

1 Impact of Brand Equity on Consumer's Purchase Decision of
2 Smart Phone-A Study on University Students in Chittagong,
3 Bangladesh

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6 **Abstract**

7 This study aims to measure the impact of brand equity on customer satisfaction on the
8 Smartphone in Chittagong, Bangladesh. While conducting this study, the research adopted a
9 model questionnaire for the purpose of doing a survey. In this study 300 respondents have been
10 surveyed, where respondents are the university's student of Chittagong. This study examined
11 the brand equity dimensions developed by David Aaker. A number of statistical tools such as
12 correlation and regression analysis have been applied to analyze the collected data from the
13 survey. Statistical software SPSS (version- 22) has been used to make this analysis

16 **Index terms**— brand equity, awareness, brand association, perceived quality, brand loyalty.

17 **1 Introduction**

18 business support and cooperation, effectiveness of marketing communications, licensing opportunities, additional
19 opportunities for brand extension, more attraction for investors, and support from investors ??Aaker, 1991;Keller,
20 2003;Van Auken, 2005), greater profit margins (Kim and Kim, 2005), ability to attract II.

21 **2 Literature Review**

22 The term brand has been using for many years; the brand value is a core concept for raising institutions that
23 have emerged in the last twenty years (Leone et al, 2006). Buying decision is a kind of decision in which we
24 examined that why a consumer purchases a particular brand. Sproles and Kendall (1986) mentioned that "a
25 purchaser's decision-making style is a mental orientation characterizing a consumer's approach to making choices".
26 Furthermore, cognitive and perceptual models assume that the knowledge of brand affects customer response to
27 the brand. According to ??chiffman and Kanuk (2000), "customer behavior is how consumers take a decision
28 for household or personal goods by using their resources such as money, effort and time". Several models are
29 developed to depict the customer good employees ??DelVecchio, et al. 2007), protection of potential competitors
30 entrance during outsourcing" (Tan and Lim, 2009). Different brand equity models have found nowadays, whereas
31 we had chosen a model which is developed by David ??aker (1991). Brand equity is an eminent model for brand
32 research over the period. Previous researches were focused on different contexts of the brand model where they
33 used Aaker's (1991) model, for instance, hostelling and airlines, but no one had done any research on "the impact
34 of brand equity on consumer's Smartphone purchase decision in Chittagong". In an attempt, we try to find out
35 the relationship between the purchases decisions of consumers and dimensions. The researchers of the brand
36 have developed numerous concepts of brands and the way how brands effect on customers present and future's
37 purchasing behavior. The Smartphone industry in Bangladesh is one of the best rising sectors with high export
38 potential. This study examines the relationship between the brand value of a Smartphone manufacturer and the
39 purchase decisions for potential customers.

40 In the modern era, consumer awareness has increased, which has led them to make a decision to buy a familiar
41 and profitable brand. Hence, in order to compete effectively, businesses have to do more to ensure that consumers
42 buy more of their products and brands. Because brands have the unique attributes of contributing to firms'
43 assets, brands are often considered as vital ingredients that add considerable value to the organizations. As

6 D) "PERCEIVED QUALITY"

44 a result, many organizations are searching for the vast scope to sustain present brands rather than expanding
45 new brands. Moreover, the brand manager's tactical tool is brand equity, which assists in exploiting economic
46 indications as well as marketing efficiency (Yoo and Donthu, 2001). It is commonly thought that the brand
47 enhances the long-term profitability of a company. However, brand equity's concept has grown rapidly over the
48 past few decades. Proper management of brand equity leads "consumer loyalty, low risk of marketing activity
49 and crisis, flexible response to price fluctuations, more I purchasing attitudes. The process of the Customer
50 decision model has 7 stages in which customers need to go through those 7 stages before entering their ultimate
51 decisions. In addition, all stages are following; "need recognition, search for information, pre-purchase, evaluation,
52 purchase, consumption, post-consumption evaluation and divestment" (Blackwell et al., 2006). Stage one is "need
53 recognition". The purchasing process begins when consumers recognize their unsatisfactory needs (Levy and
54 Weitz, 1995). However, the classification of needs is two, the first one is "functional needs" and the second one
55 is "psychological needs". On the one hand, functional needs which are involved in the product's performance.
56 On the other hand, the needs of psychological are acquired when consumers feel satisfied with owning a product
57 or goods. The second stage is the "search of information". The depth of search is varied for different consumers
58 and it depends on some variables, for instance, income, personality, and consumer satisfaction ??Moorthy et
59 al., 1997). Also, the search for information can be classified into two ways, (1) "prepurchase search" (2) "ongoing
60 search", mentioned by Solomon et al. (2006). However, Pre-purchase research begins when buyers identify the
61 need and then they are looking for more market information. And, ongoing research is likely to be based on the
62 self-interest of a specific brand. The third stage is "pre-purchase assessment", whereas the customer makes a
63 comparison with different services and brands for making a purchase decision. Moreover, customers give attention
64 to the attributes of products that are relevant to their needs and it is also included in this stage (Kotler et al.,
65 2005). To judge a brand, customers are using the following attributes, quality, price, and quantity. Blackwell et
66 al., (2006) mentioned that the changes in attributes can affect the customer's decision and the product or brand
67 of the choices. However, Porter (2004) mentioned that Smartphone industries can increase their competitive
68 advantages by creating some values. The fourth stage is "Purchase decision" which comes after considering
69 various retail offerings. In the fifth stage, consumers are started purchasing the products or goods, whereas
70 consumers evaluate the purchasing process in the sixth stage. In the seventh stage, customers recycle or dispose
71 of the products.

