

# Measuring Customer Based Beverage Brand Equity: Investigating the Relationship between Perceived Quality, Brand Awareness, Brand Image, and Brand Loyalty

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## Abstract

This study examined the antecedents of brand equity such as, brand awareness, perceived quality and the mediating role of a brand Image on brand loyalty. Total number of (n = 150) questionnaires were distributed among the consumers living in four cities (Islamabad, Rawalpindi, Sialkot, and Sargodha) of Pakistan. Out of the total questionnaires only (n = 130, 86.6%) completed questionnaires were received. Pearson correlation, linear regression and multiple regression tests were used to test the data and infer the results. Results show a positive relationship between the independent and dependent variables. Additionally, mediation has been found between brand awareness, perceived quality and brand loyalty due to brand image. It means that brand awareness and perceived quality develop the brand image which ultimately yields brand loyalty. Thus loyalty programs of beverage companies should focus on brand awareness and consumers' perception of quality. Overall, these results show that the influence on brand loyalty varies across various variables of the study. The results contribute significantly to the brand equity topic.

**Keywords:** brand loyalty, perceived quality, brand image, brand awareness, mediation, beverage industry, Pakistan

## 1. Introduction

### 1.1 Background

The brand is "a name, sign, symbol, or design, or a combination of them, intended for the goods and services of one seller or group of sellers to differentiate them from other sellers competitively" (Kevin & Keller 3<sup>rd</sup> Ed). Brand facilitates customers to cater their needs in the best possible way, having a perfect confidence in the quality of the product as they had relied on that particular product before. In addition, it is expected that this practice will increase the chances of repeat purchase. If people become loyal to a brand it is surely a great advantage for a company. For example, a repeat purchase relates to the fact, that the company has done something good with its consumers, therefore that holds them to stick with a brand.

It is beneficial for a company to keep its patron because attracting new customers is not only expensive but also time-consuming. Maintaining a relationship between customers and brand helps managers to achieve customer loyalty toward their company and brand (Raimondo, Miccli, & Costabies, 2008). Companies with a large base of brand loyal customers do well. For example, an increase in profitable transactions with loyal customers positively impacts firm and brand performance. Loyalty of consumer with any brand determines overall performance of that brand (Mannering & Wiston, 1991). Chaudhuri and Holbrook (2001) observed that the company's market share is affected by the purchaser's loyalty with its brand. Raju, Srinivasan and Lal (1990) argue that brands with stronger loyalties have to do less in terms of price promotions, and discounts etc. than the brands with weaker loyalties. Furthermore, if a difference is greater between the loyalty rates of two brands, than the stronger one tends to spend less on advertising than the weaker one (Agrawal, 1996). It means that brand loyalty plays a vital role in the growth of any company.

Brand promises many advantages to the consumers as it reduces their search cost. Intangible aspects of a brand can make consumer adept to judge various attributes of products, e.g. Reliability, quality and value, etc. Berry (2000) states that strong brand creates a picture of an invisible legacy of any product resulting in increased trust. If a brand meets successfully its promise, then it is expected that consumers may have trusted it and they felt comfortable with it. Moreover, it motivates them to shop and purchase it repeatedly. Balaid and Behi (2011) suggest that trust is a source that motivates a consumer to repeat a purchase, and a consequence of trust is brand loyalty. Socially responsible companies have strong brand loyalties, because their initiatives in the direction of the well-being of a society are viewed positively by their customers.

