

# [Brand equity in the competitive import beer market of taiwan](https://assignbuster.com/brand-equity-in-the-competitive-import-beer-market-of-taiwan/)

[Food & Diet](https://assignbuster.com/essay-subjects/food-n-diet/)

References – Many references were incorrect, requiring a lot of time spent searching for the correct reference on the internet. Also many references were cited in the paper, but not listed in the reference section. I searched for these references online and added them to the reference section, requiring more time.

Brand equity in the competitive import beer market of Taiwan

## Introduction

Brand equity has been one of the most popular marketing concepts in recent literature and continues to grow in importance. Successful brand management can benefit firms through greater revenue, lower costs and higher profits (Farquhar 1990). Also, brand equity is linked to a firm’s ability to charge price premiums and encourage customers to seek new distribution channels. Clearly, effective management of brand equity is integral to a company’s success, and as such the attention paid to brand equity in recent literature has been taking increasing precedence.

No common consensus has been reached on the definition of brand equity in the literature thus far (Vazquez et al., 2002; Keller, 2003), but the most commonly cited attempt is Aaker’s (1991) categorization of brand equity 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”. Other studies have attempted to empirically test the brand equity framework set up by Aaker (1991) (Yoo et al., 2000; Atilgan et al., 2005). In this paper we empirically test Aaker’s model of brand equity for the foreign beer market in Taiwan.

## Literature Review

Lancaster (1966) precipitated a major shift in academic thought regarding consumer theory when he proposed that a product’s utility to a consumer was not through the whole, but rather through intrinsic properties inherent within each product. Rosen (1974) stated that the value of these intrinsic characteristics could be monetized by analyzing the observed prices of differentiated products. Since that time, while the concept of brand equity has arisen in the literature, no formal definition has gained consensus (Vazquez et al., 2002; Keller, 2003). From a financial perspective, brand equity has been defined as an asset of a brand that can be accounted for and included in a balance sheet (Feldwick, 1996), or as the “ incremental cash flows which accrue to branded products over unbranded products” (Simon & Sullivan, 1993).

Keller (1993) adopted both a direct and indirect approach to measuring customer-based brand equity through a customer’s brand awareness and perception of brand image. Talk more about customer based brand equity. Other studies have approached defining brand equity from different perspectives, such as Shocker and Weitz (1988) claiming brand equity can be studied from corporate, customer and retailer aspects, conferring benefits from the perspective of all three. However, the most cited definition of brand equity in the literature thus far, and therefore applied to this study, has been given by Aaker (1991, p. 15) 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”.

Aaker (1991) built his model of brand equity on five dimensions: brand loyalty, perceived quality, brand awareness, brand association, and other brand assets (include figure). Aaker proposes that brand loyalty, defined as the likelihood of a customer switching to a rival brand, serves as the core value of brand equity by providing continous revenue streams for the firm. Keller (2003) provides yet another definition of brand loyalty by examining the extent to which a customer identifies him or herself with the brand.

Perceived quality can also influence brand equity by affecting the likelihood a customer will choose a particular brand over a rival. High perceived quality can increase a product’s price premium, leading to a higher profit margin for a firm (Yoo et al. 2000).

Keller (2003) claims that brand awareness provides utility to customers by aiding decision the making process through learning advantages, consideration advantages, and choice advantages. Aaker (1991, p. 61) claims that brand awareness is “ the ability of the potential buyer to recognize and recall that a brand is a member of a certain product category”. Brand awareness may affect brand equity through a high level awareness and familiarity with the brand.

Aaker (1991) briefly summarizes brand equity as “ anything linked in memory to a brand”. Aaker has listed the benefits of brand association as helping process/retrieve information, differentiating the brand, generating a reason to buy, creating positive attitudes/feelings as well as providing a basis for generating brand extensions.

Other brand assets include patents, registered trademarks, a sales route and other instruments that a firm can use to maximize revenue while preventing a competitor from eroding the market share of a particular brand. Such assets prevent competitors from using similar brand names and symbols to erode market share.

Subsequent studies have empirically tested Aaker’s model of brand equity (Yoo et al., 2000, Faircloth et al., 2001, & Atilgan et al., 2005). Yoo adopt Aaker’s defined dimensions of brand loyalty, perceived quality and a combination of brand association and brand awareness and use a structural equation model to examine the relationship between the dimensions and brand equity. Faircloth et al. (2001) create and empirically test a conceptual model of brand equity adopted from Aaker (1991) and Keller (1993). The results show that providing specific brand associations or signals to consumers creates images and attitudes that influence brand equity. Atilgan et al. (2005) find that brand loyalty is the most influential dimension of brand equity. This study adds to the literature by empirically testing Aaker’s model within the framework of a different market than examined by previous research.

