

Importance of Brand Awareness and Brand Loyalty in assessing Purchase Intentions of Consumer

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Abstract

The aim of this endeavor is to identify the effect of brand awareness and brand loyalty on purchase intention. Questionnaires were distributed to collect the responses from the employees in services sectors and conveniently available general public while descriptive statistics and regression analysis were used to analyze the data and draw the conclusions. Brand Awareness and brand loyalty have strong positive association with purchase intention. Managers all over the world should strive to promote the brand awareness along with brand loyalty as both of them contribute towards positive purchase intentions.

Keywords: Brand Awareness, Brand Loyalty, Purchase Intentions.

Introduction

In recent times consumers choose their favorable and familiar brands due to the rise in their consciousness. Consequently the businesses in order to compete with others must create love for their brands in the minds of consumers. According to Macdonald and Sharp (2000) despite consumers are the familiar and willing to buy the product, another factor that still influences the purchase decision is brand awareness. Whenever a customer is willing to buy a good or service the first brand name that clicks in his mind shows that this product has higher brand awareness. According to Dodds, Monroe and Grewal (1991) higher level of brand awareness can influence the purchase decision of the consumers. Same was proved true by Grewal, Monroe and Krishnan (1998). This is one of the reason that why a product having higher level of brand awareness will result in higher share in market and superior evaluations of their quality. On the other hand businesses must create brand loyalty. Reichheld and Sasser (1990) suggested that it takes 5 times more cost to attract the new customer than maintaining the old one. Barsky (1994) also indicated that cost of attracting new customer is higher than that of maintaining the customer loyalty. It means that less cost will be incurred on the product with higher brand loyalty.

Literature Review

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While studying the business world one can come to know that most of the business's objective is to enhance their sales as well as their profits. For this purpose organizations try to encourage people towards its products and services for purchase and customer lifetime value means stream of purchases over the life time period. Brand awareness passes on that how to aware current and potential customers towards your product and service (Gustafson & Chabot, 2007).

Brand awareness is the probability that, consumers are familiar about the availability and accessibility of a company's product and service.

If an organization has a successful brand awareness it means that the products and services of the organization have a good repute in the market and simply acceptable (Gustafson & Chabot, 2007). The awareness of the brand plays a significant role while purchasing a product or service and may have control on perceived risk evaluation of consumers and their level of assurance about the buying decision due to awareness with the brand and its uniqueness.

There must be a consideration of brand while making a decision to purchase a product or service, if there is nothing to be considered the probability is that there is nothing to be chosen (Baker W, J, & Nedungadi, 1986). Brand awareness creates a great association in memory about a particular brand (Stokes, 1985). Creating a strong brand image in the consumer's mind depends on create an optimistic brand assessment, reachable brand approach, and a reliable brand representation (Farquhar, 1989). The importance of brand awareness in the mind of the customers can be evaluate at various stages e.g. recognition, recall, top of mind, brand dominance (they only call that particular brand), brand knowledge (what brand means to you) (Aaker D. , 1996). Brand awareness is very important because if there will be no brand awareness no communication and no transaction will be occur (Percy, 1987). Some of the consumers can make rule to purchase only those brand which are famous in the market (Keller, 1993).

The customers can become the loyal to the brand due to its uniqueness, its taste, feel easy by using that particular brand and they also have enough knowledge about that brand and feel confident while make a purchase or may be due to price factor etc. brand loyalty is very important for the organization to meet its objective so the organization try to make its customers happy and also resolve the problems if they feel related to their particular product and service. The brand loyalty can be defined as; the degree of closeness of client to a specific brand, expressed by their replicate purchase regardless of marketing stress creates by the rival brands.

