Investigating of Brand Equity on Hospital Image

Maryam Karbalaei, Aref Abdi, Reza Malmir, Hamed Dehghanan, Sahand Pirnejad and Shirin Jafari

Department of Business Management, Science and Research Branch, Tehran, Iran
Department of Business Management, Islamic Azad University, Tehran Markaz Branch, Tehran, Iran
Department of Business Management, Alborz Institute of Higher Education, Qazvin Branch, Iran
Department of Business Management, Alameh Tabatabai University, Tehran, Iran
Department of Business Management, Qazvin Branch, Qazvin, Iran

Abstract: This study identifies five factors that influence the creation of brand equity through successful customer relationships: trust, customer satisfaction, relationship commitment, brand loyalty and brand awareness. An empirical test of the relationships among these factors suggests that hospitals can be successful in creating image and positive brand equity if they can manage their customer relationships well. The subjects were 318 customers of hospitals in Tehran area. Structural Equation Modeling (SEM) with Lisrel software was used for the data analysis. Results from the research hypothesis testing suggest the following information. First, the study found that trust, customer satisfaction and relationship commitment all had a positive influence on brand loyalty and brand awareness. And brand equity, trust, customer satisfaction and relationship commitment also had a significant positive influence on hospital image. All of hypothesis is supported.

Keywords: Brand awareness, brand loyalty, trust

INTRODUCTION

Building brand equity is considered an important part of brand building (Keller, 1998). Brand equity is supposed to bring several advantages to a firm. For example, high brand equity levels are known to lead to higher consumer preferences and purchase intentions (Cobb-Walgren et al., 1995). Developing further insights into the measurement of consumer-based brand equity is important in the face of the prominence of branding. Branding is a powerful means of differentiation. Differentiation is one of the key competitive positioning strategies offered by Porter (1990). The strategic impact of branding is duly recognized in the marketing literature (Aaker, 1992; Kapferer, 1994; Keller, 1999). Brands might develop sustainable competitive advantage for firms (Aaker, 1989). That is, if consumers perceive a particular brand favorably, then the firm may have a competitive advantage. Hence, it becomes vital for brand managers to have access to valid and reliable consumer-based brand equity instruments (Pappu et al., 2005).

Medical institutions and hospitals in Iran are limited in their ability to increase brand loyalty because they don’t run much commercial advertising. Customer Relationship Management (CRM) is their one of the viable option for raising brand equity. Brand loyalty and brand equity and satisfy customers' needs, medical institutions can enhance their marketing activities by increasing patients' benefits and doctors' independence.

That is the purpose of the study presented here, as well as to identify which factors are influential in building customer relationships.

The study is presented in the following manner. First, we draw from the research literature to identify the brand equity factors that influence the building of successful customer relationships in hospitals. Second, we construct a research model that explains the relationships of those factors to brand equity and hospital image. Third, we generate research hypotheses and empirically test them. Finally, we discuss the practical and theoretical implications of the results.

LITERATURE REVIEW

Brand equity: Brand equity is a perception of belief that extends beyond mere familiarity to an extent of superiority that is not necessarily tied to specific action. Familiarity does not imply belief in superiority. Brand equity does not imply action, only perception. Commitment and loyalty also do not imply superiority, whereas brand equity does (Nam et al., 2011).

A review of the literature reveals five factors that influence the creation of successful brand equity in hospital marketing:

- Trust
- Customer satisfaction
- Relationship commitment
Customer satisfaction: Customer satisfaction is a complex construct and has been defined in various ways. Recently, researchers have argued that there is a distinction between customer satisfaction as related to tangible products and as related to service experiences. This distinction is due to the inherent intangibility and perishability of services, as well as the inability to separate production and consumption. Hence, customer satisfaction with services and with goods may derive from and be influenced by different factors and therefore should be treated as separate and distinct (Veloutsou et al., 2005).

