

RESEARCH ARTICLE

Brand Equity and Its Impact on Customer Purchase Intention: Empirical Evidence of the Telecommunication Sector of Sargodha

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Abstract: The paper aims to analyse the impact of brand equity on customers' purchase intention in the Sargodha telecommunication market. Furthermore, it measures brand equity through different dimensions like brand loyalty, brand awareness, perceived quality and brand association. It is quantitative research with an adopted questionnaire to record customer feedback with five-point Likert scale. SPSS is used to examine the data. The analytical tests were performed, e.g., descriptive statistics, correlation analysis and regression analysis. It has a fourfold result. It found a significant positive effect of brand loyalty on customer purchase intention. The second hypothesis established that brand awareness has a significant positive impact on customer purchase intention. Moreover, perceived quality has also affected customer purchase intention in a significantly positive way. Lastly, the brand association has not proven a positive and significant effect on customers' purchase intention. When the customer is more attached to some brand, they can purchase that brand. Still, in this study, the brand association has not found a significant positive effect of brand association on customer purchase intention. All the results are consistent with previous studies. According to the outcomes, the telecom companies should invest and focus on the brand equity elements through promotional campaigns. It would be more effective in terms of an increase in sales and customer size. The paper developed a conceptual model of brand equity effect on customer purchase intention in Sargodha's telecom market.

Keywords: Brand Equity, Customer Purchase Intention, Brand Association, Brand Awareness, Perceived Quality, Brand Loyalty, Telecom Sector

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1 Introduction

In the present era, brand is an essential factor for increasing the progress of the company. The buying behavior of people can be changed with brand equity. A company's brand name can help customers purchase the products and services it offers. In recent times, people are more conscious of the different brands that are available in the market. To understand their customers' needs, companies can create a strong brand image to target consumers. A well-known brand image in customers' minds can help companies compete in different market conditions, and customers easily choose their products according to a related brand. Brand awareness is an essential factor in a customer's purchase decision. Brand image and brand awareness are crucial tools that can influence the purchase decision because they help build and maintain customer loyalty to different brands. When customers are more aware of a brand, a company can create a better market image and generate more customer loyalty; due to brand awareness, a customer can easily purchase products associated with its brand. Higher brand awareness can create a strong market image for its brand (Chi & Yeh, 2009; Mishra et al., 2020).

Companies can use two different factors to strengthen their brand: brand name and brand logo, to create a reference point in consumers' minds. Through these, customers can easily recognize a product associated with a specific brand. Brand equity is an essential tool that helps customers focus their attention on development, which can impact their buying decision (Saroaha & Diwan, 2020). Customers need a brand they already have more information about because many brands exist in the market, and customers have information about them. The first time customers make a purchase decision, brand equity is a significant factor. However, other factors, such as their family and friends' opinion, can also affect customers' purchasing decisions.

In Pakistan's telecommunication sector, different companies can use different ways to force their customers to purchase their brand. They can influence their customers through extensive advertising campaigns and capture a large share of the market. To build a good reputation in the market among potential and current customers, a company needs to offer products with more unique and better features than its competitors. If telecommunication companies do not follow fair practices, they will not build their customer base. Telecomm companies can create a hypothetical world in which they offer packages so customers can compare them to their competitors' packages, rather than to satisfy customers through remarkable advertisements to target their intended market. To create a positive image of the services being offered, a company must generate brand equity. When a company makes a positive image, customers become more brand conscious, which will impact their intention to purchase its products and services. The increasing competition in the mobile telecommunications sector can also affect the brand equity of different telecommunication companies. For example, the merger of two companies, Warid and Mobilink, can also create a problem in the market for their competitors because they must adopt new strategies to increase their brand equity. In these situations, companies can use different types of methods to maximize their brand equity.

This study attempted to answer the following research questions:

- RQ1: Does the customer purchase intention affect brand loyalty in the telecommunication sector?
- RQ2: Does customer purchase intention affect by brand awareness in the telecommunication sector?
- RQ3: Does customer purchase intention affect by perceived quality in the telecommunication sector?
- RQ4: Does customer purchase intention affect by the brand association in the telecommunication sector?

