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# Retailers' perceptions of product brand equity: an empirical study of Vietnamese independent grocers

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**RETAILERS' PERCEPTIONS OF PRODUCT BRAND  
EQUITY :**

**AN EMPIRICAL STUDY OF VIETNAMESE  
INDEPENDENT GROCERS**

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A THESIS SUBMITTED TO THE GRADUATE COLLEGE OF MANAGEMENT  
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UNIVERSITY, N.S.W., AUSTRALIA

2006

# ***Certificate***

I certify that the substance of this thesis has not already been submitted for any degree and is not currently being submitted for any other degree or qualification.

I also certify that, to the best of my knowledge, any help received in preparing this thesis, and all sources used have been acknowledged in this thesis.

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# ABSTRACT

In the literature on product branding, significant attention has been paid to brand equity in the consumer context, but relatively little attention has been paid to the application of the concept of brand equity to the business-to-business context. Even less research has been conducted on the role of brand equity in the retailing context. Retailers are assumed to be irrelevant to the source of brand value for manufacturers, with the result that manufacturers do not target retailers to help them build strong brands. Therefore, there is potential for some channel conflict to occur between manufacturers and retailers. On the one hand, retailers may tend to focus on building their own, private brands to differentiate themselves from other retail competitors and to increase their power in relation to manufacturer brands. On the other hand, retailers also need to create a good image in the consumer marketplace by selling famous, manufacturer-branded products. In other words, retailers often have to sell famous brands even if they would prefer to sell other brands, or their own. Manufacturers therefore tend to focus on building strong brand associations in consumers' minds, in order to control retailers' power.

There is an argument that traditional ways of thinking about brands, i.e. only from the consumer perspective, has produced 'both an incomplete analysis of branding from an academic perspective and incomplete management of the brand from a company perspective' (Webster 2000). The relationship between manufacturers and retailers should be viewed as a partnership instead of competition for consumer loyalty (Narus & Anderson 1986). Powerful consumer brands not only provide value to manufacturers and consumers, but they also offer many obvious benefits to retailers. These benefits include an established consumer demand; favourable consumer attitudes towards the branded product found in their store; a commitment from manufacturers to promote their products; and the credibility and image of the brand itself as an enhancement of the retailer's own credibility and image (Webster 2000).

Brand equity, therefore, needs to be investigated from the retailers' perspective, in order to provide a more complete understanding of the role of branding in marketing strategies. This research attempts to bridge this gap by exploring the customer-based

brand equity concept from the retailers' perspective. It aims to explore how consumer-based brand equity theory translates to the retailer context, incorporating the key constructs of brand association, brand trust, brand loyalty, manufacturer support and the performance of the brand.

The study was conducted in the context of the Vietnamese independent retail grocery sector. This context was chosen on the basis that there has been limited research conducted on branding in the Vietnamese context and due to the prominence of the independent grocery sector in the retail industry of Viet Nam. A survey questionnaire was developed based on the review of the relevant branding and retail literature and was administered to a sample of 400 independent grocery retailers in Ho Chi Minh City. This sample was drawn from a commercial mailing list of independent retailers. Selected retailers were contacted by phone and invited to participate in the research by completing the questionnaire during a face-to-face interview at their premises. They were asked to respond to the survey in relation to a major brand of soft drink sold within their product range. The soft drink product category was selected for this study due to it being one of the most common types of products sold by the independent retail sector in Viet Nam, which would ensure that all participants could easily share their opinions of the value of brands.

Following a pilot study testing the survey instrument, the main data collection phase resulted in 355 completed and useable surveys being available for analysis. Structural equation modeling was used to explore the relationships between the branding constructs of interest. The findings show that the theoretical model has fit with the data. Nine out of twelve hypotheses are supported to answers four research question.

The finding indicates that brand equity plays an important role in the retailing context, and it is comprised of three dimensions - brand association, brand trust and brand loyalty. Brand association is reflected in the positive image of a brand in the retailer's perception, related to their needs and wants. This leads to a positive feeling towards that brand, which is the trust a retailer holds in a manufacturer's brand. As the result of a strong brand, retailers commit to a long-term business relationship with the brand's manufacturer. Two of these three dimensions of retailer-based brand equity, (brand association and brand loyalty) are positively and significantly related to the brand's performance at the retail outlet. Manufacturer support, including advertising,

sales promotion and trade promotions has been confirmed by this study to be an antecedent of retailer-based brand equity. Moreover, this study indicated that there is a difference between the retailer-based brand equity model for local brands compared to international brands, in that brand association is the most important factor in retailer-based brand equity in the international brands model while brand loyalty is the most important factor in the local brands model.

# Table of contents

Acknowledge .....	3
ABSTRACT.....	4
Table of contents.....	7
List of tables.....	13
List of figures.....	15
CHAPTER 1: INTRODUCTION .....	17
1.1 INTRODUCTION .....	17
1.2 RESEARCH BACKGROUND .....	19
1.3 RESEARCH QUESTIONS .....	21
1.4 METHODOLOGY .....	23
1.5 DELIMITATIONS .....	25
1.6 DEFINITION OF TERMS .....	25
1.7 STRUCTURE OF THE STUDY .....	26
1.8 CONCLUSION.....	27
CHAPTER 2: LITERATURE REVIEW .....	29
2.1 INTRODUCTION .....	29
2.2 OVERVIEW OF BRANDING .....	31
2.3 DEFINITION OF BRAND EQUITY .....	33
2.3.1 Financial approach to brand equity.....	36
2.3.2 Customer approach to brand equity .....	38



2.4	BRAND EQUITY FROM THE INDIVIDUAL CONSUMER PERSPECTIVE	39
2.4.1	Conceptualisation of consumer-based brand equity	40
2.4.2	Measurement of consumer-based brand equity	52
2.5	BUSINESS-TO-BUSINESS PERSPECTIVE OF BRAND EQUITY	55
2.6	RETAILER PERSPECTIVE OF BRANDS	60
2.7	RETAILER PERSPECTIVE OF MANUFACTURER BRANDS	63
2.7.1	Retailer-based brand equity	72
2.7.1.1	Brand Association	73
2.7.1.2	Brand Trust	77
2.7.1.3	Brand loyalty	79
2.7.1.4	Relationships among the three dimensions of retailer-based brand equity	80
2.7.2	Brand Performance	82
2.7.3	Manufacturer support	84
2.7.4	Retailer-based brand equity of international brands versus local brands	87
2.8	SUMMARY	88
CHAPTER 3: METHODOLOGY		90
3.1	INTRODUCTION	90
3.2	RESEARCH DESIGN	92
3.3	OPERATIONALISATION OF MEASURES	95
3.3.1	Measuring brand association	95

3.3.1.1	MEASURING BRAND SATISFACTION .....	95
3.3.1.2	MEASURING CONSUMER-BASED BRAND EQUITY .....	96
3.3.2	Measuring brand trust .....	97
3.3.3	Brand loyalty.....	98
3.3.4	Brand Performance .....	99
3.3.5	Manufacturer support.....	100
3.4	PILOT STUDY .....	101
3.5	MAIN SURVEY .....	102
3.5.1	Sample design .....	103
3.5.1.1	Product and brand selection .....	103
3.5.1.2	Sampling .....	104
3.5.1.3	Sample size .....	106
3.5.2	Survey method .....	106
3.5.3	Data analysis techniques .....	108
3.6	ETHICAL CONSIDERATIONS.....	112
3.7	CONCLUSION.....	113
CHAPTER 4:	DATA ANALYSIS .....	114
4.1	INTRODUCTION .....	114
4.2	PILOT STUDY .....	116
4.3	MAIN STUDY SAMPLE PROFILE.....	120
4.3.1	Final Sample .....	120

4.3.2	Characteristics of sample .....	121
4.3.3	Descriptive Statistics.....	124
4.4	NORMALITY IDENTIFICATION.....	125
4.5	MEASUREMENT MODEL.....	127
4.5.1	Exploratory and confirmatory factor analysis.....	127
4.5.1.1	Reliability, unidimensionality and convergent validity .....	128
4.5.1.2	Discriminant validity .....	129
4.5.1.3	Summary .....	130
4.5.2	Construct validity .....	130
4.5.2.1	Brand association .....	130
4.5.2.2	Brand trust.....	133
4.5.2.3	Brand loyalty.....	135
4.5.2.4	Retailer based brand equity.....	137
4.5.2.5	Brand performance.....	138
4.5.2.6	Manufacturer support.....	141
4.5.2.7	The final measurement model.....	142
4.5.3	Summary .....	145
4.6	STRUCTURAL EQUATION MODELING IN THEORY DEVELOPMENT AND TESTING .....	147
4.6.1	Introduction to structural equation modeling.....	147
4.6.2	Hypothesis testing.....	150
4.7	SUMMARY AND CONCLUSIONS .....	157

CHAPTER 5: CONCLUSIONS & IMPLICATIONS.....	159
5.1 INTRODUCTION .....	159
5.2 CONCLUSIONS FROM THE RESEARCH QUESTIONS AND PROPOSITIONS .....	161
5.2.1 Question 1: ‘How does consumer-based brand equity theory translate to the retailer context?’ .....	161
5.2.2 Question 2: How does retailer-based brand equity affect brand performance from the retailers’ perspective? .....	163
5.2.3 Question 3: ‘How does manufacturer support affect retailer-based brand equity and brand performance?’ .....	165
5.2.4 Question 4: Are there any differences between the retailer-based brand equity model for local brands compared to international brands? .....	167
5.3 CONTRIBUTIONS OF THE RESEARCH FINDINGS.....	174
5.3.1 Theoretical contribution.....	174
5.3.2 Methodological contribution.....	178
5.4 IMPLICATIONS OF THE RESEARCH.....	178
5.4.1 Implication for local brand managers .....	181
5.4.2 Implication for international brand managers.....	182
5.5 LIMITATIONS OF THE RESEARCH.....	183
5.6 FURTHER RESEARCH .....	184
5.7 CONCLUSION.....	186
LIST OF REFERENCES.....	187
Appendix 1 (Questionnaire-English version) .....	201

Appendix 2 (Questionnaire-Vietnamese version).....	211
Appendix 3 (Local brand RBBE model) .....	217
Appendix 4 (International brand RBBE model) .....	218

# List of tables

Table 1.1 Chapters of the thesis.....	26
Table 2.1: Summary of the components of consumer based brand equity .....	41
Table 2.2: Definition and key ideas of consumer-based brand equity theories. ....	44
Table 2.3: Studies of business-to-business branding .....	58
Table 2.4: Summarises the value of manufacturers’ brands to channel members.....	62
Table 2.5: Summary of hypotheses.....	88
Table 3.1: Research questions and research hypotheses.....	90
Table 3.2: Measures of brand satisfaction .....	96
Table 3.3: Measures of consumer-based brand equity.....	96
Table 3.4: Measures of brand trust .....	97
Table 3.5: Measures of brand loyalty .....	99
Table 3.6: Measures of brand performance .....	100
Table 3.7: Measures of manufacturer support .....	101
Table 3.8: Absolute Fit Indices.....	109
Table 3.9: Incremental fit indices .....	111
Table 3.10: Parsimonious fit measure.....	112
Table 4.1: Results of the pilot study .....	117
Table 4.2: Final construct measurement scales.....	118
Table 4.3: Response frequency of each brand .....	121
Table 4.4: Characteristics of respondents .....	122

Table 4.5: Cross-tabulation of respondents' occupations by knowledge of market ..	122
Table 4.6: Descriptive statistics .....	124
Table 4.7: Skewness and kurtosis .....	126
Table 4.8: Exploratory factor analysis results for brand association .....	131
Table 4.9: Exploratory factor analysis results of the brand trust scale .....	133
Table 4.10: Exploratory factor analysis results of the brand loyalty scale .....	135
Table 4.11: Exploratory factor analysis results of the brand performance scale .....	138
Table 4.12: Exploratory factor analysis results of the manufacturer support scale ...	141
Table 4.13: Correlation between constructs.....	143
Table 4.14: Summary of theoretical construct measures .....	146
Table 4.15: Hypothesis testing based on model 1 (theoretical model).....	150
Table 4.16: Comparison between retailer based brand equity of international brand and local brand.....	156
Table 4.17: Structural equation modeling result of comparison model (normal case Vs fixed regression index).....	156
Table 4.18: Summary of the results of hypotheses testing .....	157
Table 5.1: Summary of local brand and international brand retailer-based brand equity models.....	167
Table 5.2: Summary of research results.....	172

# List of figures

Figure 1.1: Structure of Chapter 1 .....	18
Figure 2.1: Chapter overview .....	30
Figure 2.2: Two models of the relationship between product and brand.....	32
Figure 2.3: Brand equity .....	36
Figure 2.4: Aaker's (1991) brand equity model.....	54
Figure 2.5: Relationships among manufacturer, consumer and retailer .....	63
Figure 2.6: The effect of brand equity dimensions on performance.....	65
Figure 2.7: Dimensions of brand equity .....	67
Figure 2.8: Model of the sources of brand value .....	68
Figure 2.9: Final model of source of brand value (Glynn 2004).....	69
Figure 2.10: Brand equity in supply chain management. ....	70
Figure 2.11: Relationships among the three dimensions of retailer-based brand equity .....	82
Figure 2.12: Relationship between retailer-based brand equity and brand performance .....	83
Figure 2.13: The theoretical model of the antecedents and outcome of retailer-based brand equity .....	86
Figure 3.1: Outline of Chapter 3. ....	91
Figure 3.2: Research process .....	94
Figure 4.1: Structure of Chapter 4 .....	115
Figure 4.2: profile of respondents.....	123



Figure 4.3: Confirmatory factor analysis results of brand association .....	132
Figure 4.4 : Confirmatory factor analysis model of brand trust .....	135
Figure 4.5: Confirmatory factor analysis results of retailer-based brand equity .....	137
Figure 4.9: Final confirmatory factor analysis model of performance .....	140
Figure 4.10: The theoretical measurement model.....	144
Figure 4.11: Theoretical model.....	149
Figure 5.1: Structure of chapter 5 .....	160
Figure 5.2: Relationship among three components of retailer-based brand equity ...	163
Figure 5.3: Relationship between retailer-based brand equity and brand performance .....	165
Figure 5.4: Effect of manufacturer support on retailer-based brand equity and brand performance .....	166
Figure 5.5: International brand retailer-based brand equity.....	169
Figure 5.6: Local brand retailer-based brand equity.....	170
Figure 5.7: Relationships among manufacturer, consumer and retailer .....	181

# CHAPTER 1: INTRODUCTION

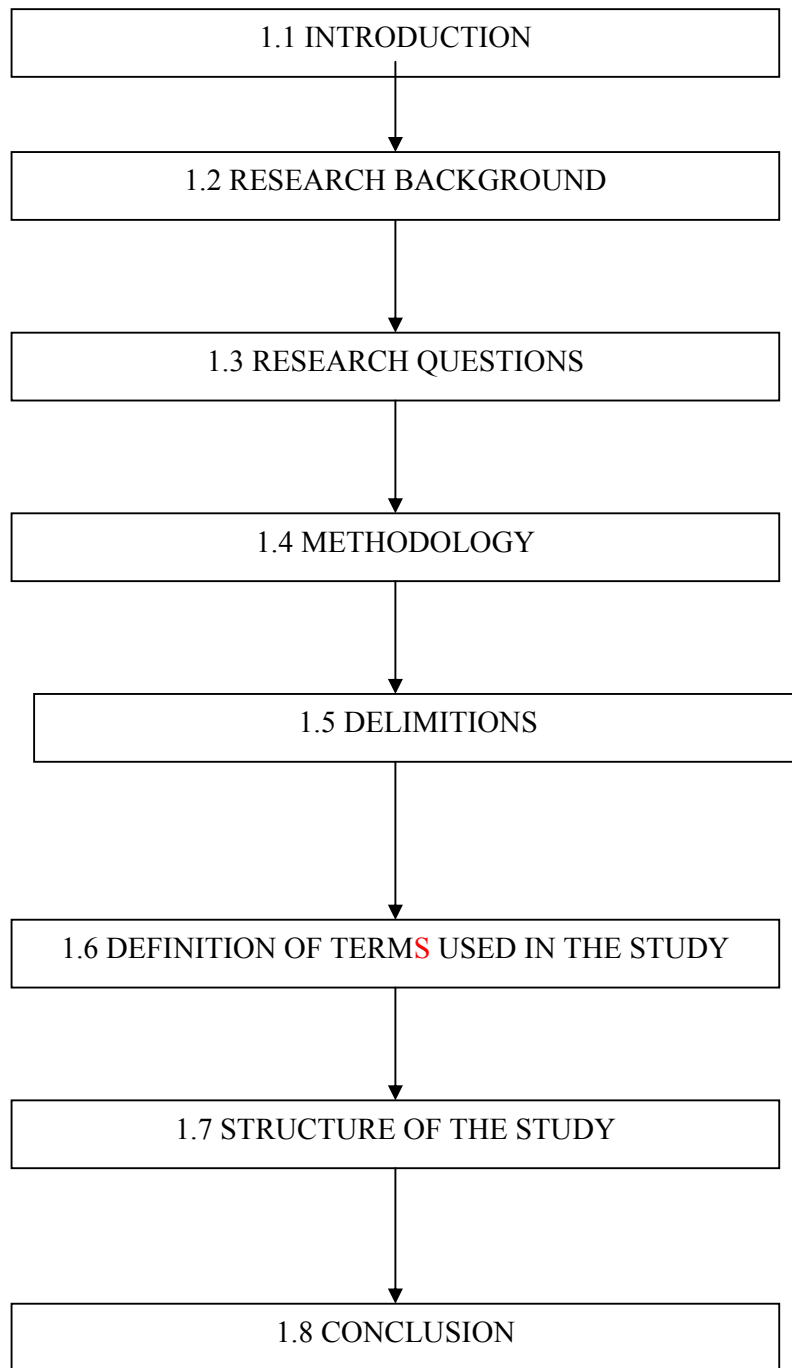
## 1.1 INTRODUCTION

This chapter provides a general introduction for the current study, by drawing a general picture of the following chapters and the study as a whole, beginning with a general introduction in Section 1.1. Section 1.2 examines the research background, in which the gaps in the literature on branding are identified. Section 1.3 defines the research questions and lists the research hypotheses, including the conceptual framework.

In addition, Section 1.4 briefly discusses the general aspects of research methodology such as research types and research design. Section 1.5 discusses some limitations of the current study.

Section 1.6 provides definitions of some of the terms used in this study. Section 1.7 introduces the structure of the study and finally, Section 1.8 summarises the main points of chapter 1. The structure of Chapter 1 is provided in Figure 1.1.

FIGURE 1.1: STRUCTURE OF CHAPTER 1



## 1.2 RESEARCH BACKGROUND

Beginning with the application of trademarks to products for the purpose of product differentiation, brands have developed and become one of the key success factors in firms achieving competitive advantage through differentiation (Wood 2000). Moreover, brands create added value for both firms and customer. Brands play a key role in enhancing the value of products and protecting the product from being imitated by competitors (Aaker 1991). In fact, 'A product is something that is made in a factory; a brand is something that is bought by a customer. A product can be copied by a competitor; a brand is unique. A product can be quickly outdated; a successful brand is timeless' (King, cited in Aaker 1991, p. 1). In other words, a strong brand is counted as a valuable company asset. For example, the intangible value of Coca-Cola is estimated at more than US\$100 billion, compared to about US\$10 billion for the tangible value of books in which brand is about 70 percent of the intangible assets. Therefore, brand equity is one of the most interesting topics to both academic researchers and practitioners (Wood 2000). Two main approaches to brand equity are indicated as the financial and the customer perspective (Myers 2003).

Compared to the financial approach of brand equity, customer-based brand equity has dominated the literature on branding. However, customer-based brand equity has received considerable attention in the individual consumer context, but relatively little in a business-to-business context. Many aspects of consumer-based brand equity have been investigated, including conceptualisation, (Aaker 1991; Farquhar 1989; Keller 1993; Lassar, Mittal & Sharma 1995; Leuthesser 1988); measurement, (Kamakura & Russel 1993; Louvievier & Jonson 1988; Washburn & Plank 2003; Yoo, Donthu & Lee 2000); antecedents, (Washburn and Plank 2003; Yoo 1997) and the consequent factors of brand equity (Kim and Kim 2004).

On the other hand, few researchers have been interested in brand equity from a business-to-business customer perspective, as can be seen from the fact that most of the studies in this field during the 1990s only focused on proving the important role of brand in the context of the business-to-business customer (Gordon, Calantone & DiBenedetto 1993; Hutton 1997; Kim et al. 1998; Mudambi 1997), while many other

topics related to brand equity from a business-to-business perspective have not yet been considered, such as conceptualisation and measurement of brand equity. This gap in the existing research indicates that further research needs to be undertaken to investigate branding, especially in the business-to-business context.

The topic of branding is even less developed in the retailing context. Retailers are recognised as one type of business-to-business customer; however, their buying behaviours have some special characteristics compared to other types of organisational customer. For example, retailers often buy many brands of the same product categories to resell to the end-user, which does not usually happen in other business-to-business markets (Fairhurst & Fiorito, 1990). Furthermore, brands have often been assumed to be irrelevant to the retailer (Webster 2000), which means that manufacturers do not target retailers to build a strong brand (Hoffman 1991). However, the irrelevancy of retailers to brand-building is challenged by the view that the traditional ways of thinking about brand, which have largely left retailers out of the equation, leads to an incomplete analysis of branding from an academic perspective and incomplete management of the brand from a company perspective (Webster 2000). This challenge has been supported by some current research focusing on branding from a retailing perspective (Baldauf, Cravens & Binders 2003; Davis 2003 and Glynn 2004). Therefore, brand equity needs to be more fully investigated in terms of retailers, in order to provide a complete understanding of the role of branding in a marketing strategy (Webster 2000).

In short, the development of branding theory from a retailing perspective will make a significant contribution to both brand managers and marketing researchers. Moreover, the more evidence that is found for brand equity theory, the more chance there is to reach a consensus definition of customer-based brand equity, which is still characterised by confusion and frustration (Wood 2000).

Most branding theories are built in the context of developed countries, especially in the area of the retailing perspective of brand equity, with studies being conducted in Austria (Baldauf et al. 2003), the United States of America (Davis 2003) and New Zealand (Glynn 2004). There seems to be a lack of evidence from emerging economies, in particular from transitional economies such as Viet Nam and China.

The Vietnamese retail market is expected to be one of the most attractive retail markets by 2020 (Vietnamnet 02/05/2006). More competition is expected to exist between local and foreign distributors to secure a piece of this big cake (Vietnamnet 02/05/2006). The modernisation of retailers in Vietnam has occurred rapidly during the last ten years which has contributed approximately 0.5% of total estimated sales by Vietnamese food retailers through the modern super market system with many local and international brand names such as Co-op mart, Big G, Cora. However, the traditional retailer still accounts for a large portion of the Vietnamese market. For example, the 10,000 grocery retailer stores involved in the G7 market chain store is only one part of the real number of small retailers across Vietnam known as traditional retailers. (Vietnamnet 02/05/2006). Therefore, this study of brand equity from the retailing perspective in the Vietnamese market will significantly contribute to the literature on branding, especially focused on small and independent retailers.

Moreover, since the advent of globalisation, the Vietnamese market has become very attractive to foreign investors. As a result, many famous multinational companies (MNCs) have appeared and developed in Viet Nam, such as P&G, Pepsi, Coke, Unilever and Nestlé. Because of this movement of foreign investment into Viet Nam, the dominance of international brands is leading to the recession of local brands (Tran 2002). The statement that ‘global brands are the only thing that count and the process of global branding the only thing worth spending time on’ (Kapferer 2002, p. 163), leads to the question, ‘Is there any hope for local brands?’, which is a question of concern for both academics and practitioners, resulting in a call for the investigation of branding strategies for local brands (Kapferer 2002).

### **1.3 RESEARCH QUESTIONS**

In order to contribute to filling this gap in the literature on branding, the current research intends to address four main issues:

- Q1.** How does consumer-based brand equity theory translate to the retailer context?
- Q2.** How does retailer-based brand equity affect a product’s brand performance from the retailers’ perspective?

**Q3.** How does manufacturer support affect retailer-based brand equity and a product's brand performance?

**Q4.** Are there any differences between the retailer-based brand equity model for local brands compared to international brands?

Due to the problem of a lack of a theory base on brand equity in the business-to-business context, it is argued here that the application of customer-based brand equity from the consumer context to the retailing context is the suitable solution to build a retailer-based brand equity theory. The first research question addresses the issue of whether customer-based brand equity theories from the consumer's perspective can serve as the foundation and reference for building brand equity theory from a retailer's perspective.

Based on the review of customer-based brand equity (CBBE) theory, the three key components of CBBE are indicated as: association, trust and loyalty (Feldwick 1996). This idea is transferred to the retailer context, in which retailer-based brand equity is defined as the effect of brand knowledge on retailers' responses to the marketing activities of the brand manufacturer. Brand association, brand trust and brand loyalty are proposed as the three components of retailer-based brand equity. Four hypotheses have been developed to investigate the relationship among these three components, as follows:

**H1:** Retailer-based brand equity is proposed as a multi-dimensional construct including brand association, brand trust and brand loyalty.

**H2:** Brand association is positively related to brand trust.

**H3:** Brand trust is positively related to brand loyalty.

**H4:** Brand association is positively related to brand loyalty.

The second research question addresses one of the other gaps in the literature on branding, which is the effect of brand equity on a product's brand performance (Kim & Kim 2004). Three components of retailer-based brand equity are proposed as being positively related to brand performance in the retail store, as shown in hypotheses H5, H6 and H7.

**H5:** Brand association is positively related to brand performance.

**H6:** Brand trust is positively related to brand performance.

**H7:** Brand loyalty is positively related to brand performance.

The third research question focuses on the effect of manufacturer support on retailer-based brand equity. Manufacturer support is assumed to be positively related to the three components of retailer-based brand equity, shown as the following hypotheses:

**H8:** Manufacturer support is positively related to brand association.

**H9:** Manufacturer support is positively related to brand trust.

**H10:** Manufacturer support is positively related to brand loyalty.

**H11:** Manufacturer support is positively related to brand performance.

In particular, the fourth research question compares the retailer-based brand equity model between local brands and international brands. Therefore hypothesis 12 is proposed as follows:

**H12:** There are differences between the retailer-based brand model for international brands and local brands.

## **1.4 METHODOLOGY**

There are three types of business research: exploratory, descriptive and causal (Zikmund 1997). The definition of these three research types are as follows (Zikmund 1997, p. 37):

‘Exploratory research is usually conducted to clarify and define the nature of a problem;

Descriptive research is designed to describe characteristics of a population or phenomenon;

Causal research is conducted to identify cause and effect relationships among variables where the research problem has already been narrowly defined.’

Based on the four research questions, this study is designed to describe the characteristics of retailer-based brand equity as well as the causal relationships among



manufacturer support (the antecedent factor), retailer-based brand equity and brand performance (the consequent factor). Therefore, a combination of descriptive and causal research is suitable for this research.

Having determined the research gaps and research questions and hypotheses, the next step in formulating a research study is the selection of the research design. There are four types of research design from which to select: survey, experiments, observation and secondary data (Zikmund 1997). Based on the advantages and disadvantages of these four types, the survey method was chosen to conduct an empirical study of retailer-based brand equity in the Vietnamese independent grocery sector. The reason for choosing the survey method is that surveys provide a quick, efficient and accurate means of assessing information on a population, especially in the case of a lack of secondary data (Zikmund 1997).

In this research, quantitative methods are applied to examine the research questions and hypotheses, using a survey questionnaire as the tool to measure retailer-based brand equity and its effect on brand performance. Stratified sampling was used in this research (see the discussion in Chapter 3, Section 3.5.1.2) and data was collected using a combination of telephone contact and face-to-face interview, conducted by FKS Research Company.

Most Vietnamese retailers, especially in fast moving consumer goods (FMCGs), are independent and small grocery stores which account for 70 percent of the retailing market (Vietcycle 2000). Therefore, this study focuses on this type of small independent retail grocery. In addition, the soft drink product category was chosen for investigation, as this is one of the most popular FMCG goods and widely distributed throughout the retail grocery sector. Four brands are included in this study: Pepsi, Coke, Tribeco and Chuong Duong, out of which two are international brands (Pepsi and Coke) and two are local brands (Tribeco and Chuong Duong).

Finally, the data was initially analysed using the SPSS Version 11 software program. AMOS (Version 4) was used to assess validity and undertake confirmatory factor analysis of each construct, for the use of structural equation modeling to test the theoretical models under study.

## 1.5 DELIMITATIONS

This section identifies the limits beyond which the research described in this thesis does not have significance.

First of all, the current study focuses only on small and independent groceries, to build retailer-based brand equity. Even though this category of retail outlet accounts for 70 percent of the retail market in Viet Nam, the retailer-based brand equity model developed by this study may not be directly applied to other types of retail outlet, e.g. supermarkets such as Co-op, Big G Mart or Maxima.

In addition, only one product has been chosen for this research. Although soft drinks are one of the popular product categories in FMCGs, the choice of only one retail product may limit the generalisation of the findings to other industries which do not deal in FMCGs.

## 1.6 DEFINITION OF TERMS

**Customer-based brand equity** is defined as the differential effect of brand knowledge on consumer response to the marketing of the brand in which brand knowledge is conceptualised, based on an associative network memory model in terms of two components, brand awareness and brand image (Keller 2003).

**Retailer-based brand equity (RBBE)** is the effect of brand knowledge on the retailer's response to marketing activities of the brand manufacturer, in which positive attitudes of retailers towards the manufacturer's brand leads to the source of competitive advantage of the brand in the same category (developed by this thesis).

**Brand association**, in the current study, is defined as what retailers hold in their minds about a brand related to their needs and demands (Wood 1998).

**Brand satisfaction**, in the current study, is defined as an overall evaluation of fulfillment in the relationship between brand manufacturers and retailers (Gaski and Nevin 1985).

**Consumer-based brand equity**, in the current study, is defined as the consumer’s overall assessment of the brand value based on the perceptions of retailers (Davis 2003; Yoo et al. 2000)

**Brand trust**, in the current study, is defined as the feeling of security held by the retailer in his/her interaction with the brand, based on the reliability of brand supply, the credibility of marketing information and the expertise of the brand manufacturer (Delgado-Ballester 2002).

**Brand loyalty**, in this study, is defined as a commitment of the retailer to maintain stability in a long-term relationship with a manufacturer (Lam , Shankar, Erramili & Murthy 2004; Oliver 1999).

**Brand performance** is defined as the economic performance of a brand at the retail outlet, as the outcome of the retailer-based brand equity model (Baldauf et al. 2003; Kim & Kim 2004)

## 1.7 STRUCTURE OF THE STUDY

This thesis contains five chapters. Table 1.1 shows the individual title of each chapter. **Chapter 1: Introduction**, is the preliminary chapter which provides the background to the research, the contribution of the research, a brief research methodology overview and outlines the limitations of the research.

Table 1.1 Chapters of the thesis

Chapter	Chapter title
1	Introduction
2	Literature Review
3	Methodology
4	Data Analysis
5	Conclusions and Implications

Source: developed for this research.

**Chapter 2: Literature Review** provides details of the three parent disciplines: 1) consumer-based brand equity, which provides the foundations on which to build a brand equity theory in the retailing context; 2) business-to-business brand equity, which proves the applicability of consumer-based brand equity theory to the business-to-business context; and 3) retailer perspectives of brand equity. The theoretical framework is also presented in this chapter as well as twelve hypotheses based on the research questions.

**Chapter 3: Methodology** details the research methodology design, research procedures and justification of the data analysis. Chapter 3 also gives details of the questionnaire items and the development of the survey. Also, the statistical procedures of the SPSS and AMOS programs used in the research are provided and discussed.

**Chapter 4: Data Analysis** details the results of the analysis of the data collected through the pilot and main surveys, including descriptive statistics on the demographics of the respondents, and also addresses normality distribution. The validity and reliability of the constructs of interest are also assessed, followed by an analysis of the data, to answer the research questions. Finally, the chapter provides the results of the structural equation modeling facility of the AMOS program which tested the proposed model.

**Chapter 5: Conclusions and Implications** provides the conclusions from the findings of this research project, based on the research questions and hypotheses. In addition, this chapter discusses the implications, contributions and limitations of the research. Lastly, the recommendations for further research are provided.

## **1.8 CONCLUSION**

This research examines brand equity from the retailing perspective, called ‘retailer-based brand equity’. The antecedent and consequent factors are considered to be manufacturer support and brand performance. Four research questions with twelve hypotheses are tested by an empirical study of 400 independent groceries in Viet Nam. This is the first study to address the concept of retailer-based brand equity, especially in transitional economies such as Viet Nam’s. The next chapter will review

the literature on brand equity in order to provide a preliminary conceptualisation of retailer-based brand equity.

# CHAPTER 2: LITERATURE REVIEW

## 2.1 INTRODUCTION

Following Chapter 1, which provided an overview of the study, this chapter reviews the literature on brand equity to identify the gap in existing knowledge and to develop a theoretical model. The chapter begins with the history of branding and its importance in the business world. The definition of the key construct, brand equity, is reviewed from both a financial and a customer perspective. The chapter then continues with a discussion of customer-based brand equity from the three different perspectives of the individual consumer, the business-to-business customer and the retailer (or reseller). The gap in the literature on brand equity is identified as the lack of research on brand equity from a retailing perspective.

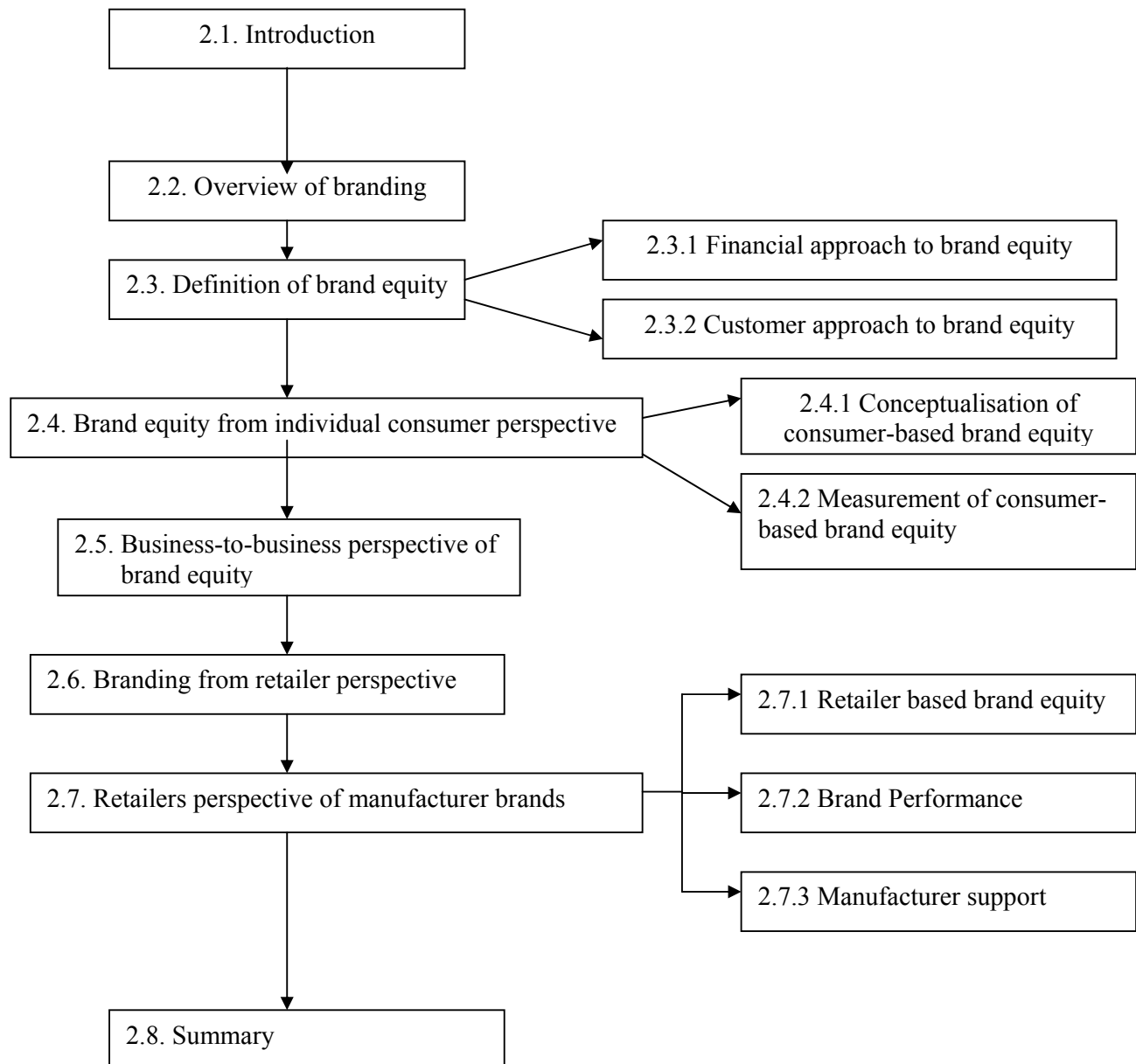
In addition, the discussion on customer-based brand equity from the individual consumer perspective indicates the key components of brand equity that lays the foundation for the discussion of retailer-based brand equity. The purpose of the literature review on business-to-business branding is to highlight the important role of branding in the business-to-business customer context as well as the application of branding theory in the consumer context for business-to-business branding theories.

This chapter focuses on the concept of retailer-based brand equity and identifies the components of retailer-based brand equity, namely, brand association, brand trust and brand loyalty. Moreover, this chapter also explains the role of brand equity in the retailer context by assessing its influence on brand performance. In other words, performance acts as the outcome of the retailer-based brand equity model. Finally,

manufacturer support is mentioned as an antecedent of the retailer-based brand equity model.

Four research questions, which have been listed in Chapter 1, are addressed in this study and a theoretical model is proposed with twelve hypotheses. This chapter provides the background for the development of the research design of Chapter 3, which discusses the methodology. The structure of Chapter 2 is shown in Figure 2.1.

FIGURE 2.1: CHAPTER OVERVIEW



## **2.2 OVERVIEW OF BRANDING**

The concept of branding has been used for more than a hundred years (Feldwick 1996). However, the meaning of brand has changed throughout that time. The importance of brand is also increasing from the manufacturer's perspective as a sustainable competitive advantage in the business world.

In the past, when trademarks were put on products to differentiate them from others, brands signalled to the customer the sources of the products, and protected both the customer and the producer from competitors who would attempt to provide the same products (Aaker 1991). For example, in 1835, the brand of Scotch, 'Old Smuggle', was used to differentiate from others, the high-reputation product developed by bootleggers who used a special distilling process (Aaker 1991). This traditional approach identifies brands as the visual feature of a product which differentiates it from another product. Therefore, The American Marketing Association (1960) defined brand as 'a name, term, sign, symbol, or design, or a combination of them, intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors' (Kotler 1994, p. 444) .

However, market conditions have changed due to the fact that it is more difficult to differentiate one product from others and build brands today than it was only a few decades ago (Aaker 1991). Therefore, the traditional approach which is too product-oriented and emphasises visual features as a differentiating mechanism, is no longer suitable to the current market environment (Arnold 1992; Crainer 1995). Despite these criticisms, the AMA definition is still used in the contemporary marketing literature. This approach is known as the product-plus-approach and views branding as an attribute of the product (Styles & Amber 1995).

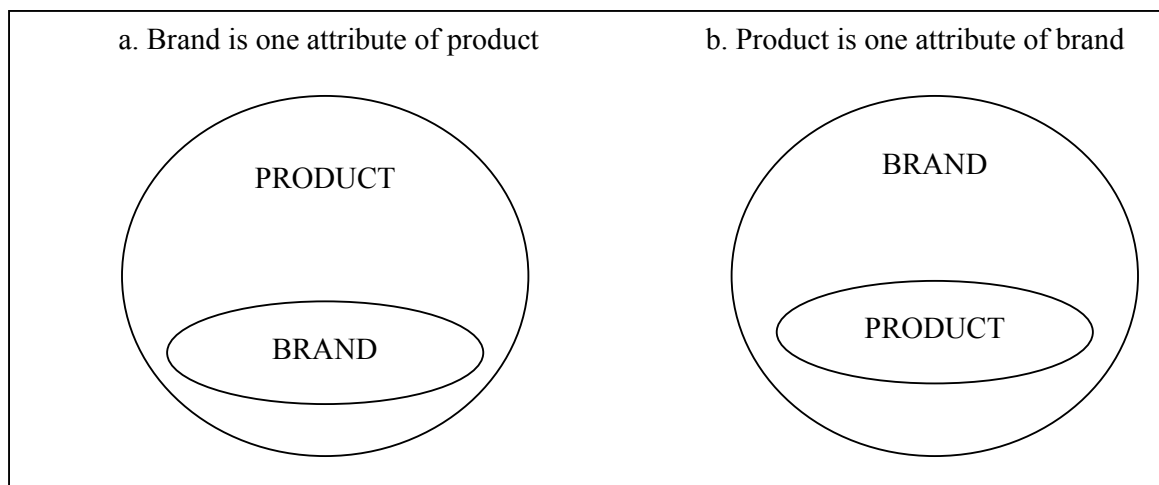
In recent years, there has been a shift from this product focus to a brand focus. The new approach is the holistic perspective in which the brand itself is the focus (Wood 2000). Amber (1992,) defines brand as 'the promise of the bundles of attributes that someone buys and provide satisfaction... the attributes that make up a brand may be real or illusory, rational or emotional, tangible or invisible'. This approach emphasises brands as an image in the consumer's mind (Boulding 1956; Keller 1993), brand



personality (Aaker 1996; Goodyear 1993); brands as value systems (Sheth , Newman & Gross 1991); and brands as added value (De Chernatony &Mcdonald 1992; Doyle 1994,. Hence, the product is only one attribute of the brand under this approach.

This branding approach has been widely accepted by both academic and practitioner researchers (Aaker 1991; Kamakura & Russell 1993; Keller 1993; Krishnan 1996). The brand is seen to provide benefits to the customer in both functional needs and emotional needs, while the product can only satisfy the customer’s functional needs. A brand is therefore defined as ‘a product that provides functional benefits plus added values that some consumers value enough to buy’(Aaker 1991, p. 1). These values are intangible, invisible and non-functional and are perceptions held in the mind of the consumer (Jone 1999). Stephen King (cited in Aaker 1991, p.1) states that, ‘A product is something that is made in a factory; a brand is something that is bought by a customer. A product can be copied by a competitor; a brand is unique. A product can be quickly outdated; a successful brand is timeless.’ The two approaches are summarised below, in Figure 2.2.

