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The Effect of Brand Equity on Consumer Buyer Decisions : A Case Study in Grocery Product

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ABSTRACT : The increasing competition leads product offering from other competitors are varied, hence consumer loyalty is questionable. It is prominence to create distinguishable product so that leads loyalty to the consumer, particularly in grocery product. This paper aims to test brand equity of a new brand which consist of brand awareness, brand loyalty, brand association, and perceived quality on consumer purchase decisions. The finding revealed strong relationship on perceived quality and brand association regarding strong cognizable from the previous brand product in spite of low brand loyalty. The findings are more useful to practitioners in a way to understand the way of consumer perception point of view.

KEYWORDS : *Brand association, awareness, loyalty, perceived quality, purchase decisions*

I. INTRODUCTION

One of the most significant current discussions on how to be different to the competitor so that creating loyalty. A large of studies have put effort into finding out on triggering loyalty of customers to the product offering. In the conventional approach, Al-Hawari (2014) tests service quality on consumer personality, yet seems to have little effect on buyer loyalty. On the contrary approach, in digital marketing, Figuiredo et al., (2019) utilize web-marketing on 405 customers to capture customer satisfaction and have indicated that brand trust enables the creation of loyalty. This is aligned with Santos & Schlesinger (2021) who examined brand experience and brand love on streaming television services and found that they have a strong effect on brand loyalty indicated by the willingness of the customer to pay a premium price. Hence, these support what Aaker (1992) stated that brand equity is a critical factor to create loyalty in customers regarding the brand's power on creating specific value which is difficult for competitors to defeat.

Despite the importance of brand equity, some studies configured the paradox of its efficacy. In the brand management literature, particularly in constructing a new brand image from the previous brand has contradicted results in customer perception. Some studies showed that the customer still associated the previous brand as more trustworthy than a new one regarding the influence of perceived risk on perceived quality (Glynn & Chen, 2009; Cuneo et al., 2012; Marques et al., 2020). In addition, customer preference hesitates on accepting products due to the memories experience of satisfaction of the previous transaction as a brand awareness induced into intentional buying (Lazzi et al., 2016; Ilyas et al., 2020). Hence, one question that needs to be asked, however, is whether new brand equity influences an intentional buyer to purchase the product.

So far, however, there has been little discussion about brand equity and purchase decision on a new product offering. The objective of this paper is to determine whether the brand of a new product indicated by brand awareness, brand loyalty, brand association, and perceived quality stimulates customers to buy a product. This paper has been divided into four parts. The first part deals with the definition of brand awareness and buyer decision, then continues with hypotheses of relationship. The third part explains the methodology of the research. The final part is to conclude the finding on the relationship between brand equity and buyer decision.

II. LITERATURE REVIEW

Brand Equity and Buyer Decision

Seminally brand equity is known since over past centuries of the Greek epoch marked by brickmakers to symbolize their products to differentiate from others, as well as the continued period of the sixteenth century by European traders who are using symbols to distinguish product quality from other traders. Then, academics defined brand equity as a product symbol comprising the considerable value of the firm, the trade, or the customer perspective as promised by the producer (Farquhar, 1989; Raggio & Leone, 2007). Aaker (1992) emphasized the worth of brand equity to protect in order to retain customers loyalty. This shows that the brand has an important role in the firm's commitment to delivering its value to the customer.

To operationalize brand equity, some researchers measure this variable by using some dimensions. Park & Srinavasan (1994) using brand association attributes to measure customer preference for a brand name and Yoo et al., (2000) added brand awareness to measure brand equity and found a positive effect. In the marketing research, Severi & Ling (2013) not only applied brand awareness but also brand association, brand loyalty, and perceived quality to evaluate the strength of brand equity. Hence, it is plausible to measure the brand equity of a product formed by brand association, brand awareness, brand loyalty, and perceived quality.

In branding a new brand, other studies affiliate brand equity with the promotion such as McCarthy & Fram (2008), and indicated a high impact on traditional brand advertising. Pitta & Katsanis (1995) underlined the careful need to maintain the process of brand extension regarding the failure risk of customer thinking so that product categories from the core must be different. However, the generalisability of much published research on this issue is problematic. For instance, pursuing loyalty in brand equity of grocery products. Several studies have revealed that grocery products have contradicted consumer buyer behavior although widely spread the loyalty program (Bellizzi & Bristol, 2004; Kleinberger & Badgett, 2007). Whereas, it is a dissimilar finding from other studies on the relationship between brand equity and consumer decision to buy when they are aware of the product and remind them to associate a specific product (Chi et al, 2009; Lakshmi & Kavida, 2016). This is also supported by Schoel & Guiltinan (1990) that loyalty of consumer attitude to a particular brand over time creates positive behavior on purchasing the product. Thus, the following hypothesis is posited:

Hypothesis: Brand equity has a significant relationship to the consumer purchase decision

III. METHODOLOGY

To test the hypothesis, a case study is conducted on a firm government-owned in Makassar city, South Sulawesi province, Indonesia that produces grocery products, particularly rice grains of a new premium brand. By using a questionnaire instrument, it is divided into three sections. The first section measured the variable of brand equity with four dimensions, brand loyalty, brand awareness, brand association, and perceived quality following the empirical study of Siali et al., (2016). The items of the questions of brand equity dimensions are adopted from Lee & Leh (2011). The second section of the questionnaire is concerned with consumer purchase decisions as a dependent variable. The last section defined demographic of the respondents. The research instrument applies a seven-point rating scale from 1 to indicate strong disagreement to 5 shows strong agreement. The questionnaire is distributed to 150 respondents according to the minimum sample of Krejcie & Morgan's (1970) table. Respondents who filled out the questionnaire were selected and willing voluntarily follow a convenience sampling method approach (Wiederman, 1999).

