Customer-Based Brand Equity in the Fast Moving Consumer Goods Industry in India

Bijuna C Mohan
Assistant Professor, Department of Humanities
Social Sciences and Management
National Institute of Technology Karnataka,
Mangalore, India

Dr. A H Sequeira
Professor, Department of Humanities
Social Sciences and Management
National Institute of Technology Karnataka,
Mangalore, India

Abstract

This study identifies the significant antecedents of brand equity for the fast moving consumer goods (FMCG) industry in India (hereafter referred as FMCG in the paper). The study is based on the conceptualization of brand equity by Aaker (1991). Data was collected from 826 FMCG consumers in five major cities in India. Correlation and regression analysis were used for arriving at inferences. Findings indicated that consumer based brand equity for FMCG consists of four dimensions – brand association, brand loyalty, perceived quality and brand awareness. Brand association was by far the most important source of brand equity and the brand awareness had the least effect. While many studies have identified the importance of brand equity dimensions for individual products and services, few have tested the model with FMCG companies. Findings provide implications for brand managers to manage the brand equity of the Indian FMCG brands.

Key words: brand equity, brand loyalty, brand association, perceived quality and brand awareness

1.   Introduction

Brands are considered to be the valuable assets of business. Branding and brand equity has been the topic of interest for the researchers in the area of Marketing. Because of the significant intangible value of brands, building and managing brand equity had become a priority for companies of all sizes in a wide variety of industries and markets (Lehmann, Keller, & Farley, 2008). Brands are at the heart of marketing and business strategy (Doyle, 1998). The strategic importance of branding is duly recognized in the literature by several researchers (Aaker, 1991,1992; deChernatony & McDonald, 1998; Kapferer, 1994).

Fast Moving Consumer Goods are also known as Consumer Packaged Goods (CPG). FMCGs are products that have a quick turnover, and relatively low cost. FMCG products are those that get replaced within a year and they constitute a major part of consumers' budget in many countries. The FMCG sector primarily operates on low margin and therefore success very much depends on the volume of sales (Sarangapani & Mamatha 2008).

Marketing of FMCGs plays a pivotal role in the growth and development of a country irrespective of the size and population. It is a fact that the development of FMCG marketing has always kept pace with the economic growth of India. Although the literature identifies several dimensions of brand equity from different other industries, existing research on brand equity in the FMCG industry is still spare. Despite the growing importance of the Indian FMCG industry, the topic of how the different FMCG products builds brand equity appears to be under-researched. The end results of this research also lead to a deeper understanding of a FMCG brand equity concept as well as some implications for practitioners working in the FMCG industry.

Apart from the implications in the FMCG industry, the content and meaning of brand equity have been debated in different ways and for a number of different purposes, so far no common viewpoint has been emerged (Vazquez , Rio & Iglesias, 2002; Keller, 2003). Although several authors have elaborated on the definition and content of brand equity, the number of studies which empirically test its proposed constructs is limited Despite the richness in conceptual and operational definitions and models for brand equity, there is a marked scarcity of quantitative research examining its constructs based on solid empirical data (Atilgan, Aksoy, & Akinci, 2005). Although a great amount of research has been conducted regarding the concept of customer-based brand equity, few researchers have developed specific items measuring four brand equity constructs. Moreover certain researchers suggested the brand equity model to be a three factor one and not a four factor model depending on the type of the industry.

The objective of this paper is to test the most popularly adopted brand equity dimensions of Aaker (1991). This study aims to empirically test and operationalize the customer based brand equity components and how they interact within the context of FMCG industry in India.

2. *Literature Review*

2.1 Brand Equity

Brand equity has been viewed from a variety of perspectives by different researchers. Farquhar (1989) viewed brand equity from three perspectives: firm perspective, trade perspective and consumer perspective. Srivastava and Shocker's (1991) definition could be categorized in the group of definitions in which brand equity represents both financial and consumer perspective. According to them, brand equity consists of brand strength and brand value. According to Keller (1993), there are two motivations for studying brand equity. First one being the financial based motivation to estimate the value of the brand more precisely for accounting purposes or for merger, acquisitions or divestiture purposes. Although a financial approach may provide a more precise insight into the valuation of brand, it may not be useful for brand managers to establish marketing strategies because financial approach is only limited to a brand's value estimation. The second motivation arises from a strategy based motivation to improve marketing productivity.

The two perspectives of brand equity discussed by Lassar, Mittal and Sharma (1995) are financial based (Simon & Sullivan 1993) and customer based. Proponents of financial perspective consider brand equity as the total value of a brand which is a separable asset when it is sold or included in a balance sheet (Feldwick, 1996). According to Simon & Sullivan (1993) brand equity is defined as the incremental cash flows which accrue to branded products over unbranded products. The customer based brand equity emphasizes customer's mindset. Further few researchers have suggested two types of brand equity: organizational brand equity and customer brand equity (Capon, Berthon, Hulbert & Pitt, 2001).

