

## Study on Brand Competitiveness and Customer Purchase Intention

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### Abstract

The organizations' develop brands as a way to create and attract new customers by promoting value, image, loyalty, prestige and lifestyle. They may enjoy a trust or customer loyalty if they 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. The purpose of this study is to examine the importance of brand competitiveness in the cement production industry for Company XYZ. For the purpose of this research, both open-ended and the closed questions were adopted in the questionnaire design. Results indicated that the level of knowledge and awareness among customers are some of the factors contributed to the brand success for Company XYZ. Based on the findings, this study has addressed some recommendations in order to create confidence among customers and encourage more customer involvement.

**Keywords:** Brand competitiveness, purchase intentions, decision making process

### 1 Introduction

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 (Ahmad & Sapry, 2008; Aaker & Joachimsthaler, 2000). Previous research argued that brand competitiveness is characterized by perceived quality (Aaker, 2000), perceived uniqueness/differentiation (Berry, 2000; Pahud de Mortanges, & Van Riel, 2003), imagery (Biel, 1997) and deep consumer relationships (Berry, 2000). Indeed, the brand competitiveness can be defined in more broad perspective included the business, industry, regional and international level (Xiangming & Haimei, 2011). The study by Jin and Kang (2011) on consumer buying behavior in China on US products revealed that the attitude towards the brand from US is a major intention of purchasing. Here, the attitude included the evaluation based on the attributes that contribute to generating favorable toward US brand apparel. Furthermore, empirical evidence indicated that there was strong positive relation between customer purchase intention and brand equity as predicted by Aaker brand equity ten models based on study by Bian and Liu (2011) in the hotel industry.

When a brand gained the trust and loyalty of customers, they more likely to repeat a positive experience rather than make the experiment from an unknown product. A study by Bob Pasikoff, President of Brand Keys, pointed out that increasing a customer's loyalty by five per cent can result in increased of consistent profits for this customer by almost 95 per cent. Customers in general do not have a loyalty with a product or service. A strong brand is likely to have high customer's purchase intention. 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 'YZ Company Brand' even though it has been known as in different brand after being taken over by XYZ Company. It is also important to know whether XYZ Company Brand can maintain its reputable quality and an omission of the word 'Brand XYZ' from YZ Company brand (just use XYZ Company name) will affect the customers in perception towards the brand.

A preliminary survey was carried out to get feedback on a new product and the current position of XYZ Brand. The results of the survey are summarized as follows: (1) most of the customer such as distributor, developer, contractor, hardware retailer, (2) the Concrete Product Manufacturing (CPM) perceived XYZ Cement brand as the most preferred bag cement brand compared to other competitors; buying criteria for XYZ Brand is ranked according to quality, price, delivery and service; and (3) the strength of the cement is the main concern for the most of the customers.

Indeed, a new management has the tendency to change or introduce a new brand in order to compete and sustain in the market. 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. In this research, XYZ Company management is planning to phase out the XYZ Company 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. The purpose of this study is to examine the importance of brand competitiveness in the cement production industry for XYZ Company.

## 2 Literature Review

The consumer decision making process model indicated that a purchase and/or intent to purchase is often influenced by three factors such as: (1) risk, (2) knowledge, and (3) involvement.

**Risk.** With any purchase, the consumer assumes some level of risk. Taylor (1974) pointed out that the risk made from alternative can be differentiated into two outcome and consequence. Here, perceived risk that refers to the nature and amount of risk that should be considered by consumers before making purchase decisions. According to perceived risk theory buyers tend to minimize the risks and maximize the positive results from all purchases made whether it is expected or vice versa (Samadi & Yaghoob-Nejadi, 2009). Dowling (1986) made several proposition with respect to risk, the most applicable to current endeavour are: (1) product can be meaningfully ordered with respect to their risk ness, and (2) perceived risk affect. Dowling (1986) noted that consumer involvement with the purchase decision influence the person's perception of risk. Indeed, Boshoff et al. (2011) pointed out that the consumers are more likely to find information on-line about the product information rather than actual purchases to reduce the risk of purchase.

**Knowledge.** In practice the consumers' knowledge about products and brands might be different depending on their personal experiences. For example, one consumer might be knowledgeable about the consumption need for cement plastering but not in the concrete. These experiences and knowledge have important consequences on consumers' purchase activities. Bian and Moutinho (2011) argue that the more knowledgeable the customers the more they aware about the fact. Moreover, Gupta et al. (2010) has summarizes the role of brand knowledge as a dimension to create awareness during the purchase intention. This intention comes from the positive knowledge about the brand itself. Therefore, it can be concluded here that the knowledge about brand resulting positive knowledge preferences on making purchase decisions.

