The Relationship between Perceived Risk and Brand Equity: A Comparison of Tesco and ASDA
Abstract

The aim of this study is to explore the relationship between brand equity and perceived risk of customers. The study has conducted a comparative study between Tesco and ASDA, two retail giants of the UK. This study also aimed at finding the solutions to reduce perceived risk of the customers. For meeting its objectives this study has followed positivism philosophy and taken deductive approach of research. The data were collected by using a questionnaire survey on customers of Tesco and ASDA regarding their feelings about different risks and different aspects of brand equity of both companies. The study revealed that overall brand equity of Tesco is higher than that of ASDA. The product related risk of Tesco is higher than that of ASDA, but the user related perceived risks are lower for Tesco than ASDA. From Pearson correlation analysis it is found that Brand equity affects the perceived risk negatively. If brand equity can be improved than customers’ perceived risk can be reduced and ultimately customer satisfaction and loyalty can be enhanced which will lead both Tesco and ASDA to long term profitability. The study recommended that Tesco should increase its customer contacts. On the other hand ASDA should improve its brand awareness for diminishing customers’ perceived risk.

Keywords: Brand Equity, Brand Loyalty, Perceived Risk, Brand awareness, Perceived quality.
Acknowledgement

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1 Introduction

1.1 Background of the Study
The performance management of an organisation is based on the sales level and production. Sales and production level can be manipulated by creating impact on the consumers mind, which can affect on the decision making process of purchasing the products. Perceived risk is the concept of consumer’s level of uncertainly during making the decision to buy the products (Apgar, 2006; Hoeffler, 2003). Most of the times, it is occurred for expensive products but in developed countries, it can be seen in any sector of business market because of having competitive environment (Kotler, 2008). The increase of SMEs has created the competitive environment in the marketplace that can affect on organisational performance, due to this reason, popular brands are concerned about their perceived risk and so, they are introducing innovative processes to attract the customers. Marketing communication is developed and online marketing is introduced to attract more customers. In many cases customers can fear to purchase products without any information but the advertisement and information can reduce that risk level of the consumers and encourage them to purchase the products (Neef, 2005).

Famous brands like ASDA and Tesco are two selected company for the study that also deal with perceived risk factors (tesco.com, 2013). This is generally a process of ensuring brand image in the market so that customers can have a mental satisfaction to buy the products. It can reduce the risk of consumer’s level uncertainly (Leone et al, 2006). But many companies fail to ensure their brand equity that brings negative impact on the organisational performance (Won, 2008; Chen, 2001). If the company has sustainable brand image then it can launch new product in the market rather than low level of risks than other companies. Perceived risk does not only affect on the brand image and financial factors but it also has an impact on gaining competitive advantages from the market (Verhoef, 2003). Tesco and ASDA are two popular brands in UK market, so, this study will be discussing the comparative scenario of these two brands from the perspective of the relationship between perceived risk and brand equity (your.asda.com, 2013).
1.2 Company Overview

1.2.1 ASDA
ASDA is the second biggest crockery retailer in UK Market that provides various items of products for the customers. It has 267 physical retails in UK and provides around 165000 employment opportunities. It supplies grocery products, home wares, entertainment as well as financial services. The increasing level of sales shows that market share is also increasing day by day in for the company. The customer satisfaction concept is well managed by this brand so the level of customers keeps increasing. Another major factor for this company is to ensure the best quality of goods for the consumers in UK that bring a sustainable brand image for them. The social responsibility is also maintained by this brand and they are willing to produce greener product for the consumers. They have been committed to reduce the emission of carbon dioxide by the end of 2009 in the amount of 100000 tones. All these issues have brought popularity for the brand in the market and customers also feel comfortable to purchase products from them. Thus, perceived risk is reduced for the company and brand equity is ensured (your.asda.com, 2013).

1.2.2 Tesco
Tesco is another popular retailer in UK market that provides numerous types of goods and services for the consumers. This brand is officially established in 1932 and it increased its business very rapidly. After the establishment, Tesco opened 100 small branches within next eight years. In 1956, Tesco achieved the capacity to supply small grocery products for the customers and they also introduced fresh food products for the customers with their traditional dried food products. In 1995 this brand has become the biggest retailer of food products in Britain. During the same year, Tesco introduced Club card Reward Scheme. Tesco increased small stores into 720 within 2002. The total profit of the company was 2 billion pounds in 2005 and in 2006, Tesco raised their number of stored into 1879 that made them near about one-third amount of grocery market in UK (tescoplc.com, 2013). The improvement of customer relationship management in this company creates the most beneficial opportunities to increase organisational performance.
1.3 Rationale of the Study
The major research issue is the reduction of perceived risk for the companies by ensuring brand equity. The nature of perceived risk is very concerning for any business organisation. Tesco and ASDA may take effective measures to deal with perceived risk. Brand equity is very useful for these brands to reduce the level of perceived risk. This is a research issue because it can affect negatively on organisational performance. The profit-making opportunities of the companies can be hampered if perceived risk lessen the consumer’s level (Otterson, 2005; Mackay, 2001). Brand equity is the concept of increasing popularity in the market that can help to gain competitive advantages, so, this has becomes a research issue in this present study. The present market situation describes that UK has the most competitive business environment for the grocery retailers. The rise of SMEs in this sector makes the popular brands concerned to lose their sustainable position in the market (Keller, 2003). Due to this reason, this is a burning issue for this research at present business situation. The outcome of the study can shed light on the selected companies in order to gain some benefits to reduce perceived risk and increase brand equity in the competitive market.

1.4 Aim and Objectives of the Study
The aim and objectives of the study need to be designed properly so that we can follow specific instructions for the research activities. The aim and objectives of the study also defines the major purposes from this study. The benefits and outcome of the study can assist selected companies to utilise the impact of brand equity as well as to reduce perceived risk. The main aim of the study is given below.

1.5 Research Aim:
The aim of the study is to investigate perceived risk and brand equity relevant with Tesco and ASDA.

There are some objectives of the study that may help to gain the aim of the research. Research objectives are important to understand the expected outcome from the present study. Significant research objectives are mentioned below.

- To discuss various factors and issues related with perceived risk and brand equity between ASDA and Tesco in UK market
- To understand the relationship between perceived risk and brand equity in Tesco and ASDA
To find out the process in order to increase brand equity of Tesco and ASDA to minimize perceived risk in UK market
To describe the impact of reducing perceived risk and ensuring brand equity for increasing the pace of organisational performance
To recommend ways that can help to develop the market position of Tesco and ASDA by reducing perceived risk

1.5 Research Questions
Some research questions are need to be mentioned so that we can understand the impact of brand equity for minimizing perceived risk in the selected companies.

- What are the factors and issues relevant with brand equity and perceived risk in Tesco and ASDA?
- How to evaluate the critical relationship between brand equity and perceived risk in Tesco and ASDA?
- How does the brand equity create impact to reduce perceived risk in the competitive market?

1.6 Hypothesis of the Study
Research question can be assisted with designing some hypothesis. Hypothesis of the study can be important to support the research aim and objectives that describes the importance of brand equity to reduce perceived risk for the selected companies to gain competitive advantages from the market. Significant hypothesis of the study are shown below.

- Business risks such as social risk, performance risk and psychological risk directly affecting for the difference between the level of perceived risk and organisational performance of Tesco and ASDA.
- Brand equity can create impact to lessen the level of perceived risk of customers towards particular goods and services of Tesco and ASDA.

1.7 Structure of the Study
The beginning chapter of the study focuses on the aim and objectives of the study. Rationale of the study and some research questions are also explained here. The second chapter explains important secondary literatures relevant to the aim and objectives of the study. Research methodology will be important to design particular methods and process of conducting the study. Data collection method and data analysis method are going to be described in this chapter. The next chapter will bring data presentation and
analysis so that we can discuss the findings of the research and objectives. The last chapter explains conclusive discussion of the study with important recommendations.