The consensus is that brand equity can be examined from two important perspectives-financial and customer based. The financial approach measures brand value by isolating the net additional cash flows created by the brand. These additional cash flows are the result of customer's willingness to buy one brand more than its competitors, even when another brand is cheaper. Customers pay more because of the beliefs and brands that are created overtime in their minds through the marketing of the brand. Customer equity is the preamble of financial equity.

A firm's most valuable asset for improving marketing productivity is the knowledge that has been created about the brand in consumer's minds from the firm's investment in previous marketing programs. Here brand equity is conceptualized from the perspective of the customer. Hence this study focus on the customer based perspective and concentrates on measures that is related to the consumer mindset like the associations, evaluations and relationships customers have towards the brand.

2.2 Customer Based Brand Equity

For a brand to have value it must be valued by the customer. The power of the brand lies in what customers have learned, felt, seen and heard about the brand as a result of their experiences over time (Keller, 2003). If the brand has no meaning to the customer, none of the other perspectives of brand equity is meaningful (Keller, 1993; Cobb-Walgren & Ruble 1995; Rio et al. 2001). There will be value to the investor, the manufacturer and the retailer only if there is value to the consumer (Cobb-Walgren et al. 1995).

Conceptualizing brand equity from customer perspective is useful because it suggests both specific guidelines for marketing strategies and tactics and areas where research can be useful in assisting managerial decision making. The source of brand equity is customer perceptions (Keller 1993) hence it is important for managers to measure and track brand equity at the customer level (Lassar, Mittal, & Sharma, 1995). The customer based brand equity approach is more practical as the information offers a strategic vision of customer behavior and managers can develop strategies accordingly(Jin-Sun, 2008). Brands exist in the minds of their potential consumers and what those consumers think of a particular brand determines the value it has to its owner. A brand's foundations are, therefore, composed of people's intangible mental associations about it. In placing a value on a brand, the strength and resilience of those associations is considered the most (Dyson et al. 1996). Based on the detailed reviews the study focuses on the customer based brand equity.

2.3 Dimensions of Customer Based Brand Equity

In the brand equity literature there are two main frameworks that conceptualize customer based brand equity. Keller (1993) considers brand equity as being the "differential effect of brand knowledge on consumer response to the marketing of the brand". To understand how customer based brand equity can be built, measured and managed; Keller (1998) described a detailed conceptualization of brand knowledge. Brand knowledge is defined in terms of two components, brand awareness and brand image. The brand image is defined as the perceptions about a brand as reflected by the brand associations held in consumer's memory (Keller 1993). Another framework

was proposed by Aaker (1991) which is one of the most generally accepted and comprehensive definitions of the brand equity (Buil, Chernatony, & Martínez, 2008). Aaker (1991, 1996) considers 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". The set of assets / liabilities are grouped into five categories: brand loyalty, brand name awareness, perceived brand quality, brand associations and other proprietary brand assets. Other proprietary brand assets include patents, trademarks and channel relationships. The fifth component other proprietary brand assets is not relevant to consumer perception. Hence only the first four dimensions should be regarded as customer based brand equity (Yoo & Donthu 2001).

The concept of customer based brand equity can be operationalised from two angles. Those involving consumer perceptions (cognitive approach) and those involving consumer behavior (behavioral approach) (Silverman, Sprott, & Pascal, 1998). The consumer perceptions include brand awareness, brand associations and perceived quality. Yoo et al. (2000) represents the behavioral approach and Keller (1993, 1998) represents the cognitive approach of brand equity. Brand equity is viewed as perceived brand quality of both the brand's tangible and intangible components. Customer based brand equity occurs when the consumer is familiar with the brand and holds some favorable, strong and unique brand associations in the memory (Kamakura & Russell 1991). Based on the definition by Kamakura and Russell (1991), there are five important considerations to defining brand equity. First, brand equity refers to consumer perceptions rather than any objective indicators. Second, brand equity refers to a global value associated with a brand. Third, the global value associated with the brand stems from the brand name and not only from physical aspects of the brand. Fourth, brand equity is not absolute but relative to competition. Finally, brand equity positively influences financial performance. The customer-based brand equity scale is based on the five underlying dimensions of brand equity: performance, value, social image, trustworthiness and commitment.

Brand equity was considered as a two dimensional construct consisting of brand strength and brand value (Srivastava & Shocker, 1991). Brand strength includes brand association (Lassar et al., 1995) and brand value is the gains that accrue on the brand. Brand strength constitutes the brand associations held by customers. Brand value is the financial outcome of the management's ability to leverage brand strength via strategic actions to provide superior current and future profits. Brand equity dimensions according to Lassar et al. (1995) include performance, value, social image, trustworthiness and commitment.

In the study conducted by K. Kim et al. (2008), five factors were identified that influence the creation of brand equity through successful customer relationships: trust, customer satisfaction, relationship commitment, brand loyalty and brand awareness. An empirical test of the relationships among these factors suggests that hospitals can be successful in creating image and positive brand equity if they can manage their customer relationships well. Brand loyalty and brand value associations directly create brand equity for online companies (Rios & Riquelme, 2008).

