The Impact of Brand Image and Corporate Branding on Consumer’s Choice: The Role of Brand Equity

Methaq Ahmed Sallam

1 College of Administrative Sciences, Najran University, Najran, Saudi Arabia

Correspondence: Methaq Ahmed Sallam, College of Administrative Sciences, Najran University, P.O. Box 1988, Najran 11001, Saudi Arabia. Tel: 966-56-573-2028. E-mail: methaq68@hotmail.com or methaq68@yahoo.com

Received: December 18, 2015  Accepted: January 4, 2016  Online Published: January 28, 2016
doi:10.5539/ijms.v8n1p98  URL: http://dx.doi.org/10.5539/ijms.v8n1p98

Abstract

Brand equity is an important issue in marketing construct, which has been shown to influence important marketing variables such as consumer’s choice. The aim of this study is to explore the role of independent variables e.g. (brand image and corporate branding) on brand equity and the impact of brand equity on consumer’s choice. When the customers own positive aspects of a company and its product e.g. brand image, corporate branding they usually form brand equity and this lead them to have a choice from the products and services of the company. This study develops a framework that explains how independent variables e.g. (brand image and corporate branding) effect on dependent variable which is called consumer’s choice, when brand equity is mediating. A study carried out in Saudi Arabia using 105 respondents as consumers who used any type of smart mobile phone. Path analysis confirmed that, corporate brand had more positive impact on brand equity while the results showed that brand image had no impact on brand equity. In addition, the study illustrated that brand equity had positive impact on customer’s choice.

Keywords: brand image, corporate branding, brand equity, consumer choice

1. Introduction

Cagla Hirschman (1995) mentioned that, including purchase history transforms models from static models to dynamic models of consumer choice. There is both theoretical and empirical evidence, at least with respect to other products, that shows that previous choices made may have a significant impact on current choices. All consumers go to the market for purchasing their wants and needs, and before buying, they often take the process of choice of the brands preferred. Brand equity plays an important role to influence consumer choice process. Previous research has shown that brand equity influence consumer choice, however this literature has been limited to broad base view of choice in which specific industry and location characteristic have not been explicitly been examined (Njuguna et al., 2014). This study tries to explain how independent variables e.g. (brand image and corporate branding) effect on dependent variable which is called consumer choice when brand equity is mediating.

2. Problem Statement

Although many studies have been conducted on this issue, but there are still gaps that need to be filled in the literature. Studies conducted by previous researchers only focused on certain aspects of customers’ choice, and the variables used in those studies were segmented in natural in previous studies. In other words, the model proposed in this study is an integrative one, and come from four separate models found in the area related literature, e.g. study of (Severi et al., 2013) explored the relationship between brand image and brand equity, study of (Chang et al., 2009) explored the relationship between corporate branding and brand equity, while study of (Njuguna et al., 2014) illustrated the effect of brand equity on consumer’s choice. This means, that three main models of this study were segmented in four different studies, and each one was separated alone, and this study tries to integrate them in one conceptual framework, and this is the contribution of this study, and the second contribution of this study it will be conducted in a developing country.

3. Literature Review

When the companies focus on their brands and develop them according to consumer wants and needs, all that help the companies to achieve a strong competitive position. In addition, when the companies try to build a
positive image of their brands in the consumer’s imagination, this means that the companies create a positive value of the brands and help consumers in their choice process. The manufacturers, on their part, have to be innovative and creative to ensure that customers get to pick their items if their firms have to remain competitive in the market. Branding of their items is one the strategies that companies such as supermarkets may adopt to attract consumers to their goods and to ensure these goods get picked and re-picked (Njuguna et al., 2014). This study try to explore how independent variables e.g. (brand image and corporate branding) effect on dependent variable which is called consumer choice when brand equity is mediating, and these issues are discussed in details to allay concepts of these concerns here.

3.1 Brand Image

Brand image could be defined as a brand that is brought to the consumer’s mind by the brand association (Keller, 1993). Brand image can be also defined as consumer’s thoughts and feelings about the brand (Roy & Banerjee, 2007). Aaker (1991) asserts that brand image could be a set of association which is significant to the consumers. Based on Bearden & Etzel (1982) as well as Park & Arinivasan (1994) arguments, brand image is closely related to the uniqueness of a particular product classification. According to Hsieh & Li (2008), strong brand image does create superior brand messages of a particular brand over the rivalry brand. Consequently, customer’s behaviour will be affected and determined by brand image (Burmann et al., 2008). Consumers employ a product’s brand image in deriving overall perceptions of the specified product, a product with higher brand image may be inferred by consumers as product of superior quality and value (Richardson et al., 1994). Furthermore, Jacoby et al. (1971) conduct an experiment research and have discovered that consumers’ perception of quality and value are significantly affected by brand image.

