CUSTOMER BASED BRAND EQUITY FOR TWO WHEELER: AN EMPIRICAL STUDY IN MADURAI CITY

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Abstract

Brand equity is regarded as a very important concept in business practice as well as in academic research because marketers can gain competitive advantage through successful brands. The competitive advantage of firms that have brands with high equity includes the opportunity for successful extensions, resilience against competitors' promotional pressures, and creation of barriers to competitive entry (Farquhar, 1989). In conceptualizing how customers evaluate brand equity, it is viewed as consisting of two components – brand strength and brand value (Srivastava and Shocker, 1991). Brand strength constitutes the brand associations held by customers. Basically, brand equity stems from the greater confidence that consumers place in a brand.

Keywords: brand strength, brand value, economic growth, Indian Passenger vehicle market, living standard, CBBE

Introduction

The domestic two wheeler industry has been on a relatively steady growth phase over most of the last decade and has registered a 10 year compound annual growth rate of 10.3 per cent during the period. Buoyant economic growth, rising disposable income levels, favourable demographics, strong growth from tier II/III cities and rural India, together with improving availability of vehicle financing at competitive interest rates have been the key factors fuelling growth in the Indian Passenger vehicle market. The domestic passenger vehicles volume is growing from 0.30 million in 1995 to 2.3 million in 2011 (Anjan et al., 2011).

Need for the Study

The Indian two wheeler industry has flourished like never before in the recent years. It is resulted because of the improvement in the living standard of the middle class and an increase in their disposable incomes. Moreover, the liberalization steps, such as,
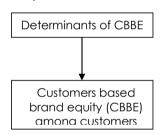
relaxation of the foreign exchange and equity regulations, reduction of tariffs on imports, and refining the banking policies initiated by the Government of India, have played an equally important role in bringing the Indian Automobile Industry to great heights. The two wheeler companies are facing cut throat competition in the market. They are struggling to establish the customer based brand equity (CBBE) on their two wheeler. But it is highly essential to survive in market. Hence, the present study has made an attempt to examine the level, determinants and consequences of the CBBE among the customers in two wheeler market.

Research Problem

To be a successful marketer it is absolutely essential to read the minds and perceptions of the prospective consumers of two wheelers and their level of brand equity on the two wheeler. In addition to the above, due weightage which is given by the Government for the growth of two wheeler industry and the involvement of the consumers in the selection of a particular brand of two wheeler have also made the researcher to undertake a study on the two wheelers industry with special reference to the level of CBBE, its determinants and consequences.

Proposed Research Model

The proposed research model of the present study is illustrated below:

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│  Determinants of CBBE   │
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            │
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┌─────────────────────────┐
│     Customers based     │
│   brand equity (CBBE)   │
│     among customers     │
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Objectives of the Study

Based on the proposed research model, the objectives of the study are confined to

1. To measure the level of Customers Based Brand Equity among the customers in two wheeler market;
2. To study the various determinants of CBBE among the customers and its impact on the level of CBBE among the customers;

Research Methodology

Since the present study has made an attempt to explain the CBBE in two wheeler market, its determinants and outcomes, it is descriptive in nature.

Sampling Procedure of the Study

The sample size of the study was determined with the help of $n = \left[\dfrac{Z\dagger}{D} \right]^2$ whereas Z statistics at five per cent level is 1.96; σ – standard deviation of the customer satisfaction on two wheelers at pilot study; D – degree of error acceptance = 0.05. In the present study, the standard of deviation of the customers satisfaction on two

wheeler at Madurai City have been computed as 216 customers. The sample allotted per company in Madurai is 27. The address of the 216 two wheeler owners belonging to all eight two wheeler companies (Bajaj, Hero, Honda, Yamaha, Suzuki, Royal Enfield, TVS and Vespa) were collected from the respective dealers. Hence, the applied sampling procedure of the study is 'judgement sampling'.

Results and Discussion

Reliability and Validity of Variables in DME and CBBE

The score of the variables in DME and CBBE have been included for confirmatory factor analysis in order to examine the reliability and validity of variables in DME and CBBE. The overall reliability of variables in each DME and CBBE has been estimated with the help of cronbach alpha. The result of confirmatory factor analysis and the cronbach alpha of all DME and CBBE are shown in Table 1.

Table 1 Reliability and Validity of Variables in DME

Sl. No.	DME	Range of standardized factor loading	Range of 't' statistics	Cronbach alpha	Composite reliability	Average variance extracted	No. of variables in
1	Price	0.8911-0.6411	3.8408*-2.4081*	0.7541	0.7304	53.45	3
2	Distribution intensity	0.9088-0.6304	4.1144*-2.3908*	0.7862	0.7606	54.45	4
3	Store image	0.8409-0.6282	3.5142*-2.2961*	0.7406	0.7214	52.92	4
4	Price promotion	0.8673-0.6033	3.6409*-2.0969*	0.7599	0.7322	53.91	5
6	Quality perceived	0.8241-0.6149	3.2119*-2.1144*	0.7208	0.7011	50.33	4
7	Customer based brand equity	0.9142-0.6884	4.2848*-2.7089*	0.8248	0.8011	59.33	49

*Significant at five per cent level

The standardized factor loading of variables in DME and CBBE are greater than 0.60 which reveals the content validity. The significance of 't' statistics of standardized factor loading of variables in DME and CBBE reveal its convergent validity. It is also supported by the composite reliability and average variance extracted since these are greater than its standard minimum of 0.50 and 50.00 per cent respectively. The cronbach alpha of all five DME and CBBE are greater than its standard minimum of 0.60 which reveals its internal consistency.

