

Evaluating Aaker's Brand Equity Scale In Iran's Market place

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Abstract: In Current survey Aaker's Brand Equity model is evaluated in Iran's market environment. Tehran as capital of Iran has chosen as target of cluster sampling. Collected data analyzed with Exploratory Factor Analysis by means of Spss 19 and and confirmatory factor analysis via Lisrel. Aaker's scale has 5 factors and 31 items by default, after data processing, extracted factors has ended to same 5 factors and but 17 items. The rest of the paper is organized as follows: In introduction, a brief review of Brand Equity. Materials and Methods is describes, Aaker's point of view and scale, the methodology of this research and presents the proposed approach besides, the data/population for validating the model is discussed there, and next approach is validated and implemented using real market data. Significant findings are indicated in results and in discussion the results of current survey is compared with two most important similar studies (Aaker's and Keller et al studies). Conclusion summarizes the paper and talks about and future works. Eventually, in appendix the related Table is added.

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Introduction

Much concern has been dedicated recently to the concept of brand equity (Aaker, 2011; Maltz, 1991). A broad consensus exists among scholars and professionals about the importance of brand in the current competition scenario. Brand has increasingly become the primary battleground in determining a firm's success, regardless of its size or industry. The current marketplace is characterized by strong competition, globalization, ongoing technological advances, fast access to new technologies and consumer demand. Brand equity is considered as a very important concept in business practice as well as in academic research because marketers can obtain competitive advantage through successful brands (Lassar, Mittal, & Sharma, 1995). Brand equity has been viewed from variety of perspectives (Srivastava & Shocker, 1991). Expanding the perspective to include multiple product classes and markets can have significant practical value in that it can enhance a firm's capability to manage a portfolio of brands and markets, benchmark against the best, and develop a valid brand equity measurement system (Aaker, 1991a).

This study is opted to follow the model suggested by Aaker (Aaker, 1992) due to its simplicity, comprehensiveness and general acceptance. The current study aims to evaluated Aaker's brand equity model in Iran's Marketplace.

Given the nature of the proposition, this study should be seen as an confirmatory essay, as it

only Entails a literature review of the topics approached, making no use of empirical research.

The paper is structured in two sections. The first part presents the foundations of brand equity from Aaker's point of view. The second part looks at the proposed model, discussing each of its components and their interrelations. Finally, the results of the evaluations are presented.

Material and Methods

Perhaps firm's most valuable asset for improving marketing productivity is the knowledge that has been created about the brand in consumer's minds from firm's investment in previous marketing programs. Specifically, brand equity is conceptualized from the perspective of the individual consumer and conceptual framework is provided of what consumers know about brands and what such knowledge implies for marketing strategies (Keller, 1993).

Different definitions of brand equity have been offered in the literature. Keller (Keller, 1993) proposed a cognitive psychology perspective, describing customer-based brand equity as the differential effect that brand knowledge has on consumer response to the marketing of that brand. Following an information economics view, Erdem and Swait (Erdem & Swait, 1998) discuss that consumer-based brand equity is the value of a brand as a credible signal of a product's position. More generally, brand equity is often cited to as the added value to the firm, the trade, or the consumer with which a brand endows a product (Farquhar & Herr, 1993); or

similarly, as the difference between the value of the branded product to the consumer and the value of the product without that branding (McQueen, 1991). It's also defined in terms of the incremental discounted future cash flows that would result from a product having its brand name in comparison with the proceeds that would accrue if the same product did not have brand name (Simon & Sullivan, 1993). Kotler (Kotler & Keller, 2006) described Customer-based brand equity as the differential effect of brand knowledge on consumer response to the marketing of the brand. Aaker (Aaker, 1991b) defined brand equity as a set of brand assets and liabilities linked to a brand, its name and symbol, that add to or subtract from the value provided by a product or service to a firm and/or to the firms customers. In following section brand equity dimensions from Aaker's point of view is described.

