that both function of the covariance's among items and the number of items in the analysis is the mark of a "good" or reliable set of items and the question designed was accurately measuring the variable of interest of the study.

Table 4.1. Reliability Analysis

Variables	Cronbach's Alpha	N of Items
Differentiation	0.796	12
Relevance	0.807	6
Esteem	0.809	9
Knowledge	0.780	7
Consumer Retention	0.885	9

Source; Own Survey, (2021)

On the other hand, to appraise the validity of the instrument, the questionnaire was reviewed, commented upon, modified, and finally approved by the advisor having experience within the research area. The questionnaire was given to the advisor of this research and was approved before distributing to the respondents. Moreover, the researcher addressed construct validity by examining whether or not there exist empirical relationships between the study measure of the underlying concept of interest and other concepts to which it should be theoretically related.

4.3. The Demographic Data of the Respondents

In any given study showing up characteristics of respondents is important as it describes the kind of respondents that have been involved specifically from the gender they belong, education levels and age that collectively stimulate their levels of understanding. The researcher considered the distribution of respondents in terms of their gender was important so as to ensure that all genders are included as respondents.

The study used both genders as a way of minimizing bias in the responses. The researcher comprised education levels of respondents in the analysis with a concept in mind that educational levels of a respondent plays a vibrant role in influencing individual's judgment towards the study objectives through the presented study questions.

The ages of the respondents have been another important aspect that was investigated in this study. The most influential factor for investigating age of the respondents was associated with the fact that it portrays the intention of all age groups.

Table 4.2.Demographic Data of the Respondents

Item	Characteristics	Frequency	Percentage
1. Gender	Male	214	56.06
	Female	167	43.94
	Total	381	100
2. Age	21-30	90	23.5
	31-40	198	52
	40-50	75	19.7
	Above 50	19	4.9
	Total	381	100
3. Educational Background	Grade 10 Complete	28	7.3
	Grade 12 complete	50	13.2
	Diploma	25	6.5
	Degree	271	71.2
	Above Degree	7	1.9

	Total	381	100

Source; Own Survey, (2021)

The general characteristic of the respondents discussed include gender, age and Educational background of respondents. According the result of the study, the majority of the respondents, 56.06 % were male and the rest 43.94% were female. The gender distribution of respondents of the study ensured that both genders are included as respondents and its minimizing partiality in the responses. The ages category that the respondents found indicates that 52% of the respondents' age is between 31 and 40 and the second highest age category is between 21 and 30 which comprises 23.3% of the respondents and 19.7% of them were found on the age range of 41-50 and last 4.9% of them were above 50 years old. This implies that the greater parts of the respondents were sufficiently experienced to give genuine answers concerning the study and it portrays the intention of all age groups.

From the entire respondents the 20.5% of them are Grade 10 and 12 completed and the rest 6.5%, 71.2% and 1.9% of the respondents' were graduated diploma, degree and above degree. This implies that the educational level of the respondents play a vibrant role in influencing individual's judgment towards the study objectives through the ability to answer the presented inquiries effectively.

4.4. Analysis of Descriptive Statistics

The descriptive analysis of this study presents the mean and standard deviation of findings. Respondents felling towards the statements under the dependent variable (consumer buying behavior) and the independent variables (Brand Differentiation, Brand Relevance, Brand Esteem and Brand Knowledge). In this section, the answers of the respondents are present in the form of descriptive table. The tables contain mean and standard deviation of their response. Mean value provides the idea about the central tendency of the values of a variable. Standard deviation is to give the idea about the dispersion of the values of a variable from its mean value.

To determine the minimum and the maximum length of the 5-point Likert type scale, the range is calculated by ($5 - 1 = 4$) then divided by five as it is the greatest value of the scale ($4 \div 5 = 0.80$). Afterwards, number one which is the least value in the scale was added in order to identify the maximum of this cell. The range of the mean values interpreted in the scale of likert when: from1 to 1.80 represents (strongly disagree); from 1.81 until 2.60 represents (do not agree); from 2.61 until 3.40 represents (neutral); from 3:41 until 4:20 represents (agree); from 4:21 until 5:00

represents (strongly agree). The mean indicates to what extent the sample population averagely agrees or does not agree with the different statements. The higher the mean, the more the respondents agree with the statement. The standard deviation on the other hand indicates the variability of an observed response from a single sample.

Table 4.3.Descriptive Statistics

Variables	N	Minimum	Maximum	Mean	Std. Deviation
Differentiation	381	2.25	5.00	3.8025	.58360
Relevance	381	1.50	5.00	3.2682	.89044
Esteem	381	2.11	5.00	3.7929	.69062
Knowledge	381	1.43	5.00	3.7473	.78108
Customer Retention	381	2.05	5.00	3.7561	.65924
Valid N (listwise)	381				

Source; Own Survey, (2021)

As it can be seen the descriptive statistical result the mean scores of the statements of dependent variable customer retention and the various independent variables of customer based brand equity such as, customer retention differentiation, relevance, esteem and knowledge which fall within the range of 3.2 to 3.8. The mean value for the differentiation is 3.802, for relevance is 3.26, for esteem is 3.79, for knowledge is 3.74 and for the customers' retention 3.75. From the results observed that most respondents have neutral attitude towards the statements about the brand esteem. On the other hand the majority of the respondents agree with the statements about the differentiation, relevance, esteem, knowledge and customer retention.

