

Factors Influencing the Brand Equity of Non-Profit Organizations (NPO)

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Article Info

Volume 83

Page Number: 11431 - 11436

Publication Issue:

March - April 2020

Abstract

NPO has shown to be increasing gradually in the recent years in Malaysia. Due to the advent of social media, there are more NPOs from other countries with different kind of causes. Those NPO that are established locally in Malaysia, not only have to compete among them but also now have to compete with the global NPO for the scarce resources such as donations and human powers. Therefore, the competition of the non-profit sector in Malaysia is getting more intensive. Hence, many NPO started to realize the importance of having positive perceived brand equity to differentiate from the others of the same nature, while able to receive continuous support from the donors or supporters. Hence, this study intend to examine the relationship between four independent variables which are social media's brand messages, brand identity, brand knowledge and event marketing and the dependent variable namely brand equity of NPO. The data for this study were analysed based on the questionnaires answered by 300 respondents. The gathered data were analysed for normality test and followed by correlation analysis. Due to the data were not distributed normally, the correlation analysis were done using Spearman's Rank Correlation Coefficient. The results from this correlation revealed that all the independent variables (social media's brand messages, brand identity, brand knowledge and event marketing) have a positive influence towards brand equity. Therefore, NPOs should focus on these factors as well in promoting their respective organizations.

Article History

Article Received: 24 July 2019

Revised: 12 September 2019

Accepted: 15 February 2020

Publication: 16 April 2020

Keywords: Brand equity, non-profit organizations, consumers, funds, correlation, brand knowledge, brand identity, social media, event marketing

1. Introduction

Non-profit organizations (NPO) are organizations that help individuals in needs and can be mutual benefit organizations like social clubs, labour union or trade associations [1]. NPO has grown in number because NPO contributed benefits to the society ranged from legal, political and economic and narrowed to individual like entertainment and healthcare [2]. According to the statistics of Registry of Societies Malaysia, NPO in Malaysia is increasing yearly [3]. The total registration of NPO in Malaysia for 2014 was 8,259 while in 2016, the total registration of NPO in Malaysia has increased to 10,532 (Registration of Societies, 2017). The increase in

numbers of NPO benefits the society but concurrently has increased the competition among NPOs for similar resources from the public [4]. As the competition getting intense, the organizations require positive brand equity to attract individuals because positive brand equity has positive consumer brand behaviour [5].

From the perspective of NPO, brand equity construct developed by Faircloth [6] adapted from Keller's customer-based brand equity approach helps to identify factors that will help NPO to get continuous support from the public in term of volunteering time and donations. Keller [7] conceptualizes that a strong brand equity of firms will not only help firms bring in profits but also increased brand loyalty, willing to pay premium prices,

positive brand attitudes etc. Moreover, the customers-based brand equity is built from organization's brand marketing and branding efforts [7]. There are few factors which impact the brand equity.

According to Schivinski and Dabrowski[8], social media has introduced a new channel of brand communication. Neti[9] and Hutter et al., [10] pointed out that social media brand communication is a strategic and systematic process that can help to increase company's reputation and brand awareness among consumers. This eventually will lead to positive brand image in consumers' memory and lead to high brand equity [11]. Seimiene[12] stated that brand identity shapes the perception of brand personality. Brand personality or also known as visual identity is built by the manipulation of brand name and other features such as symbols, signs, logos and imagery [13]. Moreover, brand identity can be chosen to both enhance brand awareness and facilitate the formation of strong, favourable, and unique brand associations [14]. Often, a brand name is perceived as the most seen information by consumers [15] and is the foundation for brand awareness and communication [16] as brand name helps to increase awareness and create desired image for the particular brand. On the other hand, Miller and Washington [17] argued that events can create more meaningful experiences with the consumer compared to broadcast mass media to build brand equity. Consumers that have interaction with the events organized by firms may result in memorable brand experiences and the event organizers began to refer event marketing to experiential marketing [18]. Besides, consumers select a brand based on the levels of sufficient knowledge towards the brand in order to reduce the risk of dissatisfaction [19]. This proved that brand knowledge has influences towards the customer's intention to purchase [20]. Based on past researches, it is clearly shown that if NPO manages marketing and branding efforts well, NPO will have a higher chance to compete for scarce resources in terms of volunteers and donations. Aaker and Keller [5] have demonstrated that brand equity is important for NPO to compete in public. Thus, this research aimed to investigate the factors affecting the brand equity of NPO which comprised of brand awareness, brand image and brand personality, adapted from both Aaker [21] and Keller [7] models.