-Different Dimensions of Brand Equity

The five asset dimensions (brand loyalty, brand awareness, perceived quality, brand associations and other proprietary of brand assets) that underlie brand equity are generating brand equity. In figure 1, Aaker's a five assets model of brand equity is presented (Aaker, 1991a). The five assets model implicates that brand equity allots value to the customer, as well as to the firm. The resulting customer value turns to a basis for allotting value to the firm. The implication is that in managing brand equity, it is important to be sensitive as to how value can be generating in order to manage brand equity effectively and to make well defined decisions about brand-building activities (Aaker, 1992). Brand equity creates value to the customer in at least three ways (Aaker, 1992). First, brand equity assets can help a customer clarify process, store and recoup a huge quantity of information about products and brands. Second, the assets can also have impact the customer's confidence in the purchase decision, a customer will usually be more comfortable with the brand that was last used, is mentioned to have high quality, or is familiar. The third way that brand equity assets, particularly distinguish quality and brand associations, allot the customer with value is by increasing the customer's satisfaction when the individual uses the product. Brand equity provides value to the firm in at least six ways (Aaker, 1992). First, brand equity can increase the efficiency and effectiveness of marketing programs. A promotion, for example, that provides an incentive to try a new flavor or new use will be more effective if the brand is familiar and if the promotion does not have to influence a consumer skeptical of brand quality. An advertisement announcing a new feature or model will be more likely to be remembered and stimulate action,

if the potential consumer has a high-quality perception of the brand. Second, brand awareness, perceived quality, and brand associations can strengthen brand loyalty by increasing customer satisfaction and providing reasons to buy the product. Even when these assets are not visibly pivotal to brand choice, they can reassure the customer, reducing the incentive to try other brands. Enhanced brand loyalty is especially important in buying time to respond to competitor innovations. Third, brand equity will usually provide higher margins for products by permitting premium pricing and reducing reliance on promotions. In many contexts, the elements of brand equity serve to support premium pricing or to resist price erosion. In addition, a brand with a disadvantage in brand equity will often have to invest more in promotional activity just to maintain its position in the distribution channel. Fourth, brand equity can provide a platform for growth by brand extensions. Fifth, brand equity can provide leverage in the distribution channel as well. Like customers, channel members have less uncertainty dealing with a proven brand name that has already achieved recognition and has established strong associations. Further, by having a strong brand, companies have the potential to gain efficiencies and synergies by the use of the product's visual impact on the store shelf and in promotion. Finally, brand equity assets provide a firm with a significant advantage: a barrier that may prevent customers from switching to a competitor.

-The Brand Equity Ten,

Aaker (A.Aaker, 1996) grouped ten sets of measures into five categories and they are summarized in Table 1. The first four categories represent customer perceptions of the brand along the four dimensions of brand equity—loyalty, perceived quality, associations, and awareness. The fifth includes two sets of market behavior measures that represent information obtained from market based information rather than directly from customers.

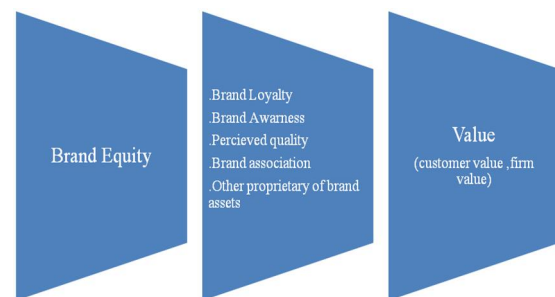


Figure 1. Aaker's five assets model of brand equity (Aaker, 1992).

Table 1 . The Brand Equity Ten

Loyalty Measures
• Price Premium
• Satisfaction/Loyalty
Perceived Quality/ Leadership Measures
• Perceived Quality
• Leadership
Associations/ Differentiation Measures
• Perceived Value
• Brand Personality
• Organizational Associations
Awareness Measures
• Brand Awareness
Market Behavior Measures
• Market Share
• Price and Distribution Indices

Brand Equity was appraised using 31 item inventory statements developed and validated by Aaker (A.Aaker, 1996). Each statement in the scale was followed by a 5 place Likert scale (5=strongly agree, 4=agree, 3= neutral, 2- disagree, 1- strongly disagree). The questionnaire was allocated to 5 sections the Brand Equity measure consisted of subscale of Loyalty, Perceived Quality, Associations, and Awareness and Market Behavior.

