A Structural Equation Modeling on Analysis of Preference Advertisement in Building Brand Equity

Diksha Panwar, Monika Bangari, Sandeep Kumar Thakur

Abstract: Preference advertisement is a promotional system in which marketer claims the superiority of their product or brand over competing product(s) or brand, directly or indirectly. Preference advertisement helps in comparing alternative brands on bases of features, price, and other distinctive information. Brand equity is the total worth of the brand. Brand equity can be measured in two different perspective i.e. cognitive psychology is the attribute perception that is related to the awareness regarding the brand features and associations whereas another information economics is associated towards strong brand name which is created through the quality of the product and good quality generates a premium prices for the brand. In the monetary terms it's the value that the organization expects from the brand. Preference advertisement can either be transferred directly to the brand. The objective of this study is to analyze the impact of preference advertisement in building the brand equity. Therefore to achieve the objective, different analysis tools used in the study are: mean, confirmatory factor analysis and structural equation modeling technique. The finding shows that preference advertisement has a significantly positive impact on building the brand equity.

Keywords : *Preference advertisement, brand equity, sponsored brand, alternative brand.*

I. INTRODUCTION

Preference advertising is a marketing approach through which the company shows the enhancement of his product or services than the competitors.

As an individual goes through various stages of buying process he gets stuck at the stage where he search for the information of the product and evaluate the product with its alternatives. At this point preference advertisement helps him to take a buying decision as through preference advertisement all the doubts can be clarified between the brand and its alternative. Preference advertising affects the three parties i.e. the advertising company, the rival companies and the most important consumers as through the preference advertisement approach the company is providing a reason to its potential consumer to consume the product.

Revised Manuscript Received on November 30, 2019.
∗ Correspondence Author
   Dr. Diksha Panwar∗, Assistant Professor, UIM, Uttaranchal University, Dehradun, India. Email: dikshapanwar9090@gmail.com
   Dr. Monika Bangari, Assistant Professor, Tulas Institute, Dehradun, India. Email: monikabangari111013@gmail.com
   Dr. Sandeep Kumar Thakur, Assistant Professor, Law College Dehradun, Uttaranchal University, Dehradun, India. Email: sandeepthakur2022@gmail.com

Preference advertisement is the approach through which the features of the two or more product can be compared. Preference advertising approach ought to change advertisers to dispassionately demonstrate the intrinsic worth of their product because it improves the standard of information accessible to potential customers enabling them to form logical and lot of knowledgeable reasons for selections regarding the selection between the competing product or services in the market. On the information provided the potential consumers make knowledgeable and well-organised selection. This is possible only if the verdict provided in the preference advertisement is clear and true.

Preference advertisement basically promotes the concept of market lucidity by providing the clear and true information about the product to the customer. Comparison between the product or services can be advantageous as well as risk for the marketers too. In order to uplift the one brand by demonstrating their merits, marketers can tempt to degrade the other brand through inaccurate comparison which could spoil the brand image of the other brand.

Just like the other advertising approach preference advertisement aims at both i.e. the development of the product by showing the merits of the product and informing the customers. Preference advertisement directly shows the comparison between the two products and also provides the opportunity to the company to highlight those features through which they can show the superiority of their brand in comparison to the other brand. This leads to building of the brand equity of the brand whose features are being shown superior in comparison to the other brand. Brand equity is the total worth of the brand. Brand equity can be measured in two different perspective i.e. cognitive psychology is the attribute perception that is related to the awareness regarding the brand features and associations whereas another information economics is associated towards strong brand name which is created through the quality of the product and good quality generates a premium prices for the brand. In the monetary terms it's the value that the organization expects from the brand. Therefore this article discusses the role of preference advertisement and its impact of brand equity.

II. LITERATURE REVIEW

Kumar & Patra (2017), Strong brand equity can be built or maintained by using an appropriate and relevant media. All the aspects of marketing communications like advertising, personal selling, public relations,

247

sales promotions etc to name a few magnifies the impact of brand equity (Kumar & Patra 2017). Generally two strong competitors always indulge into advertising that compares each other's brand hence showing their brands as superior compared to the others.

