

Developmental Paper

Brand equity of non-profit organisations: conceptualizing customer based brand equity of Chinese non-profit organisations.

Summary (130)

It has been emphasised that brand equity and its formation is important for profit organisations as it is considered an influential communication method to stakeholders. However, its' importance has not been fully appreciated for non-profit organisations. Despite brand equity models that have been developed and introduced by (Aaker, 1991 and Keller, 2003) and measured by (Faircloth, 2005; Christodoulides and Chernatony, 2010) in the western world, there is still a limited understanding about NPOs' brand equity in the eastern context. The present paper aims to develop a brand equity model for NPOs by focusing on China and the eastern context which have been overlooked and have a great potential to offer novel insides to the theory in the literature (Fish, 1998 and Hou et al., 2009). This developmental paper proposed to develop a brand equity model by adopting mix methodology approach.

Key words: brand equity, non-profit organisation, China

Track: Marketing and Retail

Back ground

Branding has been studied extensively in the context of for profit organisations compared to the studies of branding for (non-profit organisation) NPOs which have gained limited attention to date from scholars (Hankinson, 2000; Napoli, 2006; Laidler-Kylander and Simonin, 2009). On the other hand, branding has also been paid most attention in the western world compared to the eastern world (Hou et al., 2009). This research focuses on China as it has a recent economic development that has influenced the China's current social environment, behaviours' of consumers and the formation of non-profit organisations and triggered their numbers enormously (Spires, 2011). In addition, China's complex political system and distinct societal and cultural values may also influence brand equities of NPOs. Therefore, this research aims to investigate the conceptualisation of brand equity for NPO in China.

This paper aims to fill the research gaps and to contribute marketing strategies for non-profit organisations in China.

Consumer based brand equity

Winters (1991: 70) stated that 'if you ask ten people to define brand equity, you are likely to hear very different answers as to what it means'. It is difficult to define and conceptualise brand equity due to a lack of consensus and varying approaches; many researchers has tried to define from organisation point of view (Christodoulides and Chernatony, 2010). However, in the literature brand value and its beneficiaries have been viewed as individual customers as well as organisations, Aaker's (1991:15) definition of brand equity as 'a set of assets and liabilities linked to a brand, its name and symbol, that add to or subtract from the value provided by a product or service to a firm and/or that firm's customers'. On the other hand, consumer based brand equity has been defined from consumer psychology perspective as 'the differential effect of brand knowledge on consumer response to the marketing of the brand'

(Keller 1993:2). According to Erdem et al. (2006), brand names play an important role as signals to consumers. A brand signal reflects the past and present of brand's marketing activities. Weak and unbalanced market information creates uncertainty in consumers' minds in contrast, a credible brand signal provides consumer value by reducing perceived risk, reducing information search costs, and creating favourable attribute perceptions (Erdem and Swait, 1998).

For profit versus non-profit

Non-profit organisations are critical players in help to address societal and ethical development and a wide variety of awareness throughout the world. They have grown significantly not only in numbers, but in terms of influence and visibility (McGann and Johnstone, 2006). Increasingly, NPOs have agreed that they rely on their brands for funding, recruit volunteers, gain social support, and positioning the organization for potential partnerships (Quelch and Laidler-Kylander, 2005). Academic researchers have also emphasized the importance of the branding in the non-profit organisation. Naddaff (2004) suggests that branding has emerged as an "essential tool for the non-profit organization.

However, Branding has been studied extensively in the context of for profit organisations, whereas for NPO, research focus on branding has been overlooked (Hankinson, 2000; Laidler-Kylander and Simonin, 2009; Hou et al., 2009). Chiagouris (2005) believes that 'a compelling brand image is more important to non-profits than commercial sector companies' Since with no product or service to sell NPOs would be more reliant on their brands than the companies in the commercial sectors.

Western versus East context

Non-profit organisation type is a new concept for Chinese society, only in last decades; the non-profit organisations have been raised and flourished as a result of Chinese social reform taking place. Between 1988 and 2013, the number of registered NPOs had increased over 100 times, from just 4,446 in 1988 to 506,173 in 2013 (Ministry of Civil Affairs. 1990-2012).

