The Effect of Brand Reliability and Brand Intention on Brand Equity

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Abstract: The purpose of this study focuses on the affect of brand trust on brand equity. More specifically, we examine the effect of overall satisfaction on brand trust and brand loyalty and also the effect of brand loyalty on brand equity. The questionnaire was used for measures set of constituent elements of the model. The subjects were 318students that were consumers of mobile phone in Tehran area. The pretest, which measured reliability, asked 47 consumers that they use mobile phone to answer questionnaires. SPSS data analysis indicated that the Cronbach's α of the questionnaires was 0.91. Structural Equation Modeling (SEM) with Lisrel software was used for the data analysis. The results showed that overall satisfaction, brand reliability and brand intention influence brand loyalty. On the other hand brand loyalty had a significant effect on brand equity and also consumer overall satisfaction was considered as a factor influencing brand trust. Based on this finding, organizations should be able to create brand trust among their consumers so that they can establish their competitive advantage based on brand equity and become successful in today hypercompetitive market environment.

Key words: Brand trust, brand reliability, brand intention, brand equity, brand loyalty

INTRODUCTION

Powerful brands create meaningful images in the minds of customers (Keller, 1993). Strong brand provides a host of benefits to a firm, including less vulnerability to competitive marketing actions, larger margins, greater intermediary co-operation and support and brand extension opportunities (Delgado-Ballester and Munuera-Aleman, 2005). Building brand equity is considered an important part of strong brand building (Keller, 1993). Brand equity is supposed to bring several advantages to a firm. For example, high brand equity levels are known to lead to higher consumer preferences and purchase intentions (Cobb-Walgren et al., 1995). Firms with high brand equity are also known to have high stock returns (Aaker, 1996). Successful brand building could strengthen a producer's competitive position to withstand the increasing power of retailers (Park and Srinivasan, 1994). Brand building can also bring advantages such as defending against competitors and building market share (Pappu et al, 2005).

The most recent literature (Falkenberg-Ballester, 1996, Hooley et al., 2005; Srivastava et al., 2001) showed brand equity as a relational market-based and consumer-perspective asset because it exists outside the firm and resides in the relationships of consumer with brands. At the same time, the emergence of relationship marketing as a dominant focus of both marketing theorists and practitioner's offers that trust is the main item on which a relationship is based (Delgado-Ballester and Munuera-Alemen, 2005). In other hand, trust is a fundamental principle of every business relationship (Corbitt et al., 2003) and any successful relationship, from friendship and marriage to partnerships and business transactions, is dependent to a greater or lesser extent upon the degree of trust between the parties (Arnott, 2007) Based on this approach, we examine the relationship between brand trust and brand equity in strong brand building process.

The purpose of this study investigates the affect of brand trust on brand equity. More specifically, we examine the effect of overall satisfaction on brand trust and brand loyalty and also the effect of brand loyalty

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on brand equity. The study of brand trust in the branding literature has not flourished. Much of the interest in this issue has been conceptual or theoretical in nature and there has been little empirical research into it (Delgado-Ballester and Munuera-Alemen, 2005). This lack of research is noted by Chaudhuri and Holbrook (2001) who affirmed that the role of brand trust in the brand equity processes has not been explicitly considered. Delgado and Munuera-Alemen (2005) showed that brand trust is rooted in the result of past experience with the brand and it is also positively associated with brand loyalty which in turn maintains a positive relationship with brand equity. Furthermore, the results suggest that brand trust contributes to a better explanation of brand equity.

Literature review
The Concept of Brand Equity: A brand is a bundle of functional, economic and psychological benefits for the end-user (Ambler, 1995). The equity that the strong brand possesses can give the company a loyal consumer franchise that could bring substantial returns to the firm (Yasin *et al.*, 2007). Nor there is a general agreement among researchers, at the conceptual level about what brand equity comprises (Pappu *et al.*, 2005). The broad meaning attached to the term Abrand equity@ is similar to the definition provided by Farquhar (Farquhar, 1989) as the value endowed by the brand to the product.