Replacement time is also a determinant of brand loyalty. For example, customers show more loyalty with a brand with a high replacement time. Because replacement time puts enormous burdens on the customer at the time elapsed may cause them serious financial and other costs (Bayus, 1992). Sponsorship activities are also related positively with brand loyalty (Mazodier & Merunka, 2011). If a customer is well-informed about the brand characteristics, attributes, its reasons for existence and origin, then he/she is likely to attach him/herself with that brand. Anand and Shacher (2004) found that customers become loyal if a firm shares some basic facts of the brand with them. Availability and accessibility also determine the brand loyalty, as they increase customers' convenience to reach their favorite brands. Consumers with fewer choices of brands due to geographical locations where they live are likely to become more loyal to that brand which is available and accessible to them. Carman (1970) establishes that store loyalty is a determinant of brand loyalty, because customer accustoms to purchase from the selected store and restrict themselves to the available brand in that store. For marketers, brand loyalty is literally an imperative matter because of an important determinant of growth. The brand is advantageous not only for the producer, but also to a buyer.

### *1.2 Research Problem and Objectives*

Business firms are playing an important role in the economy of every country. They contribute to the prosperity of any country in many ways, such as in the production of goods, the provision of employment, and to pay the taxes etc. Furthermore, it is also observed that the role of Multinational Companies (MNCs) is more significant in emerging economies (Myers, 2003). As the beverage industry is growing faster and it is also expected that future growth may be higher than present. Therefore, it presents to the marketers some opportunities and threats. As far as opportunities are concerned, in growing industry firms have chances to increase their market shares. But this rewarding opening is also with some threats as this may attract many other local, national and international firms jump into that business. Therefore, in order to maintain their competitive position firms have to work on their brand loyalties. As these are low involvement products, therefore consumers may switch to other brands more often. Thus, marketers and brand managers need to be more interested in knowing about the antecedents of brand loyalty in Pakistani market.

Growth trend has been observed in recent years in the beverage industry of Pakistan. In Pakistan it is an issue to some extent to create loyalty for brands because the way which help companies to achieve such behavior of consumers are still not properly managed. There are so many areas where not even infrastructure is properly created. Especially in the rural areas there is a large market which has not been exposed yet to the advertisement. Although the advertisement is a basic need to tell, educate and inform the potential customers. Myers (1967) explored that we can differentiate two brands by their advertising and price. Low literacy rate is also another big issue. People are unaware of the environment that becomes a cause of environmental mismanagement (Dixon & Perry, 1986). The determinants of brand loyalty cannot be consistent in developing and developed economies. Substantial research has been done to analyze a brand loyalty for various categories of products and services around the globe. As, Nguyen, Barrett and miller (2010) found that due to dissimilarity in developing and developed markets, to manage international brands in emerging markets and to design loyalty programs, and to understand those markets is necessary for global companies.

For example, Pakistan has diverse demographics, geography, psychographic and behavioral patterns that separate it from other developing and developed world countries. As a result, it can be argued that there may be different determinants of brands affecting consumer brand loyalty. Therefore, it is necessary to probe out different antecedents of brand loyalty and their significance. Growth in the beverage industry and customer loyalty to the firm is imperative to be learned. Firms can be possibly taking advantage of growth if their managers are able to formulate strategies to keep their customers and encourage them for repeat purchases, thus makes them loyal (Porter, 2008; Nwokah, 2008). Therefore, working on brand loyalty can be helpful for many firms. Due to the importance of brand loyalty for the competitive advantage of different companies, this study explicitly investigates the determinants of brand loyalty in the context of beverage industry of Pakistan.

## 2. Literature Review and Hypotheses Development

### 2.1 Brand Loyalty

The importance of brand loyalty is recognized in industries by the managers as well as by the researchers. When we talk about the antecedents of brand loyalty, it means that customers move from different phases to reach the attitude and then to the behavior stage of brand loyalty. Researchers for example Aurier and Lanaue (2011) found that customers' brand evaluation has a positive impact on the relationship quality, which ultimately leads to their attitudinal loyalty.

Numbers of factors have been associated with brand loyalty. For example, Matzler, Kra'ura and Bidmon (2008) reported that the brand effect and a brand trust have a positive influence on behavior as well as on attitudinal loyalty and they suggested the risk averse attitude of customers can easily change brand loyalty. Louis and Lombart (2010) studied the personality traits of brand and found that a relationship of personality traits with trust, commitment and attachment is significant however their impact can be positive or negative. The attitudinal loyalty and behavioral loyalty of brand is a result of brand trust and equity (Taylor, Celuch, & Goodwin, 2004).

