**THE EFFECT OF ADVERTISING AND DISCOUNT ON DEVELOPMENT OF BRAND EQUITY: A COMPARATIVE STUDY OF ANBESSA AND RAMSEY SHOE FACTORIES**

**A THESIS SUBMITTED TO SCHOOL OF GRADUATE STUDIES OF ADDIS ABABA UNIVERSITY IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE OF MASTER IN BUSINESS ADMINISTRATION IN MANAGEMENT**

**BY: ENDRES AHMED**

**ADDIS ABABA UNIVERSITY**

**COLLEGE OF BUSINESS AND ECONOMICS**

**DEPARTMENT OF MANAGEMENT**

**MBA PROGRAM**

**ADVISOR: DR. YITBAREK TAKELE**

**ADDIS ABABA, ETHIOPIA**

**June, 2014**

## DECLARATION

I, the undersigned, declare that this study entitled "the effect of advertising and discount on the development of consumer based brand equity: a comparative study of anbessa and ramsey shoe factories" is my original work and has not been presented for a degree in any other university, and that all sources of materials used for the study have been duly acknowledged.

Declared by:

Name Endres ahmed mohammed

Signature _____

Date_____

CERTIFICATE

This is to certify that this study, "the effect of advertising and discount on the development of consumer based brand equity", undertaken by Endres ahmed for the partial fulfillment of Masters of Business Administration [MBA] at Addis Ababa University, is an original work and not submitted earlier for any degree either at this University or any other University.

Research Advisor: Dr. Yitbarek Takele

Signature _____

Date_____

**SCHOOL OF GRADUATE STUDIES**

**THE EFFECT OF ADVERTISING AND DISCOUNT ON THE DEVELOPMENT OF CONSUMER BASED BRAND EQUITY: A COMPARATIVE STUDY OF ANBESSA AND RAMSEY SHOE FACTORIES**

**BY: ENDRES AHMED**

Approved by Board of Examiners:

_____ _____ _____

Advisor                          Signature                Date

_____ _____ _____

Internal Examiner                Signature                Date

_____ _____ _____

External Examiner                Signature                Date

# Acknowledgement

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*Abstract*

*The purpose of the study was to see the effects of advertising and discount on consumer based brand equity. The research approach was quantitative and non probability sampling technique was followed and 400 sample sizes were selected. The practical implication of the study was Advertising play a key role on brand awareness, perceived quality and brand loyalty but have a little impact on brand association in both companies. But discounting didn't contribute for brand equity dimensions and the overall brand equity. And brand awareness has a significant influence on brand equity, (2) brand association has a significant influence on brand equity, (3) perceived quality have a significant influence on brand equity, (4) brand loyalty has a significant influence on brand equity. But there were limitations, there is a single measure of overall brand equity and the research is only conducted on one product category.*

*Keywords: advertising, sales promotion, Brand Equity*

# CHAPTER ONE: INTRODUCTION

## 1.1 BAGROUND OF THE STUDY

Advertising is any paid form of non-personal presentation and promotion of ideas, goods and services and is required price by an identified sponsor (Kotler, 2003). Advertising is a tool, used by companies for communication to their customers. The process of communicating to the target audience may begin from complete unawareness of the product on the part of the consumers. If communication strategy represented by advertising is adequate, consumers become aware of the product. This can lead to consumer's preference for the product, and the belief that the product can satisfy the needs of consumers better than competing ones. This eventually leads to actual purchase (Hutt and Speh, 2004, p. 412) as atman et al. cited (2006): Duncan (2005): the author of Principles of advertising and IMC (Integrated Marketing Communication) book said that advertising is non personal, paid announcements by identified sponsor. It is used to reach large audience, create brand awareness, help differentiate a brand from its competitors, and build an image of the brand.

According to (Belch, 2003) sale promotion is those marketing activities that provide extra value or incentives to the sales force, the distributors, or the ultimate consumer and can stimulate immediate sales. Sales promotion consist of diverse collection of incentive tools, mostly short term, designed to stimulated quicker or greater purchase of particular product or service by consumer of trade (Kotler, 2003). The function of sales promotion is to increase or to build brand awareness among consumers. Duncan (2005) said that sales promotion a short-term, added value offer designed to motivate an immediate response. Although generally used to motivate a buying decision, sales promotion is also used to move people through the buying process toward a particular brand. Brand Equity is a concept of particular relevance to companies (Aaker, 1991).

Keller (1993, p. 2) defines brand equity as ''the differential effect of brand knowledge on consumer response to the marketing of the brand.'' Brand equity refers to the added value of a brand to a company (Kotler, 1997). Fieldwick (1996) brand equity is a measure of the strength of consumers' attachment to a brand and a description of the associations and beliefs the consumer has about the brand. Kevin Keller (1993) "Building and properly managing brand equity has become a priority for companies of all sizes, in all types of industries, in all types of markets." With more and more products and services competing for consideration by customers who have less and less time to make choices, well-known brands have a major competitive advantage in today's marketplace. Building and maintaining brand identity and equity require the creation of well-known brands that have favorable, strong, and unique associations in the mind of the consumer (Belch, 2003).

While some studies in the literature suggest a negative long-term impact of price promotions on base sales (Foekens, Leeflang, and Wittink 1999; Jedidi, Mela, and Gupta 1999), others suggest the opposite effect due to the positive effects of their dependence (Keane 1997) and purchase reinforcement (Ailawadi et al. 2007). Others have found only a fleeting negative effect (Pauwels, Hanssens, and Siddarth 2002).

In contrast, discounting policies are typically found to decrease price elasticity's (make them more negative) by focusing consumers' attention to price-oriented cues (Boulding et al. 1994; Mela, Gupta, and Lehmann 1997; Papatla and Krishnamurthi 1996; Pauwels et al. 2002). Brand-oriented advertising (e.g., non-price advertising) strengthens brand image, causes greater awareness, differentiates products and builds brand equity (Aaker 1991; Keller 1993).

## COMPANIES BACKGROUND

The production of leather shoes in Ethiopia dates from the late 1930s when Armenian merchants founded two shoe factories in Addis Ababa. These factories nurtured a number of shoemakers, who opened their own factories in Addis Ababa and trained their workers (Tetsushi, 2007).

Now a day there are 13 large mechanized shoe industries currently in operation. Except for Sheba all shoe factories are located in Addis Ababa and its neighborhoods. Together, they can produce about 10,000 pairs of shoes per day. (UNIDO project number: TE/ETH/08/008). According to the report, it is not easy to estimate capacity utilization but many companies seem to operate below their capacity. For instance in 2009/10, tanning and dressing of leather, luggage and handbag industries were operating at 56 percent of production capacity. An earlier study showed that the capacity utilization for shoe firms was, at the time, as low as 48% (Tegegne, 2007). Such low utilization of capacity could arise from a number of factors such as lack of raw material, lack of demand (the main emphasis of the research). On the other hand, the existence of idle capacities indicates that the sector has a potential to perform better provided that constraints are overcome.

**Anbessa Shoe**

Anbessa Shoe, formerly known as the Darmar Shoe Factory, was established in 1939 by an Italian. The factory is located in two premises in the capital. Anbessa is engaged in the production of various types of leather shoes. It currently has about 1,090 employees. In FY2008/09, the firm had an annual turnover of about $4 million, 48% of which came from export sales. The total assets are valued at about $5.5 million, 34% of which is financed by equity.

The factory was run by its Italian founder for only three years and was sold in 1942 to an Armenian citizen, who ran the factory for 33 years as the Darmar Shoe Factory. Darmar was initially engaged in both tannery and shoe making. In 1975, Darmar was nationalized and organized as two public enterprises: Anbessa Shoe Factory and Awash Tannery. The firms started to export shoes, in small quantities, in the early 1980s. In 1993, following the issuance of a new proclamation, Anbessa Shoe Factory was restructured as a share company. The main factory and administrative offices are located in the center of the capital. In addition, the factory has a branch unit (Manpo Branch) in the eastern part of the city.

**Current products and activities**

Anbessa Shoe is engaged in the production of various types of leather shoes and shoe components, with a production capacity of 4,500 pairs per day (single shift).

**Firm capabilities**

Anbessa Shoe is recognized as a pioneer in modern shoe manufacturing in Ethiopia and is a well-regarded brand. It is equipped with modern machinery and employs relatively skilled labor. Its capacity has allowed the firm to be a substantial exporter. The firm has high overhead costs and faces a serious constraint on its working capital. In addition, it suffers the disadvantage of not having its own tannery.

**Ramsey Shoe Factory**

Ramsey Shoe Factory is registered as Elfenesh Zelalem Shoe and Leather Products Manufacturing General Partnership. It was established in 1993 with two partners from the same family with an initial capital of $200,000. The firm is mainly engaged in the production of men's

shoes. It has about 250 employees. Ramsey is estimated to have an average annual turnover and asset value of $1.5–2 million.

The firm produces both men's and women's shoes, with men's shoes accounting for more than 85% of output. The firm has a production capacity of 900–1,000 pairs per day.

Most purchasing and marketing activities are carried out through the personal contacts of the managing director. The production and technical supervisory roles are undertaken by well qualified personnel.

Therefore, this study is clearly examined the relationship between advertising and sales promotion and brand equity with intervening variables, brand awareness, brand association, perceived quality and brand loyalty and serve as input for the organization to assist in decision making, in identifying promotion and brand equity issues in order to develop strategies to develop consumer based brand equity

## 1.2 STATEMENT OF THE PROBLEM

Kevin Keller (1993) "Building and properly managing brand equity has become a priority for companies of all sizes, in all types of industries, in all types of markets." With more and more products and services competing for consideration by customers who have less and less time to make choices, well-known brands have a major competitive advantage in today's marketplace. Building and maintaining brand identity and equity require the creation of well-known brands that have favorable, strong, and unique associations in the mind of the consumer (Belch, 2003)

Most researchers such as (Dodson et al. 1978, Machleit; Wilson 1988, Lattin and Bucklin 1989 Aaker, 1991,; Simonsen et al. 1994; Chandon 1995 Keller, 2005,; Isabel et al.) argued that Advertising is useful in building brand equity. It creates a favorable attitude toward a brand through a transfer of affect from the advertising to the brand. Also advertising is seen as one of the most important means of establishing brand awareness and educating consumers on the different attributes or dimensions of a brand. They have further argued that advertising as important to building consumer perceptions in the four dimensions of brand equity, Awareness, perceived quality, brand associations, and loyalty, while sales promotion, in particular price-based promotions, may result in a brand being devalued in the consumer's mind.

However Research work from (Eastlack and Rao, 1989, Keller and Lehmann, 2003, Chu and Keh, 2006 faiza, 2010, Vaishnani &Haresh B., 2011,) sales promotions increases brand equity if it is rejuvenated. While, advertising strategies can be ineffective in terms of advertising quantity and quality. Because advertising spending can reach a saturation point beyond which further spending does not significantly contribute to creating brand equity.

What the above two paragraphs underscore is the existence of continuing debate and the issue is yet unsettled. if Group of researchers such us (Dodson et al. 1978, Machleit; Wilson 1988, Lattin

and Bucklin 1989 Aaker, 1991,; Simonsen et al. 1994; Chandon 1995 Keller, 2005,; Isabel et al.) argued that advertising enhance brand equity while sales promotion erodes it, and if group of researchers such as Eastlack and Rao, 1989, Keller and Lehmann, 2003, Chu and Keh, 2006 faiza, 2010, Vaishnani &Haresh B., 2011,) after a certain extent advertising erodes brand equity while sales promotion if rejuvenated enhance brand equity, then more must be known about the effect of advertising and sales promotion on consumer based brand equity.

The purpose of this study is to test the theory of brand equity that Relates advertising and sales promotion to brand equity, at Anbessa and Ramsey shoe customers in Addis Ababa. The independent variable advertising and sales promotion will be generally defined as means communicating with customers, and brand equity dimensions, will be statistically controlled in the study. So this study tried to show the effect of advertising and discount on brand equity dimensions and in turn how equity dimension affects brand equity by using CBBE mainly david aakers model. Aaker's Brand Evaluation Model is a powerful conceptual tool for managers to understand the brand equity maker resources and identify the real origin of this value. This awareness and cognition help managers to select more appropriate goals and strategies for their brand and allocate their available sources in agreement with this goals and strategies, efficiently. The research attempted to answer the following basic questions:

1. Do brand equity dimensions affects consumer based brand equity of foot wear consumer in Addis Ababa?
2. Do advertising of footwear firms affect dimensions of brand equity?
3. Does sales promotion (discounting) affect dimensions of brand equity?
4. Does advertising and sale promotion affect brand equity?

5. What is the relative performance of the companies understudy with regard to building

consumer based brand equity.

## 1.3 Objectives of the research
### 1.3.1 General objective

The major objective of the research was to see the effect of advertising and sales promotion on

building consumer based brand equity in the case of selected footwear firms.

### 1.3.2 Specific objectives

➢ To analyze the effect of advertising on brand equity dimensions.

➢ To examine the effect of sales promotion on dimensions of brand equity

➢ To scrutinize the effect of brand equity dimensions on brand equity

➢ To investigate the effect of advertising and sale promotion on brand equity

➢ To compare the relative performance of the companies under study with regard to

building consumer based brand equity.

### 1.4. Hypothesis

In order to realize the above objectives the researcher proposed the following hypothesis for

verification:

1. H1 ($H_o$): there is a significant relationship between advertising and brand awareness

2. H2 ($H_o$): there is a noteworthy relationship between advertising and brand association.

3. H3 ($H_o$): there is a momentous relationship between advertising and perceived quality.

4. H4 ($H_o$): there is an important relationship between advertising and brand loyalty.

5. H5 ($H_o$): there is a significant relationship between sales promotion and brand

awareness.

6. H6 ($H_o$): there is a significant relationship between sales promotion and brand

association.