This study has the following objectives:

1. To identify how brand equity affects the purchase intention of customers in the telecommunications sector.
2. To examine how brand loyalty affects a customer's purchase intention.

3. To evaluate how brand awareness affects a customer's purchase intention.
4. measure how perceived quality affects a customer's purchase intention.
5. To examine the effect of brand association on a customer's purchase intention.

2 Literature Review

2.1 Brand Equity

Keller (1993) explains that brand equity represents a situation in which consumers know about different brands. Due to the brands' familiarity, the customer reminds the brand when they have unique and strong associations. Winters (1991) said that brand equity is with the associations and perception of customers with a particular brand name that will add value to a product. Kotler (2003) noted that Brand assets are the added value of products and services that may reflect the consumer's perception of the brand and reflect the price, market share and profitability. Aaker & Equity (1991) stated that brand equity requires a set of brand-related assets and liabilities, their names and symbols. The value that the product or service, offers to the company, would increase or decrease.

2.2 Customer Purchase Intention

Porter (1974) explains that they can elaborate that customers whose choices to purchase a focused brand are not due to the brand attitude. Still, the customers also focused that brand name leads towards another brand in the same consideration set. Engel et al. (1995) present the model recognized for customers' purchasing decisions. He can divide the five steps model of consumer purchase decision: (1) problem recognition, (2) information search, (3) alternative evaluation, (4) purchase decision and (5) post-purchase behavior. According to Keller (2001), when consumers make their purchase decisions, their behavior is critical when considering and evaluating the products. The two things will influence customers' purchase intention: their attitudes and the unpredictable situation (Kotler, 2003). Customers' attitudes include their personal preferences towards the product, and unexpected situations show that they will change their purchasing behaviour in different situations.

2.3 Brand Loyalty

According to Hayes (2008), any brand's profitable growth is driven by the customers. When the commitment of the customers increases the profit of the company also increases. Rashidi (2013) pointed out that brand equity is the customers' loyalty has been considered from various aspects. The aspects are loyalty with the brand, commitment to products, services and other different similar items are included as such expects. According to Kotler & Keller (2006), the increase in the brands' percentage of loyal customers becomes more profitable. Brand loyalty refers to a potential repurchase commitment where customers pledge that they will not switch the brand in various circumstances and buy the brand they are loyal to on an ongoing basis (Oliver, 1999).

2.4 Perceived Quality

Consumers are always searching for the value that is ideal for them. When the product's quality is high, the customers extend the business domain and company has a strong position in the market, which can help improve the purchase of customers and loyalty (Myers, 2003). Aaker & Equity (1991) indicated that the customer's perceived quality shows the customer about their salient features that

are different from others and become a potent and selective brand in the consumer's mind. Perceived quality and brand equity are positively related to each other (Severi & Ling, 2013). Kan (2002) said that the quality objective is that consumers will use their knowledge and experience while making a purchase decision of product, a consumer evaluates the overall product function, benefit, technology and their reliability. The perceived quality is a critical element in customer decision-making. The consumer compares their alternative products' quality concerning each items price in the relevant category (Yee et al., 2011).

2.5 Brand Awareness

Brand awareness means that the customer's recall and recognition ability about the brand in different situations (Aaker & Equity, 1991). According to Hoeffler & Keller (2002), brand awareness can be seen through their depth and width. Depth means that the recall process of the customer and after recall how to identify brand quickly and the width shows the situation when the customer purchase a product, at once the brand name of that product comes to their mind. When both the brand depth and brand-width comes into the customer's mind, they will buy a specific product of the brand. So this is the way through which the brand awareness of the customer is high. Brand awareness is an essential factor for customers' purchase decisions because customers can purchase those products they have more knowledge and are familiar with (Keller, 1993; Macdonald & Sharp, 2000). People can show the product's goodwill among different individuals when they know about its features (Gustafson & Chabot, 2007; Shah et al., 2019).

2.6 Brand Association

Keller (1993) stated that the brand association consists of three elements; attributes, benefit and brand attitude that helps the customer have different responses. Krishnan (1996) considered brand association to be a general term representing a link between two nodes, which suggests brand association in customers' minds. Aaker & Equity (1991) said that brand associations can provide consumers with value through consumer optimism and attitudes by providing consumers with choice and branding.

