



Creating brand equity in the Chinese clothing market

The effect of selected marketing activities on brand equity dimensions

Xiao Tong

Department of Clothing, Textiles, and Interior Design, University of Alabama, Tuscaloosa, Alabama, USA, and

Jana M. Hawley

Department of Apparel, Textiles and Interior Design, Kansas State University, Manhattan, Kansas, USA

Abstract

Purpose – This paper aims to explore the effectiveness of eight selected marketing activities in creating brand equity in the Chinese clothing market.

Design/methodology/approach – A shopping centre intercept survey is conducted to collect data in the two largest Chinese cities, Beijing and Shanghai. The empirical tests, using a structural equation model (SEM), support the research hypotheses.

Findings – The results indicate the positive effects of store image, celebrity endorsement, event sponsorship, web advertising, and non-price promotions on brand equity in China as well as the detrimental impact of frequent price promotions.

Research limitations/implications – The study is limited to consumers in Beijing and Shanghai.

Practical implications – The findings answer the following questions: how do foreign clothing brand suppliers develop effective brand strategies for the China market? Should marketing activities designed to build brand equity be modified to accommodate different attitudes or behaviors in China?

Originality/value – Few studies have investigated how to build brand equity in China. A structural model was used to examine the relationship between eight widely used marketing activities and the dimensions of brand equity for imported clothing brands in China. The study also examines the directional relationships between brand equity dimensions.

Keywords Brand equity, Marketing, Clothing, China

Paper type Research paper

Introduction

The ability of brand equity to create value for customers and firms alike has created a burgeoning interest in the subject among marketing academicians and practitioners since the 1980s. A general definition of brand equity is the incremental utility and value that a brand name adds to a product, such as Coke, Kodak, Levi's, and Nike (Farquhar *et al.*, 1991). A marketing strategy is often considered essential for establishing brand equity. Advertising expenditures, sales force, public relations, slogans or jingles, symbols and packages, warranties, and event marketing have been proposed as factors contributing to brand equity (Aaker, 1991; Simon and Sullivan, 1993; Keller, 2002).



Research has shown that consumers in different parts of the world vary in their attitudes and opinions toward marketing activities (Dawar and Parker, 1994). Yoo and Donthu (2002) further noted that cultural and economic differences might mediate the effect of marketing efforts on creating brand equity. Most studies on the creation of brand equity have been conducted in Western countries. Therefore, those findings may not be generalizable to other markets, such as China, without further empirical testing.

With a rapidly growing economy and an enormous population, China is now one of the most attractive consumer markets in the world (Brewer, 1997). According to Bow and Ford (1993), imported clothing brands in China are typically associated with high fashion or high social status. There is a tendency for Chinese consumers, especially young consumers, to pursue a “modern” lifestyle by spending on big brand name products and keeping up with fashion trends (Bow and Ford, 1993; Li and Gallup, 1995). Thus, foreign apparel brands are enjoying strong sales growth in the Chinese market. However, Chinese cultural and consumer behaviors differ a great deal from those observed in Western markets, with Confucianism playing the biggest part in shaping the unique Chinese culture. Self-realization is now a strong concept among Chinese youths; however, in contrast to their counterparts around the world, these young people can become modern in many ways while still remaining very traditional (St-Maurice and Wu, 2006). Marketing strategies that are effective in building brand equity in Western markets may simply not be effective in China.

Few studies have systematically investigated how to employ marketing strategies to build brand equity in China. This study has used a structural model to investigate the relationship between selected marketing activities and the dimensions of brand equity for imported clothing brands in China, as well as the relationships between brand equity dimensions.

Literature review

Brand equity theory

Aaker (1991) formulated the concept of brand equity, defined as a set of assets and liabilities linked to a brand that create value for both customers and the firm. He stated that the set of assets and liabilities could be classified into five categories:

- (1) brand loyalty;
- (2) brand awareness;
- (3) perceived quality;
- (4) brand association; and
- (5) other brand proprietary assets.

Aaker (1991, 1996) also suggested that each brand equity dimension could be achieved by a variety of marketing strategies. Of the five brand equity dimensions proposed by Aaker, the first four reflect customers' evaluations and reactions to a brand; thus, they are the most popularly adopted dimensions to explore the findings of marketing and consumer behavior research in relation to brand equity (Barwise, 1993; Yoo and Donthu, 2001; Yoo *et al.*, 2000).

Based on Aaker's concept, Yoo *et al.* (2000) created the Brand Equity Creation Process Model to examine systematically the relationship between marketing efforts, brand equity dimensions, and overall brand equity. Yoo *et al.*'s model was built based

on the conceptual framework of brand equity shown in Figure 1. As one of the first studies of its kind, this framework provides a good starting point for further research on the linkage between marketing activities and brand equity.

Because brand equity is rooted in its dimensions, the relationships between marketing efforts and the four brand equity dimensions are crucial in creating customer-based brand equity (Aaker, 1996). Based on the Brand Equity Creation Process Model in Yoo *et al.* (2000), this study aimed to explore how to build brand equity through marketing activities in the Chinese market. The relationship between marketing efforts and brand equity dimensions was the primary focus of this research.