7. H7 ($H_o$): there is a significant relationship between sales promotion and perceived quality.

8. H8 ($H_o$): there is a significant relationship between sales promotion and brand loyalty.

9. H9 ($H_o$): there is a significant relationship between brand equity dimension and brand equity.

10. H10 ($H_o$) advertising and sales promotion have significantly affects brand equity

## 1.5. Significance of the study

The significance of this study is that it sheds light on the extent of how to develop consumer based brand equity in shoe manufacturing companies in Ethiopia. The study can be used as a baseline and serve as a secondary source of data for those who want to conduct further investigation in this area. The results of the study will serve as input for the organization to assist in decision making, in identifying key variables in order to develop strategies to address and improve brand building. By understanding brand perspectives, the management of shoe companies can derive ways to improve brand equity and the findings will help both management and industry to understand brand equity, and how to develop consumer based brand equity.

## 1.6. Scope of the study

Various authors and researchers have proposed dimension of brand equity, which include a wide range of factors (david aaker(1991) and keller (1993)), it is difficult to select one model than the other because each models has their own perspectives. This study however, focused aaker equity models which constitute the following constructs (brand loyalty, brand awareness, perceived quality, and brand loyalty) as a result of advertising and sales promotion. The study also delimit itself to some selected stores and distributors of shoe that exist in Addis Ababa in the year 2013/14, it does not focus on regions out of this capital city. Also within Addis Ababa it doesn't

includes all sub cities only five of them, the study will focus on customers. However, the recommendation can help all shoe manufacturing companies across the country.

## 1.7 Limitation of the study

Although there were a notable contributions from this study especially for on which promotional activities to focus on in order to develop consumer based brand equity, the significance of this study need to be viewed and acknowledged in lights of its limitation. First, the listed variables may not all be the available variables affecting brand equity especially promotional activities. Researcher only focus on advertising and sales promotion, hence, other promotional act ivies like event sponsorship, public relation and publicity, words of mouth which may have a great contribution have not been considered. Inability to find strong supporting theories mainly developed for a single measure of brand equity still didn't get agreement between scholars was other limitation of the study. Moreover, only Anbessa and Ramsey shoe firms has been included two of them from one product category in this study.

Because of lack of sample frame the researcher used non-probability sampling i.e. convenience sampling by itself a setback for the issue understudy

Therefore, future research should be conducted on a larger scale by considering more product category and in comparison with international brands.

## 1.8 Organization of the Study

The study consists of five chapters in which each chapter has been discussed in detail.

**Chapter one** Introduction.

**Chapter-two** provides definition of the most important concepts, such as advertising, sales promotion, brand, brand equity dimensions and brand equity. This chapter provides an insight into those concepts as well as the relationship between advertising and sales promotion with brand equity by focusing on previous research in this area and presents reviewed literature relevance to this study.

**Chapter-three** describes the research design utilized. Specifically, population, sample, and participants, data collection instruments, method of data analysis, unit of analysis and time dimension, preliminary study or pilot test and questionnaire development.

**Chapter-four** reports on the results of the empirical analysis. To facilitate ease in conducting the empirical analysis, the result of the correlation analysis is presented first, followed by the regression analysis (ordinal logistics analysis).

**Chapter-five** describe the results of the study in a greater detail and where appropriate, existing literature is integrated into discussion. The chapter contains a conclusion of the study and findings and the chapter concludes with recommendation for the organizations.

# CHAPTER TWO: REVIEW OF RELATED LITRATURE
**Chapter over view**

This chapter includes definition of terms, conceptual and operational definitions, theoretical and empirical reviews and finally theoretical and conceptual frame work included to support the issue under study. And also it gives the reason behind the study by giving contradiction between scholars and the researcher gives critics about some of the issues.

## 2.1 Concepts and operational definitions
### Promotion
 Defined as the coordination of all seller- initiated efforts to set up channels of information and persuasion in order to sell goods and services or promote an idea. While implicit communication occurs through the various elements of the marketing mix, most of an organization's communications with the marketplace take place as part of a carefully planned and controlled promotional program (Belch, 2003). Here in our country Ethiopia promotion is still in its infancy stage, so any idea transmission by companies should be considered as promotion

### Advertising
Advertising is any paid form of non-personal presentation and promotion of ideas, goods and services and it is required price (Kotler, 2003). Among components of marketing integrated communication model, advertising has more identified position than the other marketing components, because costumers informed new products through advertising (Ryans and Ratz, 1987). In addition, advertising is minimized barriers between costumers and organization (Blech, 2001; Lopez et al, 2002). This is theoretically correct but contextually it seems impossible. let alone Anbessa and Ramsey shoe factories, giant companies like telecommunication and others didn't have well developed and customized communication model in general and advertising in

particular. So advertising should be understood here an inside out information from the company to the audience via communications media

## Sales promotions
Sale promotion consists of a set of various and different and often short period motive tools which is used for consumer's or buyer's provocation to buy more and faster (Gupta, 1988; Boddewyn, 1989; Neslin, 2002). Promotion tools consist of coupon, rewards, free samples, discounts, advertising goods and etc. here the emphasis is discounting because the two companies give due concern for discounting. It is undoubted that the our population disposable income is one of the lowest in the world and most companies believed that if we grant discount, consumers become loyal to our company thought it dint work out here in this case.

## What is brand?
A brand is a distinguishing name and/or symbol (such as a logo, trademark, or package design) intended to identify the goods or services of either one seller or a group of sellers, and to differentiate those goods or services from those of competitors. A brand thus signals to the customer the source of the product, and protects both the customer and the producer from competitors who would attempt to provide products that appear to be identical (Aaker 1991).

## Brand equity
Brand equity is 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). Keller (1993, p. 2&5) defines brand equity as ''the differential effect of brand knowledge on consumer response to the marketing of the brand. The favorable, strong, and unique associations are termed as ''primary'' associations that include brand beliefs and attitudes encompassing the perceived benefits of a given brand. Brand equity is a power that a brand may have achieved it in a market because of its name, sign and logo (Farquhar, 1989).

## Dimensions of brand equity
**Brand awareness**

Brand awareness is the ability of a potential buyer to recognize or recall that a brand is a member of a certain product category. Brand awareness involves a continuum ranging from an uncertain feeling that the brand is recognized, to a belief that it is the only one in the product class (Aaker, 1991). According to (Lebhar, 1988) There are three levels of awareness. Brand recognition is the lowest level of brand awareness. It is very important when a buyer chooses a brand at the point of purchase. The next level is brand recall. Brand recall is based upon asking a person to name the brand in a product class; it is termed "unaided recall" because, unlike as in the recognition task, the respondent is not aided by having the names provided. Unaided recall is a substantially more difficult task than recognition, and is associated with a stronger brand position. A person can recall many more items on an aided recall basis than when unaided. The third is when a person believes that it is the only one in the product class. Here when it comes to the ground dividing the awareness level from minimum to maximum of consumers of Ethiopia it is so difficult and there were no studies conducted in this area so generally for the purpose of the study the researcher take the definition as it is with slight change only considering recognition as brand awareness.

**Brand association**

A brand association is anything "linked" in memory to a brand. The association not only exists but has a level of strength. A link to a brand will be stronger when it is based on many experiences or exposures to communications, rather than few. It will also be stronger when it is supported by a network of other links. (Aaker, 1996). Brand associations are characteristics that consumers attribute to the brand. These are primarily conveyed by advertising, but need not be related to the product itself. These associations may enrich the brand with new perceived

characteristics to generate additional benefit, providing customers with a positive feeling of, say, security, confidence or exclusivity, which in turn will boost brand equity (ziemermann et al, 2010). A brand association is the most accepted aspect of brand equity (Aaker 1992). Associations represent the basis for purchase decision and for brand loyalty (Aaker 1991, p. 109).

Brand associations consist of all brand-related thoughts, feelings, perceptions, images, experiences, beliefs, attitudes (Kotler and Keller 2006, p. 188) and is anything linked in memory to a brand. Other researchers (Farquhar & Herr 1993, Chen, 1996, Brown & Dacin 1997, Biel 1992) identify different types of association that contribute to the brand equity. Chen (2001) categorized two types of brand associations - product associations and organizational associations. Most of the time and in societal marketing era it is not what only advertising and sales promotion that build brand association. Now most customers are asking how you produce it rather than only its quality, what is the connection of the company with environment let alone for association for its purchase? Companies who want to create association with customer they should hugely on environmental protection Anbessa and Ramsey are not an exception

**Perceived quality**

Perceived quality is the customer's judgment about a product's overall excellence or superiority that is different from objective quality (Zeithaml 1988, pp. 3 and 4). Objective quality refers to the technical, measurable and verifiable nature of products/services, processes and quality controls. High objective quality does not necessarily contribute to brand equity (Anselmsson et al. 2007). Since it's impossible for consumers to make complete and correct judgments of the objective quality, they use quality attributes that they associate with quality (Olson and Jacoby 1972, Zeithaml 1988, Ophuis and Van Trijp 1995, Richardson et al. 1994; Acebro´n and Dopico

2000). Perceived quality is hence formed to judge the overall quality of a product/service. Boulding and other researchers (1993) argued that quality is directly influenced by perceptions. Consumers use the quality attributes to 'infer' quality of an unfamiliar product. It is therefore important to understand the relevant quality attributes are with regard to brand equity. Zeithaml (1988) and Steenkamp (1997) classify the concept of perceived quality in two groups of factors that are intrinsic attributes and extrinsic attributes. The intrinsic attributes are related to the physical aspects of a product (e.g. color, flavor, form and appearance); on the other hand, extrinsic attributes are related to the product, but not in the physical part of this one (e.g. brand name, stamp of quality, price, store, packaging and production information (Bernue´s et al.2003).

**Brand loyalty**

The brand loyalty of the customer base is often the core of a brand's equity. If customers are indifferent to the brand and, in fact, buy with respect to features, price, and convenience with little concern to the brand name, there is likely little equity. If, on the other hand, they continue to purchase the brand even in the face of competitors with superior features, price, and convenience, substantial value exists in the brand and perhaps in its symbol and slogans (Aaker, 1991). Loyalty is a core dimension of brand equity. You usually offend your core first because they are connected to the brand and they care (Aaker, 1996). According to kapfferer (2011), the basic indicator of brand loyalty is price premium which says the amount a customer will pay for the brand in comparison with another brand (or set of comparison brands) offering similar benefits. Still loyalty is highly affected by marketing myopia in all the above definitions and reveals it's hardly measure loyalty from love of one product.

## 2.2 Theoretical and empirical review

### 2.2.1 Theoretical review

**Perspectives of Brand Equity**

As cited by jokanovic (2010), Brand equity can be viewed from the three different perspectives. One perspective is the so-called Consumer Based Brand Equity, first used by Keller and Aaker. The second one is the firm's perspective and the third point of view is the so called trade perspective (Farquhar, 1989, p. 24).

### 2.2.2 Empirical review

As esabel et al (2010) pointed out the effect of advertising on brand equity dimensions, interestingly, results showed that the qualitative facet of this marketing communication tool is important when creating brand equity. Findings showed that by using an original, creative and different advertising strategy, companies can develop higher brand awareness and positive perceptions of their brands. This research also revealed that advertising has a positive effect on brand awareness. Also it does enhance perceived quality and brand associations. This result is contradicted with research works ((Chu and Keh, 2006 & vlarejo and ramos, 2005) whom they argue advertising can reach a saturation point beyond which it does not significantly contribute to creating brand equity. Thus, consumers can perceive that a brand is intensively advertised or seems to spend a lot on its advertising compared to competing brands)) which researcher disagree because customer association with brand and perception of quality highly influenced by advertising repetition. Further these perceptions can contribute to the improvement of perception of quality quality. In addition, Aaker (1996) states that Perceived quality involves a competitor frame of reference this clearly indicates to judge perceived quality depends on competitor level of performance. Anbessa and Ramsey builds positive image about their quality which contribute for their perceived quality. Thus, as this research shows, the content of advertising plays a key

role influencing perceived quality, brand awareness and brand associations. But the effect of sales promotions on brand equity differs according to the type of promotional tool used. Discount were found to negatively influence on brand association whereas had a positive effect on brand association and insignificant for brand loyalty, but advertising have a positive and significant relationship with all brand equity dimensions. As ( faiza and martin,2010) points out by referring Bawa and Shoemaker (1989) discovered that discounts in some cases may serve as a reminder or an advertisement for the brand and the consumer may make an incremental purchase without redeeming it. (Raghubir et al., 2004) suggests that sales promotion can act as an informer about the brand that is on sales promotion and where consumers can derive information and knowledge by the exposure effect from sales promotion. Sales promotion can also lead consumers to generate inference in terms of developing meanings to the brand, quality etc. that they might not otherwise have drawn in the absence of the promotion (Raghubir et al., 2004). Raghubir (2004) argues that it is due to the fact that the consumers are sometimes provided with information which the consumers under different circumstances would not have sought out themselves. Based on the findings it is suggested that the effect of sales promotion (special emphasis on discounting) on awareness were high on both cases.

## 2.4 Theoretical and conceptual frame work
## 2.4.1 Theoretical frame work

Kevin keller brand equity model
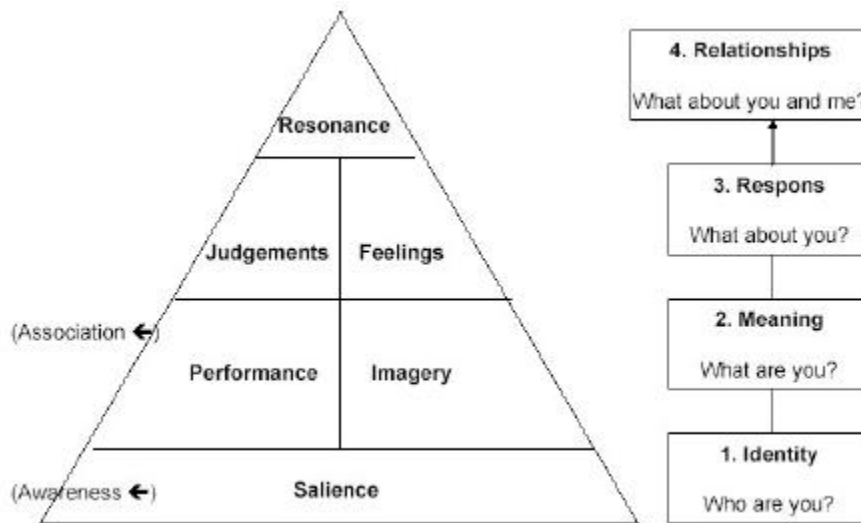


Figure1. Consumer based brand equity

Source: Keller, 2001, p. 19.