Up to date the majority of academic studies on the subject of NPOs' branding were conducted in the western context, where NPOs have developed skills in brand communication and formation. However, there is no research conducted in the eastern context, specifically in China (Hou et al., 2009). China has one of the world's oldest cultures, dating thousands of years old with customs and traditions varying. It is huge and holds a record of fastest-growing economies, has been seeing is the super power in the east. However, this comparatively new organisation type 'Non-profit' has been influenced by Chinese culture and economic developments but there is a limited understanding of how the concept of branding is employed as an effective communication tool and what brand equity is consist of in China.

There is a significant imbalance power between small size NPOs and big well known NPOs that are often supported by the government. Small non-profit organisations have many difficulties to generate enough donations, 85% existing donor resources are occupied by only 7% of NPOs, which holding support from the government by Chen et al., (2007). This is one situation that demonstrates the inequalities of distribution of donations in China. Furthermore, large and well known NPOs did not have much difficulties to receive the donations until 2011, due to a series of the notorious scandals in 2011, China's famous NPOs have struggled to rebuild their reputations and regain public trust ever since. Accusations of

corruption and misuse of donated funds in NPOs have driven away individual's trust in non-profit. A lack of transparency and supervision inevitably damaged NPO's brand image and accountability.

In addition, China's complex political system and distinct societal and cultural values may also influence brand equities of NPOs. Therefore, this research aims to investigate the conceptualisation of brand equity for NPOs in China.

Brand equity model for international NPOs

The different natures between NPOs and for profit organisations suggest that they have the potential to build brand equity differently (Richie, Swami and Weinberg 1999). Laidler-Kylander and Simonin developed the latest and only brand equity model specifically for NPOs. The model variables include: Trust, Focus, Consistency, and Partnership (Laidler-Kylander and Simonin, 2009). Their data from four big international NPOs, which are all large international organizations, Anglo-Saxon in origin, well-known, and broad based (being active in development, relief and advocacy). This model was built based on internal knowledge of the organisation, it is not a customer based or donor based brand equity model. In addition, this model did not fully satisfy the brand equity formation efforts of domestic NPOs in China.

Aaker's brand equity models

Aaker (1991) identifies the following five components of brand equity: 1) brand awareness; 2) brand associations; 3) perceived quality; 4) brand loyalty; 5) other proprietary assets such as patents, trademarks, and channel relationships. This model is one of the first introduced brand equity concept, which showed the link between brand equity components and future brand performance. This model pointed out that the brand equity able to "added value" for brand, but it did not clarify "added value" for the company or for the customer. A number of researchers tested Aaker's brand equity model in different context and problems have been reported with regard to the concepts or measurements that are unrelated of this conceptualisation, particularly in so far as awareness fails to discriminate with associations (Kim and Hyun, 2011).

To advance the Aaker's model, Keller introduced the new concept of customer-based brand equity and the brand hierarchy (Keller, 2003).

Brand Resonance Model



Source: Keller 2003

Both Aaker and Keller's brand equity models are customer oriented and emphasize the importance of brand awareness and associations and both conceptualizations are grounded in a cognitive-psychology approach. Customer-based brand equity framework of Keller is based on a more detailed conceptual foundation. A much stronger focus on consumers and their brand knowledge structures can be seen in customer-based brand equity model when compared to Aaker's model. Both models have been largely applied within for profit organizations researches. Subsequently, In order to be able to make valuable recommendations to managers on how to manage their brand equity, or study its constituent components, we need to generate a better understanding of the configuration of brand equity in disparate cultural contexts and distinct product categories (Christodoulides et al., 2015).

Building customer-based brand equity has been defined by Keller (2016) in terms of three activities:

- Choosing brand identities or elements.
- Designing and implementing marketing activities themselves.
- Leveraging secondary associations by linking the brand to some other entity; a person, place or thing.

This framework based on this definition of Keller. This study will seek evidence through qualitative data collection of brand equity dimensions of non-profit organisations in Chinese context in relation to each point highlighted in the definition. After all, non-profit brand equity model in Chinese context will be built in light of these dimensions. It is evident that donors' perceptions toward non-profit organisations are different than the donors in the west thus; these differences in perception of donors need an investigation (Hou et al., 2009).

Research Objectives

To identify the dimensions of brand equity for Non-profit organisations (NPO) in Chinese context

To consider the donors' perceptions towards non-profit brands in China

Methodology

A brand can be understood from both an internal (organisation) and external (consumer) perspective (Anana and Nique, 2010:7). This study aims to generate a greater understanding of the brand equity of NPOs in China from the perspective of external stakeholders. Therefore, focus groups have been formed from the external branding audience to generate initially views about NPOs brand in China. Focus group discussions are considered an appropriate method by a number of researchers (Bell, 1993; Gillham, 2005). Additionally, Barbour (2007) suggested that focus groups can be used to explore people's perspectives and viewpoints about the research problem which is under investigation. Focus group method is selected for the first qualitative phase one of the study. The second phase is quantitative.

