

# **A Brand Audit on the L'Oréal Brand**

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## **Declaration**

Hereby I, Ingrid Staisch, declare that this research report is my own original work and that all sources have been accurately reported and acknowledged, and that this document has not previously in its entirety or in part been submitted at any university in order to obtain an academic qualification.

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I. Staisch

1 September 2007

## Acknowledgments

First and foremost, I thank my **parents** for the constant support that they have given me throughout my life. It's only a privileged few who get to experience the love and support that I have received from my parents. Through the ups and the downs, they stand beside me and guide me through my life. Without them, I don't think I would be the person I am today, someone whom I am proud of.

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## Abstract

The main question addressed in this research study is 'How can L'Oréal improve upon their current brand image and subsequent brand positioning amongst Stellenbosch students as their target audience'. It was therefore considered necessary for the author of this research project to effectively be able to uncover the current health of the L'Oréal brand. A brand audit was therefore performed on the corporate L'Oréal brand. Brand audits are qualitative snapshots of the *current* position of the brand in terms of the *current* perceptions of the target audience and it is important to perform them on a regular basis as target audiences may evolve over time. Through performing a brand audit, the manufacturers / marketers of the brand in question will gain a better understanding of the current problems, desires and needs of the target audience in question. The information obtained from such an audit is valuable for the organization / brand as it allows them to determine whether a costly and time-consuming process such as a brand re-positioning is necessary, as well as providing valuable market research which can lead to a viable and sustainable brand strategy.

In order to uncover the health of the brand and determine the perceptions, attitudes and behaviour of the target audience, a deductive approach to this study was employed. A paper-based questionnaire regarding the corporate / product L'Oréal brand was designed by the author and distributed to 444 students located on central campus at the University of Stellenbosch. A statistical significance level of five percent ( $\alpha = 0.05$ ) was employed when the information collected from the questionnaires was subjected to a series of statistical tests.

Six main brand characteristics were investigated during the analysis of the survey data. These include brand awareness, attitude towards the corporate brand, attitude towards the products, level of desire for the brand, behavioural tendencies, and the value proposition. The results from the survey indicated that an overwhelming majority of respondents were familiar with the brand, and also that a large percentage of them had also used L'Oréal products. Along similar lines, the perceptions / attitudes with regards to the corporate and product brand were very, or fairly favourable amongst the respondents. There was a consistent trend amongst ethnic groups, with the white ethnic group being the most familiar with the brand, having the most favourable attitude with regards to the brand and products, and displaying the most positive usage behaviour with regards to the products. The opposite trend was observed for the black ethnic group. It was also determined that as the attitude with regards to the corporate brand increases so too does that of the product brand. This is a favourable situation for L'Oréal as efforts to build corporate brand identity can translate into strong, favourable and unique product associations.

In terms of the benefits being sought, the majority of respondents ranked functional and emotional benefits as most important when using personal care products.

The author was able to extract from the survey the fact that the black ethnic group had the least awareness and least favourable attitude, perception and behaviour with regards to the corporate and product brand in question. If L'Oréal is able to enhance the brand imagery amongst this target audience, they will surely build a positive brand equity as well as an additional income stream. In addition to this, the author was also able to identify that the emotional bond to the L'Oréal brand was not as strong as it could be. The respondents indicated that their level of desire for the brand was not on par with their expected / anticipated needs and that a personal care brand should fulfil more of these needs.

## Opsomming

Die hoofonderwerp van hierdie stuk navorsing is: “Hoe kan L’Oréal hulle huidige beeld en dus ook hulle handelsmerk posisionering tussen Stellenbosse studente as hulle teikenmark verbeter?” Dit is dus as nodig beskou dat die navorser ondersoek moet instel na die huidige gesondheid van die L’Oréal handelsmerk. ‘n Handelsmerk-oudit is dus op die korporatiewe L’Oréal handelsmerk uitgevoer. Handelsmerk-ouditte is kwalitatiewe “foto’s” van die *huidige* posisie van die handelsmerk in terme van die *huidige* persepsies van die teikenmark en dit is belangrik dat hulle op ‘n gereelde basis uitgevoer moet word want teikenmarkte evolueer oor ‘n tydperk. ‘n Handelsmerk-oudit kan daartoe lei dat die bemarkers van die handelsmerk ‘n beter begrip sal hê van die probleme, begeertes en behoeftes van hulle teikenmark. Die inligting wat deur die oudit verkry word is vir die organisasie / handelsmerk waardevol want hulle kan daaruit vasstel of ‘n duur en tydrowende proses soos handelsmerk re-posisioering nodig is, en ook kan dien as marknavorsing wat kan lei tot ‘n lewensvatbare en volhoudbare handelsmerkstrategie.

Om die gesondheid van die handelsmerk asook die persepsies, houdings en gedrag van die teikenmark vas te stel, is ‘n deduktiewe benadering tot hierdie studie gevolg. ‘n Vraelys oor die korporatiewe / produk L’Oréal handelsmerk is deur die navorser opgestel en onder 444 studente op die sentrale kampus van die Universiteit Stellenbosch versprei. ‘n Statistiese sinvolle vlak van vyf persent ( $\alpha = 0.05$ ) is gebruik toe die versamelde inligting van die vraelyste aan ‘n reeks statistiese toetse onderwerp is.

Ses hoof handelsteken kenmerke is tydens die ontleding van die opname-data ondersoek. Dit sluit in merkbewustheid, houding teenoor die korporatiewe handelsmerk, houding teenoor die produkte, begeerte vir die handelsmerk, gedragstendense, en die waarde-proposisie. Die opname het getoon dat die oorweldigende meerderheid van die respondente die handelsmerk geken het en ook dat ‘n groot persentasie van hulle al L’Oréal produkte gebruik het. Die persepsies / houdings tussen die respondente betreffende korporatiewe- en produk handelsmerke was baie of redelik gunstig. Daar was ‘n konsekwente neiging tussen etniese groepe; die wit etniese groep ken die handelsmerk beter, het ‘n meer gunstige houding teenoor die handelsmerk en produkte en toon meer positiewe gebruiksgedrag betreffende die produkte. Die teenoorgestelde geld vir die swart etniese groep. Daar is ook vasgestel dat soos die houding teenoor die korporatiewe handelsmerk verbeter, so ook dié teenoor die produk handelsmerk. Dit is ‘n gunstige situasie vir L’Oréal want pogings om korporatiewe handelsmerk identiteit te bou sal omsit in sterk, gunstige en unieke produk assosiasies.

Die navorser het uit die opname geleer dat die swart etniese groep die minste bewustheid en die ongunstigste houding, persepsie en gedrag betreffende die korporatiewe en produk

handelsmerk het. As L'Oréal die handelsbeeld onder hierdie teikenmark kan verbeter, sal hulle 'n positiewe handelsekswiteit asook 'n bykomende inkomstestroom kan skep. Die navorser het ook vasgestel dat die emosionele band met die L'Oréal handelsmerk nie so sterk is wat dit kan wees nie. Die respondente het aangedui dat dat hulle begeerte vir die handelsmerk nie so sterk is as hulle verwagte behoeftes nie en dat 'n persoonlike sorg handelsmerk in meer van hierdie behoeftes behoort te voorsien.

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**Consumer Decision Process (CDP) Model  
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## List of Acronyms

<b>AOL</b>	<b>America Online</b>
<b>BMW</b>	<b>Bavarian motor works</b>
<b>CBBE</b>	<b>Customer-based brand equity</b>
<b>CDP</b>	<b>Consumer decision process</b>
<b>HSBC</b>	<b>Hongkong and Shanghai Banking Corporation</b>
<b>IBM</b>	<b>International Business Machines</b>
<b>LVMH</b>	<b>Louis Vuitton Moet Hennessy</b>
<b>M&amp;A</b>	<b>Mergers and acquisitions</b>
<b>POD</b>	<b>Points of differentiation</b>
<b>POS</b>	<b>Point of sale</b>
<b>R&amp;D</b>	<b>Research and development</b>

# Chapter 1

## Introduction to Brands and Background on Consumer Behaviour

### Abstract

The purpose of this introductory chapter is to introduce the reader to brands, as well as the widely researched field of consumer behaviour. The primary field of research with which this study is concerned is 'Branding'. However, the author felt it also necessary to introduce the reader to some of the theories on consumer behaviour due to the fact that there are many similarities between these closely related fields of research and that many concepts and theories in consumer behaviour are used throughout this research report.

### 1.1 Introduction

The average person is exposed to 2500 advertising messages per day (Lavack, 2002) through various media channels such as billboards, magazines and newspapers, television, radio, online *etc.* If Rip van Winkle were to wake up in 2007 after a fifty year coma, he would surely be astounded by the proliferation of brands found on our store shelves and across the media channels. As human beings, we have a limited amount of 'storage space' in which we retain these brands and it is therefore very important for the future success of brands that the people in charge of managing them are aware of *who* the target audience is, *what* it is in their lives that they want brands to fulfil, and *how* the current image, perception or attitude of YOUR brand compares to that of your competitors' brands.

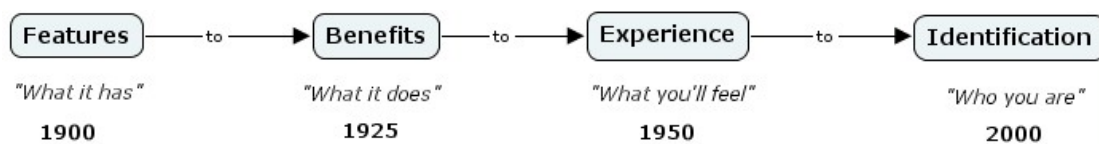
Nowadays, a successful brand can be a determining factor in whether or not a business is successful (Haig, 2004). The process of branding involves creating and managing an identity for your brand through which a clear message is expressed. It is important that the values and images associated with the brand are clearly identified by the organization, regularly 'checked' to determine whether they are (still) relevant and consistently portrayed at every touch point with the consumer. It is vital that the manufacturers / marketers of the brand understand what the consumers' wants and needs are and that they are able to anticipate what they will be in the future. 'Smart' organizations understand how important it is to create an emotional link between brands and consumers, and even form relationships with them, in order to create a situation of



loyal consumers rather than just satisfied consumers. The purpose of this research report is to perform a *brand audit* in order to measure the brand image of the corporate L'Oréal brand. This will / should prove to be valuable information for L'Oréal as it will inform them as to whether or not their current brand positioning is aligned with what the consumer desires, and through uncovering the current brand image profile, L'Oréal will be aware of whether or not action is needed in order to improve the image.

## 1.2 Is there a Difference between Marketing and Branding?

The difference between marketing and branding is that marketing is focused around selling products / services (tangible benefit) whilst branding offers the consumer a lifestyle choice or desirable image (intangible benefit). Brands communicate *via* emotions whilst products communicate *via* product attributes (functional benefits). The efforts of brand building and loyalty are seen as strategic (long term) rather than tactical (short term) moves. Brand management, including brand positioning, is part of the 'customer retention and building loyalty' process identified by Kotler (2005) as one of the marketing activities that organizations perform<sup>1</sup>. Unlike marketing, which can either operate as a push or pull system (the former describing a situation in which the marketing department persuades the consumer that a product or service is in actual fact needed), the heart of brand management is having a situation in which the consumer asks for the brand by name (pull system). An ideal situation is one in which the activities of marketing and brand management complement each other in order to win the hearts and minds of the *same* consumer. According to the author Marty Neumier (2003: 38), the emphasis of marketing has shifted over the past century from an emphasis on product features to an emphasis on the consumers' self-identification. Figure 1.1 below simplistically describes these major shifts that have occurred in marketing.



**Figure 1.1      Timeline Describing the Shifting Emphasis of Marketing Efforts.**

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<sup>1</sup> The other five steps that Kotler identifies as key in marketing are: 1) opportunity identification 2) new product development 3) customer attraction 4) order fulfilment

### 1.3 What does Branding Mean?

The most important thing in marketing, and especially branding, is the perception of the consumer. According to Al Ries and Jack Trout, as described in their book *The 22 Immutable Laws of Marketing* (Ries and Trout, 1993), the reality is that the only things that exist in marketing are the perceptions in the minds of the consumer or prospect. The goal of marketing managers, and brand managers, is to manipulate the perceptions of consumers to allow them to believe that meaningful differences *do* exist between their brands and those of competitors.

Apart from creating an identity for the brand, the process of branding involves creating mental brand associations for the consumer regarding the products or services under the brand in question. These associations should be strong, favourable and unique towards the brand and can be related to brand attributes (descriptive features that characterize a product / service) or brand benefits (personal value and meaning that consumers attach to the product / service attributes) (Keller, 2003: 71). These attributes and benefits do not need to be exclusively tangible, but can include more intangible associations (*i.e.* the personality of the brand, the user imagery of the brand *etc.*). The result of creating strong, favourable and unique brand associations is a positive brand image, which in turn creates positive brand equity (or alternatively, as Keller (2003) defines it, customer-based brand equity (CBBE)). It has been cited in the literature that it is difficult to change brand associations that are already consolidated (in long-term memory), certainly when they are worn in and very strong (Franzen and Bouwman, 2001: 71). The only process in which this can happen is through the development of new associations and their subsequent strengthening in such a way that they are activated earlier and more quickly than the older associations (Franzen and Bouwman, 2001: 71).

### 1.4 Do we Know what a Brand is?

In the literature, there are many different opinions as to what exactly is a brand. Some may claim the brand to be an object and set of relations between products in time (Lury, 2004) whilst others have stated that brands are immaterial and intangible, hence not physical, but rather informational objects as they apply to the senses (Arvidsson, 2006: 6). Too often, their value as an information tool is overlooked in favour of their value as asset or property. By distinguishing a brand as an information tool, the brand attains a 'life' separate from the products it markets. Brands are by no means limited to the products / services they encapsulate. They can manifest themselves across different countries, languages, mediums (*e.g.* Harry Potter books, films, memorabilia *etc.*), people (*e.g.* a sportsperson can represent a soft drink brand as well as a

clothing brand) and different eras (e.g. VW beetle of the 1960s has been carried through to the 21<sup>st</sup> century). It is a misleading notion though that the brand consists exclusively of the things you can see, hear, touch, taste or smell. It goes beyond that to enter the emotions and thoughts of the people who are exposed to these brands. The brand is an experiential journey from start to finish and so often, brands are entwined in our everyday lives, guiding the actions and decisions we make, allowing us to adapt and fit-in with social networks and sometimes creating an identity for ourselves.

*'Strong branding has nothing to do with a beautiful logo, but it has everything to do with your brand's message'*

- (Martin Lindstrom, as cited in Drew, 2000, p. 8)

*The view of brands taken in this research is that they are distinct and separate from the physical products associated with them, although not entirely disassociating the brands from the products / services marketed under the brand name.* Branding is a holistic process, a 'total experience', and the view of the author of this work is that consumers and organizations buy into the brand and not exclusively the product or services on offer.

## **1.5 Brands = Products?**

A brand is so much more than simply the product(s) it markets, and failure to distinguish this fact leads to the product-attribute fixation trap which Aaker (1996: 72) describes as occurring when organizations try to promote the functional benefits of their products instead of trying to promote intangible characteristics and creating an emotional link between their brands and consumers. Intangible characteristics, such as perceived quality, technological leadership, perceived value, or healthy food, are more effective associations to develop, and can be described as general attributes which serve to summarize sets of more-objective attributes (McKenna, 1986: 41). The obvious disadvantages of focusing solely on the product attributes include the facts that sometimes it can be difficult to differentiate your product, it can easily be copied by competitors, it can limit some brand extensions, or it can even limit your flexibility with regards to adapting to dynamic markets. If you focus solely on product attributes, you assume that all people are rational creatures to whom emotions like excitement, thrill or pride do not appeal. The truth is people do have emotions and desires to express themselves and it is through brands in which they seek to fulfil these needs.

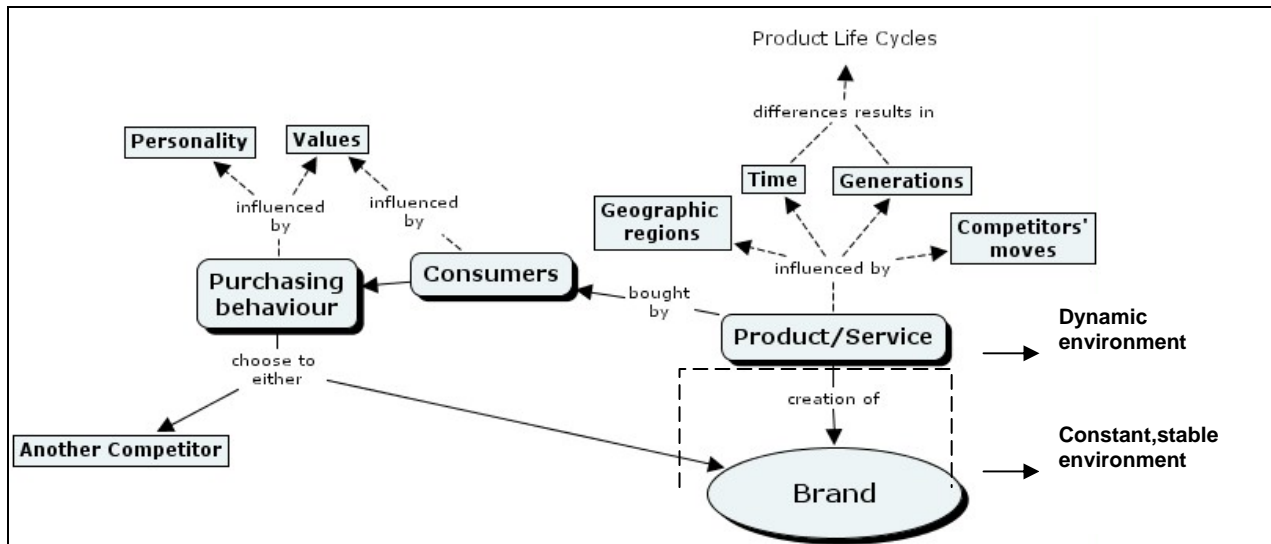
In order to create a brand, one needs to position either a product or a service. Products can change over time due to imitations and / or an almost inevitable product life cycle, but the brand

does / should not change its identity or brand essence. Refer to Table 1.1 for a comparison between brands and products and Figure 1.2 for a simplified illustration of how products are related to brands.

**Table 1.1 Comparisons between Brands and Products.**

<b>Brands</b>	<b>Products</b>
Created in a factory	Created in the hearts and minds of people
People make choices	People make comparisons
Takes a lot of time to create	Time dictated according to R&D
Costly to create	Costly to create
Stakeholders are financial analysts, consumers, distributors <i>etc.</i>	Stakeholders are consumers
Do not succumb to same life cycles as products, but may undergo rejuvenation	Succumb to life cycles
Related to brand identity	Related to positioning
Need to create emotional connection	Need to create a functional benefit
Not every category will have brands	Category exists due to the presence of products
Focus on market leadership, loyalty, share prices, price premiums <i>etc.</i>	Focus on sales and sales growth

As time passes, new products are introduced and old ones are discontinued or upgraded, therefore, the reason for consumers returning is not due to the product which they originally bought but the *brand* behind the product. The same can be said when the organization is the client. In the 1980s there was a brand revolution and firms were suddenly purchasing existing firms with existing brands for very high multiples of earnings. Before this period, organizations would purchase firms for their production capacity, but now they are realizing the power of being able to purchase a place in the consumers' hearts and minds (Kapferer, 2004: 18). By purchasing firms with strong brands, purchasers acquire a nearly certain future of cashflows (Kapferer, 2004: 24). In 1981, 3M registered 244 new brands, whereas in 1991 they registered only four brands (Kapferer, 2004: 313). The creation of a new brand usually requires a lot of time and money; therefore innovations of new products do not necessarily lead to innovations of new brand names. Today, organizations continue at a rapid research and development (R&D) pace whilst producing as many or more products than they did in the past; today they are trying to incorporate new products under tried and tested, reputable, existing brands. Therefore, brands can add value to the products they encompass, and not necessarily *vice versa*.



**Figure 1.2 Relationships between Stable Brands and Dynamic Products / Services.**

According to Aaker (1996: 73) brands include the usual product characteristics of scope (*i.e.* the breadth of the product category), attributes (*e.g.* Nike is performance), quality / value (*e.g.* Kraft delivers a quality product), uses (*e.g.* Gillette is for no-cuts shaving) in addition to brand characteristics such as:

- Brand users (*e.g.* Apple users are anti-corporate and creative).
- Country of origin (*e.g.* LVMH is linked to French prestige and sophistication).
- Organizational associations (*e.g.* SONY is an innovative organization).
- Brand personality (*e.g.* The Michelin man is strong and energetic).
- Symbols (*e.g.* McDonald's golden arches, Nike's swoosh).
- Brand-customer relationships (*e.g.* HSBC looks after their clients' best interests).
- Emotional benefits (*e.g.* young and hip when drinking Pepsi).
- Self-expressive benefits (*e.g.* feel sophisticated when using Christian Dior cosmetics).

## 1.6 Brands Must Sell the Brand Experience

Even though people buy into brands, nowadays, an excellent product or service is considered the absolute point of entry. The core technical functions of a product cannot be absent (O'Shaughnessy and O'Shaughnessy, 2003: 6). If a skincare product is purchased for the purposes of reducing fine lines and wrinkles and the consumer is of the opinion that it did not do what was promised, regardless of the reputation of the brand, they will probably not purchase this product again. There will always be a similar competitor with similar claims with whom the consumer can become acquainted. In other words, there is no room in the market for poor or under-performing / under-rated products and services, only excellent ones. Therefore, the result of consumers comparing excellent products and eventually buying into a specific brand is dependent on everything else (intrinsic liking, price, promotion, place *etc.*) about the offering - the total *brand experience*. Most purchase decisions are not made rationally. People do not have the time or make the effort to stand in front of a shelf and meticulously calculate the trade-offs of, for instance, one cosmetic brand over another. Consumers engage in the act of purchasing items if they believe the item has the ability to solve their problem, and fulfil their desire or need, and that this outweighs the costs involved (*i.e.* time spent searching, price *etc.*).

## 1.7 Why do Consumers Shop?

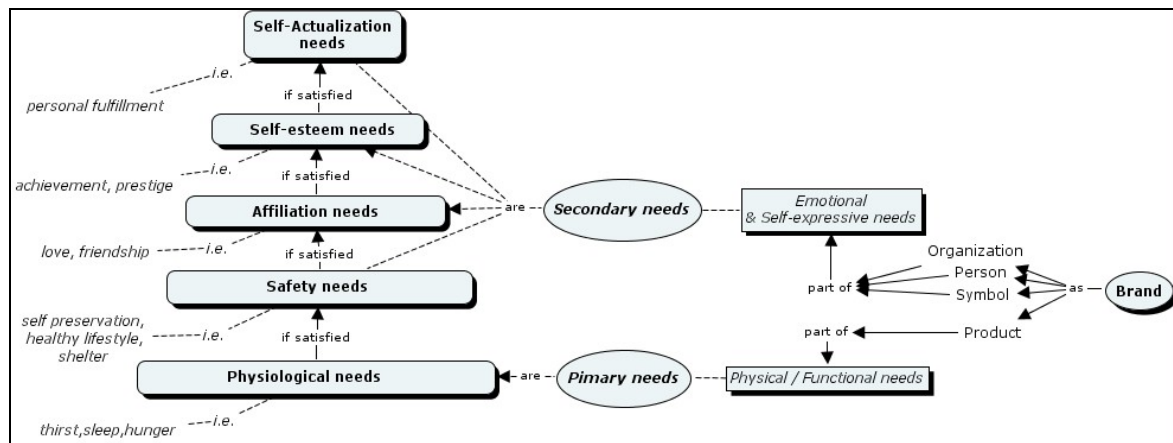
The reason consumers purchase products / services is to satisfy a problem, desire or need (Blackwell *et al.*, 2001: 71). The process of obtaining the product / service involves many decisions that need to be made and has been extensively researched in the analysis of consumer behaviour. A model has been created, called the consumer decision process (CDP) Model (Hawkins *et al.*, 1998; Blackwell *et al.*, 2001) in which, typically, every person goes through a typical 7-stage process when faced with the task of making purchasing decisions. Appendix A includes a mind map, as conceptualized by the author, which draws upon the influences of the CDP model in describing the processes that consumers follow and the actions they take when faced with the task of making decisions, comparing between, and then selecting brands which can satisfy their problems, desires or needs.

