

Customer-Based Brand Equity: Conceptual model

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Abstract

Brand equity (BE) in higher education (HE) has received significant scholarly attention in recent years. As this study will be focusing on identifying the critical elements of creating brand equity in a HE marketing context as an element of competitive advantage, the focus of the literature review will be on customer-based brand equity. Through doing this, the key components for building brand equity in this context will be established. The main objective of this research is to enhance academic understanding of brand equity in the HE sector. The results provide support for the proposed conceptual model, with image-related and awareness-related determinants. The findings of this conceptual paper provided evidence that the customer-based brand equity model can be applied to the higher education context and used to guide marketing activities for universities internationally. For those involved in marketing service brands, the impact of various determinants of brand value provides guidance on how and where to focus marketing efforts.

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Keywords: Brand awareness, Brand perception, Brand equity, Higher education, Services marketing, Conceptual model

1 INTRODUCTION

Brand equity (BE) in higher education (HE) has received significant scholarly attention in recent years. However, there are a number of contradictions between the empirically approved determinants and the dimensions of brand equity in HE (Mourad et. al, 2019). The purpose of this study is to establish the key elements of brand equity for international students by exploring existing brand equity theory in its applicability to international HE. The study will look at Keller's (1993, 2008) and Aaker's (1991, 1996) theory on building customer-based brand equity and establish how this can be transferred into the HE context. Through doing this, the key components for building brand equity in this context will be established. The main objective of this research is to enhance academic understanding of brand equity in the HE sector.

This conceptual paper begins with a review of literature on customer-based brand equity theory and research conducted into brand equity within HE. Following on from this will be the methodology and then the empirical part with a conceptual model before finishing with conclusions.

1.1 Literature review

Several academic studies attempted to empirically test and measure BE in different industries. For instance, Erdem and Swait (1998) categorized BE measurement models into holistic models that seek an overall evaluation of the brand and component-based models that measure the determinants of BE. Netemeyer et al. (2004) studied four core facets of customer-based BE; these components are perceived quality (PQ), perceived value for the cost (PVC), uniqueness, and willingness to pay a price premium for a brand. Agarwal and Rao (1996) compared 11 consumer-based BE measures and further evaluated their interrelation and convergence. Aaker (1991), on the other hand, developed the most comprehensive multidimensional component-based model. It includes awareness, brand associations, perceived quality, loyalty, and other proprietary assets as the main dimensions of BE. In addition, Keller (1993) developed another important component-based model focusing on brand knowledge as the main determinant of BE. Based on these two models, Cobb-Walgren, Ruble, and Donthu (1995) empirically proved that BE affects the overall perception of the brand image as well as the brand attitude. Finally, Yoo and Donthu (2001) developed a 22-item multidimensional scale for measuring BE based on these two models (Mourad et. al, 2011; Mourad et. al, 2019).

Despite the expansion of the service industry in the global economy, few researches study the concept of BE in the service sector (De Chernatony and Riley 1999; Riel, Lemmink, and Ouwersloot 2001). This study utilizes a component-based approach whereby BE is conceptualized as a multidimensional construct (Aaker 1991; Keller 1993) in the HE service industry. Empirically, the determinants of the customer-based BE in different HE markets are tested. The reasons for focusing on customer-based measures in this study are various: (1) It allows for the assessment of the equity at the brand level, (2) It capitalizes on the high acquaintance of marketing managers with customer-based measures and hence it's easily interpreted and used in practice, and (3) It leverages the abundance of marketing scholarly research that capitalizes on customer-based equity measures (Agarwal and Rao 1996; Mourad et. al, 2019).

It is often suggested that marketing in the service sector is relatively challenging due to the unique characteristics of the service and the dominance of experience and credence qualities. A particular consequence is that perceived risk is generally higher in a service selection decision because consumers find services more difficult to evaluate in advance of purchase (Mitchell, 1999). In this situation, the brand can play an important role as a risk reliever, giving consumers greater confidence in their decision making and increasing trust (Erdem and Swait, 1998). In essence, the brand provides a signal or a promise to consumers about the service that will be delivered, thus mitigating some of the problems associated with experience and credence qualities (De Chernatony and McDonald, 1998). As well as a risk reliever, because the brand is a source of information, it can also serve as a tool for differentiation and ease the consumer choice process by creating distinctiveness (Gabbott and Hogg, 1998). Thus, the brand has been increasingly recognized as an important determinant of consumer choice in the service sector (Turley and Moore, 1995).

The distinctive contribution of this research arises from an integration of the existing brand equity models which results in a conceptual multi-dimensional framework for the determinants of brand awareness, brand image and brand equity in service industries. The research makes a novel empirical contribution through testing the proposed conceptual framework in Slovenia as an example of an HE market.

