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Impact of brand equity on consumer purchase intent

Impact del valor de marca en la intención de compra del consumidor

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Abstract:
The primary aim of this study was to investigate the impact of brand loyalty and brand association on consumer purchase intent. It also aimed to examine the association between brand awareness and perceived quality related to consumer purchase intent. Findings revealed that both brand loyalty and brand association are significantly associated with consumer purchase intent, whereas brand awareness and perceived quality are not significantly related to consumer purchase intent. Non-random based sampling technique was used to collect data from 260 respondents through close-ended questionnaires from different market places of Kuala Lumpur and Selangor, Malaysia.

Keywords: Brand Equity, Consumer, Purchase Intent.

1. INTRODUCTION

Prior studies (Tan et al., 2018: 71-80; Pappu & Quester, 2016: 2-28) have found that product attributes both tangibles and intangibles have an effect on brand equity and also contribute to the value of a brand. Attributes also have a vital role in brand choice, and brand equity is one of the essential parts of marketing (Kim et al., 2017: 254-271). Many organizations perform social responsibility in order to have an impact on consumers and help in differentiating products (Annía, Villalobos, Romero, Ramírez & Ramos, 2018; Jermsittiparsert et al., 2019: 741-752). It is found that such initiatives do not fit with the perception of consumers and therefore have no position in changing their perception, behavior, and beliefs (Hussain et al., 2019).

On the other hand, the initiatives that fit well with consumer’s perception play an essential role in shaping the behavior, attitudes, and beliefs of consumers (Sen et al., 2016:70-75; Khan & Ali 2017:9-15). Customers have a positive or negative perception about the brand, so when they react favorably towards a specific brand, it is said to be brand equity of that brand. Brand equity, which is based on customers,
occurs when they have some positive, well-built, and exceptional brand image stored in their memory (Keller, 2016:1-16; Zandi et al., 2019; Villalobos & Ganga, 2016; Villalobos & Ganga, 2018; Villalobos, Guerrero & Romero, 2019).

The value of a brand in the mind of the customer plays a vital role in making the purchase decisions (Son & Kijboonchoo, 2016: 76-83; Singh, 2018:14-20). Moreover, the decision making and learning process of consumers builds up the brand equity of a specific brand. Quality is what every customer always looks for in any product or service, especially in which added services would be offered. Service excellence, consumer satisfaction, and company productivity are related. Previous studies reveal a high connection between relative service quality and buying the power of consumers (Tan et al., 2018:71-80; Rincón, Sukier, Contreras y Ramírez: 2019).

Services are recognizable and intangible goods that are designed to provide satisfaction to customers. This includes travel, entertainment, finance, hospital, health care communications, professional services fields, and utilities. Excellent service quality is vital to business productivity and purchase intentions of consumers (Jermisittiparsert et al., 2019: 408-417). Thus, from the findings of research by (Saleem et al., 2015; Khanfir, 2017: 223-232), it was concluded that if service quality declined in an organization, it would have adverse effects on the organization’s productivity and purchase intentions of the consumer.

What affects purchase intention is customer satisfaction. Customer satisfaction is a particular type of attitude of the consumers. It is said to be a post-purchase phenomenon that reflects how much a brand or a service has been liked or disliked after experiencing it. Empirical studies have confirmed that the satisfaction of consumers is affected by service quality, and therefore, it determines consumers’ Repeat Purchase Intentions (Bansal & Taylor, 2015: 304-313; Kimengsi & Gwan 2017:53-60).

Similarly, marketers struggle to establish Brand Equity in the markets. Brand equity has four primary dimensions Brand Loyalty, Perceived Quality, Brand Association, and Brand Awareness (Aaker, 1996). This study primarily aimed at examining the inter-relationship between these four dimensions.

Brand equity stands for the recognition that a brand has earned from its value or worth in a market; it is having its base on the concept that well-known brands can earn more from producing commodities under its brand name. The consumers always keep well-known brands on their priority because of the quality and consistency provided by the same brand. Brand equity is also termed as brand value (Aaker & Joachimsthaler, 2009; Saravanaraj & Pillai 2017: 199-205).