Establishment of *brand identity* is based on the *brand salience* which refers to brand awareness. Consumer is aware of the brand existence if he/she is able to recall and to recognize the brand. The main criteria for brand identity, according to Keller, are depth and breadth of brand awareness (Keller, 2001, p. 15). The next step is the brand meaning which is divided into brand's performance and brand imagery. Brand performance as one of the building blocks refers to the basic purpose of the product itself, functionality, or the ability to satisfy customers' needs. This characteristic of a product is its intrinsic facet. The other building element, brand imagery, is developed from the extrinsic property of a product itself and it is connected to the possibility that the product will satisfy customer's psychological and social needs. Brand meaning needs favorable, strong and unique associations (Keller, 2001, p. 15).

The third step, brand responses step is defined as the way customers respond to a brand. Responses are divided into brand feelings and brand judgments. Brand judgment is the combination of brand imagery and brand performance in the minds of the consumers. Brand feelings are customers' emotional reactions to the social currency brand evokes (Keller, 2001, p. 16). Brand responses lead to the positive and accessible reactions of consumers.

Lastly, brand relationship is defined as the relationship between the customer and brand, and it is related to personal identification of the customer with the brand. Brand resonance as a building block of brand relationship is defined as the depth of the psychological bond between the customer and the brand which results in loyalty. Criteria are the intense and active loyalty (Keller, 2001, p. 16).

A strong brand satisfies all the above-mentioned criteria. The most powerful block is brand resonance. Therefore, the strongest brands will be those to which customers become so attached that they, in effect, become evangelistic and actively seek means to interact with the brand and eagerly share their experiences with others (Keller, 1993, p. 18).

**David aaker's brand equity model**

**Awareness**

Actually brand awareness is a pre condition for the product even entering into the frame for a purchasing decision. People tend to feel happier with things that are familiar to them, so they are more likely to associate quality with names they know than with others they don't.

**Perceived quality**

Next determinant is "the customer's perception of the overall quality or superiority of a product or service with respect to its intended purpose, relative to alternatives." From the customer's viewpoint, high perceived quality may be a precondition for making the purchase, while for the producer it may mean being able to command a price premium for the branded product.

**Brand associations**

Brand association is characteristics that consumers attribute to the brand. These are primarily conveyed by advertising, but need not be related to the product itself. These associations may enrich the brand with new perceived characteristics to generate additional benefit, providing customers with a positive feeling of, say, security, confidence or exclusivity, which in turn will boost brand equity.

**Brand loyalty**

Brand loyalty lies at the heart of a brand's value. This loyalty shows through, for example, in repeat purchasing and hence in relatively stable brand revenues.

| Name awareness | | Perceived quality | | Brand associations |
| --- | --- | --- | --- | --- |
| | | **Brand equity** | | |
| Brand loyalty | | | | Other brand assets |
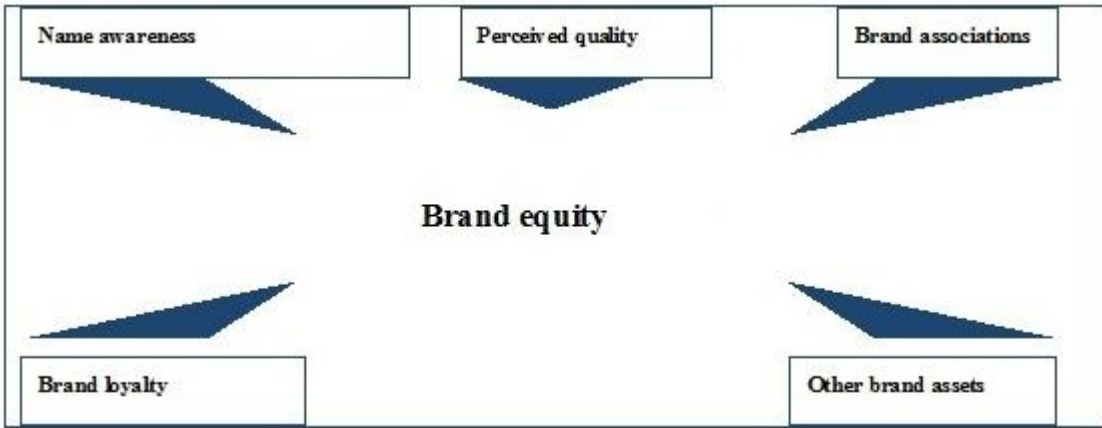
Figure2. Consumer based brand equity

Source: aaker, 1996.page 185

The researcher prefers aaker's brand equity model because it identify the real origin of brand equity. All marketing effort is to identify and conceive value from consumers. The effort to build strong brand is not an exception. From aaker's model, the researcher adapts model for the purpose of this research that constitutes both dependent and independent variables and the mediating Variable.
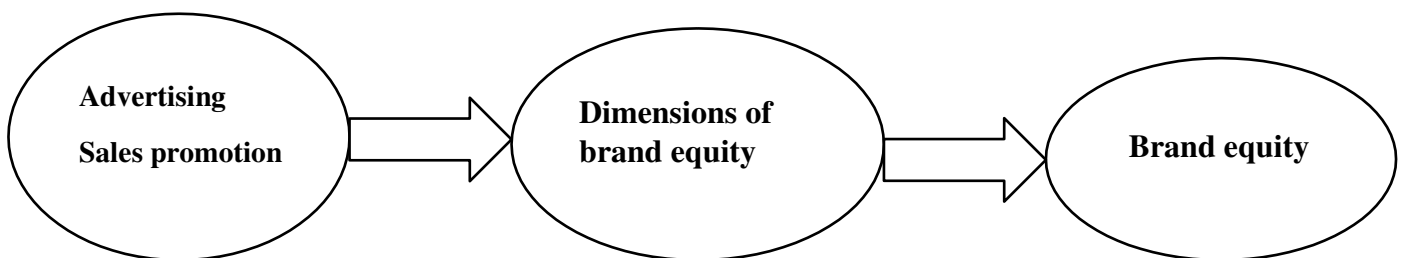


Figure3. Conceptual frame work

Dimensions of brand equity are brand awareness, brand association, perceived quality and brand loyalty. Therefore the aim of the paper were to see the relationship between advertising and

sales promotion with each of brand equity dimensions as a mediating variables and brand equity dimensions with brand equity. Therefore 10 hypotheses were developed.

# Chapter three: Research design and methodology

## 3.1 Introductions

In this chapter the practical method used in order to answer the research questions and fulfill the purpose of the research are presented. Also it provides an overview of the research study, research hypothesis, and model specification, a description of the instrument used for data gathering, targeted population, sampling procedure, and unit of analysis, sources of data used, and methods of data analysis, presentation and interpretation.

## 3.2 Research design

Saunders et al. (2007), defines research design as the general plan of how the research questions would be answered. It is the conceptual structure within which research is conducted. It constitutes a blue print for the collection, measurement, and analysis of data. The research design for this study would be the Cross-sectional field survey method to assess the effect of advertising and sales promotion (emphasis on discount) on brand equity dimensions in Addis Ababa. In cross-sectional field surveys, independent and dependent variables are measured at the same point in time using a Single questionnaire (Anol Bhattacherjee, 2012). In addition the study will also said to be co relational in design because there is intent to establish the relationship between dependent and independent variable of the study. Co relational research aims to ascertain if there is a significant association between two variables (Reid, 1987).

## 3.3 Research Approach

There are two methods that provide in the research method such as Quantitative and Qualitative, where one of them is not better than the others, all of this depends on how the researcher want to do a research of study (Ghauri and Kjell, 2005). To achieve the aforementioned objectives, the study adopts a purely quantitative research approach, where it can be use of a questionnaire provided predominantly descriptive and qualified data. Quantitative method is study involving

analysis of data and information that are descriptive in nature and qualified (Sekaran, 2003). A quantitative approach is one in which the investigator primarily uses postpositive claims for developing knowledge, i.e., cause and effect relationship between known variables of interest or it employs strategies of inquiry such as experiments and surveys, and collect data on predetermined instruments that yield statistics data (Creswell, 2003).

## 3.4 sampling design
### Population, Sample, and Participants
All the items under consideration in any field of inquiry constitute a population. Sekeran (2001) defines a population as "the entire group of people, events, or thing of interest that the researcher wishes to investigate". The target population for the study consists of customers who buy products of anbessa and ramsey shoe in five sub cities i.e. bole, arada, kirkos, addis ketema and kality sub cities. Almost half of the populations of Addis Ababa are live in these sub cities. In fact, the population is many and infinite. Quite often, the researcher selects only a few items from the population for the study purposes. The items so selected constitute what is technically called a sample. Sekeran, (2001) defines a sample as a portion of the population that has attributes as the entire population.

The total sample size was comprised of 450 customers. A convenience sampling was used, which was according to Leary (2004) refers to a sample of participants that are incidentally available while purchasing these products available. The participants of the study were customers of those conveniently selected stores in those five sub cities.

### 3.5 Research Method

A survey is a method of collecting data in which people are asked to answer a number of questions (usually in the form of a questionnaire). The reliability of a survey's results depends on whether the sample of people from which the information has been collected is free from bias and sufficiently large. According to Leary (2004), the major advantages of questionnaires are that they can be administered to groups of people simultaneously, and they are less costly and less time-consuming than other measuring instruments. For this study, survey research method has chosen where the questionnaire used to collect the information.

### 3.6 Data Type and measurement Scale

In this specific study, all of the independent and dependent variables of the study have been measured in ordinal scale. There are two main procedures to collect relevant data, primary and secondary data. Secondary data, which are collected by others where the purpose of the data might be, distinguish from the research work. On the other hand primary data, which the writers of the thesis collect directly to investigate the specific problem (Ghauri and Kjell,2005). The study was depending on primary data collected from the customers.

### 3.7 Data Collection instruments

Primary data were collected from the participants using survey questionnaire. Sekaran (2001) suggests that questionnaires are an efficient data collection mechanism provided the researcher knows exactly what is required and how to measure the variables of interest. Questionnaires can be administered personally, the instrument used in this study is a close-ended questionnaire that have developed through the adaptation and modification of a questionnaire from previous studies (Aaker, 1996) and villarejo ramos promotion questionnaire (1994). Advertising, sales promotion questionnaire includes 11 questions and the reliability coefficient measured by Cronbach's

Alpha, is 87%. David aaker's brand equity include 22 questions, using all four dimensions i,e brand awareness, brand association, perceived quality, and brand was assessed and its Cronbach's Alpha reliability coefficient is 89%.

## 3.8 Unit of Analysis and Time dimension

One of the most important ideas in a research study is the unit of analysis. The unit of analysis is the major entity that you are analyzing in a study. According to Aaker and keller (1991), the most common assessment of brand equity is the individual attitudes. This is because the research is a market survey by its nature and measure customer's attitude towards brand.

Fife-schaw (2002) describes cross-sectional research as the comparison between subgroups and the discovery of relationship between variables. A cross-sectional research study was performed with data only once over a period of a few days in order to complete the questionnaire.

## 3.9 Data Analysis Method

Once data is collected, it is necessary to employ statistical techniques to analyze the information, as this study is quantitative in nature. Data were analyzed using SPSS.

Descriptive statistics and spearman's correlation was used. An inferential statistics was used to ascertain the relationship between. Beside these, Ordinal logistic regression model is employed to develop functional relationship between the dependent variable that is advertising and sales promotion given in ordinal scales and the mediating variable that are dimensions of brand equity and dependent variable brand equity rated on likert scales. Ordinal regression is used because it is appropriate method to show the relationship between ordinal response variable and repressors that are rated on five point likert scales. Thus, both the strength of the relationship between variables and the level of statistical significance were assessed.

**Model specification**

Model specification can be defined as the exercise of formally stating a model i.e. the explicit translation of theory into mathematical equations and involves using all the available relevant theory research and information and developing a theoretical model. Regress and which has more than two outcomes in the form of likert scale questions are importantly regressed through ordinal logistic regression (Gujarati, 2004). Gujarati (2004) explains this issue as follow;

In the bi-variate logit and probit models we were interested in modeling a yes or no response variable. But often the response variable, or regress and, can have more than two outcomes and very often these outcomes are ordinal in nature; that is, they cannot be expressed on an interval scale. Frequently, in survey-type research the responses are on a Likert-type scale, such as

"Strongly agree," "somewhat agree," or "strongly disagree. These are ordinal scales in that there is clear ranking among the categories.

As a result, ordinal logistic regression is the preferred logistic regression type in this study. The following models are developed for the purpose of running ordered or ordinal logistic regression that is necessarily to test the effects of advertising and sales promotion on brand equity

According to Liu (2010), the formula to compute ordinal logistic regression is the

Following:

LnY = $ln$

$$\left( \frac{}{1 - \pi\pi\pi\pi\pi\pi\pi\pi(xx()xx)} = \alpha j + (-\beta 1 x1 - \beta 2 x2\ldots - \beta p\ xp) \right)$$

Where; Y brand equity

$\pi j\ (x) = \pi(V \leq j\ /\ x1, x2 \ldots, xp)$, which is the probability of being at or below category j, given a set of predictors j= 1,2,…J-1.

