AN INVESTIGATION OF THE IMPACT OF ADVERTISING EXPENDITURE ON BRAND EQUITY: A CASE STUDY OF HERALD BRAND FOR THE PERIOD AUGUST 2013 TO JULY 2014.

BY

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B1129104

A DISSERTATION SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE BACHELOR OF BUSINESS STUDIES IN MARKETING OF BINDURA UNIVERSITY OF SCIENCE EDUCATION.FACULTY OF COMMERCE.

OCTOBER 2014
APPROVAL FORM

The undersigned certify that they have read and recommended to the Bindura University of Science Education for acceptance, a project entitled, “An investigation of the impact of perceived advertising expenditure on brand equity”, submitted by PAUL MUCHEGWA in partial fulfilment of the requirements of the Bachelor of Business Studies (Honours) Degree in Marketing.

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An investigation of the impact of perceived advertising expenditure on brand equity: A case study of Herald brand for the period August 2013 to July 2014.

DEGREE TITLE: Bachelor of Business Studies Honours Degree in Marketing.

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DEDICATIONS

I dedicate this dissertation to my mother, Mrs N Madzinga who brought me into this world and made me understand the meaning of education. I love you mother!
ABSTRACT

The aim of the study was to explore the relationship between consumer’s perceived advertising spending and brand equity a case study of Herald brand and the study was carried out at Zimpapers, Harare branch. The objective to accomplish this study was to determine the relationship between perceived advertising expenditure and brand awareness, brand loyalty and perceived brand quality. The main purpose of the study was to investigate the impact of perceived advertising expenditure on brand equity and this was achieved by investigating the objective stated above. The theoretical framework was derived from Aaker and Keller’s brand equity models. A causal research design was used to conduct the study. A five point likert scale questionnaire, adopted from Yoo and Donthu (2001) was used to collect primary data. Secondary data was collected from the marketing and circulation department to deduce the background of the study. A sample size of 65 customers was used to collect data and it comprised of customers who came for subscription and those who came to place adverts. Systematic and simple random sampling was used to distribute the questionnaire. The data was analysed using SPSS version 16 and linear regression was done to find the relationship between variables. The data was presented using tables. Findings showed that there is a significant positive relationship between advertising expenditure and brand awareness as indicated by ($r=0.795$, p-value=$0.00$, $\beta=0.795$). Results also indicate a significant positive relationship between perceived advertising expenditure and brand loyalty as indicated by ($r=0.595$, p-value=$0.008$, $\beta=0.335$). This means that as consumers’ positive perceptions about herald advertising increase, the brand awareness and brand loyalty also increase. However findings confirm that there is a negative weak relationship between perceived advertising expenditure and perceived brand quality as indicated by ($r=-0.062$, p-value=$0.632$, $\beta=-0.062$). Therefore the researcher concluded that Herald advertising spending improves brand awareness and brand loyalty but it does not necessarily influence perceived brand quality. The study recommend that brand managers should take advertising expenditure as a tool to increase brand awareness and brand loyalty and it should not take it as a tool to strengthen perceived brand quality. Therefore brand managers should find other marketing mix programs that can improve perceived brand quality. Further study should focus on the relationship that exists among brand equity dimensions.
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Above all, glory is to the almighty God who provided the guidance opportunity to do such a great work.
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CHAPTER I

INTRODUCTION

1.0 Introduction

This study looks at the impact of perceived advertising expenditure on Herald brand equity. This chapter provided background of the study, statement of the problem and research objectives. It also stated the statement of the hypothesis that is research hypothesis. Assumptions and significant of the study are also stated in this chapter. Delimitations and limitations of the study together with definition of key terms are also highlighted in this chapter.

1.2 Background to the study

Zimbabwe Newspapers limited (Zimpapers) is the largest newspaper publishing company which raises its revenue through selling newspapers, adverts and many different products. The study focuses mainly on the influence of customer perceived advertising spending on Herald brand equity in the newspaper industry. Among all newspaper publications in Zimbabwe, Herald was identified as the best newspaper brand of the year 2012 in terms of how customers value the brand and also taking into account its market share. In 2013, the Sunday mail took the first position on the best newspaper brands in Zimbabwe. This shows
that the Herald brand failed to retain its position as the best newspaper brand of the year. However the marketing department started advertising the brand much more than they used to do as indicated by the summary of advertising expenditure in table 1.2. This evidence show that the company has been spending much on advertising the Herald brand but the marketing department has not fully find out the perceptions of customers to its advertising spending in relation to brand equity and the contribution of advertising to brand equity. Financial statements for the year end 2012 indicated that advertising expenditure for Herald amount to $623 367 with an average monthly advertising expenditure of $51 947 and the financial year end 2013 indicated that advertising expenditure for the Herald brand amount to $752 874 with an average monthly expenditure of $62 739. Table 1.1 shows a summary of the monthly advertising expenditure from the year 2012 to year 2013.

Table 1.1: shows summary of Herald advertising expenditure

<table>
<thead>
<tr>
<th>Month</th>
<th>Year 2012</th>
<th>Year 2013</th>
<th>Month</th>
<th>Year 2012</th>
<th>Year 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td>$48 165</td>
<td>$57 440</td>
<td>July</td>
<td>$52 390</td>
<td>$63 125</td>
</tr>
<tr>
<td>February</td>
<td>$48 750</td>
<td>$56 460</td>
<td>August</td>
<td>$52 457</td>
<td>$64 340</td>
</tr>
<tr>
<td>March</td>
<td>$50 529</td>
<td>$57 520</td>
<td>September</td>
<td>$52 620</td>
<td>$66 420</td>
</tr>
<tr>
<td>April</td>
<td>$50670</td>
<td>$58 320</td>
<td>October</td>
<td>$54 120</td>
<td>$66 554</td>
</tr>
<tr>
<td>May</td>
<td>$51 474</td>
<td>$61 260</td>
<td>November</td>
<td>$54 202</td>
<td>$68 220</td>
</tr>
<tr>
<td>June</td>
<td>$51 530</td>
<td>$61 425</td>
<td>December</td>
<td>$56 460</td>
<td>$71 790</td>
</tr>
</tbody>
</table>

Source: secondary data

This shows that the advertising expenditure increased but with such expenditures no research has been done to find out the perceptions of customers to advertising expenditure in relation to brand equity. It is against this background that the researcher is inspired to investigate the impact of advertising spending on Herald brand equity. The findings help the researcher to know if advertising is an investment to brand equity or it is just an expense that the company incur which have no benefits to the brand.
1.3 Statement of the problem

The Herald newspaper had been the best brand of the year in the years before 2012, but unfortunately, in the year 2013 it was found on number three among the competing brands. The marketing department started advertising the Herald from 2013 as they wanted to retain their position as the best brand in the newspaper industry and there was a general increase in advertising expenditure as indicated in the summary of the advertising expenditure highlighted in table 1.1. However the marketing department did not carry out a research to determine the impact of advertising on brand equity as there was a general increase in advertising expenditure. Therefore it is against this background that the researcher carried this study since the company was just increasing advertising expenditure without knowing its contribution to brand value.

1.4 Purpose of the study

The purpose of the study is to find out the relationship between perceived advertising expenditure and brand equity and determine the brand equity dimension which is mostly influenced by perceived advertising expenditure.

1.5 Research objectives

- To determine the relationship between advertising expenditure and brand awareness
- To establish the impact of advertising expenditure on brand loyalty.
- To determine the relationship between advertising spending and perceived brand quality.

1.6 Hypothesis

H$_1$: there is a significant positive relationship between advertising expenditure and brand awareness.

H$_2$: there is a significant positive relationship between advertising expenditure and brand loyalty.
H₃: there is a significant positive relationship between advertising spending and perceived brand quality

1.7 Significance of the study

To the student

This research, which is a basic requirement for the fulfilment of the Bachelor of Business studies Honours Degree in Marketing offered by Bindura University of Science Education, add value to the researcher’s academic achievements and experience through to the business research practices. The study allowed the researcher to have a deeper understanding of the theoretical and practical knowledge in the area of the study. The study enhances the researcher’s skills in researching as it give the exposure in gathering information from various sources such as the industry, market, literature sources and such require its own gathering techniques. This allows the researcher to gain an opportunity to merge academic theories in practical procedures of carrying out a research project.

To the Zimpapers management

The study allows the brand managers to know the dimensions of brand equity which increase when the firm increase its advertising expenditure. The research also allows the company to choose the most effective marketing mix that enables the company to strengthen its brand equity and find ways that make advertising an investment rather than just an expense. The research also enables customers to enjoy and benefit from company’s improvements and innovativeness towards their satisfaction.

To the University

The research will provide some literature to other students on the impact of perceived advertising expenditure on brand equity. The research is significant to University requirements since it create a strong ties and relationship between Bindura University and Zimpapers Company.
1.8 Assumptions of the study
The researcher assumes that advertising has a different impact to brand equity as compared to other marketing mix elements. Therefore other marketing mix elements were considered constant and controlled assuming they have no effect on changes in brand equity. The researcher also assumed that advertising has a strong impact on consumer’s perception to brand equity; therefore the researcher tested the effectiveness of advertising on brand equity. The researcher also assumed that participants gave honest and unbiased information when asked questions. The population sample considered was a full representation of the whole population.

1.9 Delimitations of the research
The study was mainly restricted to Herald customers at Zimpapers Harare branch only. Zimpapers supply the Herald paper to all areas of the country but the researcher concentrated on Harare branch only. Information was collected from customers who came at Zimpapers office at Second Street only. The research was based on the previous literature studies conducted and these previous studies provided guide to this research. The researcher focused on the impact of perceived advertising expenditure on brand equity.

1.10 Limitation of the study
There was confidentiality of other secondary data from Zimpapers therefore the researcher seek permission from the management to carry out the research and access secondary data that the researcher wanted to use. Information collected in Harare branch was a representation of Harare city only. The researcher also used secondary data collected over a short period of time.

1.11 Definition of key terms
Brand equity – refers to additional value that a brand has in the market place (Keller, 2008). It also refers to “a set of brand assets and liability linked to a brand name and symbol, which add to or subtract from the value provided by a product or service” (Aaker 1991).
**Advertising** – is a non-personal communication of information usually paid for and usually persuasive in nature about products, services or ideas identified by sponsors through the various media (Bovee, 1992, p.7).

**Brand** – consists of any name, term, design, style, words, symbol or any other feature that differentiate products of one seller from another seller (Keller, 2008).

**Brand loyalty** – refers to the extent at which a consumer holds a positive attitude towards a brand, and will have a commitment to the brand while intending to continue buying the brand in the future (Mowen, 2002).

**Brand awareness** – refers to how aware customers and potential customers are of your business and its products (Gustafson and Chabot 2007).

**Perceived quality** – refers to the customers’ assessment with regards to a product’s superiority (Zeithaml, 2005).

### 1.12 Layout of the study

This study is going to be organised as follows:

**Chapter Two: Literature Review**

This chapter is a review of the theoretical and empirical evidence as propounded by various authors in this area.

**Chapter 3: Research Methodology**

This chapter looks at research instruments, research design and presents methodologies used in data collection. Furthermore, it looks at techniques of how the study is conducted and the way how the data was presented and analysed.