Relationships between brand equity dimensions

As determined by previous studies, directional relationships exist between the four brand equity dimensions (Aaker, 1991; Yoo *et al.*, 2000). According to Aaker, *brand awareness* is the foundation of overall brand equity and the other three dimensions. *Perceived brand quality* is based in part on brand awareness, as a visible brand might be considered more able to provide superior quality (Zeithaml, 1988). *Brand association* also relies on the establishment of brand awareness, because it is usually wasteful to attempt to communicate brand attributes until a name is established with which to associate them. Moreover, high quality enables consumers to recognize the brand's distinctiveness and superiority (Aaker, 1991). As the most important brand equity dimension, *brand loyalty* is also influenced in part by the other three dimensions – i.e. awareness, association, and perceived quality (Yoo and Donthu, 2002). Thus, the present study proposes the following relationships between these dimensions in the structural model as seen in Figure 2:

- HA1-3. Perceived quality has a significant positive effect on brand association.
- HA1-4. Perceived quality has a significant positive effect on brand loyalty.
- HA2-1. Brand awareness has a significant positive effect on perceived quality.
- HA2-3. Brand awareness has a significant positive effect on brand association.
- HA2-4. Brand awareness has a significant positive effect on brand loyalty.
- HA3-4. Brand association has a significant positive effect on brand loyalty.

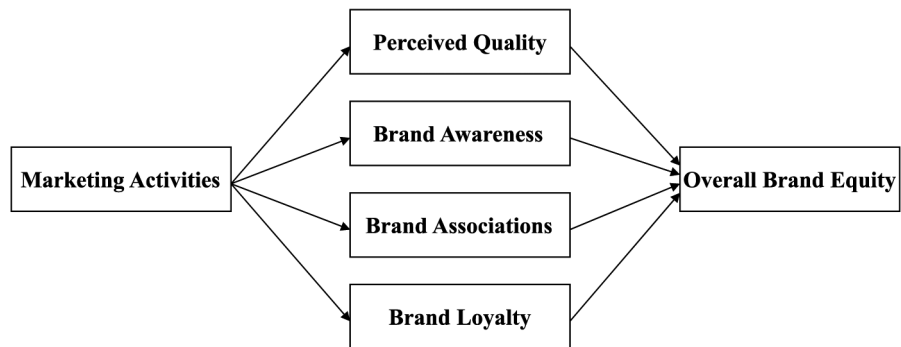
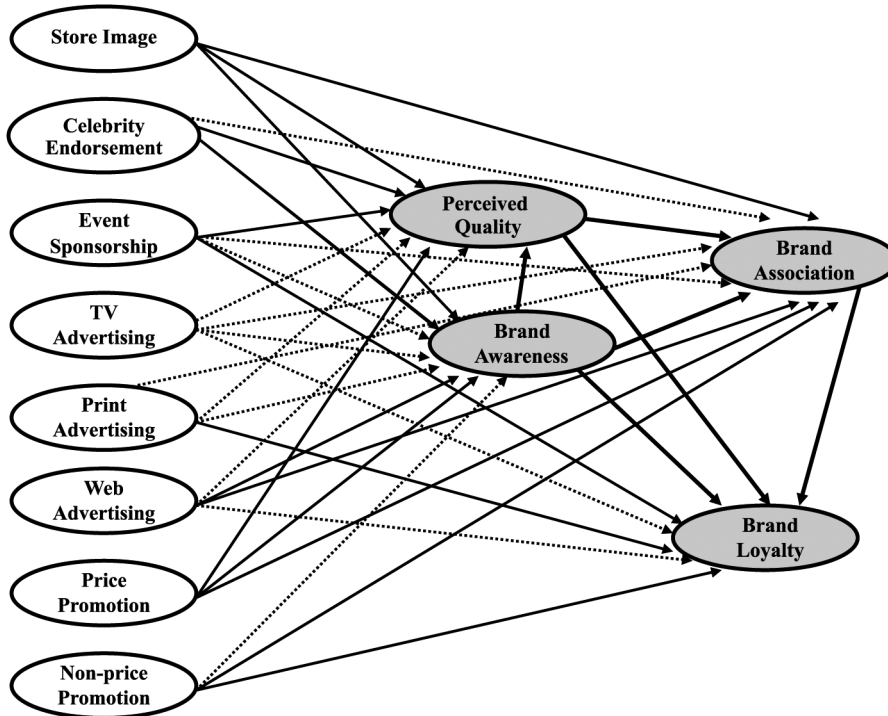


Figure 1.
The conceptual
framework of brand
equity



Note: The solid lines represent supported hypotheses and the broken lines represent unsupported hypotheses

Figure 2. Structural model – effects of marketing activities on brand equity dimensions and the relationships among brand equity dimensions

Relationship between marketing activities and brand equity dimensions

Based on previous research (Keller, 2002; Aaker, 1991; Simon and Sullivan, 1993; Yoo *et al.*, 2000), this study also examines eight activities that are widely adopted to build brand equity in the consumer goods industry. The hypotheses for the study are outlined below.

Store image. A brand’s image is a combination of consumers’ subjective perceptions of the product’s innate characteristics and the surrounding environment – the retail setting (Porter and Claycomb, 1997). The distribution channel can directly affect the equity of the brands it distributes by its supporting actions. It can also indirectly affect brand equity by influencing the nature of product associations on the basis of the associations linked to the retail stores in consumers’ minds (Keller, 2002). Store image seems to have no relationship with loyalty to a specific brand. Chinese consumers are usually prone to minimizing social risk when making a purchase decision, so such motivation might lead to their use of store names/image to identify products/brands of good value (Gong, 2003). Thus:

- HB1-1. Perceived quality of a brand is positively related to the extent to which the brand is distributed through stores with a good image.
- HB1-2. Brand awareness of a brand is positively related to the extent to which the brand is distributed through stores with a good image.

