Investigating Customer- Based Brand Equity of Private Sector Universities of Pakistan

Majeedullah Khattak[a], Wisal Ahmad[a], Ayaz Ahmad[b]

[a] Institute of Management Sciences, Kohat University of Science & Technology, Kohat, Pakistan

[b] COMSATS Institute of Information Technology, Wah Cantt., Pakistan

_____

Abstract

This study aims is to understand and examine the customer based brand equity of private sector universities in Pakistan. The study is based on Aaker's well-known conceptual model of brand equity. Data was collected from one hundreds thirty two students enrolled in different programs in private universities of Islamabad. To test the hypotheses of the study for causal relationship between Perceived quality, Brand awareness, Brand Association, Brand loyalty and Brand equity, regression model was used as the most appropriate statistical tool. The findings of the study show that students' perception about the quality of a university, image of the university (brand association) and awareness level of a university have a positive significant effect on brand equity, while students loyalty with a university was found to have negative significant relationship with the equity of a university. In the light of the findings and discussion, the study provides valuable theoretical and managerial implications as well as limitations and future research directions.

Keywords: Brand Equity, Brand Awareness, Brand Association, Brand Loyalty.

_____

Introduction

Higher education is considered a unique experience in the life of a student and it has highly intangible services attributes and most complex qualities criteria (Lepak, Smith & Taylor, 2007). Students experience the universities by associating it with the value added to their learning experience. It has been found that strong university branding communicates the promise of future satisfaction in educational services (Berry, 2000). Higher Education Institutions (HEIs) are morally liable to establish strong service brand (Juhdni & Aliah 2009). In short, education managers need to understand effective brand management to avoid claims of unethical practices, such as commoditizing education programs and certificates for mere profits (Juhdni & Aliah 2009).

Private sector universities have been found to be more dynamic in terms of promotion of its services compared to public sector universities who have a competitive advantage of being in the public sector. However, despite millions of spending by private sector universities, they have succeeded in achieving greater awareness level, but they still are considered as private entities that are believed to work for wealth purposes. To compete in such a dynamic and growing market with public sector universities having a competitive advantage of being in public sector, the private sector universities must have to differentiate on the basis of its distinctive branding practices. The up-to-date marketing literature on brand equity evidences that there are studies on brand equity both in service sector including restaurants, hotels, conferences and consultancy services (Kim & Kim 2004; Lee & Back 2008) as well as manufacturing sector (Keller, 2002). However, the findings of these studies cannot be equally applied to education sector keeping in view the unique nature of education itself and the unique experiences of the students during their study period. Only one study of the type is conducted by Teeh and Salleh (2011) who found that managers including Deans and Departmental heads in public and private Higher Education Institutions (HEI"s) should enhance their brand equity in different priorities. The Brand strength and favourability have been proven to be more influential in building brand equity in private HEI"s, while brand uniqueness has been found to have higher impact on brand equity in public HEI"s. Currently, private HEI"s are intensively striving to rebrand their image. No one can however assume that these studies are panacea to all solutions for all problems and its findings are equally applicable to all types of organizations including Universities. Hence, the objective of this study is to address this gap by applying and contributing the implications of marketing theory (brand management) to education sector by investigating the impact of brand meaning toward brand equity in private universities of Khyber Pakhtunkhwa.

Literature Review

Since the revival of Higher Education Commission (HEC) Pakistan in 2002, the higher education has grown rapidly and as such the number of higher education institutions in private sector has also grown rapidly in the last few years. As a matter of fact, most of the private HEIs put special efforts on their marketing to improve their image in order to attract large number of students. Further, the general perception about private sector universities to exist only for profit purposes also compels the private sector universities to engage in intensive brand building efforts. This is also due to the reason that private sector universities are fully dependent on students' tuition fees as compared to universities in public sector where students' tuition is much nominal and are mainly financed by the higher education commission. Despite the rapid growth in the number of private sector universities in Pakistan and the huge spending of these HEIs to build its distinctive image, research in the brand management practices of these HEIs is almost negligible. Although researchers like Chapleo (2006) considers the brand management practices of higher education as similar to branding practices in service sector, however, others have suggested quite different branding practices for higher education institutions due to the much specific needs of higher education (Teeh & Salleh, 2011).

