www.ijramr.com

ISSN: 2350-0743

International Journal of Recent Advances in Multidisciplinary Research
Vol. 04, Issue 06, pp.2645-2652, June, 2017

RESEARCH ARTICLE

THE EFFECT OF ADVERTISEMENT AND WORD OF MOUTH ON BRAND EQUITY AMONG CONSUMERS OF OMO AND AERIAL DETERGENTS IN ELDORET TOWN, KENYA

***Simiyu Gabriel and Dr. Ronald Bonuke**

Marketingand Logistics Department, School of Business and Economics, Moi University, Kenya

ARTICLE INFO

Article History:
Received 22nd March, 2017
Received in revised form
14th April, 2017
Accepted 26th May, 2017
Published online 30th June, 2017

Keywords:

Brand equity, Brand awareness, Perceived quality, Brand loyalty, Brand association, Advertisement and Word of mouth.

ABSTRACT

In a competitive and brand conscious market, like Kenya, building brand equity of any product is a challenging task. Companies need to assess the prior experiences and future aspirations of consumers to possess these brands. In this context, we examine the effect of advertisement and word of mouth on brand equity. Data was collected from 384 shoppers from three supermarkets Eldoret town, Kenya, through self-administered questionnaires using systematic sampling technique. Out of these, 346 were used for the purpose of this study, which provided a response rate of 90 percent. Multiple regressions confirmed that advertisement exerts a significant, positive effect on brand equity; the results also reveal a positive and significant moderating effect of word of mouth on the relationship between advertisement and Brand equity. These results add some new understanding to the literature on advertisement, word of mouth, brand equity and their interrelationships which influence the development of the retail industry in a developing country context. Firms need to put more emphasis on advertisement by differentiating their ads from those of competitor's brands, being creative in their adverts, improve reputation of their brands, focus effort on massage impression and opinion leaders whose word of mouth influences brand equity.

INTRODUCTION

Brand equity is a well-researched marketing concept that has been extensively discussed by several scholars and business practitioners over decades. Several researches have focused on conceptualizing, measuring and identifying the antecedents of customer based brand equity (Hanaysha Jalal, 2016). According to Aaker (1996) firms with strong brand equity are likely to enjoy higher levels of anticipated confidence in consumers' brand purchase behavior. Moreover, consumers tend to develop higher levels of satisfaction toward the products or services of well-known brands. Brand equity facilitates consumers 'purchase decisions process through brand name as it can enable them to make better choices without taking long time to search (De Chernatonyand Riley's (1999).Despite tremendous interest in brand equity, there is no conceptual development or empirical research that has addressed the issue of word of mouth moderating the relationship between advertisement and brand equity. The focus has been on the exploration of brand equity, not its sources and development. Shocker *et al*., (1994) believethat more attention is needed in the development of more of a "systems view" of brands and products, to include how intangibles created by the pricing, promotional, service, and distribution decisions of the brand manager combine with the product itself can create brand equity and affect buyer decision making and lastly, Yoo*et al*., (2000), examined the effect of selected marketing mix elements on brand equity. This study therefore wishes to fill this gap by examining the moderating effect of word of mouth on the relationship between advertising and brand equity.

Literature Review

Brand equity

Brand equity represents incremental utility or value added to a product by virtue of its brand name (Farquhar 1989; YooandDonth, 2001).It positively impacts sustainable competitive advantage (Bharadwaj*et al*., 1993), marketing success (Ambler 1997), and stock price (Lane and Jacobson 1995). Approaches vary to measure brand equity and are either financial or customer related (Myers 2003). Financial indicators represent movements in stock prices or brand replacement (Simon andSullivan 1993). Customer-related measures fall into two groups: those relating to perceptions (brand awareness, brand associations, or perceived quality) and those associated with behavior (brand loyalty and market behavior).It is widely accepted by scholars that customer perceptions alone are poor indicators of market behaviors (Myers 2003). Aaker's (1991, 1996) measures combine perceptual and behavioral approaches. This approach, adopts ten sets of measures grouped into five categories: customer

****Corresponding author: Simiyu Gabriel***
Marketingand Logistics Department, School of Business and Economics, Moi University, Kenya

loyalty, perceived quality, brand associations, brand awareness, and market behavior (Ker-Tah Hsu, 2012).In contrast, Keller (1993) focused only on customer perceptions. Keller, defined customer based brand equity as: "the differential effect of brand knowledge on consumer response to the marketing of the brand." This lead to a perception measure of brand knowledge in two dimensions: brand awareness and image. Brand image reflects brand associations that contain the meaning of the brand held in consumer memory. The brand equity dimensions suggested by Aaker and Keller have been popularly accepted as valid and comprehensive. This study adopts the combination of both behavioral and perceptual variables which is effective to measure brand equity as the incremental value added by a brand to a product. This study adopts four dimensions of brand equity constructs namely; Brand awareness, perceived quality, Brand association and brand loyalty.