HB1-3. Brand association of a brand is positively related to the extent to which the brand is distributed through stores with a good image.

Celebrity endorsement. When a company invites a celebrity to endorse a brand, it hopes the brand will benefit from customers' awareness of the celebrity, which could include perceptions of quality, educational value, or a certain image (Goldsmith *et al.*, 2000; Keller, 2002). Studies have shown that celebrity endorsements used appropriately can serve a valuable role in developing brand equity and enhancing the brand's competitive position (Till and Shimp, 1998). There is little research suggesting that it has a significant effect on brand loyalty. Popular fashion brands normally look to social icons to build brand equity. Chinese people are likely to use reference groups as influencers, so opinion leaders, like celebrities, have a significant effect on consumer attitudes and behaviors in China (Hchu and Yang, 1972). Thus:

HB2-1. Perceived quality of a brand is positively related to the celebrity endorsement used for the brand.

HB2-2. Brand awareness of a brand is positively related to the celebrity endorsement used for the brand.

HB2-3. Brand association of a brand is positively related to the celebrity endorsement used for the brand.

Event sponsorship campaigns. The sponsorship of sports, music, and cultural events has become an established communication tool for building brand awareness, brand preference, and corporate image (Javalgi *et al.*, 1994; Quester, 1997). Cliffe (2004) further indicates that sponsorship is far more than a device for building awareness and goodwill. It can inspire customer loyalty or deliver an emotion-laden brand experience to target customers. Event sponsorship is an important marketing activity in China. Sponsoring sports and music events are found particularly effective in establishing favorable links between a Chinese audience and a sponsor's brand image (Fan and Pfitzenmaier, 2002). Thus:

HB3-1. Perceived quality of a brand is positively related to the event sponsorship used for the brand.

HB3-2. Brand awareness of a brand is positively related to the event sponsorship used for the brand.

HB3-3. Brand association of a brand is positively related to the event sponsorship used for the brand.

HB3-4. Brand loyalty of a brand is positively related to the event sponsorship used for the brand.

Advertising spending. A major contributor to brand equity building is advertising (Biel, 1993). Studies indicate that as consumers are exposed to a brand's advertising more frequently, they develop not only higher brand awareness and stronger associations but also a more positive perception of the brand's quality (Yoo *et al.*, 2000; Cobb-Walgren *et al.*, 1995). Different advertising media clearly show different effects and strengths in building brand equity. Here we explore the different effects of advertising expenditures for three of the most popular media, i.e. TV, print, and the web.

TV advertising. Television is generally acknowledged as the most powerful advertising medium. Television has penetrated the majority of households in most regions of China, and it is by far the most popular medium for information and entertainment among Chinese consumers (Liu, 2002). Thus:

- HB4a-1.* Perceived quality of a brand is positively related to the TV advertising invested for the brand.
- HB4a-2.* Brand association of a brand is positively related to the TV advertising invested for the brand.
- HB4a-3.* Brand awareness of a brand is positively related to the TV advertising invested for the brand.
- HB4a-4.* Brand loyalty of a brand is positively related to the TV advertising invested for the brand.

Print advertising. Print ads, particularly those in magazines, are an effective promotional medium for fashion products and brands. Findings from Liu's (2002) study show that nearly 46 percent of China's young generation spends on average two hours a week reading or absorbing new materials from magazines. Moreover, Chinese consumers who prefer to buy imported brand clothing read more fashion magazines (Wang *et al.*, 2004). Thus:

- HB4b-1.* Perceived quality of a brand is positively related to the print advertising invested for the brand.
- HB4b-2.* Brand association of a brand is positively related to the print advertising invested for the brand.
- HB4b-3.* Brand awareness of a brand is positively related to the print advertising invested for the brand.
- HB4b-4.* Brand loyalty of a brand is positively related to the print advertising invested for the brand.

Web advertising. Web ads are fast becoming the medium for mass communication in the advertising industry. Major internet users in China are typically trend-conscious, young, and relatively wealthy (Roberts, 2006). For them, the internet is a preferred destination for everything from entertainment to information and even socializing, and has thus become the new medium for multinational brands to communicate with young Chinese consumers. Thus:

- HB4c-1.* Perceived quality of a brand is positively related to the web
- HB4c-2.* Brand association of a brand is positively related to the web advertising invested for the brand.
- HB4c-3.* Brand awareness of a brand is positively related to the web advertising invested for the brand.
- HB4c-4.* Brand loyalty of a brand is positively related to the web advertising invested for the brand.

Sales promotions. Sales promotions can be defined as short-term incentives to encourage the trial or use of a product or service (Keller, 2002). They are generally grouped into two broad categories, i.e. price promotions and non-price promotions.

Frequent price promotions. Price discounts are an effective marketing tool for generating traffic (Grewal *et al.*, 1998), but they are also likely to have a negative influence on perceptions of quality (Blattberg and Neslin, 1990) and to communicate negative product associations (Dodson *et al.*, 1978). Price promotions do not seem to be related to brand loyalty. In general, Chinese consumers, who are more price-conscious and have less brand sophistication than their Western counterparts, are likely to respond to a price promotion and especially enjoy beginning- and end-of-season sales promotions (Schmitt *et al.*, 1994). But they, like Western consumers, use price as a signal of quality (Gong, 2003). Thus:

- HB5a-1.* Perceived quality of a brand is negatively related to the price promotions used for the brand.
- HB5a-2.* Brand awareness is positively related to the price promotions used for the brand.
- HB5a-3.* Brand association of a brand is negatively related to the price promotions used for the brand.

