



## IMPACT OF BRAND AWARENESS AND BRAND INNOVATIVENESS ON BRAND LOYALTY

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### Abstract

This study has been conducted to see the impact of brand awareness and brand innovativeness on brand loyalty. Purchase intention has been taken as mediating variable. I have made an attempt to see that how brand awareness and brand innovativeness effect brand loyalty. It is also observed that up to what extent brand awareness and brand innovativeness effect brand loyalty. Primary data was collected through questionnaires from different universities and shopping malls of Lahore and Multan. Frequency distribution, correlation and regression analysis were applied to check that up to what extent brand awareness and brand innovativeness effect brand loyalty. Reliability of variables was also tested through SPSS software. The results of this study showed that there is a positive and significant relationship between brand awareness, brand innovativeness on brand loyalty.

**Keywords:** Brand awareness, brand innovativeness, brand loyalty, purchase intention, frequency distribution, correlation, regression, reliability analysis, significant relationship.

### Introduction

It is very important for the business to create a good attraction in its brand to compete the competitors. The brand with higher brand awareness has higher sale volume and higher market share. Brand awareness means that consumers are well known and have good idea of use about their products. (Chi, Yeh, & Yang, 2009) tell that although customers are familiar with the qualities and with the image of the products of a brand, brand awareness is still very important factor to influence the customer and also changes the purchase decision of the customer when he purchases the products. Brand loyalty is the behavior of the customers towards a specific brand. Brand loyalty has a sustainable Impact on brand (Ahmad, Nadeem, & Ahmad, 2014). People who are loyal with their brands, are ready to pay more for their products as they know that products are more valuable for them (Ahmad et al., 2014). People are too much conscious now a days and they want to choose their familiar and favorable brands. Although customers are aware of the brand and are willing to buy them but the other factor which influence the purchase decision of the customer is brand awareness. When customers want to buy a product, the first thing which comes in mind is the brand name. It is considered that which name comes first in his mind, that brand has higher brand awareness. So the brand awareness in very important to increase the sales of a specific brand.

Present study has been conducted about the impact of brand awareness and brand innovativeness on brand loyalty. In this chapter of introduction, it will be discussed that weather the brand awareness effect the brand loyalty or not. I will also discuss that weather the brand innovativeness effect the brand loyalty or not. Moreover the purchase intention has been selected as mediating variable between dependent and independent variables which are brand loyalty (dependent variable), brand awareness and brand innovativeness are independent variables. Top 100 brands of the world such as Nike, Disney, Intel, Toyota, Microsoft, Porsche and Coca Cola described that they are innovative and tell that innovativeness is their core vale. They spend billions of dollars to prove themselves as innovative (Pappu & Quester, 2016). From the current innovativeness research, it is still unclear that how brand awareness effects brand loyalty? Brand loyalty is a very important

element which determines the consumer's brand equity. It is the value with which a consumer remains in association with the brand. The process of loyalty development is a key factor of brand management (Pappu & Quester, 2016).

If a brand has a high level of brand awareness it will get the higher market share. It is also said that brand awareness is very important for the business to make the reputation in the business market. The suitable cost to attract the new customers is also considered very important because the cost to attract new customers has a great value rather than to maintain the brand loyalty. Brand awareness is an ability of a consumer to recall the products of a brand while purchasing new goods. Purchase decisions cannot be made unless consumers are aware of the qualities of their brand products. Awareness does not mean that consumer know about the name of a specific brand. It means that a consumer must know about the salient features and characteristics of that brand. For example if a boy ask to his friend to buy him a new yellow soap, the friend will not be able to buy exactly that one soap which his friend demands. So the boy must know about the name and salient features of lux soap to guide his friend and to buy exactly that one soap.

Brand awareness is considered as one of the key indicator in competitive market. Normally it has been observed that mostly consumers take top three brands into consideration while purchasing a new product. In the light of the importance of brand awareness, marketers have developed different metrics to measure the level of brand awareness and its impact on brand loyalty. They are Awareness, Attitude and Usage. It is collectively known as (AAU) metric. To measure the market success of a brand, it is important to measure brand awareness level through the whole life cycle of that brand. Different marketers used to observe the brand awareness level at different stages of brand success. If it is observed as low, they use different strategies to enhance brand awareness level among customers to achieve the highest level of brand loyalty. Brand awareness also means that consumers know about the existence of the products of a specific brand. It is also very important to launch a new product and is considered very important when the company want to differentiate its products from the competitors.

