

The Effect of Brand Equity Components on Purchase Intention

An Application of Aaker's Model in the Mobile Phone Industry

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Abstract

The paper examines how brand equity affects consumer buying behaviour among mobile phone users as per Aaker's model of 1991. The broad objective of this study is to investigate the effect of the dimensions of brand equity on purchase intentions in the mobile phone industry. A total of 164 responses were analysed by conducting single-factor ANOVA. Post, a correlation analysis was done using Microsoft Excel and validity of grouped components was checked using Cronbach's Alpha. Eventually, the results state that perceived quality was found to have the most significant relationship with purchase intention followed by brand loyalty and brand awareness. Replicating this experimental study using other brands and in other geographies can help further validate this finding. The paper suggests that the findings have strong implications for marketing managers seeking to strategize a marketing plan to increase customer retention and repurchases. The research paper demonstrates the interrelation between the components of Aaker's model and consumer purchase intention.

Keywords- purchase intention, brand loyalty, brand attitude, brand equity, consumer behavior.

1. Introduction

In the field of marketing, one of the important factors determining brand value is brand equity, leveraging the generally accepted principle that if a brand is well-known in the consumers, it will lead to more sales and higher revenues as compared to the brand which is less known. India is at the moment the biggest smartphone advertising nation and among the speediest developing smartphone markets universally which makes it an appealing target for the smartphone producers. Customer awareness has risen in later times which made them choose to buy their commonplace

and positive brand. Since brands have interesting properties of contributing to firms' resource, brands are regularly respected as imperative fixers that add impressive esteem to the organizations. As a result, numerous organizations are looking for endless openings to get existing brands instead of extending modern brands. In showcasing, there are monstrous benefits of building a solid brand, which incorporates flagging a clear escalation of prevalence so that placated clients can essentially select the item once more; it gives consistency and security to the firm's request; and it shapes boundaries to create a passage that makes it complex for other firms to enter the advertise (Kotler & Keller, 2009). It is the esteem and quality of the Brand that chooses its worth. A great quality brand triggers a positive discernment among the customers coming about in buying eagerly. Hence, measuring brand value from the customer's recognition is crucial in brand showcasing. The precise client attitude can be crucial to realizing brand value standards and benefits. Therefore, analysing consumer buying behaviour towards mobile phone brands is necessary, to understand the influence of brand equity components on this segment.

Brand equity is defined by Keller as "differential effect of brand knowledge on consumer response to the marketing of the brand". Brand equity has various advantages and hence, is studied extensively by both academics and managers.

Aaker's brand equity model is defined by four major components: brand awareness, brand loyalty, perceived quality, and brand association. Brand loyalty is defined by the extent to which people are loyal to the brand. The extent to which a brand is known by audience is defined by brand awareness. The extent to which brand is believed to provide good quality product is represented by perceived quality. The associations triggered by a brand is defined by brand association.

Aaker's model lists three ways of how brand equity components create value for the consumer:

1. Brand Equity helps the customer to recognize, interpret, store and process information about a brand.
2. It has a positive effect on the confidence of the customer during the purchase.
3. Perceived quality plays an important role in enhancing customer satisfaction.

This study seeks to assess how Brand Equity influences the purchase decision.

2. Literature Review

2.1 Brand Awareness

Brand awareness is a prerequisite in the process of buying a commodity and the first step in building a brand. Brand Awareness to how easily the brand can be recognized or recalled by the target audience of the brand. A person can to recognize a brand and place it in a certain product category. Brand awareness refers to the strength of a brand's presence in consumers' minds and is an important component of brand equity (Aaker, 1991; Keller, 1993). Brand Awareness ranges from a feeling of uncertainty about a brand to confidently knowing which product category a brand

belongs to. Keller (2003, p.76) defines awareness as “the customers’ ability to recall and recognize the brand as reflected by their ability to identify the brand under different conditions and to link the brand name, logo, symbol, and so forth to certain associations in memory”. Brand Recognition is the extent to which a potential buyer can correctly recognize a brand when given a certain cue. Brand Recall refers to the ability of a potential buyer to retrieve the brand from memory when provided with the product category. Aaker (1996) identifies other higher levels of awareness other than brand recognition and brand recall (Aaker 1991). Aaker identifies top-of-mind, brand dominance, brand knowledge and brand opinion as to the other levels of Brand Awareness.