## 1.8 Functional, Emotional and Self-Expressive Needs – a More Holistic Brand Identity

Consumers buy into brands to satisfy specific problems, desires or needs that can be classified as either falling into a category of functional, emotional or self-expressive needs (Aaker, 1996). Aaker (1996) describes four angles from which organizations should view their brands, namely

brand as product, brand as organization, brand as person and brand as symbol. By doing this, Aaker (1996) suggests that brand strategists can move beyond the limitations of focusing solely on product attributes and functional benefits (which are easily imitated) and move towards a more holistic approach of branding. The brand as product entity would place emphasis on product features (functional benefits); the brand as organization and brand as person entities would emphasize emotional and self-expressive benefits, whilst the brand as symbol could emphasize all three benefits, namely functional, emotional and self-expressive benefits. The brand as organization, person, or symbol, are additional routes through which brand equity can be enhanced as they provide a means for superior value propositions as well as forming strong and lasting brand relationships with consumers. A brand's value proposition is a statement of the functional, emotional and self-expressive benefits delivered by the brand that provide value to the consumer which could lead to an effective brand-consumer relationship and drive purchase decisions (Aaker, 1996: 95). The more value the consumer perceives to derive from the value proposition, the more likely he / she is to pay a premium for the brand. Figure 1.3, as conceptualized by the author, draws upon Maslow's hierarchy of needs theory, in order to distinguish between the various types of consumer needs and benefits identified by Aaker (1996). For the consumer, a *functional need* could be to buy a brand of frozen food in order to satisfy his / her hunger that evening, or to purchase a bottle of water in fear of dehydration. *Emotional needs* may not always be as clear-cut as functional needs, and it is for this reason that branding your product (and differentiating it) can play a very important role. Emotional benefits are more difficult to copy than product benefits and can be likened to feelings of respect, admiration, appreciation *etc.* for organizations or their brands (Aaker, 1996). Emotions are strong, relatively uncontrolled feelings that affect our behaviour (Hawkins *et al.*, 1998: 383). O'Shaughnessy *et al.* (2003) describe in their book that emotions are the primordial force behind purchases – they are inseparable from our decision-making processes and may play a very important role (maybe even more so) in the decision-making process as does rational behaviour (McEwen, 2004). The emotional brain is thus just as involved in our decision-making process as the rational brain (Franzen and Bouwman, 2001: 33).





**Figure 1.3 Depiction of the Relationship between Maslow's Hierarchy of Needs and the Brand Associations as described by Aaker (1996).**

Although product attributes are important to the purchase decision and the use experience (Aaker, 1996: 73) it is becoming more commonplace to accept the notion that people base their buying decisions more on symbolic cues than features, benefits, and price (Neumier, 2003: 150). We cannot always rationally explain our reasoning for purchasing the coffee brand which was not on special. This is where our values and beliefs start to play an important role. It may be that we identify with the type of advertising that was used, or it may be that we simply like the shape and look of the container. Whatever the reason may be, the function of emotions is to make up for an insufficiency of reason. An emotional need could be the reason why a consumer would purchase an Apple computer rather than another brand as they believe they are buying into a cool, hip and innovative brand. Emotions have an overwhelming influence in intensifying problems, desires, needs and motivations. The more intense the link between reality and desire, the stronger the driving force for emotions to play a role. For example, in the case of the Harley Davidson brand, the stronger the desire for an individual to obtain power by going against the grain, achieving identity by refusing to conform, or pursuing personal liberty to the verge of lawlessness, the more intense and passionate they will feel during the decision-making process (Vincent, 2002).

*"Reasoning tells consumers a great deal about the features of a product, but it is the link between reason and emotion that decides the actual trade-offs that are made"*

- (O'Shaughnessy and O'Shaughnessy, 2003, p. 27)

In addition to the emotions, self-expression is an important part of satisfying problems, desires or needs. A person's choice of brands can be a means of *self-expression* and it allows people to make inferences about others through a non-verbal communicative medium



(Belk *et al.*, 1982: 4). The closer the distance between what the consumer thinks the brand expresses and how they desire to express themselves, the stronger the affiliation with the brand (Aaker, 1996). The decision to purchase one particular brand over a competing brand may not always be based on better value arising from enhanced product features or the simplicity thereof, but may be rooted in the message that the brand projects to the community. For instance, arguably there are many good watches in the market that are very accurate in keeping time, but the decision to purchase a Rolex may be rooted in the fact that the person wearing the Rolex may want to send a message out to the community that he / she is wealthy. Now that we are aware that people may use brands to express themselves, we also need to understand that people are flexible and adaptive beings with many different identities. The concept of the *malleable self* was introduced (Schlenker, 1981; Tetlock and Manstead, 1985: 59; Markus and Kunda, 1986: 858) which implies that people act differently in different situations, are influenced by social roles and cues, and have a need for self-presentation, therefore they will use different brands to express different personas of themselves (e.g. an executive woman may wear designer suits whilst in the office environment, but at home with her children, she may prefer to dress more casually in her favourite Levi's jeans and Nike running shoes). Often, brands can act as a tool for self-reflection and research by Aaker (1999: 45) identified that people are influenced by brands which they think characterize personalities through which they can express how they view themselves depending on the situation they may find themselves in.

An important part of self-expressive needs, as well as emotional needs, is the *brand imagery*. Brand imagery deals with the extrinsic properties of the product / service, including the ways in which the brand attempts to meet consumers' psychological or social needs (Keller, 2003: 83). It is loosely defined as a more abstract manner through which one can think of a brand instead of a more rational and logical approach. Important categories under brand imagery include the user profiles of the brand, usage situations as well as place of purchase, the personality and values of the brand, as well as the history, heritage and experiences of the brand. For instance, if a member of the Royal family were to buy a certain car brand or a certain brand of designer clothing, this would be an association for the consumer that the type of people who own this brand are 'fit for royalty'.

Another type of need has been identified in the literature involving consumer behaviour, namely *hedonic needs*. It has been found that some consumers satisfy the hedonic need of shopping through the purchasing of products. In other words, it is not the actual utility need for the specific product that is satisfied, but through purchasing products, the hedonic shopping experience is fulfilled (Hirschman and Holbrook, 1982; Holbrook 1986; Babin, Darden, and Griffin, 1994).

Apart from satisfying specific needs, trust / confidence and satisfaction form the foundation of many brand relationships and are key aspects to obtain buy-in to your brand (Neumier, 2003: 10; McEwen, 2004). Trust is critical and consumers often buy into organizations as much as they do products (Keller, 1993: 16). Emotional sentiment (a strong liking) plus trust equals loyalty (Hamilton, 1998; O'Shaughnessy and O'Shaughnessy, 2003). However, too often, organizations confuse *customer satisfaction* with *customer loyalty* (Driggs *et al.*, 2006). Customer satisfaction is a prerequisite for loyalty, but customer satisfaction does not *guarantee* loyalty. To capture the difference in interpretation between customer satisfaction and loyalty, Jeffrey Gitomer describes in his book *Customer Satisfaction is Worthless, Customer Loyalty is Priceless* (Gitomer, 1998), how satisfied consumers will shop anywhere, but loyal ones will fight before switching brands and will proactively prefer to buy from you. It is more important for organizations to focus on repeated purchases rather than just satisfied purchasers. Loyal consumers will also be likely to increase their share of wallet with the brand in question as well as with related endorsements, brand extensions *etc.* Loyal consumers will also increase one of the most powerful forms of advertising, namely, word-of-mouth (Steiner Marketing). Research by **Walker Information** on companies in the IT category as well as wireless handset category revealed that those who scored higher in consumer loyalty had higher financial performance (DiCarlo, 2004; Walker Information, 2005).

Aaker (1996) identifies brand loyalty as one of the brand assets which increase brand equity, and refers to it as the core of a brand's equity (Aaker, 1991)<sup>2</sup>. Brand loyalty is a measure of the attachment that a consumer has to a brand and reflects how likely that consumer will be to switch to another brand, especially when that brand makes a change either in price or in product features (Aaker, 1991). A loyal consumer base is a guarantee of future sales and profits which in turn increases the brand's value and subsequent success (Aaker, 1996). In addition to this, it is less costly to retain loyal consumers than it is to attract new ones (Aaker, 1991: 46) and if an organization has a broad consumer base that is loyal, it can be a major deterrent for competitors (Aaker, 1996: 21).

The importance for brands to develop emotional relationships with consumers should not be overlooked (Reichheld, 2003: 46; McEwen, 2004; Roberts, 2004). It is possible that consumers can have intense emotional attachments to brands (Ahuvia, 2005a: 171; Ahuvia, 2005b) and it has been cited in literature that there are fundamental similarities between the *love* experienced

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<sup>2</sup> The other brand assets according to Aaker are name awareness, perceived quality, brand associations, and other proprietary brand assets such as patents, trademarks, channel relationships, *etc.*

between people (*i.e.* interpersonal) and the *love* experienced in a consumer context (Whang *et al.*, 2004: 320; Ahuvia, 2005b; Thomson *et al.*, 2005: 77). A brand that can form a relationship with the consumer and satisfy not only a functional need, but also an emotional need will in the eyes of the consumer, seem more valuable. To use a quote from the book *Married to the Brand* by William J. McEwen (2005), 'The single most important job for any company is to *engage* its customers'. This book covers more than 60 years of research by **The Gallup Organization** performed on 56 brands across eight industries in which they examine the reasons for a continued connection between the consumer and brand. Outcomes of this research gave a clear indication that although customer satisfaction is important, it is not a satisfactory goal when it comes to branding. According to a study conducted by the **Bain company**, loyal customers with repeat purchases creates sustainability and greater profitability for organizations (Kapferer, 2003: 203). The organization has to have that emotional connection and express it consistently across every touch point with the consumer in order to create a positive and memorable brand experience.

The author is not trying to imply in the previous paragraph that customer satisfaction is a worthless effort; quite the contrary. However the efforts of branding do not stop at customer satisfaction. The brand has to do something more than just offer functional benefits. The development of the *brand love construct* is a meaningful mode of consumer behaviour and was created to assess the satisfied consumers' feeling of love toward a given brand. Brand love is defined as the degree of passionate emotional attachment a satisfied consumer has for a particular trade name (Carroll and Ahuvia, 2006: 81). Results from these studies indicate that the more brand love experienced by satisfied consumers, the more brand loyalty and positive word-of-mouth instances they will enact (Carroll and Ahuvia, 2006: 79). From the concluding remarks of this section, the reader should understand that a brand which creates intense emotions (*e.g.* love, passion) in the hearts of the consumer will be more guaranteed of brand loyalty and future success.

## 1.9 What are Brand Positioning and Brand Audits?

The goal of positioning is to *find* 'gaps' in the market unfulfilled by competitors, or to *create* an untapped position in the market (or consumers' minds and hearts). In brief, brand positioning is the angle of attack on a market with the aim of increasing brand strength and value (Kapferer, 2004: 95). It is created by the organization that has ownership of the brand. In the view of another author (de Chernatony, 2006: 37), the purpose of brand positioning is to ensure that the consumer instantaneously associates a certain functional benefit (or a few functional benefits) with the brand in question. Essentially, this becomes the brand image in the consumers' mind

and it is important to ensure that the positioning of the brand, and hence the resultant brand image, is a favourable one. When a brand takes a position, it ultimately says that it believes in something(s) so strongly that it has created its brand around this / these beliefs. Examples include Volvo's positioning as the *safest* car in the market, and BMW as a car that delivers *performance*.

Effective brand positioning relies on identifying which functional, emotional and self-expressive benefits the target market values as important and then ensuring that the organization is able to deliver (at least one of) these benefits to them. Secondly, it is important that the positioning of the brand that the organization sends out is closely aligned with what the consumer perceives the image to be (brand image). As consumers change with time, so do their perceptions of brands. New competitors enter markets, causing the weaker ones to retreat, leaving a very different terrain for the brands to contest with. As the target audience evolves, so too does the brand positioning. It is therefore necessary for an organization to re-evaluate its brand positioning in order to keep up to date with the current problems, desires and needs of the target audience. It therefore becomes necessary that an external brand audit is performed on a regular basis so that the organization can, if necessary, reposition its brand strategy and adapt the value proposition, as well as its brand position, to the target audience.

A brand audit is a comprehensive examination of a brand, involving activities to assess the health of a brand, uncover its sources of equity, and suggest ways to improve and leverage that equity (Keller, 2003: 45). Brand audits are qualitative snapshots of the current position of your brand in terms of the perception of the relevant target audience. They can be performed on the internal and external audiences of your brand in order to determine the effectiveness of the branding activities of the organization. In the case of this research report, only an external audit was performed to determine the perception of the brand in the consumers' minds.

## 1.10 Conclusion

The aim of this introductory chapter was to introduce the reader to the concept of brands and to present them with general literature on consumer behaviour. In the beginning of the chapter the activities involved in creating and managing brands were explained, as well as the benefits afforded to the organizations that successfully follow through on these initiatives. Following this, the purpose of this study, which is to perform a brand audit for the corporate L'Oréal brand, was introduced. In the remainder of the chapter important concepts, such as, the *value proposition* (functional, emotional and self-expressive needs) and consumer *loyalty*, which will be used

extensively throughout this research report were introduced. The chapter concluded with a discussion of the theory of brand positioning and brand audits.

## Chapter 2

# Research Objectives

### Abstract

The purpose of this chapter is to allow the reader to identify the main question addressed in this research study, gauge the primary and secondary objectives, as well as understand the value of the information obtained for L'Oréal.

### 2.1 Introduction

The purpose of this research project is to perform a brand audit in order to uncover the health of the L'Oréal brand. The results will allow the researcher to interpret the perceptions of the target audience with regards to the brand image and personality of the corporate L'Oréal brand, their perception of what they value and as well as their problems, desires or needs that they are seeking to fulfil when purchasing cosmetic, hair or body products, as well as the degree of recognition, the preference for, and attitude and loyalty towards the corporate L'Oréal brand and their products. The main question addressed in this research is *'How can L'Oréal improve upon their current brand image and subsequent brand positioning amongst Stellenbosch students as their target audience'*.

### 2.2 Primary Research Objective

- To perform a brand audit of the corporate L'Oréal brand amongst the target audience.

A brand audit is an externally, consumer-focused exercise that involves a series of procedures to assess the health of the brand. It usually involves two steps, namely brand inventory and brand exploratory. *Brand inventory* includes profiling each product and service marketed under the brand and identifying all the associated brand elements. It may even include profiling your competitors (Keller, 2003: 163). *Brand exploratory*, on the other hand, is the process in which consumer perceptions regarding the brand (and its products and services) are uncovered and detailed in order to determine whether they reflect the true brand meaning as intended by the marketing programme of the brand in question (Keller, 2003: 164).

Due to the extensive nature of brand inventory, and in line with the secondary objectives, for the purposes of this research study, it was considered sufficient and appropriate only to undertake the brand exploratory side of a typical brand audit. In addition, the author of this research report is not an employee of the brand / organization in question; therefore, access to confidential information needed for brand inventory is not a viable option.

## **2.3 Secondary Research Objectives**

The following are considered to be the secondary objectives of this research study:

- To design a questionnaire based on qualitative research.
- To measure / determine the brand image, perceptions, attitudes and behaviour of the target audience with regard to the corporate L'Oréal brand as well as the products and personality of the L'Oréal brand.
- To measure / determine the value drivers for the target audience when purchasing cosmetic, hair and body products.
- To interpret the results of the measurements based on statistical analysis.

Through the steps involved in obtaining qualitative and quantitative research, the author will be able to attain insight into consumers' thoughts, perceptions, behaviour as well as motives for purchasing cosmetic products, and be able to produce a framework that conveys information regarding the perspectives into the purchasing decisions and needs of the target audience.

## **2.4 The Reasons for Performing a Brand Audit**

The results of this study will be presented to L'Oréal. It will provide them with valuable market research which will lead to a viable and sustainable brand strategy. The author has undertaken the role of an auditor by entering the domain of the target audience and has obtained important information from which an analysis of the current health of the brand has been measured. The author is by no means attempting to re-position the brand in any way. She is only presenting L'Oréal with valuable information from which they will have the authority and ability to determine whether a re-positioning of the brand is necessary. The benefits that L'Oréal can expect to receive from the results of this brand audit include:

- Determining any discrepancies between the desired brand image and the real perceived image.

- Uncovering potential opportunities to enhance the brand image as well as mitigate harmful ones.
- An enhanced marketing and communication strategy more accurately.
- The ability to meet the needs and desires of the target audience.
- The possibility to formulate an improved brand positioning strategy through access to up-to-date information.
- The knowledge of which marketing and branding activities would be most suitable for this target market.

Using this framework, they will be able to decide which actions to take in order to increase their brand equity and profitability. It will be a general framework for them to work with in order to be able to position their brand in similar target markets; hence it will be transferable to different contexts.

The author would like to inform the reader that the results from the survey provided information with regards to both the corporate L'Oréal brand, as well as its flagship product brands, L'Oréal Paris and L'Oréal Professionnel. It was the intention of the author to gauge the responses of the target audience with respects to both the corporate and product brands in order to identify whether any discrepancies exist between the attitudes / perceptions of the target. L'Oréal has 19 global brands under its brand architecture, but one of the secondary objectives of this study was to measure the attitude / perceptions / behaviour with regards to *only* products that have the word L'Oréal in their brand name. The only L'Oréal branded products that have the word L'Oréal in their brand name are L'Oréal Paris and L'Oréal Professionnel. The questionnaire was carefully designed so as to allow the respondents to understand that they could answer any product-related questions with products containing the L'Oréal name in mind.

## 2.5 Conclusion

In this chapter the primary and secondary research objectives for this research study are described. The conclusion lists the advantages of this brand audit for the client, L'Oréal.



## Chapter 3

# Brand Literature Review

### Abstract

This chapter is primarily concerned with the literature of brands and brand management. These fields of research are very broad, therefore the author has carefully selected those concepts in literature which she feels are appropriate and related to the objectives of this research study.

### 3.1 Introduction

The author conceptualizes a brand as a picture of an organization. It can either be a very busy picture with many different elements, or it can resemble a piece of abstract art appealing to only a select few. According to the author, a brand can also be seen as the interface between an organization and consumers, similar to a bridge connecting two cities, which can either create an emotional link / connection or relationship between them, or destroy one. A brand is not simply just the logo or tagline printed on the packaging; these are merely symbols for it (Neumier, 2003: 1). It is the collection of emotional and functional activities – visible or invisible to the consumer - through which the organization creates its essence, a promise, a position, an identity as well as a personality for itself. The brand can be described as the personification of the product or service of an organization, and is potentially amongst the most valuable assets an organization can own (Lury, 1998).

The reasons why organizations brand themselves and their offering are:

- To create a unique identity and value proposition which will allow their product to stand out from the crowd; in other words, *differentiate* their offering.
- Ensure consumers of the *origin* as well as *quality* they can expect from their offering so that their perception of risk can be reduced, and trust can simultaneously be increased.

Brands can be viewed from both an internal and external perspective and it is important to focus on managing both. The benefit of managing internal perspectives (*i.e.* culture, brand identity, including logos, brand name, symbols, packaging *etc.*) is that in delivering a uniform brand identity to the consumer, he / she will be assured of a certain level of quality and service and be able to recognize the brand easily amongst competitors (de Chernatony, 2006). This becomes

more important when managing a corporate brand as it may cover a diverse array of distinctive products and people. It is important for the consumer to be able to identify the brand's values regardless of the product / service on offer. It is just as important to manage external perspectives (*i.e.* brand image and relationships) as it is essential that the brand capture a target audience so that a profit can be made.

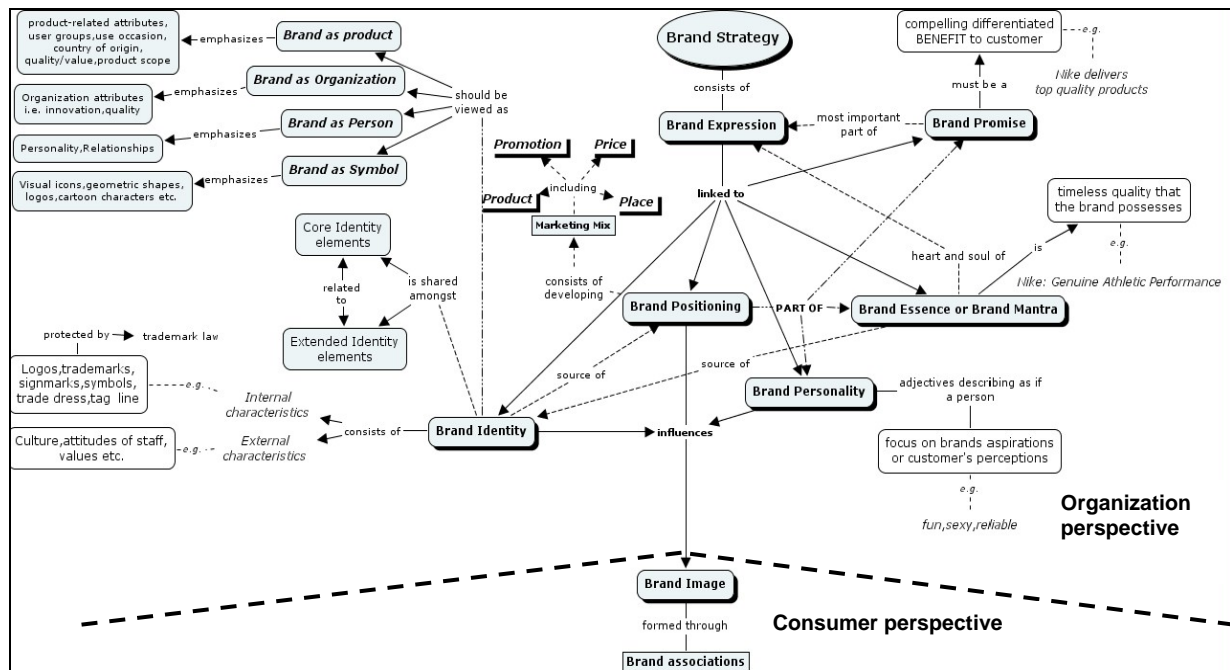
## **3.2 Internal Perspectives of Brand Management**

### **3.2.1 Brand Strategy**

The brand strategy is a map of how the brand is to be expressed by an organization. It is a conceptual plan providing guidelines - for both client management and creative professionals – that is aligned with business strategy in order to drive all brand applications, from identity and packaging, to advertising, in a strategically aligned manner. Essentially, the brand strategy is how you are conceiving, creating and positioning your brand in the marketplace to achieve differentiation, relevance and resonance (Landa, 2006). The efforts of brand strategy are aimed at increasing brand strength (*e.g.* market share, leadership, share price), therefore, one can see that brand strategy is an integral part of the business strategy. Figure 3.1 is an illustration of the relationship between the various aspects of the brand strategy as well as the clear distinction between internal and external perspectives of the brand, as conceptualized by the author.

### **3.2.2 Brand Expression**

In brief, the brand expression is the '*look*' and '*feel*' of your brand. It is *how* your brand is expressed (not only visually) and is the core concept of the brand strategy from which all the internal brand elements (*e.g.* identity, personality *etc.*) are developed and executed.



**Figure 3.1 Relationships between the Various Characteristics of the Brand Strategy as well as the Clear Distinction between Internal and External Perspectives of the Brand.**

### 3.2.3 Brand Essence

Brand essence, also known as the brand mantra, is the combination of the essential values or aspects of a brand condensed into a central core concept. It can be seen as the enduring 'brand DNA' (Keller, 2003: 45). Essentially, this part of the brand is what allows the consumer to identify which category this brand is in. It has a much narrower focus than the brand positioning. An example would be Nike's brand essence which is 'Genuine Athletic Performance', or Volvo's brand essence which is 'Safety'.

### 3.2.4 Brand Promise

Brand promise, on the other hand, includes the functional and emotional advantages and values pledged to the user. This is in essence *why* the consumer buys into the brand. Staying with the same brand, Nike's brand promise is 'Maximising Personal Performance'. Nike wants the consumer to believe that no matter what activity he / she engages in, Nike has the most suitable and most superior product to suit their needs.

### 3.2.5 Brand Identity

The brand identity is a desired depiction of the brand in the eyes of the organization which results from the activities that the organization engages in, in order to build a presence / identity

for itself. It is a future-looking activity that should be actively managed and updated by the brand management team who should ensure that the brand is continuously reflecting the desired associations to the consumer (Aaker, 1996: 70). According to Aaker (1996), a brand identity is

*...‘a compilation of aspiring brand associations which represent what the brand stands for and implies a promise to customers from the organization members.....it should also help establish a relationship between the brand and customers by generating a value proposition involving functional, emotional and self-expressive benefits.....is organized around four perspectives, namely, brand as product, brand as organization, brand as person, and brand as symbol.....it includes a core identity (timeless essence of the brand which remains constant over time and geographic markets) as well as an extended identity which acts as a supporting role towards the constant core identity’.*

Brand identity does not only represent the tangible physical characteristics of the product / services - visual, verbal or audio articulation such as the logo, packaging, ring tones - but also the intangible characteristics – the attitudes, values, behaviours, culture - of the organization behind the brand. These elements are the face of a brand (Lury, 2004). Examples of well-known, trademark protected tangible brand identities include McDonald’s golden arches, Nokia’s distinctive telephone sounds and Coca-Cola’s uniquely shaped glass bottles.

Although it may be considered partly intangible and invisible, a brand stands for something; it can be a pillar of stability for many in a dynamic world like that of today. It is important that the core fundamental values of the brand identity should remain intact for people to believe that it is ‘for real’ and is going to be around tomorrow. This idea is similar to what Aaker (1996: 85) identifies as the core identity of a brand which represents the timeless essence of a brand and all the associations that are held in memory as the brand lives through time and across categories and markets. Essentially, these characteristics are what allows the brand to be successful. In addition to the core identity, Aaker (1996) identifies the extended identity which fills in the ‘gaps’ between the core elements. In addition to the core identity, they add substance to the meaning of the brand.