Brands that have a higher financial budget for the public through advertisements also have a high level of brand equity, increasing the purchase intention of a consumer. Brand equity determines the feasibility of introducing a new product into the market as it protects the product, which is launched under a reliable brand name. The risk of competitors is minimized when the product is launched with the endorsement of the reputable brand name (Leitão, 2013:15-23; Pappu & Quester, 2016:2-28).

Brand Loyalty is ascertained by the degree, which shows repeated consumer buying patterns and how consistently consumers purchase the same brand. It is the worth of any brand (Aaker, 1996:103; Ramírez, Espindola, Ruíz y Hugueth: 2019; Ramírez, Lay, Avendaño y Herrera: 2018). Brand loyalty is the consumer’s willingness to buying the same product of a particular brand again and again rather than choosing another brand. Hence, it is often termed as the success of brand equity. The customer’s satisfaction with the product makes him buy that product more often, and he prefers it over other brands that offer the same products; this gives the brand a competitive edge and makes the brand more desired and famous. Brand equity and brand loyalty have an active link or association between them. Brand equity provides the chance for brand selection by the consumers, which leads to customer’s commitment to the brand (Ahn et al., 2018).

Perceived value has been accepted as a customer’s view of any product’s strength and their expectations about a particular brand. Consumers’ knowledge about the product is essential for purchase decisions. Similarly, other studies also put the idea that consumers’ knowledge plays a vital role in purchase decisions. Moreover, perceived value also refers to consumers’ evaluation of the product. Perceived Value is also
determined by the purchase intention of customers. Other factors about the product that affect consumers the most are the product packaging and celebrity endorsement. These factors are indirectly in a relationship with purchase intention and directly in a relationship with the perceived value of the product (Mirabi et al., 2015). It has shown its associations with brand usage, stock return, the elasticity of the price, and price premium.

Brand awareness states the understandability of a brand by the consumer or how much a brand is identified and recognized by the customers. According to Aaker, Brand awareness is reflected in the impact that a Brand makes on consumers. It also provides marketers with a vast variety of advantages (Aaker, 1996:103).

Studies reveal that online information available about hotels enhances the awareness of consumers and help them to make purchasing decisions, so those hotels who give online information for their consumers attract their considerations. Moreover, it is also examined that there are two types of data available positive and negative. Positive news enhances the awareness of consumers, and they develop a positive perception of hotels.

Brand association is a concept that is deeply settled about a brand in consumers’ minds. It provides a link between the consumer and a brand (Aaker, 1996:103). Brand association is related to brand equity as it builds a lot of awareness and understanding of the brand. Hence when brand association increases, brand equity also rises. Thus, organizations now emphasize on Brand positioning strategy to gain a competitive advantage and establish a core associated with the brand (Baalbaki & Guzmán, 2016: 229-251; Koumje, 2018:8-12; Orynbassarova et al., 2019).

A plan or an idea of a consumer for the purchase of a particular brand is called Purchase Intent. It is the likelihood that a consumer is going for a specific brand, with a reason to justify his needs. The idea for the purchase of the same brand can be based on the name of the brand or the image built-in the consumer’s mind (Stefko et al., 2019). Wu et al. (2011) researched on private label brands to study the role of store reputation and quality of service on an individual’s likelihood to purchase the product. It was found that the right image of the store increases the purchases of private label products. The service quality also has a positive effect and contributes to building the product image.

Every organization’s reputation also contributes to developing its image. If the organization is reliable, it is a positive sign of the corporate image. It also helps in creating loyal customers as they assess its reliability through sincerity and expertise. Many organizations advertise their products or brand through which they show the reliability of their organization. There are two types of reliability, which are known as organization reliability and authenticity of the message in the advertisement. Both affect shaping the behaviors and decision making about the purchase (Pino et al., 2016: 2861-2869).