In order to reassuring, the internal consistency of measurement instrument accessed via Cronbach's coefficient alpha, as it shows in table 2, the result is near 1 and it is a proof of reliability of measurement instrument.

Table 2. Reliability Statistics

Cronbach's Alpha	N of Items
.929	31

Calculated by authors Spps 19

Using cluster method, a convenience sample of consumers of (354 Individuals) representative of Iran's Capital (Tehran) Iran Khodro's customers was provided and data collecting and data analyzing was conducted in spring/summer of 2012. The questionnaire was originally designed in English and then translated in to Persian (common language of Iranians). Translated questionnaire reviewed Validity of the measurement instrument, was assessed by 12 marketing experts, and reviewed the measurement instrument for validity. The result of computing CVR formula (Content Validity Review) was .62 which according to Lawshe (Lawshe, 1975) declarations, is more than .56 and it's acceptable.

Table 3 Demographic specifications

	Sample (n=354)
Male -Female	43%-67%
Single –Married	39%-61%
Age	24-65

The scale items were chosen originally to reflect loyalty, perceived quality/leadership; association/ differentiation; awareness, and market behavior, factors representing each of these variants of brand equity were anticipated to appear. The 31 items were factor analyzed based on quota sample of 354 Iranian individuals. Exploratory factor analysis (EFA) which is a complex, multi-step process, was applied to evaluate Aaker brand equity model in Iran Market place. EFA, traditionally, has been used to explore the possible underlying factor structure of a set of observed variables without imposing a preconceived structure on the outcome (Child, 2006). By performing EFA, the underlying factor structure is identified (Suhr & Colorado, 2006). The first step when performing a factor analysis is to assess the suitability of the data for factor analysis. This involves inspecting the correlation matrix for coefficients of .3 and above, and calculating the Kaiser-Meyer-Olkin Measure of Sampling Adequacy (KMO) and Bartlett's Test of Sphericity (Ferguson & Cox, 1993). This information can be obtained from SPSS in the same analysis as used for Factor Extraction (Table 5).

Table 4 KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.884
Bartlett's Test of Sphericity	Approx. Chi-Square	4966.165
	df	595
	Sig.	.001

As it obvious in table 4 KMO value is above .6 and the Bartlett's Test of Sphericity is significant and therefore it is concluded the factor analysis is appropriate. The second step involves determining how many underlying factors there are in the set of variables. In order to simplify the statistical analysis following abbreviations is used: L - Loyalty, PQ – Perceived Quality, -A/D – Associations/ Differentiation, A- Awareness, MB- Market Behavior. The Communalities table (Table 1 in Appendix) shows the proportion of each variable's variance that can be explained by the factors used. The extractions table (Table 5) shows, all extracted factors have an acceptable function in indication of variables. The goal of factor extraction is to identify the number of latent dimensions (factors) needed to accurately account for the common variance among the items (Reise, Waller, & Comrey, 2000).

Considering table 5 the components that have an Eigen value of 1 or more is considered to determine how many factors to extract. As it's showed

in Cumulative % column first 17 factors components

explain a total of 63.916 percent of the variance.

Table 5 Extracted Factors

Initial Eigen values			Extraction Sums of Squared Loadings		
Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1.885	5.387	5.387	1.885	5.387	5.387
1.755	5.014	10.400	1.755	5.014	10.400
1.571	4.490	14.890	1.571	4.490	14.890
1.554	4.441	19.331	1.554	4.441	19.331
1.460	4.170	23.501	1.460	4.170	23.501
1.408	4.022	27.523	1.408	4.022	27.523
1.329	3.797	31.320	1.329	3.797	31.320
1.289	3.682	35.001	1.289	3.682	35.001
1.258	3.594	38.595	1.258	3.594	38.595
1.187	3.391	41.986	1.187	3.391	41.986
1.174	3.356	45.341	1.174	3.356	45.341
1.141	3.259	48.600	1.141	3.259	48.600
1.112	3.178	51.778	1.112	3.178	51.778
1.102	3.150	54.928	1.102	3.150	54.928
1.085	3.099	58.027	1.085	3.099	58.027
1.055	3.016	61.042	1.055	3.016	61.042
1.006	2.874	63.916	1.006	2.874	63.916
.953	2.722	66.638			
.926	2.647	69.285			
.886	2.532	71.817			