2.2 Brand Association

Brand Association refers to anything that is linked in the memory to a particular brand. Brand Association refers to everything associated with the customer with the brand. This may include logo, brand ambassador, parent company, advertising and other such associations. It also consists of all the thoughts, attitudes, perceptions, images, feelings and anything related to the brand. Aaker (1991) argues that brand association not only exists but also has a level of strength. The link to a brand becomes stronger as the number of experiences or exposure to communication increases. Brand association determines the brand position and how the brand differs from its competitors. It can create a positive attitude towards a brand, provide a reason to purchase, provide a point of differentiation and hence give a competitive advantage to a brand. Hence, the brand association is a source of brand equity and high brand equity means a high brand association with a brand.

2.3 Perceived Quality

Aaker Model defines perceived quality as an important dimension of brand equity. Perceived quality is the “estimation made by the consumer’s subjective evaluation of the product or the service”. Customer-driven quality has been converted as a strategic weapon by companies, to gain a competitive advantage, by focusing on high service quality and high customer satisfaction leading to repeat buying (Schiffman & Kanuk, 2007). There is an intimate connection between product and service quality, customer satisfaction, and company profitability (Kotler, 2000). Perceived Quality is a subjective feeling on product quality which make a product have a point of differentiation and become a selective or a unique brand in consumers’ minds. It also determines if the consumer ultimately remains with the company or defects to a competitor. In case perceived quality customer evaluations are high, behavioural intentions tend to be favourable to the company, while customer relationships weaken if evaluations are low, resulting in deflection to a competitor. It was further indicated by Judith and Richard (2002) that perceived quality positively influence purchase intention. Ho (2007) focuses on the fact higher the perceived quality and perceived value of a brand, the higher the buying intention of consumers. Additionally, Chang (2006) and Wu (2006) in their study concluded that perceived quality and purchase intention have a positive relation.

2.4 Brand Loyalty

Brand loyalty is a core component of brand equity (Aaker, 1991). Mowen and Minor (2001) defined brand loyalty as the “degree to which a customer holds a positive attitude toward a brand, has a commitment to it and intends to continue purchasing it in the future”. Aaker defined brand loyalty as a situation which showcases how likely a customer will switch to another brand, especially when that brand makes a change, either in price or in product features. Brand loyalty was defined according to behavioural, attitudinal, and choice perspectives by Javalgi and Moberg (1997). Attitudinal loyalty is defined by Yoo and Donthu as “the tendency to be loyal to a focal brand, which is demonstrated by the intention to buy the brand as a primary choice”. Behavioural loyalty is indicated by repeat purchase behaviour. True brand loyalty can be called when consumers are prone to behavioural loyalty and attitudinal loyalty, else it can only be called a false brand loyalty if only one factor is found and hence, purchase frequency may not be equal to brand loyalty. Loyal customers in the true sense, will look for marketing activities related to the particular brand. Chi, Yeh and Chiou (2009) provided a piece of empirical evidence to the study of brand loyalty that customer perceived quality will influence brand trust and brand effect, and further to influence brand attitude and purchase behaviour.

2.5 The Relationship between Brand Equity and Purchase Intention

Brand awareness plays a crucial role in consumer decision making by bringing three advantages; learning advantages, consideration advantages, and choice advantages (Keller (2003). Brand associations indicated various benefits like differentiation of the brand, generation of reason to buy, creation of positive consumer attitudes, retrieving information. Perceived quality provides value to consumers by providing them with a reason to buy and by differentiating the brand from competing brands. Brand loyalty is conceptualized based on the attitudinal perspective and behavioural perspective. This research paper investigates whether consumers’ purchase intention is associated with brand awareness, brand associations, perception of quality and brand loyalty.