The ultimate result of all types of company branding efforts is to develop positive equity for its brand. Particularly, since the emergence of brand equity concept in 1990s as one of the most important aspect of a company marketing practices, there has been a growing interest among marketing professionals and academicians (Cobb-Walgren, Beal & Donthu, 1995). Brands with high positive equity support a firm in a number of ways such as customer loyalty which can help to overcome crisis situation, high profit margin, favourable response to price changes and possible extension or licensing of the brand (Kim & Kim, 2004).

Literature on brand equity reveals that brand equity has numerous definitions and multifaceted dimensions (Keller, 2002). According to Farquhar, Han, and Ijiri (1991), brand equity means the added value given by the name of a brand. Park and Srinivasan (1994) consider brand equity as the difference between consumer brand preferences and multi-attributed preference. Brand equity is also equated with the overall quality and the choice intention (Agarwal & Rao, 1996). Authors like Keller (2002) and Washburn and Plank (2002) approach brand equity from customers' perspective and call it as Customer Based Brand Equity (CBBE). Customer based brand equity is based on consumer knowledge about the brand, their brand familiarity and mental associations of the brand. The more customers have high and positive brand knowledge, the more is the positive equity of that

brand. The proponents of customer based brand equity contend that a brand has to be liked by the customers in order to carry some value otherwise the brand has no value. The positive customer based brand equity can generate greater revenue in the form of higher prices charged by companies for its brand.

Regarding the dimensionality of customer based brand equity, multiple conceptualizations exist. For instance, Keller (2002) conceptualizes brand equity in the form of brand knowledge structure having awareness and associations as its sources. Aaker (1991) has given quite comprehensive conceptualization of brand equity by stating its five dimensions namely brand perceived quality, brand awareness, brand loyalty, brand associations and other proprietary assets. Among the many brand equity models as stated in literature, the Aaker (1991) conceptualization of brand equity has been widely used in previous studies of brand equity measurement (Kim & Kim, 2004). In line with the literature, this study therefore uses the Aaker (1991) model of brand equity to measure the brand equity of higher education institutions in private sector of Pakistan.

Among the dimensions of brand equity, one of the core dimensions is perceived product quality (Aaker, 1996). Perceived quality is the consumers' perception about the quality of the product against its intended purpose (Zeithaml, 1988). The quality perceived by customer provides value to brand in a way that high perceived quality provides a logical reason to buy the brand. High perceived quality enables a brand to be differentiated from its competitors and attract customers to pay high price for it. This is due to quality that any brand will have strong basis for its extension (Aaker, 1991). The importance of product perceived quality has been widely found as an important factor in a brand decision (Morton, 1994). Based on this, it is argued that a university with a positive and strong perceived quality will have positive customer based brand equity.

Another dimension of the Aakers' model of brand equity is brand awareness. Brand awareness reflects the ability of a brand to be recalled and recognized by a potential buyer (Aaker, 1991). In other words, it measures the extent to which a particular brand comes to the mind of a customer or he recognizes the brand in the store when he has to purchase a product related to that product category. It is due to this reason that brand awareness is considered as one of the significant factors in the product purchase consideration. Keller (2002) consider brand awareness as one of the important dimensions in creating brand knowledge in consumer minds and hence has a positive effect on the equity of any brand. Based on this, it is hypothesized that universities having greater awareness level will have significant positive customer based brand equity.

The third dimension of brand equity stated by Aaker is brand association. Brand association is how consumers link and associate the brand in their memory. The more these associations are unique, strong and favourable, the greater positive equity it will develop (Keller, 2002). More specifically, if consumers strongly associate the brand with any favourable use which is also unique, its customer based equity will be more positive compared with brands which does not occupy any place in consumers' minds or occupy a vague or confused position in consumers' minds. As such, it is hypothesized that universities with strong brand association will have significant positive customer based equity.