Form studying the various dimensions of brand equity proposed by different researchers, it can be observed all the model are finally culminating on the model proposed by Aaker(1991). To strengthen the model the concept of brand association is measured based on three constructs- perceived value, brand personality and organizational association. Hence this study conceptualized brand equity based on the model proposed by Aaker (1991) as this is the most generally accepted and the most comprehensive definition (Motameni & Shahroki 1998). Aaker's model complements the customer based brand equity quite well, because it takes the perceived quality aspect into account (Ovidiu 2005). Other researchers who accepted the findings of Aaker include Low and Lamb (2000).

This study considers brand loyalty, brand awareness, perceived quality along with brand associations as the important dimensions of brand equity. Although many researchers agree on the conceptual model of the four components of brand equity, empirical results have not been supportive. In the previous studies by Yoo and Donthu (2001) and Washburn and Plank (2002), they had used student samples to validate the consumer based brand equity scale. This research aims to improve the measurement of brand equity for FMCG products by using a sample of actual FMCG consumers. To address the gap, an effort is made in this research to focus on measuring brand equity of FMCG brands, and to identify the important contributors of brand equity in the FMCG industry in India

3. *Conceptual Framework and Research Hypotheses*

A conceptual framework was developed based on the literature review, pilot study and the experience of the researchers. The framework presented here draws on a brand equity model proposed by Aaker (Figure 1). The model indicates that brand awareness, brand loyalty, perceived quality and brand associations create brand equity. The important contributors of brand association are also included.
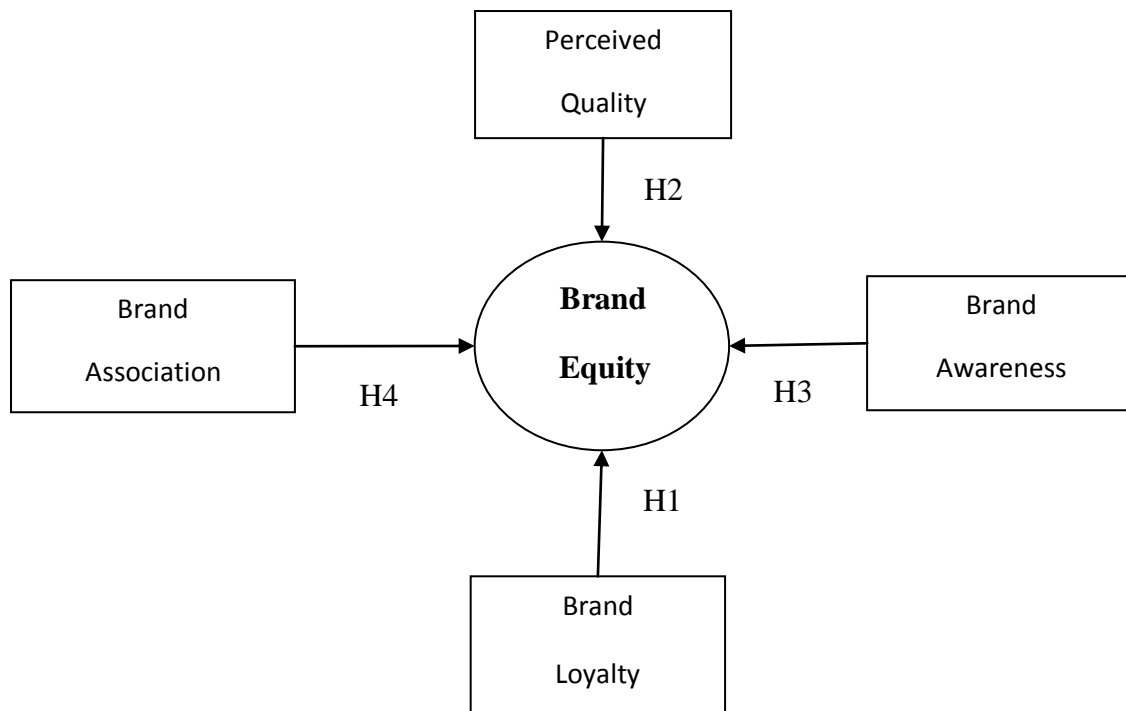
Figure 1: Conceptual Framework of the Brand Equity Model

Source: Literature Review

Correlation and regressions methods were used to test the model. The principal constituents of the FMCG sector are household care, personal care and food & beverages. Food products is the largest consumption category in India, accounting for nearly 21 per cent of the country's GDP (India Brand Equity Foundation Report, 2010). In order to maximize conditions for the brand equity model to be properly tested, the test products were selected to fit certain criteria. The FMCG product categories need to be quite different from each other for the purpose of generalizability; also important was that market penetration of the companies' products has to be high enough for an image of the brand to be assumed to have formed in the customers' minds (Kirmani and Zeithaml, 1993). The industries should also be mature enough that the target markets recognize all brands in the product category. One product each is selected from each category using judgment sampling. The products with highest penetration in each category were selected. Fabric wash in the household care, personal wash (toilet soap) in the personal care and packaged tea in the food and beverages category were selected. Further two popular brands from each category of the product were selected for the study. Hence the brand equity of the six FMCG brands was measured to test the model. The following

section outlines the justification of the traditional brand equity sources and the selection of the constructs to model of brand equity for FMCG companies.

