

Examining the Impact of Company's Ability Associations and Brand Awareness on Willingness to Repurchase: The Role of the Perceived Quality of Product and Brand Associations

Mohammad Ali Abdolvand and Ali Reza Kia
Department of Business Management, Science and Research Branch,
Islamic Azad University, Tehran, Iran

Abstract: As one of the important concepts in business, brand is worth and marketers can benefit from strong brand as a competitive advantage. In another hand, concept of brand equity is the most important strategic internal factor for marketing in today's competitive global market. Therefore, the purpose of this research is to examine the impact of company's ability associations and brand awareness on willingness to repurchase by considering moderator role of the perceived quality of product and brand association. We have used the developed model of brand equity by Keller and Aaker to form theoretical and conceptual frame work of the present research. We have also gathered the necessary data to test the research hypotheses among students of Islamic Azad University using descriptive-survey method and questionnaire. Finally, the obtained results of data analysis using structural equation modeling and the LISREL Software suggest generally a significant relationship between the following variables; company's ability association with the perceived quality and brand development; brand awareness with the perceived quality; the perceived quality with brand association, flexibility and willingness to repurchase; brand associations with brand development. The above-mentioned variables play a critical role willingness to repurchase.

Key words: Company's ability association, brand awareness, the perceived quality of product, brand association, brand development, price flexibility, willingness to repurchase

INTRODUCTION

As one of the important concepts in business, brand is worth and marketers can benefit from strong brand as a competitive advantage. Since 1980, there were found incentives to select and purchase goods that brand play the first role in this approach. Most of brand evaluations are transmitted from the advanced economies to other parts of the world. Especially, due to emerge the global economy, branding has changed position of questions and interests of many people on companies' products (Roth, 1995).

In environments and communities with little understanding of brands by their public, consumers of global brands may be faced with a dilemma because there have been conducted very little studies in this case and consumers have little information on global goods. There are raised questions that international marketers should answer them: are there differences between companies that implement branding strategies in local and foreign markets? What are the requirements of local and global perspective when designing market programs for brand? General purpose of this research is to examine the impact

of company's ability associations and brand awareness on willingness to repurchase by considering moderator role of the perceived quality of product and brand association in process of decision making.

Keller (1993) theorized that the research theoretical structure has been done on brand equity. The proposed model on brand equity includes company's ability, brand awareness, the perceived quality and brand association. In addition, the research considers criteria of measuring product market output and private sales of shares. Firstly, the research has examined the impact of company's ability association and brand awareness on willingness to repurchase. Then, it has shown a complete model of the relationships influencing purchase decision making process. Thereafter, it has examined the effects of well-known brand on consumers by analyzing the obtained results by group test. Finally, it has proposed some suggestions for future research and managers.

Theoretical literature and the research hypotheses

Brand equity: Aaker (1991) has divided concept of brand equity into five variables: brand loyalty, brand awareness, the perceived quality, company's brand and other private

assets. Defining brand equity will increase desirability of the branded products compared to products without brand (Moore *et al.*, 2002). Brand equity can be estimated from three perspectives: customer's mind, the obtained results from product market and financial market. Keller (1993) proposed the first conceptual model of brand equity based on customer. Others consider different definitions on customers about brand and marketing knowledge. According to Keller, if consumers have positive (negative) desirability on marketing mix of the considered brand and other brands, brand can effect brand equity positively (negatively). Brand equity based on customer will occurs when consumers familiar with brand and keep in their mind achieving high desirability and company's brand.

Lassar *et al.* (1995) stated that brand equity based on customer includes two components: brand strength and brand value. Brand strengths refer to company's brand that can maintain customers; while brand value causes accessing desirability that a strong brand creates this state for customers comparing with other brands. Essentially, they believe that brand equity can make more reliability, so that customers of the considered brand can compare it with other brands. This trust means customers' loyalty and encourages them to pay higher price. Netemayer *et al.* (2004) suggested that brand equity is measured using three factors: quality value approach, uniqueness and willingness to pay higher prices.

