



Conceptualization of the Relationship between Brand Equity and Purchase Behavior

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ABSTRACT

Assessing the customer perspective of brand equity will provide deep understanding of how brands influence purchase behavior of customers. The purpose of this paper is to formulate a conceptual framework that will provide an understanding of the relationship existing between the elements of brand equity and that of purchase behavior. The adoption of Aaker's brand equity model will serve as a guide for conceiving associations between brand equity and purchase behavior for this study. Literatures within the area of brand equity and purchase behavior will be reviewed in order to develop the conceptual framework on the elements of brand equity and purchase behavior.

Keywords: Brand Equity, Purchasing Behavior, Customers

JEL Classifications: C91, M3

1. INTRODUCTION

The first utilization of brand equity as a construct was by advertisers in the 1980s. Research work at that time majorly focused on using financial techniques to evaluate the equity of a brand (Farquhar et al., 1991; Simon and Sullivan 1990; Swait et al., 1997). Now, research has been focusing on the definition of brand equity within the context of customers (Keller, 1993) which has been expanded to include the effect of brand equity on brand preferences and purchase intention (Cobb-Walgren et al., 1995; Van Osselaer and Alba, 2000). Researchers of today are of the opinion that the added value of a product through customer association and brand name perceptions are what make up brand equity (Winters, 1991; Chaudhuri, 1995). According to Aaker (1996), the establishment of an identity in the market occurs as a result of strong brand equity and helps in diminishing threats from action of competitors.

Keller (1993) is of the opinion that the occurrence of brand equity is as a result of customer acquaintance with brand alongside the maintenance of a number of favorable distinctive brand associations in the customer's memory. Several authors have argued that brand equity is a multifaceted variable (i.e., it has a number of sub variables) which serves as a tool for measuring brands through the use of variables that are linked with the behavior, perceptions and preferences of customers. Researchers have proven that the desire to pay high prices for brands, increase in purchase intention and brand choice are influenced by brand equity (Erdem et al., 2002). In addition to their findings, they were able to prove that a significant relationship exists between the elements of brand equity, purchase intention and brand preference (Cobb-Walgren et al., 1995; Myers, 2003).

Positively influencing customer's perceptions of a brand can be achieved by strengthening brand equity. The successful

management of a brand can be accomplished by having deep knowledge of brand equity and applying it in creating significant brand attributes that can be used in influencing purchase decisions of customers (Pike et al., 2010). The far-reaching contributions of researchers in conceptualizing brand equity and purchase behavior of customers has been able to emphasize the benefits of brand equity for both the customer and the firm. One advantage brought about by brand equity for customers is the provision of brand information which can influence customer confidence upon making purchase decision (Fouladivanda et al., 2013). Another notable point is that the purchase of a brand on a continuous basis occurs when the perceptions customers have about a brand are high (Fouladivanda et al., 2013).

Furthermore, Aaker's brand equity model will form the theoretical foundation for this study as a result of its relevance in branding research which has been empirically examined (Eagle and Kitchen, 2000; Washburn and Plank, 2002; Chen and Chang, 2008) to reflect the vital elements that make up brand equity. The review of articles for this study focuses on definition of essential concepts and various elements of brand equity. In addition, relationships existing between the various elements of brand equity and purchase behavior bore the focal point of this study.

2. LITERATURE REVIEW, CONCEPTUALISATION OF THE RELATIONSHIPS AND HYPOTHESES

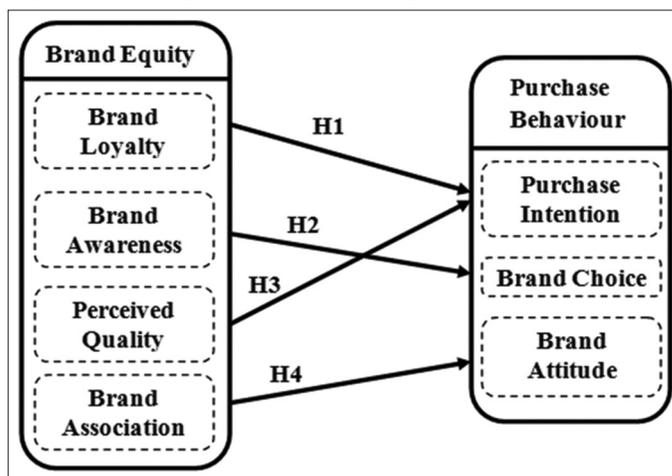
According to Kotler (1991), a brand can be referred to as "a name, term, sign, symbol, or design, or combination of them which is intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competitors." Alba et al. (1991) are of the view that in the acquisition of knowledge about brands, the memory plays a significant role; this is because brand knowledge stored in the memory of customers influences their decisions when considering a brand for purchase. According to Shehely (2010), brand equity has for a long time been central in marketing research and consumer behavior. Erdem and Swait (1998) are of the view that benefit of brand equity is the provision of added value which can be evaluated from the perspective of either the customer or the firm.

