Relationship among Marketing Activities, Employees' Knowledge & Brand Equity, and Its' Impact on the Firms' Performance

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Abstract: Marketing activities, employees' knowledge and brand equity have got strong impact on the over all firms' performance. Firms should evolve their strategies according to the existing customers' needs and also concentrate on improving their employees' skills and knowledge. Brand equity is established through the proper positioning of he brands in the mind of the customers. Majority of the firms have agreed that effective marketing activities, their proper application, employees' knowledge and brand equity have got positive impact on the firms' performance. 40 percent respondents are of the opinion that there is significant importance of brand equity. 53 percent of the firms are not taking any kind of marketing activities, though they know the importance of marketing in their particular business.
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1. Introduction

There are many a factors through which the firms' performance can be judged. Factors are many faceted and usually firms are unable to identify the few selected factors, on the basis of which performance can be judged. In current situations and evolving trends, factors like viable marketing activities, employees' knowledge (skills and experience) and brand equity play a significant role in improving the firms' performance. With the advent of new tools and technology, knowledge, both employees and customers, and customer based brand equity (CBBE), it is imperative that the firms should concentrate on these factors. It is also important that the firms should evolve there marketing strategies according to the existing needs of the customers. Recent times have noticed a lot of changes in the marketing approaches and practices, such as globalization, deregulation, market fragmentation, consumer empowerment, and environmental concerns. Along with these remarkable developments in computers, software, the Internet, and cell phones, the world has unquestionably become a very different place for marketers. With the passage of time the consumers have become more educated and disciplined, therefore it is incumbent for marketers to create and communicate the true value of their products and services.

Marketing should be called as the competitive edge of every business. Marketing practices are differing from continent to continent, countries to countries, cities to cities and sector to sector in relation with social, cultural and economic backgrounds. The differentiation among space, time and effectiveness of marketing practices could be the distinction for any firm or business in particular environment. Besides this behavior and attitude of employees play major role in satisfying the customers. Human capital is getting wider attention with increasing globalization and also the saturation of the job market due to the recent downturn in the various economies of the world. Developed and developing countries put emphases on a more human capital development towards accelerating the economic growth by devoting necessary time and efforts. Thus human capital development is one of the fundamental solutions to enter the international arena. Specifically, firms must invest necessary resources in developing human capital which tend to have a great impact on performance.

Furthermore CBBE is getting the prime attention of the marketers, because this one factor is getting significant importance in the changing environment. A brand is a name, term, sign, symbol, or design, or a combination of them intended to identify the goods or services of one seller from among a group of sellers and to differentiate them from those of the competitors. A successful brand is an identifiable product (consumer or industrial), service, person or place, augmented in such a way that the buyer or user perceives relevant and unique added values, which match their needs closely. If a brand provides good service over many years of regular use, it acquires added values of familiarity and proven reliability. The added values can come for example, from experience of using the brand, e.g., familiarity, reliability, risk reduction and character; from the kind of people who use the brand, e.g., rich and snobbish, young and glamorous; from a belief that the brand is effective, e.g., promised satisfaction and delivered uniform and consistent quality; from the appearance of the brand, which is one of the prime functions of packaging; and from a manufacturer's name and reputation. (Bradley 1995, 517–519; de Chernatony – McDonald 1992, 18–19; Doyle 1998, 169–170; Jones 1986, 30–31)

Brand success is a complex and multidimensional construct, which should be assessed over a long-term perspective and in relation to both the brands' stakeholders and its competitors. The criteria for a brand's success can be classified to business-based measures or to consumer-based measures. They are interrelated and cannot be considered in isolation. Rather, they are mutually dependent because business-based measures such as profit or market share often follow from consumers' perceptions and responses to a brand. (de Chernatony – Dall'Olmo Riley – Harris 1998, 766–778)

The concept of brand equity emerged in the early 1990s. It was not defined precisely, but in practical terms it meant that brands are financial assets and should be recognized as such by top management and the financial markets. Brand equity includes not only the value of the brand, but also implicitly the value of proprietary technologies, patents, trademarks, and other intangibles such as manufacturing know-how. Although a company's stock price represents more than brand equity, when one of a company's brands gets into trouble, a change in brand equity can significantly affect the stock price. (Aaker 1996; Keegan – Moriarty – Duncan 1995, 325; Kerin – Sethuraman 1998; 260–261) The financial value of a brand depends on its brand strength. It can be strengthened by investing in product quality and in advertising. In contrast, price promotions produce short-term increases in sales but do nothing to build long-term brand equity. (Barwise 1993, 94–95)

2. Review of Literature

Powerful brands create meaningful images in the minds of consumers (Keller, 1993), with brand image and reputation enhancing differentiation and thus potentially having a positive influence on buying behaviour (Gordon, Calantone and di Benedetto, 1993; McEnally and de Chernatony, 1999). Branding in consumer markets has been shown to increase a company's financial performance and long term competitive position (Mudambi, 2002).

