Empirical Study on Brand Performance on two components Brand Equity and Brand Loyalty: with special reference to Mutual Fund Brands

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Abstract

The consumer-oriented brand performance models employ measures related to consumer attitude and consumer opinion, and the financially-oriented approaches use tangible assets, past revenues and future earnings, which usually suffer from a significant margin of error. When brand managers compare the performance of their own brands with the performance of their competitors' brands, they have to estimate the competitors' financial performance values, and the estimation is not always reliable. The objective of this study is to evaluate the measures

for comparing the brand performance of brands of mutual funds and try to check the same measures on the brand performance of selected mutual funds. Focus of the study will be on two basic components i.e. brand equity and brand loyalty. The study has considered both the primary and secondary data for the functional proceeding of the study i.e. primary data to get the feel of present scenario and secondary data to check on the previous models on brand performance.

Keywords: Brand Performance, Brand Loyalty, Brand Satisfaction, Mutual Funds.

Introduction

Business performance is the actual work or output produced by a specific unit or entity in an organization. The term 'measurable performance' refers to the ability and processes, used to quantify and control specific activities and events **(Morgan 2004)**. Business performance measurement is one of the most important topics in the field of management because performance measurement systems are useful for assessing a firm's ability to exploit its resources and achieve the targets set for it by its owners, investors and customers. Performance measurement tools enable managers to set and monitor targets and achieve the desired performance levels **(Simons 2000)**. As stated by **Chernatony et al. (2004)** 'business performance is strongly dependent on brand performance'. Brand performance is a relative measure of brand success **(Ehrenberg et al. 2004)**. Moreover, brand performance measures enable brand managers to understand brand value and compare brand success across different markets **Chapman (1993)**.

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As marketing practitioners are under pressure to demonstrate how marketing expenditure creates shareholder value, previous studies have used various financial and market-oriented brand performance metrics (e.g. sales growth, market share, return on investment, price premiums) **(Doyle 2000)**. There is therefore no single measure that captures the depth and breadth of brand performance **(De Chernatony et al. 2004)**. The consumer-oriented brand performance models employ measures related to consumer attitude and consumer opinion, and the financially-oriented approaches use tangible assets, past revenues and future earnings, which usually suffer from a significant margin of error. When brand managers

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compare the performance of their own brands with the performance of their competitors' brands, they have to estimate the competitors' financial performance values, and therefore the estimation is not always reliable. Therefore, some researchers have advocated the greater convenience of consumer-based brand performance measures **(Johansson et al. 2012; Rust et al. 2004)**.

The objective of the study is to evaluate the measures for comparing the brand performance and then at the second level try to check the same measure on the brand performance of selected mutual funds. Focus of the study will be on two basic components i.e. brand equity and brand loyalty.

Brand loyalty is positively affected by brand satisfaction **Nam et al. (2011).** Overall, there is a positive relationship between customer satisfaction and loyalty intentions **Kumar et al. (2013)**. Satisfied consumers generally want to continue using the same brand in the future. Previous studies support the existence of a positive relationship between brand satisfaction and brand loyalty in service industries. **Nam et al. (2011)** show the positive effects of consumer satisfaction on brand loyalty in the hotel and restaurant industry. **Romero et al. (2014**) found that private label satisfaction has a direct, positive impact on private label loyalty in convenience goods. **Çifci et al. (2016)** demonstrate the positive effect of brand satisfaction on brand loyalty in the fashion retail industry in Turkey and Spain. Further empirical evidence for the positive relationship between brand satisfaction and brand loyalty can be found in **Ekinci et al. (2012).**

Review of Literature

The brand management field has flourished over the last decades and today appears rich in related measurement scales **Zarantonello et al (2016)**. Particularly**,** marketing academics have developed a wide range of brand performance measures. For instance, **Romero et al (2015)** highlights the interaction between brand equity and customer-based brand equity in order to assess the overall productivity of marketing. **Ehrenberg et al. (2004)** introduces three brand performance indicators: measures related to brand size (market share and market penetration), measures related to loyalty (e.g. purchasing per buyer, percentage buying, and percentage category purchases) and measures related to switching behavior. **De Chernatony et al. (2004)** recommend three brand performance indicators in the financial services industry: brand loyalty, consumer satisfaction and brand reputation. **Oliveira-Castro et al. (2008)** suggests that the effect of brand marketing should be assessed by mixed methods using financial and consumer-oriented measures. These two types of measures are interrelated because consumer-oriented measures (e.g. consumer- based brand equity) are positively associated with financial performance measures (e.g. brand market share and revenue). **Lee et al. (2008) supports** two types of brand performance measures: financial performance measures (e.g. sales growth, margin, market share, and return on investment) and customer-based performance measures (e.g. customer acquisition, customer maintenance, customer satisfaction, and brand awareness). **Dawes (2009)** suggests three consumer-based brand performance metrics: brand loyalty, brand switching and brand share. **Huang et al (2014)** recommend two types of brand performance measures: customer-oriented measures (brand knowledge) and product market performance measures (revenue premium).

