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DETERMINANTS OF BRAND AWARENESS IN THE CONTEXT OF ETHIOPIAN DOMESTIC LEATHER FOOTWEAR INDUSTRIES

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Abstract

The main aim of the study was to determine factors, that influence brand awareness in the leather footwear industry in Ethiopia. Four determinants like brand perception, advertising, perceived quality, and product innovation, were kept in mind while doing this research. The Correlation and Regression analysis were used to analyze the data. The results of the

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study revealed that among the four variables, brand perception and perceived quality did have significant positive impact on brand awareness of local leather footwear while advertising and product innovation did not have much relevance.

Keywords: *Brand Awareness, Leather Footwear, Perception, Advertising, Quality and Innovation.*

JEL Code : *L67, M37 and O3*

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1. Introduction

Business owners employ varying tactics, to establish familiarity with their brand and therefore, the ultimate aim is to create awareness, about the existence of a given product or service. Brand awareness, together with brand name equity, are usually considered to be a prerequisite of shopping decisions because it represents the deciding factors for including a brand within the consideration set. **Aaker (1996)** defines brand awareness as consumer's ability to acknowledge or recall a brand during a particular product category. In other words, awareness of a brand increases the likelihood that a consumer will consider it.

In the competitive market today, achieving strong brand equity is important for success. Brand awareness is the starting point for this brand equity and therefore, knowing those factors, affecting the awareness level of customers is an important task to achieve a strong position in the customers' mind. Brands guide our perception of products. A brand may be a set of mental associations, held by the buyer, which adds to the perceived value of a product or service (**Keller, 1998**). These associations should be unique, strong, and positive. Ethiopia possesses one of the largest populations of livestock in Africa, accounting for the tenth-largest in the world. According to a publication

on livestock resources, Ethiopia has 53.4 million cattle, 25.5 million sheep and 22.7 million goats (**CSA, 2011, UNIDO, 2012**). Further, the country can collect 3.7 million cattle hides, 8.4 million sheepskin, and 7.7 million goatskins (**UNIDO, 2012**).

2. Review of Literature

According to **Kotler and Keller (2012)**, these differences may be functional, rational, or tangible, related to the product performance of the brand. They may also be more symbolic, emotional, or intangible related to what the brand represents or means in a more abstract sense. Supporting Kotler and Keller's view of a brand, **Lombard (2007)** suggested that a brand is a name, term, sign, symbol, design, or a combination of them, intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of the competition. A brand is, therefore, a product, but one that adds other dimensions that differentiate it in some way from other products designed to satisfy the same need. **Nandan (2017) and Lombard (2007)** elaborate on the intangible aspects of a brand, namely, that brands are intangible assets that can build shareholder value. A brand is an asset, that has no physical existence and the value of which cannot be determined exactly unless it becomes the subject of a specific business transaction of sale or acquisition.

Brands and branding are often used as interchangeable concepts. A brand is a perceptual entity, that is rooted in reality but reflects perceptions of consumers. Brands identify the source or maker of a product and allow consumers, either individuals or organizations, to assign responsibility for its performance to a particular manufacturer or distributor (**Kotler and Keller, 2012**). Brands also perform valuable functions for the firm as brand simplify product handling or tracing. Brands help to organize inventory and accounting records and also offer the firm legal protection for unique features or aspects of the product. Brand creates a differential advantage, which can lead to a strong competitive advantage, which, in turn, can lead to customer loyalty. It also allows for premium pricing. When brand equity has been created, it can result in a pricing advantage.

2.1. Brand Awareness

Brand awareness is the ability of a potential buyer, to recognize or recall that a brand is a member of a certain product category (**Aaker 1991**). It is related to the strength of the brand node or trace in memory, as reflected by consumers' ability to identify the brand under different conditions (**Rossiter and Percy, 1987; Keller (2002)**). The brand recall relates to consumers, ability to retrieve the brand when given the product category, the needs fulfilled by the category, or some other type of probe or a cue.

A. Brand Perception

Kotler and Keller (2012) explain that perception is the process by which an individual selects, organizes, and interprets information inputs, to create a meaningful picture of the world. Perception not only depends on physical

stimuli but also stimuli related to the surrounding field and condition within the individual. Therefore, perception can vary among individuals exposed to the same reality. Today's consumers have more choices for their needs than ever before (**Buba et al., 2018**)

B. Advertising

The impact of advertising on the overall marketing program is evidenced in two ways. First, business suppliers need to constantly remind potential buyers of their products, or need to make them aware of the company's new products and services. Second, advertising may make the selling efforts more effective (**Hutt and Speh, 2004**).

C. Perceived Quality

Perceived quality can be defined as the customer's perception of the overall quality or superiority of a product or service for its intended purpose, relative to alternatives and cannot necessarily be objectively determined, in part because it is a perception and also because judgments about what is important to customers are involved (**Aaker, 1991**). According to **Jovanovich (2005)**, quality is an ever-elaborating perception by the customer of the value provided by a product.