According to the concept of brand equity, Yoo and Donthu (2001) suggested customer-based multidimensional conceptual model and examined its impact on culture. They found that brand equity includes brand loyalty, the perceived quality and brand awareness. Keller (2001) suggested a new model of customer-based brand equity, so-called pyramid model. The pyramid model describes brand as stair that includes brand recognition, brand concept, brand result and brand relationship. In 1998, he stated that brand equity gives brand flexibility and its positive impact and it is associated with customer.

Aaker tried to divide the relationship between customer-based brand equity model with market-driven into the following five sections: brand loyalty, the perceived quality, company brand, brand awareness and market position (including market price, market share and coverage area). Keller (2001) believed that the current brand combination is not sufficient to create brand equity; he believed that there should be other secondary sources that are important to create brand equity such as company's brand and distribution channels. For example, Keller and Hoeffler found that social marketing of a company can be considered as one of six methods to create brand equity. Keller suggested that marketers should correct their considered brand that is similar to people, places and other brands. Previous studies also

indicate insufficient marketing mix to increase brand equity. There are other effective factors such as advertising support that this also depends on power of the intended company.

Company's ability association: We define company's ability association as follows: new investments of company can be used as one of secondary sources to increase brand equity. This definition has been derived from the provided definition by Aaker (2004). Aaker (2004) identifies three factors affecting company's ability association: how to implement company's programs and their development; innovation in company and level of international recognition of company. Access to development of public and marketing programs of company and brand can affect people. Brand awareness causes that consumers can find better understanding on company performance. There should be also provided new products for people who follow innovation. In a competitive market, it is difficult to find a factor that differentiates a product in comparison with other products. It is also difficult to consider the factor as innovation. In fact, companies offer innovation when their existing products will be out of practice. Innovation also requires understanding and predicting consumers' needs.

Globalization increases variety of products, extends life of enterprise, creates more resources, identifies more needs and meets them for customers. It enhances people awareness on name of institute. Consumers select those global products that their brand is the most key criteria of selection (Aaker, 2004). They tend to use brands in higher level than local brands and other foreign brands. For this reason in international advertising, it should be considered that the matter can reflect confidence of people. Brand association can show heritage of a company's ability that includes assets, capacities, capabilities, employees, values, being local and global and history of works. According to previous marketing studies, the present research assumes that how company' ability association can be related with brand understanding and association as well as brand development. Therefore, the following hypotheses can be raised:

- H₁: company's ability association has a direct effect on perception of product quality
- H₂: company's ability association has a direct effect on brand association
- H₃: company' ability association has a direct effect on brand development

Brand awareness: Brand knowledge includes brand awareness and brand image. Brand equity contains confidence in knowledge of different generated products by marketing activities (Keller, 1993). A brand can be

defined as a name, sign or symbol or combination of them that differentiates the provided goods or services by a seller or group of sellers from their rivals (Kotler, 2000). Brand awareness means the ability to recognize (recognition) and recall potential buyers about a brand as a member of particular class of products. In this way, marketers must focus on brand management and use strategies of awareness and communication between products and consumers in competition of available brands in market (Hoeffler and Keller, 2002). The literature indicates the effect of awareness to create brand equity and the guided service to develop a strategy for increasing brand equity. For example, Erdem and Swait (1998) found that brands can be used as attribute of a product to represent guaranty claims of the considered product when unstable consumers are accustomed on certain specification of a product. To recognize brand, it is necessary that consumers discriminate between brands and what they have heard and seen. Brand recognition is related to consumers' abilities to recovery brand and according to product category and requirements or basic information for this action. In the following there are proposed other hypotheses:

- H₄: brand awareness has a direct effect on perception of product quality
- H₅: brand awareness has a direct effect on brand association
- H₆: brand awareness has a direct effect on brand development

The perceived quality: Chowdhury and Habrook reported that consumer confidence is not basic of the perceived quality but it causes behavioral loyalty. The perceived quality can be defined as customer perception on the overall quality or superior of a product or service with respect to his expected objectives in comparison with other options. The perceived quality is general and intangible feeling on brand. In any case, the perceived quality is based on key dimensions that includes product specifications (reliability, performance and to some extent brand). Identifying and measuring dimensions of the perceived quality will be useful but it should not be forgotten that the perceived quality is a general overview.