**Chapter 4: Data presentation, analysis and interpretation**

This chapter looks at the research findings, discussing and analysing those findings which form the basis for conclusions and recommendations.
Chapter 5: Summary, Conclusions and Recommendations

The chapter concludes the study by summarizing the findings, give conclusions and make recommendations.

1.12 Summary

This chapter examines an introduction of the research and background of the study. It also states the statement of the problem, objectives of the study, research questions and assumptions to be considered in the research. The chapter also review significance of the study and outline delimitation and limitations of the study. The next chapter examined theoretical framework and empirical evidence related to this study.
2.0 Introduction
This chapter provided discussion of literature related to brand equity and advertising. It covers the aspects of what scholars say on how advertising affect brand equity. Empirical evidence was discussed and evaluated and a research gap was obtained from the limitations of previous researches in this chapter. Models related to brand equity and advertising are also discussed in this chapter. Aaker (1991) and Keller’s (1993) brand equity models are the major models discussed in this chapter and the research gape was also discussed in this chapter. For the purpose of this study, advertising was interchangeably used with advertising expenditure unless otherwise stated.

2.1 Theoretical framework

2.1.1 Brand equity
Brand equity refers to the added value of a brand in the market place (Keller, 2008). It also refers to “a set of brand assets and liabilities linked to a brand name and symbol, which add or subtract from the value provided by a product or service” (Aaker and Erich, 2000). According to Farquhar (2005), brand equity is the added value for the services or product’s brand. The perceptions of the customers are used to value the brand of a product or service in the market place (Farquhar, 2005). Therefore, the view that customers perceive about a
brand determine the brand value. Thus customers value the Herald brand differently basing on their perceptions. According to Keller and Lehmann (2006), customer based brand equity examines perceived quality, brand awareness, attitudes, and also customer loyalty in relationship to the brand. These attributes provides the basic source or measurement of brand equity (Ailawadi, Lehmann and Scott, 2003; Zeithaml, 1988). Therefore based on this, Aaker (1991) and Keller (1993) formulated the frameworks that conceptualize customer based brand equity. There are various dimensions of brand equity. According to Aaker (1991), some of these dimensions which are important to this study include brand awareness, perceived quality, and brand loyalty.

2.1.2 Customer based brand equity

In his model of brand equity, Keller (1993) noted that the power of brand is determined by what customers learn, heard and felt about the brand. This comes as a result of the experience they have about the brand over a period of time. Advertising is one of the marketing program in which customers can heard, learn and felt about the brand. Keller’s (1993) model viewed that brand knowledge is the key element that build customer based brand equity. This brand knowledge which is needed for the creation of customer based brand equity is obtained through advertisements that are published by the firm. Therefore advertisement is a marketing program that can be influential to brand equity dimensions.

Moreover, Yoo and Donthu (2000) extended Aaker’s (1991) model by introducing brand equity apart from other marketing elements and thereby introducing separate constructs among the dimensions of brand based equity and both firm and customer value. Yoo et al (2000) and Aaker (1991) added advertising spending as an antecedent that has a significant result on dimensions of brand equity.

2.1.3 Kohli and Leetheiser model: managing brand equity

In figure 2.1, Kohli and Leatheser (2002) noted that the model depicts the elements that are common in all high performing brands. They noted that brand equity rests on a firm foundation of brand vision and brand identity. The model highlight that, if a strong foundation is given, then brand knowledge can be built through advertising and the
dimension of brand knowledge are brand awareness and brand image. They noted that brand equity eventually results in higher performance. They finally viewed that high performance of the firm will be indicated by charging high premium prices and earning high profits.

Figure 2.1: shows Kohli and Leutheser’s model

Source: Adopted from Kohli and Leutheser (2002)

2.1.4 Advertising

Advertising can be defined as “the non-personal communication of information usually paid for and usually persuasive in nature about products, services or ideas by identified sponsors through the various media” (Arens, 2002, p7). This study aims to find out the contribution of advertising on brand equity and how advertising affect brand equity. Therefore the literature reviewed some of the elements of advertising that makes it effectiveness in building brand equity.

2.2 Relationship between advertising with dimensions of brand equity.

Keller (2003) asserts that the organisation’s marketing communications add and contribute to brand equity. This means that effective communication facilitates the creation of brand awareness and a positive brand loyalty (Keller and Lehmann, 2003). Furthermore, when customers perceive high spending on advertising, this contributes to their perception of the level of assurance and confidence that marketing managers have in the service or product
(Kalwani, and Yim, 1992). The rise of perceived advertising expenditure intensity would indicate that customers are more frequently exposed to advertising messages aspiring to generate awareness (Keller, 2001). Literature has shown that advertising spending can be perceived as an indication of the product quality that will increase the brand equity (Kalwani and Yim, 1992). Barone, Taylor and Urbany (2004) noted that customer’s quality perceptions are also influenced by their perception about spending of advertisement performed for that brand.

2.2.1 Rahmani et al (2012) model

![Diagram of Rahmani et al (2012) model](image)

**Figure 2.2: shows Rahmani et al (2012) model**

**Source: adopted from Rahmani et al (2012)**

Rahmani, Mojaver and Allahbakhsh (2012) noted that brand equity dimensions are mostly influenced by advertising and these dimensions will eventually affect brand equity. The model above is supported by different scholars (Srirama, Balachander and Kalwani, 2007; Yoo et al, 2000) who examines the influence of perceived and actual advertising on brand equity and its dimension. From the approaches they used, they noted that there is a positive relation between advertising expenditure and brand equity (Srirama et al, 2007).

Rao and Monroe (2007) noted that customers use various extrinsic and intrinsic signals when judging the quality of a product or service and advertising is one that constitutes some of the extrinsic and intrinsic cues which affect brand equity dimensions. Moreover,
Kirmani and Rao (2000) specifically noted that perceived advertising spending is a quality extrinsic cue which influences perceived quality of a product. Keller (2007) asserts that the frequency and scope of brand appearance can be increased by advertising spending on a brand and as a result the level of brand awareness also increases. Thus the higher the advertising expenditure, the higher the awareness levels are likely to be. Cob-Walgren, Cynthia and Donthu (1995) and Keller (2007) also add on to the model and they noted that advertising can lead to strong and unique brand association. Similar to brand awareness, brand loyalty can originate from customer brand contact (Keller, 2003). This means that advertising can contribute significantly to brand awareness and loyalty all the way through its capability to generate, adapt or reinforce associations by means of each new contact (Keller, 2007). Therefore, the higher the advertising expenditure on a brand, the stronger and more frequent will be the brand awareness and loyalty in the consumer’s mind (Yoo and Donthu, 2000). However Yoo at al (2000) empirically have supported the idea that there is a significant positive relation between consumers’ perceived advertising expenditure and brand awareness, brand loyalty, brand association and perceived quality.

2.2.2 The hierarchy of effect model (Richins, 1994)

From the hierarchy of effect model it has been shown that many customers are likely to believe advertising statements and image of product’s expected performance on the foundation of the claims (Richins, 1995). Therefore customers are exposed to advertising of a brand more frequently and this will not only lead to high brand awareness but also more positive perceptions regarding brand quality which eventually leads to strong brand equity (Richins, 1995). Therefore managers must spend and invest in advertising with a clear objective of increasing brand equity (Richins).

2.3 The relationship between advertising spending and brand awareness.

The relationship between advertising expending and brand awareness has been explained and the explanation shows that positive perception about brand awareness is as a result of increase in perceptions of high advertising expenditure by the firm (Keller, 2003). Buil, Chernatony and Martinez (2011) noted that consumers use perceived advertising
expenditure, since it is an extrinsic cue, when judging quality and as a result become aware of the brand. Furthermore, brand recognition and recall can increase as a result of a large investment in advertising. High recognition and recall of the brand support the extent and occurrence of brand appearance and this will raise the intensity of brand awareness (Keller, 2007). Bravo, Fraj and Martinez (2007) noted that customers usually identify high quality brand because of high advertising expenditure undertaken on them.

Moreover, Yoo et al (2000) also come up with the same idea and they concur that on every amount that a company spent on advertising, there will be a positive effect on brand awareness. Yoo et al (2000) noted that, whenever a firm wants to increase brand awareness, advertising plays an important role in doing so. The probability that a brand will be taken into consideration by customers is increased by repetitive advertising and this will make it easier for customers to choose the brand (Yoo and Donthu, 2000). This means that when a firm increases its advertising on a brand, there will be a greater awareness of the product and this lead to high brand equity (Buil et al, 2011).

2.4 The impact of advertising spending on brand loyalty

Simple mediation

![Diagram of simple mediation model]

Figure 2.4: shows simple mediation model

Source: adopted from Bloemer, Rujter and Peeters (2006)

The simple mediation model viewed that perceived quality act as a mediator in increasing the loyalty of customers through advertising. Bloemer et al (2006) also showed the role of perceived quality in the building a strong brand loyalty since the customer tend to be loyal to high quality product hence if customers have a positive perception on the quality of the brand, they will eventually develop a positive attitude towards the brand and become loyal to it. Positive judgment of the product by the consumers will come as a result of preliminary assessment of advertising spending and this will drive behavioural loyalty (Yoo et al, 2000).
This model shows that the linkage between advertising spend, perceived quality and brand loyalty signify an indirect consequence of advertising expenditure as one of the universal set of exclusive cues (Yoo et al, 2000), and these will enhance the effect of message exposure and regularity.

2.5 The relationship between advertising expenditure and perceived brand quality.
Stobart (2006) noted that brand power and dominants can result from perceived product quality which comes as a result of advertising. Stobart (2006) stated that in order to create a strong brand or brand value, brand managers should have specific needs preferred by customers. Stobart (2006) asserted that managers will then supply products and services that are related to the needs of the customers. This allows the firm to advertise so as to communicate about the product that is offered sighting their advantages (Stobart, 2006). Therefore advertising allows the customers to have a judgement about the product and then have perceptions about the product’s quality. If the customers have a positive perception, Stobart (2006) noted that there is a dominant market share and the greater value of the brand is created (brand equity). Fig 2.4 shows the development of perceived quality through advertising.

![Figure 2.4: The power of brand model (Stobart, 2006)](image)

Source: adopted from Stobart (2006)
Vantamay (2009) supported Stobart (2006) model and added more ideas on the relationship between advertising spending and perceived quality. Vantamany (2009) noted that there are two determinants of perceived quality and these are intrinsic and extrinsic attributes. Intrinsic attributes include characteristics of the product which include size, colour, appearance and consumers judge the product according to these attributes. Vantamay (2009) suggest that when consumers see some of these attributes they develop either negative or positive perceptions to the product. Extrinsic cues also enhances to the development of perception to the product quality. Perceived advertising, brand image, market share are the extrinsic attributes that contribute to perceived quality.

Vantamay (2009) argue that perceived advertising and other extrinsic cues are used by consumers to judge the product quality rather than using physical characteristics. Furthermore, Vantamay (2009) noted that perceived quality obtained from extrinsic attributes will in turn affect brand equity. Therefore, positive perceptions to the quality of the product help to strengthen the added value of the brand (Vantamay, 2009).

2.5.1 Keller’s brand equity model (2003).

Keller (2003) explained how brand equity is formed in his brand equity theory. The model is shown in figure 2.5 and it shows the brand hierarchy.