IV. RESULT AND DISCUSSION

The validity of the variable items on the questionnaire is measured by using Pearson Product Moment analysis to capture whether the instrument is able to reveal what it should be measured and yielded all the items are valid with a significance of 0.05 (Ghozali, 2009).

Table 1. shows the result of the reliability test on brand equity to the consumer purchase buyer relationship is definitely reliable in accordance with acceptance level 0.7 of Cronbach's alpha value as suggested by Churcill & peter (1984).

Table 1. Result of Reliability Test

Variables	Cronbach's Alpha
Consumer purchase decision	0.870
Brand awareness	0.896
Brand association	0.946
Brand loyalty	0.923
Perceived quality	0.926

Table 2. indicates the result of the correlation analysis factors that the dependent variable of Consumer purchase decisions has a positive or same direction correlation with the BAs (Brand Association), BL (Brand Loyalty), PQ (Perceived Quality), and negative or opposite direction correlation with Baw (Brand Awareness). Hence, the correlation of the relationship of the variables is ensured, and running the linear regression model is suitable.

Table 2. Correlation Analysis

Measurement		Brand Awareness	Brand Association	Brand Loyalty	Perceived Quality	Consumer Purchase Decisions
Consumer Purchase Decisions	Pearson Correlation	-0.222**	0.135**	0.324**	0.287**	1
	Sig. (2-tailed)	0.000	0.000	0.000	0.000	
	N	150	150	150	150	150

**. $\ll 0.01$ (signification at 1%), *. $\ll 0.05$ (signification at 5%)

The results of the regression model analysis in Table 3 show that the factors BAs (Brand Association), BL (Brand Loyalty), PQ (Perceived Quality) positively affect CPD (Consumer Purchase Decision), and BAw (Brand Awareness) negatively affect CPD (Consumer Purchase Decision). The R^2 index is 0.575, this result indicates that the model fits 57.5%, or in other words 57.5% of the variation of Consumer Buyer Decisions is explained by BAw (Brand Awareness), BAs (Brand Association), BL (Brand Loyalty), PQ (Perceived Quality). ANOVA variance analysis in the F test yields 65.988 with the significance is 0.000 less than 0.05. This means that the combination of 4 dimensions of the independent variable can explain the change in Consumer buyer decisions in the model.

Table 3. Regression Model

Model	Unstandardized Coefficient		Standardized Coefficient	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.344	0.212		6.304	0.015
Brand Awareness	-0.195	0.011	-0.125	-1.997	0.000
Brand Association	0.423	0.016	0.462	3.148	0.000
Brand Loyalty	0.311	0.015	0.455	2.897	0.000
Perceived Quality	0.546	0.014	0.603	5.447	0.000

$R^2 = 0.575$; F = 65.988; Sig. = 0.000

a. Dependent variable: Consumer Purchase Decisions

The model (the unstandardized regression coefficient) that shows the relationships of dimensions is:

$$CPD = 10.344 - 0.11\ BAw + 0.056\ BAs + 0.425\ BL + 0.311\ PQ$$
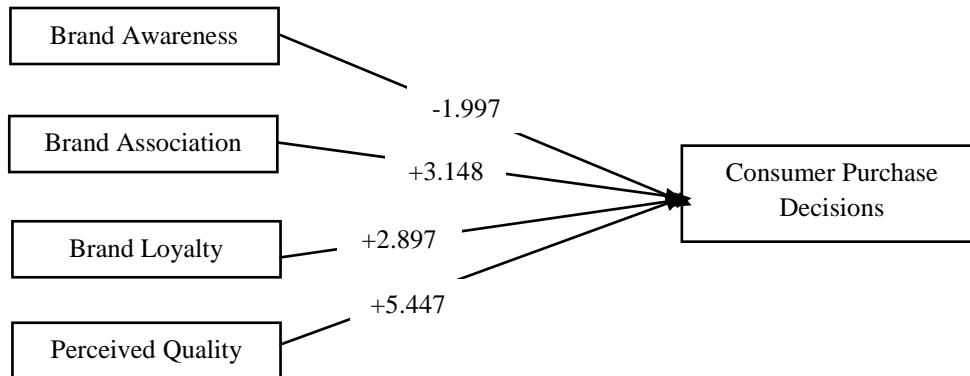

Figure 1. Model Result

V.   CONCLUSION

This paper has explained the central importance of brand equity in consumer buyer decisions. Returning to the hypothesis posed at the beginning of this study, it is now possible to state that brand equity effects on consumer buyer decisions particularly in grocery product. One of the more significant findings to emerge from this study is that the brand equity of perceived quality followed by brand association have the highest impact on consumer purchase decisions while brand awareness has the contrary way on purchase decisions of consumer. This is aligned of somewhat Behe et al (2017) has found in their empirical study that visual attention does not always provide the high intention of consumer to buy thus more promotion is needed. This can be explained that customer acknowledges the quality of the product and likely cognize the product from the previous brand of the firm. Moreover, high competition of the product bring into less product loyalty.

The brand equity that we have identified therefore assists in our understanding on the way of perception of consumer buyer decisions in grocery product. However, with a small sample size, caution must be applied, as the findings might not be transferable to the generalizable of other product category. It would be interesting to assess the effects of brand equity to consumer purchase decision by utilizing other mediating and/or moderating variable to gain better knowledge on marketing study.

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