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# Measuring customer-based brand equity of Samsung mobile phones among Generation Y

**CHUMA DINISO**

THESIS

Submitted in fulfillment of the requirements for the degree of

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**Promoter: DR HELEN DUH**

Johannesburg
November 2017

## DECLARATION

I, Chuma Diniso, hereby declare that, except where appropriate acknowledgment is made to authors whose studies were cited, this thesis, entitled: "Measuring customer-based brand equity of Samsung mobile phones among Generation Y", submitted in fulfilment of the requirements for the degree of Doctor of Philosophy in Marketing at the University of the Witwatersrand, Johannesburg, is entirely my own independent work. This thesis has not been submitted before for any degree or professional qualification in this or any other university.



November 2017

## ACKNOWLEDGEMENTS

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## ABSTRACT

**Keywords:** brand equity, Samsung mobile phones, Generation Y, brand awareness, brand image, perceived quality, brand loyalty, brand satisfaction, brand love and consumption values.

Samsung is the leading brand in the mobile phone industry, and is dominant over fierce competitors, such as Apple, Nokia, Huawei and Blackberry. This is evident from the 2016 global market share figures, where Samsung occupies the top position with 21.6%. The Samsung brand is also dominant in South Africa, having captured 46% of the market share. Consumers are also willing to pay a price premium for Samsung mobile phones. For example, as at June 2017, the Samsung S8 smartphone retailed for up to R14,799, with consumers still willing to pay this price. While from an organisation's perspective the success of Samsung in the mobile phone industry is accredited to the global establishment of production bases, overhaul of quality standards, paradigm shift in management philosophies and substantial investment in marketing and product design, there is a need to understand what drives Samsung's brand equity from consumers' perspective. The understanding of Samsung's brand equity is even more important among Generation Y, due to the fact that they constitute 25% of South Africa's population, have a high purchasing power for luxury and technological products, and 95% of them own a mobile phone in South Africa. They use their phones to communicate with family and friends, listen to music and watch YouTube videos.

For the measurement of brand equity, so that marketers are informed of the performance of their marketing and brand strategies, researchers recommend the examination of its sources. Models devised by Aaker (1996) and Keller (1998) provide various sources of brand equity, but how and which of these sources best influence brand equity has not been determined. Esch, Langner, Schmitt and Geus (2006) recommend that in order to measure brand equity holistically, sources of brand equity, including brand awareness, brand image, perceived quality, brand associations and brand loyalty should be measured in conjunction with other important brand relationship factors such as brand trust, brand satisfaction and brand attachment or love. This is particularly so, because consumers who have a strong relationship with a brand are likely to demonstrate positive attitude towards it. Despite this view, most researchers who have adopted the Aaker (1996) and Keller (1998) models to measure CBBE have not considered the explanatory roles of the brand relationship variables.

Another important factor ignored in the measurement of sources CBBE are the various values (such as functional, monetary, emotional, customisation, and relational), as proposed by Chuah, Marimuthu and Ramayah (2014), consumers enjoy from the consumption of a brand. Recognising the importance of uncovering the value inferences that consumers hold of a brand, Keller (2003) suggests three types of values or benefits (functional, experiential, and symbolic benefits) consumers may enjoy from a brand. The monetary value, according to other authors, can also be important. How these values lead to brand equity, if at all, were, however, not further explored. This study therefore integrated the Aaker and Keller's brand equity models, Esch *et al*. and Chuah *et al*. brand relationship and consumer value models, respectively, to propose an integrated conceptual model with eighteen hypotheses to measure the sources of Samsung's mobile phones brand equity among Generation Y.

Quantitative methodologies were used to collect data from 651 undergraduate and postgraduate students studying at the University of Johannesburg and University of the Witwatersrand to empirically test the proposed model. The hypothesised relationships in the model were empirically tested using structural equation modeling.

The results revealed that out of the eighteen hypotheses tested, twelve were accepted. Specifically, brand awareness, brand image, perceived quality, monetary value and functional value had a positive effect on brand satisfaction. Brand satisfaction positively drives brand love. Consumers who expressed love for the Samsung mobile phone brand were found to be loyal. Brand loyalty, which was found to have a positive impact on brand equity, was influenced positively by monetary value. In addition to brand loyalty, brand equity was influenced positively by perceived quality, monetary value and symbolic value. Overall, 56% of Samsung mobile phone brand equity was explained by brand awareness, brand image, perceived quality, monetary value, functional value, symbolic value, brand satisfaction, brand love and brand loyalty.

While it will be important for future studies to identify other factors, which may increase the explanatory power of Samsung's brand equity among Generation Y in South Africa, this study's theoretical contribution suggests an integrated conceptual model to holistically measure customer-based brand equity not only in the telecommunication sector, but for other products and sectors. Practically, Samsung and other marketers responsible for managing competing

brands such as iPhone, Nokia, Huawei can use these findings to develop relevant marketing strategies that resonate with this large and lucrative Generation Y market segment.

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## LIST OF ACRONYMS

| | |
|---|---|
| AGFI: | Adjusted goodness-of-fit-index |
| AMOS: | Analysis of moment structures |
| ANOVA: | Analysis of variance |
| AVE: | Average variance extracted |
| CBBE: | Customer-based brand equity |
| CB-SEM: | Covariance-based SEM |
| CE: | Consumer electronics |
| CFA: | Confirmatory factor analysis |
| CFI: | Comparative fit index |
| DS: | Device solutions |
| EBBE: | Employee-based brand equity |
| EFA: | Exploratory factor analysis |
| FBBE: | Financial-based brand equity |
| Gen X: | Generation X |
| Gen Y: | Generation Y |
| Gen Z: | Generation Z |
| GFI: | Goodness-of-fit index |
| GPS: | Global positioning system |
| IM: | Information technology and mobile communications |
| LED: | Light emitting diode |
| MANOVA: | Multivariate analysis of variance |
| NFI: | Normed fit index |
| NNFI: | Non-normed fit index |
| NNFI: | Non-normed fit index |
| PGFI: | Parsimony goodness-of-fit index |
| PI: | Performance improvement |
| PLS-SEM: | Partial least squares SEM |
| PNFI: | Parsimony normed fit index |
| R&D: | Research & development |
| $R^2$: | Coefficient of determination |
| RMSEA: | Root mean square error of approximation |
| RMSR: | Root mean square residual |

| | |
|---|---|
| RNI: | Relative non-centrality index |
| SEM: | Structural equation modeling |
| SPSS: | Statistical Package for Social Science |
| SRMR: | Standardised root mean square residual |
| STATKON: | Statistical Consultation Service |
| TLI: | Tucker-Lewis index |
| TPM: | Total productive maintenance |
| TQM: | Total quality management |
| TRIZ: | Theory of inventive solving |
| UK: | United Kingdom |
| US: | United States |
| $\chi^2$/df: | Normed-chi-square |
| $\chi^2$: | Chi-square |

# CHAPTER 1

# INTRODUCTION AND BACKGROUND TO THE STUDY

## 1.1 INTRODUCTION

Since Samsung introduced its first basic mobile phone (Samsung SH-100) in 1988 (Taeyun, 2009), the company has evolved to become an innovative market leader in the mobile phone industry. For instance, in 2008, Samsung launched its first smartphone, which combines features of a mobile phone and computer, a year after its fierce competitor, Apple introduced its maiden iPhone model (Cecere, Corrocher & Battaglia, 2015; Hu, Lu & Tzeng, 2014). Although Apple is rated as the leading manufacturer of mobile phones owing to continuous innovation (Omair, Amin & Farooq, 2014), Samsung is the current leader in terms of market share in the mobile phone industry (Dissanayake & Amarasuriya, 2015). Based on the global 2016 market share figures, Samsung owns a market share of approximately 22%, followed by Apple, Huawei, LG, Xiaomi and Nokia with approximately 13%, 7%, 4%, 4% and 3%, respectively (Euromonitor Report, 2017). Samsung's sustainance of its market share figure in 2016 is remarkable, especially considering that the manufacturer was engulfed with negative publicity when the global market recall of 2.5 million Samsung Galaxy Note 7 mobile phones, which were found to have faulty batteries, was implemented (Wang, M., Chen, Wang, H., Jin & Huang, 2017). The same report depicts that Nokia's market share, a brand that once dominated the industry, declined significantly from approximately 8% in 2014 to 3% in 2016. One of the factors attributed to Nokia's downfall is its management's lethargic attitude towards evolving with market developments in line with consumer needs (Jia & Yin, 2015; Singh, 2014).

Consumers are substituting Nokia mobile phone brands with Samsung and Apple mobile phones, despite the exorbitant price tag associated with the latter phones. Even though other mobile phone brands features are equivalent to that of Samsung and Apple, consumers prefer and aspire to own Samsung and Apple mobile phones, which has resulted in these brands to capture greater market share (Roets, Bevan-Dye & Viljoen, 2014; Yulianda and Handayani, 2015). These differential responses to Samsung and Apple mobile phone brands is what Keller (2013) describes as customer-based brand equity (CBBE).

Keller (2013:69) defines CBBE as "the differential effect that brand knowledge has on consumer response to the marketing of that brand". A brand enjoys positive CBBE when consumers are less sensitive to price increases, are willing to accept an extension of the brand, and would seek the brand in new and various distribution channels. Consumers' differential response to a brand emanates from their brand knowledge structure, which is what consumers see, hear, learn, think and feel about a brand. Consumers' brand knowledge structure is a source of brand equity. How the knowledge structure affects the marketing of the brand is the outcome of brand equity (Keller, 2013).

Brand equity has become an integral part of a marketing strategy (Keller, 1998). It reflects investment made in building a brand (Huang & Sarigollu, 2014) and from it, many benefits such as loyalty, increased profits, higher market share and lower costs accrue (Keller, 1998). However, for brand equity to guide marketing decisions and play its strategic role, Keller (2013) contends that the sources of brand equity, how they affect outcomes of interest and the nature of brand relationships creating it should be understood and measured.

Considering that consumers increasingly prefer the Samsung mobile phone brand over other alternatives (Chowdhury & Rahman, 2013) and due to the fact Samsung is entrenching its market leadership position (Cecere *et al*., 2015) to the point of threatening Apple's market share (Kaur & Abdollahian, 2014), this study seeks to measure the sources and outcomes of Samsung mobile phone brand among Generation Y (Gen Y). Gen Y is an important consumer segment to study, because across the globe, more than 75% of Gen Y consumers own mobile phones (Potgieter, 2015). In South Africa, it is estimated that 95% of Gen Y consumers own a mobile phone (Roets *et al*., 2014). Gen Y is also a large and lucrative consumer segment, with a high disposable income and spending power (Giovannini, Xu & Thomas, 2015).

## 1.2 STATEMENT OF THE RESEARCH PROBLEM

Measuring brand equity is important because it informs marketers about the effectiveness of their marketing and brand strategies (Chowudhury, 2012). The concept of brand equity has been widely researched, but there is little consensus as to how it should be measured (Davcik, 2013; Severi & Ling, 2013). Some researchers recommend the measurement of its sources, however, an agreement on which type of sources should be measured is yet to be reached (Christodoulides, Cadogan & Veloutsou, 2015; Shakiba & Jalali, 2013; Tsai, Lo & Cheung,

2013:809; Buil, Martinez & de Chernatony, 2013; Davcik, 2013). Aaker (1996) and Keller (1998) models of brand equity provide various sources of brand equity (as indicated in subsections 1.4.4 and 1.4.5), but how and which of these sources best influence brand equity has not been delineated. Esch, Langner, Schmitt and Geus (2006) recommend that in order to measure brand equity holistically, sources of brand equity, including brand awareness, brand image, perceived quality, brand associations, and brand loyalty should be measured in conjunction with other important brand-relationship factors, such as brand trust, brand satisfaction and brand attachment (as indicated in subsection 1.4.6). This is particularly so, because consumers who have a strong relationship with a brand are likely to demonstrate positive attitude towards it (Turri, Smith & Kemp, 2013). Despite this view, most researchers who have adopted the Aaker (1996) and Keller (1998) models to measure CBBE have not considered the explanatory roles of brand relationship variables (see for example, Sasmita & Suki, 2015; Murtiasih, Sucherly & Siringoringo, 2014; Shen, Yuan, Zhang & Zhao, 2014; Gupta & Adil, 2014; Tsai *et al*., 2013; Severi & Ling, 2013; Shakiba & Jalali, 2013; Hosseini & Nahad, 2012; Im, Kim, Elliot & Han, 2012; Chieng & Goi, 2011; Boo, Busser & Baloglu, 2009; Kaynak, Salman & Tatoglu, 2008; Ross, 2006; Atilgan, Aksoy & Akinci, 2005).

Another important factor ignored in the measurement of sources of CBBE is the various values consumers enjoy from the consumption of a brand. Brand equity is an expression of a brand's value to a consumer (Sanyal & Datta, 2011). Recognising the importance of uncovering the value inferences that consumers associate with a brand, Keller (2003) provides three types of values or benefits (*functional, experiential,* and *symbolic benefits*) consumers associate with a brand. How these values lead to brand equity, if at all, were however not further explored. Chuah, Marimuthu and Ramayah (2014) suggest (as indicated in subsection 1.4.7) five values (*functional value*, *monetary value*, *emotional value*, *customisation value* and *relational value)* consumers look for in a product, which drive loyalty. According to Keller (20130, brand loyalty is an important brand relationship indicator and outcome of brand equity (Keller, 2013). Chen and Hu (2010) also view value dimensions to be of paramount importance when measuring brand equity, but this is yet to be empirically tested, especially for Samsung mobile phones, which are pervasively used both locally and internationally.

## 1.3 RESEARCH OBJECTIVES

Based on the research problem discussed above, the following are the objectives of the study:

### 1.3.1 Primary objective

The primary research objective of this study is to measure the sources and outcomes (in terms of brand relationships) of Samsung mobile phones customer-based brand equity among Generation Y consumers.

### 1.3.2 Secondary objectives

In order to achieve the primary objective, the subsequent theoretical and empirical secondary objectives are suggested:

*Theoretical objectives*

- To examine the global and South African mobile phones industry to understand why Samsung brand is a market leading brand.
- To review and report on the market attractiveness and technological media behaviour of Gen Y.
- To review all possible sources and outcomes of CBBE.
- To develop a conceptual model that delineates the way in which the identified sources and outcomes relate in the formation of CBBE.

*Empirical objectives*

- To determine the extent to which the sources (brand awareness, brand image, perceived quality and consumption values) of CBBE influence brand equity.
- To determine the extent to which the sources (brand awareness, brand image, perceived quality and consumption values) of CBBE impact brand satisfaction.
- To assess the relationship between brand satisfaction and brand love.
- To assess the relationship between brand love and brand loyalty.
- To assess the relationship between consumption values and brand loyalty.

- To assess how brand loyalty leads to brand equity.

## 1.4 PRELIMINARY LITERATURE REVIEW, CONCEPTUAL MODEL AND HYPOTHESES

This section provides a preliminary literature review on the major constructs and models underpinning this study and the development of its conceptual model. A detailed literature review is undertaken in Chapters 2, 3, 4 and 5. First, an overview of the brand equity concept, its sources and outcomes is provided. This is followed by an outline of four models used as the foundation to the development of the proposed conceptual model. Thereafter, a brief discussion on why Gen Y is an important market segment is presented.

### 1.4.1 Overview of brand equity, its sources and outcomes

Londono, Elms and Davies (2016:71) define brand equity as *"the marketing effects or outcomes that accrue to a product with its brand name compared to those that would accrue if the same product did not have the brand name"*. Buil *et al*. (2013) provide Aaker's (1996) five sources of brand equity, which are perceived quality, brand loyalty, brand awareness, brand associations, and other proprietary brand assets such as patents and trademarks. According to Keller, Aperia and Georgson (2012), the sources of brand equity are brand awareness and brand image, which constitute the brand knowledge structure. These sources are discussed in detail in Chapter 4.