X1, X2…x pare advertising and sales promotion and dimensions of brand equity αj- are the cut points (threshold parameters)

β1, β2 …βp are logit coefficient of advertising and sales promotion

**Diagnostic Tests**

**Parallel Lines**

When you fit an ordinal regression, you assume the relationship between the independent variables and the logits are the same for all the logits. That means that the results are a set of parallel linear or planes – one for each category of the outcome variable. In other words, ordinal regression assumes that the coefficients that describe the relationship between, say, the lowest versus all higher categories of the response variable are the same as those that describe the relationship between the next lowest category and all higher categories, etc. This is called the proportional odds assumption or the parallel regression assumption. Thus, in order to assess the appropriateness of the model proportional odds assumption is normally evaluated (O'Connell, 2000).

**Adequate cell count**

As per the rule of thumb, 80% of cells must have more than five counts. No cell should have zero count as it is considered as a missing value and excluded from the study. The large percentage of cells with missing data could lead to a decrease actual sample size from the model construction or an inaccurate chi-square test for the model fitting, since the model goodness-of-fit is usually dependent of chi-square test (Agresti, 2002)

### Tests of Overall Model fit

For the selected model before proceeding to examine the individual coefficients, we should look at the overall tests of the null hypothesis that the location coefficients for all of the variables in the model are 0. It can base on the change in the -2 log-likelihood when the variables are added to a model that contains only the intercept. The change in the likelihood function has a chi-square distribution even when there are cells with small observed and predicted counts. This value provides a measure of how well the model fits the data. The log likelihood statistic is analogous to the error sum of squares in multiple regressions. As such it is an indicator of how much unexplained information remains after fitting the model. The larger the value of the log likelihood the more unexplained observations there are and a poorly fitting model. Therefore, a good model means a small value for -2LL. If a model fits perfectly, the likelihood is

1, and -2 x log 1= 0.

### Goodness-of-Fit Measures

A good-fitting model has several benefits. The structural form of the model describes the patterns of association and interaction. The sizes of the model parameters determine the strength and importance of the effects. Inferences about the parameters evaluate which explanatory variables affect the response variable y, while controlling effects of possible confounding variables. Finally, the models predicted values smooth the data and provide improved estimates of the mean of y at possible explanatory variable values. For logistic regression, the model coefficients are estimated by the maximum likelihood method and the likelihood equations are non-linear explicit function of unknown parameters. The ordinal logistic regression model is fitted to the observed responses using the maximum likelihood approach. In general, the method

of maximum likelihood produces values of the known parameters that best match the predicted and observed probability values. Therefore, it is usually used a very effective and well known Fisher scoring algorithm to obtain ML estimates. A model for logit pr(y ≤ i) alone is ordinary logit model for a binary response in which categories 1 to I form one outcome and categories i+ 1 to c form a second outcome. The deviance is used to construct a goodness-of-fit test for the model. Likewise, the Pearson chi-square statistics also compares the model fit to the actual data. Both goodness-of-fit statistics should be used only for models that have reasonably large expected values in each cell. If the model fits well, the observed and expected cell counts are similar, the value of each statistic is small, and the observed significance level is large. As usual large chi-square and deviance value provide the evidence of lack of fit. When the fit is poor, residuals and other diagnostic measure describes the influence of individual observation on the model fit and highlight reason for the inadequacy, Used a very effective and well known Fisher scoring algorithm to obtain ML estimates. A model for logit pr(y ≤ i) alone is ordinary logit model for a binary response in which categories 1 to I form one outcome and categories I+ 1 to c form a second outcome. The deviance is used to construct a goodness-of-fit test for the model. Likewise, the Pearson chi-square statistics also compares the model fit to the actual data. Both goodness-of-fit statistics should be used only for models that have reasonably large expected values in each cell. If the model fits well, the observed and expected cell counts are similar, the value of each statistic is small, and the observed significance level is large. As usual large chi-square and deviance value provide the evidence of lack of fit. When the fit is poor, residuals and other diagnostic measure describes the influence of individual observation on the model fit and highlight reason for the inadequacy.

**Variable and measurement**

The questionnaire is used tools for collecting data from respondents in this specific study. The questionnaire was six pages all of the questionnaires are developed in English and Amharic languages. And compiled into two sections, section one contains 11 questions about advertising and sales promotion and section two contains 21 questions from dimensions of brand equity and 4 questions about overall brand equity.

**Section-one**: Questions pertaining to Advertising and sales promotion

**Section –two** contains question about dimensions of brand equity. The first dimension is brand awareness. Questions like the familiarity with the brands, their recognition towards the brand, the liking and commitment towards the brand. The second dimension is about brand association like organizational and social associations. The third dimension is about perceived quality questions like how customers feel about quality of the brand, the feature of the brand and consistency of the brand included under it. The fourth dimension is all about brand loyalty questions pertaining to this dimension like choice of the customer, willingness of customers to pay which is the single and vital for brand equity. And totally there are 36 questions are included in this part.

## Table1: list of questions

| S no | Dimensions | Total questions |
|------|------------|-----------------|
|      |            |                 |

| | | |
|---|---|---|
| 1. | Advertising | 6 |
| 2. | Sales promotion | 5 |
| 3. | Brand awareness | 5 |
| 4. | Brand association | 4 |
| 5. | Perceived quality | 5 |
| 6. | Brand loyalty | 7 |
| 7. | Over all brand equity | 4 |
| 8. | Total | 36 |

Source research questionnaire 2014

### Validity of the Questionnaires

Hair et al. (2007) defined the validity as "the degree to which a measure accurately represents what is supposed to". Validity is concerned with how well the concepts are defined by the measure(s). It also refers to the extent to which an empirical measure adequately reflects the real meaning of the concept under consideration. However, an instrument cannot measure the attribute of interest if it is unpredictable, inconsistent, and inaccurate. Bhattacherjee (2012) mentioned about four types of validity: Internal validity, External validity, construct validity, and Statistical conclusion validity.

**Internal Validity**: is how the findings of the research match reality and as the researcher measure the things that are aimed to measure. Moreover, the reality in quantitative research is an ongoing processes, it always changes due to the fact that what is being studied is how people

perceive the brand. This specific study is cross-sectional field market survey and poor in internal validity because of the inability to manipulate the independent variable and because cause and effect are measured at the time. The other measure of internal validity is whether the finding is non-spurious or not. Therefore, the finding in this specific study is strongly supported by the reality in the context and the general theory in the field (brand equity model developed by D. aaker and vjaro is used), even though factors such as context and methodology employed have shaped the result.

**External Validity**: It refers to whether the observed associations can be generalized from the sample to the population, or to other people, organizations, contexts, or time (Bhattacherjee, 2012). The more representative, the more confident we can be in generalizing from the sample to the population. This study addresses external validity through taking representative samples and can be generalized to all customers of shoe in Addis Ababa over the country and give a little insight to anbessa and Ramsey shoe factories.

**Construct Validity**: It examines how well a given measurement scale is measuring the theoretical construct that it is expected to measure. It can be classified as face validity and content validity. Face validity refers to the degree to which a test appears to measure what it supposed to measure. We use content validity when we want to find out if the entire content of the behavior/ construct/ area is represented in the test. I compare the test task with the content of the behavior because this is customer survey. Many constructs in marketing and brand research such as brand attitude, brand loyalty , brand association , and brand equity difficult to define, much less measure. In this study, the researcher tried to address the construct validity through defining clearly the construct of interest and develop valid measures that validate defined

constructs. Moreover, addresses through the review of literature and adapting instruments used in previous research.

**Statistical Conclusion Validity**: It examines the extent to which conclusions derived using a statistical procedure is valid. Because qualitative research designs do not employ statistical test, statistical conclusion validity is not applicable. Since this specific study is quantitative it is worthy full to consider the issue of statistical.

**Conclusion validity** this type of validity addressed through selection of the right statistical method used for hypotheses testing. Therefore, the appropriate statistical testing is Spearman correlation and ordinal logistic regression given that all of the independent and dependent as well as mediating variables of the study have been measured in ordinal scale is carefully selected by researcher so that it realized the statistical conclusion validity.

### Reliability of the Questionnaires

Reliability differs from validity in that it relates not to what should be measured, but instead to how it is measured. Hair et al. (2007) defines reliability as the extents to which a variable or a set of variables is consistent in what it is intended to measure.

To ensure the inner consistency of the present instrument, it was used the cronbach's alpha coefficient. Developed by Lee Cronbach in 1951, the cronbach's alpha coefficient is a statistical tool that evaluates the confidence through the inner consistency of a questionnaire. For the utilization of this coefficient, it is a requirement that all the items of an instrument use the same measurement scale. The cronbach's alpha is obtained by the variance of individual components and by the variance of the components sum of each evaluated, aiming to investigate the possible relations between the items. This way, the variance used at cronbach's coefficients calculus is: the number of question of the instrument (K), the variance of each question (Si2), and the total

variance of the instrument (St2). The cronbach's alpha coefficient can be calculated through the

following equation. $\alpha=(xx) = (-ll)* (1- $  ) Source: Cronbach Lee, (1951).

As stated by Masdia Masri (2009), the closer the reliability coefficient to 1.00 is the better. In general, reliabilities less than 0.60 are considered poor; those in the range of 0.60 to 0.80 are considered good and acceptable. In this study, all the independent variables and dependent variable brand equity, advertising and sales promotion, met the above requirement. The alpha value for each question is identified and summarized in the following table:

Table2: reliability of the questions

| s/n | Variables of study | No. items | Alpha value |
|-----|--------------------|-----------|-------------|
| 1. | Advertising | 6 | .905 |
| 2. | Sales promotion | 5 | .869 |
| 3. | Brand awareness | 5 | .833 |
| 4. | Brand association | 4 | .810 |
| 5. | Perceived quality | 5 | .802 |
| 6. | Brand loyalty | 7 | .842 |
| 7 | Over all brand equity | 4 | .878 |

Source questionnaire 2014

There are certain ethical protocols that have been followed by the researcher. The first is soliciting explicit consent from the respondents. This ensures that their participation to the study is not out of their own volition. The researcher also ensured that the respondents were aware of the objectives of the research and their contribution to its completion. One other ethical measure exercised by researcher is treating the respondents with respect and courtesy (Schutt, 2006). This was done so that the respondents will be at ease and are more likely to give candid responses to the questionnaire. There were also ethical measures that have been followed in the data analysis. To ensure the integrity of data, the researcher checked the accuracy of encoding of the survey responses. This was carried out to ensure that the statistics generated from the study are truthful and verifiable (Schutt, 2006).

# CHAPTER FOUR

# Results and Discussions

## 4.1 chapter overview

As indicated in the preceding chapters, this research study attempted to examine the effect of advertising and sales promotion on a customer based brand equity comparative study of Anbessa and Ramsey shoe factories. A customer total of 460 questionnaires were distributed to customers and 400(86.9%) useable questionnaires were obtained valid and used for analysis. The data collected were presented, analyzed and interpreted using SPSS 21 software version. Given that all of the independent and dependent variables of the study have been measured in ordinal scale, and given that the aim of investigation and testing is the relationship between independent and dependent variable of the study; therefore, the most appropriate statistical testing for testing the hypothesis of the study is spearman correlation testing and ordinal logistic regression.

## Correlation results

The spearman's correlation coefficient was computed for the purpose of determining the relationships between the variables. Spearman's correlation coefficient is appropriate method to measure the correlation when the data are measured at ordinal level (Andy, 2006). Correlations are the measure of the linear relationship between two variables. A correlation coefficient has a value ranging from -1 to 1. Values that are closer to the absolute value of 1 indicate that there is a strong relationship between the variables being correlated whereas values closer to 0 indicates that there is little or no linear relationship (robinson et al., 2009). As described by Andy (2006), the correlation is a commonly used measure of the size of an effect: values of $\pm 0.1$ represent a small effect, $\pm 0.3$ is a medium effect and $\pm 0.5$ is a large effect.

Table 4.1 correlation between brand equity dimension and brand equity

| | | | Rawer | Rassoc | Rperq | Rloy | equity2 |
|---|---|---|---|---|---|---|---|
| Spearman's rho | Bawer | Correlation Coefficient | 1.000 | .450** | .293** | .352** | .664** |
| | | Sig. (2-tailed) | . | .000 | .000 | .000 | .000 |
| | | N | 400 | 400 | 400 | 400 | 400 |
| | Bassoc | Correlation Coefficient | .450** | 1.000 | .256** | .484** | .728** |
| | | Sig. (2-tailed) | .000 | . | .000 | .000 | .000 |
| | | N | 400 | 400 | 400 | 400 | 400 |
| | Bperq | Correlation Coefficient | .293** | .256** | 1.000 | .634** | .717** |
| | | Sig. (2-tailed) | .000 | .000 | . | .000 | .000 |
| | | N | 200 | 200 | 200 | 200 | 200 |
| | Bloy | Correlation Coefficient | .352** | .484** | .634** | 1.000 | .818** |
| | | Sig. (2-tailed) | .000 | .000 | .000 | . | .000 |
| | | N | 400 | 400 | 400 | 400 | 400 |
| | Bequity | Correlation Coefficient | .664** | .728** | .717** | .818** | 1.000 |
| | | Sig. (2-tailed) | .000 | .000 | .000 | .000 | . |

| | N | | 400 | 400 | 400 | 400 | 400 |
|---|---|---|---|---|---|---|---|

Source questionnaire 2014.

The table shows the correlation results of brand equity dimensions with brand equity and the relationship amongst themselves. Brand awareness have a significant relationship with brand equity (r=.664, p=.00) this tells us that brand awareness is key for brand equity development. The starting point for customer's perception about the brand is awareness. As aaker (1996) pointed out those who aware the brand become associated with it and finally reach on good perception about the brand.