1.8 Summary
Introduction segment is required to discuss the aim and objectives of the study. The background of the study is described in this chapter. The overview of both selected companies is also explained here/necessary research questions and research hypotheses are mentioned in this segment. Rationale of the study is another important portion of the introduction chapter. Rationale of the study indicates the needs and major purposes of the present study.
Chapter - 2: Literature Review

2 Literature Review

2.1 Introduction
Secondary sources are necessary to understand significant findings and analysis of the previous studies relevant to the aim and objectives of the research. The concept of perceived risk and brand equity are going to be described here. Important factors and issues relevant with brand equity are going to be explained in this segment. Model of brand equity and its attributes are some important issues for this case study. The definition and aspects of perceived risk is also another vital portion of this chapter. Secondary data is required to maintain effective analysis of the data so that we can attain the aim and objectives of the case study.

2.2 Perceived Risk: An Overview
Several types of risks are indicated by perceived risk in business organisation. Mostly, the risk factors related with business performance risk, social risks as well as psychological risk that can create impact on the organisational performance are referred as perceived risk (Liesch et al, 2006). Perceived risk is the concept of having lack of information about the products for the consumers. But organisations are very keen to provide such information regarding the products so that the risk level of the consumers can be reduced (De Zoysa and Russell, 2003).

Many advertising firms are working for marketing communications and business organisations are utilising them to provide products information to the consumers. For example, if consumers wish to purchase a car with high level of costs but they do not know about its service and facilities, so, it increases the level of perceived risk. But if the company brings the opportunity to provide that necessary information about the car for the consumers, it may convince the consumers to purchase the car (Lavino and Neumann, 2010). Perceived risk is more like reducing the consumer’s level risk rather than dealing with other risk factors of a business organisation. The psychological issue of the buyers can affect on decision making process of purchasing the products, so, it is the responsibility for the companies to let the consumers know about their products and
create a positive psychological impact on the buyers mind that convince them to purchase the products (Lavino and Neumann, 2010).

2.3 Features of Perceived Risk
Consumer’s behaviour refers that they do not wish to buy products from unknown brands because it creates risk to waste their money. Consumer’s intention is to purchase products from the brand, which is popular in the market that inspires them to show positive psychological behaviour towards the products. Some important features of perceived risk are discussed below.

- The issues relevant with heuristics including anchoring, overconfidence and availability of the products. This feature refers that organisations need to have availability of the products for the customers and the level of confidence need to be high through effective brand image to manipulate consumer’s behaviour (Kotler, 2008).
- Business organisation need to have an idea of average losses at times. Perceived cannot be maintained time to time so it may bring losses for the companies.
- Management of the business organisation can study about the analysis of situational characteristics of perceived risk so that the measures can be taken properly. Or in other words, the consequences of perceived risk need to be clarified for the business organisation (Emblemsvag and Kjolstad, 2002).
- There can be some associations with the risk sources that need to be identified by the organisation. Perceived risk emerges from the psychological conscience and behaviour of the consumers, so, business organisation needs to know how to manipulate the consumer’s behaviour and attract them toward the products.
- Risk controlling agencies and institutions work to deal with perceived risk in business organisations. So companies can maintain sustainable credibility and trust with those agencies so that perceived risk can be reduced in order to increase organisational performance (Renn and Rohrmann, 2000).
- Media coverage is another important issue because the advantages of modern technology introduces a new scope of social media marketing to ensure brand equity for the companies, which makes consumers convinced to buy products and lessen the level of perceived risk from consumers mind.
- Judgement of others including references groups and consumer’s previous buying experience are related with perceived risk (Emblemsvag and Kjolstad, 2002). Reference groups can make the consumers purchase products as well as
consumers previous experience can affect on psychological risk level of the consumers.

2.4 Issues of Measuring Perceived Risk
Measurement of perceived risk is very crucial for the companies because it can directly affect on the fluctuation of the level of consumers of the company. The measurement of perceived risk requires some issues that can help to understand the sources as well as the consequences of perceived risk for the organisation.

![Image of Figure 2-1: Issues of Risk Perception Research](image)

**Figure 2-1: Issues of Risk Perception Research**

*Source: Ricciardi, 2004; p. 30*

Necessary information need to be processed to understand the cognitive and emotional factors of the consumers. The core issue is to understand the cognitive structure of risk judgement of the consumers that emerges from the lack of awareness about either products of brand. The feeling of consumers can be negatively affected by perceived risk (Ricciardi, 2004). The relation to statistical data about the company is necessary for the consumers know about the success of the organisation. It may affect consumers’ cognitive structure through mind satisfaction. Individual or societal risk acceptance is another vital issue relevant with the measurement of perceived risk. Therefore, we live in society; we need to face some risks for business purposes. Business organisations are willing to take risks to make profit from the society’s consumers. The link to actual risk behaviour is very important to know for the companies (Verhaegen, 2005; Emblemsvag
and Kjolstad, 2002). Customers often hesitate to buy products that are costly or expensive and if the brand is not very popular it increases the level of risk in consumer’s cognitive mind. It creates a link to actual risk behaviours of the consumers (Ricciardi, 2004).

The next issue is to analyse the cross-cultural differences. When a business organisations wish to expand their business in other regions, which creates cross-cultural differences. So, companies need to be sincere about dealing with this issue to maintain suitable products for particular target population so that it does not affect consumers’ cognitive mind negatively (Mercer et al, 2005). Application to risk communication is very important because it can bring the opportunity for the companies to gain competitive advantages from the market (Ricciardi, 2004). The last issue relevant with perceived risk is issues of personality traits and demographic differences. This sort of issue can often create impact on cognitive structure of the consumers that raises the level of risk from psychological perspective.

2.5 The Behavioural Foundation of Perceived Risk
Perceived risk is term that is connected with behavioural perspective. It describes the judgement to risk issues of individuals that may bring hazard for them, so, basically they try to avoid it but if the opposite party can provide information regarding the exchange process then it may reduce the level of risk (Mercer et al, 2005). Consumers do not want to waste their money by purchasing products with less quality, so, financial perspective is also included with perceived risk issues. The terminology comes from social sciences that consumers can hesitate to make decision during purchasing products if there is no assurance or guarantee of the products (Slovic, 2000). But brand image and satisfactory quality of the products can influence the consumer’s behaviours positively and tract them to purchase the products. We can notice that perceived risk can be predictable and measurable so that companies can take measures to deal with it. Risk perception issues are highly connected with consumer’s behaviour (Böhm, 2001). The proper management of perceived risk can also bring positive psychological impact on consumer’s mind that helps to achieve competitive advantages for the companies.Behavioural factors are directly affecting on perceived risk so the companies need to follow effective marketing policy and process to regulate consumer’s behaviour (Slovic, 2010).
2.6 Concept of Brand Equity

Brand equity is a term related to marketing that indicates that the brand of the company is well established in the market. The concept of brand equity comes from brand image of the business organisation. It is connected with marketing issues because brand image can be ensured through effective marketing communication (Kim et al, 2003; Erdem et al, 2006). Business organisations need to maintain sustainable brand equity to increase the organisational performance. For example, Nokia is a popular brand for cell phone products (Christodoulides and Chernatony, 2010). It has brand equity and consumers feel comfortable to purchase products of Nokia. This is refried as brand equity when people know about the quality and the brand image, so, they can attract to the products of that same brand very easily (Lee and Back, 2010; Dean, 2004).

The sales and production level is highly reliable on the impact of brand equity. There is a critical relationship between perceived risk and brand equity because the impact of brand equity works on reducing the level of perceived risk from consumer’s mind. The major source for brand equity is to ensure the best quality of product and services for the consumers (Sietz et al, 2010). Advertising and marketing can be important to increase the brand image in the market. Popular and competitive brands can show their willingness to collaborate with the company that has effective brand equity in the market. So, it is completely a process of attaining the goal of a business organisation by satisfying the customers with the best quality of products.

