The Effects Of Advertising And Price Promotion On Brand Equity Dimensions Of Samsung Company

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ABSTRACT

Brand equity is one of the most valuable assets of any company in today's world. In the eyes of customers, companies having a high status in brand equity name can have more profit among other companies in their relevant industry. The purpose of this research is to investigate the effects of advertising and price promotion on brand equity and its dimensions such as perceived quality, brand association, brand loyalty and brand awareness. This research is in terms of practical and descriptive approach. Statistical population of this research is consumers' products of Samsung Company. 140 questionnaires were completed in representations of this company in Mashhad city in form of available samples. The results indicate that advertising and promotional activities which are related to price have a significant relationship with brand equity.

INTRODUCTION

Historically, from advent of brand value as important tools of marketing has passed about 120 years. The concept of brand value has been widely studied by researchers and refers to this concept which brand value is an equity giving to a product or service through its name. The aim of researches which brand value is evaluated by consumer perceptions into analysis reaction of consumers to brand name. In the opinion of customers, a trademark can generally define as all their experiences. A successful trademark is an identifiable product, service, person or place that is added in such a way which purchasers realize relevant added values that match their requirements closely. Marketers are also aware of this issue which customers value their favorite brands, so they seek to amplify this concept in various stages of brand localization in order to achieve to a competitive advantage. This competitive advantage can not only be achieved by relying on the functional characteristics of products and services. Brand is the most important factor which distinguishes a trade company from competitors [1].

Literature Review:

Brand value:

Value of brand is called as inherent tremendous value in a prominent brand. There are diverse definitions of brand value which we state some of them:

Brand value is assortment of assets and capabilities which is associated with brand. In fact, it is a name or symbol increasing or diminishing value which is created by goods or services for companies or consumers of companies. Array of future benefits which obtains from previous marketing activities is value of brand. Value of brand is intangible characteristics of brand. Brand value is a value which can be added by name and it will bring profit or market share. This value can be considered by customers both as a series of financial assets and as a series of relationships and appropriate behavior. According to these definitions, brand value can be a value which is relevant to brand name. A powerful brand can attract loyalty customers and make it possible for the company to gain immense profit [16].

Oliver [19] believes that value is a unique structure of satisfaction and quality; in addition to, He believes that value and satisfaction indicators affect each other and cause acceptable results such as customer loyalty during the time. He notes that every superficial understanding of value will cause to disregard other aspects influencing on customer loyalty. Value has traditionally been a model which indicates loyalty.
There are three dominant approaches related to brand value. Definitions are related to these concepts will change depending on which approach is considered.

1- Brand value approach based on the customer: In this perspective, brand value is an added value which is granted to a product by thoughts, words and behaviors of consumers.

2- Financial approach or brand value approach based on financial consequences: This approach generally refers to the price or value of a brand and is focused on brand assets value.

3- Mixed approach: it is a combination of first and second approaches [16].

Selecting and implementing appropriate and developed strategies is considered as ultimate factor for success of an organization. Customer’s reliance upon making decision based on brand will increase if a customer reaches to this believe there are significant distinct among brands and this issue leads to an important part of information for purchase decision. Brands, especially those that have a high value, can be considered as the most valuable and powerful assets of organization. This will allow organizations to benefit from high brand loyalty, brand awareness, perceived quality and strong connection with customers. Additionally, creating a long-term customer loyalty can make a distinctive advantage for organizations with high-value of brand [4].

Dimensions of brand value:

- Brand awareness:

  Value of a brand is somewhat determined by awareness that it makes. The role of brand awareness in brand value depends on awareness has been obtained. The more level of awareness; brand will be more dominant and the probability which brand is considered in many situations of purchasing will increases. Therefore, enhancing level of awareness will increases this possibility that brand has an effect on consumer decision [18].

- Brand loyalty:

  The concept of brand loyalty is a vital component of brand value. This concept has a direct and positive relationship with brand value. Starting point of loyalty is by consumers having a low level of loyalty. These consumers select brand on the basis of its price. Usual buyers are in the second stage. Meaning those who prefer a specific brand, but this consumers are after buyers committed who consider themselves loyal to the brand. There is a significant difference between brand loyalty and brand preference. When a consumer does not buy a product, it is said he is loyal; however, other brands offer superior product [18].

  Generally, brand loyalty reduces expenses because a customer retention expense is lower than expenses of customer acquisition. Real loyalty creates an actual commitment to brand, besides frequent purchase. Loyalty may be both as a result of attitude of loyalty to the brand and as a result of being a permanent customer. Frequent Purchase behaviour alone does not indicate whether or not the customer is loyal to a brand [6].

- Perceived quality of the brand:

  It means whatever the caliber of services which are offered to customers be better, customers will feel more satisfaction to provided service and this will cause to create a positive attitude and perception of service in the minds of customers and loyalty to the brand [20].

Impact of advertising on brand value:

- Advertisements will create positive assessments and attitudes which are easily retrievable in mind. Furthermore, it can be effective on how consumers learn about products [5].

  Chauvin and Hirschey [8] have also stated that cost of advertising, research and development in non-manufacturing sectors will affect value of the relevant companies. On the other hand, advertising can affect brand value through perceived quality and brand association.

  Advertising is constantly considered as a common factor which affects brand value. In addition to, intangible characteristic of services has led organizations towards promotion of brand to customers so that advertisements are considered as a vital factor towards succeeding in any services marketing strategy. Advertisement is one of the five components of promotion instruments which are used along with sales promotion, public relations, personal selling and direct marketing in communicating with the target customers [14].