Lin (2010) found that brand personality, not fully influence brand loyalty, but a trait for example, extraversion has a positive impact on brand loyalty. Brand loyalty can work a lot and results in not to switch that brand. Customers who are loyal to a manufacturer's brand are less likely to become loyal with store brand (Broyles, Ross, & Davis, 2011). Liu and Hu (2011) found that the complementary products with same brand resulting in connivance and maximization of output of core the product are also the source of brand loyalty. Pricing strategies may be different for different products because of different marketing strategies.

Swani and Yoo (2010) stated that in a case of high-priced brands the brand loyalty is negatively related to the price deals, but for low-priced brands the brand loyalty is positively linked to the price deals and promotions. High price negatively affects the brand loyalty (Rousan, Mohamad, & Fernando, 2011). The decrease in market share can be controlled by the advertising when the brand increases its price (Erdem, Keane, & Sun, 2007). The store brand may be suggested to attain the strength on the basis of price (Mendez, Oubina, & Rubio, 2011).

While studying the loyalty, researchers were also seemed to be concerned about the personal characteristics and internal behaviors of customers. According to Liu (2007) the impact of loyalty program on the consumer behavior is according to their usage level, for example, in the beginning a loyalty program seems not to be striking for light buyers. Customers may differ in their loyalty towards any brand due to many demographic variables. With regard to consumer demographics, Jensen (2011) observed that men are less loyal than women. Therefore, while building a loyal customer, gender can be important variable, and thus the brands may be required to have a strong advertising for men. Communities where some brands are widespread by positive word of mouth are great source to run loyalty program. Aydin and O'zer (2005) while predicting the determinants of customer loyalty observed the trust, perceived service quality and perceived switching cost they also claimed that the perceived service quality is not enough for the customer loyalty. Hur, Ahn and Kim (2011) observed that brand committed communities while socializing and share information about the brand, impacts positively on consumers' purchase intentions thus results in brand loyalty. Balid and Bhi (2011) stated that brand attachment results in a belief that the customer is better off with the brand than the other brands so they purchase it repeatedly. In addition, their committed behavior leads to brand loyalty. Loyalty is studied in customer loyalty contexts by many of researchers with many dimensions such as trust, perceived quality and switching costs. The loyal customers are ready to pay more for a brand after recognizing it (Srivastava, 2011).

### 2.2 Perceived Quality and Brand Loyalty

Perceived quality is a psychological assessment of a consumer about the quality of any product based on his/her perceptions. The objective characteristics of a product include intrinsic as well as extrinsic signals of quality. Intrinsic signals lead to perceived quality and the perceived quality, increase the brand equity so managers should strive to reduce the gap between the expected perceived qualities and observed perceived quality (Sanyal & Datta, 2011).

Quality is a perceptual thing and subject to individual's assessment of product features. Herstain and Zvilling (2011) say that when managers should focus on ten different attributes of their brand, and quality is prominent among them. Customers want permanent quality at a low price. But it is very difficult to know what quality they perceive in brand (Grunert, 2005). Brand credibility increases perceived quality which has an effect on purchasing intentions, however pleasure-seeking behavior has a moderating role in this relationship (Baek & King, 2011). Akram, Merunka and Akram (2011) reported that when a brand is perceived to be globalized, it can meet the consumers' purchase intention of focusing on the features like quality and prestige according to

customer perceptions. Nguyen, Barrett and Miller (2011) found that there is a positive relationship between perceived quality and brand loyalty. Based on these findings, we hypothesize that,

H<sub>1</sub>: Perceived quality is positively associated with brand loyalty.