Two additional issues that need to be clarified when researching customer satisfaction in services is whether satisfaction is conceptualized as facet (attribute specific) or as overall (aggregate); and whether it is viewed as transaction-specific (encounter satisfaction) or as cumulative (satisfaction over time). In the present study, satisfaction is conceptualized as an overall, customer attitude towards a service provider (Dimitriadis, 2006).

Trust: Much of the research examining the trust component of relationship marketing is in a business-to-business context with a dominant product marketing focus (Doney and Cannon, 1997). Only recently is there emphasis on understanding trust in a business-to-consumer services context. Research in this area also examines trust in the brand and the linkage to brand equity (Brodie et al., 2009).

Trust has received a great deal of attention from scholars in several disciplines such as psychology, sociology and economics as well as in more applied areas such as management and marketing.

Considering brand trust as expectancy, it is based on the consumer’s belief that the brand has specific qualities that make it consistent, competent, honest, responsible and so on, which is in line with the research on trust (Andaleeb, 1992; Doney and Cannon, 1997). This research suggests that trust is based on the dispositional attributions made to the partner about his/her intentions, behaviors and qualities. The key issue, then, is to know which specific attributions form brand trust.

In the health care context, trust can create an exchange environment in which a hospital can provide better care to its patients, or customers, while becoming or remaining profitable. Built on management capability, trust is a standard that hospitals and their employees offer patients. When patients complain about service, the hospital and its employees must do their best to respond to the complaints and thereby maintain or rebuild trust (Kim et al., 2006).

Brand loyalty: Despite the large number of studies on brand loyalty, much of the research over the past three decades investigates consumer loyalty from two perspectives: behavioral loyalty and attitudinal loyalty (Bandyopadhyay and Martell, 2007; Dick and Basu, 1994). Behavioral loyalty refers to the frequency of repeat purchase. Attitudinal loyalty refers to the psychological commitment that a consumer makes in the purchase act, such as intentions to purchase and intentions to recommend without necessarily taking the actual repeat purchase behavior into account (Jacoby, 1971).

Three conceptual perspectives have been suggested to define customer loyalty: the behavioral perspective, the attitudinal perspective and the composite perspective. The behavioral perspective, ‘‘purchase loyalty’,’ strictly looks at repeat purchase behavior and is based on the customer’s purchase history. Here, the emphasis is on past-rather than on-future actions. Moreover, no other loyal behavioral actions such as price tolerance, word of mouth, or complaint behavior can be interpreted. Concentrating on the behavioral aspect of loyalty could overestimate true loyalty. The attitudinal perspective, in contrast, allows gain in supplemental understanding of loyal behavior (Zins,
Brand awareness: This refers to the strength of a brand’s presence in consumers’ minds. Brand awareness is an important component of brand equity (Aaker, 1991; Keller, 1993). Aaker mentioned several levels of brand awareness, ranging from mere recognition of the brand to dominance, which refers to the condition where the brand involved is the only brand recalled by a consumer. Rossiter and Percy (1987) defined brand awareness as the consumers’ ability to identify or recognize the brand, whereas Keller conceptualized brand awareness as consisting of both brand recognition and brand recall.

According to Keller, brand recall refers to consumers’ ability to retrieve the brand from memory, for example, when the product category or the needs fulfilled by the category are mentioned. Keller (1993) argued that “brand recognition may be more important to the extent that product decisions are made in the store”. Hence, in the present study, brand awareness is conceptualized as consisting of both brand recognition and brand recall (Pappu et al., 2005).

Brand equity: Brand equity is supposed to bring several advantages to a firm. For example, high brand equity levels are known to lead to higher consumer preferences and purchase intentions (Cobb-Walgren et al., 1995). Firms with high brand equity are also known to have high stock returns (Aaker and Jacobson, 1994). Developing further insights into the measurement of consumer-based brand equity is important in the face of the prominence of branding. Branding is a powerful means of differentiation. Differentiation is one of the key competitive positioning strategies suggested by Porter (1990). Brands might develop sustainable competitive advantage for firms. That is, if consumers perceive a particular brand favorably, then the firm may have a competitive advantage. Hence, it becomes vital for brand managers to have access to valid and reliable consumer-based brand equity instruments (Pappu et al., 2005).

