

The Reviewing the Impact of Marketing Mix on Brand Equity (Case Study: ETKA Stores)

Parisa Nezami

Payame Noor University, Tehran, Iran

Corresponding author: Parisa Nezami

ABSTRACT: This study was conducted with the aim of reviewing the impact of marketing mix on brand equity in customer's viewpoint of Etki stores. Marketing mix in this research included price, store image, distribution intensity, advertising and sales promotion which influenced brand equity by impact on dimensions of brand equity, i.e. perceived quality, brand loyalty, awareness, and brand associations. Statistical populations of this research were 169 customers of Etki stores in Tehran city, data were collected using a questionnaire, and hypotheses were tested using Pearson correlation test. The findings showed that four marketing mix, i.e. catalog image, distribution intensity, advertising and sales promotion had a meaningful influence on just one dimension of brand equity, i.e. perceived quality of brand, and among five marketing mix only the price had a significant impact on brand loyalty.

Keywords: Marketing mix, Brand equity, Perceived quality, Brand loyalty, Brand awareness.

INTRODUCTION

Marketing mix was first introduced by Neil Borden in 50's (Salar, 2007). Marketing mix refers to a set of controllable marketing variables that are combined in target market by a company in order to stimulate desired reaction. This combination includes any measure that the company takes for its product and influence demand (Kotler and Armstrong, 2003). Marketing mix components in this paper are the ones identified by Yoo, Donthu and Lee, (2000) and these include: price, store image, distribution intensity, advertisement and sales promotion.

Research Concepts and Hypothesis:

Marketing mix components

Price

Price is the amount of value that consumers pay in exchange of receiving the benefits of owning or using a product or service (Kotler and Armstrong, 2001) Some authors regard price as a factor which creates competitive advantage or as a advertising component (Butters, 1977) and some other regard it as a reliable weapon in the company arsenal in times of economic competition (Dasgupta and Maskin, 1986). This tool is regarded as an important factor in promotional activities as well (Narasimhan, 1988).

In this paper, price is the perceived price by the customer which can be different to real price (Yoo, Donthu and Lee, 2000).

Store image

Store image refers to perception and attitude of customer towards different features of a store including physical and emotional ones (Bloomer and Ruyter, 1998).

Distribution intensity

Distribution is a part of marketing mix and means delivering the product to the hands of consumer at the right time and in the right place (Kreutzer, 1998)

Advertisement

Ads have long been in the spotlight. For instance, in 1964 they have been identified as a competitive tool in business (Tesler, 1964). In their research, Sweeny and Swait regarded ads as reputation-builder tool for a brand which causes loyalty (Sweeny and Swait, 2008). Vesel and Zabkar also regarded ads as a vital component in creating customer loyalty (Vesel and Zabkar, 2009).

In this paper, ads refer to frequency and cost of spread and diffusion of brand through different tools and mediums according to customers' attitudes (Yoo et al., 2000)

Sales promotion

Sales promotions are short-term stimulants used to encourage and persuade customers to buy products or services (Kotler, 2001). Sales promotions of other brands may influence the buying behavior of customers (Rundle and Bennett, 2001).

Brand equity Components

Perceived quality

Perceived quality is defined as "perception of customer of quality or overall advantage of a product/service based on the purpose of the product/service and relative to other existing products/services" (Zeithamel, 1988).

Brand loyalty

The term loyalty emerged in marketing literature around 86 years ago (Mellens et al., 1996). Keller, (2003) defines brand loyalty as brand resonance which is based on customer-based relations and the extent of harmony between customer and brand.

Brand awareness

Brand awareness refers to the power of presence of brand in customer mind (Mumm and Gon Kim, 2005). The role of brand awareness in brand equity depends on achieved level of awareness. In higher levels of awareness, there is a higher probability of more brand consideration and influence on buying decisions of consumers (Randel and Bent, 2001).

Research Hypothesis

1. Price influences perceived quality of ETKA store
2. Price influences loyalty to ETKA
3. Store image influences perceived quality of ETKA store
4. Distribution influences perceived quality of ETKA store
5. Advertisement influences perceived quality of ETKA store
6. Sales promotions influences perceived quality of ETKA store
7. Sales promotions influence loyalty to ETKA
8. Amount of advertisements influences loyalty to ETKA
9. Store image influences brand awareness and recognition
10. Distribution intensity influences brand awareness and recognition
11. Amount of advertisements influences brand awareness and recognition
12. Sales promotions influences brand awareness and recognition

Research Methodology

This paper is a descriptive- survey research which utilized two data sources: first, online and desk research in Persian and English resources were conducted to set the theoretical foundations of the research and then a questionnaire was used to collect required data for statistical analysis.

Given that the purpose of this study is to investigate the effect of marketing mix components on brand equity, therefore, this paper is in the realm of applied researches.

Statistical population (time and location domains), sample size and sampling method

Statistical population of this research includes all customers of ETKA stores which are selected via simple random sampling from two branches of the store in Tehran and a sample of 169 people are selected via convenient sampling method and were studied. Data gathering took place in spring of 2012.