Brand Awareness

Brand awareness is related to the strength of the brand node or trace in memory, as reflected by consumers' ability to identify the brand under different conditions (Rossiterand Percy, 1987). In other words, it is the likelihood that a brand name will come to mind and the ease with which it does so. Keller (2003) defines awareness as "the customers' ability to recall and recognize the brand as reflected by their ability to identify the brand under different conditions and to link the brand name, logo, symbol, and so forth to certain associations in memory". Aaker (1996) identifies other higher levels of awareness besides recognition and recall. He includes top-of-mind, brand dominance, brand knowledge and brand opinion.According to Aaker (1996), for new or niche brands, recognition can be important. For well-known brands recall and top-of-mind are more sensitive and meaningful. Brand knowledge and brand opinion can be used in part to enhance the measurement of brand recall. Aaker conceptualizes brand awareness that it must precede brand associations. That is where a consumer must first be aware of the brand in order to develop a set of associations (Washburn and Plank 2002).According to Keller K.L (1993), brand awareness plays an important role in consumer decision making for three major reasons. First, it is important that consumers think of the brand when they think about the product category. Raising brand awareness increases the likelihood that the brand will be a member of the consideration set (Baker *et al*., 1986; Nedungadi 1990), the handful of brands that receive serious consideration for purchase. Second, brand awareness can affect decisions about brands in the consideration set, even if there are essentially no other brand associations.Finally, brand awareness affects consumer decision making by influencing the formation and strength of brand associations in the brand image. A necessary condition for the creation of a brand image is that a brand node has to be established in memory, and the nature of that brand node affects how different kinds of information can become attached to the brand in memory.

Perceived quality

According to Zeithaml (1988), perceived quality is the customer's judgment about a product's overall excellence or superiority that is different from objective quality. Objective quality refers to the technical, measurable and verifiable nature of products/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 judgments of the objective quality, they use quality attributes that they associate with quality of the product (OphuisandVanTrijp 1995). Perceived quality hence is formed to judge the overall quality of a product/service. Boulding (1993) and other researchers argued that quality is directly influenced by perceptions. Consumers use the quality attributes to 'infer' quality of an unfamiliar product. It is therefore important to understand the relevant quality attributes with regard to brand equity (Fayreneand Chai, 2011).

The concept of perceived quality is classified in two groups of factors that are intrinsic attributes and extrinsic attributes. The intrinsic attributes which are related to the physical aspects of a product includes, color, flavor, form and appearance (Steenkamp 1997); on the other hand, extrinsic attributes are related to the product, but not in the physical part, these includes, brand name, stamp of quality, price, store, packaging and production information (Bernue´s*et al*.2003).Zeithaml, (1988), asserts that personal product experiences, unique needs, and consumption situations may influence the consumer's subjective judgments of quality. High perceived quality means that, through the long-term experience related to the brand, consumers recognize the differentiation and superiority of the brand. Zeithaml identifies perceived quality as a component of brand value; therefore, high perceived quality would drive a consumer to choose the brand rather than other competing brands, hence, the degree that brand quality is perceived by consumers,the morebrand equity will increase.

Brand Loyalty

Aaker (1991) defines brand loyalty as the attachment that a customer has to a brand. There are different levels of loyalty (Gremblerand Brown, 1996). Behavioral loyalty is linked to consumer 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 1999). Cognitive loyalty which means that a brand comes up first in a 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 (top-of-mind), where the matter of interest also is the brand, in a given category, which the consumers recall first. Thus, a brand should be able to become the respondents' first choices (cognitive loyalty) and is therefore purchased repeatedly (behavioral loyalty) (Keller 1998).Oliver (1997) defines brand loyalty as "a deeply held commitment to rebuy or patronize a preferred product or service consistently in the future, despite situational influences and marketing efforts having the potential to cause switching behavior". Loyal consumers show more favorable responses to a brand than switching consumers do (Grover andSrinivasan 1992). Brand loyalty makes consumers purchase a brand routinely and resist switching to another brand. Hence, to the extent that consumers are loyal to the brand, brand equity will increase (Yoo*et al*., 2000).

