Enhancing purchase intention through marketing activities and brand equity: An exploration of local brand coffee bar in Thailand

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Abstract

Due to marketing activities, brand equity is the important marketing thought for academic and entrepreneur practices. Creating an appropriate brand equity management has been indicated significant topic for small and medium enterprises. Along with local brand coffee bar in Thailand, with the growing competitive, the customer of local brand coffee bar behaves like a high switching brand and a low brand loyalty. This quantitative study examines significance of marketing activities and brand equity dimension, such as brand awareness, brand association, brand perceived quality and brand loyalty, to enhance purchase intention in local brand coffee bar in Thailand. The customers of local brand coffee bar are attended to collect data in Chiang Mai, which is the one largest city in Thailand. For supporting the research, hypothesis was employed by the structural equation modelling. The results argue that marketing activities and brand awareness have a high strong combined enhance on purchase intention.

Keywords: Brand equity, service marketing mixed, purchace intention, local brand, coffee bar.

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1. Introduction

Brand equity is as the feedback of customers' perception towards brand (Keller, 1993). It can lead to the customers' trust on brand and the repurchasing decision, including increase the efficient marketing program as well as help marketers in developing marketing strategies along with the effective brand expansion (Peter & Olson, 2008). It also results in the increase of sale volume of organisations, which indicates much the increase of marketing share as well (Helander & Khalid, 2000). Therefore, the brand equity according to the customers' point of view has played an important role in the success of marketing (Aaker, 1991).

In Chiang Mai, coffee shop business has the high rate in expansion rapidly and also the high competitive business. This type of business in Chiang Mai can be categorised into two group based on the brand level as Local Brand and Global Brand (Kamkankaew, 2015). Due to the highly competitive environment of the coffee bar business in Chiang Mai, coffee shop entrepreneurs focus more on the branding. The branding helps businesses with lower cost of distribution. Moreover, enhancing brand awareness will help strengthen the marketing communications efficiently (Keller, 1993). Consequently, creating brand equity through marketing mix can increase the potentiality of competitive coffee shop business in Chiang Mai (Atilgan, Aksoy & Akinci, 2005).

According to the mentioned review, the researchers are interested in studying the influence of marketing mix and the brand equity value of customers affecting the willing to buy drink in local coffee shops in Chiang Mai. Intentionally, the study results will be useful for the local coffee shop entrepreneurs in managing brand and developing brand equity of coffee drink from the view of customers influencing purchase intention. As a result, it will increase marketing capabilities in the long term effectively.

2. Research objective

To investigate marketing activities and brand equity dimension, such as brand awareness, brand association, brand perceived quality and brand loyalty, to enhance purchase intention in local brand coffee bar in Thailand.

3. Literature review

3.1. Purchase intention

Purchase Intention is the reasonable process relating to customers' mind which links to the purchase planning with the consideration of product benefits. This is relevant to the needs of themselves; it reflects to the confidence towards brand and affects purchasing behaviour in the future (Kim & Pysarchik, 2000; Zeithaml, Parasuraman & Berry, 1990).

3.2. Effect of service marketing mix towards brand equity

Marketing mix refers to the process outcome and marketing activity management deriving from the combination of internal and external market. It mainly focuses on serving customers' needs with the best method and benefiting towards marketing process of the organisation. The elements of marketing mix are as the significant factors which affect marketing process as well as evaluation of marketing process which relates to market and finance of organisations (Aghaei, Niknam, Azizipanah-Abarghooee & Arroyo, 2013).

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Borden has proposed the concept of marketing mix of manufacturers since 1964, with 12 elements. Then, McCarthy (1964) has come up with four P's (Product, Price, Place and Promotion). Moreover, Zeithaml and Bitner (2000) has presented that the service marketing should consist of seven P's as People, Physical evidence and Process. Later, Lovelock and Wright (2002) has added the eighth P, which is Productivity and Quality. It can be concluded that the elements of marketing mix consist of Product and Service, Price, Place, Promotion, People, Process, Physical evidence and Productivity and Quality. According to the previous studies by Yoo, Donthu and Lee (2000), Evanschitzky and Woisetschlager (2009), Chattopadhyay, Shivani and Krishman (2010), Hu (2011), Kim and Hyun (2011), Huang (2012), Aghaei et al. (2013) and Hasangholipour, Mostaghimi and Ahranjani (2014) indicated that the service marketing mix has an influence on the brand equity. Thus, this study proposes the hypotheses as:

Ha 1 Service Marketing Mix is positively related enhance to Brand Awareness.

Ha 2 Service Marketing Mix is positively related enhance to Brand Association.