4.5. Inferential Statistics

4.5.1. Correlation Analysis

Pearson's correlation coefficient is the test statistics that measures the statistical relationship, or association, between two continuous variables. It is known as the best method of measuring the association between variables of interest because it is based on the method of covariance. It gives information about the magnitude of the association, or correlation, as well as the direction of the relationship. Accordingly, in this study Pearson correlation test was conducted to check the magnitude of correlation between the dependent variable, customer retention and the various independent variables of customer based brand equity such as, differentiation, relevance, Esteem and Knowledge.

The researcher also used the same test to prove or disprove the alternative hypothesis. The following measure of association developed by Mac Eachron (1982), the degree of correlation: perfect if the value lies between ± 0.80 and ± 1, then it said to be a perfect correlation as one variable increases, the other variable tends to also increase (if positive) or decrease (if negative); high degree if the coefficient value lies between ± 0.60 and ± 0.80, then it is said to be a strong correlation; moderate degree if the value lies between ± 0.40 and ± 0.60, then it is said to be a medium correlation; low degree when the value lies between ± 0.20 and ± 0.40, then it is said to be a weak correlation.

Table-4.4 the measures of associations and descriptive adjectives

Measure of Association	**Descriptive Adjective**
> 0.00 to 0.20 ; < -0.00 to –0.20	Very weak or very low
> 0.20 to 0.40; < -0.20 to –0.40	Weak or low
> 0.40 to 0.60; < -0.40 to –0.60	Moderate
> 0.60 to 0.80; < -0.60 to –0.80	Strong or high
> 0.80 to 1.0; < -0.80 to –1.0	Very strong or very high

Source: This table is from MacEachron, (1982) *Basic Statistics in the Human Services: an Applied Approach*.

Table-4.5. Correlations

		Differ	Relev	Esteem	Know	CustRet
Differ	Pearson Correlation	1	.826**	.858**	.746**	.872**
	Sig. (2-tailed)		.000	.000	.000	.000
	N	381	381	381	381	381
Relev	Pearson Correlation	.826**	1	.832**	.802**	.852**
	Sig. (2-tailed)	.000		.000	.000	.000
	N	381	381	381	381	381
Esteem	Pearson Correlation	.858**	.832**	1	.766**	.846**
	Sig. (2-tailed)	.000	.000		.000	.000
	N	381	381	381	381	381
Know	Pearson Correlation	.746**	.802**	.766**	1	.833**
	Sig. (2-tailed)	.000	.000	.000		.000
	N	381	381	381	381	381
CustRet	Pearson Correlation	.872**	.852**	.846**	.833**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	381	381	381	381	381
**. Correlation is significant at the 0.01 level (2-tailed).						

Source; Own Survey, (2021)

From the above correlation matrix, the researcher found the following results under each constructs, supported with their related empirical evidences:

Correlation between the customer retention and Differentiation

The result of Pearson correlation test between the dependent variable customer retention and the independent variable brand differentiation showed that, there is a positive relationship between the two variables at the significance level of (R=0.872), (P<0.01). This indicates that the magnitudes of relationship between the two variables are strong. Compared to other relationship dimensions considered in this study, Differentiation is ranked first in its magnitude of correlation.

Correlation between the Customer retention and Relevance

Pearson correlation test was conducted to know the degree of association between the dependent variable customer retention and the independent variable brand relevance. Hence, the result of the study showed that, both variables are positively correlated to one another at a significant level of (R=0.852), (P<0.01). This indicates that the magnitudes of relationship between the two variables are strong. From the customer based brand equity constructs observed so far, brand relevance is the second highly correlated variable with customer retention next to differentiation dimension in this study.

Correlation between the customer retention and Esteem

The result of Pearson correlation test between the dependent variable customer retention and the independent variable esteem showed that, there is a statistically significant positive relationship between the two variable at the level of (R=0.846**), (P<0.01). This indicates that the magnitude of relationship between the two variables as strong. From the customer based brand equity constructs observed so far, brand esteem is the third highly correlated variable with customer retention next to relevance dimension in this study.

Correlation between the customer retention and Knowledge

The Pearson correlation result of the study, between the predicted variable of customer retention and the predictor variable of brand knowledge showed that, there is significant positive relationship between the two variables at a statistical level of (R=0.833**), (P<0.01). From the customer based brand equity constructs observed so far, brand knowledge is the fourth highly correlated variable with customer retention next to esteem dimension in this study.

This indicates that the degree of association between these two variables (.i.e. customer retention and knowledge) was strong.

Correlation between the customer retention and customer based brand equity

Under this test, the average sum of all the customer based brand equity constructs discussed so far was to taken into consideration, in order to know the degree of association between all components of customer based brand equity and customer retention. Hence, the result of Pearson correlation test showed that, both variables are correlated at a degree of (R=0.85**), (P<0.01). At this level we could say that, the correlations between the two variables are strong.

Concluding remark on the correlation and hypothesis tested.

The researcher considered four constructs of customer based brand equity, i.e. Differentiation, Relevance, Esteem and Knowledge, to see their degree of correlation with the dependent variable of customer retention. Accordingly, all the components of customer based brand equity are positively associated with customer retention using Pearson correlation test and as a result of this, all hypothesis were also accepted.

4.5.2. Regression Analysis

4.5.2.1. Basic Assumptions

Depending on the number of variables, one can run either simple linear regression with one dependent or one independent variable or otherwise, run multiple regressions to see the linear relationship between one dependent and two or more independent variables. This particular study put in place, linear multiple regressions to study, the impact of customer based brand equity components (i.e. Differentiation, Relevance, Esteem and Knowledge) on the dependent variable customer retention. Hence, to be able to develop the regression line formula, the dependent and the independent variables are denoted as, (X1=Differentiation, X2=Relevance, X3=Esteem and X4=Knowledge) and the dependent variable, Y=customer retention.