![Keller's Brand Equity Pyramid](image)

**Fig 2.5: shows Keller’s brand equity pyramid.**

*Source: Keller (2003).*
Keller (2003) noted that brand equity come as a result of consumers’ brand knowledge and it occurs only when consumers have favourable, unique and strong brand associations. Keller’s (2003) customer-based brand equity model classifies four steps that indicate questions raised by customers and signify a brand ladder. In order to have strong relationships with customers, the highest level of the pyramid should be reached. Questions asked by customers are; who are you?, What about you, what do I think or feel about you, what about you and me; what kind of association and how much of a connection would I like to have with you (Keller, 2003). Brand equity can only be established if the sequence in this ladder is followed (Keller, 1993). This sequence consists of brand building blocks which include brand identity, brand meaning, response and relationship (Keller, 2003).

Keller (2001) states that attaining the correct brand identity engages generating brand salience. Aspects of brand awareness are related to this brand salience (Keller, 2003). Therefore a brand should be simply identified and become more recognized and recalled by customers since it will be in top of their mind (Keller, 2003). In order to build brand awareness, customers should understand the product class in which the brand competes (Keller, 2003). Keller (1993) noted that salience enables the formation of brand association, maximize the potential usage and the consumers usually make choices supported by brand salience.

Keller (2001) also state that brand meaning is the next step that follows brand identity in the pyramid when customer based brand equity is created. Therefore generating brand meaning involves creating a brand image (Keller, 2003). The question; what are you is answered in this step by creating brand meaning in the minds of the customers (Keller, 2003). This step answers the customer question- what are you- by establishing brand meaning in their minds and connecting brand association by certain properties (Keller, 2001). Brand building blocks that are involved in this step are performance and imagery (Keller, 2003). Brand performance recounts to the conducts in which a product tries to meet customers’ more useful needs. Keller (2003) stated that intrinsic properties of a product are dealt on by brand imagery in which customers’ psychological and social in which customer needs and wants are met. In general, strong brand awareness, loyalty and associations with customers are usually created through brand meaning.
Brand response is the third step in which appropriate customer responses to a brand identification and meaning are drawn out (Keller, 2003). The question; what about you is answered and feeling and judgments are used in this step. Keller (2003) noted that brand judgments brand judgments focus on customer’s personal opinions and assessment with regards to the brand. Brand feelings focus on customers’ emotional responses and feedback with respect to the brand (Keller, 2003). These feelings can be either negative or positive.

Finally Keller (2003) noted that a brand relationship is the last step in this model in which brand response is transformed to a strong active loyalty relationships. The question; what about you and me are answered and the final brand building block which will be on top is brand resonance which is centred on the ultimate relationships and stages of identification that customers has with the brand (Keller, 2003). Keller (2001) establishes that brand relationship is characterized by repeat purchase rates and the level to which customers search for information and additional loyalty customers.

Generally, Keller’s theoretical framework gives direction in building; determining and managing brand equity. And it is also useful in business to business context and customer conditions (Keller, 2003).

### 2.5.2 An empirical application of Keller’s model

However with this model, other researchers criticize this model. Kuhn and Alpert (2004) found out that there was more emphasis on the companies behind the brands than the brands themselves, with the company name being the main discriminator. This researcher criticize that Keller’s (2003) model fails to take into consideration the equity of manufactures’ brand names in contrast to individual product brands. Kuhn and Alpert (2004) also noted that the implications for branding appear to be that organizational buyers care little about product slogans or brand names, but more about the company and its product offering. Kuhn and Alpert (2004) also suggest that an adaption of the model is necessary for industrial marketers to effectively use it in building, measuring brand equity.
2.5.3 Aaker’s brand equity model (1991)

Aaker (1991) popularize the idea brand equity in model. Brand equity dimensions are the major elements that were discussed in this model. The model shows that brand awareness, brand loyalty, brand association, perceived quality and other proprietary are the major dimensions of brand equity (Aaker, 1991). According to Aaker (1991), overall intangible rating of brand equity is as a result of how a brand performs on these dimensions. After that, the equity will then provide added value to the customers and the firm (Aaker, 1991). The model demonstrates that brand equity increase as brand awareness, perceived quality, brand association and brand loyalty increase. According to Aaker (1991), the model gives an insight into the criteria so as to indicate to what degree actual value is created in both consumer and company. Figure 2.6 shows Aaker’s (1991) brand equity model.

![Aaker's Brand Equity Model](image)

**Fig 2.6: Aaker’s brand equity model.**

Source: Aaker (1991)

Figure 2.6 illustrates how every brand equity asset/ liability creates value intended for the customer or the firm in different ways. Aaker’s(1991)model explains brand equity dimensions as follows;
Brand loyalty

Aaker (1991) examines the extent to which customers become loyal to a brand. Aaker (1991) noted that brand loyalty creates value by reducing costs of marketing and leveraging trade. Aaker (1991) noted that hanging to loyal customers is not expensive than concentrating on new customers and these loyal customers are stable and reliable to a firm as source of revenue. Aaker (1991) states that loyal customers anticipate the brand to be available all the time and influence others to purchase and use the same brand. Therefore customers will bring value to the brand if they are loyal to it.

Brand awareness

Aaker (1991) defined brand awareness as the degree to which a brand is known by the customers and he outlined the parameters at which brand awareness can be measured on. Firstly brand awareness is measure with the familiarity and liking that customers have on the brand according to Aaker (1991). Secondly it is measured with the anchor to which associations are attached and this will eventually influence brand awareness (Aaker, 1991). Another extent to which brand awareness can be measured on is the signal substance and commitment to the brand. According to Aaker (1991), awareness at recall level affects the choice and influencing what customers get from the brand. Therefore, if customers are familiar to the brand, awareness can easily be created (Aaker, 2000).

Perceived quality

Perceived quality refers to the extent to which a brand is considered to give high-quality products and this provides customers a reason to buy the brand (Aaker, 1991). Aaker (1991) states that perceived quality is measured on the foundation of the following criteria:

The first one is the quality obtained from the product or motive to buy it. The other criterion is the intensity of differentiation, availability in different channels, price and the amount of brand extensions. Aaker (1991) viewed that a brand will be related with a perception of the whole quality not necessarily based on knowledge of thorough specifications.
Brand associations
These are associations generated by a brand (Aaker, 1991). The model viewed that, associations can be significant features in the positioning and differentiating, generating a reason to buy to those prospective customers looking for a detailed associated emotional or physical features. According to Aaker (1991), a well-positioned brand upon a key product attribute will attempt a frontal assault by maintaining superiority via that dimension and will be a credibility failure, and thus an association being a barrier to competitors.

Aaker’s (1991) model viewed that association triggered by a brand can be assessed on the basis of following five indicators;

The first indicator is the degree to which a brand name is able to repossess associations from the consumer’s brain, such information from television advertising (Aaker, 1991). The second indicator is the level to which association contribute to brand differentiation relative to the competition (Aaker, 1991). The third indicator is the degree to which brand association take part in the buying process, thus the greater this extent, the higher the overall brand equity. The fourth indicator is the extent to which brand associations generate positive feeling or attitude (Aaker, 1991). This means that the greater the level, the higher the brand equity (Aaker, 1991). The last indicator is the number of brand extensions in which the market and thus the greater the greater the number, the greater the opportunity to add brand associations (Aaker, 1991).

Other proprietary assets
Aaker refers this to patents, channels and trademark relationships which generate strong competitive advantage. He asserts that the more proprietary rights a brand accumulated, the greater the brand’s competitive rim in these fields.

2.5.4 Implications of Aaker’s (1991) model
How brands perform on dimensions illustrated by Aaker (1991) leads the development of intangible rating and overall rating of brand equity by customers. Aaker’s(1991) brand equity model outlines three ways in which brand assets generate value for the customer.
Firstly, brand equity can assist a customer to interpret, process store and retrieve a large quantity of information relating to products and brands (Aaker, 1991). The second is that, it can influence the customer’s confidence in the purchase decision, a customer will usually be more comfortable with the brand that was last used, and this is considered to have high quality or familiar (Aaker, 1991). Finally, perceived quality and brand associations provide value to the customer by enhancing the customer’s satisfaction (Aaker, 1991).

Aaker (1991) propose that the brand building procedure must follow the dimensions of brand equity as follows;

- Enhancing and maintaining loyalty and this requires encouraging customer direct contact thereby enabling interaction with customers. This will costs customers when they want to switch to another brand that is switching costs.
- It also helps achieving awareness. This means that being different and memorable involving slogan, revealing symbols, taking into consideration brand extensions, use of cues, developing salience, recognition, recall, and top of mind awareness during repetition.
- Another element is managing perceived quality through delivering high quality, setting standards and generating quality culture at the same time allowing employees to be initiative and meeting consumers’ expectations and making perceptions match actual quality.
- Aaker (1991) also noted that managing associations, choosing associations by self, competitors and target market’s associations analysis that provide difference, creating associations using promotions, developing, publicity, involving the customer and finally updating or maintaining associations so as to be consistent over time and elements of the marketing program.

However there are several critics of this model that were carried by different scholars. One of the critical articles of brand equity by Feldwick (1996) found that the term brand equity has three different meanings and this depends on your use. Feldwick (1996) asserts that brand equity can be used to refer to brand description, brand strength and brand value. Feldwick (1996) argues that brand equity is an indistinct idea particularly due to its lack of measurability when looking in the business contextual meaning. He noted that brand equity
is too vague to be used as the overall measure of all that a company should do to develop brand performance.

Ehrenberg and Banard (1997) also argued against Aaker’s brand equity model as he stated that competitive brands are not capable to gain important differentiation since a distinctive brand will be quickly copied and therefore any successful advertising will also be reproduced by competitors. Furthermore, Chen (2003) also added influence to Ehrenberg’s case in explaining that advertising does not often results in a significant positive or negative gain for brand equity because of long-term product and company lifecycles even though advertising have to be perceived as unique and original so as to obtain new clients. Biel (2005) assert that sequences of short term gains that are received as a consequence of advertising campaigns are one of the drivers of the long-term success of a brand and inevitably in developing considerable brand equity.

2.5.5 Customer-based brand equity measurement
Aaker (1991) noted that brand equity is measured by customers’ perception, which is how customers perceive a brand in regards to brand loyalty, brand awareness, perceived brand quality, brand associations and other proprietary brand assets. Aaker (1991) asserts that the measurement survey the customer’s directly in order to determine their perception with regards the value of a brand.

Park and Srinivasan, Pauwels, Silva-Risso and Hanssens (1994) developed a survey-based method of measurements which is in line with customer-based brand equity measures. The method provided anticipated collecting complicated customer attitudes and opinions to determine potential aspects in building brand equity. And this will assist brand managers in making knowledgeable decisions (Srinivasan et al, 1994). Furthermore another customer-based brand equity measure develops a scale to evaluate the brand equity dimensions of value, commitment, performance, and trustworthiness (Lassar, Mittal and Sharma, 1995). Using a 17 point scale which correlated significantly with an overall measure of brand equity, the survey tool is able to accurately assess with some level of confidence, customer opinions and brand equity drivers. Agarwal and Rao (1996) tested
the convergence and predictive validity of eleven measures of customer based brand equity and these are shown in Figure 2.7.