Brand association emanates from different Measurement to associations/differentiation can be structured around Three perspectives on the brand: the brand-as-product (value), the brand as person (brand personality) and the brand-as-organization (organizational association's aaker, 1996). The cumulative correlation result shows there is a significant relationship between brand association brand equity (r=.728, p=.000) Organizational associations that are often important bases of differentiation and choice include having a concern for customers ,being innovative, striving for highquality,beingsuccessful,havingvisibility,beingorientedtoward

The community and being a global player. There is a distinction between having innovative products and being an organization that is committed to innovation. Having innovative products is a reputation that is based on current offerings whereas being an innovative organization is more long-lasting. One or more of the specific organizational characteristics might well be candidates for a measurement scale, especially if the scope of the product class is limited. Here anbessa and Ramsey shoe is also becomes international oriented where it secures 48% and 52% sales a large amount of business from export market. And currently there is great revolution on its innovation making shoe that are more fashionable and Europe standard that help the company to boost its brand association on consumer mind

Perceived quality is a key driver of brand equity. Band equity is all about the overall perception of the brand the same with perceived quality. Perceived quality is differing from product quality the product may be best in terms of its features but that may not guarantee the perception of customers towards its quality. And here we can

understand that anbessa and Ramsey shoe customers have perceived the brand positively. And I can conclude that there is a significant relationship between perceived quality( r=.717, p=000) Perceived quality Is one of the key

The most important element of brand equity is brand loyalty. Even if there is no single measurement of brand loyalty, price premium is the vital one. Here price premium is how much customers are willing to pay more for a product or how much willing they are not to switch to competitors if there is price reduction there. Loyal customers pay premium price to the brand. Here the researcher includes items that ask about willingness to pay more for a product. The correlation result shows there is a significant relationship between brand loyalty and brand equity in the case of Ramseya nd anbessa shoe firm (r=.818, r=.000).

## Table 4.2Correlation between advertising and dimensions of brand equity for respondents of anbessa shoe factory

| s/n | Dimensions of brand equity | R coefficient | p-value |
|-----|---------------------------|---------------|---------|
| 1 | Brand awareness | .46 | .00 |
| 2 | Brand association | .169 | .016 |
| 3 | Perceived quality | .438 | .00 |
| 4 | Brand loyalty | .605 | .00 |

**correlation is significant at the 0.01 level (2 tailed) &0.05 levels (2 tailed)

Source: questionnaire 2014

As observed from the correlation matrix advertising and brand awareness (r=0.46, p= .00) illustrates there is a significant relationship between advertising and brand awareness based on consumers attitude. The P-value (P=0.00) is also indicates there is significant relationship between advertising and brand awareness significance level of 0.05 and 0.01. In the table, the correlation analysis for advertising and brand association (r=0.169, p=0.0160). The correlation of

p= 0.016<0.05 also indicates advertising and brand association condition has significant relationship with brand association at significant level of 0.01($\alpha$=0.016). Thus, advertising help the company to boost the association of the brand with customers. This results the firm to increase its brand equity. The correlation result also shows that there is a significant, positive relationship between advertising and perceived quality (r= 0.438, p= 0.00). The correlation of (p= 0.000) is also indicate that there is a significant relationship between the two at a significance level of 0.05and 0.01. The results illustrated indicate that there is a significant and positive correlation between advertising and brand loyalty. The correlation was(r= .605, P= 0.000) at 0.01 level of significance which shows the correlation between the variables were large effect. So from the above discussion it is easy to understand that advertising highly contribute for brand equity dimensions and the entire hypothesis was supported.

Table 4.3 Correlation between advertising and dimensions of brand equity for respondents of Ramsey shoe factory

| s/n | Dimensions of brand equity | R coefficient | p-value |
|-----|---------------------------|---------------|---------|
| 1 | Brand awareness | .161 | .023 |
| 2 | Brand association | .181 | .011 |
| 3 | Perceived quality | .382 | .00 |
| 4 | Brand loyalty | .229 | .01 |

*correlation is significant at the 0.05 level (2 tailed)

Source: questionnaire 2014

As observed from the correlation matrix advertising and brand awareness (r=0.161, p= .023) illustrates there is a significant relationship between advertising and brand awareness on consumers attitude. The P-value (P=0.023) is also indicates there is significant relationship

between advertising and brand awareness significance level of 0.05 and. In the table, the correlation analysis for advertising and brand association (r=0.181, p=0.011). The correlation of p= 0.011<0.05 also indicates advertising and brand association condition has significant relationship with brand association at significant level of (α=0.016).

The correlation result also shows that there is a significant, positive relationship between advertising and perceived quality(r= 0.382, p= 0.00). The correlation of (p= 0.000) is also indicate that there is a significant relationship between the two at a significance level of 0.05.

The results illustrated indicate that there is a significant and positive correlation between advertising and brand loyalty. (r=.229, P= 0.01) at 0.05 level of significance which shows the correlation between the variables were large effect. and all the results shows there is a significant relationship between advertising and brand equity dimensions and all the hypotheses was supported.

Table 4.4 Correlation between discount and dimensions of brand equity of respondents of anbessa shoe factory

| s/n | Dimensions of brand equity | R coefficient | p-value |
|-----|---------------------------|---------------|---------|
| 1 | Brand awareness | .144 | .041 |
| 2 | Brand association | -.002 | .979 |
| 3 | Perceived quality | .180 | .011 |
| 4 | Brand loyalty | .091 | .101 |

**correlation is significant at the 0.01 level (2 tailed)

Source: questionnaire 2014

As observed from the correlation matrix discounting and brand awareness (r=0.144, p= .04) illustrates there is a positive relationship between discount and brand awareness. In the table, the correlation analysis for discount and brand association (r=-.002, p=0.979) doesn't supports for hypothesis states that there is a significant relationship between discount and brand association. The correlation of p= 0.979>0.05 also indicates discount and brand association condition has insignificant negative relationship with brand association at significant level of 0.05($\alpha$=0.979).

Thus, discount didn't help the company to crate the association of the brand with customers. The correlation result also shows that there is insignificant, relationship between discount and perceived quality (r= 0.180, p= 0.011). The correlation of (p= o.0110) is also indicate that there is a significant relationship between the two at a significance level of 0.05.

4.5 Correlation between discount and dimensions of brand equity for respondents of Ramsey shoe factory

| s/n | Dimensions of brand equity | R coefficient | p-value |
|-----|---------------------------|---------------|---------|
| 1 | Brand awareness | .088 | .216 |
| 2 | Brand association | .058 | .415 |
| 3 | Perceived quality | .000 | .998 |
| 4 | Brand loyalty | .149 | .035 |

**correlation is significant at the 0.01 level (2 tailed)

Source: questionnaire 2014

Discounting and brand awareness (r=0.088, p=.216) which means giving discount help the company to create awareness. In the table, the correlation analysis for discount and brand association (r=-.058, p=0.415) which means most of the time giving discount doesn't mean that associating the brand and organization with customers. The correlation of p= 0.415>0.05 also

indicates discount and brand association condition has insignificant negative relationship with brand association at significant level of 0.05($\alpha$=0.415).

Thus, discount didn't help the company to boost the association of the brand with customers. The correlation result also shows that there is a significant, positive relationship between discount and perceived quality(r= 0.000, p= 0.998). The correlation of (p= o.998) is also indicate that there is an insignificant relationship between the two at a significance level of 0.05.

The correlation (r=.149 P= 0.35) at 0.35 level of significance which shows the correlation between loyalty and discount is unrelated and loyalty didn't come because of discounting. So the result is similar with anbessa shoe factory and the hypotheses were not supported except with brand awareness.

## Ordinal Logistic Regression Result, in case of of Anbessa shoe factory respondents
**Model fitting Information**

Model fitting section provides results of ordinal logistic regression versus reduced model (intercept) with complimentary log-log link function. The presence of a relationship between the dependent variable and combination of independent variables is based on the statistical significance of the final model. The -2LL of the model with only intercept is 1549.48 while the -2LL of the model with intercept and independent variables/advertising and sales promotion is 0.000. The difference (Chi-square statistics) is 1549.48 - 0.000 = 1549.48 which is significant at $\alpha$=0.05, P< 0.075. The conclusion is that there between advertising and brand equity but there is insignificant relationship between sales promotion and brand equity.

## Table: Model Fitting Information

**Model Fitting Information**

| Model | -2 Log Likelihood | Chi-Square | Df | Sig. |
|---|---|---|---|---|
| Intercept Only | 1549.480 | | | |
| Final | .000 | 1549.480 | 37 | .075 |

Link function: logit

Source: questionnaire 2014

Pearson is widely used in statistics to measure the degree of the relationship between the linear related variables. Deviance is a likelihood-ratio test used under full maximum likelihood. The deviance can be regarded as a measure of lack of fit between model and data. The larger the deviance, the poorer the data will fit to the model. The null hypothesis states that the observed data are consistent with the fitted model. The fit is said to be good if P-value is greater than 0.05. As we clearly observed from the following table, P-values for both Pearson and Deviance are >

0.05. The null hypothesis is accepted and the conclusion is that the observed data were consistent with the estimated values in the fitted model since the p was significant, p = 1.00 > 0.05. Therefore, the fit of the model is good

**Goodness- of – fit**

## Goodness-of-Fit

|  | Chi-square | Df | Sig. |
|---|---|---|---|
| Pearson | 106.835 | 7753 | 1.000 |
| Deviance | 97.928 | 7753 | 1.000 |

Link function: logit

Source: questionnaire

**Pseudo** As it is **R-square** clearly observed from the table Nagelkerke and McFadden indicates that

Advertising explains the variation in brand equity dimension and brand equity perfectly. This shows the ratio of the likelihoods suggests the model predicted the outcome perfectly. Cox & Snell's pseudo R-square has also maximum value approaches to 1 i.e. 100% of the change in brand equity is explained by advertising and discount. Thus the full model predicts the outcome.

## Pseudo R-Square

| Cox and Snell | 1.000 |
|---|---|
| Nagelkerke | 1.000 |
| McFadden | .905 |

Link function: logit

**Test of Parallel Lines**

Test of parallel lines is designed to make judgment about model adequacy. The model null hypothesis states that the slope coefficients in the model are the same across the response categories. As it is observed from the table below significance is greater than 0.05 that indicates there is no significant difference for the corresponding slope coefficients across the response categories, suggesting that the model assumption of parallel lines was not violated in the model.

## Test of Parallel Lines

| Model | -2Log Likelihood | Chi-Square | Df | Sig. |
|---|---|---|---|---|
| Null Hypothesis | .000 | | | |
| General | .000 | .000 | 3478 | 1.000 |

## Parameter Estimates

From the following parameter estimate table in appendix there is a significant relationship between advertising and brand equity and insignificant relationship between brand equity and discount. From this I draw conclusion both advertising and discount doesn't contribute equally for brand equity development.

## Ordinal Logistic Regression Results in case of Ramsey shoe factory
**Model fitting Information**

Model fitting section provides results of ordinal logistic regression versus reduced model (intercept) with complimentary log-log link function. The presence of a relationship between the dependent variable and combination of independent variables is based on the statistical

significance of the final model. The -2LL of the model with only intercept is 906.785 while the -2LL of the model with intercept and independent variables/advertising and sales promotion is 0.000. The difference (Chi-square statistics) is 1552.48 - 0.000 = 1552.48 which is significant at α=0.05, p<0.065. The conclusion is that there is relationship between advertising and brand equity but insignificant relationship between sales promotion and brand equity.

## Table: Model Fitting Information

**Model Fitting Information**

| Model | -2 Log Likelihood | Chi-Square | Df | Sig. |
|---|---|---|---|---|
| Intercept Only | 1549.480 | | | |
| Final | .000 | 1549.480 | 37 | .065 |

Link function: logit

Source: questionnaire2014

Pearson is widely used in statistics to measure the degree of the relationship between the linear related variables. Deviance is a likelihood-ratio test used under full maximum likelihood. The deviance can be regarded as a measure of lack of fit between model and data. The larger the deviance, the poorer the data will fit to the model. The null hypothesis states that the observed data are consistent with the fitted model. The fit is said to be good if P-value is greater than 0.05. As we clearly observed from the following table, P-values for both Pearson and Deviance are >

0.05. The null hypothesis is accepted and the conclusion is that the observed data were consistent with the estimated values in the fitted model since the p was significant, p = 1.00 > 0.05. Therefore, the fit of the model is good

## Goodness- of – fit

### Goodness-of-Fit

| | Chi-square | Df | Sig. |
|---|---|---|---|
| Pearson | 64.422 | 7753 | 1.000 |
| Deviance | 69.909 | 7753 | 1.000 |

Link function: logit

Source: questionnaire 2014

**Pseudo R-square** As it is clearly observed from the table Nagelkerke and McFadden indicates that advertising and

discount explains brand equity perfectly. This shows the ratio of the likelihoods suggests the

model predicted the outcome perfectly. Cox & Snell's pseudo R-square has also maximum value

approaches to 1 i.e. 100% of the change in brand equity is explained by advertising and discount.

Thus the full model predicts the outcome

### Pseudo   R-Squar     e

| Cox and Snell | 1.000 |
|---|---|
| Nagelkerke | 1.000 |
| McFadden | .934 |

Link function: logit function

Source: questionnaire 2014

**Test of Parallel Lines**

Test of parallel lines is designed to make judgment about model adequacy. The model null hypothesis states that the slope coefficients in the model are the same across the response categories. As it is observed from the table below significance is greater than 0.05 that indicates there is no significant difference for the corresponding slope coefficients across the response categories, suggesting that the model assumption of parallel lines was not violated in the model.

