



**Impact of Advertising on Brand Equity: the case of Ethiopian Soap and  
Detergent Industry**

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## Statement of Certification

This is to certify that Martha Abebe has carried out her research work on the topic entitled '**Impact of Advertising on Brand Equity: the case study of Ethiopian Soap and Detergent Industry**'. The work is original in nature and is suitable for submission for the award of Masters Degree in Marketing Management.

Certified by:

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Signature

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## Statement of Declaration

I hereby declare that ‘**Impact of Advertising on Brand Equity: the case study of Ethiopian Soap and Detergent Industry**’ project is totally the work of mine, Martha Abebe. I have carried out the present study independently with the guidance and support of the research advisor, Dr. Mesfin Workneh. Also any other contributors or sources have either been referenced in the prescribed manner or are listed in the acknowledgements together with the nature and the scope of their contribution. This study has not been submitted for award of any Degree or Diploma Program in this or any other Institution. It is offered for the partial fulfillment of the degree of Masters of Arts in Marketing Management.

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Martha Abebe  
Student’s Name

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Signature

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Date

## **Approval Sheet**

**ADDIS ABABA UNIVERSITY SCHOOL OF COMMERCE**

**DEPARTMENT OF MARKETING MANAGEMENT**

**IMPACT OF ADVERTISING ON BRAND EQUITY: THE CASE OF  
ETHIOPIAN SOAP AND DETERGENT INDUSTRY**

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### **List of Abbreviations**

SEM – Structural Equation Modeling

GFI – Goodness Fit

IFI - Incremental Fit Index

NFI - Normed Fit Index

TLI- Tucker Lewis Index

RMSEA- Root mean-square error of approximation

RMR- Root Mean Square Residual

## ***Abstract***

*This study was carried out with the intention of examining the Impact of advertising on brand equity. The study focuses on the Ethiopian soap and detergent Industry. It attempts to find out the impact of this selected marketing mix element on brand awareness, perceived quality, brand association, and brand loyalty dimensions of the which intern affect overall brand equity. For this study, accessible populations of 384 were selected but 366 valid responses were collected. A structured questionnaire was used to collect data form respondents by using a self-administered data collection system. Data analysis mainly took place in AMOS 20.0 and SPSS 20.0 through Structural Equation Modeling (SEM) to test hypothesized relationships. The study found out that advertising affects brand equity through the four brand equity dimensions. Having the brand equity dimensions as mediating factors, advertising has a positive effect on the dimensions of brand equity but only brand awareness and association had a positive effect on brand equity. While brand loyalty and perceived quality showed a negative effect.*

***Keywords:*** Advertising, Price, Brand Awareness, Brand Associations, perceived quality, Brand Loyalty, Brand Equity

# Chapter One

## Introduction

### 1.1 Background of the study

Building a reputable brand has been the major driver for success in the competitive market place. Developing strong brands has been used as an effective defensive mechanism against competition by many business organizations. Several authors attempted to define and examine brand equity from different perspectives. Aaker (1991) defined brand equity in terms of assets and liabilities linked to a brand and its elements that will affect the value provided by a product or a service. In its definition of customer based brand equity, Kevin L. Keller defined brand equity as “*the differential effect that brand knowledge has on consumer response to the marketing of that brand*” (Keller, 2013). Other authors focused on defining brand equity from the financial point of view. Simon & Sullivan (1993) defined brand equity as the difference between incremental cash flows from branded products and unbranded products.

Brand equity is the value of the brand in the marketplace (Keller, 2008). However, what this means exactly is often not fully or clearly understood. Brand equity is regarded as a very important concept in business practice as well as in academic research because marketers can gain competitive advantage through strong brands. (Keller, 2003)

Aaker (1991) views brand equity as a set of five categories of brand assets and liabilities linked to a brand that add to or subtract from the value provided by a product or service to a firm and/or to that firm's customers. These categories of brand assets are: (1) brand loyalty, (2) brand awareness, (3) perceived quality, (4) brand associations, and (5) other proprietary assets such as patents, trademarks, and channel relationships.

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 (2008) these associations created in everything done – advertising messages, logos, names used, segments served, etc. 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)

For organizations to grow and develop successful brands, the importance of advertising to enhance brand equity is a major factor. Yoo, Donthu and Lee (2000), through their examination of the relationship between marketing mix elements and brand equity dimensions, concluded that advertising plays a prominent role in increasing brand awareness and creating strong brand associations. They further explained advertising has an impact on brand loyalty as it shapes consumers' attitude towards the brand.

The soap and detergent industry is very essential in people's day to day life. The soap and detergent industry includes companies that are primarily engaged in manufacturing soap, synthetic organic detergents, inorganic alkaline detergents, and crude and refined glycerin from vegetable oils and animal fats. It is an international industry, and during the early years of 1990, world demand for its products has increased 1 to 3 percent every year. (Detergent and soaps, 2017)

Major products of soap and detergent industry include soaps, laundry detergents, dishwashing detergents, household-cleaning products, hair cleaning products, and toothpaste. Laundry detergents account for 40 % of the overall market, while soaps for 20 % and dishwashing detergent for 15 %. Laundry detergent come in powder as well as liquid form, and may contain also bleach additives or color brighteners. Dishwashing detergents come in powder, liquid, gel and tablet forms. Soap comes in bars or liquid forms and may have several properties, such as moisturizing, antibacterial, or deodorant benefits. (detergent and soaps, 2017)

Major costs such as research and development, and advertising can be spread across the whole company structure. In the developing world, the competition to the multinationals comes from local companies, and from small, artisanal producers, who sell in markets or house to house. The largest toilet soaps and detergents only company, by volume sales, is the Unilever Group, which has strong presence in all regional markets in the world. The top ten leading manufacturers and distributors of soap worldwide account for more than 55% of total sales by value in 1999, totaling in excess of US\$80 billion. (Research and markets, 2017)

Ethiopia's requirement of detergents is largely met through import. The average import of soaps is 57% while the domestic production covers 43%. Data obtained from the Ethiopian Revenues and Customs Authority on the import of detergents for nine years starting from 2003 up to 2011 shows that the imported quantity during the nine years was highly erratic, which ranges from the lowest 165.7 tons in year 2007 to 2,313.6 tons in year 2006. And the demand for year 2012 for detergents was estimated at 922 tons.

According to the Central Statistical Agency on the survey of Medium and Large Scale and Electricity Industries in 2011, 43 companies are engaged in Manufacture of soap and detergents, cleaning and polishing, perfumes and toilet preparations, Manufacture of chemical products.

## **1.2 Statement of the problem**

Achieving a sustainable competitive advantage is the main important tool in the business world, creating and building brand equity is one of them. Businesses use advertisements in order to build up positive brand. Since there is a fierce competition between the soap and detergent companies in Ethiopia, Companies spend a considerable amount of money on advertisement to introduce their products to consumers in order to attract their attention and persuade them to prefer their brand. According to Keller (2002), several marketing communications (E.g., advertising, promotion, event marketing, sponsorship, and public relations) have positive effects on brand equity. 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).

Advertising has received significant attention over the years from several researchers and authors. Advertising can be a source of competitive advantage through the creation and maintenance of product differentiation and brand equity. Belch & Belch (2003) Consumers' perception about the level of advertising spending and frequency of advertisement seen on various media outlets was found to be significantly related to perceived quality of the product, brand loyalty, brand awareness and associations (Yoo et al. , 2000).

Despite the presence of well documented evidence and research on advertising's influence on brand equity, limited research has been done to establish the impact of this marketing communications mix variable on building brand equity. There is extensive literature and many researches on brand equity and different brand equity dimensions. And also the relationship between advertising and brand equity. Some recent attempts to research the issues of brand equity from customer's perspective with different variables like promotion, price, and discount (Eg. Ephrem, 2015; Netsanet, 2015; Kassahun, 2015; Yitabrek, 2014), the topic of how a fast moving consumption goods manufacturing firms, build and measure their brand equity appears to be under research in the Ethiopian context. To the best knowledge the researcher no study was found about the issue on the

soap and detergent industry which is very essential in day to day life in published marketing Journals or other researches. Many companies are joining the industry from day to day and their advertisements' are very frequent and very similar. Advertising and other promotion activities can build a company brand equity with influencing the dimensions of brand equity but most companies don't seem to understand this.

### **1.3 Research Questions**

In order to achieve the research purposes and look into the issues mentioned in the statement of the problem, the study will pose the following research questions.

Main question

- What is the relationship between advertising and brand equity in the Ethiopian soap and detergent industry?

Sub questions

- How does advertising affect brand equity mediated through brand awareness?
- How does advertising affect brand equity mediated through brand loyalty?
- How does advertising affect brand equity mediated through Perceived Quality?
- How does advertising affect brand equity mediated through brand associations?

## **1.4 Objective of the Study**

### **1.4.1 General objective of the study**

The general objective of the study is to investigate the relationship between advertising and brand equity.

### **1.4.2 Specific objective of the study**

The specific objectives of the study are mentioned below.

- ✓ To examine the impact of advertising on brand equity mediated through brand awareness.
- ✓ To examine the impact of advertising on brand equity mediated through brand loyalty.
- ✓ To examine the impact of advertising on brand equity mediated through Perceived Quality.
- ✓ To examine the impact of advertising on brand equity mediated through brand associations.

## **1.5 Significance of the study**

Companies involved in the soap and detergent industry can make use of the findings to know what different people think about their advertisement and how it affects their brand equity. The research will contribute by being used as a reference by other researchers who want to conduct further study on the impact of advertisement on brand equity in the context of our country.

## **1.6 Scope of the study**

The study is limited to Addis Ababa city only and various authors and researchers have proposed dimension of brand equity, which include a wide range of factors. So the researcher selected one model than the other because each models has their own perspectives. The study will focus on David Aaker's brand equity models which constitute brand loyalty, brand awareness, perceived quality, brand association and other proprietary assets. For the purpose of this study the fifth dimension is not found relevant for the study by the researcher. So the other proprietary dimension will be omitted. The researcher will employ a quantitative research approach and non probability convenience sampling technique due to the nature of the title under study and the population is infinite.

## **1.7 Limitations of the study**

Although it's believed that this study will make several significance and important contributions, there were some limitations which the researcher found to be a problem. There is a limited research done on the relationship between advertising and brand equity in the context of our country which may lead to lack of literature. Inability to find strong supporting documents, reports, Statistics of the industry in our country is seen as a major limitation. So the researcher will try to search for more specific information by contacting the important companies like the statistics agency. There was also time limitation and some people were not cooperative in filling the questioner.

## 1.8 Definition of Terms

Below are conceptual definitions that are used in this research.

**Advertising:** Any paid form of non-personal presentation and promotion of ideas, goods, or services by an identified sponsor via print media, broadcast media, network media, electronic media, and display media (Kotler & Keller, 2012).

**Brand Equity:** David Aaker defined brand equity as “*a set of brand assets and liabilities linked to a brand, its name and symbol that add to or subtract from the value provided by a product or service to a firm and/or to that firm’s customers*” (Aaker, 1991, p.15).

**Brand Awareness:** Brand awareness is defined as “*the strength of the brand’s presence in the consumer’s mind*” (Aaker, 1996, p.10). The above definition will be used in the research in terms of the level of brand recall and recognition stated by consumers.

**Perceived quality:** Perceived quality as defined by Aaker (1991, p. 112) is a customer’s perception of the overall quality or superiority of a product or service with respect to its intended purpose, relative to alternatives. Perceived quality is a perception by customers about the quality of the product hence, it differs from actual quality of the product.

**Brand Associations:** Is defined as “*anything linked in memory to the brand*” (Aaker, 1991, p.109).

**Brand Loyalty:** Brand loyalty is a core dimension of brand equity measured by the level of attachment the consumer has with a brand (Aaker, 1991, p.110).

## **1.9 Organization of the Research Report**

**Chapter-1:-Introduction:-** This chapter will contain background of the study, statement of the problem, basic research questions, objectives of the study, definition of terms, significance of the study, and delimitation/scope of the study.

**Chapter-2:-Literature review:** - This chapter discusses literatures relevant to the study. It will have theoretical review, empirical review and the conceptual framework of the study.

**Chapter-3:- Research Methodology:-** Under this chapter, the type and design of the research; the subjects/participant of the study; the sources of data; the data collection tools/instruments employed; the procedures of data collection; and the methods of data analysis used are described.

**Chapter-4:-Results and discussion/Data presentation, analysis & interpretation:** - This chapter summarizes the findings of the study, and interprets and discusses the findings.

**Chapter Five :- Conclusion and Recommendation:-** under this chapter conclusions, recommendation and areas for further researches are presented.

## **Chapter Two**

### **Review of Related Literatures**

#### **2.1 Introduction**

This chapter will look at the theories and suggested models related to advertising and brand equity and its dimensions and empirical findings from other studies. The development of hypothesis for the study is also discusses with relation to the empirical literature reviewed. And finally the conceptual framework of the study and summary of the chapter are presented.

#### **2.2 Theoretical Review**

##### **Advertising**

Advertising is a specific and unique part of the marketing communications mix. Unfortunately, many people think of advertising in a much broader sense even to the extreme of being used to describe any and all forms of promotion. This causes much confusion. Advertising has been described here as a form of promotion.

Much of the assumptions regarding advertising's effects are based on the assumption that advertising is a strongly persuasive force. Consumers are not, however, passive recipients of advertising messages. Lannon (1996: 24) suggests that the question is no longer 'what does advertising do?' a question she and others raised over a decade ago, but rather 'what do people do with advertising?'

The perception of advertising as a strong force originates from a long-held view (Barry, 1987) that advertising works via a 'hierarchy of effects'. This concept originated a century ago and envisages consumers moving through a series of stages from initial awareness of a product (A), through exposure to its advertising, to interest in the product (I), desire for the product (D), and finally action (A) in terms of purchase behaviour (the AIDA model). AIDA is criticized as unproven and too simplistic , yet it remains a central

tenet of many marketing texts. It has maintained its dominance in spite of challenges launched over almost thirty years (Ehrenberg *et al.*, 1997). The lengthy battle for recognition that the 'strong force' does not apply to all market sectors is well documented by Jones (1990), suggesting that, for low involvement products, there is an expectation that familiar brands in a product category will be similar in performance to each other and that there is therefore minimal incentive for consumers to pay attention to advertising for these brands. Ambler (2000) also criticizes both the traditional hierarchy of effects models such as AIDA. His primary criticism is that these models assume that even advertisements that are 'virtually unnoticed' (Ambler, 2000: 304) receive low levels of rational conscious processing by viewers. He further criticizes these models for assuming that advertisements that may be perceived as irrelevant are processed in the same way as those that are considered to have some degree of relevance to the receiver.

