

## Examining the Antecedents of Brand Resonance Creation in Oral Industry of Iran

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**ABSTRACT** – FMCG industry of Iran and particularly oral care industry is now on the maturity stage of the life cycle based on the analysis of completion in the market (Euromonitor). Due to fierce competition companies and mainly local companies are now witnessing decrease of their market share due to lack of robust marketing and branding plans. The aim of this study is to examine the process of brand equity and its effect on creation of brand resonance. The model has been adapted by Keller and the universe was the customers of Pakshoo main oral care brand (Merident). Conceptual model has been operationalized on the sample of 400 customers and results have supported the developed hypotheses. Managerial implication and direction for future researches has been presented at the final section of this study.

**KEY WORDS:** Brand equity, brand associations, brand superiority, brand awareness, brand resonance.

### Introduction

As Iranian become more attentive to their oral hygiene, it is expected that consumption of these products will see a considerable increase over the forecast period. Oral care shows value increase of 5% in 2014. In table 1, the growth of this category is shown for years 2009 to 2014. One key reason behind this better performance will be raising awareness of the different types of oral care products as well as improved distribution and availability at retail level. In 2014 smuggling was a key threat to multinational brands, especially in western regions, and this is likely to remain the case over next years. On the other hand, the unpredictable investment climate due to the unique political situation in the country will represent a major threat to both domestic and foreigner suppliers (Euromonitor).

**Table 1:** sales of Oral care in Iran: value 2009-2014 (Euromonitor)

IRR billion	2009	2010	2011	2012	2013	2014
Oral Care	422.5	496.5	623.5	784.5	1222.2	1.465.8

As it is shown in the table the market size of oral care has been tripled in 5 years. The increase in size of the market is the main reason of attraction of key global players like Procter and Gamble, Unilever and Colgate-Palmolive to this market, which makes the landscape of completion fierce for both global companies and mainly local companies. With described competition, local companies cannot follow prior strategies and expect prior profit. In other words, new landscape needs advanced research based knowledge from consumers. One of the old concepts of marketing in this regard is brand equity. Research on brand equity has been a popular topic over the last two decades. The theoretical and practical implications of brand equity have been investigated by several researches in marketing literature (e.g. Aaker, 1996; Kamakura & Russell, 1991; Keller, 1993; Simon and Sullivan, 2013). The Marketing Science Institute (2004) stated that issues related to branding and brand equity were one of the top priorities for marketing researchers to examine. However, previous consumer based brand equity research has failed to empirically examine the relationship among brand based brand equity research has failed to empirically examine the relationship among brand 4 awareness, brand associations, and consumers behavioral intentions. Instead, most empirical studies have simply focused on determining the most accurate method to measure the components (i.e. brand awareness & brand associations) of brand equity. The purpose of this study involved two facets. First, a theoretical model of consumer based brand equity was established that related various aspects of brand equity to consumer behavioral intentions. More specifically, a model of brand equity was proposed that examined the relationship among consumer's awareness and associations held for the brand, their cognitive evaluation and affective response to the brand, and their subsequent time and effort put forth toward consuming the brand. Second, the constructs were operationalized and the relationships among the dimensions of brand equity were empirically examined.