The most recent literature (Hunt, 1997; Srivastava et al., 1998, 2001) specifically characterizes brand equity as a relational market-based asset. Much of its value is a result of the brand’s external relationships with other members of the value chain (e.g., the distribution system and the final users). This relational nature makes brand equity an external asset to the firm because it is often merely “available” and not “owned” by the firm. In other words, brand equity ultimately derives in the market place from the set of brand associations and behaviors that have been developed towards the brand. In summary, as a relational market-based asset, brand equity may be expressed as a function of brand-consumer relationships and as such the introduction of trust as a key relational variable enriches our understanding of brand equity and may provide better performance predictions and assessment of brand equity (Delgado and Luis, 2005).

Hospital image: Keller (1993) defines brand image as the “perceptions about a brand as reflected by the brand associations held in consumers 'memory.” These associations encapsulate the emotional perceptions consumers attach to a brand (Dobni and Zinkhan, 1990) and symbolic meanings attached to specific attributes of the product or service (Padgett and Allen, 1997). Hence, a brand's image integrates functional and symbolic brand beliefs forming the consumer's overall impression of the brand (Low and Lamb, 2000). Building upon this understanding, Hsieh et al. (2004) define brand image in relation to evoked feelings, impressions, perceptions, beliefs and attitudes towards a brand. The brand image encapsulates the consumer's evaluation of brand meaning (Hoeffler and Keller, 2002), which the organization transfers to the consumer through integrated marketing communication channels such as advertising and sponsorship processes.

To provide a more specific understanding of brand image, Thakor (1996) suggests that brand image can be thought of as benefits, attributes or personality traits. Of particular relevance is the concept of brand personality. Brand personality as a “set of human characteristics associated with a brand.” These personality driven evaluations explain why a consumer may hold an emotional connection towards one brand but not another (Aaker, 1997). A range of direct and indirect encounters with the brand such as advertising processes (Batra et al., 1993) create and influence conceptions of brand personality. Thus, external communications largely form brand personality.

Kotler and Clarke (1987) point out that hospital consumers' idea of hospital image is not absolute but relative. A hospital's image can be used to help it improve its competitive position through strategic marketing activities. Hospital patients are able to form a specific thought about any hospital within a rapid time. They usually form an image of a hospital from their own medical examination and treatment experiences. Good hospital image is built by patients' trust in the treatment and by knowledge of the hospital, which can improve a consumer's tendency to select that hospital in the future (Kim et al., 2006).

RESEARCH DESIGN

Conceptual model: Figure 1 presents the conceptual model and the hypotheses for this study.
The most relevant to the study as it focuses specifically on the influence of customers' trust on customer value and customer loyalty. They distinguish between customers' trust in the behavior of employees and trust in the company's management policies and practices (Brodie et al., 2009). Thus the following hypotheses are proposed:

**H1:** Trust influences brand loyalty positively.

**H2:** Trust influences brand awareness positively.

Aaker conceptualized brand equity as a set of assets (or liabilities). Brand awareness, brand associations, perceived quality, brand loyalty and other proprietary assets were the five assets of brand equity he proposed (Pappu et al., 2005).

Previous studies support a positive relationship between consumer satisfaction and brand loyalty in the service industry. Rust and Zahorik (1993) demonstrate a link between consumer satisfaction and brand loyalty in the retail banking and hotel industry. McDougall and Levesque (1994) show that customer satisfaction has a positive effect on brand loyalty in different service sectors: dentistry, auto repair services, restaurants and hairdressers. Faullant et al. (2008) confirm the predictive ability of consumer satisfaction on loyalty. Further empirical studies supporting the positive relationship between consumer satisfaction and consumer loyalty can be found in Anderson et al. (1994), Fornell (1992), Hallowell (1996), Kandampully and Suhartanto (2000) and so on Nam et al. (2011).

