RELATIONSHIPS BETWEEN BRAND AWARENESS, PERCEIVED QUALITY, TRUST, VALUE, LOYALTY, AND BRAND EQUITY: A CASE STUDY OF VINAMILK BRAND IN HO CHI MINH, VIETNAM

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Abstract: The objective of this research is to study the relationship between brand awareness, perceived quality, trust, value, and loyalty and brand equity. It also investigates the relationship between two marketing elements (external communication in terms of word-of-mouth and publicity and advertising) and brand awareness. Additionally, the relationship between the two following factors, advertising, promotion and perceived quality, was tested. To do so a survey was conducted by distributing 400 questionnaires in eight randomly-chosen districts in Ho Chi Minh City, Vietnam. The Pearson Correlation was applied for data analysis. The results show that there is a positive and significant relationship among brand awareness, perceived quality, brand loyalty, value, trust, and brand equity. They also indicate that there is no significant relationship between advertising and perceived quality. Based on these results, it seems that Vinamilk needs to develop a marketing strategy to help the company increase brand equity.

Key words: Brand equity, brand awareness, perceived quality, trust, value, loyalty.

1. Introduction

Brand Equity is a concept of particular relevance to companies (Aaker, 1991). Brand equity refers to the added value of a brand to a company (Kotler, 1997). Customers perceive a brand as a classification of value and trust (Keller, 2003). When people want to buy a product or a service, a brand’s reputation (either strong or weak) is likely to affect their purchasing decision. Farquhar (1989) defined a brand as a name, symbol, design, or mark that enhances the value of a product beyond its functional purpose. Brands now play an important role and are accepted as generating and business sustaining growth (Prasad and Dev, 2000). Having a strong brand not only helps a company to differentiate itself from its competitors, it also creates positive communication apt to satisfy and convince customers (Aaker, 1991). When a company wants to develop new products or services, branding plays a significant role in its decision making process. The function of a brand is not only to enhance the value of a product beyond its functional purpose, but it is also related to trust, loyalty, perceived quality and brand awareness.

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This study focuses on Ho Chi Minh City residents who have used Vinamilk products at least three times. Vietnam's dairy market offers large opportunities. As the population is growing and the income per capita increasing, the Vietnamese dairy market import sector has been expanding. Vietnam, the world’s 14th largest country in terms of population, is now the world’s 20th largest importer of dairy products. A dominant force in the dairy market in Vietnam is Vinamilk.

Established in 1976, Vinamilk is the largest dairy producer in Vietnam. With over 30 years of operational history, it has maintained a dominant position in the Vietnamese dairy sector, capturing around 37% of the market share in the domestic dairy market. Vinamilk’s main competitors include Dutch Lady Vietnam, a division of Friesland Foods, Nestlé Vietnam, Abbott, Mead Johnson, Friso, and Nutifood.

Vinamilk products, such as powdered milk and condensed milk, are also sold abroad, most notably in the Middle East, Cambodia, the Philippines, and Australia.

The purpose of this research is twofold: (i) to analyze the main brand equity factors which Vinamilk uses to achieve large sales and compete with international brands, and (ii) to examine how it can strengthen its leading position in the Vietnamese milk market. This study will examine nine hypotheses in light of...
the relevant literature, which will be considered next. The conceptual framework and research methodology will then be discussed and the results analyzed and some recommendations made.

2. Literature Review

- Brand equity

Kotler (1997) defined brand equity as the added value ascribed to products and services. This added value may be shown in the way customers consider, feel and act with respect to a brand, as well as in the prices, market share and profitability that the brand commands for the company. Developing and properly managing brand equity has been emphasized as an important issue for most firms (Hao et al., 2007) because, it can help firms increase their cash flow and make products differentiation in order to lead to competitive advantages (Yoo et al., 2000; Aaker, 1991). Thus, brand equity has been regarded as one of the most valuable intangible assets by most firms (Hao et al., 2007). Aaker (1991) proposed that brand equity is the set of assets (and liabilities) linked to a brand’s name and symbol that adds the value provided by a product or service to a customer. Positive brand equity affects a firm’s future profit and the willingness of consumers to pay premium prices.