## **Literature review**

This concept is a multi-dimensional phenomenon and different models have been proposed by different researchers in which the most recognized models are the Aaker model (Aaker 1991) and brand resonance model (Keller 2001). The theoretical framework for this study is brand equity of Keller (2001). The model is based on 4 main constructs which are brand identity, brand meaning, brand response and brand relationship. These four constructs consist of six brand building blocks which are: (1) brand salience (how often the brand is evoked in purchasing and consumption situations), (2) brand performance (to what extent the product meets customers' needs), (3) brand imagery (extrinsic properties of the product in the mind of the customer), (4) brand judgment (customers opinion toward the brand) (5) brand feelings (customer emotional responses toward the brand), (6) brand resonance (the extent to which customers feel they are "in sync" with the brand (Keller, 2001, Kotler and Keller, 2006). In this model, customers with true brand resonance, have a higher degree of loyalty and actively share their experience with others (Atilgan, Aksoy and Akinici, 2005). Cobb-Walgren, et al. (2014) examined the relationship between brand equity and consumer's preferences and behavioral intentions. Brand equity was measured by the awareness, associations, and perceived quality perceptions consumers held for selected brands in the hotel and home cleansers product categories. Collectively, the three components were summed to represent a single equity score for each brand (Cobb-Walgren et al., 2014). Yoo, et al. (2001) measure brand equity based on Aaker's four dimension conceptualization. The relationship between elements of the marketing mix and perceived quality, brand loyalty, and brand awareness with associations were examined. Unlike previous interpretations, brand awareness and brand associations were not measured as distinct constructs. Furthermore, unlike previous measurement attempts, the relationship between the three dimensions of brand equity and specific outcome variables was assessed. The relationship between brand equity and behavioral intentions had not been assessed previously. Although a significant step in the quest for an accurate measure of consumer-based brand equity, there were a few considerable weaknesses of their conceptualization (Yoo et al., 2001). Faircloth, et al. (2009) examined the impact of brand image on brand equity. In order to assess brand image, the authors measured the associations and attitudes that consumers held for the given brand. The authors measured brand associations and attitudes because consumers must hold certain perceptions of the brand from which evaluative judgments can be formed. Brand associations were generated by a focus group and represented product-related attributes while items that represent the identity of the brand measured brand image. Brand image was found to positively influence brand equity while brand image was found to mediate the relationship between brand attitude and brand equity (Faircloth et al., 2009). Berry (2008) examined branding issues for 14 well-known FMCG companies. In line with Keller, Berry's model posits that brand equity is formed based on the brand awareness and brand meaning that consumers hold. Finally, Berry argues that brand awareness and brand meaning differentially affect brand equity. Brand meaning holds an evaluative component unlike brand awareness. As a result, the associations a consumer holds for the brand will have more impact on brand equity due to their nature. Berry also acknowledged the importance of establishing a strong, enduring emotional connection between the service provider and consumer (Berry, 2008). Although some researchers in literature have studied brand equity, a handful of papers were papers like Nguyen and Nguyen (2002) were done in FMCG industry. The results show that the measurement model of customer-based brand equity in FMCG industry includes three facets: brand awareness, perceived quality and brand passion. However the finding is only verified in shampoo industry and data collection is limited to Vietnam so it lacks power of generalization (Nguyen and Nguyen, 2002). Le (2013) indicates that model of brand equity is measured by four components namely brand awareness, brand associations, perceived quality, brand loyalty. Results showed that brand awareness positively influences brand associations while perceived quality positively affects brand loyalty. Le's findings further explain and support previous findings of Aaker (Le, 2013). In the study of Buu and Lang (2014), dimensions of customer-based brand equity in gold industry has been investigated, in this study brand equity is measured by brand awareness, perceived quality, brand trust and brand loyalty; there were positive relationships between awareness and other dimensions; perceived quality has positively effect on brand loyalty and trust while brand trust affects brand loyalty (Buu and Lang, 2014). In investigation of internal literature in Iran, there are few studies which operationalized brand equity of Keller. In one of the studies in banking industry the brand equity of Keller has been investigated. Results showed that brand salience, brand performance, brand image, brand emotions and brand judgments has direct positive effect on brand resonance (Azizi and Azhini, 2012). In one of the studies in retail industry in Iran, customer satisfaction and brand loyalty of Tehran's chain stores has been investigated. In this study results revealed that only the relationship between brand imagery and customer loyalty and brand resonance and brand equity were not significant, and all the other relationships were significant (Aghaei et al., 2013). Finally in another study in Iran, in the education industry, effective factors on brand resonance of one of the universities were investigated. Results showed that brand associations, affective response, brand superiority and brand congruity have direct positive effect on brand resonance of the university (Hosieni et al., 2015).