## Test of Parallel Lines

| Model | -2 Log Likelihood | Chi-Square | df | Sig. |
|---|---|---|---|---|
| Null Hypothesis | .000 | | | |
| General | .000 | .000 | 2613 | 1.000 |

Source: questionnaire 2014

## Table 4.6 relative performance of both companies

| | N | Minimum | Maximum | Mean | Std. Deviation |
|---|---|---|---|---|---|
| Advertising | 400 | 1.00 | 5.00 | 3.2213 | .90074 |
| Discount | 400 | 1.00 | 5.00 | 2.9983 | .96041 |
| Awareness | 400 | 1.00 | 5.00 | 3.3385 | .91609 |
| Association | 400 | 1.00 | 5.00 | 3.2950 | .96192 |
| Pquality | 400 | 1.00 | 5.00 | 3.2830 | .92099 |
| Loyalty | 400 | 1.29 | 5.00 | 3.0657 | .84819 |
| Equity | 400 | 1.45 | 4.35 | 3.2456 | .68152 |
| Valid N (listwise) | 400 | | | | |

Source: questionnaire 2014

The purpose of this section is to present the findings of descriptive analysis for the measures conducted on the entire sample (regardless of the company). In Table 13 summary statistics for all the items, factors (constructs) of the brand strength and brand strength itself is presented. The size of the whole sample is 400 units.

Since the means of all items, are higher than the scales mid-point, an overall conclusion is that the respondents in this study agree (on average) with the statements in the questionnaire regardless of the firms brand in question. This means that all the dimensions of the brand equity (i.e. brand awareness, brand association, perceived quality and brand loyalty) are present to certain extent in the Ethiopian market regardless of the brand in question (the lowest mean (3.0657) on the 5 – point scale is for the fourth item of the brand equity). The mean of the brand awareness is 3.33 (SD =.9106), though the SD is not the minimum and it is the highest among the brand equity factors. This indicates that Ethiopian consumers are familiar with the firms brands from the shoe firms and 2 included in this research Nevertheless; firm brand equity can be improved through other marketing activities like exhibition, event sponsorship and others.

The mean of the brand association of the firm brand is 3.295 (SD = .96). This indicates that Ethiopian consumers are (on average) associated both with the companies.

Firm brand perceived quality has the mean of 3.2830 (SD =.92). Therefore, we can say that firms brands from the shoe firms, regardless of the firm's promotional activities.

Table 4.7 Correlation result between advertising and sales promotion with brand equity for respondents on anbessa shoe factory

| | | | Aadvert | Adiscount | equity1 |
|---|---|---|---|---|---|
| Spearman's rho | Aadvert | Correlation Coefficient | 1.000 | .116 | .284** |
| | | Sig. (2-tailed) | . | .101 | .000 |
| | | N | 200 | 200 | 200 |
| | Adiscount | Correlation Coefficient | .116 | 1.000 | .102 |
| | | Sig. (2-tailed) | .101 | . | .150 |
| | | N | 200 | 200 | 200 |
| | equity1 | Correlation Coefficient | .284** | .102 | 1.000 |
| | | Sig. (2-tailed) | .000 | .150 | . |
| | | N | 200 | 200 | 200 |

**. Correlation is significant at the 0.01 level (2-tailed).

Source: questionnaire 2014

Table 4.8 Correlation result between advertising and sales promotion with brand equity for respondents on Ramsey shoe factory

|  |  |  | Radvert | Rdiscount | equity2 |
|---|---|---|---|---|---|
| Spearman's rho | Radvert | Correlation Coefficient | 1.000 | .089 | .664[**] |
|  |  | Sig. (2-tailed) | . | .208 | .000 |
|  |  | N | 200 | 200 | 200 |
|  | Rdiscount | Correlation Coefficient | .089 | 1.000 | .073 |
|  |  | Sig. (2-tailed) | .208 | . | .307 |
|  |  | N | 200 | 200 | 200 |
|  | equity2 | Correlation Coefficient | .664[**] | .073 | 1.000 |
|  |  | Sig. (2-tailed) | .000 | .307 | . |
|  |  | N | 200 | 200 | 200 |

**. Correlation is significant at the 0.01 level (2-tailed).

Source questionnaire 2014

From this we can understand that there is a significant relationship between advertising and brand equity (r=.664, p=.000). And here the company should invest in advertising and it should be repetitive by using different Medias. There is an insignificant relationship between discounting and brand equity (r=0.073, p=.307). Because it is short term and only helpful to increase immediate sales, Ramsey shoe should avoid, discounting erodes brand equity. And Ramsey shoe intend not to divest rather it is investing heavily to enlarge the market share.

## Hypothesis testing

| s/n | Hypothesis | Result |
|-----|-----------|--------|
| 1. | H1: There is a significant relationship between advertising and brand awareness In anbessa shoe factory | Accept |
| 2. | H2: there is a significant relationship between advertising and brand association In anbessa shoe factory | Accept |
| 3. | H3: there is a significant relationship between advertising and perceived quality In anbessa shoe factory | Reject |
| 4. | H4: there is a significant relationship between advertising and brand loyalty In anbessa shoe factory | Accept |
| 5. | H5: there is a significant relationship between discount and brand awareness In anbessa shoe factory | Accept |
| 6. | H6: there is a significant relationship between discount and brand association In anbessa shoe factory | Reject |

| | | |
|---|---|---|
| 7. | H7: there is a significant relationship between discount and brand perceived quality In anbessa shoe factory | Reject |
| 8. | H8: there is a significant relationship between discount and brand loyalty In anbessa shoe factory | Reject |
| 9. | H9: there is a significant relationship between advertising and brand equity In anbessa shoe factory | Accept |
| 10 | H10: there is a significant relationship between discount and brand equity In anbessa shoe factory | Reject |

| s/n | Hypothesis | Result |
|---|---|---|
| 1. | H1: There is a significant relationship between advertising and brand awareness in ramsey shoe factory | Accept |
| 2. | H2: there is a significant relationship between advertising and brand association in ramsey shoe factory | Reject |
| 3. | H3: there is a significant relationship between advertising and perceived quality in ramsey shoe factory | Reject |
| 4. | H4: there is a significant relationship between advertising and brand loyalty in ramsey shoe factory | Accept |
| 5. | H5: there is a significant relationship between discount and brand awareness | Accept |

| | | |
|---|---|---|
| 6. | H6: there is a significant relationship between discount and brand association in ramsey shoe factory | Reject |
| 7. | H7: there is a significant relationship between discount and brand perceived quality in ramsey shoe factory | Reject |
| 8. | H8: there is a significant relationship between discount and brand loyalty in ramsey shoe factory | Reject |
| 9. | H9: there is a significant relationship between advertising and brand equity in ramsey shoe factory | Accept |
| 10 | H10: there is a significant relationship between discount and brand equity in ramsey shoe factory | Reject |

# CHAPTER FIVE

## Conclusions and Recommendation

### Conclusion

It has been suggested that brand management should be strategic and holistic, as is conducive to longevity. The promotion function should be designed in a way that supports the brand message. Advertising support and help to create brand equity but discounting as a short term sales promotion devalue the brand equity even though help the companies to create brand awareness the basic question were answered in the following way

1. **Do brand equity dimensions affects consumer based brand equity of foot wear consumer in Addis Ababa?**

Brand awareness have a significant relationship with brand equity (r=.259, p=.00 for Anbessa shoe and r=.664, p=.000 for Ramsey) this tells us that brand awareness is key for brand equity development. The cumulative correlation result shows there is a significant relationship between brand association brand equity (r=.324, p=.000 for Anbessa and p=.728, p=.000) Organizational associations that are often important bases of differentiation and choice include having a concern for customers, being innovative, striving for high quality, being successful, having visibility, being oriented toward the community and being a global player. Anbessa and Ramsey shoe customers have perceived the brand positively. And it can be concluded that there is a significant relationship between perceived quality( r=.442, p=000 for Anbessa and r=.717, p=.000 for ramsey) Perceived quality Is one of the key dimensions of brand equity perceived quality has been shown to be associated With price premiums, price elasticity's, brand brand equity. The correlation result shows there is a significant relationship between brand loyalty and brand equity

in the case of Anbessa shoe firm (r=.391, r=.000) and Ramsey (r=.818,p=000). The conclusion is that yes brand equity dimensions affect brand equity.

**For basic question 2&3 do advertising and sales promotion of footwear firms in affects dimensions of brand equity?**

The correlation result shows that advertising is important for brand awareness, brand association and brand loyalty while unimportant for perceived quality in the case of Anbessa shoe factory while discount is only important for brand awareness but unimportant for brands association, perceived quality and brand loyalty. When we look the contribution of advertising for the overall brand equity it is good and enhances the value of brand equity, while discount devalue the value of a brand.

In the case of Ramsey shoe factory advertising contributes positively for brand awareness and brand loyalty where as it is unimportant for brand association and brand loyalty. Discounting is important for brand awareness only. It is negative for brand association, perceived quality and brand loyalty.

When we compare the result of both companies Anbessa brand customers are better aware Anbessa brand than Ramsey brand. But customers better associate with Ramsey brand.

**Anbessa brand**

H1 There is a significant relationship between advertising and brand awareness Thus, advertising and brand awareness (r=0.46, p= .00) illustrates there is a significant relationship between advertising and brand awareness H1 was supported.

H2 there is a significant relationship between advertising and brand association. There is a significant relationship between advertising and brand association (r=0.169, p=0.0160)

H3&H4 there is a significant relationship between advertising and perceived quality postulated that advertising frequency was positively related to perceived quality and brand awareness. The results reveal that the relationship to perceived quality is significant (r=.438, p=.00). One possible reason for the same is that the consumers considered here are multiple-time automobile buyers having a fair idea of the product quality by focusing on advertisement messages and customers who perceive good for the quality of the brand become loyal customers and willing to pay premium price ( aaker 1996).

H5 there is a significant relationship between discount and brand awareness (r=0.144, p= .04) Duncan (2005) said that sales promotion a short-term, added value offer designed to motivate an immediate response. Although generally used to motivate a buying decision, sales promotion is also used to move people through the buying process toward a particular brand.

H6 there is a significant relationship between discount and brand association correlation analysis for discount and brand association (r=-.002, p=0.979) doesn't supports for hypothesis states that there is a significant relationship between discount and brand association.

H7 there is a significant relationship between discount and brand perceived quality a insignificant, relationship between discount and perceived quality (r= 0.180, p= 0.011)

H8 there is a significant relationship between discount and brand loyalty(r=.091 P= 0.101) at 0.01 level of insignificance which shows the correlation between the variables were too small almost negligent effect

H9: there is a significant relationship between advertising and brand equity (r= 0.284, p= 0.00) which support (Dodson et al. 1978, Machleit; Wilson 1988, Lattin and Bucklin 1989 Aaker, 1991,; Simonsen et al. 1994; Chandon 1995 Keller, 2005,; Isabel et al.), Advertising is useful in building brand equity

H10: there is a significant relationship between discount and brand equity(r= 0.102, p= 0.150) which is against the following researchers (Boulding et al. 1994; Mela, Gupta, and Lehmann 1997; Papatla and Krishnamurthi 1996; Pauwels et al. 2002). Who claim discounting policies are typically found to decrease price elasticity's (make them more negative) by focusing consumers' attention to price-oriented cues Brand-oriented advertising (e.g., non-price advertising) strengthens brand image, causes greater awareness, differentiates products and builds brand equity.

**Ramsey brand**

H1 There is a significant relationship between advertising and brand awareness Thus, advertising and brand awareness ((r=0.161, p= .023) illustrates there is a significant relationship between advertising and brand awareness H1 was supported.

H2 there is a significant relationship between advertising and brand association. There is a significant relationship between advertising and brand association (r=0.181, p=0.011)

H3&H4 there is a significant relationship between advertising and perceived quality postulated that advertising frequency was positively related to perceived quality and brand awareness. The results reveal that the relationship to perceived quality is significant (r= 0.382, p= 0.00). One possible reason for the same is that the consumers considered here are multiple-time shoe buyers having a fair idea of the product quality by focusing on advertisement messages and customers

who perceive good for the quality of the brand become loyal customers and willing to pay premium price ( aaker 1996).

H5 there is a significant relationship between discount and brand awareness ((r=0.088, p=.216) which contradict research work (Raghubir et al., 2004) suggests that sales promotion can act as an informer about the brand that is on sales promotion and where consumers can derive information and knowledge by the exposure effect from sales promotion

H6 there is a significant relationship between discount and brand association correlation analysis for discount and brand association (r=-.058, p=0.415) doesn't supports for hypothesis states that there is a significant relationship between discount and brand association.

H7 there is a significant relationship between discount and brand perceived quality a insignificant, relationship between discount and perceived quality (r= 0.000, p= 0.998)

H8 there is a significant relationship between discount and brand loyalty (r=.149 P= 0.35) at 0.01 level of insignificance which shows the correlation between the variables were too small almost negligent effect

H9: there is a significant relationship between advertising and brand equity (r= 0.335, p= 0.00) which support (Dodson et al. 1978, Machleit; Wilson 1988, Lattin and Bucklin 1989 Aaker, 1991,; Simonsen et al. 1994; Chandon 1995 Keller, 2005,; Isabel et al.), Advertising is useful in building brand equity

H10: there is a significant relationship between discount and brand equity(r= 0.095, p= 0.993) which is against the following researchers (Boulding et al. 1994; Mela, Gupta, and Lehmann

1997; Papatla and Krishnamurthi 1996; Pauwels et al. 2002). Who claim discounting policies are typically found to decrease price elasticity's (make them more negative) by focusing consumers' attention to price-oriented cues Brand-oriented advertising (e.g., non-price advertising) strengthens brand image, causes greater awareness, differentiates products and builds brand equity.

## 5.3 Recommendations

This study suggested that brand management should be strategic and holistic, as is conducive to longevity. The promotion function should be designed in a way that supports the brand message. Advertising support and help to create brand equity but discounting as a short term sales promotion devalue the brand equity even though help the companies to create brand awareness

❖ Brand equity is complicated and advertising is a general way to develop the formation and manage this equity. Managers should invest on increasing brand equity in advertising with clear objectives.