The function of brand identity is to act as a communication tool for the consumer to identify the presence / origin of a brand and to assure a certain level of quality and trust. It is also an effective means by which the brand can be distinguished from close competitors. Brands can be used as barriers to market entry and can be used as a competitive tool to disrupt any sort of complacent market. Brand trademarks (including names, logos, and symbols as well as trade packaging *etc.*) have legal protection for this very purpose. This legal protection is obtained by registering the trademark for the product / packaging. The law provides support for exclusive

and extensive ownership and exploitations of the brand as an abstract, intangible and dynamic thing (Lury, 2004). Symbols or names are easily registered if they are distinctive to the goods or services attached to them. Forms of symbols include packages (e.g. Clarins' red and white designs), specific geometric shapes (e.g. Toblerone's triangular design), people (e.g. Tiger Woods for Nike), logos (e.g. The Michelin man), scenes (e.g. Marlboro country) or even cartoon characters (e.g. Snoopy, the Peanuts character for MetLife). The easiest names to register and to be protected by trademark law belong to those that can claim abstract status (e.g. Yahoo!, Google, Apple, Nivea). It is sometimes difficult to protect initials (e.g. IBM) and descriptive names (e.g. Toys R Us, Weight Watchers, Dunkin' Donuts). Also, certain names, surnames or colours will not be considered to be endowed with legal protection. Trademarks cannot be registered if they are indecent according to public policy, discriminative or deceptive.

As part of the brand identity, symbols are very powerful entities that can bring express a certain aspect of a brand's personality, or allow specific aspects of the brand to be communicated (Aaker, 1991: 197) (e.g. The Michelin man is strong and energetic which could translate into strong tyres). Aaker considers names, symbols and slogans as part of a selection of immaterial proprietary assets which contribute to increasing brand equity (Aaker, 1991). If chosen correctly, these assets act as a channel through which brand awareness can be increased by forming positive and meaningful brand associations. In other words, it is important that symbols or slogans can all be linked to the brand name (Aaker, 1991: 191). These identification tools represent authenticity that the product belongs / is endorsed by the organization in question.

For a brand to be successful it is important that the various identification tools of the brand are as consistent as possible otherwise this would work against the building of brand equity (refer to Section 3.4 for more detail on brand equity). You should be able to separate any one of the brand identities and be able to recognize the original brand source to which it belongs.

The creation of a brand identity is seen as a capital investment as it uses many resources, such as time and money. A brand is considered to be a conditional asset. Conditional assets deliver benefits by means of working in conjunction with other material assets (Kapferer, 2004: 10), such as, machines, people *etc.* The advantages of a strong brand identity include increased brand awareness, recognition, building trust as well as projecting a clear expression of what the vision and values of the brand are (Wheeler, 2003). These can all contribute to increasing brand equity.

### 3.2.6 Brand Personality

From an organizational standpoint, all marketing communication of the brand should be portrayed through its personality characteristics. The brand personality refers to a set of human characteristics associated with a brand (Aaker, 1997: 347) and include those adjectives consumers may use to describe a brand. The five personality dimensions (often referred to as the Big Five) which Aaker (1997) has identified are able to explain the overwhelming majority of brands. The Big Five include sincerity, excitement, competence, sophistication and ruggedness. Brand personality concentrates on what the brand says about the consumer and how they feel about being associated with it (de Chernatony, 2006). The drivers for brand personality can be classified according to product-related and non-product-related characteristics (Aaker, 1996: 145). The former class includes the product category, packaging, price or even product attributes. Non-product-related characteristics include amongst others, the users of the brand, country of origin, the age of the brand, symbols used, or even sponsorships associated with the brand. Personality characteristics may also be derived from the brand's founder, through the mission and ambition of the brand, or through the history and heritage of a brand (van Gelder, 2003). A good example in which the brand resonates with the founders' personality is the Virgin brand and Richard Branson.

The famous marketing guru, David Ogilvy states in his book *Ogilvy on Advertising* (Ogilvy, 1983) that brands are 'personalities' and that the stronger the personality, the stronger the brand, which in turn aids in differentiating the product / service from its competitors. It is an accepted notion that consumers often choose brands that have a brand personality that is consistent with their own self-concept (Keller, 2003: 87). Self-concept (Hawkins *et al.*, 1998: 430) is defined as

*... 'the totality of the individual's thoughts and feelings having reference to him- or herself as an object. It is our perception of ourselves and our feelings towards ourselves. It is the attitude you hold toward yourself'.*

The advantages of having a brand personality include a means through which people with similar personalities can express themselves when they use the product / service; a brand personality can be the basis for a relationship between the consumer and the brand; and through the use of a personality, the brand can emphasize certain product attributes (Aaker, 1996: 84).

As a result of advances in technology, it is much more difficult for a brand to sustain any functional advantage it may display in its products. Nowadays it is much easier to imitate the functional attributes that the brand has to offer and it is for this reason that, in order to be successful, brands need to create a personality in order to be personified so that consumers can form meaningful relationships with them. In other words, a sustainable competitive advantage can usually be reached through both the brand's personality and the brand positioning. If the brand has a personality, humans can develop an emotional link to the brand and develop relationships with it (along the same lines as developing friendships with humans). This is why it is important that a brand has a favourable and appealing personality in order to create devoted consumers who insist on the brand every time. Behaviour is influenced by values, therefore people choose brands according to, amongst other things, the degree with which they resonate with their personality and values (de Chernatony, 2006: 5,8) (Kassarjian, 1971: 409; Sirgy, 1982: 287). A personality can also create a brand community for people who feel a strong affiliation towards others who are also associated with the brand and who also believe in what the brand projects. For instance, people who are fun, energetic and daring could believe Virgin to be an attractive brand; people who want to be seen as having important status and wealth may want to express this through purchasing a Mercedes or wearing a Rolex; people who want to be independent and live on the wild side of life will favour a Harley Davidson motorcycle above others.

*'People choose their brands as they choose their friends. You choose your friends not usually because of specific skills or physical attributes but simply because you like them as people. It is the total person you choose, not a compendium of virtue or vices'*

- (Bibby, as cited in Lury, 1998, p. 91)

To distinguish itself, a brand has to take on human characteristics and attributes as consumers tend to think of brands in terms of personalities (Schroeder and Salzer-Mörling, 2006). Brands are engaged in our everyday lives therefore they should be able to express themselves and create favourable personalities with strong core values in the eyes of the consumer in order to have any sort of impact. A result of being viewed favourably by the consumer is that the brand can successfully launch new products or extend into other categories in which they have no presence. Also, it has been shown that brands can act as a purchasing motivator (Sheth *et al.*, 1991: 159) and that consumers purchase brands on the basis of brand personalities since they prefer brands that reflect values that they agree with and aspire to (Aaker, 1997: 347).



After an experience with a brand, consumers need to describe their experience, and often, the only way in which this can be done is through personifying them. This personification is achieved through many avenues, such as the place it can be purchased, the social class of people who use it, the price tag, the brand personalities behind the brand or the scarcity of the offering itself. Regardless of whether or not the brand has a positive or negative personality, it is arguably better than not having one at all. A personality is unique to every individual, and organizations too can develop unique brand personalities. Nike's brand personality includes competitiveness, passion and coolness (Siracuse, 1998), whereas the Marlboro brand has become synonymous with individuality and freedom (van Gelder, 2003: 43).

*'People have names; so do brands. People belong to families; so do brands. People project a certain style and image; have unique personalities; have physical characteristics that distinguish them; so do brands. You can tell a person by their friends and associates; so too with brands. People experience a life cycle; so do brands. Our perception of a person is determined by our interaction with them. Their attitude and behaviour towards us often determines ours to them. So it is with brands. Our relationships with people are built on honesty, trustworthiness, reliability and predictability. So it is with brands. The essence of a person's character is displayed by the values they chose to cherish or ignore. These values guide and determine their behaviour. So it is with a brand.....So what can we apply from the brand as person metaphor? Essentially that relationships are everything!'*

- (Bibby, as cited in Lury, 2004, p. 90)

### 3.2.7 Brand Positioning

This is the process of improving and ensuring strong positive associations between what the consumer thinks / feels about the brand (their attitude / perception of the brand) and the desired brand image; in other words, creating a strong link between the two. Brand positioning is more clearly defined as the process of placing your brand in the minds of the consumer *relative* to competitors through highlighting points of differentiation (POD). POD include attributes or benefits that consumers strongly associate with a brand, positively evaluate, and believe that they cannot find to the same extent with a competitive brand (Keller, 2003: 131). Keller (2003) further explains that these brand associations can be broadly classified in terms of either functional, performance-related considerations (e.g. the level of active-ingredients present in a formulation) or abstract, imagery-related considerations (e.g. the fact that French cosmetics have a high prestige association). It is best to have differentiating attributes that are unique and which cannot easily be copied, such as superior and effective sales personnel who are able to engage consumers and cater for their needs. To rely on excellent R&D, equipment or low prices in order to create a sustainable differentiation is, to say the least, naïve.



Kotler (2005) has defined brand positioning as

*... 'the act of designing the organization's offer and image so that it occupies a distinct and valued place in the target consumer's mind.'*

According to Aaker (1996:71), a brand position is

*... 'the part of the brand identity and value proposition that is to be actively communicated to the target audience and that demonstrates an advantage over competing brands'.*

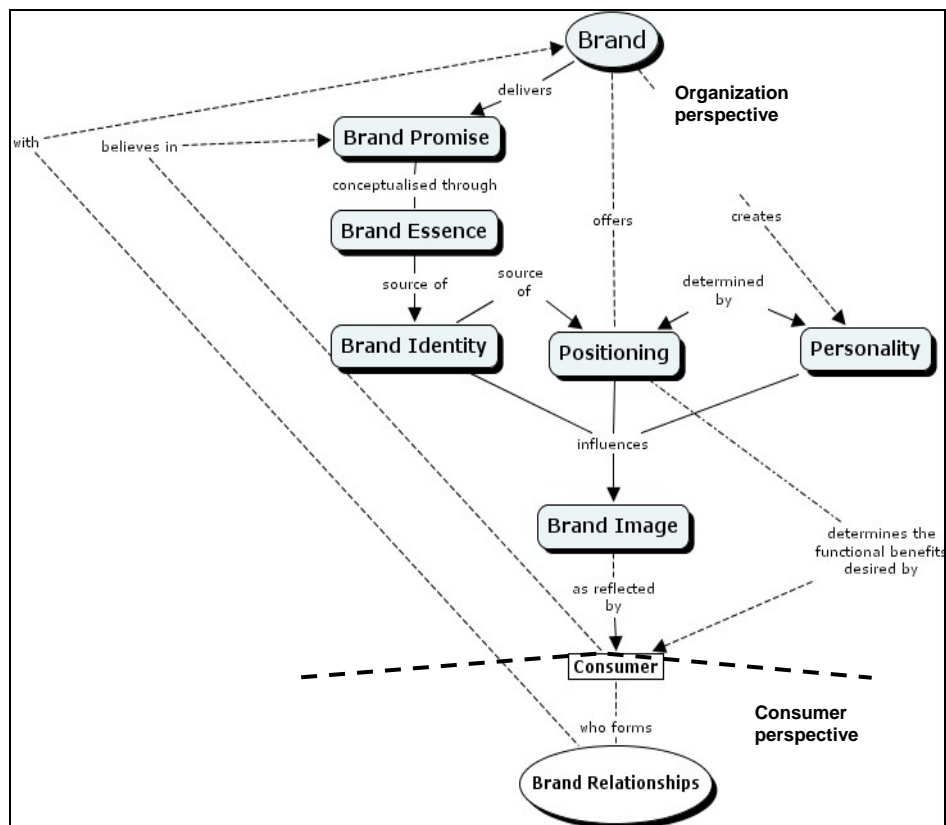
Through effective brand positioning, strong, unique and favourable brand associations can be formed, which in turn can lead to an effective brand image based on superiority of your brand. A good brand positioning helps to guide marketing strategy by clarifying what a brand is all about, how it is unique / similar to competing brands, and why consumers should purchase and use the brand (Keller, 2003: 119). For instance, Volvo has positioned itself as the *safest* car to drive on roads. This task is assisted by creating a competitive marketing mix for the product or service (price, promotion, place and product). Examples include Nike's brand image associations of sports, athleticism, victory and fashionable items; Virgin's dynamic and daring image, Richard Branson and the colour red; MicroSoft and Bill Gates, Windows, and the desktop 'jingle' associated with Windows. The ideal position is to have as narrow a gap as possible between the perceptions / attitudes of the brand from the consumer's point of view and the desired brand image that is projected.

An important point in branding, which is too often missed, is "*What* does the consumer want?" Too often, organizations forget *who* the consumer is and *what* they want from the brand. Brands need to satisfy the needs of the user of a product or service. If the target market feels they would prefer the colour of a certain product changed, or if they would like the website to offer certain additional functions such as the ability to purchase products online, it is advisable that the organization do their best to satisfy their needs otherwise somebody else may. Part of brand positioning is to understand what the target audience values and highlight this as a POD in a way that competitors may not be able to.

Brand positioning includes the activities that an organization performs in order to differentiate and make the brand distinctive and positive compared to those of competitors. Essentially, brand positioning evolves from the *desired* brand knowledge that the organization would like the consumers to possess (Keller, 2003: 119). After the desired brand knowledge has been defined, the organization is ready to take action for owning that position. For example, when a person thinks of the Virgin brand, associations with it could be red, music, hot air balloons, health clubs, Richard Branson, or value for money. These are generally positive or neutral associations, but

if, for example, Richard Branson were involved in a criminal offence, this could defame his name / Virgin brand and lead to negative associations.

Figure 3.2 depicts the relationships between the internal aspects of the brand, namely brand identity, brand positioning and brand personality, and how they influence the external aspect of brand image, as conceptualized by the author.



**Figure 3.2 Relationships between the Internal Brand Characteristics of Brand Identity, Brand Positioning and Brand Personality and their Effect on the External Brand Image.**

### 3.3 External Perspective of Brand Management

#### 3.3.1 Brand Knowledge

According to Keller (Keller, 1993), the ability for brands to influence and persuade consumers to purchase a product or service belonging to this brand, is dependent on the brand knowledge that they have of it. Brand knowledge consists of brand awareness and brand image and is a major driver of brand equity. The brand knowledge a consumer has could have been obtained through advertising, brand design and identity consistency, previous brand experiences and brand building strategies (Arvidsson, 2006). As with the creation and maintenance of the brand

identity, the efforts of achieving brand awareness begin internally and are controlled by the company; this is the information which the organization sends out to the consumers. The brand image on the other hand is created externally; these are the perceptions, attitudes and associations that consumers have formed of the brand through the brand identity elements, advertising campaigns, and community programmes, past experiences, word-of-mouth *etc.*

An important model that psychologists have developed to understand brand knowledge is the *associative network model* (Anderson, 1983; Wyer and Srull, 1989: 58; Franzen and Bouwman, 2001: 101) in which *nodes* and *links* are identified in the consumers' mind. This model proposes that the information residing within memory is organized in a manner similar to a spider's web. The nodes represent stored information or concepts, whilst the links refer to the strength of associations between these concepts (nodes). Each memory node is connected to another memory node. The symbolism of these with regards to brand knowledge will be highlighted in the text below.

### **3.3.1.1 Brand Awareness**

The ability for people to name a brand when referring to a product category or being able to identify a brand correctly when faced with some of the other brand identities is referred to as *brand awareness*. Before one can ascertain what the perception of the brand is, it first has to be identified (made aware of). Essentially, the marketing efforts of creating brand awareness are directed at registering the brand in the consumers' minds (Keller, 2003: 68). In terms of the associative network model, brand awareness forms the *nodes* that were spoken of. Brand awareness consists of two categories, *brand recognition* and *brand recall*, the former being defined by the ease with which consumers are able to recognize the brand based on past exposures to certain of its brand associations. *Brand recognition* is very important when the buyer is required to choose at the point of sale (POS) (Aaker, 1991: 62). The reasoning for this is something along the lines of 'if the brand is familiar to me it must imply that the brand has been around for a while and is successful'. This is particularly true for low-involvement products such as paper towels and disposable pens. Also, by repetitive exposure of the brand elements or simply increasing marketing activities, the brand node can be strengthened in the minds of the consumers. *Brand recall* is associated with the ability of consumers to name this brand when prompted to name brands within a certain product category, and usually translates into a stronger brand position (Aaker, 1991: 62). This is particularly important in service categories as well as online brands (Keller, 2003: 68). Brand recall requires the use of brand associations and can be seen as the *links* to the brand node referred to earlier in the associative network model. For instance, when a consumer views an advertisement on television in which an athlete is

running in a pair of running shoes that has a 'swoosh' on the side, and at the end of the advertisement, the slogan 'Just do it' appears on the screen, these associations / cues (athlete, running, running shoes, 'swoosh', 'Just do it') could lead them to think of Nike (provided of course they know who Nike is). It is however important for the brand to 'occupy' a position in the consumers' mind already (be a part of the consideration set), in terms of the category it represents in order to have any chance of being selected (Baker *et al.*, 1986: 637; Franzen and Bouwman, 2001: 275). This aspect of brand awareness is more crucial for regularly purchased products in which a person's mind is usually made up before the purchase (Aaker, 1991: 67).

Brand awareness is an important driver of brand equity. Research by **Brandforward** has found that top-of-mind or first recall awareness is the most important brand equity measure (VanAuken, 2005). Possible activities to increase brand awareness include wide-spread advertising in which repetition of the logo and slogan becomes ubiquitous (e.g. Nike's tagline is '*Just do it*'), publicity, sponsorship of community activities (e.g. sponsoring a sports tournament), brand extensions as well as increasing the number of distribution channels. An important consideration here is the degree of consistency of the brand identity across all forms of brand communication. The more distinct, unique and consistent the marketing and promotion of the brand communication, the easier it will be for consumers to be aware of the brand, recognize and recall it amongst competitors.

Both brand recognition and recall are important obstacles for beauty and skincare brands to overcome. Since the nature of the products that these brands represent are intended for use on the body and are usually visible to others, it is important that the brand be a widely recognized or easily recalled brand to establish some sort of credibility and trust. Also, due to the fact that within this market there are a vast number of competitors with similar claims, brand awareness becomes an important activity for brand managers to manage in order to ensure a strong customer base.

### **3.3.1.2 Brand Image**

It has been argued that brand awareness is only one part of the equation in order to become a successful brand and ensure brand equity (Keller, 2003). The other part is the *brand image*. Brand image is defined as the perceptions about a brand as reflected by the brand associations (nodes) held in consumer memory (Keller, 1993). This is how the consumer has deciphered each cue associated with the brand as well as the actions carried out on behalf of the brand. In essence, the result of brand identity is interpreted by the consumer according to how they perceive it, and hence an image is formed in memory. This is the reality for the brand;

perception is everything. In terms of the associative network model, an image is only formed if a brand node is already present (which is created through brand awareness). Once this is created, brand associations (also nodes) are linked to the brand node, and hence a perception is formed. Brand images are therefore important because consumers use these mental representations (associations) to distinguish one brand from another and as the basis for their purchasing behaviours (Foxall *et al.*, 1998: 63). According to Foxall *et al.* (1998), the brand image is quite complex, consisting of several dimensions of the brand, such as personality, connotations, advantages, users and situations. The view of the author of this work is that brand image not only consists of these dimensions, but *every* single dimension associated with the brand, such as positioning, brand identity and brand essence, just to name a few. Refer to Figure 3.2 to understand the authors' view with regards to this point.

Unlike the brand identity which is a desirable image of the future of the organization, the brand image is the real perception, at present, of the brand based on the past. Apart from the desired positive associations and consistency brought about by the brand identity, the brand image needs to be regularly checked and updated (if need be) in order to be appropriate for the current times and to fit the value system and image as desired by the target audience. This is where a brand audit becomes a valuable activity to perform in order to determine what the current image is of the brand as perceived by the target audience.

A positive brand image can be created by efforts of the marketing department which are aimed at creating strong, favourable and unique brand associations in memory (Keller, 2003: 70). With regards to strength, brand identity consistency is an important factor, as well as the relevance of the marketing message to the consumer. Favourable brand associations pertain to convincing the consumer that the benefits and attributes delivered by the brand are relevant and can solve their problems, and satisfy their needs and wants. Unique brand associations can be related to product or non-product related attributes and benefits, and communicate to the consumer what this brand has that others do not have; essentially, this is the reason *why* consumers should buy this brand rather than that of a competing brand.

Whereas brand image is the actual image the public has of the brand, the *brand persona* of a brand is the image presented to the public by the organization. It is important that there is consistency and acceptance of what the persona symbolizes or else this could result in a confusing brand image (O'Shaughnessy and O'Shaughnessy, 2003). It is important that the desired brand persona that the organization projects and the perception that the consumer has hereof is as similar as possible. It would be an inauspicious situation for the organization if this 'gap' between desirability and reality were very wide. For these reasons, it is appropriate and

important that a brand audit be performed in order to make the organization aware of any such discrepancies.

The associations that the public may have of the brand will most probably consist of both positive and negative areas (also called brand attitudes), and it is a primary responsibility of a brand marketer to ensure that only positive associations are linked to the brand. As will be explained later, the degree to which consumers have a strong and favourable association with a brand will influence the amount of brand equity a brand can proclaim. The brand image is developed through the brand identity as well as the activities related to brand positioning, such as product design, the promotion and positioning of products in the media, and the management of the logo itself (Lury, 2004).

An important consideration under the brand image is the *brand experience* of the consumer. Every time a person interacts with or comes into contact with a brand, he / she forms a perception / attitude of the brand, therefore it is essential to have only the highest standards of design, integrity and ethical behaviour when designing the brand strategy. In his book *Re-imagine!*, Tom Peters (Peters, 2003: 113) uses many words to describe what he believes an *experience* to be, such as, an event, happening, perception, spiritual conversion, or to be affected by, or to undergo *etc.* He argues the fact that many organizations are still fixated on the actual products or services that they offer and concentrate very little on the total brand experience which can be offered. Nowadays, it is probably the largest differentiating factor between competitors - "Who can offer the best brand experience at the best value?" Those organizations that buy into the idea of *experience* rather than *product / service* are going to be the winners in the end.

Many people would argue that Harley is in the business of selling motorcycles. Motorcycles offer a liberating experience for the more mature rider who wants to experience the wilder and more fun side to life (Aaker, 1996: 138). A hypothetical example might help explain this paragraph better. Mr Smith is a man who is not short of money. He wants to spoil himself for his birthday so he has decided to buy a motorcycle. He has the choice between a \$1000 second-hand motorcycle of a brand he has never heard of, or of a brand new \$25 000 lightweight motorcycle which can take him up to speeds of 150mph, or a luxurious \$150 000 Harley Davidson motorcycle. Being a man with a passion for luxury and quality, Mr Smith decides to go for the \$150 000 Harley Davidson motorcycle. In his eyes, he would not get the *experience* he wanted from a second-hand or a very fast motorcycle (because he would have a heart attack before he reached those speeds). To him the value on an intangible level that Harley offers far outweighs the cost differences between the various options.

Table 3.1 summarizes the similarities and contrasts between three of the components of the brand, namely, brand identity, brand positioning and brand image.

**Table 3.1 Summary of the Similarities and Contrasts between Brand Identity, Brand Positioning and Brand Image.**

<b>Brand Identity</b>	<b>Brand Positioning</b>	<b>Brand Image</b>
Internal / Organization perspective	Internal / Organization perspective	External / Customer perspective
Brand Asset	Brand Asset	Brand Asset
Focus on the brand	Focus on products	Focus on brand and products
Constant and stable	Dynamic, changes with markets and over time	Volatile
Considered a capital investment	Investment in market research	Not an investment <i>per se</i> , but a result of brand identity, positioning and personality
Assures consumers of quality and origin of products	Assures consumers that value added in their product choice far outweighs the benefits of competitors	A positive brand image reflects a positive brand experience

### 3.4 Brand equity

Brand equity is based on the image consumers have of the brand, and the more favourable this image, the more likely they are to pay a price premium for the brand, the more likely they are to recommend it to friends, the more likely they are to remain loyal if it is out of stock, the more likely they are to take the time to search for it, and the more likely they are to purchase other products / services related to the brand name (Hawkins *et. al.*, 1998: 355). Take note that all of these factors are related to the *brand name* and it is these types of characteristics which contribute to a positive brand equity.

According to Aaker (1991: 15), brand equity

*...‘stands for the resources that the brand can mobilize i.e. a set of brand assets and liabilities linked to a brand’s name and symbol that add to or subtract from the value provided by a product or service to a firm and / or to that firm’s customers’.*

Aaker (1991) has defined brand equity along five dimensions, namely, brand loyalty: the existence of a more or less loyal customer base; name awareness: the extent to which consumers in general are familiar with the brand; perceived quality: the perception of the overall quality of the brand which is ‘not necessarily based on a knowledge of detailed specification’



(Aaker, 1991: 19) (for short, the idea that people have of the brand); brand associations: the attitudes or feelings that a brand generates; and 'other proprietary brand assets', such as patents, trademarks and channel relationships. An important dimension here is the control of the concrete distribution chain (access to shelf space *etc.*) that a brand-owning organization can exercise. Another proposed indicator by which financial figures for brand equity can be measured was proposed by Keller (1993: 1) in which he labeled the 'share of the brand' in the consumers' mind as CBBE. Unlike Aaker's definition of brand equity which is approached from the efforts on the organization's side, Keller (1998: 59) defines a CBBE model which is approached from the *consumer's* perspective. According to Keller (1998: 60) brand equity is

*... 'the differential effect that brand knowledge has on consumer response to the marketing of that brand'.*

Brand equity is the capacity of a brand to generate (positive) or breakdown (negative) value. The most important element hereof is the *consumers' perception* of the brand and the attention a brand receives from them. The CBBE is based on the premise that all that a consumer has learned, experienced or heard of a brand in the past will influence their perceptions, and hence the power of the brand in their minds. A brand is said to have positive (negative) CBBE when consumers react more (less) favourably to an element than when it is attributed to a fictitiously named or unnamed version of the product or service. CBBE, then, depends on the degree to which consumers are familiar with products and 'hold some favorable, strong, and unique brand associations in memory' (Keller 1993: 2). CBBE is built by managing the brand elements (*i.e.* packaging, slogans, symbols, trademarks *etc.*), the marketing mix (*i.e.* price, product, promotion and place) (Keller 1993: 9) as well as forming strong, favourable and unique brand associations through various marketing activities (Keller, 2003: 47). In addition to these routes, brand equity may also be built through the leverage of secondary associations. These secondary associations may take the form of company sources, places of origin, channels of distribution, *via* co-branding strategies, through spokespeople (*e.g.* endorsements) or sporting events (*e.g.* sponsorships) (Keller, 2003: 47). The enlightenment to the fact that brands can have some sort of value (equity) has increased the significance and importance of the brand in marketing strategy (Keller, 1998: 42), and ultimately business strategy.

