



# **The Effect of Advertising on Brand Equity: A Study on Flintstone Homes**

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by

**Frezer Maru**

**A thesis submitted to Addis Ababa University School of  
Commerce for the Degree of Master of Arts in Marketing  
Management**

**Addis Ababa University**

**School of Commerce**

**April, 2018**

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**Approved by Board of Examiners**

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<b>2.</b>	_____	_____	_____
<b>3.</b>	_____	_____	_____

## Certification

This is to certify that this thesis work, “**The Effect of Advertising on Brand Equity: A Study on Flintstone Homes**”, undertaken by Frezer Maru at Addis Ababa University is original in nature and is suitable for submission for the award of Master of Arts Degree in Marketing Management.

Research Advisor: Mulugeta G/Medhin (PhD)

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Date: \_\_\_\_\_

## Declaration

I, Frezer Maru, declare that this work entitled “**The Effect of Advertising on Brand Equity: A Study on Flintstone Homes**”, is the outcome of my own effort and study and that all sources of materials used for the study have been acknowledged. I have produced it independently except for the guidance and suggestions of my Research Advisor.

This study has not been submitted for any degree in this University or any other Universities. It is offered for the award of Master of Arts Degree in Marketing Management.

By: Frezer Maru

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

## ***Abstract***

*The field of branding and brand equity is new area of research in Ethiopia. Furthermore, there is very little work concentrating on systematic investigations of the effects of advertising on brand equity in the real-estate sector. This study elucidates the relationships between the marketing mix element -advertising- and brand equity. In particular, the study focuses on advertising from a quantitative (perceived advertising spending) and qualitative (individuals' attitudes toward the advertisements, advertisement message's content, and advertisement media) perspectives and its effect on building consumer based brand equity. The research approach was quantitative and multistage sampling technique was followed. It has been surveyed on 348 selected samples in Addis Ababa's five sub-cities.*

*Findings show that the content of advertising plays a key role influencing brand equity dimensions, whereas advertising spend improves brand awareness but it is not enough to positively influence other brand equity dimensions. The paper also finds distinctive effects of advertisement message's content and advertisement media on brand equity. In addition the results show that companies can optimize the brand equity management process by considering the relationships existing between the different aspects of advertising and dimensions of brand equity.*

***Keywords: Advertising, Brand Equity, Brand Equity Dimension***

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April, 2018

# Table of Contents

<u>Title</u>	<u>Page</u>
Abstract.....	v
Acknowledgments .....	vi
Table of Contents.....	vii
List of Tables .....	ix
List of Figures .....	x
List of Appendices .....	xi
<b>Chapter One:</b>	
<b>1. Introduction .....</b>	<b>1</b>
1.1. Background of the Study .....	1
1.2. Statement of the Problem .....	4
1.3. Research Questions .....	6
1.4. Research Objectives .....	6
1.5. Hypothesis .....	7
1.6. Significance of the Study .....	7
1.7. Scope and Delimitation of the Study .....	7
1.8. Limitations of the Study .....	8
1.9. Operational Definitions .....	8
1.10. Organization of the Study .....	9
<b>Chapter Two:</b>	
<b>2. Review of Related Literature .....</b>	<b>10</b>
2.1. Theoretical Review .....	10
2.2. Empirical Review .....	26
2.3. Conceptual Framework .....	30
<b>Chapter Three:</b>	
<b>3. Research Design and Methodology .....</b>	<b>33</b>
3.1. Description of the Study Area .....	33
3.2. Research Approach .....	33

3.3. Research Design .....	35
3.4. Population and Sampling Procedure .....	37
3.5. Data Sources and Types .....	40
3.6. Scale Development.....	40
3.7. Data Collection Instrument .....	41
3.8. Data Collection Procedures .....	46
3.9. Data Analysis Methods .....	47
3.10. Ethical Considerations.....	48
<b>Chapter Four:</b>	
<b>4. Results and Discussions .....</b>	<b>50</b>
4.1. Chapter Overview.....	50
4.2. Normality.....	50
4.3. Reliability .....	51
4.4. Findings on Respondent’s Profile .....	51
4.5. Advertising Variables.....	52
4.6. Correlation Analysis.....	55
4.7. Regression Analysis .....	58
4.8. Hypothesis Testing.....	62
<b>Chapter Five:</b>	
<b>5. Conclusion and Recommendations .....</b>	<b>63</b>
5.1 Conclusion.....	63
5.2 Recommendations .....	65
<b>References .....</b>	<b>66</b>
<b>Appendices .....</b>	<b>72</b>

## List of Tables

<b><u>Table</u></b>	<b><u>Page</u></b>
<b>Table 1.1: Flintstone Homes Projects .....</b>	<b>4</b>
<b>Table 3.1: The Operationalization of the Study's Variables .....</b>	<b>43</b>
<b>Table 4.1: Normality assessment of variables (Skewness and Kurtosis).....</b>	<b>50</b>
<b>Table 4.2: Reliability Coefficient for Scale Variables .....</b>	<b>51</b>
<b>Table 4.3: Respondents gender .....</b>	<b>52</b>
<b>Table 4.4: Respondents age group .....</b>	<b>52</b>
<b>Table 4.5: Respondents education level.....</b>	<b>52</b>
<b>Table 4.6: Frequency distribution of perceived advertising expenditure .....</b>	<b>53</b>
<b>Table 4.7: Frequency distribution of perception of the advertising .....</b>	<b>53</b>
<b>Table 4.8: Frequency distribution of advertising message content .....</b>	<b>54</b>
<b>Table 4.9: Frequency distribution of advertising media.....</b>	<b>55</b>
<b>Table 4.10: Correlation between advertising variables and brand equity.....</b>	<b>56</b>
<b>Table 4.11: Correlation between advertising and dimensions of brand equity.....</b>	<b>57</b>
<b>Table 4.12: Relationship between advertising variables and brand equity .....</b>	<b>58</b>
<b>Table 4.13: ANOVA for effect of advertising on brand equity .....</b>	<b>59</b>
<b>Table 4.14: Multicollinearity test result .....</b>	<b>60</b>
<b>Table 4.15: Multiple regression result .....</b>	<b>61</b>
<b>Table 4.16: Hypothesis test summary .....</b>	<b>62</b>

## List of Figures

<u>Figure</u>	<u>Page</u>
Figure 2.1: Conceptual Framework .....	32

## List of Appendices

<b><u>Appendix</u></b>	<b><u>Page</u></b>
<b>Appendix 1: Questionnaire .....</b>	<b>72</b>
<b>Appendix 2: Normality Analysis .....</b>	<b>76</b>
<b>Appendix 3: Reliability Test .....</b>	<b>77</b>
<b>Appendix 4: Correlations Analysis .....</b>	<b>78</b>
<b>Appendix 5: Regression Analysis .....</b>	<b>80</b>
<b>Appendix 6: Descriptive Statistics .....</b>	<b>81</b>

# Chapter One

## 1. Introduction

This chapter provides the background information which highlights the historical background of the problem. It also explains the statement of the problem, objectives of the study, significance of the study, limitations as well as the organization of the study.

### 1.1. Background of the Study

Both practitioners and academics regard brand equity as an important concept (Keller and Lehmann, 2006). Elements of a brand's equity positively influence consumers' perceptions and subsequent brand buying behaviors (Reynolds and Phillips, 2005). Therefore, to increase the likelihood of such positive contributions and manage brands properly, companies need to develop strategies which encourage the growth of brand equity (Keller, 2007). In this context, the identification of factors that build brand equity represents a central priority for academics and marketing managers (Yoo et al., 2000; Valette-Florence et al., 2011).

Previous research suggests that marketing mix elements are key variables in building brand equity (e.g., Yoo et al., 2000). As such, one of the major challenges marketers face is deciding on the optimum marketing budget to achieve both the highest impact on the target market (Soberman, 2009) and the brand (Ataman et al., 2010). Although considerable research examines the effectiveness of different elements of the marketing mix on brand equity, as Keller and Lehmann (2006) state, these researchers “have not typically addressed the full breadth of brand equity dimensions”. Few studies include consumer-based brand equity measures (i.e., mindset measures) when analyzing marketing mix effectiveness. One of the exceptions is Yoo et al. (2000) who explore the relationships between selected marketing mix elements and consumer-based brand equity. While their research provides new insights into how marketing activities may influence brand equity, these authors advocate further exploration of the impact of the different marketing mix variables.

One marketing variable is of a particular interest: advertising. Compared to other forms of marketing activity, expenditure on advertising is significant. Despite its importance, the individual contributions of advertising to brand equity remain unclear and scholars highlight the need to further examine the effect of this variable (Netemeyer et al., 2004; Chu and Keh, 2006). Therefore, this study attempted to address this request.

Another area for improving understanding about consumer-based brand equity is the interaction between brand equity dimensions. Generally, researchers propose associative relationships among the consumer-based brand equity dimensions (e.g., Yoo and Donthu,

2001; Pappu et al., 2005; Tong and Hawley, 2009). However, several authors advocate that researchers focus on the ordering among the brand equity dimensions (Yoo and Donthu, 2001; Keller and Lehmann, 2006).

Analyzing all these aspects, this research attempted to advance knowledge by providing more insight about the evolving theory of brand equity.

### **1.1.1. Company's Background**

Residential homes and neighborhoods built by real estate developers are now becoming increasingly common ever since the first large-scale development was initiated by the pioneer in this sector, namely Ayat Real Estate. At present, the dominant real estate developers for residential villa homes include: Ayat Real Estate, Sunshine Real Estate, Habitat New Flower Homes, Ropack International, Ambassador Real Estate, Trancon Real Estate, Gift Real Estate, Enyi Real Estate, Country Club Developers, Akakas Real Estate, Boran Real Estate, Noah Real Estate, Zenebe Frew Real Estate, and Flintstones Homes. Many more are also operational, though with more limited activities. For apartment developments, some of the most active developers include Ayat, Sunshine, Access Real Estate, and Flintstones Homes. The developments of these private developers range from very luxurious, high-end communities that sell multi-million Birr homes (e.g. Country Club Developers and Akakas Real Estate) to sellers of more moderately priced homes (such as those of Enyi Real Estate, Sunshine, and Flintstones Homes).

Flintstone homes is a real estate business launched in 2008 by Flintstone Engineering, a construction firm founded in 1991. In 2011, Flintstone celebrated its 20th Anniversary with the inauguration of its maiden real estate project, Flintstone Twin crossings, which features 40 villas, 60 town houses and 450 condominiums. According to the company's website, when completed in April 2012, these homes were the first in the history of Addis real estate market to have been delivered on time.

#### **a. Company's Success Factors**

Many are curious on the company able to deliver on contracts given the difficult nature of the domestic construction industry and the volatility of the market. According to the company's Marketing Manager three key success factors enable the company to keep its promise to customers;

- ▶ Value Analysis
- ▶ Longsighted Marketing
- ▶ Operational Excellence

### **i. Value Analysis**

Research and insightful value engineering enable Flintstone Homes to understand what the customer needs and come up with a design fit for purpose. No more, no less. Its designers refrain from excess in flamboyance, focus on function and streamline home elements to constructability and cost effectiveness.

### **ii. Longsighted Marketing**

In marketing, according to the Marketing Manager, the firm aim to attain zero buyers' remorse. A properly informed buyer, by a sales person who has a deep understanding of the customer needs, rarely regrets the decision to buy. At Flintstone, buyers are given sufficient time to think about its offers and compare options available in the market. By blocking 10% of the sale price in their bank account, they can reserve their choice home and survey other options, without committing any money at all. In the rare cases a buyer changes her/his mind, the blocked amount is released immediately. Sales performance is measured in a way that encourages agents to develop lasting customer relationships. Flintstone sales agents are paid not only to sell contracts but also to ensure homes are delivered. Representing their customers, our sales agents are empowered to file complaints to top management and enforce positive responses by site management with customer payment used as leverage. Flintstone homes also help buyers establish home owners' association by providing legal counsel, office work support and space for assembly. The management believe an organized homeowners' community will ensure customer satisfaction and avoid conflicting interests degenerating into costly disputes. The Twin crossings Homeowners' Association, established in July, 2011, is a proud example.

### **iii. Operational Excellence**

Hence, the first of a series of future Flintstone Homes, Twin Crossings (named after the striking twin deck bridge nearby) was launched by Flintstone Engineering in association with Century 21, grade one construction firm with strong foreign and local investment footing. Established in October, 1991, Flintstone Engineering is one of the most distinguished construction contractors in the country, recognized for its rare combination of low price and quality. Since its establishment Flintstone Engineering's robust quality management system was ISO-9001-2000 certified in 2007 on that year, a year pegged with shortage of power, cement and finance. According to the company's website, the firm's real-estate revenue has crossed half a billion mark. This was over 20% of its total portfolio, much higher than the local industry average of about 10%, proving their commitment to deliver to the customer.

## b. Company's Projects

To this date Flintstone delivered 1,378 houses at four sites/ projects, and currently working on 2,549 houses at 12 sites/ projects all within Addis Ababa. The following table presents description of each site/ project:

**Table 1.1: Flintstone Homes Projects**

<b>Delivered Projects</b>		
<b>S. No.</b>	<b>Project Name</b>	<b>No. of Houses</b>
1	Twin Crossing	583
2	Oasis	374
3	Hayahulet Mazoria	40
4	Lideta-Mercato	381
<b>Sub Total</b>		<b>1,378</b>
<b>Projects in Progress</b>		
5	Zoble	245
6	Adey-Beshale	1080
7	Jemo	180
8	Summit	60
9	Expressway	153
10	Bole Classic	188
11	Gotera	140
12	Kazanchis	58
13	Mexico	110
14	Aware	198
15	Megenagna	57
16	Urael	80
<b>Sub Total</b>		<b>2,549</b>
<b>Grand Total</b>		<b>3,927</b>

The marketing activities of the company are carried out through the Marketing Department which is led by the Marketing Manager who is under the General Manager. The production and technical supervisory roles are also undertaken by well qualified professionals.

Hence, this study tried to examine the effect of advertising on the firms' effort to create brand equity and serve as input for the organization to assist in decision making, in identifying promotion and brand equity issues in order to develop strategies to develop consumer based brand equity.

### 1.2. Statement of the Problem

The effects of marketing strategies on the creation/building and management of consumer-based brand equity should be critically investigated and measured to know the return on

marketing investments/marketing efforts productivity and to maintain the health of brand in the minds of consumer. Aaker (1991) claimed consumer-based brand equity dimensions have affected by a variety of marketing strategies like marketing communication strategies. Keller (2007) has also noted that the added value of the brand is the result of marketing strategies. Accordingly, companies designed different marketing strategies like marketing communication strategies and invest a huge amount of money to create and manage consumer-based brand equity in order to take the advantages from the concept because consumer-based brand equity is an ideal indicator of the performance of long-term marketing investments and an ideal goal to enhance sales and profits simultaneously (Baldinger and Robinson, 1996).

Studies indicated that the individual contribution of marketing efforts like advertising and sales promotion on brand equity is unclear (Chu & Keh, 2006), and scholars have highlighted the need to examine the effects of these variables on the creation and management of brand equity (Netemeyer, et al., 2004). Besides, researchers vary in their opinions and attitudes towards marketing activities effect on brand equity (Dawar & Parker, 1994). Furthermore, marketing practitioners face a great challenge in deciding the optimal marketing budget to the highest impact on the target market (Soberman, 2009) and the brand (Ataman et al., 2010). Thus, this study would help to have a better understanding on the role of marketing communication efforts on the creation and management of consumer-based brand equity.

In the last 7 decades, a growing amount of attention has been devoted by academics and practitioners to the conceptualization, creating/building, measurement and management of brand equity (Aaker, 1991, 1996; Aaker & Keller, 1990; Keller, 2007; Ailawadi et al., 2003; Netemeyer, et al., 2004), all come up with several often divergent viewpoints on the content and meaning of brand equity (Vazquez et al., 2002); the dimensions of brand equity; the factors that influence it; the perspectives from which it should be measured; and the way to measure it (Ailawadi et al., 2003; Keller, 2007). Keller (2007) also stated, even if the concept attracts many researchers, little conceptual development or empirical research has addressed which marketing activity builds brand equity. However, there is a general agreement that brand equity should be defined and measured in terms of marketing effects that can uniquely attributed to a brand (Keller, 2007). All these issues motivated the researcher to contribute something to the academic world by undertaking a study on the developing market (Ethiopia) by considering real estate as a product category.

Furthermore, there is very little work concentrating on systematic investigations of the effects of advertising on brand equity in the real-estate sector. Still, most of previous brand equity studies were conducted in Europe, USA and some part of Asia, even if they were

conduct in other disciplines; their findings might not be generalized in the Ethiopian market without empirical testing. Dawar and Parker (1994) supported this idea by stated consumers in different part of the world vary in their perception, attitude and behavior towards a certain marketing practices. The main purpose of this study is to examine the effects of advertising on brand equity.

Within this context, the study is intended to shed light on the particular driver of brand equity: advertising. In particular, the study focused on advertising expenditure, individuals' attitudes toward the advertisements, advertising message content, and advertising communication channel (media) effects on brand equity.

### **1.3. Research Questions**

The research attempted to answer the following basic questions:

1. To what extent does perceived advertising expenditure affect brand equity?
2. To what extent does individual's attitude toward advertisements affect brand equity?
3. To what extent does advertisement message's content affect brand equity?
4. To what extent does advertisement media affect brand equity?

### **1.4. Research Objectives**

#### **1.4.1. General Objective**

The main objective of the study was to understand the relationship between the marketing mix element -advertising- and brand equity. Majorly, the study focused on advertising from a quantitative (advertising spending) and qualitative (individuals' attitudes toward the advertisements, advertising message content, and advertising communication channel) perspective and its effect on building consumer based brand equity in the case of the selected real estate firm, i.e. Flintstone Homes.

#### **1.4.2. Specific Objectives**

1. To examine the effect of perceived advertising expenditure on brand equity.
2. To investigate the effect of individual's attitude toward advertisements on brand equity.
3. To analyze the effect of advertisement message's content on brand equity.
4. To determine the effect of advertisement media on brand equity.