2.7 Brand Equity Model

The model of brand equity is a framework to understand relevant factors of brand equity. The figure explains that brand equity has seven major aspects to complete the model. The association is the beginning aspect of brand equity model. It refers to the business organisation that wishes to ensure brand image in the market by providing the best quality of products and services.
The association needs to maintain brand image and personality. If the company has the brand of the name emerges from the owners name then it can affect on the brand image. If the personality of the owner is very popular in the society then the brand name becomes very famous in the market (Yoo and Donthu, 2001). The familiarity if the brand needs to be ensured by supplying sufficient amount of products to the customers. The awareness of the brand comes from the impact of familiarity. If the consumers are aware about the brand name then they can be attracted to purchase goods from them. Awareness of the brand image can be ensured through proper marketing communication and advertisement. Social media marketing is now introduced to ensure the awareness of the brand image among the consumers (Yasin et al, 2007). Loyalty of the brand indicates the customer relationship management and the commitment to provide the best quality and services for the customers. Brand can maintain loyalty by providing privileges to its regular customers’ that ease the way of brand equity.

Preference of the brand can be maintained if the company supplies satisfactory products to the customers. Customers have choices to purchase products from different brands but they can prefer to buy the products from the company that has popularity to provide the best quality of products. Loyalty of the brand to its customers is also affecting for preference issues (Milberg and Sinn, 2008). The availability of the product as well as
brand needs to be ensured. If the company does not avail in the market for long time with its products then it may not bring brand equity for them (Bravo et al, 2007).

### 2.8 Impacts of Brand Equity

Brand equity is a commonly used marketing strategy to create a positive psychological impact on the customers mind to purchase the products. It also can affect the decision making process of the consumers during buying products. The impact of brand equity refers that it brings awareness to the customers about the company and its product. If the customers are aware about the brand they can be eager to purchase products from the brand (Pike et al, 2010; Washburn and Plank, 2002). The sales and production can be fastened by the consequences of brand equity. For example, customer purchase product from the popular brand more often than other brands. So, it can vastly increase the level of sales for the company (Pappu et al, 2005; Broyles et al, 2010).

It brings a communication with the customers and enhances the scope of customer loyalty. When we come to the concept of loyalty, we can generalise that brand equity can also ensure customer relationship. If the CRM department works fluently then it can affect on the organisational performance. The ultimate goal of a business organisation is to increase the pace of profitability and productivity of the company (Martinez and Pina, 2009). Brand equity brings the opportunity for increasing profit for the organisation and ensures sustainable position in the market. Another impact of brand equity is to gain competitive advantages from the market (Broyles et al, 2009).

### 2.9 Measuring Brand Equity

Brand equity builder model can explain how we can measure brand equity of a business organisation.
Brand health is important factors to understand the present situation of brand equity of a company. The loyalty of the brand to its customers and the commitment to provide the best quality of products and services determines the brand health in the market (Walker, 2002). Purchase interest and price sensitivity are two major issues to be measured to understand the brand health. Market share is another vital scope to understand the annual profitability of the company (Whitelock and Fastoso, 2007).

Price comparison and price evaluation are required to understand the price value of the organisation. Then we can measure the brand equity through some processes such as relevance, popularity, quality, uniqueness and familiarity. Popularity of the brand is a factor that helps us to measure the level of brand equity in the market. It is the basic concept that comes to the consumer’s mind during the decision making process of buying the products (Wang et al, 2006). If the popularity of the brand is sustainable then it can create a positive psychological impact on the consumers mind to buy the products. Quality of the products is also vital factor to measure the level of brand equity. The improvement of the products quality can ensure the increase of brand equity (Atilgan et al, 2005).
2.10 Process of Brand Equity

2.10.1 Brand Equity and Advertising
Advertising is a measure that enhances the marketing activities of a brand. Advertising is generally a process of motivation. From psychological perspective, advertising brings an opportunity for the company to spread the company background and information to the consumers (Pappu et al, 2005). Advertising in published media and electronic media is very popular to increase the brand equity. The launch of new products as well as the product quality can be provided to the consumer through advertising. The features and price of the products can also be released by advertising that can ensure customer attraction to the company (Netemeyer et al, 2004).

2.10.2 Copy Test Measures for Brand Equity
Brand perception of the consumers can be evaluated through cop test measures. This is basically a process of understanding the effectiveness of advertising to increase the brand image. The consumers are affected by the advertisement easily and they become aware about the brand (Jung and Sung, 2008; Keller and Lehmann, 2008). But if they do not purchase the products from that brand then the advertising efforts may go in vain. So, the business organisations need to take copy test measures to evaluate the impact of advertising. We need to evaluate that the advertising increases the sales or not, so that we can see the difference between after advertising moment before advertising moment of the company (Konecnik and Gartner, 2007). Copy test measure beings the scope to deal with advertising and marketing limitation that can hinder the attainment of brand equity.

2.10.3 Equity Measure and Ad Recall
Ad recall for brand equity is a process of increasing the brand equity in the market. When a brand is already popular in the market it may need to increase the rating because of competitive business environment (Hsieh, 2004). So, ad recall may be introduced to increase the brand equity to gain the competitive advantages. The difference of the product quality is an important factor to brand equity. Newly established companies that supply products for the customers do not have any brand image (Bloemer and Ruyter, 2008). Due to this reason they need to provide high quality of products for the consumers to make them stable in the market. This sense creates a competitive business scenario for the popular brands that leads to take ad recall measures.
2.10.4 Attributes of Brand Equity

There are some important attributes of brand equity that can help to understand the sources and factors of attaining brand image for the business organisations.

- Brand loyalty or satisfaction
- Brand popularity in the market
- Awareness about the brand
- Personality of the brand image
- Distribution coverage and market value
- Differentiation
- Perceived values
- Amount of market share (Buil et al, 2008)

According to Kotler (2008) there are three major index of brand equity that can increase organisational performance such as:

- Stability of the brand is described as a process of attaining customer retention and customer loyalty
- The level of market share is considered as a success of brand equity for organisational performance
- Other organisations can measure the relation with relative price explained by the ratio

2.11 Summary

This chapter explains about the nature and definition of perceived risk and brand equity. There are many important factors and issues relating to perceived risk are described in this chapter to explain the aim and objectives. Bran equity process and some necessary issues regarding the aim and objectives are also expressed here. The role of advertising for marketing as well as brand equity is also explained in this segment. The discussion of model of brand equity is another vital portion of this chapter.
Chapter - 3: Research Methodology

3 Research Methodology

3.1 Introduction
Research methodology is the chapter of the present study that includes the research methods and research design. The methods of conducting this research are going to be explained in this chapter.

3.2 Research Philosophy
Both positivism and interpretivism research philosophy/paradigm are very popular to conduct marketing research. Positivism research philosophy believes that if we can solve the problems that can ease the way of attaining the benefits for the organisations (Neuman, 2009). On the other hand, the concept of interpretivism believes that if we can solve the problems then it can bring success as well as more difficulties for the organisation. The core concept of this research philosophy is that human being has the power to make their decisions (Crossan, 2003). For this study positivism is adopted as the research philosophy. Since the focus of this study is to explore the cause effect relationship between perceived risk and brand equity and the reality of such effect can be identified without intruding into the event Positivism is the suitable philosophy for this study.

3.3 Research Approach
Both inductive and deductive research approaches are indicated in the research design segment. The use of research approach enhances the supporting role for research methods that can make the methodology efficient for the case study.

Inductive Research Approach: The implication of research approach is necessary to conduct the research activities within specific way. The concept of inductive research approach brings the opportunity to use bottom-up strategy for the research methodology(Creswell, 2007). Theory is the ultimate outcome to inductive approach.

Deductive Research Approach: The term deductive research approach refers that it has the consistency of applying top to bottom strategy for research methodology. The major role of applying deductive research approach is to design specific aim and objectives of the study. It can also bring the scope of using tentative hypothesis for conducting the case study successfully. Hypothesis can help to understand the comparison between
Tesco and Asda by discussing the issues regarding perceived risk and brand equity (Kumar and Ranjit, 2005). Deductive research approach is useful to ensure boarder generalisation of the primary data relating to perceived risk and brand equity in the selected companies. So by considering the use of existing theories for bringing an outcome by exploring the relationship between perceived risk and brand equity of Tesco and ASDA it is seemed that deductive approach will be more suitable for this study.

