

THE EFFECT OF ADVERTISING ON BRAND EQUITY: EMPIRICAL EVIDENCE FROM THE MOBILEPHONE MARKET IN CENTRAL VIETNAM

ẢNH HƯỞNG CỦA QUẢNG CÁO ĐẾN GIÁ TRỊ THƯƠNG HIỆU:
KHẢO SÁT TRÊN THỊ TRƯỜNG ĐIỆN THOẠI DI ĐỘNG TẠI MIỀN TRUNG, VIỆT NAM

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ABSTRACT

This paper evaluates the effect of advertising on brand equity. The effect of advertising on brand equity will be approached in terms of two perspectives: perceived advertising spending (PAS) and perception of advertising (PA). Samples were assembled from 295 customers who own mobilephones on the market in Central Vietnam. Structural Equation Modeling (SEM) results indicate that: (1) perceived advertising spending has significant positive and direct effect on brand awareness, but it does not have direct significant influence on perceived quality and brand association; (2) perception of advertising has significant effects on brand awareness, perceived quality and brand association; (3) brand awareness, perceived quality and brand association have positive and direct effects on brand loyalty. Lastly, implications for entrepreneurs in the Central Vietnamese mobile phone market are discussed.

Key words: Advertising; perceived advertising costs; customer perceptions of advertising; brand awareness; perceived quality; brand associations; brand value

TÓM TẮT

Bài viết nhằm đánh giá ảnh hưởng của quảng cáo đến giá trị thương hiệu dựa trên hai khía cạnh: chi phí quảng cáo cảm nhận (PAS) và nhận thức của khách hàng với quảng cáo (PA). Dữ liệu mẫu được thu thập từ 295 khách hàng là chủ nhân các sản phẩm điện thoại di động (ĐTDĐ) tại thị trường miền Trung, Việt Nam. Kết quả mô hình cấu trúc tuyến tính chỉ ra: (1) chi phí quảng cáo cảm nhận có ảnh hưởng tích cực đến nhận biết thương hiệu, nhưng không tác động tích cực đến chất lượng cảm nhận và liên tưởng thương hiệu; (2) nhận thức của khách hàng với quảng cáo có ảnh hưởng thuận chiều đến nhận biết thương hiệu, chất lượng cảm nhận và liên tưởng thương hiệu; (3) nhận biết thương hiệu, chất lượng cảm nhận và liên tưởng thương hiệu đều có ảnh hưởng tích cực đến trung thành thương hiệu. Dựa vào kết quả nghiên cứu, tác giả gợi ý một số hàm ý chính sách cho các nhà kinh doanh ĐTDĐ tại thị trường này.

Từ khóa: quảng cáo; chi phí quảng cáo cảm nhận; nhận thức của khách hàng với quảng cáo; nhận biết thương hiệu; chất lượng cảm nhận; giá trị thương hiệu

1. Introduction

Today, advertising plays an important role in the competitive world because it is the way in which organizations communicate with existing customers and potential. Advertising contributes to increasing brand awareness and creating brand associations. Schedule repetitive advertising increases the probability for a brand to be reckoned with, taken care of by our customers and simplify the process of choosing their brand (Hauser & Wernerfeldt, 1990). On the other hand, the model of efficiency level (hierarchy of effects model), advertisements

positively related to brand loyalty because it reinforces the association and attitude toward the brand (Shimp, 1997). In the mobile phone market in Vietnam, especially ads that advertising content is very large, especially when the market is making structural changes to the rapid increase in market share of smartphone (smartphone). According to GfK forecasting firm, in 2013, Vietnam consumes about 17 million phones, including smartphones accounted for approximately 7 million units, accounting for about 40 % in number and 80 % of sales (Ha Van, 2013). This article with measurable objectives under the influence of two

advertising approach angle is perceived advertising costs and client awareness of the ad to the brand value of the cell phone carriers in the limit customer research is in the Central province, Vietnam.

