The Impact of Promotion and Advertisement towards the Brand Association and Brand Loyalty

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ABSTRACT

The purpose of this study is to examine the effect of sales promotion and advertisement on brand association and brand loyalty of Samsung smartphones. The core idea of this study is to verify the effect of monetary promotion, non-monetary promotion, perceived advertising, and individual attitude towards brand association and brand loyalty This research was carried out in Yangon, Myanmar by employing a simple random sampling method and questionnaires distributed to 244 respondents through Google form website. According to the Multiple Linear Regression analysis, results show that monetary promotion and individual attitude towards advertising significantly affect brand association while brand association significantly affects brand loyalty. Data were analyzed by using SPSS software. This study contributes to the literature by adding empirical evidence in terms of how consumers respond to sales promotion and advertising as well as further effects on brand association and brand loyalty.

Keywords: Sales promotion, advertisement, brand association, brand loyalty

INTRODUCTION

The living standard of people is getting better with the development of the market economy and smartphone users are increasing year by year. As a durable product, the smartphone has become a necessity in our life. With the accumulation of people's wealth, consumers tend to buy high-quality and durable products when they want to change for a new mobile phone. In the minds of consumers, good brand products represent high quality, so brands have a more important role in the market. Having brand advantage can occupy an advantageous position in the market competition.

Samsung Electronics Co., Ltd. is a South Korean multinational electronic company located in Suwan, South Korea. Their revenue accounted for 70% of the group's revenue in 2012(Klimes, 2019). More than 370,000 people are employed and a sales network in 80 countries has been accumulated (SHAMS, 2016). In 2020, Samsung Myanmar had a 14.52% share of the smartphone market in Myanmar while Apple had a 10.55% market share (Statcounter,2020). In order to maintain its market share in Myanmar, market strategies are needed such as conducting sales promotions and advertisements.

Previous studies have proven the effect of relationships between sales promotion and

advertisement on brand association and brand loyalty (Etsy and Mohammad, 2020). In this study, the effect of sales promotion and advertisement on brand associations and brand loyalty of Samsung smartphones have been examined. The prior study was carried out in South Jakarta, Indonesia. Therefore, this study contributes to the literature by adding empirical evidence to how people in Myanmar respond to sales promotions and advertisements offered by companies and the effects on creating brand associations and brand loyalty.

LITERATURE REVIEW

This section will briefly describe the variables used in this study based on the theories and previous studies. It is used as the rationalization for the hypothesis development and the structural model. The variables are monetary and non-monetary sales promotion, perceived advertising, brand associations, brand loyalty.

Sales promotion

Rowley (1998) stated that sales promotion is one of the five aspects of the promotional mix while the other four aspects are advertising, personal selling, direct marketing, and publicity or public relations. Sales promotion can be assumed in the form of product display, contest, voucher, free product, gift, discount price, and rebate (Tellis, 1998). All these tools are used to increase product sales in the short run (Kotler & Amstrong, 1997; Kotler & Amstrong, 2008) while sales promotion is proved to increase demand and positively affect consumer purchasing behavior (Greenleaf & Lehmann, 1995; Laroche, Kim, & Zhou, 1996; Thomas & Menon, 2007; Santini, Sampaio, Perin, & Vieira, 2015; Luxton & Brito, 2015). On the other hand, this variable proved to have positive and negative effects on brand equity. Monetary sales promotion such as deduction or coupons is demonstrated to negatively affect brand equity (Yoo, Donthu, & Lee, 2000). This is because most consumers set the price as one indicator of product quality. Giving discounts or coupons will result in price reductions and decline the consumers' perceptions of product quality (Agarwal & Teas, 2002; DelVecchio, Henard, & Freling, 2006). Chu & Keh (2006); Palazón and Delgado-Ballester (2009); Buil et al. (2013) found that non-monetary sales promotion has the opposite effect in which the allocation of free products and gifts proves to increase the brand's product equity. According to the above explanations, the hypotheses that will be tested in this study are:
Hypothesis 1. The monetary promotion has a negative effect on brand association.
Hypothesis 2. The non-monetary promotion has a positive effect on brand association.