D. Product Innovation

Product innovation creates differentiation, enhances the brand's value proposition, expands usage context, and blocks competitors (**Aaker 1991**). Many organizations are producing products but there is no innovation or modification in these products. **Hamid et al (2012)** maintain that the product, which is modified, can excite and develop market growth. Product innovation affects the demand and supply of existing products. **Ahmed et al., (2022) and Hamid et al (2012)** found

that innovation is a new product or method, that affects the supply of preceding products.

3. Statement of the Problem

Ethiopia has been exporting crust hide skin for a long period of time and now the government gives special attention to the value adding process in the production of semi-finished and finished leather products. Accordingly, finished leather products are available in domestic market more than before, on a wide range of choice and style, but the perception of consumers on the quality of leather products nowadays remain unknown (Moges, (2020). Domestic shoes markets have to compete with various shoe imports, and domestic shoe consumers are provided with multiple choice of shoes around the world. As a result, domestic shoes are facing stiff competition from abroad in their home market.

It is noted that the brand awareness of Ethiopian local shoes in the market is declining. This study, therefore, was designed to analyze the determinants of brand awareness of footwear industries. The researchers considered variables of brand perception, advertisement, perceived quality, and product innovation, for analyzing the determinants of brand awareness in the context of Ethiopian domestic leather footwear industry.

4. Need of the Study

This study is essential for leather footwear industry, to understand the brand awareness benefits, determinants and policies. The study's findings would provide crucial information to policymakers to follow and improve the brand awareness policies. In addition to that, it provides a new theoretical framework about brand awareness. Finally, it would also enrich the literature in the area of the study.

5. Objectives of the Study

The study's aim was to identify the determinants, that influence brand awareness in the context of Ethiopian domestic leather footwear industry.

6. Hypotheses of the Study

H₁: Brand perception has significant positive influence on brand awareness.

H₂: Advertising has significant positive influence on brand awareness

H₃: Perceived quality of product has positive significant influence on brand awareness.

H₄: Product innovation has significant positive influence on brand awareness

7. Research Methodology

7.1 Sample Selection

The respondents were selected, based on the Cochran, (1963) formula and 10 marketing managers were interviewed. Convenience sampling was adopted for investigation as a result of the difficulty to determine a clear sampling frame. Sample size determination was used to draw 385 customers.

$$n = \frac{Z^2 pq}{e^2} = \frac{1.96^2 (0.5)(0.5)}{0.05^2} = 385$$

7.2 Sources of Data

The study used both primary and secondary data sources. The primary data were taken from Addis Ababa as most leather footwear industries operate, distribute and sell their products mainly in the same area. Administering structured questionnaires and conducting personal

interviews of marketing managers of leather footwear companies, primary data were collected. Secondary data were collected from books, journals, magazine, websites and other relevant sources.

7.3 Period of the Study

The study was conducted from August 2017 to May 2018.

7.4 Tools used in the Study

Descriptive analysis, correlation and multiple regression models were employed to analyse the data, with the help of SPSS software.

8. Data Analysis

The data obtained from sample customers were analyzed according to the objective of the study. The study used quantitative (regression) analysis and also qualitative analysis (interviews). The statistical method of Pearson Correlation was used to determine the existence of any relationship between the dependent variable and independent variables (**Table-1**). Additionally, regression analysis was conducted to examine which among the four independent variables was the most important to affect brand awareness.

8.1. Coefficient of Multiple Determinations (R^2)

R^2 is the percent of the total variation explained by the regression. According to the **Table-2**, the coefficient of R^2 was 0.495, which implied that there was quite significant explanatory power and also 49.5% variation in the dependent variable was caused by independent variables and the remaining 50.5% was due to unknown variables.

8.2. Test of Significance

The coefficient table revealed which variable was individually the significant predictor

of the dependent variable. Standardized Beta coefficient indicated the contribution of individual variables. The Beta weight is the average amount the brand awareness increases when the independent variable were to increase by one standard (all other independent variables being held constant). As seen from the **Table-3**, the beta value for brand perceptions was 0.584 while the value of “t” was 3.284 and significant at 0.002. This indicated that the largest influence on brand awareness came from brand perception. The Beta value for advertising was 0.082 while the value of “t” was 0.582 and significant at 0.563. The Beta value for perceived quality was 0.398 while the value of “t” was 2.165 and significant at 0.036. The Beta value for product innovation was -0.339 and t value was -1.68 and significant at 0.100. According to **Table-3**, the significant value of brand perception was 0.002, which was less than the p-value of 0.05. Therefore H_1 was accepted, which indicated brand perception to exercise as a significant positive influence on brand awareness of domestic leather footwear. As per the **Table-3**, the significant value of advertising was 0.563, which was greater than the p-value of 0.05. Therefore H_2 was rejected, which indicated advertising to report no significant positive influence on brand awareness of domestic leather footwear. With reference **Table-3** the significant value of perceived quality was 0.036, which was less than the p-value of 0.05. Therefore H_3 was accepted, which indicated perceived quality to enjoy significant positive influence on brand awareness of domestic leather footwear. **Table-3** shows the significant value of product innovation was 0.100, which was greater than the p-value of 0.05. Therefore, H_4 was rejected, which indicated product innovation to exercise no

significant positive influence on brand awareness of domestic leather footwear.

