

Impact of co-branding and brand personality on brand equity: A study of telecom sector in Pakistan

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Abstract

Brand Equity is an important concept in marketing academia and practice. It has long been studied but still there are gaps to be filled. The research aims to explain marketers of how brand extension strategy and brand personality can enhance brand equity. Co-branding and brand personality are the emerging development in market which attract scholars to explore for future implications.

This research is conducted in the telecom sector of Pakistan. Based on the responses from 619 cellular users, the study explains the relationship between co-branding and brand personality with brand equity. The results are highly significant, co-branding and brand personality have strong relation with brand equity enhancement, and when they are observed together, their impact synergized to increase brand value. Hence, our findings indicate that users of the telecommunication brands do ascribe personality characteristics to the brands they use. The study also gives future directions to research on.

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1. Introduction

The era of increasing consumer awareness has urged organizations to consider their need and develop customer satisfying offerings. Products are now recognized by the name of brand and not by the product itself. Increasing role of brands in everyday life of consumer has driven some creative terminology, such as 'brandization of society' (Kornberger, 2010). Brand building can make strong relationship between the marketers and customers. This relationship allows marketers to gain competitive advantage over the others. (Keller, 2009).

Every marketing activity strives, to build, manage, and exploit brand equity either successfully or unsuccessfully (Yoo and Donthu, 2001). Evolving brand equity is considered a vital part of brand building (Keller *et al.*, 2011). Brand value is viewed as a critical idea in business honours and also in scholarly research on the grounds that marketers can gain competitive favourable circumstances through solid brands. (Keller *et al.*, 2011). Managers in organization are applying different strategies to attain their goal of brand equity enhancement, thus the study aims to assist the management in the telecom sector of Pakistan, for this purpose by studying the impact of co-branding and brand personality on brand equity.

Research will be conducted in the telecom sector of Pakistan that has an economic contribution of \$1112.8 million in 2013-2014 and cellular users of around 136.5 million (Finance.gov.pk.2015). The scope of study is wide and tends to cater the gaps identified by (Ponnamet *et al.*, 2015, Su and Tong, 2015). The uniqueness of the study is that it will explain the relationship of co-branding and brand personality together with brand equity.

The research will answer the following questions: a) Does co-branding and brand personality enhances brand equity? b) How does the co-branding and brand personality are influenced by the strategic decisions made by the top management? C) What initiatives should be taken by top management to enrich the brand equity through employment of co-branding and building brand personality?

1.1 Background

The writing on brand extension alone has accumulated more than a hundred studies in leading journals and has distinguished various elements that influence how customers feel toward a given brand expansion. Co-branding, being one of the brand extension strategy is an element that influences brands through the exchange of positive affiliations, for example, brand-quality, picture, or mindfulness, starting with one brand then onto the next (Washburnet *al.*, 2000).

Previous research studies propose that consumers like to purchase items which have high brand value contrasted with those with low brand value. When a brand upsurges high value it generates attractive and positive affiliations, and consumers feel confident about the quality of the product. It improves trust in the product and encourages the firm to build profitable relationships with the customers (Keller and Lehmann, 2006).

Earlier examines at consider that brand worth is slanted by brand image (Keller, 1993), which is the collection of association with a brand as found in customer's memory. Brand personality, are the characteristics used to portray a man and connected with a brand, is an idea inside the field of social advertising. Understanding brand identity is essential for making and building strong consumer-brand relationship.

2. Literature review

2.1 Brand equity

Brand equity is explained as the "additional value" with which a brand grants a product (Fournier, 1998). Consumer based behavioral view of brand value, it is characterized as buyers' distinctive reaction between a brand and unbranded item accepting that both have the same level of product attributes (Yoo and Donthu, 2000).

Consumer based brand equity scale will be applied in the study. Brand value gives quality to the clients by upgrading their interpretation (Aaker, 1990), processing of data, confidence in choice and satisfaction. It might be utilized to quantify the brand equity of existing brand. The measure would evaluate an individual customer's image equity.

Brand value has a significant part in purchaser's choices to buy certain brand over the other (Swaitet *al.*, 1993); marketing strategies can be better understood by understanding brand equity (Keller, 1993).

