

Perceived Brand Equity Influencing the Purchasing Decision of Thai Community Products

Wanida Suwunniponth*

Assoc. Prof. Dr., Facult of Management Science, Suan Sunandha Rajabhat University, 1-U-Thong Nok, Dusit, Bangkok, Thailand, E-Mail: Wanida.su@ssru.ac.th

ABSTRACT

Abstract—At present, community products have to face an increasingly competitive situation and consumers have a brand image that is of low quality. Entrepreneurs need to learn to adapt to the competition by creating brand equity and add positive value to customers. This research aimed to study the perceived brand equity influencing the purchasing decision of Thai community products. The sample group consisted of 350 consumers who have used Thai community products, selected from the population using cluster sampling method. Data was collected using the generated questionnaires with the validity and reliability tested. The statistics used in the analysis were mean, standard deviation, Pearson correlation coefficient and Multiple regression analysis. The results of the research revealed that the respondents emphasized on perceived brand equity in the aspect of brand awareness at a high level, followed by perceived brand quality, brand loyalty, and brand association, respectively, at a high level in all aspect. In addition, the hypothesis testing revealed that the perceived brand equity in the aspect of brand awareness, perceived brand quality, brand loyalty and brand awareness have positively affected the purchasing decision of Thai community products which the variables can jointly forecast with significant at .05 and were able to explain the variance at 50.7 percent. The highest multiple regression coefficients as a standard score were brand awareness ($\beta = 0.269$), followed by perceived brand quality ($\beta = 0.232$), brand association ($\beta = .178$) and brand loyalty ($\beta = .118$), respectively. The results of the study will be a guideline for developing a branding strategy for community products including supporting community products to reach international standards.

Keywords— Community products, Perceived brand equity, Purchase decisions

INTRODUCTION

The rapid changes under globalization cause changes in the economic, social and technological environment to develop rapidly. Today's business operations must be adjusted according to changing circumstances, resulting in a change in business practices, as well as various strategies to be ready for the increasingly intense competition. In particular, producers of community in Thailand, which are cultural products, cannot avoid the impact due to the current intense business competition situation. The government has given importance to empowering communities and use the strengths of the cultural community way of life and wisdom to connect to the manufacturing and service sectors in order to build a brand and expand market opportunities even (Office of Small and Medium Enterprises Promotion, 2020). Therefore, community product manufacturers are affected by competitors and the competition conditions in the market are increasing.

Community products are intended for people in the community to use their existing wisdom to develop creative products to sell and generate income for themselves, their families and communities, which is one way to strengthen the community. The approach of community product development is to produce or manage the resources available in the community to become quality products, have their own identity and in accordance with the culture in each community (Bureau for Promotion of Local Wisdom and Community Enterprise, 2020). Governments should support and encourage communities to create marketable products, use technology and management to ensure that quality is acceptable and in demand in international markets. This is based on physical energy, creativity and the desire to primarily use locally available resources, as well as continuing the good culture of the locality to remain.

Data from the Bureau of Local Wisdom and Community Enterprise Promotion (2020) found that community products in the One Tambon One Product (OTOP) project in 2018 which had a sales volume of 1.9 hundred billion baht. When looking at in-depth information, it was found that there were more than 20,000 community products, but found That there are more than 40% of all community products that are unable to reach international standards

or compete in the world market. or if comparing community product sales with gross national product (GDP) in 2018, it would account for only 1.2%, which is still very low. pushing community products to be able to compete and step up to international standards (Bureau for Promotion of Local Wisdom and Community Enterprise, 2020).

However, community products have to face an increasingly competitive business situation at present including even though the community products are selected products and are quality products that originate from the brand community wisdom. But it has low competitiveness and is not accepted by consumers as it should be because it is a product that the communities produce (Rukkhachat, 2016). Therefore, consumers have a brand image that is of low quality. This makes it unable to compete in the market with products that have been processed by the factory, and creating the value of the product. Entrepreneurs need to learn to adapt to the competition by creating brand equity for brand awareness and developing innovative products to meet customer needs. In this situation, research was conducted to find a solution by developing the concept of brand equity, which is used as a strategy to keep the product above the competition. Thus, it is important for businesses to create attraction in their brands to be in better position than their competitors. This is evident that the consumers disseminate and always willing to acquire a product, so here the brand awareness is always a vital factor to manipulate the buying decisions and purchase intentions (Nazia et al., 2011). Purchasing decisions are also influenced by perceived quality which is an aspect of brand value that causes consumers to pay for certain products or services (Aaker, 1991).

