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**Dimensions of Customer-
Based Brand Equity:
A Study on Malaysian
Brands**

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Abstract

Although Malaysian market is deluged with value-for-money Malaysian brands since decades ago, not all the Malaysian brand

achieved national recognition. The objective of this research is to develop a valid and reliable model of Malaysian brand equity by assessing the dimensions of the brand

equity and its constructs.
Based on 30 constructs,
which were compiled from
literatures, four variables
were included for brand
awareness, seventeen
variables for brand

association, five for perceived quality and four for brand loyalty. Factor Analysis was conducted to identify dimensions of brand equity and its constructs. Principal

Component Analysis with subsequent rotation (varimax) was conducted on 30 constructs of a questionnaire. According to the four dimensions proposed by Aaker (1991)

in the brand equity literature, a four factor solution that reduced the 30 constructs to four factors was chosen in this study. The factors produce a Cronbach alpha of 0.96,

with eigenvalues greater than 1.0. The brand equity constructs with a loading below 0.6 were excluded from further analysis. 14 constructs remained in this study.

Keywords: Brand Awareness, Brand Associations, Perceived Quality, Brand Loyalty

Introduction

Malaysian market is deluged with value-for-money Malaysian products in the past decades.

However, not all Malaysian

consumers recall a Malaysian brand when asked. Most of the Malaysian brands have not yet achieved national recognition. When given a choice of different brands,

Malaysian consumers would often choose an international brand over Malaysian brand. However, there are a few Malaysian brands such as Proton, Perodua, MAS, the Shangri-

La Hotel chain that had accomplished some measure of success in global stage (Sya, 2004). Building strong brands has been becoming a marketing

priority for Malaysian brands.

In today's competitive business environment, the concept of brand equity is an important source of

strategic intelligence for marketers. High brand equity levels are known to affect consumer preferences and purchase intentions (Cobb-Walgren et al., 1995), profits and

share returns (Srivastava and Shocker, 1991; Aaker and Jacobson, 1994), market power (Farquhar, 1989; Wood, 2000) and sustainable competitive advantages (Bharadwaj et

al., 1993), brand extension (Keller and Aaker, 1992) and consumer's willingness to pay premium prices (Keller, 1993; Anselmsson et al., 2007). Brand equity serves three important

roles: (a) it acts as a magnet to attract new customers to the firm, (b) serves as a reminder to the customers about the organisation's products and services, (c) it is customer's emotional tie

to the organisation (Lemon et al., 2001).

A number of empirical researches have been conducted to evaluate brand equity. However, not

much research has been done to apply brand equity concepts and measures to Malaysian brands. Thus, the objective of this research is to develop a valid and reliable model of Malaysian

brand equity by assessing
the dimensions of the
brand equity constructs.

Literature Review

Overview

The reality that emerges from the various researches in brand equity through the

years is that there is considerable debate regarding the definition of brand equity and its measurements (Yoo and Donthu, 2001). However, brand equity is accepted as

the overall utility that customers place in a brand (De Chernatony and McDonald, 2003; Vazquez et al, 2002). The definitions of brand equity can be classified into two

perspectives. The first perspective of brand equity is from a financial market's point of view where the asset value of a brand is appraised (Farquhar et al.,

1991, Simon and Sullivan, 1993).

Recently, brand equity has increasingly been defined in customer-based contexts, which defines

brand equity as the value of a brand to the customer (Aaker, 1991; Keller, 1993; Cobb-Walgren et al., 1995; van Osselaer and Alba, 2000). Aaker (1991) defines brand equity as “a

set of brand assets and liabilities linked to a brand, its name and symbol that add to or subtract from the value provided by a product or service to a firm and/or to that firms'

customers." Brand awareness, brand associations, perceived quality, brand loyalty and other proprietary assets were the five assets of brand equity. Keller (2003)

argued that the power of a brand lies in the minds of the customers and what they have experienced and learned about the brand over time. He defines customer-based brand

equity as “the differential effect that brand knowledge has on consumer response to the marketing of that brand”. Brand knowledge consists

of brand awareness and brand image.

Keller (2003) described customer-based brand equity as a multidimensional concept.

Several empirical studies on the dimensions of customer-based brand equity (eg: Cobb-Walgren et al., 1995; Yoo and Donthu, 2001; Pappu et al., 2005; Washburn and Plank,

2002) are all derived from Aaker (1991) and Keller (1993) frameworks where brand equity can be measured by four constructs: brand awareness, brand

association, perceived quality and brand loyalty.

Yoo and Donthu (2001) developed multi-dimensional scale for measuring customer-based

brand equity. This scale was later validated by Washburn and Plank (2002). However, the dimensionality of the customer-based brand equity needs to be refined

(Washburn and Plank, 2002; Pappu et al., 2005) as to improve the measurement of consumer-based brand equity.

