

# An Empirical Study on the Promotional Mix and Brand Equity: Mobile Service Providers

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## Abstract

Promotion is an exercise in information, persuasion and influence. So, the purpose of promotion is to reach the targeted consumers and persuade them to buy. Promotion is vital element of marketing mix. The purpose of this study is to investigate the effects of promotional mix on equity of brands performing in the mobile service providing sectors.

In this context, promotional mix has positively affect brand equity. Data were collected from 107 selected customers of the mobile service sectors. The results revealed that the correlation value between promotional mix and brand equity 0.722 which is significance at 1% levels. According to the regression analysis, 52% of promotional mix effect on brand equity. So, promotional mix effects on brand equity. Mobile service providing companies should polish their promotional mix.

**Key;** Promotional mix, Brand equity, Brand image.

## 1.0 Introduction

Nowadays, the many promotional tactics used by business organization to survey in the modern business market. Promotion mix is a blend of communications fools used by a firm to carry out the promotion process and to communicate direct by with target markets. These promotional mix tools include advertising, the internet, direct marketing and commerce, sales promotion, event sponsorships, public relations, and personal selling.

Promotion is exercise in information, persuasion and influence. So, the purpose of promotion is to reach the targeted consumers and pervade them to buy. Promotion is vital element of marketing mix. Brand equity is one of the most important concepts in business practice as well as in academic research. This is because success full brands can allow marketers to gain completive advantage (lesser 1995) , including the opportunity for success full extensions, resilience against competitors, promotional presorts and the ability to create barriers to competitive entry (Farquhar, 1989) High level of brand equality increases consumer satisfaction, repurchasing intent, and degree of loyalty Brand equity has been defined as “the differential effect of brand knowledge on consumer response to the marketing of the brand” (Keller 1998) Brand equity is set of assets and liabilities linked to a brand, its name and symbol that add to or subtract form the value provided by a prouder or service so a firm and or that firm’s customers” Brand equity consists of four dimensions like brand loyalty, barns awareness, perceived Quality and brand image (Asker 1991,1996).

## 2.0 Research Problem

The promotion mix is a term used to describe the set of tools that a business can use to communicate effectively the benefits of its products or services to its customers. The challenge is to select the right mix of promotional activities to suit the particular business at a particular time and to then use it correctly to achieve a result. Many research focuses on developing brand equity measuring tools (keller,2003,; Parkand srinivasan, 1994 ; you and Donthu,2001) but few researches attempt to understand or measure the process of brand equity information over time the process of brand equity information over time through an examination of antecedents (Bar wise 1993). This study examines how promotional mix impact on brand equity.

### 3.0 Objectives of the study

The main objective of the study is to find out the impact of the promotional mix on the brand equity and sub objectives are:

- To find out the factors that determine the promotional mix and brand equity;
- To suggest the Mobile service providing companies to build brand equity;

### 4.0 Review of Literature

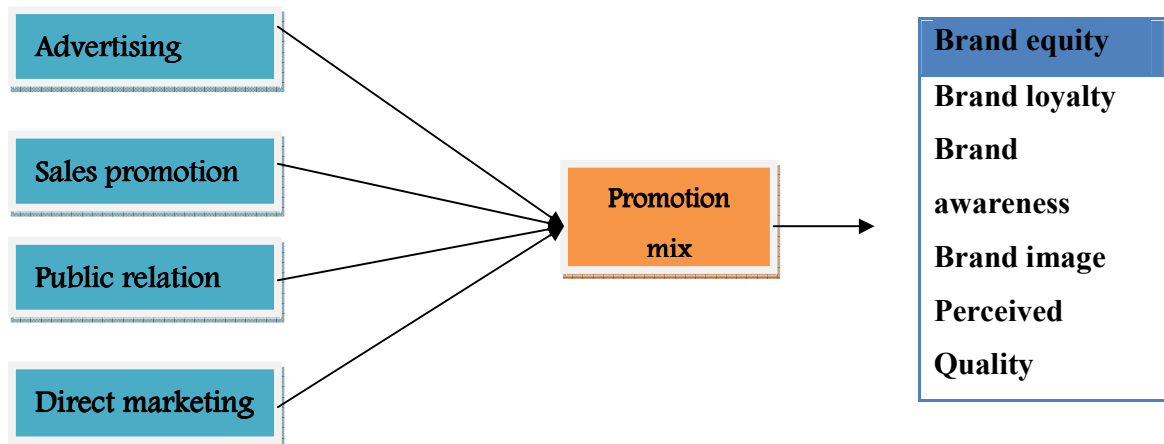
In this context, brand equity is defined as a set of assets and liabilities linked to the brand, which add value to or subtract value from a product in its relationship with customers. Various authors (Leuthesser, Farquhar and Nomen, 2011) indicate that brand equity is a strategic aspect of marketing management and can be created, maintained and intensified by strengthening one of its dimensions. Likewise, it is recognized that any marketing action has a potential effect on brand equity, since brand equity represents the accumulated impact of investment in the brand.