3. Hypothesis Development

3.1 Research Model

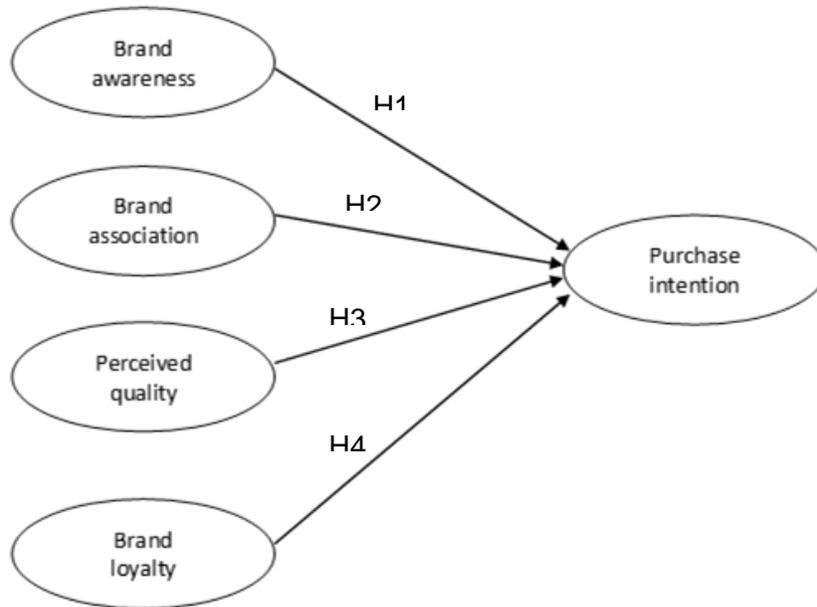


Figure 1: The Research Model

3.2 Conceptual Model and Research Hypothesis

Based on the dimensions of brand equity and, four hypotheses were constructed :(see Fig 1)

- H1. Brand Awareness has a direct effect on purchase intention
- H2. Brand Association has a direct effect on purchase intention
- H3. Perceived Quality has a direct effect on purchase intention
- H4. Brand Loyalty has a direct effect on purchase intention

The framework takes into account the four dimensions, brand awareness (four items), brand association (three items), perceived quality (four items) and brand loyalty (three items), all are measured using a seven-point Likert scale. Purchase intention (three items), considers the respondents' likelihood of purchasing the brand by using a seven-point Likert-type scale.

4. METHODOLOGY

4.1 Survey Instrument- Questionnaire

The survey was conducted using a structured validated questionnaire. A total of 4 constructs were

to be measured. Each construct had at least 3-4 items to measure. These items were taken from scales developed in previous research, primarily from Jalilvand M. et al. (2011)

The questionnaire had two main sections. The first section captured the demographics data. In the second section, the consumers were asked to answer questions based on the hypotheses mentioned above. Respondents were asked to rate the brand OnePlus on a seven-point scale indicating how well the brand performs on that attribute.

4.2 Consumer Characteristics and Sampling Details

The target sampling population was set as males or females living in Mumbai and Delhi who were aware of the brand OnePlus. The sample size ascertained was 164 but the questionnaire administered 200 respondents. The convenience sampling technique was implemented to collect data from respondents. The subgroups were approached in such a manner to cover the age, gender, occupation and income class data.

4.3 Data Analysis

A summary statistics report was deduced which described the data based on the above-mentioned subgroups. (i.e. age, gender, occupation, monthly income) The reliability statistics of the data was conducted on the sample. The reliability measure indicates the extent to which the data is error-free and thus ensuring consistent measurement across time and various other instruments. Validity refers to how well an instrument is developed to measure the particular concept it is intended to measure. Cronbach's alpha was used to verify the internal consistency and reliability. To determine the relationship between variables, correlation analysis was done. It indicates whether the dimensions have a significant association with the other dimensions. The descriptive statistics describe the features of the data quantitatively. The dimensions which had the most significant impact on the purchase intention were found out.

5. RESULTS

5.1 Summary of Data

It is seen that the maximum (mean of question BA1 is 6.92) people were aware of the brand OnePlus. The gender data suggest that 71% were male and 29% female. 88% of the respondents were below 25 years of age (shown in Table 1).

