



**THE ROLE OF BRAND EQUITY IN INFLUENCING PURCHASE
INTENTIONS**

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CHAPTER 1: INTRODUCTION

1.1 Background of the Study

Malaysian market is growing rapidly with its local and national products and services. In today's highly competitive markets with more and more brands available, customers are having various offers of different brands to be chosen from. The increasing numbers of different brands in the market has lead to a need for the brand organizations to maintain and improve the brand equity of the particular product or service.

However, as some researchers had concluded their studies, brands are one of the most valuable assets which a company has (Farquhar, 1989; Aaker, 1991; Kapferer, 1997; Keller, 1998). Brand equity influences the purchase intention of goods (Aaker, 1991, 1996; Yoo and Donthu, 2001). Familiar brand names always resulted in repeat purchasing behaviour.

Brand is defined as the identity of a specific product, service, or business and it could take many forms, including a name, sign, symbol, colour combination or slogan (Aaker, 1991). According to Cobb-Walgren et al. (1995), high brand equity levels are known to lead to higher consumer preferences and purchase intentions, and as stated by Aaker and Jacobson (1994), it will lead to higher stock returns. This can further lead to loyal and satisfies customers whose continued patronage is essential to the growth of sales and profit (Gregory, Smith, and Lenk 1997; Pun and Ho 2001). Therefore, this study attempts to look at the brand equity dimensions which affect the intention to purchase a product or service.

1.2 Problem Statement

Generally, Malaysians prone to purchase a product or service with some distinctive factors like packaging of the product, the price of the product or service, the compatibility of the product or service and many more. Conventionally, customers tend to purchase products based on brands. Their knowledge about the brand helps them to make the purchasing decision. As such, familiar brands will have higher possibility of being purchase.

Despite the growing importance of encouraging Malaysian brands products' purchases, the topic of how the brand equity affects the purchasing intention appears to be under-researched. Brand equity influences the purchase intention of goods (Aaker, 1991, 1996; Yoo and Donthu, 2001). By retesting the most popularly adopted brand equity dimensions, this study aimed to empirically test and investigate how the brand equity dimensions would influence an individual in the purchasing process.

In order to accomplish the above stated goals, this paper offered a brief introduction to brand equity, followed by a review of relevant theoretical literature and a description of the hypotheses of the study. Next, it described the methodology and rationale for measuring the brand equity. Later, the discussions and conclusions followed.