

# Management Perceptions of the Importance of Brand Awareness as an Indication of Advertising Effectiveness

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**Abstract.** In 1987 Rossiter and Percy wrote “Brand awareness is widely misunderstood and often wrongly measured, even by experienced managers”. Yet brand awareness is covered in most texts on advertising measurement, it is a central part of the popular hierarchy of-effects advertising model, and marketing managers claim it as an important goal of their communications activities. This paper discusses recent theoretical developments which attempt to explain the role which brand awareness plays and then presents empirical findings concerning how Armenian managers utilize brand awareness as a measure of marketing and advertising effectiveness.

**Keywords:** Brand Awareness, Marketing Communication, Brand Equity

## 1. Introduction

Rossiter and Percy (1987) describe brand awareness as being essential for the communications process to occur as it precedes all other steps in the process. Without brand awareness occurring, no other communication effects can occur. For a consumer to buy a brand they must first be made aware of it. Brand attitude cannot be formed, and intention to buy cannot occur unless brand awareness has occurred.

In memory theory, brand awareness is positioned as a vital first step in building the “bundle” of associations which are attached to the brand in memory. The brand is conceptualized as a node in memory which allows other information about the brand to be “anchored” to it. The conceptualization of a network of brand associations in memory with the brand as a central core has been put forward by many others.

Brand awareness has been hypothesized to play a crucial role in determining the consideration set: the small set of brands which a consumer gives serious attention when making a purchase. The composition of this small set of brands which are considered during decision-making is important. A brand that is not considered cannot be chosen, and further, the probability of the brand being chosen is a function of the number of other brands in the consideration set, for instance, the probability of a brand being selected from 1, 2, 3, or 4 brands, decreases rapidly from 1.0 to 0.5, 0.33, and 0.25 respectively.

In a situation where the consumer is aware of a number of brands which fit the relevant criteria, he or she is unlikely to expend much effort in seeking out information on unfamiliar brands. A brand that has some level of brand awareness is far more likely to be considered, and therefore chosen, than brands which the consumer is unaware of. Additionally, the strength of awareness of the brands within the consideration set can also be significant. Wilson (1981 cited in Wood-side & Wilson 1985) confirmed the importance of top-of-mind awareness in a study which found that the higher the position of the brand in the consumer's mind measured by unaided recall, the higher the purchase intention and the higher the relative purchase of the brand.

Brand awareness can also affect decisions about brands within the consideration set. Consumers may employ a heuristic (decision rule) to buy only familiar, well-established brands. Consumers do not always spend a great deal of time making purchase decisions. Dickson and Sawyer (1986) found that for purchases such as coffee, toothpaste and margarine, the consumer took an average 12 seconds from the time of first looking at the shelf to the time they placed the item in their trolley. In many cases consumers try to minimize the costs of decision making in terms of time spent, and cognitive effort, by employing simple rules of thumb, such as 'buy the brand I've heard of'.

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This is particularly likely to occur in low involvement situations where a minimum level of brand awareness may be sufficient for choice. In such situations, the consumer may lack the motivation or the ability to judge between brands.

A further way brand awareness may affect choice within the consideration set is by influencing perceived quality. In a consumer choice study by Hoyer and Brown (1990) over 70% of consumers selected a known brand of peanut butter from among a choice of three, even though another brand was 'objectively' better quality (as determined by blind taste tests), and even though they had neither bought or used the brand before. This result is even more surprising considering the subjects were given the opportunity to taste all of the brands. Just being a known brand dramatically affected their evaluation of the brand. Intuitively, this makes sense: a consumer may rationalize that if they have heard of a brand, the company must be spending a fair sum on advertising. If it is spending a lot on advertising, then the company must be reasonably profitable which means that other consumers must be buying the product and they must be satisfied enough with its performance; therefore the product must be of reasonable quality. Stokes (1985) found that for a low involvement product (rice) familiarity had a greater magnitude of effect on the quality perception of a brand than either price or packaging. And further, that familiarity had a significant effect on purchase intention whereas price and package design did not.

## **2. How Does Brand Awareness Benefit the Marketing Manager**

Brand awareness should be an important goal of the marketing communications efforts of a firm as it has a number of important functions. It is widely acknowledged that without brand awareness occurring, brand attitude and brand image cannot be formed. However, equally important but less widely recognized is the importance of brand awareness as a heuristic which can affect inclusion in the consideration set, and in many situations may be sufficient by itself to determine choice from the consideration set i.e., brand awareness can determine not only entry to the consideration set, but can also determine which brand is chosen from the consideration set.

