Impact of Brand Equity on Purchase Intention of Smartphone

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Abstract

Brand equity is the value added to a product that helps it stand out from rivals in the market. It serves as a competitive tool for the producers, aiding in consumer preference and brand loyalty as well as enhancing customer purchasing intents. This study aimed to investigate the effect of brand equity aspects on smartphone purchasing intentions in Sri Lanka. The study also looked into the relationship between the four components of brand equity—brand loyalty, brand awareness, brand association, and perceived quality—and the customers' purchase intention. Data were gathered from a convenience sample of 100 smartphone users of the private bank employees in Batticaloa district to fulfil this study's aim. The study employed a descriptive and causal research design. Data were collected using structured questionnaires. This study examined the significant relationship between Brand Equity (BE) and Purchase Intention (PI). Results showed that all brand equity parameters impacted the purchase intention of smartphones. The study concludes that the dimensions of brand equity are the key factors affecting customers' buying propensity. This implies that brand equity and its components influence a consumer to choose a brand with higher value when considering the market environment. In order to boost industrial users, which leads to increased product consumption and purchase frequency, marketers must strengthen their brand equity.

Keywords: brand equity, customer purchase intention and smartphone industry

Introduction

In many firms throughout the world, branding is the most critical factor and the most valuable asset. It assists in describing the social position and style of life of a customer. According to Aker (1991), brand awareness refers to a customer's capacity to remember a particular brand. According to Keller (1993), brand equity develops when consumers are well-informed about the items and have a strong memory connected to them. Smartphones are the leading devices taking the front end and playing the role of the universal mobile terminal (Muhammad & Thaiq, 2013).

Due to the smartphone market's recent rapid growth and the fast-paced, dynamic environment in which it operates, this study was focused on it. Today's cell phone firms want to create a robust and unbreakable bond with their clients, which offers many advantages, including less exposure to competitors and more revenue (Thunman, 2012). Marketers are increasingly stressing the importance of brand equity more and more as a way to overcome the problems and obstacles posed by rivals and the dynamically changing environment. Building a strong brand for mobile phones in consumers' thoughts has become crucial (Sewanthy & Kennedy, 2020).

Rapid advancements in smartphone technology impact marketing, business, consumer behaviour, and daily lifestyles. In today's rapidly evolving technologies, user adoption of smartphone technology is crucial in determining its viability (Fahad, 2012). The top ten smartphone manufacturers for 2019 are listed as Samsung, Huawei, Apple, OPPO, Vivo, Xiaomi, OnePlus, LG, Lenovo, and Nokia on the Technavio blog (Blog, 2019).

According to Zhang, Pitsaphol, & Shabbir (2014), brand equity is one of the most crucial marketing

strategies that can be used to boost smartphone sales. As a result, smartphone manufacturers differentiate their goods based on consumer brand equity and purchasing trends, which have the greatest impact on consumer behaviour.

Numerous research on mobile phone brand equity and consumer purchasing intent has been carried out globally. Few research studies have been undertaken in the Sri Lankan context (Gunawardane, 2015; Nilmini & Dissanayake, 2022; Sewanthy & Kennedy, 2020). There is, however, few research that realistically looks at how brand awareness, brand loyalty, brand association, and perceived quality affect customer purchase intention (Nilmini & Dissanayake, 2022). The brand is this study's main focus in mobile phone purchases.

Given that smartphone makers place a lot of reliance on brand equity to entice new customers and that a variety of smart phone choices from customers show the importance of PI, this study, specifically in the Sri Lankan context, empirically explores the PI. As a result, it is necessary to investigate the primary component that has a significant impact on PI in Sri Lanka. The purpose of this study is to investigate the Brand Equity (BE) that affects Purchase Intention (PI) in private bank employees by focusing primarily on popular smartphone brands.

The research will assist smartphone manufacturers in better understanding how BE affects PI when creating business plans and will enable them to make modifications as needed. Additionally, this study investigates how to increase customer happiness and retention by taking BE on PI into account and how to enhance product quality in accordance with the significant level. Smartphone manufacturers could utilise the outcome to inform their strategic planning and improve product quality.

Research Problem

Many businesses aim to get customers' attention (Kim et al., 2001). Most companies prioritise non-material attributes like pricing, brand name, and place of origin over material characteristics like taste and design (Zeugner -Roth et al., 2008). However, these businesses are not constrained by brand equity.