Non-price promotions. Contrary to price promotions, non-price promotions are adopted primarily for their ability to meet such longer-term objectives as enhancing brand image and strengthening brand relationship with customers. They bring some computable economic savings to consumers, but also add excitement and immeasurable value to brands (Aaker, 1991; Jagoda, 1984). There is little research suggesting that it has a significant effect on perceived quality. Because of the influence of Chinese culture, Cui (1997) argued that free samples, giveaways, and lotteries were necessary marketing efforts for foreign marketers to promote brand names in China. Premium (free gift with purchase) and prize draw (an opportunity to win a prize through a lucky draw) are two common types of non-price promotions used in China's apparel retail industry. Thus:

- HB5b-2.* Brand awareness of a brand is positively related to the non-price promotions used for the brand.
- HB5b-3.* Brand association of a brand is positively related to the non-price promotions used for the brand.
- HB5b-4.* Brand loyalty of a brand is positively related to the non-price promotions used for the brand.

Methodology

Measures

The questionnaire designed for this study was originally drafted in English, translated into Mandarin, then back-translated into English by two native Mandarin speakers to ensure it corresponded with the English version (Brisling *et al.*, 1973). In another attempt to increase functional and conceptual equivalence, the questionnaire was

pre-tested in the USA on a sample of bilingual Chinese graduate students from a Midwestern American university and later pre-tested in China.

Measurement scales were developed from existing scales to measure the 12 constructs on five-point Likert-type scales (1 = strongly disagree to 5 = strongly agree) and are included in Table I. For eight selected marketing activities, brand image was measured using three items from Dodds *et al.* (1991). The scales of advertising spending were developed based on items provided in Kirmani and Wright (1989) and consisted of three items for each advertising medium (TV, print, and the web). Based on the scale of advertising expenditures, we developed three items for both event sponsorship and celebrity endorsement (Kirmani and Wright, 1989). Price promotions were measured using three items, which were adopted from Yoo *et al.* (2000). Based on the scale of price promotion measures, we also developed three items for non-price promotion. A total of 16 statements measured the four brand equity dimensions, which were mainly adopted from Pappu *et al.* (2005) and Yoo *et al.* (2000):

- (1) perceived quality (three items);
- (2) brand awareness (three items);
- (3) brand association (five items); and
- (4) brand loyalty (five items).

Product stimuli

To examine the effects of marketing activities on creating brand equity, the study focused on imported clothing products in the Chinese market. Based on their popularity and performance in the Chinese market, 12 imported clothing and athletic shoe brands (Etam, ONLY, Esprit, CK, Vero Moda, Tommy Hilfiger, Lee, Jack Jones, Levi's, Givenchy, Boss, Polo Ralph Lauren, Nike, Adidas, Reebok, and Puma) were chosen as the product stimuli. From 12 listed brands, respondents were first asked to pick one brand they were most familiar with, then to respond to all the statements in the questionnaire for that specific brand.

Sampling and data collection

The target population for this study was young shoppers between the ages of 18 and 39, because this group of consumers is willing to spend more time and money to buy clothing, and thus they represent the most important market segments for foreign apparel retailers in China (Kwan *et al.*, 2003).

Shopping center intercept surveys were employed to collect consumer perceptions. Local graduate students administered the surveys in six shopping centers in Beijing and Shanghai (three in each city). Consumers who were visually estimated to be 18 to 39 years old were approached and asked to respond to the questions.

Data analysis

Of the 660 surveys collected, 623 were considered valid and were used in the study. According to the rule of thumb for sample size in a structural equation model, the sample size in this study (a sample of 623 respondents to 12 variables) was big enough to test the structural model (Mitchell, 1993).

The data analysis was conducted using the AMOS 5.0 Graphics software (SEM package), specifically using maximum likelihood method for confirmatory factor

Latent variables and observed indicators	Standardized loadings	t-value
<i>Store image</i> ($\alpha = 0.72$; CR = 0.70; AVE = 0.50)		
The stores where I can buy X ^a have good overall service	0.60	– ^b
The stores where I can buy X carry products of high quality	0.61	7.12
<i>Celebrity endorsement</i> ($\alpha = 0.73$; CR = 0.70; AVE = 0.60)		
X doesn't use a celebrity in its ads (r) ^c	0.80	–
X often uses a celebrity as the spokesman	0.72	15.50
<i>Event sponsorship</i> ($\alpha = 0.84$; CR = 0.74; AVE = 0.67)		
The event sponsorship for X seems more frequent, compared to competing brands	0.80	–
The event sponsorship for X is seen frequently in sports, music or other events	0.77	20.20
The event sponsorship for X is intensively used	0.82	21.90
<i>TV advertising</i> ($\alpha = 0.85$; CR = 0.87; AVE = 0.65)		
The TV advertisements for X are seen frequently	0.77	–
X is intensively advertised on TV	0.81	22.57
The TV advertisements for X seem very expensive, compared to competing brands	0.87	20.83
<i>Print advertising</i> ($\alpha = 0.71$; CR = 0.84; AVE = 0.73)		
The print advertisements for X seem very expensive, compared to competing brands	0.58	–
The print advertisements for X are seen frequently	0.89	15.47
<i>Web advertising</i> ($\alpha = 0.70$; CR = 0.73; AVE = 0.60)		
The web advertisements for X are seen frequently	0.74	–
The web advertisements for X seem very expensive, compared to competing brands	0.70	11.47
<i>Price promotion</i> ($\alpha = 0.70$; CR = 0.73; AVE = 0.60)		
Many times price deals for X are presented	0.79	–
Price deals for X are emphasized more than seems reasonable	0.77	14.89
<i>Non-price promotion</i> ($\alpha = 0.69$; CR = 0.74; AVE = 0.61)		
Many times non-price promotions like premium or prize draw for X are presented	0.72	–
Non-price promotions like premium or prize draw for X are frequently offered	0.77	14.06
<i>Perceived quality</i> ($\alpha = 0.81$; CR = 0.90; AVE = 0.82)		
I trust the quality of products from X	0.86	–
Products from X would be of very good quality	0.78	16.19