Figure 2.7: shows eleven measures of customer-based brand equity

Source: Yoo and Donthu (2001)

Yoo and Donthu (2001) propose and suggest the use of a multi-dimensional consumer-based brand equity scale which is based on models by Aaker (1991) and Keller (2003). These authors develop a scale utilizing 22 items for assessment that is five on brand loyalty, four on brand awareness, seven on perceived quality and six on brand association. However Washburn and Plank (2002) conducted an independent appraisal of the Yoo and Donthu (2000) scale and supported their findings. Washburn and Plank (2002) supported Yoo and Donthu’s (2000) scale as a suitable initial step in developing a standard instrument for measuring consumer-based brand equity.

2.5.6 Proposed conceptual model

In this study, the researcher used the model established by Aaker (1991) and Yoo et al (2000), where brand equity is determined by its dimensions and creates value for the consumer. The dimensions of brand equity are the major factors that affect brand equity according to Aaker (1991), therefore in this model four dimensions of brand equity were measured to come up with the most influential factor of Herald brand equity. Based on these models (Aaker, 1991 and Yoo et al, 2000), this study proposed that increase in advertising expenditure have an effect on brand equity. The proposed model is shown on figure 2.8 below
2.6 Empirical evidence

Previous researchers have come up with different results from the objectives stated in the current study. Empirical evidence gives this researcher what others have come up with and then depicts the research gap from their limitations.

2.6.1 The relationship between advertising expenditure and brand awareness

Ramos, Cataluna and Franco (2006) conducted a research on the direct and indirect effects of advertising expenditure on brand awareness and brand image. Their main objective was to find out direct and indirect effect of brand awareness and brand image. Their hypothesis stated that, the major perceived advertising spending that the company undertakes for the brand positively affects brand image and brand awareness. A sample size of 120 was used to distribute the questionnaire in order to collect data and a 7 point likert scale was used to measure responses in from the questionnaire. Reliability for brand awareness 0.87 and 0.83 was for brand image. Ramos et al (2006) found out that there is a positive influence of perceived advertising spending on brand awareness and brand image. Ramos et al (2006) also found out that brand awareness is achieved through three marketing efforts which are advertising spend, the store image and distribution intensity. Ramos noted that the recall of
brand name can mean an increase in the confidence level that the brand has on the expected performance of the product.

Another research done by Sawant (2012) also supported the research conducted by Ramos (2012). Sawant (2012) conducted a research on the impact of advertising spending on brand awareness and consumer preference to men’s wear. Her main objective was to find out the role of advertising spending in promoting brand mainly in the prospective of men’s wear. With a sample size of 312 using 50 big shops, a questionnaire was used to collect the data. The researcher find out there is a significant positive relationship brand awareness and awareness owing to advertising. Sawant (2012) noted that, if advertising is done well, it generates a perceptual belief on consumers’ minds about brands and can even adjust his insight of what he needs. Sawant (2012) argue that advertising can lessen the emotion of anxiety when the customers experience dissonances if they purchase the product, by providing information on products attributes.

In addition to that, Clark, Doraszelski, and Draganska (2009) also added literature by conducting a research on the impact of advertising on brand awareness and perceived quality. Clark et al (2009) use secondary data that combines annual brand levels advertising expenditure. Their main objective was to obtain the relationship between advertising spending and change in brand awareness. Secondary data was used to measure advertising whilst 170 questionnaires were distributed to the respondents selected. Their results showed that there is a positive relationship between advertising spending and brand awareness as indicated by a change in brand awareness of 0.0488 and significant with a p-value of 0.0985. However they found out that there is no significant influence of advertising on perceived quality. The limitation of their study is that they conducted their research basing on secondary which will not help for improvements to consumer perceptions and their needs.

2.6.2 The impact of advertising spending on brand loyalty

Empirical evidence was also added to advertising spending and brand by Yoo and Donthu (2000) in their research on the evaluation of advertising spend on brand loyalty. Their main objective was to the relationship between advertising spending on brand loyalty. They use
a sample size of 196 to collect data and a 5 point likert scale questionnaire was used. Their statistics showed that there is a positive relationship between advertising spend and brand loyalty ($\beta=0.35$. N=196. $t=7.51$). Yoo et al (2000) noted that high consumer perception on advertising will lead to an increase brand loyalty. Yoo et al (2000) concluded that a decrease in advertising spend is one of the reasons for a decrease in loyalty.

Empirical evidence of the relationship between advertising and brand loyalty is also obtained from the research conducted by Shum (2004). The main objective of his study was to find out how advertising increase brand loyalty. They found out that advertising offset the propensity of brand loyalty towards repeat purchasing. Shum (2004) also found out that there is an indirect positive relationship between advertising expenditure and brand loyalty. Shum (2004) noted that advertising reduces switching costs in the market and they concluded that advertising activities persuade customers to purchase brands they have not purchased for the past.

Arokiasany (2012) also added empirical literature related to this study. His research was based on the effect of advertising on brand loyalty a case study of Malasysia hypermarkets sector). A sample size of 300 was used to collect data using a questionnaire. Arokiasany (2012) found out that there is no significant positive impact of advertising spending on brand loyalty. Arokiasany (2012) argued that an insignificant relationship is justifiable since there is no need to spend much to increase loyalty if the loyalty is strong. However, the limitation of their research is that, they concluded their research basing more on information adopted from foreign countries and therefore their research may not show the actual results of the area understudy.

2.6.3 The relationship between advertising spending and perceived brand quality

Empirical evidence has also been added on the relationship between advertising spending and perceived brand quality. Yoo et al (2000) conducted a research examining the relationship between marketing mix elements on brand equity. One of their objectives was to find the impact of advertising spending on perceived quality. Yoo et al (2000) used a sample size of 196 to distribute the questionnaires which consist of questions measured by 5 point likert scale. The hypothesis tested in their research showed that there is a positive
relationship between spending and perceived quality ($\beta=0.35$, $N=196$, $t=7.18$) and their hypothesis was supported. Yoo et al (2000) noted that high advertising spend are related to perceived quality and this will inturn lead to high brand equity. They further noted that positive perceptions of brand quality are a result of increase in consumer exposure to frequency advertising of the brand and this positive perception on perceived quality will lead to strong brand equity.

Moreover, Moorthy and Zhaoh (2000) also added literature on the influence of advertising expenditure on perceived quality. Their main objective was to find out whether advertising expenditure has an impact on perceptions of consumers on its quality. The researcher used a sample size of 162 and secondary data was also used to come up with final results. Moorthy and Zhaoh (2000) found a significant positive correlation between advertising expenditure and perceived quality. Moorthy and Zhaoh (2000) argue that previous customer purchase experience was the main factor that cause decease the effect of advertising expenditure on perceived quality. However, the limitation of their research was that they concluded their basing on secondary data which was collected for other purposes and this will not give the actual situation in the market n consumer perceptions.

Chun and Keh (2006) also conducted a research on the effect of advertising and sales promotion on brand equity. Their main objective was to find the relationship between advertising expenditure on brand quality. They use a sample size of 300 and a 5 point likert scale was used to analyse data. Their results show that there is a negative relationship between advertising expenditure and perceived brand quality. Chu and Keh (2006) fond that advertising expenditure reached a saturation point beyond where it does not considerably contribute to the generating of brand equity.

Abdollahi, Bahram and Arezoo (2011) conducted a research on the relationship between advertising and brand equity. Their main objective was to find the effectiveness of brand equity. They use a sample size of 200 and a five point likert scale questionnaire to collect data. A structural equation modelling was used to find the relationship. Abdollahi et al (2011) find out that brand equity has a positive effect on advertising effectiveness.
2.7 Research gap

The empirical evidence reviewed studies conducted by different researchers and the findings and conclusions they gave in relation to brand equity and advertising expenditure. A research gap was deduced from these studies.

Research conducted by Moorthy and Zhaoh (2000) was mainly based on secondary data and the findings did not give consumers’ perceptual view and hence their research will not make changes to consumer behaviour towards the brand since only secondary data was used. Hence this research will cover this gap by researching on consumer perceptions towards herald brand. Moreover secondary data it is not easy to control actual spending from the organization and therefore using actual figures may produce bias result hence this research is use primary data.

Moreover brand equity have been measured from a financial perspective of the company and this research will focus more on customer perspective when measuring brand equity therefore the findings will be obtained from the data collected from the customers and this means that a customer based brand equity scale will be used to measure brand equity in this research.

A research gap is also drawn from the research conducted by Abdollahi et al (2011) on the impact of brand equity on advertising effectiveness. Their research emphasizes more on how brand equity affects advertising. They have only considered that advertising is affected by brand equity not taking into account the contribution of advertising on brand equity. Therefore this research will emphasize on how changes in advertising expenditure affect brand equity.

Given the fact that the brand represents for the consumer a specific articulation of product performance attributes and advertising represents a most patent source of brand identity (Meenaghan, 1995), it will be worth for this research to investigate the correlation between advertising expenditure and brand equity and the benefits of its operational consequences.

Furthermore, a research gap is also drawn from the study conducted by Yoo et al (2000). The variable of their study were too broad to provide conclusions and tips for detailed marketing practices. Marketing mix elements are too broad, therefore it should be accepted
with caution that all marketing mix elements builds brand equity. This study tries to cover this limitation and hence focusing only on advertising expenditure instead of all marketing mix elements. Moreover, Yoo et al used perceptual not actual measures of marketing effort thus the results may not represent the actual attributes. Therefore the research will use data collected from both secondary and primary sources in order to examine the actual variables.

2.11 Summary

This chapter discusses how advertising spending affects dimensions of brand equity and generally, how these dimensions lead to brand equity formation. Theories and models of brand equity were explained in this chapter. Previous studies related to the relationship between advertising and brand equity have also been discuss and a research gap was drawn from these studies. The next chapter will discuss the methodology used to collect data.
3.0 Introduction
The chapter discusses and evaluates the methods and steps that were used for data collection and how actually they were carried out by the researcher. Firstly, the chapter looks on data collection methods used by the researcher, target population, questionnaire design and how they were administered. Approach used for data analysis and presentation is also discussed in this chapter. It will conclude by highlighting the limitations of the methods that were used to collect data.

3.1 Research design
In this study, the research used causal research design. The purpose of the causal research design is to find the causality between variables. Causal research design is used to find the relationship between dependent and independent variables since there is a cause effect relationship between advertising expenditure and brand equity. In this research, the researcher argues that there is a positive effect of advertising expenditure on brand equity. By using causal research design, the researcher aims to find out what will happen to brand equity if advertising expenditure is increased or reduced.
3.2 Target population
Collins (1991) defines target population as a compilation of individuals who have one or more relations in common that the researcher is interested to and are under investigation. The researcher target population involves customers who came to place adverts at Zimpapers, and those who came for subscription on weekly bases. Target population helps the researcher to choose sample size. The researcher collected the average number of the people who come to place adverts from the advertising division and average number of subscribers on weekly bases was collected from the circulation department. Table 3.1 shows the average number of customers who came to place adverts and those who come for subscription on weekly bases.