Thus, we propose that:

**H3:** Customer satisfaction influences brand loyalty positively.

**H4:** Customer satisfaction influences brand awareness positively.

Based on mentioned literature other hypothesis suggested:

**H5:** Relationship commitment influences brand loyalty positively.

**H6:** Relationship commitment influences brand awareness positively.

**H7:** Brand loyalty influences brand equity positively.

**H8:** Brand awareness influences brand equity positively.

Based on additional past research, including Ross-Wooldridge et al. (2004) study of brand equity and company image and Javalgi et al. (1992) study of hospital image, we proposed the following hypothesis:

**H9:** Brand equity influences hospital image positively.

Finally, based on research that includes Flavian et al. (2005) study of consumer trust and company image and Kandampully and Suhartanto's (2000) study of relationships between customer satisfaction and company image, we generated our last three hypotheses:

**H10:** Trust influences hospital image positively.

**H11:** Customer satisfaction influences hospital image positively.

**H12:** Relationship commitment influences hospital image positively.

**METHODODOLOGY**

Data collection: The field of the study covers the hospitals in Iran. First step is to collect the data related to the variables defining the theoretical model of the
consumer behavior proposed. In this sense, as has been done traditionally in Marketing Science in particular and in Social Sciences in general, data is obtained by means of a questionnaire. This questionnaire gathers the measures for the set of constituent elements of the model. The subjects were 318 customers of hospitals in Tehran area. To obtain reliable answers, the sample unit was composed of those individuals who were active decision makers of the brand they consumed. The pretest, which measured reliability, asked 47 consumers that they use hospital to answer questionnaires. SPSS data analysis indicated that the Cronbach’s α of the questionnaires was 0.93. The findings for the Cronbach’s alpha show (Table 1) that the reliability coefficients were acceptable (above 0.6) for all dimensions. Also, tools for test–retest reliability, a test for the second time, with the previous week on the subject (45) have performed. Pearson’s correlation coefficient obtained from the two tests with 0/85 the test–retest reliability of the test will be confirmed.

Measurements: Based on previous researches such Delgado and Munuera (2005) and Delgado et al. (2003) overall satisfaction was measured using Anderson et al. (1994). Brand trust was measured via Delgado et al. (2003). The measurement scale for brand equity was Yoo and Donthu (2001) scale. A four-item scale was used to measure the dispositional commitment to maintaining an ongoing relationship with a brand. Each item was framed as an agree/disagree statement. Hence the questionnaire included 35 items to measure the five dimensions on a Likert scale and ranged from “strongly disagree” (1) to “strongly agree” (5).

RESULTS

Structural Equation Modeling (SEM) with Lisrel software was used for the data analysis. SEM is a comprehensive statistical approach for testing hypotheses about relations between observed and latent variables. It combines features of factor analysis and multiple regressions for studying both the measurement and the structural properties of theoretical models. SEM is formally defined by two sets of linear equations called the inner model and the outer model. The inner model specifies the relationships between unobserved or latent variables and the outer model specifies the relationships between latent variables and their associated observed or manifest variables (Turkyilmaz and Ozkan, 2007). The results obtained for model showed excellent fit (RMSEA = 0.051; GFI = 0.90; AGFI = 0.91, NFI = 0.91, CFI = 0.93).

Results from structural equation modeling also support research hypotheses (Table 2).

DISCUSSION AND CONCLUSION

Results from the research hypothesis testing suggest the following information. First, the study found that trust, customer satisfaction and relationship commitment all had a positive influence on brand loyalty and brand awareness. This suggests that hospital managers and staffs should take care of patients well enough to allow them to gain trust in the hospital, feel satisfied with it and create a high level of relationship commitment to it. Second, the study found that brand awareness significantly influenced brand equity positively and that brand loyalty did also. This finding may mean that people in Tehran have chosen their hospitals based upon geographic proximity. Third, brand equity had a significant positive influence on hospital image, which suggests that hospital managers should pay more attention to managing their brand equity in order to construct a positive image. And fourth, trust, customer satisfaction and relationship commitment also had a significant positive influence on hospital image.

REFERENCES
