



## **CRITICAL ANALYSIS OF BRAND EQUITY AND ENTREPRENEURS' PERCEPTION TOWARDS DIGITAL MARKETING TOOLS**

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### **ABSTRACT**

*Emergence of Brand equity and customer perception has become the game changers. A huge transformation has happened from the manufacturing era to service economy. Now need of the day is customer delight. Hence brand equity is the essence for the survival and growth of the business. Indian retail industry is now evolving in line with the transformation that has swept other large economies. The concept of retail which includes the shopkeeper to customer interaction, has taken many forms and dimensions, from the traditional retail outlet and local street market shops to upscale multi brand outlets, especially stores or departmental stores.*

*Statistically, over 14 million outlets operate in the country and only 4 percent of them are larger than 500sqft in size. India has about 11 shop outlets for every 1000 people. These are typically family owned and operated stores, which lack the scale to grow. Hence, the sector presents a dire need of more investments towards its modernization.*

*This research will help to get insight about the approach of the business customers towards building brand equity. It will also help to understand its usages to scale up the business & their perception towards use of digital marketing tools to build brand equity. It explores digital marketing media contributions in enhanced goodwill and increased revenue and customer loyalty.*

*This research is weighing balances of the brand equity and perception hold by the Digital marketing for a targeted, measurable, and interactive marketing of products or services using digital technologies to reach consumers.*

*The extensive research brought out the outcome that brand equity is emerging on the top priority lists of small business entrepreneurs in India, as they seem to derive immense pleasure of convenience and exposure to wide customer base for their businesses.*

**Keywords:** Brand Equity, Brand Awareness, Brand Loyalty, Digital Marketing, Customer Perception

**Introduction:** Brand equity refers to the value of a brand. In the research literature, brand equity has been studied from two different perspectives: cognitive psychology and information economics. According to cognitive psychology, brand equity lies in consumer's awareness of brand features and associations, which drive attribute perceptions. According to information economics, a strong brand name works as a credible signal of product quality for imperfectly informed buyers and generates price premiums as a form of return to branding investments. It has been empirically demonstrated that brand equity plays an important role in the determination of price structure. Firms are able to charge price premiums that derive from brand equity after observed product differentiation.

Some marketing researchers have concluded that brands are one of the most valuable assets a company has. Brand equity is one of the factors which can increase the financial value of a brand to the brand owner, although not the only one.

Elements of brand equity valuation:

Changing market share, profit margins, consumer recognition of logos and other visual elements, brand language associations made by consumers, consumers' perceptions of quality and other relevant brand values.

The nature of the problem is the existing gap in the perception and adoption in digital marketing tools by the entrepreneurs and in what stages it will help in building a positive brand equity for them.

## Previous work:

- A. In the Italian literature, Prandelli and Verona (2006) propose a 3 Cs model, where each C contains some key elements: content (Web site and platform), community(interaction platform and relational capability), commerce (including the 4 Ps: product, price, place and promotion);while Pastore and Vernuccio suggest a 3C+I (interface) model where the 4 Ps are integrated and recontextualized in the online environment.
- B. Chen (2006) highlights the importance accorded to the environment and interaction in the model proposed by the Chinese researchers of National Taiwan University (1999), which considers 8 Ps, four of which are the traditional Ps. In the 8 Ps' model:  
Precision refers to the increased accuracy of the selection process of the target segment and to market positioning in digital contexts, thanks principally to database management systems;  
Payment systems must be secure and easy for customers to use;  
Personalization concerns the possibility to create a flexible interface, which is able to adapt to customers' needs and wills;  
Push and Pull regards the choice of trade-off among active communication policies (push) and communication on users' demand (pull).  
While these models include the traditional 4 Ps as their core elements, other authors propose entirely different mixes.
- C. Chaffey et al. (2000) assert that the Internet calls for a change of the traditional marketing mix and spot eight critical issues to be considered in marketing planning at the strategic level: audience, integration, marketing support, brand migration, strategic partnership, organization structure and budget.
- D. The Web Marketing Mix Model of Constantinides (2002) extends the mix to strategic and business organization levels and suggests a 4S model including the following elements:  
Scope, of strategic relevance includes: strategic objectives, market analysis and potential, stage of e-commerce maturity, strategic role of e-commerce for the organization;  
Site, has operational value and involves interface issues;

Synergy, has organizational significance including the integration among bricks and clicks aspects of the company's business model;  
System, concerns the management of the Web platform, the data warehouse and the security systems.

