Brand Equity and Competitive Advantage in Alcoholic Beverage Products

Abstract

In the face of growing competition in modern business environment as a result of globalisation and development in information and communication technology, firms are required to gain and sustain competitive advantage. This study therefore investigates the effect of brand equity on competitive advantage in alcoholic beverage products in Kabale District Uganda. Specifically, the study sought to determine the effect of brand awareness, brand association, brand loyalty, perceived quality, and other proprietary brand assets on competitive advantage in alcoholic beverage products and producers in Kabale District Uganda, by evaluating responses obtained through questionnaires using descriptive analysis and multiple regression analysis. From analysis of respondents, the percentage of targeted respondents that actually responded to the questionnaire was 96%. From the preliminary analysis conducted in the study, majority of respondents in this study have the following attributes, (i) diploma level education, (ii) are males, (iii) aged between 36-45 years, and (iv) prefer Nile lager beer. The data approximates normal distribution, with absence of multicollinearity. The results of the multiple regression model estimated to determine the effect of brand equity on competitive advantage in alcoholic beer products in Kabale District Uganda suggest that that brand equity has significant effect on competitive advantage among alcoholic beverages products and producers in Kabale District Uganda. This is evident in the statistical significance of the brand awareness, brand loyalty, and perceived quality variables at the 5% significant. We conclude that brand equity has positive and significant predictive effect on competitive advantage. Hence, firms could enhance competitive advantage by paying attention to brand equity variables. We therefore recommend, amongst others, that that brand managers should prioritise brand equity as a strategy to attract and sustain competitive advantage.

Keywords: brand equity; competitive advantage; alcoholic beverages; Uganda
1 Introduction

Brands have the remarkable capacity to impact the way people perceive products. Consumers rarely just see a product or service; they see the product together with the brand. As a result, how they perceive the product is shaped by the brand. Ancient history provides evidence of the importance of brands and in those days, names were put on such goods as bricks in order to identify their maker (Farquhar, 1989). It is also known that trade guilds in medieval Europe used trademarks to assure the customer and provide legal protection to the producer. Since the earliest times producers of goods have used their brands to distinguish their products and therefore pride in their products has no doubt played a part in this and more particularly, by identifying their products, they have provided purchasers with a means of recognizing and specifying them should they wish to repurchase or recommend the products to others. In recent times, almost everything has a brand: a company, a country, city, politician, an artist and so on. Marketing and advertising a brand is a form of sales. Brand is not what you say it is, it is what they say it is (Jones & Taylor, 2007). The main goal of any branding activities is to be able to create trust and loyalty which often leads to the possibility of charging a higher price for the product and brand is built to create action (Goward, 2015). The importance of branding has therefore been established as a success factor to modern business firms.

Aaker (1991) defined brand equity as a set of assets and liabilities linked to a brand and its attributes (name, logo, or symbol) that add to (or subtract from) the value provided by a product or service to an organisation and or that organisation’s customers. In a later study, Aaker (2014) stated that the value of an organisation’s brand equity relies on its management of five specific brand assets (brand awareness, brand association, brand loyalty, perceived quality and other brand proprietary assets). This study adopts this classification of brand assets as a measure of brand equity. Brand awareness is the ability of a potential buyer to recognize or recall that a brand is a part of a specific product category (Keller, 1993). It is considered as a major element of brand knowledge and can influence a consumer’s purchasing decision by eliminating competing brands from consideration. Brand association contains the meaning of the brand for consumers (Aaker, 1996). It is related to the memory of a brand. Brand loyalty is a measure of the relationship a customer has with the brand (Kamakura & Russell, 1993). Perceived quality is
the customer perception to the overall quality or superiority of a product or service with the intent to expect respect (Aaker & Jacobson, 1994; Zeithaml, 1988). Other proprietary brand assets are firm’s trademarks, patents and channel relationships that provide protection for the organisation’s competitive position in the market (Wong, 2013).

Although many schools of thought exist about the concept of brand equity, they can be integrated in basically two main approaches, namely: customer-oriented brand equity and financial brand equity. The customer-oriented brand equity approaches brand value by taking the consumers’ point of view. This approach does not put a financial value on brands; instead it measures consumer behaviour and attitudes that have an impact on the economic performance of brands. Financial brand equity, on the other hand, refers to the financial value of the brand which, in fact, is an intangible, intellectual asset built over time as a positive result of business investment. The study concentrates on the customer-oriented brand equity. Customer based perspective, relies on the market’s perception, consumer’s attitude, and the likelihood that the consumer will purchase the product or service. Customer mind-set measures assess the awareness, attitudes, associations, attachments, perceived quality and loyalties that customers have toward a brand and have been the focus of much academic research (Wong, 2013).