Advertising
Bovee (1992) studied that advertising is a form of non-personal marketing communication that gives information about products and services or ideas through various media such as newspapers, magazines, television, radio, outdoor advertising, or online media such as search results, blogs, or websites. Advertising is differentiated from public relations in that an advertiser usually pays for and has control over the message. It is adapted from personal selling in that the message is non-personal, i.e., not directed to a particular individual. Advertising is communicated through various mass media. Nettelhorst & Brannon (2012) analyzed the broader impact of these variables on attracting consumers' attention and affecting consumer attitudes towards products (Jeong & Jang, 2016; Shareef et al., 2017; Stroup & Branstetter, 2018). To examine the effect of advertising on brand equity, Buil et al. (2013) employed perceived advertising and individual attitudes towards advertising. Perceived advertising is the consumer's perception of how much advertising the company is doing. The more advertising

applied, the more inheriting a brand in the minds of consumers. In the meantime, the consumer's perception of the attributes and brand quality of products affects the individual attitudes towards advertising (Buil et al., 2013). According to the above explanations, the hypotheses that will be tested in this study are:

Hypothesis 3. Perceived advertising has a positive effect on brand association.

Hypothesis 4. Individual attitude towards advertising has a positive effect on brand association.

Brand associations and brand loyalty

The concept of brand loyalty was first suggested by Copeland in 1923. Many academics later placed forward the concept of brand loyalty from different points of view. Choong (1998) stated the brand loyalty of customers is the real buying behavior of customers, which also applies from a behavioral view to the research of brand loyalty. From the view of attitudinal allegiance, American scientist Day (1969) first pointed out that elements of brand loyalty attitude and behavior must be understood when researching brand loyalty. Many researchers consider brand loyalty to be the consumer choice for the particular product and buy purpose. Jacoby & Chestnut (1978) summarized the concept of brand loyalty put forward by many academics, pointed out that brand loyalty is created by the combined impact of psychological operations such as buy decision-making, post-purchase assessment, and so on. Jacoby (1978) examined that in a monopoly scenario, customers must choose to buy a certain product of goods or facilities or customers because of the comfort of buying a certain product and repeating the acquisition of such a repeated purchase conduct to evaluate brand loyalty is not advisable. Brand association and brand loyalty are elements of brand equity. These two variables are the two highest dimensions of brand equity (Aaker, 2009). Brand association is a collection of information and impressions attached to a consumer's memory of a particular brand (Aaker, 2009) while brand loyalty is the commitment of consumers to make a rational purchase of a particular brand of product or service without being affected by the influence of a competitor's brand (Oliver, 2014). Brand equity is a set of brand assets that can subtract the value provided by the products or services to companies and customers (Aaker, 2009). Brand association and brand loyalty have significantly affected brand equity (Yoo, et al., 2000). Yoo, et al (2000) also found out that brand association is also sometimes considered as brand awareness. The positive relationship between brand association and brand loyalty has been proven (Keller & Lehmann,2003; Pappu, Quester, & Cooksey,2005; & Buil et al., 2013). In addition, there is a positive relationship between sales promotion, advertisement, and brand equity (Valette-Florence et al., 2011; Buil et al., 2013; Boyland, & Halford, 2013). The results of prior studies indicate a positive relationship between sales promotion and advertising on brand equity. According to the above explanations, the hypothesis that will be tested in this study is:

Hypothesis 5. Brand association has a positive effect on brand loyalty.

RESEARCH METHODOLOGY

Sampling and measurements

Questionnaires with five-point Likert scales (1 = strongly disagree; 5 = strongly agree) were distributed to 244 smartphone owners in Yangon, Myanmar. The samples are selected through a random sampling method and the questionnaires are distributed by using google forms. Sales promotions are segmented into monetary and non-monetary promotions following Buil et al. (2013). Monetary promotions consist of price discounts and cash backs while non-monetary promotions consist of free items and gifts. In addition, advertising is segmented into perceived