According to Keller (1993), "customer-based brand equity is the significant influence of brand knowledge on the response of customers towards marketing mix for the brand in comparison with their reactions to the same marketing mix variable associated with a different version of the product or service." In other words, favorable association and familiarity with the attributes of a brand assists in building brand equity in the customer's memory (Parvin, 2013).

2.1. The Conceptual Model

The conceptual model illustrated in Figure 1 shows the connections between the measurements of brand equity and that customer purchase behavior. The model delineates the relationship between brand loyalty, brand awareness, perceived quality, brand association, purchase intention, brand choice and brand attitude.

Figure 1: A conceptual model of brand equity and consumer behavior



These measurements cover the fundamental focus of this paper. Empirically verified associations between brand equity and purchase behavior were proposed to uncover the impact of brand equity measures on the customer purchase behavior towards brands.

2.2. Brand Loyalty and Purchase Intention

Brand loyalty is made up of the conscious and unconscious decisions of a customer that are made with the intention to purchase a given brand on a continuous basis (Sharma et al., 2013). Brand loyalty is regarded to be a vital element of brand equity. According to Aaker (1991), brand loyalty can be described as a state that speculates the possibility of a customer's ability to shift to a different brand even though a number of changes might have been made to the brand such as changes in price or features. In general terms, brand loyalty can be referred to as a preference for a given brand in comparison with other available brands (Sharma et al., 2013). The behavior and attitude of customers is what make up brand loyalty. Brand loyalty is conceived when customers feel that the quality level and features of a given brand suits their tastes and preferences.

According to Javalgi and Moberg (1997), brand loyalty is made up of three dimensions namely; behavioral, attitudinal and choice dimensions respectively. The behavioral dimension of brand loyalty focuses on the number of times a given brand has been purchased while the attitudinal dimension fuses together the preferences and predisposition of customers towards the brand. The choice dimension of brand loyalty entails the motive behind the purchase of a brand and the variables that determine customer choice. Oliver (1997) put forward that brand loyalty is a consumer's passionate devotion to continually purchase a given brand in the future notwithstanding situational influences and competitor's activities that are capable of making the customer to shift to a different brand. This particular definition is based on the behavioral component of brand loyalty, while Rossiter and Percy (1987) argued that it is a customer's continuous purchase and preferential attitude exhibited towards a brand that makes up brand equity. Brand loyalty is also made up of the attitude component which according to Chaudhuri and Holbrook (2001) is the level of customer dedication characterized by distinct value associated with a given brand.

Proposition 1: Brand loyalty is positively related to purchase intention.

2.3. Brand Awareness and Brand Choice

Brand awareness reflects the strength of a brand in consumers' minds (Aaker, 1991; 2009). Kim and Kim (2004) asserted that brand awareness can be achieved whenever consumers think about a product category to purchase and a given brand comes to their mind. It is further defined by Aaker (1991) as the strength of recall and recognition of a given brand by customers. Brondoni (2001) is of the view that brand awareness is what differentiates a given brand from that of competitors. Ukpebor and Ipogah (2008) suggested that brand awareness is the extent to which a customer is acquainted with a specific brand and is measurable through brand recognition, brand recall and top of mind. The capacity of a customer in remembering a given brand through the help of something or something such as logo, slogan and packaging is what is known as brand recognition. Brand recognition assists people in recognizing or identifying a brand. The ease of retrieval of a brand within a product category from the customer's mind without the help of an object or cue is known as brand recall. The positioning of a brand in the minds of customers is brought about by brand recall. The first brand that comes to mind when consumers think about a brand that is in a particular product and service class with which they are conversant with is called top of mind (Santoso and Cahyadi, 2014).

Creating awareness for a brand is crucial because it has the ability to influence potential customers in making a purchase decision for that brand. An elevated level of brand awareness is beneficial in pushing a brand into a customer's consideration set for purchase (Nedungadi, 1990). By so doing, consumers are probable to purchase brands with a high awareness level. Brand awareness influences customers in purchasing familiar brands instead of unknown ones (Macdonald and Sharp, 2003). According to Keller (1993), by raising the level of brand awareness, the possibility of the brand becoming a part of the customer's consideration set increases. The consideration set consists of a number of brands that are carefully considered by the customer for purchase. Decisions concerning brands in the customer's consideration set are subject to the influence of brand awareness even though no additional brand association exists (Keller, 1993).