Brand Associations

Brand associations consist of all brand-related thoughts, feelings, perceptions, images, experiences, beliefs, attitudes (Kotlerand Keller 2006) and anything linked in memory to a brand. This association may be emotional and influenced by the purchasing involvement of the customer (Slama and Tashchian, 1985). For retail stores, it is the perceptions of customers towards store image, and product assortments (Kara *et al*., 2009), that affect association. Such images and assortments create purchasing motivations of emotion, self-expressiveness, social, and involvement aspects for the retail stores. According to Porter andClaycomb, (1997), the ultimate success of a brand and a retailer is determines by how closely the images of the selling organization and the (brands) meet the (association) expectations of the consumer.Bridges *et al*., (2000) argued that strong, positive associations help to strengthen brand and the equity that is carried into a leverage situation is affected by the types of association made with the brand. In addition,Atilgan*et al*., (2005) have stated that strong brand association leads to higher brand loyalty. High brand equity implies that consumers have strong positive associations with respect to the brand.

Advertisement

Advertisement plays essential role on business development across the world. It can introduce the product and services to existing customers and attract new ones. Advertisement may increase people' awareness; gives more information about quality and helps building brand associate (Samiei*et al*., 2014).According to Isabel *et al*., (2013) advertising has been found to be vital in building consumer-based brand equity. Consumers always perceive highly advertised brands as higher quality brands (Bravo *et al*., 2007). Similarly, large advertisement can favor correct brand recall and recognition. Brand advertisement can also increase the scope and frequency of brand appearance, leading to increase in the level of brand awareness (Keller, 2007). As such, the higher advertisement, the higher the awareness levels are likely to be (Yoo*et al*., 2000). According to Keller, (2007), advertising creates favorable, strong and unique brand associations which arise from consumer-brand contact. As such, advertisement can contribute to brand associations through its ability to create, modify or reinforce associations with each new contact. Hence, the higher a brand's advertisement, the stronger and more numerous will be the associations in the consumer's mind (Bravo *et al*., 2007).De Chernatony, (2010), asserts that advertising is a powerful way of communicating a brand's functional and emotional values. The effectiveness of this communication tool depends on its content (the message), the execution or how the ad conveys the message, and the frequency with which a consumer sees the advertisement (Kotler, 2000). However to achieve these results, the advertisement needs a suitable design and execution. Isabel *et al*., (2013) concludes that through an original and innovative advertising strategy, organizations may be more likely to capture consumers' attention. In turn, consumers' attention can lead to higher brand awareness, higher perceived quality and contribute to forming strong, favorable and unique associations (Villarejo, 2002). In other words, besides increasing consumers' familiarity with a brand, advertising can shape consumers' perceptions of quality and other brand associations (Moorthyand Hawkins, 2005).

Hence we propose the first hypothesis that:

H1: Advertisement positively and significantly affects Brand Equity

Word of mouth

According to (Hanaysha, 2016) firms need to build and strengthen brand equity by focusing on various vital marketing factors such as advertisement and word of mouth. This enables a company to succeed in the current intense business competition, providing products or services with high quality as the key strategy of strong brands. Particularly, a brand must deliver to its consumer's products that are characterized by high quality and superior performance in order to influence them to develop favorable associations in their memories (Farquhar, 1989). WangenheimandBayo´n, (2004), states that consumer word of mouth is an important aspect in the formation of attitudes, purchase decision-making context and in the reduction of risk associated with buying decisions for every consumer. Word of mouth is especially critical for the success or failure of service providers.Favorable word of mouth recommendation by satisfied customers is the key differential advantage that a firm or brand can possess. Both academicians and practitioners agree that word of mouthis the most influential communication tool to drive consumers' reactions toward a brand. Past literature reported that positive word of mouth is more effective than advertising technique (Day, 1971). Hawkins *et al*., (2004) viewed word of mouth as a key factor that customers tend to rely on before making purchase decisions, and it's reflected through the experiences shared by others toward certain products, services, and brands. Arndt (1967) defines word of mouth as "oral person to person communication between a receiver and a communicator whom the receiver perceives as non-commercial, regarding a brand, a product or a service".