## **1.5. Hypothesis**

In order to realize the above objectives the researcher proposed the following hypotheses for verification:

1. H1. Customers' perceptions of a brand's advertising expenditure have a positive and significant effect on brand equity.
2. H2. Individuals' attitudes toward the advertisements undertaken for a brand have a positive and significant influence on brand equity.
3. H3. Advertisement message content has a positive and significant effect on brand equity.
4. H4. Advertising media (communication channel) has a positive and significant effect on brand equity.

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

The study could broaden the knowledge on advertising and brand equity. It attempted to show areas where organizations should put more emphasis to build a better brand equity. Furthermore, the results of the study could serve as input for the organization to assist in decision making, in identifying key variables in order to develop strategies to address and improve brand building efforts. By understanding brand perspectives, the management of the company can derive ways to improve brand equity and the findings could also help both management and sector to understand brand equity, and how to develop consumer based brand equity in order to cope with the contemporary society.

On top of that, the study would open up a way for other researchers to conduct further studies on the issues related to advertising and brand equity in Ethiopia and elsewhere. Lastly, the study is also for the accomplishment of the Masters of Arts Degree in Marketing Management from Addis Ababa University.

## **1.7. Scope and Delimitations of the Study**

Various authors and researchers have proposed dimension of brand equity, which include a wide range of factors (Aaker, 1991; Keller, 2007), it is difficult to select one model than the other because each model has their own perspectives. The study however, focused on Aaker's equity models which constitute four constructs; brand loyalty, brand awareness, perceived quality, and brand loyalty as a result of advertising. The study also delimit itself to residents of Addis Ababa in the year 2017/18, it does not focus on regions out of the capital city. Also within Addis Ababa it doesn't include all sub cities only five of them,

furthermore, the study focused only on customers' side not on the company's flank. However, the recommendations could help all real estate companies across the country.

### **1.8. Limitations of the Study**

Although there were a notable contributions from this study especially for on which promotional activities to focus on in order to develop consumer based brand equity, the significance of this study need to be viewed and acknowledged in lights of its limitation. First, the listed variables may not all be the available variables affecting brand equity especially advertising activities. Researcher only focus on advertising, hence, other promotional activities like event sponsorship, public relation and publicity, words of mouth which may have a great contribution have not been considered. Inability to find strong supporting theories mainly developed for a single measure of brand equity still didn't get agreement between scholars was other limitation of the study. Moreover, only Flintstone Homes, a real-estate firm has been included which is from one product category in this study.

Because of lack of sample frame the researcher used non-probability sampling i.e. convenience sampling by itself a setback for the issue understudy. Therefore, future research should be conducted on a larger scale by considering more product category and in comparison with international brands.

Financial constraint. There were so many requirements which were needed during the whole research exercise. The researcher did not have a sponsor to pay for the study. Therefore, used his own meagre resources to meet the research expenses.

Limited time. The research topic covered a wide area. Therefore, it needed a lot of time to reach the entire respondents. Uncooperative attitudes by potential respondents. This was a common problem where common people who did not know the importance of the research and even the educated once who were used to giving out the opinions and see nothing being done were not willing to cooperate with the researcher.

### **1.9. Operational Definitions**

- ▶ **Advertising** is a paid, mediated form of communication from an identifiable source, designed to persuade the receiver to take some action, now or in the future.
- ▶ **Advertising Media** are the various advertising vehicles use by advertiser in marketing products and services such as newspapers, magazines, television, radio, etc.
- ▶ **Brand** is a name, term, sign, symbol, or design, or a combination of them, intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competition.

- ▶ **Brand equity** a set of brand assets and liabilities linked to a brand, its name and symbol that add to or subtract from the value provided by a product or service to a firm and/or to that firm's customers.
- ▶ **Brand awareness** is the ability of a potential buyer to recognize or recall that a brand is a member of a certain product category.
- ▶ **Brand associations** are thought to contain “the meaning of the brand for consumers” and can derive from an extensive range of sources, varying according to their favorability, strength, and uniqueness.
- ▶ **Perceived quality** is defined as “the consumer's judgment about a product's overall excellence or superiority”.
- ▶ **Brand loyalty** is “the attachment that a customer has to a brand”. It is an attitudinal perspective, which emphasizes a personal commitment to a set of unique values related to the brand and the tendency to be loyal to a brand, prioritizing the brand as a first choice for purchase.

### **1.10. Organization of the Study**

The study is organized in five chapters as follows:

1. Chapter one presents background information, statement of the problem, objectives of the study, significance of the study, scope and delimitations of the study, limitations of the study, and organization of the study.
2. Chapter two provides definition of the most important concepts, such as advertising, brand, brand equity dimensions and brand equity. This chapter also provides an insight into those concepts as well as the relationship between advertising and brand equity by focusing on previous researches in this area and presents reviewed literatures relevance to the study.
3. Chapter three presents the design and methodology used in the study. It provides description of the study area, the research approach, research design, population, sampling design, data collection methods, and the way data was processed as well as the way it was analyzed.
4. Chapter four reports the findings of the study. It also analyze and discusses the findings of the study based on the objectives of the study stated in chapter one.
5. Chapter five describe the results of the study in a greater detail and where appropriate, existing literature will be integrated into discussion. The chapter comprised conclusion of the study and findings and furthermore, conclude with recommendations.

## **Chapter Two**

### **2. Review of Related Literature**

The review of the literature is crucial in any research work. This is because it enables the researcher to study different theories related to the identified topic and gain clarity of the research topic. This chapter includes theoretical, conceptual and empirical reviews included to elucidate the issue to be studied. And also it gives the reason behind the study by giving contradiction between scholars.

#### **2.1. Theoretical Review**

##### **2.1.1. Advertising**

Patrick et al. (2010) define advertising is a sponsored activity by a number of stakeholders primarily with the aim of inducing awareness, persuading (building brand liking and encouraging brand switching) and reminding target markets that the brand is on the market. Advertising is usually paid by an identified sponsor with the aim to influence the people's attitudes towards certain people, organizations, products, services or ideas (Belch & Belch, 2003). Advertising was born because of the marked rise in mass production in the late 19th and 20th centuries, although it had existed earlier than that period in ancient Egypt where sales messages and wall posters were predominant promotional media and marketers of that medieval period (Patrick et al., 2010). Since then advertising proliferated over the decades and has grown to be the dominant marketing communication mix element for both profit and non-profit making oriented enterprises world over (Patrick et al., 2010). Kotler and Armstrong (2008) describe advertising as an approach to "non-personal communication which is paid for". Advertising is usually paid by an identified sponsor with the aim to influence the people's attitudes towards certain people, organizations, products, services or ideas (Belch & Belch, 2003).

Advertising plays an important role in today's competitive world by which organizations communicate with their customers, both current and potential. Companies allocate a considerable part of their sources to advertising (O'Guinn et al., 2009). To help check whether or not advertising budgets are earning the best return on investment, it is important to know how effectively advertisement capture and maintain audience attention and engage viewers (Tsai and Tsai, 2006). One of the most difficult problems faced by advertising agencies, and advertisers, remains the issue of measuring the effectiveness of the advertising they create and run (O'Guinn et al., 2009). Advertising effectiveness is in two forms, that is sales effectiveness and communication effectiveness (Tsai and Tsai, 2006). Sales volume is used to measure sales effectiveness as a gauge, and the level that a message

is noticed, understood, accepted and is changing attitude and behavior for measuring communication effectiveness (Tsai and Tsai, 2006). Advertisement recognition is the recall memory of audience, after watching target advertisements, about advertisement content. Advertisement Attitude are constant likes and dislikes, feelings of audience towards advertisements after watching target advertisements, which also means the whole opinion of examiners after watching advertisements (Tsai & Tsai, 2006). All advertising campaigns aim to achieve a specific objective. The specific objectives of an advertising campaign may adopt many forms such as create awareness of a new product or brand, inform consumers of the benefits of the product or brand, create the desire perceptions of the product or brand, create a preference for the product or brand, persuade customers to purchase the product or brand (Bendixen, 1993).

Kotler & Keller (2006) sees advertising as one of the four major tools companies use to direct persuasive communications to target buyers and public noting, “It consists of non-personal forms of communication conducted through paid media under clear sponsorship”. According to Kotler & Keller (2006), the purpose of advertising is to enhance potential buyers’ responses to the organization and its offering, emphasizing, “It seeks to do this providing information, by channeling desire, and by supplying reasons for preferring a particular organization’s offer.” Customers are valuable assets for the enterprise, but they can be costly to acquire and retain (Kotler & Keller, 2006). The customers’ difference in the course of their relationship with the enterprise reflects in their contributions to the enterprise value throughout their tenure. To the extent that different acquisition strategies bring different “qualities” of customers, the acquisition effort has an important influence on the long-term profitability of the enterprise (Kotler & Keller, 2006). Both practitioners and scholars have emphasized that enterprises should spend not to acquire just any customer but rather the “right” kind of customer (Bendixen, 1993), because advertising plays a very important role in this field. Advertisers pay a particular attention to the customer in order to attract and retain him/her. According to Kotler & Keller (2006), both the businesses and individual sellers should ask themselves what should the advertising of their products, services are, and what impact should it make on the customer. Advertising provides the alternatives for example through magazines, press ads, radio and television together with opinions of relatives and friends. After evaluating the alternatives, the consumer then makes the purchase (Kotler & Armstrong, 2008).

Consumers are more likely to buy a product if they can remember an advert. However, recalling an advert does not necessarily lead to buying the brand advertised (Kotler & Armstrong, 2008). The type of television program in which the brand advertise can also affect consumer’s feelings about the ad and the brand it promotes. Viewers judge adverts

placed in happy programs as more effective and recall them somewhat better (Kotler & Keller, 2006).

### **2.1.1.1. Advertising Functions**

Many business firms as well as not-for-profit organizations have faith in advertising. In general, advertising is valued because it is recognized as performing five critical communications functions: (1) informing, (2) influencing, (3) reminding and increasing salience, (4) adding value, and (5) assisting other company efforts (Shimp, 2008).

#### ***Informing***

One of advertising's most important functions is to publicize brands. That is, advertising makes consumers aware of new brands, educates them about a brand's distinct features and benefits, and facilitates the creation of positive brand images. Because advertising is an efficient form of communication capable of reaching mass audiences at a relatively low cost per contact, it facilitates the introduction of new brands and increases demand for existing brands, largely by increasing consumers' top-of-mind awareness (TOMA) for established brands in mature product categories. Advertising performs another valuable information role—both for the advertised brand and the consumer—by teaching new uses for existing brands (Kotler & Armstrong, 2008).

#### ***Influencing***

Effective advertising influences prospective customers to try advertised products and services. Sometimes advertising influences primary demand—that is, creating demand for an entire product category. More frequently, advertising attempts to build secondary demand, the demand for a company's brand. Advertising by both B2C and B2B companies provides consumers and customers with reasoned arguments and emotional appeals for trying one brand versus another (Kotler & Keller, 2006).

#### ***Reminding and Increasing Salience***

Advertising keeps a company's brand fresh in the consumer's memory. When a need arises that is related to the advertised product, past advertising impact makes it possible for the advertiser's brand to come to the consumer's mind as a purchase candidate. This has been referred to as making a brand more salient, which is, enriching the memory trace for a brand such that the brand comes to mind in relevant choice situations. Effective advertising also increases the consumer's interest in mature brands and thus the likelihood of purchasing brands that otherwise might not be chosen. Advertising has been demonstrated, furthermore, to influence brand switching by reminding consumers who have not recently

purchased a brand that the brand is available and that it possesses favorable attributes (Tsai & Tsai, 2006).

### ***Adding Value***

There are three basic ways by which companies can add value to their offerings: innovating, improving quality, and altering consumer perceptions. These three value-added components are completely interdependent as astutely captured in the following quote:

*Innovation without quality is mere novelty. Consumer perception without quality and/or innovation is mere puffery. And both innovation and quality, if not translated into consumer perceptions, are like the sound of the proverbial tree falling in the empty forest.* (Shimp, 2008)

Advertising adds value to brands by influencing perceptions. Effective advertising causes brands to be viewed as more elegant, more stylish, more prestigious, of higher quality, and so on. Indeed, research involving over 100 brands drawn from five nondurable products (e.g., paper towels and shampoo) and five durable products (e.g., televisions and cameras) has demonstrated that greater ad spending influences consumers to perceive advertised brands as higher in quality. Effective advertising, then, by influencing perceived quality and other perceptions, can lead to increased market share and greater profitability attributes (Tsai & Tsai, 2006).

By adding value, advertising can generate for brands more sales volume, revenue, and profit and reduce the risk of unpredictable future cash flows. In finance parlance, all of this can be captured in the concept of discounted cash flow (DCF). By making a brand more valuable, advertising generates incremental DCF. One advertising practitioner eloquently captures advertising's value-adding role with this claim: "Advertising builds brands. Brands build the business. Let the discounted cash flow!" and, in a world of accountability, it is absolutely imperative that advertising deliver positive financial results (Shimp, 2008).

### ***Assisting Other Company Efforts***

Advertising is just one member of the marketing communication team. Advertising's primary role is at times to facilitate other marketing communication efforts. For example, advertising may be used as a vehicle for delivering coupons and sweepstakes and attracting attention to these and other promotional tools. Another crucial role is to assist sales representatives. Advertising presells a company's products and provides salespeople with valuable introductions prior to their personal contact with prospective customers. Sales effort, time, and costs are reduced because less time is required to inform prospects about

product features and benefits. Moreover, advertising legitimizes or makes more credible the sales representative's claims (Kotler & Keller, 2006).

Advertising also enhances the effectiveness of other marketing communication tools. For example, consumers can identify product packages in the store and more readily recognize a brand's value following exposure to advertisements for it on television or in a magazine. Advertising also can augment the effectiveness of price deals. Customers are known to be more responsive to retailers' price deals when retailers advertised that fact compared to when retailers offer a deal absent any advertising support (Shimp, 2008).

#### **2.1.1.2. Message Content**

It is well known that there is no single way to influence people to form favorable attitudes toward brands or to act in ways desired by marketing communicators. Rather, the appropriate influence strategy depends both on consumer characteristics (their motivation, opportunity, and ability to process marketing communication messages) and on brand strengths. If consumers are interested in learning about a product, and a company's brand has clear advantages over competitive brands, then the persuasion tactic to be taken is obvious: design a message telling people explicitly why your brand is superior. The result should be equally clear: consumers likely will be swayed by your arguments, which will lead to a relatively enduring attitude change and a strong chance they will select your brand over competitive offerings (Kotler & Armstrong, 2008).

However, the reality is that brands in most product categories are similar, and, because of this, consumers generally are not anxious to devote mental effort toward processing messages that provide little new information. Thus, the marketing communicator, faced with this double whammy (only slightly involved consumers and a me-too brand), has to find ways to enthrall consumers sufficiently such that they will listen to or read the communicator's message. Hence, anything marketing communicators can do to enhance the MOA factors (motivation, opportunity, and ability) likely will result in increased communication effectiveness (Shimp, 2008).

At the risk of redundancy, it is important once again to emphasize that it cannot be assumed that consumers will attend to marketing communication messages and process them just because they are printed, broadcast, or disseminated through some other medium. Rather, it is essential that special efforts be made to increase consumers' motivation, opportunity, and ability to process messages (Shimp, 2008).

According to Shimp, T.A. (2008), there are five types of messages that are prevalent in advertising: (1) humor, (2) appeals to fear, (3) appeals to guilt, (4) sex appeals, and (5) subliminal messages.

### ***The Role of Humor in Advertising***

Politicians, actors and actresses, public speakers, professors, and indeed all of us at one time or another use humor to create a desired reaction. Advertisers also turn to humor in the hopes of achieving various communication objectives—gaining attention, guiding consumer comprehension of product claims, influencing attitudes, enhancing recall of advertised claims, and, ultimately, creating customer action. Baffled by the incongruity, the consumer is provoked to understand the ad's meaning and resolve the incongruity. When the meaning is eventually determined—as, for example, when the humor in an ad is detected—a feeling of surprise is experienced, and it is this sensation of surprise that generates a humorous response. In turn, this humorous response can elicit a favorable attitude toward the advertisement and perhaps toward the advertised brand itself (Tsai and Tsai, 2006).

In sum, humor in advertising can be an extremely effective device for accomplishing a variety of marketing communications objectives. Nonetheless, advertisers should proceed cautiously when contemplating the use of humor. First, the effects of humor can differ due to differences in audience characteristics—what strikes some people as humorous is not at all funny to others.<sup>41</sup> Second, the definition of what is funny in one country or region of a country is not necessarily the same in another. Finally, a humorous message may be so distracting to an audience that receivers ignore the message content. There is indeed a fine line in advertising between entertaining (via humor) and providing information sufficient to influence attitudes and behavior. Thus, advertisers should carefully research their intended market segments before venturing into humorous advertising (Shimp, 2008).

### ***Appeals to Consumer Fears***

Advertisers, realizing that people have fears, rational as well as irrational, attempt to motivate consumers to process information and to take action by appealing to their fears. Appeals to fears in advertising identify the negative consequences of either: not using the advertised brand or engaging in unsafe behavior (such as drinking and driving, smoking, using drugs, eating unhealthy foods, driving without seat belts, and engaging in unprotected sex) (Shimp, 2008).

The underlying logic is that appeals to consumer fears will stimulate audience involvement with a message and thereby promote acceptance of the message arguments. The appeal to

consumer fears may take the form of social disapproval or physical danger. For example, mouthwashes, deodorants, toothpastes, and other products appeal to fears when emphasizing the social disapproval we may suffer if our breath is not fresh, our underarms are not dry, or our teeth are not cavity free. Smoke detectors, automobile tires, unsafe sex, driving under the influence of alcohol and other drugs, and being uninsured are a sampling of products and themes used by advertisers to induce fear of physical danger or impending problems. Health-care ads frequently appeal to fears, and advertising agencies justify the use of these appeals with logic such as, “Sometimes you have to scare people to save their lives.” (Tsai and Tsai, 2006).