❖ Price reduction in short term period such as amount of percentage may not be suggested for providing brand equity, even if it increases the sale in short term period (Aaker, 1991; Yoo et al 2000).

❖ Since sale promotions make stronger and more complete react, they can be used for better representing and sale increase in stagnation. But it is noted that a tool is short term and in order to excel in goods and brand, brand managers should apply it with long-term goals, because the costumers comprehend activities with low quality. Instead of supplying sale promotion, managers should invest on developing brand equity.

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**ADDIS ABABA UNIVERSITY**

**COLLEGE OF BUSINESS AND ECONOMICS**

**DEPARTMENT OF MANAGEMENT**

**MBA PROGRAM**

Dear Sir/Madam

This questionnaire is intended to be used as primary data for master's thesis of my MBA in management at Addis Ababa University on **EFFECT OF ADVERTISING AND SALES PROMOTION ON CONSUMER BASED BRAND EQUITY**. As a customer of these shoe products, your participation in this study will be valuable and greatly appreciated. Information gathered will be treated with utmost confidentiality and will not be used for any other purpose.

**INSTRUCTIONS**: The questionnaires contain statements about brand equity and its dimension and promotional activities. Please read each statement carefully and decide the answer that you give. Please aware that there is no right or wrong answers. You have to give your own opinion about each item. Please circle your response to each statement according to the following five-point scale in terms of your own agreement and disagreement of the statement.

Example: If you **strongly agree** with any of the statements given in the questionnaire, you should circle on **5** and if you strongly disagree with any statements please circle on **1** if you agree circle **4**, For the statement, where you cannot make a decision, circle on **3** and rate others categories accordingly.

**Advertising**

1. Advertisings of this brand are seen frequently on TV or other media.

| Anbessa | Ramsey |
|---|---|
| 1   2   3   4   5 | 1   2   3   4   5 |

2. Advertisings of this brand are seen very interesting.

| Anbessa | Ramsey |
|---|---|
| 1   2   3   4   5 | 1   2   3   4   5 |

3. Advertisings of this brand are seen very funny

| Anbessa | Ramsey |
|---|---|
| 1   2   3   4   5 | 1   2   3   4   5 |

4. . Advertisings of this brand are seen very exciting.

| Anbessa | Ramsey |
|---|---|
| 1   2   3   4   5 | 1   2   3   4   5 |

5.    Advertisings of this brand are very popular

| Anbessa | Ramsey |
|---|---|
| 1   2   3   4   5 | 1   2   3   4   5 |

6. Advertisings of this brand are easy to remember.

| Anbessa | Ramsey |
|---|---|
| 1   2   3   4   5 | 1   2   3   4   5 |

**Sales promotion (SP)**

1. I do not consider price discount of this brand while purchasing the products

| Anbessa | Ramsey |
|---------|--------|
| 1   2   3   4   5 | 1   2   3   4   5 |

2. I usually aware about the price discount of this product.

| Anbessa | Ramsey |
|---------|--------|
| 1   2   3   4   5 | 1  2  3  4   5 |

3. I enjoy to try this product if it is with price discount

| Anbessa | Ramsey |
|---------|--------|
| 1  2  3  4   5 | 1   2   3   4    5 |

4. I have found that knowing about price discount don't make difference in purchase.

| Anbessa | Ramsey |
|---------|--------|
| 1  2  3   4    5 | 1   2   3   4   5 |

5. This brand is easy to remember after providing price discount.

| Anbessa | Ramsey |
|---------|--------|
| 1   2   3   4    5 | 1  2   3   4   5 |

**Brand equity dimensions**

**A. Brand Awareness**

1. Are you familiar with the following brand?

| Anbessa | Ramsey |
|---------|--------|
| 1 2 3 4 5 | 1 2 3 4 5 |

2. Do you recognize this brand quickly among other competing brands?

| Anbessa | Ramsey |
|---|---|
| 1 2 3 4 5 | 1 2 3 4 5 |

3. When think of shoe, this brand is one that comes to my mind

| Anbessa | Ramsey |
|---|---|
| 0    1 | 0    1 |

4. This is a brand that I remember

| Anbessa | Ramsey |
|---|---|
| 1 2 3 4 5 | 1 2 3 4 5 |

5. I know this brand logo

| Anbessa | Ramsey |
|---|---|
| 1 2 3 4 5 | 1 2 3 4 5 |

**B. Brand association**

1. This brand has a unique brand image.

| Anbessa | Ramsey |
|---|---|
| 1   2  3  4   5 | 1   2  3  4  5 |

2. I like and trust this company, which makes this product

| Anbessa | Ramsey |
|---|---|
| 1  2  3   4  5 | 1   2  3  4  5 |

3. I like this brand image

| Anbessa | Ramsey |
|---------|--------|
| 1  2  3  4  5 | 1  2  3  4   5 |

4. This brand makes me feel good.

| Anbessa | Ramsey |
|---------|--------|
| 1   2   3   4   5 | 1   2   3   4   5 |

### B. Perceived quality:

1. This brand has very good quality

| Anbessa | Ramsey |
|---------|--------|
| 1   2   3   4   5 | 1   2   3   4   5 |

2. I trust the quality of this brand

| Anbessa | Ramsey |
|---------|--------|
| 1   2   3   4   5 | 1   2   3   4   5 |

3. This brand offers products of consistent quality

| Anbessa brand | Ramsey |
|---------------|--------|
| 1   2   3   4   5 | 1   2   3   4   5 |

4. This brand offers reliable products

| Anbessa | Ramsey |
|---------|--------|
| 1 2 3   4   5 | 1   2   3   4   5 |

6. This brand offers products of excellent features

| Anbessa | Ramsey |
|---|---|
| 1   2   3   4   5 | 1    2   3   4   5 |

## D. Brand loyalty

1. This brand would be my best choice

| Anbessa | Ramsey |
|---|---|
| 1   2   3    4    5 | 1   2   3   4   5 |

2. I will not buy other brand, if this brand is available at the store

| Anbessa brand | Ramsey |
|---|---|
| 1   2   3    4    5 | 1    2   3   4    5 |

3. I would not buy another brand, if this one is unavailable

| Anbessa | Ramsey |
|---|---|
| 1   2   3    4    5 | 1   2   3   4   5 |

4. I consider myself to be loyal to this brand

| Anbessa brand | Ramsey |
|---|---|
| 1 2 3   4    5 | 1 2 3 4 5 |

| No. | Items | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|---|
| 5. | For high quality anbessa shoe, I am willing to pay 10% more than Ramsey shoe | | | | | |
| 6. | For consistent quality anbessa shoe, I am willing to pay 10% more than Ramsey shoe | | | | | |

| 7. | Ramsey brand would have to be 10% percent less than anbessa brand before I would switch to anbessa | | | | |
|----|---|---|---|---|---|

### Overall Brand equity

1. Even if another brand has the same feature as this brand, I would prefer to buy this brand.

| Anbessa brand | Ramsey |
|---|---|
| 1 2 3  4   5 | 1 2 3 4 5 |

2. If there is another brand as good as this brand, I would prefer to buy this brand

| Anbessa brand | Ramsey |
|---|---|
| 1 2 3  4   5 | 1 2 3 4 5 |

3. If there is another brand has same price as this brand, I prefer to buy this brand.

| Anbessa brand | Ramsey |
|---|---|
| 1 2 3  4   5 | 1 2 3 4 5 |

4. If I have to choose among brands of shoes, this brand is definitely my choice

| Anbessa brand | Ramsey |
|---|---|
| 1 2 3  4   5 | 1 2 3 4 5 |

## Parameter Estimates

| | Estimate | Std. Error | Wald | df | Sig. | 95% Confidence Interval | |
|---|---|---|---|---|---|---|---|
| | | | | | | Lower Bound | Upper Bound |
| Threshold [equity1 = 2.21] | 6.728 | 1.327 | 25.724 | 1 | .000 | 9.328 | 4.128 |
| [equity1 = 2.48] | 6.029 | 1.127 | 28.628 | 1 | .000 | 8.237 | 3.820 |
| [equity1 = 2.50] | 5.619 | 1.052 | 28.526 | 1 | .000 | 7.681 | 3.557 |
| [equity1 = 2.51] | 5.325 | 1.012 | 27.668 | 1 | .000 | 7.310 | 3.341 |
| [equity1 = 2.53] | 5.097 | .988 | 26.618 | 1 | .000 | 7.033 | 3.161 |
| [equity1 = 2.59] | 4.911 | .971 | 25.556 | 1 | .000 | 6.814 | 3.007 |
| [equity1 = 2.69] | 4.615 | .950 | 23.589 | 1 | .000 | 6.478 | 2.753 |
| [equity1 = 2.76] | 4.285 | .933 | 21.111 | 1 | .000 | 6.113 | 2.457 |
| [equity1 = 2.88] | 4.194 | .929 | 20.397 | 1 | .000 | 6.014 | 2.374 |
| [equity1 = 2.90] | 4.110 | .925 | 19.733 | 1 | .000 | -5.923 | -2.297 |
| [equity1 = 2.93] | 4.032 | .922 | 19.112 | 1 | .000 | 5.840 | 2.224 |

| | | | | | | |
|---|---|---|---|---|---|---|
| [equity1 = 2.94] | 3.959 | .920 | 18.531 | .000 | 5.762 | 2.157 |
| [equity1 = 3.00] | 3.652 | .911 | 16.081 | .000 | 5.438 | 1.867 |
| [equity1 = 3.00] | 3.600 | .910 | 15.664 | .000 | 5.382 | 1.817 |
| [equity1 = 3.03] | 3.549 | .908 | 15.266 | .000 | 5.329 | 1.769 |
| [equity1 = 3.03] | 3.454 | .906 | 14.523 | .000 | 5.230 | 1.677 |
| [equity1 = 3.04] | 3.366 | .904 | 13.847 | .000 | 5.138 | 1.593 |
| [equity1 = 3.07] | 3.284 | .903 | 13.226 | .000 | 5.053 | 1.514 |
| [equity1 = 3.08] | 3.206 | .902 | 12.644 | .000 | 4.973 | 1.439 |
| [equity1 = 3.08] | 3.168 | .901 | 12.367 | .000 | 4.934 | 1.402 |
| [equity1 = 3.08] | 3.132 | .900 | 12.098 | .001 | 4.896 | 1.367 |
| [equity1 = 3.11] | 3.096 | .900 | 11.840 | .001 | 4.860 | 1.333 |
| [equity1 = 3.12] | 3.028 | .899 | 11.351 | .001 | 4.790 | 1.267 |
| [equity1 = 3.13] | 2.995 | .898 | 11.119 | .001 | 4.756 | 1.235 |
| [equity1 = 3.14] | 2.963 | .898 | 10.893 | .001 | 4.723 | 1.204 |
| [equity1 = 3.16] | 2.932 | .897 | 10.674 | .001 | 4.691 | 1.173 |
| [equity1 = 3.19] | 2.901 | .897 | 10.461 | .001 | 4.660 | 1.143 |

