

# BRAND COMPETITIVENESS: A STUDY OF CEMENT BRAND IN MALAYSIA

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## ABSTRACT

*The purpose of this research is to study the competitiveness of XY cement company brand with others competitors available in the market. The variables developed to facilitate these studies are brand knowledge, brand positioning, and purchase intention. A survey of 87 customers was used as respondent to examine the competitiveness of XY cement company brand. The result of the study showed that quality is the main concern of the customers, which highly influence to purchase intention. The study also reveals that good pricing strategy is lacking from the current management, which affect the customer purchase intention for the brand. Recognizing some of the weaknesses in the current practice, the study provides a clear prescription as to what companies should do in order to create a strong brand in the market. A combination of superior quality and good pricing strategy will increase customer intention to purchase the brand. When customers willing to pay a premium for their brand of choice, the brand can become a strong brand and company's most valuable assets*

**Keywords:** Branding, Branding Strategy

## 1.0 INTRODUCTION

A brand has been defined as a name, symbol, design, or mark that enhances the value of product beyond its functional value. It has also been defined as 'a name, term, sign, symbol, or design, or combination of them which is intended to differentiate them from those of competitors' (Kotler, 2005). Brand help the firm establish an identity in the marketplace and differentiate a company's position from

competitors to avoid direct price competition at retail (Aaker, 1996, Berthon, Hulbert & Pitt, 1999). Brands facilitate the introduction of a new products and helps segment markets by enabling the marketer to communicate a coherent message to a target customer group (Berthon, Hulbert & Pitt, 1999). Brand also provides the basis for brand extensions, which further strengthen the firm's positions and enhance value (Aaker, 1996).

For consumers, brands simplify the decision making process. Brands stand for some indication of products features and quality. They help buyers identify specific products, therefore reducing search costs and reducing the buyer's perceived risk of purchasing the product. In addition, the buyer receives certain psychology rewards by purchasing brands that symbolize a desired lifestyle and social status, thus reducing the social psychological risks associated with owning and using the 'wrong' products.

Brand competitiveness may enhance market share, increase profits, enable organizations to charge higher price, create customer loyalty, or even help override occasional failures in the eyes of the consumers. Literature suggests that brand competitiveness is characterized by perceived quality (Aaker, 2000; Berry 2000), perceived uniqueness/differentiation (Berry, 2000; Young & Rubicam 2001), imagery (Biel, 1997) and deep consumer relationships (Berry, 2000).

This study observes the relationship between different components of brand competitiveness and customer's purchase intention. The result may help researcher and marketers better understand the relative contribution of each

component of brand competitiveness to consumers' purchase intentions.

## 1.2 Statement of the Problem

Organizations develop brands as a way to attract and keep customers by promoting value, image, prestige, or lifestyle. They may enjoy a trust or customer loyalty if they are able to differentiate the brand from the competitor. Some of the brands have through a change in the organization, but is able to maintain the customer due to strong branding. A weak brand might not be able to retain the customer during the transition. In this research, it is interesting to know whether the customers are still able to recognize the 'X Brand' even though it has been known as XY after being taken over by XY company. It is also important to know whether XY cement brand can maintain its reputable quality and an omission of the word 'X' from XY cement brand will affect the customers in perception towards the brand.

When a brand earns the trust and loyalty of a customer, the customer is more apt to repeat the positive experience rather than experimenting with untested competitive product. A recent study by Bob Pasikoff, President of Brand Keys, indicated that increasing a customer's loyalty by 5 percent can result in increase lifetime profits for this customer by as much as 95 percent. In this research, XY management is planning to phase out the XY cement brand and replace it with a new brand that is cheaper to produce. This will raise the question of whether customers can accept the change or not.

Customers in general do not have a relationship with a product or service; they have a relationship with a brand. A strong brand is likely to have high customer's purchase intention. In this research, the brand was highly demanded by customer during previous management. Therefore, it is crucial to know whether the customer's purchase intention is still high for the brand under a new management.