Proposition 2: Brand awareness is positively related to brand choice.

2.4. Perceived Quality and Purchase Intention

The entire quality or superiority of a brand formed by the perception of customers is known as perceived quality (Aaker, 1991; Keller, 1998; Yasin et al., 2007). The customer's subjective evaluation of the brand and not its actual quality is what forms perceived quality (Zeithaml, 1988). Customer's perception of the performance of a brand and a number of quality dimensions are what perceived quality is founded upon (Kandasamy, 2015). Perceived quality has the ability to generate value in a number of ways. Perceived quality induces customers to purchase a particular brand. When making purchase decisions, consumers favor brands they perceive to

have quality while the other brands are disregarded. Perceived quality is used by customers as a yardstick for making purchase decisions especially when brand information is limited. Perceived quality helps in positioning and differentiating a brand in the marketplace (Kandasamy, 2015).

A number of researchers have established a direct significant impact of perceived quality on customer purchase intentions while others detailed an indirect impact through satisfaction (Cronin and Taylor, 1992; Sweeny et al., 1999). On the other hand, it was discovered that a dual impact (i.e., direct and indirect) of perceived quality on customer purchase intentions exists for goods while a single impact (i.e., direct or indirect) have been documented from research works focusing on services (Tsiotsou, 2006).

Proposition 3: Perceived quality is positively related to purchase intention.

2.5. Brand Association and Brand Attitude

According to Aaker (1991; 2009), the object in the minds of customers which creates a linkage with the brand consisting product attributes, consumer's benefits, uses, life-styles, product classes, competitors, etc. is called brand association. Reasons to buy a brand, positive attitudes and feelings which influences customer purchase behavior and satisfaction are brought about by brand association (Aaker, 1991; Tuominen, 1999). Keller (1998) suggested that association of attitudes, attributes and benefits produces brand association. Brand attributes are the main features of a product, they could be product based attributes and non product based attributes. Attributes associated with physical elements of a product or service requirement are called product based attributes. The outer parts of a product or service such as price information, usage imaginary and packaging information which relates to its purchase are what make up non product based attributes. Associations linked to a brand based on the benefits derived from the brand which makes customers to become attached is known as brand benefits (Keller, 1993). They are what customers enjoy from the use of a brand. According to Keller (1998), brand benefits can be further divided into functional benefits, experiential benefits and symbolic benefits. Brand attitudes which are abstract in nature are the dispositions of customers towards a given brand. Keller (1993) believed that through brand attitudes, customers have the ability to put across the feelings and behavior they have concerning a brand based on the brand's attributes and benefits.

Customer purchase behavior founded upon brand attitudes is what makes it an element of value. Brand attitude is made up of two components; beliefs about product based attributes, functional and experiential benefits; and beliefs about non product based attributes and symbolic benefits of a brand. A number of associations exist within a product or service category in addition to beliefs and entire attitudes towards the different products in that category Keller (1993). The product and non-product based attributes for each brand are what make up these beliefs.

Proposition 4: Brand association is positively related to brand attitude.

3. THEORETICAL FRAMEWORK: AAKER'S BRAND EQUITY MODEL

Aaker (1991) posited that brand equity consists of “an arrangement of brand assets and liabilities connected to a brand, its name and symbol that add to or subtract from the value offered by product or service to a firm/or to the firm’s customers.” Even though brand equity’s assets and liabilities vary from one perspective to the other, they can be meaningfully arranged into four classes namely: Brand loyalty, brand awareness, perceived quality and brand association. Aaker’s idea is depicted in Figure 2 which reflects the number of ways through which brand equity creates value for the customer or the firm.

The creation of value which occurs by decreasing marketing costs and leveraging trade is a major role played by brand loyalty. According to Aaker (1991), customers that are loyal to a brand are of the conviction that the brand will be readily available and influence others in utilizing it. Aaker (1996) believed that it is much easier and cheaper to retain existing customers than attract new customers even though switching costs are low. Competitors find it hard to lure satisfied customers because there is less motivation to discover alternative brands. This makes competitors to become discouraged in investing significant amount of resources in attracting customers that are satisfied and loyal to a brand (Aaker, 1996).

Brand awareness is about creating brand familiarity among customers. According to Aaker (1996), a brand which a customer is familiar with gives a feeling or sense of consumer confidence in the brand which makes it to become highly considered when making purchase decisions. It is noteworthy that in most cases, familiar brands are what customers highly favor. The customer’s choice of a well-known brand reflects the customer’s reason for making the purchase decision which thus connotes that the customer has bought an item of value.