Before running a multiple linear regression on the SPSS, the researcher conducted a test of basic assumptions that are required to be fulfilled while conducting multiple regression, which otherwise be impossible to do.

Assumption 1- Independent of residuals

Linear regression analysis requires that there is little or no autocorrelation in the data. Autocorrelation occurs when the residuals are not independent from each other. In other words when the value of y(x+1) is not independent from the value of y(x). For instance, this typically occurs in customer based brand equity variable, where the customer based brand equity is not independent from the previous customer based brand equity. A value of 2.0 means there is no autocorrelation detected in the sample. Values from zero to 2.0 indicate positive autocorrelation and values from 2.0 to 4.0 indicate negative autocorrelation (Chatterjee & Hadi, 2012; Fox, 1997; Weisberg, 2005). Breach of this assumption leads to, biased estimate of standard errors and significance, even if the estimate of the regression coefficient remain unbiased but yet inefficient. (Chatterjee & Hadi, 2012), as cited by, Matt N, Carlos A, and Deson (2013).

The Durbin Watson (DW) statistic is a test for autocorrelation in the residuals from a statistical regression analysis. The Durbin-Watson statistic will always have a value between 0 and 4, a value of 2.0 means that there is no autocorrelation detected in the sample. Values from 0 to less than 2 indicate positive autocorrelation and values from 2 to 4 indicate negative autocorrelation. The table below showed the Durbin-Watson test of this study. .

Table –4.6 Durbin-Watson test result Model

Model Summary[b]										
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.923[a]	.852	.851	.25476	.852	542.148	4	376	.000	1.468
a. Predictors: (Constant), Know, Differ, Relev, Esteem										
b. Dependent Variable: CustRet										

Source; Own Survey, (2021)

The value of the Durbin-Watson statistic ranges from 0 to 4. As a general rule, the residuals are independent (not correlated) if the Durbin-Watson statistic is approximately 2, and an acceptable range is 1.50 - 2.50 (Babatunde, Oguntunde, Ogunmola and Balogun, 2014).

In this case, Durbin-Watson is 1.468, close to 2 and within the acceptable range and hence, we assumed independence of residuals assumption**.**

Autocorrelation, also known as serial correlation, can be a significant problem in analyzing historical data if one does not know to look out for it. A positive autocorrelation would indicate that the customer based brand equity yesterday has a positive correlation on the customer based brand equity today so if the customer based brand equity fell yesterday it is also likely that customer based brand equity falls today. Having the negative autocorrelation, on the other hand, has a negative influence on itself over time so that if customer based brand equity fell yesterday, there is a greater likelihood the customer based brand equity will rise today.

Assumption 2- Multicolinearity

The term multicollinearity describes a perfect or exact relationship between the regression exploratory variables. Multiple linear regression analysis assumes that there is no perfect exact relationship among exploratory variables. In regression analysis, when this assumption is violated, the problem of Multicollinearity occurs.

Multiple linear regressions assume that there is little or no multicollinearity in the data. Multicollinearity occurs when the independent variables are not independent from each other. A second important independence assumption is that the error of the mean is uncorrelated; that is that the standard mean error of the dependent variable is independent from the independent variables.

Multicollinearity is checked against 4 key criteria:

1) Correlation matrix – when computing the matrix of Pearson's Bivariate Correlation among all independent variables the correlation coefficients need to be smaller than .08.

2) Tolerance – the tolerance measures the influence of one independent variable on all other independent variables; the tolerance is calculated with an initial linear regression analysis. Tolerance is defined as $T = 1 – R^2$ for these first step regression analysis. With T

3) Variance Inflation Factor (VIF) – the variance inflation factor of the linear regression is defined as $VIF = 1/T$. Similarly with $VIF > 10$ there is an indication for multicollinearity to be present.

4) Condition Index – the condition index is calculated using a factor analysis on the independent variables. Values of 10-30 indicate a mediocre multicollinearity in the regression variables, values > 30 indicate strong multicollinearity.

If multicollinearity is found in the data one remedy might be centering the data. To center the data you would simply deduct the mean score. This typically helps in cases where multicollinearity sneaked into the model when applying non-linear transformations to correct missing multivariate normality.

Other alternatives to tackle the problem of multicollinearity in multiple linear regression is to conduct a factor analysis before the regression analysis and to rotate the factors to insure independence of the factors in the linear regression analysis.

Table 4.7.multicollinearity

Model	Correlations			Collinearity Statistics	
	Zero-order	Partial	Part	Tolerance	VIF
(Constant)					
Differ	0.872	0.416	0.176	0.221	4.532
Relev	0.852	0.222	0.088	0.218	4.586
Esteem	0.846	0.17	0.066	0.207	4.828
Know	0.833	0.396	0.166	0.322	3.107

a. Dependent Variable: CustRet

Source; Own Survey, (2021)

