

A Study on Perceived Values of Investors towards Top-Notch Branded Companies



ISBN: 978-81-924713-8-9

Naveen Kumar S
Saanthosh S
Adarsh S

Sri Krishna Arts and Science College
(naveenkumars12bco126@skasc.ac.in)
(saanthosh41995@skasc.ac.in)
(adarshsundarsan@skasc.ac.in)

The public investments are based upon the reputational value created by the company. This research explores the relationship between Brand equity value and investors perception towards the company. The research was conducted among 713 investors invested in top five branded Indian companies. We employed multi-dimensional scaling technique to evaluate the attitudes of the investors. We found that there is no proportionate relationship between brand equity value and investment value however there is a marginal trend of diversity among these variables. There is an adverse and substantial cross-sectional relation between investors' perceptions and brand visibility.

1. Introduction

A share market basically pools the money of investors, who share some common financial objective. This money is invested in capital market instruments like shares, debentures and other securities and also in other investible avenues such as real estate, commodities etc. Income thus earned and the capital appreciation realized, are shared by its unit holders (investors) in proportion to the number of units owned by them. They were many research already done related to the performance of share market and customer perception but virtually speaking none of these study were concentrated on investors perception towards the brand equity and reputational value of a company across the investors. The researcher is interested in finding out the major factors influencing the investor's perception towards brand and its significant impact on the investment instruments. The researcher has identified the following as major factors namely, a) Brand Perception b) Growth in NAV c) Trust Worthiness e) Brand Loyalty f) Brand Position Value g) Investors Expectation on ESP h) Long Term Investment i) Corporate Governance j) Brand Reliability k) Brand Resonance. The major objectives of the study are to identify the various factors considered by the individual investors for equity investment. The Sub objective of this study is to identify the various factors considered by the individual investors for equity investment on the demographical factors of the investors. Investors are generally more careful while making investment decision and presence of rationality in every investor demands higher return at minimum risk but when markets are efficient it is not possible to gain abnormal returns. Risk is generally, associated with various applications differently but in common it means negative connotation such as harm or loss or some undesirable action.

2. Aim

To determine the investors perception towards investment in branded companies securities. To facilitate the re-identify the relationship between branding factor and investment factor.

3. Review of Literature

(Jacobsen, 2009)The aim of this paper is to present a framework to analyse place brand equity from the foreign direct investor's point of view in an attempt to identify the place brand actuators which contribute to (more) efficient place brands.(Sabrina, 2007) The present paper discusses findings of a study among German investors of a publicly traded company that put into perspective the aforementioned detrimental choice-effect, the impact of reputation on individual investor behaviour and reveals a diversity of loyalty effects of corporate reputation. (Cobb, Ruble, & Naveen, 2013)This study explores some of the consequences of brand equity. In particular, the authors examine the effect of brand equity on consumer preferences and purchase intentions. (Mitchell, 2007)This paper describes branding in the context of B2B markets, and examines its perceived importance to buyers. (Schoenbachler, Gordon, & Aurand, 2004)This research investigates a possible avenue for building brand loyalty that is not directly related to the marketing of the product – attracting individual investors in the brand's corporate parent. (Suresh, 2014)Equity investment is a risky investment for which various factors have to be considered by the investors before investing in it. Investors' can gain in equity investment when they consider some important factors before investing. (Ravi, Quester, & Cooksey, 2005) The present research aims to improve the measurement of consumer-based brand equity. (Wiles, Morgan, & Rego, 2012) This study examines stock market reactions to brand acquisition and disposal announcements in 31 consumer industries. (Laura & Avaniidhar, 2009)This paper investigates the effect of company brand perceptions on investor propensities to hold stocks. (Doyle, 2001)This paper looks at how brands contribute to the firm's strategy and how brand planning needs to be geared to market economics and management's central objective of creating shareholder value. (suresh, 2014)

4. Methodology

Table 1 IPO Chart

Stage	Purpose	Process	Input	Output
I	To find out the various perception of investors towards brand	Multi-dimensional scaling	Primary data	Two dimensions
II	To cluster the investors perception	Two way cluster analysis	Primary data	Five clusters are established
III	To find out the relationship between brand values and investment values	Karl Pearson correlation coefficient	Output of stage 1	Three brand images are correlated
IV	To find out the relationship between brand values and ratings given by TOF	Spearmank rank correlation	Output of stage 2	Six brand images are correlated

5. Analysis

5.1 Multi-Dimensional Scaling: To study that the public investment is based upon reputation value created by the company to perceive different companies brand equity values, multidimensional scaling procedure (MDS) was adopted. The perception data about the investors interest on a brand were collected by inputting the factor values. The reliability of the analysis was measured by stress value and R- square. The stress index is 0.0103, which indicates a perfect fit. The R-square is 0.934, which indicates the desirable level of fit.