2.7 Hypothesis Development

This study has verified the relationship between brand equity and customer purchase intention. The hypothesis is developed to analyze the relationship between the variables.

H_1 : Brand loyalty has a positive and significant effect on purchase intention.

H_2 : Brand awareness has a positive and significant effect on purchase intention.

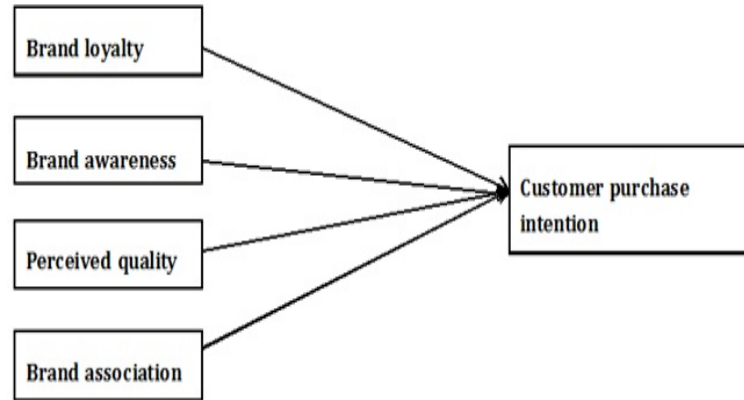
H_3 : Perceived quality has a positive and significant effect on purchase intention.

H_4 : Brand association has a positive and significant effect on purchase intention.

2.8 Theoretical Framework

3 Methods

Research design is a process that combines fundamental research. It is referred to as, demonstrating the various logical aspects of the strategies according to the analysis that was carried out. The sample size consists of only 200 respondents. Adopted instruments were used in this study. Further, these



Modified from Hayes & Bob (2008), Gustafson & Chabot (2007), Severi & Ling (2013), Krishnan (1996) and Bachler (2004).

Figure 1: Theoretical Framework

instruments were modified in the present study context. 5 point Likert scale was used. Tools that have been used in the study are summarized below in table 1.

Table 1: Summary of Scales Used in the Study

Sr. No.	Variable	No. of Items
1	Brand Loyalty	3
2	Brand Awareness	4
3	Perceived Quality	4
4	Brand Association	4
5	Customer Intention	2

The data was collected through convenience sampling. The data was analyzed in three steps in this study. The first step of the study is collecting data and treating the missing values in the different questions. The second step of the survey was checking the normality and reliability of the data. After reviewing the reliability, the third step was the inferential analysis of the respondent's data, which was done by applying the correlation and regression analysis to check the variables main effects.

Before proceeding to the third step that is the final analysis, it is essential to analyze the goodness of data by applying the reliability analysis. The data collected should demonstrate consistency in respondents' responses since the inconsistency of responses would compromise the collected data's reliability. Cronbach's alpha coefficient value for all variables is estimated to be 0.70.

According to the reliability statistics, the three items of brand loyalty and the statistics brand loyalty positively influence the purchase intention. It means that when people are going to purchase a new mobile connection they can give more importance to brand loyalty. According to these results, we say that it is essential for people while making their purchase intention. According to the reliability

statistics, brand awareness has four items. The reliability statistics show strong relationship between the independent variable brand awareness and the dependent variable customer purchase intention, because the Cronbach alpha value is 0.662, which is greater than 0.60. When we see this relationship, customers are going to purchase a new mobile connection, it can directly affect the brand awareness. When a customer is more aware of the brand, they can easily make their purchase decision.

According to the reliability statistics, table 2 shows the value of Cronbach alpha of perceived quality. This value shows the positive relation of service provider between the perceived quality and their purchase intention. When a customer goes into the market for purchase intention, they know the service provider's rate because service quality is an influential factor for the peoples to make a positive word of mouth in the market. According to the reliability statistics, the Cronbach alpha value is 0.630, which shows that the relation between the brand association and the purchase intention is good. When people purchase a new mobile connection, the brand association is positively affected due to the strong relationship between the brand association and customer purchase intention.

