



A study of relationship between brand equity, brand preference and purchase intent

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Abstract

The research paper is conceptual in nature and explores the articles previously published in reputed national and international journals which examined the relationship between Brand Equity, Brand Preference and Purchase intention. For the desired purpose, 21 research articles were reviewed which were published between 1993 to 2017. It was identified through the extensive review of literature that there is a strong relationship between Brand equity, brand preference and purchase intention in various products and services.

Keywords: preference, purchase, through, extensive

1. Introduction

In current era, there are various challenges faced by the marketers. To name few, Generating Traffic and Leads, Providing the ROI of Marketing Activities, Securing Enough Budget, Managing Website, Identifying the Right Technologies for Needs, Targeting Content for an International Audience, Training the Team, Hiring Top Talent, Maintaining high brand equity, Creating brand preference among consumers, Motivating consumers to buy product. As mention in previous statement that, it is important to create preference of the brand among the consumers as it would result in increase in sales of the product.

It is important to create brand preference among the consumers. As it provides an indicator of their customers' loyalty, the success of their marketing tactics, and the strength of their respective brands. Within any product category, most consumers have a group of brands that comprise their preference set. These are the four or five up market brands the consumer will consider when making a purchase. When building preference, the goal is to first get on the consumer's preference sets, and then to move up the set's hierarchy to become the brand consumers prefer the most – their up market brand. Gaining and maintaining consumer preference is a battle that is never really won. To move consumers from trial to preference, brands need to deliver on their value proposition, as well as dislodge someone else from consumer's existing preference set.

Brand preference results in development of purchase intention among the consumers. The willingness of a customer to buy a certain product or a certain service is known as purchase intention.

Purchase intention is a dependent variable that depends on several external and internal factors. Purchase intention is a dependent variable that depends on several external and internal factors.

Both purchase intention and brand preferences are adopted as the dimensions of consumer response. Both brand preference and purchase intention are the most explanatory factors of consumer responses to successful brand equity. As without brand equity it is very difficult to purchase a particular product.

1.1 Conceptual Framework

Brand Equity

Brand equity is regarded as a very important concept in business practice as well as in academic research because marketers can gain competitive advantage through successful brands. The competitive advantage of firms that have brands with high equity includes the opportunity for successful extensions, resilience against competitors' promotional pressures, and creation of barriers to competitive entry (Farquhar, 1989).

In conceptualizing how customers evaluate brand equity, it is viewed as consisting of two components – brand strength and brand value (Srivastava and Shocker, 1991).

Basically, brand equity stems from the greater confidence that consumers place in a brand than they do in its competitors. This confidence translates into consumers' loyalty and their willingness to pay a premium price for the brand. As an example, a study by McKinsey & Co. And Intelliquest Inc. Found that consumers tend to buy brands with low brand equity like Packard Bell only at a price discount when

Compared to brands such as Compaq and IBM that can command a price premium (Pope, 1993).

Components of brand equity

Brand equity usually is dependent on brand awareness, loyalty, perceived quality, strong brand associations and other assets such as patents, trademarks, and channel relationships. It involves fulfilling the promise the business has made to the customers and maintaining the relationship well.

Brand Awareness

The first step of the equity building process is building the awareness of the brand. Brand awareness means that the customers are aware of the brand and can associate it with the specific product/category. Awareness triggers the rest of the components of the brand equity building process.

Brand Associations

Just like with other people, individuals tend to associate things with brands too. Brand association is anything which

the customers think of or relate to the brand. Interactions with the brand give rise to the associations. These could be employees, color, advertisements, voice, language, experience, etc. For example, individuals tend to associate the color red with McDonalds and happiness with Coca-Cola. Advertisements, online & offline presence, and pre-sale, sale, and post-sale interactions give rise to brand associations. Good brand associations are crucial to any business as it not only leads to repetitive sales, but it also helps the business through word of mouth marketing.

Perceived Quality

One of the major prerequisites of building a strong brand equity is the fulfillment of the brand promise. Customers assess the brand by comparing its offering to the offerings of the competitors on the basis of certain qualitative and quantitative parameters. The product quality being a qualitative measure is a relative subject and depends totally on customer's perception. Nevertheless, it influences the pricing decision and positioning strategy of the brand which eventually affects its equity.

Brand Experience

Brand experience is the aggregate of experiences of the customer with the product offered and the brand overall. It includes pre-sale, sale, and post-sale experiences with the brand along with the experiences with the product offered. Customers with good brand experiences will certainly consider the brand superior over others and will prefer it over other brands.

Brand Preference

Brand preference is one of the major indicators of strong brand equity in the market. A preferred brand can charge more for the same product. However, giving rise to brand preference isn't as easy as it seems. The company needs to make sure that the customers have good associations and experiences with their brand.