1.2 Customer – based brand equity

Customer-based brand equity is the differential effect of brand knowledge on consumer response to the marketing of the brand (Keller, 1993). It occurs when the consumer holds some favourable, strong and unique brand associations in their memory. A brand is said to have positive customer-based brand equity when consumers react more favourably to an element of the marketing mix for the brand than they do to the same marketing mix element when used by a fictitiously named or unnamed version of the product or service (Keller, 1993). In other words, it can be defined as how much a customer likes the brand and how much this affinity toward the brand influences purchase behaviour. A true measure of the strength of a brand depends on how consumers think, feel, and act with respect to that brand (Keller, 2008). Further, a key consideration when defining brand equity is that it is not absolute but relative to competition, i.e. it is the amount of confidence consumers place in a brand relative to its competitors and is thus the consumers' willingness to pay a premium price for that brand (Lassar, Mittal and Sharma, 1995). Customer-based brand equity is said to have been achieved when the consumer has a high level of awareness and familiarity with the brand and holds some strong, favourable, and unique brand associations in memory (Keller, 2008). This is an important factor when applying it to higher education as it could take a number of years for a student to achieve these feelings. For example, a prospective student may be aware of a university as a brand but may not be familiar with the product having never used it. Furthermore, the student may not achieve strong, favourable and unique associations with the brand until they have completed a degree, or even longer, possibly years after graduation. The key focus of Keller's statement should be in achieving a high level of awareness, as students' decisions on study destinations are quite often made on recommendations from family, friends and current teachers (Maringe, 2006; Vukasović, 2015).

1.3 The branding of Higher Education

The role of the brand in HE has been considered as very important. The brand is possibly the most important connection a prospective student has with an institution. The brand of a University carries with it a promise of a particular level of service and student outcomes. In the case of education, the service is more than a simple set of tangible features but is a complex bundle of benefits that satisfy customer's needs (Ivy, 2008; Dermol et al., 2013). The level of satisfaction in a customer will influence the level of brand equity. Further, brand image and reputation help to conjure up a level of brand equity in a prospective student. Image and reputation are critical in developing customer loyalty among University students. In the context of HE, loyalty can include a student's decision to stay on for advanced (postgraduate) studies following the completion of a bachelor (undergraduate) degree (Nguyen and LeBlanc, 2001; Vukasović, 2015).

The concept of branding, as applied to HE, is somewhat different from branding in the commercial sector. Most notably, branding in HE is about who we are, and is not limited to what a particular product offers the marketplace. An educational brand is often equated to an institution's academic reputation. But, that explanation is far too limiting. Think of a college or university brand as being synonymous with the institution's personality-congruent with its mission, defined by its values. Perhaps the most significant benefit of branding in HE is the focus it brings to an institution. The values-centric approach inherent in branding provides an institution with an anchor to guide responses to constituent needs and expectations. The brand is defined by where the institution's values and the constituents' expectations intersect. In this paradigm, the brand becomes the filter through which everything is vetted (e.g., strategic directions, resource allocations, hiring decisions, and curriculum development). It serves as a

lens to strategically focus the institution in the midst of fluid internal and external pressures as well as opportunities (Vukasović, 2015).

HE represents a context in which brand image potentially plays a major role in reducing the risk associated with such service largely because the assessment of quality takes place after consumption (Binsardi and Ekwulugo, 2003; Chen, 2008). Hence, having a strong brand is important as a risk reliever that simplifies the decision-making process (Erdem and Swait, 1998). That is to say, the brand represents a differentiation tool that gives cues to the consumers during the decision-making process (Lockwood and Hadd, 2007). In addition, there are a number of other factors that directly influence the evaluation of the educational quality and hence the perception of the university brand (Kurz et al., 2008). These factors include the quality of the staff, location, size, history and international agreements (Mazzarol and Soutar, 2008; Mourad, 2010). It was noted that many universities adopt a brand management strategy in order to improve their ranking in the HE markets (Brunzel, 2007). Finally, the social image of the educational institution as well as its overall position in the market are important in influencing the HE brand and thus impact on the selection process (Paden and Stell, 2006; Vukasović, 2015).

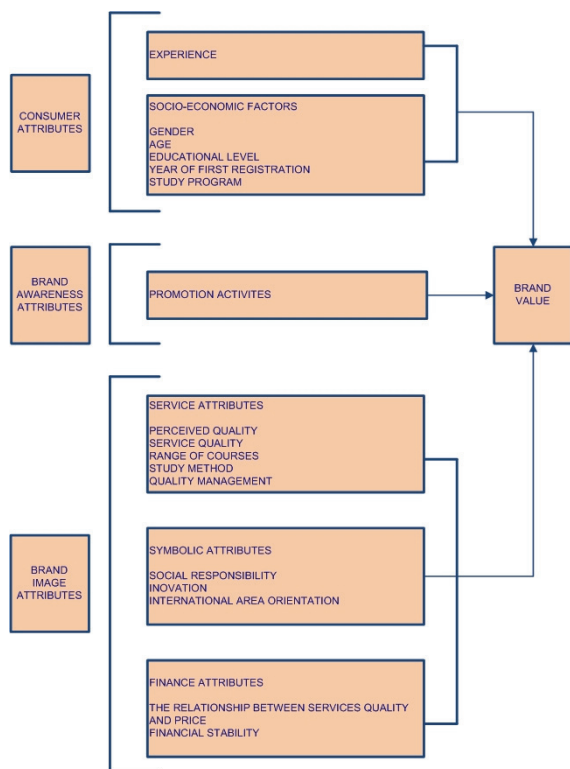
There has been a great deal of research conducted on marketing of HE institutions internationally (Hemsley-Brown and Oplatka, 2006; Ivy, 2008). However, there has been limited research into the notion of branding in HE (Hemsley-Brown and Oplatka, 2006). More specifically, there has been minimal, if any, amount of research conducted into establishing what builds customer-based brand equity within this specific industry.