There are market benefits associated with brand equity. Brands with high brand equity levels lead to consumers' willingness to pay a higher price for the brand, consumers' recommendation of the brand to others, increased consumers' purchase intentions and enhanced consumer loyalty (Sasmita & Suki, 2015; Biedenbach, Bengtsson & Marell, 2015). Furthermore, brand equity provides organisations with an opportunity to extend the brand successfully and resist competitors' market strategies (Chieng & Goi, 2011). In order to evaluate the value of a brand, its brand equity needs to be measured.

### 1.4.2 Measurement of brand equity

Literature reports that three approaches are used to measure brand equity. It can be measured using either the financial perspective, employee perspective or customer-based perspective (Tsai *et al*., 2013). The financial perspective measures brand equity according to the market value of the brand to the organisation (Severi & Ling, 2013), whereas the employee perspective takes into cognisance the role of employees in building brand equity (Morokane, Chiba & Kleyn, 2015). The customer-based approach measures brand equity according to consumers' affection to a brand (Buil, de Chernatony & Martinez, 2013).

Keller (2013) suggests a customer-based approach to measure brand equity, whereby consumers' thoughts, images, perceptions, beliefs and feelings towards a brand – their knowledge structure, are indirectly measured; or, the actual impact of brand knowledge on consumers' response to the marketing of the brand – the outcome, is directly measured. Therefore, this study seeks to measure brand equity of the Samsung mobile phone using the customer-based approach, because the "added value" in a brand depends on what resides in the mind of the consumer (brand knowledge structure) (Keller, 1998).

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Aaker's (1996) and Keller's (1998) brand equity models have been used to measure the sources of brand equity. Following the research problem discussed in section 1.2 however, Chuah *et al*.'s (2014) consumer values model and Esch *et al*.'s (2006) model delineating how sources of brand equity lead to brand relationships (outcomes) respectively were integrated to develop a more holistic conceptual model to measure brand equity. Each of the models employed in this study are explained in the following section.

#### *1.4.2.1 Aaker (1996) brand equity model*

The Aaker (1996) brand equity model has become the foundation of brand equity research worldwide (Shen *et al*., 2014). Aaker (1996) conceptualises brand equity in terms of five sources, namely perceived quality, brand loyalty, brand awareness, brand associations, and other proprietary brand assets. The proprietary brand assets include intellectual property rights, patents and trademarks (Shen *et al*., 2014). It is impractical to precisely measure the intellectual property rights, patents and trademarks source, as it is not directly related to how consumers feel about a brand (Lee, Chen & Guy, 2014). Since this study seeks to measure CBBE, the proprietary brand assets source was therefore not measured.

Authors describe Aaker's brand equity sources in various ways. Cai, Zhao and He (2015:556) view brand loyalty as "a reflection of consumers' strong commitment to a preferred product or service". Brand awareness relates to the recognition and recall of a brand by consumers (Ding & Tseng, 2015:997). Perceived quality is defined as "a psychological assessment of a consumer about the quality of any product based on his/her perceptions" (Saleem, Rahman & Umar, 2015:68). Brand associations, which signify the foundation for buying decision and brand loyalty (Ahmad & Sherwani, 2015), constitute "anything linked to a brand, including attributes of a product/service and reputation and image of a company, which are held in the consumers' memory in a meaningful way" (Karamian, Nadoushan & Nadoushan, 2015:362; Sadek, Redding & Tantawi, 2015:44). Keller (1998) conceptualises brand associations in terms of brand image, and configures brand awareness and brand image as constituting consumer brand knowledge, which drives brand equity.

#### *1.4.2.2 Keller (1998) customer-based brand equity model*

Keller's (1998) conceptualisation of the brand equity concept is that it comprises both brand awareness (recall and recognition) and brand image (measured in terms of favourability, strength, and uniqueness of brand associations held in a consumer's memory). Brand awareness is "a consumer's ability to recognise or recall the brand under different conditions" (Alimen and Cerit, 2010:540) and it is "a necessary condition for the creation of a brand image" (Esch *et al*., 2006). Brand image is defined as "perceptions about a brand as reflected by various brand associations held in the consumer's memory" (Oakenfull & McCarthy, 2010:281).

Keller *et al*. (2012:59) suggest that "when the consumer has a high level of awareness and familiarity with the brand and holds strong, favourable and unique brand associations in memory, it will lead to brand equity". Since Keller (1998) proposed how consumer brand knowledge structure (brand awareness and brand image) constitute CBBE, researchers have tested, and some expanded the model with different brands and product categories. Some (such as Esch *et al*., 2006) have recommended that brand knowledge will first lead to brand relationships before brand equity is created.

#### *1.4.2.3 Esch et al.'s (2006) brand relationship model*

While Keller (1998) proposes that brand knowledge (i.e. brand awareness and brand image) leads to brand equity, the model proposed by Esch *et al*.'s (2006) suggests that brand knowledge (brand awareness and brand image) will influence brand relationship factors (brand satisfaction, brand trust and brand attachment), which will in turn influence purchase behaviour. Esch *et al*.'s (2006) model specifically suggests that the degree to which brand knowledge lead to brand equity will be enhanced by relationship factors, such as brand trust and brand satisfaction, which will in turn trigger consumers to become emotionally attached (brand attachment) to a brand. As Esch *et al*.'s (2006) model further suggests, being emotionally attached to a brand leads to current and future purchase intention. This emotional attachment is sometimes referred to as brand love (Dwivedi, 2015). Brand love, which is defined as "the degree of passionate emotional attachment that a person has for a particular brand" (Chen, Papazafeiropoulou, Chen, Duan and Liu, 2014:580) is an important concept to marketers, due to its positive impact on brand loyalty (Bergkvist & Bech-Larsen, 2010:506). Brand satisfaction, which is "the outcome of subjective evaluation that the chosen alternative (the brand) meets or exceeds the expectations" (Sreejesh & Mohapatra, 2014:38), is regarded as one of the influential factors in consumer's purchase behaviour (Bilal & Malik, 2014).

Brand satisfaction, brand attachment and brand love drive consumers to be loyal to a brand and be willing to pay a higher price for it (Li & Ellis, 2014; Matthews, Son & Watchravesringkan, 2014; Patwardhan & Balasubramanian, 2013). These relationships consumers have with the brand, according to Keller *et al*. (2012), are the cornerstones of creating brand equity. Research has, however, paid limited attention to this area of building brand equity (Fournier, Breazeale & Fetcherin, 2012). Therefore, in this study, brand satisfaction, brand love and brand loyalty constitute brand relationship factors, as they are important CBBE outcomes (Kang, 2015;

Keller, 2013). Severi and Ling (2013) also indicate that brand equity is created by brands that bring value to the consumer. Chuah *et al*.'s model (2014) suggests the various values consumers may seek from the consumption of a brand.

#### *1.4.2.4 Chuah et al.'s (2014) customer-oriented value model*

Brand equity may be considered as an expression of a brand's value to a consumer (Sanyal & Datta, 2011). However, questions arise as to which particular values or benefits drive consumers to choose one brand over another, especially for various product categories. Even though values form the basis of purchasing decisions, there is limited research regarding their role as sources of brand equity. This study proposes an integration of some value dimensions as additional sources of brand equity, because of the impact they may have on brand loyalty as Chuah *et al*. (2014) suggest, and ultimately on brand equity. Moreover, Chuah *et al*. (2014) have emphasised that in-depth understanding by marketers of what type of value (such as *functional, monetary, emotional, customisation and relational value*) consumers regard as important could assist organisations in creating a sustainable competitive advantage. In line with this assertion, Keller's (1998) model suggests that consumers may enjoy functional, experiential and symbolic values from a brand. For a product such as a mobile phone, the proposed values likely to be envisioned by consumers are functional, monetary and symbolic.

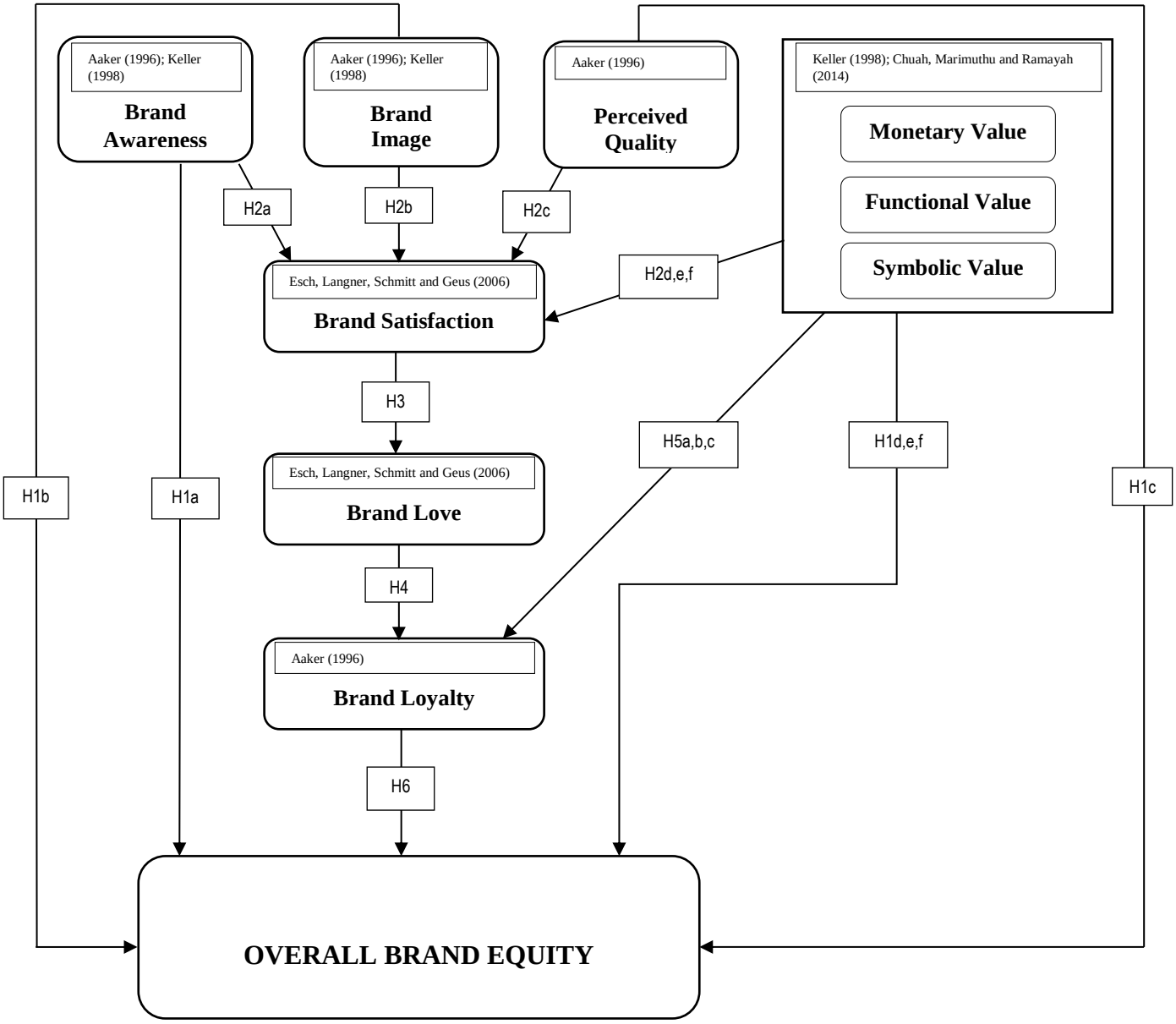
Functional value refers "to the product's design and the way it helps to meet the practical needs of the consumers" (Kumar, Townsend & Vorhies, 2015:4). Monetary value is "a form of perceived value that is measurable in terms of the monetary benefits and costs involved in purchasing or using products and services" (Chuah *et al*., 2014:536). Symbolic value refers "to the positive status, prestige and recognition consumers attain from society as a result of using a particular brand" (Delgado-Ballester, Hernandez-Espallardo & Rodriguez-Orejuela, 2014:1854).

Based on the preceding preliminary literature review, a conceptual model integrating Aaker's (1996), Keller's (1998), Esch *et al*.'s (2006) and Chuah *et al*.'s (2014) models is proposed and presented in the next section.

### 1.4.3 Proposed conceptual model of this study

The conceptual model presented in Figure 1.1 depicts the interaction between nine constructs purported to be sources and outcomes of CBBE, as indicated by the proposed hypotheses. An important aspect of the model is the integration of consumption values and brand-relationship factors, which have been given limited attention when measuring brand equity.

**Figure 1.1: Proposed conceptual model**




Sources: Researcher's own model, guided by the models of Aaker (1996), Keller (1998), Esch *et al*. (2006) and Chuah *et al*. (2014)

Based on the proposed conceptual model above, the following eighteen hypotheses are presented:

H1a: Brand awareness of the Samsung mobile phone among Gen Y consumers has a positive effect on brand equity.

H1b: Brand image of the Samsung mobile phone among Gen Y consumers has a positive effect on brand equity.

H1c: Perceived quality of the Samsung mobile phone among Gen Y consumers has a positive effect on brand equity.

H1d: The monetary value derived by Gen Y consumers from the Samsung mobile phone has a positive effect on brand equity.

H1e: The functional value derived by Gen Y consumers from the Samsung mobile phone has a positive effect on brand equity.

H1f: The symbolic value derived by Gen Y consumers from the Samsung mobile phone has a positive effect on brand equity.

H2a: Brand awareness of the Samsung mobile phone among Gen Y consumers has a positive effect on brand satisfaction.

H2b: Brand image of the Samsung mobile phone among Gen Y consumers has a positive effect on brand satisfaction.

H2c: Perceived quality of the Samsung mobile phone among Gen Y consumers has a positive effect on brand satisfaction.

H2d: The monetary value derived by Gen Y consumers from the Samsung mobile phone has a positive effect on brand satisfaction.

H2e: The functional value derived by Gen Y consumers from the Samsung mobile phone has a positive effect on brand satisfaction.

H2f: The symbolic value derived by Gen Y consumers from the Samsung mobile phone has a positive effect on brand satisfaction.

H3: Gen Y consumers' brand satisfaction with the Samsung mobile phone has a positive effect on their brand love.

H4: Gen Y consumers' brand love for the Samsung mobile phone has a positive effect on their brand loyalty.

H5a: The monetary value derived by Gen Y consumers from the Samsung mobile phone has a positive effect on brand loyalty.

H5b: The functional value derived by Gen Y consumers from the Samsung mobile phone has a positive effect on brand loyalty.

H5c: The symbolic value derived by Gen Y consumers from the Samsung mobile phone has a positive effect on brand loyalty.

H6: Gen Y consumers' brand loyalty towards the Samsung mobile phone has a positive impact on brand equity.

A detailed discussion regarding how the aforementioned hypotheses were derived is pursued in Chapter 5. Since the study investigates the sources and outcomes of Samsung mobile phone brand equity among Gen Y consumers, the following section gives ideas of why Gen Y is selected by discussing their size, spending power and their use of mobile phones.

### 1.4.4 Generation Y size, spending power and mobile phone usage

Davcik, da Silva and Hair (2014) advocate that brand equity measurement should take into account the perspectives of stakeholders (such as consumers) about the brand. In this instance, the stakeholder of interest are Gen Y consumers. Gen Y refers to the specific generation born between the 1980s and the early 1990s (Aruna & Santhi, 2015). At their age, Gen Y consumers are extremely brand conscious and materialistic (Giovannini *et al*., 2015) and spend between $187 and $600 billion a year (Kumar & Lim, 2008; Giovannini *et al*., 2015). In South Africa, Duffett (2015) indicates that Gen Y account for 25% of the country's population and spend approximately R104 billion a year. This spending power is likely to increase as Gen Y consumers enter the job market (Gutter & Copur, 2011; Kubickova, Parsa, Nusair & Hu, 2014).

University-aged Gen Y, who are the focus of this study are exposed to technology and use mobile phones, among other platforms to communicate (Bhave, Jain & Roy, 2013). University students regard mobile phones mainly as leisure devices and use them for networking and accessing the internet (Lepp, Barkley & Karpinski, 2015). Globally, 79% of university-aged Gen Y (ages 18-25) own a mobile phone (Potgieter, 2015). In the South African context, it is estimated that 95% of Gen Y consumers own a mobile phone (Roets *et al*., 2014), hence the importance of measuring Samsung's sources and outcomes of brand equity using the actual prominent consumers of mobile phones.