The definitions of brand equity can be broadly classified into two categories. Some definitions are based on the financial-perspective and stress the value of a brand to the firm (Kim, 1990, Simon and Sullivan, 1993). Other definitions are based on the consumer-perspective, which define brand equity as the value of a brand to the consumer [19, 20, 1]. When reflecting a consumer or marketing perspective, brand equity is referred to as consumer-based brand equity (Pappu *et al.*, 2005). Keller (1993) referred to brand equity as customer-based brand equity and defined it as Athe differential effect of brand knowledge on consumer response to the marketing of a brand (According to Keller, customer based brand equity consisted of two dimensions B brand knowledge and brand image). Aaker (1991) provided the most comprehensive definition of brand equity available in the literature, defining brand equity as: Aa set of brand assets and liabilities linked to a brand, its name and symbol, that add to or subtract from the value prepared by a product or service to a firm and/or to that firm's customers.

In effect, Aaker (1991) conceptualized brand equity as a set of assets (or liabilities). Brand awareness, brand associations, perceived quality, brand loyalty and other proprietary assets were the five assets of brand equity he

suggested. Therefore, the most recent literature specifically characterizes brand equity as a relational market-based asset. It is primarily relational because, according to the branding literature (Aaker, 1991, Keller, 1993); much of its value is a result of the brand=s external relationships with other members of the value chain (e.g. the distribution system and the final users). This relational nature makes brand equity be an external asset to the firm because it is often merely Aavailable and not Aowned by the firm. In other words, brand equity ultimately derives in the market place from the set of brand associations and behaviors that have been developed towards the brand. In summary, as a relational market-based asset, brand equity may be expressed as a function of brand-consumer relationships and as such the introduction of trust as a key relational variable enriches our understanding of brand equity and may provide better performance predictions and assessment of brand equity (Delgado-Ballester and Munuera-Alemen, 2005).

Brand trust: The notion of trust as a critical success factor in service relationships was introduced by Parasuraman, Zeithaml *et al.* (1985) who suggested that customer should be able to trust their service providers, feel safe in their dealings with their service providers and be assured that their dealing are confidential. The term Atrust is defined in The Oxford English Dictionary as follows:

- To rely on or have conviction about the quality or attributes of a person or an object
- To accept or approve of something without investigation or evidence
- An expectation about something
- Attribute of reliable value; honesty, credibility, loyalty (Yoon, 2002)

Moorman *et al.* (1992) defined trust as Aa willingness to rely on an exchange partner in whom one has confidence. According to the theory Morgan and Hunt (1994), trust is central to successful relationship marketing because it encourages marketer to:

- Work at preserving relationship investments by co-operating with exchange partners
- Resist attractive short-term alternatives in favor of the expected long-term benefits; and
- View potentially high-risk options as being prudent because of the belief that their partners will not act opportunistically

In marketing literature, the term "brand trust" is variously defined as the willingness of consumers (implying a propensity) to rely on the ability of the brand to perform its stated function (Chaudhuri and Holbrook, 2001). Dawar and Pillutla (2000) described in terms of reliability and dependability. These definitions of brand trust suggest that an individual's propensity (a conscious inclination) to trust on a brand's qualities or attributes is critical in consumer brand relationships. Accordingly, to trust a brand implicitly means that there is a high probability or expectancy that the brand will result in positive outcomes for the consumer. Considering brand trust as expectancy, it is based on the consumer's belief that the brand has specific qualities that make it consistent, competent, honest and responsible and so on (Delgado-Ballester and Munuera-Alemen, 2005).