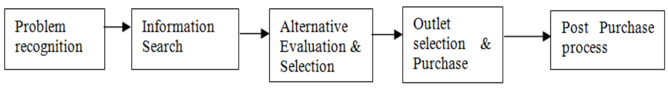
The key idea of word of mouth is directed towards sharing and communicating consumers' knowledge and opinions about the products or services of a particular brandsandwich others. This is also echoed by Brown *et al*., (2005) who said, word of mouth comprises any shared information about a brand which can be transmitted from one consumer to another through personal conversations or via other tools of communication.According to Murtiasih*et al*., (2013), in today's Internet era, consumers seek information through internet, gathering pre-purchase product information that majorly influence their purchase intentions (Zhang and Tran, 2009) and share the experience they had. Online WOM communication is a concern for marketers because it is a source of spreading consumer dissatisfaction thorough the internet, which is referred to as negative WOM communication. Satisfied customers theoretically distribute positive WOM, but dissatisfy customer on the reverse will diffuse negative WOM.In a study done by Murtiasih*et al*.,(2013) on how word of mouth influence brand equity for automotive products in Indonesia, concludes that WOM communication do not just influence and shapes consumer attitudes and behavioral intentions to purchase but more importantly it influences brand equity. This study therefore proposes the following second Hypothesis:

H2: **Word of mouth positively and significantly moderates the relationship between advertisement and Brand Equity**

Grand's Model of Consumer Decision making

Scholars and practitioners agree that consumer buying and decision making is so complicated as a result of external influences that have to be handled within an internal frame of preferences (SiwachandDahiy, 2009).For better understanding of what happens in a real situation until a consumer decides to buy a product or service scientists suggested developing models. Consumer decision-making models specify exact cause and effect that relate to consumer behavior (Walter (1978).This model is based on a theory which illustrates consumer decision-making as a multi-staged and complex process which involves five main stages; problem recognition, Information search, Alternative evaluation and selection, outlet selection and purchase, Post purchase process. Grand's model has common points; It perceives consumer behavior to be a constant decision making process and the behavior of individual consumer is emphasized (Gilbert (1991). Behavior is treated as a functional concept that can be explained, and a buyer is viewed as an individual who searches, evaluates and stores information.

Consumer Decision making

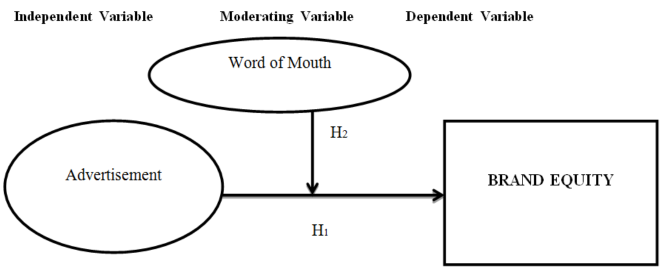


Source:(Erasmus, Boshoff, & Rousseau, 2001)

Figure 1.Grand's Model of Consumer Decision-making

In detergent industry, Grand's model of consumer decision-making contributes to the development of many alternatives. The central theme of this model is when an individual recognizes that there is need to change his/her detergent. Therefore the customer will search for information about the variety of detergent brands in the market, evaluate the given choices either from word of mouth or advertising then will make a decision to purchase. In the post purchase stage, satisfied customers will have intentions to recommend the specific detergent brand to others and to become loyal to that brand as well.

Conceptual Framework



Source: Research study, (2016)

Figure 2.Conceptual framework

MATERIALS AND METHODS

Research Design

The study was conducted through a descriptive-explanatory research design which was ideal, as the researcher reports the state of the findings as they exist and explain the relationships between the variables under the study (Saunders *et al.* (2004)). The product categories and brands selected were based on the best global brands 2013 ranked by inter-brand. The use of rankings to select product categories and brands is usually in brand equity research (Netemeyer*et al*., 2004). From this published list, we chose two diverse detergent products (Omoand Ariel). These brands are widely available and well-known to Eldoret consumers, which is desirable to understand brand equity (Krishnan, 1996).

Study area and Target Population

Three major supermarkets located in Eldoret town, UasinGishu County in the Republic of Kenya served as the sampling frame. The study was carried out between 11th May -29h May, 2016.The respondents were shoppers of; Khetia's, Tuskys, and Naivas supermarket stores. The high urban population growth rate has led to the sprawling of supermarkets within the town which makes it a better place to study consumer choice.

A survey done by the researcher from the four supermarkets' management on their customer base was summarized in table 1 below:

Table 1. Target population

Name of Supermarket	Approx. daily number of Customers	Approx. monthly customers	Percentage Customer base.
Khetia's	4,000	120,000	38%
Tuskys	2,700	81,000	26%
Naivas	3,700	111,000	36%
Total Customers	10,400	312,000	100%

Source: Research survey, (2016).

