Analysing the relationship between Global Brand Preference with Purchase Preference and Actual Possession in Durable sector

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Preface

The publication of this series of working papers is a reflection of the endeavour of the University's commitment towards promoting research excellence among the faculty members of the University. Through this series, the University seeks to broaden the horizon of liberal thought, expression and ideas among the faculty members working in this University which is based on a liberal approach towards taking up fruitful discussions across fields and disciplines of socio-cultural relevance. Moreover, it also encompasses the conventional academic disciplines.

With the philosophy of encouraging free flow of ideas in view, the University has adopted an approach to do away with the process of peer review of the working papers. However, to provide an overall guidance, the University has made presentation of the working paper at an Academic Presentation mandatory, before its publication. We believe that this series of working papers would enable the faculty members to publish their advanced research works by bringing them into the public domain which would help them receive further constructive criticisms, feedback and suggestions from the readers across different space. Such working papers would also help the aspiring research scholars of the Universities in the region and beyond.

The broad areas of discussion in this year's working papers stems from the academic disciplines of Philosophy, Political Science, Education, English, Management and Technological Sciences. The working paper entitled *Analysing the relationship between Global Brand Preference with Purchase Preference and Actual Possession in Durable sector*, authored by Dr. Smritishikha Choudhury seeks to analyse whether customer's brand preference and actual possession and purchase preference have any positive relation in durable goods in Indian market. She undertook the study in the Guwahati market. Through the use of statistical tool ANCOVA, the author has arrived at the findings that purchase preference of the L.G. brand is found to be significant while it was found to be insignificant for the Godrej brand. Such research on consumer behavior in branding can make significant contribution in understanding consumer's behavior in the consumer durable market.

Arupjyoti Choudhury, Chairperson.

Bhaskar Sarmah, Convenor.

January 01, 2018.

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Abstract

This study aims to focus on whether customer's Brand Preference and Actual Possession and Purchase Preference have any positive relation in Durable goods in Indian market. Brand Preference can be considered as consumers' predisposition towards a brand that varies depending on the salient beliefs that activated at a given point in time (Rajagopal, 2008). Customers prefer the brand if they can differentiate the product or service from the competitors and if they believe that the product uniquely meets their needs will select that brand. This study has been conducted based on primary data collected in Guwahati market. The ANCOVA technique is used in analysis because, more than one independent variables being taken and these variables belong to two categories namely, categorical and metric interval scales and the dependent variable is in metric scale. The finding of the study shows that Purchase Preference of Global brand is significant implying that Brand Preference is strongly affected by the Purchase Preference. But the study could not find any positive relationship between Indian Brand Preference and Purchase Preference. The second independent variable (Actual Purchase) is also found to be significant for both Global and Indian brand.

Key words: Actual possession, global brand preference, purchase preference, purchase intention, purchase probability.

1.0   Background of the Study

Within a specific product category, most consumers have a set of preferred brands and their preference varies depending on different attributes. Different scholars have interpreted the term brand in different ways. According to American Marketing Association, a brand is a "name, term, sign, symbol, or design, or a combination of them, intended to identify the goods and services of one seller or a group of sellers and to differentiate them

from those of competition" (Kakati & Choudhury, 2013). This is the brand era where major players capture the market globally. However, cultural differences are also very important and have wide impact on consumer brand preference which leads to the popularity of National brands (Indian brands) or local brands. The success of any brand basically depends on the benefits consumers perceives from a particular product or services (Aziz & Yasin, 2010).

As the world is shrinking into a global marketplace, it is increasingly significant to understand the consumers' perception of global brands to national brands. Studying consumer preference towards global vs. national brands have substantial implications in marketing and will also serve as a criteria for future research. Going global seems to be the dominant theme of modern marketing as researchers have found that many consumers prefer global brands over local competitors because they feels global brands are associated with superior quality, worldly knowledge on consumption trends, and higher social prestige (Pitta & Franzak, 2008). Thus there is also a need to uncover the reasons for consumers' preference for global brands over local brands. Keeping this in view, the study considered a global brand (LG) and an Indian brand (Godrej) under consumer durables for measuring brand preference. Technically any brand that has been marketed extensively around the world to a wide variety (economically, socially and politically) of countries are known as Global brands. To maintain market share, Global brands will have to be priced competitively and should able to meet the requirements of the local customers. Again, a product that is distributed nationally under a brand name owned by the producer or distributor are known as National brands, (this study considered it as Indian brands) which are owned and promoted usually by large manufacturers. Both Global and Indian brand in Indian market plays a vital role after Globalization and liberalization in 1991.

2.0   Review of Literature
This section reviews the concepts and theories that are highly related to the preference of Brands and provides a critical analysis of the views and insights of various researchers on the subject area.