### ***Appeals to Consumer Guilt***

Like appeals to fear, appeals to guilt attempt to trigger negative emotions. People feel guilty when they break rules, violate their own standards or beliefs, or behave irresponsibly. Appeals to guilt are powerful because they motivate emotionally mature individuals to undertake responsible action leading to a reduction in the level of guilt. Advertisers and other marketing communicators appeal to guilt and attempt to persuade prospective customers by asserting or implying that feelings of guilt can be relieved by using the promoted product (Shimp, 2008).

Evidence, albeit limited, suggests that appeals to guilt are ineffective if advertisements containing guilt appeals lack credibility or advertisers are perceived as having manipulative intentions. When ads are perceived as lacking credibility or attempting to manipulate the receiver, feelings of guilt are mitigated rather than increased. Thus, appeals to guilt when the advertising is perceived as lacking in credibility or being manipulative have little opportunity to positively influence beliefs, attitudes, or message-relevant behaviors (Tsai and Tsai, 2006).

### ***The Use of Sex in Advertising***

Whereas the previous two sets of advertising appeals—to fear and guilt—are fundamentally negative (i.e., people generally avoid these two emotions), the use of sex in advertising appeals to something that people generally approach rather than avoid. Sex appeals in advertising are used frequently and with increasing explicitness. Products such as soft drinks, alcoholic beverages, cosmetics, automobiles, and many others use sex appeals in hopes of drawing attention to advertisements and making their sales pitch (Shimp, 2008).

According to Shimp (2008), it has several potential roles. First, sexual material in advertising acts to attract and hold attention for a longer period, often by featuring attractive models in provocative poses. This is called the stopping-power role of sex. A second

potential role is to enhance recall of message points. Research suggests, however, that sexual content or symbolism will enhance recall only if it is appropriate to the product category and the creative advertising execution. Sexual appeals produce significantly better recall when the advertising execution has an appropriate relationship with the advertised product. A third role performed by sexual content in advertising is to evoke emotional responses, such as feelings of arousal and even lust. These reactions can increase an ad's persuasive impact, with the opposite occurring if the ad elicits negative feelings such as disgust, embarrassment, or uneasiness.

Sexual content stands little chance of being effective unless it is directly relevant to an advertisement's primary selling point. When used appropriately, however, sexual content is capable of eliciting attention, enhancing recall, and creating a favorable association with the advertised product. However, there is evidence to suggest that the use of explicit sexual illustrations in advertisements may interfere with consumers' processing of message arguments and reduce message comprehension. Moreover, many people are offended by advertisements that portray women (and men) as brainless sex objects (Tsai and Tsai, 2006).

### ***Subliminal Messages and Symbolic Embeds***

The word subliminal refers to the presentation of stimuli at a rate or level that is below the conscious threshold of awareness. One example is self-help audiotapes (such as tapes to help one quit smoking) that play messages at a decibel level indecipherable to the naked ear. Stimuli that cannot be perceived by the conscious senses may nonetheless be perceived subconsciously. This possibility has generated considerable concern from advertising critics and has fostered much speculation from researchers. The reason for the concern is clear: surveys have shown that a large percentage of American people believe that subliminal methods are used by advertisers. Representatives of the advertising community, however, disavow the widespread use of subliminal advertising (Shimp, 2008).

In the context of advertising ethics, there is growing evidence that much human behavior is not under conscious control but rather occurs virtually automatically (without cognitive intervention). Communicators can, for example, activate—or prime—subconscious thoughts in people using subtle techniques and subliminal messages. For subconscious priming to be effective, the primed topic must be compatible with the individual's current need states. In other words, one cannot be subliminally induced to act in a certain way unless he or she has a need to act in that way. Moreover, a primed need does not remain an active driver of judgments and behavior over the long run, but is limited in its length of influence. Hence, an advertiser may subliminally activate a certain thought or feeling

relating to a brand, but the consumer would not act on that thought or feeling if he or she is not presently in the market to purchase a product that relates to it. In general, it would be expected that mass-media advertising would have little effectiveness in this regard given that exposure to ads and purchase decisions typically are separated in time. However, point-of-purchase advertising (e.g., in-store radio programming) may provide an opportune (albeit unethical) medium for subliminally priming consumers into purchasing products and brands (Kotler & Armstrong, 2008).

### **2.1.1.3. Advertising Media**

Advertising practitioners distinguish between advertising media and vehicles. Media are the general communication methods that carry advertising messages— that is, television, magazines, newspapers, and so on. Vehicles are the specific broadcast programs or print choices in which advertisements are placed. For example, television is a specific medium, and American Idol, CBS Evening News, and Monday Night Football are vehicles for carrying television advertisements (Belch & Belch, 2003).

Media and messages represent a hand-in-glove relationship, where each must be compatible with the other. It has been said that advertising creatives “can’t move until they deal with a media strategist.” Creatives and media specialists must team up to design advertisements that effectively and efficiently deliver the right brand concept to the intended target audience. Indeed, advertising practitioners agree that reaching a specific audience effectively is the most important consideration in selecting advertising media (Shimp, 2008).

Advertisers are placing more emphasis than ever on media planning, and media planners have achieved a level of unparalleled stature. This is because an advertising message can be effective only when placed in the media and vehicles that best reach the target audience at a justifiable expense. The choice of media and vehicles is, in many respects, the most complicated of all marketing communications decisions due to the variety of decisions that must be made. In addition to determining which general media categories to use (television, radio, magazines, newspapers, outdoor, Internet, or alternative media), the media planner must also pick specific vehicles within each medium and decide how to allocate the available budget among the various media and vehicle alternatives. Additional decisions involve choosing geographical advertising locations and determining how to distribute the budget over time (Kotler & Armstrong, 2008).

Media and vehicle selection are influenced by a variety of factors; most important are target audience, cost, and creative considerations. Media planners select media vehicles by identifying those that will reach the designated target audience, satisfy budgetary

constraints, and be compatible with and enhance the advertiser's creative message. There are numerous ways to schedule media insertions over time, but media planners have typically used some form of pulsed or flighted schedule whereby advertising is on at times, off at others, but never continuous. The principle of recency, also referred to as the shelf-space model of advertising, challenges the use of flighted advertising schedules and purports that weekly efficient reach should be the decision criterion of choice because this approach ensures that advertising will be run at the time when consumers are making brand selection decisions (Shimp, 2008).

### **2.1.2. Brand Equity**

There are a lot of definitions for brand equity, but the researcher picked some significant definitions which is derived from several authors, Brand equity is a set of assets and commitments linked to a brand's name and symbol that adds to (or subtracts from) the value provided by a product or service to a firm and/or that firm's customers (Aaker, 1991: 1996). Brand equity is the differential effect of brand recognition on consumer response to the marketing of that brand (Keller, 2007). Brand equity is a power that a brand may have achieved it in a market because of its name, sign and logo (Farquhar, 1989). The concept of brand equity as discussed repeatedly in various sources of literature and there is no consensus on the definition due to the difficulty practitioners and marketers encounter in measuring equity. Apparently, there seems to be two approaches to defining brand equity namely the financial and consumer perspective. Simon and Sullivan (1993) note that brand equity defined as the value of the brand to the firm. Aaker (1991) & Keller (2007) concur on the contention that brand equity denotes the value endowed to the brand by the consumer. One of the many interesting questions facing today's brand managers concerns how to develop a better understanding of the appropriate relationship between constructs such as brand equity and customer loyalty (Taylor et al., 2004). By having a strong brand, companies not only could facilitate the differentiation of their offer from the competitors, with branding. The added value that a brand name gives to a product is now commonly referred to as brand equity (Aaker, 1991). Brand name adds value to each of these interested parties which include the investors, manufacturers, and the retailers. Brand equity provides a strong platform for introducing new products and insulates the brand against competitive attacks. From the perspective of the trade, brand equity contributes to the overall image of the retail outlet. It builds store traffic, ensures consistent volume, and reduces risk in allocating shelf space (Cobb-Walgren et al., 1995). However, if the brand has no meaning to the consumer, automatically there wouldn't be of any value to the investors, the manufacturer, and the retailer unless there is value to consumer (Farquhar, 1989).

Brand equity is the value of the brand in the marketplace (Keller, 2007). However, what this means exactly is often not fully or clearly understood. High brand value, a brand with high equity, means that the brand has the ability to create some sort of positive differential response in the marketplace. This can mean that your brand is easily recognizable in advertising or seen on a yard sign. It could mean that when someone asks for a referral, your brand is the first brand recommended to others. All of these are positive responses to the brand – a readily recognizable brand, a brand remembered quickly and easily when needed, one that individuals are willing to pay a premium price to acquire, and a brand recommended to others (Keller, 2007). These associations created in everything done – advertising messages, logos, names used, segments served, etc. If you use a statement in your advertising that you are the “Team to Trust” – you hope that “trust “will become a brand association. If you serve a specific segment, then that segment is likely to become associated with your brand. Basic branding elements are brand name, slogans, logo, symbols/pictures, and markets served (Aaker, 1996).

Branding elements are the most noticeable features associated with the brand itself – the brand name, slogans, logo, and symbols or pictures used on product offerings and contained in any marketing messages. However, it is important to know that branding elements extend to the content of the marketing message itself and even you are positioning within the marketplace (Aaker, 1991, 1996). Every aspect of these elements creates your brand image. It is important that this image is relevant to your customer, clear in what it stands for, and offers some point of differentiation from your competition. Brand equity regarded as a mix that includes both financial assets and associations. Actually, brand equity is the value added to the product (Keller, 2007), or the perceived value of the product in consumers' minds (Kim et al., 2008). Brand equity is an important concept in brand management for both theoretical and practical reasons. From a theoretical perspective, it is relevant to understand what key elements make up brand equity.

One important consensus among the definitions is that brand equity is the incremental value of a product due to the brand name (Srivastava and Shocker, 1991). Collectively, brand equity consists of four dimensions: brand loyalty, brand awareness, perceived quality of brand, and brand associations, as proposed by Aaker (1991, 1996) and Keller (2007). Brand equity is an asset that would receive returns on today, tomorrow, and the days to come (Keller, 2007).

Strong brand equity leads to create value to the firm through charging premium prices, increase customer demand, brand extension become easier, communication campaign become more effective, better trade leverage, margin can be greater, companies become less vulnerable to competitors, lower price elasticity, greater competitiveness, generates a

higher purchase intentions, and ultimately, higher profits and market value (Cobb-Walgren, et al., 1995).

### **2.1.2.1. Brand Equity Dimensions**

#### **I. Brand Awareness**

Brand awareness is a key determinant identified in almost all brand equity models (Aaker, 1991; Kapferer, 2004; Keller, 2007). Aaker (1991) defines brand awareness as the capability of consumers to recognize and recall the brand in clutter. Brand awareness is critical in the building of brand equity in the sense that it precedes all other variables (Aaker, 1991; Kapferer, 2004). Consumers should be aware of a brand in order to develop a set of positive brand associations and attained through aggressive marketing communications. Awareness may lead to consumers developing positive perceptions of the brand, which usually results in loyalty (Oliver, 1999). Keller (2007) defines awareness as “the customers’ ability to recall and recognize the brand as reflected by their ability to identify the brand under different conditions and to link the brand name, logo, symbol, and so forth to certain associations in memory”. Brand awareness includes consumer recognition, recall, top-of-mind awareness, knowledge dominance, and recalls performance of brands, as well as brand attitude (Kim et al., 2008). Aaker (1996) identifies other higher levels of awareness besides recognition and recall. He includes top-of mind, brand dominance, brand knowledge, and brand opinion. Brand knowledge is the full set of brand associations linked to the brand (Keller, 2007). According to Aaker (1996), for new or niche brands, recognition can be important. For well-known brands, recall and top-of-mind are more sensitive and meaningful. Brand knowledge and brand opinion are used to enhance the measurement of brand recall.

There are four types of brand awareness:

- a. High mental awareness,
- b. Brand reminding,
- c. Brand recognition,
- d. Unawareness (Bumm, 2005).

The role of brand awareness depends on the level of awareness achieved. In the higher awareness level buying, the possibility of considering brand and the effect of awareness on buying decision are increased (Rundle and Bennet, 2001). It is one of the fundamental dimensions of brand equity, and is often considered a pre-requisite of consumers’ buying decision as it represents the main factor for including a brand in the consideration set.

Brand awareness can also influence consumers' perceived risk assessment and their confidence in the purchase decision, due to familiarity with the brand and its characteristics. On the other hand, brand awareness can be depicted into at least two facets – unaided (brand recall) and aided (brand recognition) – each of the two facets having its more or less effective influence on buying decision and perceived risk assessment.

Entrepreneurial firms, organizations, and institutions use brand name, logos, slogans, jingles, brand characters/personalities, URL, signage, packaging, letterhead paperwork, and advertising to increase brand awareness as part of their external branding efforts. Brand logos are also seen on labels, promotion materials, trade dress and employee uniforms, distribution trucks, and business cards. These external branding strategies and tactics help firms build not only corporate identity and brand persona to differentiate themselves from the competition, but also brand loyalty. Entrepreneurs can develop their brand's persona throughout the years with guided and planned actions and in turn consumer responses to their brand.

Gall (1996) state that brand persona is essential in driving the continuity of the overall brand message. He (Gall, 1996) add that brand persona is "what makes the difference in strong or weak brand associations". Consumers attach human like characteristics to brands based on their understanding of brand's values and behaviors. Logo is an important part of the brand as it signals brand character through a stylized treatment of the company or brand name. It is like a signature of a person. Its main function is to remind the brand and make sure that "it remains at the forefront of the audience's thoughts" (Gall, 1996).

Keller (2007) defines logos as "the official visual representation of a corporate or brand name, and the essential component of all corporate and brand identity programs". Due to the entrepreneurial importance of logos in consumer sentiments (positive or negative attitudes) and brand awareness, great amounts of "investments are made because management expects that logos can add value to the reputation of an organization" (Keller, 2007).

Although the theoretical assumptions and evidence from practice underline the importance of logos in consumer perceptions of a company and its products and their preference of brands, empirical research on the added value of logos are limited (Keller, 2007).

As the brands become more similar and struggle to gain unique associations in the presence of strong competitors, investigating the correlation of brand and logo associations, become critical. As brand association researchers mentioned, brands are focusing on trivial attributes for unique brand associations and losing the core value of the brand. Logos may help brands to avoid lose focus. They may act as cues to elicit stronger associations than

mere attributes and help differentiate in the presence of strong competitors. Keller (2007) suggests that brand building efforts are more likely to succeed if associations are created based on personal identification rather than on abstract concepts.

## **II. Brand Associations**

Brand associations are defined as anything linked in memory to a brand and brand image as a set of associations, usually in some meaningful way (Pitta & Katsanis, 1995). Brand associations involves attributes, benefits, and attitudes can be stored in consumers 'minds after brand awareness is in their memory (Keller, 2007). Brand associations are one of the most significant constituent parts of brand equity (Aaker, 1991; Yoo & Donthu, 1997). A brand association conceptualized to denote anything that has memory links to the brand. These links grow and develop as a consumer repeatedly exposed to the brand. Keller (2007) expresses that brands endowed with several positive brand associations have positive customer based brand equity. Brand associations are fundamentally essential in positioning and differentiating brands. They rekindle the interest of consumers to purchase a brand and create a positive attitude towards a brand. Brand associations are central to brand equity. In conceptualizing brand equity, Keller (2007) depicts attitudes as the most abstract and highest level of brand association. Everything you do in terms of marketing and actions creates brand associations (Pitta & Katsanis, 1995). A brand association is the most accepted aspect of brand equity (Aaker, 1992). Associations represent the basis for purchase decision and for brand loyalty (Aaker, 1991). Brand associations consist of all brand-related thoughts, feelings, perceptions, images, experiences, beliefs, attitudes and are anything linked in memory to a brand (Kotler & Keller, 2006; Keller, 2007). Chen (2001) identify different types of association that contribute to the brand equity. He categorized two types of brand associations - product associations and organizational associations.

Product associations include functional attribute associations and non-functional associations (Chen, 2001). Functional attributes are the tangible features of a product (Keller, 2007). While evaluating a brand, consumers link the performance of the functional attributes to the brand (Pitta & Katsanis, 1995; Lassar, 1995). If a brand does not perform the functions for which designed, the brand will has low level of brand equity. Performance defined as a consumer's judgment about a brand's fault-free and long-lasting physical operation and flawlessness in the product's physical construction (Lassar, 1995). Non-functional attributes include symbolic attributes which are the intangible attributes that meet customer' needs for social approval, personal expression or self-esteem (Aaker, 1991; Keller, 2007). Customers linked social image of a brand, trustworthiness, perceived value, differentiation and country of origin to a brand. Organizational associations include

corporate ability associations, which are those associations related to the company's expertise in producing and delivering its outputs and corporate social responsibility associations, which include organization's activities with respect to its perceived societal obligations (Chen, 2001). According to Aaker (1996), consumers consider the organization is the people, values, and programs that lies behind the brand. Brand-as-organization can be particularly helpful when brands are similar with respect to attributes, when the organization is visible (as in a durable goods or service business), or when a corporate brand is involved.