Competitive advantage refers to the ability gained through attributes and resources to perform at a higher level than others in the same industry or market. According to Naatu (2016), it is the tool that enables a company to take a bigger market share and generate more sales. It is an advantage gained over competitors by offering customers greater value, either through lower prices or by providing additional benefits and services that justify similar or possibly higher prices. A firm has competitive advantage when it is implementing a value creating strategy not simultaneously being implemented by any current or potential player. Competitive advantage, in the opinion of Porter (2008) is a key determinant of superior performance that ensures survival and prominent placing in the market. Given that every firm desires to be a going concern, competitive advantage becomes a sustainability factor to modern business firms. Competitive advantage therefore is the core for strategic management, as every organization searches for a vantage point that could deliver competitive edge against the rivals. It makes an organisation different, by doing what others cannot, or doing it better than the others. Since competitiveness is a function of the exploitation and leveraging of the internal resources, strategies are designed to
capitalise on core competencies. Distinctive assets, therefore, forms a basis for creating sustainable competitive advantage

The study of competitive advantage has attracted profound research interest due to contemporary issues regarding superior performance levels of firms in today's competitive market. But most of the studies were conducted in developed and emerging Asian countries (see for example, Madden et al., 2006; Nurittamont, 2008; Amegbe, 2016; Cheng, 2017). These studies majorly examined the effect of product branding and competitive advantage in sectors such as sports & tourism sector, financial, spa business, etc. None of these studies were conducted in Uganda nor concentrated on alcoholic products manufacturer of consumers. Hence there is need to address this gap in the literature by investigating the effect of product innovation and price levels as new dimension and as antecedent of competitive advantage among beer products in Uganda.

More so, the beer industry in Uganda today is flooded with a vast variety and a number of brands which are struggling with each other to make their own mark in the industry and fighting the fierce competitors to win over consumers. Business Summit Review (2014) observes that the Ugandan beer market is flooded with new and old brands and intensity of brand war is increasing day by day. The popularity of a brand is a tool for survival and success of company in the market. Walekwa (2009) notes that despite the efforts Uganda Breweries Limited had put on communicating the Senator Extra Lager through various channels, including cultural galas, advertising and sales promotion, and brand communication effectiveness had remained low signified through low sales performance of less than 10% on average countrywide since its inception in 2004. In 2012 UBL was a market leader in Uganda with a respectable market share of about 69% compared to Nile Breweries at about 31%. Not anymore. Nile Breweries, whose key brands include Club, Eagle (Dark, Eagle and Lager), Nile Gold and Nile Special have gained strong market momentum and are top sellers. On the other hand, Uganda Breweries brands including Guinness, Tusker, Bell, senator, Smirnoff, are slowly losing demand. Once the underdog, Nile Breweries now boasts of over 70 per cent of the market against UBL’s share estimated at 30 per cent (SBR, 2014). Due to brand proliferation witnessed especially in beer industry in Uganda, there is a growing importance of branding, brand equity and brand extension in beer industry. Hence the need to study customer based brand equity with its associated dimensions, product brand equity as a new dimension for competitive advantage.
The purpose of this study therefore was to evaluate the effect of brand equity variables on competitive advantage among alcoholic beer products and producers in Kabale District South Western Uganda. The findings of this study are important to existing and prospective alcoholic beer producers in Uganda, regulators of alcoholic products, and to future researchers. The producers of alcoholic products, for example, will understand branding affect competitive advantage. The regulators will gain better insight into regulation of branding so as to sustain alcoholic products industry. The findings will further enrich existing knowledge on interaction between branding and competitive advantage as well as provide literature for future researchers of related subject. The remainder of this paper organised as follows: Section 2 contains brief review of literature. Section 3 describes the data and method for analysis. Section 4 presents results and discussions, and section 5 provides conclusions and recommendations.

2 Brief Review of Empirical Literature

Numerous empirical studies have evaluated the linkage between competitive advantage and brand equity. Baldauf, Cravens and Binder (2003), examine the relationship between brand equity and financial performance in Australian organizations. They investigated the effect of perceived brand equity on brand profitability, brand sales volume, and perceived customer value and the results indicated that all three measures are significant indicators and predictors of performance measures hence competitive advantage. A similar empirical research by Madden, Fehle and Fournier (2006) demonstrate a significant and positive relationship between brand equity and desired organisational outcomes such as increased profitability, enhanced brand extension opportunities, more powerful organisational communication, and increased levels of consumer preferences and purchase intentions.

Nurittamont (2008) examine the influence of brand equity on competitive advantage and performance of spa business in Thailand. In this study, four dimensions for antecedent of brand equity include brand awareness; brand loyalty, brand association, and appreciation of quality were chosen as independent variables. The results indicate that the brand equity has a significant positive relationship with competitive advantage and performance. Market turbulence as a moderating between competitive advantage and performance do not moderate the relationships. Najafizadeh, Dadgar, Mahmoodi and Mirzaee (2013) note that brands are important to customers
as well as to firms in different ways; For instance, customers view a brand as a company’s value
promise and differentiation to be received consistently in terms of features, benefits and services,
and that customers buy brands and not products. In addition, benefits of brands to consumers
may be real, illusory, rational or emotional, tangible or intangible. However, it is the emotional
or symbolic benefits that are more intangible and difficult to imitate that companies should target
to develop in the customer’s mind. Thus a brand serves as a guide to customers’ expectations of
the company, point of differentiation and the benchmark for evaluating performance. Therefore,
the researcher argues that brand equity is a new dimension or an antecedent of competitive
advantage.