- Brand Awareness

Brand awareness is the ability for a customer to recognize or recall that a brand is a member of a certain product category (Aaker, 1991). Brand awareness is a fundamental attribute of customer brand equity. It tends to be an underestimated component of brand equity (Aaker, 1991; Aaker, 1986; Tong & Hawley, 2009). Brand awareness includes two elements which are brand recall and brand recognition.

Brand recall refers to whether or not customers can recognize the brand or are just hazy about it. As to brand recognition, it refers to the level of the connection between the brand and its products, ideas and any other dimensions.

- Perceived Quality

Zeithaml (1988) defined perceived quality as the customer’s perception of the overall quality or superiority of a product or service with respect to its intended purpose, relative to alternatives. Gottlieb et al., (1994) also defined perceived quality as an estimation that is seen as the model to explain the behavioral purpose.

Perceived quality is one of the main dimensions of brand equity. It is the core construct to measure brand equity (Aaker, 1996). Perceived quality is also a component of brand value, which leads consumers to select a particular brand rather than another competing brand (Yoo et al., 2000). Aaker (1991) considered perceived quality as an overall nonphysical feeling toward the brand that impacts market shares, profitability and price. Since service quality provides a basis for service differentiation for a company in terms of reliability, responsiveness, assurance, tangibility and empathy (Parasuraman et al., 1985), the real test for its success depends on the competent quality of services it provides to the consumers.

- Value and Trust

Value can be defined as a consumer’s overall assessment of the utility of a product based on perceptions of what is received and what is given (Zeithmal, 1998). Trust is defined as the confidence that one will find what is desired from another, rather than what is feared (Deutsch, 1973).

According to Aaker (1996) there is a positive relationship between trust, value and brand equity. Trust is the faith put into a brand with regard to its quality, consistency, etc. (Aaker, 1996). Value is created by providing a solution to consumers’ needs and wants in a way that the cost to the consumer is fair considering the benefits gained (Aaker, 1991).

- Brand Loyalty

Asseal (1992) defined brand loyalty as a favorable disposition towards the result in consistent purchases of that brand over time. Moreover, brand loyalty describes the attitude, behavior, and choice perspectives of the customers (Javalgi & Moberg, 1997).

Brand loyalty is considered to be the strongest path leading to brand equity (Atilgan et al., 2005). Brand loyalty has a positive and direct role in affecting brand equity (Atilgan et al., 2005). It is considered to be the strongest path leading to brand equity (Atilgan et al., 2005). Nowadays, products and services sold are not only about the physicality of the products or the quality of the services but also about beliefs
in the brand associated with the products or services. It indicates the critical role of the brand. As a result, brand loyalty is a concept that firms emphasize, since it may create or sustain a customers’ patronage over the long-term thereby increasing brand equity.

- External Communication in Terms of Word-of-mouth

Anderson (1998) defined word-of-mouth (WOM) as the informal communication to evaluate products/services between private parties. WOM is different from traditional marketing communication (Xu & Chan, 2010). According to Sheth (1971), WOM is more important than advertising in raising awareness of an innovation and in securing the decision to try the product. Positive WOM affects the evaluation of a brand product (Xu & Chen, 2010). It implies that customers have a favorable and clear brand awareness of a product, strong association with it, high quality perception, and are loyal to it. (Xu & Chen, 2010)

- External Communication in Terms of Publicity

Belch et al (2009) defined publicity as the impersonal communication involving an organization, product, service, or idea that may formulate different customers’ ideas and may influence different levels of evaluations. Lamons (2002) determined that customers already have some knowledge of the products or services and believe in the information from the publicity. In their mind, the information given is reliable and opens all prospects; whereas, advertising only delivers information that the company wants people to know. Marketers can create awareness among their target audience through repetitive advertising and publicity (Stryfom et al. 1995).

- Advertising

Gil (2007) defined advertising as the communication tool that the company spends to deliver information of the product or the brand to the consumers. Advertising is non-personal communication and promotion of ideas, goods or services by an identified sponsor by various media (Kotler & Keller, 2006; Nelson, 2010). Moreover, brand advertising exposes product to consumers more frequently. Thus, it can not only develop a product’s high or positive brand awareness and generate stronger associations, but also increase customer perception of a brand (Tong & Hawley 2009; Yoo et al., 2000; Cobb-Walgren et al., 1995).