A new management has the tendency to change or introduce a new brand in order to compete and sustain in the market. The future of XY cement brand which is a premium brand is also in question when the management intends to introduce alternative brand of lower quality. This new product (lime stone cement) will become a

close competitor for OPC and has been accepted as OPC substitute in other region. Thus, it is a priority to know how competitive is the XY cement brand in the market, to measure the customer knowledge on the brand, their future purchase intention brand, the brand image, the brand performance, and the brands symbolic function before making any new brand strategy.

## 2.0 LITERATURE REVIEW

Organizations develop brands as a way to attract and keep customers by promoting value, image, prestige, or lifestyle. They may enjoy a trust or customer loyalty if they are able to differentiate the brand from the competitor. Some of the brands have through a change in the organization, but is able to maintain the customer due to strong branding. A weak brand might not be able to retain the customer during the transition. In this research, it is interesting to know whether the customers are still able to recognize the 'XY cement brand' even though it has been known as XY cement brand after being taken over by XY Company. It is also important to know whether XY cement brand can maintain its reputable quality and an omission of the word 'X' from XY Company brand will affect the customers in perception towards the brand.

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## **2.1 Brand knowledge**

Brand knowledge can be defined as items of brand information that are interconnected by links to form an association network (Keller, 1998). It relates to the personal meaning about a brand stored in the consumer memory, including all description and evaluation of brand related information (Keller, 2003). Brand knowledge is characterized in terms of two components: brand awareness and brand image. Brand awareness is the strength of the brand node or trace in memory, as reflected by consumer's ability to identify the brand under different conditions (Rossiter & Percy, 1987). Brand awareness is composed of brand recognition and brand recall. Brand image is defined as consumer perception of a brand as reflected by the brand associations held in consumers' memory (Keller, 1998). Brand knowledge influences the retrieval of product associations and evaluations of the brand (Dawar, 2001). Awareness of the brand and the favorability, strength, and uniqueness of the brand association in consumer memory affect consumers' brand choice and purchase intention (Keller, 1998). Brand loyalty is thought to involve the retrieval of an application of positive associations across successive purchase occasions (Rpehm, 2002)

## **2.2 Brand Awareness**

Brand awareness is defined in terms of the consumers' ability to associate a brand with its products category (Aeker, 1991). It refers to the strength of the brands' presence in the consumer's mind. Brand awareness is a rudimentary level of brand knowledge involving, at least, recognition of the brand name (Hoyer & Brown, 1990). Brand awareness represents the

lowest level of brand knowledge. And may include brand recognition & brand recall. Brand recognition is the process of perceiving a brand previously encountered (Mandler, 1980). It reflects familiarity gained from past experiences (Aeker, 1996). Brand recognition relates to consumers ability to confirm prior exposure to the brand when given as a cue (Keller, 1998). It requires that consumers can accurately identify the brand as having been seen or heard previously. However, a brand to have recalled if it comes to consumer's minds when its products category is mentioned (Aeker, 1996). Brand recall is consumers' ability to retrieve the brand from the memory when given the product category, the needs fulfilled by category, or purchase or usage situation as a cue (Keller, 1998). Brand recall is a higher level of brand awareness than brand recognition. It is generally easier to recognize a brand than it is to recall it is from memory (Keller, 2003). For example, a consumer may recognize a brand but be unable to recall it.

Brand awareness is affected by factors such as advertising exposure and word of mouth (Hoyer & Brown, 1991). Brand awareness has considerable effect on consumer choice. It plays an important role in influencing consumer's purchase decisions (Keller 1998). Research by Hoyer & Brown (1990) demonstrated that brand awareness is a prevalent choice tactic among inexperienced consumers facing a new decision task. Consumers who are aware of one brand in a choice set tend to choose the known brand even when it has lower quality than other brands they don't know.

