

# Determinants of Repurchase Intention: Examining Wang Brand Equity Model in Iran

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**ABSTRACT:** The main objective of this study is to determine the main factors effecting on the customer's purchase intention in the mobile phone industry. The study population consisted of all mobile phone retailers in the city of Tabriz-Iran. For this reason 200 samples were taken and Wang's model is examined at the retail level. This study is an applied research and has used a deductive approach. Data collection method in this study was questionnaire. After confirmatory factor analysis and charting, it was found that variable associated with subjective perception of the capabilities of the company has a direct and significant effect on quality and brand reputation. Brand awareness has a direct and meaningful effect on quality perception. Also quality perception has a meaningful effect on famous brand and repurchasing intention and finally famous brand influence on repurchasing intention is verifiable. In this research, we used subjective perception of the capabilities of the company in modeling of repurchasing intention of customer for first time.

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**Key words:** Subjective perception, Brand awareness, Quality perception, Famous brand, Nokia, LISREL.

## INTRODUCTION

In today's competitive market, obtaining the appropriate place in the consumer's mind has great importance and it defines consumer's loyalty to the company. One of the factors that are effective in reaching such a place in the minds of customers is equity brand of company (Carol and Sullivan, 1993). Research in this area suggests that brand equity is a very important concept in customer repurchasing purpose because retailers can reach a strong competitive advantage from a brand which can reduce costs, attract new customers, reduce customer sensitivity to price changes, the benefits of customer life time value and increase barriers to entry for new competitors (Aaker, 1991; Keller, 1993). Great satisfaction in the first use of a commercial brand results in repurchasing of that brand by customer (Aaker, 1991). To make equity brand rational, Aaker introduces it in five dimensions: brand loyalty, brand awareness, perceived quality and the mental associations of the brand (Moore et al., 2002).

The first customer-centric model of brand equity is presented by Keller in 1993. According to him, a brand can have a positive (or negative) effect on customer demands when the customer response any good (or bad) to marketing mix elements. Brand equity is customer-centric when it is famous, popular and powerful in consumer's mind. Customer-centric brand equity component divided into brand strength and brand equity (Lassar et al., 1995). A multi-dimensional customer-centric brand equity model (MBE) based on Keller's conceptual model proposed and found that brand equity can include brand loyalty, perceived quality and brand associations (Yoo and Donthu, 2001). Also Keller proposed a new model of customer-centric brand equity and called it Pyramid Model in the same year. Brand equity should be evaluated by three elements: perceived quality, the uniqueness and full consent to pay a higher price (Netemeyer, 2004).

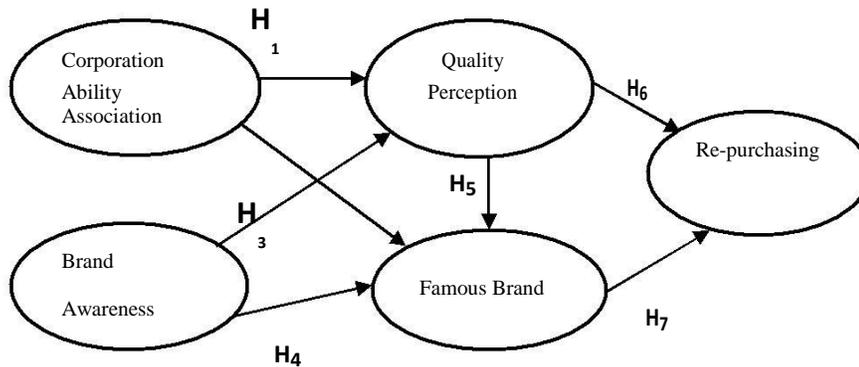
The aim of this research is studying of Wang's model fitness in cell phones industry. This model has been used in various statistical societies and industries.

## Theoretical and conceptual framework of model

Based on previous research, Wang has developed a framework of brand equity in which the customer-centric and Product-market models have been mixed to create a new kind of brand equity model. Figure 1 shows a conceptual model for this study. Corporation Ability Association (CAA) is known as a second major source in the company's strategic investments in this model, to increase the quality of the brand equity (Aaker, 2004). According to Aaker the company and its brand is associated with the assets and capabilities, innovation, perception of quality, customer focus, global and regional criteria,



applications for citizenship and the recording function (Erdem, 2002).