72 3 a) "Brand Equity"

73 Brand equity is the commercial value that comes from customer perception of the brand name of a particular
74 product or service. ??aker (1991) mentioned that "brand equity as an aggregate variable of the five dimensions
75 of the brand assets, for instance, brand loyalty, perceived quality, brand awareness, brand association, and other
76 proprietary assets". However, brand equity's positive side is that it happens when customers are intending to give
77 more for the same level of quality only because of the attractiveness of the brand name attached to the product
78 mentioned by Bello and Holbrook (1995). Nevertheless, if brand equity is not managed properly then it will be
79 destroyed. For instance, poor services and poor product quality may affect the image of the brand.

80 4 b) "Brand Awareness"

81 Brand awareness is a marketing term that depicts the degree of customer recognition of a product by its name.
82 Aaker (1996) mentioned that brand awareness is a consumer's ability to identify a brand by its product or service
83 category. A small number of customers make their purchase decisions by the brand's goodwill in the market
84 ??Keller, 1993). Keller (2003) mentioned that brand awareness plays an important role in customer decision
85 making by bringing some advantages; these are the following, consideration advantages, learning advantages and
86 choice advantages. Therefore, we may anticipate that H1: "Brand awareness might have a positive impact on
87 customer's purchase decision".

88 5 c) "Brand Association"

89 Brand associations are brand attributes that come to mind when consumers talk about a brand. "Brand
90 associations contribute to brand equity by making a non-attribute-based component of brand equity and an
91 attribute-based component of brand equity and provide evidence by supporting their conceptualization" (Park
92 and Srinivasan, 1994). However, a brand association is "anything linked in memory to a brand" ??Aaker, 1991).
93 ??aker (1991) mentioned that the benefits of brand associations are the following: differentiating the brand,
94 creating positive feelings, generating a reason to purchase and providing a basis for extensions. From the above
95 literature we can hypothesize that: H2: "Brand association might have a positive impact on customer's purchase
96 decision".

97 6 d) "Perceived Quality"

98 "Perceived quality of a brand could help to generate values by charging a premium price, providing a pivotal
99 reason-to-buy, differentiating the position of a brand, motivating channel members to perform well and also
100 introducing extensions into new brand groups", mentioned by ??aker (1991). Furthermore, price is one of
101 the significant clues to examine the perceived quality, ??Aaker, 1991). Thus it is hypothesized from the

102 above literature that: H3: "Perceived quality might have a positive impact on customer's purchase decision".
103 consistently in the future, despite situational influences and marketing efforts having the potential to cause
104 switching behavior" (Oliver 1997). It shows the motivation to be loyal towards the brand, and it is reflected
105 when consumers choose the brand as their first choice mentioned by Yoo & Donthu (2001). Customers continue
106 to buy the brand because of the loyalty of a brand, regardless of the convenience and prices which are owned by
107 its competitors ??Aaker, 1991). Thus it is hypothesized from the above literature that:
108 H4: "Brand loyalty might have a positive impact on customer's purchase decision".

109 **7 III.**

110 **8 Conceptual Framework**

111 With an objective to find the nexus between Brand Equity and Consumer's Purchase intention a theoretical
112 framework has been formed where consumers' purchase decisions is associated with brand awareness, brand
113 associations, perceive quality and brand loyalty This study is designed with the following objectives: ? ? V.