Due to globalization and competition the brand environment has been totally changed. Brand innovativeness is also considered as one of the most important asset of the companies. New technologies have changed the demands of the consumers. Many of the top 100 companies have spent billions of dollars to make their products innovative. Companies have made huge investments to produce innovative products for their consumers. It is considered very important to know that how consumers perceptions of innovativeness attracts the consumers towards brands. Brand innovativeness is also considered as the most important determinant of brand equity. It helps to enhance the equity of the firm and is also help the customers to buy the products of their own choice. It is also very important to understand that how brand innovativeness effects brand loyalty. Three are three types of consumer's attitude. Effective, cognitive and behavioral attitude. These attitudes show that whether consumers like a product or not. These attitudes also help the managers to improve the products according to the taste of the consumers. Thus a brand is a product which differentiate it from other brands. There are many factors which effect brand loyalty such as purchase intention, brand awareness, turnover, brand innovativeness, ratio of equity of the brand, customer loyalty, packing, price and consumer purchase intention etc. I have made an attempt to describe the impact of brand awareness and brand innovativeness on brand loyalty.

## ***Background***

Brand awareness and brand loyalty are one of the most dynamics of consumer market. Different researchers studied about different factors which influence consumer's buying behavior when they purchase a new product. In this context, brand awareness and brand loyalty are very important factors which can influence purchase decision of a customer. It is also very important to compete the competitors of that brand. In recent era, every consumer purchases his favorable brand and the product which is familiar to him. Therefore, the managers of all the companies make different strategies of brand awareness and brand loyalty which attract the customers and make them able to buy their products. For example, when a consumer want to purchase a new product, a brand name comes to his mind. It shows that that product has higher brand awareness into customer's mind (Chi et al., 2009). Some researchers suggest that the cost to attract new customers plays very important role and it is important for more than five times to maintain brand loyalty. Some researchers also said that brand loyalty in customers does not occur by nature. There are different strategies of brand awareness and brand loyalty which cause to create brand loyalty in customers. Most of the investors either used cross-sectional or time series data to determine the impact of brand awareness and brand innovativeness on brand loyalty. Background of the study also tells that

what has been done in this era by the other researchers and what are their views about these dependent and independent variables and what were the impacts of independent variable on dependent variables. The results of the study can be differ in country to country and area to area according to the behavior of the customers and according to the requirements of that specific area also.

### ***Purpose statement***

Purpose means the reason that why you are conducting the study. The purpose of conducting this research is to analyze the impact of brand awareness and brand innovativeness on brand loyalty. In order to make loyal customers, managers of all the brands make different strategies which help them to make their customers loyal and also help them to increase their customers. Therefore the aim of my research is to find out the key points which can increase brand loyalty through brand innovativeness and brand loyalty. This research will be highly valuable for the managers of the companies to increase the reputation of their brand and also to increase loyal customers of their brand.

### **Objectives of the study**

The main objectives of my study are

- To determine the relationship between brand awareness and brand innovativeness.
- To see the impact of brand awareness on brand loyalty.
- To analyze the impact of brand innovativeness on brand loyalty.
- To see that weather purchase intention mediate between dependent and independent variable or not.

### ***Research questions***

#### ***Main Question***

What is the impact of brand awareness and brand innovativeness on brand loyalty?