### *2.3 Brand Awareness and Brand Loyalty*

Consumer knowledge plays an important role in the choice of products and services same as awareness that plays important role in recall and recognition. Alamro and Rowley (2011) reported that the brand awareness is an antecedent of brand preference. They further classified the awareness antecedent into two categories, the controllable and non-controllable communication. They found that brand promise is very important to be delivered to enhance the brand preference. Advertising is widespread and commonly used by marketers to introduce, remind, recall and position their products and services in consumers' mind. Aravindakshan and Naik (2011) observed that when advertising is stopped the ad stay in the memory of the customers for three weeks. Channel members are also important in the value creation process by marketers. Gupta, Melewar and Bourlakis, (2010) observed that for resellers brand knowledge is not enough for selection decisions, but they also need to compare the brand with its delegate.

Radder and Huang (2007) argued that in creating the awareness of a brand of high involvement products, the role of advertising is more important than low involvement products. Perception is a key factor of consumer attitude and behavior. Rajagopal (2007) reported that it is very important what consumer perceive about a brand, so the firms are required to focus and spend on the effective communications to make their consumers aware about unfamiliar brands and as a result consumer will be likely to make brand buying decisions. The consumer makes a choice based on awareness than Reputation when he/she is in a situation to decide a brand among the different brands having the same reputation (Brewer & Zhao, 2010). Therefore, brand awareness is positively associated with brand loyalty (Nguyen, Barret & Miller, 2011). Based on these findings, we therefore hypothesize that,

H<sub>2</sub>: Brand awareness is positively associated with brand loyalty.

### *2.4 Brand Image and Brand Loyalty*

Brand image is an important variable in the studies on brand. Usually it gauges certain aspects of the brand in the mind of people. Most of the studies show that brand image is important for brands in different aspects. For example, if a company with a weak brand can increase its strength by image building (Lee, Lee, & Wu, 2009). Brand image was not found to play a mediating role in the relationship of the brand knowledge and purchase intention (Bian & Moutinho, 2009). In addition, brand image has an impact on the perceived personality (Sylvia, Olmsted, & Cha, 2008).

Brand image had also been discussed as a mediating variable, which leads to Brand loyalty. Li and Hung (2009) reported while studying the school image that the loyalty of the parents is associated with the school image. When a Company extends its brand, then perceived quality and the fit between the extension and parent brand affect the brand image (Arslan & Altuna, 2010). Brand image also plays a role as a mediator. One thing should be considered is that brand image exists in the customer's mind. For example, when a company promises for quality with an intention to build the loyalty, the positive support of brand image really matters. It is also assumed that awareness leads to loyalty, but the brand image support should be examined. Bianchi and Pick (2011) argued that brand image has a positive relationship with brand loyalty. By definition, brand awareness is a very basic degree of knowledge; it could not convince a common reader that basic degree of knowledge creates customer loyalty. However, the argument here is that consumers' awareness of the brand is directly related to the brand loyalty.

We can hypothesize that brand image mediates the relationship of perceived quality and brand loyalty. A main supporting argument for this hypothesis is that perceived quality is basically a customer perception of product quality. Therefore, only perception cannot make her/her loyalty there must be some other variable in this relationship. Quality perceptions have a strong relationship with a brand image in literature. For example, Hsieh and Li (2008) reported that when brand image is supported, then the published message of a company can easily match with customer perceptions of quality, and as a result the intensity of that message increases. It is assumed that quality perceptions must lead to the brand image formation and then image shall contribute into the brand loyalty. Based on this argumentation and findings, we hypothesize that,

H<sub>3a</sub>: Brand image mediates the relationship of perceived quality and brand loyalty.

H<sub>3b</sub>: Brand image mediates the relationship of brand awareness and brand loyalty.

H<sub>4</sub>: Brand Image positively influences brand loyalty.