Brands of smartphones are the subject of various concerns. After the Trump administration put Huawei on the "entity list," restricting the business US businesses may do with it and have ramifications for the entire world, the Chinese brand has found itself at the centre of a global dispute between the US and China. As a result, Google has restricted Huawei's access to future Android upgrades, UK-based chip designer ARM has stopped working with the company, and numerous networks and shops worldwide have had to stop doing business with Huawei out of concern for US government sanctions. A temporary licence to conduct business with US companies was granted to Huawei by the US commerce department on May 20, allowing US companies to temporarily resume their collaborations with the brand (Beavis & Kronfli, 2019).

Huawei, Xiaomi, Oppo and Vivo are helping to change people's perception towards the quality of Chinese android phones (Tao & Dai, 2019).

Since smartphone manufacturers place a great deal of trust in brand equity as a way of attracting new customers and a variety of customer preferences of smartphone brands highlight the importance of brand equity, this study, specifically in the Sri Lankan context, empirically investigates the impact of brand equity on purchase intention. As a result, it is necessary to investigate the factors that have a significant impact on purchase intention in Sri Lanka.

There is also a dearth of literature examining how brand equity affects purchase intention in Sri Lanka. As a result, there is a glaring empirical gap regarding how brand equity affects purchase intention in the context of the smartphone sector. The lack of empirical data makes it difficult for smartphone makers to determine

whether or not their device is popular with consumers.

Therefore, this research aimed to fill the knowledge gap by attempting to respond to the question; How far does brand equity influence on purchase intention of smartphones among private bank employees in Sri Lanka?

Research Objectives

The primary objective of this study focused on examining the significance of BE that influences PI among customers in the context of the smartphone industry. The following sub-objectives were supplementary to this study.

- To identify the impact of brand loyalty on customer purchase intention of smartphone
- To identify the impact of brand awareness on customer purchase intention of smartphone
- To identify the impact of brand association on customer purchase intention of smartphone
- To identify the impact of perceived quality on customer purchase intention of smartphone

Conceptual Framework And Hypothesis

A set of elements that influence a product or service's value to a company and its clients is referred to as brand equity (Andai, 2016). According to Aaker (1991), brand equity is a multifaceted concept that includes perceived qualities, brand loyalty, awareness, association, and other propriety assets. He claims that brand loyalty depends on how devoted a consumer is to a specific brand. Awareness of a brand involves a buyer's capacity to recognise a brand among a group of products. The notion of the brand's overall quality or superiority as perceived by the customer is the subject of perceived quality. Anything associated with a brand in a consumer's mind is referred to as brand association.

PI is made with recommendation (e.g., Chen and Xie, 2008), convenience (e.g., Schaffer, 2000) and results and experience (e.g., Holbrook and Hirschman, 1982). Brand awareness, perceived quality, brand association, and brand loyalty are the most frequently observed elements that contribute to brand equity, according to Keller (1998), and they are now essential components of every marketing strategy. Hence, the PI is evaluated through these measures as dimensions.
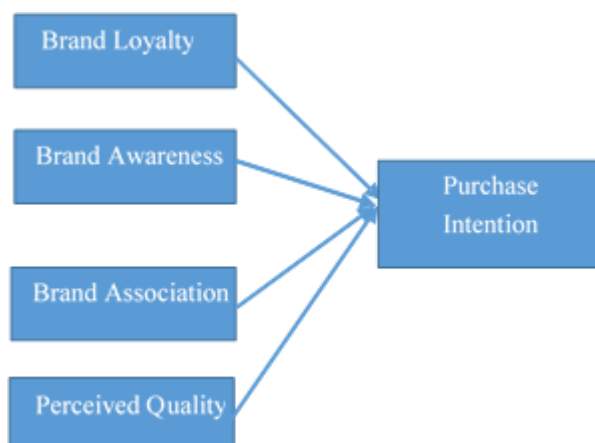
This study adopted the variables that Aaker suggested (1991). These variables were examined in order to determine how BE has affected PI in relation to popular smartphones in Sri Lanka.

The hypotheses were proposed as follows:

H1: The likelihood of purchase intention is significantly influenced by brand loyalty.

H2: The likelihood of purchase intention is significantly influenced by brand awareness.

H3: The likelihood of purchase intention is significantly influenced by brand association.