In this situation, community entrepreneurs need to learn to adapt to the competition by creating brand equity in order to gain brand recognition and develop innovative products to meet customer needs. Therefore, the researcher is interested in studying the brand equities that affects the purchasing decision of Thai community products. The purposes of this research were to study perceived brand equity that influence the purchasing decision of Thai community products. The results of the study will be empirical data on adjusting strategies to create brand equities of community products. This will increase competitiveness to be on par with other products that are generally sold and support community products to reach international standards.

LITERATURE & THEORY

Brand equity

Brand means a symbol, identity and assets that are related to the brand. The brand can help to continuously add positive value to the brand owner and consumers (Kotler & Armstrong, 2017). The general product properties can be perceived externally such as product packaging, property label and the benefits of the product, etc., It also creates financial value to occur between the brand owner and the consumer.

Brand equity is value that can be perceived by consumers, users and purchasers. It makes the importance of the brand happen and results in positive consumer behavior. Consumers perceive that brand equity will have a positive effect on that product as well (Keller, 2013). Brand equity is an important marketing tool for building a strong brand which is necessary for marketers to study and use as a guideline in formulating a strategy to make the product different and unique characteristics that meet the needs of consumers. In addition, branding is an important marketing strategy for building relationships and brand engagement with consumers as well. Consumer perception of brand equity consists of 4 components (Aaker, 1991) as follows.

Brand awareness means that the target consumers can remember. or remember any brand and can link the relationship between product categories and those brands (Aaker, 1991). Brand awareness refers as recognizing or remembering the brand of the consumer which is an important element in building brand equity because when consumers become aware of the brand, consumers will become familiarity in that brand, make the product trustworthy or reliability, credible and reasonable quality, and is the main reason for the final purchase decision. In which consumers choose to buy well-known brands rather than brands that consumers are not aware of. In addition, brand awareness is a strength that arises in the minds of consumers.

Perceived brand quality refers to how consumers perceive the overall quality of the target consumer towards the product. The perception of quality will lead to financial success and business strategy execution including other marketing activities of the brand as well (Aaker, 2010). In addition, the perception of quality also means that a brand is perceived as a whole or superiority of a product or service. It is determined by the purpose or functional properties of the product and perceived quality is measurable but intangible because it is the overall feeling towards the consumer's brand (Aghaei et al., 2014).

Brand association refers to the ability of target consumers to associate a brand with images, activities, or symbols of the brand which connects components of the brand to the memories of consumers. This relationship will help create a positive attitude for the brand and become a link between consumer sentiment and that brand (Keller, 2013). Consumers' connection with a brand helps to create brand equity by extracting brand-related information from memory and help differentiate the brand.

Brand loyalty means commitment, confidence, Popularity mania and the integrity that consumers have with any brand, with the consumer using the same brand repeatedly or forever. Brand loyalty is a representation of the consumer's commitment to the brand where consumer brand loyalty is an important component of brand equity. This will reflect the likelihood that consumers will switch to other brands or not. Brand loyalty is also related to the purchase and experience of using the product (Kotler & Armstrong, 2017). It also helps reduce marketing costs, build bargaining power, attract new customers, make consumers buy again, reflect the market potential of that product as well as helping to protect from the threat of customer loyalty to competitors.

Purchase decision

Purchase decision is the thought process that leads a consumer from identifying a need, generating options, and choosing a specific product and brand which each product has a different decision-making process. For very complex products, consumers will need to search data and evaluate their decision-making options rather than the slightly more efficient and complex products that can be explained by the consumer's purchasing decision-making process (Kotler & Armstrong, 2017). The purchasing decision process begins with the awareness of consumer problems that are driven by intrinsic motivation, such as a desire or perhaps a desire driven by an external motivation such as advertising. When stimulated by these factors, it creates demand. The purchase decision sometime occurs after evaluating the choice of consumers who intend to purchase the product and later behavior purchase and use of the product for a period of time. Consumers compare their expectations with the performance they expect. If the efficiency is higher than the expectation, it will satisfy the consumers. When consumers are satisfied the products, there will be a process of satisfaction which is like referrals, repeat purchases, etc. Therefore, post-purchase behavior will vary according to personal preferences and characteristics. But if consumers are not satisfied, consumers may stop buying the product next time and this can hurt referrals, causing them to buy less as well (Kotler & Armstrong, 2017).