## **Conceptual model and hypothesis**

Based on review of literature hypothesis and conceptual model will be as below:

- H1: Brand awareness has direct positive effect on brand associations
- H2: Brand associations has direct positive effect on brand superiority
- H3: Brand associations has direct positive effect on brand affect
- H4: Brand associations has direct positive effect on brand resonance
- H5: Brand superiority has direct positive effect on brand affect
- H6: Brand superiority has direct positive effect on brand resonance
- H7: Brand affect has direct positive effect on brand resonance

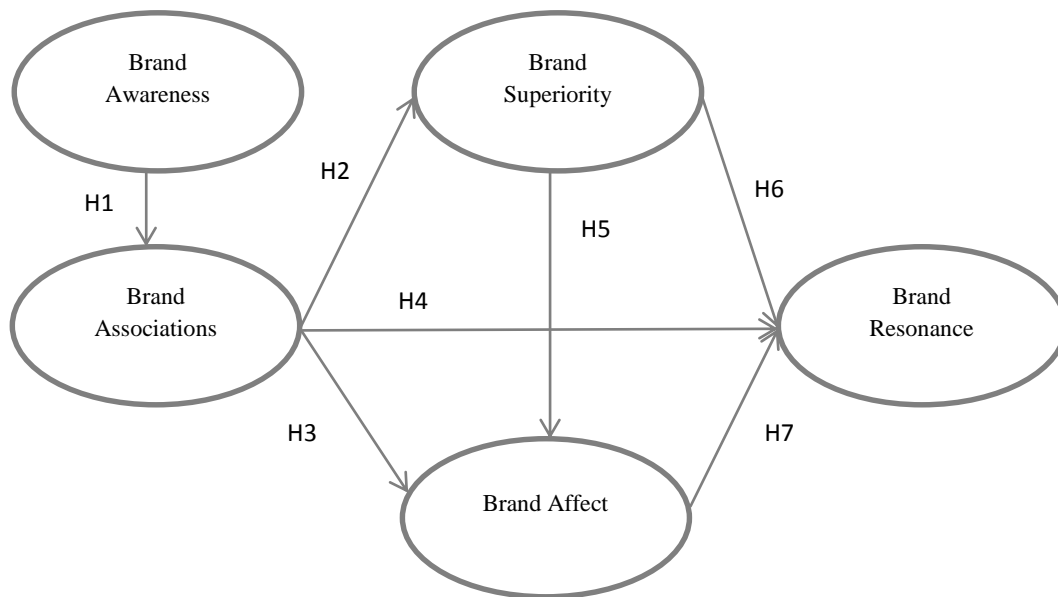


Figure 1: conceptual model

**Research Methodology**

**Measures**

In this study different measures has used in the questionnaire. For measuring brand awareness the scale of Yoo et al., (2000) has been used. Brand associations has been measured by Ross et al. (2006). We measured brand superiority by adapting measures of Keller (2003). Brand affect has been measured by Eagly et al. (1994). The measure of brand resonance has been adopted by work of bauer et al. (2008).

**Sample**

The data for this research were gathered using a self-administrated questionnaire. The universe was all the Customers of Merident brand which is the main oral care brand of Golrang Industrial Group in Tehran. With using non-probable convenient sampling and according to Morgan table since the universe is not limited the sample should be at least 384. For covering the minimum needed sample 400 questionnaire were distributed and 386 usable questions where returned. The general information of the sample is presented in table 2.

Table 2: demographic information of the sample

Percentage	Levels	Variable	Percentage	Levels	Variable	Percentage	Levels	Variable
72	married	Marital Status	22	Under 30	Age	45	Men	Gender
28	single		36	30-40		55	Women	
		32	40-50	12		Diploma	Education	
		11	More than 50	64	Bachelor			
						24	Master of Higher	

As the table 2 shows, 45% of the sample were men and the rest were women. Most of the participants had bachelor and there were few people with diploma (12%). Majority of the participants were among 30 to 40 years old and 72% were married.