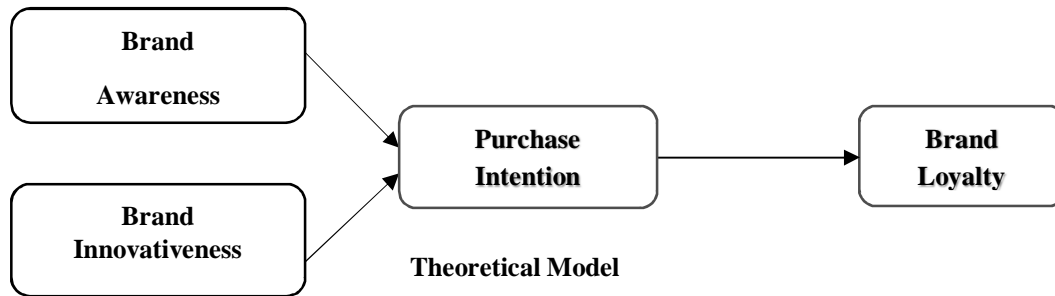
#### ***Sub Questions***

1. Does brand awareness affect the brand loyalty?
2. Does brand innovativeness affects the brand loyalty?
3. Up to what extent brand awareness and brand innovativeness affect brand loyalty?
4. Does purchase intention mediate between dependent and independent variable?
5. What are the important elements which affect brand loyalty?

#### ***Hypothesis***

The research hypothesis are designed as follows:

- H1: Brand awareness will positively affect to purchase intention.
- H2: Brand innovativeness will positively affect purchase intention.
- H3: Purchase intention will positively affect to brand loyalty.
- H4: Brand awareness will positively affect to brand loyalty.
- H5: Brand innovativeness will positively affect to brand loyalty.
- H6: Brand loyalty will positively affect to purchase intention.
- H7: Purchase intention will mediate between the brand awareness and brand loyalty.
- H8: Purchase intention will mediate between brand innovativeness and brand loyalty.



### Interpretation of the model

The model has been designed to conduct this study. This model shows that brand awareness and brand innovativeness are independent variables to the brand loyalty. Brand loyalty is considered as dependent variable which means that when the effective brand awareness will increase among the people, they will become more loyal to that brand. This model also shows that when effective brand innovativeness will increase among the people, they will become more loyal to that brand. It shows that brand loyalty is increased by the effect of both independent variables which are brand awareness and brand innovativeness. This model also shows that the purchase intention is the mediating variable between brand awareness and brand innovativeness which means that brand awareness and brand innovativeness can be increased by increasing the purchase intention in the customers.

### Literature Review

A study was conducted by (Malik et al., 2013) to see the impact of Brand Awareness and Brand Loyalty on increasing Purchase by Consumers. This study was conducted in 2013. Primary data was collected by distributing the Questionnaires to the employees of service sector and from easily available general public. Regression equation and descriptive statistics analysis were used to find the results from collected data. He concluded that Brand Awareness and loyalty have positive and strong relationship with purchase intention. He also suggested that, managers of all the companies of the world should promote brand awareness and ensure to make the customers loyal as they both contribute to increase the purchases of companies. A study was made by (Clark, Doraszelski, & Draganska, 2009) to identify the impact of advertising on brand awareness. They use panel data of three hundred brands to see the importance of advertisement. They also include annual brand-level expenditures related to advertisement. Developed estimation techniques of panel data were used in study to analyses how advertisement effects brand awareness. They also investigate empirically to analyze how much advertising increases awareness of different products of different brands. They found that advertising has positive and significant impact on awareness and it effects consistently.

On perceived quality, it has no significant impact. In the year 2015, a study was conducted by (Asif, Abbas, Kashif, Hussain, & Hussain) to see the impact of Brand Awareness and brand Loyalty on the ratio of Equity of that brand. Purpose of their study was to see the factors which are responsible to effect the brand equity. 200 questionnaires were distributed to the public and primary data was collected for the study random sampling technique and statistical tool, SPSS software were used to see the reliability of collected data. To analyze the final results, correlation analysis was applied. The empirical findings showed that brand awareness and brand loyalty has positively impact on brand equity. Every brand and every business gives priority to customer attraction, so in the light of findings, it is recommended that brand awareness will help to increase the equity of that brand. A study was conducted by (Chi et al., 2009) in 2009 to study the Impact of Brand Awareness and its innovativeness on Consumer Purchase Intention. Study was conducted in Chiyi and for the purpose of study, data was collected from the people who use cellular phone and were the citizens of Chiyi. To test the hypothesis of the study, regression analysis was applied. The results from this study showed that there is a significant relationship between Brand Awareness on Consumer Purchase Intention. The results were also positive. Furthermore the results of this study showed that brand loyalty effects the relationship of brand awareness and purchase intention of customers. The authors suggest that the manufacturers of cellular phone should build brands and also should use the techniques to promote them because awareness will increase the Purchase Intention of customers.