RELATED WORKS OR DISCUSSION

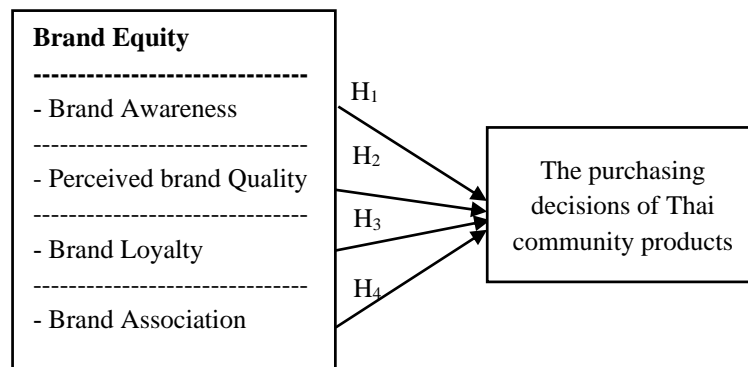
Related research was used to define the conceptual framework and research hypothesis. The research of Junnapiya (2015) studied the causal relationship model of perceived brand value of OTOP products to purchase intention from the perspective of Thai consumers was found that brand awareness of OTOP products and perception of brand quality of OTOP were both directly and indirectly relate to purchase intentions. Including brand loyalty in OTOP and brand association in OTOP products were directly related to the purchase intention. As well as the result was found that brand awareness, perceived brand quality, brand loyalty, and brand association affected purchase intention of Thai consumers. Amber (2013) conducted a research study on consumer personality, brand personality, and brand equity of Colgate toothpaste buyer, the findings suggest that brand loyalty and brand awareness have a significant positive correlation to brand personality traits in terms of the excitement of using Colgate toothpaste products and the complexity of their use which results in stimulating purchases and encouraging repeat purchases in the future. As well as the research of Miguel (2013) researched on Axe's brand personality and brand equity in consumers' perspectives on the brand's personality and brand equity, was found that brand personality in the category of usage excitement, usability and complexity of use have a significant correlation with the perceived brand equity in terms of brand awareness, brand association and perception of brand quality. In addition, Sakara & Alhassan (2014) conducted a study on an assessment of brand equity and brand image influence the purchase behavior of female cosmetic consumers in case study of career women in Ghana. The results revealed that there is a direct causal relationship that brand awareness and perceived brand quality influence purchasing behavior Cosmetics for working women in Ghana. As well as the research of Grigaliunaite & Pileliene (2017) revealed that brand associations have positively and directly influences consumer purchase intentions in case of organic products.

From the findings of past researches, it can be concluded that the perceptions and attitudes of product towards brand equity including in the term of brand awareness, perceived brand quality, brand loyalty, and brand

association influencing the way of thinking, feeling and represents a superior influence over competitors' brands by focusing on the brand as well as the price, market share and profitability (Aghaei et al., 2014; Levet, 2012).

The theoretical and related work mentioned above were used to model the relationship model of the variables in this study as illustrated in the research conceptual framework shown in Figure 1.

Figure 1
Conceptual framework of perceived brand equity influencing the purchasing decision of Thai community products



For the hypothesis testing, the researcher analyzed the data using multiple regression analysis to determine each factor of perceived brand equity influence purchasing decisions of Thai community products. The hypothesis for testing has been set as follows.

Hypothesis 1 (H₁): Brand awareness positively influences purchasing decisions of Thai community products.

Hypothesis 2 (H₂): Perceived brand quality positively influences purchasing decisions of Thai community products.

Hypothesis 3 (H₃): Brand loyalty positively influences purchasing decisions of Thai community products.

Hypothesis 4 (H₄): Brand association positively influences purchasing decisions of Thai community products.

METHODS

Population and sampling

The target population used in this research were consumers who have used Thai community products which cannot determine the exact population. The sample of 350 was conducted to collect data by using cluster sampling method from groups of social media users such as Facebook, Line, etc. An invitation to fill up the questionnaire was sent to members of the group who have used or purchased Thai community products by using convenience sampling methods until the required number of samples is reached.

