

Impact of Publicity and Sponsorship on Customer Based Brand Equity

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Abstract:

The on hand paper tries to explain the impact of sponsorship and publicity on customer based brand equity as firms allocate their resources on publicity and sponsoring events to get positive attention from target customers. Preceding studies only focus on sponsorship as having significant impact on CBBE. This study fills the crack as taking into account publicity as another important variable having important role to get the positive affiliation from customers for a specific brand. A survey is conducted to check the behavioral intentions of customers for evaluation of CBBE. Sample consists of both male and female loyal customers of different brands which are involved in publicity and sponsoring events. A major result of this study reveals that publicity and sponsorship both has positive impact on CBBE.

Keywords: *Publicity, Sponsorship, Customer Based Brand Equity, of sponsorship and publicity, Loyalty program, sponsoring events*

1.0 Introduction:

Firms are constantly involved in building their brands with positive brand equity. Brand strength deceit in what resides in the mind of consumer however it is uncertain how the brand equity is measured and managed (Keller, 2004). Strong brand equity provides huge payback to firms as it has constructive affiliation with brand loyalty; it increases the consumer selection of the brand (Pitta, 1995). The main benefit of strong CBBE is brand extension. (Keller, 1990) define brand extension as, use of presented brand name for a new product category. CBBE is a frame work for understanding brand equity from consumer perspective. Firm's financial performance is highly linked with consumer behavioral intentions. The

appraisal of a brand stems only from consumer perspective (Farquhar, 1989). Many authors suggested that increased corporate profitability and market share is due to positive consumer perceptions about brand (Robinson 1996, Keller 1993, Aaker 1996). The importance of strong CBBE is realized as (1) consumer accept product on high premium (2) potential licensing opportunities exists (3) efficiency can be achieved in promotional mix (4) consumer show elasticity as firm reduce price of a brand (4) consumer show inelasticity as price of a brand increases (Pitta 1995, Keller 1993, Simon 1993, smith 1992). The fact that CBBE adds value to firm it is important to understand how marketing mix elements especially publicity and sponsorship effects brand equity. Besides determining the importance of factors influencing consumer perceptions about brand, this study focus on how publicity and sponsorship effect brand equity. The objective of this research is to study the concept of CBBE and its importance and to explore its dimensions in the context of publicity and sponsorship. The first part of the study is associated with groping the investigated concepts. The second part is dedicated to methodology of

research. Last section contains results and discussion.

Terminologies: CBBE (Customer based-brand equity), sponsorship, IOC (International Olympic council), publicity.

2.0 Literature Review:

2.1 Customer Based Brand Equity:

The notion of brand equity was introduced in 1980. In 1990's this concept was widely used in marketing and scientists practices which results in huge literature. CBBE is a multidimensional concept. Several terms such as positive impression from consumers, attitudinal dispositions, and behavioral predilection are interchangeably used for CBBE (Rangaswamy, 1993). Previous studies provide different definitions of CBBE which leads to conceptual ambiguity. The study of Feldwick (1996) distinct brand equity on the bases of three approaches: (1) financial approach-the total financial value of a brand as an intangible asset (2) behavioral approach-consumer strong commitment towards brand (3) cognitive approach-consumer belief, value and association of a brand. Keller described three elements of CBBE as differential effect, customer response to firms marketing efforts and

finally brand knowledge that consumer resides in their minds (Keller, 2003). Brand equity can be described as, "this is a frail asset that adds worth to a product being simply as product to a brand (Aaker, 1996). (Aaker, 1996) provides five components of brand equity as: (1) brand loyalty (2) brand awareness (3) perceived quality (4) brand assets such as logo, trade mark, patent and copy right (5) and brand associations. This study focus on behavioral aspect of brand equity. (Aaker, 2003) define CBBE as, "the divergence consequence that consumer knowledge has on their reply to the firm promotional efforts of a particular brand. Steady with this description brand equity is the implanted brand knowledge in consumer mind. (Ruekert & Shocker, 1994) purposed two gears of brand equity as brand value and brand strength. A firm's ability to leverage brand strength to get expected financial consequences refer to brand value. Customer affiliation and behavioral attentions towards firm or brand marketing efforts is known as brand strength (Keller, 2003). This study focus on brand strength aspect as described by Srivastava in 1994. It is also important to note that customer equity and brand equity are interlinked with each other. As customer equity increases brand equity also increases

and vice versa (Keller, 2003). This aspect is also not under consideration of this research. There is no significant rule to measure brand equity but many researcher argued that brand equity can be accurately measured by evaluating consumer perceptions and attitudes towards brand (Crimmins, 1992 & Rose et.al, 2008).