Brand loyalty

A brand loyal person repeatedly chooses one brand over others offering the same product. Loyal customers not only result in repetitive sales, but they also are the best source for word of mouth marketing.

Brand preference

Most consumers change their preferences for brands several times in their lifetime; however, the question as to what makes them change their preferences has intrigued marketers and consumer researchers for decades. Early research in brand-switching behavior focused primarily on the effect of past purchases on current purchase behavior (Morrison, 1966).

Brand preferences have long been explained using traditional models, which largely focus on consumers' cognitive judgment of brand attributes on a rational basis. However, the shift to experiential marketing, the cornerstone of branding, has expanded the role of the brand from a bundle of attributes to experiences. It also considers both the rational and irrational aspects of consumer behavior (Schmitt, 1999, 2009).

Even though some studies indicate the potential role of experience for the development of consumers' preferences towards brands, this impact has not been explicitly

addressed. Such experiences provide experiential values leading to the preferential treatment of a brand similar to the value of utilitarian attributes (Brakus, Schmitt, & Zarantonello, 2009) ^[3]

Purchase intention

Consumers' stated purchase intentions are one of the primary inputs that marketing managers use to forecast future sales and to determine how the actions they take will impact consumers' purchasing behavior. Between 70 and 90 percent of clients of market research suppliers indicated in a study that they regularly measure and use purchase intentions (Jamieson and Bass, 1989).

While managers' widespread use of purchase intentions measures suggests that they believe that they are good proxies for what consumers will do in the marketplace, we have long known that they are correlated with but are imperfect predictors of future consumer behavior (Namias, 1959).

Consumers often have every intention of purchasing a product in a given time interval, for example, they may plan to replace their current car with a new one within the next six months, but they may fail to fulfill their intentions. This may happen because their personal circumstances changed, for example, if they lost their

Job, or their home required a major repair, and

Therefore they no longer had enough money to purchase a new car. It could also happen because of marketer-related or more general economic reasons, for example, if a desired new model car's launch was delayed, if its quality ratings were lower than expected upon launch, or if interest rates increased. On the other hand, though the evidence shows it is less likely to happen (Sheeran, 2007) ^[22].

Aydn and Ulengin (2015) ^[1] examined the potential effect of consumer-based brand equity (CBBE) on purchase intention for a broad range of consumer companies. In this study, the data was analyzed using partial least squares structural equation modeling (PLS-SEM). The results showed that CBBE factors affect purchase intention of consumers and the relationships are moderated by gender.

2. Review of literature

Wang (2015) ^[26] examined the effect of food service- brand equity (i.e. brand awareness and brand image) consumer-perceived food value, food physical risk, and brand preference. In this study structural equation modelling was used to analyze the survey data. The results showed that the service-brand awareness and brand image produce considerably dissimilar effects on consumer-perceived food value and risk.

Latwal, Sharma and Kumar (2012) ^[9] conducted an empirical examination to establish the relationship between Brand Equity and Purchase Intention in relation to car owner in west Delhi. In this study correlation, regression and Structural equation modeling was used to test various hypotheses. The results showed that the brand equity has significant positive effect on purchase intentions.

Parkvithee and Miranda (2012) ^[16] in their empirical study examined the effect of interaction of country-of-origin (COO), brand equity and product purchase involvement on consumers' evaluation and purchase preference. In this study data from a field survey were analyzed through factorial design and the influence of a particular factor over the others in specific scenarios was observed. The results

showed that a brand of modest equity sourced from the under-developed economy is capable of getting greater consumer support for its higher end fashion products than for its standard apparel.

Shafi and Madhavaiah (2013) ^[20] examined the relationships between brand equity, Apparel Product Attributes and purchase intention from Indian young consumer's view point. In this study, Hypotheses were tested using Spearman's Rho correlation coefficient analysis by using of SPSS. The results showed that the relationship between brand equity and purchase intention, product attributes and purchase intention was significant and positive.

Muhammad, Hamad and Shabir (2014) ^[13] in their empirical examination analyzed the factors affecting the purchase intention of mobile phone devices in D G Khan Business hub. In this study, correlation and multiple regressions was applied. The results showed that the Brand equity drivers play important role in the mobile phone market and it also acted as a motivational force that influences them to go for a mobile phone purchase decision.

Gunawardane (2015) ^[4] empirically examined the impact of brand equity on purchase intention on Mobile connection service provider in Sri Lanka. In this study, hypotheses were tested using structural equation modeling and subgroup correlation analysis in SPSS. The results indicated that brand equity positively influences consumer's purchase intention.

Manzoor and Shaikh (2016) ^[10] in their quantitative examination the effect of various dimensions of brand equity on consumer purchase intention. In this study, a structural equation model was developed using the data collected from a sample of Indian consumers. The results showed that perceived quality have a direct and significant impact on consumers' purchase intention.

