



Review the Impact of Advertising and Sale Promotion on Brand Equity

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Abstract

Today, establishing and achieving to strong and powerful brand is one of the priority for any organization, because it follows a lot of benefits. The strong brand gives the possibility to company for setting itself in the market, avoiding the company expose to danger by competitive actions and having important role in cooperating and supporting the brand expansion chances. In measuring and evaluating the brand equity, active marketing researchers firstly review the concept of brand equity which is indicated the significant value of brand for producer, retailer and consumer. Brand equity derives from the consumer's perception from that brand and this perception is changed by some factors. Brand equity couldn't be realized and understood without considering its resources i.e. factors which are effective in the creation and formation of the brand equity in consumer's memory. In this research we tried to present a functional and clear definition of brand equity and its dimensions. Generally, in this paper, we have dealt with the review of effective factors such as advertising and sale promotion in order to know how these marketing tools affect on the brand equity. Finally, the widespread use of advertising and reduction of sale promotion is suggested for brand equity. This paper also is presented some suggests for future researches.

Key words: Advertising, Sale Promotion, Brand Equity, Brand

Introduction

In consumer marketing, brands mostly were the starting point of competitive suggests, so that they can be crucial for success of organizations. Hence, it is important to manage brands by strategic approach (Wood, 2000). The brand is the main property of the company (Aaker, 1996). Brand equity shows difference in price in which a strong brand is attracted in its sale in comparison with a medium brand (Aaker, 1996). Moreover, brand equity, by supporting customer's value, indirectly increases the value of the company. Brand equity and customer's value through increasing: "effectiveness and efficiency of marketing plans, brand loyalty, price

and profit margin, brand development, business leverage and competitive advantage” give value to company (Aaker, 1996). From behavioral point of view, brand equity is very important in making distinction points which is resulted in competitive advantage in non-price competition (Aaker, 1991). An important Conceptual wisdom about brand equity is suggested a property which is expected it to increase customers’ value and their intention for buying and enhance market performance (Balduaf et al, 2003). In this paper, we will try to review subjective literature pertaining to research topic, documentary, by using theoretic comparison in some experimental research and finally we present a theoretic invention which is derived from mentioned researches. At the end, after describing results and founding and mentioned cases have aggregated , discussion, conclusion and functional suggestions and suggests which is concerned with persisting simulated researches will be presented.

Problem expression and the importance of the subject

Despite of tremendous tendency to brand equity, few conceptual developments and experimental researches are implemented to found that which of the marketing activities create brand equity (Barwise, 1993). Until now, identifying brand equity is mainly emphasized and its resources and development are ignored. Shocker et al believed that we must pay more attention to develop a systematic sight of products and brands in order to specify how intangible assets which are resulted from manager’s pricing, promotion, services and distribution decisions, contribute with self-product to form brand equity and affect on buyer decision-making. In response to this claim, this paper is studied relations between sale and advertising promotions and brand equity. This research intending to find that how do these marketing actions increase or decrease brand equity. There are a lot of brand equity models which is used from consumer researches for measuring relative performance of the brand equity. These models do not determine a financial value for brands, but they review consumer’s behaviors and perspectives that is too much effect on the economic performance of the brand. These models often consist of a large number of conceptual criteria such as: brand awareness, brand association, brand image, brand knowledge, brand loyalty, brand identity and etc. Aaker’s brand equity model is fitted in this category. Therefore, the output of this model is not only a financial value, but also it is information that is helped managers in strategic management of the brand. Moreover, this model is fitted in the customer-based approaches which is considered customer’s heart and opinion as the source of the brand equity. Aaker’s Brand Evaluation Model is a powerful conceptual tool for managers to understand the brand equity maker resources and identify the real origin of this value. This awareness and cognition help managers to select more appropriate goals and strategies for their brand and allocate their available sources in agreement with this goals and strategies, efficiently.

The conceptual framework of the research

The conceptual framework of this research includes independent parameters (advertising and sale promotion) and dependent parameters (brand equity and its dimensions).

Advertising

Advertising is any paid form of non-personal presentation and promotion of ideas, goods and services and it is required price (Kotler, 2003). Among components of marketing integrated

communication model, advertising has more identified position than the other marketing components, because costumers informed new products through advertising (Ryans and Ratz, 1987). In addition, advertising is minimized barriers between costumers and organization (Blech, 2001; Lopez et al, 2002).

Sale Promotions

Sale promotion consists of a set of various and different and often short period motive tools which is used for consumer's or buyer's provocation to buy more and faster (Gupta, 1988; Boddewyn, 1989; Neslin, 2002). Promotion tools consist of coupon, rewards, free samples, discounts, advertising goods and etc.