When the relationship between brand and product quality is understood before the relationship between product attributes and quality, it is more likely that consumers are influenced by quality perception. Risk of mistrust is reduced by providing information and increases the expected desirability, price prediction and perception. Brands can also improve perception of consumers about the considered attribute of that brand and increase confidence among claims of other brands, which it leads to be brand association. As a result, the following hypothesis is proposed:

- H₇: perception of product quality has a direct impact on brand association

Brand development means the ability of brand equity. Studies have shown that consumers understand and use products easily that are produced with a valuable family brand (Aaker and Keller, 1990). Keller and Aaker (1992) suggested that how the perceived quality influences brand value and expansion. Therefore, a successful extension can enhance a proposed expansion for a brand and its quality; while an unsuccessful expansion can act contrarily. Keller and Sood (2003) suggest that a strong brand can facilitate ability of brand expansion or new products can also use that brand. Due to its perceived quality, a strong brand has greater ability to develop and decision-making and it is more likely to be succeed than a weak brand (Aaker and Keller, 1990). Therefore, the following hypothesis is proposed:

- H₈: perception of product quality has a direct impact on brand development

Research shows that the perceived quality affects price flexibility too (Erdem *et al.*, 2002; Keller, 2000; Netemeyer *et al.*, 2004). A strong brand can increase price in comparison with weaker brand or substandard products because consumers tend to tolerate increasing price and how a powerful brand is compared with other brands. Although, pricing strategies are normally short-term but investment on brands will be the appropriate option in long-term. For example, Erdem *et al.* (2002) found that consumer price sensitivity will affect brand acceptability, most of them believe it and they are more resistant against increasing price.

Keller (2000) stated that pricing strategy is implicitly based on value and the perceived quality by consumers. Netemeyer *et al.* (2004) reported that the perceived quality, the perceived value and uniqueness will directly affect willingness of consumers to purchase a brand. Therefore, they suggest that brand equity should be measured using three factors including willingness to pay premium price. Valgren stated that a valuable brand will affect consumer's buying preferences and intentions in each product category significantly. Therefore, the following hypotheses are put forward:

- H₉: perception of product quality has a direct impact on price flexibility
- H₁₀: perception of product quality has a direct impact on repurchase brand

Brand associations: Association refers to the relationship between brand and usage (application) including

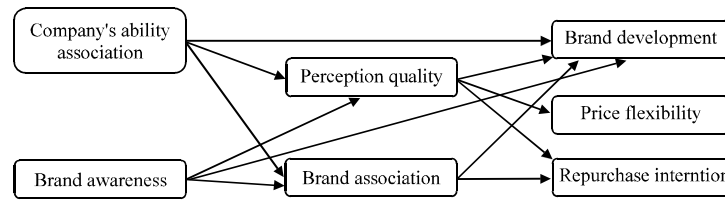


Fig. 1: The research conceptual model

consumers' desire to buy and recommend to others. The power that makes a brand remains in minds of consumers and affect them will be mostly resulted by experience of using (Keller, 2000). Thus, brands will provide implications for the used brands by consumers in addition to create value for consuming goods (Biel, 1992). If a person thinks more deeply on information of a product and creates a close relationship between the information with his current understanding about the brand there will be shaped more powerful associations on the brand in his mind. There are two factors that reinforce associations of different information in our mind: the relationship between the information with our life details and their compatibility over time. In other words, brand recognition and loyalty depends on association of the consumed brand. Willingness to repurchase or loyalty is an important tool to measure brand equity (Aaker, 1996). Some management researchers defined loyalty as brand management or communication management on the same issue. The uniqueness of a company's brand or durable competitive advantages is good reasons to buy that brand. Brand association can help to predict repurchase, future earnings and company's value versus other markets. From consumers' viewpoint, those brands are successful that have deep relationships with culture (Holt, 2003). In other words, brands compete for share of culture. For this, we hypothesized that brand association has positive effect on brand development and repurchase intention. Therefore, the following hypotheses are put forward:

- H₁₁: brand association has a direct impact on brand development
- H₁₂: brand association has a direct impact on repurchase intention

The research conceptual model: According to the proposed hypotheses, Fig. 1 shows the research conceptual model.