Cobb-Walgren et al. (1995) found that there is a positive relation between the amounts spent on advertising and brand awareness. Aaker and Jacobson (1994) observed that there is a positive relationship between advertising spending and perceived quality; a finding also supported by Kirmani and Wright (1989). They determined that heavy advertising spending often implies superior quality. Their finding also shows a favorable relationship between marketing communications spending and the firm’s investment in the brand, with regard to a higher perception of quality.

- Promotion

Promotion includes short-term price reductions, premiums (for example, a free gift with the purchase), coupon packages, cents-off and price deal and refunds. Firms frequently use them to get a stronger and quicker buyer response (Kotler & Keller, 2006; Shih, 2010).

Compared with price promotion, non-price promotion (such as premium, coupons package and etc.) can enhance perceived quality in the long-term, as well as strengthen brand relationship with customers (Tong & Hawley, 2009). Moreover, generally promotions are used to impact customers directly in various ways and lead them to retim purchasing decision (Doyle & Saunders, 1985).

3. Conceptual Framework and Research Hypotheses

As mentioned earlier, the purpose of this research is twofold: (i) to analyze the main brand equity factors which Vinamilk, the biggest milk brand in Vietnam, uses to achieve large sales and compete with international brands, and (ii) to examine how it can strengthen its position in the Vietnamese milk market.
Nine hypotheses were developed and separated into three groups: Group A (hypotheses H₁, H₂) identifies the relationship between external brand communications in terms of word-of-mouth, publicity, advertising and brand awareness; Group B (hypotheses H₃, H₄) determines the relationship between promotions, advertising and perceived quality; and Group C (hypotheses H₅, H₆, H₇, and H₈) the relationship between brand awareness, perceived quality, trust, value, loyalty and brand equity.

H₁. There is no significant relationship between external brand communication in terms of WOM and publicity and brand awareness.
H₂. There is no significant relationship between advertising and brand awareness.
H₃. There is no significant relationship between advertising and perceived quality.
H₄. There is no significant relationship between customer promotion and perceived quality.
H₅. There is no significant relationship between brand awareness and brand equity.
H₆. There is no significant relationship between perceived quality and brand equity.
H₇. There is no significant relationship between trust and brand equity.
H₈. There is no significant relationship between value and brand equity.
H₉. There is no significant relationship between loyalty and brand equity.

The researcher applied descriptive research, as this study aims to investigate the relationship between brand awareness, perceived quality, trust, value, and loyalty and brand equity. Zikmund (2003) defined descriptive research as research that helps to identify the characteristics of consumers, a population or a phenomenon. This type of research seeks to determine the answer to the ‘who, what, when, where and how’ questions. Moreover, descriptive research is typically used to determine the frequency with which something occurs or the relationship between two variables. The researcher therefore distributed questionnaires randomly to people buying Vinamilk products at various stores in Ho Chi Minh City, one of the most developed cities in Vietnam. Consumer goods there are in abundance and account for the largest market share. According to the Statistics Department, in 2011, the gross domestic product (GDP) there reached 11% while the national average was 5.8%. (http://businessetimes.com.vn/ho-chi-minh-economic-growth-continues/, 29/03/2012).

Additionally, the researcher applied the survey technique, using self-administered questionnaires, which the researcher distributed to Vinamilk consumers to collect information. This technique involves three steps: (i) simple random sampling; (ii) quota sampling and (iii) convenience sampling.

Simple random sampling was applied by drawing numbers out of a hat. So each Ho Chi Minh City district had an equal chance of being selected. A total of 8 districts out of 18 were selected: Districts 1, 3, 7, 10, 11, Go Vap District, Binh Thanh District, and Tan Binh District.

Quota sampling was also applied which means that the total selected sample size was split among the eight districts. Quota sampling ensures that the various subgroups in a population are presented on pertinent sample characteristics to the exact extent desired. Each district had 50 respondents.

The main purpose of convenience sampling is to save time and cost during the survey. The researcher collected data from any Vinamilk customer willing to answer the questionnaire. These were customers who had just bought Vinamilk products at some selected Shop & Go
store, a chain of convenience stores very popular in Ho Chi Minh City. There is a total of 74 such stores in the city. The researcher randomly selected one store in each district.