Data gathering tool

Data gathering was conducted via field research and questionnaire. Questionnaire was divided into general and professional sections. General questions included two general and demographic questions about the respondent and professional section comprised of 38 questions of 5-choices on Likert scale. Choices ranged from completely disagree to completely agree with scores from 1 to 5.

Validity and reliability of measuring tool

Internal reliability of this questionnaire was 0.78 for a sample size of 30 which was calculated via Cronbach's Alpha which is a proper value. In order to determine the validity of the questionnaire, content validity method was used and the questionnaire was studied by 5 academic and expert in the field of marketing.

After ensuring that questionnaire is valid and reliable, they were distributed among sample and the raw data was collected to be processed, analyzed and test the hypotheses.

Findings

Descriptive findings: Most of the respondents were females. %63.9 was female and %36.1 was male. From educational perspective, of 169 respondents, %18.3 of them studied up to high school, %68.6 of them had a degree of diploma to B.S. and %13 of them had a masters or Ph.D. degree. Most frequency was for the diploma to B.S. group.

Inferential findings: here, the connection degree of independent variables of price, store image, distribution intensity, advertisement and sale promotion on dependent variables of perceived quality, brand loyalty, brand awareness and recognition was studied, as well as the effect of contributing factors of perceived quality, brand loyalty and brand awareness and recognition on brand equity via Pearson correlation coefficient. Following are the results:

- According to Pearson correlation coefficient test, price does not influence perceived quality of ETKA stores. Therefore hypothesis 1 is rejected and the relation between price and perceived quality is not significant. Correlation coefficient between price and perceived quality is 0.018.
- According to Pearson correlation coefficient test, price does influence loyalty to ETKA stores. Therefore hypothesis 2 is accepted with confidence level of % 95 and the relation between price and loyalty is significant. Correlation coefficient between price and loyalty is 0.174.
- According to Pearson correlation coefficient test, store image for ETKA does influence perceived quality of ETKA stores. Therefore hypothesis 3 is accepted with confidence level of % 99 and the relation between store image and perceived quality is significant. Correlation coefficient between store image and perceived quality is 0.335.
- According to Pearson correlation coefficient test, distribution intensity does influence perceived quality of ETKA stores. Therefore hypothesis 4 is accepted with confidence level of % 99 and the relation between distribution intensity and perceived quality is significant. Correlation coefficient between distribution intensity and perceived quality is 0.372.
- According to Pearson correlation coefficient test, advertisement does influence perceived quality of ETKA stores. Therefore hypothesis 5 is accepted with confidence level of % 95 and the relation between advertisement and perceived quality is significant. Correlation coefficient between advertisement and perceived quality is -0.188.
- According to Pearson correlation coefficient test, sales promotion does influence perceived quality of ETKA stores. Therefore hypothesis 6 is accepted with confidence level of % 95 and the relation between sales promotion and perceived quality is significant. Correlation coefficient between sales promotion and perceived quality is -0.191.
- According to Pearson correlation coefficient test, distribution intensity does not influence brand loyalty to ETKA stores. Therefore hypothesis 7 is not accepted with confidence level of % 95 and the relation between distribution intensity and brand loyalty is not significant. Correlation coefficient between distribution intensity and brand loyalty is 0.046.
- According to Pearson correlation coefficient test, advertisement does not influence brand loyalty to ETKA stores. Therefore hypothesis 8 is rejected with confidence level of % 95 and the relation between advertisement and brand loyalty is not significant. Correlation coefficient between advertisement and brand loyalty is 0.088.
- According to Pearson correlation coefficient test, store image does not influence brand awareness and recognition of ETKA stores. Therefore hypothesis 9 is rejected with confidence level of % 95 and the

relation between store image and brand awareness and recognition is not significant. Correlation coefficient between store image and brand awareness and recognition is -0.091.

- According to Pearson correlation coefficient test, distribution intensity does not influence brand awareness and recognition of ETKA stores. Therefore hypothesis 10 is rejected with confidence level of % 95 and the relation between distribution intensity and brand awareness and recognition is not significant. Correlation coefficient between distribution intensity and brand awareness and recognition is 0.053.
- According to Pearson correlation coefficient test, advertisement does not influence brand awareness and recognition of ETKA stores. Therefore hypothesis 11 is rejected with confidence level of % 95 and the relation between advertisement and brand awareness and recognition is not significant. Correlation coefficient between advertisement and brand awareness and recognition is 0.104.
- According to Pearson correlation coefficient test, sales promotion does not influence brand awareness and recognition of ETKA stores. Therefore hypothesis 12 is rejected with confidence level of % 95 and the relation between sales promotion and brand awareness and recognition is not significant. Correlation coefficient between sales promotion and brand awareness and recognition is 0.027.
- According to Pearson correlation coefficient test, perceived quality does not influence brand equity of ETKA stores. Therefore hypothesis 13 is rejected with confidence level of % 95 and the relation between perceived quality and brand equity is not significant. Correlation coefficient between perceived quality and brand equity is 0.77.
- According to Pearson correlation coefficient test, brand loyalty does not influence brand equity of ETKA stores. Therefore hypothesis 14 is rejected with confidence level of % 95 and the relation between brand loyalty and brand equity is not significant. Correlation coefficient between brand loyalty and brand equity is 0.717.
- According to Pearson correlation coefficient test, brand recognition and awareness does not influence brand equity of ETKA stores. Therefore hypothesis 15 is rejected with confidence level of % 95 and the relation between brand recognition and awareness and brand equity is not significant. Correlation coefficient between brand recognition and awareness and brand equity is 0.06.

