

# The impact of marketing communication and price promotion on brand equity

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## Abstract

*This paper establishes a theoretical and empirical basis that shows the impact of marketing communications and price promotion on brand equity. The theoretical review supports applying analysis techniques based on structural equations models to confirm empirically the relationship between marketing communication efforts and the dimensions of brand equity: perceived quality, brand loyalty, brand awareness and brand image. This measurement model is verified on a sample group of families which purchased durable goods — in this case a washing machine. The results indicate the positive effect of marketing communication on brand equity, and offer strong support for the measures of perceived quality, brand loyalty, brand awareness and brand image as antecedents of brand equity.*

## INTRODUCTION

This paper analyses the importance of perceived spending on marketing communication for the brand equity of durable goods. This is framed within a line of research to develop a model for the measurement of brand equity that contrasts the influence that the marketing effort of the companies (measured by pricing behaviour, distribution and communication) has on the brand equity components (perceived quality, brand loyalty and brand awareness)<sup>1–3</sup>

with the relationships that are established between them.<sup>4</sup>

The proposal begins with the preparation of a conceptual model based on theory and existing brand equity research. From this base, a theoretical model has been built of causal relationships between spending on marketing communications and the dimensions of brand equity. To verify the model, the structural equations model (SEM) has been applied.

According to Aaker, the latent

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variables are the dimensions of brand equity.<sup>5</sup> The work of Yoo *et al.*<sup>6</sup> hypothesised the influence that the brand's perceived marketing effort has on the dimensions of brand equity.

The model in this paper has been verified against an empirical investigation of a sample group of washing machine (durable goods) purchasers, who responded to a questionnaire on attitudes. Once the reliability and validity of the responses had been confirmed, the responses were used to build the structural model.

### CONCEPTUAL FRAMEWORK AND RESEARCH HYPOTHESES

This paper starts with the proposal formulated by Aaker<sup>7</sup> on the brand equity concept and the components that integrate and explain it: perceived quality, brand loyalty and brand awareness. In this context, brand equity is defined as a set of assets and liabilities linked to the brand, which add value to or subtract value from a product in its relationship with customers. Various authors (Leuthesser,<sup>8</sup> Farquhar<sup>9</sup> and Nomen<sup>10</sup>) indicate that brand equity is a strategic aspect of marketing management and can be created, maintained and intensified by strengthening one of its dimensions. Likewise, it is recognised that any marketing action has a potential effect on brand equity, since brand equity represents the accumulated impact of investment in the brand.

#### Establishing the hypotheses for verification

The proposed structural model recognises that brand equity is influenced by the different marketing efforts

made by companies. These causal relationships condition the formulation of hypotheses that explain the direct effect of previous marketing communications on brand equity, and the effect of marketing communications tools on the dimensions of brand equity.

In the current research, two marketing communications variables were collected from the marketing mix that measure the positive effect of perceived advertising spending on brand equity, and the negative effect on this value of offering price deals. The perceived advertising spending contributes to the successful creation of brand equity, as stated in some studies (Maxwell,<sup>11</sup> Chay and Tellis,<sup>12</sup> Simon and Sullivan,<sup>13</sup> Boulding *et al.*<sup>14</sup>). For its part, the use of price deals has a negative effect on brand equity, since it is considered that the consumer perceives a negative relationship between brand equity and the need to use incentives for sales that affects the established level of prices.<sup>15,16</sup> Therefore, brand equity is influenced by two marketing communications tools used by the company: advertising and price deals (see Figure 1).