3.2 Corporate Branding

A lot of research has been done in the branding literature at the product level, where scholars were primarily concerned about customers’ perceptions about a product brand. However, as consumers become more knowledgeable about products and corporations as a whole, such as: employee working environment, social responsibility and community involvement, corporate branding is increasingly gaining importance and attention by marketing scholars. Corporate branding is defined as a systematical process implemented by an organization to create favorable brand image and maintain brand reputation through interaction with internal and external stakeholders (Chang et al., 2009).

Compared with product branding, which is typically handled by marketing personnel (Melewar et al., 2012), corporate branding practices involve organization-wide practices that contribute to corporate identity (Melewar & Karaosmanoglu, 2006), visual identity (Van den Bosch, Elving, & de Jong, 2006), and corporate personality (Abratt & Mofokeng, 2001), all of which can encourage multiple stakeholders to identify themselves with the corporate brand, thereby enhancing brand equity.

Two types of corporate identity, which are related to internal and external stakeholders, contribute to the effect of corporate branding (Hulberg, 2006). Organizational theory perspectives on corporate branding include concepts such as vision, culture, and image alignment (Harris & de Chernatony, 2001), brand leadership (Vallaster & de Chernatony, 2006), interaction with multiple stakeholders (Leitch & Richardson, 2003), interdepartmental coordination (de Chernatony, 1999), brand-centered HRM practices (Doig & Pate, 2005), training (Roper & Davies, 2010), internal branding (Punjaisri & Wilson, 2011), and brand communication (Balmer, 2001). Marketing theory perspectives on corporate branding include concepts such as consumer evaluations (Brown & Dacin, 1997), consumer intentions (Goldsmith et al., 2000), and brand extensions (Keller & Aaker, 1998).

Corporate branding includes intangible elements that are not directly associated with the product, such as social responsibility, employee relations and corporate trust. Corporate brands target multiple audiences, such as employees, shareholders, regulators, the community, suppliers as well as customers. Corporate branding is not tied to one specific product, but integrates a corporation’s common product attributes and benefits, relationships with people, social values and programs and corporate credibility (Keller, 1998).

3.3 Brand Equity

Severi et al. (2013) mentioned that, one of the most essential topics in marketing management is the subject of brand equity. Initially brand equity was recognized by Farquhar (1989, p. 24), he stated that brand equity brought added value to the product. Brand equity is often created by products or services that bring value directly or indirectly.

Brand equity is a set of brand assets and liabilities linked to a brand, its name and symbol that add to or subtract from the value provided by a product or service to a firm and/ or to that firm’s customers.
One of the first definitions of brand equity is presented by Srinivasan (1979) who points to the role of “brand-specific effect”. According to the author, this effect explains part of consumers’ overall preference for a brand that could not be justified by its objectively measured attributes. Aaker (1991) refers to brand equity as “a set of brand assets and liabilities linked to a brand, its name and symbol, that add to or subtract from the value provided by a product or service to a firm and/or to that firm’s customers” (p. 15).

The content and meaning of brand equity have been debated in a number of different ways and for a number of different purposes, but so far no common viewpoint has emerged (Vazquez et al., 2002; Keller, 2003). Developing and building brand equity is gaining significant attention among the academicians and practitioners (Chahal et al., 2010). Initially brand equity was recognized by Farquhar (1989, p. 24), he stated that brand equity brought added value to the product. Brand equity is often created by products or services that bring value directly or indirectly (Kapferer, 2005; Keller, 2003).

Brand equity can be defined as “the marketing and financial values linked with a brand’s strength in the market, including actual proprietary brand assets, brand name awareness, brand loyalty, perceived brand quality, and brand associations” (Pride & Ferrell, 2003, p. 299). According to Lassar, Mittal, & Arun (1995), the existing extent literature has evaluated the brand equity from two different point of view; financial perspective and customer perspective. Financial perspective is usually referred to the company’s brand value. While, the customer perspective appraises brand equity based on the customers’ perceived brand value from the anchor of marketing decision making (Kim, Kim, & An, 2003). Table 1 shows the main concepts of brand equity based on the extant literature review. This paper will adopt the idea of customer perspective of brand equity from Aaker (1991). Aaker (1996) considers brand equity as an aggregate of assets and liabilities. There are five different dimensions that can create the value of brand equity, namely; brand awareness, perceived quality, brand loyalty, brand association and proprietary brand assets (Aaker, 1996).