**Figure 1.** The Wong Brand Equity Model (Wei and Yu, 2008)

In today’s market providing a product that its features, services and plans from the point of view of the customers would be valuable and offer competitive advantages is very difficult (Keininghm, 2005). Consumers use the global level as the main criterion to evaluate a commercial brand (Aaker, 2004). It is often argued that (CAA) positively is associated with quality perception and brand resonance. Therefore, based on the content, the following assumptions are made:

- H1: mental visualization of company's capability has direct and meaningful effect on quality perception.
- H2: mental visualization of company's capability has direct and meaningful effect brand resonance.

Brand awareness usually defined as purchase ability in identifying and remembering that a special commercial brand belongs to a special product category (Aaker, 1996). According to Aaker brand awareness creates a recognition situation and displays a situation of commitment, meanwhile it is used as a tool to quality perception of a product (Han and Schmit,1997). All commercial brands with various power and values experience a change during time, on one side we have commercial brands that do not owe brand resonance and on the other side we have commercial brands that have higher brand awareness among customers (Holt, 2003). A commercial brand can improve the features that a customer receive from a product and develop his/her trust to that brand (Wei and Yu, 2008). Regarding what we delivered in this part we put forward following assumptions:

- H3: Brand awareness has a direct and meaningful effect on quality perception.
- H4: Brand awareness has a direct and meaningful effect on brand resonance.

Quality perception (QP) is defined as customer's perception of total quality or priority of a product or service compared to other products/services (Aaker, 2004). It is the same as mental evaluation of a product that provides a value for customer to prefer a special brand to others (Yu, 2000). Quality perception is an undeniable necessity and it is the reason that in today's market most of the company’s value customer-centric quality as a strategic weapon (Atilgan, 2005). Euro monitor (1996) has shown that a customer's trust to quality is 70% wider when compared to commercial brands with low quality, and also along with added value, it makes retailers to expand their powerful brands (Churchill, 1979).Therefore, based on the content, following assumptions are made:

- H5: Quality perception has de3rirect and meaningful effect on brand resonance.
- H6: Quality perception has de3rirect and meaningful effect on repurchase intention.

Brand resonance points to the relation between customer's intention to repurchase and his/her suggestion to other customers. it means a commercial brand has got unique power that it effects lasts by the experience of use of the brand in the mind of the customers for years (Keller, 2000).We can say that the loyalty to a commercial brand is unique value of a brand (Aaker, 1996). In general brand resonance of a product/service can be a good indicator to predict repurchases intention of that brand, gain profit in future and can help to improve the position and value of a company in various markets (Holt, 2003).Regarding last paragraph following assumptions are made:

- H7: Brand resonance has direct and meaningful effect on repurchase intention.

In this study repurchase intention, as other studies, is defined as loyalty to commercial brand that is empirically classified into two sections: behavioral dimension and tendency dimension. Behavioral dimension includes repurchase intention and tendency dimension refers to local commitment to the value that is within commercial brand itself (Chaudhuri and Holbrook, 2001).

Therefore regarding the content delivered up to here, this article investigates the structure related to mental visualization of company's capability, variables related to special value of a customer-centric commercial brand and market consequences. This article provides a model for special value of a brand which mixes values of a customer-centric commercial brand with market consequences of that brand.

**MATERIAL AND METHODS**

This is an application. It uses a causal strategy. On other words this research can be categorized among correlation statistics which uses causal pattern. Researches in applying this method point to the limitation of statistical correlation Methods and regression analysis in investigating the effects of variables, specification of causal paths between those variables, and also other researchers emphasis on path analysis and structural equation analysis (SEM) (Landeghen and Persoons, 2006). In this study we analyzed data causally using LISREL software. LISREL stands for linear structural relation and was developed by Karl Joreskog in 1970. It is statistical software that is used for structural regression modeling. A structural equation model which is one of the latest findings of statistics is used to investigate linear relations of latent variables and obvious variables. Structural equations analysis techniques were developed to complete path analysis techniques in order to determine causal path of variables and identify and also control errors. First part of these techniques includes confirmatory analysis between of observed variables which measures their relations with limited variables and through confirmation of measurement pattern's validity discovers the causal relation between these variables in form of a structural function pattern.