3.4 Research Methods
There are two major method of conducting the case study of perceived risk and brand equity comparing in Tesco and Asda such as quantitative method and qualitative methods. Both these methods can be useful to analyse various factors and issues relevant with the aim and objectives of the case study.

**Qualitative Research Method:** Qualitative research method is more likely to conduct the study by using different qualitative theories and descriptions. This method is more suitable for behavioural analysis.

**Quantitative Research Method:** The implication of quantitative method is important for this present study because it can describe some quantitative variables of perceived risk and brand equity. We need to analyse some significant factors of brand equity through quantitative data, so, this research method is mainly used for this study. Quantitative research approach is also useful for analysing the primary data in accordance with secondary data that helps to attain the aim and objectives of the case study (Denscombe, 2007). It also brings the opportunity to conduct questionnaire survey for primary data collection. Survey method is very important to gather useful data relating to the perceived risk and brand equity in Tesco and Asda.

3.5 Data Collection Method
The methods of data collection need to be specified for the study. The tools of data collection are also necessary to ensure effective data collection procedures in this research.

**Secondary Data Collection Method:** This type of data is called as second hand data. Researcher does not need to collect it by his efforts because it is already published somewhere else. It refers that any kind of written and published materials relevant with perceived risk and brand equity are mentioned as secondary data in this case study. The
importance of secondary sources of data explains that outcome of the study can be expected by discussing the findings of the literatures (Creswell, 2007). In literature review segment, we have discussed some important issues and factors that can help to understand the impact of brand equity for reducing perceived risk in business organisations.

**Primary Data Collection Method:** Primary data collection method is very useful for the case study of perceived risk and brand equity comparing in Tesco and Asda because it can provide the present situation of perceived risk and brand equity in the companies. It is also called as first hand data but it is less reliable than secondary sources because it is not approved or published somewhere else before (Saunders et al, 2009). Primary data can help to gather information about the spruces of perceived risk as well as the process of ensuring brand equity. Primary data has been collected by conducting a survey on a sample of 72 customers of Tesco and ASDA (34 from Tesco and 38 from ASDA).

**Data Collection Tools:** The discussion of particular data collection tools is required for successful methodology of this case study. Primary data can be collected by questionnaire survey and qualitative interviewing process. Structured type of interview is applied in this study to gather qualitative data relevant with perceived risk and brand equity. On the other hand, seminar paper and books, websites and online articles, online data base, newspaper, books, printed articles or any kind of written material relevant with the aim and objectives of the case study are considered as tools of secondary data (Fisher, 2007).

**3.6 Sampling Method and Sample Size**
Samples are required to participate in the primary data collection process. These samples will share their views and opinions regarding the issues of perceived risk and brand equity of Tesco as well as Asda. So, researcher needs to be sincere about choosing samples of the study. Random sampling method is applied to choose total 72 respondents for the data collection process. After collecting data 60 respondent’s feedbacks were used in the final analysis.
3.7 Data Analysis Method and Data Interpretation
The collected data were analysed by using different statistical tools. This study employed
different descriptive statistics, figures and tables for analyzing the data. Moreover,
Pearson’s correlation matrix has been used to explore the relationship between brand
equity factors and customer’s perceived risk. Data interpretation has been supported by
the use of MS Excel application.

3.8 Ethical Considerations
Honesty and the truthfulness of the researcher is the basic ethical issue of the case study.
Some other ethical issues for the methodology need to be ensured such as protection of
the respondents from both physical and mental injury, prevention of frauds, privacy and
confidentiality as well as consent of information (Saunders et al, 2009). The selected
companies also provide authorisation for conducting the case study. All the information
will be kept secret so that there can be no misuse of the data.

3.9 Limitation of Methodology
- Lack of funds and resource may hinder the process of methodology in this study
- Lack of time management and improper method of data collection can hamper
  the attainment of the aim and objectives
- Unskilled researcher is always a negative impact of the research
- Lack of attention from both researcher and participants
- Violation of ethical issues
- Lack of attention from the selected companies (Denscombe, 2007)

3.10 Summary
This chapter contain valuable segments of conducting the case study. The discussion of
research design is important through the analysis of research onion. Research philosophy
and research approaches are also explained here. Important research methods and data
collection procedures are also described here. Data analysis method and tools of
presenting data and collecting data are expressed here. Some necessary ethical issues of
methodology and limitations are also discussed in this chapter.
Chapter 4: Results

4 Results
The main purpose of this study to explore the relationship between perceived risk and brand equity of the UK retailing companies by taking the case study of TESCO and ASDA. Brand equity is a comprehensive measurement of the value of a brand in the market. A company with high brand equity has high customer loyalty that results in higher level of profitability. But perceived risks of customers affect customer satisfaction and loyalty. Literature shows that the perceived risk of customers can be reduced by building strong brand equity through using marketing tools. This chapter presents the outcomes of the statistical analysis conducted for exploring the association between brand equity and customers’ perception of risk.

4.1 Demographic Data:
Table 4-1 summarizes the demographic characteristics of the participants in the survey. The survey was conducted on total 72 respondents (34 from Tesco and 38 from ASDA). But after screening the responses at last 60 questionnaire were used for final analysis. The demographic data below shows 42% of the respondents are male and 58% are female. The age of the respondents shows only 5% respondents are below 18 and only 8% are above 60. The rest 87% of the respondents are between 18 years to 59 years. The marital status of the participants indicates 65% of the respondents are married and rest 35% is unmarried. The educational qualifications of the participants’ show only 27% of the respondents do not have higher degree (10% secondary, 17% diploma). The rest 73% of the participants have higher degree. The employment variable indicates about 78% of the participants are employed (part time or full time). The rest of the participants are either student or unemployed or housewife or retired persons. The income variable demonstrates that about 25% of the respondents have income level below £20000. About 49% of the respondents have higher level of income (more than £30000).

