

THE IMPACT RELATIONSHIP AND IMPACT OF CUSTOMER SATISFACTION ON BRAND EQUITY OF PRIVATE HIGHER EDUCATION INSTITUTION

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Abstract

The study here examines the interaction between customer satisfaction and as well as its impact on a firm's brand equity. Customer satisfaction may have a positive effect on brand equity. The researcher have adopted an exploratory as well as descriptive research. The researcher have also conducted several approaches to fulfil the exploratory research such as pilot and expert survey. The researcher have assessed the distribution of data across the characteristics of respondents. The population for this study are the Universiti Selangor's CFGS' students which consists of sixty-one students across four different programs. The analysis shows that Brand Awareness and Perceived Quality did not significantly impact Customer Satisfaction however Brand Association and Brand Loyalty did significantly impact Customer Satisfaction. However, Brand Association did more significantly impact Customer Satisfaction than Brand Loyalty. It is proved that when the HEIs are able to increase customer satisfaction, the customers will have high preference and high willingness to study in the HEIs in the future. The higher education service are able to cater the customer expectation and fulfilled their needs.

Keywords: Customer Satisfaction, Brand Equity and Higher Learning Institution

1 INTRODUCTION

Environmental changes have an effect on the private Higher Education Institutions (HEIs) operates. In this moment the brand equity of HEIs are play the important roles. The changing in people's attitude towards education and scope for the different courses being offered by HEIs. Now a day many people attach important to the higher education. The HEIs not only provided expertise knowledge but also useful skill. For most people to gain a lifetime's unique experience, the higher education has provided them the most complex, higher credence qualities and highly intangible service attributes. The higher education become more important because most of jobs require higher levels of education and certificate from famous HEIs to respond the task. On other hand, the higher education these graduate have the higher salary they gain and get the job opportunity easily from the company. Therefore the student need to choose the well known HEIs to study. For educational

service, a strong brand refracts a promise of future satisfaction (Berry, 2000). Brand and higher education service quality provide by HEIs are impact to the customer expectations and customer decision making because customer believe that value creation would emanate from building brand equity. Most HEIs put more effort to boost their brand equity in order to attract customer enrolment and retention. Furthermore, negative perception towards HEIs provides greater reasons to be more intensively engaged in brand-building strategies.

1.1 Problem Statement

For this study, the researcher has to examine the impact of customer satisfaction on brand equity of private Higher Education Institutions (HEIs) on customer expectation. In order to create strong brand equity, the HEIs should check their brand has the following characteristics: meets the customer

expectations, reliable, its price reflects its added value and understand consumer perceptions. Private HEIs have invested a lot of money to establish a stronger brand equity and to increase the awareness. Customer is often see a HEIs brand as a significant part of the good quality educational service. The HEIs brand equity create value is by looking at how the customer would perceive a learning experience as a higher quality. Therefore, the promises of the HEIs brand value are delivered to the customer and that is what expected by the customer. When the HEIs fails to deliver and achieved the promise of its brand value to the customer, the HEIs just make an empty promises. As the impact, students may quit from the HEIs and move to another HEIs that they think is worth for them. In addition, the customer will not believe on the institutions' brand and have a negative perception toward its. Through the word of mouth, these will jeopardize the recruitment of new student intake and the number of student enrollment in that HEIs will decrease. When the HEIs unable to satisfies the customer they will lose the loyalty of the customer.