Brand loyalty is another dimension of Aakers' model of customer based brand equity which states customer loyalty and satisfaction for the brand in the form of its consistent buying. Loyal customers are more likely to stick with a particular brand and have least chances of switch over to another brand due to price advantages. In fact, brand loyalty gives strength and leverage to the brand which is reflected in the form of greater revenue to the company and even enables companies to charge premium prices for its brands with high loyalty. Atligan et al (2005) found that brand loyalty is the main driver of brand equity because it is considered to be the main reason that provides marketing advantages; for example reduction in marketing cost, price premiums and market share. Thus, universities having greater students' commitment and hence students' loyalty with a university will lead to significant higher positive customer based brand equity.

Conceptual Model and Hypotheses

Based on above literature review, the brand equity of private universities in Pakistan is consisted of five facets which are; Brand perceived quality, brand awareness, brand association and brand loyalty. The conceptual model of customer based brand equity along with associated hypotheses is given in Figure 1.

Hypotheses

H1: University with positive perceived quality of a university will have significantly more positive customer based brand equity than a university with less positive perceived quality.

H2: University having high awareness level will have significantly more positive customer brand equity than university with low level of awareness.

H3: University with strong and favourable brand association will have significantly more positive customer based brand equity than a university with week brand association.

H4: University having greater students loyalty will have significantly more positive customer based brand equity than university with lesser brand loyalty.
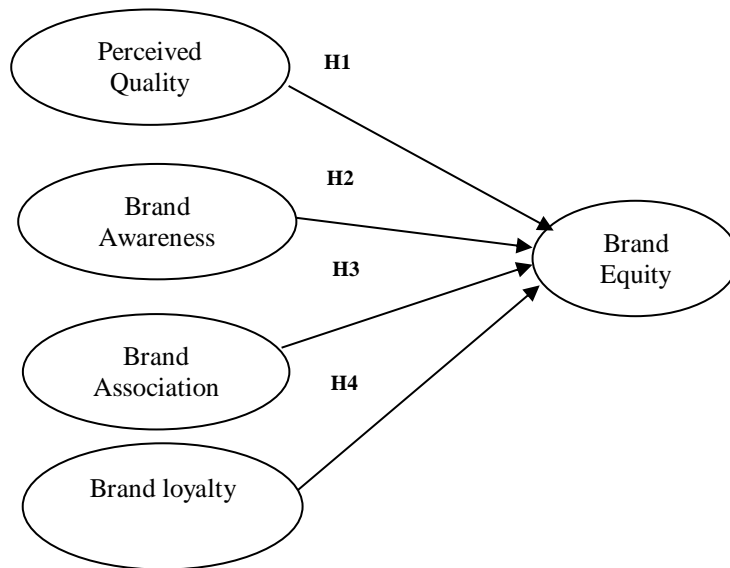

Figure 1: Brand Equity Dimensions and associated Hypotheses for Private Sector Universities of Pakistan (Aaker, 1996)

Methodology

This research was aimed at understanding the brand equity of private sector universities with focus on universities located in Islamabad. The procedure and conceptualization of Customer Based Brand Equity (CBBE) of Aaker (1996) was followed to test the hypothesized relationships. More specifically, this study endeavours to determine the drivers of brand equity of universities in private sector from students' perspective.

Sample and Data Collection

Data was collected from 132 students with at least one semester experience in MS studies selected randomly from private universities (SZABIST, COMSATS, MAJU, IQRA, RIPHAH INT'L UNIVERSITY) of Islamabad. The students at MS level were selected due to two reasons: First, the students at this level are more likely to have degrees from at least two different universities and are able to compare it. Secondly, they are well aware of the research process which ensures the validity of

responses. Out of 150, 139 were returned of which 132 were found useable for analysis. The response rate was 88%.

For this study, the questionnaire was adopted from Tong and Hawely (2009) with few linguistic modifications; however the main theme of the questionnaire remained the same. The questionnaire has items for the measurement of five dimensions of brand equity (Independent variables) and the overall brand equity construct (Dependent variable). Besides, the measuring instrument also requested data about demographic variables covering age and gender of the research participants. To measure these variables, each variable was measured using five point Likert scale with 1= strongly disagree to 5= strongly agree. The obtained responses were analysed using SPSS version 20.