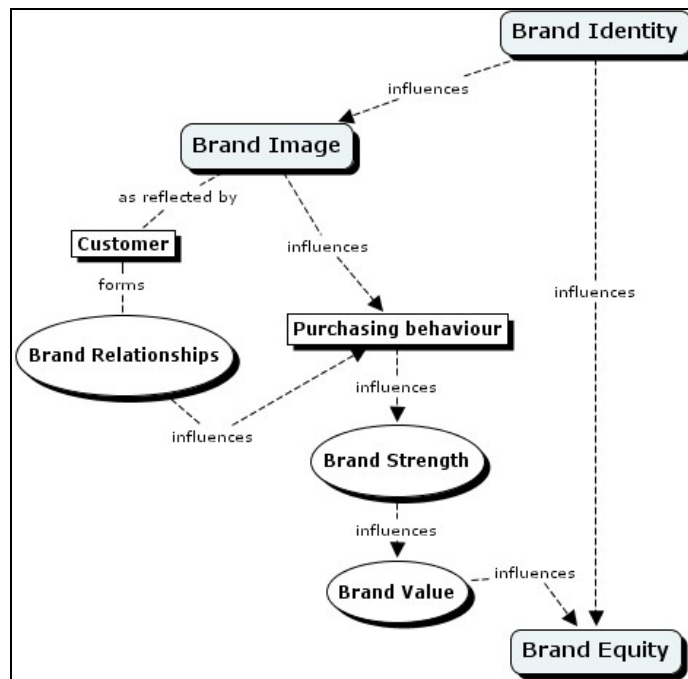
Every brand has a *product* component and an *equity* component (O'Shaughnessy and O'Shaughnessy, 2003). The former consists of the observable attributes of the functions of the product as well as attributes accepted on trust, and the latter consists of the additional value placed on a brand by its consumers over and above the brand's objective performance against its rivals. The equity component of a brand is particularly ubiquitous in upmarket fragrance,



cosmetic and designer clothes brands, while the product component usually dominates when the brand represents commodity products (O'Shaughnessy and O'Shaughnessy, 2003). Manufacturers of commodity products however do not need to compete mainly on price alone nowadays. Take for instance British Petroleum which has managed to differentiate their commodity product by introducing an environmentally friendly attitude towards the communities they work in. There are also a large number of bottled water products available in the market. These brands have taken essentially commodity products and introduced some sort of differentiation factor in order to position themselves as favourable brands against their competitors.

The brand equity consists of all the efforts directed towards brand knowledge (including brand awareness and brand image) and brand positioning. Figure 3.3, as conceptualized by the author, depicts the various drivers of brand equity. As already mentioned, brand awareness is an important driver of brand equity and one particular way to increase brand awareness (and hence brand equity) is through sponsorships and community events. In his book, *Passion Branding* (Duffy, 2003), Neil Duffy makes the point that community events in which consumers are engaged are a great way in which to build brand equity. Consumers are no longer only interested in product attributes, but rather positive brand experiences that resonate with them. The driving force behind consumer purchases have shifted towards what companies often call the 'subtle' issues *i.e.* environmental campaigns, sponsorships of sports events, public / private sector partnerships *etc.* Duffy argues that if organizations can become involved in events about which consumers are passionate, they will earn the respect, loyalty and appreciation of these consumers, which in turn will enhance differentiation, increase brand awareness and in turn brand equity.

As mentioned, brand equity results from awareness as well as strong, favourable and unique brand associations, but depending on whether the product / service in question is concerned with low or high involvement (Blackwell *et. al*, 2001: 91), consumer response can differ quite substantially. If the product / service in question is something which is bought on a regular basis, and does not involve a lot of risk (low-involvement), then brand awareness is usually sufficient to prompt a purchase. But if the product / service in question is something which is not bought often or is quite costly and timely (hence risky and requires high involvement) to obtain, more effort would go into ensuring not just familiarity and awareness of the brand, but ensuring that there is a high degree of strength, favourability and uniqueness to the brand associations. This is where the brand image formed by the consumer plays an important role.



**Figure 3.3 Illustration of the Various Brand Drivers which Influence the Brand Equity Component.**

Brands are viewed as valuable assets, and brand equity is a valuable measurement especially when it comes to mergers and acquisitions (M & A's). In the case of M & A's, the buyer and seller would both be interested in how much of the value of the company is attributable to the assets and how much is attributable to the intangible assets, namely the brand equity. It has been reported in the past that companies have been purchased at multiples of its book values e.g. the AOL and Time Warner merger. The significance of the brand equity for the purchaser could be seen as a strategic move to be able to gain an additional sales channel for their products or even to be associated with a highly respected brand with many positive associations. Another significance of a brand with high brand equity is that the organization is able to charge premiums which are justifiable. Investors are willing to pay higher premiums for a company which is well governed and has significant brand equity. Likewise, clients are willing to pay more for a brand that is highly recognizable and respected more than its competitors. To understand the importance of brand value relative to an organization's market capitalization, the brand consultancy group, Interbrand, annually publishes a list of the top 100 global brands according to dollar values (Interbrand, 2007) (Table 3.2) in order to reveal the absolute dollar amounts that are attributed to the brand value alone. These annual results have allowed the interested reader to gauge why the world's top organizations are usually found very high in the ranks. Leading the pack is Coca-Cola with a brand worth over \$65 billion which accounts for more than 60% of its market capitalization.

### 3.5 Brand Architecture

Brand Architecture is the phrase coined to articulate the linkages and relationships between brands so as to optimize the organization's efforts (Randall, 1997). There are nine branding strategies that an organization can choose to use. A summary of the description, advantages or disadvantages can be seen in Table 3.3. This summary has been drawn up according to Kapferer's definitions (2004: 293). There is no one architecture that is more favourable than the others and some organizations may even choose to operate under a hybrid brand architecture (e.g. The L'Oréal Group). They all have their advantages and disadvantages, and it is up to the organization itself to decide what exactly it is they are trying to achieve. In terms of the cosmetics market, a 'branded house' (source or umbrella brand architecture) strategy works far better and is valued at seven to eight times the profits, whilst a 'house of brands' (endorsing or product brand architecture) is valued at six times the profits (Kapferer, 2004: 295). Garnier operates under a branded house in which it makes use of the same creative platform, and can leverage off one name and one philosophy. Hence it has a consistent brand identity.

#### 3.5.1 Product and Corporate Brands

By the 1980s and 1990s there was a rapid increase in the branding of services as well as corporate branding - that is, the branding of an organization rather than particular products or services (Lury, 2004). For example, the Virgin brand is involved in a diverse array of products and services such as music, fitness, travel (including space travel), drinks, mobile communication and banking. It has been stated that a reason for the success of companies such as Virgin, General Electric and Mitsubishi could be as a result of their branding of the organization name rather than single products across many product and service categories, implying that they are consistent, based on firm core values which are adaptable yet remain part ingrained within their organizational culture (Hart, 1998: 206). According to Interbrand, most of the companies with the biggest increase in brand value in 2005 rankings operate as single brands everywhere in the world, such as eBay, Samsung and Apple (Interbrand, 2005: 86).

Product brands create client goodwill, and build growth and profits. In modern markets, consumers are not able to make a distinction between product and corporate brands (Kapferer, 2004: 31). The behaviour and image of corporate brands influence the evaluation of their respective product brands, especially if they share the same name (as is the case with the L'Oréal brand). This is often referred to as spillover effects (Kapferer, 1997: 332). It has become a very popular strategy today to use the same name for both the corporation and their *flagship brand* (their most popular brand) (Kapferer, 2004: 31). Sometimes, organizations choose to use flagship brands which are representative of the various facets of the organization's brand

identity. These brands transfer some of their features to the product category (Rosch, 1978: 27; Kleiber, 1990). There is an advantage in combining the corporate and flagship name. By taking on the name of your flagship brand, the organization brand can automatically benefit from the advertising and communication afforded by this brand. This also transcends into a positive image on the stock exchange as the investors know what they are buying into. It is important that the flagship brands have a strong relationship with the corporate identity. In this case, there is not a lot of freedom for the identity of these brands (Kapferer, 2004: 150).

**Table 3.2 Interbrand's Ranking of the Top 100 Global Brands for 2007.**

Ranking		Brand	Brand value (\$million)		% change
2007	2006		2007	2006	
1	1	Coca-Cola	65,324	67,000	-3
2	2	Microsoft	58,709	56,926	3
3	3	IBM	57,091	56,201	2
4	4	GE	51,569	48,907	5
5	6	Nokia	33,696	30,131	12
6	7	Toyota	32,070	24,837	15
7	5	Intel	30,954	32,319	-4
8	9	McDonalds	29,398	27,501	7
9	8	Disney	29,210	27,848	5
10	10	Mercedes	23,568	21,795	8
		<b>Personal Care Global Brands (including luxury brands)</b>			
16	16	Gillette	20,415	19,579	4
46	46	Gucci	7,697	7,158	8
51	53	L'Oréal	7,045	6,392	10
57	58	Colgate	6,025	5,633	7
58	61	Chanel	5,830	5,156	13
65	62	Avon	5,103	5,040	1
70	64	Kleenex	4,600	4,842	-5
90	88	Johnson & Johnson	3,445	3,193	8
na	97	Armani	n/a	2,783	n/a
96	99	Nivea	3,116	2,692	16

n/a = This organization was not ranked in the Top 100 in 2006.

**Source: Interbrand, 2007**

L'Oréal realized the limitations of a flagship-brand strategy in which the L'Oréal Paris brand merely endorsed a large number of independent sub-brands, such as Elsève and Plentitude. Apart from the fact that the publicity budget was fragmented, there was no effective capitalization. The group therefore switched from a house of brands logic (with L'Oréal Paris as

the endorsing brand) to a branded house logic, a source brand with a basic unity and a very distinctive form.

### **3.6 Conclusion**

The author introduced this chapter by highlighting the internal and external perspectives of brand management, explaining the importance of managing *both* perspectives, and then proceeded to explain the theory under each perspective. Following this, the author introduced the concept of *brand equity* and referred to the five dimensions of brand equity as described by Aaker (1991). The chapter was concluded with a description of the *brand architecture* concept, and the concepts of corporate and product brands were introduced, whilst applying these to the L'Oréal organization.

Table 3.3 Summary of Various Brand Architectures Used by Organizations.

Branding strategy	Description	Advantages	Disadvantages	Examples
<b>Product brand</b>	Typical of your "house of brands" organizations. Organizations have products each with their own name and positioning strategy. Usually seen when organizations offer a diverse array of products across multiple product categories.	Less risk of negative spill over effects from individual brands.	High cost involved in launching new brands with independent brand identities. Not ideal for a mature, saturated market due to the lack of expected sales growth which cannot justify the high costs involved.	Procter & Gamble Accor Group
<b>Line brand</b>	Exploitation of a successful brand by increasing the variety of products within the broader product category, <i>i.e.</i> brand X offers shampoos, conditioners and hair gel.	Reduced opportunistic costs for consumers as the original product will already have earned the trust and will reduce the risk. Reduced costs for organizations as they will not have to start from scratch to build a strong positive brand image, and distribution outlets will already be in place.	There is the danger of extending too far from the original concept.	L'Oréal Studio Line
<b>Range brand</b>	More specific than line extension. Still exploitation of a successful concept, but instead of diverging into different products, the offering is delivering a wider variety of options to cater more specifically to the individuals needs.	Focuses on a single name <i>i.e.</i> range of creams, masks, gels <i>etc.</i> , coke light, coke vanilla <i>etc.</i> This facilitates in uniform advertising and marketing which can be shared by all the offerings.	Brand opacity can be a problem, therefore it is necessary to structure the range according to lines, <i>i.e.</i> Clarins offers the 'soothing range' in creams, masks, serums (different lines) <i>etc.</i>	Coca-Cola Clarins Heinz Campbell

<b>Source brand</b>	Commonly referred to as "branded house" organizations. One house, many sub-brands. Sub-brands are not necessarily related. Identical to Umbrella, except that each sub-brand has its own name. The parent brand is still the main driver of consumer choice.	Parent brand offers their certitude of quality and origin.	Extensions too dissimilar to the identity of the parent can be harmful or too difficult to understand in the eyes of the consumer.	Christian Dior Yves Saint Laurent Garnier L'OréalParis Lancôme HSBC
<b>Umbrella brand</b>	Also referred to as "branded house" organizations. The same parent brand supports different products in different markets. All brands have a common spirit, vision and identity as well as their own advertising and positioning strategy. Each product is often a company division or a separate business unit (SBU).	Capitalization of one single name as well as the economies of scale on a global scale. Easy to enter small, new markets without the need of heavy advertising. Allows the core brand to be associated with new markets far from the original concept.	Negative spillover effects can hamper each SBU. Over-stretching can also weaken the core brand.	GE Virgin Palmolive Hewlett-Packard Nivea
<b>Endorsing brand</b>	Typical of your "house of brands". The endorsing brand gives its approval to a wide diversity of products grouped under a product line or a range of brands. Unlike the source brand, the parent brand is not a driver of choice, it is the actual product that drives choice e.g. interest in Marmite is driven by Marmite and not the fact that it is endorsed by Pioneer Foods. The endorser takes a secondary position.	Least costly method for an organization to attach its name to a product.	Endorsing brand profits little from the products.	GM Nestlé Johnson & Johnson

# Chapter 4

## Research Methodology

### Abstract

A deductive approach was used for this study in which various hypotheses were developed and subsequently subjected to a series of vigorous tests. A survey, compiled by the author of this work to measure qualitative and quantitative data, was randomly administered to students attending The University of Stellenbosch. A total of 444 questionnaires were completed and the data was analyzed at a statistical significance level of five percent ( $\alpha = 0.05$ ).

### 4.1 Research Strategy

To obtain the data required, the author of this work made use of a cross-sectional survey approach. The purpose of the research is a combination of descriptive and explanatory studies. In the case of the former, a profile of the target audience was formulated and primary research generated, whilst in the latter case, the data collected was subjected to statistical tests in order to identify and explain possible correlations between variables.

### 4.2 Materials and Methods

The method of choice for data collection was structured observation in which a questionnaire was used as instrument for collecting the data (Appendix). The respondents were required to complete the paper-based questionnaires themselves, and were at all times semi-supervised by either the author herself, or by field workers. The target audience for this study were female students from The University of Stellenbosch. The eligibility criteria include that they are females between the ages of 18 – 28 years. All of the survey questions are close-ended questions. Close-ended questions provide the respondents with pre-selected answers from which to choose. The reason for opting to use close-ended questions above open-ended questions is that open-ended questions produce standardized data that can be analyzed statistically, and are more reliable in terms of making inferences from the data. A variety of close-ended questions were used, namely list, category and scale / rating questions (e.g. Likert type questions). Likert scales are appropriate for measuring attitudes (Foxall *et al.*, 1998), therefore many of the questions made use of them. The questions were based on determining the attributes of the respondents, their perceptions and attitudes of the L'Oréal brand and its products, as well as their behaviour with regards to L'Oréal products.



The sampling method used was simple random sampling as each person in the total population had an equal chance of filling out the questionnaire. An important advantage of probability sampling is that a sampling error can be calculated. The sampling error is the degree to which a sample might differ from the population and therefore not be representative of the population (Saunders *et al.*, 2003: 357). Questionnaires were distributed to students living in University residence houses. Three University residence houses were used, namely Huis Serruria, Nerina and Harmonie. In exchange for completing a questionnaire, the female students at each residence could stand a chance to win a L'Oréal gift hamper, as supplied by the author. In addition to distributing questionnaires at University residence houses, two field workers were employed to distribute questionnaires to students found walking around central campus. A total of 193 questionnaires were obtained *via* randomly selecting participants on central campus, whilst the remaining 251 were collected *via* the university residences.

The total number of students registered at the central campus of The University in 2007 (excluding campuses at Elsenburg, Tygerberg, Belville and Saldanha) are **19 267**. These students include 1425 Honours, 2899 Masters and 717 Doctoral registrations. Unfortunately, no distinction is made between so-called part-time and full-time students. The total number of female students on central campus in 2007 is **9 876**. This is the statistic that the author used for the purposes of this research to be representative of the total female population of students at The University of Stellenbosch.

The data was captured using Microsoft Excel, and analyzed with the statistical analysis software *Statistica*. A mixture of quantitative methods was used to analyze the data, namely the chi-squared test, one-way analysis of variance and correlation tests.

It is believed that the survey fulfils the criteria of reliability and validity. Before the questionnaire was distributed, a pilot study was performed, after which minor changes were made in order to test content validity (Mitchell, 1996: 199). Although in some instances there was an incentive involved for completing the questionnaire, the fact that the respondents completed the questionnaires themselves and that their answers were independent of their chance of winning the incentive, makes it unlikely that they were biased or displayed an uninformed response (Dillman, 2000).

### **4.3 Conclusion**

At the beginning of this chapter the author identified the approach taken for this study, as well as the purpose thereof. She proceeded by explaining the materials and methods that were used

to obtain the information required for the data, as well as the implementation, distribution and analysis of the questionnaires.

# Chapter 5

## Results

### Abstract

This section presents the results of the survey as well as a summary of the various types of statistical tests that were used. A large number of descriptive statistics have resulted from the survey. These have been represented in graphical and tabular format.

### 5.1 Introduction

A large number of statistical tests were performed on the data collected from the survey. The significance level for all tests was 0.05, which indicates that if the tests are considered statistically significant, there is less than a five percent chance that the test result, or one more extreme, occurs by chance alone (Saunders *et al.*, 2003: 357).

The questionnaire was concerned with six major brand characteristics, namely brand awareness, attitude towards the corporate brand, attitude towards the products, level of desire for the brand, behavioural tendencies, and the value proposition. In the sections ahead (in this chapter and the following), the results of the survey and the subsequent discussion will be outlined according to these six brand characteristics.

### 5.2 Empirical Results

The following tests were employed in the analysis of the data:

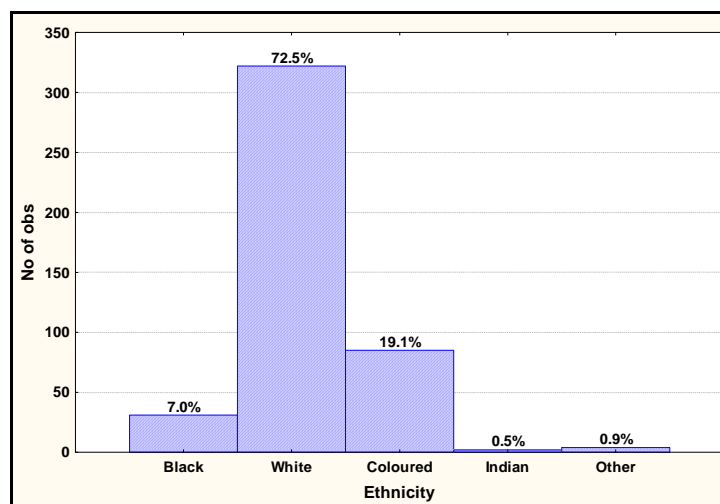
- *Chi square test* which is used to analyze the relationship between two variables and to compare two or more populations for nominal data (Keller and Warrack, 2003: 544).

*One-way analysis of variance.* This parametric test allows us to test whether there is a difference between the means of two or more normal populations using interval data (Keller and Warrack, 2003: 472). In cases where the assumptions that hold for this test were violated, the corresponding nonparametric tests were used to satisfy the assumptions, namely, the Kruskal-Wallis test and the Mann-Whitney test. In all cases, a Bonferroni adjustment was made in each statistical analysis in order to decrease the probability of making at least one Type I error (rejecting a true null hypothesis,  $H_0$ ). In cases where there was evidence of at least one of the

means being different, a post-hoc test was performed in order to determine which population means were different (this cannot be identified through the one-way analysis of variance alone).

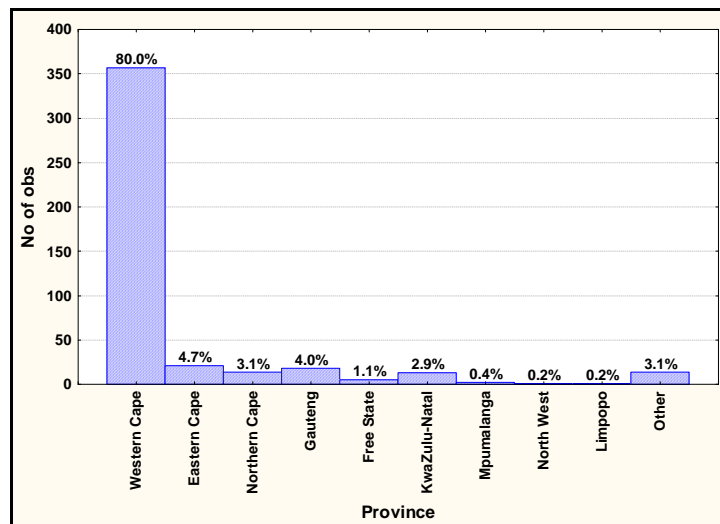
- *Pearson coefficient correlation tests*, which made use of the nonparametric technique, Spearman rank correlation coefficient, as the variables analyzed were ordinal. The purpose of both of these correlation tests is to determine whether a linear relationship exists between two variables.

Figure 5.1 below is a graphical representation of the total number of respondents (444) who completed the questionnaire, according to ethnicity. Due to the fact that the ethnic groups 'Indian' and 'Other' represented a very small percentage of the total sample, further analyses and tests only included the 'Black', 'White' and 'Coloured' ethnic groups.



**Figure 5.1 Bar Chart Depicting the Specific Ethnic Groups Represented in the Sample.**

Figure 5.2 graphically illustrates the various provinces in South Africa from which the respondents originate. Due to the fact that the overwhelming majority of the sample came from the Western Cape, further analyses and tests did not provide any additional and valuable information. In many of the figures and tables still to come, as well as in the text, the author often refers to the 'brand'. Where this term is used, it implies that the author is referring to the 'corporate L'Oréal brand'. Along similar lines, when the author refers to 'products', if not explicitly stated, it is implied that the figure, table or text is referring to 'L'Oréal products'. Also, in the text where the author refers to 'positive usage behaviour', she is referring to the increase in the frequency, or the number of people who use the products. In addition to this, 'personal care products' is meant to encompass all cosmetic, hair and body products. For simplicity, in cases where the null and alternative hypothesis for the tests in question are not explicitly stated, they are the same as those from the last test in which it was explicitly stated.



**Figure 5.2 Bar Chart Depicting the Origin of the Respondents Represented in the Sample.**

One of the questions the respondents were asked to complete in the questionnaire was concerned with their average spend per month on cosmetic, hair and body products. Figure 5.3 illustrates these results and it can clearly be seen that the majority of respondents (46%) spend an average of R100 – R300 per month.

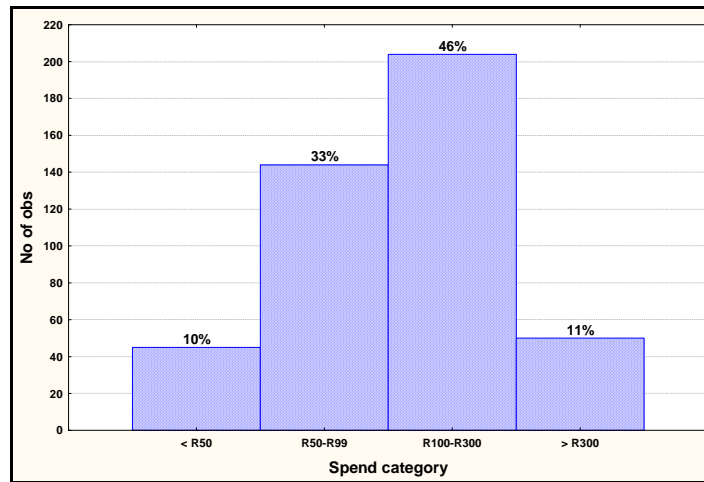
## 5.2.1 Variables Investigated

A number of variables, whether there was a statistically significant relationship between them, as well as the direction and strength of that relationship, were investigated. Some are not reported in this study as they were not statistically significant under the conditions employed. However, there may still be a relationship between these variables. Tables 5.1 and 5.2 provide a summary of all the variables that were investigated in this study.

### 5.2.1.1 Brand Awareness

The first brand characteristic that was investigated was **Brand Awareness**. The information that was sought included:

- The total extent of brand awareness (Figure 5.4).
- What percentage of the respondents who were familiar with the brand has *also* used L'Oréal products (Table 5.3).