Instruments and Data collection

Tools used in this research is a questionnaire created by the researcher and in accordance with the definition of operations according to the characteristics to be measured, divided into 3 parts, consisting of demographic data, perceived brand equity opinions and purchase decisions for community products. The estimation scale type of questionnaire was 5-level Likert's scale. The generated questionnaires were used to test the validity and reliability of the questionnaires before collecting data in order to obtain accurate research results and achieve the stated objectives. In this regard, the researcher will arrange for a pre-test with preliminary questionnaire of 40 sets. The results of the confidence check were the confidence values of each question were between 0.7-1.00 and got the total confidence of 0.886, which passed the reliability criteria (Hair et al., 2010). Additionally, the questionnaires generated were subject to content review from the advisor already. Therefore, it was concluded that the questionnaires could be used to collect data. The empirical data of 350 valid responses was collected through an online survey from consumers who have purchased a Thai community product.

Statistics and data analysis

Statistics used in data analysis, the researcher used descriptive statistics to describe the demographic characteristics such as frequency, percentage, mean and standard deviation. As well as the inferential statistical analysis was used to test research hypotheses by using Pearson correlation coefficient analysis and Multiple regression analysis.

RESULTS

Descriptive results

The demographic information of the samples were consumers who had used Thai community products among the 350 samples. Most of responders accounted for 63 percent were female, 35.5 percent were aged between 31 and 40 years, 35.2 percent had marital status, and 31.5 percent had the highest level of education at the bachelor's degree. Moreover, 34.8 percent were state enterprise employees, 28.75 percent had average monthly income between 30,001-40,000 baht, and 52.3 percent had online shopping experience for more than two years and 33.6 percent used social commerce sites for several times a week.

The descriptive data on the perception of brand equity and purchasing decisions community products of consumers in Thailand, the overall aspects of perceived brand equity was at a high level. If considering each aspect, the aspect of brand awareness was at the highest level. followed by perceived brand quality, brand loyalty, and brand association, respectively, all aspects were at a high level.

Hypothesis testing results

The correlation was analyzed between variables in the model, namely brand awareness (X1), perceived brand quality(X2), brand loyalty (X3), brand association (X4) and decision to purchase (Z). The correlation coefficient results shown in Table 1.

Table 1
The correlation coefficient between all variables of perceived brand equity and purchasing decision of Thai community products

Variables	X1	X2	X3	X4	Z
X1	1				
X2	.545**	1			
X3	.617**	.633**	1		
X4	.713**	.466**	.454**	1	
Z	.711**	.578**	.671**	.549**	1

** Significant level at .01

X1 - Brand Awareness, X2 - Perceived Brand Quality, X3 - Brand Loyalty X4 - Brand Association, Z - Purchasing decision

Table 1 shown the correlation coefficient between all aspects of brand equity and the decision to purchase Thai community products, it was found that the correlation did not exceed 0.80 (Hair et al., 2010). Hence, all independent variables did not exceed the multiple relationship between the factors with multicollinearity which all independent variables can be used in the multiple regression analysis by using Enter method which all independent variables are entered into the equation at the same time.

The analysis of the influence of perceived brand equity affecting purchasing decisions for Thai community product by using Multiple Regression Analysis, had the statistics value as shown in Table 2.

Table 2
Multiple regression analysis of the perceived brand equity influencing purchase decision for community products in Thailand

Variables	b	β	t	p-value	Tolerance	VIF
Constant	3.254	-	9.351	.000**	-	-
Brand Awareness (H ₁)	.275	.269	3.852	.000*	.361	2.768
Perceived brand Quality (H ₂)	.239	.232	3.371	.006**	.381	2.628

Brand Loyalty (H ₃)	.127	.118	2.014	.063**	.374	2.674
Brand Association (H ₄)	.182	.178	2.416	.041*	.386	2.591
R = .824, R ² = .6789 S.E.=.061, F=62.526 a maximum Eigen value=5.125						

** Significant level at .01, * Significant level at .05

Table 2, the results of the correlation of all factors in the model revealed that the value of VIF (Variance inflation factor) was not exceed 5, while the value of Tolerance was not less than 0.2 and a maximum Eigen value was at 5.125, which did not exceed 10.0, indicating that not all independent variables did not form multiple relationships between factors with multicollinearity (Hair, et al., 2010), consequently the data was appropriate to use multiple regression analysis.