3.1 Brand Loyalty

Brand loyalty had a positive and direct role in affecting brand equity. The other three constructs like perceived quality, brand association and brand awareness had a very low influence on brand equity (Atilgan et al., 2005). It was also noted in the above study that there is a correlation between brand loyalty, brand awareness and perceived quality. In the study done by Atilgan, Aksoy and Akinci (2005) in the beverage industry, brand loyalty was found to have a dominant effect on brand equity. On examining the practicality and applications of Aaker's customer-based brand equity model in the Chinese sportswear market it was found that brand association and brand loyalty are influential dimensions of brand equity. Weak support was found for the perceived quality and brand awareness dimensions (Tong & Hawley 2009). Since the importance of brand loyalty varies with different sector, it was necessary to identify its influence on brand equity. The following hypothesis derives from the above:

Hypothesis 1: Brand loyalty has a significant positive effect on brand equity in the FMCG industry.

3.2 Perceived Quality

Even though perceived quality was considered as a important dimension of brand equity, the importance of perceived quality for FMCG need to be probed. The main reason that perceived quality is a primary dimension in brand equity models is that it has a strategic effect on brand equity, by reducing the perceived risk (Aaker 1991; Erdem et al. 2004; Keller 1993). Perceived risks are high in the case of services than products. Moreover FMCGs are products that are considered as low involvement products. Hence the relevance of perceived quality of FMCG products in building brand equity had to be identified. The following hypothesis is proposed:

Hypothesis 2: Perceived quality has a significant positive effect on brand equity in the FMCG industry.

3.3 Brand Awareness and Brand Association

Does awareness of the brand by consumers play an important role in building brand equity of FMCGs? Is brand awareness a different construct for brand equity of FMCGs or should it be combined with brand association? Brand awareness is the ability of a potential buyer to recognize or recall that a brand is a member of a certain product category. Here, a link between product class and brand is involved. Rossiter and Percy (1987) defined brand awareness as the consumer's ability to

identify or recognize the brand. Brand association is anything "linked" in memory to a brand. Brand association includes the variables of perceived value, brand personality and organizational association.

Yoo et al. (2000) treated brand equity as a three dimensional construct, combining brand awareness and brand association into one dimension. Brand awareness was not considered as a significant factor of brand equity in the hotel industry (Kayaman & Arasli, 2007).The findings of the study supported the three dimensional model of customer based brand equity in hotel industry. In a study conducted in the product category of cars and televisions the consumer based brand equity was proved as a four dimensional construct (Pappu, Quester, & Cooksey, 2005). In the study by (Atilgan et al., 2005) brand awareness and brand associations were also found to be correlated. In the multidimensional brand equity scale developed by Yoo and Donthu (2001), brand awareness and brand association were not separated into two distinctive dimensions. Hence the authors suggested a three-factor brand equity model by combining brand awareness and brand association into one dimension. Washburn and Plank (2002) supported Yoo and Donthu's (2001) finding, demonstrating the strongest and cleanest fit of the three-factor structure. According to them researchers should focus on the distinction between the dimensions of brand awareness and brand associations. According to Kim, Jin-Sun and Kim (2008), in the lodging industry (service industry) the competing model linking outcome variables with three factors of brand equity demonstrated a better fit than the proposed model with four factors of brand equity. Hence in this study the researchers had tried to examine the relationship of brand awareness and brand association with brand equity independently. From the previous justification the following hypotheses were proposed:

> Hypothesis 3: There is a relationship between brand awareness and brand equity in the FMCG industry.

> Hypothesis 4: There is a relationship between brand association and brand equity in the FMCG industry.

4. *Methodology*

The study is based on the descriptive approach which involved the description of phenomena or characteristics associated with a subject population (FMCG consumers) and for discovery of associations among different brand equity and its variables. A clear theoretical position was developed prior to the collection of data; hence the research is based on the deductive approach.

4.1 Measures

The instrument (a self-administered questionnaire) contained 22 items that measured the four sources and outcomes of brand equity. The items were assessed on a five-point Likert scale where 1 stands for "strongly disagree" and 5 for "strongly agree". The measures for several constructs in the framework were derived from existing scales or studies in the literature. Two items were designed to measure brand awareness and were adapted from Aaker 1996; Yoo et al. 2000; Yoo & Donthu 2001; Netemeyer et al. 2004. Six items measured brand loyalty (Aaker 1996; Yoo et al. 2000; Yoo & Donthu 2001) and four items measure perceived quality (Yoo et al. 2000). The six-item scale for brand loyalty was adapted from measures developed by Aaker, Odin et al., 2001 and Yoo & Donthu, 2001. The dimension of brand association which included perceived value, brand personality and organizational association were derived from Aaker (1996) and Pappu et al. (2005). Ten items were used to measure brand association. Four brand equity items were designed to capture the overall brand equity. The questionnaires were pretested on 10 respondents to identify and eliminate potential problems on question content and wording. Based on the pretest necessary changes have been incorporated.

