

BRAND EQUITY IN SELECTING A PRIVATE HIGHER EDUCATION INSTITUTION IN KLANG VALLEY

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ABSTRACT

Building a strong brand equity is the top most priority of many private higher education institutions, but attaining this objective is not always an easy task. This study attempts to investigate the factors influencing brand equity towards the selection of private higher education industry. By having a better understanding of influencing factors, it will be helpful to marketers and institution operators to enhance the operation and managing the business. This is a descriptive and quantitative study with the use of self-administrated survey as data collection tool. A total of 468 questionnaires were collected among private higher education institution students in Klang Valley who are active students of a university. Descriptive analysis was used to analyze the demographic background of the respondents and characteristics of the study constructs. Reliability statistics, item-total statistics and exploratory factor analysis were used to examine the reliability and validity of the measurements of the constructs. A regression model was formulated to examine the relationship between the variables. All the variables revealed internal consistency as all the scale reliability ranged within 0.845 to 0.902. As for correlations, significant positive correlations were found and the multiple linear regressions analysis had positive significant relationship brand equity . The results of the statistical tests had been proved to be useful and significant of the proposed conceptual model about the factors influencing of brand equity of customer in selecting a private higher education institution in Klang Valley. Therefore, the operators and marketers should pay attention to improve the brand equity of the private higher education institutions in order to increase the selection of the private higher education institutions.

Keywords: Brand equity, commitment, private higher education, Klang Valley.

INTRODUCTION

Brand is an effective tool for companies to identify and differentiate products or services in customers' minds and brand is a marketing strategy widely used to improve firm performance. Due to rapid changes in the global market and the increased competition experienced between firms, importance on brand has become evident. Good brand brings about clear differentiation between products, ensures customer loyalty and preferences and that may lead to a greater market share. Brands are highly regarded as an important source of capital for most business. The term brand has different meaning attached to it, a brand can be defined as a name, logo, symbol and identity or a trademark. Low and Lamb (2000) also stated that in service market, the main brand is the firm's brand while in packaged goods market, the main brand is seen to be the product brand.

Brand equity, a major marketing asset, creates competitive advantages and improves firms' financial performance (Stahl et al., 2012). The conceptualization and measurement of brand equity are diverse and inconclusive. Despite diverging perspectives, the definition of brand equity is in terms of marketing effects unique to a specific brand. The power of a brand depends on convictions and perception of customers, based on what they have learned, felt, seen, and heard. The value of a brand can only be realized when the brand is relevant to customers (Keller, 2008). A powerful brand will enhance a customer's attitude strength of the product in association of a brand. Attitude strength is developed by experience with the product. Brand awareness and association influences inferred attributes, perceived quality and finally result to brand loyalty (Keller, 1993). Advantage of this dimensionality of brand equity is that it allows marketing managers to study how private higher education institutions are marketing programs to enhance higher education institutions brand values in the minds of customers.

In an increasingly competitive higher education sector, private higher education institutions face significant challenges when it comes to recruiting new students (Bock et al., 2014). Recruitment is only the beginning of a long-term relationship that private higher education institutions need to cultivate, not only while students attend the programs but also beyond graduation. How institutions manage the relationship with the students and how students perceive their institution's brand can have an impact on the attachment with the institution and in turn on students' intentions to engage with the institution in the future.

Brand name and what a brand stands for are the core values for most private higher education institutions. Hence, it will increase the competitive advantage of the private higher education institutions. The basic attribute of a private higher education institutions are also important for a private higher education institutions to excel because the strength of a brand commonly provide the fundamental steps for differentiating between several competitors. A strong brand allows customers to have a better perception of the intangible product and services. Additionally, it lessen customer's perceived monetary, safety and social risk in purchasing services which are tough to ascertain before purchase. Strong brands offer a lot of advantages such as reduced competition, larger brand loyalty and increase response to price adjustment by customers, larger profit and brand extensions to a service firm than brands that are not strong.

Selecting a higher education institution is the first step students undertake in the educational process of higher education. Furthermore, selecting a higher education institution is an important decision that may shape not only the life and success of students' careers but their families as well. In the choice criteria review, the student-cum-customer must decide which higher education institution to attend while facing the influence by mass media, parents, peers, location, cost, and other variables. To obtain a better understanding of the customers' preference in choosing higher education institution establishment when they want to study, the influences of several factors such as brand awareness, brand association, perceived quality, brand loyalty and commitment towards brand equity are discussed and evaluated in the following chapter.