Nowadays, building and accessing to vigorous and influential brand is one the first priorities in companies as it brings about lots of privileges and reputation for them. Branding is becoming ever more important as firms face an increasingly global and competitive marketplace. They remain a tool of differentiation according to the type of market and the brand positioning. Brand equity refers to the intangible value that accrues to a company as a result of its successful efforts to establish a strong brand. Creating a successful promotional mix plan that will increase results often takes experimenting and market research. In this paper, we study the influence of promotional mix elements on brand equity.

In the services marketing literature, a few authors have suggested new approaches to build a strong brand in the service sector (e.g. De Chernatony, 2002; Berry, 2000; De Chernatony and Dall'Olmo Riely, 1999). They recognize and emphasize the importance of employees during their interactions with customers and their ability to distill the brand values in order to create a specific meaning to the brands.

De Chernatony and Dall'Olmo Riely (1999) argued that successful service brands have built a nurtured relationship between employees and customers based on certain functional and emotional values of the brand. The employees must be imbued with the desired image of the service and play their appropriate roles in the brand promises. Most authors who focus on service branding agree that employees' attitude, belief, value, and behavioral style reflect the brand. As most service brands are about the delivery of promises through personal interactions, successful service branding models would not only stress an external orientation, as evident in consumer goods branding but rather try to find a balance between internal and external perspectives (De Chernatony et al., 2003; De Chernatony and Harris, 2000; Schneider and Bowen, 1993).

Heskett et al (1994) has highlighted a strong relationship between employees, service quality and company profitability. Therefore, it is not surprising that service quality dominates the service marketing literature and that few researchers have examined the relationships between employees' behavior and brand equity. Regarding the employees' attitude and behavior Ind (1997) has shown a crucial role in the brand image formation process. Actually, it is the customer total experience with a service organization which forms the brand image into the customer' mind. A lack of employee commitment will have some negative consequences like inconsistent messages or negative word of mouth that will impact the clarity and meaning of the brand in the stakeholders' mind (Miles and Mangold, 2004).

3. Materials and Methods

The study was conducted on 150 respondents, of large departmental stores, situated in Abbottabad, Pakistan. The data was collected through questionnaire designed specifically to know the responses of the respondents. The questionnaire consisted of 10 questions, with responses on five point Likert scale. Likert scale was 1 for strongly disagree to 5 for strongly agree. The responses were recorded accordingly. The data was tabulated and analyzed on SPSS. Correlations and descriptive statistics were calculated. The results also show the reliability statistics (Cronbach's Alpha). The questionnaire consisted of the following questions:

1. Brand equity has got significant influence on the firm's performance
2. Brand equity requires quantitative and qualitative investments
3. Kind of marketing activity undertaken to improve brand equity
    a. Product design
    b. Brand image
    c. Pricing
    d. Channel distribution
    e. Corporate social responsibility
4. Marketing activities applied has conveyed the message to the customers
5. Agreement to taking brand equity measurement exercises
6. Employees know the true value of brand equity
7. Measures which are being taken have given you the desired results
8. Customers' most important criteria for brand preference
    a. Quality
    b. Cost
    c. Availability
    d. Durability
9. Customers' preference of your brand over the competition
10. Knowledge about the competition and their strategies

It may be noted that questions No. 3 and 8 are excluded from the correlations and included for the frequencies, which were analyzed on SPSS.

4. Results and Discussion

Table 1: Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Q.1	150	3.00	5.00	3.8000	.77460
Q. 2	150	3.00	5.00	3.8667	.83381
Q. 3	150	1.00	3.00	1.5333	.63994
Q. 4	150	1.00	5.00	3.5333	.91548
Q. 5	150	3.00	4.00	3.2000	.41404
Q. 6	150	1.00	4.00	1.5333	.83381
Q. 7	150	1.00	4.00	2.4667	.99043
Q. 8	150	1.00	4.00	1.9333	.88372
Q. 9	150	1.00	4.00	3.0667	.70373
Q. 10	150	3.00	5.00	3.7333	.88372

Table 2 shows the overall reliability of the questionnaires.