### Table 1. The main concepts of brand equity

<table>
<thead>
<tr>
<th>Major Contributors</th>
<th>Concepts of Brand Equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mahajan et al. (1994)</td>
<td>Customer based Brand equity can be evaluated by the level of customer’s understanding.</td>
</tr>
<tr>
<td>Farquhar (1989)</td>
<td>Brand equity can be changed via the changes in consumers’ thoughts as they are buying a particular product.</td>
</tr>
<tr>
<td>Aaker (1991)</td>
<td>Brand equity can be evaluated through brand loyalty, brand association, and perceived quality.</td>
</tr>
<tr>
<td>Keller (1993)</td>
<td>Basically, there are two methods to evaluate customer based brand equity (direct &amp; indirect) by stressing on two elements: brand image and brand awareness.</td>
</tr>
</tbody>
</table>

Source: Develop for this research.

Similarly, Keller (1993) mentions that brand equity relates to the way customers react to the brand’s elements of marketing mix, compared with those of an unnamed or factious alternative in the product category. Keller (1993) further describes that creating brand equity consists of two steps: choosing brand identities (name, logo, etc.), and developing supportive marketing programmes that integrate all of those identities. Brand equity is defined as “the value attached to a functional product or service by associating it with the brand name” (Aaker & Biel, 1993, p. 17). Aaker (1991) defines five categories of assets that are the basis of brand equity: brand loyalty, brand awareness, perceived quality, brand associations, and other proprietary brand assets.

### 3.4 Consumer Choice

Investigations of product origin effects in consumer choice behavior have a long standing tradition in consumer research and global marketing literature (Dmitrović et al., 2007). Miyoung Oh (2014) referred that the choices and policies related to the consumer choices have become a concern for all: government, agricultural industries and consumers. Cagla Hirschman (1995) mentioned that this variety-seeking behavior has a converse—habit formation; in some situations individuals seek to avoid change instead of looking for variety. A related factor is purchase feedback, which represents the “influence of observed past experience (through actual purchases) with a brand, on current choice probabilities” (Roy, Chintagunta, & Haidar, 1996, p. 281). In addition, Cagla Hirschman (1995) said, finally, “individuals may also have idiosyncratic tastes about their most preferred variants, in other words show unobserved heterogeneity, each of these aspects of purchase behavior could
potentially link the purchase of a brand at one point in time to its purchase (or lack thereof) on the next occasion. Oh Miyoung (2014) mentioned that, the choices and policies related to the consumer choices have become a concern for all: government, agricultural industries and consumers. Thus, taking a closer look in the consumer’s choices that related to the mobile phone as brand, may be the starting point to approach these related issues.

In the current century, the markets have become many and varied, and the goods and services are becoming more diverse and evolve from time to time and rapidly, especially in internet services and communications technology, and this in turn represents the difficulty sometimes in front of the consumer on how to choose the good or the appropriate service. Some previous studies that related to consumer choice subject, have been taken from the subject of consumer choice for local goods compared to foreign goods e.g. study of Ghose et al. (2012) and some other studies have focused on consumer choice for different types of distribution channels e.g. (Black et al., 2002).

This study will try to focus on how the Saudi consumer choice for some types of smart phones

3.5 The Relationship between Brand Image and Corporate Branding with Brand Equity

Severi et al. (2013) mentioned that according to Marketing Science Institute (2002), one of the major objectives of marketing research is to assess the strength of brand equity. Corporate branding is related to interactions with multiple stakeholders (Abratt & Kleyn, 2012; Melewar et al., 2012) who can contribute to brand equity. Chang et al. (2015) found in their study that there is positive effect of corporate branding on brand equity.

Corporate branding is related to interactions with multiple stakeholders (Abratt & Kleyn, 2012; Melewar et al., 2012) who can contribute to brand equity. Balmer (2001) asserted that strategic branding can be communicated externally and internally, thereby providing a valuable source of brand equity. Leitch & Richardson (2003) argued that organizations can improve their corporate brand image and reputation by adopting corporate branding practices that involve interacting with customers, thereby fostering brand equity. A favorable corporate brand image and reputation can be created and maintained through effective branding practices, such as customer signaling, effective communication, and appropriate use of symbolism (Muzellec & Lambkin, 2006). Successfully implementing an effective corporate branding strategy may transmit an image that the corporate is trustworthy, competent, ethical, and socially responsible (Sen & Bhattacharya, 2001), therefore facilitating a desired corporate identity (Abratt, 1989), reputation (Harris & de Chernatony, 2001), and image (Hatch & Schultz, 2003). Furthermore, through interactive processes, organizations can acquire ideas, knowledge, and insights of corporate brands from external stakeholders (e.g., customers and trade) and employees (Leitch & Richardson, 2003), as well as customer engagement and commitment from brand communities (McAlexander, Scheuten, & Koenig, 2002). Formulating an effective corporate branding strategy that fulfills the needs of stakeholders can improve customer brand evaluations and brand resonance (Keller, 1993). Customers who consider a corporate brand has desirable characteristics may develop a sense of oneness with the organization and develop customer company identification (Bhattacharya & Sen, 2003). Based on this discussion, we argue that an organization that successfully implements an effective corporate branding strategy can enhance its customer-based brand equity. In terms of brand image and brand equity relationship study of (Severi et al., 2013) found that positive effect of brand image on brand equity.