Table I.
Scales estimates of eight marketing activities and four dimensions of brand equity

(continued)

Latent variables and observed indicators	Standardized loadings	<i>t</i> -value	Creating brand equity
<i>Brand awareness</i> ($\alpha = 0.72$; CR = 0.71; AVE = 0.55)			
Some characteristics of X come to my mind quickly	0.57	–	575
I can recognize X quickly among other competing brands	0.62	8.36	
I am familiar with X brand	0.56	7.50	
<i>Brand association</i> ($\alpha = 0.68$; CR = 0.83; AVE = 0.56)			
X is a unique brand	0.56	–	
X has very unique brand image, compared to competing brands	0.70	11.22	
I like and trust the company, which makes X products	0.57	10.87	
I like the brand image of X	0.70	11.22	
<i>Brand loyalty</i> ($\alpha = 0.80$; CR = 0.82; AVE = 0.72)			
I am still willing to buy X even if its price is a little higher than that of its competitors	0.57	–	
I consider myself to be loyal to X	0.88	11.24	
When buying clothing (or athletic shoes) shoes X would be my first choice	0.70	7.45	

Notes: α , Cronbach's alpha; CR, composite reliability; AVE, Average variance extracted; ^athe focal brand; ^bfirst path set to 1, therefore no SES and *t*-values are given; ^c(r) indicates the item was reverse-coded

Table I.

analysis (CFA). Before testing the hypotheses, three methods (reliability analysis, validity analysis, and confirmatory factor analysis) were used to select and assess the final items to be used for hypothesis testing. The structural model was then employed to test the hypotheses.

Results

Demographic characteristics

Of the total number of 623 respondents consisting of almost equal numbers of male and female respondents (male = 321; female = 302), more than 50 percent ($n = 323$) were under 25 years of age, 87 percent had a college degree ($n = 547$), 72 percent were single ($n = 449$), and approximately 47 percent reported a personal annual income of between \$US2,250 and \$US6,000 ($n = 290$).

Reliability and validity of measures

Cronbach's α and composite reliability were taken into consideration for testing the reliability (Hair *et al.*, 1998). The items that did not significantly contribute to the reliability were eliminated. As a result, 30 items were retained for 12 constructs in the study, with all the constructs moderately meeting the recommended level of 0.70.

Average variance extracted (AVE) was used to measure convergent validity. All 12 constructs had an AVE of at least 0.50 (Fornell and Larcker, 1981) (see Table I). Nested models were adopted to assess discriminant validity. The results indicated a

substantial difference between nested models, and therefore provided strong evidence of discriminant validity (Bagozzi *et al.*, 1991).

Structural equation model

Model fit criteria suggested by Hu and Bentler (1999) were used for both the measurement and the structural model: χ^2/df , goodness of fit (GFI), comparative fit index (CFI), and root mean square error of approximation (RMSEA). Acceptable models should have $\chi^2/df \leq 3$, RMSEA ≤ 1.0 , and GFI and CFI greater than 0.90. A measurement model was tested before testing the relationship between latent variables using a structural model.

Measurement model result. As presented in Table I, all factor loadings were significant, and varied from 0.60 to 0.89. The goodness-of-fit statistics indicated that all criteria met the recommended values in the measurement model ($\chi^2/df = 1.94$, GFI = 0.94, CFI = 0.96, and RMSEA = 0.04).

Structural model result. All of the fit measures indicated that the structural model was moderately acceptable ($\chi^2/df = 4.55$, GFI = 0.97, CFI = 0.97, and RMSEA = 0.08). Thus, the estimated structural model illustrated in Figure 2 fits the sample data. Of the 34 hypotheses of this study, 22 were supported.

Discussion and implications

This study used the brand equity creation model to investigate the effects of eight selected marketing activities on creating brand equity through four brand equity dimensions in China. The 12 imported clothing and athletic shoe brands that were selected as the product stimuli in this study are all fashion brands. In addition, imported clothing brands in China are typically associated with high fashion (Bow and Ford, 1993). Therefore, findings of the study should be helpful to marketing and brand managers working in a fashion-related industry.

The results suggest that there is no claim to support the fact that the four major brand equity dimensions are independent and each marketing activity has a very different effect on brand equity creation. The findings and important management implications for each marketing activity examined are discussed.

