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I WANT THAT SMARTPHONE! SOURCES OF BRAND EQUITY

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Abstract

This research aims (i) to explore the influence of an individual's attitude towards advertising, brand origin and country of manufacture on brand equity creation; and (ii) to analyse brand typicality as moderating the effect of brand origin macro image on perceived quality. A conceptual model is proposed and applied to a sample of 305 Portuguese consumers of Smartphones. The proposed model was tested considering Apple, Nokia and Samsung. The results show that individuals' attitudes towards advertisements has a positive impact on brand equity creation, whereas country of manufacture does not influence significantly and brand origin has only a partial influence. Brand typicality exerts a significant direct effect on brand equity dimensions but does not have a significant moderating effect.

Keywords: *Brand Equity; Advertising; Brand Origin; Country of Manufacture; Smartphones.*

Theoretical Background

Advertising, as a tool of communicating a brand's features and emotions, the rational and the emotional appeal, may create favourable and unique associations, brand awareness and higher perceived quality (Keller, 2007; Moorthy and Hawkins, 2005). Previous studies have pointed out the favourable influence of individuals' positive attitudes towards advertisements on brand equity (e.g., Keller and Lehmann, 2003; 2006; Buil, de Chernatony and Martínez, 2013). Several previous studies point out two components to conceptualize the country-of-origin image: micro and macro image (Pappu, Quester and Cooksey, 2007; Hamzaoui-Essoussi, Merunka and Bartikowski, 2011). Micro and macro images may influence brand equity differently (Hamzaoui-Essoussi et al., 2011). Brand origin and the origin of manufacture may impact on brand equity differently depending on the product category (e.g., Pappu, Quester and Cooksey, 2007; Hamzaoui-Essoussi et al., 2011). Thakor and Lavack (2003) argue that the effect of brand origin on the purchase intention process is more important than the effect of the country of manufacture. Samiee (1994) states that if consumers are really sensitive to the country of manufacture effect, then companies should consider their production strategies according to consumers' perceptions and not make decisions based on cost efficiency and production cost logistics.

Attending on previous studies and considering the presented aims, the current study developed eight hypotheses. The first five are related to antecedents of brand equity. The hypotheses 6 and 7 propose the relationship among the core assets of brand equity and the last one posits that brand typicality moderates the relationship between brand origin macro image and the dimensions of brand equity: perceived quality and awareness/associations.

Methodology

The current study uses three questionnaires; one for each brand, and each participant only completed one version of the questionnaire and evaluated only one brand. A pilot sample with ten consumers was used to ensure that the wording of the questionnaire was clear and only a few adjustments were made. Data collection used self-administered questionnaires and took place at several locations in Greater Lisbon using quota sampling, by age and sex,

according to the latest Census of the Institute of National Statistics (regarding people between 16 and 74 years old). Of the 310 questionnaires received, 305 were valid and the data from these was analysed.

Conclusions

The findings show that an individual's attitude towards ads may be regarded as a determinant of brand equity in the Smartphone context. The importance of using original, creative and different advertising strategy emerges as essential in creating brand equity, which is in line with the findings of Buil et al. (2013) for sportswear, consumer electronics and cars. In fact, innovative advertising may be more effective at capturing consumers' attention and enhancing brand awareness and perceived quality at the same time as creating unique associations (Villarejo and Sánchez, 2005; Wang et al., 2009). The findings suggest that consumers' perception of quality does not depend on country of manufacture. Nevertheless, the country where the Smartphone brand was created can influence perceived quality. Brands like Nokia may benefit if consumers perceive that the brand's country-of-origin has a high level of industrialization and technological and economic development. By contrast, brands more representative of Smartphone benefit from enhanced perceived quality if consumers believe the features of the brand are well suited to its country-of-origin. The fact that China manufactures these two brands does not affect the dimensions of brand equity unfavourably or significantly. Thus, according to Ashill and Sinha (2004), brand origin has a much greater impact than the effect of the country of manufacture on consumers' perceived quality and intentions to purchase.

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