Sampling Design

The study used systematic sampling technique to collect data from shoppers. The sample size was determined by the formula adopted from(Ebuehi and Akintujoye, 2012) and distributed according to the percentage of customer base of the stores as indicated by table 2.

$$n = \frac{Z^2 pq}{d^2}$$

Where:

n = the desired sample size
z = the standard normal deviate at the required confidence level (1.96)
P = the proportion in the target population estimated to have characteristics being measured (0.5)
q = 1 – p (0.5)
d = the level of statistical significance set (0.05)

$n = \frac{(1.96^2 * 0.5)(1-0.5)}{0.05^2}$ giving us a sample size of 384.

Table 2. Distribution of respondents (sample size)

Name of Institution	% share of customers	Sample size- (respondents)	No. of respondents per store
Khetia's	38% (0.38)	384	146
Tuskys	26% (0.26)	384	100
Naivas	36% (0.36)	384	138
TOTAL	100% (1)	384	384

Source: Research study, (2016)

Types of data, Sources and collection instruments

Primary data was utilized to produce quantitative information by the use of a closed ended self-administered questionnaire given to shoppers as respondents. The development of questionnaire was divided into a number of steps and guided by the objectives of the study. The first section comprised of variables to be measured using previously developed instruments 5-points Likert scale of (1) strongly disagree to (5) strongly agree. This section emphasized on the measurements Brand equity, advertisement and word of mouth. The second section contained the demographic variables of the respondents, gender, age, and education.

Variable Measurement

The variables to be measured included the dependent variable, Brand equity with four dimensions; brand awareness, brand quality, brand loyalty and brand associations with measures adopted from Aaker (1991, 1996) and Keller (1993).The independent variable, advertisement was measured by the questionnaires adopted from, Yoo*et al*., (2001). Word of mouth was measured by volume; which measures the total amount of WOM interactions, valence; measures the nature of the message and whether it is positive or negative. Source type; measures the effectiveness of WOM because of the source reliability (Davis andKhazanchi, 2008; Liu, 2006; Buttle, 1998).

Data analysis

The data contained responses from shoppers of the named stores. 384 Self-administered questionnaires were distributed, out of which 354 were returned, however, only 346 were used as 8 of them were not properly filled, hence excluded from the final tally, indicating a response rate of 90% whichshows a good representation of the study population as it was above the adequate 50 % (Kinyuru *et al*., 2014).

Demographic Information

The gender distribution was 57.80% (n=200) female and 42.20% (n=146) male, with predominant age group being 18-35 years (83%, n=287). Majority, 61.50% (n = 213) possessing a degree. Thus the present study has the well composition of demographical characteristics.

Table 3.Demographic characteristics of the respondents

Demographic factor	Number of respondents	Percentage numberof respondents
Gender: Male	146	42.2
Female	200	57.8
Age: 18-23	42	12.1
24-29	159	46.0
30-35	86	24.9
36-40	33	9.5
Above 41	26	7.5
Education:	30	8.7
Primary/Secondary	85	24.6
Diploma/Advanced	213	61.5
Bachelor Degree/Master/PhD	18	5.2
Degree	346	100
Professional cert.		
Total(N=346)		

Source: Research data 2016

Scale reliability, validity, Correlation and factor analysis

The reliability of the questionnaire was tested using Cronbach alpha measurements. The reliability coefficients of the dependent variable (Brand equity) dimensions with 21 items, was 0.971, independent variable, (advertisement) with 6 items was 0.796, and the moderator (Word of mouth) with 5 items was 0.961.The reliability of all the variables is above 0.70 which concurs with suggestion made by Nunnally (1978).In order to assess the construct validity, items were examined by principal components extraction with varimax rotation. The Kaiser Meyer- Olkin (KMO) measure of sampling adequacy was used to compare the magnitude of the observed correlations coefficients and that of partial coefficient correlations. KMO values below 0.5 do not permit the use of factor analysis.The factor loading for 6 items for advertisement and 5 items for word of mouth are shown in table 5, with Eigen values greater than 1.0 of (2.985, 4.439).The accumulative percentage variance for advertisement was 49.758 indicating that over 49.8% of the common variance is shared by the 6 itemswhile word of mouth with accumulative variance of 86.971% indicating 86.9% of variance is shared by 5 items. The Kaiser Meyer-Olkin (KMO) for advertisement and word of mouth had a measure of 0.714 and .0909 respectively which is above the threshold of 0.5 (Field, 2005) .The Bartlets test was significant with chi-square of 611.881 and 958.468 respectively with (p-values 0.000). Based on the above results, the construct validity is established.Pearson correlation analysis was conducted to examine the relationship between the variables. The correlation coefficient value (r) range from 0.10 to 0.29 is considered weak, from 0.30 to 0.49 is considered medium and from 0.50 to 1.0 is considered strong (Wong andHiew, 2005). However, according to Field, (2005), correlation coefficient should not go beyond 0.8 to avoid multicollinearity.Based on the results, the correlation between word of mouth and Brand equity was the strongest with $r = 0.334$, $p< 0.01$, while advertisement and Brand equity was $r =0.331$, $p<0.01$.