The questionnaire was divided into five parts. Part 1 is a screening question designed to get the correct respondents. It is designed in a simple category scale. As Donald and Pamela (2003) stated, a simple category scale offers two mutually exclusive response choices which can be “yes” or “no” or “important and unimportant,” or “agree” and “disagree.”

Part 2 includes questions about the factors affecting brand awareness (external brand communications in terms of word-of-mouth and publicity, advertising). Part 3 include questions about the factors affecting perceived quality (advertising, promotion), and Part 4 questions about the factors affecting brand equity (brand awareness, perceived quality, trust, value, loyalty). These three parts comprise a total of 45 questions which all used the interval scale and the five-point Likert scale, ranging from 1 = strongly disagree to 5 = strongly agree. The Five-point Likert Scale is a subjective scoring system that allows a person being surveyed to quantify likes and preferences on a 5-point scale (Zikmund, 2003).

Part 5 includes four questions pertaining to the respondents’ gender, age, income, and education levels, using multiple choices and a single-response scale. When the rater has multiple options but only one answer is sought, multiple choices and a single-response scale are appropriate (Donald and Pamela, 2003).

4. Results and Discussion

The majority of Vinamilk respondents were females. They accounted for 64% of the total sample. Moreover, the largest group of respondents in terms of age includes those between 18-30 years old (36.3%) suggesting that most purchasers of Vinamilk products are young people (18-30 years old). Among all the respondents, people with a Bachelor degree had the highest percentage (41.8%). 33.8% of the respondents had a monthly income lower than 5,000,000 Vietnam dong (US$240). Thus, as Table 1 below shows, most of the purchasers of Vinamilk products in Ho Chi Minh City are single females, between 18 and 30 years old, who have a bachelor degree, and a monthly income of 5,000,000 (US$240) or below.

<table>
<thead>
<tr>
<th>Demographic Factors</th>
<th>Variables</th>
<th>Percentage (%)</th>
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<tbody>
<tr>
<td>Gender</td>
<td>Female</td>
<td>64%</td>
</tr>
<tr>
<td>Age level</td>
<td>18-30 years old</td>
<td>36.3%</td>
</tr>
<tr>
<td>Income</td>
<td>Lower than 5,000,000 VNĐ</td>
<td>33.8%</td>
</tr>
<tr>
<td>Education level</td>
<td>Bachelor degree</td>
<td>41.8%</td>
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Source: created by the author for this study.

To test the nine hypotheses, separated into groups A, B and C, the data was analyzed using the SPSS program (statistical package of social science).

Group A findings show that there was a significant relationship between external brand communications in terms of WOM, publicity, advertising and brand awareness. This result is consistent with the studies of Seth (1971), Fung So et al., (2009), Yoo (1996), Tong and Hawley (2009), and Cobb-Walgren et al., (1995), which all concluded that advertising has positive significant effects on brand awareness. Based on this result, this indicates that word-of-mouth and publicity affected customer brand awareness of the Vinamilk brand. The way of life of Ho Chi Minh City residences nowadays, most people lead a fast life and do not talk to each other except to their families, largely accounts for this. What these findings also suggest to brand management is that they can use external communications in terms of word-of-mouth and publicity as tools to increase awareness of the brand in customers’ minds. Effective external brand communication should not only be used to keep the brand at the top of existing customers’ minds but also be used to develop a brand image in the inexperienced customers’ minds.

The results of Group B show that there is a significant relationship between promotion and perceived quality. Based on these findings, promotion seems to be a key technique for Vinamilk to affect customers’ attitude toward perceived quality. This finding is similar to that of Gil et al., (2007), who found that there is
positive relationship between promotion and consumer’s perceived quality of the brand. This study suggests that Vinamilk brand should invest more in promotion such as coupons, price deals, refund offers to ensure higher perceived quality from customers. Investing more in promotion will help Vinamilk ensure that perceived quality among customers grow as well as sales volumes.

The results with respect to Group C indicate that there is a relationship between brand awareness, perceived quality, loyalty, value, trust, and brand equity. This finding is in keeping with prior research (Adam, 1995; Cronin & Taylor, 1992; Rios et al., 2010; Keller, 2003; Kim et al., 2003; Kim & Kim, 2004; Xiao et al., 2009; and Le, 2006). Based on these results, what this study suggests is that Vinamilk should use customers’ awareness, perceived quality, value, brand loyalty and trust toward its products to strengthen its brand equity.