Relationships between brand equity dimensions

All the proposed relationships between brand equity dimensions, which were based mainly on the findings from studies conducted in Western cultures, were supported in the Chinese market (see Table II). The cross-cultural test enhanced the generalizability

Table II.
Structural model estimates – relationships between dimensions of brand equity

Hypotheses	From	To	Standardized coefficient	t-value
HA1-3	Perceived quality	Brand association	0.30	8.09
HA1-4	Perceived quality	Brand loyalty	0.18	4.40
HA2-1	Brand awareness	Perceived quality	0.19	5.27
HA2-3	Brand awareness	Brand association	0.32	9.51
HA2-4	Brand awareness	Brand loyalty	0.13	3.35
HA3-4	Brand association	Brand loyalty	0.23	5.20

of related findings from previous studies. Important implications for international marketers are:

- making people aware of one's brand name is the foundation of brand equity creation in the Chinese market;
- brand loyalty is driven not only by marketing strategies, but also by the other three brand equity dimensions; and
- high quality is a necessary part of an enduring brand association.

Relationship of marketing activities to brand equity dimensions

Store image had a direct positive relationship with brand quality (0.25, t - value = 7.00), brand awareness (0.08, t - value = 1.89), and brand association (0.14, t - value = 4.01). The important implication for international apparel marketers is that multinational brands should be especially careful to choose retailers whose image is consistent with their brands' positioning, because Chinese consumers may obtain some amount of "added value" to the brand from the store image (Grewal *et al.*, 1998). The findings that celebrity endorsers indicate high quality (0.16, t - value = 2.37) and can be used to draw more attention to a brand (0.10, t - value = 1.93) are consistent with the findings of previous research. However, a positive relationship between celebrity endorsement and brand association (-0.04 , t - value = -0.96) was not found here. Till and Busler's (1998) "fit" concept provided a possible explanation for this result. When there is no image fit between a celebrity and a brand, the transfer of the personality from the celebrity to the brand is less likely to occur (Till, 1998). Thus, multinational brand makers should ensure that an appropriate "fit" does exist between the celebrity endorser and the endorsed brand when using celebrities to promote fashion goods in China.

Event sponsorship had a significant impact on perceived quality (0.20, t - value = 3.51) and brand linkage with young consumers in China (0.09, t - value = 1.73). However, the relationships between event sponsorship and brand awareness (-0.03 , t - value = -0.44) and brand association (-0.03 , t - value = -0.50) were insignificant. As suggested by Fan and Pfitzenmaier (2002), the unique business environment in China, such as government regulations and unclearly identified target group/opinion leaders, poses difficulties in achieving the objectives set for event sponsorship. The future focus of event sponsorship would be maximizing exposure to target audiences and ensuring that the brand identity created through sponsorship programs reflects the lifestyle of the defined target audiences in China.

Only three of 12 hypothesized relationships between three advertising media and brand equity dimensions were confirmed by empirical data in China. The results imply that, generally speaking, advertising (especially traditional media advertising) is not as effective in the Chinese market as it is in Western markets. This finding is consistent with the results from Yoo and Donthu's (2002) cross-cultural study conducted in Korea and the USA. Normally, consumers in collectivist societies (such as China and Korea) interdependently, rather than independently, interpret advertising messages and make implicit or explicit joint product purchase decisions, conforming to in-group members' dominant opinions and behaviors and thereby diluting the impact of advertising.

Apart from cultural factors, the important reasons why traditional mass media has become less effective in attracting China's young generation are a mass audience mind-set, lack of content variety/innovation, and no interaction with audiences (Liu, 2002). Interestingly, TV advertising expenditures were found to have a negative relationship with brand loyalty (-0.35 , t -value = -2.87). Based on the results of this study, we conclude that TV advertising can no longer attract the attention of young Chinese people. Too many TV brand ads might only reduce their interest in the brands, and allow them to choose not to buy the brands at all or not purchase the brands again. Thus, more spending on traditional advertising does not guarantee greater reward in China. Compared to TV and print advertising, web advertising demonstrates a greater appeal for the youth market in improving brand association (0.20 , t -value = 5.45) and brand awareness (0.11 , t -value = 2.60). This is due to the important role the internet is playing in the daily lives of young Chinese. However, past market research also suggests that urban Chinese youths do not always trust web advertising (Ying, 2006). As a consequence, international marketers should spend more on web advertising in China and also pay more attention to the quality of online advertising and the company's website. For traditional media, catering to niche consumer segments to deliver targeted, interactive advertising is the way to win back young audiences in China.

Frequent price discounts negatively affect perceived quality (-0.16 , t -value = -4.42) and brand association (-0.67 , t -value = -1.68) while possibly promoting brand awareness (0.11 , t -value = 2.31). This confirms that price promotions erode brand equity over time and achieve only short-term financial gains (Yoo and Donthu, 2002). Therefore, multinational firms should use price-oriented promotions with caution in China.

Results reveal that non-price promotions enhance brand association (0.07 , t -value = 1.65) and brand loyalty (0.14 , t -value = 3.77) in the Chinese market. However, the non-price promotion's effect of generating brand awareness (-0.02 , t -value = -0.89) was found to be insignificant in China. Since non-price promotion is still in its early stages in China, its weak effect on generating interest in a brand would indicate that its implementation is delayed, incorrectly done, or poorly communicated in the Chinese clothing market (Liao, 2006). International marketers should improve the management of promotional planning processes with a clearer understanding of Chinese consumers' preferences for non-price related incentives.

Limitations and future research

It is important to point out that our study only examined the relationships between selected market activities and the dimensions of brand equity. Future research needs to focus on investigating the causal relationships between the dimensions of brand equity and overall brand equity. Furthermore, we must also recognize the limitations due to non-probability sampling in collecting data only in the two largest cities in China: Beijing and Shanghai. Though the shopping center intercept survey is recognized as an effective method of collecting data, limitations arise from the lack of random sample selection. More scientific sampling will be required for future research if these results are generalized to the Chinese market as a whole.