When they employ this strategy, they generally directly compare with the other for multi brands as compared to the market leaders where they tactfully use an indirect advertisement strategy. Another argument states that when there is high degree of competition among multiple brands as they are scattered in the market, advertisers generally employ direct comparisons with the competitors. (Kalro, D. A. 2015) Advertisers always design a careful and indirect communication while comparing with a market leader.

Emons and Fluet (2012) From the customer's point of view, advertisements help them in judging the various aspects of specific stores, brands, products etc offered by the competition in the market. The result of this is that customers gather lot of information about these specific stores, brands and products which helps them in finalizing their purchase decisions. Barigozzi, Garella and Peitz (2012) In comparison to content advertisements, there should be proper legal systems developed related to them as it can lead to advertising showing other products inferior or poor in quality rather than showing them in proper way. India still is lagging in such measures and it's high time when India should adopt such legal measures related to advertisements.

Selvakumar & Vikkraman, (2011) stresses upon the fact that advertisement is a very important part of marketing strategy and every organization big or small should invest in advertisement as it plays a paramount role in building strong brand equity. So considering the importance of it many organizations are resorting to advertisements with a sole purpose of building strong brand equity along with establishing communications with the customer. Customer finds it easy through advertisement to gather information of products and to compare with other competing products. It can be seen as a win-win situation for both the customer as well as the organization. From the customer point of view gathering useful information and differentiating the brands on the basis of comparison becomes easier and from the organizations point of view showing their products superior as compared to competition (Soscia et al., 2010). Researches that have shown a positive relationship between the structure of the market, the organizations size and the information depicted in the advertisement (Sun,2010; Guo and Zhao, 2009). Tong & Hawley, (2009) suggests that of all the strategies of marketing, advertisements are one strategy that has proved it to be the most potential in developing brand equity.

Advertisements in the contemporary context play a very important role in an organizations marketing perspective as it leverages the revenue of the organizations with the help of comparisons with the competition (Romano, 2005). Federal Trade Commission has addressed advertising as helping a brand identifying itself from a substitute brand on various parameters of price, quality, design etc (Berns and Morgan, 2002). Advertisements that indirectly refer to other products and services also fall under the category preference advertisements. A modern approach refers to advertisements as a type of communication that triggers a different kind of emotion in a customer as compared to other strategies (Hill & King, 2001).Aaker & Biel (1993) has stated in their study that

there is a direct relationship between brand equity and advertisements. Stronger is the communication strategy stronger will be the brand equity. Marketing communications especially advertisement plays a very important role in building strong brand equity's. Pechmann and Stewart (1990) studied the impact of direct as well as indirect advertisements. They found out that indirect advertisements are a very good strategy for moderate revenue brands. On many occasions it is very difficult to make out indirect advertisements and hence it generates a different emotion. Hence they concluded that there could be a considerable difference between direct and indirect advertisements, which somehow will explain the different results found in other studies of the past. Having said this, it's the indirect advertisements that are being followed as the comparable advertising strategy.

III. OBJECTIVES OF THE STUDY

Preference advertisement is the marketing strategy through which company show the presented product or services superior to its competitors. The objective of this study is to analyze the impact of preference advertisement in building the brand equity.

IV. RESEARCH METHODOLOGY

To study the objectives identifying various parameters of preference advertisement that has an impact on building the brand equity of the company, exploratory as well as descriptive research designs were considered that will justify the study in consideration. To begin with, a well structured questionnaire was developed and a survey was done to complete 350 responses from the respondents. The responses from the respondents were based upon convenience and judgment sampling techniques. Later the responses collected were analyzed using SPSS software. The different analysis tools used in the study are: Mean exploratory factor analysis confirmatory factor analysis and structural equation modeling technique.