4.3 Validity and Reliability of Measures

In order to test the reliability of the overall brand equity scale and each of the brand equity dimensions Cronbach's alpha was calculated. The alpha meets the recommended levels of 0.70 for all the measures (Nunnally 1978). The Cronbach's alpha coefficient for brand equity dimensions ranked from 0.754 to 0.933, indicating good internal consistency and reliability among the items within each dimension. The Cronbach's alpha was also calculated for perceived value, brand personality and organizational association which constitute the different dimension of brand association. The construct validity of the instrument is justified because the measures were developed from a theoretical framework that was derived from an extensive literature review.

4.3 Questionnaire

On the basis of the items used in the literature and the definition established in the study, a pool of measures was generated. Three product categories were chosen where two brands were evaluated within each category of FMCG products. Survey corresponding to the three product categories and six brands were drafted. The questionnaire consists of two parts. Part I included the general information which collects the demographic details like gender, age, education, marital status,

profession, income and place of residence. Part II consists of questions specific to different product category and brands.

4.4 Sampling

Among the various sampling method, probability sampling was used for this research. In order to achieve the objectives of the study the individuals who use FMCG products were considered as the target population for the study. Under probability sampling, proportionate stratified random sampling method is adopted for the study. Here the population is segregated into three strata-low, medium and high- based on the per capita FMCG spend. Data was collected from a sample size of 826, FMCG consumers.

5. Results

5.1 Sample Characteristics

The proportion of the male respondents (51 percent) in the sample was slightly higher than that of female (49 percent). This demographic of the sample were compared to that of the national population and it was very similar to the national proportion reflecting the proportionate mix of males and females as FMCG consumers. The sample was skewed towards the younger population with 51.3 percent of the respondents aged between 20-29 years. About 16 percent belonged to the age group of 30-39 years, 13.6 percent belonged to the age group 40-49 years and 5.4 percent belonged to the age group 50-59 years. This was deemed to represent the greater likelihood of younger population which forms the majority of the Indian population to engage in the purchase and use of FMCGs. It was also found that 52.1 percent of the FMCG consumers were graduates and 34.3 percent were post graduates indicating the younger people are educated. Among the respondents 54.5 percent were employees in various organizations and 27.7 percent were students from different colleges. Nearly, 11.4 percent represent women who are housewives. The data indicates that majority of the respondents were employed. The academic background was reflected in their employment status.

5.2 Descriptive Statistics

Descriptive statistics providing information regarding mean and standard deviation for the FMCG products were analysed. The results show that there was no strong response bias for any of the variables. The degree of variations was not very high taking into account the three different types of FMCG products-toilet soap, washing powder and packaged tea-considered for the study. The study

was also spread across five different States of India. Descriptive information regarding the means and standard deviations indicated the respondents high response towards brand recognition, brand appearance, satisfaction level, consistent quality, quality in appearance, value for money, reasonable price, organizational trust, organizational credibility, admire the organization and brand characteristics. Low response were shown towards, regular purchase, intention to buy, first choice, recommend the brand, not buy other brands, high quality, comparative quality, reason to buy, interesting brand and clear image. In terms of the mean scores, the 'brand recognition' dimension had the highest mean score (3.79), while the 'Not buy other brands' had the lowest mean score (3.10).

5.3 Factor Analysis

Factor analysis was employed to examine the validity of brand equity structure, which comprises of four underlying dimensions (i.e., brand awareness, brand loyalty, perceived quality and brand association).Factor analysis with principal components and varimax rotation produced just one factor, which had eigen value greater than 1.0 and a factor loading of 0.50 or greater (Table1).

Brand Equity	Factor Loading
Brand Awareness	0.756
Brand Loyalty	0.854
Perceived Quality	0.923
Brand Association	0.915
Eigen value = 2.989	
Variance explained = 74.724 percent	

Table1: Dimensions of Brand Equity Structure

Source: Survey Results

The result supported the findings of Aaker (1996) and Kim & Kim (2004). From this study it is evident that in the case of the FMCG industry Aaker's four sources of brand equity explains 74.724 percent of the brand equity. The results of the factor analysis generally support the assertion that the four dimensions in question are valid underlying variables of brand equity. It is of interest to note that brand loyalty, perceived quality and brand association are loaded highly in the brand equity of FMCG companies. Where as brand awareness is not as highly loaded – although it meets the significance level 0.50. The results imply that all four dimensions are found in the construct of band equity in FMCG companies. The findings supported the research results of Cobb-Walgren et al.