Table 4-1: Demographic Variables of the respondents

<table>
<thead>
<tr>
<th>Gender</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>25</td>
<td>42%</td>
</tr>
<tr>
<td>Female</td>
<td>35</td>
<td>58%</td>
</tr>
<tr>
<td>Total</td>
<td>60</td>
<td>100%</td>
</tr>
<tr>
<td>Age</td>
<td>Count</td>
<td>Percentage</td>
</tr>
<tr>
<td>------------</td>
<td>-------</td>
<td>------------</td>
</tr>
<tr>
<td>Below 18</td>
<td>3</td>
<td>5%</td>
</tr>
<tr>
<td>18-30</td>
<td>15</td>
<td>25%</td>
</tr>
<tr>
<td>31-39</td>
<td>18</td>
<td>30%</td>
</tr>
<tr>
<td>40-49</td>
<td>13</td>
<td>22%</td>
</tr>
<tr>
<td>50-59</td>
<td>6</td>
<td>10%</td>
</tr>
<tr>
<td>Over 60</td>
<td>5</td>
<td>8%</td>
</tr>
<tr>
<td>Total</td>
<td>60</td>
<td>100%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Marital Status</th>
<th>Count</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Married</td>
<td>39</td>
<td>65%</td>
</tr>
<tr>
<td>Unmarried</td>
<td>21</td>
<td>35%</td>
</tr>
<tr>
<td>Total</td>
<td>60</td>
<td>100%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Education</th>
<th>Count</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Secondary</td>
<td>6</td>
<td>10%</td>
</tr>
<tr>
<td>Diploma</td>
<td>10</td>
<td>17%</td>
</tr>
<tr>
<td>Bachelor Degree</td>
<td>24</td>
<td>40%</td>
</tr>
<tr>
<td>Masters</td>
<td>16</td>
<td>27%</td>
</tr>
<tr>
<td>PHD</td>
<td>4</td>
<td>7%</td>
</tr>
<tr>
<td>Total</td>
<td>60</td>
<td>100%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Employment Status</th>
<th>Count</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full-time</td>
<td>38</td>
<td>63%</td>
</tr>
<tr>
<td>Part-time</td>
<td>9</td>
<td>15%</td>
</tr>
<tr>
<td>Student</td>
<td>5</td>
<td>8%</td>
</tr>
<tr>
<td>Unemployed</td>
<td>2</td>
<td>3%</td>
</tr>
<tr>
<td>Housewife/husband</td>
<td>3</td>
<td>5%</td>
</tr>
<tr>
<td>Retired</td>
<td>3</td>
<td>5%</td>
</tr>
<tr>
<td>Total</td>
<td>60</td>
<td>100%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Income</th>
<th>Count</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below £10000</td>
<td>5</td>
<td>8%</td>
</tr>
<tr>
<td>£10000-£20000</td>
<td>10</td>
<td>17%</td>
</tr>
<tr>
<td>£20001-£30000</td>
<td>16</td>
<td>27%</td>
</tr>
<tr>
<td>£30001-£40000</td>
<td>12</td>
<td>20%</td>
</tr>
<tr>
<td>£40001-£50000</td>
<td>10</td>
<td>17%</td>
</tr>
<tr>
<td>Above £50000</td>
<td>7</td>
<td>12%</td>
</tr>
<tr>
<td>Total</td>
<td>60</td>
<td>100%</td>
</tr>
</tbody>
</table>
4.2 Reliability Test
Cronbach’s Alpha is conducted for measuring the internal reliability and consistency of the dimensions chosen for measuring a phenomenon. Following table shows the Cronbach’s Alpha of the constructs of the dimensions of brand equity of Tesco and ASDA. Alpha is calculated for 4 dimensions of Brand Equity and 2 dimensions of perceived risk.

The Alpha result in the following table shows all of the brand equity dimensions have Alpha value of more than 0.70. Overall Alpha value of brand equity is 0.764. Overall Alpha value of perceived risk is 0.683, while product related risk has Alpha value of 0.716 and user related risk has alpha value 0.651.

Table 4-2: Cronbach’s Alpha

<table>
<thead>
<tr>
<th>Dimensions</th>
<th>Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand Equity</td>
<td>0.764</td>
</tr>
<tr>
<td>Brand Awareness</td>
<td>0.722</td>
</tr>
<tr>
<td>Brand Association</td>
<td>0.827</td>
</tr>
<tr>
<td>Perceived Quality</td>
<td>0.745</td>
</tr>
<tr>
<td>Brand Loyalty</td>
<td>0.708</td>
</tr>
<tr>
<td>Perceived Risk</td>
<td>0.683</td>
</tr>
<tr>
<td>Product Related Risk</td>
<td>0.716</td>
</tr>
<tr>
<td>User Related Risk</td>
<td>0.651</td>
</tr>
</tbody>
</table>

4.3 Descriptive Statistics
There are three descriptive statistics used in this study- mean, median and standard deviation. Comparative descriptive statistics of Tesco and ASDA are shown in the following table. Descriptive statistics of each of the dimensions of Brand equity and perceived risk are described below.

4.3.1 Brand Equity:
Brand equity mainly comprises of four factors, which are – brand awareness, brand association, perceived quality and brand loyalty. Descriptive statistics for each of the factors are described below.

1. Brand Awareness:
The descriptive statistics for brand awareness dimension shows overall brand awareness score for Tesco is 5.67 and overall brand awareness score for ASDA is 5.32. The median for Tesco’s brand awareness is 5.5 and for ASDA is 5. From the breakdown of the brand awareness score it is found that highest score is for the question whether this brand is known to the respondent. Tesco customers has given a higher score (6.25) whereas ASDA customers given an average score of 5.80.

2. Brand association:

The overall brand association score of Tesco is 5.35 while the average brand association score for ASDA is 5.20. The median for both of the firms’ brand association score is 5. Under brand association the output demonstrates that the mean score given by respondents for the uniqueness of the brand image (Question BE05) of Tesco is 6.37 and of ASDA is 5.93. The mean score for the question whether customers have trust on the company (Question BE06) exhibits Tesco achieved trust score of 5.52 and ASDA achieved a trust score of 5.11. Other brand association factors such as preference of brand image, identification of brand among other brands and feeling regarding the brand shows mean score of 5.34, 4.86 and 4.67 for Tesco and 5.48, 4.77 and 4.71 for ASDA.

3. Perceived Quality:

The perceived quality score in the table 4-3 exhibits the mean perceived quality score for Tesco is 5.30 and for ASDA is 5.11. The median score is 6 for Tesco and 5.5 for ASDA. The deeper analysis of the perceived quality shows that the functionality score for Tesco products (question BE10) is 5.66 while functionality score for ASDA products is 5.04. Another question regarding suitability of product to the customers (Question BE11) explored the mean scores for Tesco and ASDA are 5.52 and 5.63. Another important question was whether product of the both retailers last long. The output shows a mean score of 4.75 and 4.61 for Tesco and ASDA.

4. Brand Loyalty:

Brand loyalty is the most valuable factor of brand equity. Table 4-3 below demonstrates average brand loyalty score of Tesco 5.15 and for ASDA is 4.98. Under brand loyalty it was asked whether customers’ purchase goods frequently. The mean score for Tesco is found 4.73 and for ASDA is 4.84. A question was also asked about the use of loyalty program. The output shows a mean score of 5.88 for Tesco and 5.26 for ASDA.
Preference of their retailing brand over other brands and recommendation intension of this retailer yielded the average scores for Tesco as 4.97 and 5.28 and for ASDA as 5.02 and 4.72.

4.3.2 Perceived Risk:
Customers’ perceptions of Risk were divided into two dimensions-product related perceived risk and user related perceived risk.

1. Product Related Perceived Risk:

The four components of product related perceived risk are- Financial risk, physical risk, performance risk and time risk. The lower the score of risk, the lower is the level of perceived risk by the customers.

The financial risk factor illustrates the mean financial risk score for Tesco customers is 3.25 and for ASDA customers is 3.44. The average physical risk factor for Tesco customers is 2.87 and for ASDA customers is 2.61. The mean performance risk score for Tesco customers is 4.22 and for ASDA customers is 4.15. The time risk factor shows that the average score for Tesco customers is 4.43 and for ASDA customers is 4.12. The overall product related risk factor of Tesco Customers achieved a score of 3.69 and ASDA customers achieved 3.58.

2. User Related Perceived Risk:

Among the user related perceived risk social risk has scored 4.01 by Tesco customers and 4.10 by ASDA customers. Psychological risk has been given the score of 3.56 by Tesco Customers and 3.63 by ASDA customers.
Table 4-3: Comparative Descriptive Statistics of Brand equity and Customers’ Perceived risk of TESCO and ASDA