| | | | | | | |
|---|---|---|---|---|---|---|
| [equity1 = 3.24] | 2.754 | .895 | 9.463 1 | .002 | 4.509 | .999 |
| [equity1 = 3.26] | 2.697 | .895 | 9.089 1 | .003 | 4.451 | .944 |
| [equity1 = 3.28] | 2.669 | .894 | 8.909 1 | .003 | 4.422 | .916 |
| [equity1 = 3.31] | 2.615 | .894 | 8.561 1 | .003 | 4.367 | .863 |
| [equity1 = 3.32] | 2.588 | .893 | 8.393 1 | .004 | 4.340 | .837 |
| [equity1 = 3.36] | 2.562 | .893 | 8.230 1 | .004 | 4.313 | .812 |
| [equity1 = 3.38] | 2.512 | .893 | 7.916 1 | .005 | 4.261 | .762 |
| [equity1 = 3.40] | 2.414 | .892 | 7.326 1 | .007 | 4.162 | .666 |
| [equity1 = 3.41] | 2.390 | .892 | 7.186 1 | .007 | 4.137 | .643 |
| [equity1 = 3.41] | 2.343 | .891 | 6.915 1 | .009 | 4.090 | .597 |
| [equity1 = 3.45] | 2.232 | .890 | 6.286 1 | .012 | 3.977 | .487 |
| [equity1 = 3.46] | 2.210 | .890 | 6.168 1 | .013 | 3.955 | .466 |
| [equity1 = 3.47] | 2.167 | .890 | 5.935 1 | .015 | 3.911 | .424 |
| [equity1 = 3.50] | 2.042 | .889 | 5.282 1 | .022 | 3.784 | .301 |
| [equity1 = 3.50] | 2.022 | .889 | 5.180 1 | .023 | 3.764 | .281 |
| [equity1 = 3.52] | 2.002 | .888 | 5.079 1 | .024 | 3.743 | .261 |
| [equity1 = 3.53] | 1.982 | .888 | 4.979 1 | .026 | 3.723 | .241 |
| [equity1 = 3.54] | 1.962 | .888 | 4.880 1 | .027 | 3.702 | . 221 |
| [equity1 = 3.56] | 1.881 | .887 | 4.492 1 | .034 | 3.620 | .141 |
| [equity1 = 3.56] | 1.861 | .887 | 4.397 1 | .036 | 3.600 | .122 |
| [equity1 = 3.57] | 1.840 | .887 | 4.304 1 | .038 | 3.579 | .102 |
| [equity1 = 3.59] | 1.820 | .887 | 4.210 1 | .040 | 3.559 | .082 |
| [equity1 = 3.60] | 1.718 | .886 | 3.759 1 | .053 | -3.456 | .019 |
| [equity1 = 3.61] | 1.698 | .886 | 3.671 1 | .055 | -3.435 | .039 |
| [equity1 = 3.61] | -1.678 | .886 | 3.586 1 | .058 | -3.414 | .059 |
| [equity1 = 3.63] | -1.658 | .886 | 3.502 1 | .061 | -3.394 | .079 |
| [equity1 = 3.64] | -1.638 | .886 | 3.420 1 | .064 | -3.374 | .098 |
| [equity1 = 3.65] | -1.599 | .886 | 3.260 1 | .071 | -3.334 | .137 |
| [equity1 = 3.65] | -1.579 | .885 | 3.181 1 | .075 | -3.314 | .156 |
| [equity1 = 3.66] | -1.559 | .885 | 3.103 1 | .078 | -3.294 | .176 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| [equity1 = 3.66] | -1.520 | .885 | 2.948 | 1 | .086 | -3.254 | .215 |
| [equity1 = 3.68] | -1.460 | .885 | 2.725 | 1 | .099 | -3.194 | .273 |
| [equity1 = 3.68] | -1.441 | .884 | 2.653 | 1 | .103 | -3.174 | .293 |
| [equity1 = 3.69] | -1.421 | .884 | 2.583 | 1 | .108 | -3.154 | .312 |
| [equity1 = 3.69] | -1.402 | .884 | 2.514 | 1 | .113 | -3.135 | .331 |
| [equity1 = 3.69] | -1.324 | .884 | 2.247 | 1 | .134 | -3.056 | .407 |
| [equity1 = 3.70] | -1.305 | .884 | 2.182 | 1 | .140 | -3.037 | .427 |
| [equity1 = 3.72] | -1.285 | .883 | 2.117 | 1 | .146 | -3.017 | .446 |
| [equity1 = 3.73] | -1.246 | .883 | 1.989 | 1 | .158 | -2.977 | .485 |
| [equity1 = 3.74] | -1.226 | .883 | 1.928 | 1 | .165 | -2.957 | .505 |
| [equity1 = 3.75] | -1.167 | .883 | 1.749 | 1 | .186 | -2.897 | .563 |
| [equity1 = 3.78] | -1.148 | .883 | 1.692 | 1 | .193 | -2.877 | .582 |
| [equity1 = 3.80] | -1.029 | .882 | 1.361 | 1 | .243 | -2.757 | .700 |
| [equity1 = 3.83] | -.946 | .881 | 1.152 | 1 | .283 | -2.673 | .781 |
| [equity1 = 3.85] | -.861 | .881 | .955 | 1 | .328 | -2.587 | .865 |
| [equity1 = 3.86] | -.772 | .880 | .770 | 1 | .380 | -2.497 | .953 |
| [equity1 = 3.86] | -.750 | .880 | .726 | 1 | .394 | -2.474 | .975 |
| [equity1 = 3.86] | -.612 | .879 | .484 | 1 | .486 | -2.335 | 1.111 |
| [equity1 = 3.87] | -.588 | .879 | .448 | 1 | .503 | -2.311 | 1.135 |
| [equity1 = 3.87] | -.564 | .879 | .412 | 1 | .521 | -2.287 | 1.158 |
| [equity1 = 3.90] | -.540 | .879 | .377 | 1 | .539 | -2.262 | 1.183 |
| [equity1 = 3.91] | -.491 | .879 | .312 | 1 | .576 | -2.213 | 1.231 |
| [equity1 = 3.93] | -.442 | .878 | .253 | 1 | .615 | -2.163 | 1.280 |
| [equity1 = 3.93] | -.344 | .878 | .154 | 1 | .695 | -2.065 | 1.376 |
| [equity1 = 3.94] | -.296 | .878 | .114 | 1 | .736 | -2.016 | 1.425 |
| [equity1 = 3.95] | -.247 | .877 | .079 | 1 | .778 | -1.967 | 1.473 |
| [equity1 = 3.99] | -.124 | .877 | .020 | 1 | .887 | -1.843 | 1.595 |
| [equity1 = 4.00] | .352 | .876 | .161 | 1 | .688 | -1.366 | 2.069 |
| [equity1 = 4.03] | .432 | .876 | .243 | 1 | .622 | -1.285 | 2.150 |
| [equity1 = 4.03] | .644 | .877 | .540 | 1 | .463 | -1.075 | 2.363 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | [equity1 = 4.04] | .690 | .877 | .618 | 1 | .432 | -1.030 | 2.409 |
| | [equity1 = 4.11] | .737 | .877 | .706 | 1 | .401 | -.982 | 2.457 |
| | [equity1 = 4.13] | .840 | .878 | .916 | 1 | .339 | -.881 | 2.562 |
| | [equity1 = 4.14] | .954 | .879 | 1.177 | 1 | .278 | -.769 | 2.677 |
| | [equity1 = 4.16] | 1.088 | .881 | 1.526 | 1 | .217 | -.638 | 2.815 |
| | [equity1 = 4.21] | 1.252 | .884 | 2.007 | 1 | .157 | -.480 | 2.985 |
| | [equity1 = 4.28] | 1.467 | .891 | 2.713 | 1 | .100 | -.279 | 3.212 |
| | [equity1 = 4.35] | 1.623 | .898 | 3.263 | 1 | .071 | -.138 | 3.383 |
| | [Aadvert=1.00] | .153 | .598 | .065 | 1 | .798 | -1.018 | 1.324 |
| | [Aadvert=1.17] | 1.193 | .927 | 1.655 | 1 | .198 | -.625 | 3.011 |
| | [Aadvert=1.83] | .381 | .694 | .302 | 1 | .583 | -.978 | 1.741 |
| | [Aadvert=2.00] | -.948 | .594 | 2.547 | 1 | .110 | -2.112 | .216 |
| | [Aadvert=2.17] | -1.526 | .789 | 3.740 | 1 | .053 | -3.072 | .021 |
| | [Aadvert=2.33] | -2.796 | .624 | 20.087 | 1 | .000 | -4.019 | -1.574 |
| | [Aadvert=2.50] | -.756 | .670 | 1.273 | 1 | .259 | -2.068 | .557 |
| | [Aadvert=2.67] | -1.462 | .644 | 5.157 | 1 | .023 | -2.723 | -.200 |
| | [Aadvert=2.83] | -1.373 | .684 | 4.026 | 1 | .045 | -2.715 | -.032 |
| | [Aadvert=3.00] | -1.570 | .564 | 7.755 | 1 | .005 | -2.675 | -.465 |
| Location | [Aadvert=3.17] | -1.804 | .683 | 6.972 | 1 | .008 | -3.142 | -.465 |
| | [Aadvert=3.33] | -1.674 | .528 | 10.054 | 1 | .002 | -2.709 | -.639 |
| | [Aadvert=3.50] | -1.956 | .547 | 12.776 | 1 | .000 | -3.029 | -.883 |
| | [Aadvert=3.83] | .645 | .615 | 1.101 | 1 | .294 | -.560 | 1.850 |
| | [Aadvert=4.00] | -.204 | .504 | .164 | 1 | .685 | -1.191 | .783 |
| | [Aadvert=4.17] | -.936 | .653 | 2.053 | 1 | .152 | -2.216 | .344 |
| | [Aadvert=4.33] | .381 | .616 | .383 | 1 | .536 | -.827 | 1.589 |
| | [Aadvert=4.50] | -.550 | .908 | .367 | 1 | .545 | -2.328 | 1.229 |
| | [Aadvert=5.00] | 0[a] | . | . | 0 | . | . | . |
| | [Adiscount=1.00] | -.171 | 1.054 | .026 | 1 | .871 | -2.237 | 1.894 |

| | B | Std. Error | Wald | df | Sig. | Lower | Upper |
|---|---|---|---|---|---|---|---|
| [Adiscount=1.20] | -2.039 | .955 | 4.562 | 1 | .033 | -3.910 | -.168 |
| [Adiscount=1.40] | -.686 | .949 | .523 | 1 | .470 | -1.173 | 2.545 |
| [Adiscount=1.60] | 1.240 | .963 | 1.661 | 1 | .197 | -.646 | 3.127 |
| [Adiscount=1.80] | -.245 | .873 | .079 | 1 | .779 | -1.955 | 1.466 |
| [Adiscount=2.00] | -.569 | .837 | .462 | 1 | .497 | -2.210 | 1.071 |
| [Adiscount=2.20] | -2.268 | .865 | 6.873 | 1 | .009 | -3.963 | -.572 |
| [Adiscount=2.40] | -.325 | .854 | .145 | 1 | .703 | -1.999 | 1.348 |
| [Adiscount=2.60] | -1.127 | .881 | 1.638 | 1 | .201 | -2.854 | .599 |
| [Adiscount=2.80] | -.680 | .764 | .792 | 1 | .373 | -2.177 | .817 |
| [Adiscount=3.00] | -.395 | .821 | .232 | 1 | .630 | -2.004 | 1.214 |
| [Adiscount=3.20] | -.514 | .797 | .416 | 1 | .519 | -2.076 | 1.048 |
| [Adiscount=3.40] | .229 | .807 | .081 | 1 | .777 | -1.353 | 1.811 |
| [Adiscount=3.60] | -.917 | .839 | 1.194 | 1 | .275 | -2.562 | .728 |
| [Adiscount=3.80] | .681 | .808 | .711 | 1 | .399 | -.902 | 2.265 |
| [Adiscount=4.00] | .420 | .829 | .256 | 1 | .613 | -1.205 | 2.044 |
| [Adiscount=4.20] | .353 | .814 | .188 | 1 | .664 | -1.242 | 1.948 |
| [Adiscount=4.40] | .372 | .788 | .223 | 1 | .636 | -1.171 | 1.916 |
| [Adiscount=4.60] | -.150 | .858 | .031 | 1 | .861 | -1.832 | 1.531 |
| [Adiscount=5.00] | 0[a] | . | . | 0 | . | . | . |

## Parameter Estimates

| | | Estimate | Std. Error | Wald | Df | Sig. | 95% Confidence Interval | |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | Lower Bound | Upper Bound |
| [equity2 = 1.66] | | 7.638 | 1.318 | 33.577 | 1 | .000 | 10.221 | 5.054 |
| [equity2 = 1.73] | | 7.210 | 1.288 | 31.311 | 1 | .000 | 9.735 | 4.684 |
| [equity2 = 1.86] | | 6.901 | 1.273 | 29.373 | 1 | .000 | 9.397 | 4.406 |
| [equity2 = 1.92] | | 6.457 | 1.258 | 26.345 | 1 | .000 | -8.922 | -3.991 |
| [equity2 = 2.11] | | 6.283 | 1.253 | 25.128 | 1 | .000 | -8.740 | -3.826 |
| [equity2 = 2.11] | | 5.987 | 1.247 | 23.049 | 1 | .000 | -8.431 | -3.543 |
| [equity2 = 2.14] | | 5.858 | 1.245 | 22.148 | 1 | .000 | -8.298 | -3.418 |
| [equity2 = 2.21] | | 5.739 | 1.243 | 21.328 | 1 | .000 | -8.175 | -3.304 |
| [equity2 = 2.44] | | 5.628 | 1.241 | 20.565 | 1 | .000 | -8.061 | -3.196 |
| [equity2 = 2.47] | | 5.524 | 1.240 | 19.859 | 1 | .000 | -7.954 | -3.095 |
| [equity2 = 2.59] | | 5.428 | 1.238 | 19.212 | 1 | .000 | -7.855 | -3.001 |
| [equity2 = 2.63] | | 5.337 | 1.237 | 18.606 | 1 | .000 | -7.762 | -2.912 |
| [equity2 = 2.64] | | 5.249 | 1.236 | 18.031 | 1 | .000 | -7.672 | -2.826 |
| [equity2 = 2.67] | | 5.165 | 1.235 | 17.484 | 1 | .000 | -7.586 | -2.744 |
| [equity2 = 2.69] | | 5.006 | 1.234 | 16.467 | 1 | .000 | -7.423 | -2.588 |

This parameter is set to zero because it is redundant.

**Parameter Estimates**

| | | Estimate | Std. Error | Wald | df | Sig. | 95% Confid |
|---|---|---|---|---|---|---|---|
| | | | | | | | Lower Boun |
| | [equity2 = 7.638 1.66] | | 1.318 | 33.577 | 1 | .000 | 10.221 |
| | [equity2 = 7.210 1.73] | | 1.288 | 31.311 | 1 | .000 | 9.735 |
| | [equity2 = 6.901 1.86] | | 1.273 | 29.373 | 1 | .000 | 9.397 |
| | [equity2 = 6.457 1.92] | | 1.258 | 26.345 | 1 | .000 | 8.922 |
| | [equity2 = 6.283 2.11] | | 1.253 | 25.128 | 1 | .000 | 8.740 |
| | [equity2 = 5.987 2.11] | | 1.247 | 23.049 | 1 | .000 | 8.431 |
| | [equity2 = 5.858 2.14] | | 1.245 | 22.148 | 1 | .000 | 8.298 |
| | [equity2 = 5.739 2.21] | | 1.243 | 21.328 | 1 | .000 | 8.175 |
| | [equity2 = 5.628 2.44] | | 1.241 | 20.565 | 1 | .000 | 8.061 |
| | [equity2 = 5.524 2.47] | | 1.240 | 19.859 | 1 | .000 | 7.954 |
| | [equity2 = 5.428 2.59] | | 1.238 | 19.212 | 1 | .000 | 7.855 |
| | [equity2 = 5.337 2.63] | | 1.237 | 18.606 | 1 | .000 | 7.762 |
| | [equity2 = 5.249 2.64] | | 1.236 | 18.031 | 1 | .000 | 7.672 |
| | [equity2 = 5.165 2.67] | | 1.235 | 17.484 | 1 | .000 | 7.586 |
| | [equity2 = 5.006 2.69] | | 1.234 | 16.467 | 1 | .000 | 7.423 |
| | [equity2 = 4.930 2.71] | | 1.233 | 15.995 | 1 | .000 | -7.347 |