FIGURE 2.2: TWO MODELS OF THE RELATIONSHIP BETWEEN PRODUCT AND BRAND



Source: Nguyen & Nguyen (2003)

As a consequence, brands are now seen as the key success factor in order to achieve competitive advantages for firms, through differentiation (Wood 2000). These competitive advantages can be achieved by the brand manufacturer in terms of

revenue, profit, added value or market share (Wood 2000). Moreover, the attributes that differentiate brands from other products provide the customer with satisfaction and benefits for which they are willing to pay (Wood 2000). In other words, brands create added value to both firms and customers. Brands play the key role in enhancing the value of products and protecting products from being imitated by competitors (Aaker 1991). Therefore, a strong brand is counted as a valuable asset of a company (Aaker 1991).

### **2.3 DEFINITION OF BRAND EQUITY**

As mentioned previously, a brand is not simply a name or logo used to differentiate a product from its competitors, but is a set of associations used to satisfy both functional and emotional demands of target customers (Nguyen & Nguyen 2003). Therefore, the value of a brand becomes important equity to manufacturers. To understand the value of brand equity, the definition of brand equity needs further investigation, as well as consideration of what really contributes to the value of a brand (Aaker 1991). That is why brand equity became an important marketing concept in the 1980s, which is one of the most topical subjects in the literature on branding. However, questions such as ‘What exactly is brand equity?’ and ‘How can brand equity be measured?’ are continually attracting both academic and practitioner researchers’ attention. In other words, brand equity has not yet reached a consensus definition (Woods 1998). In fact, there are two main research streams of brand equity: the financial and the customer approaches (Lassar et al. 1995; Myers 2003).

According to the history of branding, the year 1988 marked a new step forward in the literature on brands, known as ‘the year of the brand’ (Anantachart 1998). In 1987, when it was realised that brand value had a significant impact on company business performance in terms of profitability, company equities were increased by adding brand value into the balance sheet (Anantachert 1998). A key conference, drawing participation of academics and practitioners in both marketing and finance, was conducted by the Marketing Science Institute (MSI) in 1988. At this conference, the key issue, brand equity, was critically analysed and discussed (Leuthesser 1988). The topic of ‘brand equity’ was given the highest priority for research in the period between 1988 and 1990, among MSI’s members (Anantachart 1998). Many studies on brand equity were published in academic business journals (Aaker 1991; Biel 1997;

Cobb-Walgren , Ruble & Donthu. 1995; Farquhar 1989) and many conferences and workshops on brand equity were conducted, such as MSI 1991 and the Advertising Research Foundation (ARF) workshop series - e.g. brand equity research day (1993), brand equity workshop (1994), key issues workshop (1995).

Although brand equity has been of particular interest in the last twenty years, there is still no consensus about what brand equity means and how a firm can measure the value of a brand (Mackay 2001). The statement by Winters (1991, p. 8) that ‘*There has been a lot of interest lately in measures of brand equity. However, if you ask ten people to define brand equity, you are likely to get ten (maybe 11) different answers as to what it means*’ is still meaningful for the current situation. The reason for this confusion is that brand equity has been defined from a number of different perspectives and for a number of different purposes (Keller 1993). The following are just some of the definitions of brand equity:

*The set of associations and behaviours on the part of a brand’s customers, channel members and parent corporations that permits the brand to earn greater volume or greater margins than it could without the brand name and that gives the brand a strong, sustainable, and differentiated competitive advantage. (MSI 1988, cited in Keller 2003).*

*A residual value in the form of favorable impressions, attitudinal dispositions and behavioural predilection... this residual value (i.e, utility) is not explained by the measured attributes of the brand (Rangaswamy ,Burke and Oliver 1993).*

*Incremental utility associated with a brand name which is not captured by functional attributes (Kamakura & Russell 1993).*

*The added value endowed by the brand name (Farquhar 1989).*

*The differential effect that brand knowledge has on consumer response to the marketing of the brand (Keller 1993).*

*The differential effect that brand knowledge has on customer’s perspective (emphasizing market management), brand equity is a utility not explained by measured attribute (via conjoint measurement or rating scale), loyalty (which*

*provides a barrier to competitive entry and sustainable advantage for the firm), and a differentiated, clear image that goes beyond simple product preference (Shocker & Weitz 1988).*

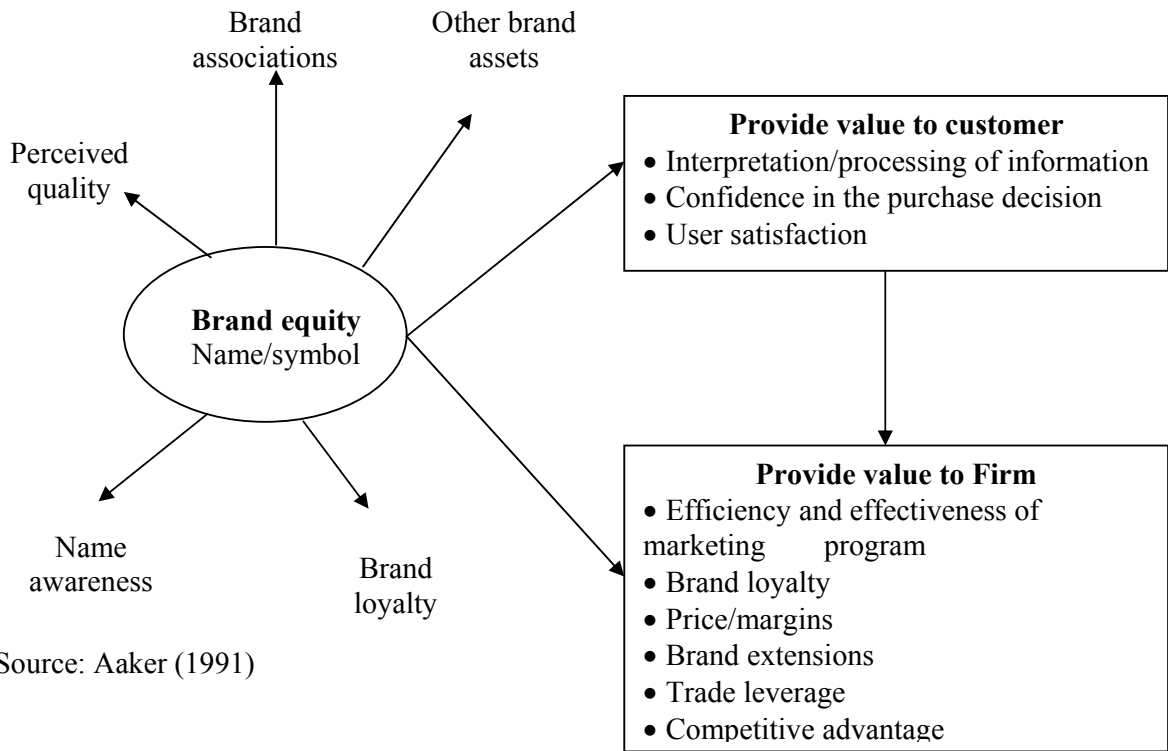
*Brand equity is the true differentiation that a brand has from the competition or the worth derived by a brand from consumers (Davis & Doughlass 1995).*

One of the popular definitions widely accepted in the branding literature is that by Aaker (1991, p. 15), in which brand equity is viewed 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.’ The assets and liabilities in which brand equity is based must be linked to the name and/or symbol of the brand and can be usefully grouped into five categories (Aaker 1991):

1. Brand loyalty
2. Name awareness
3. Perceived quality
4. Brand associations in addition to perceived quality
5. Other proprietary brand assets – patents, trademarks, channel relationship, etc

The concept of brand equity is summarised in Figure 2.3.

FIGURE 2.3: BRAND EQUITY



Source: Aaker (1991)

Obviously, the common point among the above definitions is that brand equity is the added value or the premium of the product to a consumer that is attributable to the brand name (Wood 2000). Moreover, such value can serve as the bridge that links ‘between what happened to the brand in the past and what should happen to the brand in the future’ (Keller 2003, p. 17)

In term of approaches, the discussion of brand equity is generally divided into two main streams. One stream focuses on the financial approach, or company-oriented view, which focuses on the value provided to brand owners. The other stream focuses on the customer perspective, which is defined as the relationship between the customer and the brand (Wood 2000). The following section discusses, in detail, these two main streams of brand equity research.

### 2.3.1 Financial approach to brand equity

The financial approach refers to brand equity as a viable asset for manufacturers (Davis & Doughlass 1995). This asset is defined as the incremental cash flow resulting from revenues of products with a brand name over those of unbranded ones

(Shocker & Weitz 1988; Simon & Sullivan 1993). The reasons for the development of this research stream are based on the requirement to set a price when the brand is sold and the index to attract investors or stakeholders as an intangible asset on a balance sheet (Feldwick 1996).

There are three popular methods for measuring brand equity from a financial approach. The most common measures focus on stock prices and brand replacement (Myers 2003). The stock market reflects future prospects of brands by adjusting the prices of firms, then the movements in stock prices is used to capture the dynamic nature of brand equity (Simon & Sullivan 1993). The application of the second financial method, in the case of new product launches, is based on brand replacement, as funds requirements combined with the probability of success in establishing a new brand (Simon & Sullivan 1993). The third method used by the financial world is based on the annual list of world-wide brand valuations (Ourusoff & Panchapakesan 1993). This method calculates the net brand-related profits and assigns a multiple factor based on brand strength, defined as a combination of leadership, stability, trading environment, internationality, ongoing direction, communication support and legal protection (Ourusoff & Panchapakesan cited in Myers 2003, p. 40). This is one of the most publicised financial methods (Myers 2003).

The financial approach to brand equity is generally adopted by financial accountants (Wood 2000) and works best when the information is recorded and the future market response is not strong (Barwise 1993). The major disadvantage of this approach is its focus on maximising short term goals (Aaker 1992; Davis & Doughlass 1995), for the reason that present and future investors require the quarterly report as a means to monitor the company's operating performance; consequently, a large number of senior managers are not committed to long-term brand building (Davis & Doughlass 1995). Davis and Doughlass (1995, cited in Woods 1998) also suggest that marketing strategists and planners must move away from concentrating on short-term objectives by incorporating strategies to somehow satisfy both short-term and long-term stakeholders

More dominant in the branding literature, the customer approach to brand equity, commonly referred to as 'customer-based brand equity', will be discussed in the following section.

### **2.3.2 Customer approach to brand equity**

Customer-based brand equity dominates the literature on branding and acts as an important concept in the business world. In fact, if a brand has no meaning (value) to the customer, it is also meaningless to investors, manufacturers or retailers (Cobb-Walgren et al. 1995). Brand equity can be viewed from two main approaches: economics and customer psychology.

From the economic perspective, the role of credibility is viewed as a source of equity from an individual consumer (Anantachart 1998). Based on the assumption of the imperfect and asymmetrical information structure of markets, brands are used to inform customers about a product's position and to signal that the product's claims are credible (Erdem 1988). Therefore, by reducing consumer uncertainty, brands are seen as the reduction of information costs and the risk perceived by consumers (Erdem 1988, cited in Keller 2004, p. 8).

In addition to the economic perspective, there is another customer-oriented brand equity approach based on theories of consumer psychology. This approach frequently adopts associative network memory models to develop theories and hypotheses (Keller 1993; Krishnan 1996; Lassar et al. 1995). Brand is seen as a node in memory, linked with different associations of varying strengths, leading to the strength of attitude towards the brand (Farquhar 1989). In other words, brand equity is a function of associations that have been built and nurtured in the customer's mind.

This customer psychology approach has dominated the branding literature through three main topics. The first one focuses on conceptualising and measuring brand equity (Aaker 1991; Aaker 1996; Anantachart 1998; Biel 1997; Blackston 1995; Ceurvost 1994; Chisnall 1995b; Cobb-Walgren et al. 1995; Farquhar 1989; Feldwick 1996; Kamakura & Russell 1993; Keller 1993; Kim & Kim 2004; Shocker & Weitz 1988; Srivastava & Shocker 1991; Sullivan & Simon 1993; Washburn & Plank 2002; Yoo et al. 2000). Even though a consensus definition and measurement has not yet been reached, some models have been widely accepted among academics and practitioners, such as the brand equity theories of Aaker (1991) and Keller (1993). This issue is discussed in further detail in Section 2.4. The second issue of customer-based brand equity research relates to building and maintaining brand equity

(Kapferer 1992; Keller 2003; Yoo et al. 2000). This stream tries to answer several questions such as ‘How is brand equity created and maintained in the long run?’, and ‘What are the antecedents and consequences of brand equity?’ (Anantachart 1998). Another issue of the customer-oriented brand equity research stream concerns how to extend brand equity (Aaker & Keller 1990; Farquhar et al. 1991; Rangaswamy et al. 1993).

The conceptualisation and measurement of brand equity must be the first aspects to be scrutinised before considering other management issues (Cobb-Walgren et al. 1995). As a result, more attention should be paid to this topic in order to reach a common definition of brand equity (Washburn & Plank 2002; Woods 1998). Another warning is that the customers mentioned in customer-based brand equity may be either individual consumers or organisations, while most brand equity theories only focus on the individual consumer perspective (Mudambi 2002). Thus, there should be more research on brand equity in different contexts, such as for business-to-business customers, or resellers. The following sections review the three different perspectives of customer-based brand equity including the individual consumer perspective (Section 2.4), the business-to-business perspective (Section 2.5) and the retailer (reseller) perspective (Section 2.6).

## **2.4 BRAND EQUITY FROM THE INDIVIDUAL CONSUMER PERSPECTIVE**

There has been a large amount of published research aimed at conceptualising and measuring the construct of brand equity from the point of view of an individual consumer (Anantachart 1998). These researchers have tried to explain what brand equity should mean, as this concept has long been ambiguous and confused. This section analyses and compares 22 studies which look at defining and measuring consumer-based brand equity from the year 1988 to date, in order to point out the similarities and differences in ideas about what brand equity really means and how to measure it.



#### **2.4.1 Conceptualisation of consumer-based brand equity**

Starting with one of the earliest and most popular definitions of brand equity from the viewpoint of individual consumers, brand equity is viewed as added value reflected by increasing the attitudinal strength for a product using the brand (Farquhar 1989). The consumer attitude is described as the association between an ‘object’ and the ‘evaluation’ of that object stored in an individual’s memory. A strong brand, for a consumer, is based on three essential elements: a positive brand evaluation; an accessible brand attitude; and a consistent brand image. According to Martin and Brown (1990), brand equity is a brand impression which represents the whole of a consumer’s perception about that brand. Sharing this argument, Blackston (1992) describes brand equity as consumer’s ideas about the brand. Further, Edell (1993) supposes that brand equity is the difference between the consumer’s evaluation of a branded product and an unbranded product with the same attributes.

It can be said that the most widely accepted definition of consumer-based brand equity emerges when the consumer is familiar with the brand and holds some favourable, strong and unique brand associations in memory (Keller 1993). Moreover, Keller defines brand equity as the differential effect of brand knowledge on the consumer response to the marketing of the brand in which brand knowledge is conceptualised, based on an associative network memory model in terms of two components, brand awareness and brand image (Keller 1993, p. 1). Thus, according to this definition, a ‘brand is said to have positive (negative) customer-based brand equity if consumers react more (less) favourably to the product, price, promotion, or distribution of the brand than they do to the same marketing mix element when it is attributed to a fictitiously named or unnamed version of the product or service’ (Keller 1993, p. 8).

In order to analyse and identify the key components of consumer-based brand equity among current brand equity theories, an overview is depicted in Tables 2.1 and 2.2 which summarise the 22 studies on conceptualising and measuring consumer-based brand equity, from 1988 to date.

Table 2.1: Summary of the components of consumer based brand equity

(Note: ☺ indicates that the concept is included in the model, the copy of author is appeared in all 3 pages)

	Atilgan, Aksoy & Akinci (2005)	☺	☺					
	Pappu, Quester & Cooksey (2005)	☺	☺		☺			
	Kim & Kim (2004)	☺	☺		☺			
	Washburn (2003)	☺	☺		☺			
	Yoo, Donthu & Lee (2000)	☺	☺		☺			
	Anantachart & Sutherland (1998)					☺		
	Biel (1997)	☺						
	Lassar, Mittal & Sharma (1995)	☺					☺	☺
	Blackston (1995)	☺		☺				
	Cobb-Walgren, Ruble & Donthu (1995)	☺	☺					
	Park & Srinivasan (1994)					☺		
	Ceurvorst (1994)							
	Keller (1993)	☺	☺					
	Edell (1993)							
	Kapferer (1992)	☺						
	Holden (1992)		☺			☺		
	Blackston (1992)							☺
	Srivastava & Schoker (1991)	☺	☺				☺	
	Martin & Brown (1991)	☺					☺	☺
	Aaker (1991)	☺	☺					
	Farquhas (1989)	☺						
	Schocker & Weitz (1998)	☺			☺			
		Brand association (Brand image)						
		Brand awareness						
		Brand saliency						
		Brand loyalty						
		Brand preference						
		Perceived value						
		Trustworthiness						

Atilgan, Aksoy & Akinci (2005)						☺		
Pappu, Quester & Cooksey (2005)						☺		
Kim & Kim (2004)						☺		
Washburn (2003)						☺		
Yoo, Donthu & Lee (2000)						☺		
Anantachart & Sutherland (1998)					☺			
Biell (1997)								
Lassar, Mittal, & Sharma (1995)								
Blackston (1995)			☺					
Cobb-Walgren, Ruble & Donthu 1992						☺		
Park & Srinivasan (1994)								
Ceurvorst (1994)				☺				
Keller (1993)								
Edell (1993)	☺	☺						
Kapferer (1992)			☺				☺	
Holden (1992)								
Blackston (1992)					☺			
Srivastava & Schoker (1991)							☺	
Martin & Brown (1991)				☺		☺		
Aker (1991)						☺		
Farquhas (1989)	☺	☺						
Schocker & weitz (1998)								
	Attitude accessibility	Brand evaluation	Brand personality	Commitment	Customer satis	Perceived quality	Culture	Distribution coverage

Atilgan, Aksoy & Akinci (2005)					
Pappu, Quester & Cooksey (2005)					
Kim & Kim (2004)					
Washburn (2003)					
Yoo, Donthu & Lee (2000)					
Anantachart & Sutherland (1998)					
Biel (1997)					
Lassar, Mittal, & Sharma (1995)	☺	☺			
Blackston (1995)					
Cobb-Walgren, Ruble & Donthu (1992)			☺		
Park & Srinivasan (1994)					
Ceurvorst (1994)					
Keller (1993)					
Edell (1993)					
Kapferer (1992)			☺		
Holden (1992)					
Blackston (1992)					
Srivastava & Schoker (1991)				☺	
Martin & Brown (1991)					
Aaker (1991)				☺	
Farquhas (1989)					
Schocker & weitz (1998)				☺	
	Feeling	Performance	Physical Features	Advertising awareness	Utility not explained by measured attribute

Table 2.2: Definition and key ideas of consumer-based brand equity theories.  
 (Note: BE = Brand equity).

Year	Authors	Definition	Components	Method
1988	Shocker & Weitz	BE is a <b>utility</b> not explained by measured attributes (via conjoint measurement or rating scales)	<ol style="list-style-type: none"> <li>1. Brand loyalty</li> <li>2. Brand image</li> </ol>	No empirical study
1989	Farquhar	BE is an <b>attitude strength</b> for a product using the brand	<ol style="list-style-type: none"> <li>1. Brand image</li> <li>2. Attitude accessibility</li> <li>3. Brand evaluation</li> </ol>	No empirical study
1991	Aaker	BE is <b>added value</b> to firm and consumer	<ol style="list-style-type: none"> <li>1. Brand loyalty</li> <li>2. Brand name awareness</li> <li>3. Brand associations</li> <li>4. Perceived quality</li> <li>5. Other proprietary brand assets</li> </ol>	No empirical study
1991	Martin & Brown	... Ultimately the worth of brand equity is determined by <b>consumer perception.</b>	<ol style="list-style-type: none"> <li>1. Perceived quality</li> <li>2. Perceived value</li> <li>3. Brand image</li> <li>4. Trustworthiness</li> <li>5. Commitment</li> </ol>	<p>An experiment manipulating branded product.</p> <p>Scale development using 27 five-point Likert scales items</p>
1991	Srivastava & Shocker	BE is the set of <b>associations and</b>	<ol style="list-style-type: none"> <li>1. Brand image</li> </ol>	No empirical study

		<b>behaviours</b> on the part of the brand's customer, channel members, and parent corporation	<ol style="list-style-type: none"> <li>2. Brand awareness</li> <li>3. Brand loyalty</li> <li>4. Perceived quality</li> </ol>	
1992	Blackston, pp. 79-82	The brand is the <b>consumer's idea</b> .	<ol style="list-style-type: none"> <li>1. Trust in the brand</li> <li>2. Customer satisfaction</li> </ol>	No empirical study
1992	Holden, pp. 15	BE is considered to be a function of both awareness and brand preference. (p. 7)	<ol style="list-style-type: none"> <li>1. Brand awareness</li> <li>2. Brand preference</li> </ol>	<p>An experiment</p> <p>Manipulating ads exposure (one vs. three), encoding cue (two execution), and retrieval cue (match vs. non-match)</p> <p>Using word association tasks</p>
1992	Kapferer, pp. 42-49	Brand has a duty to be faithful to its identity.	<ol style="list-style-type: none"> <li>1. Physical features</li> <li>2. Brand personality</li> <li>3. Culture</li> <li>4. Brand association</li> </ol>	No empirical study
1993	Edell, pp. 195-196	BE is that the difference between the <b>consumer's evaluation</b> of a branded product and an unbranded product with the same attributes must be positive.	<ol style="list-style-type: none"> <li>1. Attitude accessibility</li> <li>2. Brand evaluation</li> </ol>	No empirical study

1993	Keller, pp 2-3	Consumer-based brand equity differential effect of brand knowledge on consumer response to the marketing of the brand.	<ol style="list-style-type: none"> <li>1. Brand awareness</li> <li>2. Brand association</li> </ol>	No empirical study
1994	Ceurvost	Brand equity is commitment to the brand	<ol style="list-style-type: none"> <li>1. Commitment</li> </ol>	No empirical study
1994	Park& Srinivasan	Brand equity is the incremental preference endowed by the brand to the product as perceived by an individual consumer...	<ol style="list-style-type: none"> <li>1. Brand preference</li> <li>2. Commitment</li> </ol>	<p>A survey using Srinivasan's (1977) concepts</p> <p>Using 12 seven-point scale items</p>
1995	Cobb-Walgren, Ruble & Donthu		<ol style="list-style-type: none"> <li>1. Brand awareness</li> <li>2. Advertising awareness</li> <li>3. Brand association</li> <li>4. Perceived quality</li> </ol>	<p>A survey</p> <p>Using word association tasks and seven-point scale items</p>
1995	Blackston, p RC 2	Brand refers to the qualities of brand that create value	<ol style="list-style-type: none"> <li>1. Brand saliency</li> <li>2. Brand association</li> <li>3. Brand personality</li> </ol>	No empirical study
1995	Lassar, Mittal & Sharma, pp 13-14	Brand equity is the greater <b>confidence that consumer hold</b> of a brand more than its	<ol style="list-style-type: none"> <li>1. Brand association</li> <li>2. Perceived quality</li> <li>3. Trustworthiness</li> </ol>	<p>A survey</p> <p>Scale development</p>

		competitors	4. Feeling	Using 17 seven-point scale items
1997	Biel, pp202-203	Brand equity is reflected in the image and personality of the brand	1. Brand image 2. Brand personality. 3. Brand magic	
1998	Anantachart & Sutherland		1. Brand preference 2. Customer satisfaction	A survey using a constant sum scale and a five point scale items
2000	Yoo, Donthu & Lee	Adopted Aaker (1991) model	1. Brand association 2. Perceived quality 3. Brand loyalty	A survey
2003	Washburn	Adopted Aaker (1991) model	1. Brand awareness 2. Brand association 3. Perceived quality 4. Brand loyalty	A survey
2004	Kim & Kim	Adopted Aaker (1991) model	1. Brand awareness 2. Brand association 3. Perceived quality 4. Brand loyalty	A survey



2005	Pappu, Quester & Cooksey	Adopted Aaker (1991) model	<ol style="list-style-type: none"> <li>1. Brand awareness</li> <li>2. Brand association</li> <li>3. Perceived quality</li> <li>4. Brand loyalty</li> </ol>	A Survey
2005	Atilgan, Aksoy & Akinci	Adopted Aaker (1991) model	<ol style="list-style-type: none"> <li>1. Brand awareness</li> <li>2. Brand association</li> <li>3. Perceived quality</li> <li>4. Brand loyalty</li> </ol>	A survey

**Source: Developed for this research.**

From Table 2.1, twenty concepts are listed as the components of consumer-based brand equity. These concepts can be seen from different perspectives. For example, brand equity could be considered from both quantitative and qualitative aspects, or its components could be divided into two groups, attributes-based or non-attributes based. Moreover, some consumer-based brand equity models are more suitable to low-involvement products, while others are considered to relate more to high-involvement products.

Firstly, the quantitative and qualitative perspectives of brand equity are cited as the hard and soft sides, respectively (Biel 1997). The quantitative dimensions are relevant to brand value, which is the bottom line of business, or reflected as the result of management's ability to leverage its brand to provide profits for their company (Anantachart 1998). These dimensions include distribution coverage (Srivastava & Shocker 1991), performance (Lassar et al. 1995) and physical features (Kapferer 1992). On the other hand, most dimensions of consumer-based brand equity are on the qualitative or soft side, which include perceptions and behaviours of consumers, that initiate equity for a brand (Anantachart 1998). For example, the dimensions of brand equity include brand awareness, perceived quality, brand associations and brand loyalty (Aaker 1991) and brand personality (Blackston 1995). The reason why the qualitative dimension is dominant in terms of the components of brand equity is that functional benefits and product differentiation can be easily imitated, while it is difficult to copy the specific meaning of a brand in terms of consumer perception. Therefore, consumer-based brand equity should focus more on the qualitative aspects.

Consumer-based brand equity components can also be seen from two directions: the attribute-based perspective and the non-attribute based perspective. The attribute-based brand equity perspective is related to product characteristics, product benefits or both, created directly from a company's marketing activities, capturing consumer perception (Park & Srinivasan 1994). This perspective includes product performance (Lassar et al. 1995), physical features of the product (Kapferer 1992) and distribution coverage (Srivastava & Shocker 1991). In contrast, the non-attribute based dimensions of brand

equity, which are not related to product attributes, are the intangible or psychological components (Anantachart 1998). Some examples are, brand personality (Blackston 1995; Kapferer 1992), attitude accessibility (Edell 1993; Farquhar 1989) and brand loyalty (Aaker 1991; Srivastava & Shocker 1991; Yoo et al. 2000).

In terms of the level of involvement of products, there are some definitions of customer-based brand equity that might be more appropriate to low-involvement products such as Holden's (1992) model of brand equity, with the two components of brand awareness and brand preference. This means that the low-involvement brand manager should only focus on increasing brand awareness and consumer preference in order to achieve a competitive advantage over other brands. However, as this low-involvement product model can not be applied to a high-involvement product; other models are used to explain consumer-based brand equity in the case of high-involvement products. For example, Lassar, Mitta and Sharma (1995) conceptualised brand equity as a multidimensional construct consisting of brand association, perceived value, trustworthiness, feeling, and performance (Anantachart 1998).

Although a wide range of concepts have been conceptualised as components of consumer-based brand equity and many different approaches have been investigated in consumer-based brand equity theories, there exist some similarities among the studies listed in Table 2.2. One similarity is that consumer-based brand equity is nearly always represented as a multidimensional construct that conceptually consists of various concepts (Aaker 1991; Keller 1993; Nguyen & Nguyen 2003; Srivastava & Shocker 1991; Washburn & Plank 2002; Yoo et al. 2000). Several definitions use a wide range of concepts to define brand equity, such as Srivastava & Shocker's (1991) model with six components, namely, brand image, brand awareness, brand loyalty, perceived value, distribution coverage, and utility not explained by a measured attribute. Some of the definitions do not clearly identify what brand equity exactly means (Ceurost 1994; Edell 1993).

The second similarity is that some concepts have been consistently used among researchers. For example, brand association or brand image has appeared in almost all

definitions - 17 out of 22 from this collection: (e.g. Aaker 1991; Farquhar 1989; Kapferer 1992; Keller 1993; Kim & Kim 2004; Lassar et al. 1995; Martin & Brown 1990; Shocker & Weitz 1988; Srivastava & Shocker 1991; Washburn & Plank 2002; Yoo et al. 2000). Half of the studies also consider 'brand awareness' a key component of consumer-based brand equity: (e.g. Aaker 1991; Blackston 1995; Keller 1993; Kim & Kim 2004; Nguyen & Nguyen 2003; Pappu et al. 2005; Washburn & Plank 2002; Yoo et al. 2000).

Moreover, four other concepts are frequently mentioned as dimensions of brand equity: brand loyalty (Aaker 1991; Kim & Kim 2004; Shocker & Weitz 1988; Srivastava & Shocker 1991; Washburn & Plank 2002; Yoo et al. 2000); brand preference (Aaker 1991; Anantachart 1998; Holden & Lutz 1992; Nguyen & Nguyen 2003; Park & Srinivasan 1994); perceived quality (Aaker 1991; Kim & Kim 2004; Martin & Brown 1990; Nguyen & Nguyen 2003; Washburn & Plank 2002; Yoo et al. 2000); and trustworthiness (Blackston 1992; Lassar et al. 1995; Martin & Brown 1990). There are relatively few concepts which have only been used once or twice in conceptualising consumer-based brand equity, for instance, brand evaluation (Edell 1993; Farquhar 1989), brand personality (Kapferer 1992) and commitment (Ceuvost 1994; Martin & Brown 1990).

In summary, there are 20 concepts/constructs conceptualised as components of customer-based brand equity from these 22 reviewed studies. However, these concepts can be classified into three main groups: association, belief and loyalty of the consumer (Feldwick 1996). Association refers to the positive image of the brand in the consumer's perception, which is related to the needs and wants of the consumer (Feldwick 1996; Krishnan 1996; Pokorny 1995). This association is considered in terms of brand image (Farquhar 1989; Martin & Brown 1990; Shocker & Weitz 1988; Srivastava & Shocker 1991); brand association (Aaker 1991, Keller 1993, Yoo et al 200, and Pappu et al 2005); perceived quality (Aaker 1991; Martin & Brown 1990; Yoo et al. 2000); perceived value (Lassar et al. 1995; Martin & Brown 1990; Srivastava & Shocker 1991); physical features (Kapferer 1992); and brand evaluation (Edell 1993; Farquhar 1989) .

The imprint of the positive brand image in the consumer's mind leads to the consumer's attitude toward the brand, referred to as the 'belief' of the consumer (Woods 1998). This

feeling is demonstrated as an affective response of brand evaluation in Farquhar's (1991) brand equity model. It is also linked to trustworthiness based on the consumers' perceptions of the brand's ability to consistently meet their expectations of product performance (Martin & Brown 1990). Similarly, Blackton (1992) argues that there is a brand relationship including two components of trust and customer satisfaction. Acting as the key components of consumer-based brand equity, based on the feelings of consumers reflected among the 22 above-mentioned studies, brand preference and trustworthiness are frequently conceptualised as components of brand equity (Anantachart 1998; Blackston 1992; Holden & Lutz 1992; Lassar et al. 1995; Martin & Brown 1990; Nguyen & Nguyen 2003; Park & Srinivasan 1994).

As a result, loyalty is considered the last step in the brand-building process, and is known as brand strength (Feldwick 1996). In other words, loyalty is viewed as the best outcome a company can achieve with a strong brand (Blackston 1995). Blackston (1995) shows that consumers, with high brand loyalty, are willing to pay more for the brand and are less likely to switch to other brands when prices are rising or when competitors utilise price promotion (Woods 1998). That is the reason why brand loyalty appears as a key component in the consumer-based brand equity model (Aaker 1991; Kim & Kim 2004; Nguyen & Nguyen 2003; Shocker & Weitz 1988; Srivastava & Shocker 1991; Washburn & Plank 2002; Yoo et al. 2000).

In short, customer-based brand equity, from the individual consumer perspective, is a multidimensional construct including some common components such as brand association, brand awareness, perceived quality, trustworthiness, brand preference and brand loyalty, all of which are divided into the three groups of association, belief and loyalty. This means that brand managers should aim to build a lasting positive image in the consumer's mind. This image will be imprinted into his/her attitude towards to the brand, leading to loyalty to that particular brand (Woods 1998).

#### **2.4.2 Measurement of consumer-based brand equity**

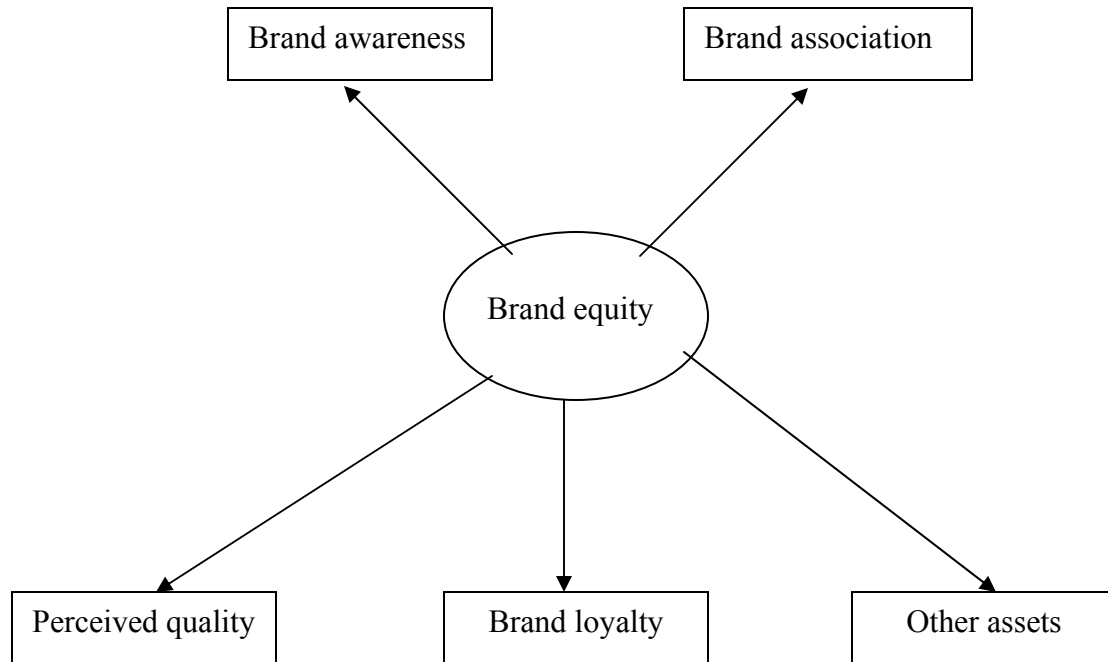
The second issue mentioned in Section 2.4 is how to measure consumer-based brand equity. While the majority of research has been conducted on conceptualising brand

equity from the consumer perspective, there are a few empirical studies that mention how to actually measure brand equity (Aaker 1991; Farquhar 1989; Feldwick 1996; Kapferer 1992; Keller 1993; Shocker & Weitz 1988). The main research method used among the 22 studies to measure brand equity from an individual consumer perspective is the survey method (Kim & Kim 2004; Nguyen & Nguyen 2003; Park & Srinivasan 1994; Washburn & Plank 2002; Yoo et al. 2000).

Consumer-based brand equity, as mentioned above, is a multidimensional construct consisting of various attitudinal and/or behavioural components (Anantachart 1998). However, most customer-based brand equity models are measured by attitudinal aspects. For example, the most common constructs of measurement models are brand awareness (Holden & Lutz 1992; Nguyen & Nguyen 2003; Washburn & Plank 2002; Yoo et al. 2000); brand image or brand association (Kim & Kim 2004; Martin & Brown 1990; Pappu et al. 2005; Washburn & Plank 2002; Yoo et al. 2000); and brand preference (Anantachart 1998; Nguyen & Nguyen 2003). Behavioural components of brand equity are also measured in some research as parts of the combination of attitudinal components consumer-based brand equity, brand loyalty (Kim & Kim 2004; Nguyen and Nguyen 2003; Washburn & Plank 2002; Yoo et al. 2000), and performance (Lassar et al. 1995).

In empirical studies, Aaker's (1991) conceptual definition has usually been used to operationally define brand equity (Baldauf et al. 2003; Cobb-Walgren et al. 1995; Kim & Kim 2004; Washburn & Plank 2002; Yoo et al. 2000). This model was one of the first published studies that conceptualised brand equity from the customer perspective, combining both the attitudinal and behavioural aspects of brand equity. It probably provides the most comprehensive framework for examining brand equity (Anantachart 1998). Aaker's (1991) model is shown in Figure 2.4

FIGURE 2.4: AAKER'S (1991) BRAND EQUITY MODEL



Source: Aaker (1991)

Indeed, the study of Cobb-Walgren et al. (1995) was the first study which adopted Aaker's (1991) model to measure consumer-based brand equity, comprising four dimensions: brand awareness, brand association, perceived quality and brand loyalty. A further study conducted by Yoo (1997), used confirmatory factor analytic methods to measure brand equity. Meanwhile, Sinha & Popkowski Leszczyc (2000) and Sinha and Pappu (1998) adapted Aaker's (1991) model to measure consumer-based brand equity using Bayesian methods (Pappu et al. 2005). In addition, this model has also been tested in other empirical studies such as Kim and Kim (2004), Vazquez, Del Rio & Iglesias (2002), and Washburn and Plank (2003).

Although all are based on Aaker's (1991) model to measure consumer-based brand equity, there are some different findings among these research results. For example, Yoo et al. (2000) found that brand association and brand awareness were not significantly discriminant, in other words, these two concepts merged into one factor called 'brand

awareness with high association'. However, this finding is challenged by other results, which shows a distinction between brand awareness and brand association (Washburn & Plank 2003; Pappu et al. 2005). Moreover, the measurement of each component of brand equity has been treated differently in the empirical tests of Aaker's model. For example, brand awareness was measured using a single measure in Pappu et al.'s (2005) study, while it was treated as a multidimensional scale in other studies by Yoo et al. (2000) and Kim and Kim (2004). This illustrates one of the gaps in the literature on branding, which has not yet reached a consensus definition and measurement of customer-based brand equity. Therefore, this measurement model needs to be replicated in different contexts in order to increase the validity and reliability of the measurement scale (Baldauf et al. 2003; Washburn & Plank 2002; Yoo et al. 2000) .

The literature shows that most studies on customer-based brand equity have approached the subject from the perspective of the consumer, even though the 'customer' might be an individual or an organisation (Atilgan et al. 2005). Therefore, the question 'Does customer-based brand equity from the consumer perspective apply to the context of business-to-business marketing?', is still being developed in the literature on branding. The following section discusses the issue of brand equity from a business-to-business perspective.

## **2.5 BUSINESS-TO-BUSINESS PERSPECTIVE OF BRAND EQUITY**

Compared with the development of branding research from the individual consumer perspective, brands and their management have been slow to develop in the business-to-business marketing context (Bendixen , Kalala & Rusesll 2004). The reason for this is that business-to-business customer buying behaviour is assumed to be based on rational decisions, while brands are often associated with emotional or irrational issues (Rosenbroijer 2001). This assumption has been challenged, however, during the last two decades and it is now suggested that organisations are also influenced by intangible or emotional factors in their buying decision (Wilson 2000). This opens up a new point of view about business-to-business marketing in general, and, in particular, it suggests that



brands need more investigation in the business-to-business context (Mudambi , Doyle & Wrong. 1997).

Indeed, the buying decisions of business-to-business customers are made in an environment which exerts numerous and complex influences on the decision maker (Webster & Wind 1972). Illustrating the complexity of the business customer's decision-making process, Green (1998) explains that a business customer is more of an information seeker than a consumer, and that these customers look for information that will make their businesses more efficient. Moreover, Dwyer and Tanner (1999) emphasise that business customers apply strict performance standards to their purchases. That is why their buying behaviours are assumed to be made by professional purchasers and a multi-person buying team, having formal responsibility for product and vendor evaluation, also known as the buying centre (Dwyer & Tanner 1999). Consequently, the purchasing behaviour of business customers is much more rational than that of individual consumers. Most traditional organisational buying behaviour models are based on this assumption (e.g. Robinson , Fairs & Wind 1967; Sheth 1973; Webster & Wind 1972).

On the other hand, this assumption has been challenged as being misleading ( Chisnall 1995a; Wensley 1997; Wilson 2000). For example, instead of some basic characteristic of organisational purchasing as a rational and logical activity of professional, purchasing managers of an organisation, these purchasers may focus on the personal and social aspects influencing experience, personal paradigms, cultural preferences and habituation (Brockner 1992; Chisnall 1995a; Wensley 1997). Moreover, collective decisions, which are mentioned as part of a rational process of organisational buying behaviour, are suitable to large organisations, while small organisations, e.g. small and medium enterprise (SMEs) and family organisations, emphasise routine decisions which may be more typically made by individuals than by a group (Spekman & Stern 1979). However, in some cases such as buying a family package holiday or making home media entertainment choices, many consumer purchasing decisions are probably more accurately and professionally seen as collective decisions, as for organisational buying decisions, in which the decision is based on the involvement of other people, such as family members and peer group members, even though these activities act as informal

and amorphous (Wilson 2000). Therefore, the distinction between organisational and consumer buying behaviour needs to be re-investigated.