V. DATA ANALYSIS

Table- I

		Frequency	Percentage
Gender	Male	172	49.1
	Female	178	50.9
Age	Up to 20 years	30	8.6
	21 to 30 years	131	37.4
	31 to 40 years	68	19.4
	41 to 50 years	78	22.3
	Above 51 Years	43	12.3
Education	Under Graduate	22	6.3
	Graduate	94	26.9
	Post Graduation	132	37.7
	Professional and other	102	29.1
Occupation			
	Student	62	17.7
	Business	73	20.9
	Services	131	37.4
	Professional	74	21.1
	House wife	10	2.9
Income	Upto 25000 PM	68	19.4
	26000 to 35000 PM	153	43.7
	Above 36000 PM	129	36.9

The demographic profile analysis displayed in the table it demonstrates the gender classification, study demonstrates around 49% male respondents and 50.9% female respondent in the sample size. In age examination of respondents which show that 8.6% is up to 20 years and 21 to 30-year respondents are 37.4% which contribute maximum to this study.

In the next age group, 31 to 40 respondents are 19.4%, while in the age group 41 to 50 are 22.3%, and in the age group beyond 51 years there were 12.3% respondents. Regarding the education level, it demonstrates that there are very few respondents which are 6.3% undergraduate and respondents having graduation is 26.9% while the postgraduate respondents are the 37.7% and rest 29.1% respondents are professional education. As per the occupation classification, the students are 17.7% and the respondents having the business are 20.9%. While the respondents are in the services i.e. 37.4%, most of the people are professional i.e. 21.1% and 2.9% of the respondents are Housewife of total sample size. As per the income analysis up to 25000 pm very few respondents i.e. 19.4% and in the income group 26000 to 35000 pm i.e. 43.7% respondents are in the sample size. While in the income level Above 36000 pm there are 36.9% respondents.

Table-II: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.878
Bartlett's Test of Sphericity	Approx. Chi-Square	4467.825
	Df	136
	Sig.	.000

Outcomes acquired out of 350 respondents had been completely broken down and result discussed in this part. To dissect the quality of relationship among factors the Kaiser-Mayer-Olkin (KMO) measure of testing ampleness was connected. The KMO measure of sampling sufficiency was figured to decide the appropriateness of utilizing factor examination it guarantees whether information are reasonable to perform factor analysis. Estimated KMO fluctuates in between 0 & 1 along with high esteems (near 1.0) by and large demonstrate that a factor investigation might be attractive with the information. KMO examining ampleness ought to be more noteworthy than 0.5 for agreeable examination or testing. In the table KMO value shows .878 sufficient for testing.

Table- III: Rotated Component Matrix

	Component				Communalities
	1	2	3	4	Extraction
Preference advertisement helps in enhancing the recognition for the sponsored brand.	0.897				0.827
Preference advertisement paves away for unique selling proposition of sponsored brand	0.866				0.768
Psychological tension on the purchase decision is likely to reduce through preference advertisement.	0.853				0.756
Preference advertisements helps in creating long lasting image in the minds of the consumers	0.841				0.748
Preference advertisement enhances the buyers urge for want satisfaction.	0.838				0.73
Preference advertisement provides a source of information of the product by re- enforcing its credibility.	0.833				0.731
Preference advertisement enables the customers to consume the products and services at the most competitive rates		0.917			0.851
Preference advertisement helps in differentiating the sponsored brand from other competing brands.		0.915			0.865
Preference advertisement brings an instant awareness about the sponsored brand by presenting the knowledgeable facts.		0.859			0.767
Preference advertisement mentions the correct ingredients of the sponsored brand.		0.851			0.813
Preference Advertising creates a congenial climate for the sponsored brand		0.85			0.78
Preference advertisements provides valuable information about brand to make final purchase decision			0.878		0.8
Preference advertisement highlights the features I am looking for			0.871		0.796
The Content of message of preference advertisement is very helpful and persuasive.			0.844		0.784
Preference advertisement presents the true picture of the sponsored brand				0.89	0.801
Preference advertisement help in recognizing the correct brand in comparison to other duplicate brand or competing brand				0.881	0.795
Preference advertisements are credible				0.851	0.755
Total	6.178	3.083	2.257	1.849	
% of variance	36.344	18.14	13.28	10.878	
Cumulative %	36.344	54.48	67.76	78.636	