References

- Aaker, D.A. (1991), *Managing Brand Equity*, The Free Press, New York, NY.
- Aaker, D.A. (1996), *Measuring Brand Equity Across Products and Markets*, The Free Press, New York, NY.
- Bagozzi, R.P., Yi, Y. and Phillips, L.W. (1991), "Assessing construct validity in organizational research", *Administrative Science Quarterly*, Vol. 36 No. 3, pp. 421-58.
- Barwise, P. (1993), "Brand equity: snark or boojum?", *International Journal of Research in Marketing*, Vol. 10 No. 1, pp. 93-104.
- Biel, A.L. (1993), "Converting image into equity", in Aaker, D.A. and Biel, A.L. (Eds), *Brand Equity & Advertising: Advertising's Role in Building Strong Brands*, Lawrence Erlbaum Associates, Hillsdale, NJ, pp. 67-82.
- Blattberg, R.C. and Neslin, S.A. (1990), *Sales Promotion: Concepts, Methods and Strategies*, Prentice-Hall, Englewood Cliffs, NJ.
- Bow, J. and Ford, M. (1993), "Indonesia and China: the retail of two cities", *Asian Business*, Vol. 29 No. 10, pp. 12-14.
- Brewer, G. (1997), "An American in Shanghai", *Sales and Marketing Management*, Vol. 149 No. 2, pp. 38-46.
- Brisling, R.W., Lonner, W.J. and Robert, M. (1973), *Cross-cultural Research Methods*, Wiley, New York, NY.
- Cliffe, S. (2004), "Sponsorship smart arts and good sports", *Marketing Magazine*, Vol. 18, p. 18.
- Cobb-Walgreen, C.J., Beal, C. and Donthu, N. (1995), "Brand equity, brand preferences, and purchase intent", *Journal of Advertising*, Vol. 24 No. 3, pp. 25-40.
- Cui, G. (1997), "The different faces of the Chinese consumer", *The China Business Review*, Vol. 24 No. 4, pp. 34-8.
- Dawar, N. and Parker, P. (1994), "Marketing universals: consumers' use of brand name, price, physical appearance, and retailer reputation as signals of product quality", *Journal of Marketing*, Vol. 58 No. 2, pp. 81-95.
- Dodds, W.B., Monroe, K.B. and Grewal, D. (1991), "Effects of price, brand, and store information on buyers' product evaluation", *Journal of Marketing Research*, Vol. 28 No. 3, pp. 307-19.
- Dodson, J.A., Tybout, A.M. and Sternthal, B. (1978), "Impact of deals and deal retraction on brand switching", *Journal of Marketing Research*, Vol. 15 No. 1, pp. 72-81.
- Fan, Y. and Pfitzenmaier, N. (2002), "Event sponsorship in China", *Corporate Communications*, Vol. 7 No. 2, pp. 110-6.
- Farquhar, P.H., Han, J.Y. and Ijiri, Y. (1991), "Recognizing and measuring brand assets", Working Paper Series, No. 91-119, Marketing Science Institute, Cambridge, MA.
- Fornell, C. and Larcker, D. (1981), "Structural equation models with unobservable variables and measurement error", *Journal of Marketing Research*, Vol. 18 No. 1, pp. 39-50.
- Goldsmith, R.E., Lafferty, B.A. and Newell, S.J. (2000), "The impact of corporate credibility and celebrity credibility on consumer reaction to advertisements and brands", *Journal of Advertising*, Vol. 29 No. 3, pp. 43-54.
- Gong, W. (2003), "Chinese consumer behavior: a cultural framework and implications", *Journal of American Academy of Business*, Vol. 3 Nos 1/2, pp. 373-80.
- Grewal, D., Krishnan, J., Baker, J. and Borin, N. (1998), "The effect of store name, brand name and price discounts on consumers' evaluations and purchase intentions", *Journal of Retailing*, Vol. 74 No. 3, pp. 331-52.