2. Methodology

2.1 Research Type

To understand how the consumers in the market respond to the factors affecting the brand equity of NPO, this research collected the data by using quantitative method through questionnaires distribution. The reason for using quantitative method is because the quantitative method can generate credibility and reliability numerical result from large sample size [22]. Moreover, quantitative method with large data amount can easily be managed using computer software and the data can analyse the

relationship between independent variable and dependent or outcome variable within a population.

2.2 Research Location

The research is conducted at Klang Valley, Malaysia. The reason to select the mentioned area as research location is because the particular area has high amount of human traffic. In addition, Klang Valley has one fifth of the population in Malaysia and is considered as highest population area in Malaysia [23]. Besides that, Klang Valley is the commercial centre for Malaysia and assumed to be the focus for NPO to get resources such as funds and volunteers.

2.3 Population and Sample

According to the department of statistic Malaysia [24], the total population in Malaysia is around 31.7 million people and the total population in Klang Valley is approximately 8.09 million people. Based on sample size calculator, for 8.09 million population, the recommended sample size is 385 respondents with a 95% of confidence level. However, this study only took 300 respondents as sample size. The targeted respondents for this study are individuals that are aware of Worldwide Fund for Nature (WWF). The reason for WWF to be chosen as the NPO for this study is because WWF has been established since 1961. Thus, it is considered as one of the most established NPO brands with more than 50 years of experience [25]. The sampling method used was convenience sampling, in which the questionnaires were distributed through online since the completed questionnaire can be collected quickly and efficiently within the time constraint (Saunders et al., 2009).

2.4 Data Collection

This study collected both primary data and secondary data. The primary data is collected from the self-administered questionnaire [26,27,28]. Questionnaires are distributed to target respondents manually and the respondents are provided with sufficient time to answer the questionnaires individually [26,29,30,31]. For the secondary data, the data is gathered from the previous researches and other sources such as research articles, journal articles, e-books, and other resources from the internet [32]. The secondary data collected helps to provide a brief idea and guideline in conducting this research as well as designing statements for questionnaires.

2.5 Data Analysis

Following data being gathered, it is examined and analyzed via IBM SPSS version 20 to transform the gathered data into useful information. For the hypothesis testing, data normality analyses and Spearman's Rank Correlation Coefficient is used to further analyze the data.

3. Results and Discussion

3.1 Data Normality Analyses

The test result of Z-scores for both Skewness and Kurtosis for all the variables are shown in Table 1. The Z-scores are obtained from values of Skewness and Kurtosis after dividing the respective standard error [33]. In this study, z-score = ± 2.576 was used as the value which determine the data was normally distributed within 99% confidence level. Wider range of standardise scores were included because the collected data of social science studies have tendency in skewed. The Z-score of skewness of social media's brand messages influencing on brand equity of WWF is -0.780 and the Z-score of the kurtosis is 2.341. Both results shown are within ± 2.576 , this means that it is normally distributed. For the brand identity influencing brand equity of WWF, the z-score of the skewness is -0.624 and z-score of kurtosis is 0.348. This also indicated that this variable is normally distributed. In addition, the z-score of the skewness of brand knowledge influencing brand equity of WWF is -3.000 and the z-score of the kurtosis is -1.149. For this variable, the z-score of kurtosis is within the range of ± 2.576 . However, the z-score of skewness slightly exceed the range, stating that this variable is not normally distributed. For event marketing, the z-score of skewness is -3.184, and z-score of kurtosis is -0.355. For this variable, the z-score of kurtosis again is within the range of ± 2.576 . Nevertheless, the z-score of skewness exceeded the range with value of -3.184, which means that this variable is not normally distributed. Lastly, the data analysis for dependent variable which is the brand equity of non-profit organisation, the value of skewness and kurtosis are -4.468 and 4.487 respectively. As both values of z-score are not within ± 2.576 , it signifies that for this dependent variable, the data is not normally distributed.