Ayshegil and Altaras (2008) provide a conceptual framework, which explains the processes leading to consumers' attitudes toward and likelihood of purchasing global brands. According to the author, the influence of global brand is difficult to explain with conventional notions of brand image and brand equity, requiring a change in the mind-set of both academicians and practitioners. The authors suggest that a global brand can build its cultural capital on a broad variety of sources, including marketplace mythologies, narratives, stories, values, and place of origin, and that these associations can be positioned on the global, foreign, or local consumer culture. However, the success of global brand cultural capital in enhancing global brand purchase likelihood depends not only on the extent but also on the presence of the right type of cultural capital (i.e., local, foreign, or global). They suggest that both the extent and the type of cultural capital need to be modeled and captured in predicting global brand purchase likelihood.

Cobb-algren Cathy J., Ruble Cynthia A. and Donthu Naveem (1995) in their empirical study investigates the impact of Brand Equity on Brand Preferences and Purchase Intentions.

The author investigates two sets of product category, one from a service category (hotels), and the other from a FMCG product category (household cleansers). Within each set, two brands that are objectively similar are taken (based on Consumer Reports ratings). The data analysis utilized both a decomposition model (conjoint analysis), and a composition model (regression analysis) in which respondents evaluated each attribute separately. The results reveal that, the brand which had the higher equity also generated the higher Purchase Intention.

Denford Chimboza and Edward Mutandwa (2007) conducted a study on brand preference of dairy brands in Zimbabwe market. In their empirical study it has been found that the awareness level is high for the dairy products which help in having high brand preference. They have found four key factors namely promotion, price and availability of product, attractive packaging and product quality which influences in brand preference.

Keller (2001) proposes a brand building model which involves four steps, (a) establishing the proper Brand Identity, (b) creating the appropriate Brand Meaning, (c) eliciting positive Brand Responses and (d) forging brand relationships with customers that are characterized by intense active Loyalty. Achieving these four steps involves six brand building blocks, namely- Brand Salience, Brand Performance, Brand Imagery, Brand Judgment, Brand Feelings and Brand Resonance. The model provides a comprehensive means of covering important branding topics, as well as useful insights and guidelines for marketers to help marketers to set strategic direction and inform their brand related decisions.

Hasim Deari and Eldian Balla (2013) conducted a study on consumer brand trust and preference for global brands. A total of 2010 questionnaire responses were used to empirically test the consumer trust for global brands. The study found that the brand trust has a significant influence in the customer loyalty. In addition, Brand trust has a positive impact on the consumer preference. They also found that global brands are trusted from consumers despite their gender, age, income and education level, respectively demographic factors.

V. Srinivasan, Chan Su Park and Dae Ryun Chang (2010) in their study proposes a new approach for measuring, analyzing, and predicting a brand's equity in a Durable product market (cellular phone). The approach takes into account three sources of Brand Equity; Brand Awareness, attribute perception biases, and non attribute. Results of the study shows that among the three sources of Brand Equity, Brand Awareness contributes to Brand Equity the largest, and followed by preference and to a smaller extent, enhanced attribute perceptions. They also found that, the impacts of a brand's equity on the leading brand's market share and contribution are substantial.

Rajagopal (2008) in his conceptual study discusses the essential components of a brand metrics strategy and application of brand scorecard as an integrated approach to measure the overall performance of brands. Rajagopal has discussed of "Five-A" factors which include awareness, acquaintance, association, allegiance and appraisal to measure the performance of brands. According to him, application of a brand scorecard process as an integrated approach to measure the overall performance of brands. Here he has included brand preference under acquaintance and considered as one of the important factor to measure brand performance.

3.0   Methodology

This study focuses on technique for evaluating Brand Preference and Purchase Preference (which is measured by purchase intention and actual possession) in the consumer durable market. There are many giant Brands (both Global and Indian brands) under Durable sector which occupies a major share in the Indian market. This study has been undertaken at Guwahati, which is the gateway of North East India. Here, almost all global and national brands are fighting with each other to increase their market share and gain consumer's preference. The study employs descriptive research approach and has adopted survey method for data collection. The sample size has been determined both by qualitative and quantitative approach and total sample size considered for this study is 300.

4.0   Analysis of Hypothesis

Several brands may have the visibility and credibility to be considered, but to be selected the brand has to be preferred to others. Brand Preference is considered as consumers' predisposition towards a brand. Once customers can differentiate the product or service from the competitors, customers who believe that a product uniquely meets their needs will select that brand. According to Aaker 1996, it is much less costly to retain customers than to attract new ones. This study aims to focus on whether customer's Brand Preference and actual possession and Purchase Preference have any positive relation in Durable goods in Indian market.