Moreover, intangible factors or non-product characteristics, which are not included in the organisational buying behaviour models, are recognised as important factors influencing organisational decisions (Mudambi et al. 1997). In Lehmann and O'shaughnessy's (1974) study, supplier reputations had been rated as one of the most important attributes influencing organisational buying decisions and also the most important factor in branding strategies (Mudambi et al. 1997). Levitt (1995) also found that the company's overall reputation acts as an important factor, and is more influential than the sales presentation in the organisational buying process, and the decision based on company reputation is safer for the technical person than those relying on sales presentations in high-risk situations (Bendixen et al. 2004). In addition, the 'fear factor' or risk is one of the major influences on organisational buying decisions (Lynch & Chernatony 2004). Risk is not only considered a failure of the organisation in terms of finances but also in terms of the personal risk of the person responsible for the buying decision in the organisational buying process (Hutton 1997). Therefore, buying the top brands from reputable companies is one risk-reduction method available to business (Michell et al. 2001). For example, IBM recognises that business-to-business buyers are looking for peace of mind when making major procurement decisions, and they used this insecurity in a very successful business-to-business advertisement, which featured a pillow embroidered with IBM and a headline that read, 'What most people want from a computer service company is good night's sleep.' By making this emotional connection with buyers, IBM was able to emphasise the advantages of doing business with a market leader as a means of offsetting some of the uncertainties inherent in big ticket purchases (Lynch & Chernatony 2004, p.404). This shows that intangible attributes are important factors influencing supplier selection in the business-to-business perspective (Abratt 1986; Bendixen et al. 2004), leading to the emergence of the question of whether branding is important to industrial buyers, which has been raised in the marketing literature (Bendixen et al. 2004).

Although limited, there are some exploratory studies of brand naming, industrial brand value and brand equity in the business-to-business context (Mudambi et al. 1997; Mudambi 2002). One study found that industrial brand names have been commonly used, for example in the case of Portakabin (portable office) and Carryfast (road haulage) (Shipley & Howard 1993). Furthermore, there is a lot of evidence in the business world, that a number of famous business-to-business brands such as Abb, Caterpillar, Cisco, Dupont, FedEx, GE, HP, IBM and Intel have dominated in the ranking table of the most valuable brands in the world (Ailawadi & Keller 2004). Beyond brand naming, industrial brand value has proven that the benefits gained from strong business-to-business brands are similar to those of consumer brands. An empirical study in the United States electrical circuit breaker market confirmed that brand equity is alive and well in the business-to-business sector (Gordon et al. 1993). In addition, Firth (1997) found that the pricing of accounting services in New Zealand which used the names of big name accounting firms, had a 4 percent price premium compared to less famous companies. Hutton (1997) also concluded that brand equity exists in the business-to-business market in terms of customer willingness to pay a price premium for their favourite brand, recommend that brand to peers and give special consideration to another product with the same brand name. In other words, brands are important to business-to-business customers due to the opportunity for greater value creation, the ability to charge premium prices, loyalty through powerful customer-brand relationships and the ability to sustain differentiation in crowded markets (Lynch & Chernatony 2004; Webster & Keller 2004). Table 2.3 summarises the content of existing studies of brands in the business-to-business context.

Table 2.3: Studies of business-to-business branding

Year	Author	Context	Benefits
1993	Gordon, Calantone & Benedetto	Electrical circuit breaker market	Brand equity exists as a sustainable competitive advantage to business-to- business brands
1997	Hutton	Personal computers, copiers, fax machines and floppy disks.	Brand equity is measured in terms of the price premium and extension

1997	Mudambi, Doyle & Wong	Automotive, household appliances, and heavy machinery	Brand value has tangible and intangible aspects reinforcing the four basic components of performance as product, distribution, support and company
1998	Kim, Reid, Plank & Dahlstrom	No empirical study	The proposed model of brand equity in the business-to-business context with antecedent and consequent factors
2002	Mudambi	Automotive, heavy industry, general mechanical, electrical	Branding is more important in the business-to-business context than marketers have generally recognised
2003	Mike, Bukasa & Abratt	Medium voltage indoor circuit breaker panels	Brand equity exists in term of price premium, brand loyalty and perceived quality
2004	Lynch & Chernatony	No empirical study	The power of emotion is in branding of business-to-business markets.
2004	Wiedmann (a)	Energy sector	Brand equity is in the form of brand knowledge in the minds of the customers
2004	Webster & Keller	No empirical study	The role of branding in industrial market. Benefits gained from business-to-business strong brand are as same as those of consumer brands
2004	Wiedmann (b)	Empirical study of Wiedmann(2004a) part 1.	
2005	Riels, Charles & Sandra	Chemicals industry	Two interrelated components of brand equity are distinguished: product brand equity and corporate brand equity.

Source: **Developed for this research.**

It is recognised that the eleven studies reviewed in Table 2.3 have confirmed the important role of brands in the business-to-business perspective and shown that brands

provide valuable equity for manufacturers as they do for consumers, allowing manufacturers to gain substantial competitive advantage (van Riel, Pahud de Mortanges & Streukens 2005). In addition, this research stream has shown that even though consumer branding theories cannot be directly applied to the context of business-to-business customers, they can be the foundation and act as a reference point to develop business-to-business branding theories (Lynch & Chernatony 2004). For example, Weidmann (2005; 2004) adapts brand association and customer retention to develop a theory of brand equity in organising brand management in the energy sector. Riel, Mortanges and Streuken (2005) used the consumer-based brand equity model to develop a brand equity model in the industrial context.

Retailers or resellers are recognised as one type of business-to-business customer; however, their buying behaviours have some special characteristics compared to other types of organisational customers (Buchanan 1992). For example, retailers usually buy different brands in the same product category simultaneously; however, this habit does not always occur in other business-to-business markets. The traditional retailer buying models show that retailer decisions are often made by an individual person, while organisational buying behaviours are usually based on the group decision made by the buying centre (Sheth 1981). Moreover, brands have often been assumed to be irrelevant to retailers. In other words, manufacturers do not usually target retailers to build strong brands (Hoffman 1991). Therefore, branding theory needs to be specifically investigated in the context of retailers or resellers.

## **2.6 RETAILER PERSPECTIVE OF BRANDS**

Retailing has seen a major flux during the last decade, especially in the grocery and general merchandise industry (Ailawadi & Keller 2004). Many famous retailer brands have appeared around the world such as Wal-mart, GAP, Cora, Big G while the famous manufacturer brands have still dominated in almost all retailing stores, such as Coke, Pepsi, Omo, and SunSilk. This conflict has always existed in channel management (Webster 2000)

On the one hand, increased retailer power is attributed to the fact that private label (retailer) brands account for about 70 percent of sales in some categories (Carpenter & Tybout 1998). The fact is that a large percentage of most retailers' revenue and profit in the traditional retailer model comes from selling manufacturers' brands, which are also offered by similar retailers. Therefore, retailers want to build their own private brands in order to differentiate them from other competitors, which promises the potential rewards of increasing revenue and profitability, as well as decreasing costs (Ailawadi & Keller 2004). Examples of some famous retailer brands are GAP, Wal-Mart, Home depot, H&M and IKEA.

On the other hand, in most consumer industries, the image of the retailer is created through the good image of the famous manufacturers' brands they carry. Retailers use manufacturer brands to generate consumer interest, patronage and loyalty to their stores (Ailawadi & Keller 2004). This means that retailers often have to sell the famous brands whether they like it or not. This is the reason why manufacturers seek to build a strong brand from a consumer perspective in order to control retailer power.

Manufacturers and retailers sometimes compete for consumer loyalty and this leads to conflicts among them in the marketing channel. Therefore, the strong manufacturer brand is not always meaningful to retailers. In other words, strong brands are assumed not to be related to the retailer, but only related to the individual consumer (Hoffman 1991). However, this assumption has been challenged in the branding literature (Webster 2000).

Besides the purpose of controlling retailers by strong brands, there are many obvious benefits offered by manufacturers' brands to retailers, such as established consumer demand, favourable consumer attitudes toward the branded products found in a store, a commitment of product promotion by the manufacturers, and the credibility and image of the brand itself as enhancements of the retailer's credibility and image (Webster 2000), (Table 2.4). These are valuable not only to retailers but also to manufacturers. Obviously, the relationship between brands and the consumer is an important part of the relationship between retailers and manufacturers.

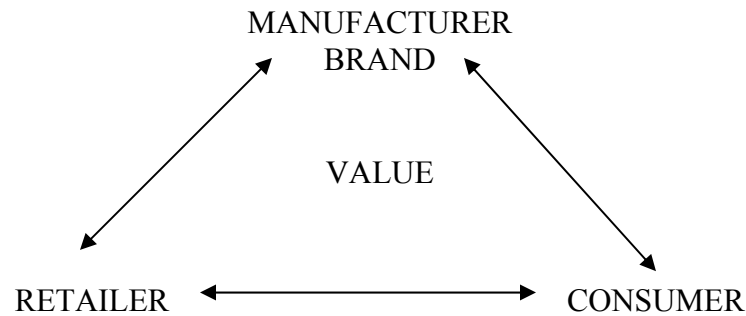
Table 2.4: Summarises the value of manufacturers' brands to channel members

	Manufacturer	Wholesaler	Retailer	Consumer
Benefits	<p>Higher sales volume</p> <p>Lower production costs</p> <p>Easier new product introduction</p> <p>Relationship of trust with consumer</p> <p>More control over resellers</p>	<p>Pre-established demand</p> <p>Lower selling costs</p> <p>Higher sales volume</p> <p>Better inventory turnover, use of warehouse space</p>	<p>Pre-established demand</p> <p>Image enhancement for retailer with consumer</p> <p>Manufacturer's commitment to promote the product</p> <p>Relationship of trust and credibility with consumer</p> <p>Possibly higher margins on strongest brands</p> <p>Higher inventory turn</p> <p>Lower selling costs</p>	<p>Implicit quality guarantee</p> <p>Lower search costs</p> <p>Lower perceived risk</p> <p>Possibly lower retail prices associated with higher sales volume</p> <p>Prestige associated with brand image</p>
Costs	<p>Higher costs of advertising</p> <p>Higher sales promotion costs associated with interbrand competition</p>	<p>Costs of selling and stocking multiple brands in same category</p>	<p>Less control over relationship with consumer</p> <p>Difficulty of allocating limited shelf space among multiple brands</p> <p>Possibly lower margins than on store brands</p>	<p>Higher retail process associated with advertising and promotion costs</p>

Source: Webster (2000)

In addition, the relationship between retailers and manufacturers should be a partnership, delivering value to consumers, instead of competition and conflict (Narus & Anderson 1986). Brands have value for both the consumer and the retailer while manufacturers need the support and loyalty of both the consumer and the retailer. On the other side of this triangle of the relationship among manufacturers, retailers and consumers, consumers depend on both manufacturers and retailers, and the retailers need both the consumer and the manufacturer's brand (Webster 2000). Figure 2.5 depicts the three-way relationship showing that the quality of that relationship for any single player depends on the quality and strength of the relationship between the other two.

FIGURE 2.5: RELATIONSHIPS AMONG MANUFACTURER, CONSUMER AND RETAILER



Source: Webster (2000).

As a consequence, the traditional ways of thinking about brands, which have largely left the retailers out of the equation, has resulted in an incomplete analysis of branding from an academic perspective and incomplete management of the brand from a company perspective (Webster 2000). Therefore, today's manufacturer of a branded product needs to recognise the important role of retailers, in order to build a strong brand. Therefore, academic research must investigate branding from the context of the retailer's or reseller's perspective (Webster 2000).

The following sections discuss retailer-based brand equity theory, developed by the current research, in order to contribute to this gap in the literature on branding.

## **2.7 RETAILER PERSPECTIVE OF MANUFACTURER BRANDS**

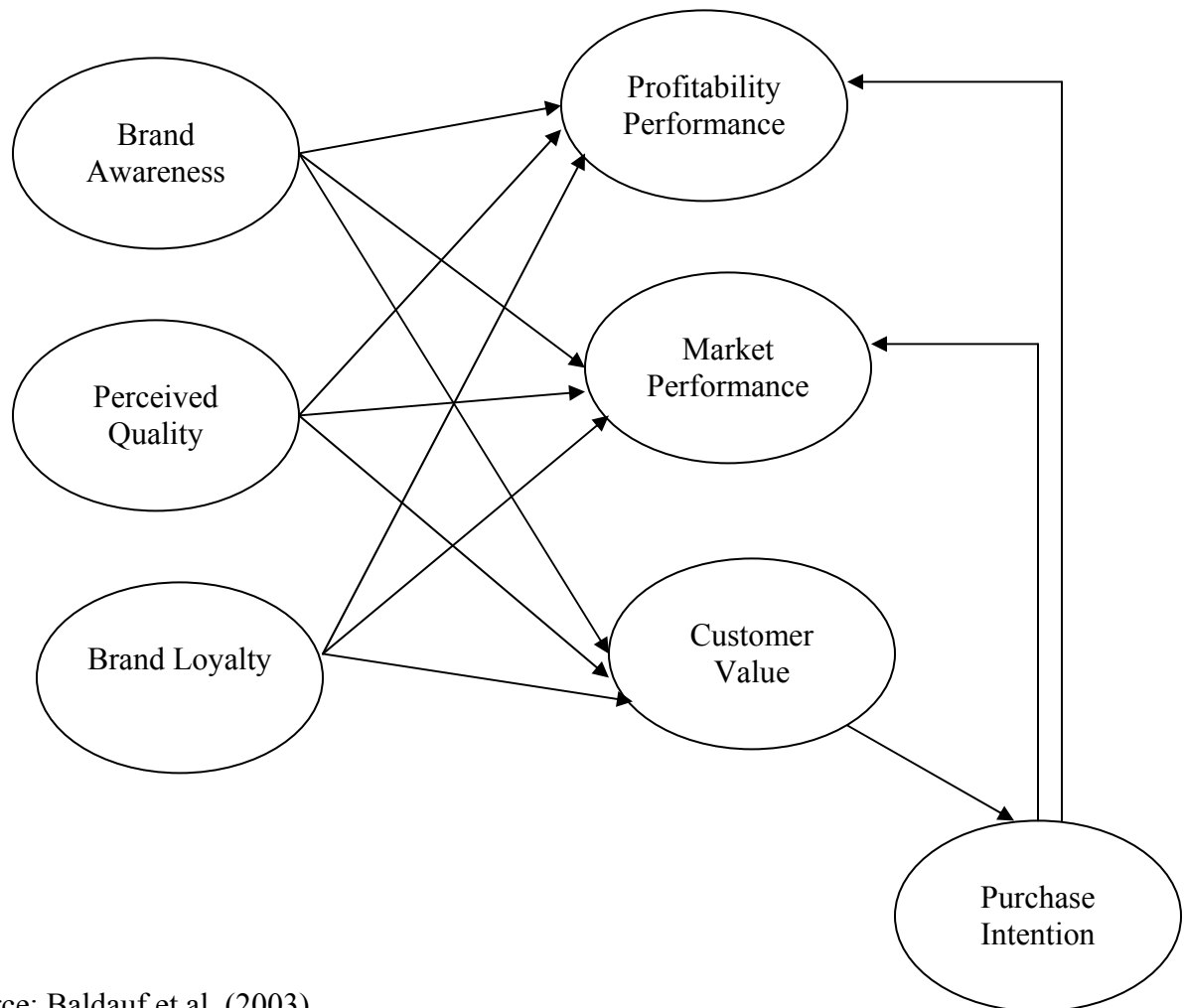
As discussed in Section 2.5, branding theories are less developed in terms of organisational customers compared to the consumer context, and are even less developed in the retailing context. This topic, however, was raised as early as consumer branding theories in the 1990s with Hoffman's (1991) research focusing on the question, 'Is brand equity meaningful from a retailer's perspective?'. That study concluded that manufacturer brands were not valid from a retailer's perspective. In other words, manufacturers should not focus on the retailer to build strong brands (Hoffman 1991). This conclusion is in line with traditional thinking about the relationship between manufacturer, retailer and consumer, in which it is assumed that brand equity is not directly applicable to the retailer.



Interest in branding from a retailing perspective did not appear in academic journals until 1999 when Collins-Dodd and Louviere (1999) re-investigated brand equity in terms of retailer acceptance of brand extensions. Unfortunately, the result of the study confirms that, ‘manufacturers should not assume that retailers will be less sensitive to other elements of the marketing mix for stronger brands’ (Collins-Dodd & Louviere 1999, p. 1). However, Webster (2000) presented a new view of brand value from the retailing perspective, stating that resellers should be included as a source of brand equity. This study encouraged further investigation of the topic. One article (Baldauf et al. 2003) and two PhD dissertations (Davis 2003; Glynn 2004) have also confirmed that brand equity does exist in the retailer or supply chain context. The following section provides an overview of these three studies as a background to the development of a theoretical model for this study.

Firstly, Baldauf et al. (2003) presented an empirical study of customer-based brand equity theory from the individual consumer perspective within the context of organisations in the value chain. Moreover, this study focused on the evaluation of the consequences of brand equity management, which is also recognised as one of the knowledge gaps in branding theories (Baldauf et al. 2003). The research objective of that study was to consider whether dimensions of brand equity were important antecedents of firm performance such as sales and profitability (Baldauf et al. 2003). This study adapted Aaker’s (1991) model as the theoretical base, in which brand equity was proposed as a multi-dimensional construct comprising brand awareness, perceived quality and brand loyalty (Baldauf et al. 2003). Performance measures in the customer-based brand equity model in the supply chain were classified into two types, brand profitability performance and brand market performance, which acted as the consequences of the brand equity model (Baldauf et al. 2003). A positive relationship was proposed between the brand equity components, including brand awareness, perceived quality and brand loyalty and firm performance, with both brand profitability performance and brand market performance. Moreover, customer value was also considered an outcome of the brand equity model in the supply chain, which was assumed to be positively related to the three components of brand equity (Baldauf et al. 2003). The conceptual model of Baldauf et al.’s (2003) study is shown in Figure 2.6.

FIGURE 2.6: THE EFFECT OF BRAND EQUITY DIMENSIONS ON PERFORMANCE

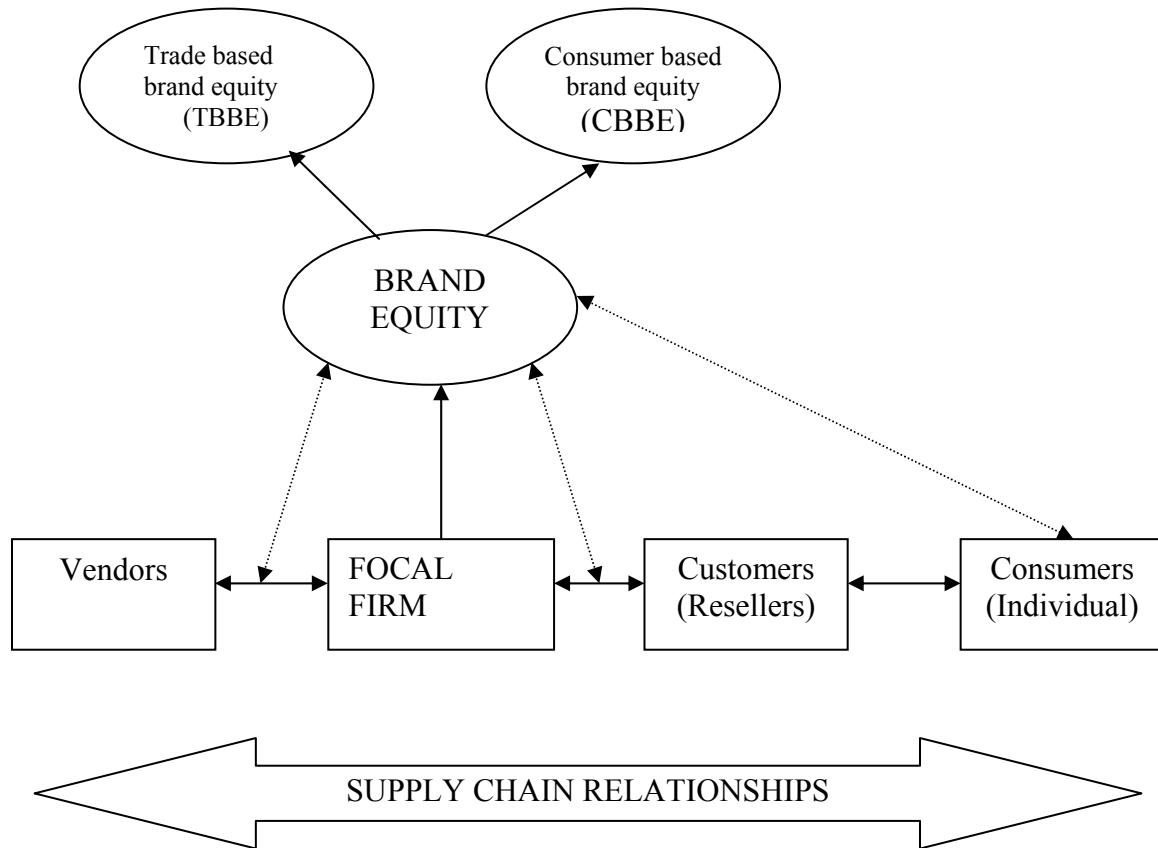


Source: Baldauf et al. (2003)

Baldauf et al.'s (2003) study was conducted by a mail survey of 794 tile resellers in Austria carrying products from manufacturers located in various countries such as Italy, the Czech Republic and Slovakia. The findings showed that all three measures of brand equity (brand awareness, perceived quality and brand loyalty) were significant predictors of reseller performance measures. Brand loyalty was recognised as the most important predictor of performance. The brand equity constructs measures, which had been validated in the consumer context, were also supported through these scales from the reseller's perspective. The study was the first to continually assess and develop the positive relationships among channel partners along with the sacrifices and benefits of manufacturers and resellers (Baldauf et al. 2003).

The second study, which investigated the effect of brand equity in the supply chain relationship, was the PhD thesis of Davis (2003) at the University of Tennessee. Its purpose was to address two questions: ‘To what extent does our considerable knowledge of brands in consumer markets translate to brands in the supply chain?’ and ‘What do firms stand to gain or lose by investing in brand management targeted toward trade partners?’ (Davis 2003). In this study, brand equity was proposed as multi-dimensional, comprising two components, consumer based brand equity and trade-based brand equity in which trade-based brand equity is defined as the differential effect of the brand on the response of trade partners to marketing activities of the firm, based on Keller’s (1993) definition of customer-based brand equity (Davis 2003). Consumer-based brand equity and trade-based brand equity have been measured from perceptions held in the minds of supply chain members. Moreover, brand equity was considered the moderating factor to change the level of perceived risk of the channel partner, and it was proposed that brand equity moderates the relationships between perceived risk and its antecedents such as uncertainty, dependence and power (Davis 2003). Relationship commitment between trade partners was proposed as the result which manufacturers can achieve with a strong brand, in supply chain management and place as a consequence of brand equity model (Davis 2003). The conceptual framework of Davis’s (2003) model is shown in Figure 2.7

FIGURE 2.7: DIMENSIONS OF BRAND EQUITY



Source Davis (2003)

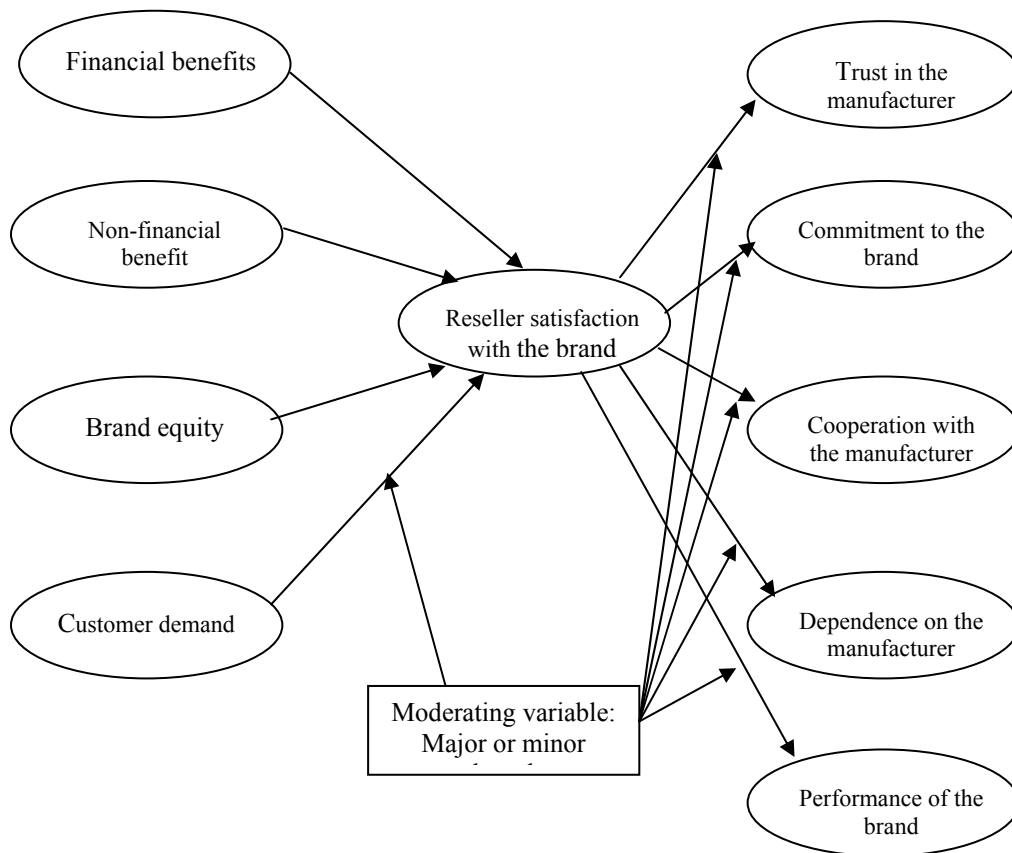
Davis's theoretical model was developed using grounded theory involving the reports obtained from 16 executives in six firms across three supply chains – textile, apparel and office supplies. Following the theory building, structural equation modeling was employed to test the theoretical model with 792 independent retailers. The findings confirmed that brand equity in the supply chain consists of the two separate dimensions of consumer-based brand equity and trade-based brand equity, in which trade-based brand equity is relatively more important than consumer-based brand equity (Davis 2003).

The third study, based on the PhD thesis of Glynn (2004) at the University of Auckland, concentrated on two research problems: 'What source of value do manufacturer brands

have for resellers?’ and ‘How do these sources of value affect reseller relational outcomes towards the brand?’(Glynn 2004, p. 6).

According to Glynn, a brand is an intangible firm resource or market-based asset which has multidimensional sources of value for resellers and influences key reseller relationship outcomes within the channel (Glynn 2004, p. 6). This study also employed grounded theory to develop the theoretical model and the qualitative results indicated that the source of brand value involved multidimensional constructs and comprised four dimensions - financial benefits; non-financial benefits; brand equity; and customer demand. Moreover, reseller satisfaction was mentioned as an important factor in the model. As the result of being a high-value brand, the reseller will have increased trust in the manufacturer, commitment to the brand, cooperation with the manufacturer, dependence on the manufacturer and performance of the brand (Glynn 2004). Figure 2.8 illustrates the conceptual model explored by Glynn’s study.

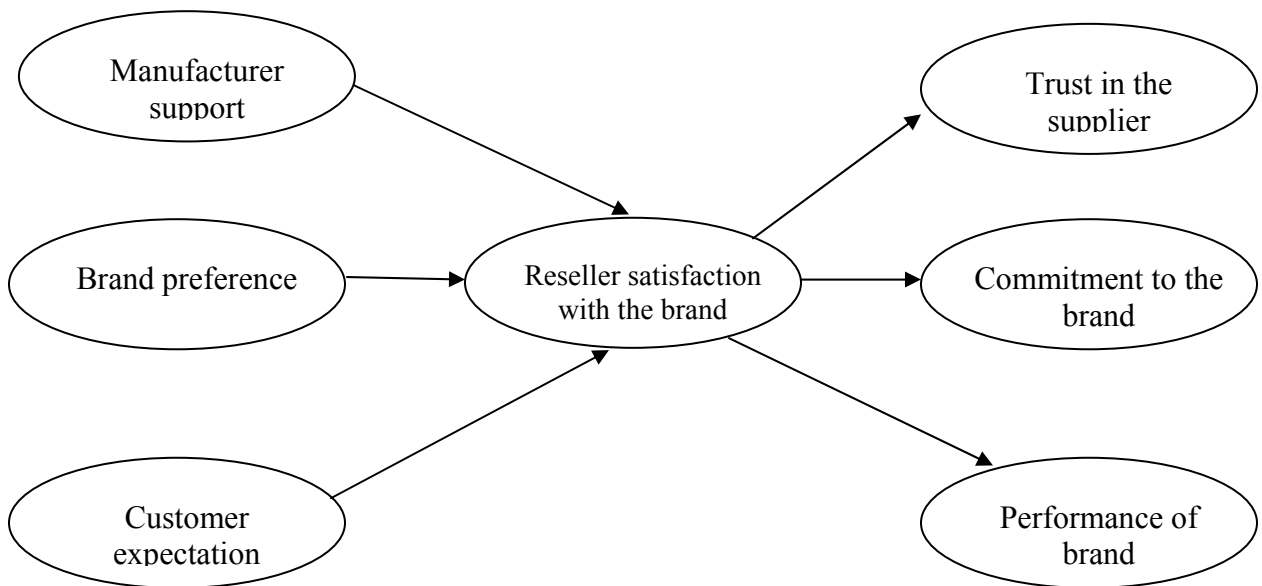
FIGURE 2.8: MODEL OF THE SOURCES OF BRAND VALUE



Glynn's (2004) study used structural equation modeling to test the conceptual model. A mail survey was conducted with resellers of eight product categories including toothpaste, shampoo, fruit juice, jam, detergent, laundry powder, wine and beer. The findings confirmed the role of the brand as a market-based asset in the external firm relationship. Three sources of brand value were identified, including non-financial benefits (or manufacturer support), brand preference and customer expectation. Financial benefits were not found to be a dimension of the source of value. The first source of value, non-financial benefits, safeguards the reseller's investment in the brand by providing resources that build customer demand for the brand purchased by the resellers (Glynn 2004, p. 239). The second source of value is brand strength, which demonstrates the expectation of resellers of their customer's behaviour with respect to the brand. This leads to reduced risk and safeguards the resellers. The last source of brand value focuses on the reseller's expectations regarding the customer (Glynn 2004, p. 240).

Among the endogenous constructs in the theoretical model, four constructs remained in the final model - satisfaction, performance, commitment and trust. All four constructs had high convergent validity while another two constructs - cooperation and dependence - were deleted. The final model in Glynn's (2004) study is presented in Figure 2.9.

FIGURE 2.9: FINAL MODEL OF SOURCE OF BRAND VALUE (GLYNN 2004)

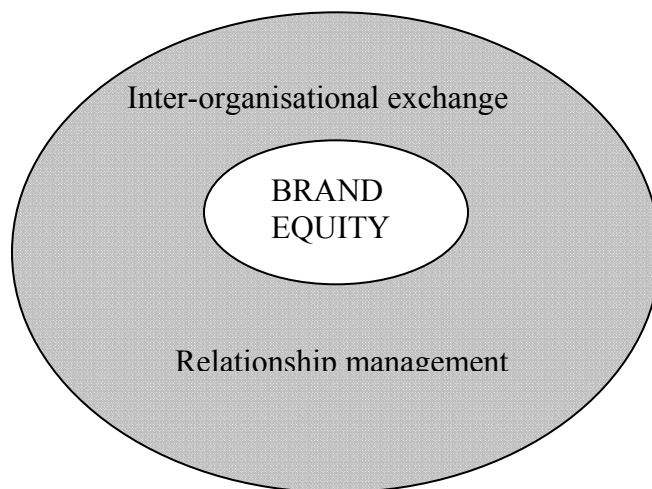


Source: Glynn (2004)

Although few studies have investigated branding theory from the retailing perspective, it is important to identify some of the key points in this context. First of all, the important role of ‘brand’ in the retailer context has been confirmed by Baldauf et al. (2003), Davis (2003) and Glynn (2004), which is consistent with Webster’s (2000) findings.

Second, relationship management is a key aspect of brand equity in terms of the inter-organisational exchange from the supply chain perspective. Davis (2003) showed that brand equity affects supply chain relationships by changing the level of perceived risk in the inter-organisational exchange, as represented in Figure 2.10. Glynn (2004) mentioned relationship variables as an outcome of the branding model in the retailing context, which was relevant to the reseller attitude towards brands (p.241). Some key concepts of relationship quality, such as satisfaction, trust, and commitment, appeared both in Davis’s (2003) and Glynn’s (2004) studies.

FIGURE 2.10: BRAND EQUITY IN SUPPLY CHAIN MANAGEMENT.



Source: Davis (2003)

Another important source of brand equity from the retailer’s perspective is the brand preference of the consumer (or consumer-based brand equity) which was one of the two dimensions of firm brand equity which is highly correlated to trade-based brand equity in Davis’s (2003) theoretical model. This consumer brand preference is an important aspect of the value proposition between trade partners, often opening the door to new

relationships or providing staying power to existing relationships. According to Glynn (2004), brand preference was considered as the source of brand value that represents the resellers' expectations of their customer's behaviour with respect to the brand (p.239). Baldauf et al. (2003) considers consumer value as the consumer's overall assessment of the utility of a product based on perceptions of what is received and what is given. This is a trade-off between benefits and sacrifices (cost) perceived by consumers. In short, what consumers think about manufacturers' brands do affect the brand's value from the retailer's perspective. This is consistent with Webster's (2000) model of brand value in the three-way relationship among brands, resellers and consumers.

In summary, brands play an important role in the retailing context, and provide valuable benefits to retailers as well as consumers (Baldauf et al. 2003; Davis 2003; Glynn 2004; Webster 2000). The three-way relationship among manufacturers, resellers and consumers acts as the foundation of branding theory in the supply chain (Webster 2000). However, the limited amount of branding research in the retailing context has not yet filled the gap of knowledge in the special context of the supply chain. These three different studies have approached the subject from different perspectives and have not yet reached a common definition of brand equity in the retailing context. Further research is required to bridge the gap in the branding literature, including reaching a common definition of brand equity (Woods 1998), the effect of marketing strategies on building strong brand (Yoo et al. 2000), the effect of brand equity on brand performance (Baldauf et al. 2003; Kim & Kim 2004) and distinguishing local brands and international brands in branding models (Kapferer 2002), especially in the retailing context (Webster 2000).

In order to contribute to filling these gaps in the branding literature, this current doctoral research intends to address four main issues:

- How does consumer based brand equity theories translate to the retailer context?
- How does retailer based brand equity effect brand performance from the retailer's perspective?



- How does manufacturer support effect retailer based brand equity and brand performance?
- Are there any differences between retailers based brand equity model for local brands compared to international brands?

### **2.7.1 Retailer-based brand equity**

Although retailer buying behaviour is identified as the difference between the end-consumer and the organisation (Fairhurst & Fiorito 1990), customer-based brand equity from the individual consumer perspective can be used as the foundation to develop retailer-based brand equity theory. The fact is that consumer-based brand equity theories can be used as the foundation to direct and guide the development of brand equity theories in business-to-business models (Lynch & Chernatony 2004). Riel et al (2005) confirmed that a customer-based method developed in consumer research can be adapted to the specific situation of the industrial buyer. For example, although several dimensions such as brand awareness, perceived quality, brand image, brand association and brand loyalty are conceptualised as part of customer-based brand equity (Aaker 1991; Keller 1993; Kim & Kim 2004; Yoo et al. 2000), there are only a few of these dimensions that appear directly transferable to industrial branding, while others appear irrelevant (van Riel et al. 2005). The current study intends to re-investigate the issue of brand equity from the retailer perspective by transferring the general ideas of consumer-based brand equity into the retailer context.

According to the review in Section 2.4, consumer-based brand equity is defined as the effect of brand knowledge on customer response to marketing activities of the firm (Keller 1993, p. 1). This definition has been widely accepted in the literature on branding and expanded into other contexts, such as industrial-based brand equity definitions (van Riel et al. 2005) and trade-based brand equity (Davis 2003). Therefore, Keller's (1993) definition is also adapted in the current study to define retailer-based brand equity as the following:

*Retailer-based brand equity is the effect of brand knowledge on the retailer's response to marketing activities of the brand manufacturer, in which a positive attitude of retailers towards the manufacturer's brand leads to the source of competitive advantage of the brand in the same category (developed by this study).*

The review of consumer-based brand equity in Section 2.4 indicated that a large number of concepts have been conceptualised as dimensions of consumer-based brand equity such as brand association, brand awareness, perceived quality, brand trust, brand preference, and brand loyalty. However, consumer-based brand equity contains the three common components of association, belief and loyalty (Feldwick 1996), which means that the brand manager targets building a lasting positive image in the consumer's mind. This image will be imprinted into his/her attitude towards to the brand, leading to loyalty to that particular brand (Wood 1998). Based on this foundation, retailer-based brand equity, in the current study, is proposed as a multi-dimensional construct consisting of three components: brand association, brand trust and brand loyalty, in which brand association is the focus of brand managers on building a positive image in the retailer's mind. This image will be imprinted into the retailer's trust in the brand, leading to the development of loyalty to that particular brand. These three components of retailer-based brand equity also represent the positive attitude of the retailer towards the brand (Michener & Delamater 1999; Shiffman & Kanuk 2000). The next three sections will discuss the three dimensions of retailer-based brand equity, brand association, brand trust and brand loyalty, in specific detail. Hypothesis 1 is therefore constructed as:

H1: Retailer-based brand equity is proposed as a multi-dimensional construct including brand association, brand trust and brand loyalty.

### ***2.7.1.1 BRAND ASSOCIATION***

Brand association is defined as the information nodes linked to the brand node in memory, which creates the meaning of the brand for consumers (Keller 1993). The favourability, strength and uniqueness of brand association are the dimensions of brand knowledge, which is the source that creates the differential response of the consumer, resulting in brand equity (Keller 1993). Aaker (1991) states that brand association is the

most accepted aspect of brand equity, including product attributes; customer benefits; uses; users; lifestyles; product classes; competitors; and countries. Brand association can help the customer to process or to retrieve information. It can act as the basis for differentiation and extension, creating the buying reason and positive feeling (Aaker 1991). In general, brand association is what customers hold in their mind about a brand related to their needs and demands (Wood 1998).

Based on consumer-based brand equity theories, brand association in retailer-based brand equity is also defined as what the retailers hold in their minds about a brand related to their needs and demands. However, the needs and wants of retailers are totally different to that of the consumer (Fairhurst & Fiorito 1990). Therefore, the brand association measures in the consumer perspective cannot apply to the retailer context. In other words, what is held in the consumer's mind cannot be assumed to be the same as what is held in the retailer's mind related to a manufacturer's brand.

Retailer buying behaviour models state that there are two main factors influencing retailer decisions about merchandise requirements and supplier accessibility, in which merchandise requirements represent the needs, motives and purchase criteria of the retailers, while supplier accessibility describes the set of choices that can fulfil their needs (Sheth 1973). In other words, the main concern of retailers is how to buy the right product at the right time, with the right deal to maximise their profit. Moreover, the purpose of retailer buying behaviour is to resell a product to the end consumer (Fairhurst & Fiorito 1990). Consequently, the maximum profit will be achieved when retailers have to stock the brand which fulfils the expectations of the end consumer, and attain the benefits accrued by retailer satisfaction in dealing with the brand's manufacturer. (Buchanan 1992)

The current study argues that good brand image is reflected through the satisfaction of retailers when doing business with a brand and the evaluation of the end consumer of the brand. In summary, the more satisfaction retailers experience with a brand, the more they will sustain a positive image of that brand, and this image will increase in direct relationship with a positive consumer evaluation of that brand.

In summary, brand association in retailer-based brand equity is proposed as a second-order construct which includes two dimensions: brand satisfaction and consumer-based brand equity. The following two subsections provide further discussion of these two concepts.

### **BRAND SATISFACTION**

In the business-to-business marketing literature, satisfaction is one of the core determinants of a successful buyer-seller relationship and acts as a kind of measurement to assess the health of their relationships (Han , Wilson & Dant 1993; Rossomme 2003; Schellhese , Harddock& Ohlwein 2000). Satisfaction motivates satisfied parties to commit more to the beneficial exchange relationship (Leutheser 1997); satisfaction affects channel members' morale and creates an incentive to participate in collective activities (Schul , Little and Channel 1985).

Hunt and Nevin (1974) demonstrated that satisfaction among channel members has a significantly positive relationship to morale and cooperation, and a negative effect on the tendency to withdraw from the system, or seek protective legislation (Nguyen 2002). Key benefits of customer satisfaction are that the more loyal customers become, the longer they are likely to continue to purchase products from the same manufacturer (Fornell 1992). Moreover, customer satisfaction also reduces price elasticity for current customers and leads to high margins and customer loyalty (Reichheld & Sasser 1990). Greater customer satisfaction will increase the overall reputation of the firm and lead to benefits in establishing and maintaining relationships with key suppliers, distributors and potential alliances (Anderson & Weitz 1992). In general, high customer satisfaction should indicate increased loyalty for current customers, reduced price elasticity, lower costs of future transactions and of attracting new customers and enhanced reputations for firms (Nguyen 2002). In other words, satisfaction of channel members is the key for the long-term viability of a manufacturer (Dwyer 1980). This is the reason why brand satisfaction is an important dimension of brand association which is imprinted on the retailer's perception, leading to a positive image of the manufacturer's brand.

Satisfaction has been broadly investigated in many areas of marketing and management (e.g.Gaski & Nevin 1985; Ruckert & Churchill 1984). In channel management,

satisfaction reflects all characteristics of the relationship between a channel member and another institution in the channel which the focal organisation finds rewarding, profitable, instrumental and satisfying (Ruekert & Churchill 1984).

In the literature on marketing channels, satisfaction can be captured from both economic and non-economic (psychological) aspects (Geyskens , Steenkamp & Kumar 1999). Geysken et al. (1999) view economic satisfaction as a channel member's positive response to economic rewards, stemming from the working relationship with its partner, such as sales volumes and profitability. A channel member with an economic orientation in a relationship tries to attain its goal in terms of the general effectiveness and the financial outcomes of the relationship with its partner. In a similar vein, (Brown ,Lusch & Smith 1991, p. 16) describe satisfaction as 'the perceived discrepancy between its prior expectation and actual profits'. Actual profit, therefore, is emphasised when examining a partner's satisfaction.

The second type of satisfaction, non-economic satisfaction, refers to a channel member's positive affective response to the non-economic, psychological aspects of the relationship (Geyskens et al. 1999). A channel member, concerned with the non-economic aspects of its relationship, is more likely to appreciate its contact with an exchange partner because it believes that the partner is concerned, respectful and willing to exchange ideas (Geyskens et al. 1999).