Higher education represents a context in which brand image potentially plays a major role in reducing the risk associated with such service largely because the assessment of quality takes places after consumption (Byron, 1995; Binsardi and Ekwulugo, 2003; Chen, 2008). Hence having a strong brand is important as a risk reliever that simplifies the decision-making process (Erdem and Swait, 1998; Chen, 2008). The customer will ever never choose the worse brand of HEIs. That to say the brand represents a differentiation tool that gives cues to the consumers during the decision-making process (Temple, 2006; Lockwood and Hadd, 2007; Chen, 2008). If the HEIs successfully delivered the brand value to its customer, the high tuition fees charged by the institution could increase the customer expectation of the promise their performance. This will conform "that is the brand". The customers will feel worth what they pay for. But if the HEIs is fails to do so, the customer will think they are cheated and it will damage the reputation of the institution. There is little empirical work addressing brand image or brand equity in higher education (Palacio et al, 2002) despite the potential significance of higher education brands in student choice and the importance of credence qualities as well as experience qualities. Given the difficulties associated with evaluating quality prior to consumption, a strong brand which signals high quality can decrease the perceived risk associated with choice (Davies and Ellision, 1997; Vazquez et al., 2002, Biel, 1992). Zemsky et al (2001) concur with this sentiment: "people talk about markets, whether or not they understand them. Most people are also uncomfortable with what they see or think they see, students using the power of their purchases to define what they need to learn, faculty and departments overly sensitive to things that sell as opposed to ideas that matter, and administrations adopting policies and practices of business in order to make a quintessentially messy endeavor more efficient.

Mainstay educational providers, for example the larger public institutions are in fact expanding facilities to accommodate increasingly large intake of students (Kenyon, 2004) and new players in their higher education market are adopting sophisticated marketing techniques to persuade matriculates to study at their institution instead of the competition. this document as a template by simply typing your text into it.

1.2 Research Objective

From this study, the researcher can understand the important of the private Higher Education Institutions (HEIs) customer expectation and it impact on the brand equity. The objective of this study is to aim at the impact of customer expectation on brand equity HEIs. This study is to carry out and achieve the following list of objectives:

1.2.1 To examine the correlation between brand equity on customer satisfaction.

1.2.1 To measure the impact customer satisfaction on the brand equity of HEIs.

1.3 Research Question

1.3.1 Is there any correlation between Brand Equity and Customer Satisfaction?

1.3.2 What is the impact of customer satisfaction on brand equity?

1.4 Hypotheses

Hypothesis is an unproven proposition or supposition that tentatively explain certain facts or phenomena. These are some hypothesis conducting by the researcher in this study. That are :

H1 : There is a relationship between Brand Awareness and Customer Satisfaction.

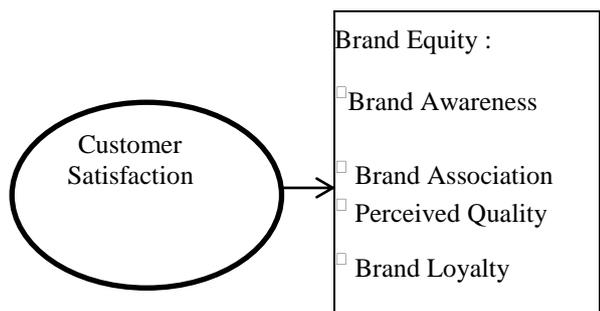
H2 : There is a relationship between Brand Association and Customer Satisfaction.

H3 : There is a relationship between Perceived Quality and Customer Satisfaction

H4 : There is a relationship between Brand Loyalty and Customer Satisfaction.

1.5 Theoretical Framework

Figure 1



According to the Figure 1 The Concept of Brand Equity in order to generate meaningful research results in examining the brand equity of private Higher Education In institutions impact on customer expectation. Aaker (1991) formulated the proposal of brand equity, defined as a set of assets and liabilities linked to a brand that create value for both customers and firm (figure 1). The set of assets and liabilities could be usefully grouped into five categories: brand awareness, brand association, perceived quality, brand loyalty and other brand proprietary assets. As the basis of brand equity, they are called the brand equity dimension can be achieved by a variety of marketing strategies.

2. LITERATURE REVIEW

2.1 BRAND EQUITY

Brand equity has been defined by Aaker (1991a) “ a set of assets such as name awareness, loyal customers, perceived quality, and associations that are linked to the brand and add value to the product or service being offered.” Proposed the first comprehensive model of brand equity. He identified five dimensions of brand equity, namely brand name awareness, brand associations, perceived quality, brand loyalty and other proprietary assets.