An empirical study was conducted on car purchasers, which shows different purchasing behavior of people. Questions related to purchase intention were asked from people who own a car and from the first time buyers. Results reveal that current car owners have the intention to purchase the current brand again, which suggests that they have their attitude towards the brand constant. The buyers who purchased cars for the first time, their purchase behavior showed that they were in favor of those brands that have higher market shares (Kassim et al., 2017; Lupu, 2017:23-33).

2. METHODS

Personal Survey Technique was the method used to collect data from 260 respondents who were the frequent users of the Products. Different marketing sites were visited to collect data. Non-random based sampling technique was used to collect data through close-ended questionnaires from different places of Kuala Lumpur and Selangor, Malaysia. The purchasers/consumers of quality brands at these market places were handed out a questionnaire that consisted of various questions inquiring about brand equity and its impact on their purchase intent.
5. RESULTS

The results of model were summarized in Tables 1 and 2.

![Figure 1. Research Model Developed](image)

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R²</th>
<th>Adjusted R Square</th>
<th>SE of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.685¹</td>
<td>.469</td>
<td>.460</td>
<td>.44470</td>
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</tbody>
</table>

Table 1. Model Summary
a. Predictors: (Constant), BA, BL, PQ

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
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<tr>
<td>1</td>
<td>.678¹</td>
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<td>.456</td>
<td>.44632</td>
</tr>
</tbody>
</table>

Table 2. Model Summary
a. Predictors: (Constant), BA, BL
The data reveals a statistically insignificant relationship between PI and BA: $P (0.439) > 0.05$. Also, there was an insignificant relationship between PI and PQ, i.e., $P (0.129) > 0.05$. However, there is a significant relationship between PI and BL, i.e., $P (0.000) < 0.05$ as well as between PI and BA, i.e., $P (0.002) < 0.05$. It was also evident that the coefficient between all variables was above 0.05.

Here the significance value $0.000 < .05$, which indicates that the Anova test is significant means the null hypothesis is rejected.
The above data also reveals that there is a statistically significant relationship between PI and BL is i.e., P (0.000) < 0.05 as well as between PI and BA, i.e., P (0.002) < 0.05.

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>B</th>
<th>Sig value</th>
<th>Empirical conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>0.052</td>
<td>.000</td>
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</tr>
<tr>
<td>H2</td>
<td>0.072</td>
<td>.439</td>
<td>Rejected</td>
</tr>
<tr>
<td>H3</td>
<td>0.49</td>
<td>.000</td>
<td>Accepted</td>
</tr>
<tr>
<td>H4</td>
<td>0.165</td>
<td>.129</td>
<td>Rejected</td>
</tr>
</tbody>
</table>

Table 6. Hypothesis Assessment Summary

Since the brand awareness and perceived value have a sig value higher than 0.05, it suggests that these two variables do not have much impact on consumer purchase intents. However, when the sig value of brand loyalty and brand association is less than 0.05, the relationship exists with a more significant impact.

The coefficient for brand awareness is .052, which suggests that when brand awareness increases, a 0.052 increase can be predicted in the increase of purchase intentions with other variables remaining constant.

The coefficient for brand equality is .072, which suggests that when brand equality increases, a 0.072 increase can be predicted in the increase of purchase intentions with other variables remaining constant.

The coefficient for brand loyalty is .49, which suggests that when brand loyalty increases, a 0.49 increase can be predicted in the increase of purchase intentions while other variables remain constant.

The coefficient for the brand association is .165, which suggests that when brand association increases, a 0.165 increase can be predicted in the increase of purchase intentions with other variables remaining constant.

4. CONCLUSION

This research was carried out to examine the impact of Brand Equity on Consumer Purchase Intents. It has been concluded that two independent variables of the study viz. Brand loyalty and brand association make a significant impact on the dependent variable, i.e., consumer purchase intents, whereas the other two variables, brand awareness and perceived quality, show a low impact on consumer purchase intents. The future research can be conducted on the purchase intents with other variables, which can be the effect of service blueprinting on the consumer purchase intents.

APPENDIX

Questionnaire

Sub variables of Brand Equity (Independent variable) Brand Awareness
BIODATA

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