3.6 The Relationship between Brand Equity and Consumer’s Choice

It is imperative to acknowledge that brand equity is an inseparable part of marketing and essential to the companies to create core-competencies and build strong brand experience that will impact the consumer decision making process (Yasin & Zahari, 2011). There is a rarity in the previous studies concerning the relationship between brand equity variable with consumer choice variable. The study tried to survey the literature review that related to the this point and found a few studies demonstrate the relationship between the two variables mentioned e.g., study of Erdem et al. (2006) and study of (Njuguna et al., 2014) and they found that brand equity had positive effect on consumer’s choice.

Despite a lot of media publicity on fast moving consumer goods and services, consumers are always faced with uncertainty when making a choice. Furthermore the influence of brand loyalty, brand awareness, perceived quality and proprietary brand assets remain rudimentary and more so in the Saudis context. Research documented in Saudi has also failed to establish the importance of the dimensions of brand equity and their influence on consumer choice.
4. The Proposed Framework and Hypotheses

The conceptual framework below is proposed to ensure that corporate branding and brand image are as independent variables have impact on consumer choice which is called the dependent variable when brand equity is mediating.

Based on what have been presented in the literature above, the following framework (Figure 1) and three hypotheses have been developed for the study.

![Figure 1. Conceptual framework of the study](image)

H1. There is a positive relationship between corporate branding and brand equity.

H2. There is a positive relationship between brand image and brand equity.

H3. There is a positive relationship between brand equity and consumer’s choice.

5. Research Methodology

5.1 Sampling

Based on the Sekaran (2008) sampling refers to the procedures of choosing a enough mount of elements from existing population, so that a research of the sample and a finding of its properties or features would make it possible to generalize such properties or features to the population elements. Customers who are living in Jeddah City and using different types of mobile phone (smart phone). Most of these customers have experience by using insurance service at least two-year. The study uses samples randomly chosen among the targeted population. The total of 120 questionnaires were distributed to participants, of which 25 questionnaires were incomplete or there were missing data that could not be used. So, a total of 105 questionnaires were analyzed and the findings are presented in the next part.

5.2 Variable Measurement

A five-point Likert scale ranging from 1=strongly disagree to 5=strongly agree were used to measure responses for all brand image, corporate branding, brand equity and consumer choice variables in the study. This study tried to adopt measurements from previous studies as shown here, and in the same time tried to adapt them to be suitable with this study. For example, three items to measure consumer choice were adopted from Enthoven et al. (2001) study. Three Items to measure brand image were adopted from Kim & Kim (2005) studies. The 20-item to measure corporate branding were adopted from Chang et al. (2015) study. For brand equity outcome, four items were adopted from the study of Yoo et al. (2001).

6. Results

6.1 Respondents’ Background

Respondents’ background of the total 105 respondents surveyed, most were not married (78.1%), while (21.9%) married, and were in the age between 20-30 years (66.7%), and were in the age between 31-40 years (31.34%) while (1.9%) were in the age over 40 years. Duration is an important item and the results showed that (40.7%) used smart mobile phone more than 4 years, while (40%) used mobile phone 3 years and (13.3%) used only 2 years.

6.2 Multiple Regression Analysis

The multiple regression analysis is the statistical technique used to analyze the relationship between a single dependent (criterion) variable and several independent (predictor) variables (Hair et al., 1998). In order to test
the hypothesis, variable of corporate branding seem to have an effect on brand equity with a significant value of \( \beta = 0.96 \) (\( p>0.01 \)). These results indicate that H1 is accepted, while the results showed the variable of brand image have no effect on brand equity, and this means that H2 is rejected, and Table 2 bellow shows that.