Table 2: Reliability Statistics

Variable	Alpha Reliability
Brand Loyalty	0.732
Brand Awareness	0.662
Perceived Quality	0.61
Brand Association	0.63

4 Results

The descriptive statistics of five demographic variables and four other variables which we studied in this research are shown in the table below. The table shows the data of 200 respondents means that n=200, the minimum value of each variable, the maximum value of each variable, the mean value of each variable and their standard deviations. The mean value of purchase intention is 3.69; along with a standard deviation value is 0.882, measured on 5 point Likert scale.

Table 3: Descriptive Statistics

	N	MIN	MAX	MEAN	STD. DEV.
Gender	200	1	2	1.335	0.47317
Age	200	1	5	1.805	1.19756
Income	200	1	5	2.215	1.32573
Network	200	1	4	2.38	0.87718
How long using mobile connection	200	1	4	2.865	1.0499
BL	200	1	5	4.0633	0.78398
BA	200	1	5	3.865	0.73063
PQ	200	1	5	3.8652	0.6633
BAS	200	1.25	5	3.765	0.78884
CS	200	1	5	3.6909	0.88287

* Source: Field data, BL: Brand Loyalty, BA: Brand Awareness, PQ: Perceived quality, BAS: Brand association, CS: Customer satisfaction.

The last part of the study is to analyze the correlation between the variables. The results of the correlation between the variables are explained below and shown in table 4. In the correlation analysis, a coefficient value between two constructs, i.e., brand loyalty and customer purchase intention, was 0.344, which is significant at p-value 0.01 is shown in table 4. So, there is a significant positive association between brand loyalty and customer purchase intention. These results verified our hypothesis H1. The correlation results illustrate a meaningful positive relationship between brand awareness and customer intention. The correlation coefficient value is 0.256, which is significant at a p-value is 0.01. The results of these two variables' relation are shown in table 4. These results support the study hypothesis: Brand awareness is positive and significant with customer intention. In this proposed relationship, the coefficient value 0.284 was found, for which the p-value is equal to 0.01. It showed a significant positive association between perceived quality and customer intention. The results of these variables relation are shown in table 4.

Table 4: Correlation Analysis

	Gender	Age Group	Income	Network	How Long	Brand Loyalty	Brand Awareness	Perceived Quality	Brand As- sociation	Customer Intention
Gender	1									
Age Group	0.054	1								
Income	0.133	.239**	1							
Network	-0.018	0.104	0.003	1						
How long	-.141*	0.007	0.039	-0.042	1					
Brand Loyalty	-0.021	0.011	-0.029	-0.081	0.047	1				
Brand Awareness	0.015	-0.023	-0.014	0.008	0.027	.519**	1			
Perceived Quality	.162*	0.031	-0.032	-0.126	-0.042	.327**	.438**	1		
Brand As- sociation	0.091	-0.109	-0.033	0.073	-0.055	0.083	0.047	-0.057	1	
Customer Intention	-0.038	-0.022	-0.043	0.075	-0.055	.344**	.256**	.284**	.478**	1

* n=200;** significant at the 0.01 level;* significant at the 0.05 level

Pearson coefficient value of the correlation between brand association and customer purchase intention was 0.478, which is substantial at a p-value 0.01 shown in table 4. So, a significant positive relationship was established between brand association and customer purchase intention.

The third and last step after the correlation analysis is the regression analysis and also sees the ANOVA values. ANOVA indicates that the whole model of your study is significant. So the value of R square is 0.371. It suggests that the study's model is good, or 37.1% influences the dependent variable caused by the independent variable.

Table 5: ANOVA

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.609 ^a	0.371	0.358	0.70722

^a a. Predictors: (Constant), Brand Association, Brand awareness, Perceived quality, Brand loyalty, b. Dependent Variable: customer intention

It indicates that brand loyalty, brand awareness and perceived quality are significant because the p-value is less than 0.05. One variable, brand association, is not individually substantial because the p-value is more significant than 0.05. Beta indicates that one unit change in the independent variable due to the dependent variable.

- One unit change in brand loyalty shows that a 0.22 unit change in the dependent variable is customer purchase intention.
- One unit change in brand awareness shows that a 0.019 unit change in the dependent variable is customer purchase intention.
- One unit change in perceived quality shows that a 0.231 unit change in the dependent variable is customer purchase intention.
- One unit change in brand association shows that a 0.472 unit change independent variable is customer purchase intention.