2 METHODOLOGY

2.1 Conceptual framework

The focus of this research is to determine the applicability of existing theory on customer-based brand equity to HE. The nature of the research is such that it will focus on the international student context of customer-based brand equity. The model used in this paper builds on the work of Keller and Aaker. Following Keller (1993) brand equity is presented as a two-dimensional construct-based around brand awareness and brand image. Brand loyalty is treated as an outcome of brand equity rather than one of its dimensions. Aaker (1991) defined brand awareness as the ability of a potential consumer to recognize the brand as a member of a specific product category and emphasized that awareness and recognition are essential before attaching attributes to the brand. While brand awareness is about the ability to link the brand to a product category, brand image is concerned with the associations that an individual makes with the brand. "A brand association is anything 'linked' in memory to a brand" (Aaker, 1991) and collectively, these brand associations define a brand image (De Chernatony, 2001; Keller, 1993). Brand associations may include a variety of attributes such as perceived quality, brand name and product attributes. The model for service brand equity developed in the current study focuses directly on the determinants of brand equity and is shown in Figure 1.

Figure 1. Proposed conceptual model of brand equity in HE



Recognizing that brand equity has an awareness dimension, it is argued that awareness is largely driven by marketing activities including promotion activities and that these attributes will therefore serve as an important potential influence on overall brand equity. Similarly, with respect to the brand image dimension, key drivers of image and therefore of brand equity include service attributes, symbolic attributes and finance attributes. A broad range of factors have been identified as determinants of brand equity, recognizing that some attributes may be relevant to the awareness dimension while others may be relevant to the image dimension. Using a modification of the approach suggested by Vorhies (1997), these determinants have been categorized under a number of distinct headings:

- Consumer attributes. These relate to the consumers own socio-economic characteristics and experience with the brand. In the proposed model consumer attributes were included age, experience with the service provided, gender and level/type of education. (Kent et al. , 1993; Lockwood and Hadd, 2007)
- Brand awareness attributes - promotion activities. This covers all the promotion activities conducted by the HE institutions (Chen, 2008; Kent et al. , 1993;)
- Brand image attributes - service attributes. These relate to attributes such as the perceived quality of the education service (Cheng and Tam, 1997; Kent et al., 1993; Smith and Ennew, 2000; Kurz et al. , 2008; Chen, 2008), range of courses, study method and quality management.
- Brand image attributes - symbolic attributes. This encompasses associations relating to brand personality and identity and in our proposed model, represents the overall image, social responsibility, innovation and international area orientation of the faculty (Cheng and Tam, 1997).
- Brand image attributes - finance attributes. This covers the relationship between services quality and price and financial stability of the faculty.

2.2 Research method

Quantitative data collected will be used to test a model of brand equity in the context of HE. The sample chosen for the current study targeted will be graduate students, first and second year. University students will be selected from the popular faculties in country. The questionnaire will be designed primarily using a range of established scales from previous studies (Mourad et. al, 2011; Mourad et. al, 2019). The data will be collected using a structured questionnaire administered by e-mail survey with the use of closed answers (questions with multiple choice answers). Considering the brand image dimension of brand equity and following the categorisation discussed earlier, the independent variables were:

- Service attributes used by consumers to evaluate a service.
- Promotion activities. This covers all promotional activities inducted by HE institutions.
- Symbolic attributes represent the overall image, social responsibility, innovation and international area orientation of the faculty.
- Finance attributes. This covers the relationship between services quality and price and financial stability of the faculty.
- Consumer attributes. These relate to the consumers own socio-economic characteristics and experience with the brand.

The dependent variable, brand equity was measured using a five-item scale.

3 CONCLUSION

The main contribution to the research will be represented by empirical analysis intended to reveal the possibility of theoretical and empirical findings to be put into practice, namely in HE. The research will, in terms of its design and content, represent one of the reference works in the field of marketing research and its narrower segment brand equity in HE. The results provide support for the proposed conceptual model, with consumer's-related, image-related and awareness-related determinants. The new conceptual model will help the developers of marketing strategies in HE context to implement the new findings. The findings of this research provided evidence that the customer-based brand equity model can be applied to the HE context and used to guide marketing activities for universities internationally. As a result, focusing on developing and maintaining the determinants of brand equity will help managers and marketers in positioning their service in the market and hence influencing the consumer choice.

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