Table 2. Multiple regression analyses: the relationship between brand image, corporate branding and brand equity

<table>
<thead>
<tr>
<th></th>
<th>Beta</th>
<th>t-test</th>
<th>Sig</th>
<th>VIF</th>
<th>tolerance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand Image</td>
<td>-0.089*</td>
<td>-2.6</td>
<td>.012</td>
<td>1.0643</td>
<td>.941</td>
</tr>
<tr>
<td>Corporate Branding</td>
<td>.96**</td>
<td>27.7</td>
<td>.000</td>
<td>1.0643</td>
<td>.941</td>
</tr>
<tr>
<td>R²</td>
<td>.88</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjusted R Square</td>
<td>.88</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>F Value</td>
<td>392.8</td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

6.3 Simple Regression Analysis

The simple regression analysis is the statistical technique used to analyze the relationship between a single dependent (criterion) variable and single independent (predictor) variables. Brand equity has been hypothesized in H3 to have an effect on consumer choice. Table 3 illustrates that brand equity explained (0.065) of the variance in consumer choice (R²=0.065). The variable of brand equity was found to be positively and significantly associated with consumer choice as (\( \beta=0.26, p<.01 \)). It is obvious then that H3 which has proposed the effect of brand equity on consumer choice is accepted.

Table 3. Simple regression analyses: relationship between brand equity and consumer choice

<table>
<thead>
<tr>
<th>Consumer Choice Path c</th>
<th>Beta</th>
<th>t-test</th>
<th>Sig</th>
<th>VIF</th>
<th>tolerance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand Equity</td>
<td>.78**</td>
<td>2.86</td>
<td>.009</td>
<td>1.000</td>
<td>1.000</td>
</tr>
<tr>
<td>R²</td>
<td>0.065</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjusted R Square</td>
<td>.056</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>F Value</td>
<td>7.2</td>
<td></td>
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</table>

7. Discussion and Implications

The objective of this study as stated earlier is to investigate the effect of corporate branding and brand image on brand equity, and to investigate the effect of brand equity on customer’s choice. The study found that corporate branding was found to have a positive impact on brand equity while the results explored that brand image had no effect on brand equity. The positive effect of corporate branding on brand equity reflects the strong relationship between the two variables and also reflects to the features added by corporate branding to the brand values such as reputation and social responsibility, and this result give mangers idea how to trigger brand equity by using and focusing on corporate branding. In the other side of this, the results appeared that brand image have no effect on brand equity in the market of mobile phone, and this results reflect that there is no role for the variable of brand image to effect on brand equity, and this results ask the marketing managers to give a greater role for the variable of brand image in the future. In addition, the study explored that brand equity has significant effect on customer’s choice, and this result seems to contrast with previous studies’ results, for example (Njuguna et al., 2014; Erdem et al., 2006).

8. Conclusions

This study has undertaken an in-depth review of the effect of corporate branding and brand image on brand equity, and to investigate the effect of brand equity on customer’s choice. The findings provide an understanding of Saudi’s consumer behavior and thus gave practitioners some ideas in understanding how to use the corporate branding factor to enhance the role of brand values to lead to consumer’s choice.

This study was the first in Saudi Arabia context that examine the effect of corporate branding and brand image on brand equity, in addition to examine the effect of brand equity on consumer’s choice with reference to sector of smart mobile phone in Saudi markets. It is highly advisable, by this study, that the concepts of corporate branding is indeed an important factors for companies of smart mobile phone and generally for other service providers.
9. Recommendation

Based on what was mentioned above, it can be argued that the corporate branding influence brand equity. In addition, the brand equity was shown to be influential on consumer’s choice. Companies of smart mobile phone in Saudi Arabia should pay more attention to corporate branding, to build brand equity and which is leads to from positive consumer choice toward the companies’ brands. The process of building positive consumer’s choice by using corporate branding and brand image is considered difficult in the beginning but it helps the companies in the future for long time. This study will be useful for the managers in companies, especially the marketing managers.

10. Limitation and Future Research

It is hoped that the study can provide insights for further research in this area and help policy makers of companies to employ the implementation of the role corporate branding as it is found to be one of the main driver of brand equity in marketing. However, this study is limitations, for instance, a sample size is only 105 consumers and this means that the results cannot be generalized for all Saudi consumers. In terms of collecting data, the study collected the data in one point in time, but the concept of brand credibility can be measured from time to time and needs long time to be built and this needs to use longitudinal approach. In addition, the study focused on smart mobile phone while other researches need to focus in other service industries that have long-term relationship with their customers such as hotel services and insurance industries. Lastly, this study is conducted in Saudi Arabia which is considered from a developing country.

References


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