## Need to talk about brand name

Atilgan’s holds that brand equity is primarily influenced through the mediating factors of brand loyalty, perceived quality, brand awareness, and brand association. However, within the marketing literature multiple studies have provided evidence that a good brand name has a positive influence on brand equity. Shimp and Bearden (1982) and Roa and Monroe (1989) propose that a good brand name improves brand loyalty by decreasing risky conginition during a customer’s purchasing decision.

Based on previous literature we form the following two hypotheses for testing as follows:

H1. Brand name, perceived quality, and brand awareness all have a positive relationship on brand equity.

H2. Brand name has a positive relationship with brand equity through the meditating factors of brand loyalty, perceived quality, and brand awareness.

## Background on the Taiwan beer market

In 1987 the Taiwan government opened the domestic beer market to foreign competition, allowing foreign beer brands to compete with the previous government supported monopoly, Taiwan Beer Corporation. The US based brand Miller Beer was the first to enter in 1987, followed by German dark beer brands in 1994 and Japanese brands in 1995. After the government removed restrictions on advertising beer through radio and TV channels in 1996, import beer accounted for 28% of the market share (éƒ­æ-‡å½¬, 2001; èŒƒé›…éˆž, 2002). Under unprecedented competition pressure, Taiwan Beer implemented a new marketing strategy emphasizing young and popular cultural icons, eventually regaining a market share of 80% (èŒƒé›…éˆž, 2002; é» ƒfind Chinese name 2004). The advent of Taiwan joining the WTO in 2002 led to China entering the Taiwan beer market with its Tsing Tao brand and setting up a local production facility. Currently the market share of the import beers fluctuates around 20%, with Heineken, Budweiser, Kirin and Tsing Tao being the most popular foreign brands, respectively.

Other literature has led to insights into the Taiwanese beer consumer’s drinking habits and preferences. Two Chinese names have shown that in the past Taiwanese people primarily drank in groups under more formal occasions, but now due to gradually changing economic conditions, cultural norms and governmental policies the trend has shifted towards drinking leisurely both socially and individually. The Taiwanese beer consumer places the most emphasis on taste during beer purchasing decisions, followed by aroma, convenience of purchase, carbonation, packaging, price, and brand marketing. Consumers also hold European beers in higher esteem than U. S. beers, and imports over domestic beers (å¼µæ­£, 1987).

## Methodology

A research framework was designed to test the hypothesized relationships within the framework of the Taiwan import beer market. Given that the majority of import beer consumers in Taiwan fall into the 18-30 age segment, undergraduate and graduate students of a Taiwanese university were surveyed. Yoo Disclaimer? Students were given a self administered questionnaire designed to collect information regarding brand equity and its determinants for the four highest selling import beer brands in Taiwan. A total of 587 usable questionnaires were obtained, well surpassing the critical sample size for structural equation models proposed by Hair et al. (2006).

Respondents were surveyed on 12 attributes regarding brand equity and its determinants. Attributes were adopted from numerous studies (Rossiter & Percy, 1987; Burke et al., 1988; Zeithaml, 1988; Dodds et al., 1991; Kristensen et al., 2000; Hans et al., 2002; Aaker, 1996; Kotler & Andreason, 1996; Atigan et al., 2005; Yoo & Donthu, 2002). Respondents were asked to rate product X using a seven-point Likert scale. Reason for using Likert scale?

## Findings

We evaluated Cronbach’s alpha scores to test the reliability of the overall Likert scale and brand equity dimensions by employing methodology similar to that used in Yoo et al. (2000). Explain results.

Convergent validity was examined under the suggestions of Bagozzi and Yi (1988). The factor loadings of each variable was found to be statistically significant at a level above 0. 5 with under 0. 1 significant level accompanied by a significant T value. Composite validity was found to be higher than 0. 8 for all variables across all brands, meeting the requirements posed by Hair et al. (1998). Also, the average variance extract was higher than 0. 5 for all variables across all brands. Make a table.

Discriminant validity is verified by the data by the coefficient index between any two variables being less than one and also lower than the Cronbach’s alpha index for each variable. Clarify this sentence.

In the next step the causal relationships between brand equity and its determinants were tested for model 1 (brand equity dimensions have a positive relationship with brand equity) and model 2 (brand name has a positive relationship with brand equity through the mediating factors of brand loyalty, perceived quality and brand awareness). The statistical significance of model 1 and model 2 were tested according to the likelihood-ratio chi-square, AGFI and GFI (where does this come from?). The results show that model 1 and model 2 are statistically significant for all beer brands show table.

Next, as a basis for accepting or rejecting the proposed relationships between the exogenous and endogenous constructs, significance tests for the structural parameters were performed. Compile the results into a table and comment.