Based on the above literature review the following hypothesis has been set for the study:

H1:   Global Brand Preference is positively associated with actual possession and Purchase Preference rather than Indian brands for Durables.

The hypothesis wants to examine, the interaction effect of Brand Preferences (Global and Indian brands) and Actual Purchase and Purchase Preference (measured by Purchase intention and Purchase Probability) being tested by using ANCOVA with special emphasis on the interaction effect. The ANCOVA technique being used because, more than one independent variables being taken and these variables belong to two categories namely, categorical and metric interval scales. The dependent variable i.e. Brand Preferences (Global and Indian brands) is a metric variable.

Variable Descriptions:

Global brand preference:

(i)   I like global brand better than any other Indian (local) brand
(ii)   I would use global brand more than I would use another Indian (local) brand
(iii)   Global brands are my preferred brand over any other Indian (local) brand
(iv)   I would be inclined to buy global brands over any other Indian (local) brands

The independent variables deal with Purchase Preference (measured by Purchase Intention and Purchase Probability) of a brand, which have been measured by the following two statements:

(i)   I intend to keep purchasing this brand.
(ii)   I may buy this brand in my next purchase.

All these statements are measured by using a 5 point rating interval scale (1=minimum, 5= maximum). The average score of these two statements give Purchase Preference, which is a metric independent variable.

Actual Purchase is the second independent variable, which is measured as a categorical variable.

In order to find the proportion of the variation in the dependent variable (factor) the measure Omega Square (ω^2) has been also used. The relative contribution of the independent variable (L.G.'s Purchase Preference) is calculated by using the formula

$$\omega^2 = \frac{SS_{LG} - (df \times MS_{error})}{SS_{total} + MS_{error}}$$

Similarly for Godrej, the formula used is

$$\omega_{Godrej}{}^2 = \frac{SS_{Godrej} - (df \times MS_{error})}{SS_{total} + MS_{error}}$$

Table 1 Univariate analysis of Co variance for Durables

Source	Sums of Squares	Df	Mean square	F	Significance
Main effect					
(combined)	2.918	4	0.730	3.425	0.010
Purchase Preference (L.G.)	0.569	1	0.569	2.671	0.040
Purchase Preference (Godrej)	0.449	1	0.449	2.110	0.148
Actual Purchase	1.673	2	0.836	3.926	0.021
Residual (error)	52.186	245	0.213		

Table 2 Parameter estimates

$\omega_{godrej}{}^2$

Parameter	B	Std. Error	t	Sig.
Intercept	2.014	.281	7.178	.000
Purchase Preference (Godrej)	.052	.036	1.453	.148
Purchase Preference (L.G.)	.064	.039	1.634	.040
[Actual Purchase=L.G.]	.661	.236	2.801	.005
[Actual Purchase=Godrej]	-.644	.236	-2.732	0. 17

For L.G.,

$$\omega_{LG}{}^2 = \frac{0.569 - (1 \times 0.213)}{2.918 + 0.213} = 0.1137$$

Similarly for Godrej, the formula used is

$$= \frac{0.449 - (1 \times 0.213)}{2.918 + 0.213} = 0.075$$

The relationships between dependent and independent variables found to be signifi-

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cant (p=0.01d≤0.05) implying that there is difference in the impact of the two independent variables on the dependent variable. Purchase Preference of L.G. (Beta= .064, p=.040≤0.05) is found to be significant implying that Brand Preference (Global and Indian brand) i.e. the dependent variable is strongly affected by the Purchase Preference of L.G. which is clearly seen from the value of Omega square of L.G.'s Preference is 0.1137 implying that Purchase Preference of L.G. has contributed approximately 11.3% variation in the dependent variable. The independent variable (Actual Purchase) being also found to be significant (p=.021≤0.05).

The Purchase Preference of Godrej is found to be insignificant and also it is found that omega square for Godrej's Preference is 0.075 is implying that Purchase Preference of Godrej has only contributed approximately 7.5% variation in the dependent variable.

5.0   Conclusion

Until now there is lack of study in this field of global brand preference and purchase preference and actual possession. This study is research based which will shred light in the existing discipline but new way of treatment of case. It has been observed from the study that the relationships between dependent and independent variables found to be significant implying that there is difference in the impact of the two independent variables on the dependent variable. Purchase Preference of L.G. is found to be significant (but insignificant for Godrej) implying that Brand Preference (Global and Indian brand) i.e. the dependent variable is strongly affected by the Purchase Preference of L.G. The respondents who preferred the Durable brand have an intention to purchase the same brand is likely. Consumer research in branding has the opportunity to contribute in many ways. Future studies can be conducted in other areas with other product or services.

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