THE EFFECT OF STRATEGIC FACTORS AND THE ROLE
OF RELATIONSHIP QUALITY AS MEDIATOR ON
BRAND EQUITY OF AUTOMOTIVE INDUSTRY

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ABSTRACT

Building brand equity in today’s competitive markets is important for organizations. A number of strategic factors such as advertising, product innovation, product quality, and country of origin have affected brand equity significantly. Equally important is the role of relationship quality in building brand equity. Although past researches have examined the effect of these strategic factors on brand equity, only limited research has investigated the role of relationship quality as a mediator between such strategic factors and brand equity. This research was planned to fill this gap by investigating the effect of the said mediating variable between strategic factors and brand equity. This research focuses on brand equity, relationship quality and the strategic factors of the automotive industry in Malaysia. The data was collected through questionnaires which were distributed to passenger car users in Malaysia. The research employed systematic sampling technique and structural equation modeling (SEM) using the AMOS software to draw inferences and make conclusions. The results indicated that product innovation and country of origin had significant positive effects on brand equity. However, product quality had a negative effect on brand equity. Moreover, the effect of advertising on brand equity was insignificant. It was also found that relationship quality had a significant positive effect on brand equity. The results also revealed that relationship quality mediated the relationship between strategic factors and brand equity. The results of this research have further strengthened the theory and related literature on brand equity and put forward recommendations for car manufacturers about the best approaches to build brand equity by using strategic factors as independent variables and relationship quality as mediating variable. Future research is recommended to integrate other strategic factors which may strengthen the theory besides enabling management to make better decisions.

Keywords: advertising, brand equity, country of origin, relationship quality, product innovation.
ABSTRAK


Kata kunci: pengiklanan, ekuiti jenama, negara asal pengeluar, kualiti hubungan, inovasi produk.
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CHAPTER ONE
INTRODUCTION

1.1 Introduction

Branding concept has emerged in the literature for the first time 60 years ago and since then, it has become among the most important topics in strategic marketing (Keller, 1998). Powerful brand plays a very important role in marketing strategy, and is considered as one of the main assets and sources for organizational differentiation and competitiveness (Harun, Kassim, Igau, Tahajuddin, & Al-Swidi, 2010). Kotler (1994) thought about a brand as a symbol, name, term, sign, design, or a blend of them that aims to classify or differentiate the products or services of an organization from other organizations. A memorable brand plays important role in differentiating a firm from its competitors and can help it to create better customer loyalty (Nedeljković-Pravdić, 2010).

Consumers evaluate a brand based on their past experiences about whether product or service of such brand meets their expectation (Aaker, 1996a; Siddiqi, 2011). In highly competitive business environment, organizations realize that they must constantly monitor, develop, and reinforce their brands as to ensure consumers received intended value as planned on the long-term basis (Yang, 2010). As a result, being able to position a brand successfully in the minds of customer creates several benefits and one of them is a formation of brand equity.
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