Spss results calculated by authors

	Component			
	1	2	3	4
L1	.617			
L2	.518			
L4	.471			
MB11	-.361			
PQ2				
A/D 6				
A3				
PQ6		.578		
PQ5		.496		
PQ3		-.481		
A/D10		-.430		
A/D 4		.390		
A4				
PQ1				
L6				
MB4			.614	
MB1			.456	
A/D 2			-.434	-.361
MB3			.417	
MB2			.374	
A/D5			.358	
A/D3				
A/D8				-.437
A2				.430
L7				.395
PQ4		.313		.369
L5				.331
A/D7				.312
A/D1				-.302
A1				

Spss results calculated by authors

The initial factor extraction in an EFA produces orthogonal variables that are often not readily interpretable. Thus, after the initial extraction, a typically rotation will change the factor pattern to a psychologically interpretable position (Thurstone, 1947). Simply stated, simple structure implies that items load highly on one or perhaps two factors and have near zero loadings on the remaining factors (Reise et al., 2000).

In the Rotated Component Matrix (table 6) the loading of each of variables on four factors are selected.

Results

As table 6 shows, main loading on component 1 (**Loyalty**) are items **L1, L2, L4**, The main Items on component 2 (**Perceived Quality**) are **PQ6, PQ5**, The main items on third component (**Associations/ Differentiation**) are **A/D5, A/D 7**; and on fourth component (**Awareness**), **A2**. The significant results of conducting EFA shows the main items of first component, were: **L1, L2, L4**. (**Perceived Quality**) was 2 items: PQ5, PQ6. There are five items extracted for indicating the third component (**Association**) For the last component (**Market Behavior**) there was one prominent item which was: the following of For the last component (Market Behavior) **MB4, MB1, MB3, MB2**.

Considering the highest loading on each of the components, the nature of underlying latent variable represented by each component was identified and they are present as follows:

First component: **L1**
 Second component: **PQ6**
 Fourth component: **A2**
 Third component: **MB4**

Discussions

In current investigation results shows, Aaker's Brand Equity scale can determine Brand Equity between Iranian consumers with the same components of Awareness, Associations, Loyalty and Perceived Quality but there is a different; the items are reduced in Iran's market place. According the results of Exploratory Factor analysis only 17 items have an eigen value of 1 or more, and also it's necessary to mention that the first most effective component is Awareness and associations/Differentiation, Loyalty and finally Perceived Quality/Leadership respectively, as it shows in table 6 which is summarized the construct correlations, Average Variance Extraction, and composite reliability.

Conclusion

The current study evaluated Aaker's scale's of brand equity in Iran market place, the scale has been tested using exploratory and confirmatory factor analysis on a sample of 354 Iranian consumers. The results reveal that Aaker's scale could provides a good explanation of brand equity of Iranian consumers with the same component of Loyalty, Perceived Quality, Associations, Awareness, Market Behavior but with less (it was 17 items extracted) items. Of special significance it was found that Awareness plays a more important role in forming Brand Equity between Iranian consumers.

Current Iran's economy, political, and as a result social situation has a great impact market attitudes, as a suggestion for future research evaluating the economical and political on brand equity consequences (firm's and customers values) could be a effective help to improve the scale.

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Appendix

Tabel 1 Communalities	
	Extraction
p2	.637
p3	.637
p4	.628
p5	.669
SI1	.625
SI2	.567
SI3	.652
SI4	.549
SI5	.688
SI6	.675
SI7	.615
SI8	.722
SE1	.603
SE2	.585
SE3	.590
SE4	.573
SE5	.666
SE6	.631
SE7	.670
n1	.705
n2	.566
n3	.703
n4	.646
n5	.599
n6	.587
n7	.706
n8	.623
n9	.615
n10	.638
n11	.636
n12	.667
n13	.658
n14	.679
n15	.654
p1	.704

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