Both Heath and Ambler suggest that advertising passively builds associations between brand names and attributes. These associations may then influence decision making, but at an intuitive rather than conscious level. Their views are supported by Ehrenberg (2001), who asserts that competitive products are seen as substitutable and that consumers frequently are not exclusively loyal to one single brand but will usually have repertoires of brands to which they will have split loyalty. In such situations, the role of advertising focuses on: reinforcement of existing propensities to buy it as one of several acceptable brands – nudging such consumers to buy it more often. (Barnard and Ehrenberg, 1997: 22)

Further support for the concept of a weak force theory of advertising's influence is provided by Ambler (2000) who suggest that product preferences are often formed after an initial trial and that, in low involvement purchasing, experience with a product is a stronger influence on future purchasing decisions than is advertising, which they regard as primarily reinforcing existing preferences and helping to defend the consumers' perceptions of a brand. Thus, advertising in mature markets may be substantial but focused on protecting existing market share or obtaining share from other competitors.

Failure to maintain presence in the market and awareness among purchasers may result in a loss of market share to competitors.

### **AIDA Model**

AIDA was created by Strong in 1925 and is a behavioral model that has as purpose to make sure that an advertisement raise awareness, stimulate interest, and leads the customer to desire and eventually action (Hackley, 2005).

The model is seen as a highly persuasive and is said to often unconsciously affect our thinking (Butterfield, 1997).

With the AIDA model Strong suggests that for an advertisement to be effective it has to be one that:

1. Commands *Attention*
2. Leads to *Interest* in the product
3. And thence to *Desire* to own or use the product
4. Finally leads to *Action*



(Mackay, 2005)

**Figure 1 AIDA Model**

For the advertisement to contribute to success it has to be designed so that the customer passes through all these four phases, with all being equally important. The model implies that advertising should inject memorable and believable messages that will make costumers triggered to act in a certain way (Brierley, 2002).

The model may be seen by many as the strongest advertising theory, but has along with the others been criticized by different sections of the advertising community. They claim that there is no evidence that customers behave in this rational, linear way. They mean that mass media advertising in general fail to stimulate desire or action. The model ignores the role of context, environment and mediation in influencing the effectiveness of the advertisement.

The advertising world has because of this lately turned into focus more on the two main behavioral responses: awareness and interest. They mean that all four phases are not equally important and to be successful the advertiser has to look further into the behavioral phases (Brierley, 2002).

Another criticism that the model has met is that it represents only high-involvement purchases. According to AIDA customers always goes through this rational process when buying products, but many says that purchases more often are spontaneous (Hackley, 2005). In 1961 there were two new models published, the DAGMAR theory (Belch & Belch, 1995) and Lavidge and Steiner.s hierarchy of effects model (Lavidge & Steiner, 1961).

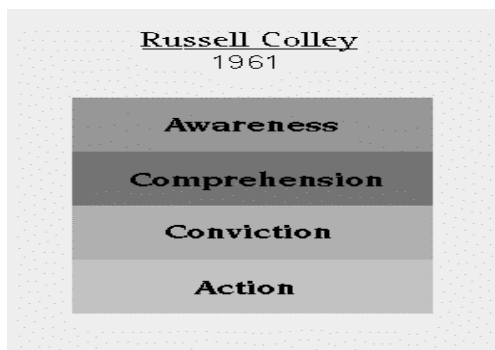
### **DAGMAR Theory**

Russell Colley created DAGMAR when he prepared a report for the Association of National Advertisers. This report was entitled Defining Advertising Goals for Measured Advertising Results, shortened down to DAGMAR, and thereof the name, (Belch & Belch, 1995) and was later in 1969 published as a book with the same title (Mackay,

2005). DAGMAR was created to encourage measurable objectives for each stage of the communication (Smith & Taylor, 2002) and does not deal purely with the message (Mackay 2005). DAGMAR focuses on the levels of understanding that a customer must have for the Organization and on how to measure the results of an advertising campaign (Belch & Belch, 1995).

The main conclusions on the DAGMAR theory were expressed in the following quotation: .All commercial communications that weigh on the ultimate objective of a sale must carry a prospect through four levels of understanding.

1. The prospect must first be aware of the existence of a brand or organization
2. He must have a comprehension of what the product is and what it will do for him
3. He must arrive at a mental suspicion or conviction to buy the product
4. Finally he must stir himself to action. (Mackay, 2005, p.25-26)



**Figure 2 DAGMAR Theory**

The communication has to be specific and measurable, and is therefore based on a hierarchical model containing the four stages set out above in the quotation (Mackay, 2005). The DAGMAR approach has had a huge influence on the how to set objectives in the advertising planning process and many planners use this model as their base. However, just as the other approaches within advertising, DAGMAR has been met with

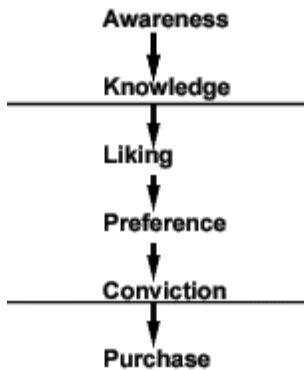
critique. One of the major criticisms towards DAGMAR is on its reliance on the hierarchy-of-effects theory, just as with AIDA. Customers do not always pass through the stages in a linear way. Another criticism made towards the DAGMAR approach is that it focuses too much on strategies. Many creative people within advertising are looking for the great unique idea that can result in a successful campaign and feels that the DAGMAR approach is too concerned with quantitative measurements on the campaign (Belch & Belch, 1995).

### **Lavidge & Steiners Hierarchy-of-Effects model**

This model was published during the same period as DAGMAR. The model was named the hierarchy-of-effects model which is the same name as some authors used on the foundation theory, and will therefore go under the name, Lavidge & Steiners.

According to this model customers do not switch from being completely uninterested to become convinced to buy the product in one step. Lavidge and Steiners Hierarchy-of-effects model is created to show the process, or steps, that an advertiser assumes that customers pass through in the actual purchase process (Barry & Howard, 1990). The model is based on seven steps, which as with the other models must be completed in a linear way.

The big difference between this model and the others is not only the steps, but also the view on how to pass them. Lavidge and Steiner (1961) write that the step has to be completed in a linear way, but a potential purchaser sometimes may move up several steps simultaneously. (Lavidge & Steiner, 1961, p. 60).



**Figure 3 Lavidge and Steiner model**

Lavidge and Steiner identify the six steps in the following order:

1. Close to purchasing, but still a long way from the cash register, are those who are merely aware of its existence.
  2. Up a step are prospects who know what the product has to offer.
  3. Still closer to purchasing are those who have favorable attitudes toward the product - those who like the product.
  4. Those whose favorable attitudes have developed to the point of preference over all other possibilities are up still another step.
  5. Even closer to purchasing are customers who couple preference with a desire to buy and the conviction that the purchase would be wise.
  6. Finally, of course, is the step which translates this attitude into actual purchase.
- (Lavidge & Steiner, 1961, p. 59)

Lavidge and Steiner (1961) also wrote, in their article, that they are fully aware of the impulsive purchases that customers can make, but they mean that for higher economical goods these steps are essential for the advertiser to include.

This model also has as a premise that advertising occurs over a period of time, and may not lead to immediate response and purchase. It is rather a series of effects that has to occur, with each step fulfilled on the way towards the next stage (Lavidge & Steiner, 1961) Behind this model is according to Belch & Belch (1998) the premises that .advertising effects occur over time and advertising communication may not lead to immediate behavioral response or purchase, but rather, consumers must fulfill each step before she or he can move to the next stage in the hierarchy. (Belch and Belch 1998, p. 146) As with the former models discussed, this model has also been criticized. The criticism on Lavidge & Steiners model is very similar to the one made on DAGMAR and AIDA. There is still no evidence on the fact that awareness of a products leads to purchase, and the steps are still unclear.

### **Brand Equity**

Brand equity is significant in assisting consumers to process information, especially, when the information is overloaded (Krishan and Hartline, 2001). For firms, growing brand equity is a key objective to be achieved by gaining more favorable associations and feelings of target consumers. In other words, financial meaning from the perspective of the value of the brand to the firm and customer-based meaning from the perspective of the value of the brand to the customer which both come from a marketing decision-making context (Kim, and An 2003). In addition, Yoo, Donthu and Lee (2000) state that understanding the dimensions of brand equity and investing to its growth raises competitive barriers and drives brand wealth. The subject of brand equity is very rich in the context of definitions, models and measurement issue; several brand equity measurement methods have been suggested by different researches.

For example, Aaker (1991) suggests using repurchase rates, switching costs, level of satisfaction, preference for brand and perceived quality on various product and service dimensions as potential measures among others. Likewise, Keller (1993) suggests correct top-of-mind recall, free associations, ratings of evaluations, and beliefs of associations as some of the measures of brand knowledge. Ravi (2005) argued that developing further

insights into the measurement of consumer based brand equity is important in the face of the prominence of branding. Understanding the dimensions of brand equity, then investing to grow this intangible asset raises competitive barriers and drives brand wealth (Yoo, et al, 2000).

In different literatures there are many brand equity models depending on the purpose of the outcome and the approach employed. Among the different brand equity models, this study will give highlights on the models developed by Aaker (1991) and Keller (1993) and Yoo and Donthu's (2001). However the study concentrates on Aaker's model.

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

Aaker (1992) provided the most comprehensive brand equity model which consists of five different assets that are the source of the value creation. These assets include: brand loyalty; brand name awareness; perceived brand quality; brand associations in addition to perceived quality; and other proprietary brand assets - e.g., patents, trademarks, and channel relationships.

### **Brand loyalty**

Based on Aaker's model, Ovidiu (2005) discussed that Brand loyalty generates value by reducing marketing costs and leveraging trade. Loyal customers expect the brand to be always available and entice others advising them to use it. Retaining existing customers is much less costly than attracting new ones. Even if there are low switching costs, there is a significant inertia among customers. It is also difficult for competitors to communicate to satisfied brand users because they have little motivation to learn about alternatives. Therefore, competitors may be discouraged from spending resources to attract satisfied and loyal customers and even if they do so, this requires a long time. Aaker (1992) believes that focusing on brand loyalty is often an effective way to manage equity.

## **Brand awareness**

Brand awareness is a key and essential element of brand equity which is often overlooked (Aaker, 1996). Brand awareness refers to “the ability of a potential buyer to recognize or recall that a brand is a member of a certain product category” (Aaker, 1991). Brand awareness has different level; at the recognition level, it can provide the brand with a sense of the familiarity as well as a signal of substance, commitment and awareness and at the recall level, it further affects choice by influencing what brands get considered and selected. For many companies, brand awareness is pivotal and it underlies the strength of successful brands (Aaker, 1992). Awareness plays an important role in most of conceptual models of brand equity. Brand awareness generates a high level of purchase, mainly because consumers are likely to buy those brands they are familiar with enhancing the firm’s profitability and sales.

## **Perceived Brand Quality**

Aaker (1992) explained that perceived quality provides value by providing a reason to buy, differentiating the brand, attracting channel member interest, being the basis for line extensions, and supporting a higher price. In other words, perceived quality is the consumer’s judgment about a product’s overall excellence or superiority (Zeithaml, 1988). Perceived quality is included as an asset distinct from brand. It has become an important business thrust for many firms and can be the motivation for programs designed to enhance brand equity. Perceived quality is a sufficiently important and accepted strategic consideration (Aaker, 1992).

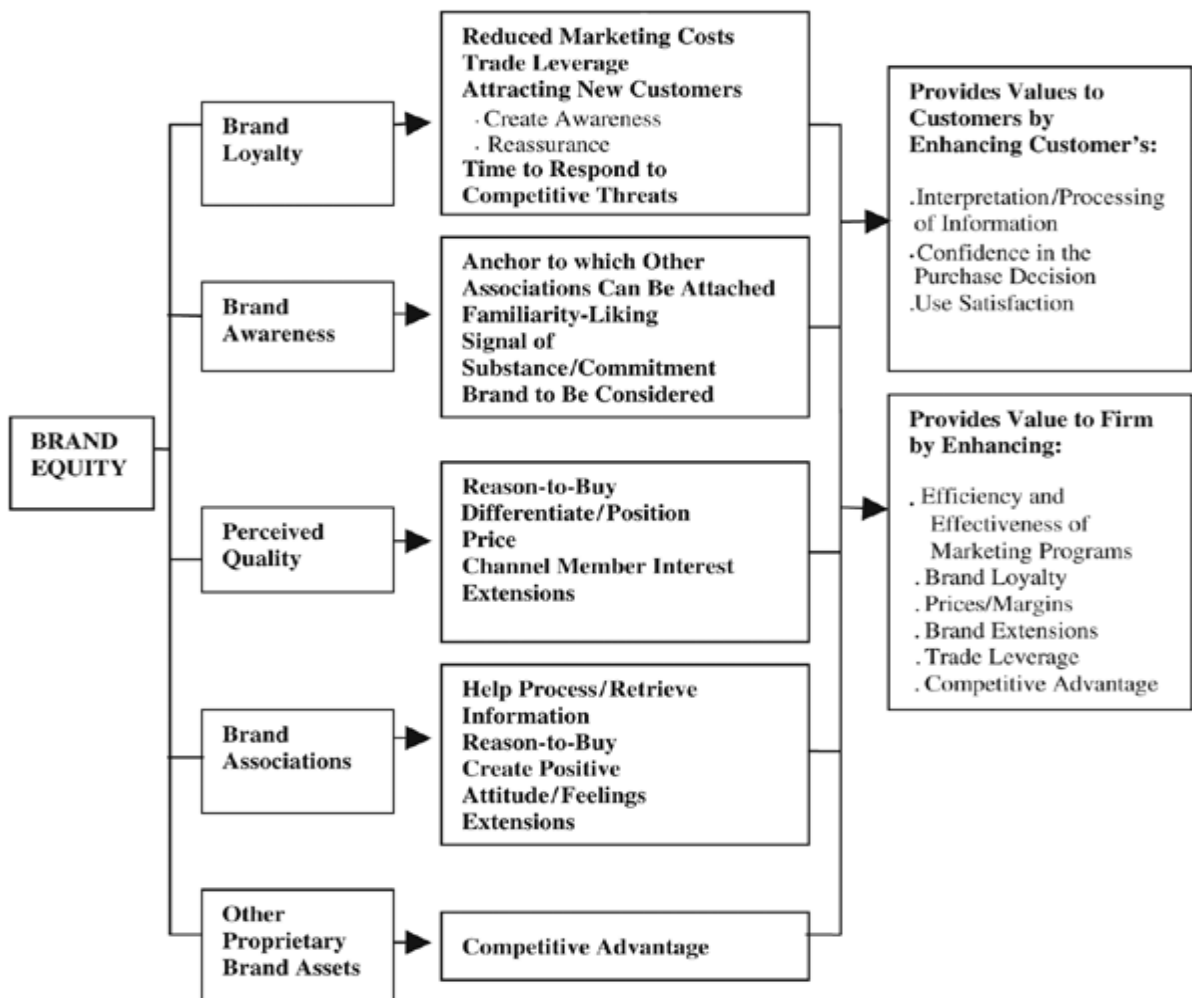
## **Brand Associations**

Brand associations or brand image is perhaps the most accepted aspect of brand equity. In fact, it is anything linked in customers’ memory to a brand. Brand association includes product attributes, customer benefits, uses, users, life-styles, product classes, competitors and countries. Associations can help customers process or retrieve information, be the basis for differentiation and extensions, provide a reason to buy, and create positive