<table>
<thead>
<tr>
<th>Table 3.1: average target population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average of those who come for subscription on weekly bases</td>
</tr>
<tr>
<td>Average customers who come to place adverts on weekly bases</td>
</tr>
<tr>
<td>Total target population</td>
</tr>
</tbody>
</table>

3.3 Sample size and sampling technique.
Sampling refers to “the process of selecting a few (sample) from a bigger group (the sampling group) to become the basis for predicting a situation regarding the bigger group” (Kumar, 1999; p148). In this research, the researcher had a target population of three hundred respondents and used a sample size of sixty five according to Bartlett, Kotrlik and Higgins (2001) shown in table 3.2 and the formula that was used is shown in appendix (F)

<p>| Table 3.2 showing the determination of sample size using both continuous and categorical data |</p>
<table>
<thead>
<tr>
<th>POPULATION SIZE</th>
<th>SAMPLE SIZE</th>
<th>CONTINUOUS DATA (margin of error=0.03)</th>
<th>CATEGORICAL DATA (margin of error=0.05)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>alpha=0.1t=1.65</td>
<td>alpha=0.05t=1.96</td>
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<tr>
<td>100</td>
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<td>55</td>
<td>68</td>
</tr>
<tr>
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</tr>
<tr>
<td>6000</td>
<td>83</td>
<td>119</td>
<td>209</td>
</tr>
</tbody>
</table>

Source: Bartlett, Kotrlik, and Higgins (2001)

The researcher used both probability and non-probability sampling method. Non-probability sampling was used for selecting participants for questionnaire distribution.

In systematic sampling, the sample elements are drawn systematically from a complete list of the population (Saunders et al, 2007). This technique was adopted because it was easier
since the three hundred (300) names of customers were already in the customers’ database of the organisation. The researcher selected 16 respondents every week until the fourth week

3.4 Research instrument
An instrument of data collection is any measuring device adopted for the purpose of data collection. The researcher used a questionnaire to collect data from the respondents. The measurement instrument is an adapted version questionnaire of the survey on brand equity done by Yoo and Donthu (2001).

3.4.1 Questionnaire
Saunders, Lewis and Thornhill (2007) define a questionnaire as a term that includes all techniques of data collection in which each person is asked to respond to some set of questions in a predetermined order. This researcher used structured questionnaire for data collection.

The questionnaire that was used in the survey for this study is an adapted version of a survey on brand equity by Yoo and Donthu (2001). These scholars have statistically proved that there are core dimensions ever present in brand equity, regardless of market characteristics or nationality (Yoo and Donth 2001). Each of these dimensions has a set of questions associated with them in the survey, enabling the researcher to extract a quantitative score on each question for analysis.

The questionnaire was divided into two parts. The first part is concerned with demographic and general questions. The second part involves variables associated with the brand awareness, perceived quality and brand loyalty. A likert-scale of 1 to 5 was adopted for questions relating to the constructs under the study (perceived advertising, brand awareness, brand loyalty and perceived brand quality) with the anchors ‘strongly disagree’ (1) and ‘strongly agree’ (5). The items were developed with reference to the empirical studies of Yoo and Donthu (2001). The reliability of all the variables from Yoo and Donthu’s (2001) measurement instrument shows an acceptable reliability which ranges
from 0.898 to 0.929 for all the constructs. Buil et al (2011) also used the same measurement instrument and their reliability ranges from 0.92 to 0.94 for all the variables. This shows that the previous researchers who used this instrument obtained an acceptable reliability in all variables.

This instrument enabled the researcher to collect and gather qualitative information from the target population. The structure and design of the questionnaire depend primarily on guidance of research objectives.

The questionnaire where self-administered, with closed ended questions so that respondents provide the required information by the researcher.

3.5 Data collection procedures

There are steps taken by the researcher in administering measurement instruments in order to collect data from respondents. The data was collected by means of an intercepted survey, whereby a sample of customers who came for subscription and insertion of adverts in the newspaper were approached as they complete to place adverts or subscribe for the newspaper before they exit the banking hall. The researcher asked them to complete self-administered questionnaires.

3.6 Primary data

Primary data was collected from the target population through the use of questionnaires. Questionnaires were administered to the selected sample which consists of customers who come to place advertisements and subscriptions on weekly bases.

3.7 Pilot study

The research test self-administered questionnaires using simple random sampling on all groups selected within 5 days. Basing on Schindler and Cooper (2001), eight respondents were selected and these represent approximately 12% of the total sample as stated. The objective of the test was to; test the wording of the questions and the duration of administering the questions. This resulted in a few adjustments of questions.
3.8 Reliability and Validity of measurement instrument

Although the questionnaire was adopted from previous researchers who had already tested reliability of the instrument, the researcher also tested the reliability of the adopted questionnaire using Cronbach’s Alpha scale and this is shown on chapter four. Table 3.3 shows the reliability from the adopted questionnaire.

Table 3.3: This table shows reliability from the adopted questionnaire

<table>
<thead>
<tr>
<th>Construct</th>
<th>Advertising spending</th>
<th>Brand awareness</th>
<th>Brand loyalty</th>
<th>Perceived brand quality</th>
</tr>
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<tbody>
<tr>
<td>Cronbach’s Alpha</td>
<td>0.898</td>
<td>0.90</td>
<td>0.929</td>
<td>0.906</td>
</tr>
</tbody>
</table>

Source Yoo and Donthu (2001)

3.9 Data presentation and analysis

The researcher uses SPSS software to analyse the data. The researcher first conducted factor analysis in order to remove the questions which do not correlate with others. The researcher used standard deviation and means to describe demographic variables and variables under study. Linear regression was used to find the relationship and between constructs and the significance of the relationship. Tables were used to present the data.

3.10 Summary

This chapter examines the methods, techniques and designs that were used for data collection. The chapter describes the target population, sample size, research methods and sampling techniques that will be used to collect data. It further describes how measurement instrument were administered to the target population. The next chapter will describe and evaluates data presentation and analysis.
CHAPTER IV
DATA PRESENTATION, ANALYSIS AND DISCUSSION

4.0 Introduction
This chapter looks on data presentation, analysis and discussion of the data collected from the survey. The analysis start with demographic characteristics and research objectives and hypothesis followed. The findings of this research were discussed in relation to the literature review which was discussed in chapter two. Standard deviation and mean were used to analyse brand equity dimensions while linear regression was used to find the relationship among the variables.

4.1 Response rate analysis.
The researcher administered 65 questionnaires in total to the target respondents. Of the 65 questionnaires, 3 were discarded because they were not complete. Therefore the response rate obtained was 95% as shown on table 4.1 below.

Table 4.1 Response rate

<table>
<thead>
<tr>
<th>Respondents</th>
<th>Sample size</th>
<th>Discarded</th>
<th>Response rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>customers</td>
<td>65</td>
<td>3</td>
<td>95%</td>
</tr>
</tbody>
</table>

The response rate of 95% shows that the results are a true representation of the target population as indicated by Saunders et al (2007) that a 75% and above response rate should
be considered for further analysis and the results obtained would be a true representation of the target population.

4.1.1 Demographic analysis of the respondents

The data collected revealed the demographic characteristics of the respondents and the results are shown in table 4.2.

Results from table 4.2 shows that gender distribution in the survey constituted 54.8% males and 45.2% females. This shows that the majority of the respondents were males.

Results also show that 19.4% constituted of those who are 41 year and above, 40.3% were between the age of 31 to 40, 20 to 30 with 25.8% and those with 19 years and below constituted 14.5% of the target population. This shows that the majority of the respondents were between 31 to 40 years. From the respondents 53.2% has college level and above, 38.7 have high school qualification and those with no formal schooling constituted 8.1%. Therefore the majority of respondents have formal education and this enabled them to understand the questions asked in the questionnaire. Results also show that 38% of the respondents are employed, 37.1% are unemployed, and 17.7% are self-employed while student constituted 6.5%.

Table 4.2: Shows the demographic profile of respondents

<table>
<thead>
<tr>
<th>Variable</th>
<th>frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender of respondents</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>34</td>
<td>54.8</td>
</tr>
<tr>
<td>Female</td>
<td>28</td>
<td>45.2</td>
</tr>
<tr>
<td>Age of respondents</td>
<td></td>
<td></td>
</tr>
<tr>
<td>19 years and below</td>
<td>9</td>
<td>14.5</td>
</tr>
<tr>
<td>20 – 30</td>
<td>16</td>
<td>25.8</td>
</tr>
<tr>
<td>31 – 40</td>
<td>25</td>
<td>19.4</td>
</tr>
<tr>
<td>41 and above</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Educational qualifications</td>
<td></td>
<td></td>
</tr>
<tr>
<td>No formal schooling</td>
<td>5</td>
<td>8.1</td>
</tr>
<tr>
<td>Some high school</td>
<td>24</td>
<td>38.7</td>
</tr>
<tr>
<td>Some college and above</td>
<td>33</td>
<td>53.2</td>
</tr>
</tbody>
</table>


<table>
<thead>
<tr>
<th>Employment status</th>
<th>11</th>
<th>17.7</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unemployed</td>
<td>24</td>
<td>38.7</td>
</tr>
<tr>
<td>Employed</td>
<td>23</td>
<td>37.1</td>
</tr>
<tr>
<td>Self employed</td>
<td>4</td>
<td>6.5</td>
</tr>
<tr>
<td>students</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Source: Primary data*

### 4.1.2 Factor analysis

The researcher first conducted factor analysis prior to testing hypotheses so as to assess the dimensionality of every question so that the questions which are not related from others in the same variable are eliminated for further analysis. The researcher tested 15 constructs by means of principal component analysis making use of varimax rotation. The items included for factor analysis were items for brand awareness, brand loyalty, perceived brand quality and perceived advertising expenditure (shown in Appendix E). Guidance given by Hair, Balck and Anderson (2006) for interpreting factors was used in which a loading of 0.50 or above is considered as good for further analysis.

Firstly, in order to see whether the data require factor analysis the researcher conducted the Bartlet and Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy which was over 876.846 for all variables and the KMO indicated that the correlation matrix was significant p=0.000 in all variables and this indicated an excellent whole sampling adequacy (Hair et al, 2006). The researcher then choose four factor explanation so as to reduce the 15 constructs into four that is 3 for selected brand equity dimensions and one for perceived advertising expenditure. Results show that, the four factors were explained by 67% of the total variance. Hair et al (2006) stated that a factor loading should be 0.5 and above for it to be considered for further analysis therefore the researcher excluded for further analysis the constructs that have a loading that was lower than 0.5 and only 12 items remained in this research for further analysis (see appendix E). Table 4.3 list the factors in the order in which they were extracted from the data.

Results from the rotation show that factor one have 3 constructs which account for 25.6% for brand awareness, factor 2 consist 17.3% for brand loyalty, factor 3 accounted for 9.4%
for perceived brand quality and factor 4 accounted 14.7% for perceived advertising expenditure.

Questions that have a factor loading below 0.5 include:

- I believe that Zimpapers and people who stand behind Herald brand are socially responsible
- I have difficulty in imagining Herald brand in my mind
- I believe that Zimpapers is contributing to the society.