In this part the SPSS used and with the help of rotation method in the factors analysis, it found the three factors. These factors are affecting the brand equity of the companies. The (PCA) principal component analysis has done to investigate the fundamental components related to 17 variables. This revealed that factors having the variance and i.e. 36.344% in factor 1 and 18.137% variance is carried by the factors 2, factor 3 having 13.277% variance and factor 4 having 10.878% variance. The table Principle components and Associated Variable Descriptive Statistics revealed that there are the four factors of preference advertisement that has an impact while building the brand equity which laying the different variables and they are reliable source of information, brand congruity, rational appeal and persuasive.

Confirmatory factor analysis (CFA) is a multivariate statistical procedure that is used to test how well the measured variables represent the number of constructs.

A Structural Equation Modeling on Analysis of Preference Advertisement in Building Brand Equity

A confirmatory factor analysis was carried out by using spss amos software. So to run the analysis effectively sample size of 350 was taken. The output of the confirmatory factor analysis model is constructed, presented and run in this study.Measurement model was constructed using all these factors with brand equity. While constricting the model bootstrapping was done, as with the help of it multiple sub-sample of the same size as of the original sample were drawn in order to provide data for empirical investigation of the variability of the certain parameters in statistical analysis and indices of fit (Byrne,2010).
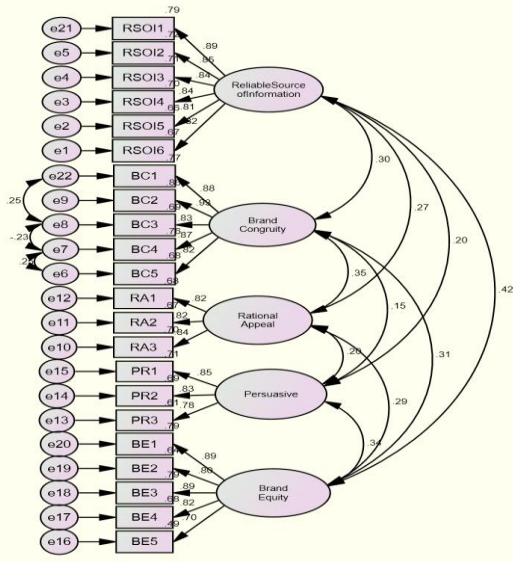

Table- IV: Fit Measures

Fit Statistics	Required for good fit	Required for acceptable fit	Obtained
χ^2			390.618
Df			196
CMIN(χ^2/df)	$0 \le$ Chi-Square/df ≤ 2	$2 \le$ Chi-Square/df ≤ 5	1.993
P	$0.05 \le p \le 1.00$	$0.01 \le p \le 0.05$	0
GFI	$0.95 \le$ GFI ≤ 1.00	$0.90 \le$ GFI ≤ 0.95	0.908
AGFI	$0.90 \le$ AGFI ≤ 1.00	$0.85 \le$ GFI ≤ 0.90	0.882
NFI	$0.95 \le$ NFI ≤ 1.00	$0.90 \le$ NFI ≤ 0.95	0.935
CFI	$0.97 \le$ CFI ≤ 1.00	$0.95 \le$ CFI ≤ 0.97	0.966
TLI	>.9	<5.0	0.96
RMSEA	<0.05	<0.08	0.053

(*Source: Schermelleh - Moosbrugger & Muller (2003); Schumacker &Lomax, (2004); Hair et al. (2010); Forza & Filippini (1998); Greenspoon& Saklofske (1998); Awang (2012)*)

CFA on various variables with 17 items of preference advertisement (6 item on reliable source of information, 5 items on brand congruity, 3 items on rational appeal and 3 item on persuasive) and 5 items of Brand equity produced the following results: CMIN: 1.993, p-value=.0.00, GFI(Goodness of Fit): .908, AGFI (Adjusted Goodness of Fit): .882, NFI (Normed fit Index): .935, RFI (Relative Fit Index): .923, CFI (Preference Fit Index)0.966, TLI (Tucker Lewis Index): .960 RMSEA: 0.053, representing suitability of the measures to be used for further analysis.