**Figure 5.3 Bar Chart Depicting the Percentages of Respondents According to 'Spend Category' with Regard to Purchasing Personal Care Products.**

- Which ethnic group is most familiar with the brand (Figure 5.5).
- The degree to which the brand is easily recognized as distinct from competitors (brand recognition) (Figure 5.6).

According to Figure 5.4, there was an overwhelming majority of respondents (93%) who were familiar with the brand. Only 7% of the respondents surveyed were not familiar with the brand.

**Table 5.1 Summary of the Statistically Significant Tests ( $\alpha = 0.05$ )**

<b>Brand Characteristic</b>	<b>Variable 1</b>	<b>Variable 2</b>	<b>Statistic test employed</b>	<b>Probability value (p-value)</b>
<b>Brand Awareness</b>	Ethnicity	Familiarity with brand	Chi square	< 0.01
<b>Attitude - Brand</b>	Ethnicity	Good	One-way ANOVA	< 0.01
	Ethnicity	Likeable	One-way ANOVA	0.02
	Ethnicity	Desirable	One-way ANOVA	0.01
	Spend category	High Quality	One-way ANOVA	0.02
	Spend category	Attractive	One-way ANOVA	< 0.01
	Spend category	Desirable	One-way ANOVA	0.01
	Spend category	Good	Correlation test	0.03
	Spend category	High Quality	Correlation test	0.01
	Spend category	Attractive	Correlation test	< 0.01
	Spend category	Desirable	Correlation test	0.01
<b>Attitude - Products</b>	Ethnicity	Beneficial	One-way ANOVA	< 0.01
	Spend category	Interesting	One-way ANOVA	0.02
	Spend category	Value for money	One-way ANOVA	< 0.01
	Spend category	Interesting	Correlation test	< 0.01
	Spend category	Beneficial	Correlation test	0.01
	Spend category	Enjoyable	Correlation test	< 0.01
	Spend category	Superior	Correlation test	< 0.01
	Spend category	Fond of	Correlation test	0.02
	Spend category	Value for money	Correlation test	< 0.01
	Spend category	Exceptional	Correlation test	< 0.01
	Superiority of products	Superiority of brand	Correlation test	0
	Attitude towards products*	Positive towards the brand	Correlation test	< 0.01
	Attitude towards products**	Attitude towards the brand	Correlation test	< 0.01
<b>Desirability</b>	Ethnicity	Level of desire for the brand	One-way ANOVA	0.03
	Level of desire for the brand	Attitude towards the brand***	Correlation test	< 0.01
	Level of desire for the brand	Attitude towards the products****	Correlation test	< 0.01
<b>Behavioral Tendencies</b>	Level of desire for the brand	Used L'Oréal products	Chi square	0.046
	Desirability for brand	Used L'Oréal products	Correlation test	< 0.01
	Preference for brand	Attitude towards the brand <sup>#</sup>	Correlation test	< 0.01
	Preference for brand	Attitude towards products <sup>⊥</sup>	Correlation test	< 0.01
	Loyalty	Attitude towards products <sup>⊥</sup>	Correlation test	< 0.01
	Loyalty	Attitude towards the brand <sup>#</sup>	Correlation test	< 0.01
<b>Value Proposition</b>	Ethnicity	Functional benefits	Correlation test	0.01

\* Each of the seven 'product attitude' variables was tested against the level of 'positiveness towards the brand' variable, and all of them produced a p-value of less than 0.01.

\*\* Each of the seven 'product attitude' variables were tested against each of the six 'brand attitude' variables, giving a total of 42 correlation tests that were performed. All the results have a p-value of less than 0.01.

\*\*\* Each of the six 'brand attitude' variables was tested against the 'level of desire for the brand' variable. All the tests have a p-value of less than 0.01.

\*\*\*\* Each of the six 'product attitude' variables was tested against the 'level of desire for the brand' variable. All the tests have a p-value of less than 0.01.

# The brand attitude variables 'Good' and 'High Quality' were tested against two 'preference for brand' variables as well as the 'loyalty' variable. The 'preference for brand' data was obtained from questions 13 and 14b in the questionnaire (Appendix 2), whilst the data for 'loyalty' was obtained from question 14a in the questionnaire (Appendix). All the results have a p-value of less than 0.01.

⊥ The product attitude variable 'Interesting' was tested against both the 'preference for brand' and 'loyalty' variables. The data for the latter variables were obtained from question 14b and 14a respectively, in the questionnaire (Appendix). Both results have a p-value of less than 0.01.

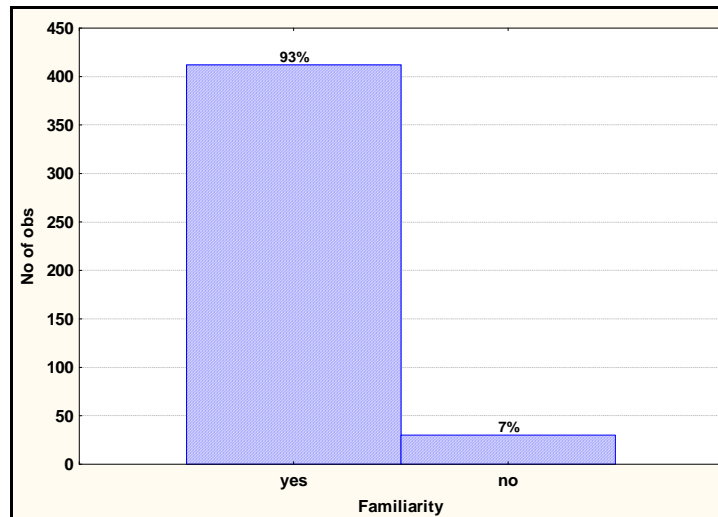
**Table 5.2 Summary of Non-statistically Significant Tests ( $\alpha = 0.05$ )**

<b>Brand Characteristic</b>	<b>Variable 1</b>	<b>Variable 2</b>	<b>Statistic test employed</b>	<b>Probability value (p-value)</b>
<b>Brand Awareness</b>	Ethnicity	Recognizable brand	One-way ANOVA	0.14
	Ethnicity	Familiarity with brand	Correspondence analysis test	n/a
<b>Attitude - Brand</b>	Ethnicity	High Quality <sup>‡</sup>	One-way ANOVA	0.04
	Ethnicity	Attractive <sup>‡</sup>	One-way ANOVA	0.04
	Ethnicity	Superior	One-way ANOVA	0.13
	Spend category	Good	One-way ANOVA	0.12
	Spend category	Likeable	One-way ANOVA	0.15
	Spend category	Superior	One-way ANOVA	0.24
<b>Attitude - Product</b>	Ethnicity	Interesting	One-way ANOVA	0.98
	Ethnicity	Enjoyable <sup>‡</sup>	One-way ANOVA	0.02
	Ethnicity	Superior	One-way ANOVA	0.57
	Ethnicity	Fond of <sup>‡</sup>	One-way ANOVA	0.03
	Ethnicity	Value for money	One-way ANOVA	0.36
	Ethnicity	Exceptional	One-way ANOVA	0.75
	Spend category	Superior <sup>‡</sup>	One-way ANOVA	0.02
	Spend category	Beneficial	One-way ANOVA	0.09
	Spend category	Enjoyable <sup>‡</sup>	One-way ANOVA	0.02
	Spend category	Fond of	One-way ANOVA	0.15
	Spend category	Exceptional	One-way ANOVA	0.08
<b>Desirability</b>	Ethnicity	Positive towards the brand	One-way ANOVA	0.1
<b>Behavioral Tendencies</b>	Ethnicity	Preference for brand <sup>†</sup>	One-way ANOVA	0.52; 0.92
	Ethnicity	Loyalty	One-way ANOVA	0.4
	Spend category	Used L'Oréal products	Chi square	0.26
	Familiar with brand	Used L'Oréal products	Chi square	1
<b>Value Proposition</b>	Ethnicity	Emotional benefits	One-way ANOVA	0.78
	Ethnicity	Self-expressive benefits	One-way ANOVA	0.3

<sup>‡</sup> Even though the p-values for these variables were statistically significant ( $< 0.05$ ), after the Bonferroni adjustment and the post-hoc tests, the null hypotheses could not be rejected as it was found that there is not enough evidence of a statistically significant difference between the population means.

<sup>†</sup> This test was performed between both the 'preference for brand' variables (obtained from question 13 and 14a in the questionnaire (Appendix)) and ethnicity. The p-value results for both tests are 0.52 and 0.92 respectively.





**Figure 5.4 Bar Chart Depicting the Percentage of Respondents who were 'Familiar with the Brand'.**

An overwhelming majority of respondents who were familiar with the brand have also used L'Oréal products (83%) (Table 5.3). Only 17% of the respondents who were familiar with the brand do not / have not used any L'Oréal products.

**Table 5.3 Statistics Regarding the Percentage of Respondents who were 'Familiar with the Brand' and their Corresponding Usage of L'Oréal Products.**

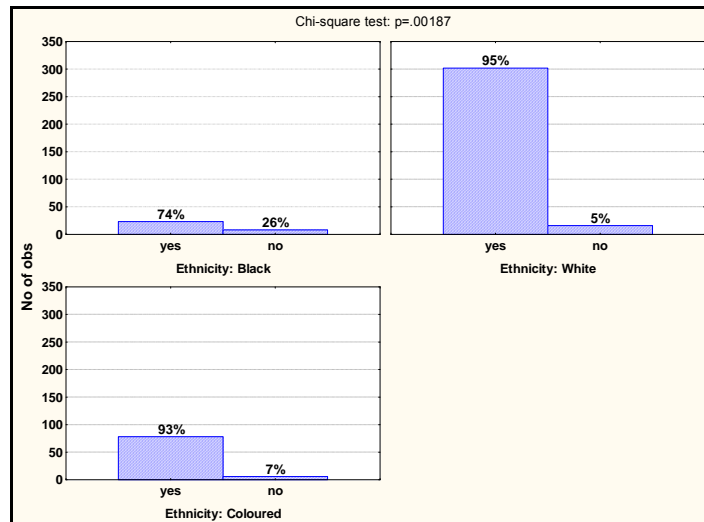
<u>Familiar</u>	<u>Used any L'Oréal products</u>		<u>Totals</u>
	<u>Yes</u>	<u>No</u>	
<b>Yes</b>	334	67	401
<b>%</b>	83.29%	16.71%	
<b>Totals</b>	334	67	401

Figure 5.5 compares the three ethnic groups that were analyzed throughout the study and identifies which ethnic group is most familiar / least familiar with the brand. A chi square test was applied to analyze whether there is a dependence of 'ethnicity' (variable 1) on 'familiarity with brand' (variable 2). The null hypothesis ( $H_0$ ) and alternative hypothesis ( $H_1$ ) for this test is:

$H_0$ : Ethnicity is independent of familiarity with brand

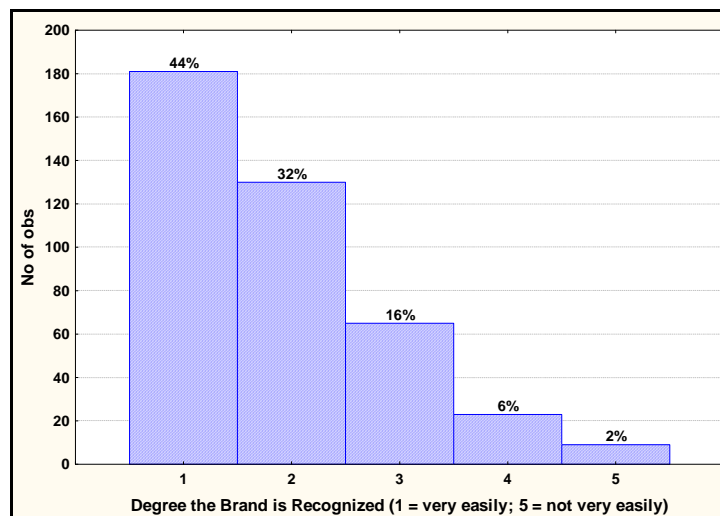
$H_1$ : Ethnicity is dependent on familiarity with brand

The results from the test gave a p-value (probability) of less than 0.1, which indicates that there is enough statistical evidence to reject the null hypothesis. Therefore, ethnicity does have an influence on whether the respondent will be familiar with the brand. The white ethnic group came out as the leader (95%) in terms of familiarity with the brand, followed closely by the coloured group (93%) and lastly the black ethnic group (74%).



**Figure 5.5 Comparison: Ethnicity with 'Familiarity with the Brand'.**

Fortunately for the brand, results from the survey indicated that the brand is distinct in identity from competitors. Figure 5.6 illustrates that the majority of respondents (44%) indicated that they could very easily recognize the brand amongst competitors (Figure 5.6) (1 = very easily recognized; 5 = not very easily recognized).



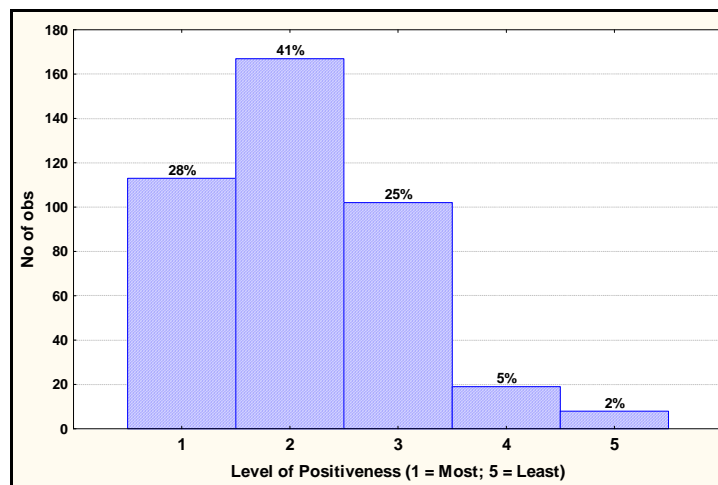
**Figure 5.6 Bar Chart Depicting the Degree to which the Brand is 'Recognized'.**

### 5.2.1.2 Brand Attitude

The second brand characteristic that was investigated was **Attitude towards the corporate L'Oréal brand**. Attitudes are usually measured with multi-attribute scales that are suitable for survey research, such as a Likert scale which was developed in 1932 by Rensis Likert (Franzen

and Bouwman, 2001: 273; Foxall *et al.* 1998: 105). The information that is obtained refers to the nature or content of an attitude as well as its intensity (Franzen and Bouwman, 2001: 274). The respondents were asked to rank according to their perception / attitude, on a Likert scale, six variables describing the brand. The brand attitude variables included in the survey were 'Good, Likeable, High Quality, Attractive, Desirable, Superior'.

Figure 5.7 indicates the overall level of positiveness that is perceived by the respondents towards the brand. It appears that the level of positiveness is relatively strong, with the majority of respondents (41%) ranking it in second position (1 = most; 5 = least).



**Figure 5.7 Bar Chart Depicting the Level of 'Positiveness' Experienced Towards the Brand.**

Table 5.4 gives a brief summary of how the majority of respondents ranked the variables presented in the questionnaire according to their attitude / perception towards the L'Oréal brand. All of the rankings were either placed in first or second position (1 = most; 5 = least).

**Table 5.4 Rankings of the Brand Variables according to the Majority of Respondents as well as the Percentages of these Responses.**

<u>Variable</u>	<u>Good</u>	<u>Likeable</u>	<u>High Quality</u>	<u>Attractive</u>	<u>Desirable</u>	<u>Superior</u>
<b>Majority Rank</b>	1	2	1	1	2	2
<b>% Respondents</b>	41	41	45	37	36	39

One-way variance tests and correlation tests were performed in order to determine whether there is a difference between the means of the variables analyzed as well as whether or not there is a statistically significant relationship between the demographic variables (ethnicity and spend category) and the brand attitude variables. The relationships that were investigated include:

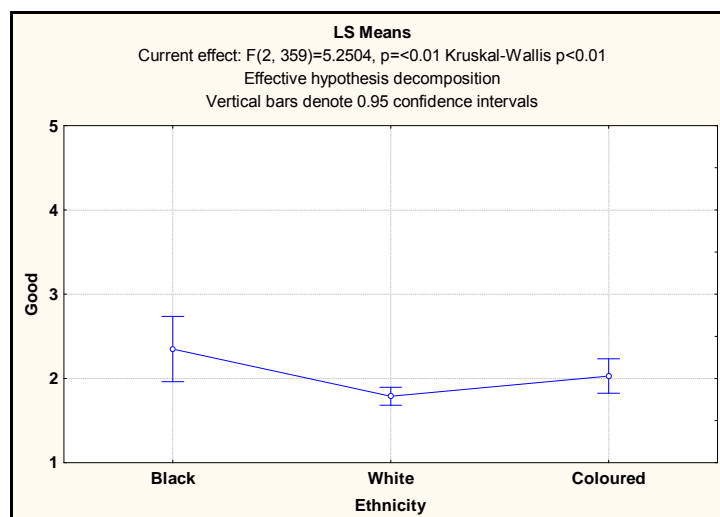
- Ethnicity with 'attitude that the brand is **Good**' (Figure 5.8).
- Ethnicity with 'attitude that the brand is **Likeable**' (Figure 5.9).
- Ethnicity with 'attitude that the brand is **Desirable**' (Figure 5.10).
- Spend category with 'attitude that the brand is **High Quality**' (Figure 5.11).
- Spend category with 'attitude that the brand is **Attractive**' (Figure 5.12).
- Spend category with 'attitude that the brand is **Desirable**' (Figure 5.13).

Figure 5.8 is the result of the one-way variance test applied to 'ethnicity' (variable 1) and 'attitude that the brand is good' (variable 2). The null and alternative hypotheses are as follows:

$$H_0: \mu_{Black} = \mu_{White} = \mu_{Coloured}$$

$H_i$ : At least one of the means of these populations differs

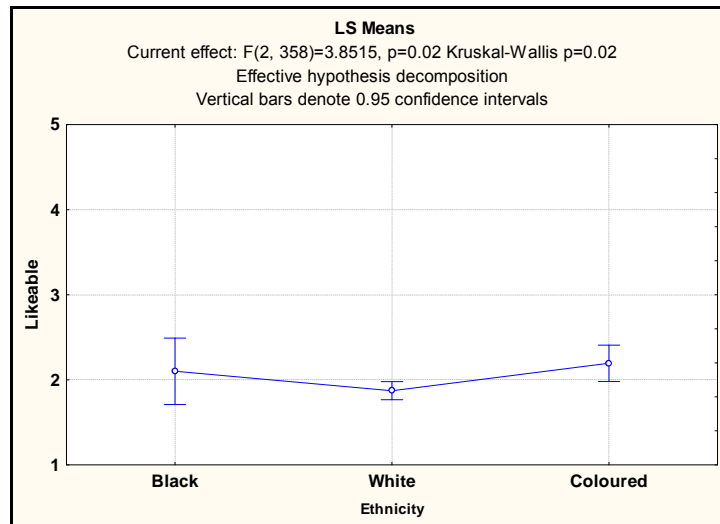
The results from this test indicate that the p-value is less than 0.1. Therefore one can conclude that there is enough statistical evidence to reject the null hypothesis. A Bonferroni adjustment, as well as a post-hoc test, was performed in order to reveal that there is a significant difference between the means of the black and white ethnic groups.



**Figure 5.8 Comparison of Ethnicity with 'Attitude that the Brand is Good'.**

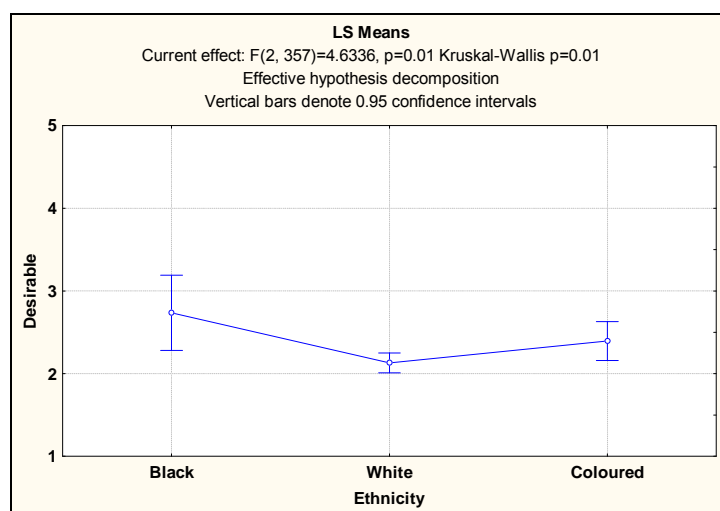
Figure 5.9 is the result from the one-way variance test applied to 'ethnicity' (variable 1) and attitude that the brand is 'likeable' (variable 2). The null and alternative hypotheses are the

same as for the previous example. The p-value for this test is 0.02 indicating that there is enough statistical evidence to reject the null hypothesis. After the Bonferroni adjustment and post-hoc test, it was found that there is a significant difference between the means of the white and coloured ethnic groups.



**Figure 5.9 Comparison of Ethnicity with 'Attitude that the Brand is Likeable'.**

Figure 5.10 is the result of the one-way variance test applied to 'ethnicity' (variable 1) and 'attitude that the brand is desirable' (variable 2). The p-value is 0.01 which indicates that there is enough statistical evidence to reject the null hypothesis. After the Bonferroni adjustment and the post-hoc test, it was found that there is a significant difference between the means of the black and white ethnic groups.



**Figure 5.10 Comparison of Ethnicity with 'Attitude that the Brand is Desirable'.**

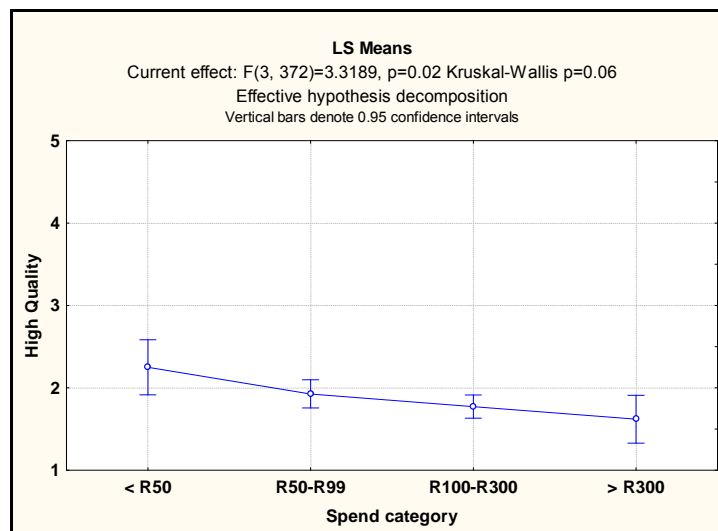
Figure 5.11 is the result of a one-way analysis of variance test applied to the 'spend category' (variable 1) and attitude that the brand is 'high quality' (variable 2). The null and alternative hypotheses are:

$$H_0: \mu_{<R50} = \mu_{R51-R99} = \mu_{R100-R300} = \mu_{>R300}$$

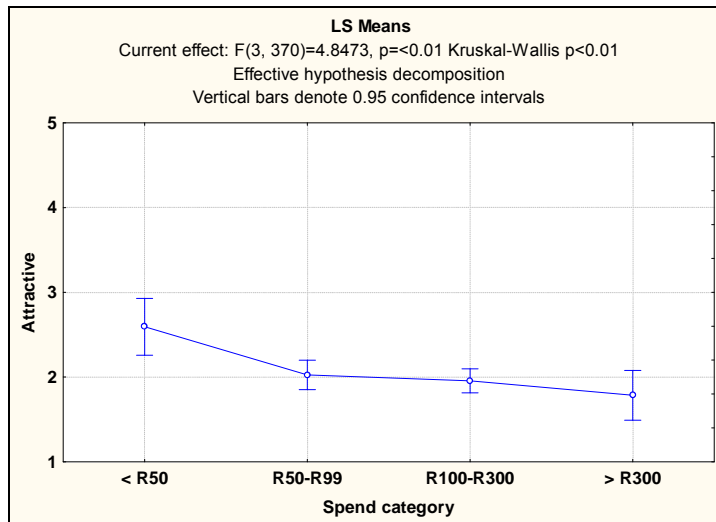
$H_1$ : At least one of the means of these populations differs

The p-value for this test is 0.02 which indicates that there is enough statistical evidence to reject the null hypothesis. After the Bonferroni adjustment and the post-hoc test, it was found that there is a significant difference between the means of the <R50 spend category and the >R300 spend category.

Figure 5.12 is the result of a one-way analysis of variance test between 'spend category' (variable 1) and 'attitude that the brand is attractive' (variable 2). The p-value for this test is less than 0.01, indicating that there is enough statistical evidence to reject the null hypothesis. After the Bonferroni adjustment and the post-hoc test, it was found that there is a difference between the mean of the <R50 spend category and all the other spend categories.