Table 1: Z-Score of Skewness and Kurtosis for Independent and Dependent Variables

Variables	Z-score of Skewness	Z- score of Kurtosis
Social Media's Brand Messages	-0.780	2.341
Brand Identity	-0.624	0.348
Brand Knowledge	-3.00	-1.149
Event Marketing	-3.184	-0.355
Brand Equity	-4.468	4.487

As the outcome for the normality test shown that only two of the independent variables are normally distributed while the other two independent and dependent variables are not normally distributed, it is deduced that the overall data collected is not normally distributed. Hence, the use of Spearman's Rank Correlation Coefficient is most suitable for this study.

3.2 Spearman's Rank Correlation

The results of Spearman's Rank Correlation Coefficient test for all the independent variables are shown as Table 2. Based on Table 2, the coefficient of Spearman's Rank Correlation analysis of social media's brand messages and brand equity is 0.506 with the significance level 0.000. This result is within $0.40 < r < 0.59$, hence, it is a significance moderate correlation between social media and brand equity. Besides that, the p- value is smaller than 0.01 ($p < 0.01$). This stated that the correlation of social media's brand message and brand equity is significant at 0.01 level. Thus, there is a significance relationship between social media's brand messages and brand equity of NPOs.

For the relationship of brand identity towards brand equity of non-profit organisations, the results generated by SPSS revealed there is a moderate correlation relationship ($r = 0.555$ with 0.000 significance level). In addition, the p-value is below 0.01 ($p < 0.01$), the correlation of brand identity and brand equity is significant at 0.01 level. Therefore, it is proven, that there is a significant relationship between brand identity and brand equity of non-profit organisations.

With reference to Table 2 as well, the Spearman's Rank Correlation of brand knowledge and brand equity of NPO (WWF) is 0.564 with significant level of 0.000. The results of the p- value is shown that it is below 0.01 ($p < 0.01$). Thus, the correlation of brand knowledge and brand equity is significant at 0.01 level. In general, there is a significant relationship between brand knowledge and brand equity of NPO.

The Spearman's Rank Correlation of event marketing and brand equity of NPO (WWF) is 0.569 with significant level of 0.000. When the r value falls in between of 0.40 and 0.59, this indicates there is a moderate relationship between event marketing and brand equity of NPO. Furthermore, the p- value shows that it is less than 0.01 ($p < 0.01$). Thus, the correlation of event marketing and brand equity is significant at 0.01 level. In other words, there is a significant relationship between event marketing and brand equity of NPO.

Table 2: Test Results of Spearman's Rank Correlation Coefficient for the variables

		Social Media's Brand Messages	Brand Identity	Brand Knowledge	Event Marketing	Brand Equity
Social Media's Brand Messages	Correlation Coefficient	1.000	0.558**	0.435**	0.455**	0.506**
	Sig. (2- tailed)	-	0.000	0.000	0.000	0.000
	N	300	300	300	300	

						300
Brand Identity	Correlation Coefficient Sig. (2- tailed) N	0.558** 0.000 300	1.000 - 300	0.672** 0.000 300	0.526** 0.000 300	0.555** 0.000 300
Brand Knowledge	Correlation Coefficient Sig. (2- tailed) N	0.435** 0.000 300	0.672** 0.000 300	1.000 - 300	0.633** 0.000 300	0.564** 0.000 300
Event Marketing	Correlation Coefficient Sig. (2- tailed) N	0.455** 0.000 300	0.526** 0.000 300	0.633** 0.000 300	1.000 - 300	0.569** 0.000 300
Brand Equity	Correlation Coefficient Sig. (2- tailed) N	0.506** 0.000 300	0.555** 0.000 300	0.564** 0.000 300	0.569** 0.000 300	1.000 - 300

Note: ** Correlation is significant at the 0.01 level (2-tailed)

3.3 Overall Discussion

3.3.1 Social Media's Brand Messages and Brand Equity of NPO

This study shows that social media's brand messages are positively related to brand equity of non-profit organisations ($r=0.506$). In other words, the brand equity of non-profit organisations will be affected by the social media's brand messages. Social media as an integrated marketing medium offers customers or users a user-friendly and engaging two ways communications to engage with the brand itself and with other users. In addition, as stated by Bruhn et al. [34] that social media's brand messages have an important role in influencing brand image, where brand image is one of the dimension of brand equity. Hence, the contents of the social media's brand messages are critical in shaping brand image and building brand equity.

