



A Study to Compare Brand Equity Perceptions of Discount Retailers and Supermarkets

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Extensive Summary

In recent years, the retail sector in Turkey has made a very significant development. This development in the sector brought with it intense competition environment. Especially in fast-moving consumer goods (FMCG) retailers, this competition is felt intensely. Retailers covered in the study are the largest retailers in the Turkish HTM sector (retailer.net, 2016). One of these two retailers is a national discount market while the other is a national supermarket (Rekabet Kurumu, 2016). This study is based on the judgment that the dimensions of brand equity will differ according to these retailer types.

Brand equity can be defined as the additional value to be added to the product by branding a non-branded product (Farquhar, 1989; Keller, 1993; Sriram et al., 2007). Aaker (1991) defined the dimensions of brand equity as brand awareness, brand associations, perceived quality, brand loyalty, and other assets. This work, which has been the subject of FMCG retailers, has been assessed as a consumer-based view that is based on Aaker (1991). In this context, the perceptual dimensions of the brand in the consumer mind will be studied and examined in terms of related retailers.

As indicated by Yoo et al. (2000), brand equity dimensions are influenced by the company's marketing efforts. There are many other studies in the literature investigating the effects of marketing efforts on brand equity (Ramos and Franco, 2005; Chen, 2007; Buil et al, 2013, etc.). Supermarkets devote more resources to marketing efforts than discount markets, and product prices are relatively higher because of such extra costs. In this context, brand equity can be expected to be higher in supermarkets than discount markets. There are also other studies in the literature that carried out with the same approach (Jinfeng and Zhilong, 2009; Pappu and Quester, 2006-2008). In this context, the aim of this study is to examine whether brand equity dimensions are perceived

differently in terms of the perceptions of discount stores and supermarket customers. To achieve this aim, the following hypotheses were developed within the context of the study:

H₁: The perception of the "brand loyalty" dimension of brand equity differs in terms of discount stores and supermarket customers.

H₂: The perception of the "brand associations" dimension of the brand equity differs in terms of discount stores and supermarket customers.

H₃: The perception of the "brand awareness" dimension of brand equity differs in terms of discount stores and supermarket customers.

H₄: The perception of the "quality perception" dimension of brand equity differs in terms of discount stores and supermarket customers.

In this study, brand equity dimensions are compared that the specified retailer customers perceived towards their retailers. The sample was specifically identified as these retailers' customers. Because these retailers have the highest turnover in their own categories (retailer.net, 2016). The sample consists of individuals who reside in Sakarya and who makes most of their purchases from related markets. 231 surveys were obtained as a result of the data collection exercise.

In order to test the hypotheses formed within the scope of the study, the factor structure of the scales used firstly needs to be examined. An exploratory factor analysis was conducted for this purpose. First, it was tested whether the data were appropriate for factor analysis. The Kaiser-Meyer-Olkin (KMO) test for this purpose was found to be above the critical level of 0.7 (0.84). This value indicates that the sample is sufficient for analysis (Sharma, 1996: 116). The result of the factor analysis performed is that the best fit is four-dimensional structure. Four-dimensional structure of the brand equity can be described as the most preferred structure in the literature (Aaker, 1996). When the factor loads of the expressions are examined, it is seen that all the values are above the critical level of 0.5. The structure revealed as four factors accounts for 65.8% of the total variance. The Cronbach Alpha coefficient of each factor is above the critical value of 0.70 (Bland and Altman, 1997) and it can be said that factors has the internal consistency.

Independent group t-test was conducted to test hypotheses constructed within the scope of the study. According to the results of the independent group t-test conducted to determine whether the perceptions of brand equity dimensions differ in terms of the discount market and the supermarket covered in the study;

- There is a significant difference between discount store customers and supermarket customers in terms of perceptions regarding the brand loyalty dimension of brand equity ($p = 0.014$). According to these results, H1 hypothesis has been supported.

- There is a significant difference between the discount store customers and the supermarket customers in terms of perceptions regarding the brand associations' dimension ($p = 0,044$). According to these results, the hypothesis of H2 is supported.

- There is no significant difference between discount store customers and supermarket customers ($p = 0.381$) in terms of perceptions regarding the brand awareness dimension of brand equity. According to these results, the H3 hypothesis is rejected.

- There is a meaningful difference between discount store customers and supermarket customers ($p < 0.001$) in terms of perceptions regarding the brand perceived "perceived quality" dimension. According to these results the H4 hypothesis has been supported.

HTM retailing in Turkey continues to grow rapidly. Especially after the financial crisis of 2001, new players have been included in the category of discount discount markets. These new retailers have been able to limit the cost of their promotions so that they can offer consumers a reasonable quality with a low price. One of the most important structural problems faced by discount markets in Turkey is the negative images of consumers in their minds. One of the most important reasons for this is that retailers do not allocate as much budget as supermarkets to their promotion efforts. As in many countries of the world, this situation is similar in Turkey.

There are many studies in the literature that have found that advertising and promotion efforts have affected brand equity positively (Yoo and Donthu, 2001; Build et al., 2003, etc.). Findings obtained as a result of this study support the findings of studies that indicate that advertising and promotional efforts make positive contributions to brand equity. As a result of the study, it was revealed that there is a significant difference for the perceptions of brand equity dimensions between the discount stores and super markets operating in the HTM retail sector. This difference emerged in the 3 dimensions of brand equity respectively loyalty to retailers, perceived quality and association dimensions. The difference that emerges in these three dimensions reveals that there are different perceptions towards brand equity from the point of view of different kind of retailer customer.

Between two retailers, the difference in brand awareness is not significant. This is understandable when the attributes of the industry in which the study is performed taken into the account. Both retailers are well known brands in Turkey and it can easily be said that the level of consciousness and awareness of consumers is high against both brands. There are also other studies in the literature that didn't take awareness dimension into account. In one of the most cited study in the literature, Yoo et al. (2001) has considered the brand equity as three dimensions by ignoring the awareness dimension in his works.

There is also a meaningful difference between the perceptions of the customers of the two retailers in terms of associations to the retailer, which is another dimension of brand equity. Promotion efforts are one of the main elements in the development of positive associations for a brand. With this respect, when intensive promotion efforts by the supermarket included in the scope of the study are included in the account, it can be considered that a meaningful difference between the associations for the two brands can be expected.

When the study results are examined in terms of quality perceptions of two retailers, it is seen that the quality perception of discount market is relatively lower than the perception of supermarket quality. This can be regarded as a chronic problem of all discount markets. If the discount market, which is covered in the scope of the study, can increase the activities that will lead to a positive change in the perception of quality towards the consumer mind, it will be able to provide a great advantage over the supermarket. In addition, it appears that the discount retailer has succeeded in creating a highly loyal customer portfolio. This loyal customer profile, which the discount market

has, can be considered as one of the most important reasons why it can succeed to remain one of the sector leaders in Turkey despite the low quality perception of this retailer.