EVALUATE THE IMPACT OF BRAND EQUITY ON CUSTOMER LOYALTY IN THE ALCOHOLIC BEVERAGE MARKET IN VIETNAM

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ABSTRACT

This study investigates the impact of three factors in brand equity including (1) brand awareness, (2) perceived quality, and (3) brand association on the customer loyalty of the alcoholic beverage in Vietnam market. It can be seen that beer can be considered an important industry in every country which attracts several customers. Since the attractiveness and development of the market, there are more and more organizations in the competitive market leading to several options for customers, which will decline customer loyalty to the brands. Therefore, this research argues the expected positive impact of brand equity (i.e., brand awareness, brand association, perceived quality) on customer loyalty. Hypotheses are tested with survey data from 210 participants who drank beer in Vietnam. The results of this study suggest that all the elements of brand equity have a positive influence on customer loyalty. Besides that, perceived quality can be considered as the most impactful factor on customer satisfaction and when the customer is satisfied with the products, they will become more loyal. Overall, the contribution of this research is to help beer organizations find out the important factors that can enhance the brand loyalty.

Keywords: Brand equity, customer satisfaction, brand loyalty, alcoholic industry, brand awareness, perceived quality, brand association

1.0 INTRODUCTION

Beer is the third most popular beverage worldwide after water and tea. Most people drink beer. Barley malt, wheat, maize, and rice are fermented into beer. During digestion, ethanol and carbonization from starch sugars in unfermented alcohol produce beer. The Vietnam beer market is estimated to develop by US$6 billion between 2021 and 2027, at a CAGR of 7.6% (Helix Strategy, 2021). In 2021, the beer market in Vietnam is anticipated to generate sales of approximately 4.6 billion U.S. dollars. People between the ages of 25 and 34 will consume the most of this, followed by those between the ages of 35 and 44. People between the ages of 18 and 24 in Vietnam consume approximately 12 percent of the country's alcohol, making them the country's second-smallest consumption group (Statista Research Department, 2021). In the Vietnam market, since 2020, the COVID-19 epidemic and Decree 100 have hurt the beverage business. The beverage industry group's production capacity is now less than 80% of its pre-pandemic level. More than half of consumers have spent more on immune-boosting foods, whereas 63.7% have spent less on alcohol like beer and wine (General Statistics Office, 2021).

Due to this combined impact, several large beverage companies reported revenue declines in 2020. The Saigon Beer – Alcohol – Beverage Corporation (Sabeco) lost money in the first and
second quarters of 2020, but business rebounded in the third quarter (Euromonitor, 2022). Sabeco’s net sales dropped 26.2 percent to VND 27,961 billion in 2020, while its profit after tax fell 8.1 percent to VND 4,937 billion. Hanoi Beer – Alcohol – Beverage Corporation[2] (Habeco)’s sales and service revenue fell 20.1 percent to VND 7,514.4 billion in 2020, while its net profit fell 25.4 percent to 485.1 billion dongs. Decree 100 has reduced restaurant visits, and people are drinking more carbonated water, spring water, and non-alcoholic beverages instead of alcohol (General Statistics Office, 2021). Through the research, Four giants—Sabeco, Habeco, Heineken, and Carlsberg Vietnam—control 90% of the industry's market share (Vietnam Things, 2021). Heineken has four of the top 10 most-drunk foreign beers. Heineken beer (4%), Tiger beer (23.4%), Tiger crystal (2%), and Larue beer (4.1%) (Euromonitor, 2022). The Vietnamese have used these goods for years. Carlsberg owns Huda Beer, the final top 10 beer. From Thanh Hoa to Thua Thien Hue, Huda Beer accounts for 4.2% of beer consumption. However, Covid-19 and regulatory limits on driving after consuming alcohol may affect customer beer selections and brand loyalty.

The background shows that Vietnamese beer drinkers have many options, and companies like Sabeco, Heneiken, and Tiger have spent a lot on advertising and marketing to build brand equity. Thus, client loyalty is crucial to every brand's market share and success. Thus, beer firms utilize integrated communication marketing to build brand equity, brand awareness, and brand attitude to gain customer loyalty.