advertising and individual attitudes (Buil et al., 2013). Perceived advertising consists of varieties of online advertising and advertising media while individual attitudes consist of the capabilities of commercial TV smartphones to be recognized by consumers, the ability of the smartphone company to promote the advantages of the smartphones in television advertising, and the uniqueness of smartphone advertising. Brand association is measured through the credibility of Samsung company, the clear image of the type of person who uses the brand, whether the brand has a personality and is interesting. Finally, brand loyalty is measured through the willingness of consumers to buy Samsung smartphones, the brand as consumers' first choices, and the superiority of the brand compared to other brands, whether Samsung smartphones are the first consumer choice, whether consumer prefers Samsung smartphones to other brands (Keller & Lehmann, 2003; Pappu et al., 2005; Buil et al., 2013). The conceptual model is shown in Figure 1 below.
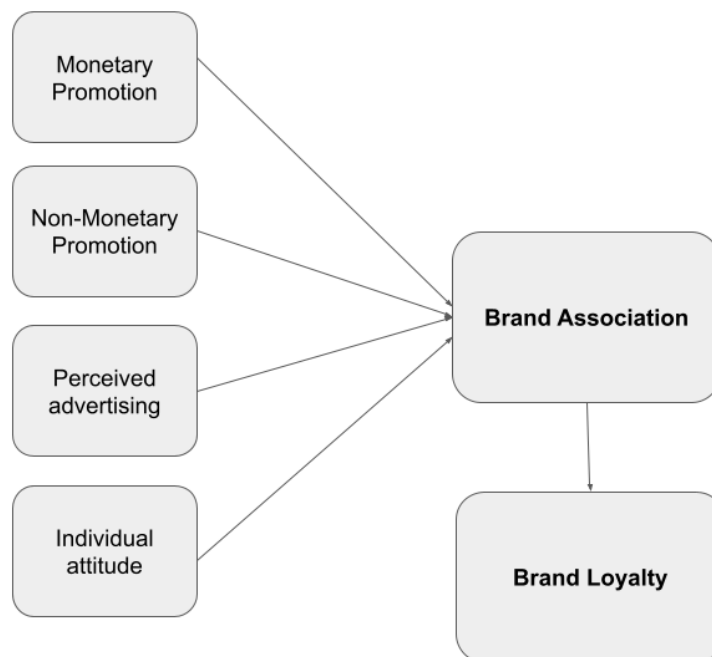

Figure 1. The conceptual model

DATA ANALYSIS

Based on analysis of demographic information from table 1, 34% (65) of respondents were males and 66% (124) were females. For respondents' age, 5% (10) of respondents were aged between 16-20 years old, 27% (50) were aged between 21-25 years old, 22% (41) were aged between 26-30 years old and 47% (88) were aged higher than 31 years old.

	Frequency	Percentage
Gender		
Male	**65**	**34**
Female	**124**	**66**
Age		
16-20 years old	**10**	**5**
21-25 years old	**50**	**27**
26-30 years old	**41**	**22**
More than 31 years old	**88**	**47**
Total	**189**	**100**

Table 1. Demographic information of respondents

Statistical treatment of data
Table 2 shows the reliability of total factors analysis from the Cronbach coefficient alphas in each group of questionnaires lower than 0.60 would be questionable. Those factors close to 0.70 are acceptable, and those larger than 0.80 good (Sekaran, 2003). Thus, it could be concluded that all questions related in this study are relevant and reliable and applicable for research scales instruments. Referring to Laetitia Radder and Wei Huang (2007), the Cronbach's alphas of all factors were larger than 0.70.

The reliability analysis

Variables	Cronbach's alpha	NO. of items
Monetary Promotion	.716	5
Non-Monetary Promotion	.768	3
Perceived Advertising	.806	2
Individual Attitude towards Advertising	.768	3
Brand Association	.764	3
Brand Loyalty	.888	3

Table 2. Reliability Test with Cronbach's Alpha

Hypothesis testing
Table 3 shows the Multiple Linear Regression Analysis using the method with Brand Association as the dependent variable then monetary promotion, non-monetary promotion, perceived advertising, and individual attitude towards advertising as the independent variables.

Referring to the figures shown in Table 3, the result that 41% (R^2) of the dependent variable, Brand Association, is indicated by the three independent variables at the 0.05 significance level.