Brand Equity

There are a lot of definitions for brand equity, but we point some significant definition which is derived from several articles: A. Brand equity is a set of assets and commitments linked to a brand's name and symbol that adds to (or subtracts from) the value provided by a product or service to a firm and/or that firm's customers (Aaker, 1991; Aaker, 1996). B. Brand equity is the differential effect of brand recognition on consumer response to the marketing of that brand (Keller, 1993). C. Brand equity is a power that a brand may have achieved it in a market because of its name, sign and logo (Farquhar, 1989).

The Dimensions of the Brand equity according to Aaker's theory

1- Brand Loyalty

Loyalty is an important concept in marketing strategy and as Aaker said the brand loyalty is the center core of brand equity. Loyalty caused costumers spent less time for seeking information. In 1992, Solomon showed that loyalty-based buying decisions might turn into a habit and this may be resulted from current brand equity. The loyal customers would have benefit for an organization in the reducing costs and implementing its works (Rundle and Bennet, 2001). Moreover, loyalty can get a chance to company to react against threats such as competition because as consumers become loyal to a brand they become less sensitive to a price increase because of the product's ability to satisfy their needs (Graham et al, 1994).

2- Brand awareness

Brand awareness is recalled brand memorization power in customer's mind. There are four types of brand awareness: A) High mental awareness, B) Brand reminding, C) Brand recognition, D) Unawareness (Bumm and Gon Kim, 2005).

The role of brand awareness depends on the level of awareness achieved. In the higher awareness level buying the possibility of considering brand and the effect of awareness on buying decision are increased (Rundle and Bennet, 2001).

3- Perceived quality

Perceived quality is the customer's judgment about a product's overall quality or superiority of one goods or service in comparison with customer's tendency to its substitutions (Simon and

Sullivan, 1993). For understanding perceived quality, recognizing and measuring main dimensions will be useful. But perceived quality is a world structure and a summary. The brand is linked with customer's perceived quality; a perception which is only shows overall quality and is not necessarily in concern with its trivial characteristics. High quality could be a base for developing the domain of brand (Farquhar et al, 1991).

4- A set of brand dependents

Dependents are made a basis for loyalty and buying decision. Dependents could be made value by below ways: process/information recovering and distinction are the reasons for buying brand and making positive feeling and vision. Also, they are basis for developing brand's domain (Hosseini and Rahimi, 2007).

5- Other brand's private property

First three groups of brand equity are indicated customer's perceptions and reactions. The fourth is the customer's base. The last group indicates the other brand's private properties such as franchises and registration rights, trademarks, channel relationships and etc. if brand's properties are prevented from competitors' entry for weakening customer's loyalty, they have the most valuation (Farquhar et al, 1991).

The background of the research

Rahil shams (2004) reviewed the relationship among selected marketing mix components and brand equity of mobiles in young age group of Tehran city. In conceptual framework which is proposed in this study, first marketing components are linked to various dimensions, and then these dimensions are linked to brand equity. The results indicated positive effects of brand equity dimensions on brand equity and strong effects of marketing mix components on these dimensions.

Somayyeh Lagazian (2006) dealt with the consumer subject and the state of brand equity's evaluation (a study of hotel management industry). This research is dealt with the review of the evaluation of brand equity (perception of quality, mental image, and brand awareness) by the consumer's cognitions in hotel management industry of Mashhad city. The main issue of this research is that what factors are affected consumer's cognitions in order to show a brand in prominent form in his/her mind by this effect.

Seyfali Zarbi (2007) dealt with the evaluation of selected marketing mix components' effect on brand equity. The data analyses results by using of structural equation model support the hypotheses of the research in the case of direct effects of parameters on each other. Results indicate the positive effect of brand equity dimensions on brand equity and strong effect of selected marketing mix components on these dimensions.

Kim and Hyun (2010) presented a model for evaluating the effects of marketing mix's efforts and also for company image on brand equity in the software section of information technology. The results indicated that all the efforts of marketing mix affected on overall value of the brand equity which each of them are a representative of market operation through three dimensions of the brand equity. The mental images of the company smooth the effects of marketing mix on three dimensions of brand equity.

Chattopadhyay, Dutta and Sivani (2010) reviewed the medium mix which is affected on brand equity (the study of wagon- making in India). In this research the effect of medium mix component on brand equity dimension is examined. At a first time, buyers expect have level of knowledge low than repetitive buyer, thus a different behavior from repetitive buyer is expected, while structural knowledge of these two groups is expected differently, It is reasonable to expect that they differently would like to have information in concern with product process /brand equity and this is confirmed by results.