In 1990, Aaker said that capacity of a buyer to perceive and review a brand to a specific item and class is alluded as brand mindfulness. Brand association is expressed as, anything connected to brand memory in mind. Association of brand are said to mean something as a brand and these affiliations can be from an extensive variety of assets and differ as per the positivity, uniqueness and quality (Keller, 1993).

Perceived quality is explained as the consumer's judgement about a product's overall excellence or superiority Perception of brand in consumer mind is dependent on the subjective evaluation and not the objective quality (Zeithaml, 1988).

Loyalty with brand can be conceptualized in a few routes, in light of attitudinal viewpoint and customer observation or on behavioral point of view. Yoo and Donthu in 2001, described brand loyalty as the inclination to be faithful to a critical brand, which is exhibited by the expectation to purchase the brand as an essential decision.

2.2 Co-branding

Grossman and till in 1998, defined co-marking when two or more brands commonly show up on the logo or bundle of another item, in light of the fact that the inevitable objective of co-marking is

to dispatch another item. It is frequently alluded as an exceptional instance of brand expansion by Park *et al.*, 1996. Brand extension decision is strategically critical to organizations, as erroneous extension decision could create dangerous association that may be expensive or even can be irreversible (Aaker, 1990).

There is exhaustive writing on augmentation systems from brand expansion, line augmentation, sub-brands (Aaker, 1990; Broniarczyk and Alba, 1994; Kapferer, 2012; Bottomley and Holden, 2001), to co-brands, compound brands and brand alliance (Rao and Ruekert, 1995). Desai and Keller in 2002 said that co-branding is an effort to exploit their existing brand equity. Co-branding provides a tool for differentiation that provides leverage to brands through transmission of positive association, from one brand to the other, such as brand-quality, image, or awareness (Simonin and Ruth 1998; Washburn *et al.*, 2000).

Baxter and Llicic in 2015 voiced, based on psychological factor, sentimentality unit relations on attitudinal and behavioural outcomes were evaluated under the Balance Theory. Balance theory is significant for marketers in formulating a key fit inside a co-marking aggregate, represents the central part of customer estimations and their impact on buyer attitudinal judgment and behavioral goals.

2.3 Brand personality

Azoulay and Kapferer (2003) defined brand personality as “the set of human personality traits that are both applicable and relevant to brands”. It empowers buyer to distinguish themselves by means of a brand and to prompt their own particular identity through the brand. Anthropomorphic (Human Hypothesis) expresses that human yearning to exemplify protests in order to communicate with impalpable world. To build up an association with the substantial world, the idea of brand identity is introduced in writing which utilizes human descriptors to depict brands. Aaker defined brand personality in 1997 as “the set of human characteristics associated with a brand”. Aaker addressed the Big Five human personality structure in all dimensions to develop a reliable, valid and generalizable scale to measure these dimensions. This is the scale that will be used in this study.

Freling and Forbes in 2013 led a research to illustrate the effect of brand personality on consumer driven outcomes. The results drawn from a series of hypothesis, indicated that brand personality have positive influence on product evaluation by consumer. Louis and Lombart in 2010, validated that the consequence of brand personality comprise superficial brand quality, approach towards the brand, intention of future behaviour, trust in brand, attachment and promise to the brand.

Brand personality is studied to examine different strategies such as advertising, spokespersons, celebrity endorsement, brand extensions and product attribute. Few researches have investigated the moderating effect of county of origin (Louis and Lombart, 2010).

3. Theoretical framework

3.1 Hypotheses development

Voss and Gammoh in 2004 inspected the consequence of brand alliance with two, one or zero well-known brand, with an unknown focal brand. Presence of single ally did increase the perceived quality, hedonic and utilitarian demeanors of customer while multiple alliances enhanced central brand assessments in respect to the no ally condition.

Vaidyanathan and Aggarwal in 2000 accompanied a research which focused basically on alliances between two known, national brand and private brand. Both parties get benefit from this combination, private brand with a name brand ingredient is evaluated positively. As per the signaling theory, familiarity with high value, very much rumored, solid brand gives an ideal data of the required amount and ought to exhibit positive consumer state of mind (Van *et al.*, 2000). Grossman and till in 1998, declared that one goal of co-branding is to develop favorable consumer attitude towards the new product by pairing it with a favorable existing product. Park *et al.*, 1996

said that a new high equity brand built by making an alliance with another high-equity brand, can build favourable association that results in enhanced attribute profiles.