(1995) and Pappu et al. (2005) who had established that consumer-based brand equity is a four dimensional construct, consistent with the conceptualization of Aaker (1991).

5.5 Testing of Hypotheses

The hypothesis test included Pearson correlation coefficient (r), standardized regression coefficients (β) and coefficient of determination (adjusted R square).

High, significant and positive correlation was found between 'brand loyalty' (r = 0.717, p<0.001) and overall brand equity in the FMCG industry. Even though brand loyalty was considered as one of the most important determinants of brand equity (Aaker 1991; Yoo et al. 2000

Significantly high correlation was also found between 'perceived quality'(r = 0.704, p<0.001) and overall brand equity. In the customer-based brand equity frameworks proposed by different researchers (Aaker 1996; Dyson et al. 1996; Farquhar 1989; Keller 1993), perceived quality is considered a primary dimension. For FMCG products it can be concluded that perceived quality creates a basis for brand differentiation and extension (Aaker 1991), and offers a pr ice premium advantage for firms (Keller 1993; Netemeyer et al. 2004).

'Brand association' (r = 0.750, p<0.001) also was highly and significantly correlated with overall brand equity. The findings justify the statement of Keller (1993), who stated "customer-based brand equity occurs when the consumer is aware of the brand and holds some favorable, strong, and unique brand associations in memory".

Only moderate correlation was found between 'brand awareness' (r = 0.407, p<0.001) and overall brand equity. This leads to the conclusion that brand awareness alone cannot lead to improved brand equity. Brand awareness might be important if the product is a new product. For an existing product brand awareness cannot guarantee brand equity. The findings are similar to the studies of Yoo et al. (2000) and Yoo & Donthu (2001), where the dimension of brand awareness was incorporated into their empirical models but the findings did not detected any direct effect on brand equity. The correlation ranked highest for brand association, second for brand loyalty, third for perceived quality and fourth for brand awareness. These findings are consistent with the findings of Aaker (1991) and Pappu et al. (2005) who also reported the links between brand equity and its four dimensions. This finding indicates that each of the four dimensions is appropriately conceived as a determinant of brand equity in the FMCG industry. Brand awareness and brand associations in the study have also emerged as a distinct dimension as originally conceptualized in Aaker's (1991) model, eventhough it

was combined with brand awareness into a single dimension in some other studies (Yoo & Donthu, 2001; Yoo et al., 2000).

5.6 Regression Analysis

A significant (F = 164, p < 0.001) variance of 16.6 per cent in overall brand equity was predicted by the brand awareness. A significant (F = 871, p < 0.001) and high amount of variance (51.4 per cent) in overall brand equity was predicted by the brand loyalty. The percentage variance that the two variables, overall brand equity and perceived quality share is 49.6 (F = 811, p < 0.001). Brand association explains 56.2 percent of the total variation in overall brand equity (F = 1057, p < 0.001).

Among the four brand equity dimensions of brand equity, brand association yielded 56.2 percent; brand loyalty yielded 51.4 percent; perceived quality yielded 49.6 percent and brand awareness yielded 16.6 percent explanatory power on overall brand equity (Table 2)

Brand equity dimensions	r	R Square	Adjusted R Square	Std. Error of the Estimate
Brand awareness	0.407***	0.166	0.165	2.893
Brand loyalty	0.717***	0.514	0.513	2.209
Perceived quality	0.704***	0.496	0.496	2.249
Brand association	0.750***	0.562	0.561	2.097

*** p<0.001, r= Pearson Correlation coefficient

Table 2: Model Summary of Brand Equity Dimensions

Source: Survey Results

The results of regression analysis confirmed the strong influence of brand association, brand loyalty and perceived quality on overall brand equity, and provided strong support for the value of research on brand equity in the FMCG industry. A high proportion of variance on overall brand equity was predicted by the brand loyalty, perceived quality and brand association dimensions, which suggests that it is important for managers to measure the brand loyalty, perceived quality and brand associations of their FMCG brands, and further build them with the development of appropriate marketing strategies, if brand equity is to be built. Consistent with the research of Yoo et al. (2000) and Yoo & Donthu (2001), brand awareness exhibited only weak influence on brand equity. Brand awareness, brand loyalty, perceived quality and brand association are antecedents that influence the strength of brand equity. Thus, Hypothesis 1, 2, 3 and 4 are supported.

The findings showed that brand loyalty had significant influence on overall brand equity (H1: t = 29.517, p < 0.001). Similarly perceived quality (H2: t = 28.488, p < 0.001); brand awareness (H3: t = 12.804, p < 0.001) and brand association (H4: t = 32.516, p < 0.001) had a significantly positive influence on overall brand equity.