MATERIALS AND METHODS

This research is descriptive and applicable because it describes a situation and variety of conditions in detail that in fact, answer to the question whether the ability of company association and brand awareness will be effective on intention to repurchase and mediator role of understanding product quality and brand association on

Table 1: Cronbach's alpha for each variable

Variables	Cronbach's alpha
Company's ability association	0.79
Brand awareness	0.87
Perception quality	0.74
Brand association	0.79
Brand development	0.87
Price flexibility	0.71
Repurchase intention	0.83
Total	0.89

decision-making process as well as the relationship between the research variables. The purpose of this research is to explore the relationships and interactions between variables as well as examine traits and characteristics according to the studied variable in real life. It is also a survey research. In this research, product type is mobile phone with Nokia brand. Its territory consists of 385 students of Islamic Azad University, Science and Research Branch. The sample size was obtained according to statistics of students (population), the community spread and sampling method (the stratified random), according to Kerhsi and Morgan table.

Our applied measurement method is derived from the discussed literature and issue. There were no appropriate measures in case of company ability and factors of brand association. Therefore, we have developed the mentioned objectives in this research. The procedure was followed according to Churchill who measured scales based on structure. Result of this qualitative research is based on a combination of students of students in Islamic Azad University, Science and Research Branch (Table 1) represents the Cronbach's alpha for each variable. Given that all the alpha values have been calculated >0.7, it is clear that the used scales have a great reliability. The overall alpha of the questionnaire with 26 items was 0.89 that is very convenient.

RESULTS AND DISCUSSION

We will examine the research hypotheses according to the obtained results by structural equation model and by considering Tables 2 and 3 as well as Fig. 2.

H₁: According to Table 3 and the above model, t-value (3.38) in path coefficient value (0.281) is >2. Accordingly, H₀ is rejected and the other hypothesis is

accepted that suggests company's ability association has a direct significant effect on quality perception statistically. Therefore, it is clear that company's ability association will result to quality perception statistically.

Of course in their studies, Wang *et al.* (2008) confirmed positive effects of company's ability association on quality perception.

Table 2: The values of structural equation modeling in the research

Models	Acceptable value	Evaluated value
Ratio of Chi-square to df	<3	78.2
RMSEA	<0.8	07.0
ECVI	Considering remainder matrix between 0.5-0.8	75.0
GFI	>0.9	9.0
NFI	>0.9	95.0
NNFI	>0.9	96.0
AGFI	>0.9	9.0
PGFI	>0.9	89.0
N critical	>120	135.0

H₂: According to Table 3 and the above model, t-value in path coefficient value (0.111) is <2. Accordingly, H₀ is rejected and the other hypothesis is accepted that suggests company's ability association has a direct significant effect on brand development statistically. Therefore, it is clear that company's ability association will lead to brand development which this effect may be significant statistically. Of course in their studies, Wang *et al.* (2008) on firm effects of company's ability association on brand development.