Sharma, Sunita and Sharma (2016) in their empirical study on attaining competitive
advantage through brand equity, provided evidence that brand equity enhances the brand’s value
and thus, certainly gives the company the power to bargain with its suppliers, intermediaries, and
even the government bodies. Greater brand equity means a stronger brand, and a stronger brand
means a higher market share, ROI and would therefore, lead to a higher shareholder value thus
enables the attainment of a greater competitive advantage over its competitors. Also, it attracts
the best talent and respect among industry by creating a positive motivational climate in the
organisation, since the internal customers would take pride in staying associated with it.

Nabatanza (2014) evaluates the critical role played by branding on the Competitiveness
of international new ventures in Uganda. It examined the firm level factors that contribute to
competitiveness of international new ventures (INVs). Specifically, the study investigated
whether entrepreneurial and branding resources and capabilities greatly contribute to
competitiveness of INVs. The study followed a positivist and quantitative methodological
approach to establish the causalities and social order of competitiveness of INVs in Uganda. The
purpose of the study was actualized through adopting a cross-sectional survey design. The study
results reveal that brand orientation greatly contributes to international competitiveness whereas
the interaction between entrepreneurial and branding resources and capabilities significantly
enhances brand advantage of INVs. In addition, the study indicates that in the short run, brand
advantage constrains the contribution of entrepreneurial and branding capabilities to
competitiveness of INVs.

Kalembe (2015) conducts a study on contribution of branding in enhancing performance
of tourism sector in Rwanda. She documented evidence on the importance of these dimensions
(brand awareness, Tourism brand loyalty, tourism brand image and perceived quality) in
enhancing the performance of the tourism sector in Rwanda. The results established that there is
a relationship between branding and tourism performance in Rwanda. She concluded therefore
that branding has a significant positive effect on tourism performance in Rwanda

Amegbe (2016) shows that internal branding is positively and has predictive power on
competitive performance of Private Universities in Ghana. The study further indicate that brand
association and brand loyalty positively impact private universities performance. The sample
comprises 213 male and 234 female students studying at various private universities in the
Greater Accra Region of Ghana. In order to have fair representation of students from all levels of
classification from all the private universities in Accra, convenience sampling was purposefully
used to collect data from undergraduate students in the private universities sampled. The result of
the study indicated that the dimensions of brand equity and private universities’ performance are
positively related. The regression analyses indicate that there is a positively related predictive
power of private universities performance by brand association and brand loyalty. However, the
study did not find brand awareness and perceived quality to be positively related. The conclusion
of the study is that the performance of private universities’ and brand equity depends on the high
loyalty among students.

Njuguna (2017) examines the effect of strategic management options on competitive
advantage of youth enterprises in Kenya. The study focused on areas of building collaborative
networks, engaging in innovation processes through product value addition, focusing on product
diversification and employing sustainable business development services in order to achieve
sustainable competitive advantages over their competitors. The findings of the study revealed
that collaborative networks, innovation, product diversification and business development
services have positive significant relationship with competitive advantage of youth enterprises in
Kenya. The findings indicate that innovation positively and significantly influences competitive
advantage of youth enterprises in Kenya. The Pearson product moment correlation coefficient
revealed a moderate positive and significant correlation between innovation and competitive
advantage of youth enterprises.

Cheng (2017) provides evidence to show that brand equity has significant effect on
competitive advantage from his study on the effects of brand image, perceived price, perceived
quality, and perceived value on the purchase intention towards Sports and Tourism Products of
the 2016 Taichung International Travel Fair. The study aimed at discussing the effects of brand image, perceived price, perceived quality, and perceived value on purchase intentions toward sports, sightseeing, and tourism products of the 2016 Taichung International Travel Fair. Participants of the Taichung International Travel Fair were used as subjects and questionnaires were handed out via purpose sampling. A total of 400 valid questionnaires were acquired, and after excluding 20 invalid questionnaires that were incomplete or with obvious mistakes, the valid response rate was 95.2%. Data collected were analyzed using descriptive statistics and structural equation modeling. Specifically, the results of this study show that: (1) Brand image does not have significant effect on purchase intention. (2) Perceived price has significant effect on purchase intention. (3) Perceived quality has significant effect on purchase intention. (4) Perceived value has significant effect on purchase intention.