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product did not have the brand name” (Ailawadi, Lehmann, and Neslin 2003). The benefits a product or service through the power of brand name. According to Keller and Lehmann (2003) the power of a brand lies in what customers have learned, felt, seen, and heard about the brand. In customer mindset, he develops a theory that identifies two key elements of mind-set equity, there are awareness and familiarity and strong, favorable brand associations.

2.2 BRAND AWARENESS

According to Keller, (1993) Brand awareness is related to the strength of the brand node or trace in memory as reflected by consumer ability to identify them under different conditions. Brand awareness consists of brand recognition and brand recall. The recognition of the brand relates to consumer’s ability to discriminate the brand when given the brand as a cue such as seen or heard previously. Brand recall relates to consumer’s ability to retrieve the brand when given the product or service category, the needs fulfilled by the category or some other type of probe as a cue here consumer correctly generate the brand from memory. Brondoni (2001) argued that level of awareness become a critical factor when competitors’ offers a related to condition of direct comparability and other factors of selection. Brand awareness plays an important role in consumer decision making such as consumers think about the brand when they think about the products or services repeated consideration of purchase. It also influences the formation and strength of brand associations in the brand equity.

2.3 PERCEIVED QUALITY

Perceived quality is the customer’s judgment about a product’s overall excellence or superiority that is different from objective quality (Zeithaml, 1988). Perceived quality is viewed as a dimension of brand equity (Aaker 1991; Kapferer 1997; Kamakura and Russell 1991; Martin and Brown 1991; Feldwick 1996) rather than as a part of the overall brand association (Keller 1992; Gordon, Di Benedetto and Calantone 1994). Consumers use the quality attributes to “infer” quality of an unfamiliar product. It is therefore important to understand the relevant quality attributes are with regard to brand equity classify the concept of perceived quality in two groups of factors that are intrinsic attributes and extrinsic attributes. (Zeithaml, 1988). Objective quality refers to the technical , measurable and verifiable nature of product or services, processes and quality controls. High objective quality does not necessarily contribute to brand equity (Anselmsson et al. 2007). Since it’s impossible for consumers to make complete and correct judgment of the objective quality, they use quality attributes that they associate with quality (Olson and Jacoby 1972).

2.5 BRAND ASSOCIATION

A brand association is the most accept for brand equity (Aaker 1992). Association represent the basis for purchase decision and for brand loyalty (Aaker 1991). Brand associations consist of all brand-related thoughts, feelings, perceptions, images, experiences, beliefs, attitudes (Kotler and Keller 2006) and is anything linked in memory to a brand. Other researchers (Farquhar & Herr 1993, Chen 1996, Brown & Decin 1997, Biel 1992) identify different types pf association that contribute to the brand equity. According to Aaker (1996), consumers consider the organization that is the peoples, value, and programs that lies behind the brand. Brand-as-organization can be particularly helpful when brands are similar with respect to attributes, when the organization is visible, or when a corporate brand is involved. Organizational associations included corporate ability associations, which are those associations related to the company's expertise in producing and delivering its outputs and corporate social responsibility associations, which include organization's activities with respect to its perceived societal obligations (Chen 2001). Corporate social responsibility (CSR) must be mentioned as another concept that is influencing the development of brand nowadays, especially corporate bran as the public wants to know what, where, and how much brands are giving back to society. Both branding and CSR have become crucially important now that the organizations have recognized how these strategies can add or detract from their value (Blumenthal and Bergstrom 2003).

2.4 BRAND LOYALTY

Loyalty is a core dimension of brand equity. Aaker (1991) defines brand loyalty as the attachment that a customer has to a brand. Grembler and brown (1996) describe different levels of loyalty. Behavioural loyalty is linked to customer behavior in the marketplace that can be indicated by number of repeated purchases (Keller 1998) or commitment to rebuy the brand as a primary choice (Oliver 1997). Cognitive loyalty which means that a brand comes up first in consumers' mind, when the need to make a purchase decision arises, that is the consumers' first choice. The cognitive loyalty is closely linked to the highest level of awareness, where the matter of interest also is the brand, in given category, which the consumers recall first. Thus, a brand should be able to become the respondents' first choices and is therefore purchased repeatedly (Keller 1998). Chaudhuri & Holbrook (2001) mention that brand loyalty is directly related to brand price. Aaker (1996) identify price premium as the basic indicator of loyalty. Price premium is defined as the amount a customer will pay for the brand in comparison with another brand offering similar benefits and it may be high or low and positive or negative depending on the two brands involved in the comparison.