Moreover, satisfaction can also be considered as an indicator of how a firm assesses some of the other costs and benefits of its relationship beyond the level of economic performance and conflicts, which is described as the overall satisfaction of the channel member (Cullen , Johnson & Sukano 1995). This approach has been widely supported in studies on relationship marketing (Anderson & Narus 1990; Crosby & Cowles 1990).

Based on Gaski and Nevin (1985), brand satisfaction in the current study is defined as an overall evaluation of fulfilment in the relationship between the brand's manufacturers and its retailers.

## **CONSUMER BASED BRAND EQUITY**

Webster (2000) indicated that a strong brand provides a number of benefits to retailers, such as pre-established demand, providing a good image of the retailer with the consumer, and providing a relationship of trust and credibility with the consumer. This means that retailers are concerned about how their consumers perceive the value of the manufacturer's brand. Therefore, the second aspect of retailer needs and wants relates to what they believe the consumers think about the brand.

This aspect was referred as the concept of 'consumer perceived value' in the brand equity model of Baldauf et al. (2003), in which consumer value was defined as 'the consumer's overall assessment of the utility of the product based on perceptions of what is received and what is given' (Zeithaml 1988, p. 14). Davis (2003) states that consumer-based brand equity is one of the dimensions of firm-brand equity, which is measured by the overall consumer-based brand equity from the retailer's perception. In Glynn's (2004) study, consumer expectation was considered to be the provider of safeguards to the reseller, when doing business with a brand (Glynn 2004).

Consumer-based brand equity is adapted in the current study as the second dimension of brand association in the retailer-based brand equity model, and is defined as the consumer's overall assessment of the brand value, based on the perceptions of retailers.

### ***2.7.1.2 BRAND TRUST***

Brand trust is proposed as the second dimension of retailer-based brand equity. There are a number of reasons why brand trust is chosen to present the positive, affective state of the retailer's attitude towards the manufacturer's brand. The fact is that trust in marketing is regarded as one of the key ingredients or 'lubricants' to smooth business relationships (Nguyen 2002). It is also considered a critical success factor in successful service relationships in business-to-business marketing (Parasuraman, Zeithaml & Berry 1985). It is suggested that customers need to feel safe in dealing with service providers and need to be assured that their interaction is confidential, and that they are able to trust their service providers. Several authors cite that trust is a major element of long term buyer-seller relationships in a business environment and provides a number of business benefits such as encouraging cooperation, increasing long term benefits and lessening the fear of

opportunistic behaviour by one partner (Anderson & Weitz 1992; Anderson & Narus 1990; Dwyer, Schurr & Sejo 1987; Geyskens et al. 1996; Morgan & Hunt 1994).

Although there is no consensus on the conceptual meaning of trust, many definitions have appeared in the marketing literature. Some popular definitions of trust are widely cited in relationship marketing as the following:

*'A willingness to rely on an exchange partner in whom one has confidence'*  
(Moorman, Zaltman & Deshpande 1992, p. 315)

*'As a confident belief that the salesperson can be relied upon to behave in such a manner that the long term interest of the customer will be served'* (Crosby & Cowles 1990, p. 70)

*'As the firm's belief that another company will perform actions that will result in positive outcomes for the firm, as well as not take unexpected actions that would result in negative outcomes for the firm'* (Anderson & Narus 1990, p. 45)

In general, trust constitutes the belief, attitude or expectancy that one exchange partner will act in the best interests of the other partners. It involves an expectation on the part of a firm that a partner's promise can be relied on (Lindskold 1978) or a partner does not intend to behave in a harmful way towards the firm.

From the retailing perspective, Glynn (2004, p. 131) indicated that 'reseller's trust focuses on the reliability of brand supply, the credibility of marketing information shared and the expertise of the major brand manufacturer or "category captain".' Two components were proposed as the dimensions of trust in the reseller context, honesty and benevolence (Glynn 2004). Based on the definitions of Delgado-Ballester (2002) and Glynn (2004), brand trust in the current study is defined as the feeling of security held by the retailer in interactions with the brand, that it is based on the reliability of brand supply, the credibility of marketing information shared and the expertise of the brand manufacturer. Further discussion about the measures of brand trust will follow, in Chapter 3, Section 3.3.2.

### **2.7.1.3 BRAND LOYALTY**

Brand loyalty is the third and final dimension of retailer-based brand equity. The concept of loyalty has been much investigated in marketing history and the term loyalty has been used interchangeably with its operational definition, to variously refer to repeat purchase (Ehrenberg 1988), preference (Guest 1944), commitment (Hawkes 1996), purchase intentions, or customer retention (Rust 1993). However, most loyalty research utilises, or modifies, the definition of loyalty from the consumer and service contexts while limited attempts have been made to define loyalty in the business-to-business context (Papassapa 2005). In business-to-business marketing, loyalty focuses on a long-term relationship between buyers and sellers. For example, customer loyalty is defined as ‘a behavioural intention to maintain an ongoing relationship with a service provider’ (Singh & Sirdeshmukh 2000). In Oliver’s (1999) study, loyalty is seen as a deeply-held commitment to re-buy or re-patronise a preferred product/service consistently in the future, thereby causing the same brand to be purchased repeatedly, despite situational influences and marketing efforts having the potential to cause switching behaviour to other suppliers. Meanwhile, Lam et al. (2004) define loyalty as a buyer’s overall attachment or deep commitment to a product, service, brand or organisation.

In terms of customer-based brand equity, brand loyalty has been recognised as an important dimension which reflects how likely a customer will be to switch to another brand when that brand makes a change, either in price or in product features (Aaker 1991). Moreover, brand loyalty is the most important target that any brand manager wants to achieve (Feldwick 1996). That is the reason why brand loyalty has appeared in most customer-based brand equity models.

Based on this discussion, brand loyalty is proposed as an important dimension of retailer-based brand equity. Moreover, commitment is the highest level of loyalty expectation of brand manufacturers (Aaker 1991). Based on Oliver (1999) and Lam et al. (2004), brand loyalty in this study is defined as a commitment by the retailer to maintain stability in a long-term relationship with the brand manufacturer. This idea is consistent with the findings of Glynn’s (2004) and Davis’s (2003) studies, in which retailer commitment



plays an important role in inter-organisational exchange and acts as the purpose of building strong brand in supply chain.

In summary, three dimensions of retailer-based brand equity are proposed: brand association, brand trust and brand loyalty, which are included in Hypothesis 1. Brand association reflects the positive image of the brand held in the retailer's perception, related to their needs and wants. This leads to a positive feeling towards the brand, which results in retailer trust in the brand. As a result of a strong manufacturer brand, retailers commit to a long-term business relationship with the brand's manufacturer.

The next section discusses the proposed relationships among these three dimensions of retailer-based brand equity and includes a statement of the research hypotheses to be tested in this thesis.

#### ***2.7.1.4 RELATIONSHIPS AMONG THE THREE DIMENSIONS OF RETAILER-BASED BRAND EQUITY***

Firstly, the relationship between brand association and brand trust is investigated in this study. Based on attitude theory, brand association is proposed to have a positive relationship with brand trust (Ajzen & Fishbein 1980). The fact is that retailers would not trust the brand if they could not recognise the image of the brand. Therefore, the positive image of a manufacturer's brand in retailers' perceptions is a necessary condition leading to good feelings toward the brand. Moreover, based on consumer-based brand equity theories, the positive association held in the customer's mind will constitute the positive feeling of customers (Wood 1998). Based on these arguments, Hypothesis 2 is stated as follows:

H2: Brand association is positively related to brand trust.

In relationship quality theories, trust is proposed to be positively related to commitment (Morgan & Hunt 1994). Based on this theory, the trust of retailers in brands will lead to a long-term commitment and relationship between the retailer and the brand manufacturer. Moreover, the theory of reasoned action (Ajzen & Fishbein 1975; Fishbein 1980) asserts

that attitudes towards an act lead to intentions. Ajzen and Fishbein (1985) suggested that the weighted combination of attitudes towards an act and subjective norms (e.g. attitudes about an object or other people) leads to intentions and eventually leads to behaviours. In other words, the positive feeling of retailers towards a brand will lead to the intention to keep doing long-term business with the brand's manufacturer. Therefore, brand trust is proposed to have a positive relationship with brand loyalty, which leads to Hypothesis 3.

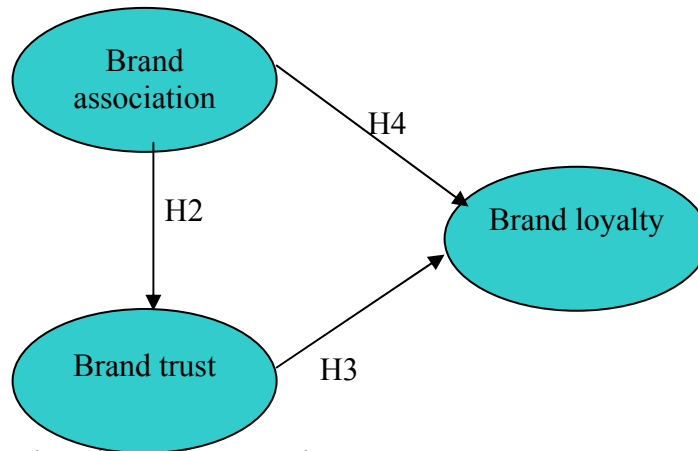
H3: Brand trust is positively related to brand loyalty.

Furthermore, the loyalty of the retailer towards a brand cannot be achieved without their first knowing about the brand (Nguyen & Nguyen 2002). Hence, this study proposes a positive relationship between brand association and brand loyalty, as shown in Hypothesis 4.

H4: Brand association is positively related to brand loyalty.

A summary of the relationships among brand association, brand trust and brand loyalty is represented in Figure 2.11.

FIGURE 2.11: RELATIONSHIPS AMONG THE THREE DIMENSIONS OF RETAILER-BASED BRAND EQUITY



Source: Developed for this research

The next section will discuss brand performance and how strong manufacturer brands affect the brand performance in retailers.

### **2.7.2 Brand Performance**

Performance is often used as a dependent variable in the marketing literature (Boulding & Staelin 1995; Raven et al. 1994). In channel marketing, performance is defined as ‘the accomplishments - real and perceived - that have resulted from the manufacturer-distributor relationship’ (Rosson & Ford 1982, p. 61).

Performance has been measured by various indices, some of which have been used in previous channel studies including intensity and growth (Reid 1983), margin and contribution (Mohr & Nevin 1994), sales trends and annual sales levels (Rosson & Ford 1982). Nooderwier, John and Nevin (1990) defined performance, from the transactional cost analysis point of view, as the minimisation of certain transaction costs (improvement to turnover, delivery time). Baldauf et al. (2003) conceptualised brand performance, in the retailing context, as comprising brand profitability performance (profit, margin profit) and brand market performance (sales volume, market share).

Limited research has focused on the relationship between brand equity and brand performance in customer-based brand equity models (Baldauf et al. 2003, Kim & Kim 2004, Glynn 2004). However, brand performance is recognised as the outcome of the brand equity model, and defined as the economic results manufacturers want to achieve with strong brands (Kim & Kim 2004, Baldauf et al. 2003). Therefore, the current study proposes that strong retailer-based brand equity including brand association, brand trust and brand loyalty will lead to higher brand performance from the retailers' perspective. The following hypotheses indicate how the three dimensions of retailer-based brand equity (brand association, brand trust and brand loyalty) are proposed to positively relate to the performance of the brand at the retailer level.

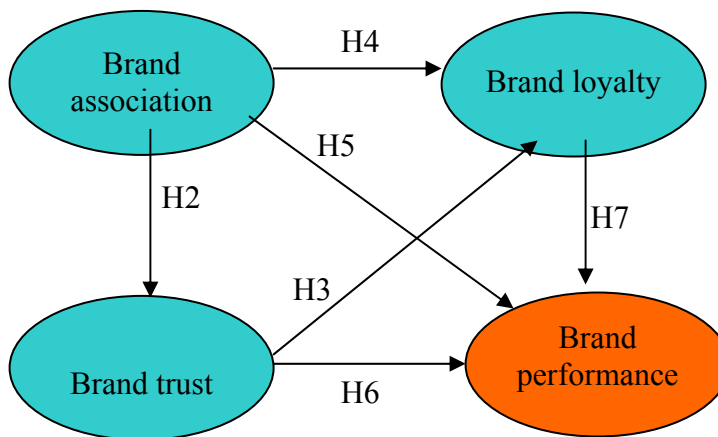
H5: Brand association is positively related to brand performance.

H6: Brand trust is positively related to brand performance.

H7: Brand loyalty is positively related to brand performance.

In summary, brand performance is defined as the economic performance of a brand in the retailer context, as the outcome of the retailer-based brand equity model. The three hypotheses are summarised in Figure 2.12. Further discussion about the measurement of brand performance is provided in Chapter 3.

FIGURE 2.12: RELATIONSHIP BETWEEN RETAILER-BASED BRAND EQUITY AND BRAND PERFORMANCE



Source: Developed for this research

After developing an understanding of what retailer-based brand equity is, and how it has the potential to affect brand performance, the next section will discuss the relationship between marketing mix strategies of brand manufacturers and retailer-based brand equity, which is proposed as an antecedent factor in the retailer-based brand equity model.

### **2.7.3 Manufacturer support**

Many studies have been conducted in the consumer context to consider that marketing strategies are recognised as the antecedents of brand equity. (Palazon-Vidal & Delgado-Ballester 2005; Simon & Sullivan 1993; Yoo et al. 2000). Simon and Sullivan (1993) proposed several marketing strategies as efficient tools to build brand equity, such as advertising expenditures, marketing research expenditures, age of the brand, advertising share, order of entry and product portfolio. Some other strategies have also been considered in brand equity models, including public relations (Aaker 1991) and warranties (Boulding and Kirmani 1993). The study of brand equity antecedents was first investigated and empirically tested in Yoo et al.'s (2000) model, in which five concepts represented marketing mix strategies, namely, price, store image, distribution intensity, advertising spending and price deals (Yoo et al. 2000). Furthermore, Palazon-Vidal & Delgado-Ballester (2005) proved that sales promotions are also a tool in building strong brands.

From a supply chain perspective, there is only one study that appears to have considered marketing strategies in the brand equity model, Glynn's (2004) study on the source of brand value in supply chains. Glynn (2004) found that manufacturer support, including advertising support, merchandising support, key parts of the range, useful category information, key category growth, and additional choice, is the source of brand value. This means that manufacturer support seems to be the dimension of brand association in term of retailer perception. This finding is different from consumer-based brand equity theories, in which marketing strategies act as the antecedents of brand equity.

In order to make clear the point that whether manufacturer support reperented for marketing strategies is the antecedent of brand equity or the dimension of brand association in retailer context, the current study uses consumer-based brand equity as the

foundation to develop a retailer-based brand equity model, therefore, manufacturer support, adapted from Glynn (2004), is proposed as an antecedent of retailer-based brand equity. Therefore, three dimensions of retailer-based brand equity, comprised of brand association, brand trust and brand loyalty, are proposed to be positively related to manufacturer support. Hypotheses 8, 9 and 10 demonstrate this as follows:

H8: Manufacturer support is positively related to brand association.

H9: Manufacturer support is positively related to brand trust.

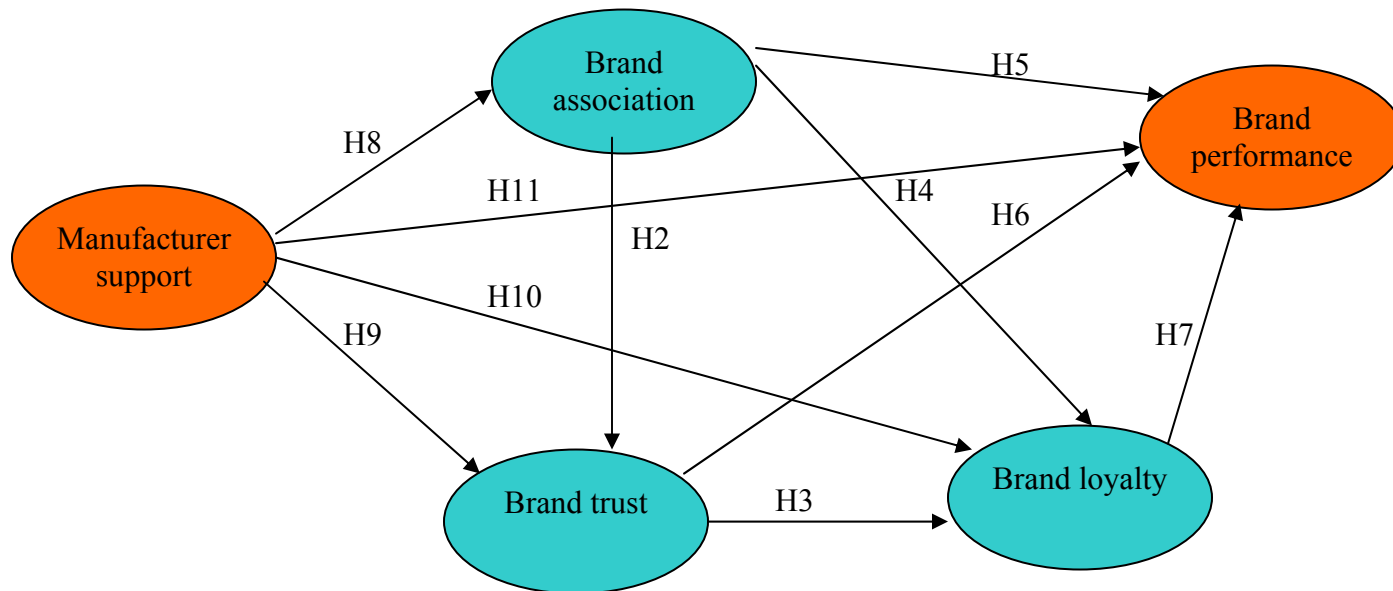
H10: Manufacturer support is positively related to brand loyalty.

However, advertising, sales promotions and trade promotions are also used to increase the short-term benefits of brand manufacturers, such as sales volumes and market share (Duncan 2002). In other words, manufacturer support can also be used as a direct tool to affect brand performance. The added hypothesis (Hypothesis 11) is therefore proposed as follows:

H11: Manufacturer support is positively related to brand performance.

Figure 2.13 presents the final theoretical model of retailer-based brand equity proposed in this study.

FIGURE 2.13: THE THEORETICAL MODEL OF THE ANTECEDENTS AND OUTCOME OF RETAILER-BASED BRAND EQUITY



Source: Developed for this research

#### **2.7.4 Retailer-based brand equity of international brands versus local brands**

Since the unification of North and South Viet Nam, the process of the development of the Vietnamese economy can be divided into three main periods: the central-planned economy period (1976–1986), the policy reform period (1986–1990) and the transitional economy period (1990–present). In particular, the transitional economy period has been characterised by the high growth rate in GDP and stabilisation of the price and financial system. Unlike Russia and Eastern European countries, Viet Nam’s transition from a centralised to a market economy was smooth (Dana 1994). During this stage, it seemed that free-market capitalism had become the world’s reigning economic ideology (Martin 2006). Globalisation became popular around the world and the Vietnamese market became attractive to foreign investors. As a result, many famous multinational companies (MNCs) have appeared and developed in the Vietnamese market, such as P&G, Pepsi, Coke, Unilever and Nestlé. The consequent dominance of international brands has led to the recession of local brands (Tran 2002). There is a statement that ‘global brands are the only thing that count and the process of global branding the only thing worth spending time on’ (Kapferer 2002, p. 163).

‘Is there really no hope for the local brand?’ was investigated to challenge the power of global brands in the light of local brand success (Kapferer 2002). The success of local brands such as Label 5, Clan Campell and William Peel in Scotch whisky, and Will in cigarettes, has proven that local brands can still survive and compete with multinational brand names, under globalisation (Kapferer 2002). The most important issue is which strategies are suitable to develop a local brand and make it a market leader (Kapferer 2002). Moreover, Schuiling and Kapferer (2004) confirmed that there are many different features between local and international brands based on a study of 744 brands across the four largest countries in Europe: the United Kingdom, Germany, France, and Italy. In other words, the brand strategies may not be the same between multinational companies and local companies

Even though, this study does not aim specifically to re-test the finding of Schuiling and Kapferer (2004)’s study in the retailing perspective, the basic argument that differences do exist between the brand strategies of local versus international brand is



re-investigated in the current study of retailer-based brand equity models. As such, the retailer-based brand equity model of local brands is assumed to be different from that of an international brand model, as encapsulated in Hypothesis 12:

H12: There is a difference between the retailer-based brand model for international brands compared to local brands.

## **2.8 SUMMARY**

The previous discussion has confirmed the importance of brands in terms of the retailer. Retailer-based brand equity is defined as the effect of brand knowledge on the retailer's response to the marketing activities of the brand firm. Three components, namely brand association, brand trust and brand loyalty, are considered to make up retailer-based brand equity. Brand association is reflected in the positive image of a brand in the retailer's perception, related to their needs and wants. This leads to the positive feeling towards that brand, which is the trust a retailer holds in a manufacturer's brand. As the result of a strong brand, retailers commit to a long-term business relationship with the brand's manufacturer.

Brand performance and manufacturer support act as a consequence and antecedent respectively, of the retailer-based brand equity model. Twelve hypotheses have been proposed, and are summarised in Table 2.5. The methodology utilised to test the theoretical model is presented in the following chapter.

Table 2.5: Summary of hypotheses




Hypothesis	Statement
H1	Retailer-based brand equity is proposed as a multi-dimensional construct including brand association, brand trust and brand loyalty
H2	Brand association is positively related to brand trust
H3	Brand trust is positively related to brand loyalty
H4	Brand association is positively related to brand loyalty
H5	Brand association is positively related to brand performance
H6	Brand trust is positively related to brand performance
H7	Brand loyalty is positively related to brand performance
H8	Manufacturer support is positively related to brand association
H9	Manufacturer support is positively related to brand trust
H10	Manufacturer support is positively related to brand loyalty
H11	Manufacturer support is positively related to brand performance
H12	There is a difference between the retailer-based brand model for international brands and local brands

# CHAPTER 3: METHODOLOGY

## 3.1 INTRODUCTION

The literature review in the previous chapter introduced and discussed the theoretical model constructed for this research. Five main constructs are considered in this study: brand association, brand trust, brand loyalty, brand performance and manufacturer support. Twelve hypotheses were proposed to test an empirical study of the Vietnamese independent grocery retail market. The four research questions and twelve hypotheses are presented in Table 3.1.

Table 3.1: Research questions and research hypotheses

<p> <b>Q1.</b> How does consumer-based brand equity theory translate to the retailer context?</p>
<p>H1: Retailer-based brand equity is proposed as a multi-dimensional construct including brand association, brand trust and brand loyalty.</p> <p>H2: There is a positive relationship between brand association and brand trust</p> <p>H3: There is a positive relationship between brand trust and brand loyalty</p> <p>H4: There is a positive relationship between brand association and brand loyalty</p>
<p> <b>Q2.</b> How does retailer-based brand equity affect brand performance from the retailers' perspective?</p>
<p>H5: Brand association is positively related to brand performance.</p> <p>H6: Brand trust is positively related to brand performance</p> <p>H7: Brand loyalty is positively related to brand performance</p>
<p> <b>Q3.</b> How does manufacturer support affect retailer-based brand equity and brand performance?</p>
<p>H8: Manufacturer support is positively related to brand association</p>

H9: Manufacturer support is positively related to brand trust

H10: Manufacturer support is positively related to brand loyalty

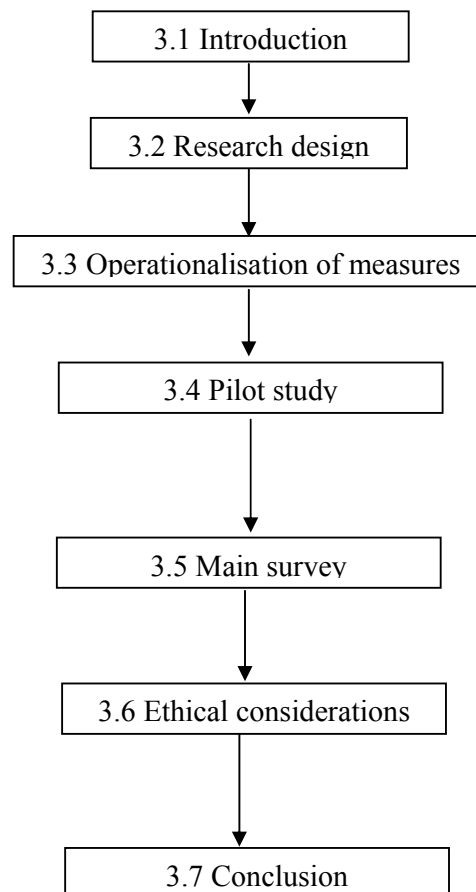
H11: Manufacturer support is positively related to brand performance

🚩 **Q4.** Are there any differences between retailers based brand equity model for local brands compared to international brands?

H12: There are differences between the retailer-based brand equity model for local brands compared to international brands

The purpose of this chapter is to justify and outline the methodology used to test the conceptual model developed in Chapter 2. An outline of this chapter is given in Figure 3.1.

FIGURE 3.1: OUTLINE OF CHAPTER 3.



### **3.2 RESEARCH DESIGN**

Business research is designed to solve problems and explore ways of quantifying phenomena. The purpose of business research is to obtain understanding, explanation and prediction, or to control some phenomena (Bagozzi 1994). The steps of business research involve developing theories and hypotheses, testing them and implementing the results. The first step of business research is the development of conceptual models and hypotheses, as explained in the previous chapter. The research design provides the answers to theories and hypotheses, which leads to the next research steps. Research design outlines the procedures necessary for obtaining the information needed to structure or solve business research problems (Kerlinger 1973; Malhotra 1999). It controls for variance and gives a framework or blueprint for the study by suggesting the types of observations to make, how to analyse them, and the possible conclusions that can be drawn from the analysis.

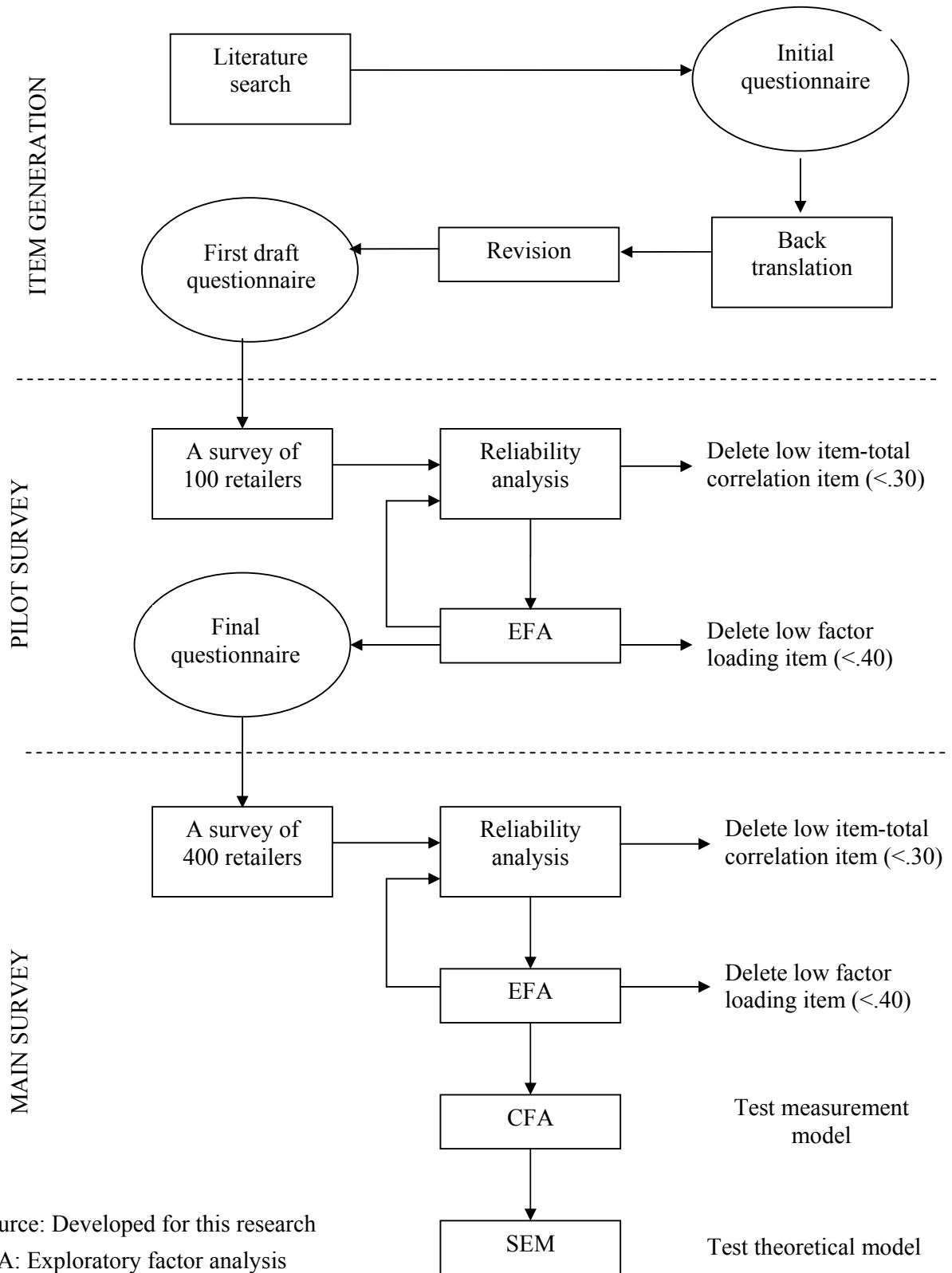
Business research methods can be classified on the basis of either function or technique (Zikmund 1997). Based on function, there are three types of research including exploratory, descriptive and causal studies. Based on technique, business research can be classified into experiments, surveys and observational studies (Zikmund 1997). As indicated by Zikmund (1997), descriptive research focuses on the research question starting with who, what, when, and where with the main purpose of describing characteristics of a population or a phenomenon, while causal studies are concerned with the ‘why’ question, about how one variable affects another (Emory 1985). Consequently, the four research questions of the current study indicate that this study combines both descriptive and causal studies.

In seeking to answer the four research questions, the characteristics of customer-based brand equity have been investigated and described from the retailer perspective. As such, descriptive research is more appropriate than exploratory research because exploratory research is usually conducted to clarify and define the nature of a problem, whereas descriptive research is designed to describe characteristics of a population or phenomenon. This study is also seeking to explain how customer-based brand equity theory from the consumer perspective translates to the retail context, as

well as the effects of retailer-based brand equity on brand performance, which is concerned with the 'why' question. This concern required a causal design to identify the cause-and-effect relationships between retailer-based brand equity and brand performance. Thus, causal research is implemented in combination with descriptive research in this study.

In terms of research techniques, survey research was chosen to assess the research questions (hypotheses) for this study, for two reasons. Firstly, surveys provide a quick, efficient and accurate means of assessing information about a population, especially in cases where there is a lack of secondary data (Zikmund 1997). Secondly, as reviewed in Section 2.4.2 on the measurement of consumer-based brand equity, the survey has been the most popular method used previously to measure brand equity. A three-stage approach has been used in the research design: (1) generation of items; (2) pilot survey; and (3) the main survey (see Figure 3.2).

FIGURE 3.2: RESEARCH PROCESS



Source: Developed for this research

EFA: Exploratory factor analysis

CFA: Confirmatory factor analysis

SEM: Structural equation modeling

### ***Step 1: Generation items***

The first step in the research design process involves item generation. This was achieved through a literature search which was used to specify how to measure the constructs and to design the initial questionnaire. The questionnaire was initially designed in English. The original English version was then translated into Vietnamese by one translator and then was translated back into English by another translator, each of whom was fluent in both languages. Back-translation is necessary in this study because English is not commonly used and understood by retailers in the market being studied, i.e. Viet Nam. The original and back-translated English versions of the questionnaire were compared to ensure the equivalence of meanings of the items, and were refined where necessary (Craig & Douglas 2000). This was the first draft of the questionnaire.

## **3.3 OPERATIONALISATION OF MEASURES**

There are five main constructs in the theoretical model. These are: (1) brand association; (2) brand trust; (3) brand loyalty; (4) brand performance; and (5) manufacturer support. The following section reviews the measurement of these constructs in previous studies and proposes the instrument for this study.

### **3.3.1 Measuring brand association.**

As discussed in Chapter 2, brand association is proposed as a second order construct comprising two components - brand satisfaction and consumer-based brand equity.

#### ***3.3.1.1 MEASURING BRAND SATISFACTION***

Brand satisfaction, denoted as BS, is defined as an overall evaluation of fulfilment in the relationship between brand manufacturers and retailers (Gaski & Nevin 1985). The measurement of ‘satisfaction with supplier’ of Cannon and Perreaults (1999) has been tested in relationship marketing with high reliability and has also been re-tested in the context of resellers, in Glynn (2004). Therefore, this measurement of satisfaction is **adapted** to measure brand satisfaction in the current study.

The scale comprises five items (Table 3.2). Each item was measured by a seven-point likert-type scale anchored by: 1: strongly disagree and 7: strongly agree.



Table 3.2: Measures of brand satisfaction

<b>Item wording</b>	<b>Item codes</b>
Overall I am very satisfied with X	BS01
Our store regrets the decision to have X in its range	BS 02
We are pleased with what X does for this product range in this store	BS 03
Our store is not completely happy with X	BS 04
If we had to do it all over again, we would still have X in this product range	BS 05

Source: Glynn (2004)

### ***3.3.1.2 MEASURING CONSUMER-BASED BRAND EQUITY***

As discussed in Chapter 2, in the current study consumer-based brand equity is proposed as the second dimension of brand association in the retailer-based brand equity model, and is defined as the consumer's overall assessment of the brand value, based on the perceptions of the retailer. The measurement of this concept was tested from the supply chain perspective in Davis (2003) and Glynn (2004), which were originally based on the overall brand equity measures of Yoo et al. (2000).

This current study adapts this scale measurement of consumer-based brand equity, which comprises five items using a seven-point scale (strongly disagree/strongly agree) to test in the Vietnamese independent retailer context. The items are shown in Table 3.3.

Table 3.3: Measures of consumer-based brand equity

<b>Item wording</b>	<b>Item codes</b>
Consumers know X to be a good value	CB 01
Consumers expect us to carry this brand	CB 02
Consumers are willing to pay more in order to buy this brand	CB 03
Consumers often buy X exclusively from this manufacturer	CB 04
Consumers would be disappointed if we did not carry this brand.	CB 05

Source: Davis (2003)

### 3.3.2 Measuring brand trust

The conceptualisation of trust and its operational measurements are still a controversial issue in the marketing literature (Nguyen 2002). For example, in an organisational context, McAllister (1995) operationalises trust as interpersonal trust comprising affect- based trust and cognitive-based trust. In the context of salespeople, Kennedy, Ferrel and Lechair (2001), mention trust in a buyer-seller relationship as trust of the salesperson and trust of the manufacturer. Other researchers such as Genersan (1994), Geysken et al. (1996) and Doney and Cannon (1997) define and measure trust in different forms such as benevolence, honesty, and credibility. However, two dimensions of trust, honesty and benevolence, are the most commonly referred to the relationship marketing literature (Geyskens et al. 1996; Kumar , Scheer& Steenkamp. 1995)

In the reseller context, Glynn (2004) adopted the measurement scale of trust from Kumar et al. (1995) which comprised two concepts, honesty and benevolence, to test in the New Zealand supermarkets. However, in the scale purification process, the honesty items were deleted (Glynn 2004). This matter will be reinvestigated in the current study of Vietnamese independent groceries, in order to confirm the dimensions of trust in this retailing context. Therefore, based on the original measure of trust in Kumar et al's (1995) study, trust is proposed as a second order construct which includes two dimensions, honesty and benevolence, measured by ten items which are shown in Table 3.4.

Table 3.4: Measures of brand trust

Item wording	Item codes
<b>Benevolence measurement</b>	
Whenever we have problems concerning X we know the manufacturers will respond with understanding	BT01
Though circumstances change, we believe the manufacturer of X will be willing to offer us assistance and support	BT02

In the future we know we can count on the manufacturer to consider how its decisions about X will affect us	BT03
When it comes to things that are important to us we can depend on manufacturer support being available for X	BT04
When making important decisions, X is concerned about our welfare	BT05
<b>Honesty measurement</b>	
X usually keeps the promises that it makes to our store	BT06
Whenever X gives us advice on our business operations we know it is sharing its best judgment	BT07
Our store can count on X to be sincere	BT08
X has often provided us information that has later proven to be accurate	BT09
Even when X gives us a rather unlikely explanation, we are confident that it is telling the truth	BT10

Source: Kumar et al. (1995); Glynn (2004)

### 3.3.3 **Brand loyalty**

In this study, brand loyalty is defined as the commitment of the retailer to the relationship with the brand's manufacturer. The measurement of commitment remains an issue in the relationship marketing literature (Nguyen 2002). Commitment can be approached from a continuance, behavioural or affective perspective (Kim & Frazier 1997). However, in the channel literature, the continuance commitment is most recognised (Anderson & Weitz 1992; Kumar et al. 1995; Morgan & Hunt 1994).

The measurement scale of retailer commitment towards manufacturers' brands was tested by Davis (2003), based on the original measurement scale of relationship commitment in Morgan and Hunt (1994). This study uses the scale developed by Davis (2003) to measure the commitment of retailers to brand manufacturers in Vietnamese retailers. Table 3.5 shows the measurement scale including six items (on a seven-point Likert type scale) of brand loyalty adopted from Davis (2003).

Table 3.5: Measures of brand loyalty

Item wording	Item codes
The relationship my store has with X is something we are very committed to	BL 01
The relationship my store has with X is one we intend to maintain indefinitely	BL 02
The relationship my store has with X deserves our maximum effort to maintain	BL 03
The relationship my store has with X is something we would do almost anything to keep	BL 04
The relationship my store has with X is one we care a great deal about long term	BL 05
The relationship my store has with X would take very little effort to end	BL 06

Source Davis (2003)

### 3.3.4 **Brand Performance**

Performance has been measured both in objective (e.g. profitability) and subjective (e.g. partner assessment, or satisfaction) terms (Nguyen 2002). These two types of approaches may be measuring the same theoretical construct, because both measurements are highly correlated (Beamish 1988; Geringer & Hebert 1991). The most widely used indicators to measure performance are financially driven, such as sales volume, growth and profitability (Lee 1998; Zou , Taylor & Osland 1998). In Baldauf et al. (2003), brand performance at the retailer level acts as the outcome of brand equity management in the value chain. Brand performance includes brand profitability performance and brand market performance.

Adapted from Baldauf et al.'s (2003) study, brand performance in the current study focuses on the financial aspects from the subjective approach. Using the subjective approach means that respondents are not asked to indicate particular performance results or figures objectively. Rather they are asked to indicate how they perceive the branded product performs in comparison to other competing brands sold in store. As

such, this overcomes the problem of respondents being concerned about releasing confidential store performance data. The two dimensions of brand performance used in Baldauf et al.'s (2003) study are treated as a uni-dimensional construct, which has also occurred in some other studies in the marketing literature (Kumar et al. 1992; Nguyen 2002; Styles 1998). Brand performance is proposed as a unidimensional construct, measured by the eight items shown in Table 3.6.

Table 3.6: Measures of brand performance

Item wording	Item codes
Compared to all other brands available in our trade area the profitability for carrying X is highest	BP1
Relative to all other brands we carry in this product category, the realised margin for X is highest	BP2
Compared to all other brands available in our trade area in this product category , the sale growth of X is highest	BP3
Overall, X is financially very attractive for us	BP4
Compared to all other brands we carry in this product category X generates the largest sales volume	BP5
Compared to all other brands we carry in this product category X generates the largest sales revenue	BP6
Relative to all other brands we carry in this product category, the sales potential for X is highest	BP7
Compared to all other brands we carry in this product category, the market share of X is highest	BP8

Source Baldauf et al. (2003)

### 3.3.5 Manufacturer support

Manufacturer support was firstly conceptualised and measured in the retailing context in Glynn's (2004) study. Given the relevance of this scale to the context of the current study, the original measurement developed by Glynn, consisting of seven items, is

also used in the current study to measure ‘manufacturer support’ in Vietnamese independent grocery retailers.

Manufacturer support, denoted as MS, is measured by seven items using a seven-point Likert scale (1: strongly disagree to 7: strongly agree), shown in Table 3.7.

Table 3.7: Measures of manufacturer support

Item wording	Item codes
X has strong consumer advertising support	MS 01
X is a regular part of our store’s advertising program	MS 02
Merchandising support provided by the manufacturer for X is useful	MS 03
X is a key brand in the product range offered by this store	MS 04
The category information supplied by the manufacturer about X is useful	MS 05
X is an important brand in the future growth of this product category	MS 06
X enables this store to offer its customers additional choice in this category	MS 07

Source Glynn (2004)

Before pilot testing was conducted, the survey instrument was checked by a member of the Vietnamese grocery retail sector to confirm that the questions had content validity and made sense to the research context. This was then followed by a pilot study as outlined in the following section.

### 3.4 PILOT STUDY

The pilot survey was conducted by face-to-face interview with 100 independent grocery retailers in Viet Nam. It is noted that all of the constructs used in this study have been developed and empirically tested in developed countries, e.g. the United States and New Zealand. Therefore, it was considered that the pilot survey would be useful in order to modify measures to suit the context of developing countries. The purpose of the pilot test was to eliminate possible weaknesses and flaws in the first draft questionnaire in order to create the final questionnaire for the main survey (Zikmund 1997). The pilot study is a pretest of construct measures. The purpose of

this pretest is to provide a preliminary evaluation and refinement of the measurement scales. Reliability analysis was first used to remove items with low item-total correlations ( $<0.3$ ) (Nunnally 1978). Exploratory factor analysis (EFA) was run to identify dimensions of scales together with factor loadings for each scale item. Items with low factor loadings ( $<0.04$ ) (Gerbing & Anderson 1988) were deleted. The results of this pilot survey are presented in Chapter 4. After being refined via Cronbach's alpha and EFA, the measures of constructs were used to finalise the questionnaire in the main survey (the English and Vietnamese versions of these measures are included in Appendix 1 and 2)

The aim of using the personal interview method for the pilot test was to discover the reactions of respondents to the questions (e.g. unable to understand, hesitate to answer, etc) which could not be obtained via a telephone or mail survey (Hunt , Parkman & Wilcox 1982). The measurement was pre-tested by reliability and exploratory factor analysis. This pre-test was conducted to eliminate possible weaknesses and flaws in the first draft questionnaire by deleting some bad measurement items. The main survey questionnaire was finalised as a result of this pilot study.