This paper focuses on determining the effects of advertising and price deals on brand equity, measured through consumer perceptions. The first two hypotheses are:

- **H<sub>1</sub> ( $\lambda > 0$ ):** *The perceived advertising spending that the company undertakes for the product brand positively affects the perception of brand equity.*
- **H<sub>2</sub> ( $\lambda < 0$ ):** *Price deals used by the company negatively affect the perception of brand equity.*

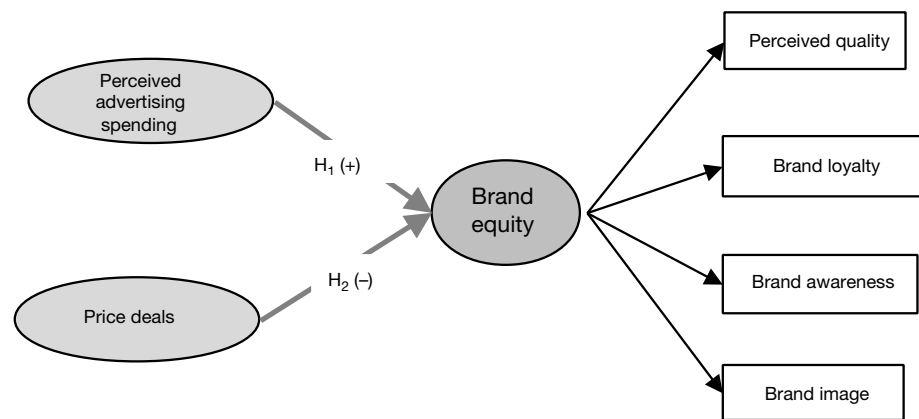


Figure 1 Effects of commercial promotion on brand equity

When consumers perceive high spending on advertising, this contributes to their perception of the level of confidence that marketing managers have in the product.<sup>17</sup> Perceived advertising spending has positive effects, not only on brand equity as a whole, but also on each of the elements it is made up of: loyalty, awareness, perceived quality and brand image.<sup>18</sup> This means that causal relationships are established between the different advertising actions and the dimensions of brand equity.

The relationship between perceived quality and spending on marketing communications was justified by different studies (Milgrom and Roberts;<sup>19</sup> Kirmani and Wright;<sup>20</sup> Aaker and Jacobson;<sup>21</sup> Archibald *et al.*<sup>22</sup>). The first paper came to the conclusion that marketing communications are one of the main external indicators of product quality. The next work shows the favourable relationship between marketing communications spending and the firm's investment in the brand, which involves a higher perception of quality. The relationship between the investment in marketing communications and quality affects not only the perceived brand quality, but also sup-

ports the purchase decision by increasing the product value, as shown by Archibald *et al.*<sup>23</sup> — ie the recipient of the advertising considers the perceived advertising spending on the brand as reaffirming the purchase decision. This relationship is summarised in the following hypothesis:

— **H<sub>3</sub> ( $\gamma_{11} > 0$ ):** *The perceived advertising spending that the company undertakes for the product brand positively affects the perception of the brand.*

The perception of high advertising spending first increases the probability of the brand being included in the group of alternatives that the consumer has to choose from, so that, secondly, the decision-making process is simplified at the same time as a consumer habit is created, and, finally, brand loyalty behaviour becomes a possibility.<sup>24</sup>

— **H<sub>4</sub> ( $\gamma_{21} > 0$ ):** *The perceived advertising spending that the company undertakes for the product brand positively affects brand loyalty.*

The level of advertising spending has been found to have a positive relation-

ship with advertising recall, which is a measure of brand awareness.<sup>25,26</sup> Brands achieve awareness through marketing communications and, as a part of that, advertising is mentioned as the main promotional tool for products in the consumer market.

— **H<sub>5</sub> ( $\gamma_{31} > 0$ ):** *The perceived advertising spending that the company undertakes for the brand positively affects brand awareness.*

The associations linked to the brand are mental pictures that the consumer perceives after recognising the brand in the messages sent by the company. The positive associations that form a high brand image are transmitted to consumers through advertising and advertising strength.<sup>27</sup>

— **H<sub>6</sub> ( $\gamma_{41} > 0$ ):** *The perceived advertising spending that the company undertakes for the brand positively affects brand image.*

