

# IMPACT OF MOBILE MARKETING ON BRAND EQUITY WITH SPECIAL REFERENCE TO PIZZA HUT SRI LANKA

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## ABSTRACT

*Businesses utilize mobile marketing as a promotional and communication tool. This provides them with advantages such as lower costs, customization, easy tracking, and increased profitability and benefits. Pizza Hut's brand also uses mobile marketing for customer satisfaction and retention. As a result, they are able to offer more opportunities and benefits to their target customers and generate more revenue. Pizza Hut uses its mobile marketing system to keep track of its target customers, analyze customer choices and trends, and give customers a better mobile marketing experience. Their mobile marketing plan successfully positioned their brand as more trendy, innovative, attractive, and well-known. Accordingly, this study aims to determine how mobile marketing affects Pizza Hut's brand equity. To achieve the goals of this research, the data were collected from convenience sample of 200 customers in Trincomalee Divisional Secretariat Division. The respondents provided the data by means of a close-ended questionnaire. Pearson's Correlation was used for testing the hypotheses. Data analysis was conducted using SPSS Software. This study empirically examines the significant relationship between Mobile Marketing as the independent variable and Brand Equity as the dependent variable. While both the variables individually have a high-level attribute, the Pearson's Correlation Analysis explores a positive significant linear relationship between mobile marketing and brand equity. This implies that the brand equity can be predicted with the nature of mobile marketing. The correlation coefficient between the mobile marketing and brand equity indicates that the mobile marketing is useful to explain the variation in brand equity. Further analysis of the regression model with intercept, indicates that it needs additional suitable variables to predict the unexplained variation of 48% of the brand equity.*

**Keyword:** - *Mobile Marketing, Brand Equity and Promotion*

## 1. INTRODUCTION

In 2022, the number of mobile subscriptions in Sri Lanka was 19.432 million. The mobile phone has recently emerged as a potential new marketing communication channel, attracting marketers' and consumers' attention. Furthermore, mobile internet access has revolutionized Sri Lanka. Mobile marketing's spectacular success may be due to numerous important factors, including its personal and discrete nature, simplicity, support for interactive communications and near real-time delivery, low cost, and location-based possibilities. Such distinguishing features enable enterprises to respond to customer needs more efficiently and to develop different forms of products and services that have the potential to alter the nature of competition in industries.

Consumers worldwide adopted a similar pattern of food intake due to globalization, regardless of cultural variations. As a result, multinational and franchised fast-food businesses such as Pizza Hut, KFC, and Burger King have had a significant impact.

Fast food is becoming a significant aspect of the Sri Lankan food sector as more people consume it. In 1993, Pizza Hut established the first multinational fast-food business in Sri Lanka. In addition, we can observe a growing trend in Pizza Hut locations nowadays. They recently launched an outlet in Trincomalee.

One of Pizza Hut's key advertising strategies is mobile marketing. They have also initiated a text message loyalty programme for its customers. Pizza Hut's mobile app will make it easier for customers to order their items. Location-based services increase service quality as well. Pizza Hut's mobile marketing aids in the development of high brand recognition, brand association, brand loyalty, and perceived quality, all of which have an impact on overall brand equity.

## 2. RESEARCH PROBLEM

Fast food has been one of the fastest-growing industries worldwide and in Sri Lanka throughout the years. Consequently, brand equity is one of the most valuable assets in the fast-food industry. As such, marketers must build the most incredible mobile marketing techniques to enhance brand equity towards fast-food products and services at a given moment and in the future. Thus, marketers employ diverse mobile marketing strategies such as SMS marketing, location-based services, and mobile applications.

There needs to be more literature in Sri Lanka to examine the relationship between mobile marketing and brand equity. Thus, there is a clear empirical gap with respect to the influences of mobile marketing on brand equity within the fast-food industry. This empirical gap becomes a problem for fast food restaurants to know whether their service is thriving among the customers. Indeed, there is a need to evaluate to what extent the stimuli influenced brand equity in the fast-food industry.

## 3. RESEARCH QUESTION

The research question of this study is:

“How far the role of mobile marketing impacts the brand equity with special reference to Pizza Hut?”