### **III. Perceived Quality**

Zeithaml (1988) defines perceived quality as a “product's overall excellence or superiority”. In this instance, quality considered as a customer based brand equity variable, which integrates perceptions and experiences of a consumer. It connotes that quality is a customer perspective issue since the customer judges the performance of the products according to their expectations and the performance of other products in the market (Zeithaml, 1998). Therefore, it is based on consumers' or users' subjective evaluations of product quality. The most common definition of perceived quality integrates consumer experience of the product/service and perceptions of the firm providing the product/service (Keller, 2007). Perceived quality considered as a core customer based brand equity factor because it has been associated with the willingness to pay a premium price, brand purchase intent, and brand choice. Perceived quality is the customer's judgment about a product's overall excellence or superiority that is different from objective quality (Zeithaml, 1988). Objective quality refers to the technical, measurable and verifiable nature of products/services, processes and quality controls. High objective quality does not necessarily contribute to brand equity (Chen, 2001). Since it is impossible for consumers to make complete and correct judgments of the objective quality, they use quality attributes that they associate with quality (Zeithaml, 1988). Perceived quality formed to judge the overall quality of a product/service. Chen (2001) and other researchers argued that quality directly influenced by perceptions. Consumers use the quality attributes to compare quality of an unfamiliar product. It is therefore important to understand the relevant quality attributes with regard to brand equity. Zeithaml (1988), classify the concept of perceived quality in two groups of factors that are intrinsic attributes and extrinsic attributes. The intrinsic attributes are related to the physical aspects of a product (e.g. color, flavor, form and appearance); on the other hand, extrinsic attributes are related to the product, but not in the physical part of this one (e.g. brand name, stamp of quality, price, store, packaging and production information (Zeithaml, 1988). Therefore, customers measure quality in terms of how much pleasure they have received from a service.

## **IV. Brand Loyalty**

According to Oliver (1999), brand loyalty is a deeply held commitment to rebuy a preferred product/service consistently in future thereby causing repetitive same brand purchasing, despite situational influences and marketing efforts having the potential to cause switching behavior. Aaker (1991) defines brand loyalty as the attachment that a customer has to a brand. In marketing situations, brand loyalty determines consumer choice of brands and consumers may be insensitive to price increases or decreases (Keller, 2007). Brand loyalty considered as one of the most important factors affecting consumer choice (Baldinger & Robinson, 1996). Loyalty is a core dimension of brand equity. Baldinger & Robinson (1996) describe different levels of loyalty. Behavioral loyalty is linked to consumer behavior in the marketplace that can be indicated by number of repeated purchases or commitment to rebuy the brand as a primary choice (Keller, 1998). Cognitive loyalty which means that a brand comes up first in a consumers' mind, when the need to make a purchase decision arises, that is the consumers' first choice (Oliver, 1999). The cognitive loyalty closely linked to the highest level of awareness (top-of-mind), where the matter of interest also is the brand, in a given category, which the consumers recall first. Thus, a brand should be able to become the respondents' first choices (cognitive loyalty) and is therefore purchased repeatedly (behavioral loyalty) (Keller, 1998). Aaker (1996) identify price premium as the basic indicator of loyalty. Price premium defined as the amount a customer will pay for the brand in comparison with another brand offering similar benefits and it may be high or low and positive or negative depending on the two brands involved in the comparison (Aaker, 1996).

### **2.1.2.2. Perspectives of Brand Equity**

Brand researchers applied different perspectives/approaches to investigate brand equity (Kotler & Keller, 2006). The most common perspectives are financial and consumer-based brand equity perspectives (Srivastava & Shocker, 1991). The financial-based perspective addresses the financial value of the brand and measures brand equity by calculating the net cash flows the brand created for the firm (Sequeira & Mohan, 2012). The consumer-based brand equity perspective on the other hand, focuses on the conceptualization and measurement of brand equity on individual consumer's context and consumer's response to brands and defines brand equity as the value of a brand to the consumers (Aaker, 1991; Keller, 2007).

Furthermore, as cited by (Farquhar, 1989), Brand equity can also be viewed from three different perspectives. The first perspective is the so-called Consumer Based Brand Equity,

first used by Keller and Aaker. The second one is the firm's perspective and the third point of view is the so called trade perspective.

## **2.2. Empirical Review**

Advertising is one of the most visible marketing activities. Generally, researchers posit that advertising is successful in building consumer-based brand equity, having a sustaining and accumulative effect on this asset (Wang et al., 2009). However, advertising effects depend on both the amount invested and the types of messages communicated (Martínez et al., 2009).

Several authors have investigated how actual and perceived advertising spend influences brand equity and its dimensions (Simon and Sullivan, 1993; Cobb-Walgren et al., 1995; Yoo et al., 2000; Villarejo and Sánchez, 2005; Bravo et al., 2007). Both approaches find positive relationships between advertising spend and brand equity. Researchers conclude that perceptions of high advertising spend contribute to developing a more positive perception of brand quality, higher brand awareness and stronger brand associations (e.g., Yoo et al., 2000).

Advertising expenditure can influence brand equity dimensions in several ways. When judging the product's quality, consumers use different intrinsic and extrinsic cues (Cobb-Walgren et al., 1995). Perceived advertising spend is one such extrinsic quality cue (Moorthy and Zhao, 2000). Using laboratory experiments several studies report positive relations between perceived advertising spend and perceived quality (Kirmani and Wright, 1989; Moorthy and Hawkins, 2005). This result is also evident through work in shopping environments (Moorthy and Zhao, 2000). Thus, consumers generally perceive highly advertised brands as higher quality brands (Yoo et al., 2000; Bravo et al., 2007).

Similarly, large advertising investments can favor correct brand recall and recognition. Brand advertising spend can increase the scope and frequency of brand appearance, and as a consequence, the level of brand awareness (Chu and Keh, 2006; Keller, 2007). As such, the higher advertising spend, the higher awareness levels are likely to be (Yoo et al., 2000; Villarejo and Sánchez, 2005; Bravo et al., 2007).

Finally, advertising can also create favorable, strong and unique brand associations (Cobb-Walgren et al., 1995; Keller, 2007). Like brand awareness, brand associations arise from consumer-brand contact. As such, advertising can contribute to brand associations through its ability to create, modify or reinforce associations with each new contact. Hence, the higher a brand's advertising spend, the stronger and more numerous will be the associations

in the consumer's mind (Bravo et al., 2007). All these arguments lead to the following hypothesis:

**H1. Customers' perceptions of a brand's advertising expenditure have a positive effect on brand equity.**

Researchers recognize that individuals' attitudes toward advertisements can also play an important role influencing brand equity (Cobb-Walgren et al., 1995; Keller and Lehmann, 2006; Bravo et al., 2007; Sriram et al., 2007). However, these issues have received little attention in brand equity research.

Advertising is a powerful way of communicating a brand's functional and emotional values (Bravo et al., 2007). In general, the effectiveness of this communication tool depends on its content (i.e., the message), the execution or how the ad conveys the message, and the frequency with which a consumer sees the advertisement (Kotler & Keller, 2006). As mentioned earlier, advertising creates brand awareness, links strong, favorable, and unique associations to the brand in consumers' memory, and elicits positive brand judgments and feelings (Keller, 2007). However to achieve these results, the advertising needs a suitable design and execution. In particular, one of the main concerns devising an advertising strategy relates to the creative strategy (Kapferer, 2004; Keller, 2007).

Through an original and innovative advertising strategy, organizations may be more likely to capture consumers' attention. In turn, consumers' attention can lead to higher brand awareness, higher perceived quality and contribute to forming strong, favorable and unique associations (Aaker, 1991; Kirmani and Zeithaml, 1993). In short, besides increasing consumers' familiarity with a brand, advertising can shape consumers' perceptions of quality and other brand associations (Moorthy and Hawkins, 2005). The following hypothesis synthesizes the above arguments:

**H2. Individuals' attitudes toward the advertisements undertaken for a brand have a positive influence brand equity.**

The elementary but crucial purpose of advertising and marketing is persuading the attitude and behavior of the audience with the use of both verbal and image elements of advertising message and contents (Nabil & Samar, 2011). In other words, the main function of advertisement contents and efforts is to persuade. It is therefore safe to infer that persuasion precedes any actual attitudinal effort impact or effectiveness of advertising. Clark et al. (2009) empirically reported that the imagery content of advertisement functionally yield a positive attitude of the audience towards the advertised brand. Although, the study of Nabil and Samar, (2011) was scoped towards the comparison between the visual and verbal effect on persuasion and attitudes towards advertised brands, among other tested rhetoric

property, they found a significant effect of advertisement on persuasiveness and the audience attitude towards the advertised brand. Their presented result can be interpretatively explained that the utilitarianism of advertisement is to generate a psychological conviction in audience memory. This conviction would subsequently affect audience attitude towards the advertised brand.

The content, strategy and the creativity adopted in any type of advertisement are considered crucial part of any campaign and particularly in testing the effectiveness of an advertising campaign. Thus emphasizing on the influence advertisement strategy and creativity on advertisement persuasiveness is important, such as the study of Kover et al. (1995), in examining the connection between creativity and audience response. Nonetheless, Mehta (1998) and Till and Baack (2005) argued that few analyses are published on the empirical connection between advertisement content and strategy on audience persuasiveness. On this account, Till and Baack (2005) examined the influence of advertisement content (creativity) on audience attitude towards brand and their purchase intention, although their study could not validate the results of past studies on the connection between creativity and persuasiveness (Ang and Low 2000 & Stone *et al*, 2000) but also presumed that creativity used in advertisement have an impact on audience attitude and intention to buy the advertised product. In this study, such impact or the connection of creativity in advertisement content with audience purchase intention is operationalized as persuasiveness and therefore should be included in an accurate advertisement effectiveness measurement.

In a semiotic approach, Mzoughi and Abdelhak (2011) studied the impact of rhetoric figures of print advertisement content on recall and imagery with an experimental research design. Their analysis confirmed the essence of advertisement comes after persuasion which was measured through the audience attitude to the advertisement or attitude towards the advertised brand. Thus a realistic method of measuring the effectiveness of advertisement or branding as operationalized in this study is the persuasiveness of the advertisement or branding content.

According to Keller (2007) explanation of brand equity, is presented as types of knowledge resultantly generated from awareness (advertisement message). In brief, the conceptual need for branding and the power of brand equity is to facilitate consumers' likability and convince them towards a particular product (Margaret, 2002). Such conviction potentially generated by brand equity is another possible way of determining advertisement effectiveness, since advertisement remain the dauntless communicative tactic of branding. Yoo et al. (2000) reported an empirical support to the connection between advertisement message content and brand awareness, as they find advertisement message significantly

and positively correlated with brand equity across series of time from their analyzed panel data. Their study affirms that advertisement message's content may not directly affect purchase but contribute towards the development of brand equity. Hence, the third hypothesis states:

### **H3. Advertisement Message Content has a positive and significant effect on brand equity.**

In spite of the tremendous benefits that occur from advertising, advertisers are still skeptical about their enormous influence of media selection on products. Today most advertising objective in marketing products and services has not be achieved as a result of inability to choose the right media. Those who are in the world of business need to choose the right media that best help in advertising their products or services in order to ensure good return.

Every medium has its own virtues and vices to consider. While choosing the right media, good advertising strategy focuses on three factors: marketing objective, marketing budget and the characteristics of target consumers. Here are the good and bad sides of some of the most used advertising media. One thing is to have a good product, budget, plan and objective. Another is to choose the right and appropriate media that is suitable in marketing the product. Neglect of media selection has contributed to advertising waste to most companies as well as kills the product they advertised.

Many have failed to understand that all advertising is not good advertising or that an advertisement on television may and may not yield the same results as an ad in newspaper. But much depends on how you advertise, for there are many options to consider, whether the medium is television, radio, print, etc. It is in the light of all these consideration that research on the utility of media selection on product marketing becomes necessary.

Attempts to capture effects of media vehicles on the messages transmitted have been pursued both from media scholars and advertising researchers. It was early acknowledged that a transfer effect exists between the media vehicle image and the advertised brand (Yoo et. al., 2002), that this was known among media buyers, and that it would have implications for the execution of advertising campaigns depending on communication goals.

Despite problems with the practitioner's approach to media selection, few improvements have been suggested. In large measure, this may be due to the fact that there has been little inquiry regarding the nature of the differences between the media. Rather, media research has been concerned with establishing the superiority of one medium over another. Although a substantial number of studies have been undertaken on the media, the results have not been informative.

Central to the problem of determining media effectiveness is the fact that the majority of media research has been motivated solely by the desire to demonstrate main effects. Without any attention to the theoretical constructs producing the effects. Yet the inconsistencies found in the media studies may have been due to the existence of unknown factors that were unwittingly varied from study to study. The following hypothesis synthesizes the above arguments:

**H4. Advertising media (communication channel) has a positive and significant effect on brand equity.**

## **2.3. Conceptual Framework**

### **2.3.1. Brand Equity**

Brand equity is a key issue in marketing. Despite receiving considerable attention, no consensus exists about which are the best measures to capture this complex and multi-faceted construct (Maio Mackay, 2001; Raggio and Leone, 2007). Part of the reason is the different perspectives adopted to define and measure this concept (Christodoulides and de Chernatony, 2010). The financial perspective stresses the value of a brand to the firm (Simon and Sullivan, 1993). On the other hand, the consumer perspective focuses the conceptualization and measurement of brand equity on individual consumers (Raggio and Leone, 2007).

Adopting the latter perspective, and from a cognitive psychology approach, brand equity denotes the added value endowed by the brand to the product (Farquhar, 1989). Aaker (1991) provides one of the most accepted and comprehensive definitions of brand equity: “a set of brand assets and liabilities linked to a brand, its name and symbol that add to or subtract from the value provided by a product or service to a firm and/or to that firm's customers”. Keller (2007) proposes a similar definition: “the differential effect of brand knowledge on consumer response to the marketing of the brand”.

Consumer-based brand equity measures assess the awareness, attitudes, associations, attachments and loyalties consumers have toward a brand (Keller and Lehmann, 2006). These measures offer considerable advantages such as the assessment of sources of brand equity and its consequences, plus a diagnostic capability (Ailawadi et al., 2003). In this sense, these measures act as early evaluation signals about future performance (Sriram et al., 2007). From this perspective, the two main frameworks that conceptualize brand equity are those of Aaker (1991) and Keller (2007). According to Aaker (1991), brand equity is a multidimensional concept whose first four core brand equity dimensions are brand awareness, perceived quality, brand associations and brand loyalty. Brand equity research

omits the fifth of Aaker's dimensions, other proprietary brand assets, since this component is not pertinent to consumers. Keller's (2007) conceptualization focuses on brand knowledge and involves two components: brand awareness and brand image.

Drawing on these theoretical proposals, a large number of studies conceptualize and measure brand equity using the dimensions of brand awareness, perceived quality, brand associations and brand loyalty (e.g., Cobb-Walgren et al., 1995; Yoo et al., 2000; Yoo and Donthu, 2001; Washburn and Plank, 2002; Ashill and Sinha, 2004; Pappu et al., 2005; Tong and Hawley, 2009; Lee and Back, 2010).

Following these two approaches, the researcher used a consumer-based brand equity measure that consists of four dimensions: brand awareness, perceived quality, brand associations, and brand loyalty.

### **2.3.2. Advertising**

In brand equity research, several factors have been identified as drivers of consumer-based brand equity: market size and perceived risk (Ailawadi et al., 2003); order of entry and age of the brand (Simon and Sullivan, 1993); external brand communications (Berry, 2000); country of origin (Ashill and Sinha, 2004; Pappu et al., 2005); product innovation (Sriram et al., 2007); trust, customer satisfaction and relationship commitment (Kim *et al.*, 2008), etc. Interestingly, among the marketing mix elements advertising have been identified as one of the main drivers of brand equity.

Marketing mix elements influence consumers' equity perceptions toward brands (Pappu et al., 2005). These variables are important not only because they can greatly affect brand equity but also because they are under companies' control, enabling marketers to grow brand equity through their marketing activities (Keller, 2007; Berry, 2000; Yoo et al., 2000; Ailawadi et al., 2003).

Within the discipline of marketing dynamics, numerous studies use financial and product-market measures of brand equity to analyze the short- and long-term effects of marketing actions and policies, such as advertising and price promotions (Ataman et al., 2010; Sriram et al., 2007).

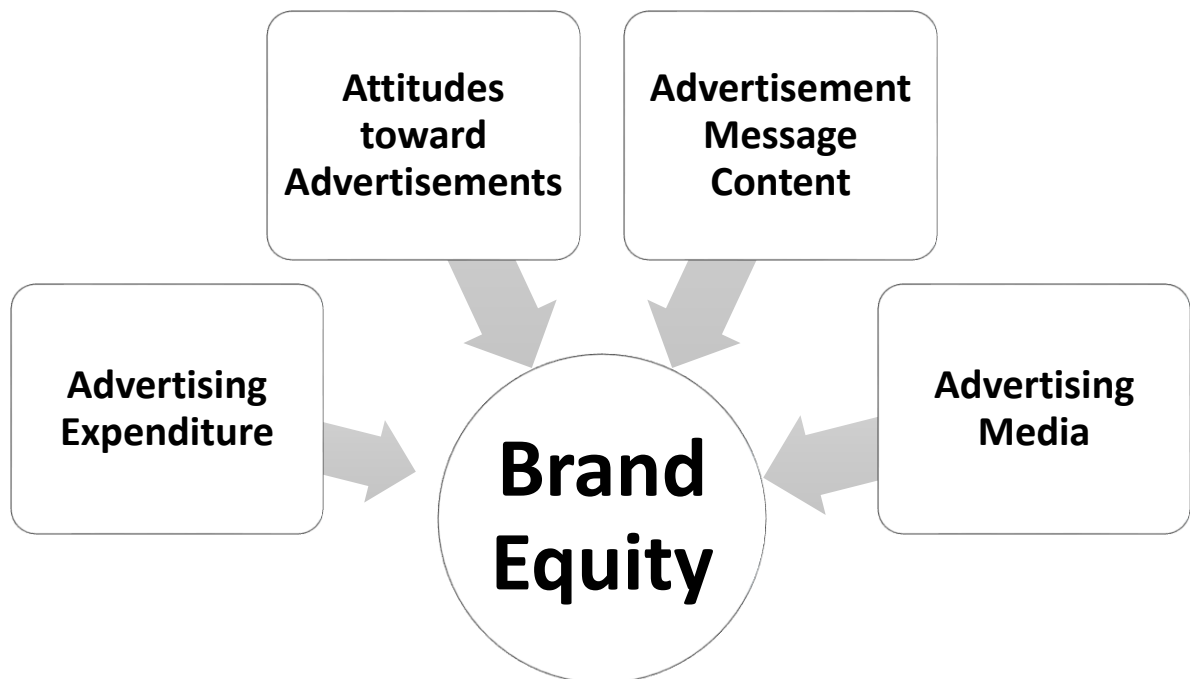
From the consumer-based brand equity perspective, which this research followed, Yoo et al. (2000) find that high advertising spend, high price, high distribution intensity and distribution through retailers with good store image would help build brand equity.