Sales deals in general, and especially price deals, have been considered to weaken brand equity in spite of the short-term benefit that they provide to the consumer.<sup>28</sup> They are, therefore, an erroneous way of trying to build a strong brand, as they are easily imitated and counteracted by competitors.<sup>29</sup> In addition, their temporary nature creates a feeling of short-lived benefit for the consumer, that ends once the deal finishes. In fact, in the long term, brand image can appear to be of poor quality and worn out. Activities based on lowering prices can place brands in danger by provoking consumer confusion; instability and variability leads to an image of unstable quality.<sup>30</sup> In

this regard, using price deals means deterioration in brand equity in both perception of the brand's quality and its image. As such, the established hypotheses are:

— **H<sub>7</sub> ( $\gamma_{12} < 0$ ):** *The use of price deals for the brand has a negative effect on its perceived quality.*

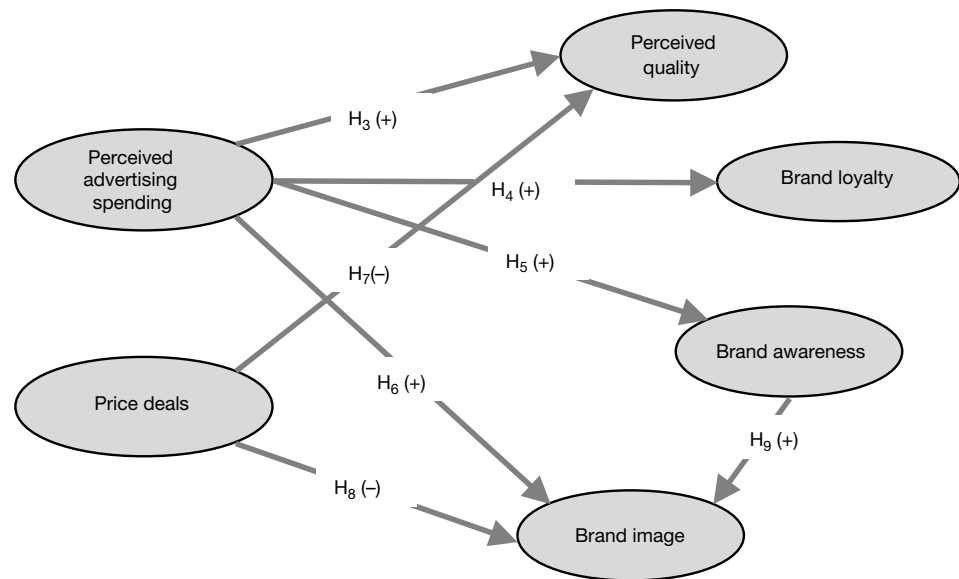
— **H<sub>8</sub> ( $\gamma_{42} < 0$ ):** *The use of price deals for the brand has a negative effect on its image.*

No relationships were noted between price deals and other brand equity dimensions: loyalty and brand awareness. Although price deals encourage consumers to make repeat purchases, the pseudo-loyalty appears to be related to the attractiveness of the promotion price; when the promotion finishes, the consumer loses interest in the brand.

Finally, and as Aaker and Álvarez del Blanco<sup>31</sup> have indicated, brand awareness indirectly affects behaviour, as it has a positive influence on perceptions and attitudes towards the brand. Furthermore, a link is assumed between the different brand associations that make up the image. A hypothesis that establishes a relationship between brand awareness and brand image is suggested:

— **H<sub>9</sub> ( $\beta_{43} > 0$ ):** *High levels of brand awareness positively affect the formation of the product's brand image.*

Following the establishment of the existing relationship between perceived advertising spending and price deals on the dimensions of brand equity, the proposed structural model which collects the hypotheses is presented (see Figure 2).



**Figure 2** Effects of promotion on dimensions of brand equity

## METHODOLOGY

### Proposed measurement scales

The complete formulation of the measurement scales used in the research can be seen in Table 1.

In order to develop the measurement process for the different elements involved, Bollen's recommendation<sup>45</sup> has been followed: (1) identify the dimensions and latent variables that represent the concept to be measured; (2) create indicators based on the past theoretical position; and (3) specify the relationship between the observable indicators or variables and the latent concepts or variables that they explain.