<p>| Coding of Questions | TESCO | | | | | | ASDA | | | |
|---------------------|-------|---|---|---|---|---|---|---|---|---|---|
|                     | Mean  | Median | Std. Deviation | Mean  | Median | Std. Deviation | | | | |
| <strong>Brand Equity Dimensions</strong> | | | | | | | | | | | |
| <strong>1. Brand awareness</strong> | | | | | | | | | | | |
| BE01 This Brand is known to me | 5.67 | 5.5 | 0.9915 | 5.32 | 5 | 1.0520 |
| BE02 I can remember this brand before other brands. | 6.25 | 6 | 0.9538 | 5.8 | 6 | 1.0361 |
| BE03 I am aware of this brand. | 5.71 | 6 | 1.1736 | 5.4 | 5 | 1.2453997 |
| BE04 This brand is well reputed. | 5.52 | 5 | 0.9253 | 4.97 | 5 | 0.9684 |
| <strong>2. Brand association</strong> | | | | | | | | | | | |
| BE05 Brand image of this brand is unique. | 5.352 | 5 | 0.8868 | 5.2 | 5 | 0.9154 |
| BE06 I have trust on this brand. | 6.37 | 6 | 1.2447 | 5.93 | 6 | 1.0859 |
| BE07 I prefer the brand image of this retailer. | 5.52 | 6 | 0.9089 | 5.11 | 6 | 0.9416 |
| BE08 I can identify the product of this brand among other brands | 5.34 | 5 | 0.7559 | 5.48 | 5 | 0.8135 |
| BE09 I feel nice when see the products or news of this retailer. | 4.86 | 5 | 0.9444 | 4.77 | 5 | 1.0553 |
| <strong>3. Perceived quality</strong> | | | | | | | | | | | |
| BE10 The products of this retailer are very functional | 5.3 | 6 | 0.9411 | 5.11 | 5.5 | 0.9248 |
| BE11 Product of this retailer suits me well. | 5.66 | 6 | 1.2442 | 5.04 | 5 | 1.1434 |
| BE12 I have trust in the product quality of this retailer | 5.52 | 6 | 0.9087 | 5.63 | 6 | 0.9589 |
| BE13 Product of this brand lasts long. | 5.71 | 6 | 0.7551 | 5.57 | 6 | 0.7128 |
| BE14 The products of this retailer provide value for money | 4.75 | 5 | 0.9443 | 4.61 | 5 | 0.8235 |
| | 4.86 | 5 | 0.8533 | 4.7 | 5.5 | 0.9854 |</p>
<table>
<thead>
<tr>
<th>4. Brand loyalty</th>
<th>5.15</th>
<th>5</th>
<th>1.1123</th>
<th>4.98</th>
<th>5</th>
<th>1.1684</th>
</tr>
</thead>
<tbody>
<tr>
<td>BE15 I purchase goods from this retailer repeatedly</td>
<td>4.73</td>
<td>5</td>
<td>1.2428</td>
<td>4.84</td>
<td>5</td>
<td>0.9816</td>
</tr>
<tr>
<td>BE16 This brand is my best choice.</td>
<td>5.13</td>
<td>5</td>
<td>1.1573</td>
<td>4.88</td>
<td>5</td>
<td>1.2199</td>
</tr>
<tr>
<td>BE17 I use loyalty program of this retailer rigorously</td>
<td>5.88</td>
<td>5</td>
<td>1.0736</td>
<td>5.26</td>
<td>5</td>
<td>1.1507</td>
</tr>
<tr>
<td>BE18 When this brand is available I will not buy other brand.</td>
<td>5.13</td>
<td>5</td>
<td>1.1573</td>
<td>5.26</td>
<td>5</td>
<td>1.1507</td>
</tr>
<tr>
<td>BE19 I prefer this retailer over all other retailers</td>
<td>4.97</td>
<td>5</td>
<td>1.1948</td>
<td>5.02</td>
<td>5</td>
<td>1.1152</td>
</tr>
<tr>
<td>BE20 I would recommend this retailer to others</td>
<td>5.28</td>
<td>5</td>
<td>0.9011</td>
<td>4.72</td>
<td>4</td>
<td>1.3175</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Perceived Risk (PR)</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Product Related Risk</td>
<td>3.69</td>
<td>3.5</td>
<td>1.0957</td>
<td>3.58</td>
<td>3.5</td>
<td>1.0887</td>
</tr>
<tr>
<td>Financial Risk</td>
<td>3.25</td>
<td>3</td>
<td>1.0923</td>
<td>3.44</td>
<td>3</td>
<td>1.0231</td>
</tr>
<tr>
<td>Physical Risk</td>
<td>2.87</td>
<td>3</td>
<td>1.1257</td>
<td>2.61</td>
<td>3</td>
<td>1.1755</td>
</tr>
<tr>
<td>Performance Risk</td>
<td>4.22</td>
<td>4</td>
<td>1.1063</td>
<td>4.15</td>
<td>4</td>
<td>1.0656</td>
</tr>
<tr>
<td>Time Risk</td>
<td>4.43</td>
<td>4</td>
<td>1.0586</td>
<td>4.12</td>
<td>4</td>
<td>1.0905</td>
</tr>
<tr>
<td>2. User Related Perceived Risks</td>
<td>3.79</td>
<td>3.5</td>
<td>0.9949</td>
<td>3.88</td>
<td>4</td>
<td>0.9067</td>
</tr>
<tr>
<td>Social Risk</td>
<td>4.01</td>
<td>4</td>
<td>0.9746</td>
<td>4.1</td>
<td>4</td>
<td>0.9319</td>
</tr>
<tr>
<td>Psychological Risk</td>
<td>3.56</td>
<td>3</td>
<td>1.0152</td>
<td>3.63</td>
<td>4</td>
<td>0.8814</td>
</tr>
</tbody>
</table>
4.3.3 Comparison between Tesco and ASDA:
The figure 4-1 illustrates the comparison between customers’ perceived brand equity of Tesco and ASDA. The figure shows the highest score is given by customers to brand awareness and lowest score is to brand loyalty. In all four factors Tesco’s scores are higher than those of ASDA’s score.

![Comparison of Brand Equity of Tesco and ASDA](image)

**Figure 4-4:** Comparison between perceived brand equity of Tesco and ASDA.

The figure 4-2 depicts the comparison of perceived risk of Tesco and ASDA. The figure shows a higher product related perceived risk for Tesco’s customers and lower product related perceived risk for ASDA customers. But in case of user related perceived risk Tesco customers’ have a lower score than those of ASDA.

![Comparison of Perceived Risk of TESCO and ASDA](image)

**Figure 4-5:** Comparison of perceived risk score for Tesco and ASDA.
4.3.4 Pearson’s Correlation:
In this study Pearson’s Correlation was measured for exploring the relationship nature between perceived risk and brand equity for Tesco and ASDA.

Pearson’s Correlation for TESCO:

Table 4-4 in this chapter exhibits the correlation coefficients of Brand equity and perceived risk. The table shows a negative but significant correlation between brand equity and perceived risk. Overall perceived risk correlation coefficient with over all brand equity is -0.394 which is significant at 5% level.

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Brand Awareness</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 Brand Association</td>
<td>0.861***</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 Perceived Quality</td>
<td>0.748**</td>
<td>0.651**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4 Brand Loyalty</td>
<td>0.635*</td>
<td>0.586**</td>
<td>0.883***</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5 Brand Equity</td>
<td>0.914***</td>
<td>0.892***</td>
<td>0.927***</td>
<td>0.905***</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6 Product Related Risk</td>
<td>-0.275*</td>
<td>-0.236*</td>
<td>-0.429**</td>
<td>-0.483**</td>
<td>**</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7 User Related Risk</td>
<td>-0.327**</td>
<td>-0.358*</td>
<td>-0.363*</td>
<td>-0.415**</td>
<td>**</td>
<td>***</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>8 Perceived Risk</td>
<td>-0.314**</td>
<td>-0.288*</td>
<td>-0.402**</td>
<td>-0.447**</td>
<td>**</td>
<td>0.942***</td>
<td>0.918***</td>
<td>1</td>
</tr>
</tbody>
</table>

Pearson Correlation Matrix for ASDA

The Pearson’s correlation for ASDA has also shown a similar result like Tesco. The correlation coefficient for overall perceived risk shows a negative association between perceived risk and brand equity of ASDA. The correlation coefficient score is -0.454 which is significant at 5% level.
<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Brand</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Awareness</td>
<td>0.885***</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Brand Association</td>
<td>0.723***</td>
<td>0.676**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Perceived Quality</td>
<td>0.594*</td>
<td>0.607**</td>
<td>0.778**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Brand Loyalty</td>
<td>0.953***</td>
<td>0.921***</td>
<td>0.944***</td>
<td>0.928***</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Brand Equity</td>
<td>-0.263*</td>
<td>-0.247*</td>
<td>-0.396**</td>
<td>-0.495**</td>
<td>0.384**</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Product Related Risk</td>
<td>-0.437</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>User Related Risk</td>
<td>-0.327*</td>
<td>-0.364*</td>
<td>-0.411**</td>
<td>***</td>
<td>0.442**</td>
<td>-0.897**</td>
<td>1</td>
</tr>
<tr>
<td>9</td>
<td>Perceived Risk</td>
<td>-0.338*</td>
<td>-0.341*</td>
<td>-0.412**</td>
<td>-0.454**</td>
<td>0.419**</td>
<td>0.933***</td>
<td>0.969***</td>
</tr>
</tbody>
</table>

### 4.3.5 Regression analysis

Through the regression analysis the researcher measured the extent of the relationship between customers’ perceived risk and brand equity. Total four regression models were run. The first two model outputs are presented below.