As mentioned earlier, the collinearity between brand awareness and brand association for further probed. Therefore, it was decided to test for multi-collinearity by investigating the Tolerance and Variance Inflation Factor (VIF). Tolerance which indicated the percent of variance in the predictor that cannot be accounted for by other predictors was more than 0.25 in all the cases. VIF was less than 3.9. All the VIF values less than 10, which indicate the multi-collinearity assumption was not violated (Hair et al. 2006). Eigen value was less than 5 (critical value>10.0); and the Condition Index is less than 28.7 (critical value >30.0). Thus, none of the values indicate high and dangerous multi-collinearity. Based on the findings, we conclude that no significant multi-collinearity problems were confronted in this study there by indicating no strong relationship between brand awareness and association.

Hence the brand equity model for the FMCG industry will be four factor one, with brand awareness, brand loyalty, perceived quality and brand association as the four dimensions.

6. *Discussion and Managerial implications*

Building brand equity is crucial for FMCG products where consumers heavily depend on the brand for the product category in a highly competitive and brand conscious market. Researchers found that brand awareness, brand loyalty, perceived quality and brand associations had a significant effect on band equity. Brand association demonstrated the strongest impact, indicating the essential role of developing feels and thoughts with the brand in building brand equity in the Indian FMCG industry. This means that, consistent with previous studies, strong associations that support a competitively attractive and distinct brand position could create a favorable feeling and behavior toward the FMCG brands. The results also portrayed the significant influence of brand loyalty to the development of brand equity. The empirical data and statistical tests in the study provided support for the positive and direct relationship between perceived quality and brand equity. Surprisingly, brand awareness emerged as a not so important factor indicating that having a brand name alone is not a guarantee of a successful brand in the FMCG industry. Since marketing and brand managers often have limited resources in terms of money, time, and manpower to implement branding strategies, these findings can help them prioritize and allocate resources across the dimensions.

References

1. Aaker, D.A (1992). Managing the most important asset: brand equity, *Planning Review*, 20(5),56-58.

2. Aaker. D. A. (1991). M*anaging Brand Equity*, The Free Press, New York.

3. Aaker, D.A. (1996). *Building strong brands,* The Free Press, New York.

4. Atilgan, E., Aksoy. S.K., & Akinci, S. (2005). Determinants of the brand equity- a verification approach in the beverage industry in Turkey, *Marketing Intelligence & Planning*, 23(3), 237-248.

5. Brown, T.J. and Dacin, P.A. (1997). The company and the product: corporation associations and consumer product responses, *Journal of Marketing,* 61, 68-84.

6. Buil.I., Chernatony de L. & Martı́nez., E.(2008). A cross-national validation of the consumer- based brand equity scale, *Journal of Product & Brand Management,* 17(6),384–392.

7. Capon, N., Berthon, P., Hulbert, J. M., & Pitt, L. (2001). Brand custodianship: A new primer for senior managers, *European Management Journal*, 19(3), 215-227.

8. Chen, A.C-H. (2001).Using free association to examine the relationship between the characteristics of brand associations and brand equity”, *Journal of Product & Brand Management*, 10(7),439-451.

9. Cobb-Walgren, C.J., Ruble, C.A. & Donthu, N. (1995). Brand equity, brand preference, and purchase intent, *Journal of Advertising*, 24(3),25-40.

10. Cooper.,D,& Schindler. (2008), *Business Research Methods* 9th Edn., Tata McGrawHill publishing company Ltd : New Delhi.

11. de Chernatony, L. and McDonald, M. (1998). *Creating Powerful Brands in Consumer, Service and Industrial Markets*, 2nd ed., Butterworth-Heinemann, Woburn, MA.

12. Dyson, P., Farr, A., & Hollis, N. S. (1996) Understanding, measuring, and using brand equity, *Journal of Advertising Research,* 36(6), 9–22.

13. Erdem T., Zhao, Y., & Valenzuela, A. (2004). Performance of store brands: A cross-country analysis of consumer store brand preferences, perceptions, and risk. *Journal of Marketing Research, 41*(1), 86–100.

14. Farquhar, P. H. (1989). Managing brand equity, *Marketing Research*, 1(3), 24-33.

15. Farquhar,P.H & Herr,P.M(1993). The dual structure of brand association, *Brand Equity and Advertising,* 263-77.

16. Feldwick, P. (1996).Do we really need brand equity? *The Journal of Brand Management,* 4(1),9-28.

17. Kamakura, W.A. & Russell, G.J. (1991). *Measuring Consumer Perceptions of Brand Quality with Scanner Data: Implications for Brand Equity*, Report Number 91-122, Marketing Science Institute, Cambridge, MA.

18. Kapferer, J. N (1994). *Strategic Brand Management: New Approaches to Creating and Evaluating Brand Equity*, The Free Press, New York, NY.

19. Kayaman R., & Arasli H.(2007). Customer based brand equity: evidence from the hotel industry*, Managing Service Quality,* 17(1),92-109.

20. Keller, K.L & Lehmann, D.R.(2003), How do brands create value?, *Marketing Management*, 12(3),26.

21. Keller, K.L. (1993). Conceptualizing, measuring, and managing customer-based brand equity', *Journal of Marketing,* 57(1),1-22.