The consumer normally has a perception of the brand in terms of the marketing communications spending made on it by the company. Advertising expenditure, as the main marketing communications tool in the consumer market, should be considered when determining the effects of marketing

communications on consumers, and the perceptions that the messages are provoking among different target individuals. The scale developed to measure the advertising spending perceived by the consumer consists of seven indicators. Price deals are measured with a very similar scale to that used to measure the effect of advertising.

Perceived quality is defined as a subjective judgment made by the consumer regarding the excellence or superiority of a product.<sup>46</sup> The consumer's opinion about the product's quality and its attributes with regard to its expected performance forms the measurement scale indicator of the brand quality perceived by individuals.

Brand loyalty plays an outstanding role in generating brand equity, not only because of its capacity to keep customers loyal,<sup>47,48</sup> but also because that customer loyalty extends to other brands in the company's portfolio.<sup>49</sup>

**Table 1** Measurement scales

Item	Enunciación	Variable (sources)	
PAS1	I think advertising is, in general, very good	Perceived advertising spending (Yoo <i>et al.</i> ; <sup>32</sup> Martín <sup>33</sup> )	
PAS2	In general, I like the advertising campaigns for X brand		
PAS3	My opinion about X's advertising is very high		
PAS4	The ad campaigns for X seem very expensive, compared to campaigns for competing brands		
PAS5	I think X brand is intensively advertised, compared to competing brands		
PAS6	The advertising campaigns for X are seen frequently	Price deals (Yoo <i>et al.</i> ; <sup>34</sup> Martín <sup>35</sup> )	
PAS7	I remember the last advertising campaigns for X		
PD1	I think price deals are, in general, very good		
PD2	In general, I like price deals for X brand		
PD3	My opinion about X's price deals is very high		
PD4	Price deals for X are frequently offered		
PD5	Price deals for X are emphasised more than seems reasonable		
PD6	I think price deals for X are more frequent than for competing brands	Perceived quality (Aaker and Álvarez del Blanco; <sup>36</sup> Lassar <i>et al.</i> ; <sup>37</sup> Yoo <i>et al.</i> <sup>38</sup> )	
PD7	Price deals for X are presented too many times		
PQ1	X is of high quality		
PQ2	The likely quality of X is extremely high		
PQ3	The likelihood that X will be satisfactory is very high		
PQ4	The likelihood that X is reliable is very high		
PQ5	X must be of very good quality		
PQ6	X is a brand characterised by its continuous innovation		
PQ7	X is a quality leader within its category		
PQ8	Compared to its competitors, I appreciate X brand		
PQ9	Compared to its competitors, I respect X brand	Brand loyalty (Aaker and Álvarez del Blanco; <sup>39</sup> Yoo <i>et al.</i> <sup>40</sup> )	
BL1	I consider myself to be loyal to X brand		
BL2	X would be my first choice		
BL3	I will not buy other brands if X is available at the store		
BL4	X brand fulfilled my expectations the last time I bought it		
BL5	I will buy X again		
BL6	I will suggest X to other consumers		
BL7	The price of another brand would have to be considerably inferior to not choose X		
BL8	Even in the case of not using it, I would like to buy X brand		
BL9	Even if another brand has the same features as X, I would prefer to buy X		
BL10	If there is another brand as good as X, I would prefer to buy X	Brand awareness (Yoo <i>et al.</i> <sup>41</sup> )	
BL11	If another brand is not different from X in any way, it seems smarter to purchase X		
BA1	I know what X looks like		
BA2	I can recognise X among other competing brands		
BA3	I am aware of X brand		
BA4	I know X brand		
B11	Some characteristics of X come to my mind quickly		Brand image (Aaker and Álvarez del Blanco; <sup>42</sup> Lassar <i>et al.</i> ; <sup>43</sup> Yoo <i>et al.</i> <sup>44</sup> )
B12	I can quickly recall the symbol or logo of X		
B13	X has a strong personality		
B14	I have a clear impression of the type of people who use X brand		
B15	X has a strong image		
B16	The intangible attributes of X brand are reason enough to buy it		
B17	X provides a high value in relation to the price we must pay for it		
AB1	X is a very good brand		
AB2	X is a very nice brand		
AB3	X is a very attractive brand		
AB4	X is an extremely likeable brand		
AB5	X is a different brand		