Population of this study consists of all retail sellers of Nokia cellular phone in Tabriz. Because of the cost and time, all the population couldn't be covered and the following sampling is used to get the target sample. Sampling method to gather data is simple random sampling. Above mentioned random samples were selected as follows:

1. List of all the Nokia retail sellers was provided.
2. Each of the retail sellers in the list was given a number.
3. With respect the qualitative variables of the study, minimal population of sample was calculated through following formula:

$$n \geq \frac{\sum x^2 - \frac{(\sum x)^2}{2}}{e^2}$$

Variance: Estimation error: 0.25, (α): 5%, and (ε): 8%. Therefore the minimal selected sample necessary for this study should be 150 retail sellers of Nokia cellular phone.

With respect to the table of random numbers and the numbers we have given to each retail seller in this study, sample was selected and to gather data we contacted them. To gather data we used s standardized questionnaire including 20 questions considering Likert scale (5 Factors). This scale was designed from total agreed to total disagreed. Questions were divided to six parts and each part was used to measure a specific feature (research variable). This questionnaire was back-translated and after validity and reliability tests was used. To measure validity, construct validity was used with rotation. Results show good ability of the questionnaire to measure variances of data. Also to measure reliability of variables Cronbach's Alpha Test (Reliability test) was used. Results in this area show good reliability of variables to be measured. Summary of validity and reliability tests are shown in Table 1.

**Table 1:** Results of validity and reliability tests

Scale	Questions	Cronbach Alpha Coefficient	Indicator of Efficiency of Sampling	KervitBertlet Test
<b>Mental Visualization of Company's Capability</b>	-Nokia products are highly competitive -Nokia company is highly innovative and introduces new products to market -Nokia is highly known among Cellular phone users -Nokia is in the way of improvement	0.37	0.37	Chi=33.251 df=6 sig=0.00
<b>Brand Awareness (BA)</b>	- Nokia commercial brand is highly known in the society -People have got much information about Nokia commercial brand -In my opinion Nokia commercial brand has many advantages compared to other brands in general -I love the features on Nokia commercial brand	0.83	0.37	Chi=28.35 df=6 sig=0.00
<b>Quality Perception (QP)</b>	-In my opinion Nokia commercial brand is really valuable -Nokia commercial brand is completely trust worthy -Nokia cellular phones compared to other brands are completely distinctive -Nokia cellular phones always are among my choices	0.37	0.37	Chi=117.413 df=10 sig=0.00
<b>Brand Resonance (BR)</b>	-I prefer Nokia cellular phones to buy -Nokia commercial brand is loyal to customers -I am going to recommend Nokia commercial brand to my friends -I use have used Nokia commercial brands before -Nokia is first choice for me -If in any shop Nokia commercial brands exists I will not choose other	0.58	0.85	Chi=196.731 df=6 sig=0.00
<b>Repurchase Intention (RI)</b>	-In later attempts to buy cellular phone I will buy Nokia cellular phone	-	-	-

**RESULTS**

LISREL software analysis is based on the covariance matrix between observed and unknown variables. Table 2 shows

covariance matrix of unknown variables.

Table 3 shows the results of tests of assumption in this study. With respect to the amounts in the table we can infer that mental visualization of company's capability has direct and meaningful effect on brand resonance. Also brand awareness has direct and meaningful effect on quality perception. Quality perception has a direct and meaningful effect on brand resonance and repurchases intention. And finally effect of brand resonance on repurchase intention is verified. In other words data delivered about our 7 assumptions show that only one assumption is not proved, it means path efficiency of brand awareness is (7%), T=1.22 and P<%2 is not meaningful, therefore, null hypothesis is not rejected.