**Involvement with a Product Category.** It is important to take consumer involvement into consideration in the study of impact of brand competitiveness on consumers' purchase intentions, as involvement is considered as antecedent to information processing and purchasing decision making. Involvement is defined as the motivational state of a consumer in a brand choice process. Consumer involvement reflects how motivated the consumers are to make a good choice. Involvement influence the cognitive effort expended in pre-purchase information search cognitive processing of information. Involvement affects a person's general approach to the consumer's decision process

from pre-search through post –purchase evaluation. Depending on their level of involvement, individual consumers differ in the extent of their search for information. Different levels of involvement may lead to different perception of product attributes, length of the choice process, willingness to reach a maximum or a threshold level of satisfaction, and commitment to brand choice (Khan, 2006).

Meanwhile, product categories indicate the importance of the individual involvement and value. During the process of brand choice, highly-involved consumers will use more criteria to compare brands and make purchase decisions than other consumer. Therefore, consumers are likely to make different evaluation of brand competitiveness dimensions in the process of brand choice depending on the level of their involvement with the product category. Integrating consumers’ involvement into brand competitiveness dimensions is essential to understand how brand competitiveness influence consumer’s purchase intentions differently depending on consumers differently level of involvement.

### 3 Methodology

Based on the previous research, scales for this study were identified and developed to measure each of these components of brand knowledge and purchase intentions. On the measurements scales, the Likert scale was used as measurement to represent the position of each components of brand knowledge. In this research, both open-ended and the closed questions were adopted in the questionnaire design. Open-ended questions give the respondents to answering the questions in a way they want while closed-ended questions limit the respondents feedback based on choices set of alternatives given by the researcher (Sekaran, 2003).

### 4 Results and Discussion

This section discussed the finding from the survey questionnaires that have been distributed to the respondents around Johor, Malaysia. From 148 questionnaires distributed to various respondents only 87 questionnaires were completed and returned to the researcher. The demographical results were shown in Table 1. As indicated, majority of the respondents represent from the hardware retailers and distributors (58.6 per cent) and contractors 24.1 per cent and finally concrete product manufacturing 5.7 per cent.

Table 1: Demographical Analysis

Items	Frequency	Percent (%)
<b>Business Categories</b>	51	58.6
Hardware retailer	51	58.6
Distributor	10	11.5
Contractor	21	24.1
Concrete Product Manufacturing	5	5.7
<b>Business Experience</b>		
Between 7 to 12 months	4	4.6
Between 1 to 2 years	2	2.3
Between 2 to 3 years	4	4.6
Between 4 to 5 years	11	12.6
More than 5 years	18	20.7
<b>Customer Consumption</b>		
Less 50 tons	24	27.6
Between 51 to 100 tons	24	27.6
Between 101 to 150 tons	14	16.1
Between 201 to 250 tons	8	9.2
More than 250 tons	17	19.5
Total	87	100

The finding also demonstrated that most of the respondents have been using *XYZ Brand* for more than three years or 88.5 per cent of the total respondents. As shows in table above, most of the

respondents were from small buyers. From the results, 55.2 per cent or 48 of the respondents purchase less than 100 tons per month. This can be explaining due to the fact that most of customers are hardware retailers that sells to the end users.

**Brand Recognition.** Results indicated that 81.6 per cent respondents were agreed that they know *XYZ Brand* very well. This indicates that *XYZ Brand* is well recognized by most of the respondents and able to maintaining customers' loyalty. Meanwhile, only 18.4 per cent of the respondents were not sure whether they really know the brand. The finding illustrated a slight difference from the expected result of 100 per cent. This group of respondents purchase *XYZ brand* as an alternative cement brand for their stock. Respondents such as contractors might not rely on only to one brand due to risk of insufficient stock. Despite the result, most of the respondents are still able to identify the *XYZ Brand* among the other cement brands. The finding of the result indicates a few possibilities;

- i. Respondents are more concerned on the performance of the cement (quality, price, delivery and service) rather than the brand of the cement.
- ii. Respondents perceive '*XYZ Brand*' is always the brand for Ordinary Portland Cement (OPC) even tough without the '*XYZ*' word on the packaging.
- iii. Customers feel confident that any OPC brand by *XYZ Company* will be as equally good in term of performance.
- iv. The company alone has successfully promoting itself as a cement brand.

**Brand Differentiation.** It is important for the cement brands to differentiate itself from others. This is due to the stagnation of the cement technology. Result shows that 72.4 per cent of respondents agree and strongly agree that they are able to tell the differences of *XYZ Brand* compare to other. The differences mainly due to the color of the cement which is darker than other cement brand. The color of cement functional as indicator of the cement strength set by the manufacturer.

**Purchase Intention.** Purchase intention is an important variable that without it, the sale of *XYZ Brand* will not be successful. The finding shows that the customers have high purchase intention towards this product. Results indicated that 32.2 per cent respondents are very likely and 37.9 per cent are likely to purchase *XYZ Brand*. Another 29.9 per cent of the respondents are not sure with their intention.

