

THE I MPACT OF BRAND EQU I TY ON CUSTOMER PURCHASE I NTENTI ON
I N UTEM

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I hereby declared that:

- 1) The research paper is affirmed the end of my result by my own work and the thesis was given in the references to all sources of information is admitted as usable and acceptable.
- 2) The research paper is considered adequate and fulfil the requirements of the award of Bachelor of Technology Management (High-Tech Marketing).

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DEDICATION

Family

A special thanks to my beloved family members who always backed me up during conducting the research

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I am dedicated to Dr Amiruddin, for his kindness and devotion, for his endless supporting and mentoring my thesis, his effort is appreciated.

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ABSTRACT

The purpose of the research is to attest and determine the purchase intention when associated with Aaker's recognised customer-based brand equity framework with the measurement at the consumer's perspective in the fast fashion industry in Malaysia. Further, the research paper is an aid to differentiate the measurement of customer-based brand equity in order to investigate its impact on purchase intention in Universiti Teknikal Malaysia Melaka. Aaker's brand equity model is conceptualized by four dimensions included brand association, brand loyalty, perceived quality and brand awareness. A sum of 380 effective and acceptable questionnaires are distributed to postgraduate students and academic staffs in Universiti Teknikal Malaysia Melaka. Thus, a 5 point Likert scale is utilised to record the responses based on the perception toward brand equity and purchase intention with 1 being strongly disagreed and 5 strongly agree. The data analysis is used through SPSS where Cronbach alpha coefficient to test the reliability of questionnaire, Pearson correlation analysis and multi regression analysis are used to investigate the relationship among brand equity and purchase intention. It has been discovered all dimensions- brand association, brand loyalty, perceived quality and brand awareness showed a positive significant relationship to purchase intention. Hence, Aaker's customer-based brand equity model is adapted and verified to test in the fast fashion industry when associated with purchase intention. The company should be considered brand equity as an essential measurement when undergoing marketing activities in order to improve the customer purchase decision. It is considered as a brand value to enhance the operational performance of the business.

Keywords: Brand equity, Brand association, Brand loyalty, Perceived quality, Brand awareness, Purchase intention, Fast-fashion industry, Global brand, Local brand

ABSTRAK

Tujuan penyelidikan adalah untuk membuktikan dan menentukan niat pembelian apabila dikaitkan dengan rangka kerja ekuiti jenama berasaskan pelanggan Aaker yang diukur dengan perspektif pengguna dalam industri fesyen cepat di Malaysia. Selanjutnya, kertas penyelidikan adalah bantuan untuk membezakan pengukuran ekuiti jenama berasaskan pelanggan untuk menyiasat kesannya terhadap niat pembelian di Universiti Teknikal Malaysia Melaka. Model ekuiti jenama Aaker dikonseptualisasikan oleh empat dimensi termasuk persatuan jenama, kesetiaan jenama, kualiti dan kesedaran jenama. Sejumlah 380 borang soal selidik yang berkesan dan diterima diedaran kepada pelajar pascasiswazah dan staf akademik di Universiti Teknikal Malaysia Melaka. Oleh itu, skala 5 mata Likert digunakan untuk merekodkan respons berdasarkan persepsi terhadap ekuiti jenama dan niat pembelian dengan 1 yang tidak setuju dan 5 sangat setuju. Analisis data digunakan melalui SPSS dimana pekali Alpha Cronbach untuk menguji kebolehpercayaan soal selidik, analisis korelasi Pearson dan analisis regresi pelbagai digunakan untuk menyiasat hubungan diantara ekuiti jenama dan niat pembelian. Telah ditemui kesemua dimensi - persatuan jenama, kesetiaan jenama, kualiti yang dilihat dan kesedaran jenama menunjukkan hubungan penting yang positif untuk membeli niat. Oleh itu, model ekuiti jenama berasaskan pelanggan Aaker disesuaikan dan disahkan untuk diuji dalam industri fesyen cepat apabila dikaitkan dengan niat pembelian. Syarikat harus dianggap ekuiti jenama sebagai ukuran penting ketika menjalani kegiatan pemasaran untuk meningkatkan keputusan pembelian pelanggan. Ia dianggap sebagai nilai jenama untuk meningkatkan prestasi operasi perniagaan.

Kata kunci: Ekuiti jenama, Persatuan jenama, Kesetiaan jenama, Kualiti dirasakan, Kesedaran jenama, niat pembelian, Industri fesyen cepat, jenama Global, jenama tempatan.

