

Measuring Brand Equity: A Perspective from Giant Hypermarket Customers in Malang City Indonesia

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Abstract: The purpose of this research is to analyze brand loyalty in mediating the influence of brand awareness, brand associations and brand trust on brand equity. The population of this research is consumers who shop at the Giant hypermarket with a sample of 190 respondents. The data analysis in this research uses structural equation modeling. The results show that brand awareness, brand associations and brand trust influence brand equity and brand loyalty to be able to influence the influence of brand awareness, brand associations and brand trust on brand equity. In order to increase brand loyalty which ultimately provides brand equity, Giant management must provide strategies to create awareness, associations and trust of Giant brands.

Key words: Brand awareness, brand associations, brand trust, brand loyalty, brand equity, influence

INTRODUCTION

The development of the retail industry in Indonesia is now increasingly lively with the presence of modern retailers who have given their own color to the development of the retail industry. One of the modern retailers that is developing in Indonesia is Giant. Giant is a network of supermarkets that have many branches in Indonesia. In August 2018, 104 Giant supermarket outlets in Indonesia have been opened and 80% of Giant's hypermarkets dominate the market. The competition between modern retailers requires Giant to maintain the brand in order to compete to win and maintain market share. The strategy applied is to build strong brand equity. A strong brand and having value will be able to create brand equity which can then be an advantage of the brand when compared to other brands (Kotler and Keller, 2015; Chen *et al.*, 2008).

A brand's equity is formed because of brand awareness which is the ability of a prospective buyer to recognize or recall that a brand is part of a particular product category. Brand awareness in overall brand equity depending on the degree of awareness achieved by a brand (Rajh, 2005; Kim *et al.*, 2008). Different results are shown by Gil *et al.* (2007) and Tong and Hawley (2009) stating that brand awareness does not affect brand equity.

In addition to brand awareness, brand equity is formed because of brand associations and Tong and Hawley (2009). The association does not only exist but also has a level of strength. Linkages to a brand will be stronger if it is based on a lot of experience or appearance to communicate it. Various associations that consumers remember can be assembled and can shape the brand image in the minds of customers (Morgan, 2000). Gil *et al.* (2007) found the evidence that brand

associations did not affect brand equity. Brand trust is the willingness of customers to deal with the risks associated with the brand purchased Bruwer *et al.*, (2005). This is because customers expect that the brand they buy will provide positive and profitable results for customers and make an increase in brand equity (Lau and Lee, 1999). The results of the Loureiro research (2013) concluded that trust does not have a significant effect on brand equity. The existence of conflict results from the influence of brand trust on brand equity shows the same results related to the influence of brand awareness and brand associations on brand equity and it is interesting to do a review by testing brand loyalty as a mediating variable.

According to Gurviez and Korchia (2002), brand loyalty is seen as the extent to which a customer shows a positive attitude towards a brand has a commitment to a particular brand and intends to continue to buy it in the future. According to Schiffman and Lazaar (2004), defining brand loyalty as consumer preferences consistently aims at making purchases on the same brand on specific products or certain service categories.

The determination of brand loyalty variables as a mediating variable is based on the results of a research of previous research about the influence of brand awareness and brand associations on brand loyalty and brand equity. This is evidenced by Gil *et al.* (2007) who found the evidence that brand awareness affects brand loyalty. This is evidenced by Gil *et al.* (2007) and Alexandris *et al.* (2008) who found that brand associations had an effect on brand loyalty. The results of the influence of brand trust on brand loyalty were carried out by Pappu and Quester, (2008) and Idrees *et al.* (2015) who concluded that brand trust has an effect on brand loyalty.

Based on the phenomena and consistent results of previous empirical studies, this research examines brand

loyalty as a mediator of the influence of brand awareness, brand association and brand trust on brand equity developed in one model.

Literature review and hypothesis development:

Kotler and Keller (2015) consider brand awareness to play an important role in creating customer-based brand equity. The higher brand awareness will affect the increase in brand equity because high brand awareness results in greater opportunities for a brand to be selected in the purchasing decision making process which ultimately leads to increased income, lower costs and greater profits for the company. Rajh (2005) and Kim *et al.* (2008) found evidence that brand awareness affects brand equity. Based on the results of empirical studies, the hypothesis of this research is presented as follows:

- H₁: Brand awareness has a significant effect on brand equity

Aaker (2005) stated that brand associations can provide benefits to consumers who will ultimately provide specific reasons for consumers about the strength of a brand. Specific reasons other than those derived from the benefits provided by products to consumers also come from a strong and positive relationship between related information about a product in the minds of consumers with a good strategy and brand management of a product. Chen (2001), Tong and Hawley (2009) found evidence that brand associations had an influence on brand equity. Based on the results of empirical studies, the hypothesis of this research is presented as follows:

- H₂: Brand associations have a significant effect on brand equity

Trust in the brand is a summary of the knowledge and experience of consumers in using a brand. As an attribute of experience this is influenced by consumer evaluations of a brand either directly (trying or using) or indirectly with advertising or word of mouth (Kotler and Keller, 2015). Brand trust is formed from past experience and previous interactions because the establishment of trust is more representative of one's trial process over time; therefore, trust in the brand refers to consumer knowledge and experience with the brand (Delgado-Ballester and Munuera-Aleman, 2005, 2001; Delgado-Ballester *et al.*, 2005). Brand trust can create brand equity. Liao (2015) concluded that brand trust has a significant effect on brand equity. Based on the results of empirical studies, the hypothesis of this research is presented as follows:

- H₃: Brand trust has a significant effect on brand equity

Gil *et al.* (2007) found evidence that brand awareness influences brand loyalty and this is in line with the research results by Gil *et al.* (2007), Tong and Hawley (2009) stating that brand loyalty has an influence on brand equity. Based on the results of empirical studies, the hypothesis of this research is presented as follows:

- H₄: Brand loyalty mediates the effect of brand awareness on brand equity

Gil *et al.* (2007) and Alexandris *et al.* (2008) found an evidence that brand associations have an effect on brand loyalty and this is in line with the results by Gil *et al.* (2007), Tong and Hawley (2009) stating that brand loyalty has an influence on brand equity. Based on the results of empirical studies, the hypothesis of this research is presented as follows:

- H₅: Brand loyalty mediates the influence of brand associations on brand equity

The results of the influence of brand trust on brand loyalty were carried out by Riana (2008) and Idrees *et al.* (2015) who concluded that brand trust influences brand loyalty and this is in line with the research results by Gil *et al.* (2007), Tong and Hawley (2009) stating that brand loyalty has an influence on brand equity. Based on the results of empirical studies, the hypothesis of this research is presented as follows:

- H₆: Brand loyalty mediates the effect of brand trust on brand equity

MATERIALS AND METHODS

The population of this research is Giant hypermarket customers in Malang city. The population in this research is an infinite population which is a population size that is very large in number, so that, the population cannot be known for certain. Therefore, the number of research samples is 190 customers who shop at the Giant hypermarket. The analysis technique in this research is Structural Equation Modeling (SEM). To check whether or not there is a direct effect it is tested using t-test.

RESULTS AND DISCUSSION

Goodness of fit SEM analysis results: Theoretical model on the conceptual framework of the research is said to be fit if it is supported by empirical data. The results of testing the overall goodness of fit model, according to the results of SEM analysis, to find out whether the hypothetical model is supported by empirical data. The explanation is given on Fig. 1.

