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AN EVALUATION OF THE EFFECTS OF BRAND EQUITY ON CONSUMER RESPONSES: EMPIRICAL EVIDENCE ON MALAYSIAN PERSPECTIVE

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ABSTRACT

The purpose of this study is to evaluate the outcomes of brand equity on consumer responses by investigating the effects of the overall brand equity on consumer willingness to pay price premium, attitude towards brand extension, brand preference, purchase intention and how brand equity can lead to reduction in the cost of searching information by consumers. Using the automobile product category in Malaysia as stimuli, cross-sectional survey data were collected and analyzed using partial least square structural equation modeling technique. Result showed that brand equity plays a significant role in firms by creating and developing additional value to organisations and their products. A causal relationship among the antecedents of brand equity was also established. Among the antecedents of brand equity, brand loyalty was found to be the dominant driver of overall brand equity while perceived quality’s influence on overall brand equity was not supported by the result of the hypotheses. Moreover, the effect of brand equity on consumer responses was substantiated and found to be positive. The study used a single high involving product category. Future studies should use product categories with short consumption length and high purchase frequency. Findings of this study provide more insight to managers on how to manage brand equity. Outcomes of brand equity can be used to measure the performance of brand in the market. The study also provides additional clarification to the existing literature on the need for managers to develop a post-brand equity marketing strategy in order to achieve sustainable competitive advantage.

Keywords: Brands, Brand equity, Consumer responses, Consumer-based brand equity.

Kata kunci: Jenama, Jenama ekuiti, jawapan Pengguna, ekuiti jenama berdasarkan Pengguna.
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LIST OF ABBREVIATIONS

ASS – Brand association
AVE – Average variance extracted
AW- Brand Awareness
BPR – Brand preference
EXT – Brand extension
IC – Information costs saved
LO – Brand loyalty
OBE – Overall brand equity
PhD – Doctor of philosophy
PI – Purchase intention
PLS-SEM – Partial least square- structural equation modeling
PPR – Price premium
PQ – Perceived quality
SPSS – Statistical package for social sciences
TOMA – Top of mind awareness
UK – United Kingdom
USA – United States of America
UUM - Universiti Utara Malaysia
CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

The practice of branding is as old as history itself when craftsmen and artists tried to distinguish their products from those of others by way of marking or signing (Hakala, Svensson, & Vincze, 2012). With the increasing need to differentiate products, the brand has now become one of the most powerful marketing tools used by organisations. The most widely used definition of a brand is the one proffered by the American marketing association. A brand adds dimensions to products or service, differentiate it in some ways from other products or services produced to satisfy the same needs (Hakala et al., 2012). The overall value of a brand for the company and what the brand represents in the customers’ mind is considered to as the brand equity (Keller, 1991).

There has been a vast array of literature and studies conducted regarding brand equity, but not as much empirical studies paid attention on the relationship between how consumers respond and consumer based-brand equity (Buil, Martinez, & de Chernatony, 2013). Similarly, Leone, Rao, Keller, Luo, Mcalister, & Srivastava (2006) argue that contemporary marketing interest has been centered on brand equity and customer equity without commensurate research attempts to reconcile the relationship between the two concepts. Still in the same vein, many researchers have observed that in international marketing, the role that brand equity plays has not been examined in detail (Pappu, Quester, & Cooksey, 2006; Broyles Leingpibul,
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