Rajh (2005) studied the effect of marketing mix components on brand equity. The results indicated that the structural model has an acceptable level in proportion with experimental data. Structural coefficient and estimated indirect effect coefficient specified the direction and the power of each of the analyzed marketing mix component.

Hua (2005) studied the effect of marketing mix on brand equity. This study is done in three classification, razor, soap and orange juice in Australia market to show brand equity's criteria and also to examine the proposed effects. Advertising in some media are found with positive effect on brand equity and TV advertising have more effect on providing brand equity in comparison with publishing advertising. The effect of promotion on brand equity was complicated and only large promotion with negative effect on brand equity is found.

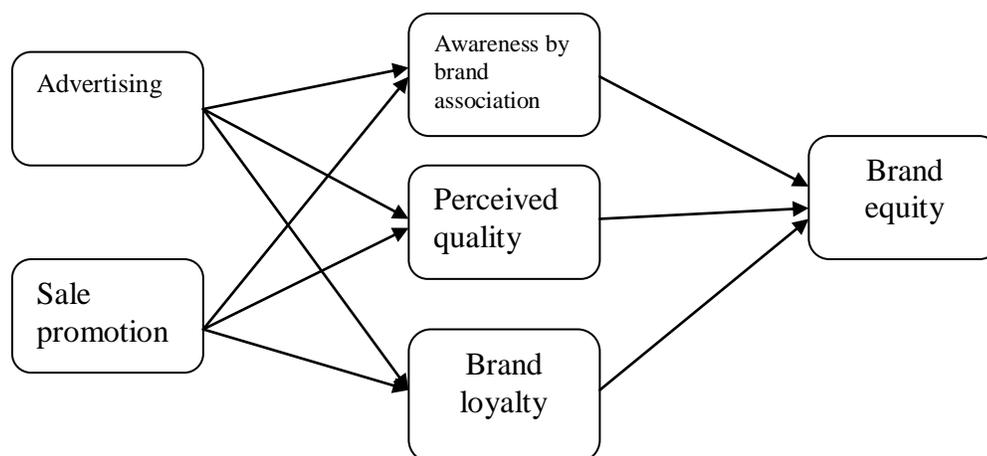
Villarejo-Ramos and Sanchez-Franco (2005) reviewed the effect of marketing communication and sale promotion on brand equity. Results indicate positive effect of marketing communication on brand equity and present strong protection from the criterion of perceived quality, brand loyalty, brand awareness and brand image as a preface of brand equity.

Yoo, Donthu and Lee (2000), evaluated selected marketing mix and brand equity. Results indicate that a lot of promotions such as price discount in concern with brand equity, while high spend advertising cost, high price, good mental image and high distribution power in concern with high brand equity.

Conceptual model of research

Conceptual model is starting point and basis for implementing studies and researches so that it is specified desired parameters of the research and their relationship (Edwards et al, 2000).

Diagram 1: the relationship between advertising and sale promotions with brand equity dimensions and brand equity



According to related topical literature and regarding to similar implemented researches, following model is proposed. Due to the spread of subject, the fifth dimension is ignored and awareness and association (dependents) will be reviewed in another dimension.

The relationship between advertising with the dimensions of the brand equity

Advertising: researchers surely found that advertising is a successful factor to provide brand equity, particularly where the sale promotion is failed (Boulding, Lee and Staelin, 1994; Chay and Tellis, 1991; Johnson, 1984; Lindsay, 1989; Maxwell, 1989). Simon and Sullivan (1993) identified the positive effect of advertising. Cobb-Walgren et al (1995) found that spending advertising costs has positive effect on brand equity and its dimensions. Advertising is an external signal to show the quality of products (Milgrom and Roberts, 1986). Heavy investing in advertising indicates that company invested on its brand which is evolved high quality (Kirmani and Wright, 1989). Moreover, Archibald et al (1983) found that not only advertising just shows high quality, but also make well profit. In addition, Aaker and Jacobson (1994) identified a positive relationship between advertising and perceived quality. Thus, we could say that advertising positively affects on perceived quality and subsequently brand equity. Advertising play an important role in increasing brand awareness. Repetitive advertising program increase the chance of paying attention to brand, simplify costumers' selection and habituate the selection of brand (Hauser and Wernerfeldt, 1990). Hence, advertising is positively concerned with the awareness of the brand association which is increased brand equity. Moreover, advertising attempts are positively concerned with brand loyalty because it is reinforced the brand awareness and steer the viewpoints to the brand (shimp, 1997).