H4: The likelihood of purchase intention is significantly influenced by perceived quality.

Methodology

This study adopted a quantitative questionnaire survey as the primary data collection tool. The questionnaire was designed using five points Likert scale ranging from strongly agree (5) to strongly disagree (1) to provide information on the criteria used in assessing smartphone users. Based on the responses to the questionnaires, a single-variate analysis was conducted to individually assess the dimensions and variables' characteristics. Responses were assessed using a technique called univariate analysis. The analysis process was made simpler by using Microsoft Office Excel 2010 and the Statistical Package for Social Science (SPSS).

The primary data of this study were examined using descriptive statistical methods and inferential statistics. The current brand equity characteristics and customer purchase intention were examined using descriptive statistical analysis.

Inferential statistics that examined the associations between all brand equity dimensions and customer purchase intention were utilised in this study.

Univariate analysis

Based on the responses to the questionnaires, univariate analysis was conducted to individually assess the dimensions and variables' characteristics. As a result, this study begins by analysing the specific traits of the dimensions and variables. The mean values and standard deviation of the dimensions and variables are considered for this purpose. The decision criteria for univariate analysis are as follows.

The range for Decision Criteria	Decision Criteria	Decision Attribute
$X_i < -Z \sigma_x$	$X_i < 3$	Low Level
$-Z \sigma_x \leq X_i \leq Z \sigma_x$	$X_i = 3$	Moderate Level
$X_i > Z \sigma_x$	$X_i > 3$	High Level

Table 1: Decision Criteria for Univariate Analysis

Where X_i = mean value of a dimension /variable, σ = standard deviation,

Z = value of the 95% confidence limit and σ_x = standard error of the mean

Bivariate analysis

An analytical statistic referred as a correlation coefficient measures how effectively changes in one variable predict changes in the other. Pearson correlation analysis was utilised to determine the relationship between the independent and dependent variables. Bivariate analysis was performed to measure the magnitude and direction of the relationship between BE and PI. Correlation can be organised into groups based on potential ranges in relation to suitable decision-making qualities. To investigate the relevant linear relationship and evaluate the hypothesis, the significance level of the correlation coefficient is taken into consideration.

Results

Reliability

With regard to 20 statements, the final Cronbach's alpha coefficient value was 0.706. The cutoff point for Cronbachs' Alpha coefficient, which ranges from 0 to 1, is 0.60. The findings show that Cronbach's Alpha coefficient is higher than 0.60. The fact that every item taken into account in this investigation is trustworthy shows that the instrument's internal dependability was satisfactory.

Brand choice

Private bank employees utilise a variety of branded smartphones. For this research, brands like Apple, Samsung, Huawei, Nokia, Oppo, HTC, Sony, and others were used.

From 100 responders, 42% of customers' choice is Samsung, 31% of customers' choice is Huawei, 12% of customers choice is Apple, 08% of customers choice is Oppo. 2% of customers' choice is HTC. Another 2% of customers choose Sony, and 3% use other brands.

- **Independent variable and its dimensions**

Brand equity is the independent variable assessed using four criteria: perceived quality, brand association, brand loyalty, and brand awareness. High-level consumer attributes are present in BE as an independent variable (Mean $X1=4.2019$). Additionally, most clients shared a consistent viewpoint on the BE variable (Standard Deviation .34612). Concerning individual analysis, it should be emphasised that nearly all respondents had high BE attributes.

In particular, the mean values of the BE dimensions for brand loyalty, brand awareness, brand association, and perceived quality all exhibit high characteristics relative to their mean values.

	Dimensions				IV
	BL	BAW	BAS	PQ	BE
Mean	4.06	3.865	4.26	4.2267	4.2019
SD	0.5621	0.41098	0.43437	0.35277	0.34612

Brand awareness is comparatively lower than other variables that affect BE, and brand association among them has a high mean value.

Table 2 Independent variable and its dimensions

- **Dependent variable**

The PI has a high level of the attribute of customers (Mean X2= 3.7333). Notably, most customers expressed a common opinion regarding the variable of PI (Standard Deviation= .44671). Based on the individual analysis, all customers have a high attribute for PI.

- **The relationship between independent and dependent variables**

A strong positive correlation between independent and dependent variables was found.

