

THE EFFECTS OF PROMOTIONAL MIX TOOLS ON BRAND EQUITY AMONG HOSPITALS IN NAIROBI COUNTY

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Abstract

Brand equity is a marketing strategy and can be created and maintained for the benefit of an organisation. Building brand equity entails promotional activities that create value for the brand and increasing the ability to recall or recognise it. Advertising has the ability of changing the favourability and strength of a brand. This study sought to establish the effect of advertising on brand equity. The study adopted a descriptive survey research design with the target population being the staff of NHIF accredited hospitals in Nairobi County. Using a combination of stratified and simple random sampling, a sample size of 100 was selected. The data instrument used was structured questionnaires which were filled and collected back for analysis. Using SPSS, descriptive statistics of frequency distribution and central tendency were applied to analyse the data. Regression tests were used to determine the relationship between the variables. The study established that advertisement affects brand equity among the hospitals with a significant correlation $R= 0.517$, such that it determines 32.6% variance of brand equity. The study recommends that the hospitals should consider adopting advertisement as strategy for enhancing their brand equity among people. The study also recommends a further study on ways to maintain brand equity and determine the effectiveness of brand equity creation to hospitals.

Keywords: Brand equity, Advertising, Promotional activities

Introduction

The brand equity of an established brand is normally determined by the perception of the brand consumers (Rahmani, Mojaveri & Allahbakhsh, 2012). Brand equity is an important tool for associating a brand and influencing customers in making purchase decisions for particular brand products. In developing the concept of brand equity, a number of factors

come into play, effective factors in creating and establishing it in the market concerns promotional tools. Brand equity in itself is a marketing strategy and can be created and maintained for the benefit of an organisation (Rahmani, et al., 2012). Building brand equity entails promotional activities that create value for the brand and increasing the ability to recall or recognise it. Some of the dimensions of brand equity include brand awareness, brand association, brand loyalty and perceived quality. The promotional activities have the ability of changing the favourability and strength of a

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brand according to the different dimensions of brand equity. According to Rajh (2005), in complex and dynamic market, it gets difficult to create and implement effective combination of promotional activities. Consumer perception of a brand can make it difficult to strategize and come up with marketing strategies that are meant to persuade them otherwise.

Organisations, including hospitals strive to increase their market share by engaging in activities that increase their visibility. Promotion has grown in importance among hospitals. A number of hospitals in Nairobi County, among them the Nairobi hospital have been keen to develop their brands and services through a variety of promotions (Nairobi Hospital, 2014). This is because branding provides additional value for company products/ services and have been proven to influence consumer behaviour. Therefore, establishing and achieving a strong brand is one of the top priorities for any organisation given the benefits that come with it. As listed by Rahmani, Mojaveri and Allahbakhsh, (2012), a strong brand enables an organisation to establish itself in the market and earn a competitive advantage. In a global market where there are many products from a wide range of producers or suppliers with similar functionalities, establishing a distinguished brand has become a main differentiating tool with promise of value and quality to consumers. Building strong brand enables firms to lower their marketing cost and develop ability to charge premium price for their products (Nigam & Kaushik, 2011).

One of the main factors that affect brand equity is advertisement. It has the capability of adding value to consumer perception of a product (Chattopadhyay, Shivani & Krishnan, 2010). Advertising builds image for the producer as it has the capability of creating consistent flow of sales as compared to price promotions (Chattopadhyay, et al., 2010). Higher advertising increases level of awareness and the attitude towards the brand being among consumers

choice set. According to Chattopadhyay, et al., (pg71), studies have shown that "heavy advertising improves perceived quality and higher levels of advertising signal higher brand quality."

Problem Statement

Promotional mix is used to entice and attract consumers to make decisions of purchasing a particular product. Based on their understanding and knowledge of the product that can be influenced by the brand, consumers then decide from which brand to make their purchase. Conducted studies; for example "An Empirical Study on the Promotional Mix and Brand Equity: Mobile Service Providers," (Karunanithy & Sivesan, 2013), "The Effect of Advertising and Sales Promotions on Brand Equity," (Buil, et al, 2010) and "Effects of promotional-based advertising on brand associations," (Clayton & Heo, 2011) have been able to show positive relation between promotional strategies and brand equity.