Table 3: Coefficients of path and significance for independent structures of the conceptual model

From construct...	To construct...	Estimated value	t-values	Significance level	Predicted variance
CAA	Perception of quality	281.0	38.3	1%	74.0
Brand awareness	Perception of quality	643.0	47.8	1%	
CAA	Brand association	111.0	76.0	insignificant	26.0
Brand awareness	Brand association	152.0	92.0	insignificant	
CAA	Brand extension	195.0	01.2	1%	21.0
brand awareness	Brand extension	4.0	21.0	insignificant	
Perception of quality	Brand extension	2.0	9.0	insignificant	21.0
Brand association	Brand extension	339.0	51.2	1%	
Perception of quality	Price flexibility	201.0	01.2	1%	4.0
Perception of quality	Tendency to re-purchase	298.0	53.2	1%	104.0
Brand association	Tendency to re-purchase	4.0	45.0	insignificant	
Perception of quality	Brand association	294.0	59.2	1%	26.0

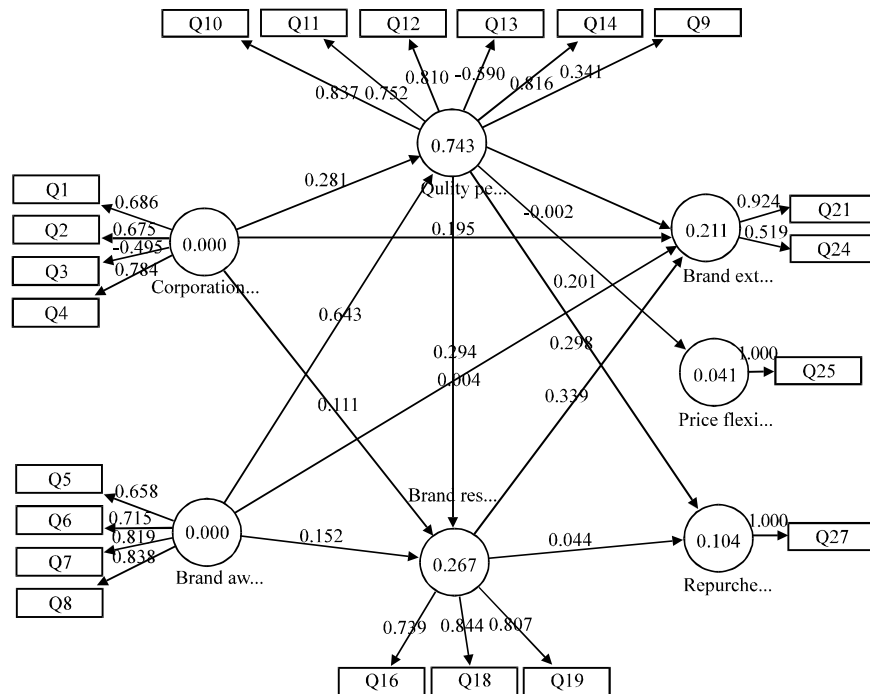


Fig. 2: Structural model and its measures

H₃: According to Table 3 and the above model, t-value in path coefficient value (0.195) is >2 . Accordingly, the other hypothesis is rejected and H_0 is accepted that suggests company's ability association has no a direct significant effect on brand association statistically. Therefore, it is clear that company's ability association will not result to brand association. Of course in their studies, Wang *et al.* (2008) did not confirm effects of company's ability association on brand association.

H₄: According to Table 3 and the above model, t-value (8.47) in path coefficient value (0.643) is >2 . Accordingly, H_0 is rejected and the other hypothesis is accepted that suggests brand awareness has a direct significant effect on quality perception statistically. Therefore, it is clear that brand awareness will result to quality perception, which this effect may be significant statistically. Of course in their studies, Wang *et al.* (2008) confirmed effects of brand awareness on quality perception.

H₅: According to Table 3 and the above model, t-value in path coefficient value (0.152) is <2 . Accordingly, H_0 is accepted and the other hypothesis is rejected that suggests brand awareness has a direct significant effect on brand association statistically. Therefore, it is clear that brand awareness will not result to brand association. Of course in their studies, Wang *et al.* (2008) did not confirm effects of brand awareness on brand association.

H₆: According to Table 3 and the above model, t-value in path coefficient value (0.004) is <2 . Accordingly, H_0 is accepted and the other hypothesis is rejected that suggests brand awareness has no a direct significant effect on brand development statistically. Therefore, it is clear that brand awareness will not result to brand development which this effect may be significant statistically. Of course in their studies, Wang *et al.* (2008) confirmed effects of brand awareness on brand development.