E. Brand Equity is one of popular topics in marketing. Brand equity is considered important because it represents the power of brands in the market (Keller, 2003). Higher brand equity is proposed to increase brand preference and purchase intention (Cobb-Walgren,1995); increase interpretation/information processing, use satisfaction, a base to charge premium price, and source of competitive advantage for firms (Aaker,1991, quoted in Keller, 2003

**Purpose of the research:** The purpose of the study is to understand the entrepreneurs perception for the digital marketing tools and analysis of this perception which leads in building of brand equity. So it creates a correlation between Brand Equity, Customer Perception and Digital Marketing.

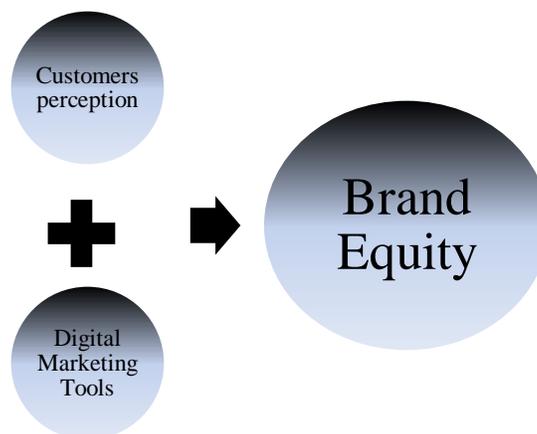


Fig. 1- Confluence of two factors resulting in Brand Equity

**Customer perception** encompasses a customer's impression, awareness and/or consciousness about a company or its offerings. Customer perception is typically affected by advertising, reviews, public relations, social media, personal experiences and other channels. Consumer

perception applies the concept of sensory perception to marketing and advertising. Just as sensory perception relates to how humans perceive and process sensory stimuli through their five senses, consumer perception pertains to how individuals form opinions about companies and the merchandise they offer through the purchases they make. Merchants apply consumer perception theory to determine how their customers perceive them. They also use consumer perception theory to develop marketing and advertising strategies intended to retain current customers -- and attract new ones.

According to the Digital Marketing Institute, Digital Marketing is the use of the digital channels to promote or market products and services to consumers and businesses concept in digital targeting.

It is embodied by an extensive selection of service, product and brand marketing tactics which mainly use the internet as a core promotional medium, in addition to mobile and traditional TV and radio.

A *brand* is a name or symbol used to identify the source of a product. When developing a new product, branding is an important decision. The brand can add significant value when it is well recognized and has positive associations in the mind of the consumer. This concept is referred to as **brand equity**. Brand equity is an intangible asset that depends on associations made by the consumer.

**Brand equity** is a phrase used in the marketing industry which describes the value of having a well-known brand name, based on the idea that the owner of a well-known brand name can generate more money from products with that brand name than from products with a less well known name, as consumers believe that a product with a well-known name is better than products with less well-known names. Consumers' knowledge about a brand also governs how manufacturers and advertisers market the brand. Brand equity is created through strategic investments in communication channels and market education and appreciates through economic growth in profit margins, market share, prestige value, and critical associations.

The entrepreneurs (customer) perception and impact of advertisement has given huge importance to digital marketing media resulting as social media and email marketing gained top positions in the digital spends plan of marketers. About 65% of the respondents claimed that

there would be an increase in their social media spends in the year 2013. Email marketing stood next with 57%

There are many measures in making positive brand equity and conversion of negative brand equity which has overall outcome statistics as the online advertising market in India is projected to reach Rs 2,938 crore by March 2014, according to the findings of Digital Advertising in India report, by the Internet and Mobile Association of India (IAMAI) and IMRB International.

**Objectives:**

1. To study the entrepreneurs awareness about digital marketing tools.
2. To analyze the entrepreneurs expectations in building a brand equity.
3. To study the perception of the entrepreneurs towards digital marketing.