**Table 2** Research details

Product area	Domestic equipment — washing machines
Geographic location	Seville (Spain)
Survey methodology	Personal questionnaire (buying decider > 18 years old)
Type of sampling	Proportional simple
Sample size	N = 268
Sampling error	± 5.98%
Level of significance	95%; $Z_{\alpha} = 1.96$ ; $p = q = 50\%$
Date	October 2003

High levels of brand-name recognition are those that present the brand with a high degree of brand awareness. For this reason, knowledge and recognition of the brand compared to its competitors are indicators that serve to form the measurement scale for this dimension.

The brand associations that form its image are related to a series of tangible and intangible attributes associated with the brand, which conditions a favourable attitude to choosing the brand. These aspects linked to the brand are collected as an item in the scale.

## EMPIRICAL RESEARCH AND FINDINGS

This paper attempts to test a measurement model for brand equity. Therefore, in order to test the effectiveness of the proposed method, research should focus on one product category and the brands that operate in this market. The choice of washing machines as the product category is justified based on three criteria: (1) the influence of brands in the consumer market for washing machines and the buyers' sensitivity to brands are higher; (2) there is tough competition between washing machine brands in Spain, with none of them having significant differences from the others; (3) the high rate of use (between 98 and 99 per cent) of washing machines in Spanish homes.

The technical data sheet for the research, included in Table 2, summarises the design of the empirical work performed. The proportional affixation was performed based on the different urban areas of the city.

## Analysis and evaluation of the measurement tools

This section evaluates the measurement scales used in the research (Likert, 1–7). The validity and internal consistency of the measurement scale were estimated. To evaluate the measurement scales: (1) Cronbach's alpha was applied — this statistic is considered an adequate index of the inter-item consistency of independent and dependent variables<sup>50</sup> as supplied by the SPSS program; and (2) confirmatory factor analysis was performed to, first, test the one-dimensional qualities of the scales, secondly, test the construct validity of each of them, and, thirdly, provide a more robust reliability measurement through internal consistency.

### *Evaluation of the marketing communications tools scales*

The initial scales of seven indicators were refined through the reliability analysis provided by the Cronbach's alpha statistic. Once the scales had been estimated through the asymptotic dis-

**Table 3** Commercial promotion scales estimates

Item	Cronbach's alpha	Standardised loading	Individual reliability: $R^2$	Composite reliability	Variance extracted
Perceived advertising spending PAS1, PAS2, PAS3, PAS5, PAS6	0.8605	> 0.7	> 0.5	0.9144	0.6827
Fit measures		GFI = 0.915; RGFI = 0.918; RMSEA = 0.182; CFI = 0.812; NFI = 0.799; IFI = 0.816; AGFI = 0.744			
Price deals PD2, PD3, PD4, PD6	0.7881	> 0.7	> 0.5	0.8209	0.5515
Fit measures		GFI = 0.975; RGFI = 0.976; RMSEA = 0.129; CFI = 0.945; NFI = 0.935; IFI = 0.946; AGFI = 0.874			

GFI: goodness-of-fit index; RGFI: relative goodness-of-fit index; RMSEA: root mean square error of approximation; CFI: comparative fit index; NFI: normed fit index; IFI: incremental fit index; AGFI: adjusted goodness-of-fit index