2. Theoretical Basis and Research Model

2.1. *The Concept Study*

Advertising: Advertising is the indirect form of presentation and promotion of ideas, goods (services) are paid by an identified sponsor (Kotler, 2003), is a form of transmitting messages cost-effective. Among the components of the model integrated marketing communications, ad placement is determined more by other components marketing can advertise new product announcements (Ryans & Ratz, 1987) and reduce barriers between customers and organizations (Blech, 2001).

Brand Value (Brand Equity): Brand value is a multidimensional concept and discussed based on two main perspectives: financial perspective and customer perspective. In this study, brand value is approached from the customers perspective. Accordingly, brand value, also known as value - based brand customers (customer - based brand equity) is defined as a set of values associated with the name or logo of the brand, the this value will be added to products or services to enhance value for stakeholders (Aaker, 1991). On that basis, Aaker launched four components of brand value, including: perceived quality, brand awareness, brand associations and loyal trade brand (brand loyalty).

Brand Awareness (BAW): Brand awareness refers to customers' ability to recognize or remember the brand (Aaker, 1991). Brand awareness has important implications in building brand value because it is the element appearing before the remaining factors. Customers need to be aware of the brand to develop a set of positive brand associations. This is achieved through appropriate marketing communications. In addition, brand awareness can lead customers to have positive feelings about the brand, thereby leading to loyalty (Oliver, 1999).

Perceived Quality (PQ): Perceived quality and perceived customer evaluation of the quality of the entire product, is the difference between the value they receive compared with the expected value (Zeithaml, 1988). High quality feels to give customers a reason to buy the brand, allowing the brand to distinguish itself from competitors. Perceived quality is not consistent with the actual quality of the product. While perceived quality is based on the assessment of the client's quality of products is determined on the basis of product or production orientation (Garvin, 1983).

Brand Associations (BAS): Associating the brand elements of an important brand value and is defined as anything linked in memory to a customer's brand (Aaker, 1991). These links are formed and gradually develop the client repeated the approach with the brand. Brand associations in the basic sense of positioning and brand distinction. It evokes interest and create a positive attitude towards a client's brand, and provide a reason to buy the brand.

Brand Loyalty (BL): Brand loyalty is often approached research in two main points. This point behavior, brand loyalty is defined as the degree to which a purchaser (eg a household) bought brand products in a certain unit of time (Javalgi & Moberg, 1997). In view of the attitude, brand loyalty is the attitude of a customer's favorite brand derived from the use and procurement of product experience before. Brand loyalty is the core component of brand equity (Aaker, 1991). In this topic, brand loyalty based on the attitude being studied.

2.2. *The Relationship Between the Concept and Model Research*

According Buil (2010), advertising affect brand value is based on two studies major angles: perceived advertising costs (perceived advertising spending) and customer perceptions of advertising (perception of advertising).

Advertising expense feel can affect the components of brand value in many ways. When evaluating the quality of products, customers use different signs inside and outside (Rao & Monroe, 1989). Advertising expense feel a hint

of the external quality (Milgrom & Roberts, 1986). Strong ad spending shows the company is investing in the brand, this implies that high quality (Kirmani & Wright 1989). In addition, costs for advertising a brand can increase the scope and frequency of occurrence of the brand and the result is effective brand awareness level is increased (Keller, 2007). On the other hand, brand associations can also be created by a section through advertising (Cobb - Walgren & CTG, 1995; Keller, 2007). Through the ability to create, modify or reinforce the association with the new association. Therefore, the cost of a brand advertising as high, as do stronger brand associations in the minds of customers. On this basis, the hypothesis is proposed as follows:

H1: Advertising expense feel positive affect, directly to brand awareness

H2: Perceived advertising costs have a positive impact, directly to the perceived quality

H3: Perceived advertising costs have a positive impact, directly to the brand associations