Luxton et al. (2015) shows that brand marketing communication indirectly influences the brand's market-based performance and financial performance. The market performance measure includes five variables – quality, price premium, channel support, brand loyalty and market penetration, and the brand financial performance measure includes average annual growth rate including sales value, market share, gross margin, return on investment and return on assets. **Coleman et al. (2015)** suggest that service brand performance should be assessed by three internal and external measures: customers (loyalty, relative satisfaction, awareness and reputation), finance (revenue-based market share and net profit) and

employees (employee satisfaction and employee loyalty).

Among the different approaches that can be used to measure brand performance, some researchers highlight the effectiveness of consumer-based brand measures, especially when comparing a brand with its competitors, because it may be more accurate to get the consumer´s opinion about a brand than to obtain the financial data associated with that brand. Moreover, several authors have found that consumer-based brand performance measures (e.g. brand equity and brand loyalty) are associated with financial performance. In addition, the use of surveys for current and potential customers allows companies to make comparative brand performance assessments between their own and their competitors' brands to identify the strengths and weaknesses of their brands and inform their brand positioning strategies.

Therefore, academic studies (**Christodoulides et al 2010; Çifci et al. 2016**) and commercial research organizations advocate consumer-based brand performance measures. Brand loyalty, brand equity, brand satisfaction and brand trust are the main drivers for consumer- based brand performance. Brand loyalty is the key construct, because it is positively associated with the firm's financial performance measures. **Coleman et al. (2015)** of market share, relative price, sustainability of demand and future profits **(Interbrand 2016).** Previous research suggests that brand loyalty is strongly influenced by brand equity, brand trust, and brand satisfaction **(Chaudhuri & Holbrook 2001; Çifci et al. 2016; Gecti & Zengi 2013; Lam & Shankar 2014; Nam et al. 2011)**.

According to **Izquierdo et al. (2016)**, the performance of Global Brands (GBs) has suffered increasingly from competition from Private Labels (PLs), due to the growing internationalization of retailers, upstream vertical integration and the increasing number of retail chains. Retailers create fashion Private Labels to control their supply chain, increase their brand portfolio and improve their brand image **(Khan et al. 2012)**. Consumers choose global fashion brands to express their self-image or social identity. Also, consumers feel that purchasing international brands creates a lower social risk (i.e. acceptance by peer groups) than purchasing Private Labels Therefore, retailers try to convince consumers that premium PLs offer better quality products than traditional PLs, and have a similar quality to international brands or GBs **(Herstein et al. 2013)**.

Objectives

The main objective of the study is to evaluate the measures for comparing the brand performance and then at the second level try to check the same measure on the brand performance of selected mutual funds. Focus of the study will be on two basic components
i.e. brand equity and brand loyalty.

Hypothesis

Hypothesis 1
H_0: Brand equity has a positive relationship with brand satisfaction.
H_1: Brand equity does not have a positive relationship with brand satisfaction.

Hypothesis 2
H_0: Brand loyalty has a positive relationship with brand satisfaction.
H_2: Brand loyalty does not have a positive relationship with brand satisfaction.

Research Methodology

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Sources of Data

This study is based on a blend of primary and secondary data. Primary data is used to evaluate the mindset of selected respondents from Delhi and NCR and the secondary data is used to find the relationship of brand equity, brand loyalty and brand satisfaction. The reference has been taken from some previous studies conducted in Spain and Mexico where 435 respondents participated in a survey for international brands of mutual funds. Apart from this 446 respondents participated in a survey conducted for other financial services. **Vandio (2015)**

Taking inspiration from the same the researcher has prepared a list of all the known and popular brands of mutual funds and tried to find the familiarity of the respondents with the same. In this process the researcher has considered the following sources of secondary data:

- Japutra (2018) - Model for Assessing Brand Success
- Mohan Raj (2007) - Model for brand loyalty

Apart from these two studies many of the other past studies have been referred and the details of the same are mentioned in the literature review of this study. To collect the primary data the detailed questionnaire is used, this was a structured questionnaire and mostly includes scale based questions, Likert 7-point scale is used to evaluate the responses.

Sampling

The researcher has considered the employees of IT and ITES related companies situated in Delhi and NCR. The main focus was on the employees who were having an experience of making investment in mutual funds. Following companies were selected for the study:

1. Teleperformance, Noida
2. Convergys, Delhi
3. Wipro, Delhi

The researcher has selected total 200 respondents from all the companies together. Random sampling method was used to select the respondents as the researcher was not sure that all the employees are making regular investment in Mutual funds or not.

Tools of Analysis

- Descriptive statistics is used to analyze the data at primary stage,
- One way ANOVA is used to test the hypothesis and interpreting the results there of.

Data analysis and Interpretation
For Popular Brands of Mutual Funds

	α	1	2	3
Brand Equity	0.89	**0.82**	0.12	0.34
Brand Satisfaction	0.91	0.35	**0.76**	0.28 3
Brand Loyalty	0.67	0.61	0.51	**0.57**

Interpretation

As can be seen from the above table that for Brand Equity and Brand satisfaction the correlation value is 0.82 and 0.76 respectively, as per the decision criteria of Pearson Correlation it can be inferred that there is high degree of positive correlation between brand equity and brand satisfaction. Then in case of brand loyalty the coefficient of correlation is

which is moderate degree of positive correlation. This states that in case of brand loyalty, same is not

very much linked to the perceived satisfaction from a given brand and even equity of the same.