#### 4.3.5.1 Effect of Brand Equity of TESCO on its customers’ perceived risk

The coefficient table shows both products related perceived risk and user related perceived risk is negatively influenced by brand equity in case of Tesco. The regression coefficient for product related risk is -0.537 and user related risk is -0.469. The brand equity coefficient in case of product related risk is significant at 5% level and the brand equity coefficient in case of customer related risk is significant at 10% level.
Table 4-6: Regression results for measuring effect of brand equity on customer's perceived risk

<table>
<thead>
<tr>
<th>Dependent Variable: Customers’ Perceived Risk</th>
<th>Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
<td>Product Related Risk</td>
</tr>
<tr>
<td>(Constant)</td>
<td>1.437</td>
</tr>
<tr>
<td>Brand Equity</td>
<td>-0.537**</td>
</tr>
</tbody>
</table>

R-Squared =0.362  
*Significant at 10% level **Significant at 5% level

4.3.5.2 Effect of Brand Equity of ASDA on its customers’ perceived risk

The coefficient table shows both products related perceived risk and user related perceived risk is negatively influenced by brand equity in case of ASDA. The regression coefficient for product related risk is -0.431 and user related risk is -0.477. The brand equity coefficient in case of product related risk is significant at 10% level and the brand equity coefficient in case of customer related risk is significant at 5% level.

Table 4-7: Regression results

<table>
<thead>
<tr>
<th>Dependent Variable: Customers’ Perceived Risk</th>
<th>Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
<td>Product Related Risk</td>
</tr>
<tr>
<td>(Constant)</td>
<td>1.682</td>
</tr>
<tr>
<td>Brand Equity</td>
<td>-0.431*</td>
</tr>
</tbody>
</table>

R-Squared =0.328  
*Significant at 10% level ***Significant at 1% level

Conclusion:

This chapter presented the results of the statistical analysis of the primary data. The data were compiled by using MS Excel 2007 and analyzed by using SPSS 16.0. As the implications of the output have not discussed in this chapter following chapter states the critical analysis of the results and the implications of outputs.
Chapter 5: Analysis and Discussion

5 Analysis and Discussion
This chapter comprises the critical analysis and discussion of the results presented in the previous chapter. The discussion of findings is based on the literature available in chapter two. This chapter also provides the conclusions, recommendations and suggested areas for further study. The findings are discussed in terms of the research objectives in relation to literature in chapter two.

5.1 Analysis and Discussion of Results
From the demographic data of the study it is found that most of the respondents are between the ages of 18 to 59. So, this can be said that these customers are able to answer the survey question better way than others. The education level of 73% respondents is higher than diploma level. Most of the respondents are employed (about 78%) and having good income level. All of the demographic characteristics of the respondents indicate a good choice of the sample. So, the findings of the study are more reliable.

Further analysis of the reliability was done by calculating Cronbach’s Alpha. The Alpha scores show that all of the brand equity dimensions are consistent and reliable as they have Alpha’s of more than 0.7. Other constructs are also reliable as Alpha of more than 0.60 is acceptable.

From the descriptive statistics it is found that overall brand awareness of Tesco customers is higher than that of ASDA customers. The mean brand awareness score of Tesco indicates most customers are fully aware of this brand. They can remember this brand before other brands and they know this brand is well reputed. The customers of ASDA showed a somewhat worse brand awareness than the customers of in terms of knowing the brand, remembering the brand over other brands and regarding the perception of the reputation of the brand.

In case of brand association the difference between brand association of Tesco’s and ASDA’s customers was explored. The customers of Tesco have higher level of brand association than that of ASDA’s customers. Most of the customers think that brand image of Tesco is more
unique than that of ASDA. Tesco’s customers have more trust on Tesco than that of ASDA although both of companies’ customers showed positive feedback regarding trust on the brands. The customers of both of the retailers showed slightly positive replies regarding the identification of the brand among other brands and all the customers of both retailers said that they feel nice when they see the brand news of their respective retailers.

The perceived quality of Tesco’s brand and products are slightly better than that of ASDA. It is found that the products of Tesco are more functional than those of ASDA. The products of Tesco are found more durability than those of ASDA according to customers’ opinion. But the overall perceived quality of both of the Brand is good.

The brand loyalty factor of overall brand equity implies that the brand loyalty of both of the retailers is somewhat satisfactory although the loyalty of Tesco’s customers is slightly higher than that of ASDA’s customers. Although the overall brand loyalty score of Tesco is higher it is found that ASDA’s customers buy more frequently that those of Tesco’s customers. It is found that the loyalty program such as Clubcard is more popular among Tesco’s customers than ASDA’s customers. This is because Tesco manages its loyalty program more efficiently and provides very lucrative offers for customers than ASDA.

From the overall comparison of the brand equity of both Tesco and ASDA it is found that the brand equity of Tesco is higher than that of ASDA.

The perceived risk analysis of the customers of both of the companies indicates that product related perceived risk of Tesco’s customers is higher than that of ASDA’s customers. Tesco’s customers feel greater performance risk and time risk in case of purchasing products comparing to the customers of ASDA.

On the other hand user related perceived risk is higher for ASDA than that of Tesco. ASDA’s customers feel more that they would be humiliated by Keith and keen by buying goods from ASDA. Tesco’s customers also feel this but at a lower degree. Tesco’s customers are psychologically happier than those of ASDA’s customers because perceived psychological risk of Tesco’s customers is lower than that of ASDA’s customers.
5.2 Analysis and discussion based on Objectives: Relationship between perceived risk and brand equity in Tesco and ASDA

The Pearson correlation indicates a negative relationship between perceived risk and brand equity in case of both Tesco and ASDA. This implies that if brand equity of both of the companies can be enhanced by using different marketing tools such as advertising, promotion, good pricing, superior brand construction and superior marketing strategy the perceived risk of the customers can reduced. Perceived risk ultimately affects the buying behaviour of the customers and customer loyalty. So, by reducing product related perceived risk a better customer loyalty can be created.

The regression analysis explored the extent of effect of brand equity on customers’ perceived risk. It is found that brand equity is negatively associated with the both product related and user/customer specific perceived risk of Tesco’s customers. The regression co-efficient indicates if brand equity is enhanced by 1% then product related perceived risk can be reduced by 0.537% and user related perceived If brand equity can be improved by 1% then customer specific risk can be reduced by 0.469%. In case of ASDA both the product specific perceived risk and customer specific perceived risk can be reduced by managing brand equity properly. This implies that if product quality can be improved, competitive prices can be charged, brand value can improved by using superior technology then customers’ perceived risk can be reduced in much extent.

The studies of Chaudhuri, (1997), Mercer et al, (2005), Rogers (2008), and Slovic, (2010) found the negative association between perceived risk and brand equity, although they studied the effect of perceived risk on brand equity. As a countervailing effect brand equity should also have negative impact on perceived risk of customers. This study proved this hypothesis.