3 Methodology and Ethical Consideration

3.1 Methodology

This study was conducted using primary data. The primary data were collected self-administered questionnaires distributed to producers, wholesalers, retailers and consumers of alcoholic beverages in Kabale District, Uganda. The questionnaire was selected as an instrument to collect the data because it is straightforward and less time consuming for respondents. The questionnaires were structured and were administered through drop and pick later method. The target population of the study was the locally 1783 including wholesalers, retailers, customers and brand and marketing managers of Nile Special Lager, Eagle Lager, Senator Extra Lager, club and Consumers of unbranded beer products in the Kabale District. The sample size was determined using the Slovene’s formula thus:

\[ n = \frac{N}{1 + N \alpha^2} \]

Where; \( n \) = sample size; \( N \) = target population; \( \alpha \) = 0.05 level of significance.

\[ n = \frac{1783}{1 + 1783(0.05)^2} \]
Therefore the minimum sample size chosen in this study was 324 respondents. Multistage sampling techniques were used in this study. Simple random sampling technique was used to select alcoholic beer products and producers. Purposive sampling technique was adopted to sample shopping center to collect consumer information. Shopping centers were selected based on a marketing investigation. The choice criterion was that the clubs/bars receive more than 20 customers per day. A total of 104 hotels, restaurants and bars were chosen for the study and in each of the hotels, restaurants, clubs and bars, 2 customers and 1 manager were chosen for the survey. Therefore 201 customers were selected, 104 retailers/managers, 17 wholesalers and 2 distributors who represented beer producers were selected for the study. This is in line with Nworgu (1991) who stated that no fixed number is ideal, rather it is the circumstances of the study situation that determine what number or what percentage of the population that should be studied. Purposive sampling was used to select respondents from the different strata.

The general concept of validity was traditionally defined by Brown (1996) as the degree to which a test measures what it claims, or purports, to be measuring. To ensure the validity of the instrument, face validity and content validity were evaluated. To ensure the validity of the questionnaire, experts’ opinion and content validity index (CVI) were used. The instrument was validated by four experts: Two experts in measurement and evaluation and two academics. The experts in measurement and evaluation as well as my academics measured the face validity of the instrument, ensuring that the item/statements addressed the research purposes and questions, as well as the adequacy of the constructs used in the questionnaire. All their criticisms, corrections and suggestions gave birth to the final copy of the instrument used for data

\[ n = \frac{1783}{1 + 1783(0.0025)} \]

\[ n = \frac{1783}{1 + 4.5} \]

\[ n = \frac{1783}{5.5} \]

\[ n \approx 324 \]
The Content Validity Index (CVI) was computed to determine the content validity of the instrument in this study. Amin (2005) noted that the overall CVI for the instrument should be calculated by computing the average of the instrument and for the instrument to be accepted as valid the average index should be 0.70 or above. The CVI was computed in equation 2. The CVI was estimated as follows:

\[ CVI = \frac{\text{Number of questions declared valid}}{\text{Total number of questions}} \]  

\[ CVI = \frac{79}{84} \]

\[ CVI = 0.94 \]

A CVI value of 0.94 is greater than 0.7 minimum CVI required for a valid instrument. Hence the instrument is valid.

In order to ensure that the research instrument is reliable and can consistently produce reliable data when administered, the researchers adopted are test-retest, split half and Cronbach’s alpha. The test-retest reliability method measures the stability of the research instrument. It intends to determine the extent to which a measure, procedure or instrument yields the same result on repeated trials (Ebuoh, 2017). This was done by administering the research instrument twice on the same set of respondents at different times. The questionnaire was given to 30 respondents. Same instrument was re-administered to the respondents after two weeks. Data collected from the two intervals were estimated with correlation coefficients (Pearson \( r \)). Hence a reliability coefficient of 0.76 was obtained and presented in Table 1. This indicates that the instrument was reliable for the study. An instrument is considered reliable when it has a coefficient ranging from 0.60-0.99. Split-half method measures the internal consistency of the instrument. In this method, research instrument was split into two equivalent halves and the test score correlated together (Oyerinde, 2011). This study employed split halves method to measure the degree to which the items that made up the scale were all measuring the same essential attribute. This was estimated with correlation coefficients (Pearson \( r \)) and Cronbach’s coefficient alpha. Correlation coefficients range from 0.00 to 1.00. Correlation coefficient of 0.00 means no correlation, while correlation coefficient of 1.00 means perfect correlation. The results of the split-half presented in Table 1 indicate that the instrument was reliable for the
study. Similar to the test re-test and split-half methods, Cronbach’s coefficient alpha is the
measure of scale’s internal consistency. A Cronbach’s alpha coefficient greater than 0.7, is
commonly acceptable, as a rule of thumb, as internal consistency of research instrument
(Nworgu, 1992). As can be seen in the results of the reliability tests presented in Table 1, the
Cronbach’s alpha coefficient is 0.934, and indicates that the instrument is very reliable. Split-half
test and other tests were meant to corroborate Cronbach’s coefficient alpha. Split-half reliability
test gives a value of 0.886 and 0.884 for each of the two halves respectively. Correlation
Between Forms is 0.870; Spearman-Brown Coefficient Equal length is 0.824 and unequal length
is 0.824 and Guttman Split-half 0.823. Each and every one of these tests shows that the
instrument is very reliable.