H₇: According to Table 3 and the above model, t-value in path coefficient value (0.294) is more than 2. Accordingly, H_0 is rejected and the other hypothesis is accepted that suggests quality perception has no a direct significant effect on brand association statistically. Therefore, it is clear that quality perception will result to brand association which this effect may be significant statistically. Of course in their studies, Wang *et al.* (2008) confirmed effects of quality perception on brand association.

H₈: According to Table 3 and the above model, t-value in path coefficient value (0.002) is <2 . Accordingly, H_0 is accepted and the other hypothesis is rejected that

suggests quality perception has no a direct significant effect on brand development statistically. Therefore, it is clear that quality perception will not result to brand development. Of course, in their studies, Wang *et al.* (2008) confirmed effects of quality perception on brand development.

H₉: According to Table 3 and the above model, t-value in path coefficient value (0.201) is >2 . Accordingly, H_0 is rejected and the other hypothesis is accepted that suggests quality perception has a direct significant effect on price flexibility statistically. Therefore, it is clear that quality perception will result to price flexibility which this effect may be significant statistically. Of course, in their studies, Wang *et al.* (2008) confirmed effects of quality perception on price flexibility.

H₁₀: According to Table 3 and the above model, t-value in path coefficient value (0.298) is >2 . Accordingly, H_0 is rejected and the other hypothesis is accepted that suggests quality perception has a direct significant effect on willingness to repurchase statistically. Therefore, it is clear that quality perception will result to willingness to repurchase which this effect may be significant statistically. Of course, in their studies, Wang *et al.* (2008) did not confirm effects of quality perception on willingness to repurchase.

H₁₁: According to Table 3 and the above model, t-value in path coefficient value (0.339) is >2 . Accordingly, H_0 is rejected and the other hypothesis is accepted that suggests brand association has a direct significant effect on brand development statistically. Therefore, it is clear that brand association will result to brand development which this effect may be significant statistically. Of course, in their studies, Wang *et al.* (2008) confirmed effects of brand association on brand development.

H₁₂: According to Table 3 and the above model, t-value in path coefficient value (0.004) is <2 . Accordingly, H_0 is accepted and the other hypothesis is rejected that suggests quality perception has no a direct significant effect on brand development statistically. Therefore, it is clear that brand association will not result to willingness to repurchase. Of course in their studies, Wang *et al.* (2008) confirmed effects of brand association on quality perception on willingness to repurchase.

CONCLUSION

The concept of brand equity is the most important strategic internal factor for marketing in today's competitive global market (Moore *et al.*, 2002). Company's association ability is a potential valuable

source for brand equity in marketing literature. According to the proposed framework by Keller (2001) and by considering to its development in the research, developing study of global brand model and its combination with consumer viewpoint is the same as product market viewpoint. Results of the research suggest that customer-based brand equity consists four sections: company's ability association, brand awareness, quality perception and brand association. Of course, these four components are not equal but they are in similar levels. Company's ability association and brand awareness are placed at the first level (in a same level). Quality perception is in the second level. Brand association also represents combination of the levels and the relationship between consumers and the considered brand that includes tendency to purchase and recommend it to others; therefore, brand association is in the highest level of the pyramid. In this research, product type is mobile phone with Nokia Brand. Its territory was Islamic Azad University, Science and Research Branch. In some ways, it examines brand equity in marketing literature. The product states that valuable brands are assets that will lead to success a company in long-term. The relationship between company's association ability, brand awareness and quality perception indicates brand association. Results of this research suggests that we can help brand structure, brand equity and brand perception using company's ability association as a strategic weapon. It is also improve brand financial assessment (performance) in the global markets.

SUGGESTIONS

- To increase external credibility of the research results, the author recommends to other authors to use more actual consumers
- Testing the hypothesis in a real purchase field and sampling more customers and products will improve reliability of the research
- Implementing the research on industrial marketing field using other products
- Implementing the research in service marketing field

RECOMMENDATIONS

Companies should attempt to show themselves as a successful company in minds of people through advertising and promoting knowledge about their high quality and competitive products on market. As a result, they can notify public on their abilities.