Results

The measuring instrument used in this study was already validated by relevant literature (Tong & Hawely, 2009). For reliability of the data, the commonly followed Cronbach's alpha coefficient of reliability was used for all items measuring different dimensions of brand equity and also the brand equity construct. All items of the brand equity dimensions were retained being their respective Cronbach's alpha above 0.70, the minimum threshold (Sekran, 2003) as shown in Table I below. As a result, all constructs and their respective items were used for five variables of the study.

Table1: *Reliability of the Measuring Instrument*

Variables	No.of Items	Cronbach's Alpah
Perceived Quality	5	.906
Brand Awareness	3	.748
Brand Association	4	.881
Brand Loyalty	3	.908
Brand Equity	4	.882

Hypotheses Testing

The study hypotheses were tested using regression as the most suitable and appropriate statistical tool to assess the significance of the proposed relationship between brand equity and its independent antecedents. Results of hypotheses state that students perceived quality of a university ($\beta = 0.631$, $t = 4.588$, $p = 0.000$), students awareness of university ($\beta = 0.588$, $t = 6.535$, $p = 0.000$) and university

image (brand Association) have a positive significant effect (β = 0.432, t = 4.568, p = 0.000) on the overall equity of a university, while brand loyalty has a significant negative effect on the equity of a university (β = -0.681, t = -3.878, p = 0.000) as shown in table 2 below.

Table 2: *Results of Hypotheses*

Hypo-theses	Relationships			Beta (β)	T-Value	P-Value	Results
H1	Perceived Quality	$\longrightarrow$	Brand Equity	.631	4.588	.000	Supported
H2	Brand awareness	$\longrightarrow$	Brand Equity	.588	6.535	.000	Supported
H3	Brand Association	$\longrightarrow$	Brand Equity	.432	4.568	.000	Supported
H4	Brand Loyalty	$\longrightarrow$	Brand Equity	-.681	-3.878	.000	Not Supported

Discussion and Managerial Implications

It is evident from the analysis that students perception about quality of education in an educational institute / university greatly contributes to the equity of the respective university. Among the brand equity factors like awareness and image of a university, students perception about the quality of a university has the greatest impact on the equity of that university (β = 0.631). University awareness and university image (brand association) are the other factors that positively affect the formation of university brand equity. This also confirms Yoo and Donhtu (2001) model which consists of brand awareness, brand association, brand loyalty and perceived quality. However, the proposition of brand equity and brand loyalty relationship in our study was not supported. More logically, universities with greater mental share, favourable associations and positive perception about its education quality should more likely lead to greater students' attachment and students' university loyalty. However, the findings of this study reveal that positive brand equity of a university is the result of greater positive perceived quality, greater awareness and favourable association about a university and the factor 'loyalty with university' is not significantly positively related with greater and positive equity of a university. This finding is quite contradictory; however, as the marketing literature evidences, the direct relationship between brand loyalty and brand equity is contradictory and unclear. For instance, Gustafsson & Johnson (2002) state that there is an indirect and not a direct relationship between loyalty and brand equity and that this relationship further depends on consumers' prior

experience with the brand. Mossinson (2007) states that there is a strong connection between brand equity and loyalty in web based environment compared with traditional marketing where brand equity has a negative correlation with customer loyalty. Even his findings also reveal that perceived quality has a week relationship with brand equity in traditional marketing compared to web based marketing. The findings of this study in relation to brand equity and brand loyalty may also need to be discussed in the light of duration of stay of the students' respondents at their current universities respectively (Gustafsson & Johnson, 2002). This study collected data from students participants of universities enrolled in different semesters and hence the difference in total duration of students since their admission could be one of the reasons for the negative significant relationship between brand equity of university and students university loyalty. Hence, result of the study for significant negative relationship between students loyalty of university and brand equity of a university may be cautiously interpreted.