### **3.5 MAIN SURVEY**

The main survey was conducted with independent grocery retailers in Ho Chi Minh City, Viet Nam. This was the final step in the research design. Firstly, the measures of the constructs were refined via Cronbach's alpha and EFA. The purpose of this test was to provide a preliminary evaluation and refinement of the measurement scales. Reliability analysis was first used to remove items with low item-total correlations ( $<0.3$ ) (Nunnally 1978). After that, exploratory factor analysis (EFA) was run to identify dimensions of scales together with factor loadings for each scale item. Items with low factor loadings ( $<0.04$ ) (Gerbing & Anderson 1988) were deleted. Confirmatory factor analysis (CFA) was then utilised to confirm the validity of these measures (reported in Chapter 4). After being validated via CFA, the measures of the constructs were used to test the theoretical model. Finally, structural equation modeling (SEM) was employed to test the theoretical model, to test the twelve hypotheses.

### **3.5.1 Sample design**

#### ***3.5.1.1 PRODUCT AND BRAND SELECTION***

There are several different ways to classify retailers, either based on their retail mix (the variety and depth of merchandise and service offered to customers); based on the merchandise and services they sell (food, general merchandise and service); or based on their ownership, (independent or single-store establishment, corporate chain or franchise) (Levy & Weitz 2004). However, most Vietnamese retailers, especially in fast-moving consumer goods (FMCGs), are independent and small grocery stores, which account for 70 percent of the retailing market (Vietcycle 2000). Therefore, this study focuses on this type of small independent grocery retailer, as the focus of the empirical study.

Number of definition of small retailer are existed in retailing literature; In general, the small retailer can be defined as one with a relatively small share of the market, conducted by its owners in a personalized way, independent (not forming part of a larger enterprise) and having few employees. Other characteristics include family management, opening for long hours, meagre turnover and succession problems (Sim 1999). Moreover, most the studies conducted in small retailer have been in Western countries (Sim 1999). Number aspects of small retailer have been addressed as related to land use planning (Davies 1984; Sim 1984), the provision of shops in redevelopment areas (Davies 1976); the operational characteristics of small shops (Davies and harriss 1990); the comprehensive study on retailing and the small shop (Smith and Sparks 1997) and characteristic and business performance of small retailers (Larke, 1994; Sim, 1992; Smith and Sparks, 1997). However, there is no study focused on branding theories from small retailer perspective. Therefore, this study is the first addressed the topic of brand equity from small retailer perspective, especially in developing countries as Vietnam.

The soft drink product category was chosen as the product to investigate for the current study, as this is one of the most popular FMCG goods which is widely distributed throughout the retailer system. Four brands are included in this study: Pepsi, Coke, Tribeco and Chuong Duong, in which two brands are classified as international brands (Pepsi and Coke) and two as local brands (Tribeco and Chuong



Duong). All of these soft drink brands are very popular in Viet Nam so would be easy for respondents to identify with.

### **3.5.1.2 SAMPLING**

Firstly, the population of the study needs to be chosen. Population is defined as ‘the complete set of units of analysis that are under investigation, while element is the unit from which the necessary data is collected’ (Davis 2000, p. 220). This study focuses on independent grocery retailers to investigate the effect of retailer-based brand equity on brand performance. The empirical study is conducted in the Vietnamese market in order to test the theoretical model. Therefore, the population of the study is Vietnamese owners and/or managers of grocery stores, who are responsible for stocking merchandise, in Ho Chi Minh City, the major commercial city of Viet Nam. Eligible participants in the study are independent retailer stores selling soft drink products and dealing with product manufacturers.

The second step in the sampling process is to choose the sampling frame, which is the list of elements from which a sample may be drawn: also called the working population (Zikmund 2000). In this study, the sampling frame was based on the list of independent grocery retailers including store name, address, owner name, merchandise in store in Ho Chi Minh City provided by FKS Marketing Research Company.

The next step is to identify the sampling method to be used to select the sample for the study. According to the methodology literature, there are two main sampling methods, probability and non-probability sampling (Zikmund 2000). In this study, the probability method was chosen due to the universal acceptance of results and high generalisability of results due to the availability of the sampling frame. From the list of probability sampling methods, including simple random, systematic, stratified and cluster sampling, (Zikmund 2000), stratified sampling was used to select the sample element in this research. The decision to use this sampling method was based on the following analysis of the advantages and disadvantages of these four probability sampling methods (Zikmund 1997 cited in Nguyen 2001):

- Simple random sampling – A sampling procedure that assures each element in the population an equal chance of being included in the sample. For simple random

sampling, the sampling process is straight forward (Zikmund 1997, p. 431) but is most appropriate when a good sampling frame exists and when the population is geographically concentrated or the data collection technique does not involve travelling (De-Vaus 1985, p. 64).

- Systematic sampling – A sampling procedure in which an initial starting point is selected by a random process, and then every 'nth number' on the list is selected (Zikmund 1997, p. 432). Systematic sampling is similar to simple random sampling and has the same limitations (De Vaus 1985, p. 65).
- Stratified sampling – A probability sampling procedure in which sub-samples are drawn from samples within different strata that are more or less equal on some characteristics. The reasons for taking a stratified sample are: (1) to have a more efficient sample than could be taken on the basis of simple random sampling; and (2) to ensure that the sample will accurately reflect the population on the basis of the criterion or criteria used for stratification (Zikmund 1997, p. 433). Stratified sampling is a modification of simple random and systematic sampling designed to produce more representative and thus more accurate samples (De Vaus 1985, p. 65).
- Cluster sampling – An economically efficient sampling technique in which the primary sampling unit is not the individual element in the population but a large cluster of elements (Zikmund 1997, p. 435). The problem of cluster sampling is that travel costs are likely to be enormous, because the amount of time spent travelling will be substantially greater than the time spent in the interviewing process (Zikmund 1997).

Stratified sampling was chosen for two reasons. Firstly, this method reflects the nature of the population, the most important principle of sampling (Zikmund 1997). Secondly, this method saves travel costs. Moreover, stratified sampling can help to ensure the proportions of population in a sample. For the stratified sampling used in this study, the list of retailers purchased from the market research company was first broken down by district. As Ho Chi Minh city contains 12 districts, this resulted in 12 sub-sets of retailers being represented in the initial list of 3,000 retailers. From here, the number of retailers selected from the list for each district was proportionate to the

number of retailers contained in each district. For example, a larger number of retailers were randomly selected from those in district one on the list to be approached for interviews as this was the central district which contains the majority of retail outlets. A smaller number of retailers were selected from each of the remaining districts in proportion to the number of retailers present in each area. This process resulted in a sample of 500 randomly selected respondents being invited to participate in the study, while still reflecting a geographical representativeness based on volume of retailers in the various districts.

### **3.5.1.3 SAMPLE SIZE**

Based on large-sample distribution theory, structural equation modeling (SEM) requires a considerable sample size in order to obtain reliable estimates (Joreskog & Sorbom 1996; Raykov & Widaman 1995). However, the issue of 'how large' a sample size should be, has not been entirely resolved (Hair, Anderson, Tatham & Black 1995), but does depend on the statistical methods used (e.g. Maximum likelihood, generalized least squares and asymptotically distribution free). According to Hair et al. (1995), the minimum sample size should be between 100 to 150 responses if using the Maximum Likelihood (ML) method. Hair et al. (1995) recommend that the minimum sample size be at least greater than the number of covariances in the input data matrix. An empirical ratio of at least five observations per estimates parameter has also been proposed (Bollen 1989)

Following the above, based on the number of parameters to be estimated, the sample size targeted in this study was approximately 400.

### **3.5.2 Survey method**

The literature on research methodology has identified a number of survey methods such as face-to-face interview, telephone interview, and mail survey. However, the choice between these different survey methods is not an easy task because each method has its own advantages and disadvantages (Aaker et al. 1995). Among these three methods, the face-to-face survey yields higher response rates and allows researchers to use physical stimuli to facilitate the interview (Zikmund 1997). It also allows interviewers to clarify the meanings of ambiguous or complex questions. However, the presence of interviewers may create biases. Also, face-to-face surveys

incur high costs. On the other hand, the telephone survey provides a speedy and moderate-cost means of data collection, but only yields a moderate response rate (Zikmund 1997). Also, it is regarded as an effective method for gaining access to hard-to-reach people, such as busy retailers. However, a problem associated with the telephone method is the length of time spent on a call (Zikmund 1997). The mail survey is a method that may yield more accurate results. This is because the mail questionnaire is answered at the respondent's discretion and others can be consulted for necessary information. In addition, interviewer biases are absent (Zikmund 1997). Furthermore, it is also a cost-effective method. However, a major disadvantage of the mail survey is low response rates (Zikmund 1997). This can produce biases if non-responses are not randomly distributed.

This study used face-to-face interviews in order to conduct the research. There are two main reasons why this method was chosen, as the following explanation indicates:

- The refusal rate is likely to be too high to access the retailer, particularly in telephone interviews or a mail survey. Therefore, face-to-face interviews provide a higher chance of approaching the retailer and reducing the refusal rate.
- Retailers are usually reluctant to provide information about performance; therefore, interviewers need to have skill and experience to persuade retailers to provide this information, which can be utilised in a face-to-face environment and assure them of the confidentiality of this data.

Two steps were used to conduct the research. Firstly, trained interviewers recruited from a professional market research company, contacted respondents, who were chosen by a stratified sampling process by phone to invite them to participate in the study and to make an appointment where they agreed to be involved. After making the appointment, interviewers visited the retail store to conduct the interview in person at the agreed time. Each interview took approximately 30 minutes to complete. The interviews were conducted in December 2005 over a 4 week period.

A quality control process was conducted throughout the empirical studies. In the pilot test, 30 percent of respondents were randomly chosen for re-interview by another interviewer in order to check the accuracy rate of the answers. Thirty percent of the

questionnaire content was re-answered by the same respondent. This is a standard quality control process used by FKS Marketing Research Company which gave further assurance that respondents were able to answer the survey questions in an easy and consistent manner. The interviewer's role was only to collect the data. The survey design and analysis procedures being conducted by the researcher independently.

### **3.5.3 Data analysis techniques**

After data collection was completed, descriptive statistics were initially conducted to provide an overview of the sample. Secondly, the reliability tests and EFA (exploratory factor analysis) were applied to the data of the main survey in order to conduct a preliminary test of the validity and reliability of the instrument. The purpose of this test is to assess the scales used to measure the constructs, i.e. to refine the measures (Churchill 1979; Peter 1979); the refinement is based on reliability and dimensionality.

Coefficient alpha is the most commonly used and accepted means for assessing the reliability of a multi-scale measurement scale (Hair et al. 1995). Reliability is assessed via Cronbach's (1951) alpha. It is a measure of the degree to which all items are measuring the same thing (DeVellis 1991). In assessing a multi-item scale, internal consistency reliability assessment is the first step to be undertaken so as to avoid additional dimensions produced by factor analysis due to garbage items (Churchill 1979). The formula (Carmines & Zeller 1979) for estimating reliability can be expressed as follows:

$$\alpha = \frac{k}{k-1} \left[ 1 - \frac{\sum \sigma^2(V_i)}{\sigma^2_x} \right] \quad [eq3.1]$$

Where

$\alpha$  = Cronbach's alpha

$k$  = number of items in the scale

$\sum \sigma^2(V_i)$  = sum of item variances

$\sigma^2_x$  = variance of the total composite

The coefficient alpha will be high if the scale items are highly correlated (Hair et al. 1995). If the coefficient alpha is low, it is possible that the measurement scale used did not adequately measure the construct which it was intended to measure (Churchill 1979). As a standard of reliability, Nunnally (1978) suggests that a coefficient of 0.50 or 0.60 is satisfactory in the early stages of research. A coefficient alpha which is greater than 0.70, is highly satisfactory for most research purposes (Hair et al 1995).

The next step in the refining procedures is to use exploratory factor analysis (EFA) to explore the dimensions of each construct. There are two basic methods used for extracting factors in EFA, i.e., common factor analysis and principle component analysis. Common factor analysis via principal axis factoring was used in this study because its main objective is to identify the latent dimensions represented in the original variable (Hair et al. 1995). In addition, the oblique rotation (e.g. promax) also more accurately reflects the underlying structure of the data than that provided by an orthogonal solution such as varimax (Hair et al. 1995). Items with low factor loading (<0.4) were deleted. Accordingly, Cronbach’s alpha was recalculated for the scales of those items removed.

The next step was to use CFA (confirmation factor analysis) to confirm the measurement model. SEM (structural equation modeling) was employed to test the theoretical model which is based on a goodness-of-fit measure rather than statistical calculation (Hair et al. 1995). There are three types of measurement when using the SEM: absolute fit, incremental fit and parsimonious fit.

The absolute fit measurement is ‘the degree to which the overall model (structural and measurement model) predicts the observed covariance or correlation matrix’ (Hair et al. 1995). The most important indices of absolute fit are identified as the Chi-square statistic, the noncentrality parameter (NCP), the goodness-of-fit index (GFI), the root mean square error (RMR), the root mean square error of approximation (RMSEA) and the expected cross validation index (ECVI). These indices are summarised in Table 3.8.

Table 3.8: Absolute Fit Indices

Name	Symbol	Acceptable level	Comments
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Chi-square	$\chi^2$	$p > 0.05$ significance, $p =$ be exceeded 0.2 before non-significance is confirmed	Greatly affected by sample size Sample size $> 200$ increases the opportunity to find significant differences for equal models. Sample size $< 100$ increases the opportunity to accept the model even though the model relationships are not significant
Noncentrality parameter	NCP	Not applicable	Alternative measurement for $\chi^2$ which has less impact by the sample size. Used for comparison to alternative models.
Goodness-of-fit index	GFI	0 = poor fit 1 = perfect fit	Higher level indicates better fit, no absolute threshold levels for acceptability.
Root mean square residual	RMR	Set by analyst or $< 0.05$	An average of the residuals between observed and estimated input of covariance or correlation matrices.
Root mean square error of approximation	RMSEA	Between 0.05 and 0.08	Used to correct the impact of sample size on $\chi^2$ RMSEA between 0.05 and 0.08 still indicate satisfactory fit RMSEA between 0.09 and 0.095 still indicate considerate satisfactory fit. Value over 0.1 indicate poor-fit
Expected cross validation index	ECVI	Not applicable	Used for comparing between alternative model

Source: Adapted from Hair et al. (1995)

Incremental fit is referred as the null model when it is used for measuring a single construct model. Adjusted goodness-of-fit index (AGFI), Tucker-Lewis index (TLI), normed-fit index and other incremental fit measurements such as relative-fit index (RFI), incremental-fit index (IFI), and the comparative-fit index (CFI) are the

indicators for measuring the incremental-fit index. These indicators are summarised in Table 3.9.

Table 3.9: Incremental fit indices

Name	Symbol	Acceptable level	Comments
Adjust goodness of fit index	AGFI	0.9	Value greater than 1 indicates poor fit
Tucker-Lewis index	TLI	0.9	Value greater than 1 indicates poor fit Can be used for comparing between alternative models
Normed fit index	NFI	0= poor fit 1= perfect fit	No absolute value indicating an acceptable level of fits but recommended value is 0.9
Relative fit index	RFI	0= poor fit 1= perfect fit	Value between 0.9 and 0.95 indicates satisfactory fit. Values greater than 1 indicates over fit
Incremental fit index	IFI	0= poor fit 1= perfect fit	Value between 0.9 and 0.95 indicates satisfactory fit. Values greater than 1 indicates over fit
Comparative fit index	CFI	0= poor fit 1= perfect fit	Value between 0.9 and 0.95 indicates satisfactory fit. Values greater than 1 indicates over fit

Source: Adapted from Hair et al. (1995)

The last fit, known as parsimonious fit, has been defined as, ‘... measurements [which] relate the goodness-of-fit of the model to the number of estimated coefficients required to achieve this level of fit and their basic objective is to diagnose whether model fit has been achieved by over fitting the data with too many coefficients’ (Hair et al. 1995, p. 686-687). This fit measure includes parsimonious normed fit index (PNFI), parsimonious goodness-of-fit index (PGFI), normed chi-square and akaike



information criterion (AIC). Table 3.10 describes the level of the best fit of the model with parsimonious fit measure.

Table 3.10: Parsimonious fit measure

Name	Symbol	Acceptable level	Comments
Parsimonious Normed fit index	PNFI	Not applicable	Used for comparing differences among of the models.  An acceptable difference between the models needs to be between 0.06 ad 0.09
Parsimonious goodness of fit index	FGFI	Not applicable	Adjustment of GFI by using the parsimony of the estimated model rather than degree of freedom.  The levels of parsimony on the model need to be close to 0 or 1. where close to 0 indicated poor
Normed Chi-square		Lower limit: 1.0  Upper limit: 2.0/3.0 or 5.0	This test can predict that the model is over fitted where the value of Normed $\chi^2$ less than 0  When normed fit is greater than 2.0 or 3.0 up to 5.0, it indicates that the model is not yet truly representative of the observed data.
Akaike information	AIC	Not applicable	Smaller positive values indicates parsimony  Used in comparing alternative models

Source: Adapted from Hair et al. (1995)

### 3.6 ETHICAL CONSIDERATIONS

The research procedures and questionnaire were considered and approved by the ethics committee of Southern Cross University (**approval number ECN-05-133**) before any data collection occurred. The information sheet, which included all aspects

of the ethical and contact details, was provided to the respondents before the interview, and is included in Appendix 1.

According to Neuman (1997), there are four main ethical issues of survey research methodology:

1. Respondents' privacy
2. Voluntary participation
3. The exploiting of surveys and pseudo surveys
4. The misuse of survey results.

In this study, the instrument focuses on the perceptions of retailers about brands. Moreover, the performance of the retailer is not mentioned directly to avoid asking for sensitive information such as sales volumes, profits, or market shares. Therefore, no private information of the respondents is mentioned in this study. The address and name of the retailers are only used to control the quality of the interview process. The respondents were given the right to agree to or decline their contribution to this research and could halt the interview process at any time. Therefore, the second ethical issue was not violated in this study. This study was conducted as part of a DBA program, and the results will not be used for any other purposes. The respondents' information is not published in the final dissertation. These conditions satisfy the third and fourth ethical issues.

### **3.7 CONCLUSION**

This chapter has provided details of the research methodology and procedures used in this study, and provided a justification of the research methodology. The focus of this chapter was on the development of the questionnaire and the analytical methods employed to assess the propositions and answer the research questions.

This chapter also described the statistical methods employed for data analysis, including validity and reliability assessments, normality distributions, and structural equation modeling. The next chapter reports the results of the data analysis.

# CHAPTER 4: DATA ANALYSIS

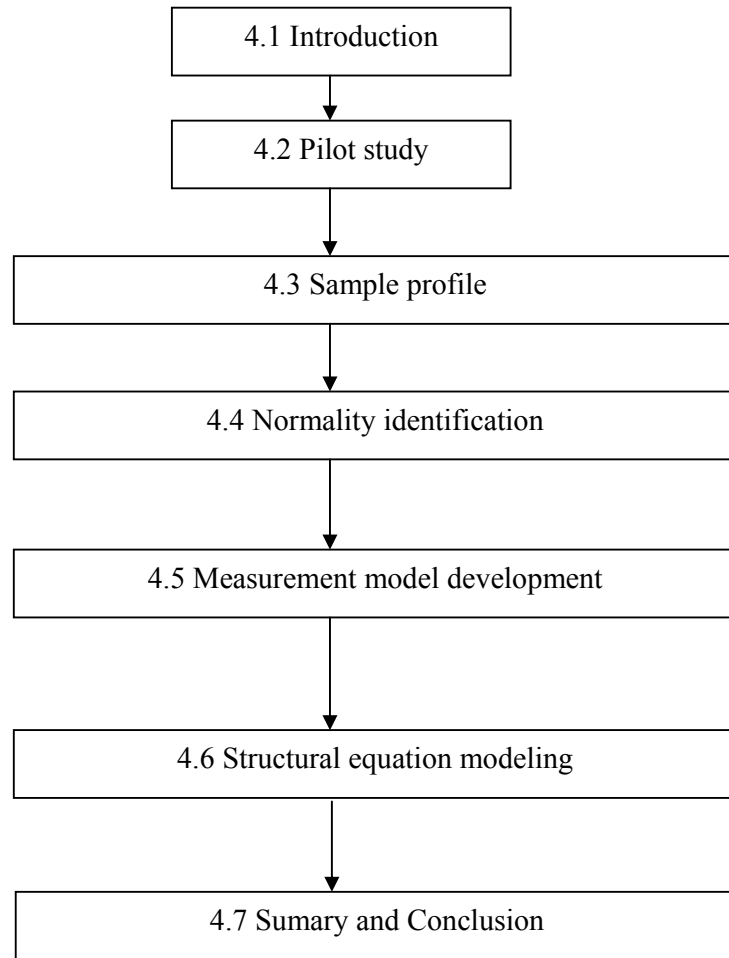
## **Development of the Measurement Model**

### **Reliability Analysis, Exploratory Factor Analysis, Confirmatory Factor Analysis & Structural Equation Modeling**

#### **4.1 INTRODUCTION**

The previous chapter discussed the research methodology including the operationalisation of the nine constructs of the theoretical model developed in Chapter 2, and the research design of both the pilot study and the main study. This chapter presents the results of both studies. Firstly, the pilot study of 100 retailers was analysed using exploratory factor analysis to assess the reliability and validity of the construct measurement scale. The findings from the pilot survey led to the finalisation of the instrument for the main study. The following section describes the characteristics of the sample and presents descriptive statistics of the main survey. A two-step approach to structural equation modeling was applied in the main study, including a measurement model and a structural model. The measurement model was firstly assessed via exploratory factor analysis and confirmatory factor analysis. The normality identification was also examined for the purpose of structural equation modeling. The final section presents an assessment of the theoretical model using structural equation modeling, and the associated hypotheses are then discussed. The structure of Chapter 4 is presented in Figure 4.1.

FIGURE 4.1: STRUCTURE OF CHAPTER 4



## 4.2 PILOT STUDY

As proposed in Chapter 3, a pilot study was conducted to assess the reliability and validity of all construct measurements. This study was conducted on 100 independent retailers in Ho Chi Minh City, using personal interviews. Before the analysis tests were conducted, a quality control process was initiated. Thirty percent of respondents were revisited, with a second interviewer, to check the accuracy of their initial answers. This 30 percent was chosen randomly from the sample. Following this process, 15 questionnaires were deleted due to the low quality of responses. The data from 85 respondents was then used to refine the measures by analysing reliability and dimensionality.

Cronbach's alpha is the most commonly used tool for testing the reliability of a multi-scale measurement tool. The purpose of this test is to assess whether all items are measuring the same thing (DeVellis 1991). Nunnally (1978) suggests that a coefficient alpha of 0.5 or 0.6 is satisfactory in the early stages of research, while the more acceptable Cronbach alpha needs to be greater than 0.7 for social science research (Hair et al 1995).

The following section explores the dimensions of each construct by presenting the results of the exploratory factor analysis. Before performing the factor analysis and subsequent reliability testing, all negatively worded items were reverse coded to ensure that all statement responses were in the same direction. Common factor analysis via principal axis factoring was then applied in this study instead of principal component analysis. The reason for using principal axis factoring was that that method identifies the latent dimensions represented in the original variable (Hair et al. 1995) and promax rotation more accurately reflects the underlying structure of the data than other methods, such as varimax rotation (Gerbing and Anderson 1988). The results of the pilot study are described in Table 4.1.

The results showed that some items (BS2, BS5, BL6 and MS7), should be deleted to increase the reliability and validity of the measures. BS2 and BS5 were included in the brand satisfaction scale, which comprises five items, BS1 to BS5. The result of the reliability test showed that BS5 ('If we had to do it all over again, we would still have

X in our store’) should be deleted due to the low item-total correlation of 0.344; and Cronbach’s alpha was increased from 0.865 to 0.901, if this item was deleted. The same problem existed for item BS2.1 (recoded version of BS2), (‘Our store regrets the decision to have X in its range’). For the measurement scale of brand loyalty, BL6 (‘The relationship my store has with X would take very little effort to end’) also needed to be deleted to increase Cronbach’s alpha from 0.79 to 0.823. Item BL2 (‘X is a brand we intend to maintain indefinitely’) also had a low item-total correlation; however, it was found that the cause of the low correlation was a misinterpretation of the word ‘indefinitely’ when translated into Vietnamese. The word ‘indefinitely’ was interpreted by the respondents to mean that retailers are not sure whether or not to maintain a long-term relationship with the brand’s manufacturer. Therefore BL2 was treated as a reversed scale (BL2.1). As such, the item **was** reworded in the main survey questionnaire as: ‘The relationship my store has with X is one we intend to maintain for the future’) and was re-assessed in its re-worded form. Finally, MS7 (‘X enables this store to offer its customers additional choice in this category’), which was part of the manufacturer support scale, also had a low item-to-total correlation at the value of 0.083, and was therefore deleted.

Table 4.1: Results of the pilot study

Construct	Cronbach alpha	Item-total correlation		EFA		Items deleted
				Loading	Variance extracted	
Brand satisfaction	0.926	BS1	0.893	0.964	81.3percent	BS2.1 and BS5
		BS3	0.849	0.897		
		BS4.1	0.805	0.835		
		(recoded BS4)				
Consumer-based brand equity	0.803	CB1	0.654	0.809	53.939percent	
		CB2	0.650	0.808		
		CB3	0.475	0.596		
		CB4	0.641	0.740		
		CB5	0.498	0.676		
		CB6	0.598	0.754		
Benevolence	0.827	BT1	0.772	0.800	51.261	
		BT2	0.756	0.852		
		BT3	0.821	0.568		
		BT4	0.819	0.624		
		BT5	0.793	0.698		
Honesty	0.800	BT6	0.519	0.579	46.95percent	
		BT7	0.490	0.553		
		BT8	0.658	0.734		

		BT9 BT10	0.686 0.613	0.800 0.727		
Brand loyalty	0.823	BL1 BL3 BL4 BL5 BL2.1	0.671 0.703 0.708 0.747 0.325	0.790 0.866 0.873 0.868 0.441	61.663percent	BL6
Manufacturer support	0.852	MS1 MS2 MS3 MS4 MS5 MS6	0.570 0.643 0.714 0.642 0.710 0.610	0.697 0.776 0.824 0.761 0.819 0.717	58.88percent	MS7
Performance	0.955	BP1 BP2 BP3 BP4 BP5 BP6 BP7 BP8	0.809 0.823 0.831 0.831 0.826 0.830 0.859 0.861	0.859 0.871 0.876 0.877 0.865 0.866 0.892 0.891	76.541percent	

Source: Developed for this research

In short, the pilot study acted as the preliminary assessment of the construct measurement scale. Table 4.2 presents the final instrument used for the main study after deleting the items discussed above. Apart from the deletion of these items, the results of the pilot showed that there were no difficulties encountered by respondents when completing the survey interview as all other questions were easy understood and interpreted.

Table 4.2: Final construct measurement scales

Construct	Measurement scale
Brand satisfaction	BS1: Overall I am very satisfied with X  BS3: If we had to do it all over again, we would still have X in our store  BS4: Our store is not completely happy with X
Consumer-based brand equity	CB1: Our customers know X to be a good value brand  CB2: Our customers expect us to carry this brand  CB3: Consumers are willing to pay more in order to buy this brand

	<p>CB4: Consumers often buy X exclusively from this manufacturer</p> <p>CB5: Our customers would be disappointed if we did not carry this brand.</p> <p>CB6: Customers consider X to be a good buy</p>
Benevolence	<p>BT1: Whenever we have problems concerning X we know the manufacturers will respond with understanding</p> <p>BT2: Though circumstances change, we believe the manufacturer of X will be willing to offer us assistance and support</p> <p>BT3: In the future we know we can count on the manufacturer to consider how its decisions about X will affect us</p> <p>BT4: When it comes to things that are important to us we can depend on the manufacturer support being available for X</p> <p>BT5: When making important decisions, X is concerned about our welfare</p>
Honesty	<p>BT6: X usually keeps the promises that it makes to our store</p> <p>BT7: Whenever X gives us advice on our business operations we know it is sharing its best judgment</p> <p>BT8: Our store can count on X to be sincere</p> <p>BT9: X has often provided us information that has later proven to be accurate</p> <p>BT10: Even when X gives us a rather unlikely explanation, we are confident that it is telling the truth</p>
Brand loyalty	<p>BL1: The relationship my store has with X is something we are very committed to</p> <p>BL2: The relationship my store has with X is one we intend to maintain for the future</p> <p>BL3: The relationship my store has with X deserves our maximum effort to maintain</p> <p>BL4: The relationship my store has with X is something we would do almost anything to keep</p>



	BL5: The relationship my store has with X is one we care a great deal about long term
Performance	<p>BP1: Compared to all other brands available in our trade area the profitability for carrying X is highest</p> <p>BP2: Relative to all other brands we carry in this product category, the realized margin for X is highest</p> <p>BP3: Compared to all other brands available in our trade area in this product category , the sale growth of X is highest</p> <p>BP4: Overall, X is financially very attractive for us</p> <p>BP5: Compared to all other brands we carry in this product category X generates the largest sales volume</p> <p>BP6: Compared to all other brands we carry in this product category X generates the largest sales revenue</p> <p>BP7: Relative to all other brands we carry in this product category, the sales potential for X is highest</p> <p>BP8: Compared to all other brands we carry in this product category, the market share of X is highest</p>

Source: Developed for this research

### **4.3 MAIN STUDY SAMPLE PROFILE**

#### **4.3.1 Final Sample**

The main survey was conducted by face-to-face interview through a Vietnamese research agency, FKS Marketing Research Company. The list of 500 independent grocery retailers was chosen from 3000 retailers around Ho Chi Minh City as explained in section 3.5.1 in Chapter 3. The refusal rate was 20 percent, with the 100 retailers who refused participation distributed equally among districts and type of retailers. However, out of the 400 questionnaires completed, only 355 questionnaires were useable, as 45 were deleted by different information provided in the second round interview compared to the initial one the after the quality control process, which checked the quality of responses of a randomly-selected 50 percent of the total

completed questionnaires. The quality control process was identical to that conducted on the pilot sample. The analyses reported in this chapter have been conducted on the final sample of 355 surveys. The useable response rate to the survey interview was therefore 71 percent.

#### 4.3.2 Characteristics of sample

This study was conducted using two groups of soft drink product - international brands (Pepsi and Coke) and local brands (Tribeco and Chuong Duong). The number of responses about each soft drink brand is provided in Table 4.3.

Table 4.3: Response frequency of each brand

	Frequency	Valid Percent
1 Tribeco	91	25.6
2 Pepsi	93	26.2
3 Coke	83	23.4
4 Chuong Duong	88	24.8
Total	355	100.0

The characteristics of the respondents are displayed in Table 4.4. Firstly, retailers were divided into three groups based on size of store and number of employees. Of the 355 respondents, 26.5 percent were classified as small-size stores (approximately 16m<sup>2</sup> in area and operated by a single owner); 42.3 percent were classified as medium-size stores (up to 30m<sup>2</sup> with 1 or 2 employees); and 31.3 percent were classified as large stores (over 30m<sup>2</sup> with 3-5 employees and stocking a large range of products). The ratio among these three types of retailer correlated to the ratio among these types of stores from the sample frame. In addition, the respondents were largely the store owners (84.2 percent). The rest of the respondents were either store managers (4.2 percent) or sales personnel (11 percent). Table 4.4 shows that 45 respondents answered that they had no knowledge about the brand discussed, including 39 store owners, as shown in Table 4.5. However, this problem is believed to be a function of the Vietnamese culture, where people tend to say, ‘I do not know’, when first asked a question. Further questioning of these respondents indicated that they were in fact very comfortable and knowledgeable when discussing the branded

product in question. Therefore, these responses were still included for analysis given that it appeared their initial response to the knowledge question might be due to the tendency of some Vietnamese people to be overly modest with their assessments of their own knowledge (i.e. they did not want to state high knowledge at the outset of the interview). Most of the retailers (owners, managers or sales personnel) interviewed were long-established, with 50 percent having between 4 to 10 years of experience and 40 percent having more than 10 years of retail experience. This means that the retailers who participated in the study had sufficient experience to understand the market situation.

Table 4.4: Characteristics of respondents

	Detail	Frequency	Percentage
Size of retailer	Small store	94	26.5
	Medium store	150	42.3
	Large store	111	31.1
Position of respondent	Owner	299	84.1
	Manager	15	04.2
	Sales personnel	39	11.0
Knowledge about market	No knowledge	45	12.7
	Very little knowledge	49	13.8
	An adequate amount of knowledge	142	40.0
	A lot of knowledge	98	27.6
	A very high level of knowledge	21	05.9

Source: Developed for this research

The cross-tabulated results between respondents and their knowledge about the soft drink brand's company showed that even sales personnel had enough knowledge to be able to provide the information for this study, as shown in Table 4.5.

Table 4.5: Cross-tabulation of respondents' occupations by knowledge of market

		Q5 (Knowledge of market)					Total
		1. No knowledge	2. Very little knowledge	3. An adequate amount of knowledge	4. A lot of knowledge	5. A very high level of knowledge	
Q3	1 owner	39	46	116	80	18	299

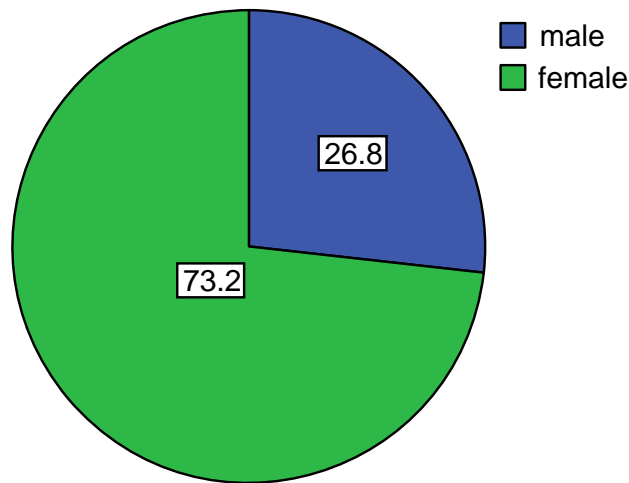
Respondent occupation	2 manager	1	0	7	7	0	15
	3 sales person	5	2	18	11	3	39
	4 other	0	1	1	0	0	2
	Total	45	49	142	98	21	355

Source: Developed for this research

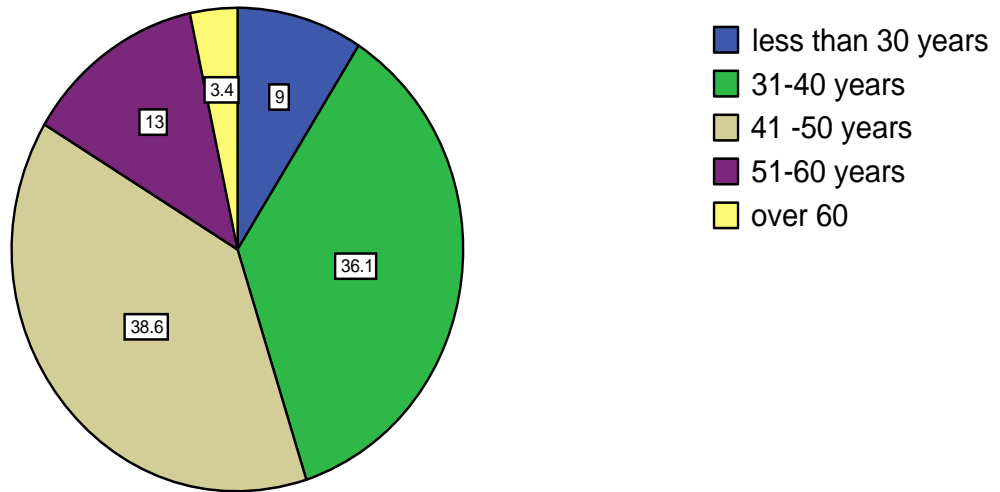
The sex and age demographics of the respondents were also considered. Two hundred and sixty retailers (owners, managers or sales personnel) interviewed were female, (73.3 percent of respondents) while only 95 interviewees were male. These figures reflect the real situation of Vietnamese independent grocery stores which are normally operated by females. The following graphs depict the profile of respondents by sex and age.

FIGURE 4.2: PROFILE OF RESPONDENTS

Figure 4.2 A: Sex of respondents



**Figure 4.2 B: Age of respondents**



Source: Developed for this research

#### 4.3.3 Descriptive Statistics

Descriptive statistics for each measurement item are reported in Table 4.6, including means and standard deviations. In addition, the data was split into two separate groups, local brand and international brand. The independent t-tests conducted between these two groups (local vs international brands) showed that all items were significantly different except for BT1, BT2, BT3, BT6 and BT8. This suggests that further discussion of the differences in the retailer-based brand equity model between international brands and local brands is needed. This matter is revisited in Section 4.6.

Table 4.6: Descriptive statistics

	All brands		International brands		Local brands		T-test
	Mean	Std.	Mean	Std	Mean	Std.	
MS1	4.95	1.649	5.91	1.126	4.00	1.529	0.00
MS2	4.74	1.539	5.43	1.272	4.06	1.475	0.00
MS3	4.47	1.586	5.05	1.459	3.90	1.499	0.00
MS4	4.69	1.553	5.48	1.454	3.91	1.224	0.00
MS5	4.99	1.105	5.32	1.070	4.66	1.039	0.00
MS6	4.92	1.227	5.51	1.090	4.35	1.072	0.00
CB1	5.88	1.085	6.20	.987	5.56	1.086	0.00
CB2	5.64	1.084	5.87	1.136	5.41	.981	0.00
CB3	3.57	1.314	3.82	1.398	3.32	1.178	0.00

CB4	4.40	1.417	4.84	1.445	3.96	1.247	0.00
CB5	4.85	1.242	4.98	1.256	4.72	1.218	0.05
CB6	5.46	1.031	5.60	1.085	5.32	.958	0.01
BS1	5.65	1.034	5.78	1.065	5.53	.991	0.02
BS3	5.00	1.234	5.29	1.314	4.72	1.081	0.00
BS4.1	6.09	1.135	5.97	1.237	6.22	1.013	0.04
BT1	4.71	1.138	4.70	1.267	4.73	.999	<b>0.82*</b>
BT2	4.83	1.188	4.85	1.333	4.82	1.030	<b>0.81*</b>
BT3	4.77	1.050	4.87	1.209	4.68	.859	<b>0.08*</b>
BT4	5.57	1.449	5.80	1.483	5.36	1.384	0.00
BT5	4.92	1.156	5.03	1.300	4.80	.985	0.06
BT6	4.62	1.325	4.68	1.565	4.56	1.039	<b>0.41*</b>
BT7	4.92	1.093	5.15	1.163	4.69	.967	0.00
BT8	4.88	1.153	4.93	1.352	4.83	.917	<b>0.42*</b>
BT9	4.86	1.014	5.05	1.165	4.68	.803	0.00
BT10	3.95	1.161	4.12	1.297	3.79	.987	0.01
BL1	5.18	1.456	5.42	1.460	4.94	1.417	0.00
BL2	5.54	1.000	5.81	1.018	5.27	.911	0.00
BL3	4.98	1.093	5.29	1.152	4.68	.940	0.00
BL4	5.01	1.205	5.30	1.216	4.72	1.127	0.00
BL5	5.75	1.026	6.01	1.006	5.50	.985	0.00
BP1	4.40	1.239	4.78	1.171	4.03	1.192	0.00
BP2	4.42	1.307	4.85	1.216	4.00	1.259	0.00
BP3	4.38	1.295	4.80	1.181	3.96	1.269	0.00
BP4	4.84	1.212	5.21	1.134	4.47	1.177	0.00
BP5	4.70	1.561	5.48	1.313	3.94	1.403	0.00
BP6	4.55	1.540	5.22	1.340	3.88	1.435	0.00
BP7	4.56	1.381	5.07	1.240	4.07	1.335	0.00
BP8	4.55	1.587	5.20	1.373	3.91	1.526	0.00

Source: Developed for this research (**Bold and \*:** difference not significant  $p<0.05$ )

#### 4.4 NORMALITY IDENTIFICATION

Normality needs to be investigated in order to choose the appropriate estimation method in structural equation modeling (Hair et al 1995). Table 4.7 shows the univariate level of skewness and kurtosis for all variables. Kline (1998) states that data sets with absolute values of univariate skewness indexes greater than 3.0 are considered as extremely skewed and those of kurtosis greater than 8 are described as having extreme kurtosis. Data sets considered as having extreme non-normality (with skewness over 2 and kurtosis over 7) must use the weighted least square estimate in structural equation modeling (Kline 1998). The data set in this study is considered as moderately normal (see Table 4.7); therefore, the maximum likelihood estimation can be applied for further assessment in structural equation modeling (Hair et al 1995).