5.3 Summary:
This chapter conducted the discussion and critical analysis of the finding of the study. Through the discussion it is found that Brand equity affects the perceived risk negatively. If brand equity can be improved than customers’ perceived risk can be reduced and ultimately customer satisfaction and loyalty can be enhanced which will lead both Tesco and ASDA to long term profitability.
Chapter 6: Conclusion and Recommendation

6 Conclusion and Recommendation
The previous chapter discussed about results found from analysis of primary data collected through questionnaire survey conducted on a sample of Tesco and ASDA customers. The analysis showed customers’ responses regarding different aspects of Brand Equity of both the companies and the perceived risk of the customers. Customers’ perceived risk were divided into product related perceived risk and person/customer related perceived risk. It was studied whether brand equity has any impact on these risk perception of customers. After conducting the analysis in the above chapter, this chapter has made the summarization of the analysis, the conclusion and the recommendation for Tesco and ASDA based on findings and conclusion. Moreover, the scope of future studies and limitations of the study have also been discussed in this chapter.

6.1 Conclusion:
The main objective of this research was to identify the nature and extent of relationship between perceived risk and brand equity. For conducting this research a structured questionnaire was developed. The data were collected by conducting survey on customers of both Tesco and ASDA. For measuring the relationship between brand equity and perceived risk brand equity is measured based on customers’ ranking of different aspects of brand equity. The perceived risk also explored by the opinion of customers. From the study it can be said Tesco has superior brand equity than that of ASDA. But the customers of Tesco feel more risk in the products of Tesco than the customers of ASDA. The reason behind this should be explored by Tesco. Different statistical analysis such as Pearson’s correlation and regression analysis found negative association between customers’ perceived risk and brand equity. If brand equity can be improved than customers’ perceived risk can be reduced and ultimately customer satisfaction and loyalty can be enhanced which will lead both Tesco and ASDA to long term profitability

6.2 Recommendations:
As this research identified some weaknesses in brand equity management system of both Tesco and ASDA, some recommendations can be made for these companies. The recommendations are pointed out below:
Tesco should improve its customer contact system i.e. it should design its promotional activities more practically to increase the effectiveness of its promotional activities. Besides this Tesco should also improve the services in its customer touch points so that customers use its customer interfaces for taking a purchase decision.

The company should improve its e-mail system for more customization of e-mail promotions so that such promotions create necessity of products in customers mind.

Another problem was identified for Tesco’s brand equity, which is regarding the transaction processing cost through online. Tesco should care about it and reduce customers’ transaction costs by contracting with online payment gateways with favourable terms.

ASDA should more focus on improving brand awareness and brand loyalty. The brand of ASDA is not as strong as that of Tesco. So, by superior branding and brand management ASDA should improve its condition.

The customers of Tesco perceive more performance and time risk in comparison to ASDA’s customers. Tesco should improve the quality of product so that customers don’t fear about the performance and time waste for repairing the product.

Tesco’s and ASDA’s online customer service system should be improved as it is found that most of the time the real time chat boxes remain busy. Moreover, online queries should be answered quickly.

Servicing of products purchased through online should be made easy.

6.3 Limitations and Scope for Future Research:
The results of this study are somewhat limited by two reasons. The main limitation of this study is the sample size. This study was conducted only on 60 respondents, 30 from each of the companies, due to time and resource limitation. However, if sample size could be enhanced then this study would give a better result. Moreover, this study could include other qualitative factors that affect the buying behaviour of customers.

Although some conclusions are achieved in this study, there are still rooms leave to be explored. First, effects of brand equity and perceived risk on brand loyalty are not confirmed in this product category. This notion should be investigated across product categories to be generalized.
Besides, satisfaction toward a brand may contain not only product related attributes, but also service such as maintenance or warranty provided, especially for the durable. It can be extended wider to include those invisible attributes as a whole construct when measuring customer satisfaction.

Sizable literature indicates that loyalty is a multidimensional construct. Aaker (1996) suggests that loyalty represents a barrier to entry, a basis for a price premium, time to respond to competitor innovations, and a bulwark against deleterious price competition. In this study, some questions related to re-purchase intention and word referrals are asked in questionnaire survey, but these items are not extracted into independent factors. Researchers may apply other measurement scales to capture more loyalty facets and investigate the interrelationship in the conceptual model.

References


Appendix: Questionnaire:

Dear respondent,

This study is about the relationship between customers’ perceived risk and brand equity by taking the comparison of Tesco and ASDA. Perceived risk is the consumers’ perception of the uncertainty and potential adverse consequences of buying a product from Tesco or ASDA. There are some questions regarding the perceived risk and brand equity for both of the companies.

You have been identified as a respondent and I therefore request you kindly that you spare a few minutes of your busy schedules to fill this questionnaire. The responses will be aggregated to the organizations and used for academic research. Your honest and sincere responses are highly appreciated and shall be treated with utmost confidentiality.

Section A: Demographic Information
Section B: Brand Equity Measures (BE)

Here, 1 = strongly disagree, 2 = disagree, 3 = somewhat disagree, 4 = neutral, 5 = somewhat agree, 6 = agree, 7 = strongly agree

<table>
<thead>
<tr>
<th>Dimensions</th>
<th>Likert Scales</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Section B1: Brand awareness</strong></td>
<td></td>
</tr>
<tr>
<td>BE01 This Brand is known to me</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>BE02 I can remember this brand before other brands.</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>BE03 I am aware of this brand.</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>BE04 This brand is well reputed.</td>
<td>1 2 3 4 5 6 7</td>
</tr>
</tbody>
</table>

| **Section B2: Brand association**  |               |
| BE05 Brand image of this brand is unique. | 1 2 3 4 5 6 7 |
| BE06 I have trust on this brand.      | 1 2 3 4 5 6 7 |
| BE07 I prefer the brand image of this retailer. | 1 2 3 4 5 6 7 |
BE08  I can identify the product of this brand among other brands.  1  2  3  4  5  6  7
BE09  I feel nice when see the products or news of this retailer.  1  2  3  4  5  6  7

Section B3: Perceived quality
BE10  The products of this retailer are very functional  1  2  3  4  5  6  7
BE11  Product of this retailer suits me well.  1  2  3  4  5  6  7
BE12  I have trust in the product quality of this retailer  1  2  3  4  5  6  7
BE13  Product of this brand lasts long.  1  2  3  4  5  6  7
BE14  The products of this retailer provide value for money  1  2  3  4  5  6  7

Section B4: Brand loyalty
BE15  I purchase goods from this retailer repeatedly  1  2  3  4  5  6  7
BE16  This brand is my best choice.  1  2  3  4  5  6  7
BE17  I use loyalty program of this retailer rigorously  1  2  3  4  5  6  7
BE18  When this brand is available I will not buy other brand.  1  2  3  4  5  6  7
BE19  I prefer this retailer over all other retailers  1  2  3  4  5  6  7
BE20  I would recommend this retailer to others  1  2  3  4  5  6  7

Section C: Perceived Risk (PR)
This section covers the questions regarding the risk you perceive regarding the purchase and use of product

Section C1: Product Related Risk
PR1  The products of this retailer will not provide best economic gain to me (Financial Risk)  1  2  3  4  5  6  7
PR2  I will incur loss due to poor warranty and high maintenance cost (Financial Risk)  1  2  3  4  5  6  7
PR3  Some products of this retailer are unsafe and would become unsafe in any time (physical risk)  1  2  3  4  5  6  7
PR4  The products of this retailer will create health hazard to me (physical risk)  1  2  3  4  5  6  7
PR5  The products of this retailer would perform poorly (Performance)  1  2  3  4  5  6  7
PR6  The products from this retailer will not satisfy my needs (performance risk)  1  2  3  4  5  6  7
PR7  The is a lot of risk that the products from this retailer will have to be redone or repaired frequently (Time Risk)

Section C2: User Related Perceived Risks
PR8  If I purchase products from this retailer I will be  1 2 3 4 5 6 7 
humiliated by my friends (Social Risk)

PR9  If I purchase products from this retailer my  1 2 3 4 5 6 7 
relatives, friends and neighbours would think less 
highly of me (Social Risk)

PR10 The products of this retailer will not match my self-  1 2 3 4 5 6 7 
image or my mental setting (psychological risk) 

!!!Thank You for Your Co-operation!!!