THE RELATIONSHIP BETWEEN BRAND EVIDENCE AND BRAND HEARSAY TOWARDS BRAND VERDICTS IN SERVICE

NUR ELYANI BINTI HASAN

MASTER OF BUSINESS ADMINISTRATION
UNIVERSITI UTARA MALAYSIA
2009

THE RELATIONSHIP BETWEEN BRAND EVIDENCE AND BRAND
HEARSAY TOWARDS BRAND VERDICTS IN SERVICE

By

NUR ELYANI BINTI HASAN

A Thesis submitted to the College of Business, Universiti Utara
Malaysia in partial fulfillment of the requirements for the degree of
Master of Business Administration

MAY, 2009

PERMISSION TO USE

In presenting this thesis in partial fulfillment of the requirements for the degree of master from Universiti Utara Malaysia, I agree that the university Library may make it freely available for inspection. I further agree that permission for copying of this thesis in any manner, in whole or in part, for scholarly purposes may be granted by my supervisor, or, in his absence, by the Dean of Centre of Graduate Studies. It is understood that any copying or publication or use of this thesis or parts thereof for financial gain shall not be allowed without my written permission. It is also understood that due to recognition shall be given to me and to Universiti Utara Malaysia for any scholarly use which may be made of any material from my thesis.

Request for permission to copy or to make other use of materials in this thesis, in whole or in part should be addressed to:

Dean of Centre for Graduate Studies
Universiti Utara Malaysia
06010 UUM Sintok
Kedah Darul Aman
Malaysia

ABSTRAK

Pada masa kini, penjenamaan perkhidmatan merupakan salah satu bahagian yang terpenting yang dapat menolong organisasi perkhidmatan dalam menjenamakan perkhidmatan mereka. Terdapat beberapa elemen di dalam penjenamaan perkhidmatan yang mana sesebuah organisasi harus ada untuk mengekalkan sokongan pelanggan terhadap perkhidmatan yang ditawarkan. Kajian ini dijalankan untuk melihat hubungan di antara kesan jenama dengan khabar angin jenama terhadap keputusan untuk menggunakan jenama tersebut di dalam perkhidmatan. Tiga objektif kajian ditetapkan untuk kajian ini. Sebanyak 294 responden yang terdiri daripada 201 guru pelatih daripada program Kursus Perguruan Lepasan Ijazah (KPLI) dan 93 pensyarah Institut Pendidikan Guru Malaysia, Kampus Perlis terlibat dalam kajian ini, mewakili 81.9 peratus nilai menjawab daripada keseluruhan soal selidik yang diedarkan. Kaedah ujian hipotesis digunakan dan soal selidik dengan skala Likert lima titik digunakan untuk mengutip data. Data telah di analisis menggunakan analisis korelasi dan regresi berganda. Kajian ini mendapati bahawa terdapat hubungan positif di antara kesan jenama dengan khabar angin jenama terhadap keputusan untuk menggunakan jenama tersebut di dalam perkhidmatan, seterusnya menjawab kepada soalan kajian. Analisis regresi menunjukkan bahawa kesan jenama mempengaruhi kesan menggunakan jenama melebihi khabar angin jenama, dengan menghuraikan 47.6 peratus varians kesan menggunakan jenama. Implikasi dan pembatasan terhadap kajian ini serta cadangan untuk kajian di masa hadapan juga disertakan.

ABSTRACT

Nowadays, service branding is seen as an important part which helps the service organization brand their service. There are some elements in service branding that the organization must have in order to retain the consumer's re-patronage intention to the service offered. This study examined the relationship between brand evidence and brand hearsay towards brand verdicts in service. There are three objectives were determined in the study. For about 294 respondents which consist of 201 trainee teachers of *Kursus Perguruan Lepasan Ijazah (KPLI)* program and 93 lecturers from Institut Pendidikan Guru Malaysia, Perlis Campus were involved in the study, representing a response rate of 81.89 percent of the total questionnaires distributed. Hypotheses testing method were employed, and self-administered questionnaire with five-point Likert scale was used to collect the data. Data were analyzed through Pearson correlation and multiple regressions analysis. The findings found out that there is positive relationship between brand evidence and brand hearsay towards brand verdicts in service, thus accepted the hypotheses. Regression analysis revealed that brand evidence influenced brand verdicts greater than brand hearsay, by explaining 47.6 percent of the brand verdicts variance. Implication of the findings, limitation of the study and recommendation for future research were offered.

ACKNOWLEDGEMENTS

Alhamdulillah, Alhamdulillah, Alhamdulillah, a very huge grateful to Allah that I can finish this project paper after successfully fighting against the barriers.