Table 4.7: Skewness and kurtosis

	N	Skewness	Std error	Kurtosis	Std error
MS1	355	-.705	.129	-.392	.258
MS2	355	-.713	.129	.089	.258
MS3	355	-.490	.129	-.259	.258
MS4	355	.008	.129	-1.094	.258
MS5	355	-.648	.129	.629	.258
MS6	355	-.380	.129	.409	.258
CB1	355	-1.070	.129	1.825	.258
CB2	355	-.771	.129	1.108	.258
CB3	355	.225	.129	-.070	.258
CB4	355	-.398	.129	-.437	.258
CB5	355	-.323	.129	.046	.258
CB6	355	-.551	.129	1.152	.258
BS1	355	-.693	.129	1.349	.258
BS3	355	-.640	.129	.831	.258
BS4.1	355	-1.723	.129	3.703	.258
BT1	355	-.285	.129	.472	.258
BT2	355	-.523	.129	.570	.258
BT3	355	-.357	.129	1.133	.258
BT4	355	-1.080	.129	.633	.258
BT5	355	-.363	.129	.452	.258
BT6	355	-.214	.129	.175	.258
BT7	355	-.281	.129	.663	.258
BT8	355	-.145	.129	.249	.258
BT9	355	.018	.129	.744	.258
BT10	355	.066	.129	.273	.258
BL1	355	-.267	.129	-.957	.258
BL2	355	-.761	.129	1.533	.258
BL3	355	-.091	.129	.282	.258
BL4	355	-.323	.129	.036	.258
BL5	355	-1.013	.129	2.135	.258
BP1	355	-.040	.129	.425	.258
BP2	355	-.118	.129	-.030	.258
BP3	355	-.077	.129	-.090	.258
BP4	355	-.493	.129	.505	.258
BP5	355	-.221	.129	-.734	.258
BP6	355	-.223	.129	-.600	.258
BP7	355	-.339	.129	-.092	.258
BP8	355	-.091	.129	-.579	.258

## 4.5 MEASUREMENT MODEL

### 4.5.1 Exploratory and confirmatory factor analysis

A measurement model needs to be investigated as a prerequisite for theory testing and development (Bagozzi 1980; Kline 1998), in order to verify the reliability and validity of the measures, to assess whether an instrument measures what it is supposed to measure (Bagozzi 1994; Bollen 1989). Two well-known methods for assessing construct measures are exploratory factor analysis and confirmatory factor analysis. Exploratory factor analysis combined with Cronbach's alpha is recognised as the traditional method and was used as the preliminary tool to assess construct measures in this study. Accordingly, item-total correlations and Cronbach's alpha were first used to assess reliability, followed by principal axis factoring in conjunction with promax rotation, to explore dimensionality. However, the structural equation modeling provides an effective tool for confirmatory validation of marketing constructs, and is known as confirmatory factor analysis (Bagozzi & Foxall 1996; Fornell & Larcker 1981; Gerbing & Anderson 1988).

As stated by Steenkamp and Van Trijp (1991, p. 284) the reason that structural equation modeling is an effective tool for confirmatory validation of marketing constructs is that it:

*'provides a test of the theoretical structure of the measurement instrument, i.e., the relationships of the construct with its measures, and that the relationships between the construct and other constructs can be tested without the bias that measurement error introduces'.*

The two-stage approach to structural equation modeling consists of estimating the measurement model, known as confirmatory factor analysis, followed by the structural equation modeling. The following section discusses the use of confirmatory factor analysis for validating key properties of measures including unidimensionality, reliability, and convergent and discriminant validity.



#### ***4.5.1.1 RELIABILITY, UNIDIMENSIONALITY AND CONVERGENT VALIDITY***

First of all, these concepts need to be distinguished as they have a related meaning to measurement reliability. Hattie (1985) defines unidimensionality as the existence of one latent trait underlying the data, while convergent validity is defined as the degree to which multiple attempts to measure the same concept are in agreement (Bagozzi 1994, p. 20).

In confirmatory factor analysis, the overall fit of the model is used as the necessary and sufficient condition to examine whether a set of measurement items is unidimensional (Kumar & Dillon 1987; Steenkamp & Van Trijp 1991). The chi-square statistic is the most common index of overall fit (Hair et al. 1995; Hoyle 1995). However, the chi-square test in confirmatory factor analysis is highly sensitive to sample size. In the case of large sample sizes (generally above 200), a significant chi-square is likely to be found for any specification model (Hair et al. 1995). Therefore, an acceptable fit of the model to the data is achieved with either a non-significant chi-square value, which is suggestive of a p-value greater than or equal 0.05 (Bagozzi & Foxall 1996), or if other indices, such as CFI and GFI are satisfied. These indices are scaled from 0 (no fit) to 1 (perfect fit). Another two common measures of fit are Steiger and Lind's (1980) Root Mean Square Error of Approximation (RMSEA) and standardised RMR (sRMR). Bryne (1989) recognised RMSEA as one of the most informative criteria in structural equation modeling because it takes into account the error of approximation in the population; values of less than 0.05 indicate a good fit, values ranging from 0.08 to 0.10 indicate mediocre fit and values of greater than 0.10 indicate a poor fit (Hair et al. 1995).

Convergent validity is assessed based on the factor regression coefficient of each item of a unidimensional construct. If a construct is multidimensional, convergent validity should be validated for each dimension of the construct. Convergent validity will be achieved if regression coefficients (factor loadings) of the measurement items are significant and substantial, i.e. >0.5 (Hair 1995), as well as if the model receives a satisfactory level of fit.

Confirmatory factor analyses also provide formulas to calculate the composite reliability (Pc) and the amount of the variance extracted (Pvc) of the scale, which are

different to the reliability coefficients of Nunnally (1978). The formulas of Pc and Pvc are as follows:

$$Pc = \frac{\left( \sum_{i=1}^p \lambda_i \right)^2}{\left( \sum_{i=1}^p \lambda_i \right)^2 + \sum_{i=1}^p (1 - \lambda_i^2)} \quad (Eq.1) \text{ (Joreskog 1971)}$$

$$Pvc = \frac{\sum_{i=1}^p \lambda_i^2}{\sum_{i=1}^p \lambda_i^2 + \sum_{i=1}^p (1 - \lambda_i^2)} \quad (eq2) \text{ (Fornell \& Larcker 1981)}$$

Where:

$\lambda_i$  : The  $i^{\text{th}}$  standardised factor loadings on its corresponding factor;

$1 - \lambda_i^2$  : The variance of measurement error of each indicator;

P : The number of indicators.

The amount of variance extracted should be greater than 0.50 to ensure the validity of the scale under investigation. This is because ‘if it is less than 0.50, the variance due to measurement error is larger than the variance captured by the construct, and the validity of the construct is questionable’ (Fornell & Larcker 1981, p. 46)

#### **4.5.1.2 DISCRIMINANT VALIDITY**

Discriminant validity is ‘the degree to which measures of different concepts are distinct’ (Bagozzi 1994, p. 20). Discriminant validity is considered in two ways: discriminant validity across components (within-construct discriminant validity: the distinction between components of a construct); and discriminant validity across constructs (across-construct discriminant validity: the distinction of a construct from other constructs in the model) (Bagozzi & Foxall 1996).

To assess the measurement of discriminant validity, the method is used via confirmatory factor analysis (Bagozzi & Foxall 1996; Steenkamp & Van Trijp 1991)

which suggests that two criteria need to be satisfied. If the correlation between two components of a construct (within construct) or two constructs (across constructs) is significantly less than unity, the model receives a satisfactory level of fit.

#### ***4.5.1.3SUMMARY***

Two methods were employed in this study to assess the validity and reliability of measures, including exploratory factor analysis and confirmatory factor analysis. Firstly Cronbach's alpha was considered, followed by exploratory factor analysis. The goodness-of-fit of confirmatory factor analysis was used to further assess the unidimensionality and convergent validity of the measurement scales. The final step was to check the discriminant validity among the constructs. The initial assessment of the separate constructs is presented in the following Sections and the final measurement model is presented in Section 4.5.2.7).

#### **4.5.2 Construct validity**

##### ***4.5.2.1BRAND ASSOCIATION***

Brand association was hypothesised to be a two-factor latent construct involving brand satisfaction and consumer-based brand equity. Three items, BS1, BS2 and BS4, were used to measure brand satisfaction and six items, CB1 to CB6, to measure consumer-based brand equity. Firstly, an inspection of the item-to-total correlation of the three items measuring brand satisfaction showed that all items were satisfied and the Cronbach alpha was reasonable at  $\alpha=0.774$ . The result of the reliability test for the consumer-based brand equity construct showed that two items, CB3 and CB4, had low values of item-to-total correlation (less than 0.3) and the Cronbach's alpha would increase if these were deleted. After CB3 and CB4 were deleted, the Cronbach's alpha and item-to-total correlation improved significantly, at 0.797. Therefore: consumer-based brand equity is best measured by four items (CB1, CB2, CB5, and CB6).

The result of the exploratory factor analysis is reported in Table 4.8. Items for brand association had moderate to strong loadings, ranging from 0.616 to 0.799 (all being above the acceptable factor loading  $>0.35$  (Hair et al 1995). One factor was extracted with an eigen-value of 3.716, accounting for 53.089 percent of the total variance. This

result was unexpected from the theoretical hypothesis as it combined two factors in one scale. However, this result was only the preliminary assessment, achieved with exploratory factor analysis. Confirmatory factor analysis was subsequently conducted to further assess whether two constructs, brand satisfaction and consumer-based brand equity, achieve discriminant validity.

The confirmatory factor analysis model of brand association has 13 degrees of freedom, the fit measures showed a considerable satisfactory level of fit: CFI=0.96, GFI=0.96 and RMSEA=0.09. However, the modification test showed that some error variable in the model, such as CB5, CB6, represented more than measurement error (Arbuckle & Wothke 1999). To achieve a better fit, the measurement model of brand association was re-specified. The refined brand association, with CB6 deleted, showed a significantly increased level of fit: CFI=0.987, GFI=0.984 and RMSEA=0.059. Compared to CB5, deleting CB6 lead to more improvement in the model fit but content validity was still satisfied. The confirmatory factor analysis results for brand association are shown in Figure 4.3.

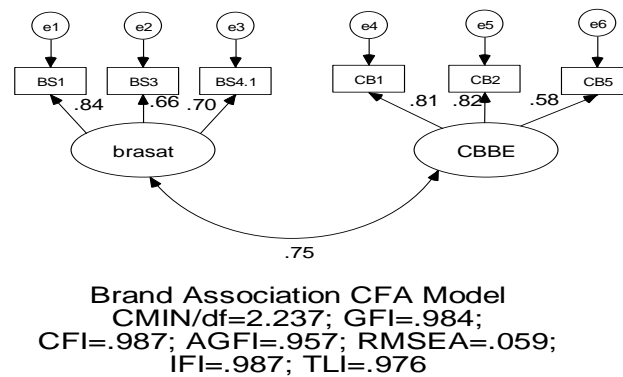
Table 4.8: Exploratory factor analysis results for brand association

Scale	Item Code	Factor Loading
<b>BRAND ASSOCIATION</b>		<b>1</b>
	BS1	0.742
	BS3	0.799
	BS4.	
	1	0.668
	CB1	0.777
	CB2	0.787
	CB5	0.649
	CB6	0.616
	<b>Variance explained</b>	53.089
<b>Eigenvalue</b>	percent	
<b>Cronbach's alpha</b>	<b>3.716</b>	
	<b>0.8474</b>	

Source: Developed for this research

This result suggested that the two components of brand association demonstrated unidimensionality and their convergent validity was therefore achieved. The correlation between these two dimensions, viz, brand satisfaction and consumer-based brand equity, was 0.75 with a standard error of 0.064. This indicated that the correlation between CB and BS was significantly different from unity ( $p=0.000$ ), supporting the discriminant validity between these two dimensions.

FIGURE 4.3: CONFIRMATORY FACTOR ANALYSIS RESULTS OF BRAND ASSOCIATION (WITH N=355)



Source: Developed for this research

In short, brand association is comprised of two components ‘brand satisfaction’ and ‘consumer-based brand equity’. Confirmatory factor analysis confirmed that these two dimensions of brand association were discriminant, even though the exploratory factor analysis rejected this hypothesis. Finally, brand association was measured by six items (as shown below), loaded onto two factors.

The note:

*BS1: Overall I am very satisfied with X*

*BS3: If we had to do it all over again, we would still have X in our store*

*BS4: Our store is not completely happy with X*

*CB1: Our customers know X to be a good value brand*

*CB2: Our customers expect us to carry this brand*

*CB5: Our customers would be disappointed if we did not carry this brand.*

#### **4.5.2.2 BRAND TRUST**

The construct of brand trust was initially hypothesised as a multidimensional construct comprising two dimensions, benevolence and honesty. Ten items, BT1 to BT10, were used to measure brand trust.

The results of the exploratory factor analysis are reported in Table 4.9. Two items, BT3 and BT4, were deleted due to low factor loadings, and Cronbach's alpha was significantly increased when these two items were deleted. The results showed that two factors were extracted with eigenvalues of 4.313 and 1.052 respectively, accounting for 67.07 percent of the total variance, which was consistent with previous findings (Kumar et al. 1995). Five items, BT6 to BT10, had high loadings on factor 1 (honesty) and three items, BT1, BT2 and BT5, had high loadings on factor 2 (benevolence). All items for brand trust had moderate to strong loadings, ranging from 0.605 to 0.872 (all being above the acceptable factor loading >0.35 (Hair et al 1995). These findings indicated that these two components of brand trust had convergent and discriminant validity.

Table 4.9: Exploratory factor analysis results of the brand trust scale

Scale	Item Code	Factor Loading	
		Honesty	Benevolence
<b>BRAND TRUST</b>	BT1		0.860
	BT2		0.872
	BT5		0.692
	BT6	0.605	
	BT7	0.716	
	BT8	0.738	
	BT9	0.821	
	BT10	0.734	
	<b>Variance explained</b>	59.92%	67.07%
	<b>Eigenvalue</b>	<b>4.313</b>	<b>1.052</b>
<b>Cronbach's alpha</b>	0.833	0.829	

Source: Developed for this research

Further validity assessment of the brand trust measurement was conducted by confirmatory factor analysis. The confirmatory factor analysis model had 19 degrees of freedom and the results showed that the model did not receive significant fit to the data based on the chi-square (not significant at p-value of 0.000). Furthermore, other model fit indices did not satisfy the condition of goodness-of-fit, e.g. RMSEA=0.099 greater 0.08 (Hair et al 1995). To improve the fit level of brand trust measurement model, modification tests were further analysed to indicate the measure items with high correlation (Arbuckle & Wothke 1999).

Based on low factor loading and modification indices of the measurement model of brand trust, BT7 and BT9 were deleted to increase the level of model fit (Arbuckle & Wothke 1999). The revised confirmatory factor analysis model of brand trust showed that the two components of brand trust satisfied the unidimensionality condition and their convergent validity was achieved, as shown in Figure 4.4. The correlation between these two dimensions was 0.83 with a standard error of 0.081. This finding indicated that the correlation between benevolence and honesty is significantly different from unity ( $p=0.000$ ), supporting the discriminant validity between these two dimensions.

In short, brand trust comprises two components, benevolence and honesty. As such, brand trust is measured by the six items shown below:

*BT1: Whenever we have problems concerning X we know the manufacturers will respond with understanding*

*BT2: Though circumstances change, we believe the manufacturer of X will be willing to offer us assistance and support*

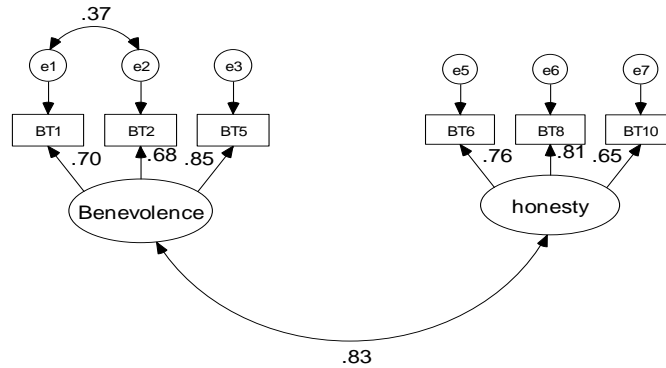
*BT5: When making important decisions, X is concerned about our welfare*

*BT6: X usually keeps its promises that it makes to our store*

*BT8: Our store can count on X to be sincere*

*BT10: Even when X gives us a rather unlikely explanation, we are confident that it is telling the truth*

FIGURE 4.4: CONFIRMATORY FACTOR ANALYSIS MODEL OF BRAND TRUST (N=385)



Brand Trust CFA Model  
 CMIN/df=1.074; GFI=.993;  
 CFI=.999; AGFI=.980; RMSEA=.014;  
 IFI=.999; TLI=.999

Source: Developed for this research

#### 4.5.2.3 BRAND LOYALTY

The construct of brand loyalty was hypothesised as a unidimensional construct. Five items, BL1 to BL5 were used to measure brand loyalty. An exploratory factor analysis produced one factor with a total variance extracted of 64.346 percent, an eigen-value of 3.559 and Cronbach’s alpha score of 0.889. However, Cronbach’s alpha was increased from 0.889 to 0.893 if BL1 (‘The relationship my store has with X is something we are very committed to’), was deleted. The exploratory factor analysis result of brand loyalty is shown in Table 4.10. All items for brand loyalty had strong loadings, ranging from 0.758 to 0.867 (all being above the acceptable factor loading >0.35 (Hair et al 1995)). The scale used to measure brand loyalty has four items, BL2 to BL5, after preliminary assessment by exploratory factor analysis.

Table 4.10: Exploratory factor analysis results of the brand loyalty scale

Scale	Item Code	Factor Loading
BRAND	BL2	1
		0.862



<b>LOYALTY</b>	BL3	0.812
	BL4	0.867
	BL5	0.758
<b>Variance explained</b>		<b>68.25</b>
<b>Eigenvalue</b>		<b>3.042</b>
<b>Cronbach's alpha</b>		<b>0.893</b>
<i>* BL1 were dropped</i>		

Source: Developed for this research

To test the unidimensionality of brand loyalty, all items were subjected to a confirmatory factor analysis. The confirmatory factor analysis model of brand loyalty has 2 degrees of freedom. The initial results showed that the model did not fit the data well (chi-square statistic=24.734,  $p=0.00$ ). Moreover, other model fit measures also showed unsatisfactory levels of fit, e.g, CMIN/df=12.367 (Greater than 5), RMSEA=0.179 (greater than 0.08). However, this problem may be caused by some items with high correlation of error terms. As such modification indices were referred to in order to assess what potential improvements could be made (Arbuckle & Wothke 1999).

An examination of the modification indices suggested the addition of a constraint between the error term for items BL2 and BL5, in order to improve the model fit. This means that the error variable in the model represented more than just measurement error. BL5 was deleted to increase the level of model fit due to better improvement in model fit compared to delete BL2. Therefore, the brand loyalty measurement scale was comprised of three items as follows:

*BL2: The relationship my store has with X is one we intend to maintain for the future*

*BL3: The relationship my store has with X deserves our maximum effort to maintain*

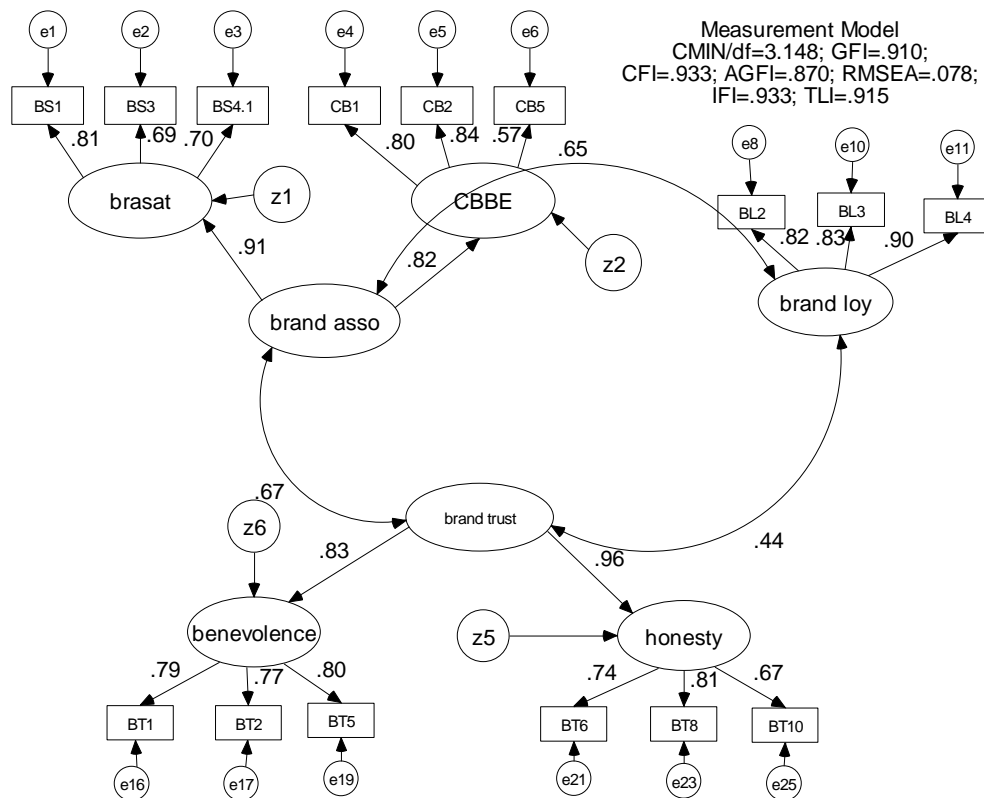
*BL4: The relationship my store has with X is something we would do almost anything to keep*

After inspecting the measurement of individual constructs (brand association, brand trust and brand loyalty), the next section will analyse the measurement model of retailer-based brand equity which is proposed as a multi-dimensional construct comprising these three dimensions as indicated by hypothesis 1.

#### 4.5.2.4 RETAILER BASED BRAND EQUITY.

The inspection of the measurement of model fit of retailer-based brand equity, which comprised the three components of brand association, brand trust and brand loyalty, indicated that the level of model fit was satisfied, e.g. CMIN/df=3.148, CFI=0.933, GFI=0.910, RMSEA=0.078. This means that hypothesis 1 ('Retailer-based brand equity is proposed as a multi-dimensional construct including brand association, brand trust and brand loyalty') was supported by the data. Therefore, the first research question was confirmed as: 'Customer-based brand equity from the individual perspective can be applied to the retailer perspective'. The confirmatory factor analysis result of retailer-based brand equity is shown in Figure 4.5.

FIGURE 4.5: CONFIRMATORY FACTOR ANALYSIS RESULTS OF RETAILER-BASED BRAND EQUITY (N=355)



Source: Developed for this research

#### 4.5.2.5 BRAND PERFORMANCE

The construct of performance was hypothesised as a unidimensional construct. Eight items, BP1 to BP8, were used to measure the brand performance of the retailer. The results of the exploratory factor analysis showed that measurement items for performance loaded onto one factor and extracted with an eigen-value of 5.652, accounting for 66.675 percent of total variance. Eight items satisfied the factor loading value (ranging from 0.7 to 0.899) and the item-total correlations, with a high Cronbach alpha of 0.94 (see Table 4.11).

Table 4.11: Exploratory factor analysis results of the brand performance scale

Scale	Item Code	Factor Loading
		<b>1</b>
<b>PERFORMANCE</b>	BP1	0.716
	BP2	0.808
	BP3	0.813
	BP4	0.700
	BP5	0.871
	BP6	0.899
	BP7	0.868
	BP8	0.835
<b>Variance explained</b>		<b>66.675</b>
<b>Eigenvalue</b>		<b>5.652</b>
<b>Cronbach's alpha</b>		<b>0.94</b>

Source: Developed for this research

Following the exploratory factor analysis, brand performance was analysed using confirmatory factor analysis. The findings indicated that the model did not initially receive a good fit to the data, the chi-square had a significant difference between the theoretical model and the sample data, at  $p=0.000$  and other indices did not satisfy the level of fit, such as  $CMIN/df=11.513$  (greater than 5),  $AGFI=0.701$  (far below 0.9) and  $RMSEA$  of 0.172 (greater than 0.08).

An examination of the modification indices indicated that some pairs of measurement items had high correlation such as (e1,e2)(e1,e3)(e1,e4)(e1,e6)(e2,e3)(e2,e4)(e5,e6) and (e4,e8). This means that the error variables in the model represented more than just measurement error (Arbuckle & Wothke 1999). The new results from the refined confirmatory factor analysis model, in which BP1, BP3, BP4 and BP6 were deleted, showed a better fit that CMIN/df =1.526, GFI=0.996, CFI=0.999 and RMSEA=0.039, as shown in Figure 4.6, while the content validity was still satisfied. Compared to delete other items, deleting BP1, BP3, BP4 and BP6 leads to an improved model fit. Moreover, all of the factor loadings onto brand performance were significant (p=0.000) and substantial.

In short, brand performance is best measured by the following four items:

*BP2: Relative to all other brands we carry in this product category, the realised margin for X is highest*

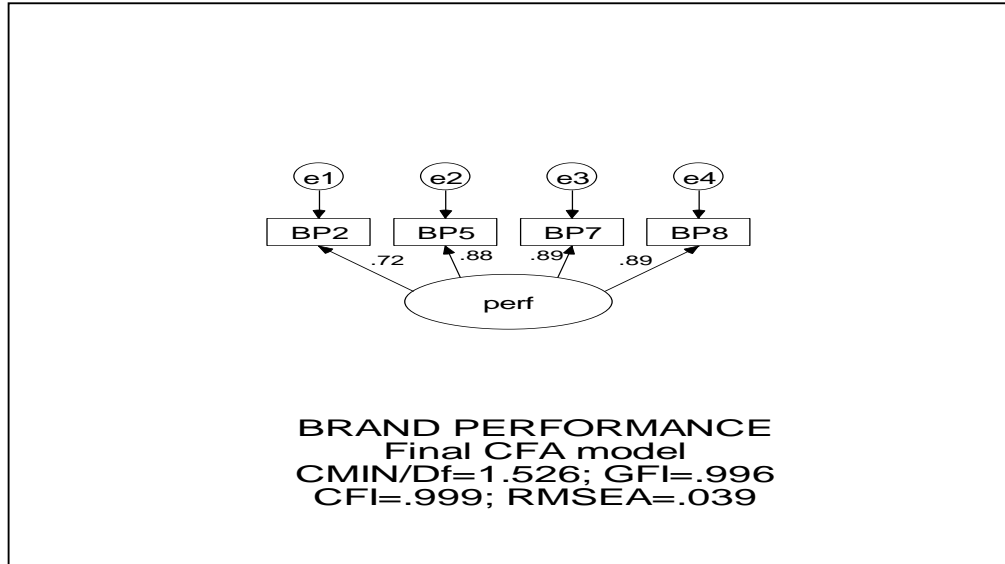
*BP5: Compared to all other brands we carry in this product category X generates the largest sales volume*

*BP7: Relative to all other brands we carry in this product category, the sales potential for X is highest*

*BP8: Compared to all other brands we carry in this product category, the market share of X is highest*

Even though four items were deleted, the content validity was unchanged, since the performance measure still tapped into the four key issues of profit, sales volume, sales potential and market share.

FIGURE 4.6: FINAL CONFIRMATORY FACTOR ANALYSIS MODEL OF PERFORMANCE (N=355)



Source: Developed for this research

#### 4.5.2.6 MANUFACTURER SUPPORT

The construct of manufacturer support was hypothesised as a unidimensional construct. Six items, MS1 to MS6, were used to measure manufacturer support. Exploratory factor analysis initially showed that manufacturer support loaded onto two factors with a total extracted variance of 63.374 percent and a Cronbach's alpha of 0.834. However, MS4 ('X is a key brand in this product range offered by this store') had low item-total correlation and Cronbach's alpha would be increased to 0.838 if MS4 was deleted. After MS4 was deleted, another two items, MS5 ('The category information supplied by the manufacturer about X is useful') and MS6 ('X is an important brand in the future growth of this product category') surfaced as requiring deletion in order to improve the Cronbach's alpha. The final exploratory factor analysis using three items, MS1, MS2 and MS3, is shown in Table 4.12. Cronbach's alpha improves significantly, to the value of 0.88, and MS1, MS2 and MS3 were loaded onto one factor with a 71.507 percent total extracted value.

Table 4.12: Exploratory factor analysis results of the manufacturer support scale

Scale	Item Code	Factor Loading
		<b>1</b>
<b>MANUFACTURER SUPPORT</b>	MS1	0.825
	MS2	0.916
	MS3	0.791
<b>Variance explained</b>		<b>71.507</b>
<b>Eigenvalue</b>		<b>2.423</b>
<b>Cronbach's alpha</b>		<b>0.88</b>
<i>* MS4, MS5 and MS6 were dropped</i>		

Source: Developed for this research

In short, manufacturer support is measured by three items as follows:

*MS1: X has strong consumer advertising support*

*MS2: X often has effective sales promotion campaigns*

*MS3: Merchandising support provided by the manufacturer for X is useful*

As this construct was measured by three items, the confirmation factor analysis of manufacturer support would have zero degrees of freedom. Therefore, the CFA model can not be analysed (Kline 1998), it will be included in the final measurement model in next section.

#### **4.5.2.7 THE FINAL MEASUREMENT MODEL**

After conducting a confirmatory factor analysis for each construct, to further assess convergent and discriminant validity of all measures, a total measurement model is subjected to confirmatory factor analysis. Across constructs, discriminant validity will be achieved if a 95 percent confidence interval of the correlation does not include unity, suggesting that the model receives a satisfactory level of fit (Steenkamp & Van Trijp 1991). The final measurement model (often called the saturated model) is the model where all constructs are free to correlate with one another (Hair et al 1995). The fit of the five factor model (brand association, brand trust, brand loyalty, manufacturer support and brand performance) was assessed. An examination of the overall fit statistics for the measurement model, as shown in Figure 4.7, indicated that the model provided satisfactory fit to the data, with  $\chi^2/df = 3.086$ , CFI=0.914, GFI=0.863, AGFI=0.823 and RMSEA=0.077.

In short, the measurement model of this study appears to have an acceptable fit, based upon a CFI value of 0.914, GFI of 0.863 (close to 0.9) and AGFI of 0.823, Cmin/df of 3.086 (within the range of 3-5 and close to 3) (Arbuckle & Wothke 1999) as well as an RMSEA of 0.077, which satisfied the threshold of 0.08 (Browne & Cudeck 1993). In addition, the result of the estimation of the correlations indicated that all correlations were significantly different from unity at  $p=0.000$ , as shown in Table 4.13. This indicates that all constructs in the theoretical model received across-construct validity. The final measurement model received a moderate level of fit and all constructs were significantly discriminant. Therefore, the first step of two-stage structural modeling was satisfied in order to further test the structural model.

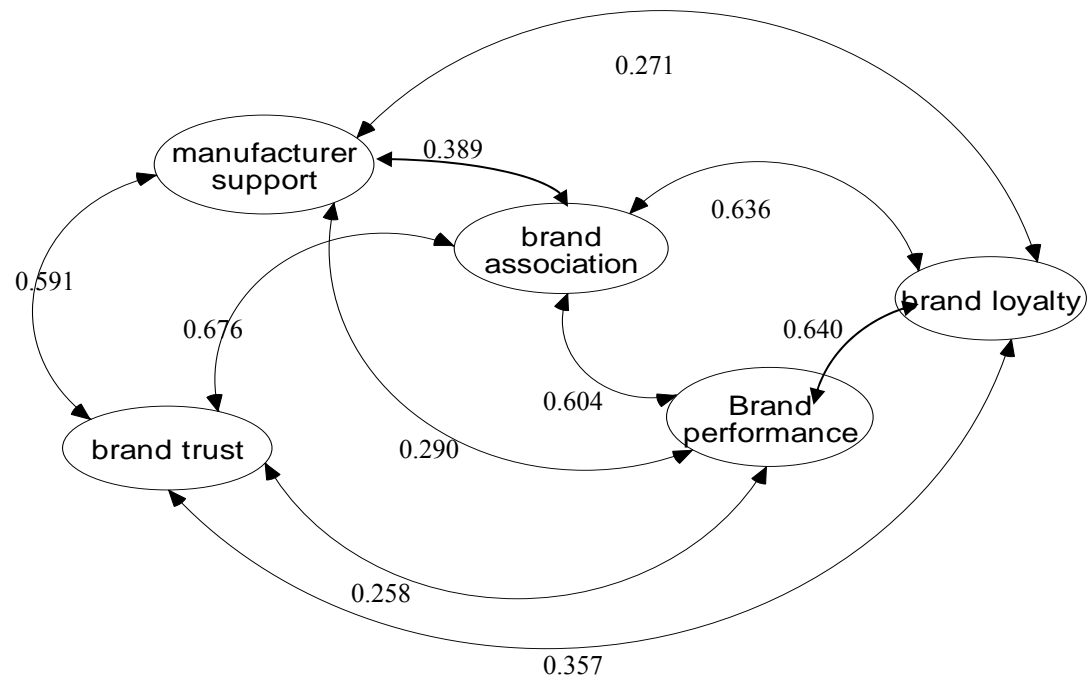
Table 4.13: Correlation between constructs

Constructs		Estimate	Standard error	p
brand assoc	<--> brand loyalty	0.636	0.051	0.000
brand assoc	<--> performance	0.604	0.059	0.000
brand assoc	<--> manufacturer support	0.389	0.075	0.000
brand assoc	<--> brand trust	0.676	0.058	0.000
brand loyalty	<--> performance	0.640	0.061	0.000
brand loyalty	<--> manufacturer support	0.271	0.071	0.000
brand loyalty	<--> brand trust	0.357	0.048	0.000
performance	<--> manufacturer support	0.290	0.082	0.000
performance	<--> brand trust	0.258	0.052	0.000
manufacturer support	<--> brand trust	0.591	0.090	0.000

Source: Developed for this research



FIGURE 4.7: THE THEORETICAL MEASUREMENT MODEL (N=355)



Confirmatory factor analysis of Theoretical Measurement Model  
CMIN/df=3.086; CFI=0.914; GFI=0.863; AGFI=0.823; RMSEA=0.077

Source: Developed for this research

### **4.5.3 Summary**

This section has presented the preliminary exploratory factor analysis and confirmatory factor analysis of the measures of constructs in the study. Exploratory factor analysis was conducted to provide a preliminary guideline of each latent construct. The results of the exploratory factor analysis supported the factor structure of the three proposed one-order constructs: brand loyalty, brand performance and manufacturer support. In addition, there were two second-order constructs in the study, brand association and brand trust. Following the exploratory factor analysis, confirmatory factor analysis was conducted to confirm the measurement structure of all latent constructs. The results of the confirmatory factor analysis indicated that most of the factors followed the pattern suggested by the exploratory factor analysis, except brand association. The confirmatory factor analysis results only slightly deviated from the exploratory factor analysis results in that items were dropped in the model fitting process. A summary of all construct measures is shown in Figure 4.14. The next section will focus on the structural equation modeling and present the hypotheses testing based on the theoretical model proposed in Chapter 2.

Table 4.14: Summary of theoretical construct measures

No	Name of construct	Dimension	Number of items	Composite reliability	Variance extracted	Average item loading	Validity
1	Brand association	Brand satisfaction (BS1, BS3, BS4)	3	0.780	0.543	0.74	Satisfactory
		Consumer-based brand equity (CB1, CB2, CB5)	3	0.785	0.555	0.74	Satisfactory
2	Brand trust	Benevolence (BT1, BT2, BT5)	3	0.823	0.609	0.73	Satisfactory
		Honesty (BT6, BT8, BT10)	3	0.786	0.552	0.74	Satisfactory
3	Brand loyalty	Loyalty (BL2, BL3, BL4)	3	0.885	0.719	0.85	Satisfactory
4	Manufacturer support	Manufacturer support (MS1,MS2, MS3)	3	0.883	0.716	0.84	Satisfactory
5	Brand performance	Performance (BP2, BP5, BP7, BP8)	4	0.926	0.759	0.84	Satisfactory

Fit indices:  $\chi^2/df= 3.086$ , CFI=0.914, GFI=0.863, AGFI=0.823, RMSEA=0.077

Source: Developed for this research

## **4.6 STRUCTURAL EQUATION MODELING IN THEORY DEVELOPMENT AND TESTING**

### **4.6.1 Introduction to structural equation modeling**

Structural equation modeling has become one of the most useful and popular forms of analysis and is used to address many substantive problems in the social sciences, especially in marketing (Baumgarther & Homburg 1996). There are a number of advantages of using structural equation modeling to test a theoretical model. Firstly, structural equation modeling allows researchers to explicitly accommodate measurement errors and incorporate abstract and unobservable constructs. In addition, structural equation modeling not only combines theory and data, but also confronts theory with data (Fornell 1982). Structural equation modeling can also be used to assess the best fitting model in order to optimise the theoretical model with data. Moreover, structural equation modeling can accommodate and test multiple interrelated dependence relationships in a single model which cannot be done by other multivariable techniques (Hair et al. 1995).

Unlike the first generation statistical tools such as regression, structural equation modeling enables researchers to identify interrelated relationships in a single, systematic and comprehensive analysis by modeling relationships among multiple independent and dependent constructs simultaneously (Anderson & Gerbing, 1988). In addition, researchers can investigate the measurement model and the structural model separately (two-step modeling) or simultaneously (one-step modeling) (Anderson and Gerbing 1998).

Structural equation modeling was selected as the tool to assess and test the proposed relationships in the theoretical model defined in Chapter 2 by following the two-step approach suggested by Anderson and Gerbing (1988). The two-step approach in structural equation modeling requires the measurement model to be estimated prior to the simultaneous estimation of the measurement model and the structural model (Gerbing & Anderson, 1988). This approach implies that reliability and validity of measurements is a prerequisite of theory testing. As suggested by Bagozzi (1983; 1984), Anderson and Gerbing (1988) and Kline (1998), every measurement model must be based on theory. A

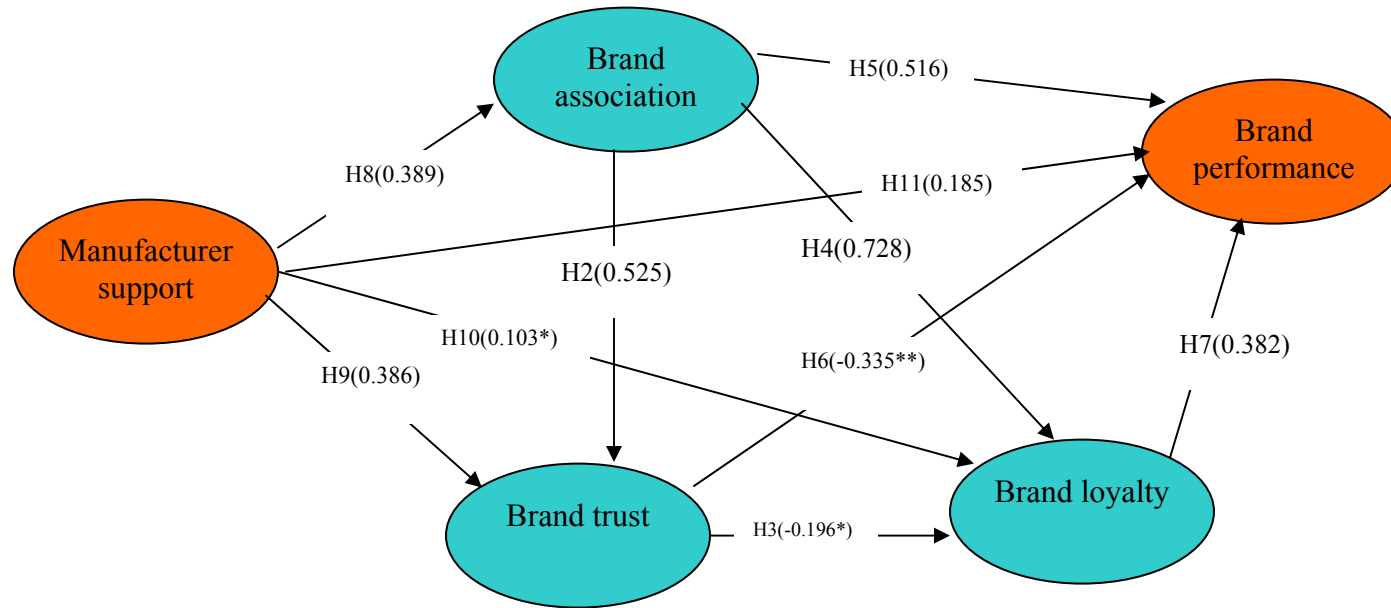
structural model can be tested only if the measures of the constructs used in the model have been tested for a satisfactory level of validity.

The discussion in Section 4.5.1 of the model fit of the measurement models indicates several fit indices should be determined to ensure whether a proposed model has a good fit. Chi-square statistics  $\chi^2$ , normal chi-square  $\chi^2/df$ , root mean square error of approximation (RMSEA), standardised root mean square residual (sRMR), comparative fit index (CFI), goodness-of-fit index (GFI), and adjusted goodness-of-fit index (AGFI), are the most widely used fit statistics and were therefore used in this study.

The research model contains a number of constructs. Exogenous variables, otherwise known as source independent variables, are those which are not caused or predicted by any other variables in the model. In this study, manufacturer support is the only exogenous variable. The endogenous variables in the model are brand association, brand trust, brand loyalty and brand performance. The causal relationship between the exogenous and endogenous measures is shown in hypotheses H8, H9, H10 and H11. Moreover, the indirect relationship between manufacturer support and brand performance, as discussed in the literature review chapter, is shown through the mediating variables (brand association, brand trust and brand loyalty). The causality among these concepts had been considered in the development of the list of hypotheses focused on the four key research questions in this study.

The results of structural equation modeling show that the theoretical model received an acceptable model fit with CMIN/df =3.086 (in the range of 3 to 5), CFI=0.914 (greater than 0.9), GFI=0.863 (not high at standard of 0.90 recommended levels, but acceptable at moderate fit (Hair et al 1995)), AGFI=0.823 (greater than 0.8) and RMSEA=0.077 (Less than 0.08). Therefore, the theoretical model presented in Figure 4.11 will be used to test all study hypotheses from here on. The standardised estimates are reported in this figure and also in table 4.15

FIGURE 4.8: THEORETICAL MODEL



\*No significance

\*\* No positive significance

Source: Developed for this research

Structural equation modeling of theoretical measurement model  
 CMIN/df=3.086; n=355; CFI=0.914; GFI=0.863; AGFI=0.823;

#### 4.6.2 Hypothesis testing

The twelve proposed hypotheses of the theoretical model are further considered in the following section.

Table 4.15: Hypothesis testing based on model 1 (theoretical model)

Hypothesis		Standardised Estimate	S.E.	C.R.	P
H2	BA <-> BT	0.525	0.080	7.221	0.000
H3	BT <-> BL	-0.196	0.107	-1.764	0.078
H4	BA <-> BL	0.728	0.118	6.540	0.000
H5	BA <-> BP	0.516	0.152	4.145	0.000
H6	BT <-> BP	-0.335	0.120	-3.124	0.002
H7	BL <-> BP	0.382	0.090	4.892	0.000
H8	MS <-> BA	0.389	0.036	6.073	0.000
H9	MS <-> BT	0.386	0.036	6.467	0.000
H10	MS <-> BL	0.103	0.042	1.448	0.148
H11	MS <-> BP	0.185	0.045	2.819	0.005

(\* S.E: Standard error, C.R: critical ratio)

Source: Developed for this research

#### ***H2: Brand association is positively related to brand trust***

This hypothesis suggests that retailers tend to trust a brand more if they have a positive image of the brand according to their business satisfaction with the brand and how they perceive their consumer's preference of the brand.