Ha 3 Service Marketing Mix is positively related enhance to Brand Perceived Quality.

Ha 4 Service Marketing Mix is positively related enhance to Brand Loyalty

3.3. The impact of customer-based brand equity towards purchase intention

The concept of brand equity is divided into two dimensions as Financial-Based Brand Equity Perspective (Kapferer, 1997; Simon & Sullivan, 1993) and Customer-Based Brand Equity Perspective (Aaker, 1991; Keller, 1993). This study emphasises on the influence on the elements of brand equity from Customer-Based Brand Equity Perspective towards purchase intention of coffee drinking. Therefore, the researcher could not implemented Financial-Based Brand Equity Perspective on this study since the data of sale volume, benefits and marketing shares are taken from sale, accounting and financial reports without the survey of customers. Consequently, the elements of brand equity for this study are brand awareness, brand association, brand perceived quality and brand loyalty as the following details:

Brand Awareness is the customer capability in recognising brand and remembering brand by their memory (Keller, 1993). The concept of Aaker (1996) shows that there are five aspects of brand awareness which are brand awareness, brand recall, the best known brand, brand positioning and brand familiarity (Davis, Golicic & Marquardt, 2009; Lee & Leh, 2011; Pappu, Quester & Cooksey, 2006; Yoo et al., 2000).

Brand Association is the customer attribution linked to the memory of customers to the brand (Aaker, 1991), this concept is compatible with Keller (1993), his point of view is the association of brand towards customers consisting of attributes and benefits, including positive attitude towards brand reflecting to the customer satisfaction towards brand. Aaker (1996) states that the brand associations consist of three aspects as value, personality and association with the organisation (Lee & Leh, 2011; Pappu et al., 2006; Tong & Hawley, 2009; Yoo et al., 2000).

Brand Perceived Quality is the most importance of the brand. Customers perceive brand equity through the quality of products that they experienced; therefore, brand perceived quality has the linkage with purchase decision (Aaker, 1991). Besides, Villarejo-Ramos and Sanchez-Franco (2005) state that the brand perceived quality is the widely accepted concept as an element towards customer behaviour. The opinions of customers towards quality on features and brand are the process which evaluates the quality indicator perceived by customers. The concept of Aaker (1996) shows that the brand perceived quality has five aspects as quality level, stability of quality, brand leadership, brand popularity and innovation (Atilgan et al., 2005; Tong & Hawley, 2009; Yoo and Donthu, 2001).

Brand Loyalty is the main dimension of brand equity as the first priority. It shows the faithfulness and satisfaction of customers towards the brand. It also helps to control the marketing cost and protects the competitors of the same market (Aaker, 1991). The concept of Aaker (1991) is consistent with Assale (1998), he explains that the brand loyalty is when the customers have the positive attitude towards brand which leads to the repeated purchase due to knowing that the products can serve their needs and their satisfaction. From the literature review of the concept by Aaker (1996) shows that brand loyalty employs with four aspects as premium price, satisfaction, recommendation and loyalty (Atilgan et al., 2005; Chen & Tseng, 2010; Tong & Hawley, 2009; Yoo and Donthu, 2001).

According to the previous studies (Jalivand, Samiei & Mahdavinia, 2011; Kamkankaew, 2015; Parkvithee & Miranda, 2012; Senthilnathan & Tharmi, 2012) indicated that the brand equity has an influence on purchase intention. Thus, this study proposes the hypotheses as:

Hb 1 Brand Awareness is positively related enhance to Purchase Intention

Hb 2 Brand Association is positively related enhance to Purchase Intention

Hb 3 Brand Perceived Quality is positively related enhance to Purchase Intention

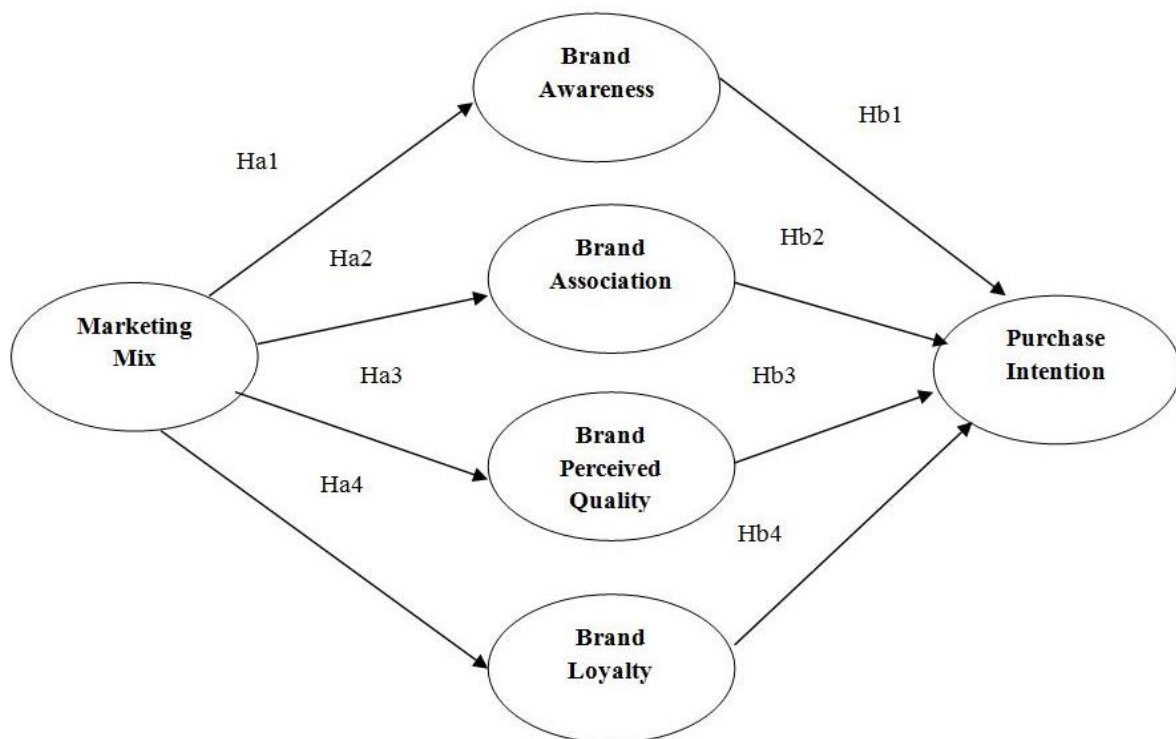*Hb 4* Brand Loyalty is positively related enhance to Purchase Intention

Figure 1. A conceptual framework of study

4. Methods

This study was the quantitative research. The data were collected through document, concept and research studies. The samples were 500 customers who drink coffee in Chiang Mai and these numbers of customers were appropriated as in the good criteria (Tabachnick & Fidell, 2007). The structured questionnaire was implemented for data collection. It is divided into seven-Likert Scale and measured by the score; 7 refers absolutely agree and 1 refers absolutely disagree

(Jalivand et al., 2011). However, the reliability level of the questionnaire to measure the service marketing mix, brand equity and Customer-Based Brand Equity Perspective had the Cronbach coefficient alpha between 0.788 and 0.934. Later, all the data were analysed by Structural Equation Model.

5. Findings

The overall fit measures indicate that this model shows a proper fit. According to the results obtained for the structural modelling, adjustment was acceptable Chi-square = 3.132, degree of freedom = 3, probability level = 0.076, GFI = 0.998, AGFI = 0.956, CFI = 0.999 and RMSEA = 0.065. Some important results must be highlighted. The first place, service marketing mix shows a positively related enhances to brand awareness (β_{Ha1} = 0.451**), brand association (β_{Ha2} = 0.464**), brand perceived quality (β_{Ha3} = 0.530**) and brand loyalty (β_{Ha4} = 0.395**). Second, it should be remarked that brand awareness just shows a positively related enhances to purchase intention (β_{Hb1} = 0.458**). Finally, the research findings do not find empirical evidence regarding the significance of brand association (β_{Hb2} = 0.074), brand perceived quality (β_{Hb3} = 0.107) and brand loyalty (β_{Hb4} = 0.193) on purchase intention. Thus, in the estimated eight hypotheses of this study, five hypotheses were supported (See Table 1 and Figure 2).

Table 1. Result of hypothesis testing

Hypotheses	From	To	Standardised coefficient	*t*-value	*p*-value	Conclusion
Ha1	Service Marketing Mix	Brand Awareness	0.051	11.295	<0.05	supported
Ha2	Service Marketing Mix	Brand Association	0.047	11.695	<0.05	supported
Ha3	Service Marketing Mix	Brand Perceived Quality	0.040	13.979	<0.05	supported
Ha4	Service Marketing Mix	Brand Loyalty	0.052	9.598	<0.05	supported
Hb1	Brand Awareness	Purchase Intention	0.063	7.811	<0.05	supported
Hb2	Brand Association	Purchase Intention	0.059	1.432	>0.05	Not supported
Hb3	Brand Perceived Quality	Purchase Intention	0.058	2.421	>0.05	Not supported
Hb4	Brand Loyalty	Purchase Intention	0.064	3.214	>0.05	Not supported