## 4. RESEARCH OBJECTIVES

This study's primary objective is to investigate mobile marketing's influence in affecting brand equity among customers in the Pizza Hut in the Trincomalee Divisional Secretariat Division. Furthermore, as a secondary objective, this study seeks to determine the extent of mobile marketing and brand equity associated with Pizza Hut.

## 5. LITERATURE REVIEW

McNeal, Stem and Nelson (1980) define fast food as a cheap food type, such as burgers, pizza, fried chicken, hamburgers, and sandwiches which can be prepared and served quickly. With the rise of affluence and education level, more women were involved in the workforce, leading to a lack of time to prepare daily meals for their families. Therefore, fast food restaurants might be their best choice to dine in because of the reasonable price, convenience, quick service, comfortable with air conditioning, etc. (William Applebaum, 1951)

### 5.1 Brand Equity

Brand Equity (BE) is increasingly popular as some researchers have concluded that brands are one of a company's most valuable assets. Besides, high BE brings an opportunity for successful extensions, resilience against competitors' promotional pressures, and the creation of barriers to competitive entry (Farquhar 1989). Aaker (1991) operationalized BE as a set of assets or liabilities consisting of brand awareness, brand associations, perceived quality, brand loyalty and other proprietary assets.

According to Aaker (1991), brand awareness refers to a potential buyer's ability to recognize or recall that a brand is a member of a specific product category. Brand associations can be defined as "anything linked to the memory of a brand."

Perceived value "involves the trade-off of "what I get" for "what I give" (Fernandez & Bonillo, 2007). Brand loyalty "is a situation that shows how likely a customer tends to another brand; in particular, when a change in price or other features occur" (Javadin et al., 2007).

### 5.2 Mobile Marketing

According to the Mobile Marketing Association, mobile marketing is a collection of strategies that enables firms to communicate and engage with their audience in an interactive and relevant manner via any mobile device or network.

As per Patat (2011), the following types of mobile marketing exist (a) location-based marketing, (b) application marketing, (c) QR Codes, and (d) SMS and MMS marketing. Thus, this study addressed the mobile marketing dimensions as (a) SMS marketing, b) Location-based marketing and (c) Mobile Applications.

Short Message Service (SMS) is defined by Taylor et al. (2008) as a service enabling one to send and receive short messages (up to 160 characters) via mobile phones. According to Tsang et al. (2004), "Location-based advertising utilizes the location by using individual consumers to target consumers in a particular location." Mahyari (2013) explains, "A mobile application is a software that runs on a mobile phone and is executed; accordingly, Kim and Adler (2011) hypothesized that "using mobile apps will have a positive effect throughout brand awareness, customer engagement, and brand commitment, which in turn positively influences brand loyalty".

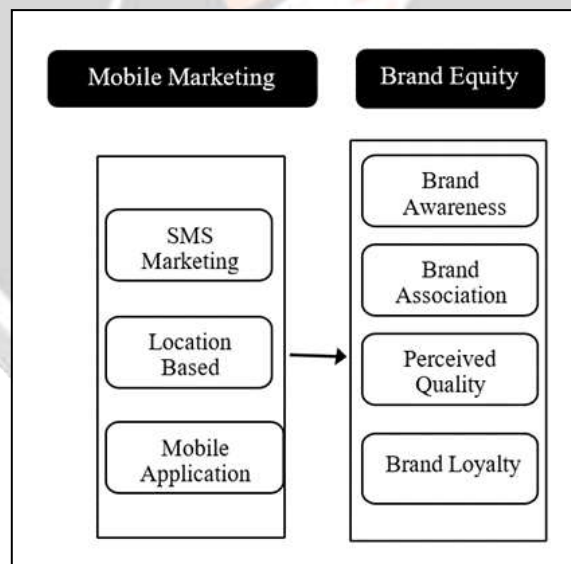
This study considers selective global-branded fast-food restaurants of Pizza Hut (PH), with special reference to the Trincomalee branch.

## 6. CONCEPTUAL FRAMEWORK AND HYPOTHESIS

This conceptual framework is used to demonstrate the relationship between the variables in the study. The following conceptual framework was established based on the literature review.