Hypothesis 1

H_0: Brand equity has a positive relationship with brand satisfaction.

To test the above hypothesis the researcher has analyzed the relationship between expectation of the respondents from an investment avenue and satisfaction from the same as a mutual fund brand.

Test Results

Education	F	Sign
Respective Equity Mutual fund brand is the reflection of expectations from the same	1.977	2.509
The name of brand is self-explanatory about the parent company	2.116	2.513
I feel good to get associated with this brand	2.951	3.565
I am able to develop a personal connection with the respective brand of Equity Mutual fund	1.512	2.304
The brand name of respective Equity Mutual fund is having a 'top of the mind' occurrence	2.161	2.353
Overall performance of respective Equity Mutual fund is very good	2.935	2.151
On the basis of performance I find this Equity Mutual fund as attractive	2.636	1.853
On the basis of performance I find this Equity Mutual fund extremely likable	2.017	2.570
All the investor related facilities are up-to-date	2.348	2.967
I don't find a need to look for physical cross check of company	1.944	2.543
All the alerts and services are in time and very informative	2.922	3.451

The above test of ANOVA is being conducted on behalf of some demographic characteristics like, age, gender, income, etc. As per the decision rule of ANOVA test, if the value of 'F' ratio is higher than the 'Sign.' Value then the hypothesis is accepted and vice versa. On the other hand the results can also be interpreted as per the variation between F-Ratio and 'Sign.', if the variation is high then the point in question is rejected or else accepted.

The results state that in most of the cases the difference between the 'F' value and 'Sign.' value is not significant, hence it can be interpreted that there is minimum amount of variation in the responses of selected employees and they agreed to the point in question that brand equity and popularity has a great impact on the satisfaction from the same. Then in case of mutual funds, some amount of risk is involved so the investors are considering the performance of parent company in the past and present stature of the same in market.

Result

On the basis of above analysis and interpretation it can be stated that the null hypothesis 'Brand equity has a positive relationship with brand satisfaction' is accepted and the alternate hypothesis is rejected.

Hypothesis 2

H_0: Brand loyalty has a positive relationship with brand satisfaction.

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To test the above hypothesis the researcher has analyzed the relationship between perception of the respondents from an investment avenue and satisfaction from the same as a mutual fund brand.

Test Results

Education	F	Sign
I feel safe while depending on the information provided to me about the progress of my investment	2.171	2.909
From all my investment avenues, this Equity Mutual fund has provided the best services so far	2.166	2.613
Real time alerts and 24x7 support has resulted in financial gains to me	2.454	3.734
I am not having any trust issue with this brand of Equity Mutual fund	1.522	2.604
There is a high level of consistency in services are performance of this brand	2.264	2.715
The market image of this Equity Mutual fund invites me and other investors to get associated with the same	2.031	2.853
All the services and respective market performance has increased my trust on this brand of Equity Mutual fund	2.120	1.353
I believe that all the typical investors who are associated with this Equity Mutual fund are having same level of trust and satisfaction	2.017	2.570
The performance of this mutual is similar to the information furnished in respective promotion campaign of the parent company	1.848	2.367
The trail of advertising has always helped me to keep the track of my current and previous investments	1.945	2.314

The above test of ANOVA is being conducted on behalf of some demographic characteristics like, age, gender, income, etc. As per the decision rule of ANOVA test, if the value of 'F' ratio is higher than the 'Sign.' Value, then the hypothesis is accepted and vice versa. The results can also be interpreted as per the variation between F-Ratio and 'Sign.', if the variation is high then the point in question is rejected or else accepted.

Though in most of the cases value of 'Sign.' is higher so it can be stated that in case of mutual fund investment brand loyalty does not play a crucial role i.e. investors may leave a period old brand and shift to another brand for getting high returns.
Result
 On the basis of above analysis and interpretation it can be stated that the null hypothesis 'Brand loyalty has a positive relationship with brand satisfaction' is accepted and the alternate hypothesis is rejected.

Conclusion
 Brand loyalty, brand equity, brand satisfaction and brand trust are the main drivers for consumer-based brand performance. Brand loyalty is the key construct, because it is positively associated with the firm's

financial performance measures. The results of this study states that in case of mutual funds, some amount of risk is involved so the investors are considering the performance of parent company in the past and present stature of the same in market. Brand Loyalty does not play a crucial role in the investment of mutual fund i.e. investors may leave a period old brand and shift to another brand for getting high returns. So it can be stated that as far as investment avenues are concerned brand loyalty is not a specific consideration for a given investor and the level of satisfaction from a given brand may vary according the returns from the same. But in case of satisfaction, brand equity plays an important role i.e. investors are fascinated by the image of the parent company and take their investment decisions accordingly.

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