INVESTIGATION OF THE FACTORS INFLUENCING ON IRANIAN CUSTOMERS BUYING BEHAVIOR: ROLE OF MANAGING BRAND EQUITY

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ABSTRACT
In present competitive global market, brand equity concept is considered as one of the most important strategic factors in marketing; Thus, the purpose of this paper is to investigate the effects of corporate ability association and brand awareness on brand price flexibility, brand extensibility and repurchase intention of Iranian customers by considering the roles of product quality perception and brand association. In this survey-descriptive study on the basis of random classified sampling, the required information was obtained from 385 students using a valid and reliable questionnaire and structural equation modeling was used for analysis of data and test of hypotheses and the results suggest that the variables mention has effected to process purchase. Results of present research showed that using corporate ability association as a strategic tool can contribute to brand structure, brand equity and brand perception. Also it leads to improved evaluation of brand financial performance by global market.

Keywords: Buying Behavior, Brand Equity, Iranian Customers

INTRODUCTION
A brand is powerful when it can affect the behavior of customers looking at it and make attitudes towards, preferences for and purchasing behavior of it a daily routine. Today, brand is an inevitable and important part in marketing strategy (Motameni and Shahrokhi, 1998), and brand marketing is at the heart of trading and many of the most famous companies of the world such as Procter and Gamble and march are structured around their brands (Baker et al., 2002).

The value lied in a brand is almost associated with the specific mindset and perception about using context attracting customers. For example, myocard infarction could be a reason for purchasing a drug (Aaker, 1991). Brand image is a set of Brand association organized in customer mind in a meaningful way (Dean, 2004) and Brand association is any favorable feature of brand helping in forming an image of it (James, 2005) or anything is evoked by a brand (Low and Lamb, 2000). Respecting how meeting customer needs, Brand association communicate both concept and product meaning. In fact, a distinctive feature of modern marketing is its focus on creating distinctive association of a brand with emphasizing it’s distinguishing basis in the market.

Brand is of a high value as one of the most important concepts with respect to commerce. Thus marketers may exploit the competitive advantage provided by a powerful brand (Keller, 1993, 2000). Since 1980s, some motivations were emerged with respect to choosing and purchasing goods and brands played the essential role in this process. Most brand evaluations are transferred from developed economies towards other parts of the world. Especially with globalization of the economy, branding has led to change in interests and demands of a great number of people with respect to corporate products (Roth, 1995).

In societies whose people are low-informed on brands, global brands may encounter a dilemma because little research is conducted with respect to this issue and consumers are not very familiar with global goods. In the following, some questions are raised which international marketers should respond them. Is there any difference between firms who implement branding strategy in domestic markets and those who implement it in foreign ones? What are the implications of developing market plans for brands from local
and global perspectives? Present research aims to “study the effects of corporate ability association (CAA) and brand awareness on repurchase intention and mediating role of product quality perception and brand association in purchase decision process”.

Keller (1993) proposed a theory which was based on brand equity. The model proposed for brand equity consisted of corporate ability, brand awareness, quality perception, and brand value and brand association. In addition to these items, this research also considered product market output and private sales of stock as other measures. In present research; first the effect of corporate ability association on brand awareness and repurchase intention is addressed. Then a complete model of relationships influencing purchase decision is presented and after data analysis, effects of brands on consumers are studied. Finally some recommendations are provided for future research and management.

**Literature Review and Hypotheses**

**Brand Equity**

Aaker (1991) divided brand equity concept into five variables: brand loyalty, brand awareness, perceived quality, corporate brand and other private assets. Brand equity increases favorability of the branded product compared to unbranded ones (Moore et al., 2002). Brand equity may be estimated from three viewpoints: customer mind-set, results from product market and financial market (Keller and Lehmann, 2001). Keller (1993) proposed the first conceptual model of customer-based brand equity. Also other authors provided various definitions for brand knowledge and marketing and this will also be the case in the future. According to Keller, when consumers have positive (negative) view towards the brand marketing mix, then the intended brand may have positive (negative) effect on brand equity. Customer-based brand equity is realized when customers are familiar with the brand and seek to achieve high favorability via corporate brand.