The study focused on the role of a specific marketing communications tool: advertising. Despite its importance, the influence of this variable on brand equity still remains unclear (Netemeyer et al., 2004; Chu and Keh, 2006). The research attempted to respond to this

gap by exploring advertising effects on consumer-based brand equity. Specifically the study addresses from advertising spending, general perceptions of advertising, advertisement message content, and advertising media perspectives how advertising influences brand equity dimensions.

Figure 2.1 below shows the conceptual framework underlying the research. The study addressed how advertising expenditure, individuals' attitudes toward the advertisements, advertising message content, and advertising media influence brand equity.

**Figure 2.1: Conceptual Framework**



Source: Aaker (1991, 1996) and Yoo et. al. (2000).

## **Chapter Three**

### **3. Research Design and Methodology**

This chapter provides an overview of the study area and describes the methodology used to collect and analyze data in order to explain the hypothesis associated with the proposed conceptual model in Chapter 2. It also describes data sources, types, methods of data collection, and analysis, and ethical considerations.

#### **3.1. Description of the Study Area**

According to Keller and Lehmann (2006), every scientist and researcher is aware of the importance of brand equity as a significant concept these days. As stated by Reynolds and Phillips (2005), dimensions of brand equity play a positive role in a customer's perception and cause the customer to go through the shopping process again. As Keller (2007) states, in order to enhance such a positive effect and in order to manage brands properly, the corporations need to employ the strategies which are designed to reinforce and enhance the brand equity. Recognizing the key factors in brand equity and conducting research and surveys on them has always been considered as one of the main priorities of researchers and marketing managers (Valette-Florence et al., 2011).

Despite the fact that considerable investigations have revealed the effectiveness of marketing mix elements in brand equity, Keller and Lehmann (2006) state that these investigations have not revealed all the dimensions of brand equity, specifically and extensively. Limited research and investigations have revealed the effectiveness and influence of marketing mix elements in consumer-based brand equity. Yoo et al. (2000) conducted a limited study that explored the influence of marketing mix elements on consumer-based brand equity. While their research demonstrates new procedures for influencing brand equity through marketing activities, they insist on conducting additional research and surveys on the impact of marketing mix elements.

The field of branding and brand equity is new area of research in Ethiopia. Despite the presence of well documented evidence and research on advertising's influence on consumer awareness, limited research has been done to establish the impact of this marketing communications mix variable on building brand equity.

#### **3.2. Research Approach**

The nature of the research strategy or research approach is driven by the decisions involved in selecting the research designs. It is also determined by the features of the social environment that are studied and by the research questions.

There are two kinds of research strategies, which are used widely in business and management research to differentiate both data collection techniques and data analysis procedures, namely qualitative and quantitative research strategies (Saunders et al., 2007). According to Robson (2011), these research strategies follow different ways of conducting social research, and therefore, each of these strategies may be most appropriate for different types of research questions.

Qualitative research is defined as a research strategy that focuses on words rather than quantification in the collection and analysis of data (Bryman & Bell, 2007). It is an investigation that provides meaningful insight by delving more deeply into social phenomena (Saunders et al., 2007). In this strategy, the emphasis is to view events, actions, norms and values from the perspective of the participants, enabling the researcher to understand the situation being studied (Bryman & Bell, 2007). Saunders et al. (2007) states that this method is usually used when there is no established theoretical basis, and where little is known about the topic. There are different types of qualitative research mechanisms, such as focus groups and in-depth interviews, which adopt an interpretive approach to data, study 'things' within their context and consider the subjective meanings that people bring to their situation (Robson, 2011).

By contrast, quantitative research is constructed as a research strategy that focuses on quantification in the collection and analysis of data (Bryman & Bell, 2007). It is a type of planned collection of data in order to describe or predict a social phenomenon as a guide to action or to analyze the relationship between the variables (Robson, 2011). This strategy has been characterized by some researchers as 'thin', but also 'hard and 'generalizable' (Bryman & Bell, 2007). According to Saunders et al. (2007), quantitative research aims to explain social phenomena in terms of a cause and effect relationship and to measure events by objective criteria. Researchers who use this strategy should rely on the use of standardized data collection instruments, such as questionnaire survey, or structured interviews in order to use statistical techniques to help in the interpretation of data (Robson, 2011).

There are several differences between qualitative and quantitative research. Quantitative research involves a large sample, drawn from a wide population. It also allows findings and conclusions to be generalized more widely. Moreover, quantitative research predominantly emphasizes a deductive approach to the relationship between theory and research, in which the emphasis is placed on the testing of theories (Robson, 2011; Bryman & Bell, 2007).

Both research strategies have different characteristics and ways of dealing with social research. Therefore, the decision on whether to employ qualitative or quantitative research strategies or both should be guided, as mentioned before, by the decisions involved in selecting the research design. It is also driven by the nature of the topic under consideration and by the research questions. Based on the discussion in the previous sections, the methodological position of the present research rests on the use of the quantitative strategy for two reasons. Firstly, the research design adopted is mainly characteristics of quantitative research. Secondly, Saunders et al. (2007) claims that the quantitative approaches offer complementary views of the social world; this implies that richness can enhance precision because the in-depth account encompasses more information, while a focus on precision can lead to a clarification of basic concepts. Furthermore, the adoption of this method for this thesis is in line with frequent recommendations, to increase the validity and reliability of research findings (Robson, 2011; Bryman & Bell, 2007).

Therefore, a quantitative research was undertaken and a cross-sectional explanatory survey research design in nature was applied in the study. The study also employed self-administered survey questionnaire to gather information from the sample respondents to test hypothesis that was developed based on the conceptual framework. Researchers proposed the use of survey methods in brand equity studies (Keller, 2007).

### **3.3. Research Design**

A research design is defined as the plan of the study which is used as a guide to collect and analyze data (Robson, 2011). Therefore, it is a way to conduct research that usually contains a specification of the elements that need to be examined and procedures that should be used.

The first part of the research design outlines whether the research should use the deductive theory (theory → observations/findings), or the inductive theory (observations/findings → theory). The deductive theory means that a researcher will develop a theory or hypotheses that are subjected to empirical scrutiny and design a research strategy to test and then confirm or reject the theory or hypotheses. Robson (2011) suggests five stages through which deductive theory progresses: 1) deducing a theory and hypotheses, 2) expressing the hypotheses in operational terms (it is important to indicate how the variables are to be measured), 3) testing the hypotheses by involving one or more of the research strategies, 4) confirming the theory or indicating the need for its modification, 5) if there any hypotheses rejected, modify the theory in the light of the findings. On other hand, the inductive theory is an alternative way to conduct research. In the inductive theory, a

researcher will collect data and develop a theory as a result of the researcher's data analysis (Saunders et al., 2007).

There are a number of differences between deductive and inductive theories. As mentioned previously, the deductive design moves from theory to data, whilst the inductive design moves from data to theory. Another difference is that most studies that adopt the deductive theory are associated more with a quantitative research approach, whilst other studies that adopt the inductive theory are associated more with a qualitative research approach (Bryman & Bell, 2007). Therefore, the researcher adopted the deductive theory to study the effect of advertising on brand equity.

The second part of the research design sheds light on the classification of the research purpose, whether it is an exploratory, descriptive or explanatory approach. Saunders et al. (2007) discuss three different purposes that are most often used in the research methods' literature, namely exploratory, descriptive and explanatory research. Exploratory research aims to ask questions to find out what is happening (Robson, 2011). It is concerned with discovering ideas and insights, and is suitable for any problem about which little is known (Bryman & Bell, 2007). Robson (2011) states the following purposes for exploratory research: 1) formulating a problem for more precise investigation; 2) establishing priorities for further research; 3) collecting information about the practical problems of carrying out research on particular conjectural statements and finally 4) increasing the analyst's familiarity with the problem and clarifying concepts.

Descriptive research aims to provide an accurate profile of a situation or phenomenon being studied (Robson, 2011). Therefore, descriptive research is chosen when the purpose of the study is to estimate the proportion of people in a specified population who behave in a certain way, to describe the characteristics of certain groups, or to make specific predictions (Robson, 2011; Saunders et al., 2007). The final classification of research purpose is the explanatory approach which aims to study a phenomenon or a problem in order to explain the relationships between variables (Saunders et al., 2007). It is designed to provide evidence to explain such cause and effect relationships (Robson, 2011). The explanatory approach is appropriate when the objectives of the research include: 1) determining which variables are the cause of the phenomena being studied and 2) understanding the nature of functional relationships between the variables (causes) and the phenomena being studied (effects) (Saunders et al., 2007; Robson, 2011).

Based on the previous discussion, the study followed the explanatory approach for three reasons. First, the hypotheses developed in the previous chapter fit most closely with the description of the explanatory approach. This is because this study's hypotheses are

developed based on suggested causal relationships between the variables. Saunders et al. (2007) suggest that researchers who establish causal relationships between variables may adopt an explanatory approach. The second reason is that brand equity models have been applied and validated in a number of causal-type studies. Finally, the primary objective of the study is to examine the effect of advertising on brand equity. This addresses typical causal relationships between the variables. Consequently, a change in one variable perhaps cause a change in another variable.

### **3.4. Population and Sampling Procedure**

#### **3.4.1. Population**

Population is a group of individuals who have one or more characteristics in common (Kothari, 2004). To achieve good population validity, quantitative researchers must select their sample from a defined population to which they wish to generalize their results (Kline, 2005). For this study, the target population of the study can defined as actual and potential home buyers, who are 18 years and above, and lives within Addis Ababa during the survey will be used to obtain the sample.

The population represents the larger group which the researcher intends to generalize the results of the research. However, due to the large size of the population, the researcher could not test every individual in the population. This limitation is due to cost and limited time; therefore, accessible population was used for the research. Hence, the researcher selected an accessible population from the target population and from this accessible population, draw the sample. The target population for the study consists of actual and potential home buyers, who are 18 years and above, exposed to Flintstone Homes marketing communication activities, and reside within Addis Ababa during the survey.

In the study, the population is defined as all Ethiopians who fulfil the three criteria:

- I. **Geography:** The population of the study is defined as all actual and potential house buyer Ethiopians, regardless of whether male or female, and the survey population is defined as those who live in Addis Ababa city within the five sub-cities of the city. The sub-cities being Bole, Arada, Gulele, Nefas Silk-Laphto, and Akaki-Kality. The reason for limiting the study to these sub-cities is to save time and cost, as well as to enhance the efficiency of the administration of the questionnaire. These sub-cities were selected using a simple random sampling.
- II. **Age of individual:** Since the population of the study is actual and potential house buyer Ethiopians and the minimum age for individuals to buy houses in Ethiopia is 18 years and above, hence, the minimum age of the population is 18.

- III. **Exposure:** The population of the study includes actual and potential house buyer Ethiopians who are familiar with Flintstone Homes marketing communication, specifically advertising, activities or campaigns.

### **3.4.2. Sampling Procedure**

Once the researcher identified the problem that needed to be investigated, and developed an appropriate research philosophy, research design, research strategy and research method which includes the data collection instrument, the next step in the research process is the determination of the sample from which information is to be collected. All survey research is concerned with making inferences about a population on the basis of information obtained from a sample. Sampling procedure becomes an essential part of the total research process. The way in which samples are taken will determine the accuracy of the survey research results and their generalizability. Israel (1992), states that sampling is the process of selecting an adequate number of subjects from a population. By studying and understanding the characteristics of these subjects, the research will be able to generalize the results to the whole population.

In selecting a sample of the population for the present study, the researcher first defined the population and identified the sample frame, then determined the sample size, and finally selected the appropriate sampling method.

As a result, the study used a sample of actual and potential home buyers to measure consumer-based brand equity and the target population of the study is defined as home buyers (18 years and above). Multistage sampling processes was employed to assure the sampling procedure and to get representative data from the target population. The researcher used simple random sampling technique to select the five sub-cities of Addis Ababa, from the entire ten sub-cities. Still to select respondents, the research used a convenience sampling technique.

### **3.4.3. Determination of Sample Size**

The determination of the appropriate sample size is a very important part of any research. This decision is not a straightforward one. It depends on several considerations, such as cost, time, the availability of resources and statistical accuracy. There are a number of ways to determine the sample size (Israel, 1992). The first is to set an arbitrary size within the constraints of the research budget and time, and to measure the precision of the sample at the analysis stage if a probability sampling technique is used. The second is to calculate the optimal sample size by using statistical principles. In the context of this study, using statistical procedures to determine appropriate size of the sample was employed.

Accordingly, 385 actual and potential home buyers were systematically selected by applying Israel (1992) formula.

$$n = \frac{z^2 \times p \times q}{e^2}$$

Where:

$n$  = Sample size to be calculated

$p$  = Percentage or presence of the study characteristics ( $p = 0.5$ , maximum variability)  $q = 1 - p$

$e$  = Accepted margin of error ( $\pm 5\%$  of precision)

$z = 1.96$  (95% of confidence level)

$$\text{Then, } n = \frac{(1.96)^2(0.5)(0.5)}{(0.05)^2}$$

$$n = 385$$

The confidence interval refers to a 'range whose endpoints define a certain percentage of the responses to a question'. The 95 percent confidence interval is defined as 'the range described by the mean  $\pm 1.96$  times the standard deviation' (Israel, 1992). In view of this, the sample would be adequate and representative since it is appropriate for quantitative analysis of data employed in the research (Saunders et al., 2007).

#### **3.4.4. Sample Selection Method**

There are two major methods for selecting a sample of the population, probability and non-probability sampling. In probability sampling, a sample is selected using random selection so that each unit being selected from the population is known and usually equal for all units (Bryman & Bell, 2007). Bryman & Bell (2007) suggest that a researcher is likely to obtain a representative sample when this method of selection from the population is employed because probability sampling aims at keeping sampling error to a minimum. Probability sampling is associated mostly with survey and can be selected by various techniques, such as simple random, systematic, stratified random, cluster and multi-stage sampling (Saunders et al., 2007). On the other hand, non-probability samples involve personal judgment somewhere in the selection process, which means the elements do not have an equal chance of being selected as subjects (Bryman & Bell, 2007). Therefore, there is no way of ensuring that the sample that has been chosen is representative of the population (Saunders et al., 2007). In this method, the sample can be selected by several techniques, such as convenience, judgment and quota samples.

In the present research, it was found that it might be more desirable for the nature and the purpose of the research to apply two methods of sampling, probability sampling and non-probability sampling. The following explains the two stages of choosing the sample in this study.

**Stage One:** A listing was made of all sub-cities within the Addis Ababa city. From the list, five sub-cities were selected by simple random sampling.

**Stage Two:** From each sub-city that had been selected, convenience sampling was used to draw seventy seven respondents. In this stage, the researcher applied this sampling technique because it was impossible to acquire a list of all house buyers who are familiar with Flintstone Homes advertisements at a specific location within each sub-city and so sampling was undertaken using a crude approximation to the target population.

### **3.5. Data Sources and Types**

#### **3.5.1. Secondary Data**

Robson (2011), defined secondary data as "any re-analysis of data collected by another researcher or organization". Making use of secondary data proves to be less expensive and less time consuming, however, such research can be misleading and sometimes it may prove to be not specific to the researchers needs (Robson, 2011). Hence, in using secondary data, various articles and journals were reviewed in order to gain insight on the topic under study.

#### **3.5.2. Primary Data**

For the purpose of the study, primary data was the main research method used. Primary data is data which has been obtained through the direct efforts of the researcher. The main primary data method that was used in the research is a questionnaire prepared to actual and potential home buyers. In order to understand the effect of advertising on brand equity, a questionnaire was constructed to be answered by sampled respondents. A copy of the questionnaire can also be found in Appendix section.

### **3.6. Scale Development**

Saunders et al. (2007) recommendation is essential in order to develop the measurement process and the present study followed his three essential recommendations. The first recommendation is, identify the dimensions and latent variables that represent the concept to be measured. The second is, create indicators based on the past theoretical positions and, the last is, specify the relationship between the observable indicators or variables and the latent concepts or variables they are explain.

The study examined the perceived rather than actual marketing communication efforts, due to the following two main reasons. The first one is, as it was stated in the works of Yoo et al. (2000), it is not feasible to control actual marketing investments in the study. The second cited reason is, perceived marketing efforts plays a more direct role in the consumer psychology than actual marketing efforts (Yoo et. al., 2000). They also claimed perceived marketing efforts have also a strong meaning and explain consumer behaviors more effectively than actual marketing efforts.

### **3.7. Data Collection Instrument**

The data collection instrument is a tool which is designed to gather information on a topic of interest from research subjects. There are three basic instruments for collecting quantitative data in the social sciences, namely survey, observation and experimentation (Saunders et al., 2007). The survey involving questionnaires or interviews is one of the most widely used research instruments for data collection within social sciences (Robson, 2011). It is defined as the ‘attempt to collect data from members of the population in order to determine the current status of that population with respect to one or more variables’ (Saunders et al., 2007). This type of instrument is usually used with the objective of measuring knowledge, awareness, opinions and behavior (Neuman, 2003).

Questionnaire was the main instrument used in the study. According to Robson (2011), “a questionnaire is a written list of questions that are answered by a number of people so that information can be collected from the answers.” This document asks same questions of individuals in a sample. Thus, a questionnaire is a technique of data collection where different people are asked to respond to the same set of questions in a predetermined order. It includes structured interviews as well as those in which the questions are answered without an interviewer present. Subjects usually record a written response to each questionnaire item. They can fill out the questionnaire at their convenience and answer the items in any order. They may skip questions as well as give unique responses. Questionnaires are used extensively in educational research to collect information that is not directly observable. This data collection method typically inquires about feelings, motivations, attitudes, accomplishments, and experience of individuals. A wide range of issues can be investigated with questionnaires. They are commonly used in quantitative research because it is highly standardized, structured, and compatible with the approach. A questionnaire often solicits respondent’s opinion about a particular topic or issue (Kothari, 2004).