Perceptions of clients with advertising (including content, nature and quality of the ad) may also play an important role to the constituent elements of brand value (Cobb - Walgren & CTG, 1995; Keller & Lehmann, 2006; Bravo & CTG, 2007). Advertising is a powerful way to communicate the value of functional and emotional brand (De Chernatony, 2006). The effectiveness of this tool depends on media content, expression, how to convey the message and the frequency with which a customer sees the ad (Batra & CTG, 1996). As mentioned, the ad creates brand awareness; closely linked uniqueness of the inter - winning single brand in memory and in the client's feelings. However, to achieve these results, the ad should have a way to design and fit out. In particular, one of the main concerns in making a promotional strategy is related to innovative strategies (Keller, 2007). Thus, through a unique advertising strategy and creative, the

organization will most likely grab the customer's attention. This leads to greater brand awareness, perceived quality is higher and contributes to form a unique brand associations (Aaker, 1991). Based on the theory suggested, the hypothesis is given below:

H4: Clients perceptions of advertising with positive affect, directly to brand awareness.

H5: Clients perceptions of advertising with positive affect, directly to perceived quality.

H6: Clients perceptions of advertising with positive affect, directly to the brand associations.

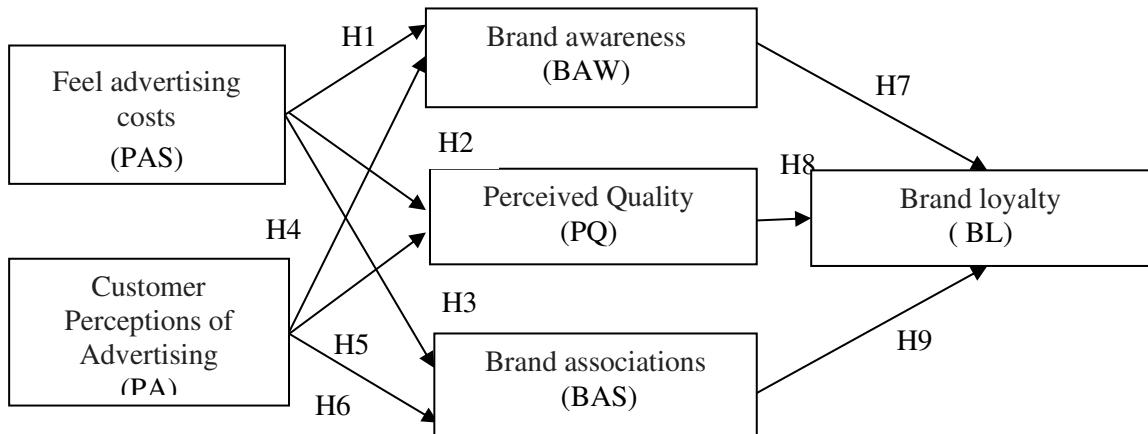
Regarding the relationship between the elements of brand value, Oliver (1999) suggested that a brand with higher brand awareness can promote brand loyalty from customers. This study on the same result with Pappu & CTG (2005), Chi & CTG (2009). On the other hand, Judith & Richard (2002) has pointed out the perceived quality and brand loyalty have a high connection and brand loyalty will be increased if the perceived quality increases. Pappu & CTG (2005); Chi & CTG (2009), Chen & Tseng (2010) asserted positively relationship between perceived quality and brand loyalty. In addition, brand loyalty can be increased by the increase of brand associations (Keller, 1993). The study of Pappu & CTG (2005); Buil & CTG (2010); Severi & CTG (2013) have shown this in the different markets. Therefore, the following hypothesis is proposed:

H7: Brand Awareness has a positive influence, directly to brand loyalty.

H8: Perceived Quality has a positive influence, directly to brand loyalty.

H9: Brand associations have a positive impact, directly to brand loyalty.

Based on the theoretical basis of the research hypothesis, the model proposed research in this subject as follows:

**Figure 1.** Model studies suggest

3. Research Methodology

Sample: sample was chosen as 350 clients currently own mobile products in the central provinces surveyed from May to August 2013.

Customers will respond to your brand mobile phones which possess. The number of valid questionnaires collected after 295. Structure of the sample are presented in Table 1.