114 **9 Methodology**

115 **10 Research Objectives**

116 **11 Brand Awareness**

117 Brand Association

118 **12 Brand Loyalty**

119 Perceived Quality

120 **13 Consumer's Purchase Decision**

121 This study has been designed with an objective to evaluate the impact of Brand Equity dimensions of David
122 Aaker Brand Equity model on customer's buying decision of smart phones in Chittagong.

123 **14 Also, this study designed to understand different dimension 124 of Brand Equity model developed by David Aaker**

125 The objective of this research is to measure the impact of brand equity on customers buying decisions.

126 In this study, the impact of brand equity dimensions on customers buying decisions is measured. It is
127 quantitative research. A questionnaire is adopted to conduct a survey, whereas the respondents were 300 who
128 were living in Chittagong. A convenience sampling method has been used to select the samples. Tools and
129 techniques used in analyzing the collected data and information were mostly statistical in nature. Statistical
130 Techniques such as reliability analysis and regression analysis were done with the help of SPSS-22 software.

131 **15 Reliability Statistics**

132 Cronbach's Alpha N of Items .870 22 From table-5, the b coefficients tell us how many units dependent variable
133 change for a single unit change in each predictor. Like so, 1 unit increase in 'Brand Awareness' corresponds to .361
134 unit increase in "Purchase Decision" and so on. Here all b-coefficients are positive numbers that explain positive
135 correlation between dependent variable (Purchase Decision) and independent variables (Brand Awareness, Brand
136 Association, Brand Loyalty and Purchase Quality). Therefore, as significant and positive correlations exist among
137 the variables all alternate hypothesis such as H1, H2, H3 and H4 are accepted.

138 **16 VI.**

139 **17 Conclusion**

140 This study sets out to measure the brand equity impact on customer's purchase decisions on smart phone. The
141 results of this investigation show that the customer's purchase decision is significantly influenced by brand equity
142 dimensions. In a developing country like Bangladesh, consumers usually prefer the products that are inexpensive
143 and mostly non-branded. However, the findings of this study suggest that the consumers in Chittagong consider
brand awareness, brand association, perceived quality, and brand loyalty very

1

Figure 1: Table 1 :

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2

a)
Data
Anal-
ysis

		Correlations				
		Brand Awareness	Brand Association	Brand loyalty	Perceived Quality	Purchase Decision
BAW	Pearson Correlation	1	.717 **	.781 **	.884 **	.905 **
	Sig. (2-tailed)		.000	.000	.000	.000
	N	300	300	300	300	300
BAS	Pearson Correlation	.717 ** .000	1	.627 **	.817 **	.857 ** .000
	Sig. (2-tailed)			.000	.000	
	N	300	300	300	300	300
BLO	Pearson Correlation	.781 **	.627 **	1	.807 **	.839 **
	Sig. (2-tailed)	.000	.000		.000	.000
	N	300	300	300	300	300
PQU	Pearson Correlation	.884 **	.817 **	.807 **	1	.926 **
	Sig. (2-tailed)	.000	.000	.000		.000
	N	300	300	300	300	300

Figure 2: Table 2 :

2

Model	R	Model Summary			
		R Square	Adjusted R Square	Std. Error of the Estimate	F
1	.970 a	.940	.940	.0919	
a. Predictors: (Constant), PQU, BLO, BAS, BAW					
ANOVA a					
Model	Sum of Squares		Df	Mean Square	F
Regression	39.322		4	9.831	1163.1
1	Residual	2.492	295	.008	
	Total	41.815	299		

a. Dependent Variable: CPD

b. Predictors: (Constant), PQU, BLO, BAS, BAW

The ANOVA table shows the R square value is .940 which is highly impressive. It means 94% of variance in 'Purchase Decision' is explained by the

predictors (independent variables). And adjusted square is also .940.

1

Model	Coefficients a		
	Unstandardized Coefficients	Standardized Coefficients	t
	B	Beta	
(Constant)	.116	.059	1.968
BAW	.361	.034	10.53
BAS	.348	.026	13.31
BLO	.158	.017	9.245
PQU	.179	.040	4.514

a. Dependent Variable: CPD

Figure 3: Table 2

3

Figure 4: Table 3 :

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Figure 5: Table 4 :

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Figure 6: Table 5 :

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