Based on the researches on brand trust developed by Delgado-Ballester *et al.* (2003) and Delgado and Munuera-Alemen (2005), we consider that these specific attributions have a technical and intentional nature. Therefore, the first dimension of brand trust (reliability) has a technical or competence-based nature, involving the ability and willingness to keep promises and satisfy consumers = needs. The second dimension (intentions) comprises the attribution of good intentions to the brand in relation to the consumers' interests and welfare, for example when unexpected problems with the product arise. Consequently, a trustworthy brand is one that consistently keeps its promise of value to consumers through the way the product is developed, produced, sold, serviced and advertised. Even in bad times when some kind of brand crisis arises. In summary, brand trust is defined as addressed by Delgado-Ballester *et al.* (2003): AThe confident expectations of the brand's reliability and intentions.

Satisfaction and brand trust: Conceptual model showed in Fig. 1. In this study overall satisfaction considered as antecedent of brand trust components and brand loyalty as consequence of brand trust and effective on brand equity. Brand trust evolves from past experience and prior interaction (Garbarino and Johnson, 1999) because its development is portrayed most often as an individual's experiential process of learning over time. Therefore it summarizes the consumers = knowledge and experiences with the brand (Delgado-Ballester and Munuera-Alemen, 2005). As an experience attribute, it is affected by the consumer=s evaluation of any direct and indirect contact with the brand (Keller, 1993).Therefore, it can be postulated that the overall satisfaction, as a general evaluation of the consumption experience with the brand, generates brand trust (Delgado and Munuera, 2005). Customer satisfaction can be defined in two ways:
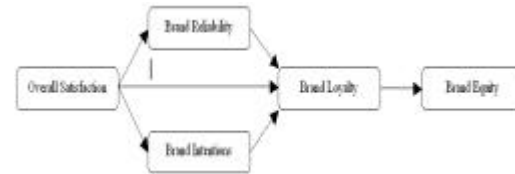

Fig. 1: Conceptual model

transaction specific and general overall (Rosen and Suprenant, 1998). The transaction-specific concept of customer satisfaction refers to the assessment made after a specific purchase occasion while overall satisfaction concerns the customer's rating based on all encounters and experiences (Chen and Tsai, 2008). Thus:

- H_{1a}: The consumer's overall satisfaction with the brand has a positive effect on brand reliability
- H_{1b}: The consumer's overall satisfaction with the brand has a positive effect on brand intentions

Overall satisfaction and brand loyalty: Jacoby (1971) defines brand loyalty as repeat purchase but clearly points out that this behavior is a function of psychological processes. In other words, repeat purchase is not just an arbitrary response but the result of some proceeding factors (for example psychological, emotional or situational factors). Aaker (1991) defined brand loyalty as: Athe attachment that a customer has to a brand. Customer satisfaction evidently has a direct influence on a customer's behavioral intentions or loyalty (Fornell, 1992). Delgado-Ballester and Munuera-Alemen (2005) showed the overall satisfaction has a relationship with brand loyalty. Thus:

- H_2: The consumer's overall satisfaction with the brand has a positive effect on brand loyalty

Brand trust and brand loyalty: Brand trust allows the consumer to develop a personal relationship with the brand (Hess and Story, 2005). Brand trust leads to brand loyalty because trust creates exchange relationships that are highly value (Morgan and Hunt, 1994). Most recently, some marketing scholars have also found that trust and loyalty are very important constructs affecting customer performance behavior (Bettencourt, 1997, Garbarino and Johnsan, 1999) In particular; both loyalty and trust also take place very important roles in affecting customer performance behaviors in relationship marketing. The importance of trust in an exchange relationship has been demonstrated in marketing (Morgan and Hunt, 1994). Brand loyalty underlies the ongoing process of continuing and retaining a valued and important relationship that has been created by trust (Chaudhuri and Holbrook, 2001). Thus:

- H_{3a}: The consumer's brand reliability has a positive effect on brand loyalty
- H_{3b}: The consumer's brand intention has a positive effect on brand loyalty