In this study, customer-based brand equity is conceptualized in accordance to Aaker (1991, 1996) and Keller (1993)'s models. A description of the dimensions and their

constructs on which brand equity is based is examined and tested in the succeeding sections of this study.

Brand Awareness

Brand awareness is a key determinant of brand equity (Aaker, 1996; Keller, 2003; Mackay, 2001; Yoo and Donthu, 2001;

Washburn and Plank, 2002; Pappu et al., 2005). It is defined as an individual's ability to recall and recognize a brand (Aaker, 1996; Keller, 2003). Top-of-mind and brand dominance

is other levels of awareness included by Aaker (1996) in measuring awareness. Awareness can affect customers' perceptions, which lead to different brand choice and even

loyalty (Aaker, 1996). A brand with strong brand recall (unaided awareness) and top of mind can affect customers' perceptions, which lead to different customer choice inside a

product category (Aaker, 1996; Kimpakorn and Tocquer, 2010).

Brand Associations

Aaker (1996)

conceptualizes brand awareness that must precede brand associations. That is where a consumer

must first be aware of the brand in order to develop a set of associations (Washburn and Plank, 2002). Brand association contains the meaning of the brand for consumers

(Keller, 1993). It is anything linked in memory to a brand (Aaker, 1991). Brand associations are mostly grouped into a product-related attribute like brand performance and

non-product related
attributes like brand
personality and
organizational associations
(Aaker, 1996; Chen, 2001;
Keller, 2003; Netemeyer et
al., 2004; Pappu et al.,

2005). Customers evaluate a product not merely by whether the product can perform the functions for which it is designed for but the reasons to buy this brand over the competitors

(Aaker, 1996) such as brand's fault-free and long-lasting physical operation and flawlessness in the product's physical construction (Lassar et al., 1995).

Brand personalities include symbolic attributes (Aaker, 1996; Keller, 1993; Chen, 1996) which are the intangible features that meet consumers' needs for social approval, personal

expression or self-esteem (Keller, 1993; Hankinson and Cowking, 1993; Pitta and Katsanis, 1995). The symbolic attributes that are commonly linked to a brand are:

1. *Social Image*: Lassar et al (1995) argue that social image which includes the attributions a consumer makes and a consumer thinks that others make to the typical user of the

brand is more relevant in measuring customer-base brand equity.

2. Perceived value:

Consumer choice of a brand depends on a

perceived balance between the price of a product and all its utilities (Lassar et al., 1995). A consumer is willing to pay premium prices due to the higher

brand equity (Aaker, 1993).

3. *Trustworthiness:*

Trustworthiness refers to the level of confidence consumer places in the

organisation (Lassar et al., 1995). As a customer buys a good or service before experiencing it, fostering of trust is a key to build a customer

relationship (Kinard and Capella, 2006).

4. *Country-of- origin:*

Country of origin leads to associations in the minds of consumers (Aaker,

1991; Keller, 1993).

Country image can influence perceived quality and brand loyalty. (Pappu et al, 2007).

Country of origin refers to the country of origin of

a firm or a product
(Johansson et al., 1985;
Ozsomer and Cavusgil,
1991).

Organisational associations
include corporate ability

and social responsibility associations (Aaker, 1996; Chen, 2001). Consumers will consider the organisation, which is related to people, values, and programs that lies

behind the brand. Brand-as-organisation can be particularly helpful when brands are similar with respect to attributes or when a corporate brand is involved (Aaker, 1996).

Corporate social responsibility (CSR) is influencing the development of brands (Blumenthal and Bergstrom, 2003) as the public is interested to know

what, where, and how
much brands are giving
back to society.

Perceived Quality

Perceived quality is defined
as the customer's judgment

about a product's overall excellence or superiority in comparison to alternative's brand (Zeithaml, 1988; Aaker, 1996) and overall superiority that ultimately motivates the customer to

purchase the product (Aaker and Jacobson, 1994). It is difficult for customers to make a rational judgment of the quality. They are likely using quality attributes like

colour, flavour, form,
appearance of the product
and the availability of
production information
(Bernués et al., 2003) to
'infer' quality (Acebrón and
Dópico, 2000).

Brand Loyalty

Aaker (1991) defines brand loyalty as 'the attachment that a customer has to a brand'. Two different levels of loyalty are classified:

behavioural and cognitive loyalty (Keller, 1998).

Behavioural loyalty can be indicated by a number of repeated purchases (Keller, 1998) or commitment to rebuy the brand as a

primary choice (Oliver, 1997, 1999). Cognitive loyalty refers to the consumers' intention to buy the brand as the first choice (Keller, 1998; Yoo and Donthu, 2001).

Another indicator of loyalty is the customer's willingness to pay higher price for a brand in comparison with another brand offering similar benefits (Aaker, 1996;

Chaudhuri and Holbrook,
2001; Srinivasan et al.,
2002).