**Repeat Purchase Behavior.** The finding on the repeat purchase behavior indicated that 34.5 per cent of the respondents agree and 25.3 per cent strongly agree that they usually purchase this brand. The finding shows that the respondents have high confidence on the quality of the cement which can meet their functional needs. Basically, a tendency of the respondent to change to other brand is quiet low. The analysis shows that almost 60 per cent of the respondents have low intention towards other competing brands which confirms their favorability towards this brand. The strength of the brand also influences the favorability of this brand. The result reveals that almost 80 per cent of the respondents' customers only purchase this brand from them.

**Customer's Purchase Intention.** It is important for marketers to understand customer's purchase intention for their sales plan. A strong brand normally should have high purchase intention compared to weak brand. One of the factors influencing the purchase intention is risk. Every time customers purchase cement, they normally were face two risks of uncertainty, outcome and consequences. From the analysis, almost 80 per cent have no doubt with the performance of this brand compared to 20.7 per cent of the customers who are unsure on the performance of *XYZ Brand*. The results might not refer solely to the quality of the cement. It is probably the overall perception of the performance of the brand which includes delivery and service. *XYZ Brand* has earned a reputation as the most reliable cement in term of strength and workability. These facts have been acknowledged by the Public Work Department (PWD) who had conducted the strength test. The study might encourage more customers to consider in this brand especially when handling government project.

The above findings are also in line with the repurchase intention among customers of *XYZ Brand* where more than 80 per cent of the customers will increase their purchase of this brand compared to

previous year. The finding explains why this brand is still the preferred brand for Ordinary Portland Cement (OPC).

## 5. Recommendations

Based on the analysis and discussion, there are several recommendations to be considered by the management.

**Introducing customers with appropriate application of cement.** Presently, Ordinary Portland Cement product was used for multipurpose projects including structural, walling, plastering and etc. These types of jobs require different strengths of cement depending on the complexity of the application. It will be a functional waste and it may cause confusion to the customers if the same cement strength is used for different purposes that require different strengths. *XYZ Brand* should offer different categories of cement for different application. This will educate the customers on the right use of cement for different applications. It will also create uniqueness for the brand and differentiate it from the conventional Ordinary Portland Cement brand.

The introduction of appropriate application of cement will be able to enhance customer awareness and knowledge about *XYZ Brand*. It can enhance the brand competitiveness to cater to the different market segment.

**Pricing Policy.** *XYZ Brand* is known as the most expensive brand in the market due to the quality of the cement and pricing policy of the brand. This policy could affect the sales of the brand in a long term since competitors are offering better prices in the market. To overcome this issue, it is advisable for the management to implement different pricing categories for different qualities. This will help the brand to eliminate the discount and at the same time promote the premium price. The policy can only materialize with the introduction of different application cement for what brand. This policy will also strengthen the brand competitiveness by offering practical prices for different types of products and usages.

**Advertising.** One of the weaknesses of *XYZ Brand* is the lack of advertising to promote the awareness and knowledge among the customers. The cement brand is spread to the market through word-of-mouth of the user. The management should be more aggressive in promoting the brand and this can be achieved through active branding activity. Without strong advertising, efforts to increase the customer awareness and knowledge will not be successful.

**Innovation in sales.** Another way to increase the customer awareness and knowledge is through the innovation in sales. It can be done through the implementation of web sales which enable customer to access on the product line. This will help to reduce a lot of cost in terms of money and time spending compare to the traditional practice. Customers will be closer to the brand and increase the possibility of purchase.

**Rebranding of Ordinary Portland cement.** Despite high recognition from customers, *XYZ* management should consider rebranding the brand due to stiff competition in the market. The Brand name should be changed from the *XYZ Brand* to OPC cement. The position of *XYZ Company* as the largest cement manufacturer in the world will create confidence among customers and encourage more customer involvement. The rebranding will not risk the future of the brand as the customers have recognized the quality of the brand very well.

## 6. Conclusion

Today's customers are highly sophisticated and have more confident in their own ability to choose a brand. When customers are prepared to make a choice of the brand that they are willing to pay, that brand can then be a strong brand and valuable asset to the company itself.

In this study, we have noted that *XYZ 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, XYZ management should look into this aspect by introducing more attractive pricing strategies. This study is part of the effort to increase *XYZ Brand* competitiveness. Further study should be considered by XYZ management if they are interested in future development of their brand. Following are the proposed area for future study.

- i. Based on the result, price is not a favorable factor to purchase this brand. Therefore, a further study is needed to understand the relationship of pricing and customer's purchase intention.
- ii. This is useful for a proper mapping for *XYZ Brand* against the other competing brand.

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