There are several advantages of creating a high level of brand awareness. First, it is important that the brand comes to consumers' mind when they think about the product category (Keller, 1998). Brand awareness leads to the likelihood that the brand will be in consumer's consideration set (Baker, 1986; Nedungadi, 1990). Increasing brand awareness may be effective in increasing choice probabilities and serious consideration for purchase. Second, in low involvement decision making settings, a minimum level of brand awareness may be sufficient for product purchase decisions. Consumers may depend on brand awareness to make purchase decision when they have low involvement (Hoyer and Brown 1990). Third, brand awareness triggers difference in information processing (Hoyer and Brown

1990). A brand image is created when a brand node has been established in consumer memory.

The brand node should affect how different kinds of information can become attached to the brand memory. Thus, brand awareness affects consumers purchase decision making by influencing the formation and strength of brand association in the brand image (Keller, 1998)

### **2.3 Brand Image**

Brand image is described as attributes and association that consumers connect to the brand name (Aaker, 1996; Keller, 1998). These 'evoked associations' can be specific perception of functional attributes, such as speed or user friendliness. They can also be emotional attributes, such as excitement, masculinity, fun, or innovation. Brand image is composed of image drivers which are the intangible symbolic benefits associated with the brand name and are used to satisfy emotional, social and other perceived needs of consumers (Neal, 1997). Many brand image drivers are related to self-image (self-concept), lifestyle, and trustworthiness.(Neal & Bathe, 1997)

Brand image is thought to be combination of the favorability, strength, and uniqueness of brand associations (Keller, 1998). The favorability, strength, and uniqueness of brands associations are the dimensions that play an important role in determining the differential response to branded products. A positive brand image is created if there is strong, favorable, and unique associations linked to the brand (Keller, 1998)

## **3.0 RESEARCH FINDING**

Data analysis discuss based on finding from questionnaires that have been distributed to the XY company customer around Johor.

### **3.1 Finding for Research Objective of This Study**

*ROI: To measure customers' awareness and knowledge on XY cement brand.*

The findings show high customer's awareness and knowledge towards the brand. Most of the customers recognize XY cement brand as the superior in quality in the market compared to other brands. Analysis on the brand recognition

shows consistently of the respondent answer. In this study, difference in the color of the cement has differentiated the brand from other competing brand. The result is consistent with the image of the brand. The consistency of brand performance was able to influence customer's repeat purchase behavior. Lastly, there is a lower tendency among the respondent to change to other brand. There is also a low tendency among the customer to look for other retailer.

*RO 2: To study XY Cement Brand position compared to other Competitor.*

Under this section, XY cement brand has been positioned as the most preferred brand for quality, delivery and service. However, XY cement brand has been positioned as the most expensive in the market compare to other competing brands. The price was high due to lower discount offered by the manufacturer. Despite unfavorability in price, customers still prefer the brand due to its outstanding performance.

*RO 3: To understand customer's purchase intention.*

From the analysis, it seems that customers face lower risk when they purchase this brand. These are contributed by the performance of the brand. It can also be noted that there is significant relationship between brand name and the customer's purchase intention. The result is consistent with the other purchase intention answers.

In conclusion, the results of analysis showed that the variables in the dimensions of customer awareness and knowledge were all positively related and had a positive effect on consumers' purchase intentions. This brand is still able to maintain its reputation and retain customers through brand and differentiation. Despite a close competition from Company A, XY cement brand would be able to maintain its customer as long it can maintain its reputable quality. It is important to the XY management to create another product which is lesser quality and cheaper than 'XY' to cater to different market segmentation.

#### 4.0 CONCLUSION

Today's customers are highly sophisticated and confident in their own ability to choose a brand. They do not have a relationship with a product or service, but do have a relationship with the brand. When customers are willing to pay a premium for their brand of choice, the brand can become a strong brand and company's most valuable asset.

In this study, the researcher has noted that XY cement brand is well recognized by most of the customers for its superior quality in the market. Further analysis reveals that high level of knowledge and awareness among customers are some of the factors are contributing to the success of the brand. The brand has also earned high position for its quality, service and delivery. However, price is not a favorable factor in purchasing this brand. Therefore, XY management should look into this aspect by introducing more attractive pricing strategies.

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