Lassar et al., (1995) stated that customer-based brand equity consisted of two components: brand strength and brand value. Brand strength is associated with ability of brand to retain customers and brand value is associated with achievement to benefits via the intended brand compared to other ones. They essentially believed that brand equity led to higher trust in the intended brand compared to other competing ones. This trust is translated to higher loyalty and more willingness to pay price premium of the intended brand. Netemeyer et al., (2004) suggested that brand equity is measured using three factors: perceived value, uniqueness and willingness to pay a price premium. Given the concept of brand equity, Aaker and Keller (1990) and Yoo and Donthu (2001) studied multi-dimensional brand equity model (MBE) and examined the effect of this conceptual model on culture. They found that brand equity comprised of brand loyalty, perceived quality and brand awareness. Keller (2001) suggested a new model of customer-based brand equity named brand pyramid model which described the brand in a hierarchical manner and had brand identity, brand meaning, brand response and brand resonance as its building blocks. Also Keller (1993) stated that brand equity led to more flexibility and positive effect of the brand and it was associated with customer-orientation.

Aaker (1996) tried to divide the relationship between customer-based brand equity model and market-based brand equity model into five parts: brand loyalty, perceived quality, corporate brand, brand awareness and market position (market price, market share, brand coverage). Keller (2001) argued that current brand composition was not sufficient to create brand equity and suggested that there are other important sources including corporate brand and distribution channels for development of brand equity. For example Hoeffl and Keller (2002) found that corporate societal marketing (CSM) can be considered as one way for enhancement of brand equity in addition to five other ones. Keller (2001) suggested that marketing professionals should consider modification of those brands which are similar to people, places and other brands. Previous research also suggested the inadequacy of marketing mix for increased brand equity and showed that other factors including advertising activities were also effective in increasing brand equity and this depended upon ability of the intended firm.

**Corporate Ability Association**

Corporate ability association in present study is defined as new corporate investments and communication for them which can be applied as a secondary source of increasing brand equity. This
definition is derived from Aaker’s definition of brand equity in 2004. Aaker (2004) mentioned three factors influencing corporate ability association: corporate way of operation and its development extent, corporate innovation and corporate global recognition. Also, enhancing marketing plans and other general plans related to brands is effective in raising people awareness. Brand awareness leads people to better understand high efficiency of the firm (Aaker, 1996). Also, new products should be provided to innovation-seeking people. In a competitive market, it is difficult to find a factor contributing to product differentiation and innovation. Indeed, firms engage in innovation when their products are going to be outdated and old. Also, successful innovation requires understanding and prediction of consumer needs (Aaker, 2003).

Globalization has led to product diversity, prolonged corporate life, development of more resources, identification of customer demands and meeting them in the form of products and these lead to increased awareness of the firm name among people. Brand is the most important criterion in the process of choosing global products by people who use global products (Aaker, 2004). These people seek to use brands which are at a higher level of favorability compared to other local and global ones. Thus, international advertising campaigns should pay attention to this aspect of marketing so that they are able to enhance people trust. Brand association may be considered as a part of corporate ability and includes assets, employees’ capacities and capabilities, values, localization and globalization and operational profile. Based on previous marketing studies, in present research it is assumed that corporate ability association is related to brand perception, association and extensibility. Thus, the following hypotheses can be mentioned:

**H1**: The corporate ability association has a direct significant effect on product quality perception in Iranian buyers.