**Table 4** Scales of dimensions of brand equity estimates

Item	Cronbach's alpha	Standardised loading	Individual reliability: $R^2$	Composite reliability	Variance extracted
Perceived quality PQ1, PQ2, PQ3, PQ4, PQ8, PQ9	0.8847	> 0.7	> 0.5	0.9335	0.7024
Fit measures		GFI = 0.834; RGFI = 0.838; RMSEA = 0.135; CFI = 0.728; NFI = 0.700; IFI = 0.738; AGFI = 0.610			
Brand loyalty BL1, BL2, BL4, BL5, BL6, BL9, BL10, BL11	0.9055	> 0.7	> 0.5	0.9641	0.7710
Fit measures		GFI = 0.880; RGFI = 0.887; RMSEA = 0.119; CFI = 0.777; NFI = 0.740; IFI = 0.782; AGFI = 0.785			
Brand awareness BA1, BA2, BA3, BA4	0.8010	> 0.6	> 0.4	0.7314	0.5345
Fit measures		GFI = 0.989; RGFI = 0.991; RMSEA = 0.000; CFI = 1,000; NFI = 0.968; IFI = 1,000; AGFI = 0.947			
Brand image BI1, BI3, BI5, BI6, AM1, AM2, AM3	0.8609	> 0.7	> 0.5	0.9391	0.6889
Fit measures		GFI = 0.901; RGFI = 0.907; RMSEA = 0.105; CFI = 0.758; NFI = 0.711; IFI = 0.767; AGFI = 0.802			

tribution-free (ADF) method (AMOS 3.61) and the indicators that did not pass the required individual reliability level removed, results were obtained for the convergent validity and individual reliability. The results indicate a positive evaluation of the scales; the measurement model adjustment and the internal consistency — measured by the compound reliability and the extracted variance — were acceptable (Table 3).

#### *Evaluation of the dimensions of brand equity scales*

The 'perceived quality' scale presents

nine initial indicators. After the model estimation, the indicators with low individual reliability were iteratively removed through the squared correlation coefficient. The scale was re-estimated with six indicators, and an acceptable global adjustment obtained (Table 4).

In order to measure brand loyalty, a reliability analysis was applied to the initial scale of 11 indicators, which yielded an acceptable correlation of all the items with the initial scale (except the LM7 indicator). The removal of the LM7 indicator improved the Cronbach's alpha of the scale. After the

re-estimation, suitable values were obtained for the convergent validity and individual reliability of the indicators. There was, however, a poor adjustment with regard to the goodness measures. The indicators were removed iteratively. Finally, the results suggested a valid and reliable scale of eight indicators.

A reliability analysis was first performed on the initial scale of four indicators that measure brand awareness. Two indicators did not exceed the required value; however, given that the levels were not too far from those required, and to avoid losing information, it was decided to maintain the scale with four indicators. (The reliability analysis through the Cronbach's alpha statistic shows that the total scale correlation does not improve after removing any one indicator.)

The brand image scale initially presented 12 indicators and the Cronbach's alpha statistic showed an acceptable level. Once the model had been estimated through the ADF procedure and the less reliable indicators sequentially removed, the scale was finally formed by seven indicators.

## DISCUSSION ABOUT THE STRUCTURAL MODEL AND RESULTS

Following the evaluation and analysis of the measurement tools, an analysis was carried out of the structural model. The two structural models that tested the hypotheses set forward in this paper were correctly specified and identified; it was confirmed that perceived spending on advertising had a favourable influence on brand equity. A negative relationship between using deals and brand equity was established. Likewise, positive causal relationships were estab-

lished between perceived advertising spending on durable goods and each of the dimensions of brand equity. Finally, an unfavourable influence was identified between price deals, perceived quality and brand image.

Once the measurement model had been tested for suitability, the estimation of structural models followed. The validated indicators of the exogenous measurement model and the average values of the validated scale indicators for the dimensions of brand equity (the average values used were a result of the validation of the scales used for measuring the dimensions of brand equity, these being perceived quality, brand loyalty, brand awareness and brand image) were included. This measurement was adopted to make the estimation procedure for complete models possible;<sup>51</sup> its complexity made it difficult to use all of the validated indicators. Therefore, average values were used, according to the working criteria of Podsakoff and McKenzie.<sup>52</sup>