Table 2: Reliability Statistics

Cronbach's Alpha	N of Items
0.805	100

Table 3 shows the frequency distribution of each questions in which the respondents were respond in either strongly disagree (1) to strongly agree (5).

Table 3: Brand equity has got significant influence on the firm's performance

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Neutral	60	40.0	40.0	40.0
	Agree	60	40.0	40.0	80.0
	Strongly Agree	30	20.0	20.0	100.0
	Total	150	100.0	100.0	

Majority of respondents are agreeing that brand equity has got strong influence on the firms' performance (Table 3), because powerful brands create meaningful images in the mind of the customers. This also shows that majority of the firms know the importance of brand equity. To add on the firms' performance, majority of the firms' owners agree that both quantitative and qualitative investments are required (Table 4).

Table 4: Brand equity requires quantitative and qualitative investments

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Neutral	60	40.0	40.0	40.0
	Agree	50	33.3	33.3	73.3
	Strongly Agree	40	26.7	26.7	100.0
	Total	150	100.0	100.0	

Whatever the marketing activities, that is needed, are not employed by majority of the firms (Table 5). Though it is felt that there is a dire need for the proper application of any kind of marketing activities. Effective marketing activities play a major role in improving the firms' performance. Almost 93 percent respondents are of the opinion that they have not taken any proper marketing activities to establish or improve the brand equity.

Table 5: Kind of marketing activity undertaken to improve brand equity

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Product design	80	53.3	53.3	53.3
	Brand image	60	40.0	40.0	93.3
	Pricing	10	6.7	6.7	100.0
	Total	150	100.0	100.0	

Though quit a few respondents have applied the required marketing activities to improve their performance, it is obvious that the strategies applied have so far not conveyed the required message to the customers. Furthermore, it is required on the part of the firms' owners, employees and also the customers to know the true value of proper application of different marketing activities. For this purpose the firms' owners should concentrate on training and development of their employees. On part of the customers, they should also ask for the quality services. This could be achieved by activating the customer relationship department. Here it can be observed that whatever the marketing activities applied by the firms, 53 percent respondents are of the opinion that they have communicated the proper message to the customers (Table 6).

Table 6: Marketing activities applied has conveyed the message to the customers					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	10	6.7	6.7	6.7
	Neutral	50	33.3	33.3	40.0
	Agree	80	53.3	53.3	93.3
	Strongly Agree	10	6.7	6.7	100.0
	Total	150	100.0	100.0	

Table 7 shows quite contrasting opinions, when the respondents were asked about the agreement on applying the proper marketing activities to establish brand equity. 80 percent respondents could not decide upon the agreement, because, as depicted in Table 5, 60 percent respondents agree, that establishing brand equity requires a lot of qualitative and quantitative investments on part of the firms' owners to improve the firms' performance. But still 40 percent respondents could not decide on adopting proper marketing activities.

Table 7: Agreement to taking brand equity measurement exercises					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Neutral	120	80.0	80.0	80.0
	Agree	30	20.0	20.0	100.0
	Total	150	100.0	100.0	

Besides implementing marketing activities, employees also play a major role in improving the firms' performance. Table 8, shows that 93 percent respondents disagree with the opinion that their employees know the true value of the brand equity, hence may not know the impact of employees' knowledge and skills on building strong relationship with the customers. As highlighted and discussed in literature, strong relationships with the customers helps a lot in adding on new customers and also helpful in retaining the loyal customers for a longer period, which may be ultimately beneficial for the firms' performance.

Table 8: Employees know the true value of brand equity					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	90	60.0	60.0	60.0
	Disagree	50	33.3	33.3	93.3
	Agree	10	6.7	6.7	100.0
	Total	150	100.0	100.0	

As discussed earlier, what ever the marketing activities are employed by the firms, 6 percent respondents disagree that they have got the desired results. 60 percent respondents are unable to decide on getting the desired results, while 33 percent responded that proper application of any kind of marketing activities have provide desirable results in improving their firms' performance (Table, 9).

Table 9: Measures which are being taken have given you the desired results

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	40	26.7	26.7	26.7
	Disagree	10	6.7	6.7	33.3
	Neutral	90	60.0	60.0	93.3
	Agree	10	6.7	6.7	100.0
	Total	150	100.0	100.0	

Keeping in view the customers' criteria for brand selection, which were product design, brand image, pricing, channel distribution and corporate social responsibility, the respondents were of the opinion that 46 percent of their customers give value to brand image. Only 13 percent of their customers are concerned about the prices of brands, which they purchase. Table 10 shows that 80 percent respondents are of the opinion that majority of their customers give priority to product design (33 percent) and brand image (46 percent), over the price of any brand. This shows that the firms owners know their customers, and also their preferences. This may be helpful in defining the marketing activities, whatever implanted can help a lot in improving the performance.