The conceptual model and resultant hypotheses formulated for the measurement of the brand equity were tested using the research methodology discussed in the following section.

## 1.5 OVERVIEW OF THE RESEARCH METHODOLOGY ADOPTED FOR THIS STUDY

This section provides an overview of the methods used to collect and analyse data.

### 1.5.1 Research approach and philosophy

There are various research philosophies undertaken by researchers. These are positivism, constructionism, critical realism and pragmatism. The positivism philosophy advocates that in order to develop hypotheses that can be tested and validated, theories and models should be the basis of a study (Bryman, Bell, Hirschsohn, Dos Santos, Du Toit, Masenge, Van Aardt & Wagner, 2014; Hennink, Hutter & Bailey, 2011:14). Unlike the positivism philosophy, the constructionism philosophy focuses on people's subjective opinions about different issues and topics (Sekaran & Bougie, 2013). The critical realism philosophy makes use of theories to explain a phenomenon that is not directly observable (Bryman *et al*., 2014). Pragmatism philosophy meanwhile provides a view that irrespective of whether a given philosophy is objective or subjective, findings can be profound depending on the study's research questions (Sekaran & Bougie, 2013). Considering that this study was aimed at testing a conceptual model derived from four theoretical models, a positivism paradigm was followed.

On conducting the research, there are number of approaches to be followed. The most commonly used approaches in marketing research are exploratory, descriptive and causal research (Malhotra, 2012). The exploratory approach is valuable when insights about a problem are required rather than precise information (Wiid & Diggines, 2013). The use of descriptive approach is relevant when the nature of the marketing problem is fully understood (Clow & James, 2014; Zikmund & Babin, 2013). On occasions where the researcher wants to determine whether one construct has an effect on another using experimental designs, the causal research approach is the most appropriate (McDaniel & Gates, 2013). Considering the nature of research problem and since this study's primary objective was to examine how the sources and outcomes of CBBE affect Samsung mobile phone brand equity among Gen Y consumers, descriptive research was deemed the most appropriate approach. This approach is associated with the

positivism philosophy, which employs quantitative techniques or methods to collect and analyse data. The quantitative research design is described in the next section.

### 1.5.2 Research design and its steps

Aaker, Kumar, Leone and Day (2013:63) define research design as "a detailed blueprint used to guide a research study towards its objectives and involves various interrelated decisions". According to Sekaran and Bougie (2013), research design consists of the following chronological steps: the purpose of the study, research strategy, measurement and measures, development and pre-testing of questionnaire, sampling design, data collection, and data analysis.

#### *1.5.2.1 The purpose of the study*

Exploratory, descriptive and causal research categories are the foundation of research designs (Burns & Bush, 2014) as they prescribe how data collection and analysis should be undertaken (Wiid & Diggines, 2013). These three designs were described above in subsection 1.5.1 and it was articulated the descriptive design was appropriate for that this study.

Descriptive research is categorised into cross-sectional and longitudinal studies (Wilson, 2012). Whereas cross-sectional studies collect data from different respondents at a single point in time (Bryman *et al.*, 2014), longitudinal research involves a recurring collection of data from the same respondents over time (Plano-Clark, Anderson, Wertz, Zhou, Schumacher & Miaskowski, 2015). This study is cross-sectional as data collection using a diverse sample was undertaken only once.

#### *1.5.2.2 Research strategy*

The research strategy of a given study prescribes the way in which research will be conducted (Amaratunga, Haigh & Ingirige, 2015). Typical examples of research strategies include surveys, case studies, experiments, interviews, ethnography, phenomenology, grounded theory, systematic reviews and action research (Amaratunga *et al.*, 2015; Denscombe, 2014). Since this study is quantitative and descriptive in nature and underpinned by a positivist

philosophy, such studies utilise surveys to amass data (Antwi & Hamza, 2015). A survey was deemed appropriate as the overarching research strategy for this study.

#### *1.5.2.3 Measurement and measures*

Measurement is "a process of assigning numbers or other symbols to characteristics of objects being measured according to predetermined rules" (Malhotra, 2012:278). During the measurement process, measurement scales can either be adapted or developed in order to measure constructs sufficiently (Burns & Bush, 2014). In this study, validated scales were adapted from previous studies to measure the constructs.

#### *1.5.2.4 Development and pre-testing of questionnaire*

The overarching research strategy for this quantitative study is a survey, which requires the use of a questionnaire for data collection (Rowley, 2014; Bryman *et al.*, 2014). A questionnaire, specifically a self-administered one was therefore used to collect data in this study. The questionnaire had three main sections. The first section contained screening questions to ascertain the eligibility of respondents earmarked to partake in this study. The second section had questions about the respondents' demographic information. The third section consisted of five-point Likert scale questions intended to measure the main constructs of the study. The questionnaire was pre-tested with thirty-two respondents to ensure that questions and scales were both clear and reliable.

#### *1.5.2.5 Sampling design*

Sampling refers to "the process of obtaining information from a subset (a sample) of a larger group (the universe or population)" (McDaniel & Gates, 2013:380). Malhotra (2012:369) advocates that the sampling design process consists of five sequential steps, namely: defining the target population, determining the sample frame, selecting the sampling technique, determining the sample size, and executing the sampling process.

*Defining the target population*

Churchill, Brown and Suter (2010:327) define population as "all the individuals or objects that meet certain requirements for membership in the overall group". In this study, the target population were Gen Y university students in Gauteng province. This province has the highest concentration of public higher education institutions in South Africa (Bevan-Dye, Garnett & de Klerk, 2012). Gauteng province also have inhabitants of diverse socio-economic and cultural backgrounds.

*Determining the sample frame*

A sampling frame is "a list of population elements from which a sample will be drawn" (Churchill *et al.*, 2010:331). Typical examples of sample frame include but are not limited to telephone directories, lists of subscribers to magazines, database of customers, members of associations, and university registry of students (Zikmund & Babin, 2016; Sekaran & Bougie, 2013; Easwaran & Singh, 2010). The sampling frame for this study was a list of registered undergraduate and postgraduate students within the Gen Y age bracket (18-25), studying at the University of Johannesburg and University of the Witwatersrand.

*Selecting the sampling technique*

A selection of the sampling technique is informed by a number of factors, such as the objectives of the study, availability of financial resources and time constraints (McDaniel & Gates, 2010). Considering time constraint, and the fact that the exact number of respondents was not known to conduct a random selection of a probability sample, this study utilised a judgment (purposive) non-probability sampling technique to collect data. This sampling technique used to select a sample of Gen Y undergraduate and postgraduate students between the ages of 18 and 25 studying at the University of Johannesburg and University of the Witwatersrand, is an effective method for obtaining useful data from specific respondents who are knowledgeable about the investigated subject (Easwaran & Singh, 2010:252).

*Determining the sample size*

In research, determining a sample size can be a complex process due to factors such as the homogeneity of the population, availability of time, money, and access to respondents (Iacobucci & Churchill, 2010; Wilson, 2012). A sample size selection is also guided by the type of data analyses to be conducted (Siddiqui, 2013). Given that this study used the structural equation modeling (SEM) statistical method to analyse data, the sample size was informed by the number of constructs in the final questionnaire. Siddiqui (2013) recommends that conceptual models with ten to fifteen variables require sample sizes of between 200 and 400 in order to perform SEM tests. Since this study had ten constructs, which had a number of items, a sample size of 651 was deemed sufficient.

The final step of research design entails executing the sampling design phases discussed above. In essence, this entails collecting data from the identified respondents (Wiid & Diggines, 2013).

#### *1.5.2.6 Data collection*

Data collection is an important process aimed at generating valid data (Malhotra, Birks & Wills, 2012). Data can be gathered using different methods such as focus groups, experiments and surveys (Burns & Bush, 2014). In this study, a structured questionnaire (hard copy and online version) was used. The researcher was directly involved in the collection of data and this process was not compromised, as it was executed within the defined ethical parameters prescribed in the ethical clearance certificate. More details about the data collection procedure are found in Chapter 6.

#### *1.5.2.7 Data analysis*

The major softwares (version 24), namely Statistical Package for Social Science (SPSS) and analysis of moment structures (AMOS), were employed to generate statistics used to analyse this study's data. The main data analysis techniques utilised in this study were descriptive statistics, reliability and validity tests, normality tests, confirmatory factor analysis (CFA) and SEM.

The descriptive statistics provided a summary of mean, standard deviation and percentages of respondents' responses to questions profiling their demographics, smartphone ownership information and attitude towards the Samsung mobile phone.

In order to assess the reliability of the measurement scales used in this study, Cronbach's alpha and composite reliability values were used to measure the internal consistency of the scale items (Londonoa *et al*., 2017; Hair, Sarstedt, Hopkins & Kuppelwieser, 2014:111; Zikmund & Babin, 2013:257). The validity of the scales were tested using convergent (through CFA factor loadings) and discriminant (through correlation matrix) validity tests. A further assessment to ascertain normal data distribution using Skewness and Kurtosis parametric statistics was undertaken (Randolph & Myers, 2013).

A CFA to ensure that data is compatible or fits with the model was also conducted. The indices used to assess the goodness-of-fit were the normed-chi-square ($\chi^2$/df), goodness-of-fit index (GFI), Tucker-Lewis index (TLI), comparative fit index (CFI) and the root mean square error of approximation (RMSEA). Upon attaining acceptable model fit requirements, SEM was employed to test the hypothesised relationships between constructs as reflected in the study's conceptual model in line with the research objectives. Standardised regression weights and *p*-values were used to determine whether hypotheses were supported or rejected. The results of all the analyses are presented in Chapter 7.

## 1.6 CONTRIBUTIONS OF THE STUDY

This study makes important theoretical and practical contributions. These are highlighted in this section and discussed in detail in Chapter 8.

*Theoretical contributions*

CBBE has been measured for more than two decades with specific focus on brand loyalty, brand awareness, perceived quality, brand association/brand image (Aaker, 1996; Keller, 1998) as sources of brand equity. However, Esch *et al*. (2006) and Gecti and Zengin (2013) argue that the measurement of outcomes of CBBE in the form of brand relationships with the brand has been ignored. This study will contribute by factoring in brand relationship variables in the commonly used CBBE models.

Considering that brand equity is an expression of a brand's value (Sanyal & Datta, 2011), this study will also contribute by introducing consumption values as other sources of CBBE, which can be used to build and measure brand equity.

The overall academic or theoretical contribution is the development of this study's proposed conceptual model, which expands and enriches Aaker's (1996) and Keller's (1998) models and can be used to holistically measure the brand equity of different brands and product categories from diverse countries.

*Practical contributions*

This study also makes the practical contributions outlined below.

Gen Y consumers are the youngest generation entering the workforce at a rapid rate (Young, Sturts, Ross & Kim, 2013). This implies that it is a lucrative market segment to be targeted by marketers due to their potential spending power. Since the majority of Gen Y consumers own a mobile phone, this study provides a guide not only to Samsung marketers but other practitioners responsible for managing mobile phone brands such as iPhone, Huawei and Nokia, regarding which factors influence positive and differential response to brands. This information could enable marketers to invest resources optimally by focusing on specific and influential drivers of brand equity as opposed to relying on a generic marketing strategy. This is very important, considering that Gen Y is not only a large and lucrative market segment, but are well-informed, opinionated and fickle consumers (Rahman, Albaity & Maruf, 2017; Lissitsa & Kol, 2016).

This study provides insights on the factors credited with the growth of Samsung mobile phones brand. Marketers and multinational companies in general from different countries and diverse industries can also use the revelation that apart from the conventional sources of CBBE, it is important to focus on offering innovative products that create value for consumers. By doing so, good relations between the company and consumers will be forged and maintained.

## 1.7 ORGANISATION OF THE STUDY

This study is organised into eight chapters. A brief description of the chapters is outlined below:

**Chapter 1: Introduction and background to the study**

This chapter outlines what prompted the research, defines the research problem, delineates the objectives of the study, presents a preliminary literature review, proposed conceptual model and hypotheses. The chapter also presents an overview of the research methodology and concludes with the contributions of the study.

**Chapter 2: The mobile phone industry: A global and South African perspective**

This examines the global and South African mobile phone market to determine Samsung's market position, a dominant brand in this industry. A literature review of the factors attributable to the success of Samsung as a company was undertaken.

**Chapter 3: Market attractiveness and technological media behaviour of Generation Y**

The chapter reviews demographics and psychographics that define Gen Y as an attractive and unique market segment. The chapter also discussed how some socio-economic and cultural factors influence Gen Y purchase behaviour and use of technology.

**Chapter 4: The brand equity concept and its relation with consumer-brand relationship factors and consumption values**

This chapter discusses the concept of brand equity, its sources and outcomes and different methods of how it is measured. Furthermore, other factors such as consumption values (monetary, functional and symbolic values), brand-relationship (brand satisfaction and brand love) and brand loyalty, which are purported to have an impact on brand equity, were also discussed.

**Chapter 5: Conceptual model and hypotheses development**

In this chapter, a literature review focuses on the models measuring sources of brand equity, brand-relationship factors and consumption values. Based on the divergent academic views presented by various authors, an integrated conceptual model and the subsequent hypotheses are discussed.

**Chapter 6: Research methodology**

This chapter outlines the research philosophy and approach underpinning the research methodology adopted in this study. The research methodology essentials ventilated in this chapter include sampling, data collection and data analysis.

**Chapter 7: Presentation of results**

This chapter presents the results of the statistical analysis of the data obtained in this study.

**Chapter 8: Discussion of results, conclusions and recommendations**

This chapter discusses the results presented in Chapter 6 and major findings uncovered are discussed in relation to previous studies so as to derive definite conclusions. Subsequently, recommendations based on the conclusions are presented. The chapter also recaps on the objectives of the study and how they have been achieved. The chapter further outlines practical and theoretical contributions of the study. The limitations of the study on which the suggestions for further research are based conclude this chapter.

## 1.8 CONCLUSION

This chapter provided an overview of the study. In doing so, an introduction and background on what stimulated this study was provided. The research problem and subsequent objectives of the study were then presented. A preliminary literature review was undertaken in quest to develop an integrated proposed conceptual model and hypotheses. The chapter further described the research methodology adopted to test the conceptual model. The study's

theoretical and practical contribution were then highlighted. The chapter was concluded by providing an overview of how the study was organised in terms of chapters.

# CHAPTER 2

# THE MOBILE PHONE INDUSTRY: A GLOBAL AND SOUTH AFRICAN PERSPECTIVE

## 2.1 INTRODUCTION

The primary objective of this study is to measure the brand equity of Samsung mobile phones. This chapter reviews the global and South African mobile phone industry, in order to identify the market position and performance of Samsung mobile phones. The chapter starts by defining the mobile phone concept and how it can be operationalised. Thereafter, the chapter discusses the global and South African mobile phone industry, with Samsung being the focal brand. The chapter further provides a historical background of Samsung Electronics, its business segments and products, with specific focus on mobile phones. Factors attributed to the growth of Samsung Electronics conclude the chapter.

## 2.2 DEFINITION AND OPERATIONALISATION OF THE MOBILE PHONE CONCEPT

A mobile phone (also known as a cellular phone, cell phone, and a hand phone) is "a device that can make and receive telephone calls over a radio link while moving around a wide geographic area" (Chowdhury & Rahman, 2013:16). The mobile phone market consists of all cell phones used for mobile telephony (MarketLine, 2015). Mobile phones are classified into two categories, namely feature phones and smartphones. Feature phones offer only basic product features, such as text messaging and making and receiving calls (Hung, Bui, Morales, Nguyen & Huh, 2014), whereas smartphones are a combination of the feature phone and personal computer (Hu, Lu & Tzeng, 2014). Smartphones have advanced product features such as web browsing, access to e-mails, mobile video, word processing, instant messaging applications, picture messaging, camera and global positioning system (GPS) (Hu *et al*., 2014; Suki, 2013). Despite the substantial difference between a feature phone and smartphone, Malviya, Saluja and Thakur (2013:14) contend that a smartphone is actually "a mobile phone based on an operating system which possess all the major functions of a computer like web browsing, emailing, video and voice chatting and audio-video playback".