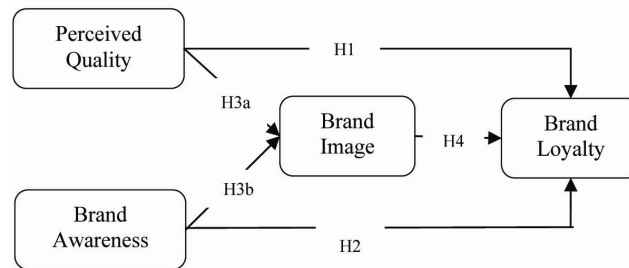


Figure 1. Conceptual model

### 3. Methodology

#### 3.1 Measurement

Four variables were involved in this study such as, Brand loyalty, Brand image, Perceived quality and Brand awareness. Brand image was measured by three items which accurately measured the concept of brand image adapted from the study by Park, Jaworski, and MacInnis (1986). Perceived quality was determined by 6 items which were taken from the study of Dodds, Monroe, and Grewal (1991). Brand loyalty and brand awareness were measured by 3 and 4 items respectively, taken from the study of Yoo, Dhontu, and Lee (2000). All of the constructs were measured using five point Likert scale ranges from 1 “Strongly disagree” to 5 “Strongly agree”.

#### 3.2 Data Collection Procedure

Convenience sampling, which is a non-probability sampling technique, was used to collect data from the respondents. Brands of the beverage industry are selected. Therefore, consumers who buy and consume different soft drink brands are the respondents of the study. These brands include six famous brands in Pakistan, namely (Pepsi Cola, Coca Cola, Amrat Cola, Dew, Sprite, and 7up).

#### 3.3 Data Analysis Tests

Three statistical tests were applied to compute and analyze the data. For example, Cronbach’s alpha is used to check the reliability of the data. The Pearson correlation test was used to see the inter-correlation between the independent and dependent variables. Linear and Multiple regression tests are used to compute the direct and mediating effects of the variables as hypothesized in the study. Statistical Program for Social Scientists (SPSS 20.0) software program is used to apply those tests on the collected data.

### 4. Findings and Results

#### 4.1 Participant Characteristics

To investigate the conceptualized theoretical framework of this study, data are collected from a sample of both female and male consumers. Before distributing the questionnaires, to develop an interest of respondents in this research, a brief introduction and objective of the study was presented to them. Moreover, respondents were also asked about the soft drinks of their choice so that relevant questionnaire should be administered. Out of (n = 150) respondents total number of (n= 130, 86.6%) respondents filled and returned the completed questionnaires. Out of the received responses 78 (60%) were male and 52 (40%) were female respondents. The data were collected in the cities, of Islamabad, Rawalpindi, Sialkot and Sargodha. All the respondents were between the ages of 18 to 50 years.

#### 4.2 Mean, Reliability and Inter-correlation

The reliability of the items was found acceptable and above the recommended values proposed by Nunally (1967).

Table 1. Item-total statistics

Variable	Scale mean if item deleted	Scale variance if item deleted	Correct item- Total correlation	Cronbach’s Alpha
Brand Awareness	11.3346	3.637	0.541	0.769
Brand Image	11.5455	3.215	0.704	0.693
Perceived Quality	11.4853	3.339	0.670	0.711
Brand Loyalty	11.7019	2.759	0.557	0.790

The correlation test results show positive and significant relationships between the variables. For example, a relationship between brand loyalty and brand awareness is positive ( $r = 0.328$ ,  $p < 0.01$ ). Consequently, the correlation between brand awareness and brand image was found positive ( $r = 0.531$ ,  $p < 0.01$ ). In addition, the correlation between brand image and brand loyalty was also found positive ( $r = 0.569$ ,  $p < 0.01$ ). Similarly, there is a positive relationship of perceived quality with brand awareness, and brand loyalty, ( $r = 0.554$ ,  $p < 0.01$ ) and ( $r = 0.501$ ,  $p < 0.01$ ) respectively. Finally, the correlation between brand image and perceived quality was also found significant ( $r = 0.586$ ,  $p < 0.01$ ).