Table 1: Results of Reliability Tests for the Survey Scale

<table>
<thead>
<tr>
<th>Number</th>
<th>Type of Reliability Test</th>
<th>Value</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Cronbach’s Alpha</td>
<td>0.929</td>
<td>Very Reliable</td>
</tr>
<tr>
<td>2</td>
<td>Split-half</td>
<td>Part 1 =0.886</td>
<td>Very Reliable</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Part 2 =0.884</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Correlation Between Forms</td>
<td>0.870</td>
<td>Very Reliable</td>
</tr>
<tr>
<td>4</td>
<td>Spearman-Brown</td>
<td>Equal Length=0.824</td>
<td>Very Reliable</td>
</tr>
<tr>
<td>5</td>
<td>Guttman Split-half</td>
<td>0.823</td>
<td>Very reliable</td>
</tr>
</tbody>
</table>

Source: Field Study 2017

3.2 Regression Analysis

To establish the effect of brand equity on competitive advantage among alcoholic beverages
products and producers in Kabale District South Western Uganda, the researchers conducted
multiple regression analysis. The multiple regression model was specified as follows:
\[ Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 \ldots \beta_n X_n + \mu \]  
(3)

Where,

\[ Y = \text{independent variable}, \]

\[ \beta_0 = \text{intercept of } Y, \]

\[ \beta = \text{parameter of the dependent variables, and} \]

\[ u = \text{error term}. \]

In accordance with the purpose of this study, equation 3 was specified thus:

\[ CA = f (BA, BAS, BL, PQ, OPBA) \]  
(4)

To estimate the multiple regression models, equation 4 was converted as follows:

\[ CA = \beta_0 + \beta_1 BA + \beta_2 BAS + \beta_3 BL + \beta_4 PQ + \beta_5 OPBA + \mu \]  
(5)

Where:

\[ CA= \text{Competitive advantage} \]
\[ \beta_0= \text{Constant or Intercept} \]
\[ \beta_1, \beta_2, \ldots, \beta_5= \text{Parameters of the brand asset variables} \]
\[ \mu= \text{Error term} \]
\[ BA= \text{Brand awareness} \]
\[ BAS= \text{Brand association} \]
\[ BL= \text{Brand loyalty} \]
\[ PQ= \text{Perceived quality} \]
\[ OPBA= \text{Other proprietary brand assets} \]

The sign of the slope coefficients (\( \beta_1 \) to \( \beta_5 \)) was used to establish the effect of brand equity on competitive advantage among alcoholic beverages products and producers in Kabale District South Western Uganda. Positive and significant slope coefficients indicate that the brand equity) have positive effect on competitive advantage among alcoholic beverages products and producers in Kabale District Uganda. Negative and significant slope coefficients, on the other hand, would indicate that brand equity variables have negative effect on among alcoholic beverages products and producers in Kabale Uganda. The \textit{a priori} expectation of the slope coefficients are as follows:
\[ \beta_1, \beta_2, \beta_3, \beta_4, \beta_5 > 0. \]

The implication of the *a priori* expectation on the basis of the extant literature is that the brand awareness, brand association, brand loyalty, perceived quality, and other proprietary brand assets, would have positive effects on competitive advantage among alcoholic beverages products and producers in Kabale Uganda.

The assumptions of the error term (\( \mu \)) are absence of serial correlation and homoscedastic. These assumptions were evaluated using Durbin-Watson statistic. The Durbin-Watson test statistic tests the null hypothesis that the residuals from an ordinary least-squares regression are not autocorrelated against the alternative that the residuals are autocorrelated process. The Durbin-Watson statistic ranges in value from 0 to 4. A value near 2 indicates non-autocorrelation; a value toward 0 indicates positive autocorrelation; a value toward 4 indicates negative autocorrelation. The estimated regression model would therefore be adequate if the Durbin-Watson coefficient is significantly close to 2. This would indicate evidence of the absence autocorrelation in the error term of the regression of brand equity on competitive advantage among alcoholic beverages products and producers in Kabale Uganda. The study was conducted at the five percent (5%) significance level.

### 3.3 Ethical Consideration

To ensure confidentiality of the information provided by the respondents and to ascertain the practice of ethics in this study, the following activities were implemented by the researcher:

- Observing the privacy of participants was observed. This was achieved by giving each participant up to one week to answer the questionnaires at their own timing and pace.
  
- Ensuring that sure that participation in the study was voluntary. The researcher advised any participant who feels he or she was busy or unable to participate, to partially or completely withdraw from the study on their own free-will.

- Informing the respondents of the researcher’s intention to make them part of his study. This was achieved by giving the respondents to fill in the informed consent form.

- Ensuring anonymity of the participants by not mentioning or publishing their names in any part of the research report.
Ensuring citation and acknowledgment of the authors whose works consulted in this study, in order to eliminate chances of plagiarism.

4 Empirical Results and Discussions

4.1 Response Rate and Demographic Characteristics of Respondents

Response rate is usually conducted to ascertain the percentage of the targeted respondents that actually responded to the questionnaire. From the results presented in Table 2, notice that out of 324 targeted respondents who were given questionnaires, 312 of them filled and returned the questionnaires. This represents a response rate of 96%. This percentage was considered high and good enough to represent the target population, given the busy schedule of the targeted population. This high response rate was achieved due to marking-up of the minimum sample size by 20% (64), which resulted in distributing 388 questionnaires. The essence of the mark-up is to minimise the problem associated with non-return of questionnaire by some respondents. The questionnaires returned from the field were assessed and found to be duly completed for use in this study.