2.2 Publicity:

(Keller, 2003) define publicity as a combination of different programs which are intended to defend a brand image or firms products. It is a form of non personal communication such as firm newsletters, press releases, published articles, conferences and media interview (Keller, 1993). According to managerial point of view publicity is a management function. But defining publicity as a function of management is a narrow scope especially on public relation theory. Good publicity is important to build strong brands. Publicity can be defined as, a managerial function that is used for establishing, identifying, building and maintaining affiliation with public that is equally beneficial for firm and public on which firm success or failure is heavily dependent (Cultip et.al,1985). The study of Fortunato revealed that publicity and other

communication strategies play a significant role in selecting and designing media mix that influence the behavior and opinion of public towards the firm brand (Fortunato, 2000). Previous researchers use publicity as a promotional mix tool in their studies. Significant literature relating to impact of only publicity on brand equity is not available. Concerning hypothesis for this study is as under;

H1: There is a positive and significant impact of Publicity on CBBE.

2.3 Sponsorship:

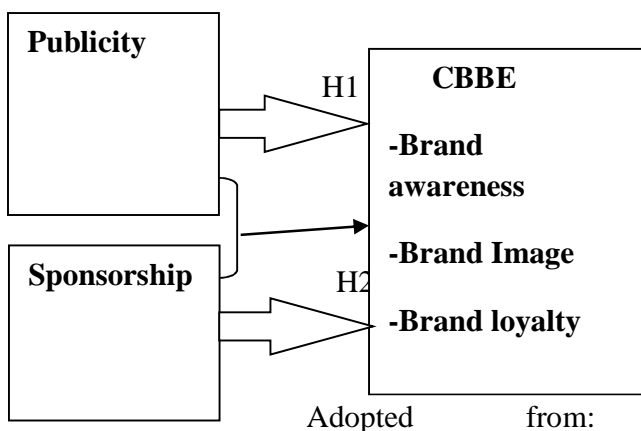
The notion of sponsorship was originated in Roman and Greek era as of Greek word Horigia which means guarantor. Cornwell define sponsorship as, an organized activity by a firm to provide assistance either in financial and non-financial terms for the purpose of achieving commercial objectives (Maignan & Cornwell, 1998). Other similar definition include, it is a business association between a provider of resources and a firm, individual and event which gives rights in reaction that firm use for achieving marketable advantages (Sleight, 1989 & Meenaghan, 1983 p.9). (Sleight, 1989) adds to the above definition as prior to sponsored party does not encompass a specific activity

although it may be an individual (celebrity or a sports man) or it may be an organization (sports team). While the objectives of sponsorship are not clear through these definitions the definition of Gardner and Shuman provides clear understanding. According to these,” an investment by a firm to achieve corporate objectives such as good will and marketing objectives such as high market share (Shuman and Gardner, 1989). Other important objectives of sponsorship comprises of: enhancing goodwill, increasing brand awareness, high profitability, enhancing brand or firm image, self staffing and executive interests (Hoek, West and Gendall, 1990). The foremost commercial employ of sponsorship traced back to 1986 as Kodak exercise it as a communicational instrument to craft brand equity in Athens Olympic Games, 1986 (IOC,2002). Sponsorship has considerable impact on CBBE as it bonds the passion and aspirations of target customer with a specific event (Arun, 2004). This is the base of second hypothesis as;

H2: There is a positive and significant impact of sponsorship on CBBE.

3.0 Research Framework:

The on hand study operational frame work is adopted from the study of (Akwensivie & Iden, 2014). Akwensivie and Iden only check the impact of Sponsorship on CBBE. But in this study publicity is included as an extra variable prior to the previous model. Previous model highlights brand equity dimensions as brand loyalty, brand image & brand awareness. These terminologies are the key antecedents of brand equity. Various authors use different components of brand equity in their studies such as perceived quality, good will, brand associations (Nezami, 2013, Bouazza,2013). But this study focus on behavioral aspects of brand equity as mentioned earlier. In this research CBBE is used as dependent variable while publicity and sponsorship are used as independent variables.