There are three basic types of questionnaires. The close-ended, open-ended and a combination of both (Robson, 2011). Close-ended questions include all possible answers

or prewritten response categories. Respondents are asked to choose their answer among the questions. This type of question is used to generate statistics in quantitative research. In addition, because these follow a set of format, most responses can be entered easily into a computer for easy analysis (Robson, 2011).

Open-ended questions allow respondents to answer in their own words. These kind of questions does not contain boxes to tick but instead leaves a blank section for respondents to write their answer. Due to the fact that there are no standard answers to these questions, data analysis is more complex. This is because opinions are sought rather than numbers (Kothari, 2004).

Thus, a close-ended questionnaire was prepared, such that all the question items will be identical. Each respondent answers only one questionnaire. Respondents were needed to be aware of the focal brand advertisement to be eligible for the study. Collection of the data took place at several convenient locations within the selected sub-cities.

In the present study, a questionnaire survey was employed as an instrument for data collection for several reasons. First, a questionnaire survey was suitable for the type of data that the researcher gathered as the major part of the study is concerned with the respondent's perceptions of Flintstone Homes advertisements and how these perceptions influence their attitude towards the firm. Second, Saunders et al. (2007) point out that questionnaires can be employed to examine and explain relationships between variables, in particular cause-and-effect relationships. There were additional reasons to use a questionnaire survey, including the need for a large sample, the need for covering a wide geographic area and the fact that the cost of a questionnaire survey is much cheaper than that of interview survey.

### **3.7.1. Questionnaire Development Process**

The researcher developed the questionnaire used in the present study, based on the procedures recommended by Saunders et al., (2007). The processes that were used to develop the questionnaire are explained in the following sub-sections.

#### **3.7.1.1. Specify what Information will be sought**

It is very important for a researcher to specify the information that he or she wants to obtain in order to construct an effective questionnaire. In the present study, the researcher collected information on the variables specified in the conceptual model. In particular, the questionnaire was designed to investigate the hypotheses that were created in Chapter 2.

### 3.7.1.2. Type of Questionnaire and Methods of Administration

After determining the basic information that will be sought, researchers need to make decisions about the structure to be used in the questionnaire and how it will be administered, such as post, email, telephone or hand (Saunders et al., 2007). Each type of questionnaire has a different method of administration. For example, an unstructured questionnaire with open-ended questions is not recommended to be administered by post, particularly if it has probing questions (Saunders et al., 2007). Based on the research design and the research strategy, the researcher used a structured questionnaire consisting of only closed-ended questions and administered by hand.

### 3.7.1.3. Developing Questionnaire Items

The initial pool of the questionnaire items was developed from the review of literature related to the effect of advertising on brand equity and its dimensions (Simon and Sullivan, 1993; Cobb-Walgren et al., 1995; Aaker, 1996; Yoo et al., 2000; Villarejo and Sánchez, 2005; Keller and Lehmann, 2006; Bravo et al., 2007; Sriram et al., 2007). The researcher adapted a number of items from the previous studies with some modifications added to fit the context of real-estate. Table 3.1 shows the selected measurement items of the study's variables and their sources, refined after the discussion and consultation provided by the researcher's advisor.

**Table 3.1: The Operationalization of the Study's Variables**

Variable	Item	Source
Perceived Advertising Expenditure	X is intensively advertised	(Yoo et al., 2000)
	X seems to spend a lot on its advertising compared to advertising for competing brands	(Yoo et al., 2000)
	The advertisements for X are frequently shown	(Yoo et al., 2000)
Individuals' attitude towards the advertisements	The advertisements for X are creative	(Yoo et al., 2000)
	The advertisements for X are original	(Yoo et al., 2000)
	The advertisements for X are different from the advertisements of competing brands	(Yoo et al., 2000)
	The advertisements for X presented a positive image of X	(Yoo et al., 2000)
	From the advertisements for X, I understand what X stands for	(Yoo et al., 2000)
	X advertisements changes my mind about the brand	(Yoo et al., 2000)
	I was able to accept the claims made in X advertisements	(Yoo et al., 2000)
	X advertisements influence my intention to buy its products	(Yoo et al., 2000)
Advertising message content	X advertisement messages sustain consumers interest	(Yoo et al., 2000)
	The wordings of X advertisements are creative	(Yoo et al., 2000)
	X advertisements gives necessary information about the company/brand	(Yoo et al., 2000)
	Pictures and images make X advertisements interesting	(Yoo et al., 2000)
	X advertisements are easy to understand	(Yoo et al., 2000)
	X advertisements stimulated my imagination	(Yoo et al., 2000)
	I like the color combinations in X advertisements	(Yoo et al., 2000)

	X advertisements presented consistent information about the image of the brand/company	(Yoo et al., 2000)
	After seeing X advertisements, I am well informed about the brand/company	(Yoo et al., 2000)
Advertising media	X advertisements use most available medias to consumers	(Yoo et al., 2000)
	X advertisement medias bring out quality and retentive advertisement messages closer to the audience	(Yoo et al., 2000)
	X advertisement medias effectively convey advertising messages to Flintstone Homes customers	(Yoo et al., 2000)
	X advertisement medias are trustworthy or legitimate by the audience	(Yoo et al., 2000)
Customer-Based Brand Equity	<b>Brand Awareness</b>	
	I am aware of X	(Aaker, 1996)
	When I think of Y product, X is one of the brands that comes to mind	(Aaker, 1996)
	X is a brand of real-estate company I am very familiar with	(Aaker, 1996)
	I know what X logo looks like	(Aaker, 1996)
	I can recognize X amongst other competing brands	(Aaker, 1996)
	<b>Perceived Quality</b>	
	X offers very good quality products	(Aaker, 1996)
	X offers products of consistent quality	(Aaker, 1996)
	X offers very reliable products	(Aaker, 1996)
	X offers products with excellent features	(Aaker, 1996)
	<b>Brand Associations</b>	
	X is good value for the money	(Aaker, 1996)
	Within real-estate companies I consider X is a good deal	(Aaker, 1996)
	Considering what I would pay for X, I would get much more than my money's worth	(Aaker, 1996)
	X has a personality	(Aaker, 1996)
	X is interesting	(Aaker, 1996)
	I have a clear image of the type of person who would use X	(Aaker, 1996)
	I trust X	(Aaker, 1996)
	I like X	(Aaker, 1996)
	X has credibility	(Aaker, 1996)
	<b>Brand Loyalty</b>	
	I consider myself to be loyal to X	(Aaker, 1996)
X would be my first choice when considering to buy a house or real-estate	(Aaker, 1996)	
I will not buy other brands, if X is available in the market	(Aaker, 1996)	
X would be my best choice	(Aaker, 1996)	

#### 3.7.1.4. Form of Response to each Question

Close-ended questions were found to be the most useful for the present study. The main reasons for this lays in their simplicity of administration and ease of tabulation and analysis (Saunders et al., 2007). In order to have a greater uniformity of response type, a five-point Likert scale was applied to all items of the questionnaire. The answers to questions rated “strongly agree”, “agree”, “neutral”, “disagree”, and “strongly disagree” were valued from

5 to 1 respectively. The questions were designed to provide ‘tick’ responses. The respondents were asked to choose the scale that most closely corresponded to their position on the subject.

#### **3.7.1.5. Determine Wording of each Question**

Wording of a question is a critical task, because, for instance, an ambiguous word can cause the respondents to refuse to answer the question or to answer incorrectly due to misunderstanding. Saunders et al. (2007) points out that a number of researchers encounter vocabulary problems, because they are more highly educated than other typical respondent of the questionnaire. Therefore, the researcher paid attention to this potential problem and pre-tested the questionnaire before the final survey in order to detect any ambiguous words, abbreviation and questions.

#### **3.7.1.6. Determine Sequence for Questionnaire**

Once decisions had been made regarding the type of response required and the appropriate wording for each question, the researcher had to put these questions into the questionnaire. Saunders et al. (2007) states that researchers should recognize that the order in which the questions are presented can be significant to the success of the research effort. The questionnaire was structured into six sections. The questions related to the personal profile of the respondents were placed in the first section of the questionnaire. The second section measures the respondents’ perception regarding the brand’s advertising expenditure. The third section deals with the respondents’ perception regarding the brand’s advertisements. The fourth section investigates the respondents’ beliefs about message content of the advertisements. The fifth section measure the respondents’ beliefs about the brand’s advertisement communication channel or media selection or choice. The last section examines the respondents’ level of brand awareness, perceived quality, associations, and loyalty.

#### **3.7.1.7. Determine Physical Characteristics of Questionnaire**

The physical appearance of the questionnaire can affect not only the accuracy of the information that is obtained, but also the respondents’ cooperation or willingness to participate in the study (Saunders et al., 2007). For example, if the questionnaire looks disorganized or sloppy, the respondents are unlikely to cooperate because they may think that the study is not important; it is vital to make the questionnaire reflect the importance of the study. Thus, the researcher endeavored to achieve a good physical appearance to the questionnaire, which reflected the credibility and importance of this study. In the first pilot test of the questionnaire, the participants were asked to comment on the questionnaire size,

layout, font size and formats and question wording and sequencing. In the final study, the questionnaire was produced by incorporating most of the comments. A cover letter from the researcher was also enclosed with the questionnaire. The letter explained the purpose of the study and its importance, and sought the cooperation of the respondent (Saunders et al., 2007). It also assured the respondents that their answers would be held in total confidence and stressed that the findings of the study will be strictly utilized for the intended purpose.

### **3.7.1.8. Pre-test Questionnaire and Revision**

Saunders et al. (2007) point out that the aim of the pilot test is to refine the questionnaire so that the respondents will not encounter any difficulties in answering the questions. Moreover, it will enable the researcher to obtain some assessment of the questionnaire's validity and reliability (Saunders et al., 2007). They emphasize the importance of pre-test when they state that 'the pre-test is the most inexpensive insurance the researcher can buy to assure the success of the questionnaire and the research project'. In the present study, the researcher conducted a pilot test of the questionnaire. In the pilot test, the questionnaire was distributed to a convenience sample of 20 individuals who were undergraduate students in Addis Ababa University Commerce and Sidist Kilo campuses. The respondents were asked first to complete the questionnaire, and then comment on its length, wording, sequence and instructions. This pilot test revealed that the respondents, on average spent about 11-15 minutes to complete the questionnaire. The researcher checked again for any difficulties that the respondents might face in completing the questionnaire. The researcher received valuable comments on the questionnaire. One of the major modifications that came out of this test was that some wordings perhaps create ambiguity.

After the questionnaire had been refined and validated through the pilot test, a final version was then obtained. The questionnaire is attached in Appendix section.

### **3.8. Data Collection Procedures**

Once the questionnaire was refined and validated, and a final version was obtained, the final field survey was conducted over a period of 4 weeks, commencing in the first week of February 2018 until the first week of March 2018. As mentioned earlier, the researcher was incapable to hire research assistants to help the researcher by distributing and collecting the questionnaires due to lack of financial resources, consequently personally distributed and collected all the questionnaires. Three hundred eighty five (385) copies of the final questionnaire along with a cover letter from the researcher were distributed through the selected five sub-cities (77 questionnaires per sub-city). Each respondent

completed only one questionnaire. Respondents needed to be aware of the brand and its advertisements to be eligible for the study.

At the end of the data collection stage, 348 completed questionnaires were collected, giving a response rate of 90.4% of the original sample. Therefore, the effective response rate was 90.4%.

### **3.9. Data Analysis Methods**

Several procedures were conducted to test the study hypotheses. First, prior to conducting the actual statistical tests, the variables were examined for normality. Second, the reliability of the measures were ascertained. Finally, descriptive statistics (frequencies statistics) were applied to assess the advertising success and level of brand equity, while, the relationship between the advertising attributes and brand equity were analyzed using the linear regression model. In the sub-sections that follow, each step will be described in detail.

#### **3.9.1. Normality**

Saunders et al., (2007) refer to normality as the ‘shape of the data distribution or an individual metric variable and its correspondence to the normal distribution, which is the benchmark for statistical methods’. Normality consists of two types: univariate normality and multivariate normality. Univariate normality refers to the distribution of an individual variable and multivariate normality refers to the distribution of two or more variables (Kline, 2005).

In the present study, univariate normality was identified by assessing skewness and kurtosis of the study variables using the IBM SPSS Statistics 20 program/software. The skew and kurtosis of a distribution can be non-normal. Skew indicates that the shape of a unimodal distribution is not symmetrical about its mean (Kline, 2005). When most of the scores are below the mean, the distribution is positively skewed; when most of the scores are above the mean, the distribution is negatively skewed. The sign of the standardized skew index denotes the direction of the skew. Computer simulation studies of estimation methods reveal that variables with absolute values of the skew index greater than 3 have distributions that are extremely skewed (Kline, 2005). For unimodal distributions that are symmetrical, the distribution is considered as having positive kurtosis if the tails are heavy and the peak is high. The distribution has negative kurtosis if the tails are thin and the peak is flat. There is limited consensus regarding the criterion for extreme kurtosis. A conservative rule of thumb, however, is that when the absolute value of the kurtosis index is greater than 10, the distribution is non-normal (Kline, 2005). To ascertain univariate normality of the variables, the skew and kurtosis values were requested.

### **3.9.2. Reliability**

Reliability refers to the degree that an instrument is free from random measurement error (Kline, 2005). Since there are different sources of random error, there are several estimates of reliability. The most commonly reported estimate of reliability is Cronbach's coefficient alpha; this estimate of reliability assesses the consistency of responses across items within a single subscale or scale (Kline, 2005). Reliability coefficients around .90 are considered "excellent," coefficients around .80 are deemed "very good," while coefficients around .70 are "adequate" (Kline, 2005).

Hence, in the present study, reliability of the constructs was assessed through Cronbach's alpha technique to ensure the inner consistency of the present instrument.

### **3.9.3. Statistics**

According to the SPSS package, the linear regression is used to model the value of a dependent scale variable based on its linear relationship to one or more predictors. The Model summary table reports the strength of the relationship between the model and the dependent variable. "R" value indicates the strength of relationship with larger values indicating stronger relationship and "R<sup>2</sup>" is the proportion of the variation in the dependent variable explained by the regression. Both R and R<sup>2</sup> the regression procedure values range from 0 to 1.

According to Saunders et al. (2007) independent variables can be classified as ordinal or nominal variable. Ordinal variable allows distinction and the distinction can quantify the differences between the variables. Example includes age. In this study to perform the data analysis, the age variable were ranked from 1 to 5 with the least age group 18-20 as 1 and the highest group with age higher than 50 ranked 5.

Nominal variable allows distinction but the distinction cannot quantify the differences between the variables. Examples include gender and employment, etc. To be able to analyze this variable, dummy variable were used. Dummy variable is variable representing nominal data encoded numerically, using the 1 and 2 values. For this study, gender variable will have 1 dummy variable: male is 1 and female is 2. The answers to questions rated "strongly agree", "agree", "neutral", "disagree", and "strongly disagree" were valued from 5 to 1 respectively.

### **3.10. Ethical Considerations**

Ethics refers to the appropriateness of researchers' behavior regarding the rights of those who become the subjects of their research or are affected by it (Saunders et al., 2007).

Neuman (2003) defines ethics as what is or is not legal to do or what moral research procedures involve. Ethical concerns should be taken into consideration in all stages of the research process. It relates to questions about how researchers formulate and clarify their research topics, design their research and gain access, collect data, process and store their data, analysis data and write up their research finding in a moral and responsible way (Saunders et al., 2007). In the present study, the researcher took into account all ethical concerns involved in all the stages of the research process. For example, during the distribution of the questionnaire, the respondents were not asked in an unpleasant way to participate, but instead they were encouraged to respond (Saunders et al., 2007). In addition, the participants' privacy and protection from misrepresentation was guaranteed by explaining for them the purpose of the study and not asking for their names and addresses (Neuman, 2003). There were also ethical measures that have been followed in the data analysis. To ensure the integrity of data, the researcher checked the accuracy of encoding of the survey responses. This was carried out to ensure that the statistics generated from the study are truthful and verifiable (Neuman, 2003).

## Chapter Four

### 4. Results and Discussions

This chapter presents the findings of the study. It also analyses and discusses the findings.

#### 4.1. Chapter Overview

As indicated in the preceding chapters, this research study attempted to examine the effect of advertising on brand equity in the case of Flintstone Homes. A customer total of 385 questionnaires were distributed to customers and 348 (90.4%) valid questionnaires were obtained and used for analysis. The data collected were presented, analyzed and interpreted using IBM SPSS Statistics 20 software version. Given that all of the independent and dependent variables of the study have been measured in ordinal scale, and given that the aim of investigation to test the relationship between the independent and dependent variables of the study; therefore, the most appropriate statistical testing for testing the hypothesis of the study is spearman correlation testing and linear regression model.

#### 4.2. Normality

Calculating the value of skewness and kurtosis is a common rule-of-thumb to examine normality of the data, and it is performed by running descriptive statistics. Tong (2006) stated skewness and kurtosis should be within the absolute value of 2 (+2 to -2 range) to indicate that the data are normally distributed (Table 4.1). Accordingly, normality analysis for eight variables were conducted with IBM SPSS 20 software. The values indicated that all the variables were normally distributed.

**Table 4.1: Normality assessment of variables (Skewness and Kurtosis) (N=348)**

Variable	Skewness	Kurtosis	
Perceived Advertising Expenditure	-.046	-.286	
Individuals' attitude towards the advertisements	-.460	-.988	
Advertising message content	-.240	-1.224	
Advertising media	-1.093	1.109	
<b>Brand Equity</b>	Brand Awareness	-.383	-1.017
	Perceived Quality	.276	-1.102
	Brand Associations	.226	-1.328
	Brand Loyalty	.444	-1.138

### 4.3. Reliability

To test the reliability, Cronbach’s alpha was calculated for each scale in order to examine its internal consistency. Table 4.2 shows the results from the reliability test. All of the scales had very high alpha coefficient scores, ranging from .806 to .906. This means that all the scales are above the generally accepted lower limit of .70, and therefore have high levels of internal consistency.