Companies, such as Samsung and Apple have modified mobile phones by adding product features, such as multimedia messaging, cameras, videos, e-mail and internet connection (Haverila, 2011). These types of mobile phones are classified as smartphones (Hu *et al*., 2014). According to Chowudhury (2012:62), mobile phones are no longer regarded as communication devices, but rather as "a fashion item, a status symbol, and a channel for individuals to express themselves". Based on the preceding discussion, this study will operationalise the mobile phone concept as consisting of both feature phones and smartphones. The following section provides an overview of the global mobile phones industry.

## 2.3 AN OVERVIEW OF THE GLOBAL MOBILE PHONES INDUSTRY

Only few years ago, mobile phones were considered to be a luxury item to own, but nowadays they have become so common that, in most countries, mobile phones now outnumber landline telephones (Kaur, 2015). Chowdhury and Rahman (2013:16) also assert that "it is impossible to move ahead without a mobile handset". Haverila (2011:239) also view mobile phone as an "essential part of our culture". For the purpose of this study, the global mobile phones industry will be dissected in terms of: market rivalry (who are the dominant players); market volume and forecast (how much sales are generated and how much is envisaged to be generated in future); market value and forecast (how much is the industry worth and how much is it expected to be worth in future); and category segmentation (what product categories constitute this industry). The industry reports used in this discussion reported on the 2015, 2016 and 2017 financial years. These figures were updated on an annual basis leading up to submission of this thesis.

### 2.3.1 Global market rivalry

Samsung and Apple are the leading players in the overall mobile phones market (Roets, Bevan-Dye & Viljoen, 2014). On the basis of market share, Apple and Samsung are followed by Nokia, HTC, Sony, BlackBerry, and Huawei (Omair, Amin & Farooq, 2014). However, Samsung's innovation and quality philosophy is proving to be a serious challenge to Apple (Smutkupt, Krairit and Khang, 2012) as the company is fast gaining market leadership (Omair *et al*., 2014). Nokia and BlackBerry, who were once dominant players in the mobile phones industry, have been affected negatively by this intense competition, as their consumers have adopted Samsung and Apple mobile phones (MarketLine, 2015). Table 2.1 provides the 2016

top ten global players in the mobile phones industry. The market share breakdown depicted in this table indicates that Samsung is the market leader with 21.6% market share. Apple, Huawei, LG and Xiaomi occupy the second, third, fourth and fifth place with 12.5%, 7.1%, 4.4% and 4.1%, respectively (Euromonitor, 2016).

**Table 2.1: Global mobile phones market share breakdown between 2011 to 2016**

| Company name | Phone brand | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|---|---|---|---|---|---|---|
| | | % retail market share | | | | | |
| Samsung Corp. | Samsung | 21.6 | 23.7 | 26.3 | 23.0 | 22.1 | 21.6 |
| Apple Inc. | iPhone | 6.1 | 8.2 | 9.6 | 10.8 | 12.6 | 12.5 |
| Huawei Technologies Co Ltd | Huawei | 2.1 | 2.7 | 3.1 | 3.7 | 5.6 | 7.1 |
| LG Corp. | LG | 8.3 | 7.2 | 6.0 | 5.6 | 5.9 | 4.4 |
| Xiaomi Inc. | Xiaomi | 0.2 | 0.5 | 1.2 | 3.9 | 4.3 | 4.1 |
| Microsoft Corp. | Nokia | - | - | - | 7.8 | 4.5 | 3.0 |
| Oppo Electronics | Finder | - | 0.2 | 0.7 | 1.4 | 2.5 | 2.9 |
| ZTE Corp. | ZTE | 2.0 | 2.3 | 2.4 | 2.4 | 2.6 | 2.8 |
| Vivo Communication Technology | X5 | - | 0.5 | 0.9 | 1.8 | 2.3 | 2.7 |
| Micromax Informatics | Micromax 4G | 1.1 | 1.1 | 2.1 | 2.2 | 2.0 | 2.1 |

Source: Euromonitor Report (2017:1)

### 2.3.2 Global market volume and forecast

According to the MarketLine (2016) report, and as indicated in Table 2.2, the 2016 global volume of handsets was 1,455,893 million, which translates to a 29% growth since 2012. This growth is attributed to the popularity of smartphones, due to functions such as instant messaging features, ability to download mobile applications, and efficient connection to wi-fi (Maghnati & Ling, 2013). Another contributor to this trend is the fact that Africa currently enjoys the fastest mobile phones sales growth in the world (Arasa and Gathinji, 2014). Butt (2015) confirms that the population of mobile phone users and ownership in Africa has increased significantly from 2% in 2000 to 80% in 2013 due to the liberalisation of the telecommunications industry, and lower costs for mobile handsets.

**Table 2.2: Global mobile phones handsets volume between 2012 and 2016**

| Year | Handsets (in millions) | % Growth |
|---|---|---|
| 2012 | 1,129,340.2 | - |
| 2013 | 1,237,204.4 | 9.6% |
| 2014 | 1,327,038.5 | 7.3% |
| 2015 | 1,391,583.3 | 4.9% |
| 2016 | 1,455,893.2 | 4.6% |

Source: MarketLine Report (2016:10)

The amount of handsets in the global market is forecasted to increase substantially in the coming years. For example, the number of handsets expected to be in the market in 2017 is 1,531,347 million, and this is forecast to increase to 1,773,949 million by 2021, which is an overall increase of 22% since 2016 (see Table 2.3).

**Table 2.3: Global mobile phones handsets volume forecast**

| Year | Handsets (in millions) | % Growth |
|---|---|---|
| 2016 | 1,455,893.2 | 4.6% |
| 2017 | 1,531,347.2 | 5.2% |
| 2018 | 1,604,644.2 | 4.8% |
| 2019 | 1,665,962.5 | 3.8% |
| 2020 | 1,721,423.9 | 3.3% |
| 2021 | 1,773,949.3 | 3.1% |

Source: MarketLine Report (2016:13)

Consumers have different options that they can choose from when buying mobile phones. For instance, the bulk (61.4%) of phones sold in 2016 was just handsets (phone only). The rest of the phones sold were contract (monthly subscriptions) and prepaid (so called pay-as-you-go) phones, which accounted for 30.9% and 7.7%, respectively. Table 2.4 provides a breakdown of the sales of mobile phones by type of contract since 2011 (Euromonitor, 2016).

**Table 2.4: Global sales of mobile phones by type of contract**

| Type of contract | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|---|---|---|---|---|---|
| | % contract type | | | | | |
| Monthly Subscription | 32.6 | 31.8 | 31.2 | 31.1 | 31.1 | 30.9 |
| Pay-as-you-go | 9.9 | 9.7 | 9.1 | 8.4 | 7.9 | 7.7 |
| Phone Only | 57.5 | 58.3 | 59.7 | 60.4 | 61.0 | 61.4 |
| **Total** | **100** | **100** | **100** | **100** | **100** | **100** |

Source: Euromonitor Report (2016:1)

### 2.3.3 Global market value and forecast

The global mobile phones market experienced a growth of 0.6% in 2016, which equates to approximately $307 billion in market value (see Table 2.5). Even though the market value of mobile phones is forecasted to grow to about $338 billion by 2021, the growth rate is estimated to annually decline gradually from 2016 to 2021 (MarketLine, 2016).

**Table 2.5: Global mobile phones market value and forecast**

| Year | $ billion | % Growth |
|---|---|---|
| 2016 | 307,915.2 | 0.6% |
| 2017 | 314,924.4 | 2.3% |
| 2018 | 322,483.9 | 2.4% |
| 2019 | 328,505.4 | 1.9% |
| 2020 | 334,028.3 | 1.7% |
| 2021 | 338,541.0 | 1.4% |

Source: MarketLine Report (2016:11)

There appears to be a correlation between the forecasted market volume in terms of handsets (Table 2.3) and forecasted market value in terms of sales (Table 2.5), where, as more handsets are made available in the market, the more likely it is that incremental sales will be generated.

### 2.3.4 Global category segmentation

As aforementioned, there are two categories of mobile phones in the market – the smartphone and the feature phone. In Table 2.6, the smartphone segment accounted for 67.9% of the 2014 global sales volume in comparison to the 32.1% attributed to the feature phone segment (MarketLine, 2015).

**Table 2.6: Global mobile phones category segmentation**

| Type of phone | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|---|---|---|---|---|
| Smartphone | 19.8% | 32.0% | 46.3% | 58.6% | 67.9% |
| Feature phone | 80.2% | 68.0% | 53.7% | 41.4% | 32.1% |
| **Total** | **100%** | **100%** | **100%** | **100%** | **100%** |

Source: MarketLine Report (2015:11)

The rise of smartphones from 19.8% in 2010 to 67.9% in 2014 is attributed to the fact that consumers have switched from their feature phones, so as to benefit from the advanced product features provided by smartphones (MarketLine, 2015). This is evident from feature phones figures in Table 2.6, which in 2010 accounted for 80.2% of the global mobile phones sales. Four years later (2014), feature phones global sales declined significantly from 80.2% to 32.1%.

The preceding section focused on the global review of the mobile phones industry in order to understand its dynamics. Since the study is based in South Africa, it is also important to review the local mobile phones industry with specific focus on the performance of Samsung Electronics, which constitutes the focal brand of this study.

## 2.4 THE SOUTH AFRICAN MOBILE PHONES INDUSTRY

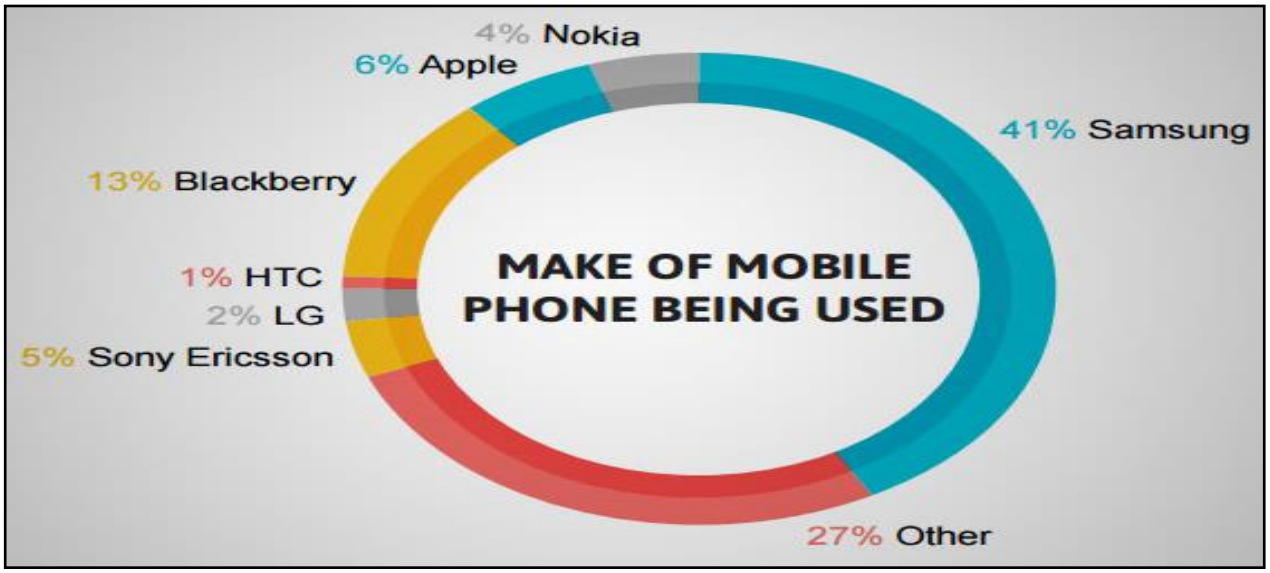
Consistent with the discussion structure adopted in the preceding section, the local mobile phones industry will be discussed in terms of market rivalry (who are the dominant players), market volume and forecast (how much sales are generated and how much is envisaged to be generated in future), market value and forecast (how much is the industry worth and how much

is it expected to be worth in future), and category segmentation (what product categories constitute this industry).

### 2.4.1 Mobile phones market rivalry in South Africa

The South African mobile phones market is constituted by brands such as Apple, Samsung, LG, Nokia and BlackBerry (van Scheers & Prinsloo, 2014; MarketLine, 2015; Euromonitor, 2015). The 2014 South African mobile report revealed that 41% of local consumers prefer to buy a Samsung mobile phone over BlackBerry (13%), Apple (6%), and Nokia (4%) phones. As illustrated in Figure 2.1, the Samsung brand is entrenching its market leader position, thus threatening Apple and BlackBerry's market share (Cecere, Corrocher & Battaglia, 2015; Kaur & Abdollahian, 2014). According to recent figures (see Table 2.7), Samsung Electronics is the 2016 market leader in the South African mobile phones industry, with a market share of approximately 46%, followed by Nokia, Apple, ZTE, LG and BlackBerry with market share of 15%, 12%, 6%, 4% and 2%, respectively (Euromonitor, 2016).

**Figure 2.1: Preference of mobile phones brands in South Africa**




Source: South African Mobile Report (2014:9)

**Table 2.7: South African market share breakdown**

| Company name | Phone brand | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|---|---|---|---|---|---|
| | | % retail market share | | | | |
| Samsung Electronics SA | Samsung | 23.9 | 28.9 | 37.2 | 43.5 | 46.2 |
| Nokia SA | Nokia | 35.7 | 27.1 | 21.7 | 18.2 | 15.5 |
| Core Computer Business (Apple) | iPhone | 4.4 | 8.0 | 8.7 | 12.1 | 12.1 |
| ZTE Corp. | ZTE | - | - | - | 3.3 | 5.5 |
| LG Electronics SA | LG | 7.9 | 6.4 | 5.1 | 4.3 | 3.7 |
| Research in Motion SA | BlackBerry | 12.8 | 6.7 | 4.7 | 3.0 | 1.9 |
| Sony SA | Sony | 0.2 | 1.0 | 1.4 | 1.5 | 1.6 |
| Motorola SA | Motorola | 0.6 | 0.9 | 1.1 | 1.2 | 1.3 |
| HTC Corporation | HTC | 1.6 | 1.2 | 1.3 | 1.3 | 0.9 |
| Others | | 13.0 | 19.8 | 18.8 | 11.6 | 11.4 |
| **Total** | | **100** | **100** | **100** | **100** | **100** |

Source: Euromonitor Report (2016:4)

Table 2.7 indicates that between 2012 and 2016, Samsung and Apple's market share grew by 93% and 175%, respectively. However, Apple's growth of over 100% is not that significant considering that their market share remained constant in 2016 when compared to 2015. In contrast, the market share of Nokia, LG, BlackBerry, which are dominant players in the mobile phones industry, declined by about 57%, 53%, 85%, respectively during the same period.

### 2.4.2 Mobile phones market volume and forecast in South Africa

According to the Euromonitor report (2016), and as indicated in Table 2.8, the 2016 volume of handsets in SA was 14.7 million. The current volume of handsets in the South African market is forecasted to increase significantly from 14.7 million in 2016 to 19.7 million by 2021 (see Table 2.9).

**Table 2.8: South African mobile handsets volume**

| Type of phone | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|---|---|---|---|---|---|
| | '000 units | | | | | |
| Feature Phones | 9,653.7 | 8,253.0 | 6,813.7 | 4,722.1 | 3,473.1 | 2,849.6 |
| Smartphones | 3,273.0 | 5,538.3 | 7,837.3 | 9,609.3 | 10,714.4 | 11,853.3 |
| **Total** | **12,926.7** | **13,791.3** | **14,651** | **14,331.4** | **14,187.5** | **14,702.9** |

Source: Euromonitor Report (2016:3)

Table 2.8 revealed that the volume of feature phones consistently and substantially dropped by 70% from 2011 to 2016. This was accompanied by a substantial increase in the volume of smartphones, which saw a volume increase of more than 200% between 2011 and 2016.

