UNDERSTANDING THE ROLE OF ADVERTISING IN BUILDING BRAND AWARENESS

VERSUS BRAND LOYALTY: A CASE STUDY

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Understanding the Role of Advertising in Building Brand Awareness versus Brand Loyalty: A Case Study

**Introduction**

The advent of the Internet and electronic commerce accelerated the process of globalization making it possible for consumers in the current digital age to have access to numerous global goods and services. Because of the advances in technology, firms are now able to produce products and services in accordance with customer requirements. As Jones and Slater (2003) explain, a brand allows enterprises to exploit its competencies and distinctive organizational structures to have a place in the hearts and minds of consumers. Tellis and Ambler (2007) define a brand as a name, symbol, sign, features or a term that identify and distinguish the service/product offerings of a firm from others. In this regard, the product is perceived to offer only functional benefits while the brand offers both functional and emotional benefits, which result in satisfaction. The competitive nature of the contemporary business environment has compelled businesses to adopt more aggressive branding strategies with the aim of building and sustaining a loyal customer base. This has resulted in firms spending huge sums of money on promotional activities especially advertising. Its main objective is informing consumers about the existing and new products and services that the company is offering. With an increase in media proliferation, it is becoming challenging for businesses to choose the most ideal form of advertising to get consumers’ attention. An assumption in literature is that a brand that is favorable positively impacts the consumer behavior; however, the challenge is coming up with an effective advertising strategy that guarantees returns on investments. To this end, this study seeks to explore the impacts of advertising spending and types of advertising on brand
loyalty. Can advertising spending and type of advertising be used to increase brand loyalty and awareness?

**Key Research Questions**

1. How does advertising spending relate to brand awareness and brand loyalty?
2. What is the impact of the type of advertising on brand awareness and brand loyalty?
3. Which is more significant in increasing brand awareness and brand loyalty: type of advertisement or advertisement spending?

**Statement of the Problem**

The importance of advertising in increasing brand awareness and loyalty has been emphasized in literature (Tellis & Ambler 2007; Jones & Slater 2003). This has resulted in several companies investing huge amounts in advertising in order to increase brand loyalty and awareness. However, little emphasis has been placed on how the various aspects of advertising, especially type of advertising and advertising spending, have on them. Rather than drawing on the general assumption that advertising contributes to brand awareness and loyalty, there is the need to explore how various aspects of advertising can be exploited to achieve optimal brand awareness and loyalty. To this end, this study seeks to fill this gap in literature by investigating the impacts of advertising spending and type of advertising on brand loyalty and awareness.

**Proposed Methods**

The proposed study is quantitative in nature and will involve exploring the relationship between advertising spending and type of advertising and brand loyalty and awareness. The research design for this study will be based on primary data collected using the survey research strategy executed using the questionnaire. Random sampling will be used to gather data from customers of departmental stores in the capital of Saudi Arabia. A sample size of 100 customers
will be used because of a relatively small margin of an error (0.0978); this is sufficient to
overcome the issue of results generalizability (Moorthy & Zhao 2000; Kirmani & Wright 1989).
The independent variables in the study will be the advertising spending and type of advertising.
Advertising spending will be measured as a consumer’s perception regarding the frequency of
advertising as well as expenditure; this will rely on consumer’s perceptions regarding the
advertising expenditure measured using a three-point Likert scale with 1 indicating low and 3
indicating high. The types of advertising will draw upon the model discussed by Tellis and
Ambler (2007) which includes television advertising, infomercials, radio advertising, online
advertisements, press advertisements, billboard advertisements, in-store advertising, and
celebrity branding. Brand loyalty is a consumer’s preference for a particular brand to other
brands in the given product category whereas brand awareness is the level of recognition of the
brand among potential consumers. It is measured by quantitative research of the target market
and the number of potential customers aware of the brand. Data analysis will mainly involve the
use of correlation statistics to determine how advertising spending is related to brand loyalty and
brand awareness. In addition, a regression model will be developed for both brand loyalty and
brand awareness to explore the interrelationship between these variables.
Reference List