2.0 MATERIAL AND METHODS

2.1 Research Design

This type of study can show how multiple factors affect brand equity, which leads to customer satisfaction and loyalty. Quantitative research is the best way to collect data from many individuals and draw conclusions from numerical data. The goal research examines how brand equity affects consumer pleasure and loyalty.

2.2 Sampling

Alcohol drinkers, the research's respondents, might reflect the population. Travelers and lodgings represent the population. Vietnamese beer drinkers concentrate on Hanoi and Ho Chi Minh City. Depending on the research and survey, this quantitative study may utilize non-probability sampling. The researchers will distribute the electronic questionnaire to participants via Facebook Messenger for convenience sampling.

2.3 Instrumentation

The descriptive survey will be used to collect and acquire some basic information about the participants, such as their gender and age, as well as their occupations, income levels, and education levels, which will be discussed in greater detail in the following sections. The survey questionnaires will be devised based on three distinct factors: (1) brand awareness, (2) perceived quality, and (3) brand association.

The questions for this study will be based on a Likert scale with five points, ranging from completely disagreeing to completely agreeing, and the scale will be used for three independent
factors and one dependent element. These factors and elements are as follows: (1) Brand awareness; (2) Perceived quality; (3) Brand association; (4) Customer loyalty and (5) customer satisfaction.

2.4 Data collection

The use of a questionnaire survey to capture data for this investigation has the potential to be deemed the most significant and suitable strategy. They will be designed and constructed using Google Forms and then distributed through social media networks such as Facebook.

2.5 Data analysis

The data that was acquired from the research will be classified, sorted, and plotted into graphs and charts in order to prepare them for further analysis, and this will be accomplished by utilizing the tool that is included in Excel. In addition, the documentation of the raw data will be carried out in the form of numerical representations, statistical research studies, and other varieties of documentation. Cronbach's Alpha, Exploratory Factor Analysis, Correlation Matrix, and Regression Model are the methods that will be utilized in the analysis of the research. In addition to that, descriptive statistics will be used to conduct research and analysis on the demographic characteristics of the participants.

2.6 Research ethics

As a direct result of this, the researchers need to be held responsible for ensuring that the rights of the respondents are protected in whatever way possible. Before taking part in the research, participants have the right to fully comprehend and be made aware of the overall research purpose, as well as the relevance of the study and the research method. This right gives participants the ability to make an informed decision about whether or not to take part in the research.

3.0 RESULTS

<table>
<thead>
<tr>
<th>Demographic Variables</th>
<th>Frequency (N)</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td></td>
<td></td>
</tr>
<tr>
<td>18-24</td>
<td>64</td>
<td>32.0</td>
</tr>
<tr>
<td>25-34</td>
<td>64</td>
<td>32.0</td>
</tr>
<tr>
<td>35-44</td>
<td>43</td>
<td>21.5</td>
</tr>
<tr>
<td>45-54</td>
<td>18</td>
<td>9.0</td>
</tr>
<tr>
<td>Over 55</td>
<td>11</td>
<td>5.5</td>
</tr>
<tr>
<td>Gender</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>104</td>
<td>52.0</td>
</tr>
<tr>
<td>Female</td>
<td>96</td>
<td>48.0</td>
</tr>
<tr>
<td>Income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Below $500</td>
<td>46</td>
<td>23.0</td>
</tr>
<tr>
<td>$500 - $999</td>
<td>40</td>
<td>20.0</td>
</tr>
<tr>
<td>$1.000 - $1.499</td>
<td>40</td>
<td>20.0</td>
</tr>
</tbody>
</table>
Based on participant ages, the 18–24 and 25–34 age groups make up around 32% of the sample. 21.5 percent were 35–44 years old. 5.5 percent were above 55, and 9 percent were between 45 and 54. 52 percent of participants were male, while the rest were female. 23 percent of participants make less than $500, followed by 22 percent who make over $2,000. The income groups from $500 to $999 and $1,000 to $1,499 contain about equal numbers of persons. Other competitors will pay $1,500–$2,000. 56% of participants are enrolled at a university. Office workers and freelancers engage at about 25%, although managers and directors are the fewest. Saigon Beer and Tiger share 18% of the participant survey. Heneiken and Strongbow follow with around 17% of the consumption market share. Beck Ice and Budweiser share the rest.