This study investigates mobile marketing in the context of Pizza Hut's brand equity. The following diagram shows the conceptual framework for determining mobile marketing, brand equity and the related aspects.

**Fig -1:** Conceptual Framework



Mobile marketing is an independent variable, and brand equity is a dependent variable.

Mobile marketing is considered to have three dimensions: SMS marketing (e.g., Darabi et al. 2014), location-based marketing (e.g., Patat 2011), and mobile applications (e.g., Masika 2013).

According to Aaker (a&b), the essential factors in the development of BE are brand loyalty, brand awareness, brand association, and perceived quality.

A positive relationship is indicated between mobile marketing and BE, and other studies empirically support this relationship (e.g., Masika, 2013; Smutkupt et al., 2012; Dinca & Engling, 2012).

Empirical evidence indicated that mobile marketing could positively affect BE in various contexts (Masika, 2013; Smutkupt et al., 2012). Hence, this study investigates the impact of mobile marketing on the BE of Pizza Hut in the Trincomalee branch. The hypotheses test is conducted to understand more about the underlying patterns of mobile marketing and BE among Pizza Hut customers. The following hypotheses are considered in this study,

H1: Mobile marketing significantly influences brand awareness.

H2: Mobile marketing significantly influences brand association.

H3: Mobile marketing significantly influences perceived quality.

H4: Mobile marketing significantly influences brand loyalty.

## 7. METHOD

### 7.1 Data and Sampling

This research relies on the deduction method, and quantitative analysis is employed to measure the variables. Primary data is collected utilizing structured questionnaires with closed statements measured with a Likert scale (1-5 as strongly disagree, disagree, marginal/neutral, agree, and strongly agree), relying on 250 Trincomalee Pizza Huts' customers who consume fast food for their consumption have been identified using a convenient sampling technique (see Table 1).

**Table -1: Sampling Framework**

Study Setting	Customers in Trincomalee District
Unit of Analysis	Customers in Trincomalee Divisional Secretariat Division
Time Horizon	Cross Sectional Research
Sample Size	250 Customers
Sample Method	Convenient Sampling Technique

### 7.2 Method of Data Analyzing

A univariate analysis was carried out to evaluate the attributes of dimensions and variables individually based on the responses in the questionnaires. In addition, the univariate analysis technique was used to evaluate the respondent's views. The Statistical Package for Social Science (SPSS 16.0 version) and Microsoft Office Excel 2010 helped simplify the analysis.

Bivariate analysis is the process which involves the simultaneous analysis of data measured on two variables (David et al., 2007). Bivariate analysis was used to measure the magnitude and direction of the relationship between MM and BE. Correlation can be categorized based on possible ranges in relation to appropriate decision attributes correspondingly. The significance level of the correlation coefficient is considered to explore the meaningful linear relationship and analyze the hypothesis.

## 8. RESULTS

### 8.1 Analysis of Reliability

A reliability test for each independent and dependent variable of the study was performed, which showed that Cronbachs' alpha coefficients were above 0.60 for the independent variable and dependent variable (overall reliability = 0.841). Therefore, all items considered in this study are reliable, which suggests that the internal reliability of the instrument was satisfactory.

## 8.2 Frequency of Visiting

Out of 250 respondents, 28% have never visited Pizza Hut, 40% have been there once, 26% have been there between 2 and 5 times, and 6% have been there six or more times in the past three months.

**Table -2:** Frequency of Visiting

	Frequency	Percentage
Never	70	28
1 time	100	40
2-5 times	65	26
6 & above	15	6

## 8.3 Interest on Receiving Marketing Information

From the 250 respondents, 58% were interested in receiving marketing and promotional messages about Pizza Hut on their mobile phones, while 42% were not interested.

**Table -3:** Interest on Receiving Marketing Information

	Frequency	Percentage
Yes	145	58%
No	105	42%

## 8.4 Level of Independent variable and its dimensions

Mobile marketing is the independent variable which is evaluated in three dimensions: SMS marketing, location-based marketing, and mobile applications. Mobile marketing as an independent variable has a high level of the attribute in the customers (mean =3.4578). In addition, most of the customers generally expressed a common opinion regarding the variable of mobile marketing (standard deviation = 0.77360). Therefore, with regard to the individual analysis, almost all the customers in this study have a high level of attribute for mobile marketing.