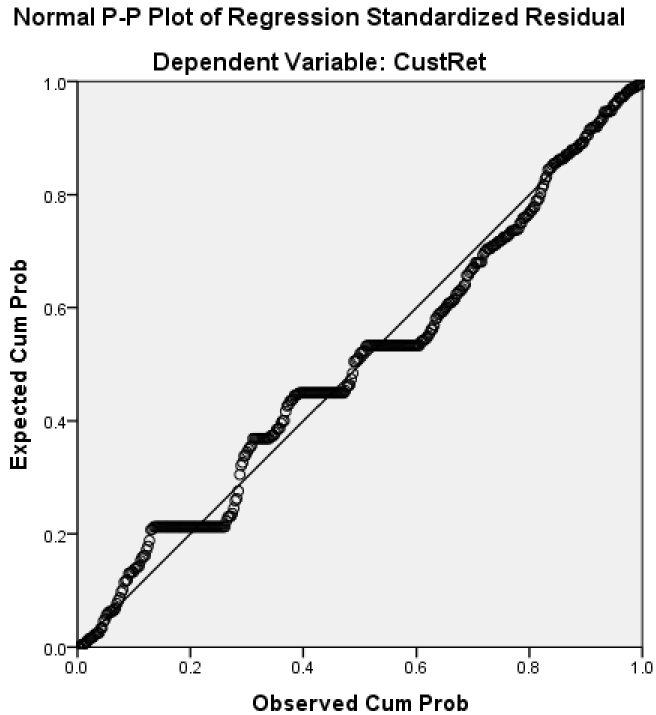
The tolerance values for each of the variables scales ranged from 0.207 to 3.22 which are not less than 0.20; thus, further verifying that the assumption is not violated. This was verified by the VIF values which ranged from 3.107 to 4.828 which are under 10 suggesting that the assumption of no multicollinearity is tenable.

According to (Hair et al., 2006) the pair-wise correlation among the independent variable should not exceed 0.90. As it is portrayed in the above table, the bold values showed the pair-wise correlation result and hence none of them exceeded the tolerable range of 0.90 to the maximum. Armed with this, we can say that multi co linearity was not a problem in this particular study.

Assumption 3 Linearity test

The other assumption in is linearity. Multiple linear regressions need the relationship between the independent and dependent variables to be linear. It is also important to check for outliers since multiple linear regressions sensitive to outlier effects.

Graph 4.1. Linearity test



Source; Own Survey, (2021)

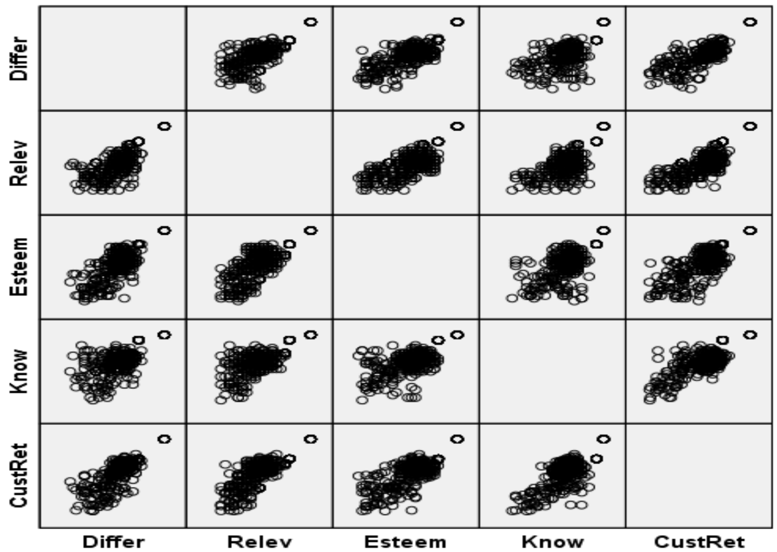
The p-plot of residuals discloses that there is no large deviation in the range of the residuals. As we look from left to right on the figure it looks like almost all residuals lay on the linear straight line. Therefore, this tells us the relationships of independent variable with the dependent variable are linear.

Assumption 4- Homoscedasticity (equal variance)

Heteroscedasticity is a hard word to pronounce, but it doesn't need to be a difficult concept to understand. Put simply, heteroscedasticity (also spelled heteroskedasticity) refers to the circumstance in which the variability of a variable is unequal across the range of values of a second variable that predicts it. The model errors are generally assumed to have an unknown but finite variance that is constant across all levels of the predictor variables. This assumption is also known as the homogeneity of variance assumption (Weisberg, 2005 as cited by, Matt, Carlos and Deson, (2013).

It means simply that, the variance of Y for each value of X is constant in the population. This assumption can be checked by visual examination of a plot of the standardized residuals (the errors) by the regressions standardized predicted value. The following scatter plot was obtained from the average results of the dependent variable customer retention and the independent variables of employee's motivation constructs to see whether homoscedasticity is really a pressing problem of this particular study.

Graph 4.2.Homoscedasticity Variance



Source; Own Survey, (2021)

As it can be seen on the diagram 4.2 the set of data exist on the same scatter, the points have the same distance from the line and the scatter plot roughly rectangular-shaped. This shows that the sample fit with the assumption of equal variances (i.e. assumption of homoscedasticity). This implied that even if the data came from different samples have the same variance.

4.5.2.2. Regression Analysis Results

Once all the assumption was met, the researcher decided on the data and further processed it. Analysis of variance (ANOVA) is a method of splitting the total variation into meaningful components that measure different sources of variation. In other words, we split the total sum of squares into 'between groups (sample) sum of squares' and 'within group (sample) sum of squares'. Analysis of Variance (ANOVA) is a parametric statistical technique used to compare datasets. It is similar in application to techniques such as t-test and z-test, in that it is used to compare means and the relative variance between them. However, analysis of variance (ANOVA) is best applied where more than 2 populations or samples are

Under this part, the researcher was mainly focused on the three most important elements of regression output, i.e. the Model summary, the ANOVA test and the Beta coefficient. The average response obtained from the customer of BGI Ethiopia under the dependent variable, customer retention and each of the predictor variables, differentiation, relevance, esteem and knowledge was used.