Table 2. Correlation analysis

Variables	Brand Loyalty	Brand Awareness	Brand Image	Perceived Quality
Brand Loyalty	1			
Brand Awareness	.328**	1		
Brand Image	.569**	.531**	1	
Perceived Quality	.501**	.554**	.586**	1

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

The multiple regression analysis shows the results opposite to the linear regression with respect to the brand awareness. The results are ( $\beta = 0.073$ ,  $t = 0.794$ ,  $p = .429 > .000$ ) which shows a negative association between the brand loyalty and brand awareness. But in case of the perceived quality the results are ( $\beta = 0.460$ ,  $t = 5.000$ ,  $p = .000$ ) which shows a significant positive relationship between the brand loyalty and perceived quality. The association between brand awareness and brand loyalty was found positive ( $\beta = 0.328$ ,  $t = 3.931$ ,  $p < .001$ ), thus H1 is accepted. The association between perceived quality and brand loyalty proved to be positive ( $b = 0.501$ ,  $t = 6.546$ ,  $p = .000$ ) therefore, H1 is supported.

Table 3. Multiple regression analysis

Model	R Square	Standardized beta coefficient	T-value	Significance
Brand Awareness	0.254	0.073	0.794	0.429
Perceived Quality	0.254	0.460	5.000	0.000

Table 4. Regression analysis

Model	R Square	Standardized beta coefficient	T-value	Significance
Brand Awareness	0.108	0.328	3.931	0.000
Perceived Quality	0.251	0.501	6.546	0.000

Table 5a presents mediation analysis by using Perceived Quality as independent variable Hypothesis is H3a, Brand Image as mediating variable and Brand Loyalty as the dependent variable. For example, it is hypothesized in the study that Brand Image would mediate the relationship of Perceived Quality and Brand Loyalty, to check these relations; we performed four regression analyses prescribed by Baron and Kenney (1986). In regression equation 1.0 the relation between Perceived Quality (IV) and Brand Image (Mediator) is significant ( $\beta = 0.586$  at  $p = 0.000$ ). In regression 2, relationship of Perceived Quality (IV) and Brand Loyalty (DV) is analyzed which showed a significant relationship ( $\beta = 0.501$  at  $p = 0.000$ ). In regression 3, Brand Image (Mediator) is entered into the equation of independent and dependent variables Brand loyalty showed a significant relationship ( $\beta = 0.420$  at  $p = 0.000$ ).

These three relationships fulfilled prerequisite conditions for mediation analysis. Finally mediator Brand Image is added to the regression equation 4, reveals that the effect of Perceived Quality appears to be smaller ( $\beta = 0.501$  without Brand Image;  $\beta = 0.255$  with Brand Image). Thus, at the level of descriptive statistics, there is a support for partial mediation, i.e., which is the reduction of 0.246 (0.501 to 0.255) in the standardized beta.

Table 5a. Mediation analysis

Hypothesis	Regression 1: IV → Mediator Beta (p-value)	Regression 2: IVs → DV, Beta (p-value)	Regression 3: Mediator→ DV, Beta (p-value)	Regression 4: IV→ Control MV→ DV Beta (p-value)	Mediation Conclusion
H3	0.586(.000)	0.501(.000)	0.420(.000)	.255(0.004)	Significant. Partially mediated

IV: Independent Variable: Perceived Quality

DV: Dependent Variable: Brand Loyalty

Mediator: Brand Image

Furthermore, because Sobel test p-value is less than 0.05, therefore partial mediation is statistically significant as shown in Table 5b. Accordingly, we can conclude that Brand Image partially mediates between Perceived quality and brand loyalty and that is statistically significant. In other words, we can say that there is a statistically significant indirect effect of Perceived quality on brand loyalty through Brand Image.