**Table 2.9: South African mobile handsets volume forecast**

| Type of phone | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|---|
| | '000 units | | | | | |
| Feature Phones | 2,849.6 | 2,501.8 | 2,222.5 | 2,019.5 | 1,847.6 | 1,623.1 |
| Smartphones | 11,853.3 | 13,048.1 | 14,281.2 | 15,565.0 | 16,847.6 | 18,087.6 |
| **Total** | **14,702.9** | **15,549.9** | **16,503.7** | **17,684.5** | **18,695.1** | **19,710.7** |

Source: Euromonitor Report (2016:6)

While the volume of the total mobile phones increased by 14% from 2011 to 2016 (see Table 2.8), Table 2.9 shows that the rate of growth in volume is forecasted to grow at a decreasing rate of 34% from 2016 to 2021. The reason for this has yet to be established.

The South African consumer has different options to choose from when buying mobile phones and airtime. For instance, the bulk (64.3%) of phones sold in South Africa in 2016 was handsets (phone only). The rest of the phones sold were contract (phone and monthly subscriptions for airtime and data bundles) and prepaid (ad hoc purchase of airtime or data bundles, termed 'pay-as-you-go') phones which accounted for 28% and 7.8%, respectively. Table 2.10 provides a breakdown of the sales of mobile phones by type of contract since 2011 (Euromonitor, 2016).

**Table 2.10: South African sales of mobile phones by type of contract**

| Type of contract | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|---|---|---|---|---|---|
| | % contract type | | | | | |
| Monthly Subscription | 17.0 | 24.0 | 25.0 | 26.0 | 27.0 | 28.0 |
| Pay-as-you-go | 4.0 | 6.5 | 7.4 | 7.5 | 7.6 | 7.8 |
| Phone Only | 79.0 | 69.5 | 67.6 | 66.5 | 65.4 | 64.3 |
| **Total** | **100** | **100** | **100** | **100** | **100** | **100** |

Source: Euromonitor Report (2016:4)

Table 2.10 shows that while the purchase of phone only dropped by 19% from 2011 to 2016, the monthly subscription option increased by 65% from 2011 to 2016. This could probably be because of the growing number of middle and working class South Africans, who are likely to require a steady supply of airtime or data bundles.

### 2.4.3 Mobile phone market value and forecast in South Africa

The South African mobile phones industry experienced a market value growth of approximately R38.9 million in 2016, with a very substantial growth rate of 191% from the year 2011 to 2016 (see Table 2.11).

**Table 2.11: South African mobile phones sales**

| Type of phone | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|---|---|---|---|---|---|
| | R '000 | | | | | |
| Feature Phones | 1,910.9 | 1,592.6 | 1,265.1 | 835.4 | 628.5 | 507.2 |
| Smartphones | 11,455.7 | 14,964.5 | 21,985.2 | 26,695.4 | 32,620.8 | 38,421.2 |
| **Total** | **13,366.6** | **16,557.1** | **23,250.4** | **27,530.7** | **33,249.4** | **38,928.4** |

Source: Euromonitor Report (2016:3)

Table 2.11 shows that the huge growth rate of the mobile phone market value was accounted for by the very high growth of 235% of smartphones from 2011 to 2016. The growth rate is forecast to be steady from 2016 to 2018, when it will start dropping to 34,705 million in 2021 (see Table 2.12).

**Table 2.12: South African mobile phones forecast**

| Type of phone | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|---|
| | R '000 | | | | | |
| Feature Phones | 507.2 | 414.2 | 338.8 | 279.9 | 223.3 | 171.1 |
| Smartphones | 38,421.2 | 39,867.3 | 38,258.9 | 36,321.9 | 34,887.4 | 34,533.9 |
| **Total** | **38,928.4** | **40,281.5** | **38,597.7** | **36,601.8** | **35,110.7** | **34,705** |

Source: Euromonitor Report (2015:6)

Table 2.12 shows that even smartphones, whose market value grew by 235% between 2011 and 2016, are forecast to decline by 10% between 2016 and 2021. The market value of smartphones is in fact forecasted to start dropping from 2018. Between 2018 and 2021, the decline rate is forecast to be 10%, which will contribute a negative 10% to the total number of mobile phones during the same period (Euromonitor, 2016).

### 2.4.4 Mobile phone category segmentation in South Africa

Based on the information displayed in Table 2.13, it is interesting to note that in 2011, 75% (9,653.7 divide by 12,926.7) of mobile phone sales were feature phones, with 25% (3,273 divide by 12,926.7) apportioned to smartphones. By 2016 however, the reverse was true, indicating that the relative advantage of smartphones were very much appreciated and their adoption and use rate was significantly high. In this year, the smartphone segment in South Africa accounted for 81% (11,853.3 divide by 14,702.9) of the 2016 local sales in comparison to the 19% (2,849.6 divide by 14,702.9) attributed to the feature phone segment (Euromonitor, 2016).

**Table 2.13: South African mobile phones categories**

| Type of phone | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|---|---|---|---|---|---|
| | '000 units | | | | | |
| Feature Phones | 9,653.7 | 8,253.0 | 6,813.7 | 4,722.1 | 3,473.1 | 2,849.6 |
| Smartphones | 3,273.0 | 5,583.3 | 7,837.3 | 9,609.3 | 10,714.4 | 11,853.3 |
| **Total** | **12,926.7** | **13,836.3** | **14,651** | **14,331.4** | **14,187.5** | **14,702.9** |

Source: Euromonitor Report (2016:3)

In South Africa, mobile phones sales are divided between rural and urban areas. Table 2.14 illustrates that in 2015, 60% of mobile phones were sold in urban areas, compared to the 40% sales in rural areas (Euromonitor, 2016). The strong growth in smartphones sales in urban areas is attributed to the fact that feature phones are affordable to consumers residing in rural areas, who are price-sensitive, whereas, most smartphone consumers live in urban areas and earn good salaries, which enable them to afford these sometimes costly phones (Euromonitor, 2016).

**Table 2.14: South African rural versus urban mobile phone sales**

| Type of area | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|---|
| Rural | 40.3% | 41.4% | 41.5% | 41.7% | 41,7% | 41.8% |
| Urban | 59.7% | 58.6% | 58.5% | 58.3% | 58.3% | 58.2% |
| **Total** | **100%** | **100%** | **100%** | **100%** | **100%** | **100%** |

Source: Euromonitor Report (2016:7)

## 2.5 SAMSUNG, THE DOMINANT BRAND IN THE GLOBAL MOBILE PHONE INDUSTRY

The Samsung mobile phone brand is growing, and dominating the industry both in South Africa as well as globally. This is evident from the recent market share figures presented in sections 2.3.1 and 2.4.1. Studies conducted globally have also confirmed Samsung mobile phones to be the preferred brand by consumers, followed by Apple and Nokia (Kaur, 2015; Maheswari, 2015; Pandey & Nakra, 2014; Chowdhury & Rahman, 2013). In a study conducted by Malviya *et al*. (2013) and as displayed in Table 2.15, Samsung mobile phones were rated as the preferred brand in terms of price, status symbol, durability, operating system and image compared to Apple, Nokia, BlackBerry, Sony and HTC in year 2013. Three years later, Samsung as a brand is still regarded to be one of the top mobile phone brands globally.

**Table 2.15: Global preference of mobile phone brands as at 2013**

| Order of preference | Price | Status symbol | Durability | Operating system | Features | Social influences | Favourable image |
|---|---|---|---|---|---|---|---|
| 1 | Samsung: 60.5% | Samsung and Apple: 36.8% | Samsung: 37.1% | Samsung: 55.6% | Samsung: 46.9% | Apple: 57.1% | Samsung: 46.2% |
| 2 | Apple: 10.5% | BlackBerry : 21.1% | Apple: 25.7% | Apple: 25.9% | Apple and Sony: 18.8% | Samsung, BlackBerry and Sony: 14.3% | Apple and Sony: 19.2% |
| 3 | Sony: 10.5% | | Sony: 22.9% | Sony and HTC: 7.4% | | | |

Source: Adapted from Malviya *et al*. (2013:18)

It would therefore be amiss if this chapter did not to present the reasons behind this growing brand. Before providing the factors attributed to the success of Samsung mobile phone brand, it is important to first profile Samsung Electronics.

## 2.6 PROFILING SAMSUNG ELECTRONICS

The profiling of Samsung Electronics will revolve around the historical background and its business and product portfolio.

### 2.6.1 Historic background

Samsung Electronics is based in Samsung Town, Seoul and was founded in 1938 by Lee Byung-chul as an export business in Taegu, Korea (Omair *et al*., 2014). The export activities of this company entailed selling textile, sugar, fish, vegetables and fruit to China (Lee & Jung, 2015). The company ventured into the electronics industry in the early 1970s (Pratiwi, Saerang and Tumewu, 2015) by manufacturing black and white televisions, washing machines and refrigerators (MarketLine, 2015; Lee & He, 2009). In 1985, Samsung ventured into the telecommunication industry by developing fixed-line telephone switching systems (Lee & Jung, 2015). In this process, in 1988 the company introduced its first basic mobile phone, the Samsung SH-100 in the market (Taeyun, 2009). This marked the beginning of Samsung's production of mobile phones, as in the 1990s, the company expanded its cellular telephone business globally (Omair *et al*., 2014; Pratiwi *et al*., 2015).

Currently, Samsung Electronics is one of the leading consumer electronics brands in the world (MarketLine, 2015). The company employs over 286,000 people and operates 220 subsidiaries in Asia, Europe, America, SA, Brazil, Russia, India, China, Japan and Dubai (MarketLine, 2015). The company has transformed itself from being a low-cost oriented manufacturer to a world-class organisation focusing on research & development (R&D), product design and marketing (Shin & Kim, 2015). This transformation was evident in 2012, when Samsung Electronics was pronounced the biggest phone producer, surpassing Nokia, a market leader since 1998 (Omair *et al*., 2014). In 2012, Samsung sold 400 million mobile phones to displace Nokia in the market (Almunawar, Anshari, Susanto & Chen, 2015; Lee & Jung, 2015). Moreover, Samsung sold 215.8 million more units of high-end mobile phones or smartphones than its fierce competitor, Apple, to capture the largest market share of 39.6% (Lee & Jung, 2015).

The current Vice Chairman and Chief Executive Officer, Oh-Hyun Kwon announced that in the 2016 financial year, the company generated a net profit of KRW22,415,655 million[1], an increase of 20% compared to the previous financial year (KRW18,694,628 million) (MarketLine, 2016). In 2015, the information technology and mobile communications (IM) segment, which includes mobile phones, contributed a significant revenue of KRW222,023,600 million (MarketLine, 2016). This means that the IM segment contributed approximately 45% towards the company's total revenue in the 2015 financial year. In order to understand Samsung Electronics holistically, it is important to profile different segments and product portfolios within the company. The following section provides a brief breakdown of these segments and relevant products.

### 2.6.2 Samsung Electronics business and product portfolio

Samsung Electronics business segments are divided into three, namely IM, consumer electronics (CE) and device solutions (DS) (Omair *et al*., 2014). Within these segments, different products are manufactured and sold throughout the world. Table 2.16 provides a summary of the various segments and the corresponding products.

[1] KRW denotes the South Korean Won currency

**Table 2.16: Samsung Electronics business segments and products**

| Business segments | Products (manufactured and sold) |
|---|---|
| Information technology and mobile communications (IM) | Smartphones, mobile phones, notebooks, tablets and wearable devices (e.g. watches). |
| Consumer electronics (CE) | **Visual display:** televisions, monitors, set-top boxes, home theatres and sound bars.<br>**Digital appliance:** refrigerators, washing machines, air-conditioners, vacuum cleaners, smart ovens and air purifiers.<br>**Printing solution:** traditional printers and multifunction printers.<br>**Health and medical equipment business:** digital x-rays and in-vitro diagnostics devices. |
| Device solutions (DS) | **Memory:** integrated circuits, dynamic random access memory, static random access memory, NAND flash memory and solid state drives.<br>**System large scale integration:** complimentary metal-oxide-semiconductor, image sensor, logic and analog devices.<br>**Light emitting diode (LED):** LED packages for televisions and IT products and LED lighting. |

Source: MarketLine Report (2015:4)

In the previous section it was indicated that the IM segment, which entails notebooks, tablets, watches and mobile phones product lines, contributed approximately 45% towards the total revenue generated by Samsung Electronics in the 2015 financial year. This business segment is the major part of the company as it generates a significant amount of sales (Omair *et al*., 2014). The next section discusses the factors behind Samsung's success.

## 2.7 SUCCESS FACTORS ATTRIBUTED TO SAMSUNG ELECTRONICS GLOBAL GROWTH

The emergence of Samsung's mobile phone business and its success is attributed to a number of factors. These include the global establishment of production bases, overhaul of quality standards, paradigm shift in management philosophies (qualitative management, the 1993 era of new management, human resources management and management hybrid system), and investment in marketing and design (Lee & Jung, 2015; Shin & Kim, 2015). These factors are unpacked in the following section, starting with the first of the four management philosophies.

### 2.7.1 Qualitative management philosophy

In the early 1990s, Samsung Electronics management overhauled its management philosophy to focus on qualitative rather than quantitative management (Kim, Lee & Choi, 2010). What underlies a qualitative management philosophy is the concept of quality leadership, which places emphasis on the production of quality products, the recruitment of quality people, and on quality management (Shin & Kim, 2015). To ensure that its products are of consistently superior quality, Samsung subscribes to the 120 per cent rule, which compels the company to "operate with 20 per cent more manpower than needed in order to address quality issues on a daily basis" (Shin & Kim, 2015:316). Samsung invests a substantial amount of money to attract talented employees to join the company (Jung, 2015). As a global brand, its quality management system entails a parallel combination of Japanese quality-assurance methods, such as total quality management (TQM), total productive maintenance (TPM), and lean production, with American methods such as Six Sigma, performance improvement (PI) and the theory of inventive solving (TRIZ) (Pratiwi *et al*., 2015; Shin & Kim, 2015; Choi, Kim, Leem, Lee & Hong, 2012). Table 2.17 depicts the qualitative management philosophy to focus mainly on profit orientation, enhancement of the global image of the company, adding value to customers and empowering employees to take on responsibilities in their respective areas.

**Table 2.17: Management paradigm shift at Samsung Electronics**

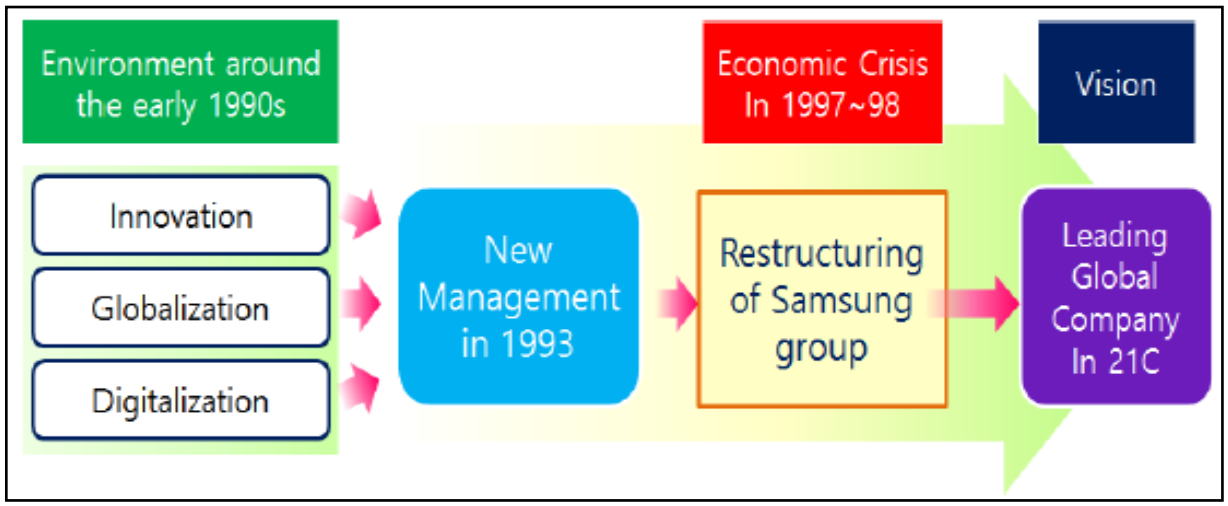
| Categories | Before new management | After new management |
|---|---|---|
| **Management philosophy** | Quantitative management | Qualitative management |
| **Management vision** | Sales-oriented | Profit-oriented |
| **Management objective** | The first in the country | The first in the world |
| **Priority business** | Low value added business | High value added business |
| **Management focus** | Company-oriented | Customer-oriented |
| **Management method** | Top-down, management-oriented | Bottom-up, self-determination |
| **Management authority** | Secretary's office | Self-management by affiliates (delegation of authority) |

Source: Shin and Kim (2015:315)

### 2.7.2 The 1993 era of New Management philosophy

In June 1993 at the Frankfurt Conference, the Founder and Chairman of Samsung Electronics at the time, Lee Byung-chul launched the "New Management" era (Jung, 2015) to transform the company to produce high quality products in high volumes (Lee, Lee & Heo, 2015). As indicated in Figure 2.2, the vision was to transform Samsung into a leading global company in the twenty first century. It is without a doubt that the company has achieved this vision as it is a well-recognised and trusted brand around the world (Manoa, 2014).