Specially, all dimensions of mobile marketing have a high level of attributes concerning their mean values (mean values of SMS marketing = 3.3133, location-based marketing = 3.4400, and mobile applications = 3.6200). However, among these dimensions, the mobile application has a high mean value, while SMS marketing has a lower mean value than the other dimensions contributing to mobile marketing.

**Table -4:** Overall Measures of Independent Variable

Dimension	Mean	Std. deviation
SMS Marketing	3.3133	.97220
Location Based Marketing	3.4400	.89199
Mobile Application	3.6200	.83574
Mobile Marketing	3.4578	.77360

### 8.5 Level of Dependent variable and its dimensions

Brand equity is assessed with four dimensions: brand awareness, brand loyalty, perceived quality, and brand association. As a result, brand equity has a high level of an attribute of customers in relation to the mean value (brand awareness = 3.5350, brand association = 3.0900, perceived quality = 3.5700 and brand loyalty = 3.5600). Notably, most of the customers expressed a common opinion regarding the variable of brand equity (Standard Deviation= 0.72845). Therefore, based on the individual analysis, all customers have a high level of attribute for brand equity.

Among these dimensions, brand awareness has a higher significance level, and brand association is less significant when compared with other dimensions of brand equity.

**Table -5:** Overall Measures of Dependent Variable

Dimension	Mean	Std. deviation
Brand Association	3.0900	.94594
Perceived Quality	3.5700	.90356
Brand Loyalty	3.5600	.81215
Brand Awareness	3.9200	.94954
Brand Equity	3.5350	.72845

### 8.6 The Relationship between Mobile Marketing and Brand Equity

The correlation analysis was initially carried out to explore the linear relationship of mobile marketing with brand equity and its existence. The overall view results indicate a statistically linear and significant positive relationship ( $r = 0.727$ ,  $p < 0.01$ ) between mobile marketing and brand equity.

**Table -6:** Correlation between Mobile Marketing and Brand Equity

Pearson Correlation	0.727**
Sig. (2-tailed)	0.01

\*\* . Correlation is significant at the 0.01 level (2-tailed)

The model indicates that about (adjusted  $R^2$ ) 51.9% variation of brand equity can be explained by mobile marketing. These results confirm that brand equity is the outcome of the mobile marketing.

**Table -7:** Coefficient of Determination for Mobile Marketing and Brand Equity

R	0.727
R Square	0.727
Adjusted R Square	0.519

## 9. CONCLUSION, RECOMMENDATION, AND IMPLICATIONS

In this study, mobile marketing was the independent variable, and brand equity was the dependent variable. While these variables individually have a high level of attributes in the customers, Pearson's Correlation analysis explores a positive significant linear relationship between mobile marketing and brand equity. The correlation coefficient (r) was 0.727 at the 1% level. This implies that brand equity for Pizza Hut can be predicted with mobile marketing.

The correlation coefficient between mobile marketing and brand equity indicates that mobile marketing helps explain 51.9% of the variation in brand equity. Furthermore, this research also showed that mobile marketing positively influenced brand equity. Based on the conclusion, Pizza Hut has been provided with recommendations for improving its mobile marketing techniques.

According to the study, the majority of customers perceive Pizza Hut's SMS marketing as annoying and boring. Therefore, Pizza Hut's text messages should only be sent to customers who have agreed to receive them. On the other hand, the Pizza Hut mobile application is the most desired mobile marketing strategy. Consequently, Pizza Hut's management should pay more attention to improving its mobile application.

This study focuses on one independent variable, mobile marketing, to explain BE and explore their relationship. However, it is explicit that other variable(s) may be considered to explain the variation of BE. Therefore, future studies can be devised to identify those additional variables for explaining the BE. Further, future research should include some other factors, such as customer loyalty, the external environment, and social media marketing. In addition, it is also advisable to extend this study by considering other local and international restaurants in Sri Lanka and other nations for a further understanding of the target customer's decision-making behaviour.

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