Table 1. Sample Profile

Item	Number	Percentage
Age		
Below 25	140	88%
26-35	7	4%
36-45	13	8%
Gender		
Male	113	71%
Female	47	29%
Occupation		
Student	133	83%
Employee	27	17%
Monthly Income		
Below ₹25,000	120	75%
₹25,000-₹50,000	20	13%
₹50,000-₹75,000	5	3%
Above ₹75,000	15	9%
Total	160	100%

5.2 Reliability and Validity of Data

The Cronbach Alpha of the dimensions has been mentioned below. This shows that the reliability of the questionnaire is acceptable. (Table 2)

Table 2: Reliability Analysis Results

Constructs	N of items	Cronbach's Alpha
Brand Awareness	4	0.709
Brand Association	3	0.734
Perceived Quality	4	0.957
Brand Loyalty	3	0.939
Purchase Intention	3	0.929

5.3 Descriptive Statistics

The descriptive statistics (shown in Table 3) show the mean score and standard deviation for each question.

Table 3: Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
BA1	160	1	7	6.93	0.669
BA2	160	2	7	5.59	1.231
BA3	160	4	7	6.16	0.858
BA4	160	4	7	5.93	0.884
BAS1	160	2	7	5.56	1.222
BAS2	160	5	7	6.58	0.533
BAS3	160	1	7	5.99	1.019
PQ1	160	3	7	6.47	0.691
PQ2	160	1	7	5.99	1.006
PQ3	160	1	7	6.06	1.011
PQ4	160	4	7	6.02	0.850
BL1	160	2	7	5.88	1.05
BL2	160	1	7	5.89	1.179
BL3	160	1	7	5.83	1.096
PI1	160	1	7	5.41	1.384
PI2	160	1	7	4.24	2.126
PI3	160	1	7	5.98	1.143
Valid N (listwise)	160				

5.4 Result of Correlation Analysis

The matrix of construct correlations is shown in Table 4. The table shows all variables are positively correlated with each other. Results reflect that the correlation between attributes is significant. This indicates the dimensions of brand equity (brand awareness, brand loyalty, perceived quality and brand association) have a positive effect on the purchase intention.

Table 4-a: Correlation Matrix for Statements

	<i>BA1</i>	<i>BA2</i>	<i>BA3</i>	<i>BA4</i>	<i>BAS1</i>	<i>BAS2</i>	<i>BAS3</i>	<i>PQ1</i>	<i>PQ2</i>	<i>PQ3</i>	<i>PQ4</i>
BA1	1										
BA2	0.33	1									
BA3	-0.11	0.25	1								
BA4	0.25	0.26	0.30	1							
BAS1	-0.04	0.15	0.23	0.20	1						
BAS2	-0.09	0.06	0.22	0.18	0.25	1					
BAS3	0.55	0.32	0.14	0.36	0.23	0.06	1				
PQ1	0.57	0.29	0.13	0.32	0.19	0.05	0.56	1			
PQ2	0.56	0.33	0.17	0.38	0.16	0.14	0.51	0.50	1		
PQ3	0.56	0.18	0.01	0.21	0.19	0.13	0.45	0.40	0.38	1	
PQ4	0.27	0.18	0.04	0.24	0.27	0.24	0.38	0.34	0.32	0.31	1
BL1	0.42	0.19	0.06	0.30	0.21	0.16	0.45	0.40	0.36	0.35	0.30
BL2	0.47	0.31	0.07	0.29	0.19	0.16	0.54	0.46	0.44	0.35	0.31
BL3	0.50	0.22	0.11	0.28	0.25	0.12	0.44	0.45	0.42	0.47	0.37
PI1	0.36	0.20	-0.03	0.29	0.09	0.07	0.40	0.40	0.32	0.28	0.24
PI2	0.17	0.16	0.10	0.19	0.17	0.20	0.28	0.18	0.30	0.30	0.29
PI3	0.49	0.35	0.14	0.30	0.30	0.10	0.42	0.47	0.32	0.41	0.34

Table 4-b: Correlation Matrix for Statements

	<i>BL1</i>	<i>BL2</i>	<i>BL3</i>	<i>PI1</i>	<i>PI2</i>	<i>PI3</i>
BA1						
BA2						
BA3						
BA4						
BAS1						
BAS2						
BAS3						
PQ1						
PQ2						
PQ3						
PQ4						
BL1	1					
BL2	0.48	1				
BL3	0.43	0.47	1			
PI1	0.43	0.42	0.29	1		
PI2	0.22	0.20	0.34	0.13	1	
PI3	0.44	0.52	0.57	0.21	0.12	1

5.5 ANOVA Analysis

To test the four core hypotheses, a series of independent ANOVA tests were conducted for each variable to establish whether there was any significant difference between the responses. All ANOVA tests were evaluated at 95% confidence. Single-factor ANOVA was performed using Microsoft Excel software for these constructs. The results are shown in Table 3 below.