Brand loyalty and brand equity: In fact, brand loyalty is the main driver of brand equity because it is considered to be the path that leads to certain marketing advantages and outcomes (e.g., reduced marketing costs, price premiums, market share, greater trade leverage) which have been closely associated with brand equity (Aaker, 1991, Delgado-Ballester and Munuera-Alemen, 2005). Therefore, the value of a brand or brand equity is largely created by brand loyalty. Aaker (1996) has contemplated that to a greater extent, the equity of a brand depends on the number of people who purchase it regularly. The regular buyers have considerable value because they represent a revenue stream for the firm. Thus, the concept of brand loyalty is a vital component of brand equity. It has been found to have a positive and direct role in affecting brand equity. If customers are loyal to a brand even in the face of competitor's brands with superior features, it means that the brand has a substantial value to the customers (Yasin *et al.*, 2007). Thus:

- H_4: The consumer's loyalty to the brand has a positive effect on brand equity

MATERIALS AND METHODS

Data collection: The field of the study covers the mobile phone in Iran. First step is to collect the data related to the variables defining the theoretical model of the consumer behavior proposed. In this sense, as has been done traditionally in Marketing Science in particular and in Social Sciences in general, data is obtained by means of a questionnaire. This questionnaire gathers the measures for the set of constituent elements of the model. The subjects were 318 students that were consumers of mobile phone in Tehran area. This product was chosen because they are frequently consumed and most students are familiar with them and have experienced different brands. Respondents were asked which brands they used. They were interviewed with reference to one of the brands mentioned. To obtain reliable answers, the sample unit was composed of those individuals who were active decision makers of the brand they consumed. The pretest, which measured reliability, asked 47 consumers that they use mobile phone to answer questionnaires. SPSS data analysis indicated that the Cronbach's alpha of the questionnaires was 0.91. The findings for the Cronbach's alpha show (Table 1) that the reliability coefficients were acceptable (above 0.6) for all

Table 1:Reliability of variables

Variables	Alpha score	Composite reliability	AVE
Overall Satisfaction	0.868	0.93	0.74
Brand Reliability	0.875	0.85	0.63
Brand Intention	0.851	0.78	0.51
Brand loyalty	0.76	0.81	0.63
Brand Equity	0.88	0.87	0.61
Total	0.91	--	--

dimensions. Also, tools for test-retest reliability, a test for the second time, with the previous week on the subject (45) have performed. Pearson's correlation coefficient obtained from the two tests with 0/85 the test-retest reliability of the test will be confirmed.

The composite reliability is good for all constructs while Average Variance Extracted (AVE) is above the cut-off value of 0.5 for all variables (Table I). For measure content validity, asked from 11 experts of marketing to answer about content validity. Lawshe (1975) coefficient indicated questionnaire has content validity.

Measurements: Based on previous researches such Delgado-Ballester and Munuera-Alemen, (2005), Munuera and Yagu (2003) overall satisfaction was measured using Anderson, Fornell *et al.* (1994). Brand trust was measured via Delgado-Ballester *et al.* (2003).The measurement scale for brand equity was Yoo and Donthus (2001) scale. A four-item scale was used to measure the dispositional commitment to maintaining an ongoing relationship with a brand [e.g., Bloemer and Kasper, 1995, Dick and Basu, 1994]. Each item was framed as an agree/disagree statement. Hence the questionnaire included 19 items to measure the five dimensions on a Likert scale and ranged from Astrongly disagree (1) to Astrongly agree (5).

RESULTS AND DISCUSSION

Structural Equation modeling (SEM) with Lisrel software was used for the data analysis. SEM is a comprehensive statistical approach for testing hypotheses about relations between observed and latent variables. It combines features of factor analysis and multiple regressions for studying both the measurement and the structural properties of theoretical models. SEM is formally defined by two sets of linear equations called the inner model and the outer model. The inner model specifies the relationships between unobserved or latent variables and the outer model specifies the relationships between latent variables and their associated observed or manifest variables (Turkyilmaz and Ozkan, 2007). The results obtained for model showed excellent fit (RMSEA = 0.051; GFI = 0.90; AGFI = 0.91, NFI = 0.91, CFI = 0.93).