From the table below 5 we can see that all the factors (6 item on reliable source of information, 5 items on brand congruity, 3 items on rational appeal and 3 item on persuasive) have the estimate value above 0.5 at 95% level of significance which indicates that significant relation.

Table- V

	Factor Loading	Square of factor loading	(1-Square of factor loading	AVE	CR	MSV	ASV
Reliable Source of Information	0.889	0.790321	0.20969	0.707622	0.93552	0.177241	0.095047
Reliable Source of Information	0.849	0.720801	0.279199				
Reliable Source of Information	0.841	0.707281	0.292719				
Reliable Source of Information	0.835	0.697225	0.302775				
Reliable Source of Information	0.812	0.659344	0.340656				
Reliable Source of Information	0.819	0.670761	0.329239				
	5.045	**4.245733**	**1.754267**				
Brand Congruity	0.876	0.767376	0.232624	0.751642	0.937909	0.120409	0.079151
Brand Congruity	0.927	0.859329	0.140671				
Brand Congruity	0.833	0.693889	0.306111				
Brand Congruity	0.871	0.758641	0.241359				
Brand Congruity	0.824	0.678976	0.321024				
	4.331	**3.758211**	**1.241789**				
Rational Appeal	0.825	0.680625	0.319375	0.685078	0.867123	0.085849	0.063733
Rational Appeal	0.821	0.674041	0.325959				
Rational Appeal	0.837	0.700569	0.299431				
	2.483	**2.055235**	**0.944765**				

				0.672558	0.860247	0.114244	0.114244
Persuasive	0.845	0.714025	0.285975				
Persuasive	0.831	0.690561	0.309439				
Persuasive	0.783	0.613089	0.386911				
	2.459	2.017675	0.982325				

Convergent validity and discriminant validity was tested to know if the constructs have a relationship with one another. In convergent validity we checked CR and AVE. CR>0.7 whereas AVE>0.5. If the value of AVE is above 0.7 it is considered as good and if the value is above 0.5 it is considered acceptable.

From the above table we can see that AVE value for all the factors is above 0.5 which is acceptable. Similarly in the case of CR all the factors have value above 0.7 whereas in discriminant validity we checked MSV (maximum shared variance) and ASV (average shared variance). MSV should be smaller than AVE similarly ASV should be smaller than AVE (MSV <AVE and ASV<AVE) and from the table above the value of MSV and ASV of the factors is smaller than AVE. Therefore the convergent and discriminant validity result shows that all the factors have relationship with one another.

After successfully using Confirmatory factor analysis (measurement model), a Structural Equation Model was designed and then using software AMOS (version 26) it was run. Main purpose of using a structural equation modeling technique was to test together all multiple regression equations in the same structure. Moreover this technique also helps us to figure out interconnections between the preference advertisement variables and brand equity. So to use the model effectively a sample size of 350 was achieved in this study. The output of the Structural Equation Model is constructed, presented and run in this study.
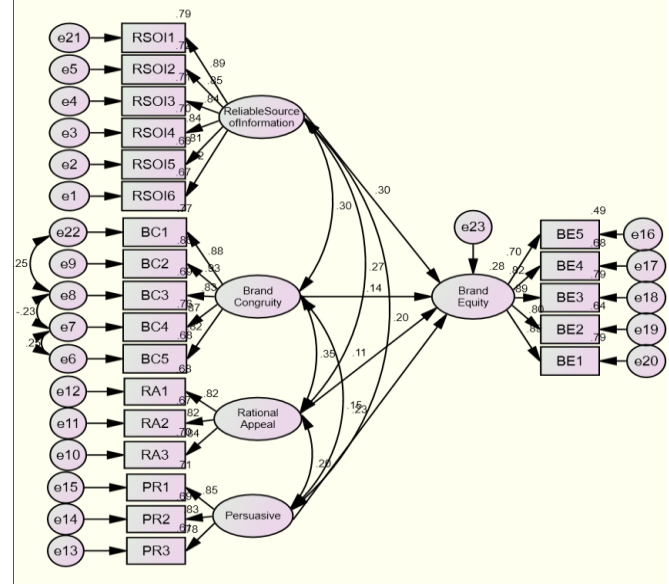