**Table 4.2: Reliability Coefficient for Scale Variables Used in this Study (N=348)**

Variable		Number of Items	Alpha coefficient
Perceived Advertising Expenditure		3	.843
Individuals' attitude towards the advertisements		8	.852
Advertising message content		9	.826
Advertising media		4	.816
<b>Brand Equity</b>	Brand Awareness	5	.827
	Perceived Quality	4	.900
	Brand Associations	9	.906
	Brand Loyalty	4	.806
<b>Total</b>		<b>46</b>	

### 4.4. Findings on Respondent’s Profile

This section aims at gathering basic information on the subject. The information sought includes gender, age, and education level. All these variables helped to sort out the influence of each category towards advertising and brand equity.

#### 4.4.1. Gender of the Respondents

As the following tables shows the demographic profile of the respondents was more or less diverse with a majority of (58.3 %) of male and the remaining (41.7 %) female. While, none of the respondents were found to be below the age of 21, the majority of respondents (41.7%) were reported with middle age group (31-40), 33.3 % of them fell in the age group 41-50, 16.7% of them fell in young age group (21-30), and the remaining 8.3% are above the age of 50. None of the respondents were found to be below diploma, and 33.3% of the respondents were with a Diploma. The majority (41.7%) hold their first degrees, while a small percentage (25%) was found to be with their second degrees and above. The following tables (Table 4.3 to 4.5) depict the descriptive data of the respondents based on the above demographic variables.

**Table 4.3: Respondents gender**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	203	58.3	58.3	58.3
	Female	145	41.7	41.7	100.0
	<b>Total</b>	<b>348</b>	<b>100.0</b>	<b>100.0</b>	

**Table 4.4: Respondents age group**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	21-30	58	16.7	16.7	16.7
	31-40	145	41.7	41.7	58.3
	41-50	116	33.3	33.3	91.7
	above 50	29	8.3	8.3	100.0
	<b>Total</b>	<b>348</b>	<b>100.0</b>	<b>100.0</b>	

**Table 4.5: Respondents education level**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Diploma	116	33.3	33.3	33.3
	First degree	145	41.7	41.7	75.0
	Masters and above	87	25.0	25.0	100.0
	<b>Total</b>	<b>348</b>	<b>100.0</b>	<b>100.0</b>	

## 4.5. Advertising Variables

Four variables of advertising are considered for the study. These 4 broad variables are perceived advertising expenditure, individual's perception of the advertising, advertising message content and advertisement media selection. Each factor has incorporated their sub statements. These statements have the ability to explain the broad dimension.

### 4.5.1. Perceived Advertising Expenditure

Descriptive statistics especially means were used to evaluate the effect of customers' perceived advertising expenditure on brand equity. Under this dimension, there were 3

specific statements in a form of Likert scale. Each statement talks about the brand's advertisement intensity, frequency, and spending.

**Table 4.6: Frequency distribution of perceived advertising expenditure and level of agreement.**

<b>Statistics</b>		
<b>Perceived Advertising Expenditure</b>		
N	Valid	348
	Missing	0
Mean		<b>4.00</b>
Sum		1363.00

As of the table above, the mean value 4.00 shows respondents put agree for the statements that request whether perceived advertising expenditure affect the brand equity or not. This shows that customers' perception on brand's advertising expenditure can affect the brand's equity. Brand's advertisement intensity scored the highest mean (4.08) as compared with the other variables. Whereas both brand's advertisement frequency and perceived spending scored a mean value of 3.83 as compared with the other variables of perceived advertising expenditure (see appendix).

#### **4.5.2. Perception of the Advertising**

Respondent's perception of the brand's advertising is represented by 8 statements which are related with originality, creativeness, and uniqueness of the brand's advertisements. Respondents were required to spot the level of agreement from the given alternatives in Likert scale.

**Table 4.7: Frequency distribution of perception of the advertising and level of agreement.**

<b>Statistics</b>		
<b>Perception of the Advertising</b>		
N	Valid	348
	Missing	0
Mean		<b>4.19</b>
Sum		1460.88

From the table above, average respondent's select "agree" (mean=4.19). This shows that customers' agreed on brand's advertisement originality, creativeness, and uniqueness which leads to higher brand awareness, a higher perceived quality and contributes to forming strong, favorable and unique brand associations. The statement "The advertisements for Flintstone Homes are different from the advertisements of competing brands" scored the highest mean (4.58) as compared with the other variables. Whereas the statement "Flintstone Homes advertisements influence my intention to buy its products" is low (mean=3.75) as compared with the other variables of perception of the advertising (see appendix).

### 4.5.3. Advertising Message Content

Emotional value was represented by nine statements. The statements were prepared to measure customers' attitude towards brand's advertisement content, information's, wordings, picture, image, color combination, message consistency and stimulation. Respondents have stated their level of agreement in a Likert scale. Based on the response of customers, table 4.8, the mean (4.30) implies their agreement on the effect advertising message content on brand equity. Among the nine variable statements the brand advertisements picture and image interestingness mean (4.67) is the highest one. However, the brand's advertisement messages consumer's interest sustainability score the lowest mean (4.08).

**Table 4.8: Frequency distribution of advertising message content and level of agreement.**

<b>Statistics</b>		
<b>Advertising Message Content</b>		
N	Valid	348
	Missing	0
Mean		<b>4.30</b>
Sum		1498.33

### 4.5.4. Advertising Media

The last dimension as a measurement of brand equity on the advertising side is advertising media selection. This dimension comprises four elements. Each element were expected to measure brand's advertising media's selection effectiveness and the selected media's trustworthiness, availability, coverage, quality, and technology on customers' perspective. Respondents have stated their level of agreement in a Likert scale. Based on the surveyed data, all elements of the dimension have taken into account when customers' responded. But the amount of mean they scored varies across elements. Accordingly, brand's

advertisement medias effectiveness in conveying advertising messages to its customers is the highest by scoring 4.25 mean value. Advertisement media’s availability and coverage scored the lowest mean value 3.75. The average mean of advertising media selection is 4.04 (table 4.9). This indicates that average respondents agree on the brand’s advertisement media selection effectiveness.

**Table 4.9: Frequency distribution of advertising media and level of agreement.**

Statistics		
Advertising Media		
N	Valid	348
	Missing	0
Mean		<b>4.04</b>
Sum		1406.50

#### **4.6. Correlation Analysis**

Correlation analysis helps to gain insight into the direction and strength of correlation between variables. In other words, correlations are the measure of the linear relationship between two variables. Correlation coefficients take values between -1 and 1 ranging from being negatively correlated (-1) to uncorrelated (0) to positively correlated (+). Values that are closer to the absolute value of 1 indicate that there is a strong relationship between the variables being correlated whereas values closer to 0 indicates that there is little or no linear relationship (Robson, 2011). As described by Kline (2005), the correlation is a commonly used measure of the size of an effect: values of  $\pm 0.1$  represent a small effect,  $\pm 0.3$  is a medium effect and  $\pm 0.5$  is a large effect. The spearman’s correlation coefficient was computed for the purpose of determining the relationships between the variables. Spearman’s correlation coefficient is appropriate method to measure the correlation when the data are measured at ordinal level (Kline, 2005).

##### **4.6.1. Correlation Between Advertising Variables and Brand Equity**

In this study the results of Spearman’s correlation coefficient indicate that positive relationship exists between the advertising attributes and brand equity (see Table 4.10).

**Table 4.10: Correlation between advertising variables and brand equity**

Correlations							
			Perceived Advertising Expenditure	Perceived Advertising	Advertising Message Content	Advertising Media	Brand Equity
Spearman's rho	Perceived Advertising Expenditure	Correlation Coefficient	1.000	.557**	.617**	.299**	.460**
		Sig. (2-tailed)		.000	.000	.000	.000
		N	348	348	348	348	348
	Perceived Advertising	Correlation Coefficient	.557**	1.000	.927**	.688**	.770**
		Sig. (2-tailed)	.000		.000	.000	.000
		N	348	348	348	348	348
	Advertising Message Content	Correlation Coefficient	.617**	.927**	1.000	.724**	.826**
		Sig. (2-tailed)	.000	.000		.000	.000
		N	348	348	348	348	348
	Advertising Media	Correlation Coefficient	.299**	.688**	.724**	1.000	.901**
		Sig. (2-tailed)	.000	.000	.000		.000
		N	348	348	348	348	348
	Brand Equity	Correlation Coefficient	.460**	.770**	.826**	.901**	1.000
		Sig. (2-tailed)	.000	.000	.000	.000	
		N	348	348	348	348	348

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

As shown in the table, the magnitude of the relationship ranges from a low of 0.460 (between perceived advertising expenditure and brand equity) to a high of 0.901 (between advertising media and brand equity). As the detail of the of the correlation analysis above shows, the statistical significance (p-value) is higher than the minimum cut of 0.01 which shows that the degree of association is highly significant.

#### 4.6.2. Correlation Between Advertising and Dimension of Brand Equity

**Table 4.11: Correlation between advertising and dimensions of brand equity**

			Correlations				
			Brand Awareness	Perceived Quality	Brand Association	Brand Loyalty	Advertising
Spearman's rho	Brand Awareness	Correlation Coefficient	1.000	.667**	.712**	.784**	.919**
		Sig. (2-tailed)		.000	.000	.000	.000
		N	348	348	348	348	348
	Perceived Quality	Correlation Coefficient	.667**	1.000	.748**	.796**	.681**
		Sig. (2-tailed)	.000		.000	.000	.000
		N	348	348	348	348	348
	Brand Association	Correlation Coefficient	.712**	.748**	1.000	.882**	.841**
		Sig. (2-tailed)	.000	.000		.000	.000
		N	348	348	348	348	348
	Brand Loyalty	Correlation Coefficient	.784**	.796**	.882**	1.000	.911**
		Sig. (2-tailed)	.000	.000	.000		.000
		N	348	348	348	348	348
	Advertising	Correlation Coefficient	.919**	.681**	.841**	.911**	1.000
		Sig. (2-tailed)	.000	.000	.000	.000	
		N	348	348	348	348	348

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

As observed from the above correlation matrix advertising and brand awareness ( $r = .919$ ,  $p = .000$ ) illustrates there is a significant relationship between advertising and brand awareness based on consumers attitude. The P-value ( $p = .000$ ) is also indicates there is significant relationship between advertising and brand awareness at significance level of 0.01. The correlation result also shows that there is a significant, positive relationship between advertising and perceived quality ( $r = .681$ ,  $p = .000$ ). The correlation of ( $p = .000$ ) is also indicate that there is a significant relationship between the two at a significance level of 0.01. In the table, the correlation analysis for advertising and brand association ( $r = 0.841$ ,  $p = .000$ ). The correlation of  $p = .000$  also indicates advertising has a significant relationship with brand association at significant level of 0.01. Thus, advertising help the company to boost the association of the brand with customers. This results the firm to increase its brand

equity. The results illustrated indicate that there is a significant and positive correlation between advertising and brand loyalty. The correlation was ( $r = .911$ ,  $P = .000$ ) at 0.01 level of significance which shows the correlation between the variables were large effect. So from the above discussion it is easy to understand that advertising highly contribute for brand equity dimensions and the entire hypothesis was supported.

#### 4.7. Regression Analysis

##### 4.7.1. Relationship Between Advertising Variables and Brand Equity

After examining the correlation between advertising attributes/variables and brand equity, multiple regression analysis was conducted using brand equity as the dependent variable. The result of the multivariate regression allows assessing the relationship between a dependent variable (brand equity) and several independent variables. The results are shown in the following two tables.

**Table 4.12: Relationship between advertising variables and brand equity**

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.915 <sup>a</sup>	.837	.835	.23173

a. Predictors: (Constant), Advertising Media, Perceived Advertising Expenditure, Advertising Message Content, Perceived Advertising

**Table 4.13: ANOVA for effect of advertising on brand equity**

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	94.339	4	23.585	439.208	.000 <sup>b</sup>
	Residual	18.418	343	.054		
	Total	112.757	347			

a. Dependent Variable: Brand Equity  
b. Predictors: (Constant), Advertising Media, Perceived Advertising Expenditure, Advertising Message Content, Perceived Advertising

There was a strong relationship between brand equity and the independent variables as depicted by the regression analysis the model fit is perfect at 83.7% (Table 4.12) indicating that 83.7% of the variation in brand equity is influenced by the predictor variables. From the ANOVA Table 4.13, a good fit was established between advertising and brand equity with  $p = 0.001$  which is less than the significance level of 0.05. Furthermore, the regression result shows that advertising media, perceived advertising expenditure, advertising

message content, perceived advertising account for 0.837 i.e. 83.7 percent of brand equity. The F statistics shows the overall significance of the model. Since the F value is found to be 439.208, the advertising dimensions (the independent variables) significantly predicts brand equity (the dependent variable) at high degree of significance (0.001).

The regression result demonstrates that the interaction of the advertising attributes have a strong relationship with brand equity. The interpretation of this finding is that the aligned advertising attributes are significant to the assessment of the brand equity with advertising. The result shows that these advertising attributes are positively related to brand equity and when customers have good perception on these attributes they tend to build a good brand equity for the company. Therefore, brand equity creation with Flintstone Homes advertisements is a function of, among other marketing mix elements, the effect of advertising media type, perceived advertising expenditure, advertising message content, and customer's perception of the advertising. Thus, Flintstone Homes should focus on improving these advertising attributes, in accordance with other marketing mix elements, to heighten its brand equity. This strong causal type relationship outcome supports the findings of the previous researches, which reported that the aforementioned attributes are key drivers of advertising success and key factors affecting brand equity. Please see appendix section for full statistical result.

#### **4.7.2. Multicollinearity Test**

After the normality of the data in the regression model are met, the next step to determine whether there is similarity between the independent variables in a model, it is necessary to multicollinearity test. Similarities between the independent variables will result in a very strong correlation. In addition, multicollinearity test done to avoid habits in the decision making process regarding the partial effect of independent variables on the dependent variable. Good regression model should not happen correlation between the independent variables or not happen multicollinearity. As described by Kline (2005), multicollinearity can be detected with the help of tolerance and its reciprocal, called variance inflation factor (VIF). If the value of tolerance is less than 0.1 and, simultaneously, the value of VIF is 10 and above, then the multicollinearity is problematic. In multicollinearity test result, if the VIF value lies between 1 and 10 then there is no multicollinearity, however, if the VIF value is less than 1 or greater than 10 then there is multicollinearity (Robson, 2011).

According to the following coefficients output and collinearity diagnostics table VIF values of 1.337, 7.495, 7.048, and 2.067 were obtained for each advertising variables (independent variables), meaning that the VIF values obtained are between 1 and 10, it can be concluded that there are no multicollinearity symptoms. Furthermore, the tolerance value of all independent variables is greater than 1, then there is no multicollinearity problem.

**Table 4.14: Multicollinearity test result**

Coefficients <sup>a</sup>								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-.938	.138		-6.795	.000		
	Perceived Advertising Expenditure	.022	.022	.025	.991	.322	.748	1.337
	Perceived Advertising	.394	.057	.414	6.932	.000	.133	7.495
	Advertising Message Content	1.199	.074	.941	16.248	.000	.142	7.048
	Advertising Media	.347	.026	.426	13.584	.000	.484	2.067

a. Dependent Variable: Brand Equity

Collinearity Diagnostics <sup>a</sup>								
Model	Eigenvalue	Condition Index	Variance Proportions					
			(Constant)	Perceived Advertising Expenditure	Perceived Advertising	Advertising Message Content	Advertising Media	
1	1	4.960	1.000	.00	.00	.00	.00	.00
	2	.017	17.023	.02	.70	.01	.00	.22
	3	.014	18.566	.29	.29	.00	.01	.23
	4	.008	25.633	.22	.00	.14	.02	.55
	5	.001	71.154	.48	.00	.85	.97	.00

a. Dependent Variable: Brand Equity

### 4.7.3. Multiple Regression Analysis

**Table 4.15: Multiple regression result**

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.938	.138		-6.795	.000
	Perceived Advertising Expenditure	.022	.022	.025	.991	.322
	Perceived Advertising	.394	.057	.414	6.932	.000
	Advertising Message Content	1.199	.074	.941	16.248	.000
	Advertising Media	.347	.026	.426	13.584	.000
a. Dependent Variable: Brand Equity						

The regression result shows that there is significant relationship between the various advertising attributes and brand equity except perceived advertising expenditure in which its relationship with brand equity is not significant. Advertising media type, advertising message content, and customer's perception of the advertising are significantly related with brand equity at 0.000 level of significance.

The Beta values show the magnitude of relationship between variables, higher values being an indication of strong relationship. In the current study, advertising message content has got the highest Beta coefficient of 0.941. The implication of this result is that the advertising message content is the most significant of all the advertising attributes in Ethiopia to build brand equity. This means that the customers perception of the advertising message content strongly influence their perception of the brand and affects the brand equity.

Advertising media is found to be the second most significant advertising attribute with Beta value of 0.426 implying that this attribute is significantly related with brand equity and strongly influences their perception of the brand and brand equity level. Perceived advertising is found to be the third highly significant and influential advertising dimension with Beta value of 0.414. This result indicates that customers' perception of the advertising has strong effect on brand equity.

## 4.8. Hypothesis Testing

**Table 4.16: Hypothesis test summary**

<b>S/No.</b>	<b>Hypothesis</b>	<b>Result</b>
1	H1. Customers' perceptions of a brand's advertising expenditure have a positive and significant effect on brand equity.	Failed
2	H2. Individuals' attitudes toward the advertisements undertaken for a brand have a positive and significant influence on brand equity.	Confirmed
3	H3. Advertisement message content has a positive and significant effect on brand equity.	Confirmed
4	H4. Advertising media (communication channel) has a positive and significant effect on brand equity.	Confirmed

## Chapter Four

### 5. Conclusion and Recommendations

This chapter covers conclusion and recommendations based on the research findings. Moreover, it gives the implications of the findings and draws some conclusions which require some recommendations.