5.2 Euclidean Distance Model: Two dimensions were established with the MDS procedure. Dimension 1 is named as 'Attitudes'. Dimension 2 is named as 'Importance'. Based upon the results of the variance analysis, the dimensions were named. The labelling of two dimensions was tested with the variation among the functional variables and attitudinal variables. If attitudes and importance are high for the company, he is able to position their brand well. This supports the conservative theory. However, the persons having high attitudes and little importance are able to identify innovative practices. This is a major deviation from the conservative theory

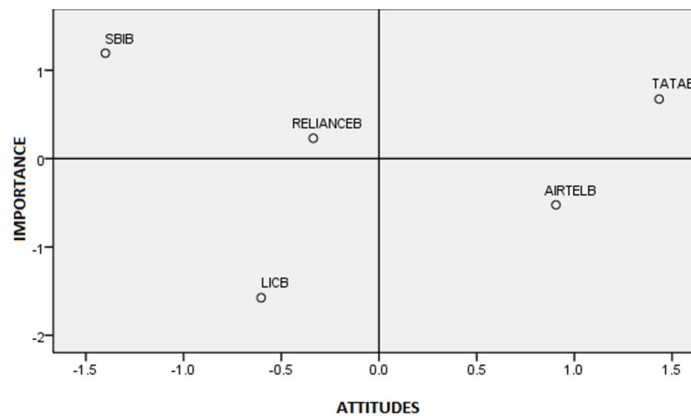


Exhibit 1 Investors Brand Perception

In branding highest importance is given to SBI and lowest importance is given to LIC. In branding highest attribute is given to Tata and lowest important is given to SBI.

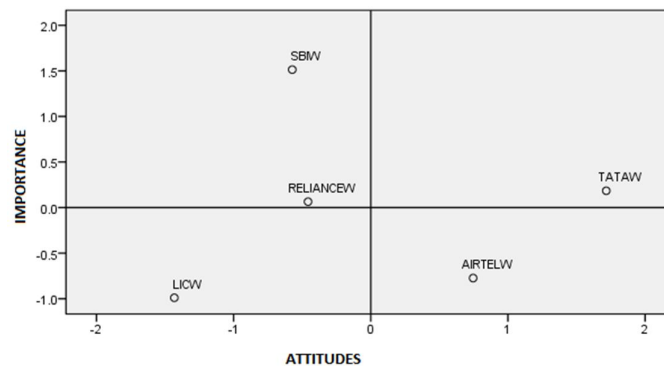


Exhibit 2 Net Asset Value

In the worth of investing highest importance is given to SBI and lowest is given to LIC
 In the worth of investing highest attribute is given to TATA and lowest is given to LIC

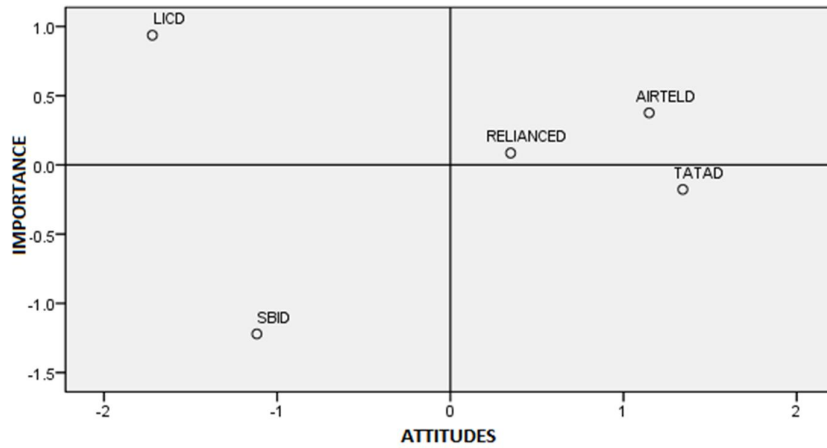


Exhibit 3 Trust Worthiness

In the Trust brand the highest importance is given to LIC and lowest is given to SBI
 In the Trust brand the highest attribute is given to TATA and lowest is given to LIC