3. METHODOLOGY

The researcher have adopted an exploratory as well as descriptive research. The researcher have also conducted several approaches to fulfil the exploratory research such as pilot and expert survey. The researcher have assessed the distribution of data across the characteristics of respondents.

The population for this study are the Universiti Selangor's CFGS' students which consists of sixty-one students across four different programs. The population list were gathered from Unisel's Record Unit.

Questionnaires were distributed to the whole population in order to gather the data required. The responds rate however was 93% of the total population. Secondary data were also gathered from online databases and books.

The researcher used SPSS to interpret the data and to test the construct in the study.

4. ANALYSIS & FINDING

The correlation of each independent variables (Brand Awareness, Brand Association, Perceived Quality and Brand Loyalty) is significantly at 0.01 levels, two tailed towards customer satisfaction. The results shows that the Brand Awareness, Brand Association, Perceived Quality and Brand Loyalty have significant positive relationship with customer satisfaction. Among these three independent variables, Brand Association has the strongest significant positive relationship with customer satisfaction ($r=.808$, $p<.01$). It followed by Brand Loyalty which shows a significant positive relationship towards customer satisfaction. ($r=.760$, $p<.01$) followed by variable Perceived Quality ($r=.712$, $p<.01$). Lastly, Brand Awareness has the lowest significant positive relationship with customer satisfaction ($r=.661$, $p<.01$) among these four independent variables. Therefore, referring to the research question, the researcher can conclude that:

- H1** : There is a significant positive and strong correlation between Brand Awareness and Customer Satisfaction. ($r=.661$, $p<.01$)
- H2** : There is a significant positive and strong correlation between Brand Association and Customer Satisfaction. ($r=.808$, $p<.01$)
- H3** : There is a significant positive and strong correlation between Perceived Quality and Customer Satisfaction. ($r=.712$, $p<.01$)
- H4** : There is a significant positive and strong correlation between Brand Loyalty and Customer Satisfaction. ($r=.760$, $p<.01$)

Based on the anova analysis, only Brand Loyalty dimension was significant with the p value is $< .05$. ($p = 0.011$). In the coefficients table, the VIF score for each independent variables are 4.729 where they are all less than 10 of its collinearity. In the Model Summary table, the R Square value is .699, which basically means it has the amount of association strength of 69.9 %. The higher the score, the better it is. In the coefficients table, it was found that Brand Awareness, Brand Association, Perceived Quality and Brand Loyalty explain a significant amount of the variance in the Customer Satisfaction ($F(4, 45) = 26.14$, $p < .05$, $R^2 = .69$, $R^2_{Adjusted} = .67$). The analysis shows that Brand Awareness ($Beta = .074$, $t(49) = .55$, ns), and Perceived Quality ($Beta = .036$, $t(49) = .27$, ns), did not significantly impact Customer Satisfaction however Brand Association ($Beta = .47$, $t(49) = 2.66$, $p < .05$) and Brand Loyalty ($Beta = .32$, $t(49) = 2.41$, $p < .05$) did significantly impact Customer Satisfaction. However, Brand Association did more significantly impact Customer Satisfaction than Brand Loyalty.

6. CONCLUSION

In this study, the HEIs brand association received the highest brand equity. It is proved that when the HEIs are able to increase customer satisfaction, the customers will have high preference and high willingness to study in the HEIs in the future. The higher education service are able to cater the customer expectation and fulfilled their needs. The HEIs are perceived to be able to make the students are studying now to feel worth and useful in the future when they looking a job.

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