Table 2: Response Rate

<table>
<thead>
<tr>
<th>Targeted respondents</th>
<th>Actual respondents</th>
<th>Responses as percentage of targeted respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>324</td>
<td>312</td>
<td>96%</td>
</tr>
</tbody>
</table>

Source: Response rate analysis (2017)

The study presents the demographic profiles of the respondents in Table 3. From the Table 3, notice that majority of the respondents were males with 80.1%, and 19.93% of the respondents were females. The gender of respondents shows that more males consume alcoholic beverages in Kabale Uganda. It also shows that the finding of the study does not suffer from gender bias. Notice also, from Table 3, that majority of the respondents were aged between 36 – 45 years of age (37.8%), followed by those aged between 46 – 55 (26.3%). The least of the
respondent were those aged between 18 – 24 years (4.5%). These indicate that the respondents were adults.

The study requested the respondents to indicate their level of education. Notice from Table 3 that diploma education is the level of education with the highest response rate. From the table, 36.2% of the respondents indicated their highest education level as diploma. This is followed by bachelors and certificate education, with 30.8% and 17.3% respectively. The respondents with masters’ degree are the least sampled with 5.1% response rate. Table 3 indicates that all of the respondents sampled in this study have formal education.

Data was collected from the respondent on their beer brand. From Table 3, see that majority of the respondents take Nile beer (31.4%), closely followed by Club beer with respondents rate of 30.4%. The least brand of alcohol consumption according to the respondents was local beer with a 1% response rate. These imply that Nile beer is the favourite for respondents sampled.

<table>
<thead>
<tr>
<th>Variables</th>
<th>Category</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td>Male</td>
<td>250</td>
<td>89.1</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>62</td>
<td>19.9</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>312</strong></td>
<td><strong>100.0</strong></td>
</tr>
<tr>
<td>Age</td>
<td>18-24</td>
<td>14</td>
<td>4.5</td>
</tr>
<tr>
<td></td>
<td>25-35</td>
<td>73</td>
<td>23.4</td>
</tr>
<tr>
<td></td>
<td>36-45</td>
<td>118</td>
<td>37.8</td>
</tr>
<tr>
<td></td>
<td>46-55</td>
<td>82</td>
<td>26.3</td>
</tr>
<tr>
<td></td>
<td>55 and above</td>
<td>25</td>
<td>8.0</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>312</strong></td>
<td><strong>100</strong></td>
</tr>
<tr>
<td>Education level</td>
<td>high school</td>
<td>33</td>
<td>10.6</td>
</tr>
<tr>
<td></td>
<td>Certificate</td>
<td>54</td>
<td>17.3</td>
</tr>
<tr>
<td></td>
<td>Diploma</td>
<td>113</td>
<td>36.2</td>
</tr>
<tr>
<td></td>
<td>Bachelors</td>
<td>96</td>
<td>30.8</td>
</tr>
<tr>
<td></td>
<td>Masters</td>
<td>16</td>
<td>5.1</td>
</tr>
</tbody>
</table>

**Table 3: Respondent demographic characteristics**
<table>
<thead>
<tr>
<th>Beer Brand</th>
<th>Sales</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eagle</td>
<td>78</td>
<td>25.0</td>
</tr>
<tr>
<td>Nile</td>
<td>98</td>
<td>31.4</td>
</tr>
<tr>
<td>Club</td>
<td>95</td>
<td>30.4</td>
</tr>
<tr>
<td>Senator</td>
<td>38</td>
<td>12.2</td>
</tr>
<tr>
<td>LocalBeer</td>
<td>3</td>
<td>1.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>312</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

**Source:** Authors’ computation

### 4.2 Descriptive Statistics for Brand Equity and Competitive Advantage

Table 4 shows the descriptive statistics of the brand equity variables (brand awareness, brand association, brand loyalty, perceived quality, and other proprietary brand assets), and competitive advantage variable of alcoholic beverages products and producers in Kabale Uganda. As shown in Table 4, the average and standard deviation of brand awareness (3.7), brand association (3.5), brand loyalty (3.4), perceived quality (3.8), and other proprietary brand assets (3.8), respectively. These imply that majority of the respondents agree with brand equity variables. The corresponding standard deviations are 0.4, 0.4, 0.3, 0.5, and 0.6, respectively. These indicate minimal variability from the mean responses. Skewness and kurtosis represent the nature of departure from normal distribution. In a normally distributed variable, skewness is zero (0) and kurtosis is three (3). Positive or negative skewness indicate asymmetry in the variables and kurtosis coefficient greater than or less than 3 suggest peakedness or flatness of the data (Decarlo, 1997). The skewness values for the brand awareness (0.08), brand association (0.04), brand loyalty (0.04), perceived quality (0.07), other proprietary brand assets (0.06), and competitive advantage (0.05), are close to zero. These imply that variables of this study are approximation of normal distribution. The implication is that there are normal changes in the variable as predicted by normal distribution. Similar to skewness, the kurtosis coefficients for all the variables are approximately 3, thus provide support for normal distribution in the variables (Wilcox and Keselman, 2003).
Table 4: Descriptive Statistics for Brand Equity and Competitive Advantage