Research Objective

The objective of this study is to understand the extent of brand equity and intention of customer choice in selecting private higher education institutions in Malaysia, more specifically with the factors of brand awareness, perceived quality, brand association, brand loyalty and commitment. The research objectives are as below.

- RO1: To examine the influence of brand awareness to brand equity in selection of private higher education institution.
- RO2: To examine the influence of brand association to brand equity in selection of private higher education institution.
- RO3: To examine the influence of perceived quality to brand equity in selection of private higher education institution.
- RO4: To examine the influence of brand loyalty to brand equity in selection of private higher education institution.
- RO5: To examine the influence of commitment to brand equity in selection of private higher education institution.

Hypotheses

- H₁**: Brand Awareness has a significant positive effect on brand equity.
- H₂**: Brand Association has a significant positive effect on brand equity.
- H₃**: Perceived quality has a significant positive effect on brand equity.
- H₄**: Brand loyalty has a significant positive effect on brand equity.
- H₅**: Commitment has a significant positive effect on brand equity.

LITERATURE REVIEW

Brand Equity

Brand equity was basically defined as “the value added by the brand to the product” and as “incremental utility or value added to a product by its brand name.” Keller (1993) called brand equity “the differential effect of brand knowledge on customer response to the marketing of the brand” and “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.” Depending on the way it is defined, Aaker’s definition and framework stand out as one of the best-known and most cited studies. Aaker (1991) has adopted a multi-dimensional approach in knowing, distinguishing, and differentiating brands that consists of mental assets and liabilities. This model incorporates five dimensions that form the customer-based brand equity namely; “brand loyalty,” “brand awareness,” “perceived quality,” “brand associations,” and “other brand assets.”

Keller (2003) considers brand knowledge, formed by the dimensions of awareness and brand image, as an indicator of brand equity whereas, Va’zquez et al.(2002) indicate the importance of stored associations expressing both functional and symbolic utilities. Agarwal and Rao (1996) consider overall quality and choice intention as the main dimensions of brand equity.

For organisations, growing brand equity is a key objective to be achieved by gaining more favourable associations and feelings of target customers. We can evaluate the brand equity from different perspectives whereby brand equity can be seen from three different perspectives which are:

- i. Financial perspective
- ii. Customer perspective
- iii. Employee perspective

Brand Awareness

Brand awareness is the core construct of brand equity and strong branding helps an organization to build its identity and establish itself in the market (Aaker, 1996). Keller (1993) defined brand awareness as “the ability of a potential buyer to recognize or recall that a brand is a member of a certain product category”. Brand awareness refers to whether customers can recall or recognize a brand, or whether or not customers know about a brand (Keller, 2008).

Brand Association

Brand association is defined as anything linked in memory to a brand and is the most accepted aspect of brand equity (Aaker & Biel, 1992). Brand associations related to thoughts, feelings, perception, image, experience, belief, attitude and related matters in the memory of a brand. Among the four key dimensions of highlighted by Aaker’s (1991) brand equity framework, marketing scholars have pointed out the importance of brand associations in the process of building a strong brand, as they are about images and symbols associated

with a brand or a brand benefits and thus can ultimately drive brand performances (Bauer et al., 2008).

Perceived Quality

Perceived quality is defined by Aaker (1991) as intangible, overall feeling about a brand and is considered as an important element generating an organisation's values, while Zeithaml (1988) defines it as the customer's judgment about a product's overall excellence or superiority. Perceived quality is an elusive and indistinct construct that is given higher importance by customers today. Perceived quality is a demand on firms to satisfy their customers and it is also a benchmark to measure if the claims are maintained. For companies offering perceived quality often means differentiating from competitors. In other words, perceived quality is understood as a competitive weapon (Parasuraman et al., 1985).

Brand Loyalty

The concept of loyalty can relate to a brand, a vendor, a service, or a store (Dick & Basu, 1994). The ultimate goal of brand loyalty is to gain a greater market share from repeat purchases by loyal customers. A greater market share in turn leads to higher profits for the business. By maintaining loyalty among customers, a business can create a "sustainable competitive advantage" (Deighton et al., 1994). Brand loyalty is defined as a deeply held commitment to rebuy or to patronize a preferred product or service consistently in the future, thereby causing repetitive purchasing despite situational influences and marketing efforts having the potential to cause switching behaviour (Oliver, 1997).