A very grateful also delivered to my supervisor, Dr. Sany Sanuri b. Mohd Mokhtar, for his assistance, guidance, and consideration during the process. Thank you for reminding me to read a lot that it enlarges my knowledge, and thank you for raising my confidence to believe that I am able to go through. Thank you also to my internal examiner, Dr. Abdul Rahim Othman for his comments so that I can make some improvements in my project paper.

Besides, I would like to say thank you very much to my friends who help me to complete this thesis, Elina, Farah, Vero, Najib, and so many more who gave me the necessary information by sparing their time to complete the items, thank you.

Last but not least, I dedicated this to my beloved parents, brother, sister, and all of my family for their prayer and expectation which give me strength to stand by my own after the disaster and not to care on things which will just lead to other disasters, especially to Mama and Abah for the wishes and assistance. These are the people that keep me on the track till I can proudly present that I have successfully completed the research and achieved my Master of Business Administration.

TABLE OF CONTENTS

CHAPTER FIVE: CONCLUSIONS AND RECOMMENDATIONS

LIST OF FIGURES

LIST OF TABLES

CHAPTER ONE

INTRODUCTION

1.1   Background of the Study

"Today brands are everything, and all kinds of products and services- from accounting firms to sneaker makers to restaurants- are figuring out how to transcend the narrow boundaries of their categories and become a brand surrounded by a Tommy Hilfiger- like buzz."

(Tom Peters, as adapted in Crainer and Des Dearlove, 2003)

Brand is a part of our lives nowadays; we used a brand for our clothes, food, transport, or even for cigarettes. Brand is not just for physical goods, but can also for service, sports, geographic location, and even for people. According to the American Marketing Association (AMA), a brand is a name, term, sign, symbol or design, or a combination of them, intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competition (Keller, 2003). In other words, when a marketer or organization creates a new name, logo or symbol for a new existing product, he or she has also created a brand. Coca-Cola, McDonalds, Toyota, Dell, Microsoft, Louis Vuitton, Nokia, HSBC, Rolex is such an example of the brands that exists in the world.

Branding is one of the important elements in marketing. It is because organizations nowadays are using branding as a strategy in their businesses. Although brands and

The contents of the thesis is for internal user only

REFERENCES

Aaker, D. (1991). *Managing Brand Equity: Capitalizing on the Value of a Brand Name.* New York: The Free Press.

Aaker, D. (1996). *Building Strong Brands.* New York: The Free Press.

Anderson, E.W, and Sullivan, M. W., (1993). "The Antecedents and Consequences of Customer Satisfaction for Firms", *Marketing Science*, Vol 12 (Spring), pp 125-143.

Avlonitis, G. and Indounas, K., (2006). "How are price set? An exploratory investigation in the Greek service sector", *Journal of Product and Brand Management*. Vol 15 No 3, pp 203-213

Bansal, H.S, and Voyer, P.A. (2000). "Word-of-mouth processes within a service purchase decision context". *Journal of Service Research*. Vol 3 No. 2 pp 166-177.

Berry, L.L., Lefkowith, E.F and Clark, T. (1988), "In service, what's in a name?", *Harvard Business Review*, Vol 66, September-October, pp 28-30.

Berry, L.L. (2000). "Cultivating Service Brand Equity", *Journal of the Academy of Marketing Science*, Vol 28 No. 1 pp. 128-137.

Business Week. (2008). *Best Global Brand in World 2008.* Retrieved January, 23, 2009, from http://bwnt.businessweek.com/interactive_reports/global_brand_2008/index.asp?sortCol=rankid&sortOrder=1&pageNum=1&resultNum=50

Bitner, M. J., (1992). "Servicescape: The impact of physical surroundings on customer and employees", *Journal of Marketing*. Vol 56, pp 57-71.

Boyd, H.W. Jr., Walker, W.C. Jr., and Larreche, Jean-Claude. (1998). *Marketing Management: A Strategic Approach with a Global Orientation.* Boston: McGraw Hill.

Broderick, A.J. (1999). "Role theory and the management of service encounters", *The Service Industries Journal*, Vol. 19 No. 2, pp 117-131.

Brown, J.J and Reingen P.H. (1987), "Social ties and word-of-mouth referral behavior". *Journal of Consumer Research*, Vol. 14 (December), pp 350-362.

Cavana, R.Y., Delahaye, B.L., Sekaran, Uma. (2001). *Applied Business Research: Qualitative and Quantitative Methods.* Australia: John Wiley & Sons.

Cobb-Walgren, C., Ruble, C. and Donthu, N. (1995), "Brand equity, brand preference and purchase intent", *Journal of Advertising*, Vol 24 No 3, pp. 25-40

Cooper, D.R. and Schindler, P.S. (2008). *Business Research Methods.* (10th. Ed.) New York: McGraw Hill.