Table 4.7.**Model Summary[b]**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.923[a]	.852	.851	.25476	.852	542.148	4	376	.000	1.468
a. Predictors: (Constant), Know, Differ, Relev, Esteem										
b. Dependent Variable: CustRet										

Source; Own Survey, (2021)

The regression model considered customer retention as dependent variable and the customer based brand equity score for the individual dimensions as the independent variables. A multiple regression analysis is conducted to evaluate how well the four dimensions predict customer retention. As it is depicted under the model summary table, the linear combination of the four dimensions is significantly related to customer retention (R^2 =0.852, F=542.148 and P<0.001). This means that, 85.2 percent of the variance of customer retention in the sample can be accounted for by the linear combination of the four construct dimensions of customer based brand equity (i.e. Differentiation, Relevance, Esteem and Knowledge).

Table 4.8. ANOVA

ANOVA[a]						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	140.743	4	35.186	542.148	.000[b]
	Residual	24.403	376	.065		
	Total	165.146	380			
a. Dependent Variable: CustRet						
b. Predictors: (Constant), Know, Differ, Relev, Esteem						

Source; Own Survey, (2021)

ANOVA (Analysis of variance), Used to compare whether the mean of one dependent variable differ significantly across the categories of another independent variables. ANOVA provides, the result of test of significance for R and R^2using an F-statistic. According to Cohen, J (2010), if the result of the test is significant, with P-value below 0.05, then we reject the null hypothesis that

$R^2$is equal to zero and accept the research hypothesis that $R^2$is significantly different from zero and there is a relationship between the independent and dependent variable in the population.

As it is depicted on the ANOVA table above, the P-value of the dependent variable customer retention and the independent variables of customer based brand equity constructs of differentiation, relevance, esteem and knowledge is well below .05($P<0.001$).

Therefore, we concluded that the **R** and **R^2**between the dependent variable customer retention and the independent variables of customer based brand equity constructs are statistically significant (different from zero), based on the opinion collected from customer of BGI Ethiopia.

Table 4.9.– Beta Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	95.0% Confidence Interval for B		Correlations		
		B	Std. Error	Beta			Lower Bound	Upper Bound	Zero-order	Partial	Part
1	(Constant)	.245	.098		2.503	.000	.052	.437			
	Differ	.422	.048	.374	8.860	.000	.329	.516	.872	.416	.176
	Relev	.139	.031	.188	4.418	.000	.077	.201	.852	.222	.088
	Esteem	.139	.042	.146	3.344	.001	.057	.221	.846	.170	.066
	Know	.247	.029	.292	8.359	.000	.189	.305	.833	.396	.166
a. Dependent Variable: CustRet											

Source; Own Survey, (2021)

Under the Beta Coefficient table, the researcher highly emphasized on the values of the standardized Beta coefficient in order to figure out the relative importance of each independent variable, in predicting the dependent variable and on the unstandardized Beta coefficient in order to formulate the linear regression equation.

A. Standardized Beta Coefficient

Standardized beta coefficient is sometimes called relative importance weight. More specifically, RIWs are the proportionate contribution from each predictor to R^2, (i.e. in our case to the $R^2=0.852$), after correcting for the effects of the inter-correlations among predictors (Lorenzo-Seva et al., 2010). This method is recommended when the researcher is examining the relative contribution each predictor variable to the dependent variable Johnson, (2000, and 2004).

From table 4.10 we can infer that, Differentiation is found to be the most important dimension of customer based brand equity construct in BGI Ethiopia in determining the variation in customer retention which accounted for 37.4% of the beta coefficient. The second most important element of customer based brand equity that contributed most, to the positive variation in the dependent variable customer retention is Knowledge, accounted for 29.2% of the beta coefficient, followed by, relevance and esteem, which had equal beta coefficient share of 18.8% and 14.6% respectively.

In the case of BGI Ethiopia, esteem dimension of customer based brand equity contributed least to the variance in the response variable among the others, accounted for only 14.6% and it is statistically insignificant at p-value greater than Alpha,(0.000>0.05).

Note that: This doesn’t mean that esteem dimension has no contribution; rather its contribution was significant.

B. Unstandardized Beta Coefficient

This is sometimes called, the Beta Weights. According to Pedhazur, (1997), a β weight coefficient informs us, as to how much change in the criterion variable (i.e. customer retention in our case) we might expect with a one-unit change in the predictor variables, (i.e. Differentiation, Relevance, Esteem and Knowledge in our case) holding all other predictor variables constant.

The linear multiple regression formula for on dependent variable, customer retention and more than one independent variable of customer based brand equity constructs, Differentiation, Relevance, Esteem and Knowledge, took the form of:

$Y' = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + e$

Where, Y'= the dependent variable customer retention

a = y axis intercept (the constant beta value)

b_1, b_2, b_3, b_4, b_5 =beta weight for each independent variables

X_1, X_2, X_3, X_4, X_5= representing, differentiation, relevance, Esteem and Knowledge respectively.

e = the error term (0.05 in our case)

Taking in to consideration the unstandardized beta value in the table above, the regression equation of this particular study to the nearest decimal was written as:

$Y' = 0.245 + 0.422X_1 + 0.139X_2 + 0.139X_3 + 0.247X_4 + 0.05$

The positive value for the constant intercept should be a cause for concern here. This simply means that, the expected value of the dependent variable customer retention was greater than zero when all independent variables are set to zero.