Price promotions: sale promotions, particularly price promotions (like: short term reduction of prices such as specific sales, coupon, price discounts, repayment and ...) made believe that it is eroded brand equity during the time, while in short term period it is enhanced the income. Sale promotions are not proposed as a way for providing brand equity because it is easily duplicable and soon it is deactivated (Aaker, 1991) and only they are increased short-term operation through sale provocation and change one name to the other name (Gupta, 1998). In addition, repetitive price promotions may tow the low quality of the brand that in long-term period endanger the brand because it is caused costumers' confusion duo to difference in expected price and observed price which is caused making the image of unstable quality (Winer, 1986). Costumers couldn't predict the price of sale location but they could predict disruption regarding to expected price and actual price which is negatively affected on brand equity selection decisions and perceived quality which is resulted the reduction of the brand equity. Also, sale promotions are not enough for providing brand awareness (shimp, 1997). Then, focus on promotions neglected awareness advertising and subsequently brand equity. It is not appear that price promotions in concern with brand loyalty, although they temporarily compatible with changing one name to another name. They often failed in providing a new frequent sale pattern.

Brand equity and brand equity dimensions relationships

Brand equity is defined as the added value for named product in comparison to the unnamed product. This is the result of three dimensions of the brand equity i.e. brand awareness, perceived quality and brand loyalty (Yoo et al, 2000). The positive effect of these three dimensions on total value of the brand equity is discovered in America and Korea inter-culture study (Yoo and Donthu, 2002).

Discussion and Conclusion

Providing brand equity meant providing a powerful brand which is a successful strategy to differentiate goods from those of competitor's brands (Aaker, 1991). Brand equity is provided a considerable competitive advantage, because it is provided significant competitive barriers. Brand equity is developed by increasing perceived quality, increasing in brand loyalty and brand awareness that each of them couldn't be made or destructed in short term period, but they could be made in long term period by well-designed investment. Therefore, brand equity is stable and durable and the product with powerful brand equity is counted as a valuable asset for the company. Our study is reviewed the importance role of the sale promotion for providing powerful brand equity. Managers can use findings to adopt strategies for providing brand. Regarding to implemented research two results is gained.

1- Advertising

Experiences and obtained results indicate that costumers tend to believe advertising comments and assume that the probable function is according with their claim (Richins, 1995). Therefore, when costumers exposed to frequent advertising, not only their awareness and mental association increase, but also they gain more positive perception resulted in powerful brand equity. One of the major reasons of customer loyalty reduction is the reduction of advertising. In order to reinforce the views and beliefs that is in concerned with brand, advertising help to have a powerful brand loyalty (Shimp, 1997). Regarding to numerous and multiple reasons, brand image is complicated and advertising is a general way to develop the formation and manage this image. Managers should invest on increasing brand equity in advertising with clear objectives.

2- Sale promotions

Through experimental presenting of the actual product, Promoting events with long-term goals can provide brand equity which is helped to provide powerful, desired and unique connections (koler, 2008). On the other hand, price reduction in short term period such as amount of percentage may not be suggested for providing brand equity, even if they increase the sale in short term period (Aaker, 1991; Yoo et al 2000). In industrial marketing promotion activities such as seller and websites are often mentioned as the background of brand equity dimensions (Sharma et al, 2001; Van riel et al, 2005). Since sale promotions make stronger and more complete react, they can be used for better representing and sale increase in stagnation. But it is noted that a tool is short term and in order to excel in goods and brand, brand managers should apply it with long- term goals, because the costumers comprehend activities with low quality. Instead of supplying sale promotion, managers should invest on developing brand equity.

Recommendation for future researches:

As it is mentioned several times during this research, brand equity is one of the most important competitive factors in past and present time that is ever-increasing spread and companies want to make specific value more than other competitors. Brand equity may not only make value for company and customers, but also can make value for personnel, stockholders and

managers, because it is only completed common factor which can be steered organization to success (Schultz, 1998). Regarding to specific importance of the brand equity, a general suggest is that researchers must pay more attention to the brand equity.

In this direction following suggests are listed:

- Identifying possible effective components in effectiveness of the brand equity
- Using of more classes of product including services, various subjects and the other cultures
- Reviewing the effect of the attempts of marketing mix (price, place, product and promotion) on brand equity.
- Reviewing the role of mental image of the company in the effectiveness of marketing mix components on brand equity
- Reviewing relations between brand equity dimensions.
- Reviewing types of variety form of direct criteria of the market activities such as sales volume, market share and profit on brand equity.
- Categorizing effective factors on brand equity according to their priority.

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