The findings of this study have worthwhile implications for education administrators. Current literature on marketization of universities strongly evidences that universities should treat students as one of the major stakeholders. The significant connection between students' image of a university and brand equity of a university as found in this study signifies that strong emphasis should be placed on creating a favourable image and association of university in students mind. Whether it is a class room, general atmosphere and artefacts of the university or the admission advertisement and prospectus quality, students' perspective must be kept in mind. Similarly, students' perception about the quality of education and other teaching and administrative treatments that students usually come across in universities must also be the part of any strategic and quality planning initiatives at universities.

Further, keeping in view the exponential growth of universities, every university must increase the mental share of potentials students and allocate sufficient budgetary amount for its promotion and awareness campaigns since marketing literature evidences a close significant relationship between actual purchase behaviour and awareness (Kover, Goldberg & James, 1995). Conclusively, the findings of this study imply that dean of faculties and departmental heads in universities should consider the quality of education. To ensure the quality of education, the universities should take into account the service quality, degree recognition locally and globally. Beside this, class room environment and teaching staff are the one that can improve service quality and subsequently affect brand equity of a university. For enhanced awareness, universities should promote its name through talent hunt program, arranging exhibitions, conferences and

seminars, guest lectures from industry and catchy advertisements for its advertisements.

Limitation and Future Research

The data was gathered only in Islamabad with a convenience sample size which may limit the generalizability of the study. Due to the specific nature of higher education, its social perception and unique life experiences of students, it is hard to generalize the concept of branding and brand equity in pure service sector such as education. It is therefore highly recommended that different models of brand equity in addition to Aaker brand equity model should be tested to compare and contrast the findings especially with reference to students' loyalty and university equity relationship which this found as negatively correlated with brand equity of a university. This will also make it practical to conclude that which brand equity model best describes the university equity and its related antecedents in private as well as public sector universities. The sample can also be extended to both private and public sector universities. As such, the findings of such future studies will provide much towards the generalization of brand equity measurement in university setup.

References

(CICERO), (2000). Developing strategies for climate change, The UNEP Country Studies on Climate Change Impact and Adaptation Assessment, Retrieved from: www.cicero.uio.no, on July 2, 2014.

Aaker, D.A. (1991). *Managing Brand Equity: Capitalizing on the valued of a brand name*, The Free Press, New York.

Abbasis (2011). Pakistan Slashing Higher Education Budget. Retrieved January 15, 2014 from: http://www.pakistantoday.com.pk/2011/10/23/city/islamabad/pakistan-slashing-higher-education-budget-leghari/

Agarwal, M.K. and, V.R. Rao. (1996) An empirical comparison of consumer-based measures of brand equity. *Marketing Letters* 7(3): 237-47.

Atligan, E., Aksoy S, & Akinci S (2005). Determinants of The Brand Equity: A Verification Approach in the Beverage Industry in Turkey. *Marketing Intelligence & Planning*, 23(3), 237-248.

Berry, L.L. (2000). Cultivating service Brand Equity. *Journal of the Academy of Marketing Science*, 28(1),128-137

Chapleo, C. (2006). Barriers to brand building in UK universities? *International Journal of Nonprofit and Voluntary Sector Marketing*, 12 (1), 23-32.

Chaudhuri, A. (1995). Brand Equity Or Double Jeopardy? *Journal Of Product & Brand Management*, 4(1), 26-32.

Chernatony, L., & Segal-Horn, S. (2003).The criteria for successful services brands. European Journal of Marketing, 37(7/8), 1095-1118.

Cobb-Walgren, C. J., Ruble C. A., & Donthu N. (1995). Brand equity, brand preference, and purchase intent. *Journal of Advertising* 24: 25-40.

Delgado, E., & et al., (2005). Does Brand Trust Matter to Brand Equity? *Journal of Product & Brand Management*, 14(3), 187-196.

Farquhar, P.H., Han, J.Y., & Ijiri, Y. (1991), Recognizing and Measuring Brand Assets, *Marketing Science Institute*, Cambridge,MA.

Gustafsson, Anders and Michael D. Johnson (2002), "Measuring and Managing the Satisfaction-Loyalty-Performance Links at Volvo," *Journal of Targeting, Measurement and Analysis for Marketing*, 10 (3), 249-58.