Table 4.3: shows factor analysis, factor variance, brand equity constructs and variance extracted

<table>
<thead>
<tr>
<th>Factor</th>
<th>percentage of variance explained</th>
<th>brand equity constructs</th>
<th>loading</th>
</tr>
</thead>
<tbody>
<tr>
<td>Factor 1</td>
<td>Brand awareness (25.6%)</td>
<td>I am aware of Herald newspaper</td>
<td>0.820</td>
</tr>
<tr>
<td></td>
<td></td>
<td>I can recognize Herald among competing newspaper brands</td>
<td>0.792</td>
</tr>
<tr>
<td></td>
<td></td>
<td>I can quickly recall the symbol or logo of Herald newspaper</td>
<td>0.681</td>
</tr>
<tr>
<td>Factor 2</td>
<td>Brand loyalty (17.3%)</td>
<td>I consider myself to be loyal to the Herald and it is my first choice</td>
<td>0.756</td>
</tr>
<tr>
<td></td>
<td></td>
<td>I will definitely buy Herald newspaper even if its price is higher than other newspaper that offer the same benefits</td>
<td>0.781</td>
</tr>
<tr>
<td></td>
<td></td>
<td>I will not buy other newspaper brands if Herald is available</td>
<td>0.852</td>
</tr>
<tr>
<td>Factor 3</td>
<td>Perceived brand quality (9.4%)</td>
<td>Herald newspaper is of high quality</td>
<td>0.790</td>
</tr>
<tr>
<td></td>
<td></td>
<td>The likelihood that the Herald is reliable is high</td>
<td>0.681</td>
</tr>
<tr>
<td></td>
<td></td>
<td>The Herald newspaper is better in terms of colour, appearance and presentation</td>
<td>0.681</td>
</tr>
</tbody>
</table>
| Factor 4    | Perceived advertising expenditure (14.7%) | Herald is intensively advertised  
The ad campaigns for Herald are seen frequently  
Herald brand seems to spend a lot on its advertising campaigns as compared to other newspaper brands | 0.890    |
|             |                                 |                                                                                       | 0.820    |
|             |                                 |                                                                                        | 0.775    |

Source: primary data

4.1.3 Reliability test

The researcher carried out reliability test using cronbach’s Alpha in order to find out how reliable was the scale which was used to measure brand awareness, brand loyalty, perceived brand quality and perceived advertising expenditure. Hair et al (2006) confirmed that
reliability of 0.7 and above is acceptable for the measurement scale and it shows that the scale is reliable. Nunnally and Bernstein (1994) also recommended a cut-off reliability to be 0.7.

The Cronbach’s Alpha coefficient (see Appendix C) for brand awareness was 0.91, brand loyalty was 0.87, perceived brand quality was 0.89 and 0.89 for perceived brand quality. All the measures were acceptable for the study since all the variables have a reliability value which exceeded the threshold of 0.7 as recommended by Nunnally and Bernstein(1994)indicating that the measurement scales for the variables understudy were consistent and stable.(see appendix C).

4.1.4 Validity.

Validity refers to the degree at which the measurement instrument measures the concept that the researcher wants to measure in the study (Hair et al, 2006). The researcher calculated construct validity of the measurement instrument. Construct validity is the measure which consists of a blend of discriminant validity and convergent validity. Construct validity and discriminant validity were tested using average variance extracted (AVE). Fornell and Lacker (1981) noted that when AVE of the constructs is greater than 0.5, there is a convergent validity and if the $r^2$ is less than the minimum AVE there is discriminant validity.

The AVE for brand awareness was 0.908, brand loyalty 0.936, perceived brand quality 0.862 and perceived advertising expenditure 0.956 (see appendix D).This shows that there is convergent validity since all the AVEs are greater than 0.5 (Fornell and Lacker, 1981).

To find discriminant validity, the researcher first analyse the correlation coefficient matrix to obtain the $r^2$. Table 4.4 shows the correlation coefficient matrix.
Table 4.4: shows the correlation coefficient matrix

<table>
<thead>
<tr>
<th>variable</th>
<th>Perceived advertising expenditure</th>
<th>Brand awareness</th>
<th>Brand loyalty</th>
<th>Perceived brand quality</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perceived advertising expenditure</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brand awareness</td>
<td>0.759</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brand loyalty</td>
<td>0.595</td>
<td></td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Perceived brand quality</td>
<td></td>
<td></td>
<td>-0.062</td>
<td>1</td>
</tr>
</tbody>
</table>

*Source: primary data*

Table 4.4 above shows the R values of the variables and the researcher calculated their $r^2$ which are below their AVE values as indicated: brand awareness 0.759 is less than 0.908, brand loyalty 0.595 is less than 0.936 and perceived brand quality -0.062 is less than 0.862. This shows that there is discriminant validity since all AVE values are greater than their $r^2$ (Hair et al, 2006).

The results shows that there is construct validity since the measurement instrument have both discriminant and convergence validity.

### 4.1.5 Frequency of reading the newspaper

Table 4.5: shows how often the customers read Herald newspaper

<table>
<thead>
<tr>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Daily</td>
<td>37</td>
</tr>
<tr>
<td>once a week</td>
<td>21</td>
</tr>
<tr>
<td>once in a month</td>
<td>4</td>
</tr>
<tr>
<td>Total</td>
<td>62</td>
</tr>
</tbody>
</table>

*Source: primary data*

The study also confirms whether the respondents selected in the sample have ever bought the Herald newspaper. The data collected shows that all respondents have ever bought Herald newspaper. This indicated that all the respondents selected where to give their views about the herald brand since they have already purchased the Herald newspaper.
Table 4.5 shows that 59.7% of the respondents read the Herald newspaper daily and 33.9% read the Herald newspaper once in a week while 6.5% read Herald newspaper once in a month. This shows that the majority of respondents read Herald newspaper on daily basis and this means that the sample represent real customers who read Herald newspaper.

4.2 Descriptive analysis of brand equity dimensions under the study.

<table>
<thead>
<tr>
<th></th>
<th>Brand awareness</th>
<th>Perceived brand quality</th>
<th>brand loyalty</th>
<th>perceived advertising spending</th>
</tr>
</thead>
<tbody>
<tr>
<td>N</td>
<td>62</td>
<td>62</td>
<td>62</td>
<td>62</td>
</tr>
<tr>
<td>Missing</td>
<td>23</td>
<td>23</td>
<td>23</td>
<td>23</td>
</tr>
<tr>
<td>Mean</td>
<td>4.6</td>
<td>2.16</td>
<td>4.06</td>
<td>4.3</td>
</tr>
<tr>
<td>Std. Deviation</td>
<td>.64</td>
<td>.93</td>
<td>.86</td>
<td>.86</td>
</tr>
</tbody>
</table>

The survey revealed customer responses about Herald brand equity and advertising. The variables analysed include brand awareness, brand loyalty, perceived brand quality and perceived advertising spend.

4.2.1 Brand awareness descriptive statistics
Table 4.6 shows how customers respond to Herald brand awareness questions and their level of agreement. From the data collected using 5 point likert scale, the mean for brand awareness was 4.6 and this is considered a high mean as stated by Hair et al (2006) that mean scores above 3.5 are considered high. This response shows that the respondent strongly agree that they are aware of Herald brand. The standard deviation for brand awareness was 0.64. This standard deviation means that the responses are not spread out over a wide range of values as depicted by Saunders et al (2007) that a lower standard deviation and below mean indicates a narrow spread of data from the respondents.

4.2.2 Perceived brand quality
Table 4.6 also shows descriptive statistics for perceived brand quality. The data collected showed that the majority of respondents disagree that Herald brand is of high quality in terms of appearance as shown by the mean of 2.16 which means disagree according to the
scale used. This mean score is low since a mean score of less than 2.5 is considered low (Hair, 2006). The standard deviation was 0.93 and this standard denotes that the data from the respondents is spread out over a wide range of values (Saunders, 2007).

4.2.3 Brand loyalty
The mean for brand loyalty (shown in table 4.6) was 4.06 which shows that the majority of the respondents agree that they are loyal to herald brand equity basing on the scale used and the mean score is high because it is more than 3.5 hence considered high (Hair, 2006). The standard deviation for brand loyalty was 0.86 and it is below the mean and this shows that there is little variation of the data from the respondents. This showed that the responses concentrated around the mean (Saunders, 2007).

4.2.4. Perceived advertising expenditure
Perceived advertising spend was also included in the survey as it was the independent variable in the study and table 4.6 shows the mean and standard deviation for perceived advertising expenditure. Data collected revealed that customers agree that Herald is intensively advertised and spend a lot on advertising as indicated by a mean score of 4.3 which means agree from the scale that was used. The mean score was considered high since it was more than 3.5 using likert scale (Hair et al, 2006). The standard deviation obtained was 0.68 and it is lower than the mean hence the responses were concentrated around the mean showing that there was little variation between the responses.

4.3 Hypothesis tests
The researcher used regression analysis to find the relationship between variables and to test the hypothesis. Correlation coefficient (r) and Beta are the measures of the strength of the relationship between the two variables (Sekaran, 2003). According to Sekarani (2003), in research studies that include several variables, beyond knowing the means and standard deviations of the dependent and in dependent variables, the researcher would often like to know how one variable is related to another. Theoretically, there could be a perfect positive correlation between two variables, which is represented by positive 1.0, or a perfect
negative correlation which would be represented by negative 1.0 (Sekaran, 2003). Correlation and Beta ranges from -1.0 to +1.0 and a significant of \( p \leq 0.05 \) is generally accepted suggesting that 95 times out of 100, the researcher can be sure that there is significant relationship between the two variables (Sekaran, 2003). These interpretations were used to interpret the hypothesis below.

### 4.3.1 The relationship between perceived advertising expenditure and brand awareness

\( H_1 \) there is a significant positive relationship between perceived advertising expenditure and brand awareness (accept \( H_1 \) when \( p\text{-value} \leq 0.05 \)).

Table 4.7a and 4.7b shows the model summary and coefficients respectively between these two variables.

**Table 4.7a: Model Summary**

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.795(^a)</td>
<td>.632</td>
<td>.621</td>
<td>.500</td>
</tr>
</tbody>
</table>

\(^a\) Predictors: (Constant), perceived advertising spending

**Source:** primary data

**Table 4.7b: Coefficients\(^a\)**

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>1.627</td>
</tr>
<tr>
<td></td>
<td>perceived advertising spending</td>
<td>.622</td>
</tr>
</tbody>
</table>

\(^a\) Dependent Variable: Brand awareness

To establish the relationship between advertising expenditure and brand awareness, the researcher used linear regression test. Results from the regression model summary shows responses from advertising expenditure were correlated with responses from brand awareness as indicated by \( R=0.795 \) as shown in the model summary (table 4.7a). The standardized beta coefficient (\( \beta=0.795 \)) is above 0.7 and this shows a strong relationship.
between perceived advertising expenditure and brand awareness. The results show that there is a significant positive correlation between perceived advertising expenditure and brand awareness as indicated by $R=0.795$ and the significant value is 0.00 and it less than 0.05 hence acceptable (table 4.7a and 4.7b). The relationship is significant because p-value is less than 0.05 and the relationship are strong since $r$ is greater than 0.7. Hence hypothesis one is accepted. The results denote that, the higher the advertising spend, the higher the awareness levels are likely to be. When Herald perceived advertising expenditure increase, brand awareness increased by 79.5%.

### 4.3.2 The relationship between advertising expenditure and brand loyalty.

$H_2$ There is a significant positive relationship between perceived advertising expenditure and brand loyalty (accept $H_1$ when p-value $\leq 0.05$).