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LIST OF ABBREVIATIONS

UTeM	Universiti Teknikal Malaysia Melaka
SPSS	Statistical Package for Social Science
CBBE	Customer Based Brand Equity

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CHAPTER ONE

INTRODUCTION

1.1 Background of Study

The rapid growth of Internet and privatization had given rise to consumer brands. It had to result in accelerating global competition and diluting boundaries among countries. However, consumers tend to shift their purchase behaviour on local brands rather than global brands since the economic downturn (PLMA, 2015). There are few success emerging local brands in Malaysia such as British India, Padini, Brands Outlet has achieved excellent revenue and gain at top ranking in the fast fashion industry in Malaysia. According to Aaker (1991), the “brand” concept becomes a familiar and essential field for researchers and marketers. This is because of a brand is able to achieve certain consciousness level among target customer groups. Profile (2015) argued that a brand is a precondition and qualification towards purchase intention. As the global brands hold high awareness level on brand compare with local brands and thus easier influence on customer purchase intention (Profile, 2015). For instance, H&M, GAP and Zara etc. holding numerous loyalty customer towards their brand name as they are able composes superior quality with a premium price.

In the earlier stage, a global brand is able to sustain in a rival market due to they were using a strong marketing strategy to emphasise their brands such as quality and price. And, it is also a clear trend to differentiate on global brands and local brands rather than just simplicity and low prices (Burt, 2010; Reynolds m and Laaksonen, 1994). Although, local brands nowadays have increased pressure on global brands as

it has increasing internationalisation together with the centralisation of retail power to enhance the presence of brand (Anselmsson J., Johansson U, Persson N, 2007, 2014). It shows that a local brand has successfully created its own brand equity and it is able to increase the customer purchase intention.

However, based on Malay Mail Online (2015) has indicated that the ratio of purchasing local brands is higher than the previous year, meanwhile, 25 per cent of consumer felt that both local brands and global brands composes same product quality. And, 18 per cent of the consumer has brought local brands regardless the quality is slightly lower than global brands. It is very important for brand equity with high validity and reliability measurement that can be used across different countries as the number of brands is keep increasing in the global market (Buil, de Chernatony, & Martínez, 2008; Mohan B, Sequeira A, 2015).

In the past literature, researchers had studied intensely and developed further to order to provide insight with brand equity is much essential to prominence of branding especially in a current competitive market (Aaker, 1991; Keller, 1993, 2003; Yoo and Donghu, 2001). According to Giovanis et.al. (2013), there were various variables were vital in making purchase decision which are price, product and service quality. Another studied at Portugal by (Loureiro, 2017) has claimed with consumer purchase intention on local brands as its quality has improved over time. Rindell (2008) appointed that most companies willing to invest heavily into resources that able boost brand equity due to it able to gain awareness and thus understanding clearly on customer purchase behaviour. Brand equity is said to be a creation of value when using effectively. Hence, it could be defined as a key asset for an organization which able influence in customer purchase intention.

No wadays, marketers are willing spent a large amount of money to identify factors that can influence customer purchase intention as the way of customer thinking is change rapid along with their needs and wants (Anid Mrabi, Akbariyeh, & Tahmasebifard, 2015). This is because purchase intention can be demonstrated by brand preference from a customer in order turn into brand loyalty, hence, it leads the firm to have a competitive advantage in an emerging market (Su & Chang, 2018). In addition, Farjam (2015) claimed that dimensions of brand equity as an important

success factor to the organisation as it helps to product differentiate among rival competitor and influenced directly on customer purchase decision towards a brand.

Hence, the research goal is to identify the relationship between brand equity and purchase intention based on Aaker conceptual model that discovered in 1991. Further, the researcher is then to investigate the possible dimensions that able effecting on purchase intention in term of brand association, brand loyalty, perceived quality and brand awareness.

1.2 Problem Statement

In the earlier stage, local brands owned higher brand equity than private label brand as it composes visually attractive and strategically style packaging meanwhile global brands always seem bland and boring in comparison. Further, the global brand has composed superior product quality compared to local brands. Nevertheless, this situation has been reversed and changed for more than a period as local brands have struggled with global brands along the time in order to achieve greater category effectiveness and additional profit from the competition (Sathish, 2017). In the Malaysia context, local brands such as Padi ni has grown in size over the past decade and it is easily found. As the living cost of Malaysia has been increased thus making high pressure of inflation, it has made people shift to purchase low-cost products to maintain their life (Bashir S, Tumin & Abbas et. 2015).