feelings. Consumers use brand associations to process, organize, and retrieve information in memory and this helps them to make purchase decisions (Aaker, 1991, 1992). When there is a higher level of brand association, there is a higher tendency for brand extension to become relevant to customers.

### **Brand Assets**

Based on Aaker's model, Ovidiu (2005) discussed that brand assets refers to patents, trademarks and channel relationships which can provide strong competitive advantage. Trademark protects brand equity from competitors who might want to confuse customers by using a similar name, symbol or package. Patent can prevent direct competition if strong and relevant to the purchase decision process. Finally, a distribution channel can be indirectly controlled by a brand as customers expect the brand to be available.

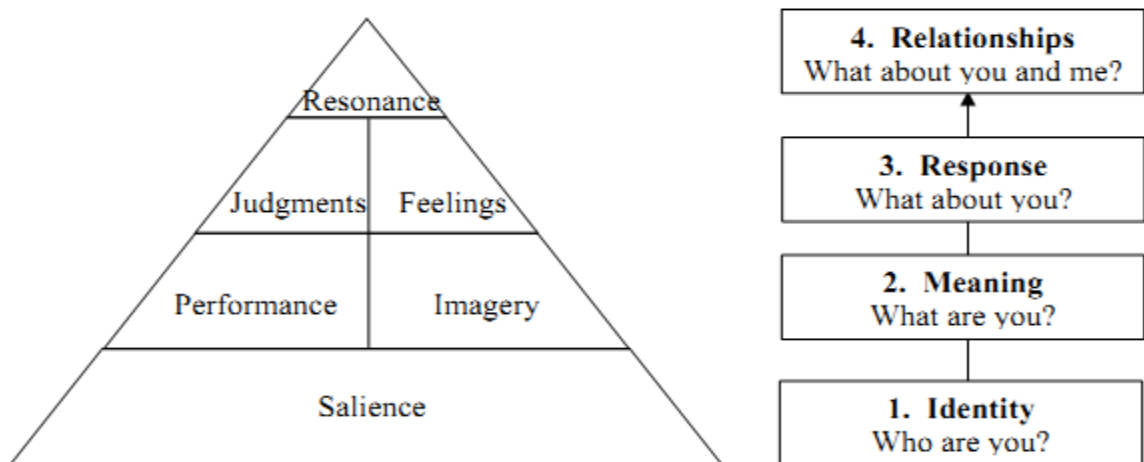


**Figure 4 David Aaker's brand equity model**

### **Keller's brand equity**

Keller (1993) defined consumer-based brand equity at individual level taking brand knowledge as a starting point, which is conceptualized as an associative network, where the associations are nodes. In 2003, he defined brand equity as differences in customer response to marketing activity. The concept behind the brand equity is to form how customers think and feel about the product or service relying on positive experience. A company should create a situation that your customer will have positive thoughts and

feelings and perceptions concerning the brand. Keller model identifies 6 elements including brand salience, brand performances, brand imagery, brand feelings, brand judgments and brand relationships.



**Figure 5 Keller's Customer-based Brand Equity Pyramid**

The first stage relates to brand identity and uses brand salience as a measure of the awareness of the brand (Keller, 2008). Formally, brand awareness refers to customer's ability to recall and recognize the brand; brand awareness also involves linking the brand name, logo and symbol to certain association in memory. Building brand awareness involves making sure that customer understand the product or service category in which the brand competes (Keller 2001). Based on Keller's model, Kerri-Ann et al (2008) explained that the first step in building a strong brand is to ensure the correct brand identity; the purpose is to create an identification of the brand with customers and an association in their minds with a specific product class or need. To do this, brand salience must exist, which represents aspects of brand awareness and the range of purchase and consumption situations in which the brand comes to mind. The salience building block is, therefore, made up of two sub-dimensions – need satisfaction and category identification

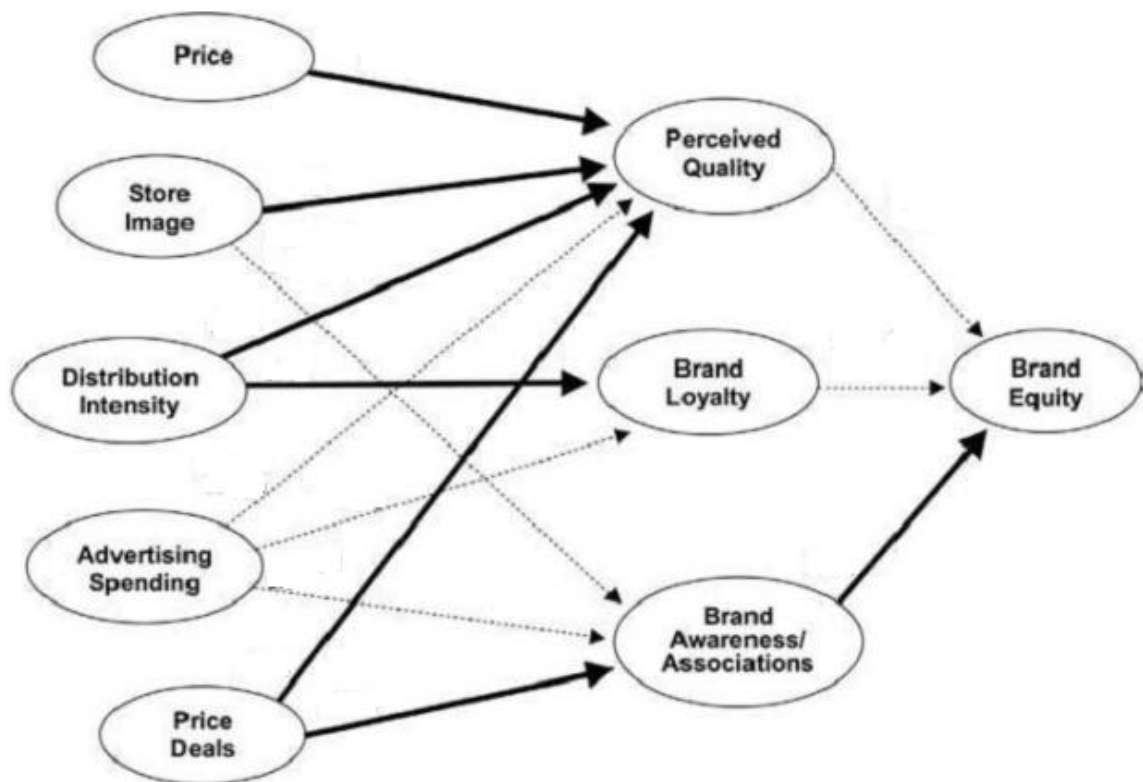
Kerri-Ann et al (2008) discussed the second step of Keller's model as establishing brand meaning by linking tangible and intangible brand associations. Brand meaning is,

therefore, characterized in either functional (brand performance) or abstract (image-related) associations. Brand response is the third step in the Keller's model and represents opinions and evaluations of the brand based on a combination of associations identified in brand meaning. These judgments include overall quality, credibility, consideration and superiority. Brand feelings are customers' emotional responses and reactions to the brand. Keller (2003) identifies six types: warmth, fun, excitement, security, social approval and self-respect. Brand relationships constitute the final step in the pyramid where brand response is converted to create an intense, active loyalty relationship between customers and the brand. The pinnacle of the pyramid is resonance, which refers to the nature of the relationship between the customer and the brand. It is described as having four elements behavioral loyalty, attitudinal attachment, sense of community and active engagement (Keller, 2001). There is an obvious sequence in this "branding ladder" and this meaning cannot be established unless identity has been created. Responses cannot occur unless the right meaning has been developed and the relationship cannot be forged unless the proper responses have been elicited (Keller, 2001).

### **Yoo and Donthu (2002) Brand Equity Model**

Yoo et al (2000) structural model of brand equity formation consists of three components: Marketing mix elements selected from the traditional "4p" marketing activity (i.e. price store, image, distribution intensity, advertising spending, and price deals), brand equity dimensions (i.e. perceived product quality, brand loyalty, and brand awareness/associations) and overall brand equity. According to the model, marketing managerial efforts can be classified into two types: brand -building activity and brand-harming activity. These authors extend Aaker's (1991) model by placing brand equity as a separate construct between the dimensions of brand equity and the value for the customer and the firm. In addition, Yoo and Donthu (2001) developed and validated cross-culturally invariant multidimensional consumer-based brand equity. They tried to extend the brand equity concept; for instance brand loyalty in their research refers to the tendency to be loyal to a focal brand, which is demonstrated by the intention to buy the

brand as a primary choice, in contrast other researches that relied on behavioral aspects of brand loyalty. They combined brand awareness and brand associations into one group and focused on three of assets; brand awareness/associations, perceived quality and brand loyalty. By mapping the assets of brand equity it is possible to determine if some aspects of brand equity seen to be more important than others for the consumer, or if a brand is lagging behind in one or many dimensions. In order for a brand to maintain high brand equity and be the preferred choice of consumers, it is important that it stays in tune with how the brand is perceived by firm's customer base.



**Figure 6 Structural brand equity model (source: Yoo et al (2002))**

## **2.3 Empirical Review**

### **Relationship between advertising and brand equity dimensions**

While previous researchers have focused primarily on defining and measuring the concept of brand equity and, to a lesser extent, understanding its causes and effects, there is a broad-based agreement that one of the major contributors to brand equity is advertising (Aaker & Biel 1993) and must be studied. Building a reputable brand has been the major driver for success in the competitive market place. Developing strong brands has been used as an effective defensive mechanism against competition by many business organizations. For organizations to grow and develop successful brands, the importance of advertising to enhance brand equity cannot be over emphasized.

Kotler (1988) 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 (1988), 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.”

Brand awareness can be created by increasing familiarity of the brand through repeated exposure, although this is generally more effective for brand recognition than for brand recall. That is the more a consumer experiences the brand by seeing it hearing it or thinking about it, the more likely is that the brand will become strongly registered in memory. The source of awareness can be a wide range of communication option such as advertising and promotion, sponsorship and event marketing, publicity and public relation, point of sale displays and outdoor advertising. (Keller, 2004)

In a study conducted by Cobb-Walgren (1995) they found that advertising can influence brand equity a number of ways. With advertising, it is able to create awareness of the brand and increase the probability that the brand is included in the consumer’s evoked

set. It can contribute to brand associations which, when stored in accessible memory, translate into “non-conscious but reliable behavioral predisposition” (Krishnan & Chakravarti, 1993). Advertising can affect the perceived quality of a brand, and it can influence usage experience (Cobb-Walgren, 1995). Nelson (1974) demonstrated that heavy advertising can improve perceived quality for experience goods, which by definition are difficult to evaluate prior to purchase. Advertising can make positive brand evaluations and attitudes readily accessible in memory (Cobb-Walgren, 1995). This is crucial to the development of brand equity, where Herr and Fazio (1992) found in their study that favorable brand attitudes will shape the perceptions and behaviour of a consumer if those attitudes can be instantly enhance. These perceptions, in turn, contribute to the meaning or value that the brand adds to the consumer that is, brand equity (Cobb-Walgren, 1995). Brand equity will then influence consumer preferences and purchase intentions, and ultimately brand choice (Cobb-Walgren, 1995).

Researchers surely found that advertising is a successful factor to provide brand equity, particularly where the sale promotion is failed. Simon and Sullivan (1993) identified the positive effect of advertising. Advertising is an external signal to show the quality of products (Milgrom and Roberts, 1986). Heavy investing in advertising indicates that company invested on its brand which is evolved high quality (Kirmani and Wright, 1989). Moreover, Archibald et al (1983) found that not only advertising just shows high quality, but also make well profit. In addition, Aaker and Jacobson (1994) identified a positive relationship between advertising and perceived quality. Thus, we could say that advertising positively affects on perceived quality and subsequently brand equity. Advertising play an important role in increasing brand awareness. Repetitive advertising program increase the chance of paying attention to brand, simplify costumers’ selection and habituate the selection of brand (Hauser and Wernerfeldt, 1990). Hence, advertising is positively concerned with the awareness of the brand association which is increased brand equity. Moreover, advertising attempts are positively concerned with brand loyalty because it is reinforced the brand awareness and steer the viewpoints to the brand (Shimp, 2000).