Customers View on DME

The customers view on DME have been estimated by the mean scores of the variables in each DME. The mean scores of each DME among the three group of customers have been estimated separately. The oneway analysis of variance has been administered to findout the significant difference among the three group of customers regarding their view on DME. The results are given in Table 2.

<div align="center">Table 2 Customers View on DME</div>

Sl. No.	Variables in DME	Mean score among customers in			'F' statistics
		Rural	Semi-urban	Urban	
1	Price	3.7089	3.3429	3.1709	3.3886*
2	Distribution intensity	3.1624	3.3889	3.9154	3.6042*
3	Store promotions	3.4010	3.6629	3.9549	2.1173
4	Price promotions	3.9237	3.4165	3.2377	3.4082*
5	Quality perceived	3.6174	3.7554	3.7356	0.8864

*Significant at five per cent level.

The highly viewed DME by rural customers are price promotion and price since its mean scores are 3.9237 and 3.7089 respectively. Among the semi-urban customers, these two DME are quality perceived and store image since its mean scores are 3.7554 and 3.6629 respectively. Among the urban customers, these two are store image and distribution intensity since its mean scores are 3.9549 and 3.9154 respectively. Regarding the view on DME, the significant difference among the three group of customers have been noticed in their view on price, distribution intensity and price promotion since its 'F' statistics are significant at five per cent level.

Level of Customers Based Brand Equity on Two wheelers among the Customers

The present study has identified eight components of CBBE. The level of the components of CBBE are computed by the mean score of the variables in each component. The mean score of each component among the three group of customers have been computed separately along with its 'F' statistics. The results are given in Table 3.

<div align="center">Table 3 Level of Various Components of CBBE among the Customers</div>

Sl. No.	Components of CBBE	No. of variables in	Mean Score among customers in			F-statistics
			Rural	Semi-urban	Urban	
1	Brand Awareness	4	3.1360	3.3111	3.9186	3.2644*
2	Brand Association	14	2.9839	3.2386	3.7981	3.1843*
3	Perceived Quality	5	2.9708	3.2666	3.8375	3.2094*
4	Perceived value	5	2.7371	3.2907	3.7376	3.6992*
5	Brand Trust	6	3.0236	3.2413	3.8605	3.2919*
6	Brand affect	4	2.7955	3.1519	3.7574	3.5849*
7	Brand quality	6	2.8834	3.2235	3.8895	3.6047*
8	Distribution intensity	5	3.8251	3.2014	3.0742	3.2908*
9	Overall	49	2.9949	3.2781	3.8117	2.4542*

* Significant at five per cent level.

The highly viewed components of CBBE by the rural customers are distribution intensity and brand awareness since their mean scores are 3.8251 and 3.1360 respectively. Among the semi-urban customers, these two are brand awareness and perceived value since their mean scores are 3.3111 and 3.2907 respectively. Among the urban customers, these are brand awareness and brand quality since their mean scores are 3.9186 and 3.8895 and respectively. Regarding the view on the antecedents, the significant difference among the three group of customers have been noticed in the case of all eight components of CBBE since their respective 'F'

statistics are significant at five per cent level. In total, the level of CBBE is higher among urban customers compared to rural and service urban customers.

Impact of Determinants of CBBE on the Level of CBBE among Consumers

The present study has made an attempt to examine the relative importance of the determinants of CBBE in the determination of CBBE among the consumers in four wheeler market. It is examined with the help of multiple regression analysis. The results are shown in Table 4.

Table 4 Impact of Determinants on CBBE among the Consumers

Sl. No.	Determinants	Regression co-efficient among consumers in			
		Rural	Semi-urban	Urban	Pooled data
1.	Price	0.1896*	0.1417*	0.0296	0.1209*
2.	Distribution intensity	0.1308*	0.0886	0.1411*	0.1218*
3.	Store image	0.1099	0.0997	0.1022	0.1017
4.	Price promotion	0.1511*	0.1866*	0.1774*	0.1349*
5.	Quality perceived	0.1022	0.1241*	0.1979*	0.1411*
	Constant	0.4117	0.5886	0.6117	0.5424
	R^2	0.7108	0.7944	0.8403	0.8519
	'F' statistics	8.2089*	8.8911*	9.2446*	9.5676*

*Significant at five per cent level.

The significantly influencing determinants on the level of CBBE among the rural customers are price, distribution intensity, and price promotion since their respective regression co-efficients are significant at five per cent.

Among the semi-urban customers, these are price, price promotion and quality perceived where as among the urban customers these are distribution intensity, price and promotion. The analysis of pooled data explain the relative importance of price, distribution intensity, price promotion and quality perceived in the determination of the level of CBBE among the customers in two wheeler market.

Concluding Remarks

The present study conclude that the level of CBBE in two wheeler market is higher among urban customers compared to semi-urban and rural customers. The important determinants of CBBE among them are price, distribution intensity, storage image, price promotion and quality perceived. The significantly influencing determinants on the level of CBBE are price, distribution intensity, price promotion and quality perceived. The higher impact of determinants are noticed among urban customer compared to others. The study indicate that the CBBE and the degree influence of determinants of CBBE in the two wheelers market among the rural and semi urban is lesser. Hence it is essential to enrich their CBBE on their Brand of two wheelers through appropriate marketing strategies among the customers.

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