Findings from the equation

- For every unit increase in the value of brand differentiation in BGI Ethiopia, setting all other predictor variable to zero, the value of response variable customer retention will increase by 42.2%.
- For every unit increase in the value of brand relevance in BGI Ethiopia, setting all other predictor variable to zero, the value of response variable customer retention will increase by 13.9%.
- For every unit increase in the value of brand esteem in BGI Ethiopia, setting all other predictor variable to zero, the value of response variable customer retention will increase by 13.9%.
- For every unit increase in the value of Knowledge in BGI Ethiopia, setting all other predictor variable to zero, the value of response variable customer retention will increase by 24.7%.

Hypothesis Testing

H1: There is a significant positive effect of brand differentiation on customer retention.

Differentiation dimension of customer based brand equity is found to be the most important dimension of customer based brand equity construct in BGI Ethiopia in determining the variation in customer retention which accounted for 37.4% of the beta coefficient and it is statistically insignificant at p-value greater than Alpha,(0.000>0.05).

Based on the result obtained from tests, there is a positive effect of differentiation on the customer retention. Hence, we accept the first alternative hypothesis H1.

H2: There is a significant positive effect of brand relevance on customer retention.

Relevance dimension of customer based brand equity is found to be the third important dimension of customer based brand equity construct in BGI Ethiopia in determining the variation in customer retention which accounted for 18.8% of the beta coefficient and it is statistically insignificant at p-value greater than Alpha,(0.000>0.05).

The result of the study showed that, customer retention and the independent variable relevance has a positive effect on customer retention and hence we accept the second alternative hypothesis H2.

H3: There is significant positive effect of brand esteem on customer retention.

Esteem dimension of customer based brand equity contributed least to the variance in the response variable among the others, accounted for only 14.6% of the beta coefficient and it is statistically insignificant at p-value greater than Alpha,(0.000>0.05).

The researcher beforehand hypothesized that, there is a significant positive effect on customer retention and the predictor esteem. Hence the result of the study confirmed same and we accept the third hypothesis, H3.

H4: There is significant positive effect of knowledge on customer retention.

Knowledge dimension of customer based brand equity is found to be the second most important dimension of customer based brand equity construct in BGI Ethiopia in determining the variation in customer retention which accounted for 29.2% of the beta coefficient and it is statistically insignificant at p-value greater than Alpha,(0.000>0.05).

Based on the positive association result obtained from the tests so far, between the two variables, (i.e. Customer retention and knowledge) the fourth hypothesis was proven to be valid and hence, H4 is accepted.

Based on the test result we obtained in the above table, we concluded that, customer based brand equity has a high influence on the dependent variable of customer retention. Hence we accepted the main hypothesis.

4.7. Discussion

The discussion part is important to give a clearer understanding on the subject under study. The present research was conducted in order to see, the impact of customer based brand equity on customer retention in BGI Ethiopia. The study included four customer based brand equity dimensions such as Differentiation, relevance, Esteem and Knowledge, to see their effect on customer retention.

Increased customer retention is frequently argued to be the single most important driver of organizations' long-term performance.

Customer based brand equity is one of the most important tools in securing a high level of customer retention in today's dynamic and vibrant environment, especially for brewer industry like BGI Ethiopia. Customer based brand equity is an emerging concept that facilitates the organizations to view their customer requirements in a more personalized way. Customer based brand equity usually involves providing more personalized service and providing quality product that exceeds customer expectations at each step.

The present study showed that, customer based brand equity has a significant positive relationship with customer retention at a significance level of R^2=0.85. Thus the finding is in line with the hypothesis number five; (H5) stated in the paper that the customer based brand equity had a high influence on customer retention. Thus the major hypothesis stated is well accepted.

In the present study, the correlation between the dependent variable customer retention and each of the independent variables, together with their relative importance was identified.

Compared to other relationship dimensions considered in this study, Differentiation is ranked first in its magnitude of correlation. Brand relevance is the second highly correlated variable with customer retention next to differentiation dimension in this study. Brand esteem is the third highly correlated variable with customer retention next to relevance dimension in this study and brand knowledge is the third highly correlated variable with customer retention next to esteem dimension in this study. The results of the present study also showed that, brand differentiation is the most important customer based brand equity dimension that contributed significantly towards maintaining customer retention in BGI Ethiopia.

Degree of influence of the customer based brand equity dimensions shows that: for every unit increase in the value of brand differentiation in BGI Ethiopia, setting all other predictor variable to zero, the value of response variable customer retention will increase by 42.2%.For every unit increase in the value of brand relevance in BGI Ethiopia, setting all other predictor variable to zero, the value of response variable customer retention will increase by 13.9%.For every unit increase in the value of brand esteem in BGI Ethiopia, setting all other predictor variable to zero, the value of response variable customer retention will increase by 13.9%.For every unit increase in the value of Knowledge in BGI Ethiopia, setting all other predictor variable to zero, the value of response variable customer retention will increase by 24.7%.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1. Summary

The result of Pearson correlation test between the dependent variable customer retention and the independent variable brand differentiation showed that, there is a positive relationship between the two variables at the significance level of (R=0.872), (P<0.01).

According to the first hypothesis which states there is a significant positive relationship between brand differentiation and customer retention is supported bythe result obtained from Pearson correlation.

Pearson correlation test was conducted to know the degree of association between the dependent variable customer retention and the independent variable brand relevance showed that, both variables are positively correlated to one another at a significant level of (R=0.852), (P<0.01). The second hypothesis developed states; there is a significant positive relationship between brand relevance and customer retention is accepted bythe result obtained from Pearson correlation.