Several researchers identified that advertising has a positive effect on brand awareness. Tariq, Humayon, Bhutta and Danish (2014) on their study on the impact of effective advertisement on brand equity and brand switching behavior on food and beverage industry in emerging market in Pakistan observed through data analysis of their sample that effective advertisement is significantly and positively related with the brand equity. According to the dimensions of the brand equity, effective advertisement has a moderate effect on brand awareness. One of the reasons could be that companies are not using all the necessary advertisement modes and economic conditions of the people which inhibit their communication channels. Brand loyalty and perceived quality has a strong positive relationship with effective advertisement, it has proved that advertisement play its role in an effective way only then companies can create loyalty among their access to all their customers and highlights the quality of their products and services.

A study done by Ranjbarian, Abdollahi and Khorsandnejad (2011) focused on investigating the impact of brand equity on advertising effectiveness on Samsung and Snowa brand names as a case study. They concluded that Advertising effectiveness can be influenced by this issue that whether or not a brand name is recognized and recalled and known by the consumers. The higher the levels of brand awareness the more effective the designed advertisement is. Finally, brand image including attributes, benefits, and attitudes stored in consumers' minds driven by brand awareness which is known as brand associations can influence the effectiveness of a company's advertisements positively.

Aaker (1991) built the model of brand equity on five dimensions of brand awareness, quality perception, brand association, brand loyalty, and other proprietary assets. The first four of brand equity dimensions are discussed as the fifth dimension, other proprietary assets does not refer to the consumer.

## **Relationship between brand equity dimensions and brand equity**

### **Brand Awareness and Brand Equity**

Brand awareness entails the capability of consumers to recognize and recall the brand in a clutter (Aaker 1991). Brand awareness describes the likelihood that a brand will come to mind in different situations, and the ease with which it does so given different types of cues. (Keller, 2013). Brand awareness is critical in the building of brand equity in the sense that it precedes all other variables. Consumers should be aware of a brand in order to develop a set of positive brand associations and this should be attained through aggressive marketing communications. Awareness may lead to consumers developing positive perceptions of the brand which usually results in loyalty (Oliver, 1999).

Netsanet (2015) on the study the effect of promotion on customer based brand equity on Ethiopian Insurance Industry concluded that brand awareness has a significant positive effect on brand equity. Hossien (2012) studied The Customer Based Brand Equity in the Chocolate industry of Iran with the intention of identifying which factors are influential in building brand equity and also to measure the relationship among the dimensions of CBBE in the Iranian chocolate industry. After employing Aaker's CBBE model, the researcher found out that the brand equity of chocolate products is directly made up of two dimensions, namely brand loyalty and brand image. These two dimensions have a medium direct impact on brand equity while brand awareness has a very small impact on brand equity.

Tong and Hawley (2009), researched about measuring Customer Based Brand Equity in the Sportswear market in China. Based on Aaker's conceptual framework of brand equity, they employed structural equation modeling to investigate the causal relationships among the four dimensions of brand equity and overall brand equity in the sportswear industry. The research's findings concluded that, brand awareness has a weak impact on brand equity.

## **Brand Loyalty and Brand Equity**

Brand loyalty – which can reflect a range from the habitual buyer to the satisfied buyer to those that like the brand to the truly committed – generates value mainly by reducing marketing costs: retaining existing customers is much less costly than attracting new ones. It is also difficult for competitors to communicate to satisfied brand users because they have little motivation to learn about alternatives. The burden on the competitor brand is substantial. A common mistake is to grow sales by enticing new customers to the brand while neglecting existing ones. Loyal customers, in some cases, can also entice others by using the product or advising others to use it. (Aaker , 1992)

The brand loyalty of the customer base is often the core of a brand's equity. It reflects how likely a customer will be ready to switch to another brand, especially when that brand makes a change, either in price or in product features. As brand loyalty increases, the vulnerability of the customer base to competitive action is reduced. (Aaker , 1991)

Bezawit's (2014) study on the CBBE measurement of Ethiopian airlines concluded that strong support was found for brand loyalty and also Wongelawit's (2014) study focusing on the coca cola product in the Ethiopian context concluded that brand loyalty has a positive impact on brand equity.

Rahil shams (2004) reviewed the relationship among selected marketing mix components and brand equity of mobiles in young age group of Tehran city. In conceptual framework which is proposed in the study, the dimensions are linked to brand equity. The results indicated positive effects of brand loyalty on brand equity.

## **Perceived Quality and Brand Equity**

Perceived quality is valuable in several ways. In many contexts, the perceived quality of a brand provides a pivotal reason to buy. It is influencing which brands are included and excluded from the consideration set and which brand is to be selected. A principal positioning characteristic of a brand is its location within the dimension of perceived quality. A perceived quality advantage provides the option of charging a premium price. The price premium can increase profits and/or provide resources with which to reinvest in the brand. Perceived quality can also be meaningful to retailers, distributors and other channel members and thus aid in gaining distribution. Channel members are motivated to carry brands that are well regarded. In addition, the perceived quality can be exploited by introducing brand extensions, using the brand name to enter new product categories. A strong brand with respect to perceived quality will be able to extend further, and will find a higher success probability than a weak brand. (Aaker , 1991)

Several studies focusing on examining the impact of perceived quality on brand equity exist (Yab et al., 2014; Yoo et al., 2000; Atilagn et al., 2005). Atilagn et al. (2005) in their study of the beverage industry in Turkey found out that perceived quality is a significant predictor of brand equity. Similarly Wasihun (2014), in his study on the beer market industry also found perceived quality as a strong support for brand equity. Ephrem (2015) in the study the Ethiopian bottled water market also concluded the positive effect of perceived quality among the other dimensions

## **Brand Association and Brand Equity**

A brand association is anything “linked” in memory to a brand. The association not only exists but has a level of strength. A link to a brand will be stronger when it is based on many experiences or exposures to communications, rather than few. It will also be stronger when it is supported by a network of other links. (Aaker, 1996) Brand associations are characteristics that consumers attribute to the brand. These associations may enrich the brand with new perceived characteristics to generate additional benefit,

providing customers with a positive feeling of, say, security, confidence or exclusivity, which in turn will boost brand equity. 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 is anything linked in memory to a brand. (Kotler and Keller, 2006)

A study undertaken on the soft drinks category using structural equation modeling has revealed that brand image has a positive significant impact on brand equity and suggested companies engaged in the soft drinks business should strive to build brand image (Alhaddad, 2014). Other researcher, Bezawit(2014) and Wongelawit (2014) also concluded brand association has positive effect on brand equity.

Based on the above literature, the following four hypothesis are proposed

H1 Advertising has a positive impact on brand Equity mediated through brand awareness.

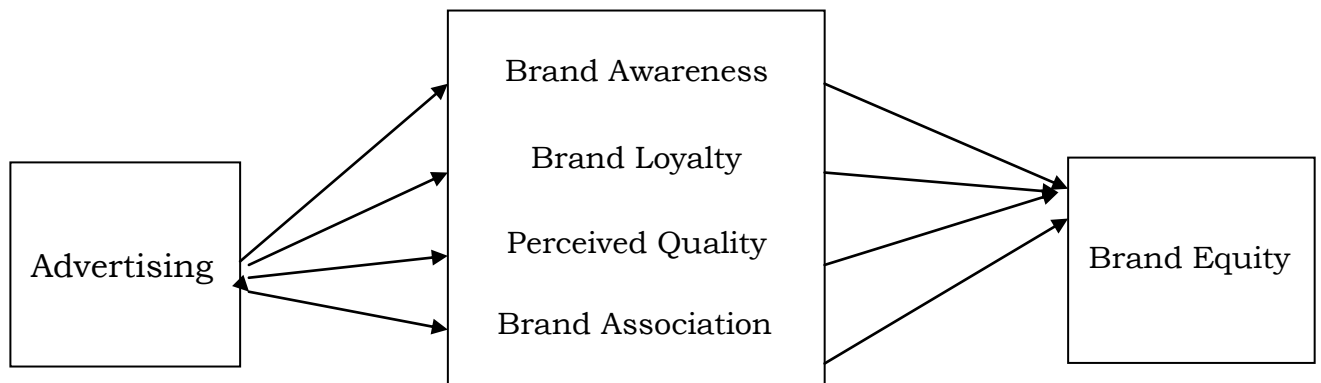
H2 Advertising has a positive impact on brand Equity mediated through brand loyalty.

H3 Advertising has a positive impact on brand Equity mediated through brand perceived quality.

H4 Advertising has a positive impact on brand Equity mediated through brand association.

## 2.4 Conceptual Framework of the study

The main purpose of this study is to study the impact of advertising on Brand Equity in the Ethiopian soap and detergent Industry. Following Aaker's (1991) conceptualization, the four dimensions of brand equity examined in this study are brand awareness, perceived quality, brand associations and brand loyalty. Based on the above related literature review and concepts the conceptual frame work for this study is developed as follows.



Adopted from Yoo et al. (2000) & Aaker (1991)

Fig 7 Conceptual Framework of the study

## **Chapter Three**

### **Research Methodology**

#### **3.1 Introduction**

This chapter describes what type of research the research will be. The sampling method and the sample size are also described clearly. Similarly data sources and the data collection methods of the research are discussed adequately in relation to their purpose in the research. In the same way, the ethical procedures that will be practically followed and kept during the conduction of this research are stated and summarized. Finally, the data analysis method is discussed.

#### **3.2 Research Design/Approach**

##### **3.2.1 Research Design**

There are three types of research design: the first one is qualitative research which involves studies that do not attempt to quantify their results through statistical summary or analysis. In a way it seeks to describe various aspects about behavior and other factors studied in the social sciences and humanities. In qualitative research data are often in the form of descriptions, not numbers. The other one is quantitative research which engages in systematic and scientific investigation of quantitative properties and phenomena and other relationships. The objective of quantitative research is to develop and employ mathematical models, theories and hypothesis Pertaining the natural phenomena. The process of measurement is central to quantitative research because it provides their fundamental connection between empirical observation and mathematical expression of an attribute (Abiy, et al., 2009). The third one is mixed which consist of both Quantitative and Qualitative approach. The type of research method employed in this study is quantitative research method. Quantitative research is the systematic and scientific investigation of quantitative properties and phenomena and their relationships (Kothari, 2005). It involves studies that make use of statistical analyses and theories to obtain their findings (Marczyk& et al., 2005).

It places greater emphasis on the numerical data and statistical test to achieve conclusion that can be generalized (Saunders, 2012). Even though quantitative research criticized for arbitrary definition of variables away from the context setting and failure to generate hypothesis from the data (Silverman, 2006), to achieve this research objective statistical analysis will be applied to obtain the findings, therefore the **design for this research is quantitative research design.**

### **3.2.2 Research approach**

Depending on the purpose of research Bhattacharjee, (2012) groups' research into three types: exploratory, descriptive, and explanatory. **Exploratory research** is often conducted in new areas of inquiry, where the goals of the research are: (1) to scope out the magnitude or extent of a particular phenomenon, problem, or behavior, (2) to generate some initial ideas (or "hunches") about that phenomenon, or (3) to test the feasibility of undertaking a more extensive study regarding that phenomenon.

**Descriptive research** is directed at making careful observations and detailed documentation of a phenomenon of interest. These observations must be based on the scientific method (i.e., must be replicable, precise, etc.), and therefore, are more reliable than casual observations by untrained people.

**Explanatory research** seeks explanations of observed phenomena, problems, or behaviors. While descriptive research examines the what, where, and when of a phenomenon, explanatory research seeks answers to why and how types of questions. It attempts to "connect the dots" in research, by identifying causal factors and outcomes of the target phenomenon. **For the study the explanatory research will be employed.**

## **3.3 Population and Sampling**

### **3.3.1 Target Population**

Population is defined as the complete set of units of analysis that are under study (Davis, 2000). Since the research focuses on the relationship between advertising and brand equity on soap and detergent industry, the target population of the research can be all people exposed to soap and detergent advertisements.

### **3.3.2 Sampling Technique**

According to Bhattacharjee (2012) sampling techniques can be grouped into two broad categories: probability (random) sampling and non probability sampling. **Probability sampling** is a technique in which every unit in the population has a chance (non-zero probability) of being selected in the sample, and this chance can be accurately determined. **Non probability sampling** is a sampling technique in which some units of the population have zero chance of selection or where the probability of selection cannot be accurately determined. Typically, units are selected based on certain non-random criteria, such as quota or convenience. Because selection is non-random, non probability sampling does not allow the estimation of sampling errors, and may be subjected to a sampling bias. Therefore, information from a sample cannot be generalized back to the population.

### **3.3.3 Sample Size**

The population of this research is all people exposed to the soap and detergent advertisement who reside in Addis Ababa. For all non-probability sampling techniques, other than for quota samples, the issue of sample size is ambiguous and unlike probability sampling, there are no rules in determining sample sizes (Saunders et al, 2009). Sample sizes used in similar studies, completion rates of survey questioners, and resource constraints are among the criterion used in determining the sample size of a certain study. The researcher came across some similar researches conducted employing a non probability sampling techniques. Such studies use sample size that ranges between 350

and 400 respondents (Eg. (Bezawit, 2014), (Wongelawit, 2014) and (Ephrem, 2015). And many researchers used 384 sample size as a representative by using sample determination formula suggested by different scholars when the sample is unknown. (E.g (kassahun,2015),(Michael, 2015) . the researcher prefers the second one which is sample size is determined by using the following formula.

So to find out the sample size when the population is unknown the sample size was determined with the use of Top man formula as presented below (Hair et al, 2005).