It is the basic objective of the organization which they set about their product and services. It is the preference of the consumers to make a purchase of a particular brand due to its attributes, image, quality, features and price, and they normally committed to purchase and refer to other people, Due to brand loyalty their occasional purchase becomes normal by increasing frequency of purchase. Brand loyalty is very important for the organization to enhance their sales volume, to get premium price, to retain their customers rather than seek. There is a significant difference between replicate purchase and brand loyalty because replication purchase is buying of brand frequently and loyalty is the result going on by actions (Bloemer, 1995). Brand loyalty occur when client have significant relation towards the brand expressed by replicate purchase. Such loyalty will be beneficial for the firm because ultimately clients will be agreed to purchase at premium and may also be involved in introducing new client to the firm (Reichheld, 1990).The customers who are brand loyal do not evaluate the brand, they just make a purchase confidently on the basis of their experiences (Sidek, Yee, & yahyah, 2008).There are two types of loyal customers. The behavioral and the emotional, the behavioral customers will become loyal with brand but not emotional however the emotional customers will also be emotional with the particular brand in which they interested (Jones et all, 1995-90). Some organizations make the customers loyal forcedly due to their monopoly even they do not want to become loyal and some organization make customer loyal by having low price and the other brand conscious organizations make a lot of effort for customer's satisfaction and to establish brand and they do not have high loyalty (Grönholdt et all, 2000).

Purchase intention of the customers depends on the brand awareness and brand loyalty of a particular brand: *An intention to make a purchase of a specific product or service in upcoming.* Purchase intention of the customers consists on problem identification, information search, evaluating the alternatives, make a purchase, post-purchase behavior (Engel et all , J., 1995).

Some time consumers purchase the product in store that is more attractive and make a decision at the spot. The intention of the consumer buying may be impulse buying or partially pre-planned and can be fully pre-planned. In impulse buying behavior the consumers take instant decision and make a purchase of the product that is more attractive to him, in partially pre-planned the consumer choose the product type and pattern but choose the brand at the store and in fully pre-planned the customer already choose the product and brand that he is going to purchase (Engel et al., J., 1995). Consumer's feelings and impulsive situation may affect their purchase intention. Consumer's feelings consist on personal liking and impulsive situation express that consumer's purchase intention differ due to variation in a situation e.g. prices increase more than the customers' expectations (Kotler, 2003). Brand awareness increase the brand loyalty, consumer's confidence as well as consumer's purchases intention (Aaker, D., 1990)

Methodology

Questionnaires were used to collect the data from respondents regarding the effect of Brand awareness and Brand Loyalty on Purchase Intentions.

For this purpose 350 questioners were distributed among the clothing customers of Fabric (unstitched Clothing) and Garments (Readymade Clothing) in different cities of Punjab including Lahore, Gujranwala, Faisalabad and Sialkot through convenience sampling technique. Gujranwala is the fifth largest city of Pakistan situated in the north east of the Punjab province. Local language is Punjabi but Urdu and English are also spoken and understood. It is an industrial city with well-developed industrial and agricultural markets with about 400 organizations operating and competing in this region. A recent development is the rapid growth in the services sector in this area.

Each of the questioners distributed in these cities consists of two sections; one is the demographic section while other is the subjective section. The demographic section comprises of Age, Gender, Education Level, Type of Retail clothing and occupation while the subjective portion is composed of Brand Awareness, Brand Loyalty and Purchase Intention. 18 items are mentioned to get the responses from the respondents while a five point Likert scale is used to measure the responses. All the questions are closed ended for the purpose of collecting appropriate data. Participants were 69% male and 31% female. The response rate remained 63% as 220 of the 350 questionnaires were completed and collected back from the respondents.

Analysis and Results

Table1 indicates the values of mean, standard deviation, Cronbach's Alpha and Pearson correlation for brand awareness, brand loyalty and purchase intentions based on the data collected from 220 respondents. For brand awareness mean value of 220 respondents is 3.74 which is close to 4. It means that respondents' average response was "Agree" regarding brand awareness while the standard deviation for the responses was 0.74 and reliability was 0.94 which shows that instrument is highly reliable. In the case of brand loyalty the mean of the responses of 220 respondents was 4.37 which is again close to 4. It shows that the mean average response of the respondents was "Agree" regarding the brand loyalty. The variation from the mean in these responses was on average 0.73 and Cronbach's Alpha is 0.88 which also shows the high reliability of the instrument. And the purchase intentions' showing the mean average responses of the 220 respondents was 4.64 which is near to 5 indicating that respondents' collective response is "Strongly Agree" regarding the purchase intentions'. While in this case the variation from the mean in the responses was on average 0.51 and Alpha was 0.77 indicating the reliability of the survey regarding the purchase intention to be 77%.