The global goodness-of-fit measures for the first of the models reached acceptable values in the main indicators. The parameters related to the adjustment of the first of the structural models are shown in Table 5. This table shows that the relationship between perceived advertising spending and brand equity was the opposite of the one that had been formulated ( $\gamma = -0.108$ ). The result does not allow the authors to verify  $H_1$ . This hypothesis stated the favourable influence that perceived advertising spending has on durable goods in determining their brand equity. The second hypothesis, however, was confirmed in the structural model, with a high and significant standardised parameter. Therefore,  $H_2$  was confirmed — the use of price

**Table 5** First structural model estimates

Variable		Composite reliability	Variance extracted
Perceived advertising spending		0.9679	0.8587
Price deals		0.8628	0.6611
Causal relationship	Hypothesis	Standardised parameter	t-value
Perceived ad spend → brand equity	H <sub>1</sub> confirmed (inverse)	$\lambda = -0.108$	-2.235
Price deals → brand equity	H <sub>2</sub> confirmed	$\lambda = -0.239$	-4.083
Fit measures	GFI = 0.808; RGFI = 0.840; RMSEA = 0.138; CFI = 0.568; NFI = 0.527; IFI = 0.572; AGFI = 0.763		

deals in marketing communications for durable goods has a negative effect on brand equity.

The second structural model studied the causal relationships between marketing efforts and the dimensions of brand equity. The effects formulated in the hypotheses that relate the perceived advertising spending with the four brand equity dimensions were favourable — the marketing efforts for the brand positively affected the perception of quality, the degree of brand awareness, the loyalty towards it and its image.

The relative effects on the relationship between price deals, perceived brand quality and brand image were formulated to be negative: as a company uses price deals in marketing its brand, a more negative perception of product quality is attributed to it, thus promoting the deterioration of the image.

The measurement second-model adjustment and the internal consistency — measured by the compound reliability and the extracted variance — were acceptable. The second model followed a development strategy, which led to the removal of insignificant relationships (Table 6).

The evaluation of the model (performed through global adjustment and adjusting the final measurement model) showed high values for internal consistency of the exogenous variable and the suitability of the final measurement model was confirmed. Therefore, the study states the suitability of the structural model that measures the effects of advertising spending on the dimensions of brand equity, and it confirms hypotheses H<sub>3</sub>, H<sub>5</sub> and H<sub>6</sub>. The indirect effect that perceived advertising spending has on brand associations was also confirmed: this is carried out through the effect caused by the level of brand awareness (H<sub>9</sub>).

The causal relationship between perceived advertising spending and the level of brand loyalty showed a low standardised coefficient, with the sign opposite to that expected; the *t*-value did not reach 1.96, established as the minimum for the significance level of 0.05. Therefore, this relationship was removed and H<sub>4</sub> not verified ( $\gamma_{21} > 0$ ). Nor was it confirmed that the higher the perceived advertising spending by washing machine manufacturers, the higher the consumer's loyalty.

H<sub>7</sub> suggested that deals have a negative effect on perceived quality, the

**Table 6** Second structural model estimates

	Variable	Composite reliability	Variance extracted
	Perceived advertising spending	0.9619	0.8360
	Price deals	0.9124	0.7294
Causal relationship	Hypothesis	Standardised parameter	t-value
Perceived ad spend → perceived quality	H <sub>3</sub> confirmed	$\gamma_{11} = 0.272$	6.506
Perceived ad spend → brand loyalty	H <sub>4</sub> not confirmed	$\gamma_{21} = -0.058$	-1.220
Perceived ad spend → brand awareness	H <sub>5</sub> confirmed	$\gamma_{31} = 0.338$	6.924
Perceived ad spend → brand image	H <sub>6</sub> confirmed	$\gamma_{41} = 0.175$	3.230
Price deals → perceived quality	H <sub>7</sub> confirmed (inverse)	$\gamma_{12} = 0.348$	6.844
Price deals → brand image	H <sub>8</sub> not confirmed	$\gamma_{42} = -0.030$	-0.555
Brand awareness → brand image	H <sub>9</sub> confirmed	$\beta_{43} = 0.377$	5.765
Fit measures	GFI = 0.839; RGFI = 0.858; RMSEA = 0.122; CFI = 0.656; NFI = 0.609; IFI = 0.661; AGFI = 0.791		

opposite has been confirmed, however. In fact, instead of lowering the perceived quality of the brand, it heightened the perception of quality. It is possible that price deals were understood as being promotional activities more in line with after-sale customer services than deals on prices. In this respect, an error should be assumed. The established causal relationship between price deals and brand image (H<sub>8</sub>), formulated in terms of an unfavourable influence, cannot be confirmed due to a lack of meaning in its structural coefficient.