Table- VI

			Estimate	S.E.	C.R.	P	Label
Brand Equity	<---	Reliable Source_of Information	0.331	0.061	5.433	***	par_24
Brand Equity	<---	Brand_Congruity	0.124	0.052	2.389	0.017	par_25
Brand Equity	<---	Rational_Appeal	0.135	0.067	2.007	0.045	par_26
Brand Equity	<---	Persuasive	0.296	0.07	4.214	***	par_27

It was assumed that there is significant impact of preference advertisement on brand equity. From the research model it is seen that the value of p of all the factors of preference advertisement is > than the (.05) hence it is concluded that there is significant impact of preference advertisement on building brand equity.

Table 6 presents the results of significance of the relationship between the variables. The factors of preference advertisement have significant impact on building brand equity. The impact of Reliable source of information on the brand equity (β= 0.331, and p = 0.000); Brand Congruity on brand equity (β= 0.124, and p = 0.017); Rational appeal on brand equity (β= 0.135, and p = 0.045); and Persuasive on brand equity (β= 0.296, and p = 0.000) found significant impact on building brand equity. The p-value for all the variables are presented as *** indicating that the relationship is highly significant. This shows that preference advertisement has a significantly positive impact on building the brand equity.

VI. CONCLUSION

Preference advertisement strategy is also known as Knocking copy strategy where the sponsored brand is openly compared with one or more competing brands and the comparison is apparent for the spectators. The aim of preference advertising is to provide consumer the information through which they can get influence and purchase the product and to convince the audience through evaluation. On the opposing side, preference advertisement can either be transferred directly to the brand. Therefore this study focuses on the impact of preference advertisement on building brand equity. The findings of the study are presented in the model and shows that there is a significant impact of the various preference advertisement on building brand equity.

REFERENCES

1. Aaker, D. A., & Biel, A. L. (1993). Brand equity and advertising: Advertising's role in building strong brands. Hillsdale, NJ: Lawrence Erlbaum Associate
2. Arti d. Kalro (2015), the ad format-strategy effect on comparative advertising effectiveness, European journal of marketing volume 51, issue 1
3. Awang, Z. (2012). Structural equation modeling using AMOS graphic. Penerbit Universiti Teknologi MARA.

Retrieval Number: A4007119119/2019©BEIESP
DOI: 10.35940/ijitee.A4007.119119
Journal Website: www.ijitee.org