Aaker argues strongly the case for brand building and maintaining brand equity; he cites brand name awareness as one of four major brand assets which add value to the product or service and/or its customers. Investments in brand equity and in particular brand awareness can lead to sustainable competitive advantages and thus to long term value. Brand awareness can add value by 1. placing the brand in the consumer's mind, 2. acting as a barrier to entry to new unestablished brands, 3. reassuring the customer of the organization's commitment and product quality, and 4. providing leverage in the distribution channels (intermediaries are customers too, and are just as suspicious as consumers are of unknown products).

However, there is difficulty in demonstrating the value of assets such as brand awareness to managers. Aaker complains the problem is that, firstly, enormous pressure exists for organizations and their brands to demonstrate short-term profit results. Brand managers are often given a one to three year time horizon and little incentive to make strategic brand building investments. And secondly, demonstrating the long-term value of brand building is "exceptionally difficult". Even managers, who claim that they are concerned with the brand building activities of their firm, find difficulty in gaining support and resources for these activities. In the light of Aaker's findings, a study by Kelly (1998) is very interesting. Kelly carried out a series of interviews with Armenian marketing managers. Many of the managers he interviewed "maintained that their advertising was directed towards building the longer term effects of favorable brand image and strong brand loyalty". Other managers were quoted as saying that they "were not looking for short-term results" but that advertising provides them with the opportunity "for corporate branding and image building which is very much oriented to the longer term". In other words, these managers claimed the long-term goals of brand-building and brand image to be of greater interest to them than short-term objectives such as sales. However this research was based on discussion with managers, and might obviously suffer from managers saying what they felt they should do, rather than what they actually do, especially when talking to a marketing academic.

### **2.1. Why is Brand Awareness Misunderstood**

Rossiter and Percy (1987) claim that the difficulty lies in that there are two types of brand awareness: brand recognition and brand recall, and which of these occurs will depend on the choice situation. Brand

awareness does not necessarily require recall of the brand name. The consumer may identify a brand by its location ("the store on the corner") or its packaging or shape ("the hexagonal bottle for Heinz tomato sauce"). Furthermore, brand recall may not be necessary for purchase; mere recognition of the brand in the store, "Hey that's the new banana flavored milk" may be sufficient for purchase to occur. Lynch and Srull (1982) defined these different choice situations as stimulus-based (where all the relevant brand and attribute information is physically present), memory-based (where all relevant information must be recalled from memory) and mixed-choice (where some of the information is physically present, and some must be recalled from memory). Obviously, brand recognition occurs in stimulus based situations, and recall occurs in memory-based situations. Both types of awareness would occur in mixed-choice situations.

### **3. Methodology**

Personal in-depth interviews were carried out with ten marketing managers initially. These were used to determine how a questionnaire to managers would be received and how it should be structured. It was important to use language in the questionnaire which would be widely understood. The final questionnaire was administered over the phone to 100 marketing managers in Armenia. Screening allowed those responsible for the majority of marketing decisions within an organization to be targeted and avoided those who are called "marketers" but have little true responsibility in the area.

#### **3.1. Subjects**

The subjects involved were marketing managers in Armenia. The majority of these were accessed through the database of the Armenian Marketing Graduate Association which has a large alumni base and also through more general sources. The managers represented a variety of organizations from service and manufacturing fields, and government and private sector.

#### **3.2. In-depth Interviews**

The purpose of the in-depth interviews was primarily to design a questionnaire which would capture managers' perceptions. From these ten interviews it was determined that a strong variation exists in the level of understanding of the brand awareness concept among marketing managers and in the value that is perceived to derive from brand awareness.

Of the ten managers interviewed, four showed a good understanding of the concept. However, a number of managers failed to delineate brand awareness from other marketing communications outcomes, such as, brand image, attitude and consumer perceptions. Half of the managers surveyed used brand awareness as a measure of their communications effectiveness, however, it was not measured in a deliberate manner, or on a regular basis: "No, we don't directly measure brand awareness, but when we launch a new product part of the survey is targeted at whether people recognize the product and corporate brand". Lack of resources was partially to blame: "As to monitoring brand awareness, we can't do it as often as we would like due to cost restraints". It was noted that the tone of a couple of managers was regretful: "Yes we *should* do that". A number of managers commented that sales level was the most frequently used measure of marketing effectiveness.

#### **3.3. Questionnaire**

On the basis of the findings from the in-depth interviews a questionnaire was designed which could be administered to marketing managers in a variety of organization types. The questionnaire was divided into three main sections: the first section aimed to determine how managers measure their marketing communications' effectiveness, and whether brand awareness was mentioned in this context; the second section was designed to test managers' understanding of the brand awareness concept and their perceptions of its usefulness; and the third section aimed to find out if and how they used brand awareness as a measurement tool.