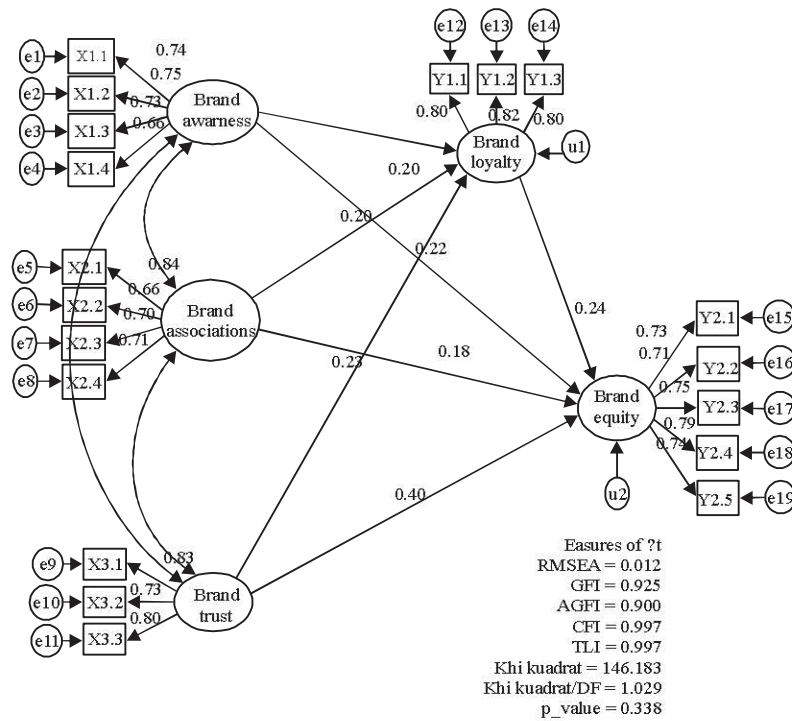


Fig. 1: Theoretical model on the conceptual framework of the research

Table 1: Hypothesis testing results

The effect among variables	Estimation	Through brand loyalty	Total influence
Brand awareness→brand loyalty	0.203*	-	0.203
Brand associations→brand loyalty	0.201*	-	0.201
Brand trust→brand loyalty	0.232*	-	0.232
Brand awareness→brand equity	0.217*	$0.203 \times 0.236 = 0.048$	0.265
Brand associations→brand equity	0.185*	$0.201 \times 0.236 = 0.047$	0.232
Brand trust→brand equity	0.395*	$0.232 \times 0.236 = 0.058$	0.453
Brand loyalty→brand equity	0.236*	-	0.236

*p<5%

The results of testing the overall goodness of fit is based on Fig. 1. It can be seen that all criteria show a good model and have met the cut-off value, so, it is said that the model is suitable and feasible to use, so that, interpretation can be made for further discussion.

Hypothesis testing results: The analysis of the Structural Equation Model (SEM) using AMOS 6.0 is used to test the hypothesis proposed by the researcher. As a basis for testing the hypothesis, a Critical ratio (Cr) is used from the results of regression weight output. The research hypothesis will be accepted if the p-value < of significance is 5% then the null hypothesis is rejected. The results of hypothesis testing are presented on Table 1.

The effect of brand awareness on brand loyalty resulted in an estimated value of 20.3% while the effect of brand associations on brand loyalty resulted in an estimated value of 20.1%. Next the effect of brand trust on brand loyalty resulted in an estimated value of 23.2%. The overall relationship is at a significance level of 5%.

Therefore, it is stated that the higher brand awareness, brand association and consumer trust on the brand, the higher the loyalty of consumers to Giant brand.

The effect of brand awareness on brand equity produces an estimated value of 21.7% while the effect of brand associations on brand equity produces an estimated value of 18.5%. Next, the effect of brand trust on brand equity produces an estimated value of 39.5% and the effect of brand loyalty on brand equity produces an estimated value of 23.6%. Overall, the relationship is at the 5% significance level. Therefore, it is stated that the stronger consumer awareness, customer association, customer trust and customer loyalty towards the brand, the higher the Giant brand equity.

The indirect influence of brand awareness on brand equity through brand loyalty has a total coefficient of 0.265 and it is greater than the direct influence of brand awareness on brand equity of 0.217. These results indicate that brand loyalty can mediate the effect of brand awareness on brand equity.

The indirect influence of brand associations on brand equity through brand loyalty has a total coefficient of 0.232 and it is greater than the direct influence of brand associations on brand equity of 0.185. These results indicate that brand loyalty can mediate the influence of brand associations on brand equity.

The indirect influence of brand trust on brand equity through brand loyalty has a total coefficient of 0.453 and it is greater than the direct influence of brand trust on brand equity of 0.395. These results indicate that brand loyalty can mediate the influence of brand trust on brand equity.

The effect of brand awareness on brand equity: Based on the results of hypothesis testing it is proven that Giant brand equity is influenced by brand awareness, brand associations and brand trust of Giant customers in Malang city. This result can be explained that the higher the level of customer awareness in recognizing Giant brands, the higher the Giant equity as a brand of hypermarkets. This means that the creation of Giant equity as a brand is triggered by the role of customer awareness in recognizing Giant brands proven by customer's awareness in distinguishing Giant from other hypermarkets. Related to brand recognition of Giant hypermarket, it refers to what first comes in the minds of customers. Related to brand recall, it is related to the role of Giant as a hypermarket that can be easily recognized by the customers. In addition, related to top of mind, it is proven by customer's ability in recognizing Giant logo even though it appears from far away.

The results of this research are in line with the opinion of Aaker (2005) stating that brand awareness is the ability of a prospective buyer to recognize or recall that a brand is part of a particular product category and the role of brand awareness in overall brand equity depends on the degree of awareness achieved by a brand. Rajh (2005) and Kim *et al.* (2008) found evidence that brand awareness affects brand equity.

The effect of brand associations on brand equity: Based on the results of hypothesis testing, it is proven that brand equity is influenced by brand associations. It can be explained that the higher the level of customer associations in recognizing Giant brands, the higher the level of brand equity. This result means that the respondent brand association at Giant which reaches a relative price is realized into a fact that Giant always gives a discount related to life style/personality, it is characterized by Giant store which is always crowded by visitors. Related to product class such as the variety of products at Giant, it is characterized by various Giant products it has and customers are always feel comfortable when shopping at Giant. Next, related to competitors it deals with Giant's other competitor like the existence of other hypermarkets in the surrounding area.