Table 4. Test Results for reliability and Correlation

Construct	Number of items	Cronbach's alpha	**Correlation (significant at the 0.01)
Brand equity dimensions	21	0.971	
Advertisement	6	0.796	.331**
Word of mouth	5	0.961	.334**

Source: Research data, (2016)

Table 6 shows Factor loading for Brand equity items. Four (4) items were dropped after the component extraction analysis as they did not meet the 0.5 the threshold. The Kaiser Mayer-Olkin (KMO) value is 0.825 which meets the threshold of over 0.5. The Eigenvalue was8.791which is greater than 1.0.The Bartlett's test in the data set was significant with chi-square of 3360.406, p<0.001.

Multiple Regression analysis

Multiple regression analysis was applied to analyze the relationship between control variables, advertisement (independent variable) and brand equity (dependent variable) (Hair *et al*., 2005).

Table 5. Principal component extraction table for Advertisement and Word of mouth

Variables	Scale items	Loading	KMO	Eigen value	% variance
Advertisement	The advertisements are original	.764	.909	2.985	49.758
	The advertisements are creative	.763			
	The advertisements of the detergent is frequently shown in the media in Kenya	.718			
	The advertisements are different from the advertisements of competing brands	.708			
	The company spend a lot on its advertising compared to competing detergents	.650			
	The detergent is intensively advertised	.617			
Word of mouth	I believe sales on the detergent could be very low without word of mouth	.958	.714	4.439	86.971
	I could not buy the detergent, had it not been the word of mouth from friends/sales agents	.952			
	I believe in word of mouth when i am buying a product	.942			
	Word of mouth plays a big role creating brand equity	.906			
	Word of mouth influences my decision in the detergent buying process	.904			

Source: Research Data, 2016

Table 6. Principal component extraction table for Brand equity

Variable	Scale items	Loading	KMO	Eigen values	% variance
Brand Equity	Considering what i would pay for the detergent, i would get much more than my money's worth	.800	.825	8.791	41.862
	I like the company which makes this this detergent	.787			
	The detergent is interesting	.776			
	The detergent has a personality	.773			
	I trust the company which makes this detergent	.769			
	The company which makes this detergent credible	.751			
	The detergent is good value for the money	.711			
	The detergent has excellent features	.681			
	I will not buy other brands of detergents if my brand is available at the shop/supermarket	.670			
	When i think of detergents, it's one of the brands that comes to mind	.642			
	It's a very reliable detergent in Kenya	.638			
	I am aware of this brand, more than any other brands of detergents in Kenya	.622			
	Within the many detergents in Kenya, i consider this brand a good buy	.622			
	This detergent offers very good quality among detergents in Kenya	.606			
	The detergent is consistent in its quality	.605			
	I consider myself to be loyal to this detergent	.558			
	The detergent would be my first choice when considering detergents	.521			

Source: Research data, (2016).

Table 7, Model 1 shows that control variables have F-statistics of F=6.273 which was significant at 1 percent level (sig.F<.001), and the coefficient of determinationR^2 of .108 which implies that control variables only explains 10.8 % variations in overall brand equity.Theresultshows thatgender and age were both significant with p-values less than 0.05 (Gender$p$ =.013 and Age p =0.37). Education had no significant effect on brand equity.Model 2, shows a goodness of fit as indicated by the F-statistics (F= 12.495) which was significant at 0.001 % level and coefficient of determination (R^2) with a value of .244. This implies that the independent variable, advertisement explains 24.4 % of the overall brand equity hence confirming a relationship between the predictor variable, (advertising) and brand equity.

Hypothesis H_1: Effect of advertisement on Brand equity

The findings from table 7 shows that advertising has coefficient estimate of *βeta*=0.176, and a p-value=0.000. This confirms that at0.001% significant level, advertisement exerts a positive and significant effect on brand equity. Since *p*-value is less than (0.001) and significant, hypothesis (H1) is supported.