Table 5: ANOVA Analysis Results

Constructs	F-tabular	F-critical
Brand Awareness	2.00495	2.731807
Brand Association	2.703704	3.168246
Perceived Quality	0.160267	2.667443
Brand Loyalty	0.040306	3.080387
Purchase Intention	2.862835	3.168246

For all the five constructs, F-critical is greater than F-tabular. This means that there is a significant difference between the responses. Hence, it can be concluded that OnePlus affects attitude towards the brand, purchase intention, brand loyalty, and purchase intention, thus providing support for hypotheses numbered H1 through H4.

6. Discussion

6.1 Key Findings

The objective of this study is to examine the effects of four dimensions namely, brand awareness, brand association, perceived quality and brand loyalty on consumer purchase intention. The study finds that brand awareness has significant relation to purchase intention. The findings reveal that if a consumer can identify OnePlus when they want to buy a mobile phone, it means that the mobile phone has high brand awareness. When the product has a well-known brand name, it attracts more consumers thus increasing purchase intention. A well-known brand will have higher purchase intention than a less well-known brand.

6.2 Recommendations

Based on the findings from the study, we recommend that the companies in the smartphone industry focus on building brand loyalty, intensive distribution, perceived quality and non-price promotions. Research provides many benefits that brand equity can offer to the company. Positive customer response is a result of brand equity. Hence, strengthening brand equity can improve the position of the brand in the market. Building brand equity can increase the value of the company by generating more positive customer responses. Managers should first build brand awareness, a marketing mix can be used to increase the level of familiarity of the brand. Special attention needs to be paid to Perceived Quality which is a core facet of brand equity. Brand Loyalty plays a long term role in establishing the brand as a market leader and therefore consumer loyalty should be the priority of the managers. Companies should also focus on cause-related marketing to improve attitude and emotional connection to the brand. Quality cues that the consumer focuses on should be identified and maintained. The in-store visibility should be focused on and investment in-store shelf space should be emphasized.

6.3 Limitations

This research study suffers from certain limitations. First, the sample size considered for the study is 150 and hence is reflective of their behaviour. The second limitation arises from the fact that the responses collected from Mumbai and New Delhi may not be the representative sample of the population in India. The third limitation arises due to the non-probabilistic nature of sampling. Lastly, biased perceptions about the One Plus brand in the minds of respondents can influence the result of the study.

6.4 Scope for further research

Further research needs to be done to study the influence the role of demographic variables such as age, gender, income and employment status. A bigger and more representative sample can be used for further research purposes. Research can be conducted in multiple urban and rural areas to obtain a more representative sample of the population in India.

APPENDIX

Questionnaire

Brand Awareness

1. I am aware of the brand OnePlus
2. When talking about mobile phones, Oneplus comes on top of my mind
3. I am aware of what OnePlus phones look like.

4. When talking about mobile phones, I can remember Oneplus.

Brand Association

1. Some characteristics of OnePlus come to my mind quickly
2. I can quickly recall the logo or symbol of OnePlus
3. I am interested in Oneplus mobile phones because of its features

Perceived Quality

1. OnePlus appears to be of high quality
2. I view the OnePlus brand name positively.
3. OnePlus appears to be reliable
4. The workmanship of Oneplus phones would be good.

Brand Loyalty

1. I intend to buy a Oneplus in the near future.
2. I would actively search for Oneplus in order to buy it.
3. I intend to buy other models of Oneplus

Purchase Intention

1. I would buy OnePlus if I happened to see it in a store
2. I am willing to purchase OnePlus phones in future
3. The likelihood of purchasing this product is . . .

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