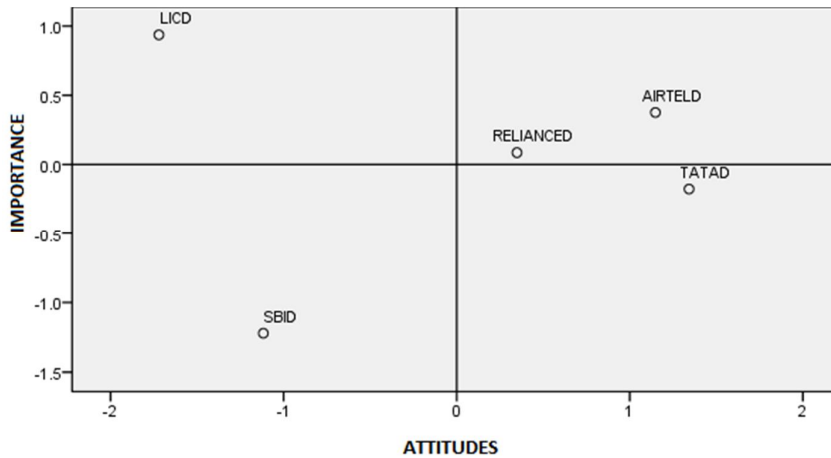


Exhibit 4 Brand Loyalty

In the Trust brand the highest importance is given to LIC and lowest is given to SBI
 In the Trust brand the highest attribute is given to TATA and lowest is given to LIC

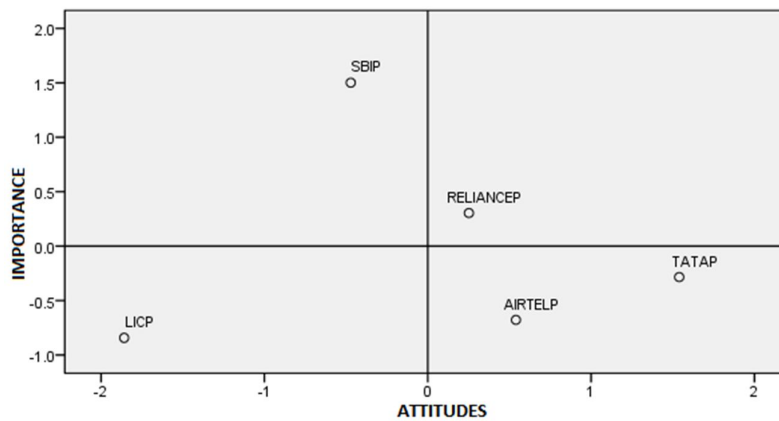


Exhibit 5 Brand Position Value

In portfolio the highest importance is given to SBI and lowest is given to LIC
 In portfolio the highest attribute is given to TATA and lowest is given to LIC

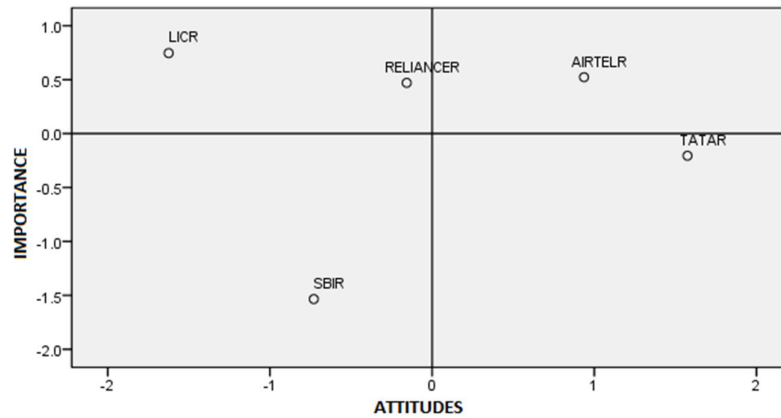


Exhibit 6 Investors Expectation on Esp

In price earning ratio the highest importance is given to LIC and lowest is given to SBI
 In price earning ratio the highest attribute is given to TATA and lowest is given to LIC