Hypothesis H_2: Testing the moderating effect of word of mouth on the relationship between advertisement and brand equity

The independent variable (advertisement) was standardized to z-scores to simplify the interpretations.

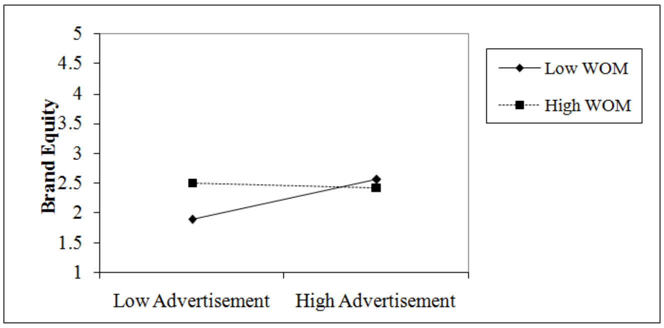
Then a cross-product of z-scores of the moderator with the independent variable was computed. In model 3, word of mouth was entered to test its moderating effect. The inclusion of the moderatorproduced an overall $R^2$of .315 and F=14.167 which was significant at 0.001% level.The findings shows a positive and significant moderating effect of word of mouth on the relationship betweenadvertisement and Brand equity, (β = 0.125,p<0.001).Hence, hypotheses (H2) is also supported.

Table 7. Summary of Hierarchical Regression analysis results

Variables	Model 1	Model 2	Model 3
Constant	4.291***	3.448***	2.979***
Gender	-.141*	-.132*	-.121*
Age	.136*	.141*	.118*
Education	.083	.120*	.112*
Advertisement		.176***	.167***
Word of mouth*Advertising			.125***
F	6.273***	12.495***	14.167***
R^2	.108	.244	.315
Adjusted R^2	.090	.224	.293

Dependent variable: Score Brand equity (sig.0.05).
Notes.*p<.05;**p<.01;***p<.001
Source: Research data, (2016)

Figure 3 shows the nature of interaction caused byword of mouth on the relationship between advertising and brand equity. It illustrates that when there is low advertisement with high word of mouth; brand equity is not affected. This is because word of mouth acts as a remedy to low advertisement. High advertisement andhigh word of mouth does not add any value to brand equity.



Source: Research study, (2016)

Figure 3. Nature of interaction

DISCUSSION AND CONCLUSION

This study examined the effect of advertisement and moderating effect of word of mouth on the relationship between advertisement and brand equity.Results show that advertisement has a positive and significant effect on brand equity. This finding is in line with prior research of Isabel*et al.*, (2013), whose research shows thatadvertising is an important marketing mix tool for companies, as it does influence brand equity dimensions.According to Samiei*et al.*, (2014)advertisement can introduce the product and services to existing customers and attract new customers. Their study shows that advertisement may increase people' awareness; gives more information about quality and helps building brand associate affecting brand equity. Advertising createsbrand awareness, links strong, favorable, and unique associations tothe brand in consumers' memory, and elicits positive brand judgmentsand feelings, positively affecting brand equity (Keller, 2007 andMoorthyand Hawkins, 2005).Companies therefore need to put more emphasis on differentiating their ads from those of competitor's brands, being creative in their adverts, and also intensively advertise their products as these enhances brand equity.Firms should also improve reputation of their brands, focus effort on massage impression and opinion leaders whose word of mouth influences brand equity.The study provides new findings that word of mouth positively and significantly moderates the relationship between advertisement and brand equity. This addssome new understanding to the literature on advertisement, word of mouth, brand equity and their interrelationships which influence the development of the retail industry in a developing country context.

Limitations and Suggestions for future studies

This study was conducted in Kenya and whether the results from this research would be consistent with other countries' detergent brands would need to be verified through further research.Future research should follow the longitudinal approach to predict beliefs and behavior of consumers over time since the model in this study is cross-sectional which measures the intension only at a single point in time.

REFERENCE

Aaker, D. 1991. Managing Brand Loyalty: Capitalizing on the Value of a Brand Name.

Aaker, D. A. 1996. Building Strong Brands. New York: The Free Press.

Arndt, J. 1967. Role of product-related conversations in the diffusion of a new product.*Journal of Marketing Research,* 4(3), 291-295.

Atilgan, E., Aksoy, S, andAkinci, S. 2005. Determinants of the brand equity: A verification approach in the beverage industry in Turkey. *Marketing Intelligence and Planning*, *23*(3), 237-248.

