The Influence of Brand Awareness and Other Dimensions of Brand Equity in Consumer`s Behaviour: The „Affordable Luxury" Strategy

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Abstract

Brand equity is well known for playing a fundamental role in consumer`s puchase decision,taking into consideration the fact that customers will have a more positive response when facing a well-known,familiar brand.

The purpose of this paper is to reveal the impact of brand awareness and other brand equity dimensions such as brand loyalty,perceived quality and brand association on consumer`s behaviour; we will try particularly try to determine in which measure the above-mentioned factors can influence customer`s buying decisions.The study is based upon previous research studies conducted by other authors, as well as a study case in which we will show the effects of various marketing strategies focusing on the respective dimensions(brand awareness,brand loyalty,perceived quality and brand association) on buyers` purchase decisions and their influence on the overall brand image(the study will be focused upon luxury brands and their strategies to reach out and attract a larger number of consumers of wider socio-economical backgrounds,by creatin,"affordable luxury").

Key words: brand awareness, brand loyalty, perceived quality, consumer behaviour
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1. Introduction

Often considered one of the most valuable assets of companies, brands have been widely recognized as a determining factor in facilitating consumers` choice during purchase decision-making, due to the fact that consumers perceive a recognizable brand (which holds a powerful image in consumers' `minds) as trustworthy and ensures them that the respective brand will provide high standards of quality and services, thus reducing the risk of purchase failure.

As stated by Keller (1993) a brand is more than an ordinary product or service, whereas brands can have dimensions that differentiate them from other products, designed to satisfy the same needs. These differences can be classified as product performance-related (rational-tangible) or related to what the brand represents (symbolic, emotional-intangible).

Brands signal certain levels of quality to consumers and their value lies within their equity (Keller, 1993, Arvidsson, 2006), which is considered the core concept of marketing. Over the last decades, extensive research focusing on the study of brand equity has been conducted and numerous theories and definitions are encountered in published literature.

Viewed from a financial perspective, brand equity is a measuring tool for brand value, in terms of asset evaluation for the balance sheet (accounting purposes) or for merger, acquisition or divestiture purposes (Keller), or, in concise words, the financial value of the brand to the firm (Simon and Sullivan, 1993). However, the brand`s financial value is the final outcome of consumers` response the brand (Christodoulides and de Chernatony, 2010).In other words, brand value, from a customer`s perspective, represents the value consumers perceive or attach to a certain brand. This leads to the concept of consumer-based brand equity ,which is, according to the opinions of many scholars, the most useful manner which shows how brand equity can be built, measured or managed (Keller,2013).

Laying the foundations for consumer-based brand equity research, Aaker (1991) and Keller (1993) developed two alternative brand equity theory approaches, both of them embracing a consumer perspective.

Keller`s point of view is explicitly from a customer point of view, creating his own Brand Equity Model, also known as the Customer-Based Brand Equity (CBBE)Model ; he defines brand equity as "the differential effect that brand knowledge has on consumer response to the marketing of the brand. Also Keller indicates that the source of consumer-based brand equity is brand knowledge (which is composed of two elements: brand awareness and brand image).Brand knowledge is the first thought coming to a consumer`s mind regarding a certain brand, or, more simply, a brand node in memory to which various associations are linked. The dimensions that affect consumer response are the awareness of the brand (recognition and recall of the brand in different circumstances) and brand image, consisting of strong, favorable and unique brand associations.

An alternative model of brand equity definition is the one proposed by Aaker, consisting of a set structured into five categories: brand loyalty, brand awareness, perceived quality, brand association and other proprietary assets. Aaker (1991) defines his brand equity model as „a set of brand assets and liabilities linked to a brand ,its name and symbol that add to or subtract from the value provided by a product or service to a firm and/or to that firm`s customers''. From the above-mentioned dimensions, the first four are considered fundamental, are strongly inter-connected and play a major role in consumer behavior, as it will be further explained in this paper. We will briefly define each brand equity, dimension, analyzing the connections between them, the manner in which they influence one another and their impact on brand equity.

2. Brand loyalty

Brand loyalty is the attachment or deep commitment to a brand, being acknowledged as one of the main drivers of brand equity(Aaker 1991;Yoo et al.2000).Customer loyalty is one of the most valuable assets of a brand, contributing to the growth of brand equity in multiple ways: reduced marketing costs, trade leverage, attracting new customers(the word-of- mouth effect),by recommending the brand to potential new customers ,resulting in an increase of brand awareness, and also of perceived quality through reinsurance of the brand`s high standards. Loyalty also creates barriers against competitors, giving the company time to respond to their treats; customer loyalty can provide security and predictability of demand, resulting into loyal consumer`s willingness to pay premium prices for their brand of choice (Aaker, 1991; Kotler and Keller, 2006), strengthening the hypothesis that brand loyalty positively impacts brand equity.