Crainer, S., and Des Dearlove. (2003). *The Ultimate Book of Business Brand: Insights from the World's 50 Greatest Brands*. United Kingdom: Capstone Reference.

Crosby, L.A, Evans, K.R, and Cowles, D. (1990). "Relationship quality in service selling: an interpersonal influence perspective. *Journal of Marketing*. Vol. 54, pp 68-81.

Danaher, P.J., and Mattsson, J., (1998). "A comparison of service delivery processes of different complexity". *International Journal of Service Industry Management*. Vol. 9 No. 1, pp 48-63.

de Chernatony, L. and Dall'Olmo Riley., F. (1999). "Experts' views about defining service brands and the principles of services branding", *Journal of Business Research*. Vol 46, pp 181-192.

Dodds, W.B., Monroe, K.B., Grewal, D., (1991). "Effects of price, brand, and store information on buyers' product evaluation", *Journal of Marketing Research* Vol 28, pp 307-319.

Emory, C.W. and Cooper, D.R. (1991). *Business Research Methods*. (4th Ed.). Boston: Irwin Inc.

Eugene Mahalingam. (2008, September 24). New Image for EON Bank Branches. *The Star*. Retrieved on February 18, 2009 from http://biz.thestar.com.my/news/story.asp?file=/2008/9/24/business/2104188&sec=busines

Friedman, M.(1985). "The changing language of a consumer society: brand name usage in popular American novels in the postwar era". *Journal of Consum Res*. Vol 11 pp 927-938.

Grace, D and O'Cass, A. (2002). "Brand associations: looking through the eye of beholder", *Qualitative Market Research: an International Journal*. Vol 5 No. 2 pp 96-111.

Grace, D and O'Cass, A. (2003), "An exploratory perspective of service brand associations", *Journal of Service Marketing*, Vol 17 No. 5 pp 452-475.

Grace, D. and O'Cass. A., (2004). "Examining service experience and post-consumption evaluations". *Journal of Service Marketing*. Vol 18 No 6, pp 450-461.

Grace, D. and O'Cass, A., (2004). "Exploring consumer experience with a service brands", *Journal of Product and Brand Management*. Vol 13 No. 4 pp 257-268.

Grace, D. and O'Cass, A., (2005). "Examining the effects of service brand communications on brand evaluation", *Journal of Product and Brand Management.* Vol 14 No. 2 pp 106-116.

Grace, D., and O'Cass. A., (2005) "Service branding: consumer verdicts on service brands", *Journal of Retailing and Consumer Service*. Vol 12, pp 125-139.

Grewal, D., Krisnan, R., Baker, J., Borin, N. (1998). "The Effect of Store Name, Brand Name and Price Discounts on Consumers' Evaluations and Purchase Intentions", *Journal of Retailing*. Vol 74 No. 3 pp 331-352.

Harris, L.C., Ezeh, C., (2008) "Servicescape and loyalty intentions: an empirical investigation", *European Journal of Marketing*. Vol 42 No. ¾ pp 390-422.

Hauss, D. (1993) "Measuring the impact of public relations", *The Public Relations Journal*, Vol 49 No. 2, pp 14-20.

Herbig, P. and Milewiez, J. (1993), "The relationship of reputation and credibility to brand success", *Journal of Consumer Marketing,* Vol 10 No. 3, pp 18-24.

Herr, P.M, Kardes, F.R and Kim, J. (1991). "Effects of word-f-mouth and product-attribute information on persuasion: an accessibility-diagnosticity perspective", *Journal of Consumer Research,* Vol. 17 No. 4, March, pp 454-462.

Holbrook, M.B. and Batra R. (1987), "Assessing the role of emotions as mediators of consumer response to advertising", *Journal of Consumer Research*, Vol 14, December, pp 404-420.

Hutton, J.D. and Richardson, L.D. (1995). "HealthscapesL the role of the facility and physical environment on consumer attitudes, satisfaction, quality assessments and behaviours", *Health Care Management Revies*, Vol 20 No 2, pp 48-61.

Interbrand. (2008). *Malaysia's 30 Most Valued Brands 2008.* Retrieved January 23, 2009 from http://www.interbrand.com/press_release.aspx?pressid=250&langid=1000

Jiang, P. (2004). "The role of brand name in customization decisions: A search vs experience perspective". *Journal of Product and Brand Management*. Vol 13 No. 2 pp 73-83.

Johns, N., (1999). "What is this thing called service?", *European Journal of Marketing*. Vol 33 No 9/10, pp 958-973.

Jones, M.A, Taylor, V.A., Becherer, R.C., and Halstead, D. (2003). "The impact of instruction understanding on satisfaction and switching intentions". *Journal of Consumer Satisfaction, Dissatisfaction and Complaining Behaviour"*. Vol 16 pp 10-18.