Commitment

Dwyer et al. (1987) define commitment as an implicit or explicit pledge of relational continuity between exchange partners. Commitment is an enduring desire to maintain a valued relationship. Commitment also implies a willingness on the part of both partners to make short-term sacrifices to realize long-term benefits in the relationship (Anderson & Weitz, 1992). Commitment describes an exchange partner believing that an ongoing relationship with another is so important as to warrant maximum effort at maintaining this connection. Burmann and Zeplin (2005) have defined commitment as "the extent of psychological attachment to the brand, which influences their willingness to exert extra effort towards reaching the brand goals. Prior research suggests that commitment is a central relationship-specific motive, and feelings of commitment reliably promote pro-relational cognitions, motivations and behaviors.

Framework Model

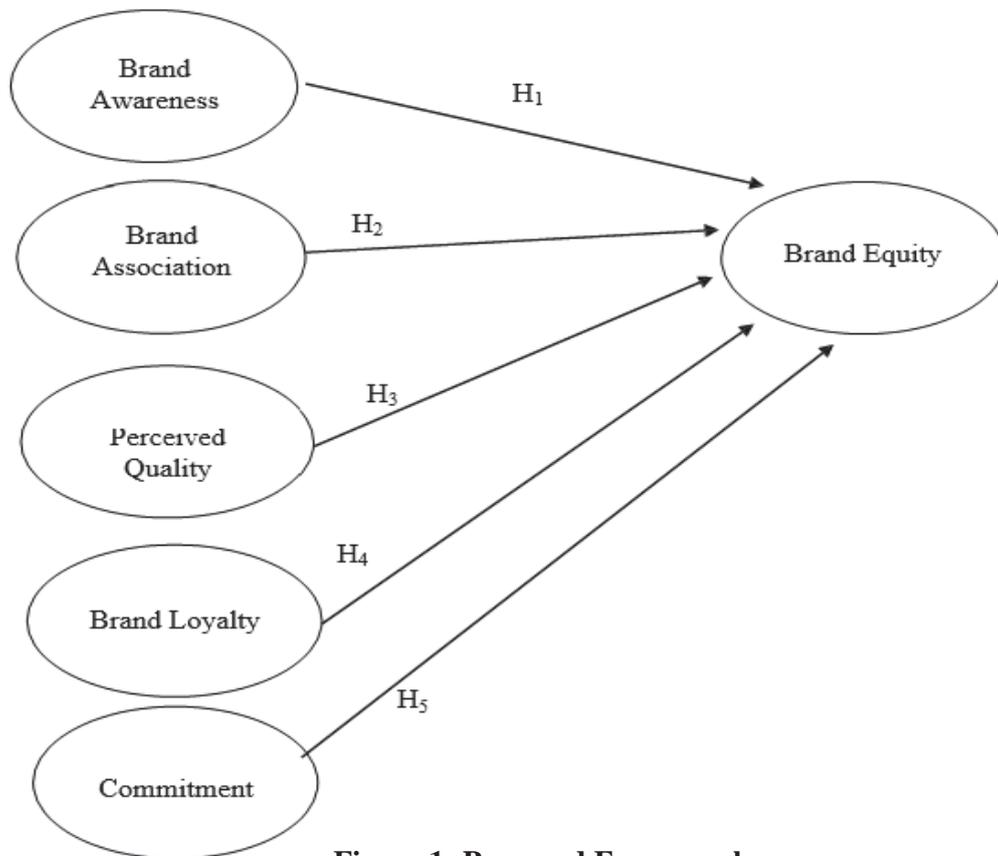


Figure 1: Proposed Framework

METHODOLOGY

Research Design

The research study was a descriptive study as it described the factors influencing brand equity and intention towards selection of private higher education institution in Malaysia and aimed to identify the characteristics of the population of interest besides discovering the variables that contributed to this phenomenon. Hence, the quantitative approach was used in current study as the sample size is large and structured data collection. The findings of current study can be generalized due to large sample size of population of interest. The current study used one of the most popular quantitative techniques which are self-administered survey due to costs limitation, sample accessibility, time constraint and anonymity.