### **4. Results**

The results of the questionnaire are presented in the order of the questions that were asked. When asked (unprompted) what measures of their communications activities they used, 57% of the marketing managers

claimed that they used their sales figures. The measures that were then rated as most used were coupon response 16%, customer feedback 12%, and customer inquiries 12% (Table 1), all of which are response-based measures. These are all short-term measures of communication effectiveness and seem to contradict Kelly's (1991) findings that managers are most concerned with long-term measures. Less than 5% mentioned cognitive, long-term measures, such as attitude or awareness (Table 1).

#### 4.1. Measures of marketing Communications Activities

Table1: Measures of marketing communications used (unprompted)

Type of measure	Respondents
Sales level	57%
Mail response	16%
Customer comments / feedback	12%
Customer inquires	12%
Phone inquires	09%
Market share	03%
Attitude	03%
Retention	01%
Awareness	01%
Other	10%
Don't measure	11%

Not surprisingly, when prompted, the number of managers who claimed to use any of the measures listed rose dramatically (Table 2). More interesting is a comparison of the rankings that some of the measures received when prompted versus unprompted (Table 3). Sales level was consistently ranked as the most useful measure of a firm's marketing communications which firmly contradicts Kelly's (1998) findings that marketing managers are not concerned with the short-term measures of their communications' effectiveness. A customer perception (a response based measure) was ranked second and market share (a short-term measure) was ranked third in both instances. Attitude which was ranked as highly as market share in the unprompted situation, received the lowest ranking of all when prompted. It was pushed out of its reasonably high position by brand awareness and advertising awareness. It appears that in the prompted situation the respondent was suddenly reminded about brand awareness and ad awareness (which had received very low measures when unprompted) and rated these quite highly. One possible interpretation is that the first unprompted question found out what managers actually do whereas the second question found out what they thought they should be doing, and one of the things they thought they ought to be doing was measuring their brand awareness.

Table 2: Measures of marketing communications used (prompted)

Type of measure	Respondents
Sales level	98%
Customer's perceptions	90%
Market share	74%
Brand awareness	64%
Ad awareness	61%
Attitude	58%

Table 3: Ranking of measures of marketing communications: Comparison of Unprompted ranking vs prompted

Type of measure	Unprompted (Table 1) Ranking *	Prompted (Table 2) Ranking *
Sales level	1	1
Customer's perceptions/comments	2	2
Market share	3	3
Brand awareness	5	4
Ad awareness	not applicable	5
Attitude	3	6

## 4.2. Level of Understanding of Brand Awareness

When asked what does the term 'brand awareness' mean (unprompted), 46% of marketing managers could provide a reasonable definition, though few showed a clear understanding. Another 38% confused brand awareness with other related but higher order cognitive processes such as brand image, customer attitudes and perceptions. Twelve percent of respondents gave answers which could not be classified because they either just repeated the question or gave nonsensical evasive answers (Table 4). Again, this highlights the difficulty involved in talking to marketing people about areas in which they perceive that they are supposed to be experts. Four percent of managers were bold enough to actually come out and say that they believed it a concept of limited value.

Table 4: Definition of brand awareness (unprompted)

Definition	Respondents
Brand awareness	46%
Confused with brand image, etc.	38%
Response could not be classified	12%

Of the 46% of managers who provided reasonable definitions of brand awareness, the definitions given could be classified into a few distinct types (Table 5). The majority of these managers (61%) defined brand awareness as simple recognition of the brand, a partially correct answer. Another 30.6% of managers defined brand awareness as the percentage of customers who know the product in the market (16.3%), or the association of the brand with the product category (14.3%). These last two definitions are more accurate and show a greater level of understanding of brand awareness.

Table 5: Elements of brand awareness definition

Definition	Resp (%)	Resp (No.)
Recognition	61%	30
How well known the brand is (% of market place)	16.3%	08
Association of brand with product category	14.3%	07
Recall	06%	03
Familiarity	01%	01

## 5. Conclusion

This study helps to explain the attitude of many managers to the concept of brand awareness. Despite marketing theory which proposes that high brand awareness can be a very valuable asset to a firm, our finding is that the concept is frequently dismissed by managers as unimportant and certainly not worthy of monitoring. Managers give little consideration to the idea of maintaining and monitoring brand awareness on a continuous basis.

While brand awareness offers a great deal of potential value to the marketing manager, the difficulty lies in its measurement. While determining the breadth of a brand's awareness (i.e. the percentage of the population who recognize the brand) is quite easy, measuring depth of brand awareness is extremely difficult. Yet it is the depth of brand awareness, that is, the level of accessibility or "salience" of the brand in the consumer's mind, which is of most interest to mature markets. A need exists for more extensive research in this area so that greater sensitivity in measures of brand awareness can be developed.

## 6. References

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