3. Brand awareness

Brand awareness is considered a prerequisite tool in building brand equity, related to the strength of a brand`s presence in consumer`s minds (Aaker, 1991) and their ability to identify the brand under different conditions .The awareness of a brand name relates to the likelihood that it will come to mind, and the ease with which it does so (Keller, 2013).Brand awareness incorporates brand recognition, translated into consumers` ability to identify brand due to prior exposure, when given the brand as a cue and brand recall, relating to consumers` ability to retrieve the brand when given the product category, the needs fulfilled by the category, or other cues of this type(Keller,1993).

Brand awareness plays an essential role in consumer decision-making, firstly because it represents a first step of including a brand into the consideration set, due to recognition or recall of the brand. Sometimes, a minimum level of brand awareness may be sufficient for consumer choice, during low-involvement decision settings, considering that consumers are likely to choose a well-known ,familiar brand, especially considering that brands with resonance are trustworthy and the reason they`ve lasted for such a long time on the market means they have a certain level of quality(Aaker, 1991; Bettman and Parl, 1980; Hoyer and Brown, 1990; Park and Lessig, 1981).Secondly, consumer decision-making is influenced by the way brand awareness affects the formation and strength of brand associations in the brand image, as well as of perceived quality (Keller, 1993). High levels of brand awareness and a positive brand image enhance brand choice, as well as brand loyalty,decreasing vulnerability when facing marketing actions from competitors. Therefore, brand awareness positively influences brand associations,perceived quality and brand equity.

4. Perceived quality

Perceived quality refers to consumer`s judgement and perception regarding a product`s overall quality, superiority or excellence (Kelller, 2003; Zeithaml, 1988).The perceived quality dimension is different from other related concepts such as objective (actual) quality, which measures the way in which a product or service satisifies specific needs at a certain level, taking into consideration the technical, verifiable, measurable natures of the respective products or services. Perceived quality cannot be determined on an objective basis, because it represents a perception itself,and naturally, has a subjective character and cannot be properly measured, because it involves consumer evaluation of a brand, taking into consideration various attributes that they associate with quality, each of them perceived as an important evaluation factor to different consumers; thus, quality is influenced by perceptions (Catoiu&Teodorescu, 2004, Zeithaml, 1988; Richardson et al.1994). Given the fact that it is essential to develop a positive brand image in consumer`s minds ,brand equity depends on perceived quality (Farquhar, 1989) and can increase differentiation and overall quality superiority of the brand.Perceived quality has a direct influence on brand awareness,because of certain customer evaluation factors such as fine product presentation, design, powerful advertising strategies can influence perceived quality, consumers tending to associate these attributes to high levels of quality. For example, when purchasing cosmetic products (creams, moisturizers,etc.) women tend to evaluate the product by such factors; therefore,when contemplating to purchase cosmetics, the brand name encompassing the respective factors will come to mind, leading to higher brand awareness,and,in case of satisfaction, brand loyalty .at the same time channeling other consumer`s interest towards the brand.Perceived quality allows the producer to practice premium prices,and can be the basis for brand extensions: if a brand is highly regarded within a particular context, it is assumed that that it will have high standards of quality in a similar domain (Aaker,1991).

5. Brand associations

Brand associations can be related to the positive or negative information that comes in consumer`s minds,connected to the brand node in the brain memory,reflecting what the brands stands for,what it means for customers.(Emari et al.2012;Keller,1993).Brand association is connected to the brand name ,reflecting the brand`s image.Brand knowledge is distinguished by the favorability,strength and uniqueness of brand associations,which play a pivotal role in creating the differential response that helps build brand equity and strenghten the brand`s position on the market(Aaker,1991;Keller,1993; Romaniuk&Sharp,2003).

Keller(1993) classifies brand associations into three categories,namely attributes,benefits and attitudes.Attributes represents the consumer thoughts regarding the product or service (the service or product`s characteristics) and what involves its purchase or consumption.Benefits imply the grade of satisfaction of various needs offered by a product or service,or the personal value attached to its attributes. Finally, brand attitudes ,defined as consumer`s overall evaluation of a brand(Wilkie,1986).A consumer`s attitude towards a brand can influence consumer behaviour,especially in terms of brand choice. Some customers can experience positive feelings during certain brand associations;as a result,the positive attitude will be transfered to the brand. Brand associations form a strong basis for consumers` purchase motivation,due to the fact that they display credibility and provide confidence.Brand associations generates brand loyalty and also a better perception of quality. Along with perceived quality,brand associations can lead to succesful brand extensions.

6. Brand extensions

Many luxury brands maintain their reputation through brand extension. A brand extension is the use of an established brand name to introduce a new product or service from a different category. Luxury brands use this strategy, along with diffussion brands, in order to reach a larger audience that hasn`t been exposed to them. Retailers such as Christian Dior, Chanel, Givenchy, Louis Vuitton, Gucci, Burberry or Marc Jacobs have stretched their lines from couture to cosmetics, fragrances, accessories or in some cases,home design (Versace, Fendi, Hermes, Ralph Lauren, Armani). The main benefit relies on transffering consumers`perceptions regarding a certain brand to the accesible products released under the umbrella brand name.