Table 10: Customers' most important criteria for brand preference

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Quality	50	33.3	33.3	33.3
	Cost	70	46.7	46.7	80.0
	Availability	20	13.3	13.3	93.3
	Durability	10	6.7	6.7	100.0
	Total	150	100.0	100.0	

Table 11: Customers' preference of your brand over the competition

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	10	6.7	6.7	6.7
	Neutral	110	73.3	73.3	80.0
	Agree	30	20.0	20.0	100.0
	Total	150	100.0	100.0	

53.3 percent of the respondents agree with the statement that they have any knowledge about their competition and their strategies. This kind of situation which is existing in this particular market, all the firms are required to study the market situation and do a SWOT analysis, so that they may be able to know the market and design marketing activities to improve the firms' performance (see, Table 12).

Table 12: Knowledge about the competition and their strategies

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	3	8	53.3	53.3	53.3
	4	3	20.0	20.0	73.3
	5	4	26.7	26.7	100.0
	Total	15	100.0	100.0	

Table 13 show that there is significant correlation (2-tailed) between the variables. Keeping in view the importance of effective marketing activities, employees' and CBBE, it is clearly depicted that majority of the respondents have shown agreement for many factors. It is also indicated that the significance of all these factors can not be denied and, if all these factors are implemented in true spirit, will definitely affect the firms' performance positively.

Table 13: Correlation Matrix

		1	2	4	5	6	7	9	10
1	Pearson Correlation	1	**.951****	**.665****	.356	**.509**	.130	**.550***	**.856****
	Sig. (2-tailed)		.000	.007	.192	.053	.643	.034	.000
	N	15	15	15	15	15	15	15	15
2	Pearson Correlation	**.951****	1	**.661****	.290	**.521***	.167	**.625***	**.918****
	Sig. (2-tailed)	.000		.007	.295	.047	.551	.013	.000

	N	15	15	15	15	15	15	15	15
4	Pearson Correlation	**.665****	**.661****	1	.452	.349	**.494**	**.828****	**.542***
	Sig. (2-tailed)	.007	.007		.091	.202	.061	.000	.037
	N	15	15	15	15	15	15	15	15
5	Pearson Correlation	.356	.290	.452	1	**.703****	.453	.196	.156
	Sig. (2-tailed)	.192	.295	.091		.003	.090	.484	.578
	N	15	15	15	15	15	15	15	15
6	Pearson Correlation	**.509**	**.521***	.349	**.703****	1	**.456**	.179	**.498**
	Sig. (2-tailed)	.053	.047	.202	.003		.088	.524	.059
	N	15	15	15	15	15	15	15	15
7	Pearson Correlation	.130	.167	**.494**	**.453**	**.456**	1	.362	.234
	Sig. (2-tailed)	.643	.551	.061	.090	.088		.185	.401
	N	15	15	15	15	15	15	15	15
9	Pearson Correlation	**.550***	**.625***	**.828****	.196	.179	.362	1	**.605***
	Sig. (2-tailed)	.034	.013	.000	.484	.524	.185		.017
	N	15	15	15	15	15	15	15	15
10	Pearson Correlation	**.856****	**.918****	**.542***	.156	**.498**	.234	**.605***	1
	Sig. (2-tailed)	.000	.000	.037	.578	.059	.401	.017	
	N	15	15	15	15	15	15	15	15

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

*. Correlation is significant at the 0.05 level (2-tailed).

5. Conclusion

Though the size of the sample was small, but the results depict that marketing activities and their proper application, along with employees' knowledge and brand equity, have got significant impact on the firms' performance. Strong relationships exist among the questions asked from the respondents. Furthermore majority of the respondents agree that brand equity has got strong influence on the firms' performance and require a lot of quantitative and qualitative investments. Despite knowing the importance of effective marketing activities, to establish brand equity, majority of firms are not taking any kind of marketing activities. Along with this, what activities are being taken, have conveyed the message to the customers. Majority of the firms agree that they should use effective exercises to build brand equity. On part of the employees', do not know the true value of brand equity. The results also show that majority of firms are looking for quality and cost.

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