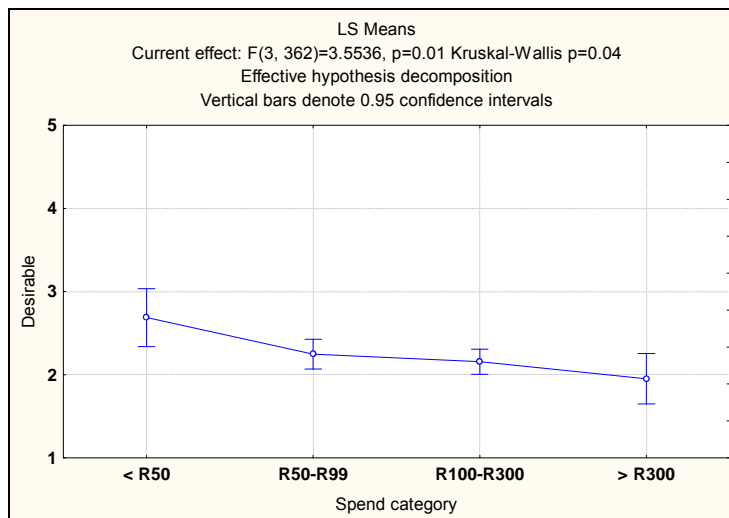


**Figure 5.11** Comparison of Spend Category with 'Attitude that the Brand is High Quality'.



**Figure 5.12 Comparison of Spend Category with 'Attitude that the Brand is Attractive'.**

Figure 5.13 is the result of a one-way analysis of variance test between the 'spend category' (variable 1) and 'attitude that the brand is desirable' (variable 2). The p-value for this test is less than 0.01 which indicates that there is enough statistical evidence to reject the null hypothesis. After the Bonferroni adjustment and the post-hoc test, it was found that there is a significant difference between the means of the <R50, R100 – R300 and >R300 spend categories.



**Figure 5.13 Comparison of Spend Category with 'Attitude that the Brand is Desirable'.**

Correlation tests were also performed between the 'spend category' and the 'attitude towards the brand' variables (Table 5.5). The null and alternative hypotheses are as follows:

$$H_0: \rho_s = 0$$

$$H_1: \rho_s \neq 0$$

The results indicate that for four of the six brand variables that were investigated, there is enough statistical evidence to believe that variable 1 and variable 2 are related and to reject the null hypothesis. Table 5.5 clearly shows that there is a (weak) negative relationship between them (negative Spearman value).

**Table 5.5 Correlation Tests between Spend Category and Brand Attitude Variables.**

<u>Variable 1</u>	<u>Variable 2</u>	<u>Spearman</u>	<u>Spearman (p-value)</u>	<u>Number of cases</u>
Spend category	Good	-0.11013046	0.03494302	367
Spend category	Likeable	-0.0959106	0.06682806	366
Spend category	High Quality	-0.13113161	0.01091934	376
Spend category	Attractive	-0.1368786	0.00803175	374
Spend category	Desirable	-0.13344112	0.01060094	366
Spend category	Superior	-0.09320416	0.07614333	363

Table 5.6 lists the responses of the majority of respondents regarding their ranking of the variables that, according to their perception / attitude, best describe the personality of the L'Oréal brand. The descriptive variables that were ranked in first position include '*Successful, Up-to-date, Upper Class, Glamorous and Feminine*'.

**Table 5.6 Majority Ranking of Personality Characteristics of the L'Oréal Brand as Perceived by Respondents, as well as the Percentages of these Responses.**

<u>Personality Attribute</u>	<u>Majority Rank</u>	<u>% Respondents</u>
Reliable	2	38
Intelligent	2; 3	36
Successful	1	41
Leader	2	41
Confident	2	36
Trendy	2	37
Exciting	2	34
Young	2	31
Unique	3	34
Imaginative	3	48
Up-to-date	1	36
Friendly	2	36
Real	2	31
Upper Class	1; 2	32
Glamorous	1	35
Good Looking	2	37
Feminine	1	50



### 5.2.1.3 Product Attitude

The third brand characteristic that was investigated was the **Attitude towards L'Oréal products**. The respondents were asked to rank according to their perception / attitude, seven variables describing the products. The product attitude variables included in the survey were 'Interesting, Beneficial, Enjoyable, Superior, Fond of, Value for Money, Exceptional'. Table 5.7 gives a brief summary of how the majority of respondents ranked the variables in question regarding their attitude towards L'Oréal products. All of the rankings were either placed in second or third position (1 = most; 5 = least).

**Table 5.7** Rankings of the Product Attributes according to the Majority of Respondents, as well as the Percentages of these Responses.

<i>Variables</i>	<i>Interesting</i>	<i>Beneficial</i>	<i>Enjoyable</i>	<i>Superior</i>	<i>Fond of</i>	<i>Value for Money</i>	<i>Exceptional</i>
Majority Rank	3	2	2	2	2	2; 3	3
% Respondents	35	42	37	38	38	33	38

One-way variance tests and correlation tests were performed in order to determine whether there is a difference between the means of the variables analyzed as well as whether or not there is a statistically significant relationship between the demographic variables (ethnicity and spend category) and the product attitude variables. The relationships that were investigated include:

- Ethnicity with 'attitude that the products are **Beneficial**' (Figure 5.14).
- Spend category with 'attitude that the products are **Interesting**' (Figure 5.15).
- Spend category with 'attitude that the products are **Value for Money**' (Figure 5.16).

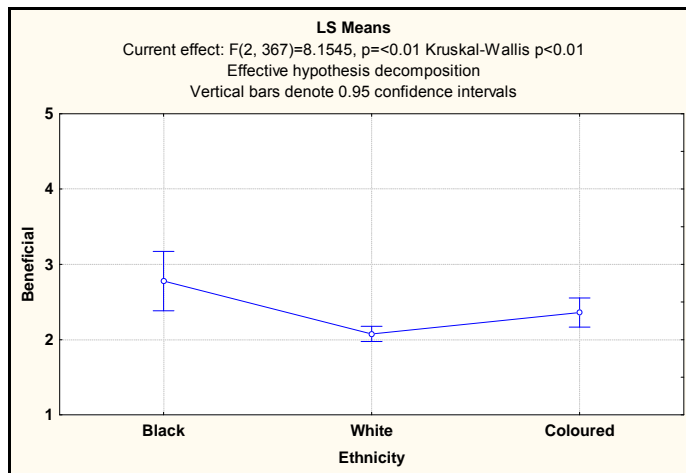
Figure 5.14 is the result of a one-way analysis of variance test of 'ethnicity' (variable 1) and attitude that the products are 'beneficial' (variable 2). The null and alternative hypotheses are as follows:

$$H_0: \mu_{Black} = \mu_{White} = \mu_{Coloured}$$

$H_1$ : At least one of the means of these populations differs

The p-value for this test is less than 0.01, indicating that there is enough statistical evidence to reject the null hypothesis. After the Bonferroni adjustment and the post-hoc test, it was found

that there is a significant difference between the mean of the white ethnic group compared to all the other ethnic groups.



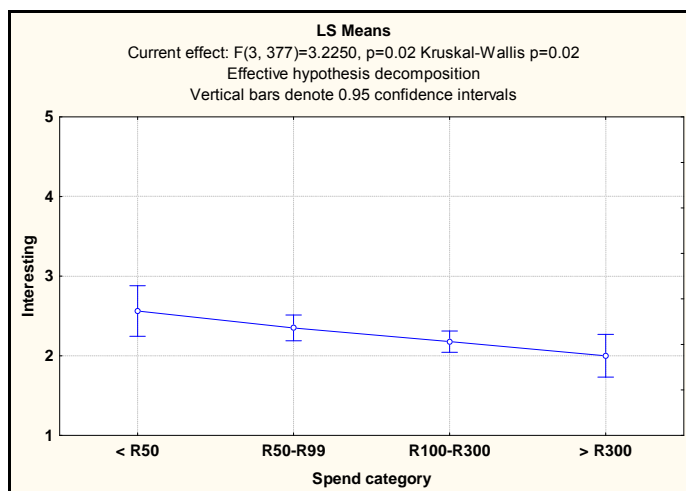
**Figure 5.14 Comparison of Ethnicity with 'Attitude that the Products are Beneficial'.**

Figure 5.15 is the result of a one-way analysis of variance test comparing the 'spend category' (variable 1) with attitude that the products are 'interesting' (variable 2). The null and alternative hypotheses are:

$$H_0: \mu_{<R50} = \mu_{R51-R99} = \mu_{R100-R300} = \mu_{>R300}$$

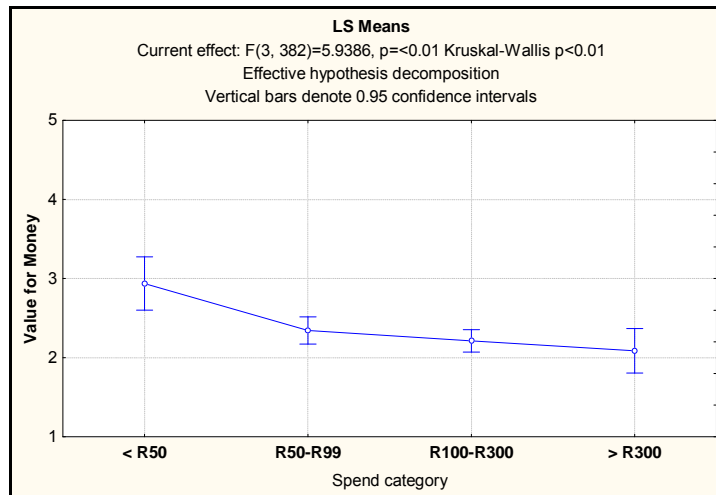
$$H_i: \text{At least one of the means of these populations differs}$$

The p-value for this test is 0.02 indicating that there is enough statistical evidence to reject the null hypothesis. After the Bonferroni adjustment and post-hoc test, it was found that there is a significant difference between the means of the <R50 spend category and the >R300 spend category.



**Figure 5.15 Comparison of Spend Category with 'Attitude that the Products are Interesting'.**

Figure 5.16 is the result of a one-way analysis of variance test of the 'spend category' (variable 1) and attitude that the products are 'value for money' (variable 2). The p-value for this test is less than 0.01 which indicates that there is enough statistical evidence to reject the null hypothesis. After the Bonferroni adjustment and post-hoc test, it was found that there is a difference between the mean of the <R50 spend category and all the other spend categories.



**Figure 5.16 Comparison of Spend Category with 'Attitude that the Products are Value for Money'.**

Correlation tests were also performed between the 'spend category' and the 'attitude towards the products' (Table 5.8). The null and alternative hypotheses are as follows:

$$H_0: \rho_s = 0$$

$$H_i: \rho_s \neq 0$$

The results of the tests indicate that there is enough evidence to believe that variable 1 and variable 2 are related and to reject the null hypothesis. All of the seven product attitude variables that were investigated clearly showed that there is a (weak) negative linear relationship between them.

**Table 5.8 Correlation Tests between Spend Category and Product Attitude Variables.**

Variable 1	Variable 2	Spearman	Spearman (p-value)	Number of cases
Spend category	Interesting	-0.15645743	0.00219294	381
Spend category	Beneficial	-0.12773133	0.01330884	375
Spend category	Enjoyable	-0.15029453	0.00331589	380
Spend category	Superior	-0.15262262	0.00333481	368
Spend category	Fond of	-0.12152043	0.01953969	369
Spend category	Value for money	-0.15329325	0.00252913	386
Spend category	Exceptional	-0.13577962	0.00873736	372

Correlation tests were also performed on the brand attitude and product attitude variables in order to determine whether or not there is a correlation between these two brand characteristics. Each of the six brand attitude variables was correlated with each of the seven product attitude variables to produce a series of 42 tests. Due to the fact that the table is very lengthy and does not justify the space needed to display the information, it is excluded from the results. The author can however state that all of the tests indicated that there is enough statistical evidence to reject the null hypothesis and that a (medium) positive linear relationship exists between the variables. Since the same variable, 'superior', was used in the questionnaire to describe both the attitude towards the product and the brand, the author thought it would serve as a validation to the above results if they too displayed a (medium) positive linear relationship. The results are shown in Table 5.9, and it can be seen that the relationship between these two variables is also indicative of a (strong medium) positive linear relationship.

**Table 5.9 Correlation Test between the Attitude that the Brand and Products are 'Superior'.**

<u>Variable 1</u>	<u>Variable 2</u>	<u>Spearman</u>	<u>Spearman (p-value)</u>	<u>Number of cases</u>
Superior - Brand	Superior - Products	0.693176565	0	349

#### **5.2.1.4 Level of Desire for the Brand**

The fourth brand characteristic that was investigated was the level of **Desire** for the L'Oréal brand. The information sought included:

- The total extent of desire for the brand (Figure 5.17).
- Which ethnic group has the most / least desire for the brand? (Figure 5.18).
- Whether there is a relationship between Desire for the Brand and Product Usage (Figure 5.19).

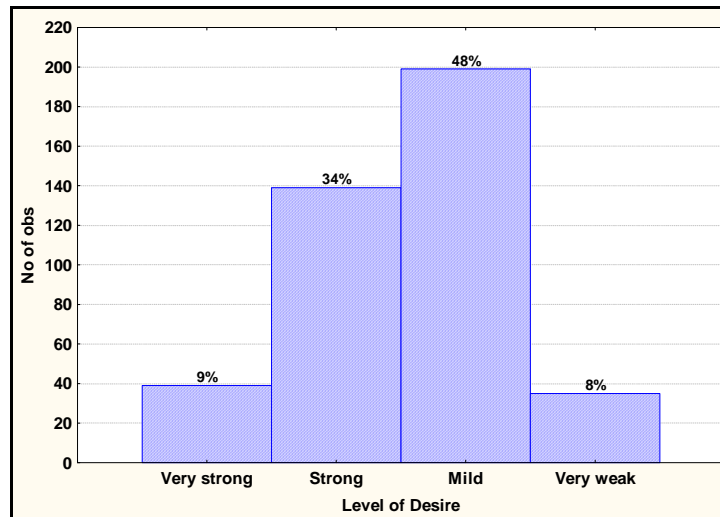
Figure 5.17 indicates that the majority of respondents (48%) indicated that their level of desire for the brand was only 'mild', whilst 34% had a 'strong' desire for the brand.

Figure 5.18 is the result of a one-way analysis of the variance test of 'ethnicity' (variable 1) and 'level of desire' for the brand (variable 2). Both the results from Figure 5.17 and 5.18 were

determined from the same question (question 7) in the questionnaire. The null and alternative hypotheses are as follows:

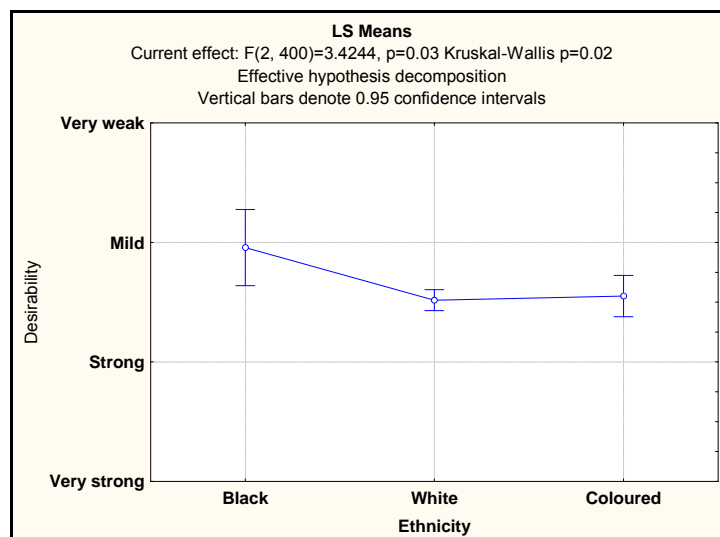
$$H_0: \mu_{\text{Black}} = \mu_{\text{White}} = \mu_{\text{Coloured}}$$

$H_1$ : At least one of the means of these populations differs



**Figure 5.17 Bar Chart Depicting the Variation in Respondents' 'Level of Desire' for the Brand.**

The p-value for this test is 0.03, indicating that there is enough statistical evidence to reject the null hypothesis. After the Bonferroni adjustment and the post-hoc test, it was found that there is a significant difference between the means of the white and black ethnic groups.



**Figure 5.18 Comparison of Ethnicity with 'Level of Desire' for the Brand.**

Figure 5.19 compares the trend in positive usage behaviour and level of desire for the brand. A one-way variance test was applied to determine whether there was a difference in the means

between those respondents who have used L'Oréal products and their level of desire for the brand. The null hypothesis and alternative hypothesis for this test is:

$H_0$ : Desire for the brand is not related to Usage of L' Oréal products

$H_i$ : Desire for the brand is related to Usage of L' Oréal products

The results of the test yielded a p-value of less than 0.01, which indicates that there is enough statistical evidence to reject the null hypothesis. The results indicate that the desire of those respondents who have used L'Oréal products is stronger.

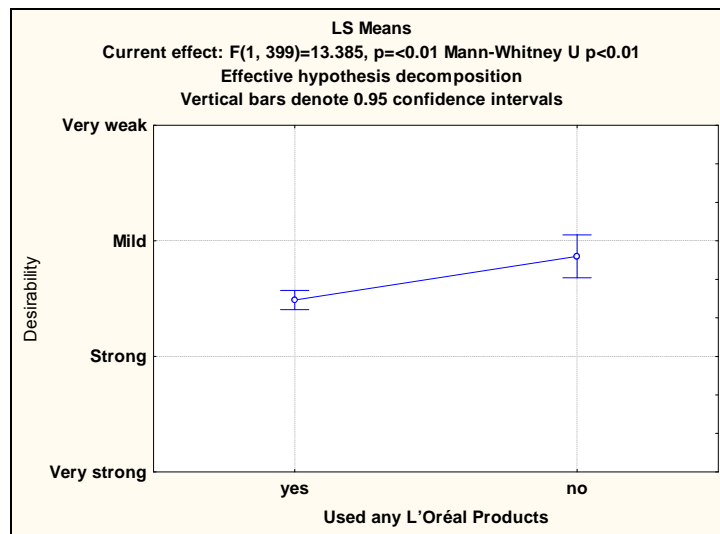


Figure 5.19 Comparison of 'Level of Desire' for the Brand with Used L'Oréal products.

### 5.2.1.5 Behavioural Tendencies

The fifth brand characteristic that was investigated was the specific **Behavioural Tendencies** with regard to the usage / purchase of L'Oréal products. The information that was sought included:

- Which ethnic group is the majority user of L'Oréal products? (Figure 5.20).
- How many respondents have used L'Oréal products as well as products from category X (Garnier, Softsheen-Carson, or Maybelline New York)? (Figure 5.21).

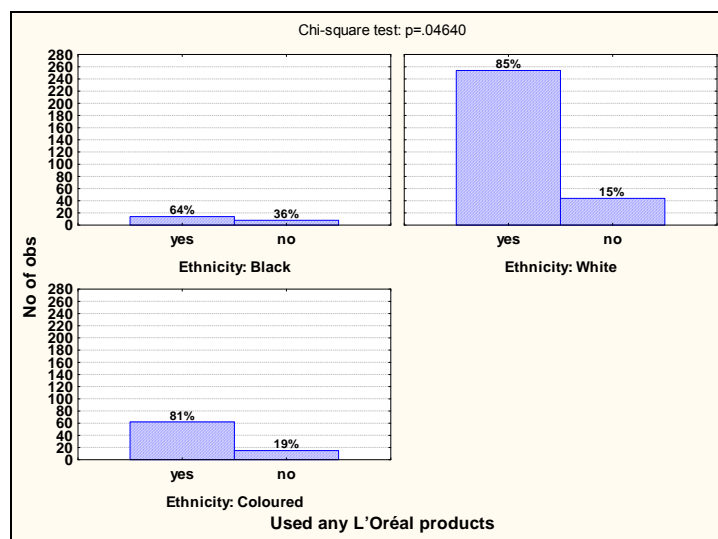
Figure 5.20 compares the three ethnic groups that were analyzed throughout the study and identifies which ethnic group has the most positive usage behaviour of L'Oréal products. A chi square test was applied to analyze whether there is a dependence of 'ethnicity' (variable 1) on

'used L'Oréal products' (variable 2). The null hypothesis and alternative hypothesis for this test are:

$H_0$ : Ethnicity is independent of product usage

$H_i$ : Ethnicity is dependent on product usage

The results of the test yielded a p-value of 0.046 which indicates that there is enough statistical evidence to reject the null hypothesis. Therefore, ethnicity does have an influence on whether the consumer has used any L'Oréal products. The white ethnic group emerged as the leader (85%) in terms of product usage, followed closely by the coloured group (81%) and lastly the black ethnic group (64%).



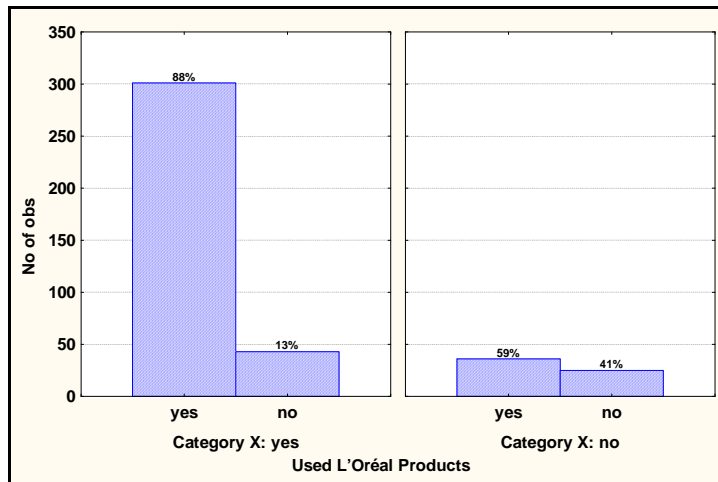
**Figure 5.20 Comparison: Ethnicity with Respondents who have 'Used any L'Oréal Products'.**

Figure 5.21 is a comparison of the number of respondents who have used L'Oréal products and products from category X, and the number of respondents who have used L'Oréal products and no products from category X. A chi square test was used to analyze whether there is a dependence of 'usage of L'Oréal products' (variable 1) on 'usage of category X products' (variable 2). The null hypothesis and alternative hypothesis for this test are:

$H_0$ : Usage of L'Oréal products is not related to usage of category X products

$H_i$ : Usage of L'Oréal products is related to usage of category X products

The results from the test gave a p-value of 0.0, which indicates that there is enough statistical evidence to reject the null hypothesis. The results indicate that there is the most overlap between people who have used both L'Oréal products and products from category X (88%).



**Figure 5.21 Comparison of the Number of Respondents who have Used Products from Category X (Consisting of Garnier, Softsheen-Carson and Maybelline New York), and L'Oréal Products.**

Correlation tests were also performed between two variables concerned with 'attitude towards the brand' and the 'preference for / loyalty towards the brand / products' (Table 5.10), as well as between the one variable concerned with 'attitude towards the products' and the 'preference for / loyalty towards the brand / products' (Table 5.11). The null and alternative hypotheses are as follows:

$$H_0: \rho_s = 0$$

$$H_1: \rho_s \neq 0$$

The results of the tests for these groups of analyses indicate that there is overwhelming evidence to believe that variable 1 and variable 2 are related. All of the relationships that were investigated clearly showed that there is a (medium) positive linear relationship between them.

**Table 5.10 Correlation Tests between the Attitude Towards Brand and the Preference for, and Loyalty Towards the Brand / Products.**

Variable 1	Variable 2	Spearman	Spearman (p-value)	Number of cases
Good	Preference 1*	0.2474547	1.19E-05	306
Good	Preference 2**	0.3214242	8.77E-09	306
Good	Loyalty***	0.3343183	1.88E-09	307
High Quality	Preference 1*	0.2618213	2.56E-06	314
High Quality	Preference 2**	0.3077858	2.58E-08	314
High Quality	Loyalty***	0.3882052	9.02E-13	315

\* The 'preference 1' data were obtained from question 13 in the questionnaire (Appendix).

\*\* The 'preference 2' data were obtained from question 14b in the questionnaire (Appendix).

\*\*\* The 'loyalty' data were obtained from question 14a in the questionnaire (Appendix).



**Table 5.11 Correlation Tests between the Attitude Towards the Products and the Preference for, and Loyalty Towards the Brand / Products, as well as between the two Preference Variables.**

Variable 1	Variable 2	Spearman	Spearman (p-value)	Number of cases
Interesting	Loyalty***	0.375003	4.68E-12	318
Interesting	Preference 2**	0.3457607	2.48E-10	317
Preference 1*	Preference 2**	0.5816745	0	337

\* The 'preference 1' data were obtained from question 13 in the questionnaire (Appendix).

\*\* The 'preference 2' data were obtained from question 14b in the questionnaire (Appendix).

\*\*\* The 'loyalty' data were obtained from question 14a in the questionnaire (Appendix).

### 5.2.1.6 Value Proposition

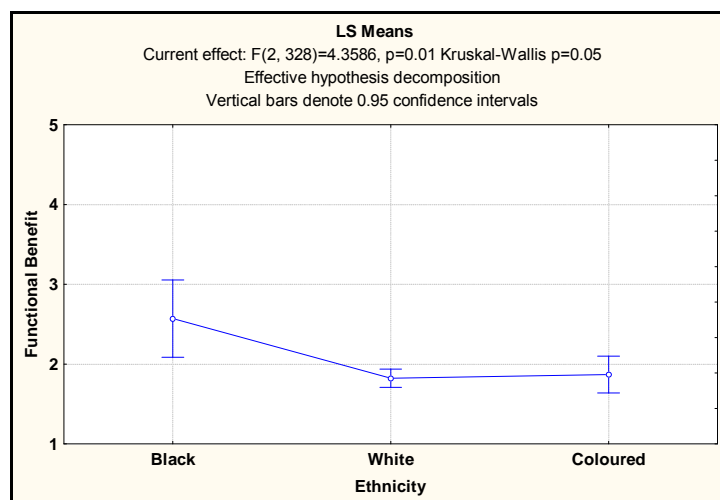
The sixth, and final, brand characteristic that was investigated was the **Value Proposition** of the brand. The information that was sought included:

- The ability to determine which ethnic group places the most / least emphasis on functional, emotional and self-expressive benefits as sought by the brand / products.