**H2**: The corporate ability association has a direct significant effect on brand association in Iranian buyers.

**H3**: The corporate ability association has a direct significant effect on brand extensibility in Iranian buyers.

**Brand Awareness**

Brand Knowledge consists of brand awareness and brand image. Brand equity is to trust in knowledge about various products obtained by marketing activities (Keller, 1993). A brand may be defined as a name, sign or symbol and/or a composition of them which make products or services of a vendor or a group of vendors distinctive from other rivals (Kotler, 2000). Brand awareness is the ability to recognize a brand as a member of a certain class of products by the potential purchasers. Thus, given the competitive brands existing in the market, marketers should focus on brand management and employ strategy of consumer awareness and creation of relationship between consumers and products (Hoeffler and Keller, 2002). Existing literature suggests the effect of brand awareness on brand equity and strategy formulation for increased brand equity. For example Erdem and Swait (1998) found that when unstable consumers are habituated to the certain feature of the product, brands may act as an indicator ensuring claims of the intended product. In order to recognize brands, it is necessary for consumers to discriminate between brands and those which have heard and seen. Brand recognition is associated with the ability of consumers to retrieve the brand, the product classes and requirements related to the brand and the initial knowledge on the brand. Based on the above-said, the following hypotheses are mentioned:

**H4**: Brand awareness has a direct significant effect on product quality perception.

**H5**: The brand awareness has a direct significant effect on brand association in Iranian buyers.

**H6**: The brand awareness has a direct significant effect on brand extensibility in Iranian buyers.

**Quality Perception**

Chaudhary and Holbrook (2001) argued that customer trust is not only the basis of the perceived quality but also leads to behavioral loyalty. Perceived quality may be defined as customer perception of total quality and/or product or service excellence with respect to its expected purpose compared to other alternatives. Perceived quality is the overall and intangible feeling about the brand. However, the perceived quality is based upon some key dimensions including product characteristics (reliability, performance and to some extent the brand). Identification and assessment of main aspects of perceived
quality would be of great benefit. But it should not be ignored that perceived quality is a general impression (Aaker, 1991). When the relationship between brand and product quality is perceived preceding to perception of the relationship between product characteristics and quality, consumers are more likely to be influenced by quality perception. Risk of lack of trust is decreased by providing information and this leads to increased expected favorability, price prediction and quality perception. Also brands may lead to improved perception of consumers with respect to intended characteristic of the brand and increased trust in brand claims which in turn lead to brand association. Thus the following hypothesis is proposed:

**H7:** The product quality perception has a direct significant effect on brand association in Iranian buyers. Brand extensibility refers to the brand equity strength. Previous research showed that consumers are more comfortable with using products with a valuable family brand (Aaker and Keller, 1990). Keller and Aaker (1992) stated that perceived quality had effects on brand penetration and extensibility. Thus a successful extension may increase perceived value of a proposed extension and its quality and vice versa. Keller and Sood (2003) suggested that a powerful brand may facilitate brand extensibility and the new products can also be covered by the brand. A powerful brand has more ability to extend with respect to its perceived quality and is more likely to be successful compared to a weak brand (Aaker and Keller, 1990). Thus the following hypothesis is proposed:

**H8:** The product quality perception has a direct significant effect on brand extensibility in Iranian buyers. Previous studies showed that perceived quality also had effect on price flexibility (Erdem et al., 2002; Keller, 2000; Netemeyer et al., 2004). A powerful brand may lead to increased price compared to the weaker brand or common product because in this context consumers are more willing to tolerate price premium given the comparison of powerful brands with other ones. Though pricing strategies often are short-term by their nature, but the long-term investment in brands is also an appropriate strategy. For example Erdem et al., (2002) found that consumer price sensitivity had effect on brand acceptability and most consumers tolerated price premium of powerful brands. Keller (2000) argued that pricing strategy is implicitly based on value and quality perceived by the consumers. Netemeyer et al., (2004) argued that perceived quality and value and brand uniqueness act as insurance from consumers viewpoint and they are ready to pay price premium and show actual purchase behavior. Thus they suggested that brand equity should be measured based on three factors including willingness to pay price premium of the brand. Cobb-Walgren et al., (1995) argued that valuable brands in each product class had a significant effect on consumer preferences and purchase intention. Thus the following hypotheses are stated:

**H9:** The quality perception has a direct effect on brand price flexibility in Iranian buyers.

**H10:** The quality perception has a direct effect on repurchase intention in Iranian buyers.

**Brand Association**

Brand association refers to the relationship between brand and its usage including repurchase intention and positive word of mouth. Usage experience is the most powerful force influencing consumers’ thoughts about the brand (Keller, 2000). Thus brands provide value to consumer goods and in addition to this give them the meanings favorable by the consumers (Biel, 1992). The more the individual focuses on the information on the product and develops a close relationship between this information and current knowledge, the more powerful his/her brand association with respect to it. Two factors which enhance association of various information in customer’s mind include the relationship between this information and life details of the individual and the compatibility between them over time. In other words, brand recognition and loyalty depends upon consumer’s brand association. Repurchase intention or loyalty is an important tool for measurement of brand equity (Aaker, 1996).