In the year 2014, study was conducted by (Dhurup, Mafini, & Dumasi, 2014) to analyze the impact of brand awareness, the price of that brand and packaging style of that brand on brand loyalty. Purpose of the study was to see the relationship of all these variables with brand loyalty. They found empirical evidences for the study related to brand loyalty and other three factors. Data was collected from the sample of 212 consumers, which were the customers of different brands of paints. Quantitative techniques were used to make the analysis of the data collected. Regression test technique and one-way test analysis was applied to see the impact of awareness, price and packaging on brand loyalty. Empirical findings showed that there is a significant and highly positive relationship between price and packaging on brand loyalty. This research was also very important for the practitioners of South Africa. It was also suggested that managers should implement effective brand awareness, packaging and price policy to enhance the customer satisfaction and to increase the brand loyalty. In the year of 2011, a study was conducted by (Yaseen, Tahira, Gulzar, & Anwar, 2011) to see the impact of Customer Loyalty, Perceived Quality and awareness on Brand Profitability. Data was collected from 200 respondents. Regression test was applied on data and empirical results showed that there is insignificant relationship between awareness and loyalty of the brand. Moreover the results showed that there is significant relationship between perceived quality, awareness and loyalty of the brand. Sobel test showed that purchase intention effects the profitability only. A study was conducted by (Ahmad et al., 2014) in 2014 on brand credibility, awareness as predictors for brand loyalty. They investigate different methods to judge brand loyalty through awareness and brand credibility. For the purpose of data collection, Structure questionnaire were used and Simple random sampling technique was applied.

SPSS software was used to analyze the data collected. The results derived from this study showed that brand loyalty has positive relationship with brand awareness and with brand credibility as well. This study was very useful for the managers of all the companies to make better strategies to attract the customers and to ensure and increase brand loyalty. To see the impact of brand innovativeness on brand loyalty, a study was conducted by (Pappu & Quester, 2016). Pascale and Ravi Pappu also studied that how innovativeness affects an important brand and also studied the other factors which are in relation with brand loyalty. Their point of view is that innovativeness plays mediating role to effect brand loyalty. For this study, conceptual model was used to test the global consumer behavior. Two categories of consumer electronics brands were tested and data was collected from metropolitan city by using mall-intercept technique.

The empirical results showed that perceived quality transmits the relation of brand innovativeness on brand loyalty. These results can help the managers to promote new products by improving the awareness strategies and it can also be helpful to enhance brand loyalty. In September 2016, a study was conducted by (Akhtar, Ahmed, Jafar, Rizwan, & Nawaz, 2016) on the effects of Brand Awareness, price and packing on loyalty of the brands in Pakistan. The aim of their research was to analyze the relationship between these three variables and brand loyalty. Primary data was collected by 212 respondents through questionnaire and respondents were those customers who purchase mobiles of different brands. Convenience sampling technique was applied to test the collected data. Correlation and regression tests were applied as statistical tools. Through these tests it was concluded that there is a positive and significant relationship of brand awareness, price and packing with brand loyalty. The value of Cronbach alpha analysis was 0.723 which shows the positive relationship with brand loyalty. 16 version of SPSS was used and sixth version of End-Note was used referencing.

## **Methodology**

Methodology means the rules or methods to conduct a study and to solve out the problems. Methodology is a systemic way to analyze the methods applied in a study. Methodology is the systematic way to study the methods or rules of a study. It is also can be said that the study of methods is called the methodology. It has keen importance in conducting a study because when we have to collect the data to conduct a study, we select that which method of data collection we should adopt. Methodology also help us to choose the data collection technique. We cannot interchange the words methodology and methods. Methods means the ways through which we test our collected data or choose the way for the data collection. The procedure of inquiring the information is also called the methodology. The methods applied to get the information about the inquiry of the research problem is also called methodology. The methods should also be described in the sufficient detail to understand. Methodology analysis the body of the methods you apply. Methodology does not provide the solutions of the problems that you face in your research that's way it is different from the method because the methods provide the solution for the problem. To meet the objectives of this study, I have selected four variables as dependent, independent and mediating variable. Brand awareness and brand innovativeness has been selected as independent variables, brand loyalty

has been selected as dependent variable and purchase intention has been selected as mediating variable among brand awareness, brand innovativeness and brand loyalty.