Table 5b. Sobel test

INPUT		Test Statistics	p-value
ta= 8.185	Sobel Test	4.15078835	0.00003313
tb= 4.816	Aroian Test	4.12796612	0.0000366

Table 6 presented a mediation analysis by using Brand Awareness as independent variable Hypothesis H3b, Brand Image as mediating variable and Brand Loyalty as the dependent variable. To check mediation, four distinct regression equations are required. In regression 1 the relation between Brand Awareness (IV) and Brand Image (Mediator) is significant ( $\beta = 0.531$  at  $p = 0.000$ ). In regression equation 2, relationship of Brand awareness (IV) and Brand Loyalty (DV) is analyzed which showed a significant relationship ( $\beta = 0.328$  at  $p = 0.000$ ) as well therefore H3b is accepted. Hypothesis 4 states that Brand Image would mediate the relationship of Brand Awareness and Brand Loyalty. The regression 3, Brand Image (Mediator) is entered into the equation of independent and dependent variables Brand loyalty showed a significant relationship ( $\beta = 0.420$  at  $p = 0.000$ ).

Table 6. Mediation analysis

Hypothesis	Regression 1: IV → Mediator Beta (p-value)	Regression 2: IVs → DV, Beta (p-value)	Regression 3: Mediator→ DV, Beta (p-value)	Regression 4: IV→ Control MV→ DV, Beta (p-value)	Mediation Conclusion
H3	0.531 (.000)	0.328(.000)	0.550 (0.000)	0.036(0.674)	Non- significant. Fully mediated

IV: Independent Variable: Brand Awareness

DV: Dependent Variable: Brand Loyalty

Mediator: Brand Image

These three relationships fulfilled the prerequisites for mediation, and thus it is met. Finally, in regression equation 4, after controlling of Brand Image, the effect of Brand Image appears to be reduced beta near to zero ( $\beta = 0.036$ ), further it made the relationship insignificant ( $p > 0.05$ ,  $p = 0.674$ ). This sudden decline in beta value which approached to zero and insignificance of the model proved the hypothesis H4, as all requirements for full mediation are met. Thus, we can conclude that Brand Image is a full mediator of the Brand awareness and brand loyalty relationship for this brand. In other words, we can say that there is a statistically significant fully mediating effect of Brand awareness on Brand loyalty through Brand Image.

## 5. Discussion and Conclusion

In this study, we tried to investigate the determinants of customer's brand loyalty in the beverage industry of Pakistan. Due to cultural, psychological and behavioral dissimilarities from the rest of other economies in the world, it was deemed necessary to study these constructs in Pakistan. A strong correlation has been found

between the independent variables. Brand awareness as well as the Perceived quality both has the positive as well as negative aspects.

A person with a positive awareness about a brand embraces a very rare chance to perceive the quality may negative in his mind because the awareness come from sources other than advertising are very more believable in Pakistani culture due to the strong bonds of people with their relatives and friends. Another trait of this culture is that if people become loyal with some brand therefore they cannot switch that brand based on only a single negative response. Before the distribution of the questionnaire, we have asked respondents about their favorite brands, as we knew that consumers may loyal to some brands. Thus, due to positive perceptions of their favorite brand they will respond significantly to the survey of the study, which is better for understanding one indication of brand to which he/she is loyal.

The relationship between brand awareness and brand loyalty was found positive which was quite similar as in advanced economies. The results show that brand awareness takes variation in brand loyalty at the rate of 10.8% and the degree of confidence of this result was 99%. It is because most of the population lives in Pakistan in the joint family system. A collectivism culture exists in Pakistan, where words of mouth cannot be ignored. When people discuss and share about the brands at home, at work, with friends, or in offices most of them consider the opinion of family, friends, and their colleagues to buy any specific product.