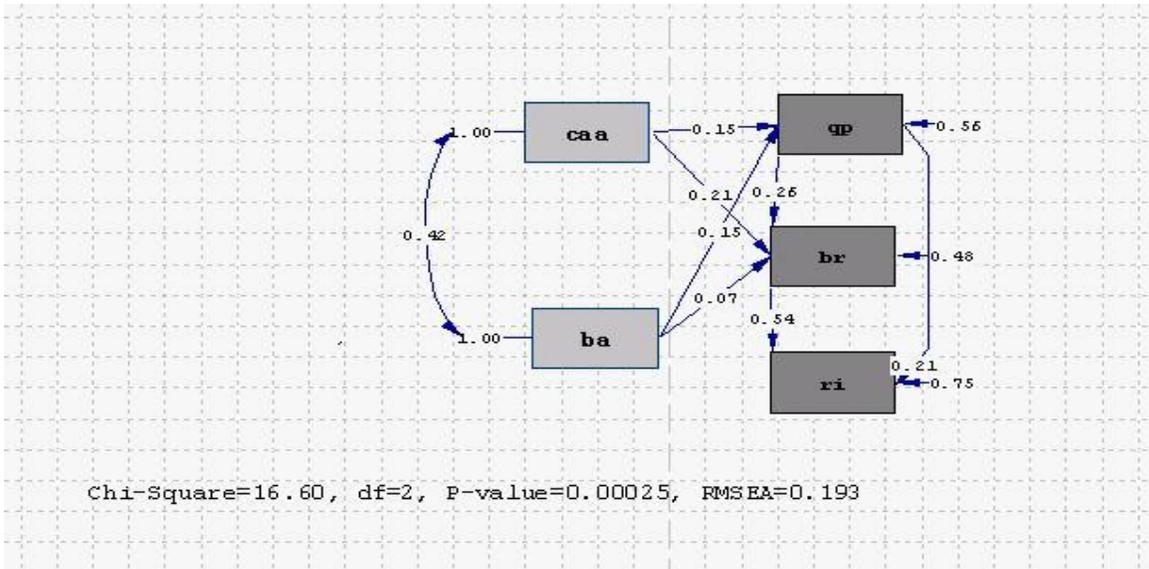
Goodness of fit index shows the power of a known model with measurable data. Generally in Lizard software each of the indices drawn from a model cannot show the goodness of fit individually; therefore all of them (indices) should be interpreted together. Table.3 shows main indices of goodness of fit. This relatively fits the model.

**Table 2.** Covariance matrix of unknown variables

Unknown Variables	CAA	BA	QP	BR	RI
CAA	1				
BA	0.24	1			
QP	0.42	0.42	1		
BR	0.42	0.41	0.44	1	
RI	0.42	0.92	0.42	0.93	1

**Table 3.** The direct effect of exogenous latent variables on endogenous latent variables

Path Direction	Path Coefficient	Error	R-square	T
From mental visualization of a company's capability to quality perception	0.15	%22	0.1	2.48
From mental visualization of a company's capability to brand resonance	0.21	%22	0.21	3.79
From brand awareness to quality perception	0.15	%22	0.1	2.57
From brand awareness to brand resonance	% 7	%22	0.21	1.22
From Quality perception to repurchase intention	0.26	%66	0.21	3.91
From brand resonance to repurchase intention	0.21	%29	0.25	2.51
From brand awareness to repurchase intention	0.54	%22	0.25	6.38



**Figure 2.** Path Chart

**Table 4.** Statistics of goodness fit of model

Statistics of goodness fit	Amount
Chi-square	26.60
Freedom degree	4
Meaningfulness degree	0.000
Root square error of approximation	0.002
Root square residual	0.062
Goodness of fit Index	0.23
Adjusted goodness of fit index	0.36

## CONCLUSION

As mentioned before the main target of this study is to investigate effective elements on repurchase intention of the customer for the second time. With respect to table.3 direct effect of brand resonance on repurchase intention with coefficient amount of 0.54 is higher than the quality perception coefficient amount which is 0.21, therefore, we should inspire the customer in the first level to prefer the Nokia brand, to increase his\her trust and loyalty and recommend the brand to his\her friends.

In the next level we investigated indirect effects of variables on repurchase intention. Reconsider to the results presented the factors have impact on the reputation of the brand. Amount of perception of the quality is 0.26 that is more than the other two factors, namely the mental association of the company's capabilities, with the ratio of 0.15 and the brand awareness of the path coefficient with amount of 7%. Therefore, for increasing the repurchase intention of this brand which has an indirect effect on this variable should be invested to make this brand valuable for customers and can easily use it.

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