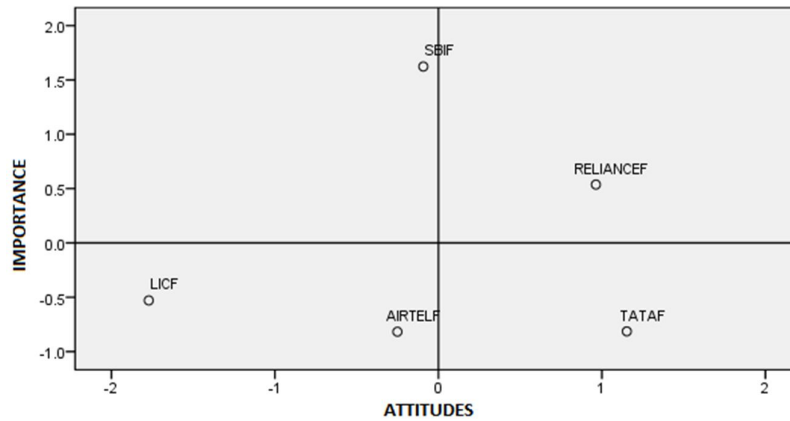


Exhibit 7 Long Term Investments

In long term investment the highest importance is given to SBI and lowest is given to TATA
 In long term investment the highest attribute is given to TATA and lowest is given to LIC

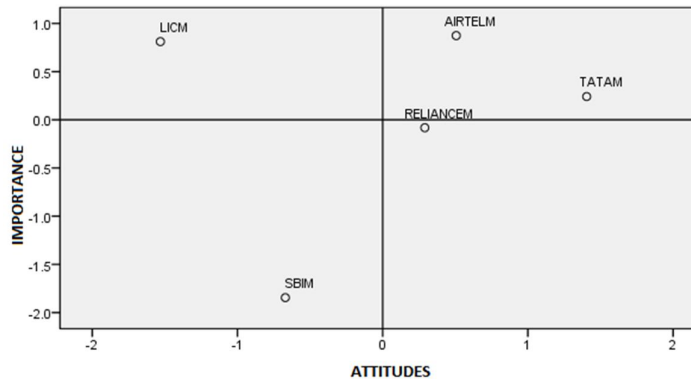


Exhibit 8 Corporate Governance

In corporate governance the highest importance is given to AIRTEL and lowest is given to SBI
 In corporate governance the highest attribute is given to TATA and lowest is given to LIC

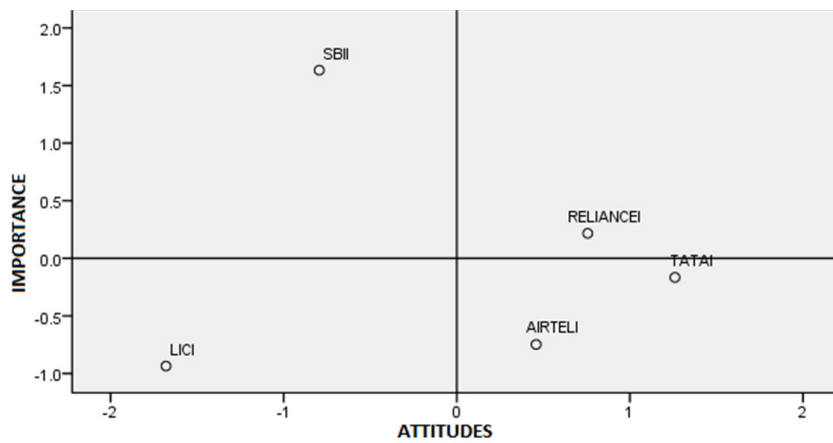


Exhibit 9 Brand Reliability

In the brand reliability highest importance is given to SBI and lowest is given to LIC
 In the brand reliability highest attribute is given to TATA and lowest is given to LIC