Word of mouth is a very strong tool of communication in this culture. Also the exchanges of gifts are common in this culture. This attitude leads to an exposure of new brands to the customers which they have not previously used, in result it creates awareness. In the same way Perceived quality shown variation in the Brand loyalty at the rate of 25.1% and this result contain 99% degree of confidence. Same as other developing economies, in Pakistan quality is very much attractive variable to the consumers. If a brand can succeed in hunching the perception of quality it can enjoy a high degree of loyalty. Brand Image mediates partially between Perceived quality and brand loyalty, and fully mediates between Brand awareness on Brand loyalty (Ogba & Zhenzhen, 2009). It means that Brand image played both mediating as well as the moderating role in different relationships of brand loyalty with its antecedents.

The mediating role of brand image has been found in this study. Therefore, it is suggested to check the mediating role of brand image in the manufacturing industry. For example, when we talk about industry in marketing research, we have to be specific. Usually we divide an area of research in the form of the service industry as well as a manufacturing industry. The effective outcome of total quality management can only be achieved by evaluating it particular to the industry (Huq & Stolen, 2008).

In the current study, we selected beverage industry, which is a low products category, in which a person can be loyal to a brand without any mediating effect of brand image. The case of high involvement product category may be different from this situation. In high involvement product category customer has to spend a long time with the brand than a low involvement product category. Both high and low involvement product categories, and the service and manufacturing industries, have principle similarities and differences. The importance of replication study cannot be ignored. Kumar, Garg and Garg (2011) reported that the factors of triumph have different placements in these two industries. The most important requirements for the success of the company are also different from the services and manufacturing industries.

## **6. Managerial Implications**

Brand equity formation is very important for any company. Marketing departments with the help of advertising and sales department always strive for a better brand image and positioning. This study has few managerial implications that can help managers in many ways. For example, it can be helpful if the beverage companies concentrate on brand loyalty which, if enhanced and increased the brand equity will be positively achieved. The achievement of brand equity has several benefits such as attracting customers, better market position and competitive advantage, supporting brand extensions, and reducing costs for the companies. Pakistan is an attractive investment opportunity for local and international investors. Along with other products the demand of soft drinks is also increasing due to its best weather conditions and its geographical and demographical divisions of people. Therefore, both local and international brands are competing with each other for attaining maximum market share. Accordingly, managers should not undervalue the interrelationships of perceived quality, and brand awareness dimensions and brand loyalty, as it forms link of how consumers can be loyal to the brand with good images, which is an important factor for beverage companies.

While formulating the loyalty program Managers can make decisions based on the results of this study. The findings refers that it seems to be important to focus on the advertising strategy which create a perception in the minds of the customers about the quality of the brand. Moreover, because the findings of this study are of the



opinion that the perceived quality of the brand should be higher so therefore awareness programs and the loyalty programs must concentrate on the quality features of the brands.

### 7. Limitations of the Study

There are few limitations. For example, the sample is non-probability and it is not representative of all the consumers of the country. The selection of Brands for the questionnaire was done by having some information from the market, as we had no access to the data which explains the top six soft drink Brands.

Time period to conduct the study was very limited. Some of the respondents did not answer the questions seriously. The sample size was limited to four cities only which cannot be easily applied to all populations of Pakistan. All respondents have not maintained the same level of accuracy in answering the questions due to the lack of time and interest. It may create a little discrepancy to some extent in formulating the conclusions.

### 8. Future Research Recommendations

Based on results we suggest some future research to be carried out. For example, first, with a larger sample size or probability sampling frame research may help to generalize the results of this study in future. Second, the similar research can be carried out to other product categories like clothing, jewelry, cosmetics, and electronics. Third, a comparison of brand loyalty among various product categories may enhance the knowledge for different antecedents of brand loyalty. Fourth, research for different industries can also be carried out i.e. Service industry or manufacturing industry. Fifth, in the same model some more variables, including moderate factors such as customer orientation, customer relationship with the brand, and consumption habits can be added to do a better research on the same topic in the future. Lastly, a comparative study of same global brands operating in two developing countries or developed country can educate companies about brand equity formation in two different countries and cultures.

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