The results of the structural equation modeling showed that the standardised regression weight of the structural path between brand association and brand trust was positive and significant (0.525, SE =0.080, p=0.000), demonstrating that hypothesis 2 is supported by the data. This finding confirms a positive relationship between brand association and brand trust. In other words, if retailers are satisfied with doing business with the brand and

perceive this brand to provide good value for their consumer, the positive image of the brand will be imprinted in their minds. The more positive an image retailers have, the more trust the retailers have in that brand.

***H3: Brand trust is positively related to brand loyalty***

Hypothesis 3 suggests that the more trust retailers have in a brand, the more they commit to doing business with that brand.

The structural equation modeling results showed that the standardised regression weight of the structural path between brand trust and brand loyalty is negative and not significant (-0.196, SE =0.107, p=0.078). This finding rejects hypothesis 3. According to this result, there is no significant relationship between brand trust and brand loyalty, which is an unexpected result, due to the previous literature review on the relationship between trust and loyalty. This result will be discussed further in Chapter 5.

***H4: Brand association is positively related to brand loyalty***

According to hypothesis 4, retailers tend to have a long-term commitment or loyalty to the brand if they have a positive association with the brand.

The structural equation modeling results showed that the standardised regression weight of the structural path between brand association and brand loyalty was positive and significant (0.728, SE =0.118, p=0.000), demonstrating that hypothesis 4 was supported by the data. This result confirms a positive relationship between brand association and brand loyalty and indicates that retailers who have a high perception of a brand's value, due to satisfaction with their business dealings with that brand coupled with a high consumer demand for that brand, will increase their loyalty to the brand.

***H5: Brand association is positively related to brand performance***

According to hypothesis 5, retailer perceptions of brand performance will be increased if retailers have a positive perception of a brand due to their association with that brand and consumer expectations of the brand.



The structural equation modeling results showed that the standardised regression weight of the structural path between brand association and performance was positive and significant (0.516, SE =0.152 p=0.000), demonstrating that hypothesis 5 is supported by the data. This result confirms a positive relationship between brand association and brand performance. This means that if manufacturers want to improve their brand's performance at the retail outlet, they have to target the association of the brand in the retailer's mind by increasing the retailer's satisfaction with the brand and the consumers' perceptions of the value of their brand.

***H6: Brand trust is positively related to brand performance***

Hypothesis 6 states that brand performance in the retail outlet will increase when the retailer's trust in the brand increases.

The structural equation modeling results showed that the standardised regression weight of the structural path between brand trust and performance was negative (-0.335, SE =0.120, p=0.002), although significant, demonstrating that hypothesis 6 is not supported by the data. This finding shows that improving brand trust in the retailer will not necessarily lead to increased brand performance. This result again confirms the lack of importance of the role of brand trust in respect to the retailer, which is consistent with the findings in relation to hypothesis 2. This matter will be further discussed in Chapter 5.

***H7: Brand loyalty is positively related to brand performance***

Hypothesis 7 proposes that brand performance at the retail outlet will be increased if retailers commit to long term business with the brand's company.

The structural equation modeling results showed that the standardised regression weight of the structural path between brand loyalty and performance was positive and significant (0.382 SE =0.090, p=0.000). This result confirms a positive relationship between brand loyalty and brand performance and indicates that the performance of the brand in the retail outlet will increase if the retailers' loyalty to that brand is also increased. Therefore, hypothesis 7 is supported by the data.

***H8: Manufacturer support is positively related to brand association***

Hypothesis 8 suggests that manufacturer support is an antecedent of the retailer-based brand equity model. If retailers perceive that the brand has high manufacturer support, the brand association is higher from the retailer's perspective.

The structural equation modeling results showed that the standardised regression weight of the structural path between manufacturer support and brand association was positive and significant (0.389, SE =0.036, p=0.000), demonstrating that hypothesis 8 is supported by the data. This result confirms a positive relationship between manufacturer support and brand association.

***H9: Manufacturer support is positively related to brand trust***

This hypothesis suggests that if retailers perceive that the brand has high manufacturer support, the retailers will have more trust in that brand.

The structural equation modeling results showed that the standardised regression weight of the structural path between manufacturer support and brand trust was positive and significant (0.386, SE =0.036, p=0.000). Therefore, hypothesis 9 is also supported by the data, which will be discussed further in Chapter 5.

***H10: Manufacturer support is positively related to brand loyalty***

Hypothesis 10 suggests that retailers will be loyal to a brand if they are satisfied with the support they receive from the manufacturer.

The structural equation modeling results showed that the standardised regression weight of the structural path between manufacturer support and brand loyalty was not significant (0.103, SE =0.042, p=0.148). This result showed that there is no relationship between manufacturer support and brand loyalty. This means that hypothesis 9 is not supported by the data.

***H11: Manufacturer support is positively related to brand performance.***

According to this hypothesis, brand performance will be increased at the retail outlet if retailers receive increased support from the brand's manufacturer.

The structural equation modeling results showed that the standardised regression weight of the structural path between manufacturer support and performance was positive and significant (0.185, SE =0.045, p=0.005), demonstrating that hypothesis 11 is supported by the data. This finding confirms a positive relationship between manufacturer support and brand performance and indicates that the performance of a brand at the retailer outlet will increase if the manufacturer's support is increased.

***H12: There is a difference between the retailer-based brand model for international brands and local brands.***

Hypothesis 12 suggests that the relationships among manufacturer support, retailer-based brand equity and brand performance are different between local brands and international brands.

To test this hypothesis, the data set was divided into two groups, one for international brands and the other for local brands. Multigroup analysis was conducted to compare these two models, using 2 steps of normal comparison between the two groups and fixing regression coefficients in both models (Arbuckle & Wothke 1999) . The results of the structural equation modeling in regard to this analysis is represented in Table 4.16 (hypothesis testing). The actual models and their respective fit indices are presented in Appendices 3 and 4. The results showed that the relationship among manufacturer support, retailer-based brand equity and brand loyalty are completely different between the local brand models and the international brand models. For example, for the local brands model, brand loyalty has a much higher effect (0.562) on brand performance compared with brand association (0.228) and brand trust (-0.159). For the international brands model, brand association plays the most important role (0.444) in terms of affecting brand performance. Moreover, manufacturer support is shown to have a major effect on brand association (0.651) and has a positive effect on brand performance in the international brands model. In contrast, the effect of manufacturer support is weak in the local brands model with no positive relationship to brand performance.

However, these differences may have been caused by measurement error; therefore, the next step was to conduct further assessment with fixed regression coefficients in both the

models - local and international brands - to confirm the difference between these two models. The structural equation modeling results are shown in Table 4.17. The difference of the chi-square was 100, with 10 degrees of freedom ( $\chi^2 (10) = 100$ ), indicating a significant result at a p-value  $< 0.05$  (Arbuckle & Wothke 1999). The result of the chi-square difference test showed that the models of local and international brands before the fixed regression terms have a better fit compared to the models after the fixed regression terms. This means the difference between the local brands model and international brands model is statistically significant. As such, hypothesis 12 is supported. This finding will be further discussed in Chapter 5.

Table 4.16: Comparison between retailer based brand equity of international brand and local brand

No	Hypothesis	Local brand model				International brand model			
		Standardised estimate	S.E	C.E	P	Standardised estimate	S.E	C.R	P
H2	BT<->BA	<b>0.341</b>	0.074	4.476	0.000	<b>0.749</b>	0.192	4.706	0.000
H3	BL<->BT	<b>-0.541</b>	0.163	- 3.129	<b>0.002</b>	<b>0.433</b>	0.229	1.659	<b>0.097</b>
H4	BL<->BA	<b>0.785</b>	0.117	6.150	<b>0.000</b>	<b>0.411</b>	0.284	1.536	<b>0.124</b>
H5	BA<->BP	<b>0.228</b>	0.162	1.752	0.080	<b>0.444</b>	0.245	1.689	0.009
H6	BT<->BP	<b>-0.159</b>	0.188	- 1.083	0.279	<b>0.080</b>	0.182	0.340	0.734
H7	BL<->BP	<b>0.562</b>	0.153	4.963	<b>0.000</b>	<b>0.175</b>	0.087	1.757	<b>0.079</b>
H8	BA<->MS	<b>0.110</b>	0.055	1.256	<b>0.209</b>	<b>0.651</b>	0.072	6.367	<b>0.000</b>
H9	BT<->MS	<b>0.666</b>	0.051	7.964	0.000	<b>0.176</b>	0.103	1.469	0.142
H10	BL<->MS	<b>0.343</b>	0.080	2.459	0.014	<b>-0.311</b>	0.093	- 2.508	0.012
H11	MS<->BP	<b>-0.187</b>	0.092	- 1.584	0.113	<b>0.136</b>	0.078	1.153	0.249

Source: Developed for this research

Table 4.17: The fit indices of structural equation modeling result of two comparison model (normal case Vs fixed regression index)

Fit indices	Local Vs Inter model	Local Vs Inter (fix regression)
<b>Cmin</b>	<b>849.991</b>	<b>950.169</b>
<b>Df</b>	<b>390</b>	<b>400</b>
<b>CMIN/DF</b>	<b>2.179</b>	<b>2.375</b>
<b>CFI</b>	<b>0.899</b>	<b>0.879</b>
<b>GFI</b>	<b>0.822</b>	<b>0.805</b>
<b>RMSEA</b>	<b>0.058</b>	<b>0.062</b>
<b>Δ Cmin (df)</b>	<b>Δ Cmin=100 (Δdf=10)</b>	

Source: Developed for this research

## 4.7 SUMMARY AND CONCLUSIONS

This chapter has presented the two-stage approach of structural equation modeling to test the theoretical model. The measurement model was assessed through preliminary exploratory analysis and confirmatory factor analysis to ensure the model satisfied the first step of structural equation modeling. The theoretical model satisfied the fit conditions and was used to further analyse the theoretical hypotheses. A summary of the results of the hypotheses testing is described in Table 4.18.

Table 4.18: Summary of the results of hypotheses testing

Hypothesis	Statement	P	Results
H1	Retail-based brand equity is proposed as a multi-dimension construct including brand association, brand trust and brand loyalty.		Supported
H2	Brand association is positively related to brand trust.	0.000	Supported
H3	Brand trust is positively related to brand loyalty.	0.078	Not-supported
H4	Brand association is positively related to brand loyalty	0.000	Supported
H5	Brand association is positively related to brand performance.	0.000	Supported
H6	Brand trust is positively related to brand performance	0.002(*)	Not-supported
H7	Brand loyalty is positive related to brand performance	0.000	Supported
H8	Manufacturer support is positively related to brand association	0.000	Supported
H9	Manufacturer support is positive related to brand trust	0.000	Supported
H10	Manufacturer support is positively related to brand loyalty	0.148	Not-supported
H11	Manufacturer support is positively related to brand performance	0.005	Supported
H12	There is a difference between the retailer-based brand model for international brands and local brands		Supported

(\*: significance at  $p=0.05$ , but negative relationship)

Source: Developed for this research

The implications of the results presented in this chapter will be discussed further in Chapter Five, along with consideration of the study limitations and future research directions.

# CHAPTER 5: CONCLUSIONS & IMPLICATIONS

## 5.1 INTRODUCTION

Chapter 1 identified the following four research problems:

- Q1.** How does consumer-based brand equity theory translate to the retailer context?
- Q2.** How does retailer-based brand equity affect brand performance from the retailers' perspective?
- Q3.** How does manufacturer support affect retailer-based brand equity and brand performance?
- Q4.** Are there any differences between the retailer-based brand equity model for local brands compared to international brands?

To answer these questions, Chapter 2 reviewed the literature in relation to brand equity from the consumer, business-to-business and retailer perspectives. A gap in the literature on brand knowledge was recognised as the lack of research in the retailing context. Based on consumer-based brand equity and attitude theories, retailer-based brand equity was defined and developed through the theoretical model. Twelve hypotheses were proposed to answer four research questions.

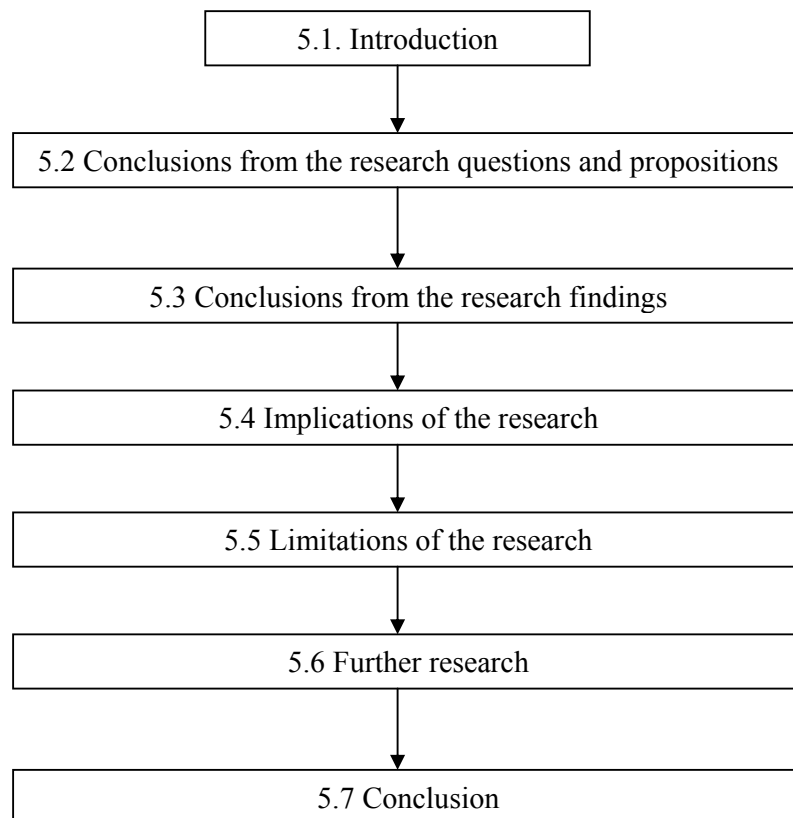
Chapter 3 provided details on the research methodology used in this study. The survey method was used to test the theoretical model. One pilot study and one main survey were conducted with independent grocery retailers in Ho Chi Minh City, Viet Nam. This chapter also discussed the analysis methods used to test the model and considered the ethical aspects of the study.

Chapter 4 presented the data analysis results. The theoretical model was evaluated by using structural equation modeling and was used to analyse the hypotheses proposed in Chapter 2.



Chapter 5 discusses the theoretical and practical implications of the research undertaken in this study and, from this, draws conclusions which are then discussed in detail. This chapter consists of seven sections. The first section is the introduction to the chapter. The second section draws conclusions from the research questions and propositions. The third section is a discussion of the conclusions reached from the research findings. The fourth section presents a discussion of the implications of the research. The fifth section is a discussion of the limitations of the research and in the sixth section, future research opportunities are discussed. The final section concludes this chapter. The structure of Chapter 5 is presented in Figure 5.1.

FIGURE 5.1: STRUCTURE OF CHAPTER 5



## **5.2 CONCLUSIONS FROM THE RESEARCH QUESTIONS AND PROPOSITIONS**

From the findings arising from the structural equation model presented in Chapter 4, the proposed theoretical model satisfied the necessary fit conditions with strong support from the market data. In that chapter, twelve hypotheses relating to the four research questions were analysed based on the results of the structural equation modeling analysis of the theoretical model. These results provided favourable evidence for the conceptualisation of the research as discussed in Chapter 2.

### **5.2.1 Question 1: ‘How does consumer-based brand equity theory translate to the retailer context?’**

Firstly, the major objective of this study was to investigate brand equity from the retailer’s perspective. Manufacturers need to understand what and how retailers think about their brands in order to build strong brands not only for consumers but also for retailers. However, the lack of theories on branding in a business-to-business context leads to difficulty in building brand equity theories in the retailer context. Therefore, the first objective of the current study was to identify whether consumer-based brand equity can be applied in the retailer context, as depicted by hypothesis 1, with a conceptualisation of retailer-based brand equity.

***H1: Retailer-based brand equity is proposed as a multi-dimensional construct including brand association, brand trust and brand loyalty.***

The findings confirmed that the first hypothesis was significantly supported by the data. The three constructs of brand association, brand trust and brand loyalty were satisfied as shown by the validity and reliability test of the measure used for retailer-based brand equity, as shown by the confirmatory factor analysis measurement model of retailer-based brand equity, in chapter 4. This finding is consistent with the basic ideas of consumer-based brand equity from the consumer perspective, in which consumer-based brand equity was comprised of three main components: association, belief and loyalty (Woods 1998). Therefore, retailer-based brand equity can be defined as ‘*the effect of brand knowledge on a retailer’s response to marketing activities of the firm*’ (based on Keller 1993). It is proposed as a multidimensional

construct consisting of three components: brand association, brand trust and brand loyalty, in which brand association is described as the focus of brand managers on building a positive image of their brand in the retailer's mind. This image is subsequently imprinted onto the retailer's trust in the brand, leading to the development of loyalty to that particular brand.

Moreover, based on attitude theory (Ajzen & Fishbein 1980) as well as consumer-based brand equity theory (Aaker 1991; Feldwick 1996), brand association is proposed to be positively related to brand trust, which was depicted through hypothesis 2. Moreover, brand trust was argued to be positively related to brand loyalty, presented in hypothesis 3, based on relationship quality theories (Morgan & Hunt 1994) and the theory of reasoned action (Ajzen & Fishbein 1975; Fishbein 1980). Finally, brand association was also proposed to be positively related to brand loyalty. The three hypotheses are shown as follows:

***H2: Brand association is positively related to brand trust***

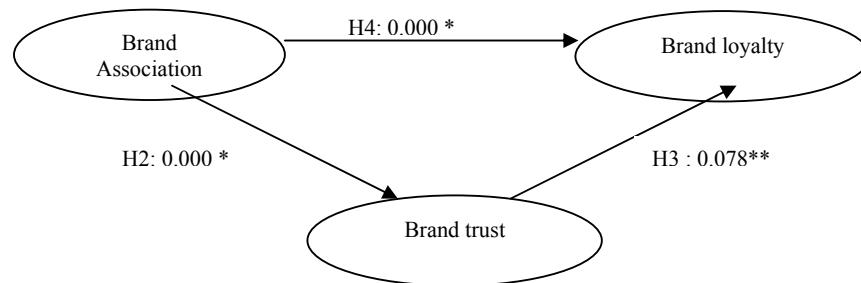
***H3: Brand trust is positively related to brand loyalty***

***H4: Brand association is positively related to brand loyalty***

The findings demonstrated that hypotheses 2 and 4 were supported by the data while hypothesis 3 was not supported. This means that if retailers are satisfied with doing business with the brand manufacturer and perceive this brand as providing good value for their consumers, a positive image of the brand will be imprinted in their minds. The more positive an image of a brand that retailers have, the more trust the retailers have in that brand (H2). Furthermore, retailers tend to have a longer-term commitment (or loyalty) to the brand if they have a positive association with the brand (H4). These findings were consistent with previous consumer-based brand equity studies conducted in a consumer context (Nguyen & Nguyen 2003). However, the results of the theoretical model derived from the structural equation modeling showed that there was no significant relationship between brand trust and brand loyalty. This means that whether retailers trust a brand or not, there was no influence on their loyalty to that brand (H3). This finding is unusual compared to previous research in relationship quality theories, in which trust is usually positively related to commitment (Morgan and Hunt 1994).

There are two possible explanations for this unusual finding. Firstly, soft drinks can be considered a low-involvement product frequently purchased by retailers, therefore, trust is not an important factor influencing their loyalty. As there is little risk associated with purchasing low involvement products, and given that the soft drinks respondents were considering were already stocked by the retailer, it is plausible that a strong degree of trust already existed in the brand chosen. This is consistent with the brand equity model of a low-involvement product from the consumer perspective (Holden & Lutz 1992). Secondly, this finding may be caused by the measurement scale, in which brand trust was proposed as comprising two components, benevolence and honesty. In Glynn's (2004) study, honesty was deleted from the measurement scale on trust. The other trust measurement could be more suitably related in the retailer context, to reliability (Delgado-Ballester 2004), or trust in the sales person (Papassapa 2005). However, it is difficult to say that the retailer's trust in a brand is not important in the retailer-based brand equity model. Further study needs to be undertaken to investigate this problem. The results of these three hypotheses are presented in Figure 5.2.

FIGURE 5.2: RELATIONSHIP AMONG THREE COMPONENTS OF RETAILER-BASED BRAND EQUITY



\* Significant at  $p < 0.05$

\*\* No significance

Source: Developed for this research

### **5.2.2 Question 2: How does retailer-based brand equity affect brand performance from the retailers' perspective?**

Another gap in the literature on branding investigated in the current study was the effect of brand equity on brand performance from the retailer's perspective, i.e. the

outcome or consequences of the consumer-based brand equity model (Kim & Kim 2004). The second research question therefore investigated the relationship between retailer-based brand equity and the brand's performance in the retail store with the focus on the relationship between the three dimensions of retailer-based brand equity, as related to brand performance. Based on previous research, each of the three dimensions of retailer-based brand equity were proposed to have a positive relationship with brand performance (Baldauf et al. 2003). Hypotheses 5, 6 and 7 were therefore stated as follows:

***H5: Brand association is positively related to brand performance***

***H6: Brand trust is positively related to brand performance***

***H7: Brand loyalty is positively related to brand performance***

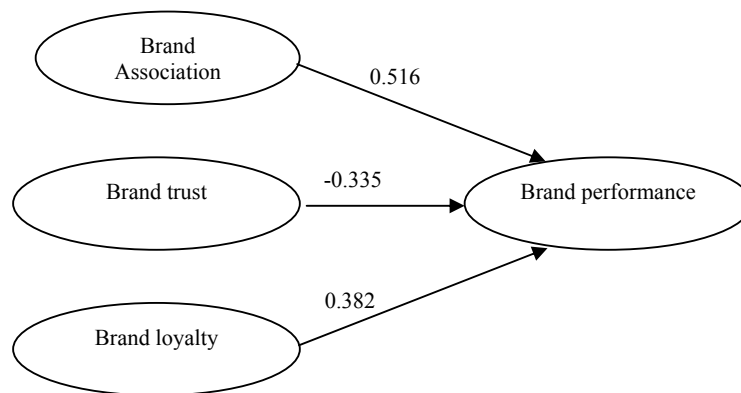
The findings showed that hypotheses 5 and 7 were supported by the structural equation modeling result, with H5:coefficient 0.516,  $p=0.000$ ; and H7:coefficient 0.382,  $p=0.000$ . This means that if manufacturers want to improve the performance of their brands at retail outlets, they have to build a strong association with the brand in the retailers' minds by increasing retailer satisfaction and the value of the brand to consumers, as well as increasing the loyalty of retailers to their brands. This finding is consistent with result of Baldauf et al.'s (2003) study, in which brand association and brand loyalty were significantly and positively related to brand profitability performance and brand market performance.

Moreover, brand association has the strongest effect on brand performance. The retailer's loyalty to the brand plays a more important role in Baldauf et al.'s (2003) model in affecting brand performance than it appears to do in the current study. This result may be due to the fact that different products were tested, as tile brands were chosen for investigation in Baldauf et al.'s (2003) study. This explanation is consistent with the finding that whether retailers trust a brand or not, there is no influence on their loyalty to that brand, presumed to be caused by testing a low-involvement product. On the other hand, the retailer's main concern is still the trust that consumers have in the brand, rather than their trust in the manufacturer. This suggests that consumer based brand equity is a major factor influencing the retailers'

perception about brand associations. Further investigation needs to be undertaken to confirm this issue as will be discussed in future research recommendations.

Meanwhile, hypothesis 6 was rejected as the results show that improving retailer's trust in a brand will not necessarily lead to an increase in the brand's performance. This result again confirms the less-important role of brand trust in terms of retailer-based brand equity, which is consistent with the finding of hypothesis 3. It is proposed that this result was a function of the measurement scale used for brand trust as above mentioned in discussion of question 1. The result of research question 2 is shown in Figure 5.3.

FIGURE 5.3: RELATIONSHIP BETWEEN RETAILER-BASED BRAND EQUITY AND BRAND PERFORMANCE



Source: Developed for this research

### **5.2.3 Question 3: ‘How does manufacturer support affect retailer-based brand equity and brand performance?’**

The third research question in the current study addressed the antecedents of retailer-based brand equity, described as ‘manufacturer support’. Four hypotheses were assumed as follows:

***H8: Manufacturer support is positively related to brand association***

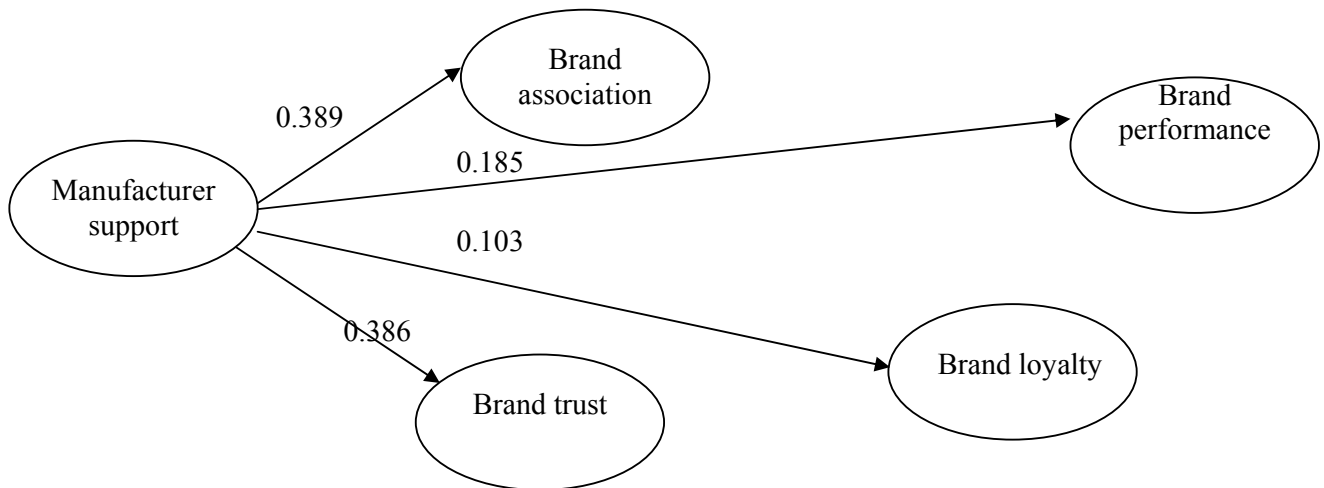
***H9: Manufacturer support is positively related to brand trust***

***H10: Manufacturer support is positively related to brand loyalty***

***H11: Manufacturer support is positively related to brand performance***

Structural equation modeling of the theoretical model found that three out of these four hypotheses were significantly supported by the data: H8 (0.389,  $p=0.000$ ), H9 (0.386,  $p=0.000$ ) and H11 (0.185,  $p=0.005$ ), while H10 (0.103,  $p=0.148$ ) was rejected. This means that the higher the manufacturer support given to a branded product stocked by the retailer, the more positive an image of that brand the retailer will have, and the higher the retailer trust in the brand's manufacturer will be. In addition, manufacturer support also had a direct, positive, short-term benefit of brand performance, which is consistent with previous research (Duncan 2002). However, this effect is weak (coefficient: 0.185) compared to the effect of brand association (0.516) or brand loyalty (0.382) on brand performance. Therefore, building strong retailer-based brand equity is the better way to improve brand performance at the retail outlet, in the long-term. The results of research question 3 are summarised in Figure 5.4.

FIGURE 5.4: EFFECT OF MANUFACTURER SUPPORT ON RETAILER-BASED BRAND EQUITY AND BRAND PERFORMANCE



Source: Developed for this research

**5.2.4 Question 4: Are there any differences between the retailer-based brand equity model for local brands compared to international brands?**

Based on the differences in the nature of local companies and multinational companies operating in developing countries, the current study used the fourth research question to explore the differences in retailer-based brand equity models of local brands and international brands. Hypothesis 12 then proposed that the relationships among manufacturer support, retailer-based brand equity and brand performance are different for local brands when compared to international brands. The results of structural equation modeling confirmed that the relationships among manufacturer support, retailer-based brand equity and brand loyalty are significantly different in local brand models and international brand models. The summary of these results is shown in Table 5.1.

Table 5.1: Summary of local brand and international brand retailer-based brand equity models

No	Hypothesis	Local brand model		Supported	International brand model		
		Estimate	P		Estimate	P	Supported
H2	BT<->BA	<b>0.341</b>	0.000	Yes	<b>0.749</b>	0.000	Yes
H3	BL<->BT	<b>-0.541</b>	<b>0.002</b>	No*	<b>0.433</b>	<b>0.097</b>	No
H4	BL<->BA	<b>0.785</b>	<b>0.000</b>	Yes	<b>0.411</b>	<b>0.124</b>	No
H5	BA<->BP	<b>0.228</b>	0.080	No	<b>0.444</b>	0.009	Yes
H6	BT<->BP	<b>-0.159</b>	0.279	No	<b>0.080</b>	0.734	No
H7	BL<->BP	<b>0.562</b>	<b>0.000</b>	Yes	<b>0.175</b>	<b>0.079</b>	No
H8	BA<->MS	<b>0.110</b>	<b>0.209</b>	No	<b>0.651</b>	<b>0.000</b>	Yes
H9	BT<->MS	<b>0.666</b>	0.000	Yes	<b>0.176</b>	0.142	No
H10	BL<->MS	<b>0.343</b>	0.014	Yes	<b>-0.311</b>	0.012	Yes
H11	MS<->BP	<b>-0.187</b>	0.113	No	<b>0.136</b>	0.249	No

\* Significance with negative relationship

BT: brand trust

BA: brand association

BL: brand loyalty

BP: brand performance

MS: manufacturer support

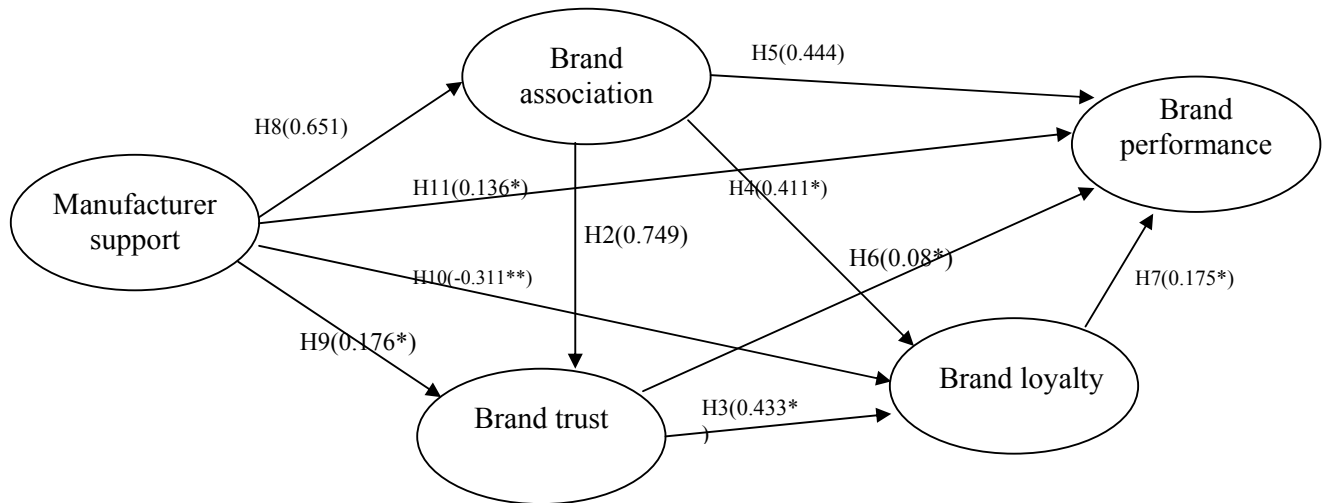
Source: Developed for this research



In international retailer-based brand equity, the structural equation modeling results showed that H3 (0.433; 0.097) and H4 (0.411; 0.124) were not supported by the data. This means that brand association and brand trust were not significantly related to brand loyalty in relation to international brands. Moreover, H6 (0.080; 0.734) and H7 (0.175; 0.079) were also rejected. This indicated that there was no relationship between brand trust, brand loyalty and brand performance in relation to international brands. In contrast, brand association was the most important element in the retailer-based brand equity model, in which brand association had a positive and significant relationship with the performance of international brands. In addition, manufacturer support was shown to be an effective strategy to improve brand association in the international retailer-based brand equity model, demonstrated in H8 as 0.651; 0.000. Therefore, international brand managerial focus on brand association and manufacturer support (including advertising, sales promotions and trade promotions) would be the most efficient tools to build a strong brand from the retailer's perspective. A summary of the international retailer-based brand model is shown in Figure 5.5.

Moreover, manufacturer support was found to have a negative relationship with brand loyalty (-0.311,0.012). This finding suggests while manufacturer support does strengthen a retailer's brand association by forming more positive brand images, this does not actually lead to increased brand loyalty. In fact, the opposite effect is implied by the negative relationship. This suggests that stronger retailer loyalty to brands occurs when manufacturer support for the branded products is lower. While this result is counter intuitive, it is likely due to the fact that the brands which have already built up the strongest images in the retailers' mind over time, resulting in a commitment to those brands, need not provide such high manufacturer support as the brand names effectively sell themselves to the end consumer. Coca Cola for instance, one of the international brands referred to in this research' has such a strong brand image in the marketplace that retailers do not need to rely on manufacturer support for this brand of soft drink. This is quite different to the scenario which exists for locally branded products, as will be discussed in subsequent sections of this chapter.

FIGURE 5.5: INTERNATIONAL BRAND RETAILER-BASED BRAND EQUITY



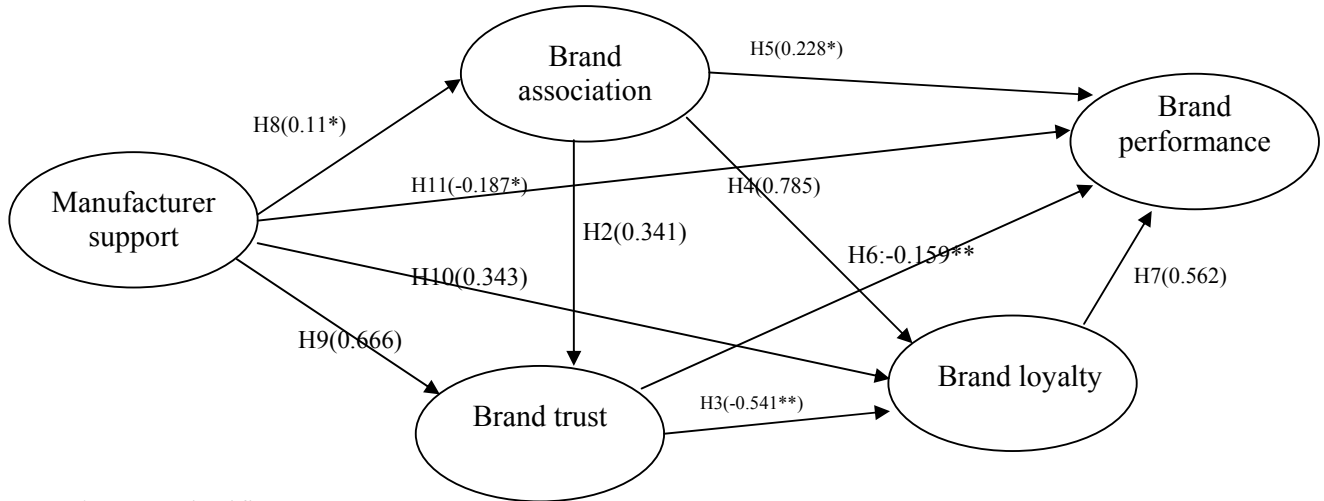
\* No significance

\*\* Significance with negative relationship

Source: Developed for this research

In the local retailer-based brand model, the structural equation results showed that H2 (0.341;  $p=0.000$ ) and H4 (0.785;  $p=0.000$ ) were supported by the data, while H3 (-0.541;  $p=0.002$ ) was rejected, as the results showed no positive relationship between brand trust and brand loyalty. While brand association had a positive relationship with both brand trust and brand loyalty, there was no significant relationship between brand association and brand performance directly (H5: 0.228;  $p=0.080$ ). Brand loyalty had a strong positive relationship with brand performance, as shown in the results for H7 (0.562;  $p=0.000$ ). Brand loyalty, in fact, had the strongest influence on the local retailer-based brand equity model. Therefore, local brand managers should focus on building a long-term commitment from retailers, in order to achieve long-term benefits. In addition, manufacturer support was not as efficient a tool for local brands as it was for international brands (H8:0.651; H10:0.343), while brand association had a strong relationship to brand loyalty in reference to local brands. This means that brand managers of locally made products should focus on building a strong positive brand image in the retailers' mind, which can be based on the special demands of the end-consumer, such as the special flavour of soft drinks such as Tribeco and Chuong Duong. This finding is consistent with the suggestion of Kaferer (2002) for local brand strategies. A summary of the local retailer-based brand equity is shown in Figure 5.6.

FIGURE 5.6: LOCAL BRAND RETAILER-BASED BRAND EQUITY



\* No significance

\*\* No positive significance

Source: Developed for this research

In summary, this study has confirmed that consumer-based brand equity from the consumer perspective can be applied to a retailer perspective, (research question 1), in which retailer-based brand equity is comprised of the three components, brand association, brand trust and brand loyalty. Moreover, two of these three components are significantly and positively related to brand performance, (research question 2). Manufacturer support was proposed as an antecedent of the retailer-based brand equity model, in which three out of the four hypotheses were supported by the data, including a positive relationship between manufacturer support and brand association, brand trust and brand performance, (research question 3).

This study has also found that the retailer-based brand equity model is different between international brands and local brands. Brand association is the most important dimension of the retailer-based brand equity when considering the effect on performance of the brand for international brands, while brand loyalty is the most important dimension in the local brands model. It is also concluded that manufacturer support, including advertising, sales promotions and trade promotion, is the most

efficient tool for building strong international brands, but is not such a useful tool for building brand strength when the product is locally produced.

Table 5.2. summarises the final status of the twelve hypotheses which were proposed to investigate the four research questions of this study. Section 5.3 will further discuss the contributions of this study in terms of theoretical and methodological perspectives, followed by consideration of the practical implications of the research in section 5.4.

Table 5.2: Summary of research results

Research question	Hypothesis	Results
<p><b>Q1.</b> How does consumer based brand equity theory translate to the retailer context?</p>	<p><b>H1:</b> Retailer-based brand equity is proposed as a multi-dimensional construct including brand association, brand trust and brand loyalty.</p> <p><b>H2:</b> Brand association is positively related to brand trust.</p> <p><b>H3:</b> Brand trust is positively related to brand loyalty.</p> <p><b>H4:</b> Brand association is positively related to brand loyalty.</p>	<p>Confirmed</p> <p>Confirmed</p> <p>Not-confirmed</p> <p>Confirmed</p>
<p><b>Q2.</b> How does retailer-based brand equity affect brand performance from the retailers' perspective?</p>	<p><b>H5:</b> Brand association is positively related to brand performance.</p> <p><b>H6:</b> Brand trust is positively related to brand performance.</p> <p><b>H7:</b> Brand loyalty is positively related to brand performance.</p>	<p>Confirmed</p> <p>Not-confirmed</p> <p>Confirmed</p>
<p><b>Q3.</b> How does manufacturer support affect retailer-based brand equity and brand performance?</p>	<p><b>H8:</b> Manufacturer support is positively related to brand association.</p> <p><b>H9:</b> Manufacturer support is positively related to brand trust.</p> <p><b>H10:</b> Manufacturer support is positively related to brand loyalty.</p> <p><b>H11:</b> Manufacturer support is positively related to brand performance.</p>	<p>Confirmed</p> <p>Confirmed</p> <p>Confirmed</p> <p>Confirmed</p>

<p><b>Q4.</b> Are there any differences between the retailer-based brand equity model for local brands compared to international brands</p>	<p><b>H12:</b> There is a difference between the retailer-based brand model for international brands and local brands.</p>	<p>Confirmed</p>
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## **5.3 CONTRIBUTIONS OF THE RESEARCH FINDINGS**

### **5.3.1 Theoretical contribution**

Consumer-based brand equity has gained great attention in the literature on branding. However, this research stream has not yet reached a consensus about what consumer-based brand equity is (Wood 2000). More research has been conducted in the consumer context than in relation to industrial customers (Mudambi 2002) and, in particular, the retailer has been left out of the function of brand equity, which has been recognised as a knowledge gap in the research on branding (Webster 2000). In order to make a contribution to overcoming this gap, this study has focused on the issue of brand equity from the retailer's perspective.

This study has confirmed support of the theoretical model proposed for this study. The findings show that brand association, brand trust and brand loyalty are all sub-dimensions of retailer-based brand equity. This study contributes to the complete picture of brand equity from both consumers and channel member perspectives. Following Baldauf et al. (2003), Davis (2003) and Glynn (2004), this study has investigated the concepts of retailer-based brand equity and the relationship among the three dimensions. It has found that brand loyalty is the most important dimension of retailer-based brand equity in the local brands model, while brand association acts as the most important dimension in the international brands model. The findings of this study indicates that brand managers should focus on retailers to build their strong brand, which contribute to product's brand performance in short term and long term. This is consistent with the previous studies about building partnerships between manufacturers and retailers instead of competing each other for consumer loyalty (Narus & Anderson 1986). By measuring and assessing the three key components of retailer-based brand equity, brand managers can evaluate how strong their brand is from a retailer's perspective., This can act as a brand 'health check', as the measurement scale of retailer-based brand equity can be adapted to test using other products or markets to see how strong a manufacturer's brand is from the retailer's perspective. The results of brand health checking will help brand managers to identify what attributes of their branding need to be improved to strengthen the retailer's impression of their products. Moreover, the finding of this shows that brand managers

of local products and brands must focus on different components of retailer-based brand equity compared to manufacturers of international brands to build their brands from the retailer perspective. This contribution has implications for the producers of local brands. For example, in the Vietnamese market, local manufacturers tend to focus on discounted price, commissions, sale promotions and trade promotions to obtain space in the retail store; however, these strategies can not compete against international brand manufacturers who have much stronger in terms of capital resources (Tran 2002). Therefore, the retailer-based brand equity model will provide a new way for brand managers to understand how to build strong brands in the retail environment.