251

Published By:
Blue Eyes Intelligence Engineering
& Sciences Publication

4.   Barigozzi, F., Garella, Paolo G. and Peitz, M. (2012). With a Little Help from my Enemy: Comparative Advertising as a Signal of Quality. University of Mannheim, 68131 Mannheim (Germany)
5.   Byrne, B. M. (2010). Structural equation modeling with AMOS, (2nd ed.). New York: Routledge.
6.   Emons, W., & Fluet, C. (2012). Non-comparative versus comparative advertising of quality. International Journal of Industrial Organization, 30(4), 352-352. Retrieved from doi:10.1016/j.ijindorg.2012.01.004
7.   Forza & Filippini, R. (1998). Tqm impact on quality conformance and customer satisfaction: a causal model. International journal of production economics, 55(1), pp.1–20.
8.   Greenspoon & Saklofske, D.H. (1998). Confirmatory factor analysis of the multidimensional students life satisfaction scale. Personality and Individual Differences, 25(5), pp. 965–971
9.   Hair, J.F., Black, W.C., Babin, B.J., & Anderson, R.E. (2010). Multivariate Data Analysis. Seventh Edition. Prentice Hall, Upper Saddle River, New Jersey.
10. Hill, M. E., & King, M. (2001). Comparative vs. noncomparative advertising: Perspectives on memory. Journal of Current Issues & Research in Advertising, 23(2), 33-52
11. Kumar, S., & Patra, S. (2017). Prevalent advertising media & its role to build brand equity: A review. Asian Journal of Research in Business Economics and Management, 7(7), 78-87.
12. Kumar, S., & Patra, S. (2017). Does promotion mix really help to enhance brand equity: A literature review. Indian Journal of Commerce and Management Studies , 8(2).
13. Romano, C. (2005). 'Comparative Advertising in the United States and France', 25 Nw. J. Int'l L. & Bus, 371 (2005).
14. Schermelleh-Engel, K., & Moosbrugger, H. (2003). Evaluating the fit of structural equation models: tests of significance and descriptive goodness-of-fit measures. Methods of Psychological Research Online, 8(2), 23-74.
15. Schumacker, R. E., & Lomax, R. G. (2004). A beginner's guide to structural equation modeling, Second edition. Mahwah, NJ: Lawrence Erlbaum Associates.
16. Selvakumar, J. J., & Vikkraman, P. (2011). The impact of advertising and price promotions on brand equity in the service sector. Journal of Contemporary Research in Management, 6(3), 51.
17. Sun, Y., Lim, K., Jiang, C., & Sun, J. (2010). Do Males and Females Think in the Same Way? An Empirical Investigation on the Gender Differences in the Web Advertising Evaluation. Journal of Computers in Human Behavior, 26(6), 1614-1625.
18. Soscia, I., Girolamo, S., & Busacca, B. (2010). The Effect of Comparative Advertising on Consumer Perceptions: Similarity or Differentiation? Journal of Business Psychology, 25, 109-118.
19. Pechmann, C. & Stewart, D. W. (1990). The effects of comparative advertising on attention,memory, and purchase intentions. Journal of Consumer Research, 17(2), 180-191.
20. Tong, X., & Hawley, J. M. (2009). Creating brand equity in the Chinese clothing market: The effect of selected marketing activities on brand equity dimensions. Journal of Fashion Marketing and Management: An International Journal, 13(4.), 566-581.
21. Wright, B., and Morgan, F. (2002). 'Comparative Advertising in the European Union and the United States: Legal and Managerial Issues', Journal of Euromarketing, 11(3), 7-31.

AUTHORS PROFILE

Dr. Diksha Panwar Assistant Professor Management, Uttaranchal Institute of Management. Currently working as Assistant Professor in Uttaranchal Institute of Management, Uttaranchal University, Dehradun. Field of specialization- International Business and Marketing. Has attended Seminars and Conferences at various levels, many papers published in various national and international journals (including SCOPUS). Area of Research - International Business, Consumer Buying Behaviour, advertisement, social media marketing and branding.

Dr. Monika Bangari Assistant Professor Tula college. Field of specialization- Marketing and Human Resouce. Has attended seminars , conferences and FDP at various levels, published many papers in national and international journals .

Dr. Sandeep Kumar Thakur is working as Assistant Professor in the department of Legal studies in Law College Dehradun, Faculty of Uttaranchal University. He completed his BBA from Himachal Pradesh University, Shimla, MBA from Sri Sai University Palampur (HP) and PhD from Uttranchal university, Dehradun. His research interest includes Marketing Management, Consumer Behavior, Brand Equity, Brand Management, Retail Management, Sales and Distribution, Advertising and communication. He has published many Research papers in various international Journals including Scopus Index Journal.