The result of Pearson correlation test between the dependent variable customer retention and the independent variable esteem showed that, there is a statistically significant positive relationship between the two variable at the level of (R=0.846**), (P<0.01). Accordingly the third hypothesis which states there is significant positive relationship between brand esteem and customer retention supported.

The Pearson correlation result of the study, between the predicted variable of customer retention and the predictor variable of brand knowledge showed that, there is significant positive relationship between the two variables at a statistical level of (R=0.833**), (P<0.01). From the result of Pearson correlation test we can infer that, the degree of association between these two variables (.i.e. customer retention and knowledge) was significant positive relationship and the fourth hypothesis was proven to be valid and accepted.

Under this test, the average sum of all the customer based brand equity constructs discussed so far was to taken into consideration, in order to know the degree of association between all components of customer based brand equity and customer retention. Hence, the result of Pearson correlation test showed that, both variables are correlated at a degree of (R=0.85**), (P<0.01).

Based on the Pearson correlation test result we obtained in the above table, we concluded that, customer based brand equity has a high influence on the dependent variable of customer retention. Hence we accepted the main hypothesis which states customer based brand equity has a high influence on customer retention.

The present study showed that, customer based brand equity has a significant positive relationship with customer retention at a significance level of R^2=0.85. Thus the finding is in line with the hypothesis number five stated in the paper that the customer based brand equity had a high influence on customer retention. Thus the major hypothesis stated is well accepted. In the present study, the correlation between the dependent variable customer retention and each of the independent variables, together with their relative importance was identified. Accordingly the P values of the constructs were significant (P< 0.05) and therefore the result supported the initial hypothesis.

5.2. Conclusion

The researcher considered four constructs of customer based brand equity, i.e. Differentiation, Relevance, Esteem and Knowledge, to see their degree of correlation with the dependent variable of customer retention. Accordingly, all the components of customer based brand equity are positively associated with customer retention. The entire research objective for this study was attained; the general objective of this study was to investigate the effect of customer based brand equity on the customer retention in BGI Ethiopia.

The descriptive analysis results showed that the respondents agreed for the statements that demonstrate the study variables and the finding of the study that there is positive relationship among the measures used and support the assumption that customer based brand equity dimensions can enhance customer retention. All the four dimensions of customer based brand equity (Differentiation, Relevance, Esteem and Knowledge) are positively perceived by most respondents.

The correlation result shows that all the selected dimensions of customer based brand equity (Differentiation, Relevance, Esteem and Knowledge) have a significant and positive impact on customer retention. Further regression analysis was also conducted to verify if the independent variables have impact on customer retention and that it is not limited to having correlation. For this reason, the impact of independent variables; differentiation is ranked first in its magnitude of correlation; brand relevance is the second highly correlated variable with customer retention next to differentiation dimension in this study; brand esteem is the third highly correlated variable with customer retention next to relevance dimension in this study; brand knowledge is the third highly correlated variable with customer retention next to esteem dimension in this study.

5.3. Recommendations

Based on the findings of the study and conclusions made, the following points are forwarded as recommendations so that the company can enhance the return it gains from customer based brand equity practices. Based on the findings and the conclusion the following recommendations were forwarded.

- According to the findings of differentiation about the brand, BGI Ethiopia seems to have a good brand by its consumers. The company needs to keep up with its differentiation strategies and maintain its uniqueness. Differentiation doesn’t lose its importance. Even though the brand can’t even continue to create deference on the physical attributes of the brand the company must keep up differentiating the brand by its marketing activities.

- By understanding the effect of brand relevance on consumer retention the company needs to create more association of the brand with consumers. BGI Ethiopia brand management should concentrate their efforts primarily on brand awareness, brand loyalty and brand equity, which if increased will contribute positively to BGI Ethiopia as we found out in the study. As they have several important strategic benefits to the firms, such as gaining high market share and new customers, supporting brand extension, reducing marketing costs, and strengthening to the competitive threats.
- Brand Esteem has shown a high positive relationship with consumer retention for these the company must have to focus on keeping its customers attachment with the brand. BGI Ethiopia brand managers also have to use different sales promotion tools to serve different objectives and trigger different consumer response. Especially when it comes to perceived quality and brand association, BGI Ethiopia sales promotion have to work on emphasizing to reverse the negative relationship that the two brand dimensions shows in this study.
- The management of BGI Ethiopia should consider as the brand matures like BGI Ethiopia, differentiation often declines. A low level of differentiation is a clear warning that a brand is fading. Differentiation is only one of the determinants of a powerful brand. The second is relevance. If a brand is not relevant or personally appropriate to consumers, it is not going to attract and keep them certainly not in any great numbers. The relationship between a brand's relevance and differentiation represents brand strength, which is a strong indicator of future performance. Relevant differentiation, remaining both relevant and differentiated, is the central challenge for BGI Ethiopia products. If a brand has established its relevant differentiation and consumers come to hold it in high esteem, brand knowledge is the outcome and represents the successful culmination of building a brand.
- Knowledge means being aware of the brand and understanding what the brand or service stands for. Brands that show high esteem even after their differentiation and relevance scores decline tend to be older brands that have grown static in their development. As brand strength was found in the relationship between relevance and differentiation, brand stature is discovered in the combination of esteem and knowledge. In this study the esteem rises before knowledge show the opposite relationship, a problem may have been identified.