Where:

$$n = \frac{z^2 pq}{e^2}$$

N= required sample size

Z= degree of confidence (i.e. 1.96)

P= probability of positive response (0.5)

Q=probability of negative response (0.5)

E= tolerable error (0.05)

**Equation 1 Top man equation**

$$\begin{aligned} N &= \frac{1.96^2 \times 0.5 \times 0.5}{(0.05)^2} \\ &= \frac{3.84 \times 0.25}{0.0025} \\ &= \underline{384} \text{ (sample size)} \end{aligned}$$

From the above calculation it can be understood that the number participants or subjects for the study will be 384 and the designed questioner will be administered to these respondents and their responses will be analyzed and presented in a matter which represents the target population

## **3.4 Data Collection and Instrument**

### **3.4.1 Data Collection**

There are two types of data, primary and secondary data type. Primary data can be collected using different methods such as direct observations, interviews, performance tests, different survey, experiments and questionnaires. Main reason behind collecting primary data is to measure or draw accurate information on existing phenomena or in some case, available secondary data does not have a full strength to support the situation but only follow the principle. Secondary data are collected from journals, existing reports, and statistics by government agencies and authorities. However in the study the researcher chooses the primary data collection mainly the survey method which is found to be the most accurate method in studying a large number of populations.

### **3.4.2 Data Collection Instrument**

Since the questionnaire is one of the most important research instruments for collecting primary data, Structured close ended questionnaires was distributed to the respondents. The choice of using pre-coded close ended questionnaire was based on Fisher's view on structured questionnaire. According to Fisher (2007) if the researcher wants to quantify the research material, then it is best to use a structured approach. He further noted that in order to compare the views and experiences of a great many people it is easier if pre-coded approach is used. The questionnaire will be distributed to respondents located around Arada and Gullele sub cities targeting different shops and supermarkets.

The questionnaire was designed in a way that is clear, brief and understandable to the respondents as well as covers the relevant aspects of the model used. According to Fisher (2007) it is recommended to keep the questionnaire as short as possible and give it a logical and sequential structure so that the respondent can easily see what the questionnaire is about and can follow its themes as they go through them.

The structured questionnaires that have statements, which measured variables such as advertising, brand awareness, perceived quality, brand associations and brand loyalty. These constructs used in the study were taken from studies from Aaker (1996). A five point likert scale ranging from “I strongly disagree to I strongly Agree” will be used to record data from respondents.

### **3.5 Data processing and Analysis**

After the data is collected and organized, descriptive analysis took place to present the respondents demographic characteristics. Descriptive statistic such as percentages and frequency distributions, were prepared before a deeper analysis of data. The major statistical methodology that was used in the study is the Structural Equation Modeling (SEM). The analysis was conducted using SPSS 20 and Amos 20.

Structural equation modeling is a general statistical modeling technique to establish relationships between variables. According to Robert Ho (2006) structural equation model is used to describe a large number of statistical models used to evaluate the validity of substantive theories with empirical data. A key characteristic of SEM is that observed variables are conceptualized as representing a number of latent variables. These latent variables cannot be directly measured but only inferred from the relationships between measured variables. The vast majority of marketing constructs are latent variables by their nature, which are not amenable to direct measurements; examples include brand attitudes, customer satisfaction, and perceived value, repurchase intention and perceived quality (Bollen, 1989).

SEM uses confirmatory factor analysis (CFA) to reduce measurement error by having multiple indicators per latent variables; it has attractive graphical modeling interface; and it has the ability to test models with multiple dependents, to model mediating variables, to model error terms, to test coefficients across multiple variables between subject groups, and to handle difficult data (time series with auto correlated error, non-normal data, incomplete data).

As a result SEM is the best method to do analysis with such type of variables since it's used to test complex relationships between observed (measured) and unobserved (latent) variables and also relationships between two or more latent variables. Structural equation modeling can simultaneously estimate all path coefficients and test the significance of each causal path, permitting the evaluation of the model performance as a whole (Robert Ho, 2006).

### **3.6 Validity and Reliability**

There are two major criteria which applied to evaluate the quality of the study. These are validity and reliability.

#### **3.6.1 Validity**

Validity can be assessed using theoretical or empirical approaches. Theoretical assessment of validity focuses on how well the idea of a theoretical construct is translated into or represented in an operational measure (Bhattacharjee, 2012). The questions were first assessed by the advisor of the research and a pilot survey was conducted first before distributing the questioner

#### **3.6.2 Reliability**

Reliability refers to the absence of random error, enabling subsequent researchers to arrive at the same insights if they conducted the study along the same steps again (Yin, R. K. (2003). Whether or not the indicators that make up the scale or index are consistent, internal reliability was tested. Cronbach's alpha is the most commonly used test of internal reliability (Bryman and Bell, 2007). Therefore, Cronbach's alpha was used to assess the internal consistency of variables with the acceptable value of 0.70.

### **3.7 Ethical Considerations**

There are certain ethical protocols that were followed by the researcher. The first is asking permission from the respondents. This ensures that their participation to the study is not out of their own volition. The researcher ensured that the respondents are aware of the objectives of the research and their contribution to its completion. One other ethical measure exercised by researcher is treating the respondents with respect and courtesy. This was done so that the respondents will be at ease and are more likely to give candid responses to the questionnaire. There are also ethical measures that were 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.

## **Chapter Four**

### **Results and Discussions**

In this chapter all collected data are analyzed as well as summarized in order to achieve the aim or objective of this thesis. Mainly SPSS 20.0 and AMOS 20.0 Graphics (SEM package) were used first to prepare the data for analysis; secondly, to check reliability /validity of measurement and to assess the measurement model; and third to analyze the structural model. Finally, using SEM the 4 proposed research hypotheses were tested according to the results from the structure equation model. Findings are described for each hypothesis.

#### **4.1 Demographic profile of respondents**

In the study the total number of respondents that were selected is 384, hence questionnaires were distributed after reaching them based on convenience. Out of the total 384 questionnaires that were distributed 366 valid responses were filled and returned. Which is 95.3% of the questionnaires were collected. To observe what demographic trend the sample population has, the questionnaire begins with demographic characteristics of respondents. Accordingly, the following variables about the respondents were summarized and described in table 4.1.

##### **Gender**

According to Table 4.1 out of the 366 valid respondents, there were 34.7% male and the remaining 65.3% were female. This imply that the number of female respondents were greater than the male counter parts. It can be observed that females are highly exposed to advertising than males.

##### **Age**

All participants in the study were older than 18 years of age. When it comes to age distribution of respondents the age group 26-35 took the highest percent with 62.6% and

the age group 18-25 of respondents followed the previous group with a percent share of 24.6%. The age group 46 and above contributed 12.6% and the final group which is 35-46 took a percentage share of 0.3%. From the above distribution it can be observed that the age group between 26-35 and 18-25 are exposed more to soap and detergent Advertisings.

**Table 4.1 Demographic profile of Respondents**

	<b>Charterstics</b>	<b>Frequency</b>	<b>Percent</b>
Gender	Male	127	34.7
	Female	239	65.3
Age	18-25	90	24.6
	26-35	229	62.6
	36-45	1	0.3
	46 and above	46	12.6
Educational level	No education	0	0
	Elementary completed	0	0
	High school graduate	43	11.7
	Diploma	115	31.4
	First Degree	197	53.8
	Masters and above	11	3
Familiar and Easy Brand	DIVA	61	16.7
	GOAL	34	9.3
	GULLELE 555	10	2.7
	OMO	21	5.7
	LUX	30	8.2
	ARIEL	139	38
	OTHER	71	19.4

SOURCE: SPSS data output

## **Education**

From the 366 valid respondents, a total of 53.8% respondents had bachelor degree; 27.0% of respondent had completed 12 grade; 31.4 respondents had diploma; 11.7 respondent were high school graduates and only 3% respondents had Masters Degree and above. In the above table significant numbers of respondents have been found to have a bachelors'' degree.

## **Familiar and Easy Brand**

Among the 366 respondents, 38% were familiar with the brand Ariel and 19.4% answered other brands not specified on the questionnaire , 16.7% were familiar with the brand Diva, 9.3% of the respondents were familiar to the brand Goal while 8.2% chose the brand Lux. Brand Omo and Gullele 555 accounted 5.7% and 2.7% respectively. From the above analysis it can be observed that the brand Ariel is the most familiar among the other brands listed.

## **4.2 Measures of Normality, Reliability and Validity**

### **4.2.1. Normality**

The normality of the population distribution is the basis for making statistical inferences about the sample drawn from the population (Kothari, 2004). Most studies, which involve statistical procedure, work under the assumption that observations have normal distribution. Any violation of the normality rule may lead to overestimation or underestimation of the inference statistic (Marczyk et al., 2005). In order to examine normality one has to measure each variable's skewness, which looks at lack of symmetry of distribution, and kurtosis, which looks at whether data collected, are peak or flat with relation to normal distribution (Marczyk *et al.*, 2005).

Table 4.2 below describes the level of skewness and kurtosis for the seven constructs, which constitute 25 variables. The general rule-of-thumb for test of normality varies depending on the nature of the research. The common one mostly suggested mentioned in

literature for both kurtosis and Skewness to be between -2 and +2 (George & Mallery, 2010). As indicated in the table below, skew and kurtosis measures for this study are well within that range between -1 and +1 values. Therefore, the data for this study is normally distributed.

Table 4.2 Normality measurement table

Constructs	Skewness	Kurtosis
Advertising	-0.76	-0.24
Brand Awareness	-0.34	-0.96
Brand loyalty	-1.12	0.90
Perceived Quality	-0.28	-0.77
Brand Association	-0.14	-0.86
Overall Brand Equity	-0.6	-0.46

Source: SPSS data output

#### 4.2.2 Reliability of the Measurement Scale

The most common measure of the reliability of a measurement scale is Cronbach's alpha which is often considered as the lower bound estimate of reliability (Raykov, 1997). Most researchers consider a Cronbach's alpha value of more than 0.7 and above as an indicator of high internal consistency of the measurement scales (Hair et al., 2010). Other researchers consider a Cronbach's alpha of 0.8 and higher as a signal for internal consistency and urge a low alpha score warns the existence of a measurement item which is unreliable (Ho, 2006).

In this study, Cronbach's alpha is well over 0.7 and all 24 items of the six constructs were found to be reliable and hence, internally consistent. Therefore, the study considered each

of the variables for further investigation. The results of the reliability measure are presented in Table 4.3 below.

**Table 4.3 Reliability Test by Cronbachs’s Alpha**

<b>Constructs</b>	<b>Number of Items</b>	<b>Cronbachs’s Alpha</b>
Advertising	4	0.71
Brand Awareness	4	0.81
Brand Loyalty	4	0.83
Perceived Quality	4	0.80
Brand Association	4	0.88
Overall brand equity	4	0.78

Source: SPSS Data Output

### **4.2.3 Validity Analysis**

According to Kothari (2004) Content validity is the extent to which a measuring instrument provides adequate coverage of the topic under study. If the instrument contains a representative sample of the universe, the content validity is good. It can also be determined by using a panel of persons who shall judge how well the measuring instrument meets the standards, but there is no numerical way to express it. Based on this definition the content validity was verified by the advisor of this research, who looked into the appropriateness of the questions and the scales of measurement. In addition, a pilot survey conducted on 20 respondents implied all the variables were above 0.7 of Cronbachs’s Alpha. This was another way of checking the appropriateness of the questions.

### **4.3 Structural Equation Model (SEM)**

According to Robert Ho (2006) Structural equation model is used to describe a large number of statistical models used to evaluate the validity of substantive theories with empirical data.

Basically SEM consists of two parts: the measurement model and the structural model. The measurement model specifies how the latent variables or the hypothetical constructs are measured in terms of the observed variables and describes the measurement properties through Confirmatory Factor Analysis (CFA) on the other hand the structural equation model specifies the causal relationships among the latent variables and describes the causal effects through Path Analysis. (Robert Ho, 2006)

#### **4.3.1 Measurement Model Testing (Confirmatory Factor Analysis)**

Confirmatory Factor Analysis is particularly useful for testing a measurement model as it allows for correlated errors of measurement (Hair, et al., 1998). As per Wu, Pvi-wa and Quing (2007) confirmatory factor analysis was carried out in order to validate the reliability and statistical validity of the measurement model. AMOS 20.0 maximum likelihood method was used to examine each construct and its standardized loadings.

#### **The Fit the Measurement Model**

Absolute fit indices determine how well a prior model fits the sample data (McDonald and Ho. 2002) and demonstrate which proposed model has the most superior fit. These measures provide the most fundamental indication of how well the proposed theory fits the data. Included in this category are the Chi-Squared test, RMSEA and the Incremental fit indices.

Hu and Bently (1999) suggest that GFI, NFI, CFI and TLI value above 0.90 are generally interpreted as representing a good fit, whereas a value of RMSEA below 0.10 indicates a good fit and value of RMR below 0.09. Due to large samples, a significant Chi-square ( $X^2$ ) does not indicate poor fit because the Chi-square is easily influenced by the size of the sample (unlike other criteria). In addition to the disadvantage of the Chi-square

statistics, the ratio of Chi-square to its degree of freedom,  $\chi^2/df$ , is further used to indicate a good fit. It is suggested that a ratio of 3:1 or less indicates an adequate fit.

**Table 4.4 Selected Fit Measures and Established Criteria**

Type	Name of GOF statistics	Abbrev.	Acceptable level	Reference
Chi-square	Chi-square (with df, p)	$\chi^2$ (df, p*)	p-value can be less than .05	(Hair et al. 2010, 666; Holmes-Smith 2010, 5, 7)
Absolute fit indices	Normed chi-square	$\chi^2/df$	Value between 1 and 5	(Bagozzi et al. 1991, as cited in Lewis et al. 2005; Hair et al. 2010, 668)
	Root mean-square error of approximation	RMSEA	Values < .08/.10	(Lewis et al. 2005; Hair et al. 2006, 748; Hair et al. 2010, 672)
	Root mean-square residual	RMR	Values < .09	(Hair et al. 2010, 672)
Incremental fit indices	CFI, Tucker Lewis index, Incremental fit index	CFI, TLI, IFI	Values $\geq$ .90	(Hair et al. 2010, 672)

### 4.3.1.1 Measurement Model of Advertising

Advertising Construct was proposed to be measured by 4 items. Figure 4.5 presents the CFA result.