Heding, T., Knudtzen, C.F., & Bjerre, M. (2009).*Brand Management: Research, Theory and Practice*, London, McGraw-Hill Inc.

JIN Liyin (2009). Dimensions and determinants of website brand equity: From the perspective of website contents. *Journal of Marketing Science*, 3(4), 514–542.

Juhdni, N.H. & Salleh A.H. M. (2009). Brand awareness and brand meaning in cultivating service brand equity for Malaysian higher education. *Services Management and Marketing Studies in Malaysia*, Bangi: UKM-Graduate School of Business, Universiti Kebangsaan Malaysia, 141-159.

Kapferer, J. (2008). The New Strategic Brand Management. Philadelphia and London, 9-12.

Keller K L (1993). Conceptualizing measuring and managing CBBE. *Journal of Marketing*, 57, 1–22.

Keller K L (2000). The brand report card. *Harvard Business Review*, 78(1), 147–155.

Keller K L (2001). Building customer-based brand equity. *Marketing Management*, 10(2), 15-19.

Keller, K.L., (2003). *Strategic Brand Management: Building, Measuring and Managing Brand Equity*, 2nd ed. Englewood Cliffs, NJ, Prentice-Hall.

Kim, K., and Kim, L. (2004). Brand Equity in Hospital Marketing. *Journal of Business Research*, 61, 75-82.

Kotler, P., Armstrong, G., Saunders, J., Wong, V. (1999). *Principle Of Marketing,* 527. New York: Prentice Hall.

Kover, Arthur J., Stephen M. Goldberg and William L. James (1995), "Creativity Vs. Effectiveness?: An Integrating Classification for Advertising," *Journal of Advertising Research*, 35 (November/December), 29-40.

Lee, J.S. and Back, K.J. (2008). Attendee-based brand equity. *Tourism Management*, 29, 331-344.

Lepak, D.P., Smith, K.G. and Taylor, M.S. (2007). Value-creation and value capture: A multi-level perspective. *Academy of Management Review*, 3(1), 180-194.

Mossinson (2007). E marketing vs Traditional Marketing- Research Results. Retrieved March 25, 2014 from: http://orit.wordpress.com/the-connection-between-brand-equity-and-consumer-loyalty/

Mughal, M. (2008). Boon or bane-role of FDI in the economic growth of Pakistan. MPRA Paper No. 16468. Retrieved from http://mpra.ub.uni-muenchen.de/16468/.

Netemeyer, R.G., Krishnan, B., Pullig, C., Wang, G., Yagci, M., Dean, D., Ricks, J., & Wirth, F. 2004). Developing and validating measures of facets of customer-based brand equity. *Journal of Business Research*, 57, 209-224.

Pappu R, Quester P.G., Cooksey, R.W. (2006). Consumer Based Brand Equity and Country of Origin Relationships: Some Empirical Evidence, *European Journal of Marketing*, 40(5/7), 696–717.

Southard, J. (2012, May). *Colonial Education*. Retrieved November 2013, from Postcolonial Studies @ Emory: http:// postcolonialstudies.emory.edu/colonial-education/

Teeh, G. M. and Salleh A. H. M. (2011). Impact of Brand Meaning on Brand Equity of Higher Educational Institutions in Malaysia, *Journal of Management*, 3(2), 218-228.

Tong, X. and Hawley, J.M. (2009). Measuring customer-based brand equity: Empirical evidence from the sportswear market in China. *Journal of Product & Brand Management,* 18(4), 262-271.

Washburn, J.H. and Plank R.E. (2002). Measuring brand equity: an evaluation of a consumer-based brand equity scale. *Journal of Marketing Theory and Practice* 10(1): 46-62.

Yoo, B., & Donthu, N. (2001). Developing and Validating a Multidimensional Consumer-based Brand Equity scale. *Journal of Business Research*, 52, 1-14.

Zeithaml, V.A. (1988) Consumer perceptions of price, quality, and value: a means-end model and synthesis of evidence. *Journal of Marketing* 52(3): 2-22.