Table 1. Pearson correlation test

Hypothesis	Independent variable	Dependent variable	Pearson correlation coefficient	Significance level	Hypothesis accepted/rejected
1	price	Perceived quality	0.018	0.811	Rejected
2	price	Brand loyalty	0.174	0.023	accepted
3	Store image	Perceived quality	0.335	0.000	Accepted (%99 confidence)
4	Distribution intensity	Perceived quality	0.372	0.000	Accepted (%99 confidence)
5	advertisement	Perceived quality	-0.188	0.015	Accepted
6	Sales promotion	Perceived quality	-0.191	0.013	Accepted
7	Distribution intensity	Brand loyalty	0.046	0.55	Rejected
8	advertisement	Brand loyalty	0.088	0.254	Rejected
9	Store image	Perceived quality	-0.091	0.237	Rejected
10	Distribution intensity	Perceived quality	0.053	0.494	Rejected
11	advertisement	Perceived quality	0.104	0.178	Rejected
12	Sales promotion	Perceived quality	0.027	0.729	Rejected

According to the hypotheses tests, the influence of 4 components of marketing mix, store image, distribution intensity, advertisement and sales promotion was only significant on only one component of brand equity, namely perceived quality of the brand. Among 5 component of marketing mix, only price had a significant influence on brand loyalty.

DISCUSSION AND CONCLUSION

According to the hypotheses tests, the influence of 4 components of marketing mix, store image, distribution intensity, advertisement and sales promotion was only significant on only one component of brand equity, namely perceived quality of the brand. Among 5 component of marketing mix, only price had a significant influence on brand loyalty. Authors suggest that this store put special advertising measures that associate quality on the agenda. Generally, this store should work more on the brand awareness and recognition among customers.

REFERENCES

- Butters G. 1977. "Equilibrium Distributions of Sales and Advertising Prices". *Review of Economic Studies*, 44(33), pp 465-485.
- Bloomer J and Ruyter KD. 1988. "On The Relationship Between Store Image, Store Satisfaction and Store Loyalty". *European Journal of Marketing*. V.32, N.5/6, pp 499-513.
- Dasgupta P and Maskin E. 1986. "The Existence of Equilibrium in Discontinuous Economic Games, I: Theory", *Review of Economic Studies*, 53, pp 1-30.
- Keller KL. 2003. "Strategic Brand Management: Building, Measuring, and Managing Brand Equity", 2nd ed., Prentice Hall, Englewood Cliffs, NJ.
- Kotler P. 2001. "A Framework for Marketing Management". Prentice Hall, Inc., Upper Saddle River, New Jersey.
- Kotler P and Armstrong G. 2001. "Principles of Marketing", 9th ed., Prentice Hall, Inc., New Jersey.
- Kreutzer RT. 1998. "Marketing Mix Standardization: An Integrated Approach in Global Marketing", *European Journal of Marketing*. V.22, N.10, pp 19-30.
- Mellens M, Dekimpe MG and Steenkamp BEM. 1996. "A Review of Brand-Loyalty Measures in Marketing", *Tijdschrift Voor Economie en Management*, Vol.XLI, 4, 501-533.
- Mumm K and GonKim W. 2005. "The Relationship Between Brand Equity and Firms Performance", *Tourist management*.
- Narasimhan C. 1988. "Competitive Promotional Strategies", *Journal of Business*, 61, 420-440.
- Rundle The and Benette R. 2001. "A Brand for All Seasons", *J Product and brand management*. Vol.10, No.1.
- Salar J. 2007. Available at: www.tafahomnews.com.
- Sweeny J and Swait J. 2008. "The effect of brand credibility on customer loyalty", *Journal of Retailing and Consumer Services*, 15(2008),179-193.
- Telser L. 1964. "Advertising and Competition", *Journal of Political Economy*, 72(6), 551-567.
- Vesel P and Zabkar V. 2009. "Managing Customer Loyalty Through The Mediating Role of Satisfaction In The DIY Retail Loyalty Program", *Journal of Retailing and Consumer Services*, 16(2009), 394-406.
- Yoo B, Donthu N and Lee S. 2000. An examination of selected marketing mix elements and brand equity. *Journal of the Academy of Marketing Science*, 28(2), 195-211.
- Zeithaml VA. 1988. "Consumer Perceptions of Price, Quality, and Value: A means-end Model and Synthesis of Evidence", *Journal of Marketing*, Vol.52, No.3, pp 2-22.