For a long time hospitals have operated with little or no promotion for their services and brands. Hospitals have been confined with the tradition of no commercials for hospitals relying on client relations only. Despite the knowledge of the importance of brand equity, specific effects of particular promotions on brand equity dimension like brand loyalty are yet to be developed in Kenya and especially for the health care sector. Studies in Kenya are yet to develop in the health sector. The sector has become very competitive and brand building is as important as developing competitive advantage. Rahmani, et al., (2012) observed that brand equity is mainly emphasized, but how it is developed is largely ignored. It is proper to pay attention to the development of intangible assets that results in establishing brand equity and have effect on buyer decision making. Studies on the effect of promotional mix on brand equity target other industries such as telecommunications (Karunanithy & Sivesan,

2013) and consumer goods (Syed & Madhavaiah, 2013), with few studies in the healthcare sector given the tradition of no promotion for hospital services. For hospitals, it is important to understand the dynamics of creating strong brand equity among the public. Based on this argument, this paper sought to study the effects of promotional mix tools especially advertising on brand equity among hospitals in Nairobi County

Objective of the study

The main objective of the study was to establish the significance of promotional mix tools on brand equity among hospitals in Nairobi County To determine the effect of advertising on brand equity among hospitals in Nairobi County

Review of Literature

The frequency of advertisement activities increases brand awareness leading to greater brand equity. Advertising is just one of the elements of the promotion mix that has high impact on brand equity. The effectiveness of advertisement depends on its content, the execution or how the advert conveys the message creating brand awareness. In his book, Keller (2007) noted that awareness links strong, favourable, and unique associations to the brand in consumers' memory, and elicits positive brand judgments and feelings. The content of advertising influences the choice by enabling consumers to know the type of products and services that are provided. Advertising in hospitals creates awareness of hospital products to consumers and their association with the hospitals. A study done by Muathe and Kerre (2014) on the moderating effect of industrial context on the relationship between brand equity and consumer choice in branded bottled water Nairobi, Kenya using cross-sectional survey design found out that brand awareness and perceived quality are important factors influencing consumer behaviour in particular industry. Implying that brand awareness and

perceived quality which can be created through advertisement is paramount to brand equity.

In creating brand awareness through advertising, hospitals should consider consumer interest and services they offer. A study done by Sreenivas, Srinivasarao and Srinivasa (2013) in Turkey hospitals adopted central tendencies and ANOVA to find out the perception of respondents on 7Ps in marketing hospitals. Using two super-specialty hospitals as case study, the study revealed that consumers consider the accessibility of the hospital, services offered, the physical appearance and technological advancement of hospitals before making a choice. To create brand equity, hospital administrations can use such information in the advertisements. Through advertisements, consumers get to be informed on hospital brands. The results of the study show that advertisements build brand equity by informing clients about hospital products and services.

According to Keller (2007), hospitals should be keen on design, content and execution of advertisements so as give complete and accurate information through which the consumers can associate with hospital brands. This can help in getting consumers' attention to the advertisement and contribute to brand equity. Innovative adverts can be used to create a positive perception in consumers mind. Patients visit hospitals depending on the image they have of it. Through original and innovative advertising strategy, it is more likely to capture consumers' attention leading to higher brand awareness, a higher perceived quality and contributes to forming strong, favourable and unique associations. Buil, de Chernatony, & Martínez (2010) conducted a survey on 411 UK consumers to explore the relationships between marketing mix elements. The findings of the study showed that advertising influences brand equity dimensions and improves brand awareness. In addition to that, advertising minimize barriers between costumers and organization and is considered a successful factor in situations

where sales promotion has failed. It has been found to have a positive effect on brand equity. In today's world, hospitals have changed to become more service oriented. The need to upgrade the image of hospitals among consumers as well as provide services that satisfy their needs have also grown. To know about consumer needs and maintain competitiveness, communication is essential. A study by Solayappan & Jayakrishnan (2010) on "Key Determinants of Brand-Customer Relationship in Hospital Industry" found out that patient's satisfaction correlates positively with the brand dimensions. Through distribution of questionnaires, the study established that patient's satisfaction in a hospital is dependent on the patient's state of mind and image of the hospital. There is a positive relationship between advertising and perceived quality of which advertising positively affects on perceived quality and subsequently brand equity. An empirical study conducted by Bravo, Fraj & Martínez (2007) on the role of family on consumer based brand equity using structural equations model analysed different brands of products. The study established that family has influence on the formation of brand awareness and perceived quality. Family influence increases the chance of paying attention to brand, simplify costumers' selection and habituate the selection of brand. Successful advertising positions a brand in the minds of consumers with such an impact that nurtures salience, and builds positive brand attitude that leads to strong brand equity.