Table1: Mean, Standard Deviation, Cronbach's Alpha and Pearson Correlation (N=220)						
	<i>Mean</i>	<i>S.D</i>	<i>Alpha</i>	<i>BA</i>	<i>BL</i>	<i>PI</i>
Brand Awareness (BA)	3.74	0.74	0.94	1.00		
Brand Loyalty (BL)	4.37	0.73	0.88	0.85**	1.00	
Purchase Intentions (PI)	4.64	0.51	0.77	0.86**	0.95**	1.00

** Significant at Level of Significance 0.01 (Two Tailed)

Table 1 also indicates that there is a strong positive association between brand awareness and purchase intentions as p value is less than 0.01 so it is concluded that the study supports H₁ which means that brand awareness has a significant association with purchase intentions. It is also evident from Table 1 that brand loyalty has a strong positive association with purchase intentions as p value is less than 0.01 so it can be concluded that study supports H₂ which states that brand loyalty has a strong association with purchase intentions.

Multiple R^a	0.96
R Square	0.92
Adjusted R Square	0.92
Standard Error	0.15
Durbin Watson	0.49
Observations	220.00

a. predictors: (Constant), brand loyalty, brand awareness.

Table 2 shows R= 0.92 shows 92% variation in Brand awareness, brand loyalty, and purchase intention. R square is the coefficient of determination which shows 92% total variation in purchase intention due to Brand Awareness and Brand Loyalty. The power of the given model is obvious as purchase intention is strongly explained by brand awareness and brand loyalty i.e. 92%.

	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
Regression	2.00	53.12	26.56	1249.04	0.00 ^a
Residual	217.00	4.61	0.02		
Total	219.00	57.74			

- a. Predictors: (Constant), Brand loyalty, Brand Awareness
- b. Dependent Variable: Purchase Intention

Table 3 of ANOVA shows significance level while the P value is less than significance level which is 0.05 so it is accepted that brand awareness and brand loyalty has significant association with purchase Intentions.

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	Collinearity Statistics	
					Tolerance	VIF
Intercept	1.72	0.06	28.82	0.00		
BA	0.12	0.02	4.90	0.00	0.285	3.51
BL	0.56	0.03	22.40	0.00	0.285	3.51

a. Dependent Variable: Purchase Intention

Purchase intentions = 1.72 + 0.12 Brand Awareness

This Model indicates that for every 1 unit change in brand awareness, purchase intentions will be changed by 0.12 units in the same direction. And if the brand awareness is reduced to zero the purchase intention will be 1.72 units.

Purchase intentions = 1.72 + 0.56 Brand loyalty

This Model shows that 1 unit increase in brand loyalty will increase the purchase intentions by 0.56 units and vice versa. While if the value of loyalty is decreased to zero the value of purchase intentions will be 1.72. The results of data analysis clearly indicate that purchase intentions have a strong positive association with Brand Awareness and Brand Loyalty. Thus it is concluded that purchase intentions can be enhanced with the enhancement in the Brand Awareness and Brand Loyalty. Collinearity is also checked for the data, as tolerance value is less than 5 and VIF is less than 10 which confirms no multi-collinearity in the data exists as shown in table 4.

Practical implications

Developing Brand awareness and Brand Loyalty is a need of time. Managers all over the world should actively promote and improve the brand awareness and brand loyalty of the customers to enhance their purchase intentions. These efforts are more likely to be fruitful if these practices are accompanied by communication about the brand to the targeted customers. This paper helps clothing industry to focus on the brand awareness and brand loyalty to increase the purchase intentions for their brand.

Limitations and future directions

The paper is intended to study the effect of brand awareness and brand loyalty on purchase intention. The paper mainly focuses on clothing industry. So the findings are limited to clothing sector. Moreover we didn't have adequate time and resources to study the components of Brand awareness and brand loyalty. Finally, it is obvious that researchers didn't have the access to top management which could to identify the type of strategies adopted by the companies to enhance the purchase intention of their brands.

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