It is needed for a company to aware how important of brand equity towards a brand in order to enhance its competitive advantage in a rival market nowadays (Irshad W et al., 2012; Prabal Thapa, 2016). According to Wood (2000) argued that is a challenge to practice the term of brand equity in a marketing context since it can be distinguished in a different viewpoint (Hke, 2008). In 2016, Prabal Thapa was applying the conceptual of Aaker's brand equity model to test with the purchase intention in tourism context and researcher has indicated that should be doing more research on both variable tests in a different context. Due to brand equity is an aid to

enhance the awareness of business so that can improve its business operational activity in order to enhance customer purchase intention.

In the earlier, Yoo and Donthu (2001), Washburn and Hank (2002), Chen (2008), Chang (2009) and Manzoor & Shai kh, (2016) were using Aaker's brand equity conceptual model associated with purchase intention in different industry such as food and beverage and automobile industry. That empirical evidence supported that there are brand equity and purchase intention has shown a relationship to each other and that is the impact on many different contexts (Ashil & Sinha, 2004; Chang & Liu, 2009; Manzoor & Shai kh, 2016). Nevertheless, there is limited and inadequate research that tries to use Aaker's brand equity model to investigate the relationship associated with purchase intention. Therefore, as an attempt to bridge such a gap, researcher purpose to comprehend customer-based brand equity (CBBE) on both local brands and global brands. Besides, the dimension of CBBE is present in this study to determine the strength and thus give affecting on customer purchase intention in UTeM context.

1.3 Research Question

The research questions are important parts when conducting research. A few questions are developed and the research objectives will be guided as follow.

- i. What are the dimensions that impact on purchase intention based on customer-based brand equity?
- ii. What is the relationship between customer-based brand equity and purchase intention?
- iii. What is the significant dimension that impacts on purchase intention?

1.4 Research Objective

The research objectives as an essential part throughout research due to show a significant function to the researcher as a guideline to conduct the research. The research objectives of this research are:

- i. To determine the dimensions that impact on purchase intention based on customer-based brand equity.
- ii. To identify the relationship between customer-based brand equity and purchase intention
- iii. To investigate the significant dimension that impacts on purchase intention

1.5 Research Scope

The scope of this study can be divided into two scopes which is CBBE and customer purchase intention among university students. Both CBBE and customer purchase intention has shown relevant and compliment to each other as they are able to build brand loyalty and enhance brand image among customer and companies. Nowadays, high inflation and enhancing the cost of living has been altering people choosing product with high-cost performance ratio. Therefore, it is important for brands to contribute CBBE to gain customer attention especially university student whoever has highly willing to pay for a product. In other words, a brand product needs to be more positive on brand equity, creative and more relevant optional toward university students.

The second scope of this study has been focusing on customer purchase intention where it is an important process that related to people behaviour, perception and attitude (Anid Mrabi et al., 2015). According to Kotler & Armstrong (2010) has proposed stage of a purchase decision included awareness, knowledge, interest, preference, persuasion and last is purchase to change their behaviour. In addition, with enhancing on CBBE of a brand product is able to shift customer loyalty and enhance their purchase intention toward the brands.

Another scope of this study is the researcher only focusing study customer purchase intention among university students at UTeM Melaka. The target group on students will be a small sample size as compared to society Malaysia. It can be said that other target group will also have significant responses on customer purchase intention and it will be hard to researcher evaluate for all group of the target audience. Further, external factors such as price, product quality, product packaging and etc. are not considered variable during the research. This is because research is difficult to study all aspects of an element that able to influence customer purchase intention.

1.6 Research Significance

The significance of this study during the research is aimed to explore the CBBE impact on both national brands and private labels brands in terms of brand awareness, brand association, brand loyalty, and perceived quality among university students. Thus, this study is also helpful to both brand and companies to understand the importance of brand equity and how influenced on customer attitude, knowledge and purchasing behaviour (Akhtar, et al., 2016). Besides that, the study will also bring benefit to the firm to understand race group maybe carry different purchasing style on the brand in order to enhance their product performance. Further, the study also tries to discover the effectiveness of brand equity impact on firm performance due to brand equity has played an essential role on company's sale and market performance (Chien, 2010) as well as to enhance brand image and customer repurchase decision (Akhtar, et al., 2016).

1.7 Summary

The first chapter of this research aims to present an overview and provide a preliminary understanding of the subject matter that being tested upon. Research background and problem statement are first discussed, is then followed by the research objective, research question, research scope, research limitation, and research significant to provide further understanding to the researcher and reader. Thus, the content about the chapter will be served as a foundation for exploration in the following chapters.