Adopted from:
Akwensivie, Narteh and Iden

4.0 Methodology:

A quantitative investigation has been undertaken in order to check the impact of publicity and sponsorship on CBBE. A quantitative approach is observable, measurable and can be manipulated (Hartman, 2004). A survey is conducted through a set of questionnaire in which respondents are asked to give their opinion on five points likert scale. Survey is basically used to get the main idea about the topic which is based on questionnaire provided to a sample of population (Malhotra, 2006). The population of this research is both female and male who are the loyal customers of different brands such as Pepsi, Coca- Cola and Nestle in Pakistan. A set of 170 questionnaires was distributed among respondents living in District Layyah and Sargodha. Equal distribution is made to overcome the gender issues. Sample consists of male and female of aging 23 to 30 years. Methodology of data collection comprises of both secondary and primary data. Secondary data is used for literature and to define terminologies but prime data is collected through well design questionnaire to support hypothesis. Analysis of data is done through SPSS version 20.

5.0 Data analysis and discussion:

The analysis of data is completed through SPSS version 20. SPSS software is used both for analysis of quantitative and behavioral data (Haider, 2014).

5.1 Factor analysis:

Factor analysis is used to find out the variables which are independent of each other for respective study (Haider, 2014). This

analysis is used to condense the data. For this study factor analysis is done to check the impact of publicity and sponsorship on CBBE. To increase the reliability of data collected and to overcome the problem of multicollinearity items are rotated on varimax rotation principle. Twenty five items are loaded but only sixteen items are loaded on three factors. The three loaded factors have variance of 61.988% as shown in table 1.

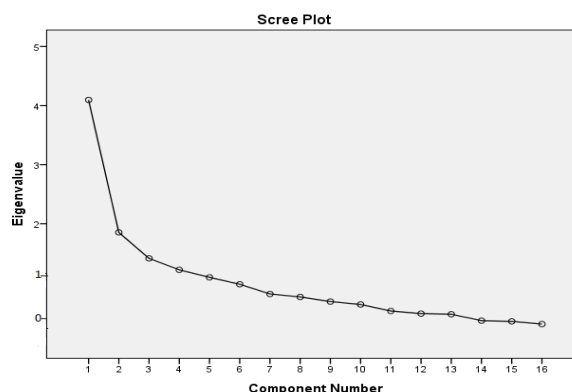
Table no. 1: Total Variance Explained

Components	Initial Eigen-values			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.084	25.589	25.589	4.094	25.589	25.589	3.287	32.060	32.060
2	1.851	22.571	48.160	1.851	11.571	37.160	1.843	20.060	52.128
3	1.412	13.828	61.988	1.412	8.828	45.988	1.816	11.348	63.476
4	1.219	9.618	55.605						
5	1.092	7.823	63.428						
6	.975	6.094	66.522						
7	.810	5.061	71.584						
8	.760	4.747	76.331						
9	.682	4.262	80.593						
10	.632	3.952	84.545						
11	.522	3.263	87.808						
12	.478	2.988	90.795						
13	.467	2.918	93.714						

14	.359	2.241	95.955					
15	.346	2.165	98.120					
16	.301	1.880	100.000					

From table no. 2 it is experiential that factor 1 has variance 4.094 which is 25.589% on the whole variance. Factor 2 record variance 1.851 which is 22.571% of the total variance. Additionally,. The variance of factor 3 is 1.412 which is 13.828% of the totality variance. The sixteen items are condensed to three factors which record the cumulative variance of 61.988% which defeat the obligatory value of 60%. Greatest scores on all these factors designate that three factors have sturdy considerable relationship with one another.

From scree plot it is also observed that only 3 factors are significantly captured from the respondent’s scores. From below fig it is seen that only 3 factors have Eigen value above 1.0. So all other factors are not considered as their Eigen value is below 1.0 and the significant value is 1.0 (see below fig).