<table>
<thead>
<tr>
<th>Model</th>
<th>$R$</th>
<th>$R^2$</th>
<th>Adjusted $R^2$</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.595</td>
<td>.354</td>
<td>.343</td>
<td>.712</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), perceived advertising spending

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>2.376</td>
<td>.673</td>
<td></td>
<td></td>
</tr>
<tr>
<td>perceived advertising spending</td>
<td>.426</td>
<td>.155</td>
<td>.595</td>
<td>2.751</td>
</tr>
</tbody>
</table>

a. Dependent Variable: brand loyalty

Source: primary data

From table 4.8a above, the model summary shows that correlation coefficient between perceived advertising expenditure and brand loyalty was 0.595 and this shows a moderate positive relationship and the significant value shown is 0.008 and it is below 0.05 hence there is significant relationship. The standardized beta coefficient ($\beta=0.595$) is above 0.5 and this shows that the relationship is indirect. Hence the results indicate that there is a
significant positive relationship between advertising expenditure and brand loyalty since $r=0.595$ and $p$-value = 0.008. This shows that, advertising expenditure increase brand loyalty by 59.5%. Tables 4.8a and 4.8b shows model summary and coefficient for this hypothesis.

4.3.3 The relationship between advertising expenditure and perceived brand quality.

$H_3$ There is a significant positive relationship between perceived advertising expenditure and perceived brand quality (accept $H_1$ when $p$-value ≤0.05).

Table 4.9a: Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>-0.062*</td>
<td>0.004</td>
<td>-0.013</td>
<td>0.619</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), perceived advertising spending

Table 4.9b: Coefficients\(^a\)

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>2.456</td>
<td>.584</td>
<td>4.204</td>
</tr>
<tr>
<td></td>
<td>perceived advertising spending</td>
<td>-.065</td>
<td>.134</td>
<td>-.062</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Perceived brand quality

Source: primary data

Tables 4.9a and 4.9b shows the model summary and coefficient respectively of these two variables discussed below

With respect to the relationship between advertising expenditure and perceived brand quality, results obtained from the linear regression between advertising expenditure and brand perceived quality confirm $r= -0.062$ and $p= 0.632$ and this shows that the correlation is not significant since $p$-value is greater than 0.05 and there is a negative correlation. The standardized beta coefficient ($\beta= -0.0632$) is below 0.5 and it is negative, showing that there is neither direct nor indirect relationship between these variables. Therefore there is negative relationship between perceived advertising expenditure and perceived brand
quality \( (r = -0.062, \ p= 0.632, \ \beta= -0.062) \). Therefore the hypothesis was not supported by the results. This means that as far as Herald brand spend much on advertising there is no positive effect to its perceived brand quality from the customers.

4.4 Discussion of findings

The purpose of this study was to examine the impact of Herald advertising expenditure on its brand equity. Advertising expenditure was examined through the perceived advertising from the customers and brand equity was obtained through analysing its dimensions and the findings were deduced from these relationships. The researcher achieved this objective by looking on advertising from the customer perspective view in relation to brand equity dimension which are then combined to give final conclusion.

4.4.1 The relationship between perceived advertising expenditure and brand awareness

Results show that advertising is important in creating brand equity. From the results it is shown that using creative advertising, Herald can develop higher brand awareness and hence positive perceptions on the brand. The results clearly show that there is a positive influence of perceived advertising expenditure and brand awareness. This is consistent with the research conducted by Sawant (2012) in which he found a positive relationship between perceived advertising spend and brand awareness and he had concluded that a well presented advertising creates a perceptual belief on the consumers’ minds in relation to a brand and they even adjust insight of the needs. Therefore advertising Herald brand increase the perceptual belief on brand awareness.

Yoo et al (2000) also concluded that as customers are exposed to a brand’s advertising more frequently, they develop not only high brand awareness and loyalty, but this advertising expenditure for brand awareness will eventually lead to strong brand equity.

Moreover the results also concur with the findings obtained by Ramos et al (2006) which shows that there is relationship between perceived advertising spending and brand
awareness. Ramos’s et al (2006) results are also consistent with the current study and they assert that these finding show that advertisement lead to recall of brand name which is an indicator of brand awareness, increase the confidence level that a brand has on the expected performance. This confirms that as Herald brand is continuously advertised, customers will have more confidence to it and as a result create a better value to the brand.

4.4.2 The impact of perceived advertising spending on brand loyalty
With regards to brand loyalty, results showed that there is a significant positive relationship between advertising expenditure and brand loyalty. This is consistent with the results obtained by Yoo et al (2000), who found out that advertising spending influence customer perception which plays a major role in shaping attitudes of individuals to a brand and positive attitude yield to increase in brand loyalty. Yoo et al (2000) concluded that managers should focus on influencing customer attitudes positively and this will in turn yield to brand loyalty.

Research done by Shum (2004) also concurs with the current research and they find out that there is indirect relationship between perceived advertising spending and brand loyalty. Shum (2004) argue that perceived advertising will affect other variable such as brand image, brand name and these will intern affect brand loyalty therefore an indirect effect of perceived advertising on brand loyalty. This means that, from the results obtained, perceived advertising expenditure affect Herald brand image and name, and this will intern lead to an increase in Herald brand loyalty.

However research done by Arokiasamy (2012) differs from the current study. A different in results with the current research is because of different in the area in which the research was done. Arokiasamy’s (2012) study was done in Malaysia and their sample size was 300 which were different from the current study. Arokiasamy (2012) found a negative relationship between advertising spending and brand loyalty. He argues that a strong brand does not necessarily require a lot of advertising spending for it to obtain brand loyalty.
4.4.3 The relationship between perceived advertising expenditure and perceived brand quality

Hypothesis three indicated that there is a negative relationship between advertising spending and perceived brand quality. This shows that even though Zimpapers increases its expenditure on advertising Herald brand, the perceived quality on the brand will not increase. The results obtained from this hypothesis concurred with the findings by Chu and Keh (2006) who find a negative relationship between perceived advertising expenditure and perceived brand quality. These results can be explained by the fact that advertising expenditure be able to reach a saturation point beyond where it does not considerably contribute to the generating of brand equity (Chu and Keh, 2006). Chu and Keh find out that these results means that consumers can perceive that the brand is intensively advertised or seems to spend a lot on its advertising compared to competing brand.

The results from this hypothesis did not concur with the results obtained by Yoo et al (2000). Yoo et al (2000) noted that there is a positive relationship between perceived advertising expenditure. Yoo et al (2000) argue that positive perceived quality is a result of consumers’ exposure to frequency advertising of the brand. Therefore this research has come up with a different idea from Yoo et al (2000). This means that as far as Herald brand is intensively advertised, it does not necessarily means that its perceived quality will increase.

From the findings obtained, it is clear that advertising expenditure/ spending affect the major dimension of brand equity positively. The major brand equity drivers have shown that perceived advertising expenditure contribute positively in building strong brand equity. The researcher concludes that advertising spending has a positive relationship on brand equity. Keller and Lehman (2006) support these results and noted that the key factor to raise brand equity lies in the qualitative facets of advertising expenditure. Hence the researcher shows that the content of advertising plays a key role in influencing brand equity.
4.5 Summary

The chapter presented the data in line with the research objectives. It also compares the current research with previous researches done. The next chapter concludes and makes recommendations.
CHAPTER V

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction
This chapter summarise the major findings of the research. It also examines the conclusion derived from the research and it also gave recommendations in regard to the area of study. In conclusion it also presented an area of further academic study.

5.1 Summary of major findings
The study was directed at the impact of perceived advertising expenditure on brand equity, a case study of Zimpapers- Herald brand. The researcher approach this objective by examining the influence of perceived advertising expenditure on selected brand equity dimensions which are brand awareness, brand loyalty and perceived quality. The researcher used a sample size of 65 customers which composed of the subscribers and those who come to book adverts. A questionnaire was used to collect the data.

With respect to the relationship between perceived advertising spending and brand awareness, results showed that there is a significant positive relationship between perceived advertising expenditure and brand awareness. This indicate that, when Zimpapers spend much on advertising, customers tend to have positive perception about that and in turn lead them to be aware of Herald brand and eventually lead to increase to the value of the brand. Thus the results show that perceived advertising expenditure increase brand awareness by 79%. Results also show that there is an indirect positive relationship between perceived advertising expenditure and brand loyalty. The researcher find out that perceived
advertising expenditure affect other variables such as brand image and brand name and these will in turn affect brand loyalty therefore an indirect relationship between perceived advertising expenditure and brand loyalty. However results confirm that Herald perceived advertising does not necessarily result in perceived quality. This is shown by a negative relationship between perceived advertising expenditure and perceived brand equity. Therefore the researcher confirm that there is a positive relationship between advertising expenditure and brand equity since two of the selected brand equity dimensions under the study showed a relationship and only one dimension, perceived brand quality confirmed a negative relationship.

5.2 Conclusions
The whole study aims to find the relationship between perceived advertising expenditure and brand equity. The researcher attain this aim by examining the relationship of perceived advertising expenditure and brand equity dimensions which are brand awareness, brand loyalty and perceived brand quality.

With respect to the relationship between perceived advertising expenditure and brand awareness, the researcher find out that there is a significant positive relationship between advertising spending and brand awareness and therefore the researcher concluded that if company spend much on advertising, this will creates a perceptual notion on consumers’ minds and hence lead to high brand awareness and therefore a high brand awareness eventually creates strong brand equity. On this objective, the researcher also concluded that, investing in advertising has got a benefit for the future and therefore as the company maximize advertising expenditure, it eventually stick in the minds of the consumers and they can quickly recall the brand and hence become more aware of the brand

The researcher also found out that there is a positive relationship between advertising expenditure and brand. Therefore the researcher concluded that perceived advertising expenditure will influence brand loyalty indirectly through other variable such as brand
name and brand image. Research suggests that frequent seen adverts allows the customers to judge the product and if they are satisfied they eventually became loyalty to the brand.

However the researcher found out that there is a negative relationship between advertising expenditure and perceived quality. The researcher concluded that, as far as perceived quality contributes to brand equity, advertising expenditure does not necessarily improve the quality of the brand in the minds of the consumers.

Therefore with regards to the results from these dimensions of brand equity, the researcher concluded that there is a relationship between perceived advertising expenditure and brand equity since the majority of the dimensions shows a positive relationship with advertising expenditure.

5.3 Recommendations

In relation to the conclusions drawn above, the researcher hopes that the recommendations drawn below will be satisfactory to Zimpapers management and will help them to know the contribution of advertising to the value of their brand.

The researcher recommended on the managerial implications of the findings. From the findings it is clear that advertising spending is an important marketing mix tool that influence Herald brand equity. Moreover because of growing number of brands which are competing in the media industry that have the same elements, brand managers should be aware that perceived advertising spend improves brand awareness and brand loyalty but it does not positively influence perceived brand quality. In this respect, companies should focus more on advertising campaigns which necessarily generate creative and original strategies in the minds of the consumers.

Furthermore, findings from this research grasp important implication for brand managers. Zimpapers may optimize management process of brand equity by considering the relationship that exists between the advertising expenditure and brand equity. Respectively, managers must build brand awareness first as a way of securing brand loyalty that consumers hold on brand. Attention should be put to encompass a better perceived quality.
so that it will work as a mediator in generating brand loyalty as highlighted in literature review that perceived quality can act as a mediator in generating brand loyalty.