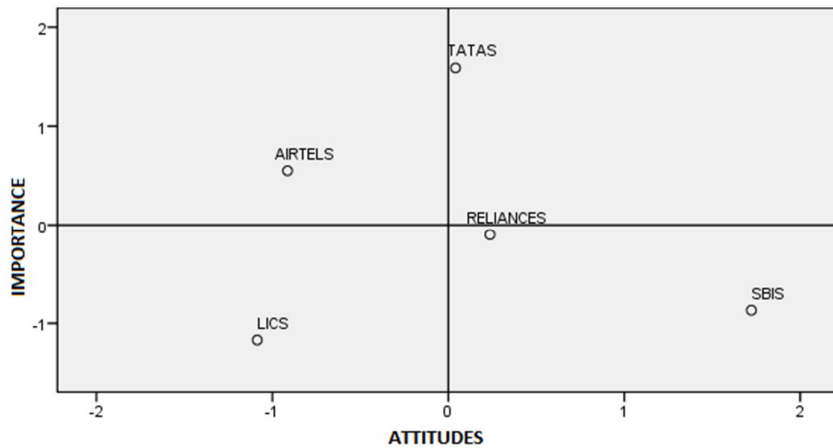


Exhibit 10 Brand Resonance

In brand resonance the highest importance is given to SBI and lowest is given to LIC
 In brand resonance the highest attribute is given to TATA and lowest is given to LIC

5.3 Cluster Analysis: Cluster analysis helps to place objects into groups, or clusters, suggested by the data, not defined a priori, such that objects in a given cluster tend to be similar to each other in some sense, and objects in different clusters tend to be dissimilar. You can also use cluster analysis to summarize data rather than to find "natural" or "real" clusters; this use of clustering is sometimes called dissection. The SAS/STAT procedures for clustering are oriented toward disjoint or hierarchical clusters from coordinate data, distance data, or a correlation or covariance matrix.

Tata Industries

Number of Cases in Each Cluster	
	1 130.000
	2 119.000
Cluster	3 129.000
	4 162.000
	5 173.000
Valid	713.000
Missing	.000

Reliance Industries

Number of Cases in each Cluster		
	1	132.000
	2	145.000
Cluster	3	129.000
	4	154.000
	5	153.000
Valid		713.000
Missing		.000

Airtel Industries

Number of Cases in each Cluster		
	1	137.000
	2	153.000
Cluster	3	137.000
	4	132.000
	5	154.000
Valid		713.000
Missing		.000

SBI Ltd

Number of Cases in each Cluster		
	1	136.000
	2	142.000
Cluster	3	128.000
	4	145.000
	5	162.000
Valid		713.000
Missing		.000

LIC India Ltd

Number of Cases in each Cluster		
	1	124.000
	2	315.000
Cluster	3	97.000
	4	77.000
	5	100.000
Valid		713.000
Missing		.000

6. Findings

It is expected that the behaviour of the investor (i.e. the decision to invest in a certain stock) depends on the reputation of the company. These findings have been concluded using the response of investors towards brand equity. Applying the response in MDS analysis the customer importance and attitude towards company and their brand reputation have been calculated. The present study contributes to the understanding of consumer interest towards brand investment.

7. Conclusion

We found that there is no proportionate relationship between brand equity value and investment value however there is a marginal trend of diversity among these variables. There is an adverse and substantial cross-sectional relation between investors' perceptions and brand visibility.

8. References

1. Cobb, Ruble, & Naveen. (2013). Brand Equity, Brand Preference, And Purchase Intent.
2. Doyle. (2001). *Shareholder-Value-Based Brand Strategies*.
3. Jacobsen. (2009). Investor-Based Place Brand Equity: A Theoretical Framework.
4. Laura, & Avaniidhar. (2009). *Brand Perceptions And The Market For Common Stock*.
5. Mitchell. (2007). The Impact Of External Parties On Brand-Name Capital: The 1982 Tylenol Poisonings And Subsequent Cases.
6. Ravi, Quester, & Cooksey. (2005). Consumer-Based Brand Equity: Improving The Measurement – Empirical Evidence.
7. Sabrina. (2007). The Role Of Corporate Reputation In Determining Investor Satisfaction And Loyalty.
8. Schoenbachler, Gordon, & Aurand. (2004). Building Brand Loyalty Through Individual Stock Ownership.
9. Suresh. (2014). A Study On Individual Investors' Perception On Equity Investment.
10. Wiles, Morgan, & Rego. (2012). *The Effect Of Brand Acquisition And Disposal On Stock Returns*.