Boulding W.,Kalar, A., Staelin, R, and Zeithaml, V. A. 1993. A dynamic process model of service quality: From expectation to behavioralintentions. *Journal of Marketing Research, 30*(1), 7-27.

Bravo R, Fraj E, Martínez E. 2000.Family as a source of consumer-based brand equity. The *Journal of Product and Brand Management*; 16(3):188–99.

Bridges, S., Keller, K. L., andSood, S. 2000. Communication strategies for brand extensions: enhancing perceived fit by establishing explanatory links. *Journal of Advertising*, *29*(4), 1-11.

Brown, T. J., Barry, T. E., Dacin, P. A., andGunst, R. F. 2005. Spreading the word: Investigating antecedents of consumers' positive word-of-mouth intentions and behaviors in a retailing context. *Journal of the Academy of Marketing Science*, 33(2), 123-138.

De Chernatony L. 2010. From brand vision to brand evaluation.The strategic process of growing and strengthening brands. 3rd Ed. Butterworth Heinemann

Ebuehi, O. M., and Akintujoye, I. 2012. Perception and utilization of traditional birth attendants by pregnant women attending primary health care clinics in a rural Local Government Area in Ogun State, Nigeria. *Int J Womens Health, 4*, 25-34.

Erasmu, A. C., Boshoff, E., And Rousseau, G. G., 2001. "Consumer decision-making models within the discipline of consumer science: a critical approach", *Journal of Family Ecology and Consumer Sciences,* Vol 29 (1).

Hanaysha, J. 2016. Examining the link between word of mouth and brand equity: A study on international fast food restaurants in Malaysia. *Journal of Asian Business Strategy, 6*(3), 41.

Hawkins, D. I., Best, R., and Coney, K. A. 2004.*Consumer behavior: Building marketing strategy* (9th Ed). Boston, MA: McGraw-Hill.

Isabel Buil, Leslie de Chernatony, Eva Martinez (2013).Examining the role of advertising and sales promotions in brand equity creation. *Journal of Business Research* 66: 115–122

Keller Kevin Lane, 1993.Conceptualizing, Measuring, and Managing Customer-Based Brand Equity.*Journal of Marketing*, Vol. 57, No. 1, pp. 1-22

Keller KL. 2007.Strategic brand management: Building, measuring, and managing brand Equity. (3rd Ed). New York: Prentice Hall.

Keller, K. L. 2003. Strategic Brand Management. Upper saddle River, NJ: Prentice-Hall.

Liao, C.H.,Tsou, C.W andHuang , M.F. 2007."Factors influencing the usage of 3G mobile services in Taiwan", *Online information review*, 31(6) pp.423-433.

Moorthy, S., Hawkins, S.A. 2005. Advertising, repetition and quality perception.*Journal of Business Research*; 58(3):354–60.

Murtiasih Sri, Sucherly, HotniarSiringoringo, 2013.How Word of Mouth Influence Brand Equity for Automotive Products in Indonesia.New York: The Free Press, 12-25.

Nunnally, J.C. 1978. Psychometric Theory, McGraw-Hill Book Company, New York, NY.

Oliver, Richard L. 1999. Whence Consumer Loyalty.*Journal of Marketing,* 63: 33-44.

Porter, S.S andClaycomb, C. 1997.The Influence of Brand Recognition on Retail Store Image.*Journal of Product and Brand Management*, 6(6), 373-387.

Samiei M. N. Mohsen S A Akbar and A. Elham, 2014. A study on the effects of advertisement on brand equity: Evidence from mobile industry Management Science Letters.

Shocker, A.D., Srivastave R.K. and Reukert R.W. 1994. Challenges and opportunities facing brand management: An introduction to special issue. *Journal of Marketing Research* 31: 149-158.

Wangenheim V. Florian andToma´sBayo´n, 2004.Effect of word of mouth on services switching.*European Journal of Marketing* Vol. 38 No. 9/10.

Wong,C.C. and Hiew, P.L. 2005. ”Diffusion of mobile entertainment in Malaysia: drivers and barriers”, Enformatika, Vol.5, pp.263-6.

Yoo B, Donthu N, Lee S. 2000. An examination of selected marketing mix elements and brand equity. Journal of the Academy of Marketing Science; 28(2):195–211.

Zeithaml, V. A. 1988. Consumer perceptions of price, quality, and value: A means-end model and synthesis of evidence. *Journal of Marketing*, 52(3), 2–22.

****