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. 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. Mohammad and Arthur (2007) found keyword Search Advertising (KSA) emerged from the pressure to create new, more effective and non-intrusive web advertising formats. Large attention has been consumer's attitudes towards KSA and effectiveness of search engines in delivering targeted advertising despite marketing importance in Brand awareness. Cooper, (2005) in their study they argued that commercial advertising, humour has played an important role in creating more Brand awareness and therefore increasing purchase intention. Goal of advertising is to gain consumer attention, increased brand recognition and persuade buying behaviour. Companies also use advertising with the intention that consumers will switch to their brand and remain loyal.

Ambler(2000) said that Advertising creates Awareness communicates attributes and benefits, reminds and refreshes to ensure top of mind awareness and that a brand is in consumers consideration set, therefore generates repeat purchase and over time contributes to loyalty and the franchise of a brand. Velnampy and Sivesan (2012) said that customer relationship marketing is positively related with brand equity. Dunn. (1978) viewed advertising from its functional perspectives, hence they define it as a paid, non-personal communication through various media by business firms, non-profit organization, and individuals who are in some way identified in the advertising message and who hope to inform or persuade members of a particular audience. Aaker (1991) approaches brand equity as a set of fundamental dimensions grouped into a complex system comprising mainly: brand awareness, brand perceived quality, brand loyalty and brand associations. He also suggests a "brand equity ten" model for assessing brand equity (Aaker, 1996), taking into consideration several factors among which brand awareness is fundamental. Farquhar (1989) considers that building a strong brand within consumers' minds means creating a positive brand evaluation, an accessible brand attitude, and a consistent brand image, the accessible brand attitude actually referring to what the others term as awareness.

### 5.0 Conceptual model

Conceptualization attempts to visualize the causality of the research problem prior to understand this research in detail. In this research it is planned to explain the relationship between promotion mix and brand equity.



## 6.0 Hypotheses

- 1.1: Promotional mix influence on brand equity
- 2.2: Promotion mix has impact on brand equity

## 7.0 Data Collection

Primary and secondary data are used for this study. Primary data are collected through the questionnaire and interviews, and secondary data are collected from texts, journals and magazines.

## 8.0 Sampling

The study is limited to customer of the mobile service providers in Jaffna district in Sri Lanka. Systematic Random sampling method has been adopted to select. Researchers issued one hundred and fifty (150) questionnaires to the selected customer and out of which one hundred and seven (107) only returned with their responses. Responses rate was 71%. The following table gives details about the distribution of questionnaires.

**Table 01:** Number of Respondents by Personal Characteristics

Characteristics		Frequency	Percentage
Gender	Male	65	60
	Female	42	40
Age	Below - 25	42	40
	25-35	12	11
	36-45	27	25
	Above 45	26	24
Status	Married	47	44
	Unmarried	60	56

## 9.0 Methodology

### 9.1 Questionnaires

Questionnaire is designed to gather the data. It consists of three parts A, B, and C.

Part – A deals with personal details such as sex, marital status, age, etc.

Part – B consists 08 statements to measure the promotional mix. Four dimensions such as advertising, sales promotion public relation and direct marketing.

Part – C also include of 08 statements which are divided into four main variables (brand image, brand loyalty, brand awareness, and perceived quality) to measure the job satisfaction.

By including variables, questionnaire is prepared with **seven** points Likert scaling system. In a way, qualitative data are also converted into quantitative for the convenience. Then analysis is made with appropriate statistical tools, in order to prove the objectives of the study and to test the hypotheses.

For this study, following baseline model was established.

$$BQ = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 \dots \dots \dots (1)$$

Where

BQ= Brand equity

X<sub>1</sub>= Advertising

X<sub>2</sub>= Sales promotion

X<sub>3</sub>= Public relation

X<sub>4</sub>= Direct marketing

## 10.0 Result and Discussion

### Reliability and Validity

Before applying statistical tools, testing of the reliability of the scale is very much important as its shows the extent to which a scale produces consistent result if measurements are made repeatedly. This is done by determining the association in between scores obtained from different administrations of the scales. If the association is high, the scale yields consistent result, thus is reliable. Cronbach's alpha is most widely used method. It may be mentioned that its value varies from 0 to 1 but, satisfactory value is required to be more than 0.6 for the scale to be reliable (Malhotra, 2002; Cronbach, 1951). Its value is estimated to be 0.783. If we compare our reliability value with the standard value alpha of 0.6 advocated by Cronbach (1951), a more accurate recommendation Nunnally and Bernstein (1994) or with the standard value of 0.6 as recommended by Bagozzi and Yi's (1988) we find that the scales used by us are highly reliable for factor analysis .