Success of companies on a market product cannot develop brand in other levels. Companies should study and survey their customers before developing their

brands in other product categories. Then, they can develop their brand and they can be successful in their product development.

As there is no professional propagandain Iran and people do not pay much attentionto propaganda, it is suggested that advertisements should be conducted continuously, appropriately and timely because it increases possibility of brand association.

Companies should increase quality of their products to show themselves as acceptable companies in people's minds. They should increase price oftheir goods by considering to product quality and their rivals. They should lead price of their goods and encourage their customers to repurchase their products by increasing awareness and appropriate advertising.

In today's competitive market where man is facing with new innovations and wants diversity in his live, companies cannot sell their current products using brand association and they require innovation. When consumers face with a complex product, using customer experiences will be more valuable.

REFERENCES

- Aaker, D., 1996. Building Strong Brands. Free Press, New York, USA., ISBN: 0-02-9001 51-X.
- Aaker, D.A. and K.L. Keller, 1990. Consumer evaluations of brand extensions. *J. Market.*, 54: 27-41.
- Aaker, D.A., 1991. Managing Brand Equity: Capitalizing on the Value of a Brand Name. Free Press, New York, USA., ISBN-13: 9780029001011, Pages: 299.
- Aaker, D.A., 2004. Leveraging the corporate brand. *California Manage. Rev.*, 46: 6-18.
- Biel, A.L., 1992. How brand image drives brand equity. *J. Advertis. Res.*, 32: 6-12.
- Erdem, T. and J. Swait, 1998. Brand equity as a signaling phenomenon. *J. Consumer Psychol.*, 7: 131-157.
- Erdem, T., J. Swait and J. Louviere, 2002. The impact of brand credibility on consumer price sensitivity. *Int. J. Res. Marketing*, 19: 1-19.
- Hoeffler, S. and K.L. Keller, 2002. Building brand equity through corporation societal marketing. *J. Public Policy Marketing*, 21: 78-89.
- Holt, D.B., 2003. What becomes an icon most?. *Harv. Bus. Rev.*, 8: 78-89.
- Keller, K.L. and D.A. Aaker, 1992. The effects of sequential introduction of brand extensions. *J. Marketing Res.*, 29: 35-50.
- Keller, K.L. and S. Sood, 2003. Brand equity dilution. *MIT Sloan Manage. Rev.*, 45: 12-15.

- Keller, K.L., 1993. Conceptualizing, measuring and managing customer based brand equity. *J. Marketing*, 57: 1-22.
- Keller, K.L., 2000. The brand report card. *Harvard Bus. Rev.*, 78: 147-157.
- Keller, K.L., 2001. Building customer based brand equity. *Marketing Manage.*, 10: 15-19.
- Kotler, P., 2000. *Marketing Management*. 10th Edn., Prentice-Hall, Inc., London.
- Lassar, W., B. Mittal and A. Sharma, 1995. Measuring customer based brand equity. *J. Consumer Market.*, 12: 11-19.
- Moore, E.S, W. L. Wilkie and R.J. Lutz, 2002. Passing the Torch: Intergenerational influences as a source of brand equity. *J. Market.*, 66: 17-37.
- Netemeyer, R.G., B. Krishnan, C. Pullig, G. Wang and M. Yagci *et al.*, 2004. Developing and validating measures of facets of customer-based brand equity. *J. Bus. Res.*, 57: 209-224.
- Roth, M.S., 1995. The effects of culture and socio economics on the performance of global brand image strategies. *J. Marketing Res.*, 32: 163-175.
- Wang, H. and Y. Wei and Yu. Chunling, 2008. Global brand equity model : Combining customer-based with product-market outcome approaches. *J. Product Manage.*, 17: 305-316.
- Yoo, B. and N. Donthu, 2001. Developing and validating a multidimensional consumer-based brand equity scale. *J. Bus. Res.*, 52: 1-14.