The relationship between brand loyalty and purchase intention

The correlation analysis is initially carried out to explore the linear relationship of BL with PI if it exists. The results indicate a statistically linear and significant positive relationship ($r = 0.413$, $p = 0.005$) between BE and PI.

- **The relationship between brand awareness and purchase intention**

The correlation analysis is initially carried out to explore the linear relationship of BAW with PI if it exists. The results indicate a statistically linear and significant positive relationship ($r = 0.342$, $p = 0.003$) between BE and PI.

- **The relationship between the brand association and purchase intention**

The correlation analysis is initially carried out to explore the linear relationship of B_AS with PI if it exists. The results indicate a statistically linear and significant positive relationship ($r = 0.387$, $p = 0.001$) between BE and PI.

- **The relationship between perceived quality and purchase intention**

The correlation analysis is initially carried out to explore the linear relationship of PQ with PI if it exists. The results indicate a statistically linear and significant positive relationship ($r = 0.384$, $p = 0.007$) between BE and PI.

- **The relationship between BE and PI**

The correlation analysis is initially carried out to explore the linear relationship of BE with PI if it exists. The overall view results indicate a statistically linear and significant positive relationship ($r = 0.507$, $p = 0.005$) between BE and PI.

The model indicates that BE can explain about (adjusted R2) 24.2% variation of PI. These results confirm that PI is the outcome of the BE.

R	R Square	Adjusted R Square
0.517	0.256	0.242

Table 3 Correlation and coefficient of determination for BE and PI

This study considers PE as an independent variable and BE as the dependent variable. While these variables individually have high-level attributes of the customers, Pearson's Correlation analysis explores a positive significant linear relationship between BE and PI. The correlation coefficient (r) was 0.507 at the 1% level. This implies that PI for a smartphone can be predicted with BE. The correlation coefficient between the BE

and PI indicates that the BE helps explain 24.2% of the variation in PI. This finding is most consistent with past studies and contradicts some available literature.

The results are similar to Aaker (1991), Ashil and Sinha (2004) and Chang and Liu (2009) studies. The results confirm that the PI is the outcome of the objective of purchase, recommendation, convenience, and results and experience in using the product, as indicated by Ariely, (2000), Chen and Xie (2008), Schaffer (2000), respectively. According to Ashil and Sinha, 2004; Chang and Liu, 2009, BE positively affects PI. Further, the regression results indicate that BE positively contributes to predicting consumers' PI; hence, sellers of smartphone brands should be aware of consumers' level of BE to explore the PI of customers in the region.

These results, however, go against previous research by Yee and San (2011), who identified perceived quality as a significant determinant of consumer choice. Perceived quality, according to Schiffman et al. (2010), is not a brand's or product's quality; instead, it is a consumer's evaluation of an entity's overall excellence or superiority. The research results support the preceding theory's claims that perceived quality is a component of brand equity that influences customers' decisions to buy particular products and encourages them to do so (Zeithaml, 1988).

Conclusion, Recommendation And Implication

Brand equity is a crucial marketing asset that can create a unique and appreciated tie between the company and its stakeholders while fostering long-term purchasing behaviour. Every market participant must comprehend the components of brand equity. Investing in this intangible asset increases obstacles to entry and boosts brand value. Business owners must make a critical choice regarding branding in order to increase sales and maintain customer loyalty to their products. The current study aimed to determine the effects of brand equity factors on mobile phone purchase intentions among private bank employees in Sri Lanka.

Marketers would constantly promote eye-catching reminder advertisements on television, in newspapers, and magazines at the right moment. Instead of informing or persuading consumers, its primary goal is to bring up the brand in their minds constantly. Marketers can use marketing strategies such as door-to-door delivery, sales support services, and personal selling.

In order to boost sales, smartphone manufacturers and retailers must offer products with high brand recognition and more features. Additionally, manufacturers must produce smartphones with more features than rivals, innovate their products, produce high-quality devices that can multitask, and devote more time and money to research and development. According to the study's findings, customers' desire for smartphones has significantly increased because of their multipurpose qualities and useful applications. Higher resolution cameras, more powerful CPU, RAM, wider touch screen, innovative design, face identification, etc., are attributes that come with more features.

This study focused on a limited independent variable, BE, to explain PI and explore their relationship. However, it is explicit that other variable(s) may be considered to explain the variation of PI. Future studies can be devised to identify those additional variables (s) to explain PI.

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