#### 5.1. Conclusion

Advertising is a sponsored activity by a number of stakeholders primarily with the aim of inducing awareness, persuading (building brand liking and encouraging brand switching) and reminding target markets that the brand is on the market (Patrick et al., 2010). Advertising is usually paid by an identified sponsor with the aim to influence the people's attitudes towards certain people, organizations, products, services or ideas (Belch & Belch, 2003).

Advertising plays an important role in today's competitive world by which organizations communicate with their customers, both current and potential. Companies allocate a considerable part of their sources to advertising (O'Guinn et al., 2009). To help check whether or not advertising budgets are earning the best return on investment, it is important to know how effectively advertisement capture and maintain audience attention and engage viewers (Tsai and Tsai, 2006). One of the most difficult problems faced by advertising agencies, and advertisers, remains the issue of measuring the effectiveness of the advertising they create and run (O'Guinn et al., 2009). Advertising effectiveness is in two forms, that is sales effectiveness and communication effectiveness (Tsai and Tsai, 2006). Sales volume is used to measure sales effectiveness as a gauge, and the level that a message is noticed, understood, accepted and is changing attitude and behavior for measuring communication effectiveness (Tsai and Tsai, 2006).

Brand is beyond a name and is a key part of management. Branding and brand management have clearly become an important aspect for all types of organizations as they create the value for customers and result in more revenue for the company. Brands will have more success and better performance in this regard if companies intelligently and continuously evaluate themselves.

Brand equity is a key indicator of brand success. Understanding the drivers that contribute to and detract from the strengthening of brand equity is therefore critical. The purpose of this study was to examine the effect of advertising on brand equity. The researcher approached this objective by studying advertising from perspectives; perceived advertising spending, individuals' attitudes toward brand's advertisements, advertising message content, and advertising media selection.

According to the effect of the customers' perception of the advertising spend on perceived quality, brand awareness, and brand association, the results only supports the effect of the advertising spend on brand awareness. Therefore, the more advertising spend, the more customers' awareness of the brand (Vilargo & Sanchez, 2005; Buil et al., 2011). One of the considerable findings of this research is that the advertising spend does not support the perceived quality and brand association that is incompatible with the findings of Yoo et al. (2000) and Kim and Hyun (2011). Several factors can define these considerable findings. First, the advertising spend may reach a saturation point; exceeding that point will not have a role in creating brand equity (Chu & Keh, 2006). As per this fact, Wang et al. (2009) came to a conclusion that there is a negative relationship between the advertising spend and brand equity. In addition to this, Keller and Lehmann (2003) concluded from their research that more investment in marketing does not necessarily cause the brand equity to grow and improve. On the contrary, they stated that the key factor in increasing the brand equity is concealed in the quantitative aspects of the marketing programs. Therefore, when the advertising quantity excels the advertising quality, our advertising strategies will not be efficient enough (Eastlack & Rao, 1989).

Alike to the quantitative researches in the subject of the individual's attitude toward advertising, the research results show that it affects the customers' awareness and association; as a result, it plays a significant role in creating and reinforcing the brand equity. The findings show that enterprises can enhance customers' awareness of the brand, and the brand association as well by using different creative advertising strategies. Furthermore, the research shows that the individual's attitude toward the advertisement has a key role in affecting the perceived quality, brand awareness, brand association, and brand loyalty.

With respect to the effect of advertising message content on brand equity, remarkably, the results reveal that advertisement message content, wording, and quality has a significant effect on creating brand equity. Furthermore, Yoo et al. (2000) reported an empirical support to the connection between advertisement message content and brand awareness, as they find advertisement message significantly and positively correlated with brand equity across series of time from their analyzed panel data. Similarly, this study affirms that advertisement message's content may not directly affect purchase but contribute towards the development of brand equity.

In spite of the tremendous benefits that occur from advertising, advertisers are still skeptical about their enormous influence of media selection on products. Today most advertising objective in marketing products and services has not be achieved as a result of inability to choose the right media. Those who are in the world of business need to choose the right media that best help in advertising their products or services in order to build

brand equity. Supportively, this research also revealed that advertising media selection has significant effect on brand equity.

At large, regarding the effect of advertising on brand equity dimensions, interestingly, results showed that the qualitative facet of this marketing communication tool is important when creating brand equity. Findings showed that by using an original, creative and different advertising strategy, companies can develop higher brand awareness and positive perceptions of their brands.

## **5.2. Recommendations**

The researcher would like to recommend some points from the mentioned instances. First, advertising is one of the most important means of marketing in affecting the brand equity dimensions. The more a customers' perception of advertising spend increases, the more brand awareness increases. However, investing in advertising spend in order to have a positive brand association, quality perception or brand loyalty is not sufficient.

Second, individual's attitude toward the advertisement has a key role in affecting the perceived quality, brand awareness, brand association, and brand loyalty. Thus, companies should pay more attention to their advertising activities, and they should make sure whether the advertising is novel, creative, and innovative.

Third, advertising managers ought to consider the effects of the advertisement message's content on the customers' perception of brand equity. They should be more cautious about the advertisement's wording, color combination, easiness to understand, image & picture quality, and consistency to create or build their brand equity.

Fourth, choosing the right and appropriate advertisement media that is suitable in marketing the brand has a tremendous effect on the brand equity. Neglect of media selection has contributed to advertising waste to most companies as well as kills the product they advertised. Therefore, managers should keep in mind media's trustworthiness, availability, coverage, quality, and technology while selecting the advertisement media.

Finally, the results of the research show that managers ought to consider the relation between their advertisement activity and its impact on dimensions of the brand equity. Managers should prepare advertisements develop the brand awareness in the first place because it has a significant role in creating the brand association and the customers' perception of the quality of the product. Then, they should concentrate on the brand association and the perceived quality, as well, in order to create more loyalty.

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## Appendices

### Appendix 1: Questionnaire

#### Questionnaire

*Dear Sir/ Madam,*

*I'm a graduate student in the School of Commerce at Addis Ababa University. This questionnaire is designed to collect information for a study which is conducted in order to enable me to measure the effects of advertising on brand equity of Flintstone Homes. The study is part of the my academic work for the accomplishment of the Masters of Arts Degree in Marketing Management at Addis Ababa University School of Commerce. The findings of the study will be strictly utilized for the intended purpose. Therefore, you are requested to respond to all of the following questions.*

*Participation is voluntary and you are free to withdraw at any time. The collected data will be kept anonymous and will be used for the purpose of this research only. Thanks in advance for your time and participation. Your help will be greatly appreciated.*

*Sincerely!*

*Frezer Maru*

**Instruction:** The questionnaire contains statements about brand equity and its dimension and promotional activities. Please read each statement carefully and decide the answer that you give. Please aware that there is no right or wrong answers. You have to give your own opinion about each item. Please tick your response to each statement under one of the five point scale in terms of your own level of agreement or disagreement of the statement.

**A: Personal Information of the Respondent**

1. Gender (Please tick the appropriate box)

(a) Male  (b) Female

2. Please, specify range of years in which your age belongs (Please tick the appropriate box).

(a). 18-20 years

(b). 21-30 years

(c). 31-40 years

(d). 41-50 years

(e). above 50 years

3. The highest level of education of respondent (Please tick the appropriate box).

A) High School  B) Diploma  C) 1<sup>st</sup> Degree  D) Masters and above

**B. Perceived Advertising Expenditure.** Please tick the appropriate box.

Statement / Item	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Flintstone Homes is intensively advertised					
Flintstone Homes seems to spend a lot on its advertising compared to advertising for competing real-estate brands					
The advertisements for Flintstone Homes are frequently shown					

**C. Perception of the Advertising.** Please tick the appropriate box.

Statement / Item	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
The advertisements for Flintstone Homes are creative					
The advertisements for Flintstone Homes are original					
The advertisements for Flintstone Homes are different from the advertisements of competing brands					
The advertisements for Flintstone Homes presented a positive image of Flintstone Homes					
From the advertisements for Flintstone Homes, I understand what Flintstone Homes stands for					
Flintstone Homes advertisements changes my mind about the brand					
I was able to accept the claims made in Flintstone Homes advertisements					
Flintstone Homes advertisements influence my intention to buy its products					

**D. Advertising Message Content.** Please tick the appropriate box.

Statement / Item	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Flintstone Homes advertisement messages sustain consumers interest					
The wordings of Flintstone Homes advertisements are creative.					
Flintstone Homes advertisements gives necessary information about the company/brand					
Pictures and images make Flintstone Homes advertisements interesting					
Flintstone Homes advertisements are easy to understand					
Flintstone Homes advertisements stimulated my imagination					
I like the color combinations in Flintstone Homes advertisements					
Flintstone Homes advertisements presented consistent information about the image of the brand/company					
After seeing Flintstone Homes advertisements, I am well informed about the brand/company					

**E. Advertisement Media.** Please tick the appropriate box.

Statement / Item	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Flintstone Homes advertisements use most available medias to consumers					
Flintstone Homes advertisement medias bring out quality and retentive advertisement messages closer to the audience					
Flintstone Homes advertisement medias effectively convey advertising messages to Flintstone Homes customers					
Flintstone Homes advertisement medias are trustworthy or legitimate by the audience					

**F. Customer-Based Brand Equity.** Please tick the appropriate box.

Statement / Item	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
<b>Brand Awareness</b>					
I am aware of Flintstone Homes					
When I think of real-estate, Flintstone Homes is one of the brands that comes to mind					
Flintstone Homes is a brand of real-estate company I am very familiar with					
I know what Flintstone Homes logo looks like					
I can recognize Flintstone Homes amongst other competing brands of real-estate					

<b>Perceived Quality</b>					
Flintstone Homes offers very good quality products					
Flintstone Homes offers products of consistent quality					
Flintstone Homes offers very reliable products					
Flintstone Homes offers products with excellent features					
<b>Brand Associations</b>					
Flintstone Homes is good value for the money					
Within real-estate companies I consider Flintstone Homes is a good deal					
Considering what I would pay for Flintstone Homes, I would get much more than my money's worth					
Flintstone Homes has a personality					
Flintstone Homes is interesting					
I have a clear image of the type of person who would use Flintstone Homes					
I trust Flintstone Homes					
I like Flintstone Homes					
Flintstone Homes has credibility					
<b>Brand Loyalty</b>					
I consider myself to be loyal to Flintstone Homes					
Flintstone Homes would be my first choice when considering to buy a house or real-estate					
I will not buy other real-estates' house if Flintstone Homes is available in the market					
Flintstone Homes would be my best choice					

***Thank you for your Cooperation!***

## Appendix 2: Normality Test

Descriptive Statistics						
	N	Mean	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Perceived Advertising Expenditure	348	3.9167	-.046	.131	-.286	.261
Perceived Advertising	348	4.1979	-.460	.131	-.988	.261
Advertising Message Content	348	4.3056	-.240	.131	-1.224	.261
Advertising Media	348	4.0417	-1.093	.131	1.109	.261
Brand Awareness	348	4.2167	-.383	.131	-1.017	.261
Perceived Quality	348	3.8750	.276	.131	-1.102	.261
Brand Association	348	4.1389	.226	.131	-1.328	.261
Brand Loyalty	348	4.0000	.444	.131	-1.138	.261
Valid N (listwise)	348					

### Appendix 3: Reliability Test

<b>Case Processing Summary</b>			
		N	%
Cases	Valid	348	100.0
	Excluded <sup>a</sup>	0	0.0
	Total	348	100.0
a. Listwise deletion based on all variables in the procedure.			

<b>Reliability Statistics</b>		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.939	.945	8

<b>Summary Item Statistics</b>							
	Mean	Minimum	Maximum	Range	Maximum / Minimum	Variance	N of Items
Item Means	4.087	3.875	4.306	.431	1.111	.023	8
Item Variances	.378	.200	.489	.289	2.441	.007	8

## Appendix 4: Correlations Analysis

### Correlation between Advertising Variables and Brand Equity

Correlations							
			Perceived Advertising Expenditure	Perceived Advertising	Advertising Message Content	Advertising Media	Brand Equity
Spearman's rho	Perceived Advertising Expenditure	Correlation Coefficient	1.000	.557**	.617**	.299**	.460**
		Sig. (2-tailed)		.000	.000	.000	.000
		N	348	348	348	348	348
	Perceived Advertising	Correlation Coefficient	.557**	1.000	.927**	.688**	.770**
		Sig. (2-tailed)	.000		.000	.000	.000
		N	348	348	348	348	348
	Advertising Message Content	Correlation Coefficient	.617**	.927**	1.000	.724**	.826**
		Sig. (2-tailed)	.000	.000		.000	.000
		N	348	348	348	348	348
	Advertising Media	Correlation Coefficient	.299**	.688**	.724**	1.000	.901**
		Sig. (2-tailed)	.000	.000	.000		.000
		N	348	348	348	348	348
	Brand Equity	Correlation Coefficient	.460**	.770**	.826**	.901**	1.000
		Sig. (2-tailed)	.000	.000	.000	.000	
		N	348	348	348	348	348

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

### Correlation between Advertising and Dimension of Brand Equity

Correlations							
			Brand Awareness	Perceived Quality	Brand Association	Brand Loyalty	Advertising
Spearman's rho	Brand Awareness	Correlation Coefficient	1.000	.667**	.712**	.784**	.919**
		Sig. (2-tailed)		.000	.000	.000	.000
		N	348	348	348	348	348
	Perceived Quality	Correlation Coefficient	.667**	1.000	.748**	.796**	.681**
		Sig. (2-tailed)	.000		.000	.000	.000
		N	348	348	348	348	348
	Brand Association	Correlation Coefficient	.712**	.748**	1.000	.882**	.841**
		Sig. (2-tailed)	.000	.000		.000	.000
		N	348	348	348	348	348
	Brand Loyalty	Correlation Coefficient	.784**	.796**	.882**	1.000	.911**
		Sig. (2-tailed)	.000	.000	.000		.000
		N	348	348	348	348	348
	Advertising	Correlation Coefficient	.919**	.681**	.841**	.911**	1.000
		Sig. (2-tailed)	.000	.000	.000	.000	
		N	348	348	348	348	348

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

## Appendix 5: Regression Analysis

Variables Entered/Removed <sup>a</sup>			
Model	Variables Entered	Variables Removed	Method
1	Advertising Media, Perceived Advertising Expenditure, Advertising Message Content, Perceived Advertising <sup>b</sup>		Enter

a. Dependent Variable: Brand Equity

b. All requested variables entered.

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.915 <sup>a</sup>	.837	.835	.23173

a. Predictors: (Constant), Advertising Media, Perceived Advertising Expenditure, Advertising Message Content, Perceived Advertising

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	94.339	4	23.585	439.208	.000 <sup>b</sup>
	Residual	18.418	343	.054		
	Total	112.757	347			

a. Dependent Variable: Brand Equity

b. Predictors: (Constant), Advertising Media, Perceived Advertising Expenditure, Advertising Message Content, Perceived Advertising

## Appendix 6: Descriptive Statistics

Descriptive Statistics					
Variables	N	Minimum	Maximum	Mean	Std. Deviation
FH* is intensively advertised	348	3	5	4.08	.494
FH spend a lot on its ad.	348	2	5	3.83	.899
FH ads shown frequently	348	2	5	3.83	.800
FH ads are creative	348	2	5	4.17	.899
FH ads are original	348	3	5	4.25	.596
FH ads are different from competitors	348	2	5	4.58	.863
FH ads present positive image of FH	348	3	5	4.42	.641
I understand FH ads	348	2	5	4.25	.926
FH ads change my mind about it	348	2	5	4.08	.863
I accept claims made in FH ads	348	3	5	4.08	.863
FH ads influence my intention to buy its products	348	1	5	3.75	1.091
FH ad messages sustain consumers interest	348	3	5	4.08	.760
FH ads wordings are creative	348	4	5	4.25	.434
FH ads gives necessary info about the brand	348	3	5	4.42	.760
FH ads pictures & images are interesting	348	4	5	4.67	.472
FH ads are easy to understand	348	2	5	4.25	.926
FH ads stimulated my imagination	348	2	5	4.17	.800
I like the color combinations in FH ads	348	3	5	4.50	.646
FH ads presented consistent info about the brand	348	3	5	4.25	.596
After seeing FH ads, I am well informed about the brand	348	3	5	4.17	.688
FH ads use most available medias to consumers	348	1	5	3.75	1.091
FH ad medias bring out quality & retentive ad messages closer to the audience	348	2	5	4.08	.863

FH ad medias effectively convey ad messages to FH customers	348	3	5	4.25	.723
FH ad medias are trustworthy or legitimate by the audience	348	3	5	4.08	.760
I am aware of FH	348	3	5	4.33	.625
When I think of real-estate, FH is one the brands that comes to mind	348	3	5	4.50	.646
FH is a real-estate brand I am familiar with	348	3	5	4.17	.688
I know what FH logo looks like	348	2	5	4.08	.955
I can recognize FH amongst other competing brands	348	2	5	4.00	1.082
FH offers very good quality products	348	3	5	3.83	.688
FH offers products of consistent quality	348	3	5	4.00	.818
FH offers very reliable products	348	3	5	3.83	.800
FH offers products with excellent features	348	3	5	3.83	.688
FH is a good value for the money	348	3	5	4.17	.800
Amongst competitors I consider FH is a good deal	348	3	5	4.25	.723
Considering what i would pay for FH, I would get much more than my money's worth	348	2	5	4.00	1.001
FH has a personality	348	3	5	4.17	.554
FH is interesting	348	3	5	4.33	.625
I have a clear image of the type of person who would use FH	348	3	5	4.00	.708
I trust FH	348	3	5	4.00	.914
I like FH	348	3	5	4.25	.596
FH has credibility	348	3	5	4.08	.863
I consider myself to be loyal to FH	348	3	5	4.00	.818
FH would be my first choice when considering to buy a realestate	348	3	5	4.25	.723
I'll not by other brands if FH is available in the market	348	3	5	3.75	.723
FH would be my best choice	348	3	5	4.00	.818
Valid N (listwise)	348				

\*FH = Flintstone Homes