The impact of price promotion on brand value:

- From the viewpoints of researchers, price promotion is effective on brand equity. Price adjustment is usually used as the first factor by producers in order to encourage customers to buy [7].

  From the perspective of consumers, price impacts quality of a product or service indirectly. In fact, price has a positive correlation with quality of goods and services. Brand value is negatively affected by price promotion.
Although sales promotion in general and price promotion specifically have benefits in the short term for consumers, they will decrease brand value in the long term. Therefore, it is possible that price promotion affects on consumers’ perceptions of perceived quality, brand value and the purchase decision process negatively. Actions have been done to reduce price can also cause confusion to customers and put position of brand at risk through presenting unstable illustration of the brand [15].

Previous Empirical Studies:
A study about brand familiarity and confidence as determinants of purchase Intention was done by Laroche et al (1996). They found that advertising is one of the five components of promotion instruments which are used in communicating with the target audience along with the sales promotion, public relations, personal selling and direct marketing.

A research in the field of effect of promotion and advertising on consumer brand Choice was examined by [15]. The results indicated that price Promotion is negatively affected by brand value. Although sale and price promotion are Benefit to customers in short term, they will resulted in reducing brand value in long term

Effective factors on brand value in consumer eyes was Investigated by [10]. The results showed that family, advertising and distribution affects brand equity indirectly.

Research framework:
Theoretical framework is presented in the following figure, which shows the effect of variable of advertising and promotional activities related to prices on brand equity dimensions (perceived quality, brand loyalty, brand awareness) that is taken from brand equity model of [1].

Fig. 1: Conceptual model of research

Research hypotheses:
The main hypothesis of the research:
1. There is a significant relationship between advertising and brand equity
2. There is a significant relationship between price promotion and brand equity

Sub-hypotheses of research:
1. There is a significant relationship between advertising and Perceived quality of the Samsung brand
2. There is a significant relationship between advertising and Samsung brand loyalty
3. There is a significant relationship between advertising and awareness of Samsung brand
4. There is a significant relationship between Perceived quality of Samsung brand and price promotion
5. There is a significant relationship between Samsung brand loyalty and price promotion
6. There is a significant relationship between Perceived quality of Samsung brand and price promotion

MATERIALS AND METHODS
This research is in terms of practical and descriptive approach. Statistical population of this research is consumers’ products of Samsung Company. 140 questionnaires were completed in representations of this company in Mashhad city in form of available samples.

A questionnaire which was designed for this study consists two parts; general and special questions. The first part is about demographic information of respondents which is included Gender, education and age. The second section includes 18 questions related to the specialized variables. Reliability and validity of the questionnaire was confirmed by experts and professors; moreover, by Using Cronbach’s alpha, the reliability is 0.82 which is verifiable.
Method of data analysis:

Kolmogorov – Smirnov was used in order to investigate normality of the data and Also, Pearson correlation coefficient is used to evaluate the relationship among variables. It should be noted that Spss18 software was used to analyze data.

Kolmogorov – Smirnov was used in order to investigate normality of the data. The results of this test are as following:

Table 1: Results of normality test

<table>
<thead>
<tr>
<th>p-value</th>
<th>error level</th>
<th>variable</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.11</td>
<td>0.05</td>
<td>Advertising</td>
</tr>
<tr>
<td>0.09</td>
<td>0.05</td>
<td>Price promotion</td>
</tr>
<tr>
<td>0.1</td>
<td>0.05</td>
<td>Perceived quality</td>
</tr>
<tr>
<td>0.1</td>
<td>0.05</td>
<td>Brand loyalty</td>
</tr>
<tr>
<td>0.08</td>
<td>0.05</td>
<td>Brand awareness</td>
</tr>
</tbody>
</table>

As we can see from the above table, the significant values of all the variables are more than 0.05; therefore, assumption of normality of the data is accepted.

In the next stage, hypotheses are examined by using Pearson correlation test.

Table 2: Pearson correlation test results

<table>
<thead>
<tr>
<th>Dependent variable</th>
<th>Independent variable</th>
<th>correlation coefficient</th>
<th>p-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand equity</td>
<td>Price promotion</td>
<td>0.66</td>
<td>0.000</td>
</tr>
<tr>
<td>Perceived quality of Samsung brand</td>
<td>Significant and direct</td>
<td>0.59</td>
<td>0.000</td>
</tr>
<tr>
<td>Samsung brand loyalty</td>
<td>Significant and direct</td>
<td>0.67</td>
<td>0.000</td>
</tr>
<tr>
<td>awareness of Samsung brand</td>
<td>Significant and direct</td>
<td>0.64</td>
<td>0.000</td>
</tr>
</tbody>
</table>

As we can see from the above table, the significant values of all the variables are less than 0.05, so all hypotheses are accepted. Furthermore, the relationship between advertising and brand equity (perceived quality, loyalty, awareness) is significant and direct. Moreover, there is a significant and negative relationship between Price promotion and brand equity (perceived quality, loyalty, awareness).

Conclusions:

According to the results, advertising has a direct relationship with brand value; furthermore, first, second and third sub-hypothesis was confirmed. In fact, Variable of Advertising has a direct and significant relationship with brand awareness, brand loyalty and perceived quality. Effective advertising can enhance brand awareness, perceived quality and brand loyalty. Advertising creates an emotional image of brand which brand character is formed from that point. So advertising can make a brand more attractive for customers. Hence, we can say that advertising helps to build brand equity and also according to the results of this study, it was shown that Brand value has a significant and negative relationship with price promotion. In the dynamic competitive markets, managers must recognize the importance of marketing communications and its impact on the brand. To achieve this goal, Managers should pay attention to effective factors on Brand In their strategic planning.

REFERENCE