Some consumers consider loyalty management as brand management or communication management related to brands (Crosby and Johnson, 2001). Brand uniqueness or durable competitive advantages are plausible reasons for purchasing the intended brands (Aaker, 1991). Brand association can help in prediction of repurchase intention, future income and corporate value compared to other firms and markets (Aaker and Jacobson, 2001). From customers’ viewpoints, the successful brands are those which develop a deep relationship with culture (Holt, 2003). In short, brands compete over cultural share. Thus
we hypothesized that brand association has a positive effect on brand, extensibility and repurchase intention.

H11: The brand association has a direct significant effect on brand extensibility in Iranian buyers.

H12: The brand association has a direct significant effect on repurchase intention in Iranian buyers.

MATERIALS AND METHODS
Methodology
Present research is a descriptive–applied one because it describes a situation and a series of conditions in detail to respond the research question: “Do corporate ability association and brand awareness influence repurchase intention and do quality perception and brand association play a mediating role in purchase decision process? “and studies the relationships between research variables. Present research aims to discover the relationships and interactions between variables and studies the characteristics with respect to variables in real world; thus it can be also considered as a survey study.

Questionnaire Design
Respecting to the fact that the questionnaire used in present research was developed based on both research background and opinions of relevant experts, thus it has content validity. In order to verify reliability of questionnaire, Cronbach α coefficient was used. Cronbach α was estimated at 95% which demonstrated questionnaire reliability. Also, all measures used in this study were estimated on five point Likert scale.

Product Selection
In relation to stimulus, Nokia cell phonewere chosen because of their wide use among Iranian students and their technology-orientation.

Sampling Target
In this study, information was collected in March 2014, from 385 college students in 5 management faculties of Islamic Azad University in Tehran area. According to Shouli (2007), in every society college students and consumers belong to the middle and high class, and their education, revenue, social status and social interactions make them more involved. Therefore, college students who are in different age ranges with varying income levels were selected as the sample of this research.

Table 1: Path coefficients and significance of independent constructs of conceptual model

<table>
<thead>
<tr>
<th>From construct</th>
<th>To construct</th>
<th>Estimated value</th>
<th>t-value</th>
<th>Significance level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate ability association</td>
<td>Quality perception</td>
<td>0.281</td>
<td>3.38</td>
<td>5 percent</td>
</tr>
<tr>
<td>Brand awareness</td>
<td>Quality perception</td>
<td>0.643</td>
<td>8.47</td>
<td>5 percent</td>
</tr>
<tr>
<td>Corporate ability association</td>
<td>Brand association</td>
<td>0.111</td>
<td>0.76</td>
<td>Insignificant</td>
</tr>
<tr>
<td>Brand awareness</td>
<td>Brand association</td>
<td>0.152</td>
<td>0.392</td>
<td>Insignificant</td>
</tr>
<tr>
<td>Corporate ability association</td>
<td>Brand extensibility</td>
<td>0.195</td>
<td>2.01</td>
<td>5 percent</td>
</tr>
<tr>
<td>Brand awareness</td>
<td>Brand extensibility</td>
<td>0.004</td>
<td>0.021</td>
<td>Insignificant</td>
</tr>
<tr>
<td>Quality perception</td>
<td>Brand extensibility</td>
<td>0.002</td>
<td>0.009</td>
<td>Insignificant</td>
</tr>
<tr>
<td>Brand association</td>
<td>Brand extensibility</td>
<td>0.339</td>
<td>2.51</td>
<td>5 percent</td>
</tr>
<tr>
<td>Quality perception</td>
<td>Price flexibility</td>
<td>0.201</td>
<td>2.01</td>
<td>5 percent</td>
</tr>
<tr>
<td>Quality perception</td>
<td>Repurchase intention</td>
<td>0.298</td>
<td>2.53</td>
<td>5 percent</td>
</tr>
<tr>
<td>Brand association</td>
<td>Repurchase intention</td>
<td>0.04</td>
<td>0.45</td>
<td>Insignificant</td>
</tr>
<tr>
<td>Quality perception</td>
<td>Brand association</td>
<td>0.294</td>
<td>2.59</td>
<td>5 percent</td>
</tr>
</tbody>
</table>