<table>
<thead>
<tr>
<th>Independent Variables</th>
<th>Hypothesis</th>
<th>Level of Impact</th>
<th>Significant Level</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>BA</td>
<td>BA to CS</td>
<td>0.211</td>
<td>0.001</td>
<td>1.681</td>
</tr>
<tr>
<td>PQ</td>
<td>PQ to CS</td>
<td>0.254</td>
<td>0.000</td>
<td>1.602</td>
</tr>
<tr>
<td>BAS</td>
<td>BAS to CS</td>
<td>0.171</td>
<td>0.007</td>
<td>1.750</td>
</tr>
</tbody>
</table>

All of the independent variables, such as brand awareness, perceived quality, and brand association, have a positive effect on customer satisfaction according to the analysis model. Perceived quality is the factor that has the greatest influence on consumer satisfaction. It can be assumed that consumers will purchase a product based on its flavor and aroma. In addition, when the perceived quality exceeds the customer's expectations, the customer is more likely to repeat a purchase, and vice versa. It can be explained by the fact that consumers want to appreciate a high-quality product, and the efficacy of the product can be considered one of the factors that enhance the customer experience. Consequently, brand recognition is the second factor influencing consumer satisfaction. It is evident that a consumer will choose a product based on demand if they have a strong brand awareness. In addition, when consumers have a top-of-mind brand, they will be more likely to choose a product when they have a need because they will have a higher level of trust when exposed to a great deal of advertising and communication. The research model concludes that brand association has the least impact on consumer satisfaction.
Independent Variables | Hypothesis | Level of Impact | Significant Level | VIF
--- | --- | --- | --- | ---
CS | CS to CL | 1.013 | 0.000 | 1.000

It has been demonstrated that when consumers grant customer satisfaction an additional point of evaluation, their overall loyalty will increase by approximately 1.013 points. This holds true regardless of any changes to the other criteria.

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand awareness has the positive effect on customer satisfaction</td>
<td>Accepted</td>
</tr>
<tr>
<td>Perceived quality has the positive effect on customer satisfaction</td>
<td>Accepted</td>
</tr>
<tr>
<td>Brand association has the positive effect on customer satisfaction</td>
<td>Accepted</td>
</tr>
<tr>
<td>Customer satisfaction has the positive effect on customer loyalty</td>
<td>Accepted</td>
</tr>
</tbody>
</table>

4.0 DISCUSSION

Due to the numerous options available in the beer industry, customer loyalty and gratification do not engender confidence and dependability in the minds of consumers. In the research paradigm, however, it is believed that perceived quality is the factor that has the greatest influence on consumer satisfaction. It can be explained by the fact that beer is a physical product that consumers must use and sample to determine their satisfaction level. Regarding brand recognition, it is determined that customers will recognize and prefer a well-known beverage over an unfamiliar one. It can be seen that brand awareness focuses on market coverage, as brand awareness can assist the brand in becoming a top-of-mind option for consumers. No one can deny that Vietnam's alcohol industry must enhance and expand its brand awareness. When it comes to brand association elements, customers will have a connection with other brand-related elements. It is still believed that brand association will strengthen not only the connection between function, visual identity, and tangible characteristics but also the customer's emotions. When customers associate a strong, positive emotion with a brand's image, the beer brand can increase customer satisfaction. In addition, customer satisfaction can be viewed as a crucial factor in fostering customer loyalty. It can be seen that when consumers have a high level of satisfaction, they will have a high propensity to purchase again, and if they have a positive experience with the beverage brand, it will be their first thought when they have a need.

REFERENCES