## Data Analysis

**Table # 1**

<b>Does brand awareness effect brand loyalty?</b>					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Neutral	56	18.7	18.7	18.7
	Agree	137	45.7	45.7	64.3
	Strongly Agree	107	35.7	35.7	100.0
	Total	300	100.0	100.0	

**Table # 2**

<b>Does brand innovativeness effect brand loyalty?</b>					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	6	2.0	2.0	2.0
	Neutral	28	9.3	9.3	11.3
	Agree	228	76.0	76.0	87.3
	Strongly Agree	38	12.7	12.7	100.0
	Total	300	100.0	100.0	

## Results

I have made an attempt to discuss the importance of brand awareness and brand innovativeness on loyalty. I also have discussed that how companies can improve the brand awareness to attract the customers and how brand innovativeness strategies can help to innovate the brands and to increase the sales of the organizations. My research also proves that most of the respondents have given their opinion that brand awareness affects the brand loyalty. They also admitted that brand innovativeness increases brand loyalty. Purchase intention creates a positive relationship between brand awareness and brand innovativeness.

## Conclusion

Conclusion means the final results that have been derived from a study. The conclusion helps the reader to understand what has been done in a study and why this study was made. The word conclusion does not mean the summary of all the points used in the study. It means to highlight the new points that help the other researchers to conduct study on the same topic or on the topics related to that area. Conclusions also means to put more than one results of a study together. It is the most important part of the research. The conclusion directly relate to the data of the research. The results of this study has been derived by applying the SPSS software. Frequency distribution, co-relation and regression analysis were applied. Reliability of the variables was also tested. From the co-relation analysis, regression analysis frequency distribution analysis and reliability tests, it is found that there is a positive and significant relationship between brand awareness, brand innovativeness and brand loyalty by taking purchase intention as mediating variable. The results showed that if there is good brand awareness for the customers of a specific brand, the customers will become loyal to that brand and always use the



products of that brand and will be called as loyal customers. These loyal customers are called the real capital of the firm. The results also showed that 81.4% people are agree that if there is good brand awareness, it will affect brand loyalty and cause to increase the customers of that brand. 88.7% people are agree with the statement that brand innovativeness affect brand loyalty and will cause to increase the customers of that brand.

## Recommendations

Recommendations means giving a proposal to someone about some specific topic. In the heading of recommendation, we discuss about the interpretation of results, the findings and conclusions and give the suggestions to the other researchers which are willing to conduct the study furthermore on this area of research. This study has been conducted on the impacts of brand awareness and brand innovativeness on brand loyalty. Purchase intention was taken as mediating variable between brand awareness, brand innovativeness and brand loyalty. The results have been derived from the study by using the SPSS software. Frequency distribution, correlation and regression analysis were applied on the data to find out the results on the data collected. Reliability of the variables was also tested. Now I will give some suggestions and will recommend the customers that they should know about the brand awareness strategies to know the innovativeness in the brands and also make themselves up to date according to the business environment of now a days.

In the light of results concluded, I will suggest to the producers of different brands to make the brand awareness strategies that can aware the customers about the salient features of that brand. I also recommend that they should make the brand innovativeness strategies as well to develop the interest in their products and to make the customers as their potential customers. In this era of competition, everyone wants to get more and it is the wish of every producer to get more and more. So it is suggested that they should develop brand awareness strategies through effective marketing and also through the social media to develop their brand. E-mail marketing can also be used to develop the brand and also to attract the customers. The awareness of brand can also be increase through posters, T.V, posts, radio transmissions and ads. Seminars should be conducted to give the awareness of the brand to the customers.

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