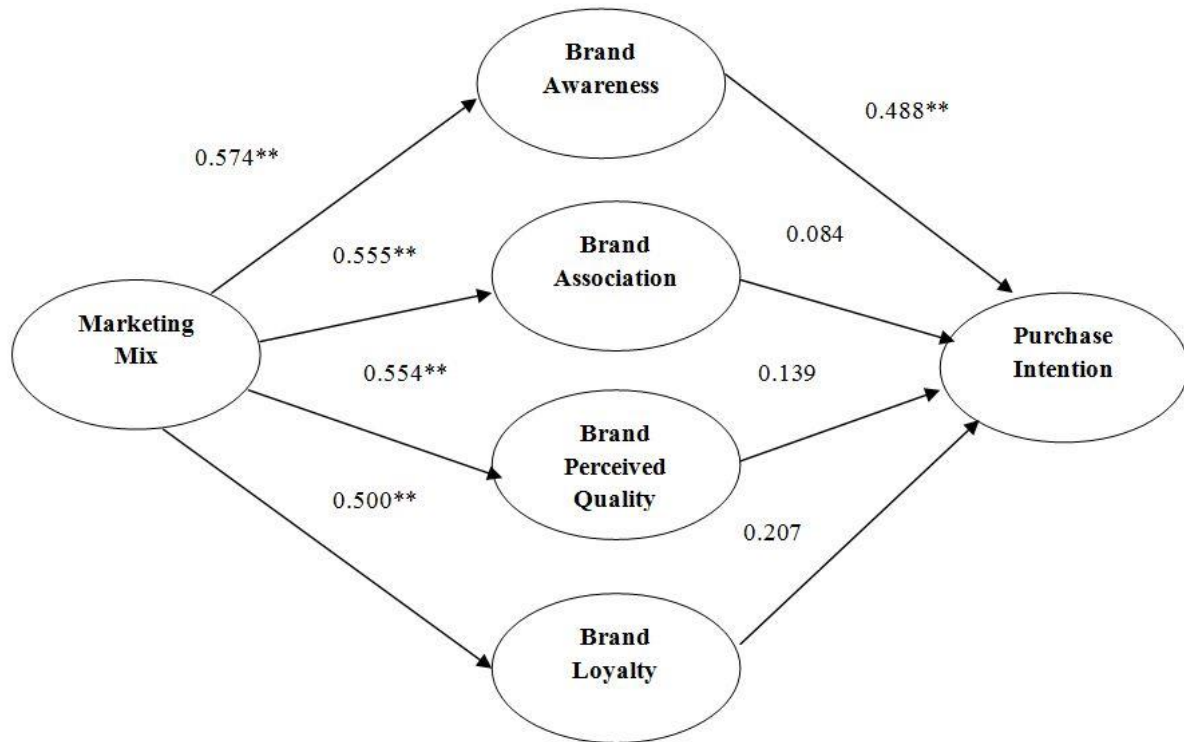*Note*: Explained variance R^2 = 0.60.

Figure 2. A result model of hypothesis testing

6. Discussion

The study tested service marketing mix and Customer-Based Brand Equity to create the purchase intention. Although these results do not completely support all of hypothesis, service marketing mix shows a positively related enhances to brand awareness, brand association, brand perceived quality and brand loyalty. This study found that brand awareness shows a positively strong related enhance to purchase intention of local brand coffee bar in Thailand. The result confirms other research discovery (Jalivand et al., 2011; Kamkankaew, 2015; Parkvithee & Miranda, 2011; Senthilnathan & Tharmi, 2012). Especially, the result show that brand awareness, which has been formed by service marketing mix activities, is highly strong related enhances to purchase intentions. This portend that the strong awareness that promote an aggressively enticing and recognisable brand equity could enhance a supportive awareness and behaviour to a strong brand and lead to purchase intention of local brand coffee bar in Thailand (Jalivand et al., 2011; Kamkankaew, 2015).

7. Implementation and future research

On the basis of the result, the local brand coffee bar in Thailand should improve and updates their brand awareness program to take maximise purchase intention. Moreover, brand awareness increase purchase intention through creating service marketing mix activities. Thus, entrepreneur of local brand coffee bar should periodically review and select their service marketing mix activities and brand awareness program so as to provide the best implementation for their business running in order to produce the result of purchase intention. For future research associated to this topic has massive capability. The impression to improve the copiousness of this study are expanding the other service industries and measuring of the brand equity and purchase intention opposed to beyond sales growth.

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