From the table 3, the result shows that Monetary promotion (β = 0.233, p <0.05), Perceived

advertising ($\beta = 0.33$, p<0.05) and individual attitude towards advertising($\beta = 0.238$, p <0.05) are the strongest significant variables with a positive relationship toward the brand associations. Thus, H_1 , H_3 and H_4 are supported. Besides, non-monetary promotion ($\beta = 0.73$, p>0.05) is not significant since the value of p is greater than 0.05. Therefore, H_2 is rejected.

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.044	.263		3.968	.000
	MonetoryPromotion	.217	.074	.203	2.918	.004
	NonMonetoryPromotion	.063	.063	.073	.999	.319
	PerceivedAdvertising	.192	.068	.209	2.814	.005
	IndividualAttitudetowards Advertising	.321	.068	.333	4.709	.000

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.068	.262		4.073	.000
	MonetoryPromotion	.249	.067	.233	3.701	.000
	IndividualAttitudetowards Advertising	.319	.068	.330	4.672	.000
	PerceivedAdvertising	.218	.063	.238	3.471	.001

Table 3. Regression results-Factors affecting towards brand association.

Referring to the figures shown in Table 4, the result that 58% (R^2) of the dependent variable, Brand Loyalty, is indicated by the Brand Association as an independent variable at the 0.05 significance level. We can see that Brand Association has a strong positively affected Brand Loyalty with the result $\beta = 0.584$, *p*<0.05. Thus, hypothesis 5 is significantly supported.

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.051	.365		.141	.888
	BrandAssociation	.892	.091	.584	9.849	.000

a. Dependent Variable: BrandLoyalty

Table 4. Regression results-Factors affecting towards brand loyalty

Hypothesis	Beta	Sig.	Results
Hypothesis 1. The monetary promotion has a negative effect on brand association	0.233	.000	supported
Hypothesis 2. The non-monetary promotion has a positive effect on brand association	0.073	.319	Not supported

Hypothesis 3. Perceived advertising has a positive effect on brand association	0.238	.001	supported
Hypothesis 4. Individual attitude towards advertising has a positive effect on brand association	0.330	.000	supported
Hypothesis 5. Brand association has a positive effect on brand loyalty	0.584	.000	supported

Table 5. Result of Hypotheses

DISCUSSION AND RECOMMENDATIONS

According to the analysis results, it is proved that monetary promotion and individual attitude towards advertising significantly affect brand association of Samsung smartphones. The result has supported Chu & Keh (2006), Palazón & Delgado-Ballester (2009), as well as Buil et al. (2013). In contrast, non-monetary promotion has no significant effect on brand association. Individual attitude towards advertising also has a positive effect on brand association of Samsung smartphones. The result has supported Buil et al. (2013) and Kotler & Keller (2007). There are three key factors to consider, namely 1) the quality of the advertised message, 2) the way the message is delivered, and 3) the frequency of the message delivered. To that end, a more qualified, creative, and attractive advertisement will influence consumers and brand association (Moorthy & Hawkins, 2005; Keller, Parameswaran, & Jacob, 2011). Perceived advertising including media and frequency of advertising also significantly affects brand association of Samsung smartphones. The empirical results also indicate that brand association has a positive effect on brand loyalty. The result has supported Keller & Lehmann (2003), Pappu et al. (2005), & Buil et al. (2013).

This study provides information to smartphone managers of the powerful effect of non-monetary promotions and individual attitudes in shaping brand associations that will ultimately shape consumer loyalty. The effect of promotion in the form of free items and gifts on consumer brand equity is relatively higher than on monetary promotions such as discounts, rebates, or coupons. In addition, the effect of ad quality and its creativity is higher than either the media employed, or the frequency of advertising given. The results of this study will be useful for managers in determining the appropriate type of promotions based on consumers' preferences.

The empirical results indicate that monetary promotion and individual attitude towards advertising significantly affect brand association. Moreover, Brand association significantly affects brand loyalty. Analysis indicated on gender and age group towards sales promotion and advertising for further research is strongly recommended to gain broader representation in each gender and age group.

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