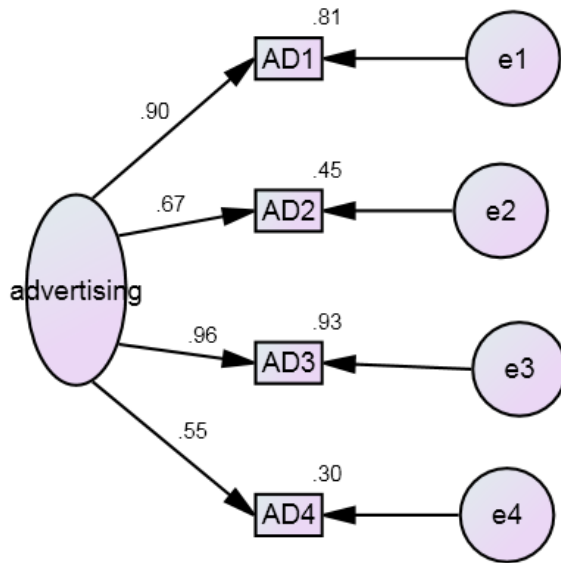


Fig 8 Measurement model of advertising

Table 4.5 Reported value of model fit for the measurement model of Advertising

Chi—square		Absolute Fit Indices		Incremental Fit Indices		Goodness Of Fit(GFI)
X2(p-value)	4***	RMSEA	0.032	CFI	0.914	0.914
				NFI	0.912	
DF	2	RMR	0.01	IFI	0.914	
X2/DF	2			TLI	0.742	

Examination of the GOF statistics in Table 4.5 reveal that the items, show accepted value in each selected fit measurement, that is the result of chi-square is greater than 0.05 which is (4) , Degree of freedom found in the range of  $\leq 5$  which is (2) and X2/df also meet the criteria. Absolute fit indices which hold RMSEA and RMR also meet the accepted value, RMSEA in this model is 0.03 which less than 0.10 and RMR is 0.01 that show it is exactly in the accepted range. Incremental fit indices except TLI (0.74) which

contain CFI (.91, NFI (.91), TLI (74), IFI (91) meet the recommended value which is greater than 0.90.

### 4.3.1.2 Measurement model of Brand Awareness

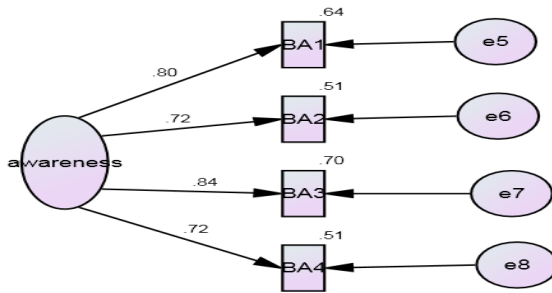


Figure 9 Measurement model of brand awareness

Table 4.6 Reported value of model fit for the measurement model of brand Awareness

Chi—square		Absolute Fit Indices		Incremental Fit Indices		Goodness Of Fit(GFI)
X2(p-value)	45.709***	RMSEA	0.0245	CFI	0.933	
				NFI	0.931	
DF	2	RMR	0.02	IFI	0.934	
X2/DF	22.85			TLI	0.667	

In table 4.6 we can see that, except for Chi-square and TLI all other criteria met the recommended values suggested. However, it was accepted that chi square is not an appropriate criterion for a study that has a large sample size (Browne and Cudeck, Marsh, 1994). Other Incremental Fit Indices are all above 0.9 so they meet the criteria and also p value is <0.001.

### 4.3.1.3 Measurement Model of Brand Loyalty

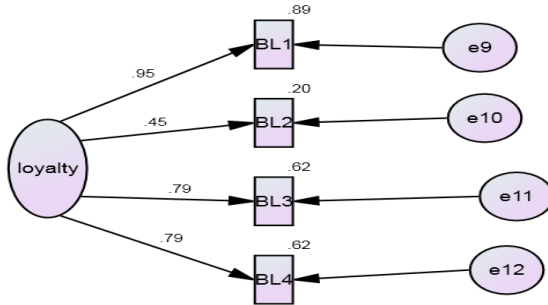


Figure 10 Measurement model of brand loyalty

Table 4.7 Reported value of model fit for the measurement model of brand loyalty

Chi—square		Absolute Fit Indices		Incremental Fit Indices		Goodness Of Fit(GFI)
X2(p-value)	30.721***	RMSEA	0.0198	CFI	0.959	
				NFI	0.956	
DF	2	RMR	0.03	IFI	0.959	
X2/DF	15.36			TLI	0.876	

In table 4.7 we can see that, except for Chi-square and TLI all other criteria met the recommended values suggested. However, it was accepted that chi square is not an appropriate criterion for a study that has a large sample size (Browne and Cudeck, Marsh, 1994). Other Incremental Fit Indices are all above 0.9 so they meet the criteria. In addition, BL2 shows a lower than accepted value (that is, below 0.5) relative to all others. In such circumstance, the literature (Brown 2006, Hair, JF, Black, WC, Babin, BJ 2010) suggested identifying such a variable as confounding and considering it for removal from

the measurement model. The model was re run after removing item BL2. The result is shown below.

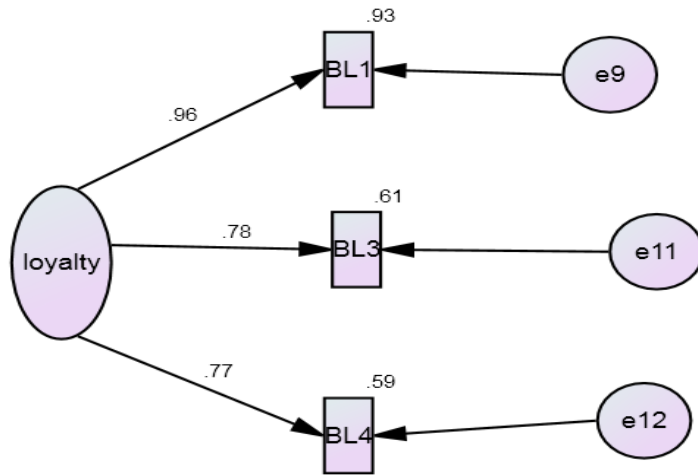


Figure 11 Revised Measurement model of brand loyalty

#### 4.3.1.3 Measurement model of perceived quality

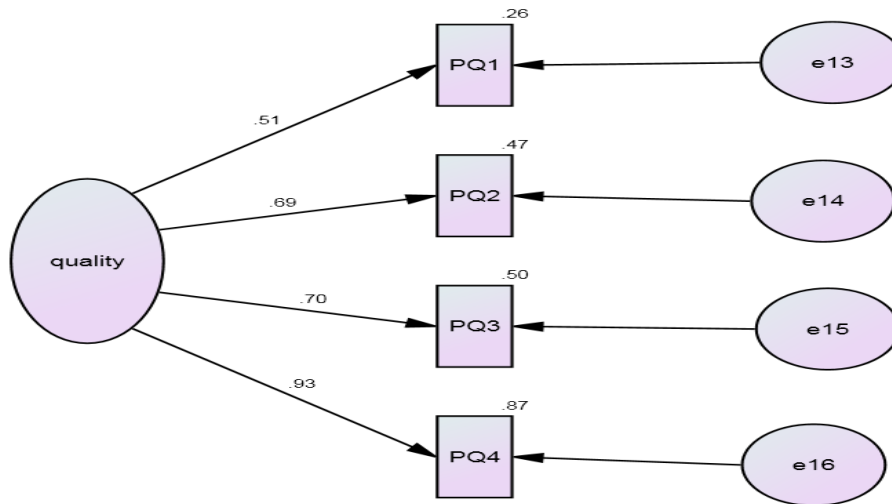


Figure 12 Measurement model of perceived quality

Table 4.8 Reported value of model fit for the measurement model of perceived quality

Chi—square		Absolute Fit Indices		Incremental Fit Indices		Goodness Of Fit(GFI)
X2(p-value)	2.571***	RMSEA	0.028	CFI	0.999	
				NFI	0.995	
DF	2	RMR	0.01	IFI	0.999	
X2/DF	1.285			TLI	0.997	

In table 4.8 we can see that, criteria's met the recommended values suggested. The incremental fit indices are all above 0.9 and value for RMSEA is below 0.05 and p value is <0.001.

#### 4.3.1.4 Measurement model of brand association

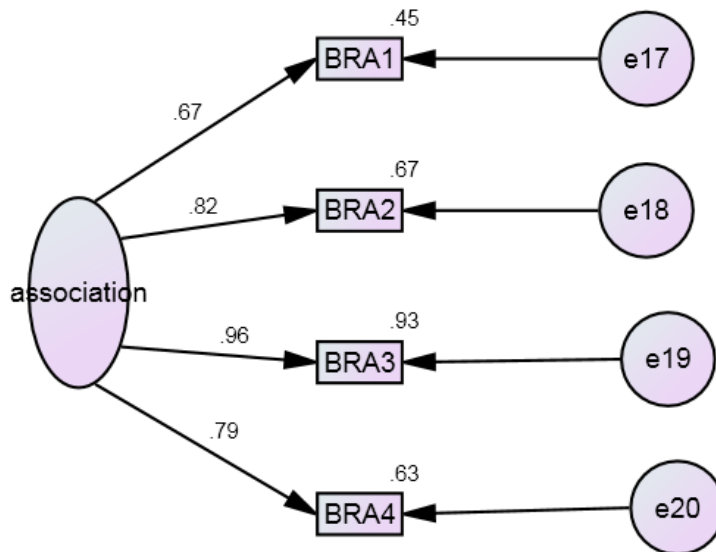


Figure 13 Measurement model of brand association construct

Table 4.9 Reported value of model fit for the measurement model of brand association

Chi—square		Absolute Fit Indices		Incremental Fit Indices		Goodness Of Fit(GFI)
X2(p-value)	14.098***	RMSEA	0.129	CFI	0.986	
				NFI	0.984	
DF	2	RMR	0.025	IFI	0.986	
X2/DF	7.049			TLI	0.931	

In the above table we can see that, only the chi square and RAMSEA doesn't fit but all criteria's met the recommended values suggested. The incremental fit indices are all above 0.9.and p value is <0.001.

#### 4.3.1.5 Measurement model of overall brand equity

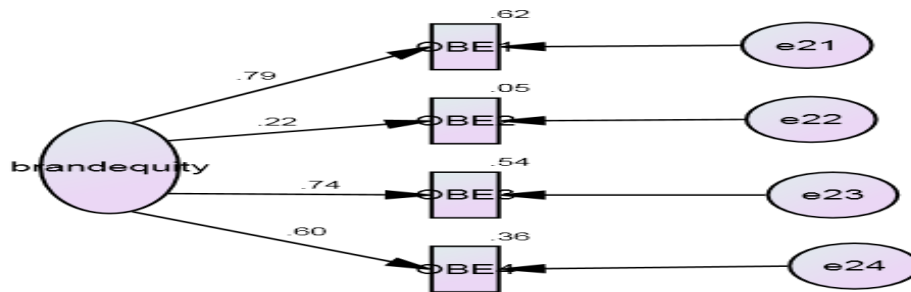


Figure 14 Measurement model of Overall Brand Equity

Table 4.10 Reported value of model fit for the measurement model of overall Brand Equity

Chi—square		Absolute Fit Indices		Incremental Fit Indices		Goodness Of Fit(GFI)
X2(p-value)	13.597***	RMSEA	0.126	CFI	0.959	
				NFI	0.953	
DF	2	RMR	0.01	IFI	0.960	
X2/DF	6.797			TLI	0.877	

In table 4.10 we can see that, except for Chi-square, RMSEA and TLI all other criteria met the recommended values suggested. P-value is <0.001 However, it was accepted that chi square is not an appropriate criterion for a study that has a large sample size (Browne and Cudeck, Marsh, 1994). Other Incremental Fit Indices are all above 0.9 so they meet the criteria. In addition, OBE2 shows a lower than accepted value (that is, below 0.5) relative to all others. In such circumstance, the literature (Brown 2006, Hair, JF, Black, WC, Babin, BJ 2010) suggested identifying such a variable as confounding and considering it for removal from the measurement model. The model was re run after removing item OBE2. The result is shown below.

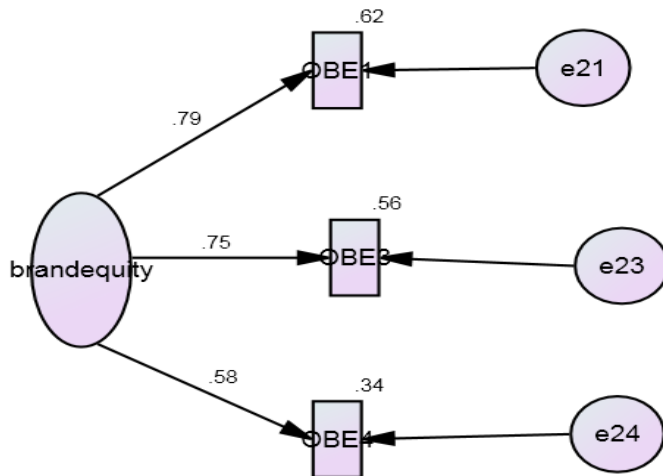


Figure 15 Revised Measurement model of Overall Brand Equity

Table 4.11 Parameter Estimate for the Measurement Model

Construct	Items	Standard loadings	Critical ratio	Square multiple correlations
Advertising	Advertising 1	0.93	11.85	0.87
	Advertising 2	0.77	8.06	0.59
	Advertising 3	0.96	8.17	0.93
	Advertising 4	0.78	11.45	0.61
Brand awareness	Awareness 1	0.88	1.66	0.77
	Awareness 2	0.78	11.73	0.61
	Awareness 3	0.93	13.25	0.97
	Awareness 4	0.79	13.33	0.63
Brand loyalty	Loyalty 1	0.98	2.73	0.96
	Loyalty 3	0.80	10.95	0.75
	Loyalty 4	0.91	11.07	0.82
Perceived quality	Quality 1	0.87	11.14	0.75
	Quality 2	0.83	11.52	0.68
	Quality 3	0.82	11.37	0.71
	Quality 4	0.95	5.26	0.90
Brand association	Association 1	0.79	12.18	0.61
	Association 2	0.86	10.99	0.77
	Association 3	0.99	4.01	0.97
	Association 4	0.92	11.61	0.85
Overall brand equity	Equity 1	1.20	5.99	1.43
	Equity3	0.28	8.89	0.08
	Equity 4	0.35	11.49	0.12

Source: AMOS 20 output

### 4.3.2 Structural Model Testing

AMOS 20.0 Graphics was used to develop and run the structural model and test the hypothesized relationship between constructs. Maximum likelihood estimation was used to test the structural model, since this estimation provides an output with the maximum possible impact of exogenous variable on endogenous variable.