Only one test was found to be statistically significant. Figure 5.22 is the result of a one-way analysis of variance test of 'ethnicity' (variable 1) and 'functional benefits' sought by the using the brand (variable 2). The null and alternative hypotheses are as follows:

$$H_0: \mu_{Black} = \mu_{White} = \mu_{Coloured}$$

$H_i$ : At least one of the means of these populations differs



**Figure 5.22 Comparison: Ethnicity with 'Functional Benefits' (i.e. Do Something Tangible for you).**

The p-value for this test is 0.01, indicating that there is enough statistical evidence to reject the null hypothesis. After the Bonferroni adjustment and the post-hoc test, it was found that there is a significant difference between the means of the white and black ethnic groups, as well as between the coloured and black ethnic groups.

### **5.3 Conclusion**

In the beginning of this chapter the six brand characteristics that were investigated during the analysis of the survey data were stated. They are brand awareness, attitude towards the corporate brand, attitude towards the products, level of desire for the brand, behavioural tendencies, and the value proposition. The text then proceeded to explain briefly the three types of statistical tests that were used, as well as their corresponding non-parametric tests. The large number of statistically significant results that were obtained from the survey were presented in the rest of the chapter.

# Chapter 6

## Discussion

### Abstract

In this section the results from the previous chapter (Chapter 5) in which the data from the survey were presented, are interpreted and subsequently discussed. The simple random sampling analysis performed was an exploratory study undertaken on the assumption that if a survey were conducted, a profile of the target audience as well as an awareness of their perceptions, attitudes and behaviour, would emerge from the analysis.

### 6.1 Introduction

The sample of respondents appear to be a fair representation of the population in question (9 876 female students registered at central campus at The University of Stellenbosch). The exclusion of the 'Indian' and 'Other' ethnic groups from the sample when performing further analyses concerned with ethnicity allowed the sample data to represent a normal distribution (Figure 5.1).

People are often confronted with decisions when purchasing personal care products (cosmetic, hair and body products). The author describes this process as 'habitual' behaviour as people often find something they consider to be acceptable or appropriate for them and continue to purchase / use them. Habits are non-cognitive processes and do not result from knowledge or memories, but rather from the autonomous connections between a stimulus (brand) and a behavioural response (Franzen and Bouwman, 2001: 279). They result from increasing experience, following which the cognitive effort decreases and the behaviour becomes automated (Franzen and Bouwman, 2001: 280). Although the purchase of these types of products are based on habitual behaviour, the power of advertising can have an important influence on changing old habits (East, 1989) (*i.e.* persuasion, defined as the use of communication to change attitudes in order to change behaviour (Foxall *et al*, 1998: 117)). Brand switching may occur at no extra risk or cost to the consumer. In addition, the major organizations and brand imagery (*e.g.* user groups, user location *etc.*) associated with specific brands are very influential factors within the personal care industry.

## 6.2 Discussion and Analysis of Results

In the following sections the results presented in Chapter 5 will be interpreted and discussed according to the six brand characteristics outlined.

### 6.2.1 Brand Awareness

Brand awareness is a precondition for the existence of brands (Franzen and Bouwman, 2001: 171). If people are not aware of brands, they cannot become consumers / users thereof. Brand awareness involves the processes of brand recall and brand recognition, and is concerned with the ability of the long-term memory to bring information back to working memory (Franzen and Bouwman, 2001: 146). The intention of this survey was not to measure brand recall, but rather brand image and its related drivers (e.g. attitude), which could adequately be determined from brand recognition alone. For these reasons, it was imperative that the respondents be, firstly, aware of the brand in question; therefore, the author included the L'Oréal logo at the top of the questionnaire.

The type of awareness that was measured was obtained by using the brand name as cue in order to determine whether the respondents recognized (were familiar with) the brand. In research jargon, this is referred to as 'aided brand awareness' (Franzen and Bouwman, 2001: 171). Recognition is a one-step process, whereas recall is a two-step process, and it has been shown that recall requires a lot more effort on the part of the person who is required to recall an event / memory *etc.* (Franzen and Bouwman, 2001: 69), hence, recognition is usually an easier measurement to determine. The importance of measuring any form of brand awareness is that it often relates directly to brand attitude (Franzen and Bouwman, 2001: 174). Well known brands achieve higher levels of appreciation and preference by consumers and retailers alike (Franzen and Bouwman, 2001: 174). Three theoretical explanations for this are stated below (Rindfleisch and Inman, 1998: 5):

- 1) The mere exposure: the greater the exposure, the greater the visibility.
- 2) Accessibility of information: well known brands usually coincide with greater advertising, word of mouth *etc.*
- 3) Social desirability: people tend to be influenced by their external surroundings in order to feel accepted, to show what they value *etc.* Well known brands assume a more 'accepted' presence.

In terms of this study, if it is found that the level of awareness of the L'Oréal brand is extensive, it would be advantageous as it will translate into a greater impact of the above three factors. It has also been shown in research that greater awareness results in positive usage behaviour (Van Westendorp, 1996).

*In terms of the findings from the survey, the significance for L'Oréal is...*

As mentioned previously, according to the literature, the more brand awareness that a brand can claim, the more positive its effects on brand attitude and usage behaviour. The author decided to determine whether the results from the survey agree with the literature, and also to test whether *ethnicity* follows these trends. Chi-square tests indicated that ethnicity was *dependent* on familiarity and differences in behavioural tendencies. One-way variance tests also indicated that the ethnic groups did display a difference in their means in some of the brand attitude variables analyzed.

Strong brand associations can result as the extent of awareness increases due to the mere fact that the brand becomes more visible and more associations can be formed. Favourable brand associations can determine the attitude towards the brand, but unique brand associations will depend on whether the brand has been able to 'stand out' from the crowd and claim its own, unique identity. In order to gauge the extent to which the L'Oréal brand has been able to create a consistent and unique identity, the questionnaire included a question asking the respondents to rank the degree to which they could distinguish the brand from competition.

#### **6.2.1.1 Relationship between Brand Awareness and Positive Brand Usage**

The data obtained from the survey indicated that the total extent of the brand awareness was very high. An overwhelming majority of respondents (93%) were aware of the brand (Figure 5.4) and 83% of this group have also used L'Oréal products in the past (Table 5.3). These figures are fairly high, and it is safe to say that this trend corresponds with that observed in the literature with regards to the relationship between brand awareness and behaviour.

If one takes into consideration the ethnicity, the results seem to follow the same trend. A chi square test indicated that ethnicity is dependent on whether the respondent is familiar with the brand. The white ethnic group emerged as the leader (95%) in terms of familiarity with the brand, followed closely by the coloured group (93%) and lastly the black ethnic group (74%). If one looks at the behavioural data, it indicates that the ethnic group which displayed the most positive usage behaviour towards L'Oréal products was, once again, the white group (85%),

followed closely in second place by the coloured group (81%), and lastly by the black ethnic group (64%) (Table 6.1). Therefore, the author concludes that according to the results from the survey, the ethnic group which displayed the most brand awareness (familiarity) also displayed the most positive behaviour in terms of using L'Oréal products.

**Table 6.1 Relationship between Ethnicity, Brand Awareness and Positive Usage Behaviour.**

<b>Ethnicity</b>	<b>Brand Awareness (%)</b>	<b>Usage Behaviour (%)</b>
<b>White</b>	95	85
<b>Coloured</b>	93	81
<b>Black</b>	74	64

### ***6.2.1.2 Relationship between Brand Awareness and Brand Attitude***

Results from the survey indicated that 93% of the respondents were familiar with the brand. The degree of positiveness experienced towards the brand as well as the ranking of six brand variables, according to a Likert scale, was measured. The majority of respondents (41%) indicated that they felt fairly strongly in terms of the degree of positiveness experienced towards the brand (ranking of second position), whilst 28% said that they felt very positive towards the brand (ranking of first position) (Figure 5.7). In terms of ranking the brand attitude variables, they were all ranked either in first or second position (Table 5.4). Therefore, it is safe to assume that these results indicate that there is a good agreement between brand awareness and brand attitude.

If one analyzes the dependence of ethnicity, the white ethnic group were leaders in terms of their familiarity (95%), whilst the coloured ethnic group were in a close second position (93%), with the black ethnic group coming in last position (74%). The ethnic groups which had the most / least favourable attitude for each of the statistically significant brand attitude variables are summarized in Table 6.2. The white ethnic group, who was the most familiar with the brand, also displayed the most favourable attitude in all four of the instances, whilst the black ethnic group displayed the least favourable attitude in three out of the four instances.

**Table 6.2 Summary of the Ethnic Groups Having the Most / Least Favourable Attitude Towards the Brand.**

Brand attitude variable	Race having most favorable attitude	Race having least favorable attitude
Good	White	Black
Likeable	White	Coloured
Desirable	White	Black
Beneficial	White	Black

The ethnic group which was most familiar with the brand subsequently displayed a more favourable attitude towards the brand, and this also resulted in their claiming the most positive (highest) usage of L'Oréal products.

### **6.2.1.3 Strong Brand Identity**

In addition to the above results, the majority of respondents (44%) indicated that they could very easily recognize the brand amongst competitors. This could suggest that the L'Oréal brand has been successful in maintaining a consistent brand identity. In addition to this, it could also suggest that strong, positive and unique brand associations have been formed in consumers' minds. If they were not strong, the chances of their being remembered would be small; if they were not positive, they may not have been as favourable; and if they were not unique they may not have been ranked in first position according to the degree of recognition. These benefits are advantageous for the brand due to the increasingly complex surroundings in which buying takes place *i.e.* there is a proliferation of brands amidst our shelf space (Franzen and Bouwman, 2001: 141). People are pressed for time and are sometimes overloaded with information on comparisons of products, benefits *etc.*, therefore, the more quickly a product is recognized, the greater its chances are of being chosen.

### **6.2.2 Brand Attitude**

Attitudes are acquired or learned rather than inborn (Foxall *et al.*, 1998), and can be defined as an 'individual's favourable or unfavourable inclination towards an attribute of an object' (Hughes, 1971: 9).

An attitude is generally understood to refer to a disposition to respond in a consistent manner to a stimulus *i.e.* a tendency to act or behave in some predictable way (Foxall *et al.*, 1998: 102). Attitudes are somewhat 'habitual': once they are formed they do not need to be reconstructed each time the person is confronted with the object / subject / event / brand about which they have the attitude. The attitudes are immediately brought to attention when the memory is

stimulated (Franzen and Bouwman, 2001: 273). The ease with which they enter consciousness depends on the strength of the attitude, which in turn is dependent on the frequency with which the attitude is 'activated' (Franzen and Bouwman, 2001: 273).

Brand attitude is the durable evaluation with regard to a brand, based on the consideration of positive and negative characteristics of a brand and which has implications for the behaviour related to the brand (Franzen and Bouwman, 2001: 146). It has been shown in research that there is a relationship between brand attitude and brand behaviour tendency: the brand people most frequently purchase within a category is also usually the brand for which they have the most favourable attitude within the category (Ehrenberg, 1974; Van Westendorp, 1996). It is believed in marketing and social psychology that changes in behaviour are likely to follow changes in attitudes and that strategies of persuasive communication (advertising or sales promotion) can be built upon this (Foxall *et al.*, 1998: 108). Research has also shown us that attitudes with regards to a brand are influenced mainly by user experience with that brand (Franzen and Bouwman, 2001: 277). Experiences during the use of a brand also lead to the formation and strengthening of functional as well as symbolic associations (Ehrenberg, 1974; Franzen, 1992).

The advantage / disadvantage of attitudes are that once they are formed they take a lot of persuasion to change, in other words, attitudes are durable, particularly strong ones which are activated frequently (Franzen and Bouwman, 2001: 243).

We learnt in section 6.2.1 that brand awareness is a prerequisite (driver) for purchase behaviour. This is true but it is not the only driver of purchase behaviour and subsequently sales. After consumers become aware of brands, their purchase decisions are guided by their perceptions or impressions of brands formed from the information they get about the brand characteristics (Foxall *et al.*, 1998: 51). Perception is defined as the 'process of recognizing, selecting, organizing, and interpreting stimuli in order to make sense of the world around us' (Harrell, 1986: 66). The different perceptions of people with regard to products can account for the different attitudes and behaviours toward products (Foxall *et al.*, 1998: 52).

*In terms of the findings from the survey, the significance for L'Oréal is...*

As mentioned previously, according to the literature, perception drives attitudes, which in turn drives behaviour. The more favourable your perception, the more likely your attitude will also be favourable, and the more likely that this could result in positive brand usage (*i.e.* purchases). If a consumer feels / thinks that a specific cosmetic brand is always on the cutting-edge of anti-wrinkle technology, and it is, in their opinion, an important attribute, they are most likely to



purchase the brand's products, *ceteris paribus*. The author decided to determine the extent of positive brand perception and brand attitude amongst all the respondents, and also to obtain information with regard to the nature and intensity of specific *ethnic groups' brand attitude*. In addition to this, the author also wanted to obtain information with regard to the average monthly spend on personal care products, and relate this to the *brand attitude*. A number of one-way variance tests were applied to measure these variables in order to determine whether there is a difference between the attitudes of ethnic groups and different spend categories.

The majority of questions in the questionnaire were concerned with measuring attitudes, although there were a few which set out to measure perceptions. The author clearly indicated in the questionnaire the distinction between 'attitude' and 'perception'. Attitude was considered to reflect 'something you think', whilst your perception was considered to reflect 'something you feel'. In the questionnaire, the author would specify in the statement / question the words 'think' or 'feel'.

#### **6.2.2.1 Total Extent of Brand Attitude**

Results from the survey indicated that brand attitude with regard to the L'Oréal brand was *fairly* to *very* favourable. The perception of the majority of respondents (41%) regarding the level of positiveness that they feel towards the brand was fairly strong (second position ranking on the Likert scale) (Figure 5.7) and the majority of respondents ranked the brand attitude variables that were analyzed in either first or second position (Table 5.4).

#### **6.2.2.2 Relationship between Brand Attitude and Ethnicity**

When the results regarding ethnicity and the attitude of ethnic groups towards the brand were analyzed, two of the variables ('good' and 'likeable') analyzed were found to be statistically significant at the five percent significance level. In terms of whether the brand is 'good', 'likeable', 'desirable', or 'beneficial', the white ethnic group has the most favourable attitude towards the brand. The black ethnic group has the least favourable attitude in terms of perceiving the brand as 'good', 'desirable', or 'beneficial'. These results allow one to conclude that there is a definite trend with regard to attitudes (*i.e.* if ranked favourably with regard to one variable, there is usually consistency amongst the other variables as they are also ranked as favourable) and that it is dependent on ethnicity.

### **6.2.2.3 Relationship between Brand Attitude and Spend Category**

Three of the variables regarding brand attitude were found to be statistically significant when compared with spend category. In terms of their perception that the brand is 'high quality', there is a difference in the means between people who spend on average less than R50 per month, and those that spend on average more than R300 per month on personal care products. In terms of their perception that the brand is 'attractive', there is a difference in the mean between the <R50 spend category and all the other spend categories. In terms of their perception that the brand is 'desirable', there is a difference in the means between the <R50, R100 – R300 and >R300 spend categories. In all three variables analyzed, people who spend on average more than R300 per month on personal care products ranked the brand attitude variables the strongest in terms of their perception thereof. The people who spend on average less than R50 per month on personal care products ranked the brand attitude variables the weakest. These results clearly indicate that there is a (weak) negative correlation between the spend category and favourable brand attitude (Table 5.5). Therefore, the author concludes that those people who spend more on personal care products tend to have a more favourable attitude towards the brand in question.

### **6.2.3 Product Attitude**

Compared to the previous section in which the attitude towards the brand was measured, the results in this section are concerned with the attitude towards the products. There did appear to be a difference in terms of the rankings of the respondents with regard to the product variables compared to the rankings of the brand variables. In the previous section it was stated that the majority of respondents ranked their attitude towards the brand either in first or second position. When asked to rank their attitude towards the products, the respondents ranked each of the seven product attitude variables in either second or third position (Table 5.7).

*In terms of the findings from the survey, the significance for L'Oréal is...*

As mentioned previously, according to the literature, the more favourable the brand attitude, the more likely that this can result in positive brand usage behaviour (*i.e.* purchases). The author speculates that the same trend should be observed for product attitude. If a consumer believes that a specific cosmetic product has always improved the condition of her skin, and if in her opinion this is an important attribute, she will be more likely to continue purchasing this product, *ceteris paribus*. The author decided to obtain information with regard to the nature and intensity of specific *ethnic groups' product attitude*. In addition to this, the author also wanted to obtain information with regard to the monthly spend on personal care products, and relate this to the

*product attitude*. A number of one-way variance tests were applied to measure these variables in order to determine whether there is a significant difference between the attitudes of ethnic groups and different spend categories.

In addition to the above information, the author wanted to determine whether there is a significant relationship between the attitude towards the brand and the attitude towards the products. A correlation test was performed in order to determine this. It was thought that this would be a piece of valuable information for L'Oréal as they would know whether or not their brands are equally rated, in terms of consumers' attitudes, with their products.

### **6.2.3.1 Relationship between Product Attitude and Ethnicity**

When analyzing the results regarding ethnicity and the attitude of the different ethnic groups towards the products, unfortunately only one of the variables ('beneficial') that were analyzed was statistically significant at the five percent significance level. It was found that there is a significant difference in the mean attitude of the white ethnic group compared to the other ethnic groups that the products are 'beneficial'. The white ethnic group has the most favourable attitude towards the products. The black ethnic group has the least favourable attitude in terms of perceiving the products as 'beneficial'.

### **6.2.3.2 Relationship between Product Attitude and Spend Category**

Two of the variables regarding brand attitude were found to be statistically significant when compared with spend category. In terms of their perception that the products are 'interesting', there was a difference in the means between people who spend on average less than R50 per month, and those that spend on average more than R300 per month on personal care products. In terms of their perception that the products are 'value for money', there is a difference between the mean of the <R50 spend category and all the spend categories. In both variables analyzed, people who spend on average more than R300 per month on personal care products ranked the product attitude variables the strongest. The people who spend on average less than R50 per month on personal care products ranked the product attitude variables the weakest. These results clearly indicate that there is a (weak) negative correlation between the spend category and favourable product attitude (Table 5.8). These results are very similar to the correlation tests performed between brand attitude variables and spend category (Table 5.5). Therefore, the author concludes that those people who spend more on personal care products tend to have a more favourable attitude towards the products in question.

### **6.2.3.3 Relationship between Brand Attitude and Product Attitude**

The purpose of this test was to determine whether or not there is a correlation between the attitudes towards the brand and the attitude towards the products. The results of these tests are not tabulated in Chapter 5 as there were 42 tests performed, although the author can state that every test has a p-value of close to zero. In all cases, there is a (medium) positive linear relationship between the brand and product attitude variables. This signifies that the stronger (weaker) the attitude towards the brand, the stronger (weaker) the attitude towards the products. The author concludes that this is a favourable position for L'Oréal to be in as their efforts in building the brand identity and creating strong, favourable and unique brand associations will translate into strong, favourable and unique product associations.

### **6.2.3.4 Perception of Personality**

A brand's personality describes what it is like – what impression it makes on the consumer (Foxall *et al.*, 1998: 63). The following variables were ranked by the majority of the respondents in first position. They viewed

*'The L' Oréal brand as Successful, Up-to-date, Upper class, Glamorous, and Feminine'.*

In fact, all of the variables that were presented to the respondents were ranked rather favourably (the minimum rank was third position).

## **6.2.4 Level of Desire for the Brand**

According to the author Marc Gobé (2001: 140), desire for a brand is concerned with the emotional bond people have with a brand. The author of this work believes that, similar to brand awareness and attitude, desire for a brand can positively influence behaviour with regards to purchases. As is often the case with loyalty (see section 6.2.5), the author believes that it is probably cheaper to sell a product to someone who has a yearning for, and an established emotional bond with the brand.

*In terms of the findings from the survey, the significance for L'Oréal is...*

When investigating the desire for the brand, the author decided to gauge the total extent of desire amongst all the respondents, and also to determine whether different ethnic groups had different levels of desire for the brand. This would be valuable information for The L'Oréal

Group, as they would have an idea of which ethnic groups they need to concentrate on in order to build further, as well as maintain, the emotional bond already established with the brand.

#### **6.2.4.1 Total Extent of Desire for the Brand**

The results from the survey indicate that the majority of respondents (48%) had only a 'mild' desire for the brand (Figure 5.17). This result was surprisingly weak compared to the data analyzed thus far. The explanation for this will be presented in Section 6.2.4.3.

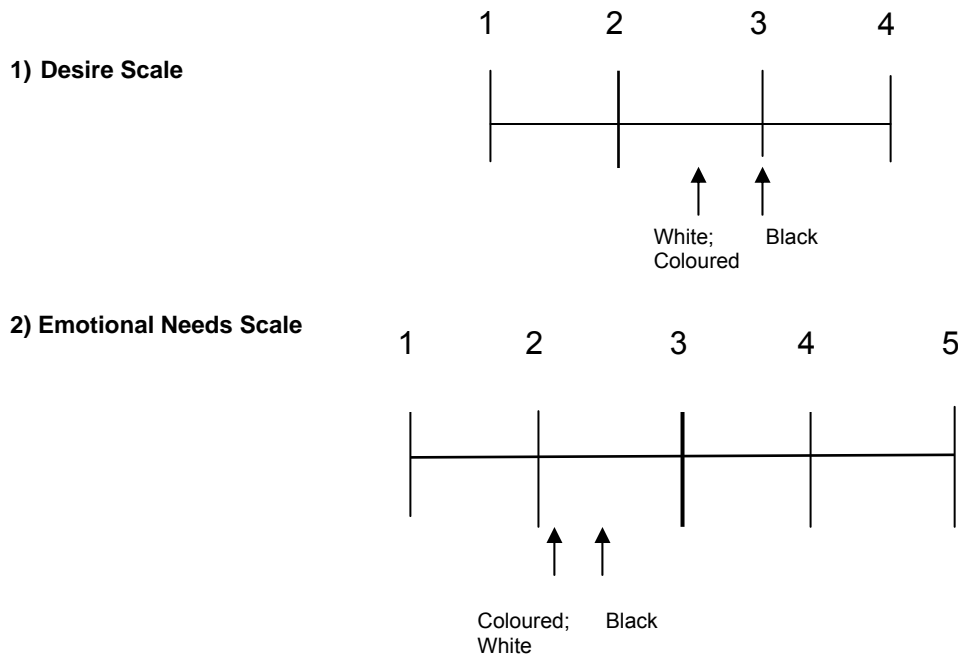
#### **6.2.4.2 Relationship between Desire and Ethnicity**

When analyzing the results regarding ethnicity and their level of desire for the brand, it was found that there is a significant difference in the levels between the white and black ethnic groups (Figure 5.18). The white and coloured ethnic groups have the strongest level of desire for the brand (*fairly mild*), whilst the black ethnic group have the weakest level of desire for the brand (*poorly mild*). These results allow one to conclude that different ethnic groups do have a different level of desire for the brand.

#### **6.2.4.3 Relationship between Desire, Ethnicity and Emotional Needs**

The author was surprised that the general level of desire for the brand amongst all respondents was only 'mild'. The author thought it necessary to break down the sample according to ethnicity and determine each group's actual desire for the brand. Since desire for a brand is described as the emotional bond towards a brand, the author thought it valuable to determine how much importance each ethnic group attached to the brand with regard to emotional benefits / needs sought from the brand, and then relate this to their given level of desire for the brand.

The measurement of desire according to ethnicity was measured on a four-point scale (Figure 5.18), whilst the analysis of emotional needs according to race was measured on a five-point scale (graph not shown as one-way variance analysis was not significant). Figure 6.1 is an illustration, as conceptualized by the author, of position of the actual results obtained from the survey with regard to desire and emotional importance. Table 6.3 summarizes the actual results.



**Figure 6.1 Relative Position of Ethnic Group according to 1) Desire 2) Emotional Needs.**

From Figure 6.1 it is evident that, according to ethnicity, the white and coloured ethnic groups were placed in the middle-of-the-range, whilst according to the position in terms of the importance of emotional needs, they were positioned in the top half of the scale (take note that the on these scales, the closer they are positioned to 1, the stronger their desire or level of importance). If one compares the black ethnic group, according to their level of desire, they were placed in the bottom half of the scale, whilst according to the importance of their emotional needs, they were positioned in the middle. The outcome of this information is that all the ethnic groups have placed a high(er) importance on emotional needs, yet they rank their desire for the brand considerably lower. Since desire is linked to emotional bonds that have formed, the results signify that the respondents are probably not receiving the ‘expected’ or ‘desired’ emotional benefits from the brand in question. In the light of this information, the author believes it necessary for The L’Oréal Group to develop brand strategies that satisfy the emotional needs of the black part of the population.

