

ADVERTISING PROMOTION STRATEGY AND BRAND EQUITY: A COMPARATIVE STUDY OF ARIEL AND OMO WASHING POWDERS, NAIROBI – KENYA

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Abstract: The main objective of the study was to determine the extent of relationship between advertising promotion strategies and brand equity. For this study, the accessible target population was 36 members of staff and 116 customers of Procter and Gamble and Unilever Companies Limited. The main primary data collection instrument that was used was a questionnaire. The data was analyzed by the use of inferential data analysis tools. Using the correlation values the researcher concluded that there was strong positive relationship between advertising strategy and brand equity in Ariel washing powder and that the relationship is significant while there was a weak positive relationship between advertising strategy and brand equity in OMO washing powder. The correlation reported was positive and using the Pearson correlation (r) value, then the researcher can conclude that the relationship was statistically significant.

Keywords: Advertising Strategy, Brand Equity, Promotion Strategy

1. INTRODUCTION

Advertising is a promotional marketing strategy companies use to create awareness about their products and services. The goal of advertising as a promotional strategy is to generate a response from your target customer. You can use a variety of different types of advertising: television and radio advertisements; print advertisements in newspapers, magazines and journals; direct mail advertisements in which you send marketing materials directly to a select list of customers; and outdoor advertising such as posters, banners, signs and bus ads (Scott,2013). Herbert, (2002) focuses on “bad” advertising commercials and asserts that such advertising is not because of a lack of creativity, entertainment value or money for production. Bad advertising is often because advertising creators fail to focus on potential end customers, and what they need to see and hear (Herbert, 2002). Stephanie (1994) identified many marketing and non-marketing uses of advertising by young Scottish adults and argued that this supports a view of audiences as active, selective and sophisticated consumers of advertising. Brand equity is created through strategic investments in communication channels and market education and appreciates through economic growth in profit margins, market share, prestige value, and critical associations. Generally, these strategic investments appreciate over time to deliver a return on investment. This is directly related to marketing ROI. Brand equity can also appreciate without strategic direction (Lasser, 1995). Procter & Gamble Company Limited also known as P&G, is an American multinational consumer goods company headquartered in downtown Cincinnati, Ohio, United States. Its products include pet foods, cleaning agents, and personal care products. Unilever was founded in 1930 out of a merger between Lever Brothers (UK) and Uni-margarine (Netherlands) which existed in the 19th Century, Unilever (Uni+Lever) is today one of the world’s leading Fast Moving Consumer Goods (FMCG) company with a turnover of more than 4.3 billion Euros.

2. LITERATURE REVIEW

2.1 Theoretical Framework

Using the Push Theory, you can increase sales by creating incentives to wholesalers or retailers to sell more of your product. In this method you would offer discounts to wholesalers or retailers who buy your product in bulk, (http://www.ehow.com/list_6524232_theories-sales-promotion.html, date accessed, 16th January, 2014). The Pull Theory is about trying to market directly to customers to increase their demand for your product. Combination theory requires both of the above theories working together. The "push" is used to get more product into the hands of retailers and wholesalers while advertising and product tie-ins with other products are used as a "pull" to get more people to want to buy the product. Grocery stores often use this tactic. They fill stores with products they have a high profit margin on (the push) and run commercials that advertise the store ("A great place to shop" or "Your hometown grocery") rather than a specific product (the pull) (http://www.ehow.com/list_6524232_theories-sales-promotion.html, date accessed, 16th January, 2014).

2.2 Empirical Literature

Advertising is calling the public's attention to your business, usually for the purpose of selling products or services, through the use of various forms of media, such as print or broadcast notices (<http://www.entrepreneur.com/encyclopedia/advertising>, date accessed 17th January, 2014). Advertising provides a direct line of communication to your existing and prospective customers about your product or service. The purpose of advertising is to: Make customers aware of your product or service; Convince customers that your company's product or service is right for their needs; Create a desire for your product or service; Enhance the image of your company; Announce new products or services; Reinforce salespeople's messages; Make customers take the next step (ask for more information, request a sample, place an order) (<http://www.entrepreneur.com/encyclopedia/advertising>, date accessed 17th January, 2014). The goal of advertising as a promotional strategy is to generate a response from your target customer. Firms that advertise more efficiently are rewarded by investors by positive stock returns (Sascha et al., 2011). Business strategy must be accounted for to ensure that a firm's market opportunities, brand opportunities, and core competencies are being fully exploited in all marketing activities. Brand equity is the value of brand in the market place (Chris, 2008). High brand value, a brand with high equity, means that the brand has the ability to create some sort of positive differential response in the market place (Chris, 2008). Brand equity is a set of brand assets and liabilities linked to a brand name and symbol, which add to or subtract from the value provided by a product or service (David, 2013). C-level executives, led by the chief executive as brand champion, keep a keen eye on how their actions impact on brand equity, which in turn has an effect on the overall value of the business (Michael, 2004). Brand awareness, brand image, and brand equity scales are valid and reliable in the context of logistics services (Donna et al., 2009).

3. STATEMENT OF THE PROBLEM AND RESEARCH GAP

Ebru et al (2007) investigated the effects of selected marketing mix strategies on equity of brands performing in mobile phone sector. Perceived price, intensity of distribution, advertising campaigns and sponsorships activities conducted for the brand were proposed to be positively effective on the building of brand equity, and perceived intensity of price deals performed for that brand was proposed to be negatively effective on brand equity. Another study conducted by Isabel et al (2010), explored the relationship between two marketing mix elements-advertising and sales promotion and brand equity creation. In particular, the study focused on advertising from a qualitative and quantitative perspective. Similarly, the study investigated the effects of two kinds of promotion, that is, monetary and nonmonetary promotions. The findings showed that the content of advertising play a key role in influencing brand equity dimensions, whereas, advertising spending improves brand awareness but it is not enough to positively influence brand associations. The researcher finds distinctive effects of monetary and non monetary promotions on brand equity. However, these studies focus on the relationship between the promotion strategies and brand equity, the studies do not show the extent of the relationship between advertising promotion strategy and brand equity. The researcher will therefore focus on the extent of the relationship between advertising promotion strategy and brand equity.