As far as this study is concerned, it has its limitations. Therefore considering the findings obtained from this research, it will be of greater importance for further research to investigate the relationship that exists among brand equity dimension in order to know which dimension influence other when measuring brand equity. The researcher only considers one brand for Zimpaper which is Herald brand, therefore it would be of great important if further research is done comparing Results from Herald brand and other Zimpapers brand such as Sunday mail, Chronicle, Mainica Post and H-metro.
REFERENCES


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Appendix A: Questionnaire cover letter

Bindura University of Science Education

P. bag 1020

Bindura

10 July 2014

Dear respondent.

Ref: Request for completion of Questionnaire on an investigation of the impact of perceived advertising expenditure on brand equity: A case study of Herald brand.

My name is Paul Muchegwa, a Bachelor of Business studies Honours Degree in Marketing final year student in the Faculty of Commerce at Bindura University of Science Education. I am currently conducting a Dissertation Research Study to investigate the impact perceived advertising expenditure on brand equity of Herald brand.

I appeal to your help for completing this questionnaire in order to conduct my study. All the information provided shall be used for the purpose of this research only and will be confidential. There are no wrong or right answers; it is the factual response that is important.

If you have any queries or wish to get more information about this project please do not hesitate to call the undersigned. Thank you in advance for your time and assistance.

Yours faithfully

Paul Muchegwa

Contact 0775 606843

Email: chegwaspaul@gmail.com
Appendix B: Questionnaire to Herald customers

Section A (General questions)

This section asks a few questions about you. Please tick appropriate answer.

1. (a) Your gender: [ ] male [ ] female

   (b) Which of the following best describes your age group?

<table>
<thead>
<tr>
<th>Age group</th>
<th>Tick</th>
</tr>
</thead>
<tbody>
<tr>
<td>19 years and below</td>
<td>1</td>
</tr>
<tr>
<td>20 – 30 years</td>
<td>2</td>
</tr>
<tr>
<td>31 – 40 years</td>
<td>3</td>
</tr>
<tr>
<td>41 and above</td>
<td>4</td>
</tr>
</tbody>
</table>

2. (a) Which of the following best describes your highest educational qualification?

<table>
<thead>
<tr>
<th>Qualification</th>
<th>Tick</th>
</tr>
</thead>
<tbody>
<tr>
<td>No formal schooling</td>
<td>1</td>
</tr>
<tr>
<td>Some high school</td>
<td>2</td>
</tr>
<tr>
<td>Some college and above</td>
<td>3</td>
</tr>
<tr>
<td>Other (specify)</td>
<td>4</td>
</tr>
</tbody>
</table>

   (b) Which one of the following best describes your employment status?

<table>
<thead>
<tr>
<th>Employment status</th>
<th>Tick</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unemployed</td>
<td>1</td>
</tr>
<tr>
<td>Employed</td>
<td>2</td>
</tr>
<tr>
<td>Self employed</td>
<td>3</td>
</tr>
<tr>
<td>Student</td>
<td>4</td>
</tr>
</tbody>
</table>

Section B

Product category: Newspaper       Brand name: Herald

3. (a) Have you ever bought any of Zimpapers newspapers

   Yes [ ]  No [ ]

4. (a) Do you currently subscribe Herald newspaper

   Yes [ ]  No [ ]

   (b) How often do you read Herald Newspaper?

       Daily [ ] once a week [ ] once in a month [ ]

The following statements describe Herald newspaper in relation to its advertising expenditure. Using strongly disagree 1 (SD), Disagree 2(D), Neutral 3 (N), Agree 4(A) and
strongly agree (SA) 5, please tick the answer that rightly expresses your feelings on the brand equity of Herald brand

<table>
<thead>
<tr>
<th>Brand awareness</th>
<th>SD</th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
</tr>
</thead>
<tbody>
<tr>
<td>5(a). I am aware of Herald newspaper</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(b). I can recognize Herald among competing newspaper brands</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(c). I can quickly recall the symbol or logo of Herald newspaper</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(d). I have difficulty in imagining Herald brand in my mind</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(e) Zimpapers is contributing to the society</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Perceived advertising spending</th>
<th>SD</th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
</tr>
</thead>
<tbody>
<tr>
<td>6(a). Herald is intensively advertised.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(b). The ad campaigns for Herald are seen frequently.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(c). Herald brand seems to spend a lot on its advertising campaigns compared to other newspaper brands.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Perceived brand quality</th>
<th>SD</th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
</tr>
</thead>
<tbody>
<tr>
<td>7(a). Herald newspaper is of high quality</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(b) The likelihood that the Herald newspaper is reliable is very high.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(c) The Herald newspaper is better in terms of colour, appearance and presentation as compared to other brands.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(b) I will definitely buy Herald newspaper even if its price is higher than other newspapers that offer the same benefits</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(c). I will not buy other newspaper brands if Herald is available.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(d) I believe that Zimpapers and the people who stand behind it are socially responsible</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Thank you for taking time to answer this questionnaire. Your contribution is greatly appreciated.
Appendix C: Reliability Test

<table>
<thead>
<tr>
<th>Variable</th>
<th>Cronbach’s Alpha</th>
<th>N of Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>brand awareness</td>
<td>0.91</td>
<td>3</td>
</tr>
<tr>
<td>Brand loyalty</td>
<td>0.87</td>
<td>3</td>
</tr>
<tr>
<td>Perceived brand quality</td>
<td>0.74</td>
<td>3</td>
</tr>
<tr>
<td>Perceived advertising expenditure</td>
<td>0.89</td>
<td>3</td>
</tr>
</tbody>
</table>
Appendix D: Average Variance Extracted (AVE)

\[
AVE = \frac{\sum(standardised\ loading_{i}^{2})}{\sum(standardised\ loadings^{2}) + \sum E_{ij}}
\]

<table>
<thead>
<tr>
<th>Constructs</th>
<th>Standardised factor loading</th>
<th>AVE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Brand awareness</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I am aware of Herald brand</td>
<td>0.820</td>
<td>0.908</td>
</tr>
<tr>
<td>I can recognise Herald brand</td>
<td>0.792</td>
<td></td>
</tr>
<tr>
<td>I can quickly recall the symbol</td>
<td>0.681</td>
<td></td>
</tr>
<tr>
<td><strong>Brand loyalty</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I consider myself to be loyal</td>
<td>0.756</td>
<td>0.936</td>
</tr>
<tr>
<td>I will defiantly buy Herald</td>
<td>0.781</td>
<td></td>
</tr>
<tr>
<td>I will not buy other newspaper</td>
<td>0.852</td>
<td></td>
</tr>
<tr>
<td><strong>Perceived brand quality</strong></td>
<td></td>
<td>0.862</td>
</tr>
<tr>
<td>The brand is of high quality</td>
<td>0.790</td>
<td></td>
</tr>
<tr>
<td>Herald newspaper is reliable</td>
<td>0.681</td>
<td></td>
</tr>
<tr>
<td>Better appearance.</td>
<td>0.681</td>
<td></td>
</tr>
<tr>
<td><strong>Perceived advertising spend</strong></td>
<td></td>
<td>0.956</td>
</tr>
<tr>
<td>Intensively advertised</td>
<td>0.890</td>
<td></td>
</tr>
<tr>
<td>Ad campaigns frequently seen</td>
<td>0.820</td>
<td></td>
</tr>
<tr>
<td>Spend a lot on advertising</td>
<td>0.775</td>
<td></td>
</tr>
</tbody>
</table>
### Appendix E: rotated component matrix from factor analysis

**Rotated Component Matrix**

<table>
<thead>
<tr>
<th></th>
<th>Component 1</th>
<th>Component 2</th>
<th>Component 3</th>
<th>Component 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>I am aware of Herald newspaper</td>
<td>0.820</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I can recognise Herald newspaper among competing brands</td>
<td>0.792</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I can quickly recall the symbol or logo of Herald newspaper</td>
<td></td>
<td>0.681</td>
<td>0.231</td>
<td></td>
</tr>
<tr>
<td>I have difficulty in imagining Herald brand in my mind</td>
<td></td>
<td></td>
<td>0.312</td>
<td></td>
</tr>
<tr>
<td>Herald is intensively advertised</td>
<td></td>
<td></td>
<td></td>
<td>0.890</td>
</tr>
<tr>
<td>Herald ad campaigns are frequently seen</td>
<td></td>
<td></td>
<td></td>
<td>0.820</td>
</tr>
<tr>
<td>Herald brand seems to spend a lot on its advertising campaigns compared to other newspaper brands</td>
<td></td>
<td></td>
<td></td>
<td>0.775</td>
</tr>
<tr>
<td>Herald newspaper is of high quality</td>
<td></td>
<td></td>
<td></td>
<td>0.790</td>
</tr>
<tr>
<td>The likelihood that Herald newspaper is reliable is very high</td>
<td></td>
<td></td>
<td>0.210</td>
<td>0.681</td>
</tr>
<tr>
<td>The Herald newspaper is better in terms of color, appearance and presentation as compared to other newspaper brands</td>
<td></td>
<td></td>
<td></td>
<td>0.681</td>
</tr>
<tr>
<td>I believe that herald is contributing to the society</td>
<td></td>
<td></td>
<td></td>
<td>0.431</td>
</tr>
<tr>
<td>I believe that Zimpapers and the people who stand behind it are socially responsible</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I consider myself to be loyal to the Herald and it is my first choice</td>
<td></td>
<td></td>
<td></td>
<td>0.756</td>
</tr>
<tr>
<td>I will definitely buy Herald newspaper even if its price is higher than other newspapers that offer the same benefits</td>
<td></td>
<td></td>
<td>0.781</td>
<td>0.423</td>
</tr>
<tr>
<td>I will not buy other newspaper brands if herald is available</td>
<td></td>
<td></td>
<td></td>
<td>0.852</td>
</tr>
</tbody>
</table>

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
a. Rotation converged in 16 iterations.
Appendix F: Formula for calculating sample size

\[ s = \chi^2 NP \, (1-P)/d^2 \, (N-1) + \chi^2 P \, (1-P) \]

Where: \( s \) = required sample size

\( \chi^2 \) = the table value of chi-square for 1 degree of freedom at the desired confidence level (3.841)

\( N \) = the population size

\( P \) = the population (assumed to be 0.50 since this provide the maximum sample size)

\( d \) = the degree of accuracy expressed as a proportion (0.05)
15 June 2014

TO WHOM IT MAY CONCERN

Dear Sir/Madam

RE: APPLICATION FOR PERMISSION TO CONDUCT A RESEARCH STUDY WITH YOUR CUSTOMERS

This letter serves to confirm that, MUCHEGWA PAUL; Registration Number B1129104 is a third year student at Bindura University, studying for a Bachelor of Business Studies (Honours) in Marketing. As a requirement of the degree programme, third year students are compelled to come up with a practical research project that would been undertaken at one reputable organisation within the country. Mr Muchegwa has therefore nominated you as his organisation of choice to undertake his project whose title is “An investigation of the impact of perceived advertising expenditure on brand equity”. We kindly therefore request that you grant him permission to carry out his research work inside your organisation. The research work is for scholarly purposes only and can also be carried out with your close monitoring.

Yours faithfully,

AR GWATA [Mr]
Industrial Liaison Officer