### Sample Adequacy

After checking the reliability and validity of scale, we tested whether the data so collected is appropriate for factor analysis or not. The appropriateness of factor analysis is dependent upon the sample size. In this connection, MacCallum, Windaman, Zhang and Hong (1999) have shown that the minimum sample size depends upon other aspects of the design of the study. According to them, as communalities become lower the importance of sample size increases. They have advocated that if all communalities are above 0.5, relatively small samples (less than 300) may be perfectly adequate. It is clear that a sample size of two hundred and two as is used in the present study is good for a suitable factor solution because all communalities are 0.5 and above. Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy is still another useful method to show the appropriateness of data for factor analysis. The KMO statistics varies between 0 and 1. Kasier (1974) recommends that values greater than 0.5 are acceptable. Between 0.5 and 0.7 are mediocre, between 0.7 and 0.8 are good, between 0.8 and 0.9 are superb (Field, 2000). In this study, the value of KMO for promotional mix overall is 0.885, and brand equity there by indicating that the sample taken to process the factor analysis is statistically significant.

### Correlation

The study is undertaken to find out the relationship between promotional mix and brand equity. Correlation analysis was carried out to find out the nature of relationship between the variable based on the value of correlation.

**Table 02:** Correlation between promotional mix and brand equity

	Promotional mix	Brand equity
Promotional mix	1	.722 (.000)
Brand equity	.722 (.000)	1

\*\* Correlation is significant at the 0.01 level

### Multi - Co Linearity

Two major methods were utilized in order to determine the presence of multi co linearity among independent variables in this study. These methodologies involved calculation of both a Tolerance test and Variance Inflation Factor –VIF (Kleinbaum, 1988 and Velnampy,2011). The results of this analysis are presented in Table 03.

**Table 03:** Test of Co Linearity

Variable	Tolerance	VIF
Advertising	.623	1.606
Sales promotion	.532	1.881
Public relation	.607	1.647
Direct marketing	.851	1.174

As can be seen from this data, none of the Tolerance level is  $\leq 1$ ; and all VIF values are well below 10. Thus, the measures selected for assessing independent variables in this study do not reach level indicated of multi co linearity.

**Table 04:** Test of Durbin – Watson

Variable	DurbinWatson
Brand loyalty	1.839
Brand awareness	2.065
Brand image	2.090
Perceived quality	2.190

The acceptable Durbin – Watson range is between 1.5 and 2.5. In this analysis Durbin – Watson values for supervisor is 2.190 which is highest score. There was no auto correlation problems in the data used in the research. Thus, the measures selected for assessing dependent variables in this study do not reach level indicate of multi co linearity.

### Regression Analysis

Regression analysis was carried out to test the impact of promotional mix on Brand equity in vocational training centre. In this case, promotional mix is the independent variable and Brand equity is dependent variables.

**Table-05** Regression Analysis

R	R <sup>2</sup>	Adjusted R <sup>2</sup>	Std. error of the estimate
.503	.523	.520	1.661

Predictors (constant) customer relationship marketing

From the Table-05, we can observe that brand equity is influenced by promotional mix by 52%. Remaining 48% are determined by other factors.

### 11.0 Conclusion and Suggestion

It has been highly recommended for the future researchers to investigate out the different factors which could facilitate in defining the promotional mix. Brand equity is defined 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 consumers. The ‘promotional mix’ is a term used to describe the set of tools that a business can use to communicate effectively the benefits of its products or services to its customers. The challenge is to select the right mix of promotional activities to suit the particular business at a particular time and to then use it correctly to achieve a result. One of the most important marketing decisions that managers may need to make centers around determining the most effective way to promote their business and products. This study examines how promotional mix i.e. advertising, personal selling, sale promotion, public relations and direct marketing affect brand equity dimensions and brand equity. The findings suggest that promotional mix have positive effects on brand equity that accompanied the other research results. The managers can utilize the results of this paper for selecting appropriate strategies for creating a high level of brand equity. For instance, extensive investments on advertising, advertising diversity, concentration on sales persons’ training in different fields such as social communications, sell technical knowledge and having informed of products’ attributes, repetitive reward presentation, participating in different social occasions for boosting brand awareness and loyalty and etc. In sum, personal selling, advertising, direct marketing, public relations and sales promotions should be improved and developed as brand creating factors.

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