The structural equation model is a flexible, comprehensive model that specifies the pattern of relationships among independent and dependent variables, either observed or latent (Robert Ho, 2006). A measurement model is used for defining the relations

between observed and unobserved variables, whereas a structural model is employed to examine the relations among latent variables in a proposed model (Byrne, 1998).

The structural model of this study includes all variables from the measurement model, since all of them had significant factor loadings. The structural model specified the advertizing as an exogenous variable and it was related to the endogenous variables of brand equity dimensions and the brand equity dimensions in turn were related to overall brand equity which is also an endogenous variable. The Brand equity dimensions act as mediating factors between the exogenous variable and brand equity .The Model fit criteria used in testing the measurement model were employed to test the structural model and goodness of fit statistics indicated that the structural model also found fit as the measurement model. The parameters  $\beta$  in table 4.12 and 4.13 refers to the standardized parameter estimate, which is calculated from standardized data. It allows the assessment of practical significance in terms of the relative predictive power of the added variable (Hair *et al.*, 2010).

The chi-square static is 442.78 with 36.89 degrees of freedom. After the below diagram the test of relationships are presented.

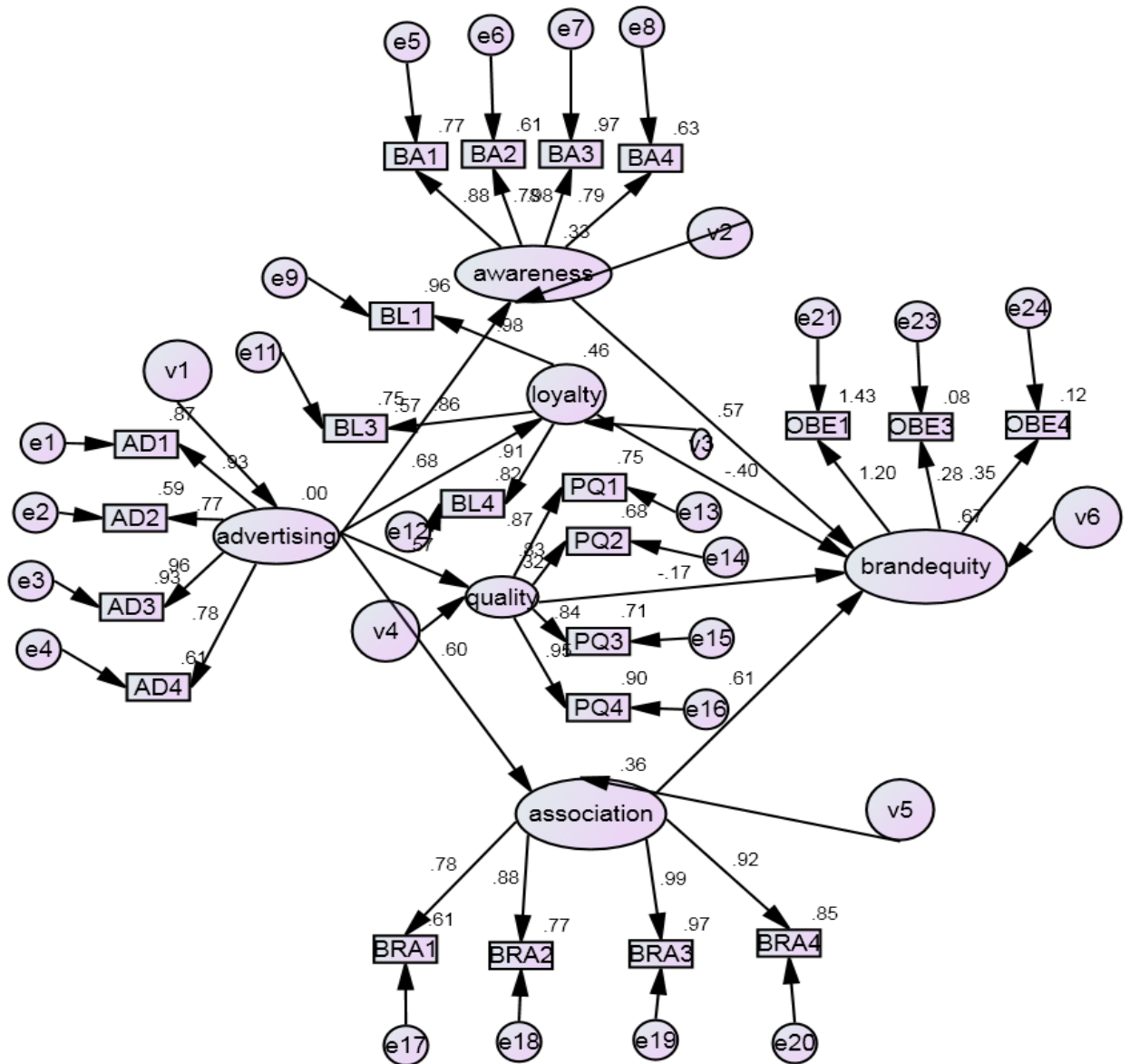


Figure 16 proposed structural model

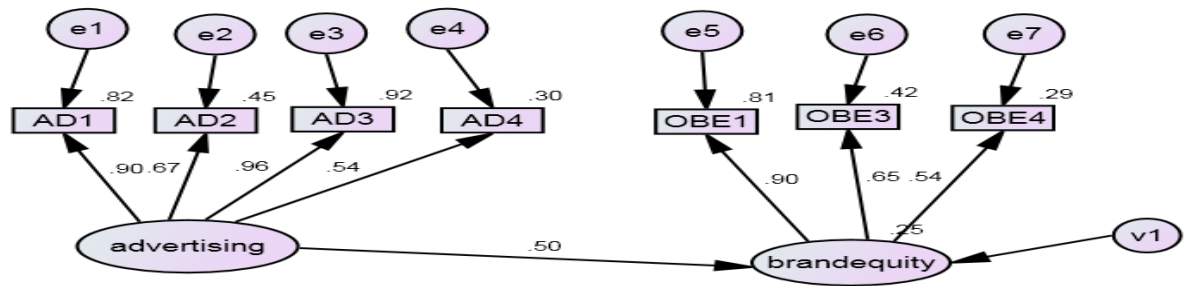


Figure 17 Proposed advertising and brand equity model

Table 4.12 Relationship between advertising and brand equity

R/ ships	From	To	Standard coefficient	Critical ratio	P value
1	Advertising	Brand Equity	$\beta = 0.50$	9.10	<0.001

As it can be seen from Figure 16 there is no direct relationship between advertising and brand equity. The conceptual framework adopted for this study is based on examining the impact of advertising on brand equity indirectly through brand equity dimensions. This is based on the conceptualization of Yoo *et al.* (2000) who stated the indirect effect of perceived marketing efforts are calculated through their impact of brand equity.

This means when consumers perception about the advertisement increases by one standard deviation brand equity increase by 0.50 unit of standard deviation through brand equity dimensions. This indicates that advertising activities by the soap and detergent companies are contributing significantly.

**Table 4.13 Relationship between advertising, brand equity dimensions and brand equity**

<b>R/ ships</b>	<b>From</b>	<b>To</b>	<b>Standard coefficient</b>	<b>Critical ratio</b>	<b>Results</b>
1	Advertising	Awareness	$\beta = 0.57$	11.56	Accepted
2	Advertising	Loyalty	$\beta = 0.68$	14.51	Accepted
3	Advertising	Quality	$\beta = 0.57$	11.26	Accepted
4	Advertising	Association	$\beta = 0.60$	12.53	Accepted
5	Awareness	Brand equity	$\beta = 0.57$	35.29	Accepted
6	Loyalty	Brand equity	$\beta = -0.40$	-29.92	Rejected
7	Quality	Brand equity	$\beta = -0.17$	-14.88	Rejected
8	Association	Brand equity	$\beta = 0.36$	40.08	Accepted

Source: SPSS AMOS 20.0 output

### **Test of the suggested hypothesis**

#### **H1 Advertising has a positive impact on Brand Equity mediated through Brand Awareness.**

This hypothesis was formulated in order to determine the impact of advertising on brand equity having brand awareness as a mediating factor. So, according to the result above both standard coefficient and critical ratio are positive and the p value is  $< 0.001$ . So, the first hypothesis is supported.

#### **H2 Advertising has a positive impact on Brand Equity mediated through Brand loyalty.**

This hypothesis was formulated in order to determine the impact of advertising on brand equity having brand loyalty as a mediating factor. So, according to the result above both standard coefficient and critical ratio for the relationship between advertising and brand

loyalty were positive but the relationship between brand loyalty and brand equity came out negative. It can't be concluded that advertising has a positive impact on brand equity as there is negative relationship. So, the second hypothesis is not supported.

**H3 Advertising has a positive impact on Brand Equity mediated through perceived quality.**

This hypothesis was formulated in order to determine the impact of advertising on brand equity having perceived quality as a mediating factor. Just like hypothesis 2 the results were both positive and negative. So, according to the result above both standard coefficient and critical ratio for the relationship between advertising and perceived quality were positive but the relationship between Perceived Quality and brand equity came out negative. It can't be concluded that advertising has a positive impact on brand equity as there is negative relationship between the dimension and brand Equity. So, the third hypothesis is not supported.

**H4 Advertising has a positive impact on Brand Equity mediated through Brand Association.**

This hypothesis was formulated in order to determine the impact of advertising on brand equity having brand association as a mediating factor. So, according to the result above both standard coefficient and critical ratio both for the relationship between advertising and brand association and brand association and brand Equity are positive and the p value was  $<0.001$ . So, the fourth hypothesis is supported.

#### **4.4 Discussion**

The purpose of this study was to investigate the impact of advertising on brand equity having the brand equity dimensions as a mediating factors, which is developed based on the conceptualization of (Aaker's 1991), in the Ethiopian Soap and Detergent Industry.

The findings of the study gave a positive relationship between advertising and brand Equity dimensions. But the only brand awareness and brand association showed positive effect on brand equity. Perceived quality and brand loyalty dimensions showed negative effect. The influence of brand equity was the stronger one among the brand equity dimensions in the determination of brand equity in the Ethiopian soap and detergent industry. Even though, Advertising highly affects brand loyalty among the dimensions the reverse was true with brand equity.

The findings of the current study that provides support for brand awareness and brand association have a positive and significant influence on brand equity is consistent with previous works of (kassahun, 2015; Netsanet, 2015 and Beidemariam 2014). However, the findings contradict with previous studies in that no support was found for brand loyalty and perceived quality dimension which are considered as the determinants of brand equity. As Aaker stated it, if customers are indifferent to the brand and, in fact, buy with respect to features, price, and convenience with little concern to the brand name, there is likely little equity (Aaker, 1991).

The absence of relationship between brand equity and brand loyalty, perceived quality might imply that consumers may consider the soap and detergents as a FMCG (since it is) and consider them to have more or less similar quality standard and consume them for the perception that they have a better awareness and associate easily than other advertised products or due to convenience.

## **Chapter Five**

### **Conclusion and Recommendation**

This chapter presents the recommendation and conclusions derived from the data analysis carried out in the previous section. A further area of research that may be of interest for other researchers is also suggested.

#### **5.1 Conclusion**

This study was initiated to investigate the Impact of Advertising on Brand Equity in the Ethiopian Soap and Detergent Industry. More specifically, in this study the relationship between advertising and brand Equity dimensions and the relationship between brand equity dimensions and brand Equity were discussed and analyzed briefly. The study found that the impact of advertising on brand equity highly depends on the dimensions of brand equity.

According to the result on the question asked which the most familiar brand is, most respondents answered Ariel. This shows that the advertising of the brand highly affected the interest of people on the brand as it is frequently being advertised all over the country.

As the structural equation modeling techniques on the collected data states, advertising has a significant positive effect on brand awareness, brand loyalty, perceived quality and brand association. Brand loyalty and brand association had a bigger beta value which indicates that they are highly affected by advertising. And the advertising helps the consumers to be loyal to the brand and also they can easily associate the brand. Brand awareness and perceived quality had equal value of Beta and it can indicate that advertising positively affects these brand equity dimensions positively and equally. The advertisings of the soap and detergents have significantly positive effect on the dimensions of brand equity especially brand loyalty and brand association.

Generally it can be concluded that people from different gender age or educational background find advertising to be a determinant of their choice of brands. Advertisings can easily make people be aware of the product and associate easily with their lives

which make a significant effect on brand equity. Because different soap and detergent brands are entering into the market nowadays, advertising plays a dominant role in creating awareness to different people. Customers based on the study seem to be aware and associative based on the advertisings.

## **5.2 Recommendation**

Depending on the findings of the study and conclusions made, the researcher came up with some important recommendations that can be used to influence impact advertising can make on brand equity.

- Since soap and detergents are very essential to people's day to day life, the companies involved in the industry should make the advertisement more attractive and use different strategies to point out what makes them different from the other brands. It can help them boost their profit and also get a higher value of brand equity in the mind set of the customers.
- Many advertisements these days seem to have similar advertisings which are associated to family only, but when this is repeated always people will get bored and lack interest on the seeing the advertising . So, companies should be more creative.
- Companies involved in the soap and detergent industry should concentrate their efforts primarily on developing the brand loyalty and Perceived Quality of their brand in the customer's mind. If these dimensions are increased, it will contribute positively to the brand's equity which in turn will give high market share, new customers and increase the overall value of the brand.

### **5.3 Areas for Further Research**

- This study focused on the soap and detergent industry as whole but other researchers can make a company wise research so that the company can also make use out of it.
  
- In this study, the impact of brand awareness and brand association on brand equity were the highest. It would make sense to investigate the impact of these dimensions separately to understand how it affects brand equity. This is vital as the number of companies involved in the soap and detergent industry in Ethiopia is currently increasing and is expected to increase.
  