## RESEARCH CONCLUSIONS AND LIMITATIONS

### Managerial and theoretical implications

A company's advertising spending was represented by the perceived advertis-

ing spending as an exogenous variable in the structural model. A positive relationship was established between this spending and perceived quality, so that the more resources a company dedicated to enhance a particular brand, the higher perceived quality the brand was seen to have. Also, spending on advertising affected the perceived quality, because it increased the associated value of the brand, which helped in the purchase decision.<sup>53</sup>

It has not been demonstrated that the intensity of the marketing communications and a company's high perceived advertising spending on a brand have a positive effect on consumers' professed loyal behaviour towards the brand. This situation can be explained due to, first, the product in question being durable goods with a low buying frequency, and, secondly, the validated indicators for measuring brand loyalty mainly refer to the purchase intention.

Likewise, in the case of durable goods, it was seen that the level of brand satisfaction can affect perceived advertising spending. When brand satisfaction was low, the perceived spending acted in the opposite way to that noticed in the structural model.

Brand awareness is reached through a company's marketing communications efforts towards brand equity. Perceived advertising spending favourably conditions and affects brand awareness. In fact, brand recognition and awareness can imply a rise in the level of confidence regarding the product's expected performance. When buying durable goods, it is normal to look for a recognised brand with a high level of brand awareness to reinforce the purchase.

The associations that consumers make regarding a brand and its image are configured by their own experience, the non-formalised information they receive about the product, and also by the information transmitted by the companies with regard to their product's quality and excellence. Especially in the consumer market, this information is transmitted through a company's advertising.

To summarise, perceived advertising spending showed a favourable causal relationship for three of the four dimensions of brand equity. The higher the spending on advertising for the brand, the better the quality of the product as perceived by the consumer, the higher the level of brand awareness and the more associations linked to the product, forming its brand image.

Regarding theoretical implications, the positive effect of brand awareness on the perceived brand image for consumers was presented. The

group of associations linked to the brand increased the favourable attitude towards the product as its recognition and the level of awareness increased. This causal relationship is significant and quantitatively important for the researched goods, leading to the conclusion that brand awareness and name recognition for washing machines enhance consumers' attitudes towards a brand and improve its image.

Price deals as incentives to increase sales have been shown to have a negative effect on brand equity. Although they can cause a short-term benefit to the consumer,<sup>54</sup> from a strategic perspective (when the brand was evaluated) they showed negative effects. These effects can affect the perceived quality of the product adversely, since benefits gained through price promotion are not enduring, and do not transmit the security or the confidence that a brand should inspire with regard to its expected utility.

### **Limitations of the study and future research directions**

In this research, it has only been possible to determine clearly one of the causal relationships proposed: the negative effect of deals on brand equity. It is therefore difficult to establish a general conclusion about the relationship of this marketing effort to some of its components. For the other relationships (the effects of brand image and perceived quality), no proposals could be confirmed. As already mentioned, this may be explained by the lack of understanding on the part of the sample group regarding the aspects formulated in the price-deals-related section in the questionnaire. The authors propose to test this measurement model on a sample

of consumers of another category of products, ie perishable products, where purchases are more frequent and there is more ongoing consumer attention to marketing communications and price promotions.

Some of the indicators in the comparison of both structural models did not exceed the minimum required limits. This can be explained by the fact that the models were causal models, which were preliminary and partial; the interaction of other marketing efforts needs to be studied, such as pricing, distribution strength and the image of the store.

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