Table 1. Description of the Sample

Brand	Area			Ages		Gender	
	Huế	Đà Nẵng	Quảng Nam	≤ 30	> 30	Female	Male
Samsung: 81 Nokia: 78 LG: 29 Sony: 26 HTC: 25	Apple: 25 Blackberry: 17 Other brands: 14	72	109	114	186	109	127 168

Scale: Two scales perceived advertising expense (PAS) and brand loyalty (BL) is inherited from the study of Yoo & CTG (2000). Perception of scale with advertising clients (PA) derived from research Buil & CTG (2010). Meanwhile, the observed variations of the scale brand awareness (BAW), Perceived Quality (PQ) and brand associations (BAS) is calibrated from studies of Tong & Hawley (2009). The Likert scale used grade 5 (Point 1: totally disagree; Point 5: completely agree). The scale will be assessed through three testing: exploring factor analysis (EFA), reliability coefficient Cronbach's Alpha and confirms factor analysis (CFA).

Testing the model proposed research:
Methods of analysis of Structural Equation

Model (SEM) with AMOS 18 software was used to test the proposed research model with hypotheses.

4. Research Results and Comments

4.1. Inspection of the scale

4.1.1. Inspection of the scale with factor analysis to explore (EFA)

Factor analysis explored (EFA) using Principal factors extraction method component with Varimax rotation. As a result, the observed variable coefficient BAS3 load factor (factor loading) <0.5 and eliminated. Perform analysis to explore factors, resulting in withdrawal of six factors were extracted in eigenvalue is 1.068 and the total variance extracted = 74.851% ($> 50\%$);

KMO =0.686 coefficient (> 0.5); meaning Bartlett's statistical expertise with Sig =0.000 (<0.05). On the other hand, the coefficient of the variable load factors are greater than 0.5. So, all the observed variables are retained for inspection Cronbach's Alpha.

4.1.2. Inspection of the scale with Cronbach's Alpha

From the results in the table 2, the scales have a Cronbach's Alpha greater than 0.6 (Nunnally & Burnstein, 1994) and the correlation coefficients of the variables total observed variables in each scale were higher than the limit of 0.3. Thus, the observed variations of the scale are kept for CFA analysis.

Table 2. Results of Cronbach's Alpha, composite reliability and variance extracted of the overall concept study

Advertising expense feel ($\alpha = .886$; CR = .896; AVE = .742)
PAS1: Brand X is a strong advertising
PAS2: The advertising campaign of the brand X seems very expensive compared to competing brands
PAS3: The advertising campaign of the brand X frequent
Clients Perceptions of Advertising ($\alpha = .760$; CR = .764; AVE = .520)
PA1: The advertising of brand X is a creative
PA2: The advertising of brand X is unique
PA3: The advertising of brand X is different from the brand's advertising competition
Brand awareness ($\alpha = .827$; CR = 0.848; AVE = .654)
BAW1: Some characteristics of brand X to my mind quickly when prompted
BAW2: Can I quickly realized brand X products among other brands
BAW3: I am familiar with the brand X
Perceived Quality ($\alpha = .857$; CR = .849; AVE = .634)
PQ1: I fully trust the quality of brand X
PQ2: X brand products are of good quality
PQ3: X brand products have good features
Brand associations ($\alpha = .792$, CR = .797; AVE = .566)
BAS1: X brand image is very unique compared to other competitive brands
BAS2: I like the brand image of X
BAS4: I love and trust the company that creates branded product X
Brand loyalty ($\alpha = .819$, CR = .819; AVE = .601)
BL1: I feel myself loyal to brand X
BL2: Brand X would be my first choice
BL3: I will not buy another brand if brand X is available in stores
<i>α: Cronbach's Alpha, CR: Reliability synthetic AVE: Total variance extracted</i>

4.1.3. Testing scale with factor analysis confirms (CFA)

Testing common scale model (measurement model), estimation results show: Chi-squared = 279.863 and 118 degrees of freedom with p value = 0.000. Chi-squared relative according to degrees of freedom ($C_{min}/df = 2,372$). The indicators measure the extent of other suitable satisfactory ($TLI = 0.920$, $CFI = 0.938$, $RMSEA = 0.068$). The above statistics only show the general pattern scale appropriate to the survey data. The weights (standardized) of the observed variables to the corresponding concept study were > 0.5 and the weights (not standardized) are statistically significant ($p < 0.05$) so the scale are achieved values converge. On the other hand, the correlation coefficient between pairs of concepts are different concepts one should study worth distinguishing. In addition, the research concepts are satisfactory composite reliability (CR) is

greater than the minimum 0.6 (Bagozzi & Yi, 1988) and variance extracted (AVE) is greater than the recommended level of 0.5 (Hair, 1998) (table 2).