From table no.2 KMO & Bartlett’s test is observed at (0.801) which shows the result is significant as required value is (0.50). It means there is a strong relationship between factors. (Haider, 2014) states that this test is used to check the errors and to explore the relationship. This means (0.801%) data is error free while (0.199%) data may have errors. It is also observed that Chi- square have value 593.30 which is significant as required value is 0.000 which means all null hypothesis are rejected (see table no.2).

Table no. 2

KMO & Bartlett’s test		
Kaiser Meyer Olkin Measure of sampling Adequacy	0.801	
Bartlett’s test of sphericity	Approx. Chi-square	593.30
	Df.	120
	Sig.	0.

Table no. 3: Factors table

Factor 1
X 1: A well known brand has a good quality
X2: More information about a brand attracts you
X3: I feel proud to be a brand customer
X4: Brand always deliver what they promise
X5: Use of brand gives me a sense of trust and self confidence
Factor 2
X6: Publicity influence your decisions
X7: Media Relations effect your purchase decision about brand.
X8: Publicity (advertisement) creates interest about that brand.
X9: If some informative interviews conducted with you about brand, it will help your purchase decisions about brands
X10: If some informative interviews conducted with you about brand, it will help your purchase decisions about brands.
X11: Media can create interest in brand
Factor 3
X12: Sponsorship generates goodwill and brand awareness.
X13: Sponsorship has recall and persuasion effect like advertising.
X14: Sponsorship changes the consumer perception of a specific brand.
X15: Sponsorship can be used to communicate a company's product and its benefit.
x16: Companies use the sponsorships to communicate a clear message about brand to target audience.

From table no. 3 it is experimental that items X1, X2, X3, X4, and X5 are laden on factor 1. It means these five items of variable CBBE has strong affiliation with one another Factor 2 includes X6, X7, X8, X9, X10, X11 items. It means 6 items of publicity are associated with CBBE. Factor 3 includes X12, X13, X14, X15, and X16 items which explore that these five items of sponsorship are affiliated with dependent variable CBBE. In this study 25 items are used and only 16 items are

included and others are excluded. In table 5 components are laden according to their connection with the variables. General, coefficient is taken among the variables and connected standards according to the declarations moving the factor.

5.2 Regression analysis:

Regression analysis is used to verify the assumption of serial correlation between residual values.

From table no. 3 ANOVA discovered there is a consequence relationship between below explore that the model is consequence the research variables of study model. seeing as the value is less than 0.05. Since,

Table no. 3: ANOVA^a

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	8.436	3	2.208	3.387	.001 ^b
Residual	88.936	144	.720		
Total	97.350	148			

Dependent Variable: CBBE

From table no. 4 it is observed that the dependent variable CBBE have value (0.000) which defeat the required value of 0.000. This proves H1 as publicity has strong positive impact on CBBE as it has value

0.000 which means result is significant. This was also proved by Fortunato in (2000) as publicity and promotional strategies plays a vital role in influencing consumer behavior towards a specific brand.

Table no. 4: Coefficients^a

Model	Unstandardized Coefficients	Standardized Coefficients		T	Sig.
	B	Std. error	Beta		
(Constant)	2.832	.445		6.566	.000
Publicity	.853	.086	.127	1.385	.000
Sponsorship	.376	.083	.768	9.631	.001

Dependent variable: Customer based brand equity.

image and brand awareness by finding sponsored party.

Sponsorship also has a strong positive impact on CBBE as it also shows value (0.000) which is significant. This was also proved by Cornwell in 2001 as firms can improve brand

Conclusion:

Brand equity is a widely discussed concept for a considerable period. Keller in 1993 provides a frame work for brand equity. Previous researcher mainly discussed brand equity from a financial perspective. In this study brand equity is evaluated from consumer perspective. The study results provide a crucial step in understanding how publicity and sponsorship effect customer based brand equity. The study results fully support concerning hypothesis. The study also provides evidence to marketers that publicity and sponsorship positively influence consumer behavioral intentions towards a particular brand. Marketers can craft brand equity by developing lasting relationships with target customers through sponsoring events and designing good media campaigns. This paper will help in this regard.

Brand equity is a broad spectrum so only concentrating on publicity and sponsorship is not enough. Since considerable work is done but other elements of marketing mix are not discussed in this study. It is suggested that future research must be undertaken by taking other promotional elements of marketing.

Other brand equity elements must be considered in future research.

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