- Hair, J. Jr, Anderson, R., Tatham, R. and Black, W. (1998), *Multivariate Data Analysis*, 5th ed., Prentice-Hall, Upper Saddle River, NJ.
- Hchu, H.Y. and Yang, K.S. (1972), "Individual modernity and psychogenic needs", in Li, Y.Y. and Yang, K.S. (Eds), *Symposium on the Character of the Chinese*, Institute of Ethnology, Taiwan.
- Hu, L. and Bentler, P. (1999), "Cutoff criteria for fit indexes in covariance structure analysis: conventional criteria versus new alternatives", *Structural Equation Modeling*, Vol. 6 No. 1, pp. 1-55.
- Jagoda, D. (1984), "Sweepstakes: it's not what you give but what you get", *Marketing Communications*, Vol. 9 No. 4, pp. 27-31.
- Javalgi, R.G., Traylor, M.B., Gross, A.C. and Lampman, E. (1994), "Awareness of sponsorship and corporate image: an empirical investigation", *Journal of Advertising*, Vol. 23 No. 4, pp. 47-58.
- Keller, K.L. (2002), *Strategic Brand Management: Building, Measuring, and Management Brand Equity*, 2nd ed., Prentice-Hall, Upper Saddle River, NJ.
- Kirmani, A. and Wright, P. (1989), "Money talks: perceived advertising expenditures and expected product quality", *Journal of Consumer Research*, Vol. 16 No. 3, pp. 344-53.
- Kwan, C.Y., Yeung, K.W. and Au, K.F. (2003), "A statistical investigation of the changing apparel retailing environment in China", *Journal of Fashion Marketing and Management*, Vol. 7 No. 1, pp. 87-100.
- Li, D. and Gallup, A. (1995), "In search of the Chinese consumer", *The China Business Review*, Vol. 22 No. 5, pp. 19-22.
- Liao, S. (2006), "The effects of nonmonetary sales promotions on consumer preferences: the contingent role of product category", *Journal of American Academy of Business*, Vol. 8 No. 2, pp. 196-230.
- Liu, W.-L. (2002), "Advertising in China: product branding and beyond", *Corporate Communications*, Vol. 7 No. 2, pp. 117-26.
- Mitchell, R.J. (1993), "Path analysis: pollination", in Schneider, S.M. and Gurevitch, J. (Eds), *Design and Analysis of Ecological Experiments*, Chapman and Hall, New York, NY, pp. 211-31.
- Pappu, R., Quester, P. and Cooksey, W.R. (2005), "Consumer-based brand equity: improving the measurement – empirical evidence", *The Journal of Product & Brand Management*, Vol. 14 Nos 2/3, pp. 143-54.
- Porter, S.S. and Claycomb, C. (1997), "The influence of brand recognition on retail store image", *Journal of Product & Brand Management*, Vol. 6 No. 6, pp. 373-85.
- Quester, P.G. (1997), "Awareness as a measure of sponsorship effectiveness: the Adelaide Formula One Grand Prix and evidence of incidental ambush effects", *Journal of Marketing Communications*, Vol. 3 No. 1, pp. 1-20.
- Roberts, D. (2006), "China's online ad boom", *Business Week*, May 15, p. 46.
- Schmitt, B.H., Pan, Y. and Tavassoli, N.T. (1994), "Language and consumer memory: the impact of linguistic differences between Chinese and English", *Journal of Consumer Research*, Vol. 21 No. 3, pp. 419-31.
- Simon, C.J. and Sullivan, M.W. (1993), "The measurement and determinants of brand equity a financial approach", *Marketing Science*, Vol. 12 No. 1, pp. 28-52.
- St-Maurice, I. and Wu, C. (2006), "Understanding China's teen consumers", *The McKinsey Quarterly*, special edition, June, pp. 52-9.

-
- Till, B.D. (1998), "Using celebrity endorsers effectively: lessons from associative learning", *Journal of Product & Brand Management*, Vol. 7 No. 5, pp. 400-7.
- Till, B.D. and Busler, M. (1998), "Matching products with endorsers: attractiveness versus expertise", *Journal of Consumer Marketing*, Vol. 15 No. 6, pp. 576-86.
- Till, B.D. and Shimp, A.T. (1998), "Endorsers in advertising: the case of negative celebrity information", *Journal of Advertising*, Vol. 27 No. 1, pp. 67-82.
- Wang, C.L., Siu, N.Y.M. and Hui, A.S.Y. (2004), "Consumer decision-making styles on domestic and imported brand clothing", *European Journal of Marketing*, Vol. 38 No. 1, pp. 239-52.
- Ying, K. (2006), "Brands can get more push with the pull of rich media options", *Media*, March 10, p. 14.
- Yoo, B. and Donthu, N. (2001), "Developing and validating a multidimensional consumer-based brand equity scale", *Journal of Business Research*, Vol. 52, April, pp. 1-14.
- Yoo, B. and Donthu, N. (2002), "Testing cross-cultural invariance of the brand equity creation process", *Journal of Product & Brand Management*, Vol. 11 No. 6, pp. 380-98.
- Yoo, B., Donthu, N. and Lee, S. (2000), "An examination of selected marketing mix elements and brand equity", *Academy of Marketing Science*, Vol. 28 No. 2, pp. 195-212.
- Zeithaml, V.A. (1988), "Consumer perceptions of price, quality, and value: a means-end model and synthesis of evidence", *Journal of Marketing*, Vol. 52, pp. 2-22.

Further reading

- Keller, K.L. (1993), "Conceptualizing, measuring, and managing customer-based brand equity", *Journal of Marketing*, Vol. 57 No. 1, pp. 1-22.
- Schoell, W.F. and Guiltinan, J.P. (1990), *Marketing Contemporary Concepts and Practices*, Allyn and Bacon, Boston, MA.

About the authors

Xiao Tong is an Assistant Professor in the Department of Clothing, Textiles, and Interior Design at the University of Alabama. She earned her PhD at the University of Missouri in Human Environmental Sciences with an emphasis in Textile and Apparel Management. Her research interests are focused on soft goods branding management, international marketing and international trade of textiles and apparel products, and e-commerce. Xiao Tong is the corresponding author and can be contacted at: mtong@ches.ua.edu

Jana M. Hawley is a Professor and Department Head for Apparel, Textiles and Interior Design at Kansas State University. Her areas of expertise include sustainability, service learning, and global initiatives. Her scholarly work focuses primarily on textile recycling and she is widely published on the topic. Dr. Hawley is a Fulbright Scholar to India and a Global Scholar to Thailand. She has conducted faculty-led study abroad to India and Mexico. Her work in sustainability has gained her international recognition.

To purchase reprints of this article please e-mail: reprints@emeraldinsight.com
Or visit our web site for further details: www.emeraldinsight.com/reprints

Reproduced with permission of the copyright owner. Further reproduction prohibited without permission.