Lakshmi and Kavida (2016) ^[7] examined the relationship between brand equity, customer satisfaction and purchase intention of air conditioners users in Chennai. In this study, data was analyzed using statistical tools using SPSS software. The results showed that brand equity has a great significant impact on customer satisfaction and purchase intention of Air Conditioners.

Lakshmi and Kavida (2016) ^[7] examined the impact of brand equity on purchase intention in the context of purchasing home appliances. In this study, mean, standard deviation and multiple regression was used for analysis. The results showed that four of the five dimensions of brand equity, i.e., brand association, perceived quality, brand trust and brand loyalty, significantly influence purchase intent in the case of home appliances.

Siali, Jiayi, Shakur, and Ya'kob (2016) ^[23] empirically examined the relationship between brand equity and consumer purchase decision in an international brand of footwear. In this study, correlation coefficient was applied to identify the relationship between brand equity elements and consumer purchase decision in an international brand of footwear. The results showed that all the elements of the brand equity which are brand awareness, perceived quality, brand association and brand loyalty are significantly related to the consumer purchase decision in footwear in an international brand.

Shah, Adeel, Hanif, and Khan (2016) ^[21], tested the relationship between brand equity, on consumers' brand purchase intention. In this study, regression and correlation was applied to test the hypotheses.

The results showed that brand equity has significant and positive impact on the purchase intention, and the subjective norms also positively and significantly moderate the relationship between brand equity and purchase intention.

Bougenvile and Ruswanti (2017) ^[2] in their research the mind of the consumer in brand equity in purchasing a product and willingness to pay premium price. In this study, Structural Equation Modeling was used to test the hypotheses. The results showed that the brand loyalty of juice is the most important dimension to build brand equity and positive significant effect was also found for brand awareness and association.

Cobb-Walgreen, Ruble and Donthu (1995), examined the consequences of brand equity and the effect of brand equity on consumer preferences and purchase intentions. For comparison purposes, test of two sets of brands was done by the authors. The results showed that brand which has the greater promotion budget results in considerably higher levels of brand equity and the brand which has greater equity in particular group created greater preferences and purchase intentions.

Moradi and Zarei (2011) ^[11] examined the relationships among brand equity, purchase intention and brand preference and they also examined the moderate role of country of origin image. In this study hypotheses was also tested using structural equation modeling (SEM) in LISREL and subgroup correlation analysis in SPSS. The results showed that the brand equity directly influences consumer's brand preference and purchase intention, but not relates in case of moderating role of country of origin image.

Hanzaee and Asadollahi (2012) ^[5] studied the impact of brand equity on brand preference and purchase intentions. In this study test data analysis and confirmative factor analysis was done using path analysis software of LISREL. The results showed that there is direct relationship between brand associations, brand loyalty and perceived quality and brand equity. Significant relationship between brand equity and brand preference and purchase intentions can be seen, but there is no relationship in brand awareness and brand equity in sports products in Iran.

Nilmini (2014) ^[15] examined the impact of brand equity on brand preference and purchase intention in Motor vehicle market in Sri Lanka. Correlation coefficient and ANOVA test was applied in the study. The results showed that the brand equity has a direct impact on brand preference and purchase intention in motor vehicle industry in Sri Lanka and brand preference also has a positive impact on purchase intention.

Naeini, Azali, and Tamaddoni (2015) ^[14] examined the relationship between brand equity (perceived quality, brand awareness / brand associations, brand loyalty) and how it effects on consumer responses (purchase intent, brand extension, willingness to pay a higher price, brand preference). The results showed that perceived quality had an effect of creation of brand

Equity, and brand equity had the highest effect on purchase intent.

Kim, Kim and An, (2003) ^[6] examined the relationship between dimensions of brand equity and financial performance of hotel firms. The results of this empirical study, indicated that brand loyalty, perceived quality, and brand image are important components of consumer-based brand equity. The result of the study implied that brand loyalty, perceived quality, and brand image should be

seriously considered by the hotel firms.

Vinh (2016) ^[25] examined the effects of components of brand equity on overall brand equity; and the effects of overall brand equity on brand preference and purchase intention in the motorbike market in Vietnam. In this structural equation modeling (SEM) is used to test hypotheses. The results showed that perceived quality, brand association and brand loyalty have positive effects on overall brand equity, but brand awareness has no effect on overall brand equity, overall brand equity has positive impacts on brand preference and purchase intention and brand preference has a positive influence on purchase intention.

3. Conclusion

From the reviewed research articles, it is established that every marketer should focus towards creation of brand equity for their products and services. For developing purchasing intention, it is important that consumer develops preference for the brand. And for this development of the preference, a marketer should work hard for creation of brand equity.

4. References

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