The results of this research are in line with the opinions expressed by Aaker (2005) stating that brand associations can provide benefits to consumers benefits which in turn will provide specific reasons for consumers about the strength of a brand. Specific reasons other than those derived from the benefits provided by products to consumers also come from a strong and positive relationship between related information about a product in the minds of consumers with a good strategy and brand management of a product. Cheng (2001), Tong and Hawley (2009) found evidence that brand associations had an influence on brand equity.

The effect of brand trust on brand equity: Based on the results of hypothesis testing, it is proven that brand equity is influenced by brand trust. It can be explained that the higher the level of customer trust on Giant brands, the higher the Giant equity as a brand. This means that brand equity is created from trust made by customers towards Giant brands which always provides credibility such giving customers a feeling of trust when shopping there. Related to integrity, it is characterized by Giant commitment as a hypermarket and benevolence trade to always put bigger concern in providing service to customers and customer satisfaction at Giant hypermarket is put as primary goals.

Brand trust is formed from past experience and previous interactions because the establishment of trust is more representative of one's trial process over time. Therefore, trust in the brand refers to consumer knowledge and experience with the brand (Delgado-Ballester and Munuera-Aleman, 2005). Brand trust can create brand equity. Liao (2015) concluded that brand trust has a significant effect on brand equity.

Brand loyalty mediates the effect of brand awareness on brand equity: Based on the results of the analysis, it was found evidence that brand loyalty is able to mediate the effect of brand awareness on brand equity. This result means that respondent's brand awareness on Giant that reaches top of mind is manifested in customers ability in recognizing Giant logo even though it appears from far away. The evidence showing customers loyalty to Giant is realized by customers loyalty to always do shopping at Giant. The role of brand awareness in contributing to brand loyalty affects brand equity because Giant provides a layout that ease customers to shop.

The results of this research are in line with research conducted by Gil *et al.* (2007) who found the evidence that brand awareness influences brand loyalty. In addition, this is also in line with the research results by Gil *et al.* (2007), Tong and Hawley stating that brand loyalty has an influence on brand equity.

Brand loyalty mediates the influence of brand associations on brand equity: Brand loyalty can mediate

the influence of brand associations on brand equity. This result means that the respondent brand association at Giant which reaches a relative price is realized into a fact that Giant often gives a discount. These conditions make customers have loyalty to Giant which is realized by their loyalty to always do shopping at Giant. The role of brand awareness in contributing to brand loyalty affects brand equity because Giant has a layout that can make it easier for customers to shop.

Gil *et al.* (2007) and Alexandris *et al.* (2008) found the evidence that brand associations have an effect on brand loyalty and this is in line with the results of research by Gil *et al.* (2007), Tong and Hawley (2009) stating that brand loyalty has an influence on brand equity.

Brand loyalty mediates the influence of brand trust on brand equity: Brand loyalty can mediate the influence of brand trust on brand equity. This result means that customer trust on Giant is manifested in Giant commitment to be hypermarket trade resulting in Giant customers loyalty to keep shopping at Giant. The role of brand awareness in contributing to brand loyalty affects brand equity because Giant provides a layout that ease customers to shop.

The research results discussing the influence of brand trust on brand loyalty were carried out by Pappu and Quester (2008) and Idrees *et al.* (2015) who concluded that brand trust influences brand loyalty. And this is in line with a research conducted by Gil *et al.* (2007), Tong and Hawley (2009) who found that brand loyalty has an influence on brand equity.

CONCLUSION

Brand awareness, brand association and brand trust affect Giant equity in Giant as a hypermarket brand. This means that Giant equity as a hypermarket brand will increase if customers have a high level of awareness, association and trust toward Giant. Brand awareness, brand association and brand trust have a significant effect on brand equity through brand loyalty. This means that the level of awareness, association and high trust in Giant can increase customer loyalty to Giant and ultimately have an impact on increasing brand equity.

Increased brand equity requires the role of brand awareness, brand association and brand trust through the level of customer loyalty to the brand. This reinforces the theory developed by Aaker (2005) who shared brand equity based on 4 main elements, namely: brand awareness, brand association, perceived quality and brand loyalty. In order to increase brand loyalty which ultimately provides brand equity, Giant management must provide strategies to create awareness, associations and trust on Giant brands.

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