**Figure 2.2: New management system**

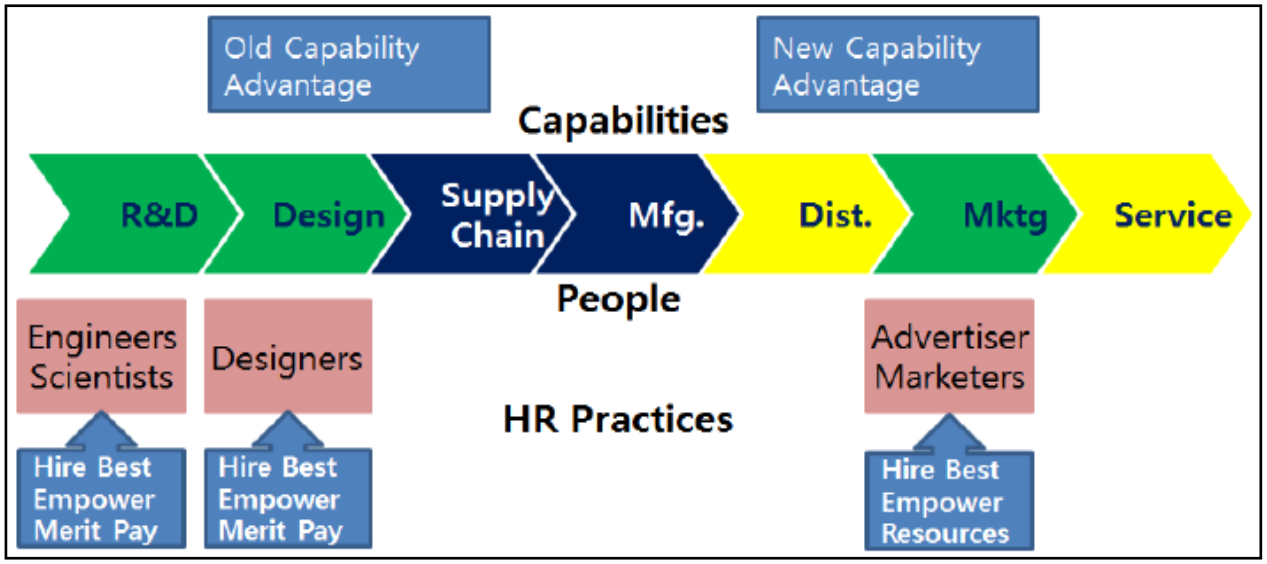



Source: Jung (2015:134)

### 2.7.3 Human resource management philosophy

Samsung Electronics human resource management philosophy put emphasis on the importance of employees as they are crucial to the success of the company (Jung, 2015). The company invests approximately $1.7 billion in attracting, training and retaining "super competent" people (Chang, 2012:1445). Employees are trained for four weeks upon joining the company and are exposed to its culture, thus transforming them into what is referred to as "Samsung-man" (Chang, 2012:1449). Employees are not discriminated against when it comes to promotion opportunities and remuneration is based on performance and education credentials (Jung, 2015). Figure 2.3 reveals Samsung human resources practices.

**Figure 2.3: Samsung Electronics human resource practises**




Source: Jung (2015:135)

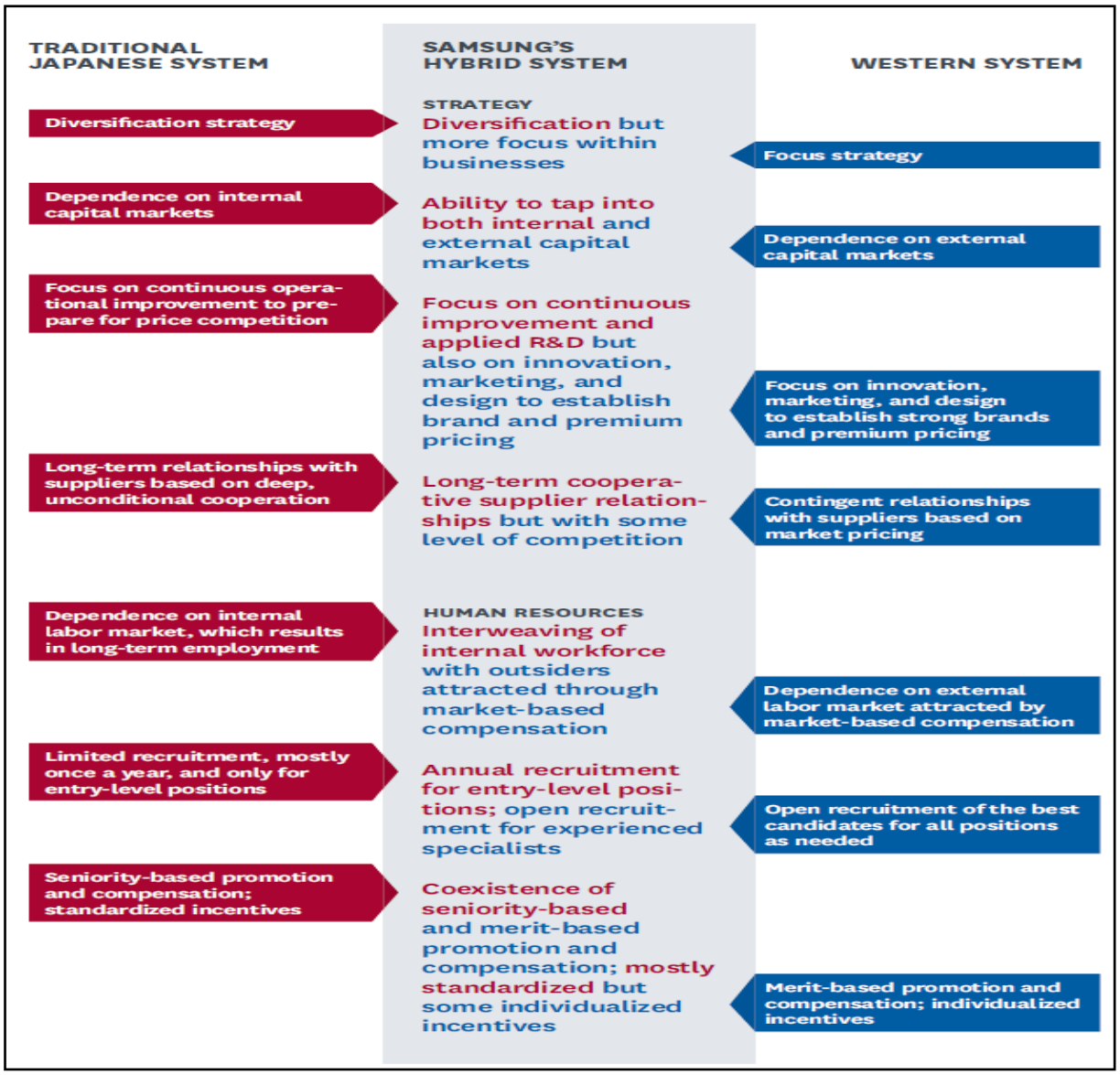
Before the human resource philosophy was adopted, Samsung's focus was on R&D, supply chain and manufacturing. The company invested in hiring the best people in these areas, empowered them with the necessary skills, and remunerated them in line with their expertise. Samsung expanded this philosophy to previously ignored and yet important business functions, such as marketing and advertising, distribution and service. It is therefore not surprising that Samsung is investing significantly towards the marketing of its mobile phones. This point is discussed in detail in section 2.7.5.

### 2.7.4 The hybrid management system

Until the 1980s, Samsung adopted the Japanese management system (Jung, 2015). Thereafter, due to the company's expansion to other countries such as America in the 1990s, it incorporated principles of an American management system, while maintaining the core of its traditional Japanese style (Park, 2015). In Figure 2.4, a distinction between the Japanese management and American management styles is presented. Some of the American style management principles, for instance, are that there is dependence on external capital markets, supplier relationships are based on market pricing, and recruitment of candidates is conducted as and when needed. The same principles are adopted by the Japanese style management system, but with a different meaning attached to them. For example, in the Japanese system, focus is on both internal and external capital markets, supplier relationships are long-term and cooperative in nature and

employees are recruited for senior and entry level positions annually. The combination of the two management style systems has enabled Samsung Electronics to be a valuable brand and a market leader in R&D, manufacturing and marketing (Bryson, Clark & Vanchan, 2015; Warner, 2013; Tarun, Song & Lee, 2011).

**Figure 2.4: Japanese style system versus Western style system**




Source: Jung (2015:138)

### 2.7.5 Samsung Electronics marketing and design approach

Marketing and design is regarded as instrumental in the success of the company. Its customer-focused marketing strategy is underpinned and informed by consumer needs (Jung, 2015). The company subscribes to the constant launch of new design products in existing and new markets (Jung, 2015). Samsung Electronics has the largest marketing budget relative to its competitors (Dudovskiy, 2015). To contextualise this assertion, when the company launched the Galaxy S6 smartphone in 2015, it spent £45 million to promote this product (Williams, 2015). According to the Samsung Electronics Product Manager, Raafat Zaky, the company spends approximately $40 million daily in R&D (Alaa, 2015).

## 2.8 CONCLUSION

The South African and global mobile phones industry is characterised by intense competition due to the existence of dominant companies such as Samsung, Apple, Nokia and BlackBerry. The industry has evolved from producing basic feature mobile phones to smartphones in a concerted effort to cater for technological savvy consumers. Samsung has excelled in the mobile phone industry, appearing to be the most preferred mobile phone brand and capturing the highest market share as at 2015. This excellent market success of the Samsung mobile phone brand therefore drove the interest to measure the sources and outcomes of Samsung's mobile phones brand equity, especially among Generation Y (Gen Y) consumers, who are prominent users of mobile phones, and who use them to connect with their friends and family. Some Gen Y regard these devices as a status symbol and a fashion object (Kaur, 2015; Kim & Hahn, 2012). Chapter 3 provides an overview of the Gen Y market segment and its technological media and mobile phone behaviour.

# CHAPTER 3

# MARKET ATTRACTIVENESS AND TECHNOLOGICAL MEDIA BEHAVIOUR OF GENERATION Y

## 3.1 INTRODUCTION

In Chapter 1, it was stated that Generation Y (Gen Y) would be the focus of this study due to their market attractiveness and high involvement with technology gadgets, such as mobile phones. In their lifetime, the Gen Y cohort will spend approximately $10 trillion on items such as cars, houses and mobile phones (Lamb, Hair & McDaniel, 2016). Currently, 79% of this cohort own a mobile phone across the globe (Roets, Bevan-Dye & Viljoen, 2014). Consumers who are part of the Gen Y group possess unique values and beliefs, compared to other generations, such as Generation X (Gen X) (Li, Li & Hudson, 2013) because of being exposed to different life circumstances. Li *et al*. (2013) report that these unique values and beliefs affect Gen Y choices and market behaviour. Therefore, for marketers to capture the attention of this important market segment, it is important to understand Gen Y's attitudes, values and beliefs (Brosdahl & Carpenter, 2011).

Based on the aforesaid, this chapter commences by discussing generational marketing and generational theory concepts, outlining how they can be used to effectively segment consumers according to common characteristics. Thereafter, different consumer generations and the various approaches to segment consumers are discussed. The chapter further looks at the factors attributed to Gen Y consumption behaviour and values. Since Gen Y are the first generation to grow up in the technology era, this chapter concludes by discussing the influence of technology on this generation's lives.

## 3.2 GENERATIONAL MARKETING AND MARKET ATTRACTIVENESS OF GENERATION Y

Generational marketing entails "concentrating a company's marketing efforts towards serving the needs and wants of each consumer generation" (Bucuta, 2015:38). Kaylene and Robert (2011) exclaim that when marketing activities are customised to meet the needs of different

consumer generations, it becomes possible to build relationships and gain their trust. In this instance, consumer generation refers to "people who come from different age groups" (Shahzad, Khattak, Khattak & Shahzad, 2015:1210).

In consumer behaviour, it is acknowledged that consumers from different generations behave differently, hence the adoption of the generational cohort theory. This theory was pioneered by Karl Mannheim in 1952 (Bolin, 2014) and it "seeks to understand and characterise cohorts of people according to their membership of a generation, which is objectively assigned according to the year of birth" (Ting & de Run, 2015:128; Leask, Fyall & Barron, 2013:18). A generation is an "aggregate of all people born over roughly the span of a phase of life who share a common location in history and, hence, a common collective persona" (Li *et al*., 2013:148). A cohort is "a group that shares life experiences resulting in the fact that they develop similar attitudes and beliefs, despite being in different cultures" (Knittel, Beurer & Berndt, 2016:31). Thus, generational cohorts are "groups of people born during the same time period and living through similar life experiences and significant emotional events during their formative years" (Brosdahl & Carpenter, 2011:549).

The generational cohort theory presupposes that because each generation was exposed to unique life situations and circumstances when they were growing up, their behaviour, attitudes and beliefs is influenced by these circumstances (Ting & de Run, 2015; Bevan-Dye, 2013). So, irrespective of the generation's social class and geography (where they live), the way they view life can be found to be similar (Bolton, Parasuraman, Hoefnagels, Migchels, Kabadayi, Gruber, Loureiro & Solnet, 2013:9). Therefore, the generational cohort theory is "an efficient way to segment markets as different cohorts have been impacted in a similar, consistent way by external events, and this influence of macro-environment changes impacts customer behaviour patterns" (Eastman, Iyer & Thomas, 2013:57; Brosdahl & Carpenter, 2011).

There are four main consumer generations, namely Baby Boomers (people born between 1946 and 1964), Gen X (people born between 1965 and 1976), Gen Y (people born between 1977 and 1995) and Generation Z (Gen Z) (people born after 1995) (Shahzad *et al*., 2015; Perreault, Cannon & McCarthy, 2015; Leung, 2013; Bevan-Dye, 2013). Consumers from each generation possess unique personality traits, values, beliefs and have different interests and expectations (Li *et al*., 2013). This assertion is supported by Gibson and Sodeman (2015:65) who state that "each generation has its identifying characteristics that shape their assumptions through

milestone social and cultural events and how generational members view the world, authority and commitment". In Table 3.1 for example, it is indicated that Baby Boomers were exposed to World War II, Gen X were raised during tough economic times, Gen Y grew up in a fast-paced society due to technological developments and the new generation, Gen Z are faced with challenges of recession, terrorism and economic uncertainty. These life events encountered by various generations have an influence on their values and general behaviour.