The result of multiple regression analysis revealed that brand awareness, perceived brand quality, brand loyalty and brand association can together predict consumers' decision to purchase community products with statistical significance at F=62.526. All variables can explain the variability of consumers' decision to purchase community products in Bangkok (R²) accounted for 67.89 percent. The test results accept all hypothesis (H₁-H₄) that brand awareness, perceived brand quality, brand loyalty and brand association positively influenced purchasing decisions of Thai community products. When considering multiple regression coefficients in the form of a standard score, the aspect of brand awareness had the highest multiple regression coefficients ($\beta = .269$), followed by perceived brand quality ($\beta = .232$), brand association ($\beta = .178$), and brand loyalty ($\beta = .118$), respectively. The creating an equation for forecasting the decision to purchase community products of consumers in Thailand was as follows.

$$\text{Purchasing decision of Thai community products} = 3.254 + .275 (\text{Brand awareness}) \\ + .239 (\text{Perceived brand quality}) + .127 (\text{Brand loyalty}) + .182 (\text{Brand association})$$

The results of the hypothesis testing were summarized by considering the standard regression coefficient of the variable and the t value. It was found that brand awareness, perceived brand quality, brand loyalty and brand association affected the purchasing decision of Thai community product which is consistent with the research hypothesis at a statistically significant level of 0.05.

CONCLUSION AND FUTURE WORK

Conclusion and discussion

The researcher results were brought important issues to discuss the research results as follows.

The results revealed that the respondents paid attention on the components of perceived brand equity as a whole was at a high level. When considering in each aspect, the respondents paid the high attention to brand awareness, followed by perceived brand quality, brand loyalty, and brand association, respectively. The result was consistent with the research of Rukkhachat (2016) which found that customers pay the most attention to brand awareness more than other aspects. Considering the indicators of brand awareness was found that the respondents were aware of the brand that it produced from local wisdom, made from natural raw materials, remember the brand of the community that they are using as well, know the brand of the community very well and be able to recommend the brand of community products used correctly to others. The results shown that consumers know community products very well. This may be because community products are government-sponsored products to increase the potential of the community and use the strengths of the cultural community and wisdom to create a symbol and expand marketing opportunities. However, from the previous research, it can be seen that the marketing communication cannot be communicated to consumers to be able to remember the community brand and cannot be linked between product categories and brands (Rukkhachat, 2016).

The results of the influence of perceived brand equity on purchasing decisions of Thai community products which this study aims to explore the effects the component of brand equity (brand awareness, perceived brand quality, brand loyalty and brand association) on consumers' decision to purchase Thai community products. The result was found that the perceived brand equity in the aspect of brand awareness, perceived brand quality, brand loyalty and brand association affected the decision to purchase Thai community products. The result was consistent with the previous research of Grigaliunaite & Pileliene (2017), Junnapiya (2015), Nithichaowakul

(2015), Phattana & Thipjumnong (2020), Sakara & Alhassan (2014) revealed that brand value in recognition of the unique quality of a product is a factor that drives purchasing decisions. As well as consistent with the research of Rukkhachat (2016) in the aspect of perceived brand quality and brand loyalty but not consistent in the aspect of brand awareness and brand association. Based on the results of this study, a similar study by Mohammad et al. (2011) found that brand loyalty had the greatest effect on consumers' purchase intention. In addition, the study of Nazia et al. (2011) was found that the brand equity of various products in the retail business in the aspect of product quality had the most effect on consumers' purchase intention. Consumers will also assess their perception of product quality based on their purchase experience and brand awareness, which in turn can build brand loyalty and lead to purchase intention.

The results of related research show that consumers will be more willing to buy products. A marketer or brand manager must create brand equity in the product that will go to the market, such as creating quality in the branded product and brand awareness in the minds of consumers, as well as brand association can result in brand loyalty. These elements of brand equity building will ultimately lead to purchase intention (Aaker, 2010).

Recommendations and future work

Recommendations obtained for applying the research results were that entrepreneurs should develop innovative products in terms of design and usability by developing innovative products, has a beautiful look and color, and attractive to see including awareness. As well as they should improve the appearance of the product in accordance with the needs of consumers and differentiate the design and functionality of the product to create a distinctive stand in the minds of consumers. Moreover, the marketers should be aware of creating brand equity for community products especially in terms of brand awareness and brand association. They should continually support advertising and public relations arouse consumer interest, convey the experience to consumers and make consumers remember the product until the relationship with the brand which affects the image of the product as well. In addition, marketing strategies should be formulated in order for consumers to have intent to buy, make a purchase decision and have brand loyalty. The marketers must build engagement, confidence and loyalty that consumers have for any community product brand. The consumer will use the same community product brand repeatedly and tell others to come and buy.