Consumers have attested that the experiences they have with products are influenced by believing advertising comments and assume that the probable function is according with their claim. For firms that want to reinforce consumer views and beliefs concerning a brand should consider advertising as it is a powerful tool that can help in restoring brand loyalty. In their study to assess the impact of brand personality and sales promotions on brand equity, Valette-

Florence, et al., (2011) sampled volunteers respondednts and tested questionnaires that required the participants to rate different brands according to promotion intensity. The study recorded a positive impact of brand personality on brand equity. The concept of brand image is quite complicated due to one reason or another and the most appropriate way to go about explaining it to the public is through advertising. Similarly, advertising also increases the scope and frequency of brand awareness (Keller, 2007). It also develops favourable, strong and unique brand associations. According to Keller, brand associations arise from consumer brand contact like in the case of brand awareness. This association is developed through adverts ability to create, modify or reinforce associations with new product customers. Hence, the higher the advertising spend on a brand, the stronger and more numerous will be the associations in the consumer's mind.

This is supported by Bravo, e al., (2007) who found out in their study that there is positive relationships between advertising spend as perceived by the consumer and the perceived quality, brand awareness and brand associations. Like other researchers, they recognise that the content, nature and quality of advertising play important role in brand equity dimensions.

Methodology

The study adopted a descriptive survey research design with the target population being the staff of NHIF accredited hospitals in Nairobi County. Using stratified sampling, the hospitals were categorised into two groups depending on their bed capacities; big hospitals for more than 20 bed capacity and small hospital 20 and below bed capacity. A sampling frame of 20 hospitals; 10 big and 10 small hospitals were selected from where the sample was drawn. The respondents were also drwn from two departments, marketing and administration. Using simple random sampling, 5 respondents were drawn

from each of the 20 hospitals; 2 from the administration department and 3 from the marketing department totalling to a sample size of 100. The data instrument used was structured questionnaires which were filled and collected back for analysis. Using SPSS, descriptive statistics of frequency distribution and central tendency were applied to analyse the data. Regression test was used to determine the relationship between the variables.

Results

The study targeted a sample of 100 respondents out of which 74 responded. Based on this return, the study achieved a return rate of 74%. Since this return rate comprised majority of respondents that were sampled, the researcher went on with analyzing the responses as they represented majority of the views.

Reliability test: Cronbach's Alpha

The reliability of the questionnaires was tested using Chronbach's Alpha in order to determine the internal consistency of the scale used. The

minimum level criteria used for the evaluation was 0.6 as it is the recommended minimum. Chronbach's Alpha was applied to test for the reliability of the questionnaires and the initial value was found to be 0.502 implying that there were parameters that did not correlate with others and needed to be checked. The item that was negatively correlated with the rest was deleted; the Chronbach's Alpha score for the parameter became 0.752 which met the average criteria for analysis.

In addition to Chronbach's Alpha, variable items were summated to come up with a composite variable that could be used for regression analysis.

Regression Analysis

The study sought to determine the effect of advertising on brand equity among hospitals in Nairobi County. Regression analysis between brand equity and advertisement parameters yielded results as shown in the model summary table provided below.

Table 1: Model summary for Advertisement

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.571 ^a	.326	.252	1.10098

Table 2: Advertisement ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	37.545	7	5.364	4.425	.000 ^b
	Residual	77.578	64	1.212		
	Total	115.123	71			

The results indicate a simple correlation of 0.517 in the R column. This implies that there is a significant correlation between brand equity and advertisement. R-square of 0.326, indicates that 32.6% of the variation in brand equity can be

explained by advertisement parameters. This means that advertisement can explain 32% of the variability of brand equity though there correlation is quite significant at $p < 0.05$. This shows that advertising is one of the elements of

the promotion mix that has impact on brand equity. Advertisement creates awareness and according to Keller (2007), awareness links strong, favourable, and unique associations to the brand in consumers' memory, and elicits positive brand judgments and feelings. A study by Solayappan & Jayakrishnan (2010) established that patient's satisfaction in a hospital is dependent on the patient's state of mind and image of the hospital. There is a positive relationship between advertising and perceived quality of which advertising positively affects on perceived quality and subsequently brand equity. Hence advertisement is an important element in creating brand equity as it increases the scope and frequency of brand awareness (Keller, 2007).

Conclusions

The study concludes that advertisement affect brand equity among hospitals within Nairobi

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