**Analysis**

**Confirmatory measurement model**

In order to perform statistical analysis LISREL 8.5 and SPSS 21 were used as statistical software. As shown in table 3, a confirmatory factor analysis was first performed for testing the variables. Moreover, the reliability of scales was measured through the composite reliability and the Cronbach’s alpha for all the constructs. In particular, all the estimated indices were above the threshold of 0.7 for Cronbach’s alpha (Nunnally and Bernstein, 1998) and 0.6 for CR (Bagozzi and Yi, 1988). This showed good internal consistency of scales. In addition, we obtained acceptable values for the extracted variances, being all the standardized factor loadings statistically significant for all the items. Moreover, as all AVE values were greater than 0.5, we concluded that more than 50% of variances of a construct was due to its indicators (Fornell and Larcker, 1981). All this allowed us to confirm the convergent validity of the model.

In order to test the discriminant validity, we used Fornell and Larcker's (1981) criterion, since it is considered as the most stringent one (Farrell, 2010). This method requires a construct's extracted variance to be bigger than the squared correlation of this construct with another construct. As depicted in table 4, all square root of AVE were higher than the correlation between constructs. Therefore, the discriminant validity was also confirmed.

**Table 3:** Constructs and Items measurements

Construct	Item	St. loading factor	T	Cronbach's alpha	Composite reliability	Average variance extracted
<b>Brand Awareness</b>	I am aware of my favorite brand	0.61	-	0.75	0.84	0.64
	I can recognize my favorite brand among other competing brands	0.85	15.08			
	When I think of my favorite toothpaste, my favorite brand comes to my mind quickly	0.80	10.71			
	Among its competitors, I know what my favorite brand looks like	0.91	8.82			
<b>Brand Affect</b>	Thinking about my favorite brand makes me feel good	0.70	-	0.83	0.91	0.57
	Just looking at my favorite brand inspires me	0.90	9.81			
	I admire my favorite brand	0.70	7.16			
	I have strong affection for my favorite brand	0.94	10.10			
	I am passionate about my favorite brand	0.64	9.81			
	No other brand could make me as happy as my favorite brand does	0.83	6.46			
<b>Brand Superiority</b>	My favorite brand is very unique to me	1.03	-	0.79	0.75	0.51
	My favorite brand offers superior value in comparison to its competitors	0.80	9.92			
	My favorite brand offers higher a higher quality product in comparison to its competitors	0.89	7.23			
	My favorite brand offers more advantages compared to its competitors	0.83	8.16			
	My favorite brand is superior to all other competitors	0.69	10.95			
<b>Brand resonance</b>	I like to visit my favorite brand's website	0.87	-	0.88	0.82	0.69
	I am always interested in learning more about my favorite brand.	0.73	9.41			
	I regularly seek news and information about my favorite brand	0.79	10.05			
	I would be willing to pay a premium price for my favorite brand.	0.70	10.80			
	I consider myself loyal to my favorite brand	0.94	7.92			
	I am willing to buy toothpaste with my favorite logo on it	0.75	11.77			
	I really like to talk about my favorite brand with others	0.80	13.38			
	I feel like I belong to a club with other consumers of my favorite brand	0.79	5.64			
	I am willing to engage in social activities with other consumers of my favorite brand	0.80	11.77			
	I identify with other consumers of my favorite brand	0.93	6.06			
<b>Brand association</b>	Comfort	0.57	-	0.89	0.93	0.66
	Performance	0.76	4.25			
	Quality	0.83	7.67			
	Enjoyment	0.86	8.68			
	Brand name	0.61	3.18			
	Brand logo	0.85	7.96			
	Name of specific product	0.80	9.57			
Price	0.61	-				

**Table 4:** means, standard deviation, square root of AVE and correlations between constructs

Construct	Mean	St. deviation	Correlations				
			Brand awareness	Brand affect	Brand superiority	Brand resonance	Brand associations
<b>Brand awareness</b>	3.54	0.89	0.80	-	-	-	-
<b>Brand affect</b>	4.11	0.76	0.45	0.75	-	-	-
<b>Brand superiority</b>	4.04	1.06	0.59	0.39	0.71	-	-
<b>Brand resonance</b>	3.96	0.95	0.63	0.74	0.62	0.83	-
<b>Brand association</b>	3.88	0.91	0.65	0.61	0.48	0.54	0.81