The second theoretical contribution of this study is the method used to build a retailer-based brand equity model, by adapting the consumer-based brand equity perspective. Due to the lack of a theory base in business-to-business marketing, particularly from a retailing perspective, this approach becomes useful to adapt the consumer-based theory to the business-to-business context using empirical methods. At the beginning of this study, the key components of consumer-based brand equity (association, belief and loyalty), were assumed to be transferable to the retailer context, proposed as comprising brand association, brand trust and brand loyalty. It has been found that consumer-based brand equity can act as the foundation to build retailer-based brand equity, but is not however, directly transferable from the consumer perspective to the retailer perspective. For example, the measures of brand equity from consumers can not be adapted exactly to measure brand equity from the retailer perspective. The purpose of the buying process of consumers is different to that of retailers; therefore, what is held in the consumer's mind cannot be assumed to be the same as what is held in the retailer's mind related to a manufacturer's brand. This study has provided some indications of how brand equity measures can be adapted from the consumer perspective to the retailer context.

The third contribution of this study is that it contributes to filling the gap in branding knowledge related to the effect of brand equity on performance (Baldauf et al. 2003; Kim & Kim 2004). The findings indicate that brand association and brand loyalty have a positive and significant effect on brand performance at the retail level. Moreover, brand association has the highest effect on brand performance in the



international brands model, while brand loyalty has a higher estimated regression coefficient with brand performance compared to the other two components. This contribution will help manufacturers understand the important role of all retailer-based brand equity dimensions. Therefore, based on short-term or long-term strategies, brand managers can focus on different dimensions of retailer-based brand equity to improve their product brand performance at the retail level. Moreover, combined with brand health checks, brand managers can track how their brand is positioned in the retail sector and determine what marketing programs need to be put in place to support retailer's in selling their products in order to improve their brand's performance as well as build a stronger brand in the long term. For example, based on the retailer based brand equity model, building strong brand associations in the retailer's mind should be the primary focus to improve the brand's performance. By building stronger retailer' brand associations, the retailer has a stronger impression of how well the brand performs compared to other competing brands in a particular product category. From this the retailer tends to favour that brand as it is a stronger performer in their stores, which results in increased sales for the brand's manufacturers.

Compared to the direct impact of manufacturer support (i.e. advertising, sales promotions, and trade promotions) on a brand's performance at the retail level, brand association still has a stronger effect. This confirms the belief that building a strong consumer brand, which is one of the underlying components of brand association, is critical to achieving better performance results at the retail level. It is even more important than increasing sales or trade promotions in store. This finding can be used by brand managers to redirect their planning when attempting to build strong brands in the long term. While many brand managers may believe that winning over retailers requires most emphasis on trade promotions to increase the benefits and advertising and sale promotions this traditional way of thinking may need to change more towards focusing on strategies aimed at building strong brand images in the minds of retailers.

While manufacturer support does not have the strongest direct effect on the retailer's views on how the brand performs, it certainly has a significant influence on the formation of retailer's brand associations. The fourth contribution of this study is,

therefore, that manufacturer support is an important antecedent of retailer-based brand equity. Manufacturer support, which consists of advertising, sales promotions and trade promotion, has been confirmed to be an antecedent of retailer-based brand equity. This finding will help manufacturers understand how manufacturer support affects each of the three dimensions of retailer based brand equity. Moreover, the comparison between the local brands versus international brands models has shown that manufacturer support has much more significance in relation to international brands and the resulting effect on brand performance. In the context of the soft drink market in Viet Nam, where international brands are heavily promoted through advertising campaigns, sales promotion and trade promotions with both consumers and retailers, the lesson for local brand managers in Vietnam to survive is that they need to first secure the trust and commitment of retailers. This requires constant and continual efforts to support their brands in store to overcome any perceptions held by retailers that local brands are not as reliable as international ones. Providing manufacturer support alone does not appear to directly influence the performance of the brand in store from the retailer's perspective. Performance of the brand only appears to improve where the effect of that support has resulted in increased trust in the local brand's manufacturer, which in turn begins to develop an attachment or loyalty to the brand. Only then does the effect of manufacturer support appear to flow through, indirectly, to the retailer's perception of how well the brand performs.

Finally, this study has compared retailer-based brand equity between international brands and local brands which is considered as the fifth contribution of this study. The current study is one of the first known studies in the branding literature to focus on this issue. The findings indicate that the retailer-based brand model is significantly different between these two contexts (local brands and international brands). Brand association acts as the most important dimension for international brands and manufacturer support is an efficient tool to build strong brands in the retailer context. In contrast, brand loyalty, which is the commitment of the retailer to long-term business, is the most important factor in the local brands model. This contribution is meaningful for local brand manufacturers in developing countries, where famous international brands such as Coke and Pepsi are dominant.

The above discussion has summarised the five main contributions of this study from the theoretical perspective. The next section will discuss the methodological contributions of the study, followed by the practical implications of the research in section 5.4.

### **5.3.2 Methodological contribution**

A number of contributions to methodology have been made by this study. First of all, all the scales used to measure the constructs in this study, i.e. brand satisfaction, brand trust, brand loyalty, manufacturer support, and brand performance were developed and tested in developed countries such as the United States, (Davis 2003), Austria (Baldauf et al. 2003) and New Zealand (Glynn 2004). This study makes a contribution to the literature by modifying and testing them within the context of a developing country – Viet Nam. The findings confirmed that most of the instruments adapted from studies conducted in developed countries satisfied the reliability and validity of measures in the developing market, although some items were deleted or reworded to suit the local retailers in Viet Nam. Moreover, the study indicated that benevolence and honesty, which is mostly used to measure trust, were not good to measure brand trust in retailing context.

Secondly, the two-step approach in structural equation modeling has been used in this study as an effective tool for testing the measurement and the structural model (Nguyen 2002). This study provides further evidence of the effectiveness of applying structural equation modeling to marketing research.

The following section outlines and discusses the practical implications of the research outcomes from a brand manager's perspective.

## **5.4 IMPLICATIONS OF THE RESEARCH**

Brand performance at the retail store is a key concern to every brand manufacturer. This study has focused on brand equity from the retailer's perspective and its effects on brand performance. The results of this study suggest a number of implications for brand manufacturers and brand managers.

The study provides some guidance on branding strategies from the retailing perspective, which has been assumed, in the literature on branding, to be less important (Hofman 1991). Firstly, this study provides further evidence to confirm that brands are important from the retailers' perspective. The current study has also indicated that strong manufacturer brands are based on three components: brand association, brand trust and brand loyalty. Moreover, brand association and brand loyalty are significantly and positively related to brand performance. The retailer-based brand equity model can help brand managers to further understand that strong brand equity in the retailer perspective affects brand performance, which leads to long-term benefits and competitive advantages. The study provides some guidance on brand strategies for brand managers for building successful brands from the retailers' perspective as discussed in the previous section. The retailer based brand equity model can help managers to further understand that strong retailer based brand equity is likely to result in improve brand performance. Strong equity from a retailers' perspective is characterised by heightened brand association, brand trust and brand loyalty, and, a such, it should receive attention by brand managers.

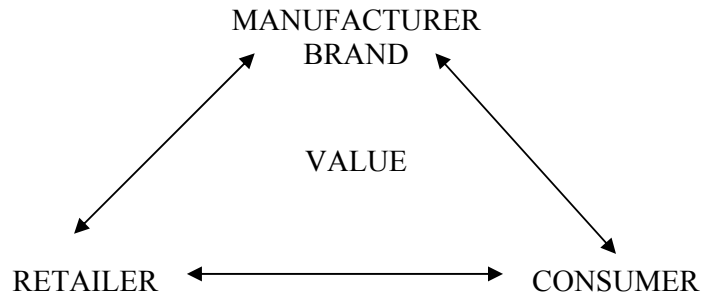
Moreover, while manufacturer support including advertising, sale promotion and trade promotion, is commonly viewed as key marketing tools used to build strong brands, this study has shown that manufacturer support is less useful in relation to local brands until the retailer has developed strong internal beliefs and positive associations of that brand. This means that manufacturers of locally branded products should focus on building strong brand associations with retailers to improve their performance in the long term rather than focusing only on short term benefits.

The study also found that brand trust is less important in the current retailer based brand equity model, compared to other dimensions, in terms of influencing brand performance. Even if the retailer trusts the brand, this will not necessarily lead to improved brand performance, as ultimately it is the consumer who purchases the product. In the Vietnamese market, it has been shown that local brand manufacturers tend to focus their branding efforts on gaining the trust of retailers in their brand (Tran 2002). In other words, local brand managers have tended to believe that if a retailer feels positive about a particular local branded product, this will lead to increased brand performance. As a result, they tend to focus more on providing manufacturer

support, especially via trade promotions, to improve retailers' trust. However, the results of this study, and the local brand model in particular, suggest that they should first focus directly on convincing consumers directly of the value of their brands (i.e. strengthening consumer based brand equity) to draw customers to the store and induce purchase. When this occurs, the retailer then develops a stronger impression of the value of that brand which will flow on to more positive brand associations and commitment to the product in the retailers' eyes. Retailers will not work to encourage the purchase of local products to their customers unless they perceive that consumers value the products they produce.

This research has also confirmed that brand association is comprised of two dimension from the retailer's perspective - brand satisfaction and consumer based brand equity. This again shows that the key concern of retailers when dealing with brand manufacturers is how the consumer views the product. This in part explains why advertising, sale promotion and other forms of manufacturer support do not have a strong direct affect on brand performance; however, they do improve the retailers' brand association. . This finding confirms the value of brand in the three way relationship between manufacturers, retailers and consumers as shown in Figure 5.7.

FIGURE 5.7: RELATIONSHIPS AMONG MANUFACTURER, CONSUMER AND RETAILER



Source: Webster (2000).

The measures of retailer-based brand equity can be used to check the health of a brand from the retailing perspective. This will identify the strengths and weaknesses of a manufacturer's brand. It is the objective of brand managers in setting up marketing plans to build a strong brand in both the short-term and the long-term.. This contribution is meaningful not only for product brand manufacturers but also for marketing research companies wanting to improve the measurement of brand equity from the retailing perspective.

Moreover, the difference between retailer-based brand equity in the local brands model and international brands model has been confirmed. This finding draws a new direction for local brand managers to build brand strategies in order to survive when competing with very strong international brands.

The following sections report the implications of this study for both local brand managers and international brand managers.

#### **5.4.1 Implication for local brand managers**

In the local brand retailer based brand equity model (Figure 5.6), there is only one dimension of retailer based brand equity (brand loyalty) that appears to have a direct positive relationship with brand performance (H7: 0.562, p=0.000). Importantly, however, brand association is positively and strongly related to brand loyalty (H4:0.785, p=0.000). This finding shows that brand loyalty is the most important dimension of retailer based brand equity for local brands. In order to improve brand performance at the retail store, local brand managers need to focus on building the long term commitment of retailers towards their brands. However, manufacturer

support is found to be an inefficient tool to build brand loyalty compared to the effect of brand association on brand loyalty (H10, 0.343,  $p=0.014$ ) or on the relationship between manufacturer support and brand association (H:0.11,  $p=0.209$  No-significant). These results suggest that local brands should not focus so much on advertising, sale promotion and trade promotion aimed purely at the retailer to build a strong brand. Rather, they should focus on building consumer based brand equity (i.e. strong brand value for consumers) to win-over retailers. The consumer based brand equity model indicates that advertising spending and sales promotions are efficient tools to build strong brands from the consumer perspective (Yoo et al 2000, Ducan 2002). Therefore, the strategy that local brand managers should use to build up their brand is based on product specifications which target a special niche demand in the consumer market. In the case of Chuong Duong or Tribeco (the local brands used in this study), the brand associations and product delivered should focus on creating points of uniqueness that meets the customers needs and differentiates the product from that of the international brands (e.g. special flavours of soft drink to compete with Pepsi and Coca Cola).

Furthermore, at present, a common strategy used by local brand managers in Vietnam is to focus on developing the trust of the retailer in their products to build a stronger brand (Tran 2002). However, this study has shown that brand trust does not directly effect brand performance at the retail store (H:-0.159,  $p=0.279$ ).

#### **5.4.2 Implication for international brand managers**

The study shows that international brand managers can use manufacturer support strategies, such as advertising campaigns, sales promotions and trade promotions to dominate the market, as in the case of Coca Cola and Pepsi in the Viet Nam market. Maintaining positive brand associations is the biggest concern of international brand managers in building a strong brand. In fact, brand association is the only dimension of retailer based brand equity which appears to be positively and significantly related to brand performance (H5:0.444,  $p=0.009$ ). Moreover, manufacturer support has a strong direct effect on the development of the retailer's brand association (H8:0.651,  $p=0.000$ ). This finding reflects the existing situation of the branding strategies used by multi-national companies (MNCs) in developing countries, in which advertising and

sale promotion are the main strategies employed to build consumer based brand equity as well as retailer based brand equity.

## **5.5 LIMITATIONS OF THE RESEARCH**

As with any research, this study has several limitations, suggesting that different approaches for future research may be useful when further exploring the issues investigated in this study. These limitations must also be acknowledged as having the potential to affect the direct generalisation of the study findings beyond the context of the current research.

First of all, the measurement of brand trust, which comprised benevolence and honesty, needs further investigation to confirm whether brand trust is important in retailer-based brand equity, as previously discussed. Honesty and benevolence scales were adapted to measure brand trust from a retailing perspective in this study because they have been the most common measures of trust used in the relationship marketing literature (Geyskens et al 1996, Kumar et al 1995). However, the results of this study were unexpected in that the role of trust was not found to be a significant factor. Therefore, it is suggested that other measure of trust should be explored in future retailer based brand equity models to further explore this issue.

Secondly, although soft drinks are one of the popular product categories in fast moving consumer goods, the study of one product chosen from a retail store may limit the generalisation of the findings to industries other than fast moving consumer goods. There is therefore a need to replicate and extend this study to other product categories.

Thirdly, this study has focused on small, independent groceries to build a retailer-based brand equity model. This type of retailer has significantly different structures and characteristics when compared with larger retailers such as Co-op or Big G Mart in Vietnam. Consequently, their buying behaviour and attitudes cannot be generalised to the whole population of retailer buyers. It would therefore be useful to conduct empirical research on different types of retailers to make further improvements and refinements on the retailer-based brand equity model. Furthermore, as the research has specifically focused on retailer based brand equity in the context of Vietnam, it is acknowledged that the results may not be generalised directly to all other countries



and, as such, the model presented should be considered carefully in the specific context of the country to which it is applied in future research.

Fourthly, the performance of brands was measured using a subjective approach based on the retailers' perceptions of how the brand performed, rather than objective financial data. While utilisation of the subjective approach to measure performance has a number of advantages as discussed in section 3.3.4, the information reported by retailers (based on their subjective assessment) may not exactly reflect the brand's performance in retail store. It is acknowledged, therefore, that this may be a further limitation of the study, however it was deemed to be the most suitable way of extracting performance based measures from the retailers involved in the study due to the commercial in-confidence nature of retail performance data.

Finally, manufacturer support has only been considered in this study as a general concept. The study has not specifically explored what precise components of manufacturer support have influenced retailers' perceptions of brands. Further investigation needs to be undertaken to analyse the varying effectiveness of the elements of the marketing mix on retailer-based brand equity and brand performance. For example, Yoo et al. (2000) mentioned specific marketing strategies as separate constructs as price, store image, distribution intensity, advertising spending, and price deals in their branding research. This approach was beyond the scope of the current study, however, given its broader focus on brand equity issues rather than manufacturer support specifically.

The future research implications arising from the current study are presented in the following section, followed by the conclusion to this chapter.

## **5.6 FURTHER RESEARCH**

To overcome the above-mentioned limitations and to extend the current body of knowledge in the literature on brand equity, future research is recommended in the following areas.

Firstly, this study has measured brand trust by the two dimensions of benevolence and honesty, based on Kumar et al. (1995) and Glynn (2004). As these measures have produced non-significant results in this study, this might suggest that the most

important aspects of brand trust (from the retailer's perspective) have not been effectively tapped into. Further research would be useful to test other measures of brand trust, e.g. creditability and reliability (Delgado-Ballester 2004) to confirm whether brand trust does in fact play an important role in the retailer-based brand equity model.

Secondly, this study has only examined independent retailers' perceptions of brands. This type of retailer has significantly different structures and characteristics when compared to larger retailers such as Co-op or Big G Mart. Consequently, their buying behaviour and attitudes cannot be generalised to the whole population of retailer buyers. It would therefore be useful to conduct empirical research on different types of retailers to make further improvements and refinements on the retailer-based brand equity model.

Thirdly, although soft drinks are one of the popular product categories in fast moving consumer goods, the study of one product chosen from a retail store may limit the generalisation of the findings to industries other than fast moving consumer goods. There is therefore a need to replicate and extend this study to other product categories. Future studies of retailer-based brand equity need to involve bundled products, to test the reliability and validity of the current study. For example, the mix of FMCGs product including shampoo, toothpaste, washing powder, soft-drink could be used instead of only one specific product category.

Finally, manufacturer support is only mentioned in the overall evaluation of marketing strategies. Further investigation needs to be undertaken to analyse the varying effectiveness of the elements of the marketing mix on retailer-based brand equity and brand performance. For example, Yoo et al. (2000) mentioned marketing strategies with the concepts of price, store image, distribution intensity, advertising spending, and price deals. The impact of marketing strategies on retailer-based brand equity needs more investigation, to guide the development of marketing plans. For example, trade promotions, sales promotions, and advertising campaigns should be considered in relation to different concepts, as Yoo et al's (2000) study indicates.

## 5.7 CONCLUSION

This study has confirmed that consumer-based brand equity from the consumer perspective can be applied to the retailer context. Retailer-based brand equity is defined as *‘the effect of brand knowledge on the retailer’s response to marketing activities of the firm’* (based on Keller 1993), and proposed as a multidimensional construct consisting of three components (brand association, brand trust and brand loyalty), in which brand association has been found to be the most effective marketing focus for building a positive brand image with retailers. This positive image is consequently imprinted on the retailer’s trust in the brand, leading to the development of loyalty to that particular brand. Two of these three dimensions of retailer-based brand equity, (brand association and brand loyalty) are positively and significantly related to the brand’s performance at the retail outlet. Manufacturer support, including advertising, sales promotion and trade promotions has been confirmed by this study to be an antecedent of retailer-based brand equity. Moreover, this study indicated that there is a difference between the retailer-based brand equity model for local brands compared to international brands, in that brand association is the most important factor in retailer-based brand equity in the international brands model while brand loyalty is the most important factor in the local brands model. This study has also confirmed the important role of brand equity from the retailer perspective and draws implications for the ways in which manufacturer brand managers can build strong brands.

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# Appendix 1 (Questionnaire-English version)

## **Title: Retailer based brand equity – An empirical study in Vietnam**

Dear Participant

I am undertaking research for my Doctor of Business Administration (DBA) on independent retail stores in Vietnam. The study investigates the perception of retailers about manufacturers' brands and its effects on retailer performance. This study aims to expand the knowledge of brand strategies of manufacturers, according to retailers, in order to build stronger brands as a sustainable advantage in the competitive market environment. Moreover, this study also aims to suggest solutions for channel conflicts between manufacturers and retailers. Your participation is very valuable to my research.

Your participation in this study involves completing a survey where your responses are recorded by the researcher. The survey will take approximately 30 minutes to complete. Data collected will be used to test hypotheses relating to a theory developed as part of my doctoral thesis. It does not involve any commercial activities. Please be assured that your responses will be kept strictly confidential and will only be analyzed in conjunction with other responses. This is an anonymous survey which means that your responses will not be able to be identified directly to you in any way. The results of this study will be published in the form of a DBA thesis. Only my research supervisor and I will have access to individual survey responses. The overall results of this study can be provided to you, if requested, in a summary report format, but no individual responses will be identified in this report.

Participation in the study is voluntary. If you decide to participate, you are free to withdraw and to discontinue participation at anytime during the process. You may also elect not to answer any question asked. I will ask you to respond to each of the questions contained in the attached survey and will record your responses on the survey sheet.

My research is being conducted under the supervision of Dr Carmen Tideswell who is a Senior Lecturer in the Graduate College of Management (GCM)-Southern Cross

University, Australia (phone: +61 7 5506 9321 or email Carmen.tideswell@scu.edu.au). If you have any questions about this study at any time, my contact details for future reference are as follows:

Quan, Tran ha Minh

Phone in Vietnam : 848.8430617

Email : [htran11@SCU.EDU.AU](mailto:htran11@SCU.EDU.AU)

The ethical aspects of this study have been approved by the Southern Cross University Human Research Ethics committee (HREC). The Approval Number is ECN-05-133. If you have any complaints or reservations about any ethical aspect of your participation in this research, you may contact the HREC through the Ethics complaints officer, Ms Suze Kelly, Tel : (02) 6626 9139, Fax: (02) 6626 9145, email: [skelly1@scu.edu.au](mailto:skelly1@scu.edu.au). Any complaint you make will be treated in confidence and investigated, and you will be informed of the outcome.

Thankyou for your assistance in this research..

Yours Sincerely

Quan Tran ha Minh

QUESTIONNAIRE

A STUDY OF RETAILER BASED BRAND EQUITY  
AN EMPIRICAL STUDY OF VIETNAM

December 2005

## A SURVEY OF RETAILER BASED BRAND EQUITY

This survey focuses on the perception of retailer about manufacturer's brand. In this questionnaire, I would like you to focus on what you think about brand X and how you do business with X. There are no right or wrong answers. Please answer as honestly as you can.

Interview time: .../.../.....at.....	Interviewer code: .....
--------------------------------------	-------------------------

### **PART 1: GENERAL INFORMATION OF YOUR BUSINESS.**

Q1. Name of brand (X) .....(000) (chosen by researcher)

Q2. Approximately how long have your store been engaged in business?

less than 1 year	1
1 to 3 years	2
4 to 10 years	3
More than 10 years	4

Q3. What is your position within the store?

Owner	1
Manager	2
Sale person	3
Other (please state)	4

\_\_\_\_\_

Q4. Approximately, how many brands in this product category does your business stock?

_____	brands
-------	--------

Q5. How much do you know about this brand's manufacturer?

No knowledge	1
Very little knowledge	2
An adequate amount of knowledge	3
A lot of knowledge	4
A very high level of knowledge	5

Q6. Which is the size of this retail store? (Interviewer is briefed on criteria to gauge size of store)

Small store	1
Medium Store	2
Large store	3

**PART 2: RETAILER BASED BRAND EQUITY**

Q7. Please indicate the extent of your agreement or disagreement with each of the following statements:

Statements	Strongly Disagree	Disagree	Tend to Disagree	Neither agree nor disagree	Tend to agree	Agree	Strongly agree
X has strong consumer advertising support	1	2	3	4	5	6	7
X often has effective sales promotion campaigns	1	2	3	4	5	6	7
Merchandising support provided by the manufacturer for X is useful	1	2	3	4	5	6	7
X is a key brand in this product range offered by this store	1	2	3	4	5	6	7
The category information supplied by the manufacturer about X is useful	1	2	3	4	5	6	7
X is an important brand in the future growth of this product category	1	2	3	4	5	6	7

Q8. Please indicate the extent of your agreement or disagreement with each of the following statements:

Statements	Strongly Disagree	Disagree	Tend to Disagree	Neither agree nor disagree	Tend to agree	Agree	Strongly agree
Our customers know X to be a good value brand	1	2	3	4	5	6	7
Our customers expect us to carry this brand	1	2	3	4	5	6	7
Our customers are willing to pay more in order to buy this brand	1	2	3	4	5	6	7
Our customers often buy X, even if other brands are the same.	1	2	3	4	5	6	7
Our customers would be disappointed if we did not carry this brand.	1	2	3	4	5	6	7
Our customers consider X to be a good buy	1	2	3	4	5	6	7

Q9. Please indicate the extent of your agreement or disagreement with each of the following statements:

Statements	Strongly Disagree	Disagree	Tend to Disagree	Neither agree nor disagree	Tend to agree	Agree	Strongly agree
Overall I am very satisfied with X	1	2	3	4	5	6	7
Our store regrets the decision to have X in its range	1	2	3	4	5	6	7
We are pleased with what X does for this product range in this store	1	2	3	4	5	6	7

Our store is not completely happy with X	1	2	3	4	5	6	7
If we had to do it all over again, we would still have X in our store	1	2	3	4	5	6	7

Q10. Please indicate the extent of your agreement or disagreement with each of the following statements:

Statements	Strongly Disagree	Disagree	Tend to Disagree	Neither agree nor disagree	Tend to agree	Agree	Strongly agree
Whenever we have problems concerning X we know the manufacturers will respond with understanding	1	2	3	4	5	6	7
Though circumstances change, we believe the manufacturer of X will be willing to offer us assistance and support	1	2	3	4	5	6	7
In the future we know we can count on the manufacturer to consider how its decisions about X will affect us	1	2	3	4	5	6	7
When it comes to things that are important to us we can depend on manufacturer support being available for X	1	2	3	4	5	6	7
When making important decisions, X is concerned about our welfare,	1	2	3	4	5	6	7
X usually keeps its promises that it makes to our store	1	2	3	4	5	6	7
Whenever X gives us advice on our business operations we know it is sharing its best judgment	1	2	3	4	5	6	7
Our store can count on X to be sincere	1	2	3	4	5	6	7



X has often provided us information that has later proven to be accurate	1	2	3	4	5	6	7
Even when X gives us a rather unlikely explanation, we are confident that it is telling the truth.	1	2	3	4	5	6	7

Q11. Please indicate the extent of your agreement or disagreement with each of the following statements:

Statements	Strongly Disagree	Disagree	Tend to Disagree	Neither agree nor disagree	Tend to agree	Agree	Strongly agree
The relationship my store has with X is something we are very committed to	1	2	3	4	5	6	7
The relationship my store has with X is one we intend to maintain for the future	1	2	3	4	5	6	7
The relationship my store has with X deserves our maximum effort to maintain	1	2	3	4	5	6	7
The relationship my store has with X is something we would do almost anything to keep	1	2	3	4	5	6	7
The relationship my store has with X is one we care a great deal about long term	1	2	3	4	5	6	7

Q12. Please indicate the extent of your agreement or disagreement with each of the following statements:

Statements	Strongly Disagree	Disagree	Tend to Disagree	Neither agree nor disagree	Tend to agree	Agree	Strongly agree
Compared to all other brands available in our trade area the profitability for carrying X is highest	1	2	3	4	5	6	7
Relative to all other brands we carry in this product category, the realized margin for X is highest	1	2	3	4	5	6	7
Compared to all other brands available in our trade area in this product category , the sale growth of X is highest	1	2	3	4	5	6	7
Overall, X is financially very attractive for us	1	2	3	4	5	6	7
Compared to all other brands we carry in this product category X generates the largest sales volume	1	2	3	4	5	6	7
Compared to all other brands we carry in this product category X generates the largest sales revenue	1	2	3	4	5	6	7
Relative to all other brands we carry in this product category, the sales potential for X is highest	1	2	3	4	5	6	7
Compared to all other brands we carry in this product category, the market share of X is highest	1	2	3	4	5	6	7

**Q13. Respondent Demographics (tick appropriate box)**

1. Gender       1 Male                       2 Female

2.      What is your age?

- Less than 30 years       1
- 31-40 years               2
- 41-50 years               3
- 51-60 years               4
- More than 60 years     5

**THANK YOU VERY MUCH FOR YOUR TIME AND EFFORT IN COMPLETING THE QUESTIONNAIRE**

## Appendix 2 (Questionnaire- Vietnamese version)

## NIỀÀU TRA VEÀ TAØI SAÛN NHAÛN HIEÄU DÖIA VAØO NGÖØØI BAUN LEÛ

STT		MS	
ÑC			
ÑT			

Cuoäc khaùo saùt naøy nhaán maĩnh ñeán nhaán thöüc cuõa ngöøøi baun leù veà nhaõn hieäu cuõa nhaø saũn xuaát. Trong baùng caâu hoũn naøy, mong oâng/baø löu taãm töüi vieäc oâng/baø nghó gì veà nhaõn hieäu X vaø hoaĩt ñoäng kinh doanh vöüi X nhö theá naøo. Khoäng coù caâu traũ löøi ñuùng hay sai. Raát mong oâng/baø traũ löøi öü möüc ñoä chính xaùc cao nhaát coù theá.

### Phaøn 1: Thoäng tin chung veà cöüa haøng cuõa oâng/baø

Q1. Teãn nhaõn hieäu PEPSI (1)

Q2. Cöüa haøng cuõa oâng/baø ñaõ hoaĩt ñoäng kinh doanh ñöøc bao laâu?

Döøüi 1 naêm	1	4 ñeán 10 naêm	3
1 ñeán 3 naêm	2	Treãn 10 naêm	4

Q3. Xin vui löøng cho bieát vò trí cuõa oâng/baø ñ/v cöüa haøng?

Chuü cöüa haøng	1	ngöøøi baun haøng	3
Ngöøøi quaũn lyù	2	khaùc - _____	4

Q4. Cöüa haøng cuõa oâng/baø cung caáp khoaũng bao nhieäu nhaõn hieäu ñoái vöüi loaĩi saũn phaãm naøy?

_____	nhaõn hieäu
-------	-------------

Q5. Oâng/baø bieát gì veà nhaø saũn xuaát cuõa nhaõn hieäu naøy?

Khoäng bieát	1	Bieát nhieäu	4
Bieát raát ít	2	Bieát raát nhieäu	5
Bieát vöøa phaũi	3		

Q6. Quy möa cuõa cöüa haøng baun leù cuõa oâng/baø?

Nhöü	1
Trung bình	2
Löün	3

## **Phần 2: Tạo sản nhận hiệu đũa vào ngöøi baùn leû**

Xin oâng/baø cho bieát möùc ñoã ñoàng yù cuûa oâng/baø veà caùc phaùt bieáu döøùu ñây theo thang ñieám töø 1 ñeán 7, vöùu quy öðùc:

*1: Hoøøn toaøn phaùu ñoái ñeán 7: Hoøøn toaøn ñoàng yù* (xin chæ khoanh troøn möät con soá thích hôïp cho töøng phaùt bieáu)

1. Chöông trình quaùng caùu cuûa Pepsi ñeán ngöøi tieâu duøng raát maïn	1	2	3	4	5	6	7
2. Chöông trình khuyeán maõi baùn haøng cuûa Pepsi raát hieäu quaû	1	2	3	4	5	6	7
3. Caùc chöông trình hoã tröi baùn haøng khíaùc cuûa Pepsi laø raát coù ích	1	2	3	4	5	6	7
4. Pepsi laø nhaõn hieäu chính cuûa loaïi saùn phaåm naøy maø coûa haøng chuùng toâi baùn	1	2	3	4	5	6	7
5. Caùc thoâng tin (veà saùn phaåm, thò tröðøng) maø Pepsi cung caáp laø raát coù ích	1	2	3	4	5	6	7
6. Pepsi seõ tieáp tuïc taêng tröðuøng vaø laø nhaõn hieäu chính yeáu cuûa loaïi saùn phaåm naøy	1	2	3	4	5	6	7
7. Khaùch haøng cuûa coûa haøng chuùng toâi bieát veà Pepsi nhö möät nhaõn hieäu toát vaø coù uy tín	1	2	3	4	5	6	7
8. Khaùch haøng cuûa coûa haøng chuùng toâi muoán chuùng toâi tieáp tuïc baùn nhaõn hieäu naøy	1	2	3	4	5	6	7
9. Khaùch haøng cuûa coûa haøng chuùng toâi saùn saøng traû cao hôn ñeã mua nhaõn hieäu naøy	1	2	3	4	5	6	7
10. Khaùch haøng cuûa coûa haøng chuùng toâi thöðøng chæ mua Pepsi, duø raèng coù nhaõn hieäu khíaùc cuõng toát nhö Pepsi	1	2	3	4	5	6	7
11. Khaùch haøng cuûa coûa haøng chuùng toâi seõ thaát voïng neáu chuùng toâi khoång tieáp tuïc cung caáp nhaõn hieäu naøy nöõa	1	2	3	4	5	6	7
12. Pepsi laø söi choïn löïa hôïp lyù cuûa khíaùch haøng cuûa coûa haøng chuùng toâi	1	2	3	4	5	6	7
13. Nhìn chung chuùng toâi raát haøi loøng vöùu vieäc baùn Pepsi	1	2	3	4	5	6	7
14. Coûa haøng cuûa chuùng toâi raát hoái haän ñeã quyeaát ñoành baùn nhaõn hieäu Pepsi	1	2	3	4	5	6	7
15. Chuùng toâi haøi loøng vöùu nhöõng gì maø Pepsi mang laïi cho coûa haøng so vöùu nhöõng nhaõn hieäu khíaùc cuõng loaïi	1	2	3	4	5	6	7
16. Coûa haøng cuûa chuùng toâi hoøøn toaøn khoång haøi loøng vöùu Pepsi	1	2	3	4	5	6	7
17. Neáu chuùng toâi phaûi quyeaát ñoành laïi, chuùng toâi seõ vaãn baùn Pepsi trong coûa haøng cuûa mình	1	2	3	4	5	6	7

18. Khi cõu haøng chuøng toái gaëp khuø khaên, Pepsi luøn ñoái xõu vòu chuøng toái baèng söi thoàng caùm	1	2	3	4	5	6	7
19. Cho duø moät soá trööøng hôïp thay ñoái, chuøng toái tin raèng Pepsi seõ saün saøng hoã trõi chuøng toái	1	2	3	4	5	6	7
20. Chuøng toái coù theå tin töøüng vaøo caùc quyeaát ñoành cuõa Pepsi seõ coù aù/h thuaän löii ñeán CH chuøng toái trong töøng lai	1	2	3	4	5	6	7
21. Khi ñieàu gì ñoù quan troïng xaùy ra vòu chuøng toái, cõu haøng chuøng toái mong ñõii vaøo söi hoã trõi cuõa Pepsi	1	2	3	4	5	6	7
22. Khi ra nhöøng quyeaát ñoành quan troïng, Pepsi quan taâm ñeán quyeaán löii chuøng toái	1	2	3	4	5	6	7
23. Pepsi luøn giöø löøi höua vòu cõu haøng toái	1	2	3	4	5	6	7
24. Baát kyø khi naøo ñõa ra löøi khuyeân veà coàng vieäc kinh doanh, chuøng toái tin raèng ñoù laø nhöøng goùp yù toát nhaát	1	2	3	4	5	6	7
25. Chuøng toái coù theå tin töøüng vaøo long thaønh that cuõa Pepsi	1	2	3	4	5	6	7
26. Pepsi thöøøng cung caáp nhöøng thoàng tin maø ñöøic thøøi gian chöøng minh laø ñuøng	1	2	3	4	5	6	7
27. Chuøng toái luøn tin töøüng Pepsi luøn noùi söi thaät duø trong nhöøng trööøng hôïp khoàng ñõa ra löøi giaùu thích	1	2	3	4	5	6	7
28. Moái quan heã (MQH) giöøa cõu haøng chuøng toái vaø Pepsi laø söi cam keát baùn daøi laâu	1	2	3	4	5	6	7
29. MQH giöøa cõu haøng chuøng toái vaø Pepsi laø ñieàu maø chuøng toái ñoành duy trì trong töøng lai	1	2	3	4	5	6	7
30. MQH giöøa CH chuøng toái vaø Pepsi xöøng ñaùng nhaän ñöøic söi noã löic toái ña cuõa chuøng toái ñeã duy trì	1	2	3	4	5	6	7
31. Chuøng toái noã löic toái ña ñeã duy trì moái quan heã vòu Pepsi	1	2	3	4	5	6	7
32. MQH giöøa CH chuøng toái vaø Pepsi thaät söi laø MQH maø chuøng toái nghó veà chuyeän laøm aên laâu daøi	1	2	3	4	5	6	7
33. So vòu taát caù caùc nhaõn hieäu khaùc maø chuøng toái baùn, löii nhuaän baùn ñoái vòu moái SP cuõa Pepsi laø cao nhaát	1	2	3	4	5	6	7
34. So vòu taát caù caùc nhaõn hieäu khaùc cuõa cuøng maët haøng naøy, löii nhuaän baùn Pepsi laø cao nhaát	1	2	3	4	5	6	7

35. So vôi nhöõng nhaõn hieäu khaùc, möùc ñoà taêng tröôûng veà doanh thu baùn Pepsi laø cao nhaát	1	2	3	4	5	6	7
36. Nhìn chung, löïi nhuaän baùn Pepsi raát haáp daãn chuùng toâi	1	2	3	4	5	6	7
37. So vôi taát caù caùc nhaõn hieäu khaùc maø chuùng toâi baùn, saün löõng baùn Pepsi laø löùn nhaát	1	2	3	4	5	6	7
38. So vôi caùc nhaõn hieäu khaùc, doanh thu baùn Pepsi laø löùn nhaát.	1	2	3	4	5	6	7
39. So vôi taát caù caùc nhaõn hieäu khaùc, tieàm naêng doanh thu ñoái vôi Pepsi laø cao nhaát	1	2	3	4	5	6	7
40. So vôi nhöõng nhaõn hieäu khaùc, thò phaàn cuûa Pepsi laø cao nhaát	1	2	3	4	5	6	7

### **Phaàn 3: Thoàng tin caù nhaân**

**Q7. Hoï vaø teân ngöôøi ñöôïc phöông vaán:**

**Nam  (1)**

**Nöõ  (2)**

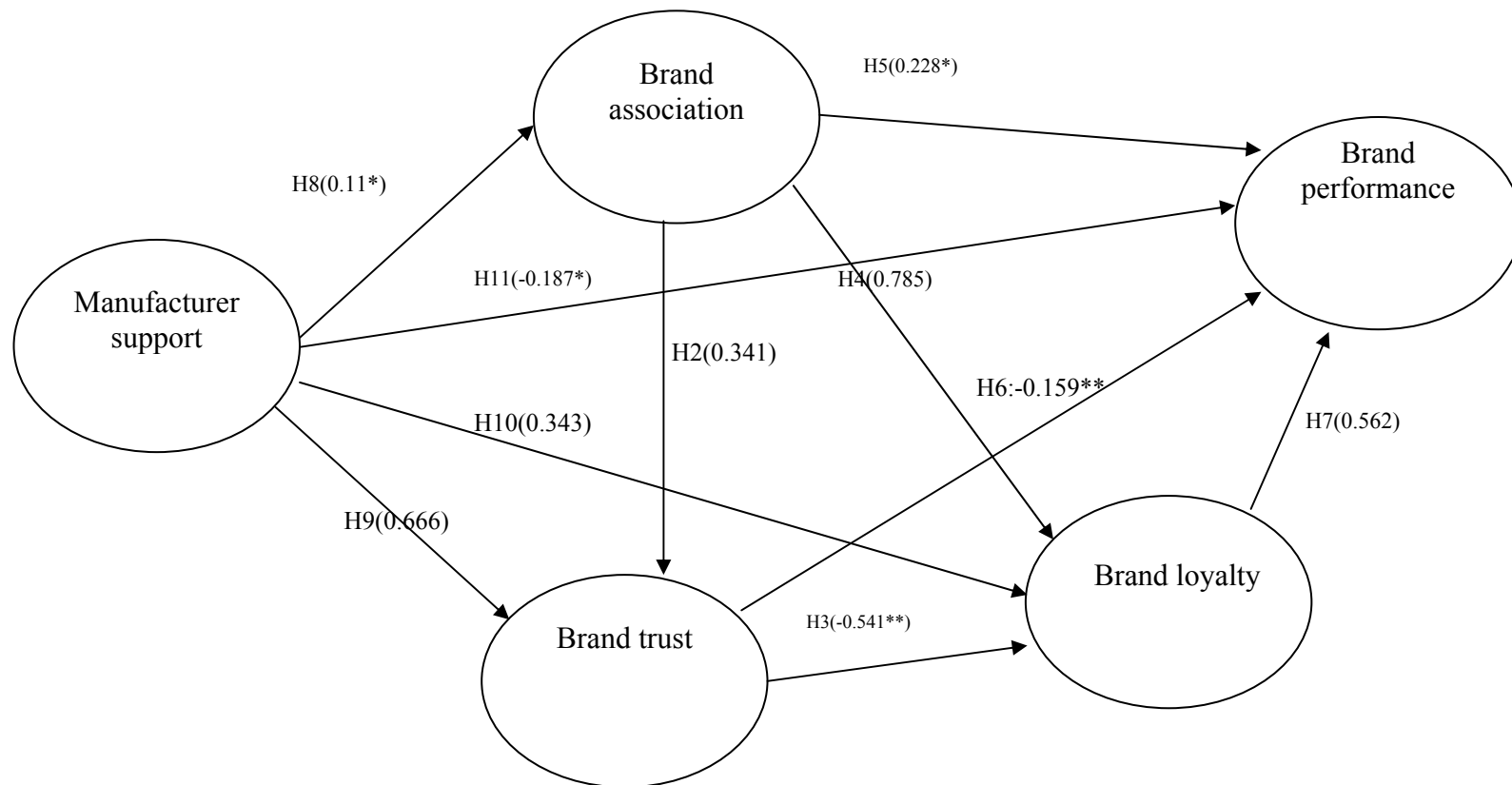
Q8. Xin vui lòng cho bieát ñoà tuoải cuûa ông baø?      1. Nhoû hôn 30  (1)    2. 31 ñeán 40  (2)    3. 41-50  (3)      4. 51 -60  (4)  
5. >60  (5)

Xin chaân thaønh caùm ôn ông/baø raát nhieàu vì ñaõ daønh thôøi gian vaø coâng söùc hoøen thaønh baúng caâu hoûi naøy!



1	Hoạ̣n toạ̣n phạũn ñoái
2	Phạũn ñoái
3	Cọu xu họ̃ọụng phạũn ñoái
4	Bình thọ̃ọø̣ng
5	Cọu xu họ̃ọụng ñọạng ỵụ
6	Ñọạng ỵụ
7	Hoạ̣n toạ̣n ñọạng ỵụ

## Appendix 3 (Local brand RBBE model)



# Appendix 4 (International brand RBBE model)