Jones, M.A, Mothersbaugh, D.L and Beatty, S.E. (2000), "Switching barriers and repurchase intentions in service", *Journal of Retailing*, Vol 76 No. 2 pp. 259-274.

Keller, K.L. (2003). *Strategic Brand Management:Building, Measuring and Managing Brand Equity.*New Jersey: Prentice Hall.

Kempf, D.S and Smith, R.E. (1998). "Consumer processing of product trial and the influence of prior advertising: a structural modeling approach", *Journal of Marketing Research.* Vol 35, pp 325-338.

Kerlinger, F.N. (1973). *Foundation of behavioural research (2ndEd)*. New York: Holt Rinehart and Winstons Inc.

Kohli, C.S., Harich, K.R., and Leuthesser, L. (2004). "Creating brand identity: a study of evaluation of new brand names". *Journal of Business Research*. Vol 58, pp 1506-1515.

Lovelock, C. H., and Wright, L. K. (1999). *Principles of Service Marketing and Management*. New Jersey: Prentice Hall.

Mangold, W.G., Miller, F., and Broclway, G.R. (1999). "Word-of-Mouth communication in the service marketplace". *The Journal of Service Marketing*. Vol 13 No. 1 pp 73-89.

Maxham III, J.G. (2001), "Service recovery's influence on consumer satisfaction, positive word-of-mouth, and purchase intentions", *Journal of Business Research*, Vol 54 pp. 11-24.

McDougall, G.H.G., and Levesque, T. (2000), "Customer satisfaction with services: putting perceived value into the equation", *Journal of Service Marketing*. Vol 14 No. 5 pp 392-410.

Ministry of Education. (2008). *What is IPG?*. Retrieved March 2, 2009 from http://www.moe.gov.my/tayang.php?laman=makna_ipg&unit=guru&bhs=en

Ministry of International Trade and Industry. (2008). *Malaysia International Trade and Industry 2007*. Retrieved January 23, 2009 from http://www.miti.gov.my/cms/documentstorage/com.tms.cms.document.Document_faeafb18-c0a81573-6b176b17-92a7d5ed/english2007.pdf

Moorthi, Y.L.R. (2002). "An approach to branding service". *Journal of Service Marketing*. Vol 16 No. 3 pp 259-274.

Murphy, J.M. (1990). *Brand Strategy*. England: Director Books.

Oxenfeldt, A.R. , (1983), "Pricing decisions: how they are made and how they are influenced", *Management Review*, November, pp23-25.

Parasuraman, A., Berry L.L., Zeithaml, V.A (1991). "Understanding customer expectation of service". *Sloan Management Review*. Spring 1991.

Rooney, J. A. (1995). "Branding: A trend for today and tomorrow", *Journal of Product and Brand Management*. Vol 4 No 4, pp 48-55.

Salkind, N.J. (1997). *Exploring Research*. (3rd Ed.) New Jersey: Prentice Hall.

Schiffman, Leon G., and Leslie Lazar Kanuk. (1997). *Consumer Behaviour,* 6th Ed. UpperSaddle River, New Jersey: Prentice Hall

Shipley, D.D and Jobber, D. (2001), "Íntegrative pricing via the pricing wheel", *Industrial Marketing Management",* Vol 30 No. 3, pp 301-314.

Stafford, M.R., and Day, E., (1995). "Retail services advertising: the effects of appeal, medium and service", *Journal of Advertising,* Vol. 26 No. 1, pp 57-71.

Stout, P.A and Rust, R.T. (1993). "Emotional feelings and evaluative dimensions of advertising: are they related?". *Journal of Advertising*. Vol 22 No. 1.

Sweeney, J.C., Soutar, G.N., Johnson, L.W. (1998). "Customer perceived value: Development of a multiple item scale". *American Marketing Association*. Winter pp 138-139.

Tax, S.S and Stuart, I. (1997), "Designing and implementing new services: the challenges of integrating service systems," *Journal of Retailing*, Vol. 73 No. 1, pp 203-220.

Turley, L.W and Moore, P.A. (1995), "Brand name strategies in the service sector", *Journal of Consumer Marketing*, Vol 12 No. 4, pp 42-50.

Wakefield, K.L. and Blodgett, J.G. (1996), "The effect of servicescape on customers' behavioural intentions in leisure service settings", *Journal of Service Marketing*, Vol 10 No 6 pp. 45-61.

Zeithaml, V.A., (1988). "Consumer perceptions of price, quality and value: a means-end and synthesis of evidence". *Journal of Marketing*. Vol 52, pp 2-22.

Zeithaml, V. A., and Bitner, M. J., (2003). *Service Marketing: Integrating Customer Focus Across The Firm*. New York: McGraw Hill.

Zikmund, W.G. (1991). *Business Research Methods*. (3rd Ed.). Chicago: The Dryden Press.