5. Conclusion and Recommendations

This research aimed to study the relationships of brand equity with brand awareness, perceived quality, trust, value, and loyalty. The researcher set nine hypotheses to test the relationships and discovered that all the factors have a positive relationship with brand equity. Brand equity is developed by enhancing brand awareness, trust, value, perceived quality and brand loyalty. It cannot be either built or damaged in the short-term. It is created in the long run through carefully designed marketing investments. Thus, brand equity is durable and sustainable. A product with strong brand equity is a valuable asset not only for the firm but also to customers.

The majority of the respondents were single females, between 18 to 30 years old, who have a bachelor degree and an income of less than 5.000.000 Vietnam dong ($240) per month.

The results of the hypothesis testing show that nine null hypotheses out of ten were rejected, signaling a positive significant relationship between the dependent variable and the independent variables. Only Hypothesis 3, which shows no relationship between advertising and perceived quality, failed to be rejected. The results suggest that Vinamilk needs to increase its brand equity. The following recommendations should thus be made:

- **Recommendations**

Since this study shows the important role trust plays in building strong customer-based brand equity, managers could relate these findings to their brand equity building strategies. Specifically, to enhance the strength of brand equity in the Vietnamese market, managers should focus on trust. Simply put, what customers know about a company can influence their reactions to the company’s products. Since there is much information about unsafe milk products as one of the main causes for cancer, customers pay much more attention to the brands they know they can trust. Therefore, trust should play a big role in the strategy any milk brand develop to keep and attract more customers.

As Group A hypotheses indicate, word-of-mouth, publicity, and advertising are factors that benefit brand awareness. Word-of-mouth and publicity are especially critical in that satisfied customers will often tell others of their experience, which can result in future sales. Thus, to strengthen brand equity toward brand awareness, brand managers should focus more on marketing activities such as advertising and word-of-mouth to achieve better brand awareness from a customer’s perspective.

The results of Group B indicate that, while there is no relationship between advertising and perceived quality, there is a relationship between promotion and perceived quality. It could therefore be concluded that if Vinamilk wants to increase the perceived quality of its products in its customers’ minds, it should concentrate on promotion more than on advertising activities. Special sales and promotions could be advertised at stores or supermarkets so as to get people’s attention.

As the results of Group C indicate, trust has the strongest relationship with brand equity, followed by brand loyalty, perceived quality and value. Thus, to increase brand equity, Vinamilk should concentrate on developing trust first and then focus on brand loyalty before paying more attention to perceived quality which it should also be dealt with before value. Regarding trust, the researcher discovered that the respondents mainly trusted Vinamilk because of perceived trust meaning that its products can be trusted to consistently be offered at affordable prices.
Therefore, the researcher would like to suggest to Vinamilk that it should find ways to further bring down its costs - and thus its prices - while at the same time keeping improving its products’ quality.

Another recommendation about how Vinamilk could enhance the quality of its products is for the company to address complaints made with regard to the safety of its products more adequately.

To increase the brand loyalty, Vinamilk should also make its customers members of loyalty program and give them a feeling of true ownership in milk products, by making them proud to own Vinamilk products. The company should rely on word-of-mouth and publicity to disseminate information about its products so that its customers and their friends/families are persuaded that Vinamilk is the biggest Vietnamese dairy milk company in the Vietnamese market and that their support of the company through their patronizing its products is much appreciated by the Vietnamese population. Vinamilk could reward its loyal customers by organizing seminars meant to let them know Vinamilk always cares about them and give gifts. People would then know that there are benefits in patronizing Vinamilk other than having access to quality and reliable products.

In addition, managers need to educate employees and/or contractors about the importance of the brand and its meaning so that they can in turn talk about it and secure more customers.

Managers also need to have a firm understanding of the way complaints should be handled and on how to address the problems arising there from.

Additionally, since the outside of a product is very important to Vietnamese customers, Vinamilk should pay attention to the physical aspects of its products. They should change the shape of the bottle to make it easier to handle and be more suitable to use.

Lastly, since social media has now become a key component of brand loyalty, all brands seek to find loyal fans, fans that come back over and over again to purchase a product or service and better yet, promote the brand to their friends. By focusing on social media, Vinamilk would increase its young customer base since they are the prime users of social media networks.

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