4. METHODOLOGY

The research design for this study was descriptive and inferential. The target population for this study was the management and the customers of proctor and gamble and unilever companies limited. Data was collected using a questionnaire. A likert's scale was used in a scale of 1 to 5 where 1 and 2 was regarded as an average of negativity, 3 being the average for neutral or uncertain responses and lastly 4 and 5 average for positivity. SPSS was used in the processing of data and the information generated was presented in form of figures and percentage tables.

5. RESULTS AND DISCUSSION

The Knowledge of Advertising Strategy and its Practice in Proctor and Gamble and Unilever.

Table 1. The Knowledge of Advertising Strategy and its Practice in Proctor and Gamble and Unilever.

		Advertising is the strategy P &G and Unilever use to create awareness on Ariel and Omo washing powders		Total
		Agree	strongly agree	
P & G practice advertising	Agree	0	7	7
	Strongly agree	8	3	11
Unilever practice advertising	Agree	1	5	6
	Strongly agree	0	10	10
TOTAL		9	25	34

In table 4.3, it is evident that Proctor and Gamble appears to be having most of the employees understanding the meaning of advertising strategy. When there is that high understanding of a strategy in an organization, then it means the strategy can be used for the benefit of an organization. It is also evident that Unilever company appears to be having most of the employees understanding the meaning of advertising strategy. When there is that level of understanding of a strategy in an organization, then the strategy can be used for the benefit of an organization. Table 4.3 and 4.4 is not enough to derive a conclusion on which product is more of a brand than the other. The researcher therefore sought the feelings of the customers of both products to come to this conclusion as shown in table 4.4.

Table 2. Consumers and the Demand of Ariel and Omo at P&G and Unilever.

		Consumers demand either Ariel or Omo and will travel distance to find it			
		Ariel		Omo	
		Agree	Strongly	Agree	Strongly

			agree		agree	TOTAL
Consumers like Ariel and become repeat consumer	Agree	3	55	-	-	58
Consumers like Omo and become repeat consumer	Strongly agree	3	55			58
	Agree	-	-	53	2	55

From the table 4.4, 55 distributors out of 58 from which the sample was taken strongly agreed that they have high demand of Ariel washing powder and they will travel distance looking for it and they are repeat consumers of this washing powder which is a product of P&G. This translates to 0.95 which is strong enough to conclude that Ariel is more of a brand compared to Omo washing powder. On Unilever side, 53 distributors out of 58 from which the sample was taken strongly disagreed that they have high demand of Omo washing powder and they will travel distance looking for it and they are repeat consumers of this washing powder which is a product of Unilever. This translates to 0.91 which is strong enough to conclude that Omo is less of a brand compared to Ariel washing powder which had a 0.95 positive response.

Table 3. Relationship between Advertising Strategy and Brand Equity in P&G and Unilever

			Practice advertising		Companies that want to achieve brand equity should use advertising	
			P&G	Unilever	P&G	Unilever
Practice advertising	P&G	Pearson Correlation	1		0.592*	
		Sig. (2-tailed)			0.016	
		N	18		18	
	Unilever	Pearson Correlation		1		0.098
		Sig. (2-tailed)				0.719
		N	18	18		18
Companies that want to achieve	P&G	Pearson Correlation	.592*		1	
		Sig. (2-tailed)	.016			

brand equity should use advertising		N	18		18	
	Unilever	Pearson Correlation		0.098		
		Sig. (2-tailed)		0.719		
		N		18		

The correlation reported in the Table 4.5, is positive and being that the Pearson correlation (r) at 95% level of confidence is 0.592, then the correlation is statistically significant. The significant value of .016 (2 – tailed) at 18 number of chances also show the significant relationship because it falls between .000 and 0.050. This suggests that the company should focus more on advertising strategy because there is significant effect of advertising strategy on the customer’s awareness of the product, customer’s recognition of the product, and customer’s loyalty. The correlation reported in Unilever is positive and being that the Pearson correlation (r) is 0.098, then the correlation is statistically insignificant. The significant value of .719 (2 – tailed) at 18 number of chances also show the insignificant relationship. This suggests that the company should not focus more on advertising strategy because there is insignificant effect of advertising strategy on the customer’s awareness of the product, customer’s recognition of the product, and customer’s loyalty.

6. CONCLUSION

Using the correlation values the researcher can conclude that there is strong positive relationship between advertising strategy and brand equity in proctor and gamble and that the relationship is significant. The correlation reported was positive and using the Pearson correlation (r) value, then the researcher can conclude that the relationship was statistically significant. There is a weak positive relationship between advertising strategy and brand equity in unilever Kenya. This prompted the researcher to suggest that P&G should focus more on advertising strategy because there is significant effect of the advertising strategy on customer’s awareness of the product, customer’s recognition of the product, and customer’s loyalty.

RECOMMENDATION

On the basis of this study, the following recommendations are made: From the study, it is evident enough that the more knowledge the employees have concerning advertising promotion strategy, the more it is practiced. For instance in P&G, a wide knowledge and practice in advertising by the employees has a positive impact on the relationship of the strategy and brand equity. It should be however noted that it is the customer who build brands and not companies, it is therefore essential that the customers sentiment and behaviour is tracked to get a complete understanding of brand equity. If consumers believe in the brand it has far more equity than a brand that consumers don’t care about or believe in.

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