Sampling Method and Sample Size
Selective University is comprised of five colleges and eighty majors are taught in that. Totally, 26420 students study there. According to Krejcie and Morgan’s table (1970), sample size was defined 379.
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Proportional Stratified sampling and systematic random sampling were applied. In the first place, based on Proportional Stratified sampling, sharing and distribution of questionnaires was done relative to the numbers of colleges. Afterwards, systematic random sampling was done in front of the college entrance gate to choose the respondents. With regard to the size of sample, 400 questionnaires were distributed, that 385 questionnaires were used for the final analysis.

Analysis

In a structured equation model using Lisrel method (Table 1 & Figure 1), if the t-value for pathway coefficient is larger than 1/96, then the pathway coefficient is significant at the 5% level; the null hypothesis is rejected, and the research hypothesis is accepted. In this research, each hypothesis was examined using t-value indices.

Figure 1: Structural model along with its measurement model

Hypothesis Testing and Result

Hypothesis 1: According to Table 2 and the above model path coefficient value of 0.281 had a t-value higher than 1/96 ($t=3.38$). Thus $H_0$ was rejected and the alternative hypothesis ($H_1$) was supported. There for it is found that corporate ability association leads to quality perception and this relationship is statistically significant. Also Wang et al. (2008) supported the positive effect of corporate ability association on quality perception.

Hypothesis 2: According to Table 1 and the above model, path coefficient value of 0.111 had a t-value lower than 1/96 ($t=0.76$). Thus $H_0$ was supported and it is concluded that corporate ability association had
not a direct significant effect on brand association. Thus it is indicated that corporate ability association does not lead to brand association. This finding is also consistent with that of Wang et al., (2008).

**Hypothesis 3:** According to Table 1 and the above model path coefficient value of 0.195 had a t-value higher than 1/96 (t=2.01). Thus H0 was rejected and the alternative hypothesis (H3) was supported. Thus it is found that corporate ability association leads to brand extensibility and this effect is statistically significant. Also Wang et al., (2008) supported the positive effect of corporate ability association on brand extensibility.

**Hypothesis 4:** According to Table 1 and the above model path coefficient value of 0.643 had a t-value higher than 1/96 (t-8.47). Thus H0 was rejected and the alternative hypothesis (H4) was supported. Therefore it is concluded that brand awareness leads to quality perception and this relationship is statistically significant. This finding is also consistent with that of Wang et al., (2008).

**Hypothesis 5:** According to Table 1 and the above model path coefficient value of 0.152 had a t-value less than 1/96 (t=0.392). Thus H0 was supported. Therefore it is concluded that brand awareness does not lead to brand association. This finding is also consistent with that of Wang et al., (2008).

**Hypothesis 6:** According to Table 1 and the above model path coefficient value of 0.004 had a t-value less than 1/96 (t=0.021). Thus H0 was supported. Therefore it is concluded that brand awareness does not lead to brand extensibility. This finding is not consistent with that of Wang et al., (2008).

**Hypothesis 7:** According to Table 1 and the above model path coefficient value of 0.294 had a t-value higher than 1/96 (t=2.59). Thus H0 was rejected and the alternative hypothesis (H7) was supported. Therefore it is concluded that quality perception leads to brand association and this relationship is statistically significant. This finding is also consistent with that of Wang et al., (2008).

**Hypothesis 8:** According to Table 1 and the above model path coefficient value of 0.002 had a t-value less than 1/96 (t=0.009). Thus H0 was supported. Therefore it is concluded that quality perception does not lead to brand extensibility. This finding was not consistent with that of Wang et al., (2008).