<table>
<thead>
<tr>
<th>Variable</th>
<th>Mean</th>
<th>Std Dev.</th>
<th>Kurtosis</th>
<th>Skewness</th>
</tr>
</thead>
<tbody>
<tr>
<td>BrandAwareness</td>
<td>3.7123</td>
<td>.44780</td>
<td>2.472</td>
<td>.084</td>
</tr>
<tr>
<td>BrandAssociation</td>
<td>3.5302</td>
<td>.42265</td>
<td>3.035</td>
<td>.048</td>
</tr>
<tr>
<td>PercievedQuality</td>
<td>3.4894</td>
<td>.37680</td>
<td>2.665</td>
<td>.073</td>
</tr>
<tr>
<td>BrandLoyalty</td>
<td>3.8051</td>
<td>.51479</td>
<td>3.366</td>
<td>.046</td>
</tr>
<tr>
<td>OtherProprietaryBrandAssets</td>
<td>3.8574</td>
<td>.60585</td>
<td>3.200</td>
<td>.062</td>
</tr>
<tr>
<td>CompetitiveAdvantage</td>
<td>3.6355</td>
<td>.36519</td>
<td>3.856</td>
<td>.057</td>
</tr>
</tbody>
</table>

Source: Authors’ computation

Note: Std. Dev. is standard deviation

4.3 Analysis of Multicollinearity in Brand Equity Variables

Multicollinearity exists whenever two or more of the predictors in a regression model are moderately or highly correlated. It is a state of very high intercorrelations or inter-associations among the independent variables. It is therefore a type of disturbance in the data, and if present in the data the statistical inferences made about the data may not be reliable. In the presence of high multicollinearity, the confidence intervals of the coefficients tend to become very wide and the statistics tend to be very small. It becomes difficult to reject the null hypothesis of any study when multicollinearity is present in the data under study. The presence of multicollinearity in study was evaluated using Tolerance levels and the Variance Inflation Factor (VIF). The decision rule for the Tolerance level is to accept absence of multicollinearity if the tolerance level is greater than 0.5. Similarly, there is absence of multicollinearity if the VIF is less than 3. Notice from the Table 5 that the Tolerance level is greater than 0.5 in all the variables of brand equity, and the intervening variables (price level and product innovation). These indicate evidence of absence of multicollinearity in the predictor variables. Similarly, coefficients of the VIF are less than 3 for all brand equity variables. Hence, provide support for the absence of multicollinearity shown by the Tolerance level. Consequently, there is no existence of multicollinearity in the predictor variable. They are therefore good for empirical analysis.
4.4 Effect of Brand Equity on Competitive Advantage among Alcoholic Beverages Products

This section presents the results of the regression model estimated to brand equity on competitive advantage among alcoholic beverages products and producers in Kabale district in South Western Uganda. Notice from the regression model estimates presented in Table 6, that brand equity has significant effect on competitive advantage among alcoholic beverages products and producers in Kabale district in South Western Uganda. This is evident in the statistical significance of the brand equity variables at the 5% significant level, except for brand association and other proprietary brand assets. These results indicate that brand equity variables have positive effect on competitive advantage among alcoholic beverages products and producers in Kabale Uganda.

The estimates of the regression model further suggest that brand equity is positively related to competitive advantage among alcoholic beverages products and producers in Kabale district in South Western Uganda. This is evident in the coefficient of determination (R) of 0.75. Since correlation varies between -1 to +1, R value of 0.75 hence suggests that a strong positive relationship exists between brand equity and competitive advantage among alcoholic beverages products and producers in Kabale district in South Western Uganda. The value of $R^2$ is 0.67. This indicates that 67% of the total variation in competitive advantage is accounted for by brand equity variables. The F-statistics indicate that all coefficients excluding constant, are not zero. This is evident in the sig-value (0.00) of f-statistics is less than the critical value (0.00). Standard

Table 5: Collinearity Statistics

<table>
<thead>
<tr>
<th>Construct</th>
<th>Tolerance</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>BrandAwareness</td>
<td>0.545</td>
<td>1.836</td>
</tr>
<tr>
<td>BrandAssociation</td>
<td>0.704</td>
<td>1.419</td>
</tr>
<tr>
<td>PerceivedQuality</td>
<td>0.678</td>
<td>1.476</td>
</tr>
<tr>
<td>BrandLoyalty</td>
<td>0.627</td>
<td>1.594</td>
</tr>
<tr>
<td>OtherProprietaryBrandAssets</td>
<td>0.761</td>
<td>1.314</td>
</tr>
</tbody>
</table>

Source: author’s computation (2017)
error of estimate represents the imprecision of the regression equation in fitting the data. The closer the coefficient of standard error of estimates to zero, the better and more reliable the analysis. From Table 6, coefficient of standard error of estimates is close to zero (0.01). This suggests that the regression equation is properly fitted the data. More so, the Durbin-Watson coefficient (1.97) indicates that there is absence of serial correlation in the residual of the regression estimate. This is because the Durbin-Watson value is near to 2 as stated in Section 3.2.