The previous researches and this research stated that there is a positive association between social media's brand message and brand equity [8,35,36]. However, there is one distinctive difference between the previous researches and this study. The previous researches are mostly reflected in the luxury fashion sector that involved profit-organisations, meanwhile this research studies in the non-profit sector. For-profit brands always have the marketing budget allocated to social media marketing and hence, they could hire skilled and knowledgeable personnel in charge for managing social media. Nevertheless, for NPO, the challenges are always resources which include difficulty in hiring the right and skilled personnel in charge for social media and or having budget for making a considerable good social media marketing campaign. Therefore, some of the NPOs might be face problems of not having a constant update of social media, seldom post multimedia files such as videos as they might lack of resources in producing one, press

releases or summaries of their campaigns, while these items would help detailing the successes of the NPO [37].

3.3.2 Brand Identity and Brand Equity of NPO

This study shows that brand identity is positively related to brand equity of non-profit organisations. A well-defined brand identity helps to create a relationship between the brand and the customers through brand values proposition [38]. These brand values create an emotional feeling to the customers which helps to differentiate the brand from competitors and improve customer brand loyalty, trust and commitment [39], where brand loyalty is one of the dimension under brand equity. This is especially important for NPO that need trust and loyal support from the supporters and donors. Furthermore, as stated by Sääksjärvi & Samiee [40], that brand identity represents how organizations seek to be perceived while brand image refers to how they are perceived by consumers. Consumers will then interpret the organization's identity and translate it into perceived image which lead to brand preferences (high brand equity).

3.3.3 Brand Knowledge and Brand Equity of NPO

Findings from this study prove that brand equity of NPO will be affected by the brand knowledge. This is because brand knowledge consists of brand awareness and brand image. With brand awareness and brand image, brand knowledge considers as traditional dimension of the brand equity [7]. Brand knowledge not only is about recalling the brand but also related to the depth of understanding towards the brand. Hence, brand knowledge is one of the important assets or a critical dimension towards brand equity that a NPO must hold to increase the brand equity and position the NPO into a

level that able to secure the scarce resources provider like donors and volunteers.

3.3.4 Event Marketing and Brand Equity of NPO

This study showed that brand event marketing is positively related to brand equity of NPO. Event marketing is a way to interact with the consumers and creating experience which create deeper and meaningful brand messages. Zarantonello and Schmitt [18] proved that event marketing has direct relationship towards the brand equity. Event marketing helps to create a real, memorable and personal experience for supporters that joined the events organized by the NPO. The main reason that NPO organises events are mainly for the society welfare and highly focus on creating emotion feeling to everyone that participated [41]. These emotional attachments will lead to changes or influences towards the positive brand attitude of the participants and might help to increase brand equity. Moreover, Gupta [42] mentioned that event marketing is very valuable especially in generating public brand awareness and shaping the brand image for the organizations, the awareness and image effort can lead to the increase of the brand equity.

4. Conclusion

In conclusion, social media's brand messages, brand identity, brand knowledge, and event marketing demonstrated moderate associations with the brand equity of NPO empirically. This indicated that strategic brand management plays a significant role in positioning the NPO and breaking the clutter of branding activities among the NPOs. In turn, these branding activities could help the NPO to gather more donations from the target audiences. From the branding perspective, this study has validated that the mutual cause can be branded and increased the NPO's brand recognition among targeted stakeholders. Nonetheless, WWF is a long established NPO in Malaysia. Perhaps the future studies may investigate the influences of branding upon new NPO and the conversion of brand recognition into stakeholders' behaviours, which are donating their resources to NPOs or be the volunteers of NPOs.

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