Table 6: Coefficients

Model	Unstandardized Coeff.		Standardized Coeff.	T	Sig.
	Beta	Std. Error	Beta		
(Constant)	-0.575	0.425		-1.353	0.178
Brand Loyalty	0.247	0.076	0.22	3.266	0.001
Brand Awareness	0.023	0.085	0.019	0.267	0.79
Perceived Quality	0.308	0.085	0.231	3.61	0
Brand Association	0.528	0.064	0.472	8.237	0

5 Discussion, Conclusion, and Implications

5.1 Discussion

The study's first and primary objective is to measure brand equity and its impact on customer purchase intention. Brand equity is also assessed by brand loyalty and awareness, perceived quality and various dimensions of brand relevance. This study investigates the impact of these dimensions of brand equity on customer purchases. The first hypothesis is accepted; that is brand loyalty has significant positive effects on customer purchase intention. [Oliver \(1999\)](#) found that brand loyalty is the promise of future repurchase. Consumers with brand loyalty do not change and continue to buy the famous brand even in different circumstances. The second hypothesis is accepted that brand awareness has significant positive effects on customer purchase intention. This means that customers who have information about brands easily make purchase decisions.

The third hypothesis is accepted that perceived quality has significant positive effects on customer purchase intention. In other words, quality is an essential factor in customer purchase decisions. [Hoch & Banerji \(1993\)](#) found that perceived quality has a positive correlation with purchase decisions. The fourth hypothesis is rejected that brand association has a positive and significant effect on customers' purchase intention. It means that when the customer is more attached to some brand, they can purchase that brand. Still, in this study, the brand association has no positive and significant effect on customer purchase intention. One reason is that people are associated with a brand in the target market but do not have the buying power to purchase it. These outcomes are further supported by [SSaeed & Aslam \(2015\)](#) that brand association is not significant results in customer purchase intention.

5.2 Conclusion

In general, brand equity research demonstrates that brand loyalty, brand awareness, perceived quality and brand association have roles in brand equity. The study results show that increase in these variables produce higher levels of brand equity. The analysis suggests that brand loyalty, brand awareness and perceived quality have substantial impacts on brand equity, while the other variable, brand association, has less influence on purchase intention. These results imply that if the telecommunication brands in Sargodha have to increase their brand equity, they should focus on building customer awareness and perceived quality to achieve higher brand equity in the telecom sector. In this study, the brand association has less effect on customer purchase intention because some customers associate themselves with a brand but have low purchasing power, so they cannot purchase it. The research model shows that brand equity has a direct positive impact on customer purchase intention. Thus, these results indicate that brands with higher brand equity generate higher customer purchase intention.

Customers with higher purchase intention, in turn, are more concerned with continuing the use of mobile connectivity brands. Customers who have low purchase intention and are associated with brands are willing to purchase them but cannot due to their low income. These results demonstrate the effects of brand equity. Within the comprehensive framework of brand equity, robust analysis supports the research hypotheses. The mobile communication industry framework helps better to understand brand equity from the customers' perspective. Overall, the research objectives have been achieved. Regarding the market share of mobile connection brands, Pakistan has the largest mobile networks. Pakistan cellular-telecom density stands at 72% of the industry, divided between five players. According to Pakistan Telecommunication Authority (PTA) Jazz holds 28% of the Market, Telenor 27%, Zong 20%, Ufone 16%, and Warid 8%. As the market leader, Jazz should possess abilities from the perspective of both customers and companies.

5.3 Implications

Based on the studies reviewed, brand equity is a critical factor in the value of services to end-users, including in the Sargodha context. In particular, mobile connectivity providers conduct rich branding activities and invest in large-scale brand communication campaigns about their services. According to the present study, it is cost-effective for companies to invest in brand awareness through promotional campaigns about products and services' features. Brand managers may have quantitative goals and quality objectives to improve product performance in the marketplace or achieve individual communication goals and marketing objectives.

5.4 Limitations and Future Research Direction

First, more time and resources are needed to recruit a larger sample, and the geographic scope should be expanded to capture more accurate representative answers. Second, using both qualitative and quantitative research methods allows a more comprehensive understanding of the topic. Third, the study explores demographic factors such as gender, age, and education level.

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