Past studies have shown the influence of co-branding on brand equity. Ponnum and Balaji in 2015 recommended a future investigation over the relationship between brand alliance and brand equity. Following this, the study aims to unveil the relationship between brand alliance and equity of brand in the telecom sector of Pakistan. To determine this relationship the hypothesis is developed:

H1: Co-branding is significantly related to Brand Equity.

Freling and Forbes, 2013 assumed an untried approach to understand the effect of brand personality and its part in shaping the technique in which consumer answer to brands and brand messages. The results exhibited that, strong, positive brand personality leads to brand association that is promising, matchless, durable and consistent, thus enhancing brand equity.

Supphellen and Grønhaug, carried a study in 2003, the research was designed to evaluate the level of ethnocentrism in consumer preference among the Russians. The answer was found through a survey, which demonstrated the effect of western brand personalities being moderated by consumer ethnocentrism.

Demirbag Kaplan *et al.*, in 2010, aimed to emphasize on brand dispositions of places and to inspect the applicability of this concept for city brands. After surveying 898 college students their findings divulge that distinguishing places with respect to their brand personalities is attainable.

Fennis and Pruyn in 2007 presented a research to examine the part of brands in the process of impression development. The speculation shaped was to investigate that brand identity quality may bring over and influence impression of the identity of the brand's proprietor. Purchaser frequently purchase item that is sound with their own particular identity.

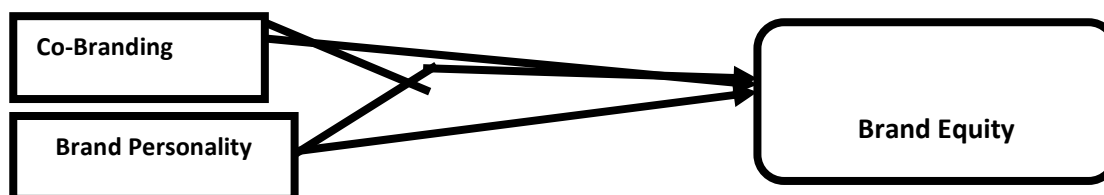
Su and Tong in 2015 suggested a future research to examine the relationship between brand equity and brand personality. To bridge this gap the research will unveil the relationship between brand personalities, of the telecom sector in Pakistan; with brand equity is determined through the following hypothesis:

H2: Brand Personality is significantly related to Brand Equity.

Brand Equity is the focal variable of the study and to determine the relationship of brand alliance and brand personality with brand equity the study is conducted. Enhancement of brand equity in the telecom sector of Pakistan is the basis of this intended study. To show this the hypothesis is developed:

H3:Co-branding and Brand Personality enhance Brand Equity.

3.2 Research Model



The constructs of co-branding to be studied include consumer attitude (Simonin& Ruth, 1995), quality perception (Washburn *et al.*, 2004) and purchase intention (Van Osselaer and Alba 2000). The constructs of brand personality to be studied here are competence and excitement (Aaker, 1997). The examination of these constructs will determine their impact on the dependent variable i.e. Brand Equity. Customer-based brand equity scale to be studied include perceived quality, brand loyalty, brand association (Aaker, 1996).

4. Research methodology

4.1 Research design

The research is exploratory study, with quantitative measures and required qualitative material taken that tends to discover the response to the examination questions through questionnaire. Under the quantitative research impact of co-branding and brand personality on brand equity of telecom brands is studied.

4.2 Population and Sample Description

Population for the research comprises of all cellular users, and report states that in Pakistan there are around 136.5 million users. However, out of 1000, 619 responded to the questionnaire. Respondents are geologically from various urban communities of Pakistan, for example, Multan, Karachi, Lahore, Islamabad, Peshawar and Quetta. Demographics are likewise gathered concerning sex, age and education.

4.3 Data Collection

Respondents were approached by person, through mail and online. Majorly responses were collected from university students, business personnel and educated class. Out of 1000 targeted sample 619 responses were collected.