The purpose of purchasing a particular brand is reflected in the perceived quality the customer has concerning the brand. The positioning and differentiation of a brand can be made possible through its perceived quality. Setting the least level of quality or a minimum level of perceived quality helps in positioning a brand favorably in the market (Aaker, 1996). Perceived quality is a functional element of appeal in attracting intermediaries, permit extensions and accommodate a higher price that supplies resources which can be reinvested in the brand (Aaker, 1996).

Brand associations are essential components utilized as enablers for differentiating and positioning a brand, giving motivation to making purchases by potential customers looking for exceptional associated physical or emotional elements (Aaker, 1991). When a brand is well is effectively positioned on a essential product feature, an attempt by a competitor to compete with that brand through such measures will lead to outright disappointment. In other words, brand association poses as a means of a barrier to competitors (Aaker, 1996).

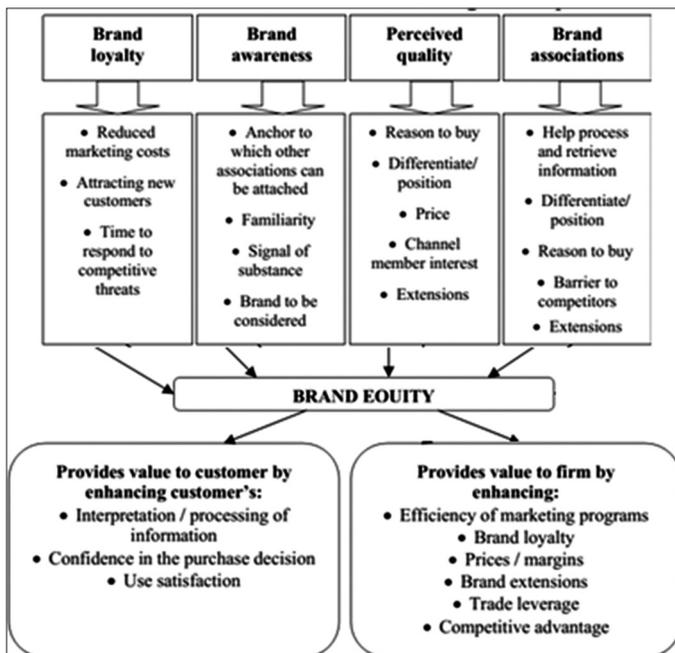
According to Aaker’s brand equity model, brand equity can produce value for the customer in three ways. Firstly, customer’s interpretation, processing, storage, and retrieval of a large amount of information concerning products can be made possible through brand equity. Secondly, customer confidence in the purchase decision can be influenced by brand equity; a customer will ordinarily be more at ease with the brand which has been previously utilized or a familiar one. Finally, perceived quality and brand associations offer value to the consumer by enhancing the satisfaction of the consumer.

4. DISCUSSION AND CONCLUSION

This study employs Aaker’s customer based brand equity model in order to define the relationships existing between brand equity and purchase behavior of customers. The provision of a benchmark upon which the brand building efforts of different brands can be evaluated is what this study has sought to achieve. The level of association consumers have with a brand is what determines any brand’s success. The relationship between the different variables of brand equity was examined thus creating linkages with elements of purchase behavior of customers. Customer purchase intentions are influenced by brand loyalty. Loyalty to a brand occurs when customers are satisfied with a brand’s offering and benefits. This satisfaction gained is what makes customers to purchase the brand on a continuous basis. For marketers, brand loyalty is essential because of reduced cost involved in selling to loyal customers than seeking new customers.

When making purchase decisions, a customer’s choice in a brand gets influenced by brand awareness. The capacity of the customer to recall or recognize a brand is dependent upon the degree of brand awareness created. The benefit of brand awareness is that it supplies customers with relevant brand information which helps in brand selection when making purchases. A link between perceived quality and purchase intention was established. Perceived quality is the customer’s evaluative subjective judgement about the performance of a brand. Perceived quality helps in positioning and

Figure 2: Aaker’s brand equity model



differentiating a brand. When customers have a high perception of quality concerning a brand, it is highly probable that the brand will be considered for purchase. The role of the marketer is to build brands with high levels of quality.

The establishment of a relationship between brand associations and brand attitude formed the concluding part of this paper. Brand associations consist of elements in the customer's memory that forms a bond with the brand when the brand is referred to. Favorable brand attitude influences positive purchase behavior. For marketers, the creation of favorable brand associations will help in swaying the attitude of customers towards their brands.

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