Methodology

Research Design

This questionnaire is divided into two parts. The first is concerned with the

demographic. The second part is thirty variables associated with the brand awareness, brand associations, perceived quality and brand loyalty. The data collection

instrument is a structured questionnaire. A pool of 30 items compiled from the literature was incorporated in the questionnaire (Table 1). Four variables were included for brand

awareness, seventeen variables for brand association, five for perceived quality and four for brand loyalty. A Likert-scale of 1 to 5 was adopted for all the brand equity

measures with the anchors 'strongly disagree' (1) and 'strongly agree' (5). The items were developed with reference to the empirical studies of Yoo and Donthu (2001) and Lassar et al

(1995). The reason for referring to their scale development studies is that their scales are the most commonly accepted measure of customer-based

brand equity (Washburn
and Plank, 2002).

Table 1: Dimensions of Brand Equity and its Constructs

**Please see Table 1 in full
PDF version
*Data Collection***

500 questionnaires were sent to all parts of Malaysia, especially major cities like Kuching, Miri, the area around the Klang Valley, Kota Kinabalu, Johor Bahru. Respondents were

randomly selected.

However, only 489 valid samples were used for the analysis. Overall, six months was used to collect all the questionnaires.

Malhotra (1999) suggested

minimum sample of problem solving is at least 200 samples. Thus, we have used the recommendations of Malhotra (1999), which are at least 200 samples.

Data Analysis

For purposes of data analysis, SPSS was used to analyse the Cronbach's alpha, factor analysis and correlation.

Findings and Analysis

Demographics

The sample indicates a balance between males (51.7%) and females

(48.3%). Majority of the respondents are those age 35 (60%) and monthly income of RM3,001- RM5,000 (41%). With respect to the regions respondents currently stay,

majority is from Sabah and Sarawak (32.5%) and followed by central region (19.8%) and southern region (19.2%). The breakdown of the study in terms of regions could be

considered representative of the population of Malaysia since most of the regions are represented in the sample (Table 2).

Table 2: Demographics

**Please see Table 2 in full
PDF version**

Reliability and Validity of the Constructs

Internal reliability of the 30 construct scale was assessed using Cronbach's Alpha technique. The scale

produced an alpha of 0.96, which is highly acceptable for an attitude scale (Burns and Burns, 2008). The validity of the constructs is justified as the measures were developed based on a

theoretical framework that was derived from extensive literature review.

Factor Analysis

The 30 constructs were tested by principal

components analysis, using varimax rotation. According to the four dimensions proposed by Aaker (1991) in the brand equity literature, we have chosen a four factor solution that

reduced the 30 constructs to four factors (alpha=0.96), with eigenvalues greater than 1.0 except the brand awareness factor which has an eigenvalue less than one.

These four factors explained 59% per cent of the total variance.

By convention, the factor loadings should be at least 0.3 but for a variable to

unambiguously represent a factor, the loading should be 0.6 and above (Burns and Burns, 2008). In this study, the brand equity constructs with a loading below 0.6 were excluded

from further analysis. 14 constructs remained in this study. Table 3 lists the factors in the order in which they were extracted from the data.

With reference to the rotation, Factor 1 is loaded on 3 constructs that reflects perceived quality of Malaysian brand and accounted for 47% of the variance. Factor 2 is loaded

with 5 constructs and accounts for 5% of the variance. Factor 2 is labeled as brand associations. The third factor accounted for 3% of the variance and is loaded on 3 constructs

suggesting it is measuring brand loyalty. The last factor, measuring brand awareness, is accounted for 3% of the variance and loaded with 3 constructs.

**Table 3: Result for Factor
Analysis, Factors
Variance, Loadings and
Brand Equity Constructs**

**Please see Table 3 in full
PDF version**

Conclusion and Future Research

This study focuses on four dimensions of brand equity, which are perceived quality, brand associations,

brand loyalty and brand awareness and its measurements.

Conceptualizing brand equity from the consumer's perspective is useful because it suggests both

specific guidelines for marketing strategies and tactics and areas where research can be useful in assisting managerial decision making. Two important points emerge

from this conceptualization. First, marketers should take a broad view of marketing activity for a brand and recognize the various effects it has on brand knowledge, as well

as how changes in brand knowledge affect more traditional outcome measures such as sales. Second, markets must realize that the long-term success of all future

marketing programs for a brand is greatly affected by the knowledge about the brand in memory that has been established by the firm's short-term marketing efforts. In short,

because the content and structure of memory for the brand will influence the effectiveness of future brand strategies, it is critical that managers understand how their

marketing programs affect consumer learning and thus subsequent recall for brand-related information (Keller, 1993).

Derived from the analysis, this model includes four factors and 14 variables. For further study in the future, we will investigate the fitness model by using the structure equation

model (SEM). Continuation of this study, the problems will be studied in the future is whether the brand awareness, brand associations, perceived quality and brand loyalty

has a positive impact on
brand equity.

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