The results of this study are in accord with extant knowledge. Baldauf, Cravens and Binder (2003) report that the effect of perceived brand equity on brand profitability, brand sales volume, and perceived customer value are all significant indicators and predictors of performance measures hence competitive advantage. A similar empirical research by Madden, Fehle and Fournier (2006) demonstrate a significant and positive relationship between brand equity and desired organisational outcomes such as increased profitability, enhanced brand extension opportunities, more powerful organisational communication, and increased levels of consumer preferences and purchase intentions. The results are also in tandem with Nurittamont (2008), who document evidence showing that the brand equity has a significant positive relationship with competitive advantage and performance. Similarly, Cheng (2017) provides evidence to show that brand equity has significant effect on competitive advantage.

Table 6: Results of the effect of brand equity on competitive advantage among beverages

<table>
<thead>
<tr>
<th>Variable</th>
<th>B</th>
<th>Std. error</th>
<th>t-stat.</th>
<th>p-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>2.759</td>
<td>0.312</td>
<td>8.831</td>
<td>0.000</td>
</tr>
<tr>
<td>BrandAwareness</td>
<td>0.182</td>
<td>0.067</td>
<td>2.709</td>
<td>0.007</td>
</tr>
<tr>
<td>BrandAssociation</td>
<td>0.114</td>
<td>0.063</td>
<td>1.809</td>
<td>0.071</td>
</tr>
<tr>
<td>PercievedQuality</td>
<td>0.179</td>
<td>0.072</td>
<td>2.496</td>
<td>0.013</td>
</tr>
<tr>
<td>BrandLoyalty</td>
<td>0.165</td>
<td>0.055</td>
<td>3.020</td>
<td>0.003</td>
</tr>
<tr>
<td>OtherProprietaryBrandAssets</td>
<td>0.013</td>
<td>0.042</td>
<td>0.314</td>
<td>0.753</td>
</tr>
</tbody>
</table>

R=0.75; R²=0.67; Std. error=0.01; Durbin-Watson=1.97; F(5, 306) = 16.24 [0.00]

Source: author’s computation (2017)
Further diagnostic tests were conducted to ascertain adequacy of regression model estimated to examine the effect of brand equity variables on competitive advantage among alcoholic beverages products and producers in Kabale Uganda, for policy-making and the results are displayed in Table 7. From the Table, notice that the Ljung-Box Q-statistic for the regression model residuals are not significant. This indicates that there is no autocorrelation in the residuals. Similarly, the ARCH-LM diagnostic test result shows absence of heteroscedasticity in the residuals at 5% significance level. Therefore, the outcomes reported are serially uncorrelated and homoscedastic. Hence, the results reported are valid and reliable.

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Statistic</th>
<th>Significance level (χ²)</th>
</tr>
</thead>
<tbody>
<tr>
<td>L-B Q-Statistic</td>
<td>7.2993</td>
<td>0.1540</td>
</tr>
<tr>
<td>ARCH-LM</td>
<td>3.4907</td>
<td>0.4792</td>
</tr>
</tbody>
</table>

Source: author’s computation (2017)

5 Conclusions and Recommendations

This study investigated the effect of brand equity on competitive advantage in alcoholic beverage products in Kabale District Uganda. Specifically, the study sought to determine the effect of brand awareness, brand association, brand loyalty, perceived quality, and other proprietary brand assets on competitive advantage in alcoholic beverage products and producers in Kabale District Uganda, by evaluating responses obtained through questionnaires using descriptive analysis and multiple regression analysis. From analysis of respondents, the percentage of targeted respondents that actually responded to the questionnaire was 96%. From the preliminary analysis conducted in the study, majority of respondents in this study have the following attributes, (i) diploma level education, (ii) are males, (iii) aged between 36-45 years, and (iv) prefer Nile lager beer. The data approximates normal distribution, with absence of multicollinearity. The results of the multiple regression model estimated to determine the effect of brand equity on competitive advantage in alcoholic beer products in Kabale District Uganda suggest that that brand equity has significant effect on competitive advantage among alcoholic beverages products and producers.
in Kabale District Uganda. This is evident in the statistical significance of the brand awareness, brand loyalty, and perceived quality variables at the 5% significant. We therefore conclude that brand equity has positive and significant predictive effect on competitive advantage. Hence, firms could enhance competitive advantage by paying attention to brand equity variables.

We therefore recommend that that brand managers should prioritize brand equity as a strategy to attract potential customers because it’s significant effect on competitive advantage. Marketing and brand managers of alcoholic products should appreciate the important roles of brand awareness, brand loyalty, and perceived quality as major determinant of competitive advantage. Beer producers should invest resource in enhancing the area of brand awareness, brand loyalty, and perceived quality in order to strengthen their brand equity in the market. Beer producers should also engage in activities that emphasis the reason to re-buy their products in the minds of consumer, thereby sustain brand loyalty. In addition, we recommend that it is important to construct a distinct brand name, colour combination, and logo due in order to enhance brand association and to establish the brand in the mind of the consumers.

References