5.4. Directions for Future Researches

Future researches should apply the study BAV model on a larger population of BGI Ethiopia, other brew companies and other industries to increase its external validity. It is also possible to include additional dimensions of internal marketing, other factors and constructs that can be included in a comprehensive model.

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APPENDICES

APPENDIX I

ST MARY'S UNIVERSITY

SCHOOL OF GRADUATE STUDIES

MASTER OF MARKETING MANAGEMENT PROGRAM

Questionnaire to be distributed for the Customers of *BGI Ethiopia*

Dear Respondents.

This questionnaire is developed for an academic effort planned for the collection of data to conduct a thesis paper on the title **"*Investigating theEffect of Customer Based Brand Equity on Customer Retention in the Case of BGI Ethiopia*"**, in order to fulfill the University's (St Mary's University) requirement set for awarding of a Master of Business Administration. The information obtained from this questionnaire will be kept confidential and will not be used for any other purposes. Hence, I am kindly asking respondents to give your candid information.

NB:

- It is not necessary to write your name
- Try to address all the question given below
- For the closed ended questions use (√) mark for your choice in the given box

Contact Address

If you have any query, please do not hesitate to contact me and I am available as per your convenience at (Mobile:0911239954) Email: girbag92@gmail.com

Thank you for your cooperation!

PART 1: DEMOGRAPHIC INFORMATION

1. Gender

Male ☐ Female ☐

2. Educational Qualification:

Grade 10 completed ☐ Grade 12 completed ☐ Certificate ☐

College diploma ☐ First Degree ☐ Second Degree and above ☐

3. How often do you buy the BGI Ethiopia beer products?						
Within a week	***Everyday*** ☐	***2 times*** ☐	***3 times*** ☐	***4 times*** ☐	***5 times*** ☐	***Once*** ☐
Within a month	***Once*** ☐	***2 times*** ☐	***3 times*** ☐			

PART 2: QUESTIONS DIRECTLY RELATED WITH THE STUDY

2.1. Here under the questions with regard to Brand Defferentiation, Relevance, Esteem, Knowledge and consumers retentiontherefore, you are kindly requested to put "√" "X" mark on the box which represents your degree of agreement. 1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree, 5 = strongly agree,

	Statements	**5**	**4**	**3**	**2**	**1**
Diff-1	I feel that the BGI Ethiopia beers quite unique.					
Diff-2	The BGI Ethiopia beers have unique packaging.					
Diff-3	The BGI Ethiopia beers have exceptional quality.					
Diff-4	The BGI Ethiopia beers offer significant difference in terms of Test and Aroma					
Diff-5	The BGI Ethiopia beers are refreshing and thirst quenching					
Diff-6	The BGI Ethiopia beers have suitable alcohol percentage for me.					
Diff-7	The BGI Ethiopia beers reflect things I am interested in.					
Diff-8	The BGI Ethiopia beers make me feel relaxed.					
Diff-9	I trust the quality of the BGI Ethiopia beers.					
Diff-10	The BGI Ethiopia beers give me social approval.					
Diff-11	The BGI Ethiopia beers provide value for money.					
Diff-12	The BGI Ethiopia beers are bought by the people I admire.					
Rel-1	The BGI Ethiopia beers have suitable alcohol percentage for me.					
Rel-2	The BGI Ethiopia beers reflects things I am interested in.					
Rel-3	The BGI Ethiopia beers make me feel relaxed.					
Rel-4	I trust the quality of the BGI Ethiopia beers have.					
Rel-5	The BGI Ethiopia beers give me social approval.					
Rel-6	The BGI Ethiopia beers provide value for money.					
Est-1	The BGI Ethiopia beers bought by the people I admire.					
Est-2	I really admire the BGI Ethiopia beers greatly.					
Est-3	I really respect and hold the BGI Ethiopia beers in high regard.					
Est-4	I am proud to have others know I use the BGI Ethiopia beers.					
Est-5	I tend to praise and defend the BGI Ethiopia beers.					
Est-6	The BGI Ethiopia beers are sincere with consumers.					
Est-7	The BGI Ethiopia beers are honest with its customers.					
Est-8	The BGI Ethiopia beers express an interest in its customers.					
Est-9	If the BGI Ethiopia beers are available, I would not buy any other beer.					
Kn-1	Can recognize the BGI Ethiopia beers among other beer brands.					
Kn-2	When I think of Beer, the BGI Ethiopia beers always come to my mind first.					
Kn-3	For me, the BGI Ethiopia beers synonymous with beer.					
Kn-4	I know what the BGI Ethiopia beer products all about.					
Kn-5	If asked, I could easily list the values for which the BGI Ethiopia stands for.					
Kn-6	I know the Slogan of the BGI Ethiopia beer products.					
Kn-7	I can easily recall the characteristics of the BGI Ethiopia beer products.					

CRt-1	I will recommend the BGI Ethiopia beer products to my friends and family members					
CRt-2	I am satisfied with the BGI Ethiopia beer products.					
CRt-3	I am confident of giving positive word of mouth to others about the BGI Ethiopia beer products					
CRt-4	The BGI Ethiopia stimulates you to buy repeatedly					
CRt-5	The BGI Ethiopia beer products has an excellent reputation					
CRt-6	The BGI Ethiopia tries to establish long-term relationship with you					
CRt-7	The BGI Ethiopia transmits individualized marketing messages to you					
CRt-8	The BGI Ethiopia provides reward to motivate you, to request and make next purchase					
CRt-9	I am happy with the low charges of the BGI Ethiopia beer products					

Thank You!