Sampling

For this research, the researcher collected the samples among private higher education institution students in the Klang valley who are active students of a university. The researcher stream down the samples to private higher education institution in Klang valley

because of accessibility as there are many private higher education institutions in the Klang valley and also pick only the private higher education institution that conducts English as their first language. Therefore, the students from Klang valley area will be the best target. Current study focused on the students that living in Klang Valley since it is the largest and most density urban city in Malaysia. The target population is the residents in Klang Valley. According to Department of Statistics Malaysia (2017b), the total population in Klang Valley in 2017 is 81,721,000. Based on Raosoft's Sample Size Calculator (2004), with confidence level of 95 percent, 50 percent of response distribution and 5 percent margin of error, the recommended target sample size were 385. However, in order to have stable parameter and strong power of significance test, we are taking more than the minimum targeted sample size, which decided to have a sample size of 500 respondents.

Data Collection

According to Hussey and Hussey (1997), all research has a primary stage which they must pass through and this include; Defining the research problem, Determining the concept of the research, Collecting the necessary data for the research, Analyzing and interpreting the research data, Stating the findings and recommendations.

The current study used a cross-sectional design because current research was only carried out once and only represented a snapshot of certain point of time (Cooper & Schindler, 2014). Self-administered survey was chosen as the communication method. Paper instrument without interviewer assistance was distributed on sites. This approach was selected because of costs limitation, sample accessibility, time constraint and anonymity. Self-administered survey is the lowest cost option as it required minimal staff. Moreover, researcher able to easily access the targeted sample and thus has a rapid data collection. The questionnaire was designed in straightforward and easy to understand in order to minimize the length of time needed for the respondent to answer the questionnaire as respondents always have time constraint. Lastly, the respondents were remained anonymous in order to protect the privacy of the respondent. The self-administrated survey was distributed in the private higher education institution that located in Klang Valley.

RESULTS AND DISCUSSION

Item Analysis and Scale Reliability

All the constructs were tested for the consistency reliability of the items within the constructs by using Cronbach's alpha reliability analysis. According to Sekaran and Bougie (2010) the closer Cronbach's alpha is to 1, the higher the internal consistency reliability. As per Sekaran and Bougie (2010) reliabilities in the 0.70 range are acceptable and those over 0.80 are good. There are 5 independent variables (Brand awareness, brand loyalty, brand association, perceived value and commitment) and 2 dependent variables (Brand equity and intention) that were tested. Factor analysis was skipped in this research as there was sufficient of past evidences to support the validity of the measures (Aaker, 1991; Keller, 1993; Cob-walgren, et al., 1995; Lasser, et al., 1995; Yoo, et al., 2000; Yoo & Donthun, 2001; Lin & Chang, 2003).

Table 1: Item Analysis and Scale Reliability

	Mean	Std. Deviation	Cronbach's Alpha if item deleted	Cronbach's Alpha
Brand Awareness				.875
BAW 1	3.30	.791	.843	
BAW 2	3.29	.840	.834	
BAW 3	3.24	.917	.839	
BAW 4	3.22	.810	.836	
BAW 5	3.20	.801	.888	
Brand Association				.893
BAS 1	3.24	.880	.861	
BAS 2	3.29	.895	.848	
BAS 3	3.19	.936	.858	
BAS 4	3.28	.891	.883	
Perceived Quality				.902
PQ 1	3.22	.768	.876	
PQ 2	3.18	.794	.867	
PQ 3	3.12	.815	.875	
PQ 4	3.22	.750	.882	
PQ 5	3.52	.718	.901	
Brand Loyalty				.832
BL 1	3.16	.771	.776	
BL 2	3.15	.824	.741	
BL 3	3.14	.916	.787	
Commitment				.877
COM 1	3.25	.779	.851	
COM 2	3.33	.855	.848	
COM 3	3.05	.848	.816	
COM 4	3.37	.778	.850	
Brand Equity				.845
BE 1	3.28	.777	.811	
BE 2	3.31	.892	.765	
BE 3	3.11	.959	.801	
BE 4	3.25	.812	.833	

Correlations between Variables

Correlation analysis is a technique for investigating the relationship between two quantitative and has been widely used in the prior studies (Choi & Sheel, 2012; Herrmann, Xia, Monroe & Huber, 2007; Jung & Yoon, 2011; Martin-Consuegra, Molina & Esteban, 2007). R-square, or coefficient of determination was widely utilized in several of prior studies to measure the correlation of the independent variables and dependent variable, such as Andaleeb and Conway (2006), Iglesias and Gruillen (2004) and Namkung and Jang (2008). R-square is expressed as a value between 0 and 1. Value below 0 indicates that the model fails to fits the data while positive value indicates that the model is reliable in the study. The closer the value to one, the more reliable the variable is (Namkung & Jang, 2008). According to the authors, when R-square falls in between 0.5 to 1, it indicates high correlation. Sig (2-tailed) value is used to establish if the correlation coefficient is significantly different from zero, and, hence that there is evidence of an association between the two variables. In this research, the sig (one-tailed) value is at 0.01.