For further research should be studied in conjunction with other relevant or expected factors influencing purchasing decisions in order to gain more insights covering all dimensions such as factors of marketing mix, brand image, service quality and word-of-mouth marketing, etc. In addition, it should study in other population groups or other areas such as consumers in ASEAN countries.

REFERENCES

- Aaker, D. A. (1991). *Managing Brand Value: Capitalization the Value of A Brand Name*. New York.
- Aaker, D.A. (2010) *Building Strong Brands*, London: Pocket Books.
- Aghaei, M., Vahedi, E., Kahreh, M. S., & Pirooz, M. (2014). An examination of the relationship between services marketing mix and brand value dimensions. *Social and Behavioral Sciences*, 109, 865–869.
- Amber, V. (2013). Consumer Personality, Brand Personality and Brand Equity: a Study of Colgate Toothpaste Buyer. *International Journal of Humanities and Management Sciences*,1(2), 150-158.
- Bureau for Promotion of Local Wisdom and Community Enterprise. (2020). *OTOP Data*. Department of Community Development Ministry of Interior. URL: <https://cep.cdd.go.th/otop-data>.
- Grigaliunaite, V. & Pileliene, L. (2017). How Do Brand Associations Affect Purchase Intentions? A Case of Organic Products. *Research for Rural Development*, 2017, Volume 2, 210-216.
- Hair, J. F., Black, W. C., Babin, B. J. (2010). *Multivariate Data Analysis: A Global Perspective*. Pearson Education.
- Junnapiya, N, (2015). *A causal relationship model of perceived brand value of OTOP products to purchase intention in the perspective of Thai consumers*. Faculty of Management Science Lampang Rajabhat University.
- Keller, K. L. (2013). *Strategic Brand Management: Building, Measuring, and Managing Brand Equity* (4th Ed.). Pearson Education Limited.
- Kotler, P. & Armstrong, G. (2017). *Principle of Marketing* (17th ed.). New Jersey: Prentice–Hall.
- Levet, N. (2012). *Brand Personality, The Reason for Consumers to Pay A Price Premium for National Brands over Private Labels*. Master Degree Thesis in International Business Administration, Kassel University.

- Miguel, R.S. (2013). *Axe's Brand Personality and Brand Equity: Consumers' Perspectives on The Brand's Personality and Brand Equity*. (Master Degree Thesis in Business Administration, Aarhus University).
- Mohammad R. J., Neda S., Seyed, H. M. (2011). The Effect of Brand Value Components on Purchase Intention: An Application of Aaker's Model in the Automobile. *Industry International Business and Management*, 2(2): 149-158.
- Nazia, Y., Mariam, T., Amir, G., & Ayesha, A. (2011). Impact of Brand Awareness, Perceived Quality and Customer Loyalty on Brand Profitability and Purchase. Institute of Interdisciplinary Business Research. *Interdisciplinary Journal of Contemporary Research in Business*, Vol 3, No 8.
- Nithichaowakul, T. (2015). Creating Brand Value Through the One Tambon One Product. *Journal of the Humanities and Social Sciences*. 23(42), 149-168.
- Office of Small and Medium Enterprises Promotion. (2020). *Executive Summary: Small and Medium Enterprises Situation Report 2020*. URL: https://www.sme.go.th/upload/mod_download/download20200824164414.pdf.
- Phattana, W. & Thipjumnong, A. (2020). Brand Equity Affects the Purchase Decision of Songkhla OTOP Product. Srinakharinwirot. *Journal Research and Development (Humanities and Social Sciences Branch)* Vol. 12 No. 23 January – June, 2020.
- Rukhachat, P. (2016). *The Effects of OTOP Brand Image and Branding of Spicy Crispy Shrimp Chili Paste Product Towards Marketing Factors of Entrepreneurs in Chon Buri Province*. Master of Business Administration Degree Program Global Business Management. College of Commerce Burapha University.
- Sakara, A., & Alhassan, F. (2014). An Assessment of Brand Equity and Brand Image Influences The Purchase Behavior of Female Cosmetic Consumers: A Case of Career Women in Ghana. *International Journal of Economics, Commerce and Management*, 2(10), 1-14.