## Table 3.1: Generational cohorts characteristics

| FACTORS | GENERATION COHORTS | | | | | |
|---|---|---|---|---|---|---|
| | **Pre-Depression** | **Depression** | **Baby Boomers** | **Generation X** | **Generation Y** | **Generation Z** |
| **Born** | Before 1930 | 1930-1945 | 1946-1964 | 1965-1976 | 1977-1994 | After 1994 |
| **Also referred to as** | G.I. generation, Veteran generation and World War I generation. | Silent generation, Traditionalists and Swing generation. | Boomers, Me generation, Baboo, Love generation, Woodstock generation and Sandwich generation. | Baby bust, Slackers, Why me generation and the Latchkey generation. | Gen Y, Millennials, Echo boomers, Why generation, Net generation, Gen wired, We generation, DotNet, Ne(x)t generation, Nexters, First globals, iPod generation and iYGeneration. | Tweens, Baby Bloomers, Generation 9/11 and Generation XD. |
| **Generational history and experiences** | Grew up in traumatic times typified by economic strife, and elevated unemployment rates as a result of World War II. | These individuals were small children during the Depression or World War II. They value morals and ethics. | When this generation was born, there was dramatic increase of births between the end of World War II and 1964. They value individualisation, self-expression and optimism. | They reached adulthood during difficult economic times. They were exposed to increasing divorce rates and violence. | They grew up in a time of immense and fast-paced change. Gen Y individuals were born into a technological, electronic and wireless society. | They face challenges of global terrorism, the aftermath of 9/11, school violence, economic uncertainty and recession. |
| **Nature of preferred communication** | Face-to-face and personal communication style. | Formal written and face-to-face communications style. | Interpersonal and face-to-face communication style. | Informal communication style. | Dynamic and versatile mobile and online communication style. | Informal communication style and chatspeak (e.g. 'u r gr8' for 'you are great') |

| FACTORS | GENERATION COHORTS | | | | | |
|---|---|---|---|---|---|---|
| | **Pre-Depression** | **Depression** | **Baby Boomers** | **Generation X** | **Generation Y** | **Generation Z** |
| **Marketing approach** | Communicate to their cognitive age or the age a person perceives himself or herself to be. Marketers can reach this group through their children as well as talking to them at formal social gatherings and recognition events. | This generation responds to authority, celebrities and respected institutions adverts. They desire quality products and are not price sensitive even though they are financially conservative. | Baby Boomers do not like bureaucracy and want quick fixes that require little change and instant improvement. Marketers should focus on creating value, as this segment is less price sensitive if they believe they are getting a superior product. Marketers should avoid using these words to describe Baby Boomers: senior citizen, retiree, aging, golden years, silver years, mature, and prime of life. | This group is the most price conscious and has low price sensitivity. They want products and messages designed uniquely for their tasks and lifestyles. To get them to buy something, marketers need to be frank, honest and use straightforward facts. | This group embrace diversity. They appreciate honest, humorous and unique information. They value brands that resonate with them and often use their peers as a guide to product and brand choice. | This generation purchase goods and services themselves and are looking for instant gratification. Marketers therefore ought to communicate and emphasise how product and service attributes contribute to peer acceptance and belonging. Marketers should respond within 24 hours to any communication from this generation, otherwise they will not return and will never trust the brand again. |

Sources: Adapted from Williams and Page (2011:2-12); Jain and Pant (2012:57-61)

Since marketers cannot target all the generation cohorts (Baby Boomers, Gen X, Gen Y and Gen Z) due to the difference in values, preferences and shopping behaviours (Bilgihan, 2016; Valentine and Powers, 2013), it is important for them to target a specific group of consumers with similar needs rather than adopting a blanket approach, where everybody is targeted in the same way (Blythe, 2012:77). This approach of narrowing down a market into a manageable group is known as market segmentation (Masterson & Pickton, 2014). Market segmentation entails "dividing a market into smaller segments of buyers with distinct needs, characteristics, or behaviours that might require separate marketing strategies" (Bahng, Kincade & Yang, 2013:367). This is the most important phase of any marketing strategy because it utilises resources such as finances, time and labour to target the relevant consumer (Fernandez-Duran,

2016; Shahzad *et al*., 2015). Table 3.1 shows that for marketers to reach the targeted generation cohort, use of different media platforms (print or social media) is required, relevant communication channels (formal or informal) should be adopted, and the marketing approach should be customised accordingly in order to appeal to the relevant cohort.

The relevant consumer generation in this study is Gen Y because it is the "most attractive market segment due to its buying power" (Makhitha, 2014:39; Wiedmann, Behrens, Klarmann & Hennigs, 2014:1129). Gen Y spend over $200 billion annually and are likely spend about $10 trillion in their lifetime (McDaniel, Lamb & Hair, 2013:98). Moreover, in the 21st century, the Gen Y cohort inform the way in which marketing and advertising strategies are crafted (Kothandaram, 2015; Kashif & Rehman, 2014). For this reason, to attract the attention of this powerful cohort, marketers must understand their consumption behaviour (Bilgihan, Peng & Kandampully, 2014; Schewe, Debevec, Madden, Diamond, Parment & Murphy, 2013).

The consumption behaviour of different generations is influenced by demographic and psychographic elements, necessitating a tailor made marketing strategy to appeal to respective generations (Kashif & Rehman, 2014). Based on this assertion, the next section discusses demographic and psychographic factors pertinent to Gen Y.

## 3.3 DEMOGRAPHICS MAKING GENERATION Y A UNIQUE AND ATTRACTIVE MARKET SEGMENT

Demographic segmentation entails segmenting a market by studying how unique consumers are in terms of age, gender, occupation, education, income, ethnicity and family life-cycle (Masterson & Pickton, 2014; McDaniel *et al*., 2013; Blythe, 2012). This is the most commonly used segmentation approach, due to the wide availability of demographic information and it reflects consumers' consumption behaviour (McDaniel *et al*., 2013). According to Duh and Struwig (2015), age, size, income and education are four important demographic elements, with which to understand Gen Y. The following sub-sections describe Gen Y in terms of these elements.

### 3.3.1 The age and size of Generation Y: A local and global perspective

Gen Y individuals are also referred to as the Millennium Generation, Echo Boomers, Why Generation, Net Generation, Gen Wired, We Generation, DotNet, Ne(x)t Generation, Nexters, First Globals, iPod Generation and iYGeneration (Mandhlazi, Dhurup & Mafini, 2013; Williams & Page, 2011). Muskat, Muskat, Zehrer and Johns (2013) view Gen Y as consumers born between 1982 and 2002, and divide them into three generations, namely Generation Why (1982-1985); Millennials (1985-1999) and iGeneration (1999-2002). However, there is an evident discord among researchers about the actual and precise birth years of Gen Y (Kothandaram 2015; Bolton *et al*., 2013; Bevan-Dye, 2013; Leask *et al*., 2013). For instance, Bilgihan *et al*. (2014) and Duffett (2015) describe Gen Y members as those born between 1977 and 1999; 1977 and 1997; 1980 and 1990; 1990 and 2000. In stark contrast to this assertion, Bevan-Dye (2013) and Bevan-Dye and Akpojivi (2016) argue that anyone born between 1977 and 1994; 1980 and 1994; 1980 and 2003; 1982 and 2000; 1986 and 2005 is a Gen Y member. Whereas, Leask *et al*. (2013) advances an argument that the Gen Y cohort consists of those born between 1970 and 1994; 1982 and 2002. Lastly, Giunta (2014) state that all individuals born between 1981 and 2000 encompass the Gen Y cohort.

In the United States (US), there are between 76 and 80 million Gen Y members, which equates to more than 26% of the world population and is the second largest generation in this country (Giovannini, Xu & Thomas, 2015; DeVaney, 2015; Bilgihan *et al*., 2014; Colucci & Scarpi, 2013; Brosdahl & Carpenter, 2011). This market is important to marketers in America because 80% of these members will start their professional careers in the next three years (Stein & Sanburn, 2013; Giovannini *et al*., 2015). According to Tjandra, Omar and Ensor (2015), the updated Gen Y world population figure as of 2015 is approximately 2.5 billion.

In other countries such as India, New Zealand, Australia and Mexico, 50%, 22%, 27% and 24% of the population respectively comprise of Gen Y members (Quintal, Phau, Sims & Cheah., 2016; Jain & Pant, 2012; Schewe *et al*., 2013; Rodriguez, Hernandez & Quevedo, 2015). In South Africa, 40% of the population is apportioned to Gen Y (Akpojivi & Bevan-Dye, 2015). Gen Y cohort constitutes more than 25% of the world population (Bilgihan *et al*., 2014; Bilgihan, 2016). It is envisaged that the Gen Y cohort will grow significantly by 2025.

Gen Y, Schewe *et al*. (2013) report, share common characteristics irrespective of where they are in the world. They are an attractive market segment for various industries (Perreault *et al*., 2015) and are regarded as the next big consumer spending group (Li *et al*., 2013).

### 3.3.2 The spending power of Generation Y: A local and global perspective

Gen Y present a lucrative market opportunity for consumer goods companies because of the significant purchasing power they have globally (Schewe *et al*., 2013). Gen Y consumers have more disposable income than any group and this makes them the largest group of consumers in any economy (Mandhlazi *et al*., 2013). As Duh and Struwig (2015:95) put it, "because they are born to the richest generational cohort in history (Baby Boomers), Gen Y have more money at their disposal than any young group ever". This assertion is affirmed by Kim and Jang (2014), who state that Gen Y consumers are raised by parents and grandparents who support them financially for discretionary spending.

Casidy, Nuryana and Hati (2015) estimate that Gen Y consumers have approximately $69 billion to spend every year. This current spending power is expected to increase substantially in future (Chuah, Marimuthu and Ramayah, 2014; Viswanathan and Jain, 2013), especially as Gen Y are highly educated (Makhitha, 2014). Being educated creates opportunities for them to start their professional careers. Other estimates show that Gen Y's spending power is $600 billion per annum (Giovannini *et al*., 2015; Colucci & Scarpi, 2013; Loroz & Helgeson, 2013; Noble, Haytko & Phillips, 2009). A different perspective is advanced by Bilgihan (2016), Grotts and Johnson (2013) and Brosdahl and Carpenter (2011), who indicate that in the US, this cohort's spending power is between $170 and $200 billion annually. Gen Y consumers are in a position to buy cars, homes, computers, laptops, MP3 players, cell phones, iPads and fashion items (McDaniel *et al*., 2013). What makes Gen Y even more attractive is that their spending power is complemented by their propensity to excessively spend, because of the consumer culture in which they were raised (Bhave, Jain & Roy, 2013).

In the South African context, between 25-28% of spending in the country is attributed to Gen Y (Duffett, 2015; Kruger, & Saayman, 2014). Gen Y consumers in South Africa are the first generation to benefit from the democracy attained in 1994 (Dlodlo & Mafini, 2013:2). As a result, within the broader cohort, an attractive segment of middle class and emerging elites referred to as black diamonds has emerged (Duh & Struwig, 2015). This market, which has

about two million people, consists of individuals who earn high salaries, are educated and own cars and houses (Kruger & Saayman, 2014). The annual spending power apportioned to this emerging market is about $20-25 billion ((Akpojivi, 2013; Cant & Meyer, 2012).

Following the University of Cape Town Unilever Institute of Marketing report on the breakdown of four black diamond segments, Duh and Struwig (2015:96) and Kruger and Saayman (2014:2) provide the following information on this segment:

- **Established**: this segment consists of individuals who are between the ages of 35 and 49. They are wealthy, educated, employed, stable and with strong affiliation to their township background. They constitute about 40% of the black diamonds market and 60% of buying power is apportioned to this segment;
- **Young Family**: these individuals, who are 30-34 years old, make up 29% of black diamonds and are mostly females, who are newly married with young children. Sometimes they live with their children as single parents. Their spending power is valued at R49 billion;
- **Start Me Ups**: making up 19% of black diamonds, they have spending power of R37 billion and are mostly educated, single professionals with no children. They are between the ages of 25 and 29; and
- **Mzansi Youth**: these are 18-24 year old students who still live with their parents. They make up 18% of black diamonds and are valued at R7 billion despite the fact that most are unemployed. They are optimistic about the future, love success and brands, and express their success through brands.

#### *3.3.2.1 Spending power of Mzansi Youth or university-aged (18-25 years old) Generation Y*

This study will sample the Mzansi Youth, who are Gen Y university students. The university-aged (18-25 years old) Gen Y consumers are viewed as a lucrative market for marketers to target, because of their size and spending power (Quintal *et al*., 2016; Duh, 2016; Noble *et al*., 2009). In South Africa, this market spends approximately R6.1 billion on technology and R8.4 billion on food and groceries annually (Makhitha, 2014). Furthermore, university-aged Gen Y exude a unique purchasing behaviour, enjoy shopping, are trendsetters and early-adopters and have an influence over their parents' purchasing decisions (Duh & Struwig, 2015; Kothandaram, 2015). This market is even more lucrative if one considers its size. According to Akpojivi and Bevan-Dye (2015) and Makhitha (2014), the South African university-aged

Gen Y spend between R6 and 8.4 billion yearly, with a collective pocket money valued at R5 billion annually.

The university-aged Gen Y's high spending is not only unique to South Africa. In the US, this cohort has a purchasing power of approximately $105 billion as 60% of them earn money through part-time jobs (Duh & Struwig, 2015:95-96). Noble *et al*. (2009) and Kothandaram (2015) also emphasise the importance of this market because of their annual purchasing power worth approximately between $105 billion and $200 billion. This market (university-aged Gen Y) is regarded as emerging and wealthy, with consumers who have greater sustainable spending power than any other generation (Kothandaram, 2015; Noble *et al.*, 2009). Therefore, marketers need to pay attention to this emerging market (Mandhlazi *et al*., 2013) because they are not only trendsetters and early adopters (Noble *et al*., 2009), but have access to financial resources (Knittel *et al*., 2016). This market has the potential to earn high income due to their higher level of education (Akpojivi & Bevan-Dye, 2015).

### 3.3.3 Generation Y level and span of education

Grotts and Johnson (2013:282) assert that about 34% of Gen Y consumers attend college in the US, which is university in South Africa. Compared to other generations, Gen Y are more likely to complete high school, because they place enormous value in education (Corodeanu, 2015; Brosdahl and Carpenter, 2011) and are determined to attain a university degree (Makhitha, 2014; Broadbridge, Maxwell & Ogden, 2007). Gen Y is therefore the most educated generation of today's workers (Giunta, 2014). In South Africa, Gen Y is the first generation to grow up after the abolishment of the apartheid system. They therefore have greater opportunities to attain education (Duh & Struwig, 2015). Because they are educated, Gen Y members are more tolerant, open-minded towards homosexuals and single parent households, affluent, self-assured, literate and ethnically diverse (Leask *et al*., 2013; Pate & Adams, 2013; Colucci & Scarpi, 2013; Leung, 2013; Noble *et al*., 2009). This enables them to be receptive to change and easily relate with and learn from other people (Corodeanu, 2015). The high level of education also causes Gen Y members to be sophisticated (Valentine & Powers, 2013).

Technologically, Gen Y are tech-savvy, because they are the first generation to be exposed to computers, internet, cell phones and computer games when they were growing up (Mitchell,

Petrovici, Schlegelmilch & Szocs, 2015). They are renowned for their obsession with laptops, smartphones, tablets and iPods (Duffett, 2015).

Gen Y's level of education however creates some challenges to marketers. Gen Y consumers are not only too informed to be easily 'manipulated' by marketers, they are elusive and resistant to advertising, and attracting their attention is difficult (Duh and Struwig, 2015). Being well-informed about the brands and offers in the market, Gen Y can easily switch brands (Knittel *et al*., 2016).

Considering that Gen Y has significant spending power and that most of them are educated, it is important to understand their attitudes, personality or psychographics (Valentine & Powers, 2013). The next section discusses Gen Y psychographics.

## 3.4 GENERATION Y GENERAL PSYCHOGRAPHICS

Even though segmenting consumers according to demographics provides useful information about their size, income, purchasing power etc., this approach does not reveal the full reflection of the drivers of consumers' buying and consumption behaviour (Duh & Struwig 2015; McDaniel *et al*., 2013; Valentines & Power, 2013). Supporting this view, McDaniel *et al*. (2013:281) state that, "demographics provide the skeleton, but psychographics add meat to the bones". The psychographics approach segments consumers based on their buying behaviour, media exposure, personalities, lifestyle, attitudes, opinions, interests and values (Masterson & Pickton, 2014; Valentine & Powers, 2013; Blythe, 2012). These factors give more insights into consumer behaviour and provide ideas for advertising and marketing strategies (Perreault *et al*., 2015; Valentine & Powers, 2013). The next section discusses important psychographic characteristics of Gen Y, such as personality traits, attitudes, lifestyle, consumption values and brand behaviour.