Since these product categories are less expensive than apparel and handbags, more consumers are likely to buy them so that they still feel like they are part of the brand experience. Experts believe that this strategy is advantageous for luxury brands, since the likelihood of buying cosmetics, perfumes or sunglasses that are luxury-branded is high (consumers are more willing to pay a premium price for these items to get a chance to experience the brand) These options will enable companies to create a larger customer-base, increase brand awareness and maintain loyal customers in unfavourable economic developments.

7. Collaborative marketing

Partnerships between brands are becoming more and more utilised by brands as a marketing strategy, in order to boost awareness,attracting new customers and improving brand image in a cost effectively manner, combining two brand budgets and their marketing outlets

Brand collaborations have become very popular in the fashion industry,and are regularly and commonly used by premium fashion houses, and are considered revolutionary in terms of strategic marketing, being advantageous from both a brand and marketing point-of-view. The most relevant examples of brand collaborations are the ones between fast-fashion retail giants teaming up with high-profile designers. A succesful example of Brand Collaborationt-The H&M Designer Collaborations

Each of the H&M annual capsule collections has proven to be a successful brand collaboration that brought value to both brands involved: H&M, the mass retailer with a strong customer-base, was able attract fashion-conscious consumers, maintaining a low price point. The designers (starting with Karl Lagerdfeld in 2004, and continuing with familiar names such as Stella McCartney, Roberto Cavalli, Jimmy Choo, Lanvin, Balmain) were able to expose their brand to a larger audience. The collaborations had numerous bennefits for both parties: for H&M, perceived quality was enhanced, while the collaborator`s perceived quality wasn`t affected,due to the exclusivity of the limited-edition collection and the high-demand for the products, which sold out quickly (caused by product association with the luxury brand). Increased brand awareness served both parties: the advertising campaign for each capsule-collection launched by H&M incorporate a multitudine of marketing strategies such as permanent exposure through a variety of channels (social media, commercials, banners, video releases),celebrity brand endorsement (a trending marketing strategy used to strenghten brand image -in consumer`s minds, a product that is worn/used by a celebrity has higher perceived quality). Through social media, both H&M and the collaborating fashion house engage both loyal and potential customers in taking part of their capsule-collection experience,thus creating brand loyalty.

Although H&M doesn't release results on its designer collaborations, in 2014, analytics company Crimson Hexagon examined 171345 social media posts to measure e the impact of Alexander Wang x H&M on consumer perception of the brand. The results are general positive sentiment toward H&M accounted for 25 percent of the social media conversation the week the collaboration was announced (April 13-19, 2014) and 34 percent the week the collaboration was released in stores (November 2-8, 2014), compared to an average of 10 percent over the nine month period the firm analysed (April 1, 2014 to December 31, 2014). Crimson Hexagon also parsed social media posts for "intent to purchase." During the week of the release, about half of the conversations contained intent to buy something, compared to an average of 14 percent.

Needless to say, there are plenty of financial benefits for each partner. The luxury brand market was also affected by the financial crisis, therefore brand collaborations represent a great profit source. Last year, the H&M collaboration with Parisian luxury designer Balmain was the most successful in the retail giant`s history: the collection sold in a couple of hours in some cities in less than an hour and had customers forming quese 12 hours in advance before the release. Ulteriorly, pieces from the collection appeared on the auction ssite e-bay.com, retailing at prices almost ten times bigger than the original price(a blazer that was originally priced 400 £ sold out for 3300£). This will determine consumers to purchase future collections. The mass-retailer also benefits from higher financial revenues ,but usually, the main goal for the company is to improve their brand image and perceived quality, and to convince other consumers to shop at their stores.

8. Conclusions

Brand equity can be developed, managed, and extended by improving its dimensions(brand loyalty, brand awareness, perceived quality and brand associations). Any potential marketing action can affect brand equity through the accumulated effect of the marketing-mix invested into the brand. A recognizable, familiar brand (with high brand awareness) which holds strong, positive associations,is perceived to provide products or services of high quality standards and is more likely to develop a significant customer data base.as well as to maintain their already devoted customers(resulting in increased brand loyalty). Marketing efforts which lead to more favourable responses from consumers will affect brand equity in a positive way. Favourable consumer response and positive customer-based brand equity can generate revenue growth, lowering of costs and higher profit.

Luxury brands are orienting themselves, nowadays, to marketing strategies focusing on manufacturing products for the masses, also known under the term of „massification", becoming available to a larger range of customers with different socio-economic features,instead of focusing only on the elite customers. The marketing strategies centered around massification have proven to have an overall positive impact on brand equity, as well as on consumer behaviour.

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