**Methodology:**

In this research we have used Aakers Cronbach alpha module to get an insight into the digital marketing tools used by the entrepreneurs. Primary data was also collected by conducting field survey to get the first hand information about the challenges faced by them.

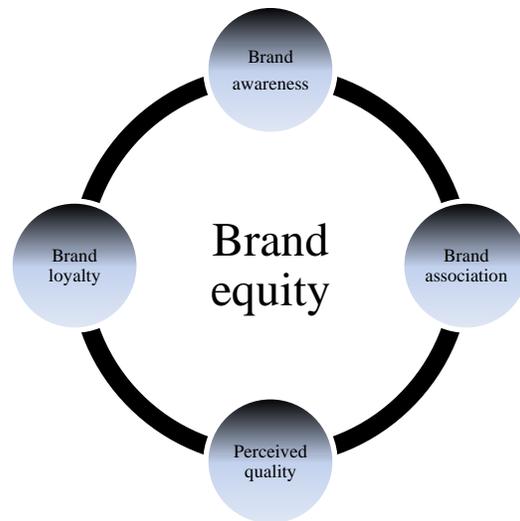


Fig.No-2 Customised parameters contributing to Brand Equity

These respondents (entrepreneurs) were contacted personally and interviewed with the help of an effective research instrument i.e. module. The module so designed under four categories :Brand awareness, brand associations, perceived quality and brand loyalty having each 5 statements

.The respondents were asked to respond on Likert Scale defined as follows : 1=strongly disagree ; 2=disagree ; 3=neither disagree nor agree ; 4= agree ; 5=strongly agree ;due to this the respondents could easily understand and contribute to the survey with their views. These four parameters contribute to the brand equity of Digital marketing/online portal and deduce a value “alpha” each for every parameter using Cronbach’s Alpha test. Use of secondary data was also done so as to derive more information.

**Scope of the research:** The respondents for the study were the entrepreneurs having retail outlet to sell various products & services like apparel stores, grocery shops hotels, restaurants and travel& tourism agencies etc in pune city in the state of Maharashtra, India.

**Cronbach alpha test:**

A way to calculate reliability is to use a measure of internal consistency. The most popular of these reliability estimates is Cronbach’s alpha. Calculating Cronbach alpha is the most commonly used procedure to estimate reliability. It is highly accurate and has the advantage of only requiring a single application of the scale. The reliability of a scale is heavily dependent on the number of items composing a scale. Even using items with poor internal consistency one can get a reliable scale if the scale is long enough.

Standard values of Cronbach’s Alpha and Internal Consistency:

Cronbach’s alpha values	Internal consistency(related to items & parameters)
$\alpha \geq 0.9$	Excellent
$0.9 > \alpha \geq 0.8$	Good
$0.8 > \alpha \geq 0.7$	Acceptable
$0.7 > \alpha \geq 0.6$	Questionable
$0.6 > \alpha \geq 0.5$	Poor
$0.5 < \alpha$	Unacceptable

The respondents scale is calculated in Cronbach alpha for each category and then they are compared with the standard values as given above for the implications.

### **Deduction for the sample size:**

Based on the formula of determining the sample size for finite population, the sample undertaken is 100 retail outlets across various segments like Grocery, Stationary, Apparels, travel agencies etc.

### **Adopted Designed Module:**

As per the objective of the study, the module of measuring the brand equity is been developed. This module is secondary data and based on the (Cobb-Walgren,1995); (Aaker,1991, quoted in Keller, 2003).The module is quantified on the Likert 5-point scale and based on the four parameters: brand awareness; brand association; perceived quality; brand loyalty. Cronbach's alpha test gives the  $\alpha$  value showing the quantity to sum up by each item under the specific parameter.

### **MODULE: Brand Equity conceptualization**

It consists of following parameters:

- Brand awareness**
- Brand association**
- Perceived quality**
- Brand loyalty**

**Likert Scale:** 1=strongly disagree ; 2=disagree ; 3=neither disagree nor agree ; 4= agree ; 5=strongly agree ;

### **Brand Awareness:**

1. When I think of online portal brand, Digital marketing/online portal is the name that comes in my mind
2. I have heard of Digital marketing/online portal before.
3. I can easily find Digital marketing/online portal on search.
4. I can quickly identify Digital marketing/online portal sites.