**Table 6.3 Summary of Real Results of the Level of Desire and Emotional Needs according to Ethnicity.**

<b>Ethnic Group</b>	<b>Actual Desirability Score</b>	<b>Actual Emotional Importance Score</b>
<b>White</b>	2.52	2.08
<b>Coloured</b>	2.55	2.04
<b>Black</b>	2.96	2.4

There is however some light with regards to these results. Referring to Figure 5.19, the reader will notice that those respondents who have used L'Oréal products, have a stronger desire for the brand (actual score is 2.5) than those who have not used any L'Oréal products (actual score is 2.9). It was stated earlier that the majority of respondents had only a 'mild' level of desire for the brand (Figure 5.17: this figure includes users *and* non-users of the brands product). Although further analyses are required, the author believes that these results prove that it is possible to increase the emotional bond (and hence desire) of consumers with the brand once they have *used* the products.

### 6.2.5 Behavioural Tendencies

Behavioural tendencies are acquired tendencies to display a repeated behaviour (based on the past) which involves no conscious resolution (Franzen and Bouwman, 2001: 283). Although we have seen that attitude is an important driver of behaviour, it is not the only predictor (Fishbein and Ajzen, 1975). According to Fishbein and Ajzen, behaviour is directly predicted from behavioural intention, which in turn is predicted from four factors: preceding behaviour (habit), the attitude, the social norm (the opinion of significant others as perceived by the person), and self-efficacy (someone's estimate as to the degree to which they are really capable of showing the desired behaviour).

Preference for a specific product is a behavioural response. Franzen (1998) has defined brand preference as the situation in which the consumer gives a degree of preference to a certain brand above other brands in the consideration set. The consideration set includes the brands a consumer considers buying at a certain moment (Franzen and Bouwman, 2001: 274). People can however change their preference by the so-called *majority* effect (Williams, 1982). If consumers believe that the majority of other people are using the brand / product, they may switch preference.

As with preference for a brand, loyalty towards a brand is also a behavioural response. Loyalty can be seen as a form of habitual behaviour. People repeat certain behaviours when the experiences that result are not negative, in other words, they are satisfied, or they have formed personal attachments to the brands (Foxall *et. al.*; 1998: 16). However, loyalty does not explain behaviour, rather it acts as an indicator of brand choice (in other words it results from behaviour) (Franzen and Bouwman, 2001: 280). It has been shown that products that provide strong social, symbolic or emotional benefits, or provide hedonic tastes, seem to attract more loyalty from consumers than do commodity-like products (Foxall *et. al.*; 1998: 17).

*In terms of the findings from the survey, the significance for L'Oréal is...*

Since habit, attitude, social norm and self-efficacy are all drivers of behavioural intention, it becomes very difficult to pin point exactly which one has the most influence. In this part of the work the author decided to, once again, take into consideration the influence of *ethnicity* on positive product usage. The idea is to present L'Oréal with more information with regard to which ethnic groups are the prominent users of their products, and perhaps also add information that has resulted from the other brand characteristics investigated earlier.

An additional analysis was performed which measured the percentage of respondents who said that they have used both L'Oréal products and those products from category x (Garnier, Softsheen-Carson and Maybelline New York). Most people are not aware how many brands fall under The L'Oréal Group brand architecture, therefore, the author thought that perhaps if there were a rather large percentage of people who had used products from both L'Oréal and category X brands, that perhaps there were resources, communication strategies and other opportunities that all the brands could leverage upon.

The one-way variance test between the strength of the 'desire' for the brand and those who have 'used L'Oréal products' also indicated that there is a definite difference in the desirability levels of those people who have / have not used L'Oréal products.

Since preference for something and loyalty towards something are both considered to be behavioural responses, it was thought that perhaps some valuable information could be gleaned from their relationship with brand attitude.

#### **6.2.5.1 Relationship between Positive Product Usage and Ethnicity**

A chi-square test indicated that ethnicity was *dependent* on positive product usage. The white ethnic group were the highest percentage of users (85%) of L'Oréal products, followed closely by the coloured group (81%) and lastly the black ethnic group (64%).

#### **6.2.5.2 Relationship between L'Oréal Products Usage and Category X Usage**

A chi square test was used to analyze whether there is a dependence of 'usage of L'Oréal products' (variable 1) on 'usage of category X products' (variable 2). The results showed an overwhelming confidence that there are most definitely many users who have used products



from both the L'Oréal brand as well as from those falling under category X (88%). Since the user profiles appear to be rather similar, perhaps there are many strategic fits between the various brands that L'Oréal can leverage upon.

### **6.2.5.3 Relationship between 'Loyalty', 'Preference for' and Attitude**

The author decided also to take a look at the 'preference for' and 'loyalty' variables and correlated them with brand / product attitude. Brand loyalty is highly valued because it facilitates segmentation based on usage and because it is cheaper to sell a product to loyal customers than to attract non-loyalists to your brand (Foxall *et. al.*; 1998: 16). If it can be identified which ethnic group is the most loyal to the brand, it will allow L'Oréal to devote maximum effort to ensuring their future loyalty. Unfortunately the result for this was not statistically significant, although it can be said that the majority of respondents (40%) indicated that they swayed between being *very* loyal or *slightly* loyal to the L'Oréal brand (ranked in the middle, third position). Correlation tests were performed between brand / product attitude and loyalty. The results were significant and indicated that there is a (medium) positive linear relationship between the respondents' attitudes and their loyalty towards the brand / product. It was found that there was a *fairly strong* correlation between the 'loyalty' and 'preference for' variables (which is hardly surprising); therefore the correlation test results for determining the 'preference for' the brand were almost identical to those tests for 'loyalty' towards the brand.

### **6.2.6 Value Proposition**

In the author's own words, a value proposition is the consumers' perception of tangible / intangible benefits that have resulted from one, or many, brand associations in memory. The value proposition can be defined as (Aaker, 1996),

*... 'a statement of the functional, emotional, and self-expressive benefits delivered by the brand that provide value to the customer. An effective value proposition should lead to a brand-customer relationship and drive purchase decisions'.*

*In terms of the findings from the survey, the significance for L'Oréal is...*

According to Aaker (1996), it is more advantageous for the brand to be able to translate emotional and self-expressive benefits across in its value proposition, rather than only functional benefits, as the latter are susceptible to imitation by competitors. The author decided to

determine which one of the following benefits, *functional*, *emotional* or *self-expressive*, are considered more important to the respondents in terms of the L'Oréal brand

### 6.2.6.1 Analysis of Value Proposition Components

The majority of respondents attach a very high importance to functional benefits (43% ranked it in first position) and emotional benefits (36% ranked it in first position) when using the L'Oréal brand. In terms of seeking self-expressive benefits, the respondents (29%) feel very much in the middle-of-the-range, with the majority ranking it in third position. The white ethnic group considered the functional benefits as important, whilst the coloured ethnic group considered emotional and self-expressive benefits important. Compared to the other ethnic groups, the black ethnic group were consistently placed lower in terms of the importance of these benefits. Results are summarized in Table 6.4.

**Table 6.4** Summary of Value Proposition Data from Survey.

<b>Benefit</b>	<b>Majority Rank</b>	<b>% Majority of Respondents</b>	<b><u>Ethnic Group which regards benefit as most important</u></b>	<b><u>Ethnic Group which regards benefit as least important</u></b>
<b>Functional</b>	1	43	White	Black
<b>Emotional</b>	1	36	Coloured	Black
<b>Self-Expressive</b>	3	29	Coloured	Black

### 6.2.6.2 Functional Benefits

The data from the survey indicate that only one of the tests in which the value proposition components for different ethnic respondents was measured, was statistically significant. When the respondents were asked to rank their need for the L'Oréal brand to provide them with functional benefits, the *white* ethnic group indicated that they thought this benefit important (in fact they felt quite strongly about this; their ranking was 1.8, with 1 = very important; 5 = not important at all). The black ethnic group felt the weakest with regard to the importance of functional benefits (ranking of 2.5). A one-way variance test was performed with 'ethnicity' and 'functional benefits', and the results indicated that there was a statistically significant difference between the means of the white and black ethnic groups, as well as between the coloured and black ethnic groups.

## **6.3 Conclusion**

This chapter began with a brief description of the personal care industry, as conceptualized by the author, followed by a discussion of the results from the survey classified according to six brand characteristics. For each characteristic, the author briefly introduced important theoretical considerations of these characteristics with regard to this study, followed by the implications of each characteristic for L'Oréal, after which the findings from the survey were discussed.

# Chapter 7

## Summary, Recommendations and Conclusion

### Abstract

The final chapter of this research study summarizes as concisely and efficiently as possible the large number of analyses and tests performed on the data which were collected from the survey. This is followed by a few recommendations which the author considers can be followed by L'Oréal in order to increase its brand image and brand value. Finally, this chapter concludes with a brief conclusion in hindsight of the entire research study.

### 7.1 Summary

The purpose, and primary objective, of this research is to present to L'Oréal a profile of the health of their corporate brand (L'Oréal). The manner in which this is done is by performing a *brand audit*. Since the guiding question of this study was to determine 'How L'Oréal can improve upon their current brand image and subsequent brand positioning amongst the Stellenbosch students as target audience', it was considered sufficient and appropriate only to undertake the *brand exploratory* side of a typical brand audit. The secondary objectives included designing a questionnaire in which the author could measure / determine the brand image of the corporate L'Oréal brand and L'Oréal product brand, as well as the value drivers for purchasing personal care products. These results were determined using statistical analysis ( $\alpha = 0.05$ ). In compiling the questionnaire, the author chose questions that would provide information in relation to the six brand characteristics considered to be important when wanting to uncover the attitudes, perceptions, and behaviour of the target audience with regard to a brand. These six brand characteristics include brand awareness, attitude towards the corporate brand, attitude towards the products, level of desire for the brand, behavioural tendencies, and the value proposition.

Three statistical tests were used to analyze the data from the survey, namely, chi square tests, one-way analysis of variance tests, and Pearson coefficient correlation tests. A large number of tests were performed using the forty five individual variables extracted from the questionnaire. Only the significant tests are reported in this study.

In terms of the awareness that the L'Oréal brand can claim amongst the population in question, 93% stated that they recognized / were familiar with the brand. Of this percentage, 83% stated that they had also used L'Oréal products. In terms of the variables that were used to determine the brand attitude of the respondents, the majority ranked the variables in either first or second position. In addition to this, the majority of respondents had a *fairly strong* level of positiveness with regards to the brand, yet only a *mild* desire for the brand. It appears that all the ethnic groups place a higher importance on *desired / anticipated* emotional needs sought when using the products compared to their *actual* desire for the brand. As explained in the discussion chapter (Chapter 6), these results present to the reader the idea that the respondents do not have a strong emotional connection to the brand because what they expect / want the brand to deliver is not what is actually delivered (as implied through their level of desire for the brand). The author presented some results to substantiate these claims and believes that it is possible to increase the desire for, and hence, emotional bond, once the respondent has used the products.

Literature has shown that there is a relationship with regard to brand awareness, brand attitude and behaviour (Van Westendorp, 1996; Franzen and Bouwman, 2001: 174). Since perception is a driver of attitude, and attitude, in turn, is a driver of behaviour, it is important when performing a brand audit to measure / determine the perceptions and behaviour of the target audience. The results from this study are in agreement with the literature as the brand is familiar to the majority of the population in question, in which a relatively large percentage of them have also used the brands products, and who also display a *very* or *fairly* favourable attitude and level of positiveness towards the brand. Ethnicity was found to be *dependent* on familiarity of the brand, the *white* ethnic group were the most familiar with the brand, displayed the most positive usage behaviour, and overall, also had the most favourable attitude with regard to the brand in all of the variables analyzed. The opposite trend was observed for the black ethnic group (least familiar, weakest usage behaviour, and least favourable brand attitude in five of the six variables analyzed). When analyzing the level of desire for the brand, the *white* ethnic group had the *strongest* desire, whilst the black ethnic group had the weakest.

In terms of measuring the attitudes with regard to the products, the respondents ranked their attitude *slightly less* favourably compared to the corporate brand. In terms of ethnicity, it was found that in six of the seven variables analyzed, the *white* ethnic group had the *most* favourable attitude and the black ethnic group the least favourable attitude with regard to the products. Correlation tests were performed between the brand and product attitude variables and, it was shown that there is overwhelming evidence and consistency to state that there is a (medium) positive linear relationship between these variables. The interpretation of these results

is that as the brand attitude becomes more favourable, so too does the product attitude. The significance of this is that if L'Oréal focuses on building the corporate brand identity and creating strong, favourable and unique brand associations, this should / will translate into strong, favourable and unique product associations. The author believes that, similar to what has been shown in literature with regard to brand attitudes driving brand behaviour (Ehrenberg, 1974; Van Westendorp, 1996), favourable product attitudes will also have spillover effects (drive) in terms of brand behaviour.

Included as part of the analysis, the author investigated the extent to which there is overlap between the *type* of user of L'Oréal products and products from category X (Garnier, Softsheen-Carson and Maybelline New York: all brands which fall under the brand architecture of The L'Oréal Group). The results have shown an overwhelming confidence that there are most definitely many users who have used products from both the L'Oréal brand as well as from those falling under category X (88%). Since the user profiles appear to be rather similar in terms of user preference, perhaps there are many strategic resources between the various brands that L'Oréal can leverage upon.

The results for loyalty towards the brand indicated that the majority (40%) of respondents felt only *average* loyalty towards the brand (ranked in third position on a five-point scale). Correlation tests indicated that there is a (medium) positive linear relationship between the respondents' attitudes and their loyalty towards the brand / product. Therefore, focusing on efforts to improve brand attitude and loyalty should increase the extent to which consumers have preference for the brand, which in turn will encourage them to increase their share of wallet with the brand and its related brand extensions and endorsements (Gitomer, 1998).

When respondents were asked to rank the importance of the functional, emotional and self-expressive benefits sought when using L'Oréal products, they indicated that functional and emotional benefits were the most important, followed by self-expressive benefits. The author expected that self-expressive benefits would also have been ranked high as personal care products are used for, amongst other purposes, the purpose of enhancing one's appearance. When determining which ethnic group places the most importance on each of these benefits, only the functional benefit test was significant. The *white* ethnic group indicated that they leaned the *most* towards this benefit. The black ethnic group felt the weakest with regard to the importance of functional benefits.

With regard to another demographic variable that was analyzed, spend category, the results indicated that the majority of respondents spend on average between R100 – R300 per month

on personal care products. Throughout all of the brand / product variables analyzed with spend category, there was a consistent negative correlation between these variables. Therefore, as the amount of money that respondents spend increases, so too their perception / attitude with regard to the brand / product variables analyzed, improves.

## **7.2 Recommendations**

The black ethnic market identified within the population on whom the study was performed, could be a valuable additional income stream for the brand in question, particularly if the brand could increase the level of awareness amongst this community and develop a more favourable attitude amongst its members. In an attempt to identify a reason for the black group being the least familiar with the brand, the author speculates that it could be as a result of the social acceptance of this brand, or the use thereof, within their culture or community. The author suggests that L'Oréal concentrate on marketing and communication efforts, and adjust its advertising accordingly, in order to reflect a more accepted brand imagery for the black ethnic group with respect to the L'Oréal brand, through meeting the desires, social and self-expressive needs of the this group more accurately. By identifying what it is that this segment values the most in personal care products, the brand can adjust its value proposition accordingly in order to increase its market share.

By providing a superior value proposition, and meeting the problems, desires and needs of the consumer more appropriately, the brand can head towards enhancing and improving the customer satisfaction and loyalty metrics. The survey did give an indication that the respondents valued functional and emotional benefits the most when using L'Oréal products, but it is important for the organization to keep in mind that in this industry, functional benefits are very easily imitated. According to Aaker (1996: 83), the organization has a more enduring, and sustainable competitive advantage when they consider their brand from a product perspective, an organization perspective, a person perspective, as well as from a symbolic perspective. When the brand only fixates on the product at hand, they are very susceptible to imitation. Only by viewing the brand from the other three perspectives is the brand able to derive a more durable and sustainable value proposition. The author suggests that L'Oréal focus on developing brand strategies concerned with being able effectively to improve the satisfaction of emotional needs on the part of the population in question. Solid and enduring brand relationships are important developments in this regard, and a manner in which this can be achieved is by encouraging loyalty (considered a brand asset) towards the brand by using tools such as incentive programmes for the consumer. Through creating a loyal consumer base there is more of a guarantee of future sales and profits, which in turn contributes to positive brand

equity (Aaker, 1996). Incentives, or frequent- purchasing programmes, are just some of the ways in which L'Oréal can improve the preference for and loyalty towards the brand, which in turn would discourage brand switching.

### **7.3 Conclusion**

The various tests conducted on the data obtained from the implementation of the questionnaire allowed the author to understand the various drivers for purchasing personal care products. The author could identify that a high level of brand awareness is an important driver with regard to influencing purchasing behaviour. A few analyses with regards to the desirability for the brand indicated that there was a difference in the levels of desire according to ethnicity. It was shown that the ethnic group which had the most desire for the brand also displayed the most positive behaviour with regard to purchases (behaviour). Further tests were performed which gave a clear indication that it is possible to see the effect that a favourable perception / attitude of the corporate / product L'Oréal brand has on influencing behavioural intention and ultimately the end behaviour (purchases). In terms of identifying whether or not the current value proposition of L'Oréal is suited to the target audience, the overall impression of the author is that it would be a strategically important move if L'Oréal were to try to develop a stronger emotional bond with their target audience, as well as to find ways in which to 'sell' to the consumer unique self-expressive benefits which can be gained when using L'Oréal branded products. The survey also revealed the weaker presence of L'Oréal amongst the black ethnic group. The author believes that this weakly tapped market could be a valuable additional income stream for L'Oréal if they were to develop actions to enhance the brand imagery that this group associates with the L'Oréal brand positively. These actions should lead to long-term strategic and market-related benefits (e.g. market share) for L'Oréal within the target audience of this study.



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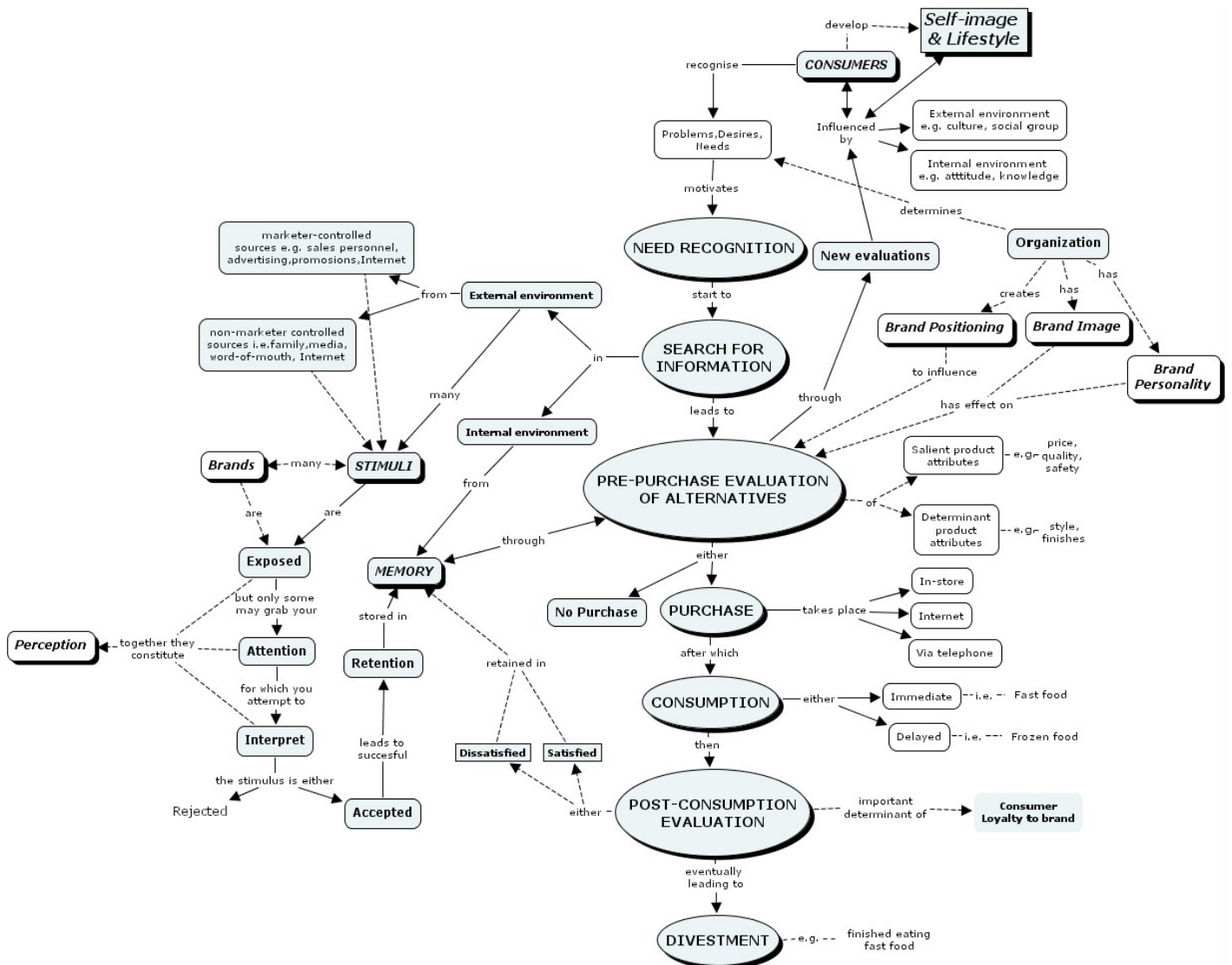
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## **Appendices**

## Consumer Decision Process (CDP) Model, as conceptualized by the author





Name: \_\_\_\_\_

Student number : \_\_\_\_\_

Survey #:

Please circle or tick the following where applicable

1. Are you a female between the ages of 18-28 years of age? Yes / No  
**If you answered No for this question, you are not eligible to complete the questionnaire.**

**The following 3 questions are for research purposes only**

2. Your ethnic background is

Black	White	Coloured	Indian	Other

3. How much money do you spend on cosmetic, hair and body products per month?

< R50	R50-R99	R100-R300	> R300

4. From which province in South Africa do you currently reside? (If not from South Africa, tick the "Other" box)

Western Cape		KwaZulu-Natal	
Eastern Cape		Mpumalanga	
Northern Cape		North West	
Gauteng		Limpopo	
Free State		Other	

5. Are you
- familiar
- with the L'Oréal
- brand**
- ? Yes / No

**If you answered No for this question, you have completed the questionnaire, thank you!**

Please rate the following questions in terms of YOUR attitude (what you think), perception (what you feel) or behaviour (what you do)

**Take note!! If you choose an answer, ONLY 1 cross should be made in EACH line**

6. Indicate the degree to which the words below best describe the L'Oréal
- brand**
- ? (Only mark those that you find applicable)

	1	2	3	4	5	
Good						Bad
Likeable						Not at all likeable
High quality						Poor quality
Attractive						Unattractive
Desirable						Undesirable
Superior						Inferior



7. Indicate the extent to which YOU have a desire for the L'Oréal **brand**

☐☐☐☐**Very strong****Strong****Mild****Very weak**

8. Indicate according to the characteristics below the degree to which they best describe what you think of L'Oréal branded **products**? (Please mark a cross for **EACH** characteristic)

	1	2	3	4	5	
Interesting						Boring
Beneficial						Harmful
Enjoyable						Unenjoyable
Superior						Inferior
Fond of						Not fond of
Value for money						No value for money
Exceptional						Mediocre

9. Indicate your response to the following statements?

**(a) I feel positive towards the L'Oréal brand**

	1	2	3	4	5	
Strongly agree						Strongly disagree

**(b) I can recognize the L'Oréal brand among competitors**

	1	2	3	4	5	
Very easily						Not very easily

10. Indicate which of the following best describe the L'Oréal brand in terms **of personality-like characteristics**. **Fill out EACH answer.** Please rank them in order of 1 = most similar, 5 = most dissimilar

	1	2	3	4	5
Reliable					
Intelligent					
Successful					
Leader					
Confident					
Trendy					
Exciting					
Young					
Unique					
Imaginative					
Up-to-date					
Friendly					
Real					
Upper class					
Glamorous					
Good looking					
Feminine					



11. Do you / have you ever used any products from the following: Garnier, Softsheen Carson or Maybelline New York?

Yes / No

12. Do you / have you ever used any L'Oréal branded cosmetic, hair or body products? Yes / No

**If you answered No for this question, you have completed the questionnaire, thank you!**

13. When you purchase cosmetic, hair or body products, to what extent do you choose L'Oréal branded products?

	1	2	3	4	5	
Always buy						Never buy

14. Indicate your response to the following statements?

***(a) L'Oréal would be my first choice***

	1	2	3	4	5	
Very strongly						Not very strongly

***(b) If there is another brand as good as L'Oréal, I prefer to buy L'Oréal***

	1	2	3	4	5	
Strongly agree						Strongly disagree

15. Indicate how important is it to you that:

- a) The L'Oréal brand should do something tangible for you like clean your hair, provide the newest make-up colours *etc.*

	1	2	3	4	5	
Very important						Not important at all

- b) The L'Oréal brand should make you feel in a certain way when you use it, for example sophisticated, exciting *etc.*

	1	2	3	4	5	
Very important						Not important at all

- c) The L'Oréal brand should say something about you to your peers, for example that you are modern, fun *etc.*

	1	2	3	4	5	
Very important						Not important at all