4.4 Data Analysis

The survey results represented that, there were 58.5% of male and 41.5% female. Ages of respondent's extent from less than 25 were 47.8%, 32.7 % were aged from 26-30, 31-35 were 11.3%, 35 and above were a total of 8.2%. There were 5% matriculates, 14% intermediated, and 30.8% bachelors, 27% masters, 26.4% MPhil and 1.9% PhD.

The goal of the study was telecom brands; among them were Mobilink, Warid, Telenor, Zong and Ufone. The respondents were users of all the respective brands. Mobilink had the greatest number of users with a 23.9%, Ufone had 22.1%, Warid had 22%, and users of Telenor were 13.2%, Zong were 8.8% and others 10%.

The first hypothesis was to check the relationship of brand equity and co-branding, on the basis results, it is evident that co-branding is highly significant with brand equity as the significance level is 0.000. This speculation is acknowledged in light of the fact that the P quality is under 0.05. The finding for this hypothesis is supported by Washburn *et al.*, 2004, who said that mix of two high value brands ought to bring out superior quality discernment since blend includes extra data. Cobranding is a technique to improve brand esteem i.e. brand value (Baxter and Llicic, 2015).

The second hypothesis of the study was to check either brand personality is significantly related to brand equity or not. The statistical results reveal that both variables are highly significant with a significance level of 0.000. Freling and Forbes, 2013 said that brand identity prompts brand affiliation that is positive, interesting, solid and consistent, along these lines improving brand value.

The third and most important hypothesis was to test the combined impact of co-branding and brand personality on brand equity. The significance of this hypothesis is 0.000. The level of significance indicates that this hypothesis is approved. If co-branding is employed with brand personality it will together have a synergetic effect on the enhancement of brand equity. However, independently they both have different level of impact, where co-branding is rigorous than brand personality in enhancing brand equity.

5. Discussion and conclusion

The first objective was to measure if brand equity can be enhanced through co-branding, from the first hypothesis acceptance we have attained this objective. The second aim was to amount examine the possibility of increasing brand value through brand personality, through the compliance of second hypothesis this has also been achieved. The final and most important objective was to evaluate the enrichment of brand value by combined impact of brand personality and brand alliance. Approval of third hypothesis gives courage to state this theory and say that together they enhance

brand value more. It has been validated that cobranding and brand personality both together synergistically boost the equity of brand. Hence this is of great importance to incorporate both the factors if the telecom marketers want to enhance their brand equity.

The explored statistics indicate directions to top management in the brands to take right decision with respect to co-branding, brand personality and brand equity. Brand managers should realize that brand value is perceived as quality standard in the eyes of customer, so they must take steps to improve quality and services of their brand (Fournier, 1998). Brand in the telecom sector are similar and the distinguishing factor is the positioning of brand in the market (Yoo and Donthu, 2000). Marketers should put efforts to increase awareness, affiliation and develop positive image of their brand to increase brand value (Keller, 1993). If the brand is well known and recognized among the customer they will prefer it over the other. To make customer loyal, managers should formulate strategies that bridge the gap between consumer perception and their expectations (Hassan *et al.*, 2012).

Cobranding or brand alliances propose financial advantage to the organizations. This strategy reduces cost and time of the firm to enter a new market or to introduce a new product (Gatignon *et al.*, 1990). This gives direction to the managers for taking steps to introduce newer offers and enter in new markets. On one hand if co-marketing gives so many benefits it also gives a warning for taking the critical step very vigilantly because if a wrong collaboration is made it can ruin the brand value very badly (Aaker, 1990).

Telecom brands should create brand image to make a distinction from one another. The image should coincide with their product and service (Fennis and Pruyn, 2007). If they do not complement each other than there is a chance for the brand equity to get spoiled. Hence careful decisions should be taken to build image and then accompany it with the whole organization.

6. Future directions

This examination is not without impediments, these restrictions constitute regions for future exploration. There are 136.5 million telecom clients in Pakistan, out of which 1000 were focused on and 619 reacted, subsequently in future research more respondents ought to be joined. In this study, we examined the impact of only two dimension of brand personality i.e. competence and excitement. So, in future other dimension should be considered as identified by Aaker in 1997. Additional research is needed to further probe the factors that enhance brand equity of telecom brands. This research was carried out on the telecom sector only; hence it is recommended that other sector should be studied in future.

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