Table 2: Correlations between Variables

Variables	BE	COM	PQ	BAW	BAS	BL
Brand Equity(BE)	-					
Commitment (COM)	.675**	-				
Perceived Quality (PQ)	.732**	.582	-			
Brand Awareness (BAW)	.822**	.626**	.722**	-		
Brand Association (BAS)	.765**	.626**	.732**	.925**	-	
Brand Loyalty (BL)	.729**	.606**	.711**	.708**	.684**	-

Table 2 presented the result of correlations between variables. Overall, significant positive correlations were found for all the hypothesized relationships at the confident level of 0.01 except for perceived quality and commitment (0.582). The correlation coefficient overall are strong positive correlations as the range is from 0.582 as the lowest up to 0.838 as the highest.

Hypotheses Testing

The hypotheses testing was tested and studied based on the significance and magnitude of the estimated coefficients using the regression model. The regression model is often used to measure whether the predictor variables account for variability in response variables. The significance of each hypothesized path was determined by looking at the p-value in the regression model.

The p-value tested the null hypotheses whereby a low p-value ($p < 0.05$) showed that the null hypotheses can be rejected. The nature and magnitudes of the relationship between the 5 independent factors which are brand awareness, brand association, perceived quality, brand loyalty and commitment and the 2 dependent factors which are brand equity and intention were also studied by looking at the beta coefficients. The value of the beta coefficients indicated the magnitude of the impact on dependent variable while the sign of beta coefficients can be positive or negative.

If the beta coefficient is positive, the relationship between predictor variable and dependent variable is positive whereby if predictor variable increased 1 unit, the response variable will also increase by the beta coefficient value. There was a total of eleven hypotheses developed for testing in the current research. Each of the hypotheses listed was reviewed based on the result of regression model.

The Influence on Brand Equity

Table 3: Hypotheses Testing: The Influence on Brand Equity

Paths	Hypotheses Direction	Standardized Coefficients (β)	P value	Supported
H ₁ : BAW – BE	+	.582	.000	Yes
H ₂ : BAS – BE	+	.142	.036	Yes
H ₃ : PQ – BE	+	.187	.000	Yes
H ₄ : BL – BE	+	.165	.000	Yes
H ₅ : COM – BE	+	.192	.000	Yes

Hypotheses 1,2,3,4 and 5 were tested to examine the influence on brand equity. The influence of the five factors which are brand awareness, brand association, perceived quality, brand loyalty and commitment on brand equity were summarized in Table 4.5.

Based on the result in Table 4.3, all five hypotheses proposed were supported which indicated that all five factors had significant impact on brand equity. Commitment ($\beta = 0.192$, $p < 0.000$) was found to be a better predictor of brand equity as compared to perceived quality ($\beta = 0.187$; $p < 0.000$), brand loyalty ($\beta = 0.165$; $p < 0.000$) and brand association ($\beta = 0.142$, $p < 0.036$).

All four factors were positively and significantly correlated and predictive of brand equity. Therefore, hypotheses 3, 5, 7 and 9 were supported. Brand awareness was found to have relatively larger effect ($\beta = 0.582$, $p < 0.000$) on brand equity as compared with other factors.

The highest standardized beta values proposed that brand awareness had the greatest impact on brand equity and the significant positive sign supported hypotheses 1.

CONCLUSION

The research is aimed to contribute by developing and testing the conceptual model about the influence of brand equity of customer in selecting a private higher education institution in Malaysia using multiple regression technique. This conceptual model aimed to explore the brand attributes that directly affected brand equity from the customer perspective. By having a better understanding of determinants that influencing brand equity of customer in selecting a private higher education institution, it will be helpful to marketers and institution operators to enhance the operation and managing the business.

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