**Hypothesis 9:** According to Table 1 and the above model path coefficient value of 0.201 had a t-value higher than 1/96 (t=2.01). Thus H0 was rejected and the alternative hypothesis (H9) was supported. Therefore it is concluded that quality perception leads to price flexibility and this relationship is statistically significant. This finding is also consistent with that of Wang et al., (2008).

**Hypothesis 10:** According to Table 1 and the above model path coefficient value of 0.298 had a t-value higher than 1/96 (t=2.53). Thus H0 was rejected and the alternative hypothesis (H10) was supported. Therefore it is concluded that quality perception leads to repurchase intention and this relationship is statistically significant. This finding is not consistent with that of Wang et al., (2008).

**Hypothesis 11:** According to Table 1 and the above model path coefficient value of 0.339 had a t-value higher than 1/96 (t=2.51). Thus H0 was rejected and the alternative hypothesis (H11) was supported. Therefore it is concluded that brand association leads to brand extensibility and this relationship is statistically significant. This finding is also consistent with that of Wang et al., (2008).

**Hypothesis 12:** According to Table 1 and the above model path coefficient value of 0.04 had a t-value lower than 1/96 (t=0.45). Thus H0 was supported and it is concluded that brand association had not a direct significant effect on repurchase intention. Thus it is indicated that brand association does not lead to repurchase intention. This finding is not consistent with that of Wang et al., (2008).

**Discussion and Conclusion**

In present competitive global market, brand equity concept is considered as one of the most important strategic factors in marketing (Moore et al., 2002). Corporate ability association is a potential valuable source of brand equity according to marketing literature. Based on Keller’s (2001) framework which was further extended in present research, development of global brand model and combining it with consumers is the same as product market perspective. Results of present research suggest that customer-based brand equity is consisted of four parts: corporate ability association, brand awareness, quality perception, and brand association. Of course these four components are not equal and they are at different levels. Corporate ability association and brand awareness are at first level (they are at the same level). Quality perception is at the second level. Brand association represents the combination of the levels and
the relationship between consumers and the intended brand including repurchase intention and positive word of mouth. Thus brand association is at the highest level of the pyramid. The product studied in present research was Nokia cell phone and the study was conducted in Islamic Azad University and examined concept of brand equity in marketing literature. This study showed that valuable brands are among assets leading to corporate success in long-term. Also the study showed the relationship between corporate ability association and brand awareness, quality perception and brand association. Results of present research showed that using corporate ability association as a strategic tool can contribute to brand structure, brand equity and brand perception. Also it leads to improved evaluation of brand financial performance by global market.

- **Research Recommendations**
  - Firms can employ advertisements and enhance customers’ awareness of high quality and competitive products so that they can create an image of a successful firm in people minds and make them aware of their abilities.
  - Success of firms in one product market is not necessarily leads to brand extensibility in other product classes. In order to extend their brands, firms should survey their customers and conduct market research at first instance so that brand extension would be successful.
  - According to the fact that advertising activities are not professional in Iran and people do not pay much attention to these activities, thus it is suggested that advertising activities are relevant, continuous and in a timely manner so that probability of brand association is enhanced.
  - Firms should enhance quality of their products so that they can introduce themselves to potential customers as an acceptable firm. Also they should rise their prices accounting for the quality of their products and the competition so that they can play the role of price leadership and attract customers towards their products by conducting appropriate advertising activities and enhancing people awareness of their products.
  - In present competitive market with its continuous innovation and increased diversity seeking, firms are not able to sell their current products solely relying on brand association and innovation is needed too.
  - When consumers encounter products with increasing complexity, then exploiting customer experience becomes more valuable.

- **Suggestions for Further Research**
  - In order to enhance external validity of present research, it is recommended to employ a larger number of actual consumers in future studies.
  - Testing hypotheses in an actual shopping setting and employing a larger sample may increase validity of present study.
  - Present research may be conducted in B2B context and/or using other products and multiple products.
  - Present research may be replicated in service marketing context.

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