

Extended Abstract

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<<The Impact of Customer Based Brand Equity on Customer Satisfaction)>>

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1. Abstract

Customer based brand equity (CBBE) and customer satisfaction are two important concepts in both of the theoretical and practical world as they act as major roles in achieving organizational success. Over the past two decades, numerous researches about the association between CBBE and customer satisfaction has been done. As a result of the rapid competition in the market, more attention is given for the value of the brand from the customer's point of view. Present study aims to identify the impact of customer-based brand equity on the satisfaction of end customers of the Arpico Interiors brand. 200 self-administered questionnaires were distributed among the customers in Colombo district using the convenience sampling method and only 187 questionnaires could be collected. The research model was constructed with the purpose of investigating the applicability and practicality of the model with reference to Arpico Interiors brand based on the Aaker (1991)'s CBBE model. As the variables, Brand Awareness as measured by five items, Brand Associations by nine items,

Perceived Quality by six items, Brand Loyalty by three items and Customer Satisfaction by three items were considered. The hypotheses were tested by using the multiple regression analysis. According to the findings, the highest impact on customer satisfaction is from perceived quality with a coefficient of 0.488. Brand association and brand awareness also impact on customer satisfaction of Arpico Interiors brand with co efficiencies of 0.441 and 0.089. Finally, brand loyalty has no impact on customer satisfaction. These findings will be a huge contribution for the organization when prioritizing and allocating resources through important decisions.

Key words: Customer based brand equity, Customer satisfaction

Keywords: Brand association, Brand awareness, Brand loyalty, Customer satisfaction, Perceived quality

2. Introduction and research problem/issue

The Arpico Interiors (Pvt) Ltd, which comes under Richard Pieris corporate umbrella, is a company, which provides interior solutions for both industrial and final customers. Arpico Interiors (Pvt.) Ltd provides mainly services such as planning & Designing, Supplying interior products and installation. Arpico Interiors believes that the pillars of the company success are continually exceeding the expectations of the customers, client centricity with innovative products, services and solutions, strategic planning and execution capability and committed & recognized leadership. The customer should be satisfied well in order to be successful in the organization. For, company receives many benefits if there are more satisfied and loyal customers. For this to result there should be a strong brand. Therefore, the company should take steps to identify the problems related to the brand and as a solution, good customer based brand equity should be developed. The researcher noticed that sales are declining all over the past few years. After conducting some unstructured interviews with the company management and a few of customers, the researcher could confirm that there is a problem with brand awareness. Most of the people do not know well about the brand and they think it is a brand that provides products only for the office designing. Hence, the problem of customer satisfaction also occurred as an overall consequence of the problem of CBBE (Ahmad & Sherwani, 2015). Therefore, the researcher can argue that the problem of sales is because of not having a good CBBE.

Therefore, the research problem can be constructed as follows:

“How do Brand Association, Brand Awareness, Perceived Quality and brand Loyalty of Arpico Interiors brand impact on its Customer Satisfaction with special reference to Colombo District?”

3. Research Methodology

This study follows the Aaker's model as it is the most popular research model for brand equity among most of the researchers. The dimensions for the customer satisfaction were taken from Rizan (2010). Therefore, the conceptual framework for this research is constructed by the researcher with the combination of the famous Aaker's model for CBBE and the most influential benefits cited in Rizan (2010).

The researcher uses a Quantitative approach as this research uses quantitative methods for the data collection, statistical tools for the analysis and specific hypothesis are going to be tested at the end and the study is a conclusive research design. The Convenience sampling is used to extract the sample from the population since the total population is unknown and a sample of 187 end customers was selected. Hence, customer satisfaction can be shown as the dependent variable and the dimensions of CBBE can be mentioned as independent variables. Therefore, the equation for this research can be constructed as follows:

CS= Customer Satisfaction

BA=Brand Awareness

BAS= Brand Association

PQ= Perceived Quality

BL=Brand Loyalty

4. Results and findings

Majority of the sample is the graduates' whos' age category is 35-45 years and with a monthly salary of Rs. 51000-75000. The majority of the sample is non-regular customers. The questionnaire is validated and reliable. The researcher recognized that the data is normally distributed, independent and with a less multi co-linearity. For this research, the main analysis method used was Regression analysis. In the current research study, the researcher attempts to find the impact of brand equity

dimensions called brand awareness, brand association, perceived quality and brand loyalty on the customer satisfaction. Hence, customer satisfaction can be shown as the dependant variable and the dimensions of CBBE can be mentioned as independent variables.

The analysis shows a R² of 0.706 which says the 71% of the variance of customer satisfaction is explained by brand association, brand awareness, perceived quality and brand loyalty. Only 29% of variance of customer satisfaction is explained by the other influencing factors, which are not covered by the current study. The analysis of variance (ANOVA) test shows that the regression model is significant as the significance value is less than 0.05.

The B coefficient for brand association is 0.441, and it says that when brand association is changed by 1 unit and it leads to a change of customer satisfaction by 0.441 units while other independent variables remain constant. This conclusion of brand association can be presented with a 100% confidence level while the significance level is 0.000. The B coefficient for brand awareness is 0.089, and it says that when brand awareness changes by 1 unit, then the customer satisfaction changes by 0.089 units. This shows a significance value of 0.000 which is less than 0.005. The B coefficient for perceived quality is 0.488, and it says that the change of perceived quality by 1 unit leads to a change of the customer satisfaction by 0.488 units, and it can be mentioned with a confidence level of 100% because the significance level is 0.000

The B coefficient for brand loyalty is 0.048 and it means that the change of brand loyalty by 1 unit leads to a change of Customer satisfaction by 0.048 units. But, the confidence level is not satisfactory as the significance level is 0.131 Thus, it can be concluded that the brand loyalty does not impact on customer satisfaction of Arpico Interiors brand. Finally the brand association, brand awareness and perceived quality impact on customer satisfaction while the highest impact is from perceived quality.

Therefore, the regression equation for the current study can be written as follows:

$$\text{Customer Satisfaction} = -0.061 + 0.441 (\text{BAS}) + 0.089 (\text{BAW}) + 0.488 (\text{PQ}) + \epsilon$$

5. Conclusions, implications and significance

It is proved that Perceived quality, Brand association and Brand awareness impact on customer satisfaction while the largest impact is from perceived quality. Brand loyalty does not impact on customer satisfaction according to this research. Therefore, the company should focus more on improving perceived quality as the first priority and as the second, and third, brand association and brand awareness should be more focused.

Although brand loyalty does not impact, it should be even less focused. This research will greatly contribute to the company as well as the future researches.

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