9. Findings of the Study

- ❖ The results have shown that the largest influence on brand awareness came from brand perception, which indicated brand perception to exercise significant positive influence on brand awareness of domestic leather footwear.
- ❖ The result indicated product innovation to have no significant positive influence on brand awareness of domestic leather footwear.
- ❖ From the data obtained from the interview, all interviewees agreed that majority of customers knew the corporate brand name rather than the specific product brand name.

10. Suggestions

Leather footwear manufacturers should work to maintain the quality of their product. The Government of Ethiopia also needs to work in coordination with its manufacturers, to improve the consumer perception of domestically produced products, by using public media and regulating imported goods.

11. Conclusion

The study was designed to determine the brand awareness of domestic leather footwear, with four independent variables. The first variable was brand perception and results indicated that exercised significant impact on consumer awareness. Since consumers use perceived attributes in the decision-making process, customers perceive domestically produced products to enjoy low attributes like quality, style, design, fashion, and price. Especially they perceived domestically produced products to be old fashioned and outdated and

high in price. Another variable that exercised significant positive influence on brand awareness, was perceived quality, which helped in making brand choices. Consumers strongly believed in the quality of domestically produced leather footwear but what made them to shy away from this product was its price. Other variables proposed by the researchers, were advertising and product innovation. The results revealed that their impact was not significant to influence brand awareness of domestic leather footwear.

To create, maintain, and be aware of the brand, it is better to know what determines it. Based on the findings, the Researchers put forward the following suggestion. The two factors, that could affect brand awareness, were perception and perceived quality. There are different dimensions influencing consumers' brand perception of domestic leather footwear and they value different dimensions such as price while purchasing domestic leather footwear. In addition to that, manufacturers should take into account consumer perception of their product in their brand management, which includes setting affordable prices without affecting quality because the customers should feel confident about the quality of domestically produced leather footwear.

12. Limitation of the Study

As clearly addressed, the study was an explorative and descriptive study. With limited sample size and restricted area of the study, it may limit its capacity for generalization.

13. Scope for Further Research

The current study covered selected companies in Addis Ababa, Ethiopia. Future studies may focus on extending the areas of research and increase the sample size. It may

also take into consideration the moderation effect of other variables.

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Table-1: Results of Correlation Matrix of Determinants of Brand Awareness of Ethiopian Domestic Leather

| | Brand Awareness | Brand Perception | Advertising | Perceived Quality | Product Innovation |
|--------------------|-----------------|------------------|-------------|-------------------|--------------------|
| Brand Awareness | 1.000 | | | | |
| Brand Perception | 0.654 | 1.000 | | | |
| Advertising | 0.471 | 0.607 | 1.000 | | |
| Perceived Quality | 0.594 | 0.712 | 0.601 | 1.000 | |
| Product Innovation | 0.479 | 0.775 | 0.604 | 0.794 | 1.00 |

Source: Primary data computed using SPSS

Table-2: Results of Model Summary of Determinants of Brand Awareness of Ethiopian Domestic Leather

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|--------------------|----------|-------------------|----------------------------|
| 1 | 0.703 ^a | 0.495 | 0.450 | 0.47040 |

a. Predictors: (Constant), Product Innovation, Advertising Perception, Quality

Source: Primary data computed using SPSS

Table-3: Results of Coefficients of Determinants of Brand Awareness of Ethiopian Domestic Leather

| Model | | Unstandardized Coefficients | | Standardized Coefficients | T | Sig. |
|-------|--------------------|-----------------------------|------------|---------------------------|--------|-------|
| | | B | Std. Error | Beta | | |
| | (Constant) | 0.828 | 0.393 | | 2.108 | 0.04 |
| | Perception | 0.556 | 0.169 | 0.584 | 3.284 | 0.002 |
| | Advertising | 0.086 | 0.148 | 0.082 | 0.582 | 0.563 |
| | Quality | 0.377 | 0.174 | 0.398 | 2.165 | 0.036 |
| | Product Innovation | -0.289 | 0.172 | -0.339 | -1.680 | 0.100 |

^a Dependent Variable: Awareness

Source: Primary data computed using SPSS