4.2. Inspection of the Research Model

SEM results of the model study showed that this model has 124 degrees of freedom for statistical validity Chi-squared = 330.238 ($p = 0.000$). However, when adjusted for degrees of freedom, the Chi-squared/degrees of freedom = 2.663 (<3). On the other hand, the indicator of the level of other suitable satisfactory ($TLI = 0.903$, $CFI = 0.921$, $RMSEA = 0.075$). The above statistics only allow conclusions proposed research model fit the data survey. However, the estimated results (normalization) of the main parameters in model studies (Table 3) showed that not all relationships are statistically significant ($p < 0.1$). Only hypotheses H1, H4, H5, H6, H7, H8, H9 are accepted. In contrast, two hypotheses H2 and H3 are rejected.

Table 3. Cause and effect relationship and the results of the research hypothesis

Relationship	Estimate	SE	CR	The value p	The results of hypothesis
BAW <--- PAS (H1)	0.208	0.056	3.648	0.000	Accept
PQ <--- PAS (H2)	0.089	0.056	1.446	0.148	Do not accept
BAS <--- PAS (H3)	0.102	0.042	1.521	0.128	Do not accept
BAW <--- PA (H4)	0.437	0.084	6.518	0.000	Accept
PQ <--- PA (H5)	0.368	0.084	5.135	0.000	Accept
BAS <--- PA (H6)	0.230	0.061	3.074	0.002	Accept
BL <--- BAW (H7)	0.307	0.051	4.674	0.000	Accept
BL <--- PQ (H8)	0.173	0.055	2.586	0.010	Accept
BL <--- BAS (H9)	0.173	0.082	2.498	0.012	Accept
Estimate: estimated value, SE: standard deviation; CR: Critical Values					

5. Conclusions and Policy Implications

The study results indicate perceived advertising costs have a positive influence brand awareness. This implies that the central cellular market, if customers perceive a cost of brand advertising that the higher the brand easily recognizable as such, has become increasingly

familiar to customers. However, the results noted positively influenced by this factor to the perceived quality and brand associations. This result can be explained that is due when customers feel that if a brand spending too much on advertising, the resources devoted to product quality will be affected, when there is no real

sense good quality, the positive associations of the brand have reasons to decline. Thus, the mobile business considerations should factor perceived advertising costs to their customers where there is no feeling of being required to pay a larger share of advertising when buying a brand.

The study also noted the direct impact, positive customer perceptions of advertising to the elements of brand value. This confirms the importance of ad quality. An advertisement for the content, messages meaningful increases brand awareness, raised relate positively and feel good quality from customers. Therefore, when conducting the business of advertising campaign should not only care about the intensity, frequency of advertising, but also need to give priority attention to the ad content. An advertisement should be unique in content, depth and innovative in the message, the transmission emotional...

because that is the main factor has a positive impact with considerable intensity to the elements brand equity: brand awareness (0.437), perceived quality (0.368); brand associations (0.230).

The results also reflect the same positive impact of brand awareness, perceived quality and brand associations to brand loyalty, a critical attitude that any brand are expected from its customers. Thus, there is a reasonable allocation of resources to promote the aforementioned factors is the concern of producers and managers. However, to promote brand awareness, perceived quality consolidate and strengthen brand associations where customers increasingly need to push the brand advertising, with particular emphasis on cognitive factors of customers with advertising. So here is the key factor that influences positive brand awareness, perceived quality and brand associations.

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(The Board of Editors received the paper on 15/12/2013,
its review was completed on 25/12/2013)