- This study only addressed Advertising hence there are other marketing mix variables that have a great contribution on brand equity future researchers may take this into consideration and work on it.

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# APPENDICES

## Appendix I: English version survey questioner

### Addis Ababa University School of Commerce

### Graduate Studies Marketing Management Program

Greetings!

Dear Respondents, My name is Martha Abebe and I am a graduate student at Addis Ababa University School of Commerce. Currently, I'm undertaking my thesis under the title "Impact of Advertising on Brand Equity in the case of Ethiopian Soap and Detergent Industry", in partial fulfillment of Master of Art Degree in Marketing Management. The aim of the study is to find out the impact of advertising on the Ethiopian context. Below you will find four parts of questionnaire designed to collect general information and statements that are designed to find out your perceptions about the brand you choose. I kindly ask you to fill all questions in this questionnaire with full honesty and be assured that there is no right and wrong answer. Your honest opinion is invaluable for this study in terms of its contribution in making this study a success. Finally I would like to assure you that, this questionnaire will be used only for academic purpose and the information you provide will be kept confidential. Please make sure that you provide your response accurately and if you find any problem regarding the questions don't hesitate to contact me on my E-mail address [abebemarta5@gmail.com](mailto:abebemarta5@gmail.com) .

#### Part I: General Information

Note: For the following questions, please choose one answer that describes your current situation and mark it as (√).

1) What is your gender? Male  Female

2) Which age category are you? 18-25  26-35  36-45  46 and above

3) Which category describes your educational level?

No Education  Elementary completed  High School Graduate

Diploma  First Degree  Masters and above

4) From the following brands, which one is most familiar and easy to buy for you?

DIVA  SHEMU  GOAL  GULLELE 555

OMO  LUX  ARIEL  other (please specify).....

The Statements below are designed to give information on advertising and which variables affect Brand Equity. The statements drawn (X) are referring to the brand you have selected. Please Encircle on the numbers in the table under the options given the brand you selected to reflect your rating.

**Part II: Advertising**

	<b>Advertising (AD)</b>	<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Neither Agree or disagree</b>	<b>Agree</b>	<b>Strongly Agree</b>
1	Advertisings of brand "X" are seen frequently on TV or other media.	1	2	3	4	5
2	Advertisings of brand "X" are seen very interesting.	1	2	3	4	5
3	Advertisings of brand "X" are very popular.	1	2	3	4	5
4	Advertisings of brand "X" are easy to remember.	1	2	3	4	5

**PART III: Brand Equity Dimensions**

	<b>Brand Awareness (BA)</b>	<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Neither Agree or disagree</b>	<b>Agree</b>	<b>Strongly Agree</b>
1	I know the symbol or logo of the brand "X"	1	2	3	4	5
2	Some features of brand "X" come to my mind quickly	1	2	3	4	5
3	I can recognize the brand "X" quickly among other competing brands	1	2	3	4	5

4	I am aware of the brand “X”	1	2	3	4	5
	<b>Brand Loyalty (BL)</b>	<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Neither Agree or disagree</b>	<b>Agree</b>	<b>Strongly Agree</b>
1	I consider myself to be loyal to brand “X”	1	2	3	4	5
2	When purchasing, brand “X” would be my first choice	1	2	3	4	5
3	I would recommend this brand for other people to buy	1	2	3	4	5
4	This brand would be my best choice	1	2	3	4	5
	<b>Perceived Quality (PQ)</b>	<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Neither Agree or disagree</b>	<b>Agree</b>	<b>Strongly Agree</b>
1	I trust the quality of brand “X” products	1	2	3	4	5
2	The likelihood that “X” brand serve the function is very high	1	2	3	4	5
3	I think brand “X” has a reputation of high quality	1	2	3	4	5
4	The likelihood that brand “X” is reliable is very high	1	2	3	4	5
	<b>Brand Association (BA)</b>	<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Neither Agree or disagree</b>	<b>Agree</b>	<b>Strongly Agree</b>
1	Brand “X” has a very unique brand image, compared to competing brands	1	2	3	4	5
2	Thinking of “X” brand brings back pleasant memories	1	2	3	4	5
3	This brand makes me feel good	1	2	3	4	5

4	I like the brand image of "X"	1	2	3	4	5
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**PART IV: Overall Brand Equity**

	<b>Overall Brand Equity (OBE)</b>	<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Neither Agree or disagree</b>	<b>Agree</b>	<b>Strongly Agree</b>
1	It makes sense to buy brand "X" instead of any other brand, even if they are the same.	1	2	3	4	5
2	Even if another brand has same features as "X", I would prefer to buy brand "X".	1	2	3	4	5
3	If there is another brand as good as "X", I prefer to buy brand "X".	1	2	3	4	5
4	If another brand is not different from "X" in any way, it seems smarter to purchase brand "X".	1	2	3	4	5

*Thank you for your time and kind cooperation!*

Appendix II Amharic version survey questioner

**ውድ የጥናቱ ተሳታፊ**

ስሜ ማርታ አበበ ይባላል በአዲስ አበባ ዩኒቨርሲቲ የማርኬቲንግ ማናጅሎንት የማስትሬት ዲግሪ ተመራቂ ተማሪ ስሆን በአሁኑ ወቅት የመመረቂያ ጽሁፌን በማዘጋጀት ላይ እገኛለሁ። ጥናቱ የሚያተኩረው በኢትዮጵያ ሳሙና እና ዲተርጀንት ኢንዱስትሪ ላይ ነው።

ይህ መጠይቅ ሁለት ክፍሎች ያሉት ሲሆን የመጀመሪያው ክፍል ስለ እርሶ አጠቃላይ መረጃ ለመሰብሰብ የሚጠቅም ሲሆን ቀጣዩ ክፍል ደግሞ ስለ ሚመርጡት ብራንድ ያሉትን አጠቃላይ ግንዛቤ ለማወቅ ይረዳል። ይህንን መጠይቅ በሙሉ ታማኝነት እንዲሞሉልኝ እየጠየኩኝ የሚሰጡኝ መረጃ ከዚህ ጥናት ውጭ ለሌላ ለምንም አገልግሎት እንደማይውል አረጋግጣለሁ። የእርሶ አስተያየት ለዚህ ጥናት መሳካት ከፍተኛ አስተዋጾ እንደሚያደርግ እየገለፅኩ ለሚያደርጉልኝ ትብብር ከልብ አመሰግናለሁ። ለሚኖሮት ማንኛውም ጥያቄ ወይም አስተያየት በኢ.ሜይል አድራሻዬ [abebemarta5@gmail.com](mailto:abebemarta5@gmail.com) ሊያገኙኝ ይችላሉ።

**ክፍል አንድ፡ አጠቃላይ መረጃ**

በዚህ ክፍል የሚገኙ ጥያቄዎች ለመመለስ ከታች በተቀመጡት ሳጥኖች ውስጥ ምልክት ያስቀምጡ።

- 1. **ጾታ**    ወንድ [ ]    ሴት [ ]
- 2. **እድሜ (ዓመት)** 18-25ዓመት [ ] 26-35 ዓመት [ ] 36-50 ዓመት [ ] ከ51 ዓመት በላይ [ ]
- 3. **የትምህርት ደረጃ** ከ12ተኛ ክፍል በታች [ ]                      የኮሌጅ ዲፕሎም [ ]

ሁለተኛ ደረጃ ያጠናቀቀ/ች [ ]    ቢ.ኤ ዲግሪ እና ከዛ በላይ [ ]

4. ከታች ከተጠቀሱት ብራንዶች ውስጥ በጣም የተለመደው እና ለመግዛት ቀላል የሆነው የቱ ነው?

- |        |         |          |         |
|--------|---------|----------|---------|
| ዲቫ [ ] | ሸሙ [ ]  | ጎል [ ]   | ጉለሌ [ ] |
| አሞ [ ] | ላክስ [ ] | ኤርያል [ ] | ሌላ..... |

**ክፍል ሁለት፡ ስለ መረጡት ብራንድ ያሎትን አስተያየት የተመለከቱ ጥያቄዎች**

ከዚህ በታች የተዘረዘሩት ዐረፍተ ነገሮች እርሶ ስለ መረጡት ብራንድ ያሎትን አመለካከት ለመረዳት የተቀመጡ ናቸው። ከአርፍተ ነገሮች ጋር የተቀመጠው የ(X) ምልክት የመረጡትን ብራንድ የሚያመለክት ነው። ከእነዚህ አርፍተ ነገሮች ጋር ምን ያክል እንደሚስማሙ ወይም እንደማይስማሙ ከዐረፍተ ነገሮቹ ጎን ከተቀመጡት መለኪያዎች አንዱ ላይ በማክበብ ያሳዩ።

ማስታወቂያ	በጣም	አልሰማማም	ገለልተኛነት	አስማማለሁ	በጣም
	አልሰማማም				አስማማለሁ
	(1)	(2)	(3)	(4)	(5)
የብራንድ“X”ማስታወቂያዎችበተደጋጋሚ በቲቪ ወይም በ ሌላ ሚዲያዎች ይታያል	1	2	3	4	5
የብራንድ“X”ማስታወቂያዎች በጣም መሳጭ ናቸው	1	2	3	4	5
የብራንድ“X”ማስታወቂያዎች በጣም ታዋቂ ናቸው	1	2	3	4	5
የብራንድ“X”ማስታወቂያዎችለማስታወስ ቀላል ናቸው	1	2	3	4	5
የብራንድ ግንዛቤ	በጣም	አልሰማማም	ገለልተኛነት	አስማማለሁ	በጣም
	(1)	(2)	(3)	(4)	(5)
የብራንድ“X” መለያ ዓርማ ወይም የንግድ ምልክትን በፍጥነት ማታወስ እችላለሁ	1	2	3	4	5
የብራንድ“X” መለያ ባህሪያቶች ወደ	1	2	3	4	5

አእምሮዬ ፈጥነው ይመጡልኛል					
ብራንድ“X”ን ከሌል ተፎካካሪ ብራንዶች ለይቼ ማወቅ አችላለሁ	1	2	3	4	5
ስለ ብራንድ“X” በቂ እውቀት አለኝ	1	2	3	4	5
<b>የብራንድ ታማኝነት</b>	<b>በጣም አልስማማም</b> <b>(1)</b>	<b>አልስማማም</b> <b>(2)</b>	<b>ገለልተኛነት</b> <b>(3)</b>	<b>እስማማለሁ</b> <b>(4)</b>	<b>በጣም እስማማለሁ</b> <b>(5)</b>
ራሴን ለብራንድ“X” ታማኝ አድርጌ እቆጥራለሁ	1	2	3	4	5
በመደብር ወይም በሌላ ሥፍራብራንድ“X” የመጀመሪያ ምርጫዬ ነው	1	2	3	4	5
ለሰዎች ይህንን ብራንድ እንዲገዙ ሀሳብ እሰጣለሁ	1	2	3	4	5
ብራንድ“X” የመጀመሪያ ምርጫዬ ነው።	1	2	3	4	5
<b>አመለካከታዊ ጥራት</b>	<b>በጣም አልስማማም</b> <b>(1)</b>	<b>አልስማማም</b> <b>(2)</b>	<b>ገለልተኛነት</b> <b>(3)</b>	<b>እስማማለሁ</b> <b>(4)</b>	<b>በጣም እስማማለሁ</b> <b>(5)</b>
ብራንድ “X” ከፍተኛ ጥራት እንዳለው አምናለሁ	1	2	3	4	5
ብራንድ “X” ከፍተኛ ስራ ያለው ምርት የመሆኑ እድል ላቅ ያለ ነው	1	2	3	4	5
ብራንድ “X” ከፍተኛ የጥራት ዝና	1	2	3	4	5

ያለው ይመስለኛል					
ብራንድ “X” አስተማማኝ ምርት የመሆኑ እድል ከፍተኛ ነው	1	2	3	4	5
<b>የብራንድ ተዛማጅነት</b>	<b>በጣም አልሰማማም</b> <b>(1)</b>	<b>አልሰማማም</b> <b>(2)</b>	<b>ገለልተኛነት</b> <b>(3)</b>	<b>አሰማማለሁ</b> <b>(4)</b>	<b>በጣም አሰማማለሁ</b> <b>(5)</b>
ብራንድ “X” ከሌሎች ብራንዶች ሲነጻጸር ለየት ያለ ምስል አለው	1	2	3	4	5
ብራንድ “X” ን ሳስብ አስደሳች ሀሳቦች አስታውሳለሁ	1	2	3	4	5
ብራንድ “X” ጥሩ ስሜት ይሰጠኛል	1	2	3	4	5
የብራንድ “X” ን ምስል እወደዋለሁ	1	2	3	4	5
<b>አጠቃላይ የብራንድ እሴት መለኪያዎች</b>	<b>በጣም አልሰማማም</b> <b>(1)</b>	<b>አልሰማማም</b> <b>(2)</b>	<b>ገለልተኛነት</b> <b>(3)</b>	<b>አሰማማለሁ</b> <b>(4)</b>	<b>በጣም አሰማማለሁ</b> <b>(5)</b>
ሌሎች ብራንዶች ከ “X” ጋር ቢመሳሰሉ እንኩዋን ብራንድ “X” ን መግዛት ትርጉም ይሰጣል።	1	2	3	4	5
ሌሎች ብራንዶች ከ “X” ጋር ተመሳሳይ የሆነ ጠቀሜታ ቢኖራቸው እንኩዋን ብራንድ “X” መግዛት አመርጣለሁ።	1	2	3	4	5
ብራንድ “X” ምርጥ የሆኑ ብራንዶች ቢኖሩ እንኩዋን	1	2	3	4	5

ብራንድ “X” ን መግዛትን እመርጣለሁ።					
ሌሎች ብራንዶች የተለየ ጥራት ባይኖራቸውም እንኩዋን ብራንድ “X” ን መግዛት ብልህነት የመስላል።	1	2	3	4	5

ውድ ጊዜዎትን ሰውተው ይህንን መጠይቅ ስለሞሉልኝ እና ስለ ትብብርዎት በጣም አመሰግናለሁ።