Table 2: Results of hypotheses

Hypothesis	Standardized loading	t-value (p< 0.05)
H_{1a}: Overall satisfaction→Brand reliability	0/82	15/72
H_{1b}: Overall satisfaction→Brand intention	0/61	9/02
H_2: Overall satisfaction→Brand loyalty	0/41	3/12
H_{3a}: Brand reliability→Brand loyalty	0/48	4/15
H_{3b}: Brand intention→Brand loyalty	0/32	2/62
H_4: Brand loyalty→Brand equity	0/78	5/92

Results from structural equation modeling also support research hypotheses. (Table 2). In relation to hypothesis 1, stating the effect of consumer overall satisfaction on brand reliability, standardized loading and t-value were respectively 0.82 and 15.72; thus hypothesis 1 is supported based on these findings. The other variable considered in relation to consumer overall satisfaction is brand intention which with respect to its t-value of 9.02 hypothesis 2 is also supported. The standardized loading value is 0.61. In relation to hypothesis 2 stating the effect of consumer overall satisfaction on brand loyalty, this hypothesis is also supported based on its standardized loading (0.41) and t-value (3.12).

On the other hand, in relation to hypothesis 3, findings show that brand trust with standardized loading of 0.48 and t-value of 4.15 influences brand loyalty. Thus hypothesis 3 is also supported. Also the effect of brand intention on brand loyalty is supported with standardized loading of 0.32 and t-value of 2.62. Thus hypothesis 3 is supported too. Final hypothesis suggesting the relationship between brand loyalty and brand equity was also supported with respect to standardized loading of 0.78 and t-value of 5.92.

Present study examined the influence of brand trust of two components of brand reliability and brand intention on brand equity. This relationship was studied through brand loyalty and also consumer overall satisfaction was considered as a factor influencing two components of brand trust. Results suggest that all hypotheses are supported. Also results of present study is consistent with those of other ones, e.g., Delgado-Ballester and Munuera-Alemen (2005).

Results of present study and other related studies show that when relationship marketing is considered, brand equity is a valuable asset in this type of marketing and brand trust which represented in customer relationship is of significant effect in relation to brand equity. In this respect, establishing favorable relationships with organization stakeholders and meeting their needs can be considered as an effective measure. Because in relationship marketing, long-term relation with all stakeholders is intended which can influence brand equity as a valuable asset.

As observed earlier, brand loyalty had a significant effect on brand equity and also consumer overall satisfaction was considered as a factor influencing brand trust. Based on this, organizations should be able to create brand trust among their consumers so that they can establish their competitive advantage based on brand equity and become successful in today hypercompetitive market environment. In this respect organizations should be able to create more value for consumers by managing their brand and define their brand status in market as a trustable one based on their promises and performance so that the intended brand can be considered as a distinctive brand relative to competitors= ones with respect to trust building and realization of its promises. Also brand managers should try to create long-term relationships with consumers and define regular communication channels and create more value for themselves by recognizing consumers' needs and desires.

CONCLUSION

On the other hand, according to study results, brand managers should pay attention to the role played by consumer overall satisfaction in building brand trust. For this purpose, they should be able to satisfy consumers and create a desirable experience for them by identifying consumer's expectations and employ strategies leading to creation of desirable experience during and after purchase. Another relationship should be considered by brand managers in organizations is the relationship between consumer overall satisfaction and brand loyalty which based on present study is of a significant effect. Of course, present study had some limitations which may influence generalizability of its results. One of them was the fact that the sample was only consisted of students which can have implications for generalizability of the results. Also because present study was conducted in a cross-section it was not able to consider the plans developed by organizations in a time period in order to create brand trust and loyalty. On this basis, researchers are recommended to examine the relationships considered in this study on other consumer groups. Also in order to obtain valid and generalizable results, those relationships can be examined in service market to identify the difference between service market and product one with respect to the concepts examined in present study and the relationships between them so that a strong theoretical support can be obtained for these concepts and their relationships.

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