The focus group will be formed by age scales: 18-24, 25-35, 36-46, 47+. The rationale behind chosen sample age groups represent diverse characteristics to provide distinctive perspectives based on their demographics; age, income level and education level, and life style and social interactions.

18-24 age groups, in general, are the youngest in the society who is mainly dependent on their families and have more spare time, who are also most involved in social media and the group receive the most peer pressure.

25-35 age groups is young professionals who contribute China's economical and social development, who are more liberated and independent economically, concern public affairs and has global vision.

36-46 age groups are mature professionals and family oriented. They are also financially secured and care more about societal values and wellbeing. In addition, as parents, they are very much focus on social stability and education affairs

47+ age group tend to be more conservative, value Chinese tradition, scrimp and save, obey authorities. They pay close attention to social movement but tend to involve less and care about their wellbeing and health issues.

Through the discussions within these focus groups, the genuine perspectives from each age group towards today China's NPOs branding expected to appear.

In this study 2 pilot focus group and 8 focus group discussions will be conducted each lasting 1 hour.

After reviewing the sampling literature non-probability purposive sampling appeared to be a suitable technique to develop the sampling framework (Alston and Bowles 2007; Daymon and Holloway, 2011). It is because, purposive sampling, selects the sample for a specific purpose (Alston and Bowles 2007). Daymon and Holloway (2011) stated that qualitative researchers tend to select a purposive sample technique as the aim is not to achieve generalisations to the population but to gain an understanding of a particular phenomenon from the perspective of specific groups of individuals.

This approach will provide a general understanding of donors' perception about NPOs' brand equity and their distribution within Chinese society. In addition, this understanding is helpful for the second phase of data collection which is quantitative survey. Second phase will be quantitative, it will test the brand equity model dimensions that have generated from qualitative research phase and data collection method is surveys through probability sampling.

Data Analysis

Thematic analysis method is considered appropriate for exploratory research (Roper and Shah 2007), can reveal sought-opinions and experience of participants (Paskins et al., 2010) and identify feelings, perceptions and relationships (Bird et al., 2009). Thematic analysis is the process of encoding data that uses “categorising or the comparing and contrasting of units and categories of the collected data to produce conceptual understandings of experiences and/or phenomena that are ultimately constructed into larger themes’ (Butler-Kisber, 2010:47 The variables found from the qualitative data collections will be compared and contrast with the existing consumer based brand equity models of Keller and Keller’s model will be tested by selected antecedents and consequences in non-profit organisation context in China to capture proposed brand equity model for NPOs.

Initial Findings and Proposed Model

From the two pilot focus group discussions has been conducted (aged groups 36-46 and 47+) in Shanxi province of China in August, 2015, after data reduction, two initial dimensions have been identified in brand equity formation of NPOs in China through thematic analysis. These are leadership and independence.

Initial Dimensions Table from Two Pilot Focus Group Discussions

Dimensions	Main Themes	Sub-Themes	Open codes	Age Groups
Leadership	Quality	Capability	Understanding needs Visionary Knowledge Dedication Motivated	36-46 (8 participants)
		Character	Open Honest Positive Strong will	47+ (8 participants)
		Evidence	Professions Abroad experience Role Model Esteem Pay level Personal	

Independence	Impact	Inner influence	Legal status Autonomy Structure Size Support target	36-46 (8 participants) 47+
		Outsider influence	Source of fundraising Relationship with local government Relationship with sponsor Partner	(8 participants)

Contributions

This study aims to contribute to the theory of brand equity by identifying the culturally determined dimensions in non-profit organisation in Chinese context. This will provide a wider vision and understanding of how brands can be built and make a strong stance in the eastern world. This study also will contribute to the effort of application of consumer based brand equity into the context of NPOs. On the other hand, practitioners and brand managers can gain a better understanding of their brand and can assess their own brand value, strength and performance. A non-profit organization would desire its brand to be well known to target groups of managerial importance (Wymer et al., 2015). Therefore, this study would support brand communication to the stakeholders in Chinese context. They can also develop better strategies to improve the impact of their brand in their society that serves the aim of their organisational objectives that can play a critical role by addressing important societal developments and awareness.

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