22. Keller, K.L. (1998). *Strategic brand management, building, measuring and managing brand equity,* Prentice Hall, Upper Saddle River, NJ.

23. Kim, K. H., Kim, K. S., Kim, Y. D., Kim, J.H., & Kang, S.H. (2008). Brand equity in hospital marketing, *Journal of Business Research*, 61, 75-82.

24. Kim, W.G. & Kim, H. - B. (2004), "Measuring customer based restaurant brand equity-investigating the relationship between brand equity and firms' performance", *Cornell Hotel and Restaurant Administration Quarterly*, 45(2), 115-131.

25. Kim, W.G. & Sun, B.J. & Kim, J.H.,(2008). Multidimensional customer-based brand equity and its consequences in mid-priced hotels, *Journal of Hospitality & Tourism Research*, 32(2), 235-254.

26. Kirmani, A. and Zeithaml, V.A. (1993), Advertising, perceived quality, and brand image, in Aaker, D.A. and Biel, A.L. (Eds), *Brand Equity & Advertising: Advertising's Role in Building Strong Brands*, Lawrence Erlbaum Associates, Hilldale, NJ, pp. 143-62.

27. Lassar, W., Mittal, B. & Sharma, A. (1995). Measuring customer-based brand equity, *Journal of Consumer Marketing*, 12(4), 11-19.

28. Lehmann,D.R.,Keller,K.L &Farley,J.U.(2008). The structure of survey-based brand metrics, *Journal of International Marketing*, 16(4), 29-56.

29. Low, G. S. & Lamb, C.W. (2000). The measurement and dimensionality of brand associations, *Journal of Product & Brand Management*, 9(6), 350-368.

30. Motameni R & Shahrokhi M (1998). Brand equity valuation: a global perspective, *Journal of Product and Brand Management*, 7(4), 275-290.

31. Nunnally, J. 1978, *Psychometric Theory*, McGraw-Hill, New York, NY.

32. Odin Yorick , Nathalie Odin, and Pierre Vallette-Florence, "Conceptual and Operational Aspects of Brand Loyalty: An Empirical Investigation," *Journal of Business Research*, vol. 53, no. 2 (2001), pp. 75–84.

33. Ovidiu I. Moisescu, *The Concept of Brand Equity - A Comparative Approach*, The Proceedings of the International Conference, The Impact of European Integration on the National Economy", Risoprint, Cluj-Napoca, 2005

34. Pappu Ravi, Queste Pascale and Cooksey, Ray W. 2005,' Consumer-based brand equity: improving the measurement – empirical evidence', *Journal of Product & Brand Management*, vol.14, no.3, pp.143-154.

35. Price Waterhouse Coopers. (2010). Fast Moving Consumer Goods, A report by Price Waterhouse Coopers for IBEF.

36. Rio, A., Vazquez, R. and Iglesias, V. (2001). The role of the brand name in obtaining differential advantages, *Journal of Product & Brand Management*, 10(7), 452-65.

37. Rios, R.E. & Riquelme, H.E. (2008). Brand equity for online companies, *Marketing Intelligence & Planning* , 26(7), 719-742

38. Rossiter, J.R & Percy, L. (1987) *Advertising and Promotion Management*, New York:McGraw-Hill.

39. Sarangapani, A & Mamatha, T.(2008). Rural consumer behaviour with regard to selected FMCGs consumption patterns and brand usage: a study, *The Icfai University Journal of Brand Management*, 5(3), 22-61.

40. Silverman,S.N.,Sprott,D.E &Pascal,V.J.(1999). Relating consumer-based sources of brand equity to market outcomes, *Advances in Consumer Research,* 26, 352-358.

41. Simon, C.J & M.W Sullivan. (1993). The measurement and determinants of brand equity: a financial approach, *Marketing Science,* 12(1),28–52.

42. Srivastava, R.K. & Shocker, A.D.(1991). Brand equity: A perspective on its meaning and measurement report, No. 91-124, Working Paper Series, Marketing Science Institute Cambridge, MA.

43. Tong, X. & Hawley, J. M. (2009). Measuring customer-based brand equity: empirical evidence from the sportswear market in China, *Journal of Product & Brand Management,* 18(4), 262–271.

44. Vazquez, R., Del Rio, A.B. and Iglesias, V. (2002). Consumer-based brand equity: development and validation of a measurement instrument, *Journal of Marketing Management,* 18(½), 27-49.

45. Washburn, J.H. & Plank. R.E (2002). Measuring brand equity: an evaluation of a consumer-based brand equity scale, *Journal of Marketing Theory and Practice*, 10(1),46-62.

46. Yoo, Boonghee & Lee S (2000), An Examination of Selected Marketing Mix Elements and Brand Equity," *Academy of Marketing Science,* 28 (20), 195–211.

47. Yoo, B. & Donthu, N.(2001). Developing and validating multidimensional consumer-based

48. brand equity scale, *Journal of Business Research*, 52(1), 1-14.