Note: diagonal numbers are square root of average variance extracted and others are correlations

**Hypotheses testing**

An examination of t values and significance level reveals that seven hypotheses are significant. Table 5 reports  $\beta$  of the path s, t values and whether the hypotheses are supported or not. Results shows that brand awareness has a direct and significant impact on brand associations ( $\beta=0.32$ ,  $t= 6.35$ ) thus H1 is supported. Brand association has a direct significant effect on brand superiority ( $\beta= 0.45$ ,  $t=5.98$ ) therefore, H2 is supported. Brand association has a direct positive effect on brand affect ( $\beta= 0.41$ ,  $t= 2.98$ ) thus supporting H3. Brand association has direct positive effect on brand resonance ( $\beta= 0.57$ ,  $t=3.11$ ) thus supporting H4. Brand superiority has direct positive effect on brand affect ( $\beta= 0.61$ ,  $t= 7.89$ ) thus supporting H5. Brand superiority has direct positive effect on brand affect ( $\beta=0.61$ ,  $t= 7.89$ ) thus supporting H6. Finally, brand affect has direct positive effect on brand resonance ( $\beta= 0.44$ ,  $t= 5.17$ ) thus supporting H7.

**Table 5:** Hypotheses results

	Hypothesis		$\beta$	t	Hypothesis status
<b>H1: Brand Awareness</b>	<b>Brand Associations</b>	→	0.32	6.35	Supported
<b>H2: Brand Association</b>	<b>Brand Superiority</b>	→	0.45	5.98	Supported
<b>H3: Brand Association</b>	<b>Brand Affect</b>	→	0.41	2.98	Supported
<b>H4: Brand Association</b>	<b>Brand Resonance</b>	→	0.57	3.11	Supported
<b>H5: Brand Superiority</b>	<b>Brand Affect</b>	→	0.61	7.89	Supported
<b>H6: Brand Superiority</b>	<b>Brand Resonance</b>	→	0.44	5.17	Supported
<b>H7: Brand Affect</b>	<b>Brand Resonance</b>	→	0.49	6.23	Supported

**Conclusion**

Brand equity has been introduced by Keller (1993) and since then has a considerable amount of progress in regards to how consumers perceive, interpret and becoming loyal to brands. This study with use of Keller brand equity model provides a crucial step in understanding how consumers think, feel and act in response to an oral care brand. This study provides deeper understanding of the role that brand associations play in the brand-building process as well as the importance of consumer emotions. The results of this study provide empirical evidence of the importance that brand associations play in the overall brand building process. However, unlike previous researches, this study shows there is direct effect between brand association and behavioral intentions. Finding of this study has several implications for managers and marketers of Pakshoo and other players in Oral care industry and other FMCG players. Results of this study show that strong brand will lead to creation of customers who are not only loyal but due to brand resonance are now brand advocates of the company. Therefore, a proper plan for brand building can lead to increase in sale and market share due to more word of mouth creation. This study shows how important is to engage customers in the process because this in turn will lead to better affect from the brand and consequently creation of brand resonance. Therefore, we recommend to Pakshoo and other players in oral care industry to engage customers in different steps of branding. For instance, having a comprehensive CRM system by which the company can engage customers in different processes (e.g. designing, advertising, branding and ...) can lead to co-creation of value in different procedures which reduces the incongruity of value proposition of firm with value in use for customer. Another practical recommendation would be designing marketing messages which impart brands associations into the mind of the customers. For instance Pakshoo or other players in oral care industry can extract functional attributes of their products from view point of their customers and making them bold in their advertising which can lead to creation of brand associations in the mind of the customers. Future studies can work and operationalize this model in other FMCG industries or even service industries to see the potential differences in different industries. Moreover, this study derived the model out of Keller brand equity model, future study can do the same procedure with Aaker brand equity model and by operationalizing it the commonalities and differences will be identified.

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