5. When I think of business expansion, I would prefer Digital online marketing/portal.

**Brand Association:**

1. Digital marketing/online portal gives me performance worth the money i spent on it.
2. Digital marketing/online portal has better performance than other traditional marketing medias.
3. Digital marketing/online portal is in association with user friendliness.
4. Digital marketing/online portal is very reliable.
5. Digital marketing/online portal showcases reputed brands and companies.

**Perceived quality:**

1. Digital marketing/online portal is high quality marketing tool.
2. Compared to other media, Digital marketing/online portal performs better.
3. For the price I pay for Digital marketing/online portal, i received good quality.
4. The quality of Digital marketing/online portal promises impactful.
5. Judging by the frequency of advertisements in the media, Digital marketing/online portal is grabs attention.

**Brand loyalty:**

- 1 .I would feel happy to check on online portal next time\*
2. I feel committed to Digital marketing/online portal.
3. It is very likely to subscribe Digital marketing/online portal next time.
4. I prefer Digital marketing/online portal compared to other marketing media.
5. I feel connected and believe the thought of Digital marketing/online portal will expand my business.

\* defines reverted likert scale

**Findings:** The above study indicates the following findings:

1. Brand Awareness:  $\alpha=0.682$  shows the awareness is in questionable state
2. Brand Association:  $\alpha=0.840$  shows the association with the brand is good and acceptable.
3. Perceived Quality:  $\alpha=0.930$  shows the perceived quality is in excellent state
4. Brand Loyalty:  $\alpha=0.922$  shows the brand loyalty is in excellent state.

### **Cronbach's Alpha Analysis:**

Generally, a questionnaire with an  $\alpha$  of 0.8 is considered reliable (Field, 2009). Hence, this questionnaire certainly is reliable, since the  $\alpha$  is 0.93 for perceived quality and 0.922 is for brand loyalty. The resulted  $\alpha$  should yet be interpreted with caution. Since the amount of items in a questionnaire are taken into account in the equation, a huge amount of variables can upgrade the  $\alpha$  (Cortina, 1993; Field, 2009). Cortina (1993) recommends to determine the adequacy of a measure on the level of precision needed. If you want to make a fine distinction in the level of customers perceived quality has, a more reliable measure is needed than if you want to make a rough distinction. However, since the  $\alpha$  of this questionnaire is far higher than 0.8, we can assume that it is reliable (Field, 2009).

Besides, a Cronbach's alpha should not be interpreted as a signal of unidimensionality (Cortina,1993; Field, 2009). Since  $\alpha$  is a measure of the strength of a factor when there is just one factor underlying the dataset, many researchers assume that a dataset is one-dimensional when the  $\alpha$  is rather high. Yet, the  $\alpha$  of this dataset is rather high as well, although the factor analysis revealed that the dataset is not one-dimensional. Thus, if you want to measure with Cronbach's alpha the strength of a factor or factors underlying a dataset, Cronbach's alpha should be applied to all the factors extracted. Brand awareness shows the lower rate of 0.682 showing the resistance and doubt of the entrepreneurs towards digital marketing tools. The factors turn out to be quite strong: the  $\alpha$  of the factor made up of the positively phrased items is 0.93,0.922 and 0.84 of perceived quality, brand loyalty and brand association respectively.

The final step in the interpretation of the output of a Cronbach's alpha analysis is determining how each item individually contributes to the reliability of the questionnaire (Field, 2009). As

can be seen in brand loyalty also renders the values of the  $\alpha$ , when one of the items is deleted. If the  $\alpha$  increases a lot when a particular item is deleted, one should consider deletion. The first item contributes in reverse likert scale, where 5 rated should be taken as 1,2 as 4 and vice versa. In this questionnaire, all items positively contribute to the reliability of the questionnaire. The  $\alpha$  remains the same when an item is deleted, the average are almost the same, and the correlations between the total score and the item score are moderate to high.

### **Conclusion:**

The retail outlets have a strong potential to create business identity by using digital marketing tools. It leads to better perceived quality and converts them into loyal customers. Business entrepreneurs can overcome the hurdle of brick and mortar business model and can create their presence on digital platform to reach out the mass customer base.

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