### 3.4.1 Generation Y personality traits

Moon (2016:333) define personality traits as "a stable set of characteristics and tendencies that determine individual's commonalities and differences in thoughts, feelings, and actions". Therefore, consumption behaviour, Duh and Struwig (2015) suggest, can be better understood if consumers' personality is clearly described. Personality traits such as sociability, self-

reliance and assertiveness (Moon, 2016; Bilgihan, 2016) influence consumers' thoughts, feelings and actions (Esu, 2016). Loroz and Helgeson (2016) identified the personality traits associated with Gen Y. They include traits such as being assertive, self-reliant, emotionally and intellectually expressive, innovative and curious. Khan, Hui, Chen and Hoe (2016) further assert that Gen Y are individualistic and have self-confidence. In Table 3.2, a summary of Gen Y personality traits is presented.

**Table 3.2 Summary of Generation Y personality traits**

| Author | Gen Y personality traits |
|---|---|
| DeVaney (2015) | Self-entitlement, optimistic, civic minded, close parental involvement, values work-life balance, impatient, multitasking and team-oriented. |
| Keengwe, Schnellert and Jonas (2014) | Admiration for parents, open and eager, team-oriented, demanding of themselves, multi-taskers and socially conscious. |
| McDaniel, Lamb and Hair (2013) | Impatient, family-oriented, inquisitive, opinionated, diverse, time managers, street wise, quick shoppers and multitaskers. |
| Bhave, Jain and Roy (2013) | Open-minded, optimistic, confident, independent, ambitious, competitive, energetic, hardworking, tech savvy and impatient. |

Source: Researcher's summary

Gen Y's wide range of personality traits (as depicted in Table 3.2) makes them sophisticated shoppers (Eastman, Iyer, Liao-Troth, Williams and Griffin, 2014) as they are more open to explore new things than previous generations (such as Gen X, Baby Boomers) (Mandhlazi *et al*., 2013). Their purchasing decisions tend to be influenced by opinions of peers and parents (Giovannini *et al*., 2015). Valentine and Powers (2013) describe a Gen Y consumer as an "enigma" and recommend that for marketers to capture this elusive audience, Gen Y personalities ought to be fully understood.

The Gen Y personality does not only pose a challenge to marketers but in turn to human resources practitioners as well. In the workplace, Gen Y individuals demand high rewards, are outspoken, ambitious, they want to be mentored and their career progression to be fast-tracked, and want to be continuously acknowledged (Hewitt & Ukpere, 2012). These sentiments are

shared by Duh and Struwig (2015), who report that human resources professionals regard Gen Y as annoying, due to their sense of entitlement to higher salaries, promotions, flexible work schedules and more leave days. Since personality traits influence Gen Y's thoughts and feelings, it is also important to understand their attitudes towards brands, media and other subjects.

### 3.4.2 Generation Y attitudes

Kothandaram (2015:308) defines attitudes as "individuals' dispositions towards specific objects or ideas, including positive or negative reactions to commercial messages". Gen Y attitudes towards a brand are influenced by the quality and price of the product and how best the product enable them to express who they are and their values (Chan & Wang, 2015). Compared to the previous generations, Gen Y display unique attitudes towards brands since they were raised in an era where nearly everything is branded (Bilgihan, 2016). In order for them to buy a brand, it must be aligned with their self-image (Knittel *et al*., 2016). Country of origin, Tjandra *et al*. (2015) contend, also influences Gen Y attitudes towards a brand. For example, Gen Y tend to have "favourable attitudes towards western products, brands and services due to their increasing contacts with western people, media and cultures" (Duh & Struwig, 2015:98). Gen Y use country of origin to evaluate the quality and price of products (Tjandra *et al*., 2015).

Mixed results have been produced in terms of Gen Y attitudes towards various media. For example, Valentine and Powers (2013) conducted a study in 2013 about the preferred advertising mediums by Gen Y. They found that television, internet, magazines and radio platforms were ranked first, second, third and fourth, respectively. However, Bevan-Dye (2013) revealed that Gen Y students ranked website advertising higher than television, radio, newspaper, magazine, direct mail and billboard/poster advertisements. Mandhlazi *et al*. (2013) are also of the opinion that Gen Y have replaced television with internet, and are less likely to read newspapers, compared to their parents. Hence, marketers targeting Gen Y individuals (who are sceptical of traditional media) are relying less on traditional media advertising and more on digital media (Valentine & Powers, 2013). Diverse digital media platforms such blogs, reviews and social networks are therefore being used to reach the Gen Y audience (Valentine & Powers, 2013). However, Gen Y exposure to digital and social media is driving them into

unethical activities such as online pornography, hate-sites, bomb/drug making websites, copyright violation and piracy (Mitchell *et al*., 2015).

In terms of Gen Y work attitude, their high level of education causes them to have high expectations, fun and meaning in their work (Choi, Kwon & Kim, 2013). Their focus is more on work-life quality than money (Valentine & Powers, 2013). Montgomery and Ramus (2011) support this assertion by stating that Gen Y prefer to be stimulated intellectually than being offered an attractive financial package. What is important to them is training and development, career progression, praise at work, constant feedback, independence, autonomy, flexible timetables and working hours, supervisors' behaviour and social relations (Kultalahti & Viitala, 2015; Guillot-Soulez & Soulez, 2014; Luscombe, Lewis & Biggs, 2013). Gen Y do not subscribe to the notion of job for life (Luscombe *et al*., 2013) and expect a faster career progression (Choi *et al*., 2013). They do not have ambitions of working for one company for too long. Luscombe *et al*. (2013:275) surmise that to them, working for a year in a company is regarded as too long. In the workplace, Gen Y prefer instant messaging, text messages and e-mails over personal interaction with their colleagues, thus hindering the opportunity to build collegial relationships (Luscombe *et al*., 2013). It is therefore important to understand Gen Y attitudes in the workplace as they influence their job satisfaction and performance (Choi *et al*., 2013).

Examining whether Gen Y are socially conscious people, Kubickova, Parsa, Nusair and Hu (2014) found that Gen Y is not only socially conscious, but they are compassionate and being involved in work that contributes positively to society is important to them. This has implications for companies, considering that Gen Y has been found to trust and have favourable attitudes towards socially responsible companies, where they are more likely to buy their products (Valentine & Powers, 2013). According to Tjandra *et al*. (2015:862), Gen Y support "brands which they perceive to be good to their employees, good for the environment and are doing something positive for the future". In a study conducted by Kubickova *et al*. (2014), an overwhelming majority of Gen Y respondents indicated that they would be willing to pay more for an eco-friendly hotel. This is consistent with another study conducted by Hu, Parsa and Self (2010), who pointed out that Gen Y consumers were willing to pay more for eating in eco-friendly restaurants. As McDaniel *et al*. (2013) put it, when Gen Y shop for eco-friendly products, they rely on brands for information about the environment.

### 3.4.3 Generation Y lifestyle

Lifestyle is a reflection of "the way people spend their time, the importance of the things around them, their beliefs, and socioeconomic characteristics such as income and education" (McDaniel *et al*., 2013:281). Materialism, which is "the importance individuals ascribe to the ownership and acquisition of material goods in achieving major life goals or desired states" (Bevan-Dye, Garnett & De Klerk, 2012:5579), is a lifestyle that resonates with Gen Y (Kim & Jang, 2014). This is attributed to the fact that Gen Y have been raised in a society subscribing to materialism and flaunting wealth (Francis, Burgess & Lu, 2015; Kim & Jang, 2014; Colucci & Scarpi, 2013; Loroz & Helgeson, 2013; Grotts & Johnson, 2013). Materialistic consumers, such as Gen Y attach value to material possessions and feel gratified to own them (Lysonski & Durvasula, 2013; Pate & Adams, 2013). One of the reasons put forward by Duh (2016) for this behaviour is that one in four members of Gen Y experience disruptive family life events, which cause stress, limit the amount of family resources received, and lead Gen Y individuals to cope by attaching importance to materialism.

Gen Y are highly brand and status conscious (Giovannini *et al*., 2015; King & Jang, 2014) and use brands to define their identity (Grotts & Johnson, 2013). Compared to other generations, Gen Y spend more of their money on prestigious branded products (Eastman *et al*., 2014; Kashif & Rehman, 2014). To them, expensive products signify quality, exclusivity, wealth and status (Kim & Jang, 2014). Their lifestyle revolves around fashion, style and celebrity status (Gardiner, Grace & King, 2013). In South Africa, Duh and Struwig (2015) report that Gen Y buy status products such as homes in admired suburbs, luxurious cars, cell phones, branded clothing and footwear in order to reflect a particular status. This assertion is supported by Mandhlazi *et al*. (2013), who opine that Gen Y consumers in the US and United Kingdom (UK) spend two-thirds of their money on fashion clothes, fast foods and electronic gadgets. This obsession with status and positive social image is even more prominent among Gen Y consumers with low spending power. Since the low-income Gen Y cannot afford the original brands, they resort to buying counterfeit brands (Cheung & Prendergast, 2006; Fernandes, 2013). Some put themselves under enormous pressure to buy authentic and expensive brands, by doing anything they possibly can to attain such items (Casidy *et al*., 2015).

With approximately $69 billion to spend at their own discretion every year (Casidy *et al*., 2015), Gen Y consumers spend a substantial amount of this discretionary money on food and

drinks (Bilgihan *et al*., 2014). This cohort eats out more than three times a week, which is twice the amount of time than the other generations eat out (Bilgihan *et al*., 2014). Gen Y like shopping, have ample time to shop and are willing to spend money freely and quickly (Makhitha, 2014). Kothandaram (2015) also found Gen Y's lifestyle to be that of shopaholics who spend their money on a number of items such as clothing, computer software, books, event tickets, music, flowers, airline tickets and hotels. In contrast with the perception that Gen Y are loud and wild, a finding by Bush, Martin and Bush (2004) (in Mandhlazi *et al*., 2013) revealed that Gen Y in the US actually preferred a relatively quiet life of listening to music and hanging out with friends.

### 3.4.4 Generation Y consumption values

Consumption values explain "why consumers choose one product/brand over another" (Yoo, Divita & Kim, 2013:29). Chuah *et al*. (2014) and Keller (2003) suggest that consumer behaviour is influenced by functional, symbolic, experiential, monetary, emotional, customisation and relational values. As indicated in Chapter 1, consumers are more likely to seek functional, monetary and symbolic values in a mobile phone. These values are defined as follows:

- Functional value – is the measurement of consumers' perceptions about the quality of the product, its performance, price and reliability (Muposhi & Dhurup, 2016:2);
- Monetary value – is perceived value measured in terms of the monetary benefits and costs involved in purchasing or using a product or service (Chuah *et al*., 2014:536); and
- Symbolic value – it is the contribution made to consumer's self-esteem or personal values as a result of using the product (Saeed, Lodhi, Mehmood, Ishfaque, Dustgeer, Sami, Mahmood & Ahmad, 2013:1364).

In a study conducted by Lin, Chen and Tzeng (2010) about the criteria Gen Y use to buy mobile phones, it was revealed that product image and functionality are more important to the members of this generation. To them, functional value is important because it reflects the holistic product performance (Muposhi & Dhurup, 2016). Symbolic value, Petruzzellis (2010) found, also positively influences Gen Y's mobile phone choice. In line with these findings, Francis *et al*. (2015) state that Gen Y regard consumption as a way of expressing their coolness, and they spend more money on branded and status products (Eastman *et al*., 2013). Since Gen Y consumers are motivated by status consumption, they are likely to be loyal to brands that meet

their status needs (Eastman *et al*., 2013). The influence of celebrities and their need to be acknowledged by peers can however cause Gen Y to be fickle in their patterns of consumption (Leask *et al*., 2013).

### 3.4.5 Generation Y brand behaviour

Gen Y are brand conscious, and knowledgeable about brands, because they grew up in an environment that is dominated by them (Knittel *et al*., 2016; Gardiner *et al*., 2013; Lazarevic, 2012). As a result, they are not brand loyal and demand the latest trends (Gardiner *et al*., 2013; Giovannini *et al*., 2015). The fickleness of Gen Y towards brands is demonstrated by Grotts and Johnson (2013), who indicate that they are not easily convinced by marketing tactics to stay brand loyal. Since it is easy for them to switch from one brand to another (Quintal *et al*., 2016), they are regarded as "brand switchers" and "notoriously disloyal" (Makhitha, 2014; Viswanathan & Jain, 2013; Jain & Pant, 2012; Lazarevic, 2012; Lodes & Buff, 2009).

Gen Y regards owning prestige brands and products as a status symbol and this is very important to them (Casidy *et al*., 2015; Eastman & Liu, 2012). Status consumption is the "process of gaining status or social prestige from the acquisition and consumption of goods that the individual and significant others perceive to be high in status" (Grotts & Johnson, 2013:281; Eastman & Liu, 2012). Status consumption among Gen Y is likely to continue in future because they "do not only have more money at their disposal than any other group of young consumers recorded in history" (Grotts & Johnson, 2013:282), but are greatly influenced by social, economic and cultural factors. The following section dissects the socio-economic and cultural drivers of Gen Y purchase behaviour.

## 3.5 SOCIO-ECONOMIC AND CULTURAL DRIVERS OF GENERATION Y PURCHASE BEHAVIOUR

While personality, attitudes, lifestyle and consumption values discussed in the previous section can influence Gen Y buying behaviour, social, culture and economic factors can drive Gen Y consumers to make purchasing decisions (Perreault *et al*., 2015; Mitsis & Foley, 2012). The next sub-section discusses how this is possible.

### 3.5.1 Social drivers

Social factors create the desire for consumers to conform and comply with the behaviour of a particular group in order to feel a sense of belonging (Blythe, 2012). According to Blythe (2012), reference groups such as friends, family, celebrities and colleagues create this pressure. Reference groups are defined by Lamb, Hair, McDaniel, Boshoff, Terblanche, Elliot and Klopper (2015:111) as "all the formal and informal groups that influence the buying behaviour of an individual". In order to mitigate the risk associated with buying a product, Gen Y consumers rely on their peers and friends to evaluate products such as mobile phones (Viswanathan & Jain, 2013). Peers, as a reference source, contribute to Gen Y's selection of products (Mitchell *et al*., 2015). Social motivation and being accepted by society and peers are the strongest drivers of Gen Y consumption (Grotts & Johnson, 2013; Eastman & Liu, 2012). In a study conducted by Hwa, Lee and Cheng (2011) in Malaysia, it was found that Gen Y rely on their friends' influence and suggestions when choosing between mobile phone options. The urge for social acceptance compels Gen Y to spend their money excessively on prestige brands and products (Casidy *et al*., 2015). Social motivation or acceptance or appropriateness as Khan *et al*. (2016:145) term it, "influences consumers to engage in impulse buying behaviour".

In addition to peer group influence, the opinions of family (father, mother, children, in-laws and siblings) also have an impact on Gen Y purchasing decisions (Moreno, Carreon & Moreno, 2016). Lamb *et al*. (2015) suggest that the family is responsible for influencing children's cultural values and norms. Cotte and Wood (2004), Kim and Jang (2014) and Mitchell *et al*. (2015), for example found that parents and siblings of university- aged Gen Y influence innovativeness, spend on luxurious/expensive items and online unethical activities, respectively.

In addition to the influence of peers, friends and family, Gen Y are also influenced by celebrities such as actors, politicians, athletes and musicians. A celebrity is "someone who enjoys public recognition and who uses that recognition on behalf of a consumer good by appearing with it in an advertisement" (McCormick, 2016:39). Gen Y idolises celebrities and look up to them for inspiration and social identity (Hwa *et al*., 2011). A brand endorsed by a celebrity who resonates with Gen Y can influence this generation to buy the product (McCormick, 2016).

### 3.5.2 Cultural drivers

#### *3.5.2.1 What is culture?*

Culture is the "collective programming of the mind which distinguishes the members of one group or category of people from those of another" (Seock & Lin, 2011:97). Culture plays a pivotal role in influencing consumers' attitudes, thoughts and behaviour (Ijabadeniyi, Govender & Veerasamy, 2015; Mitsis & Foley, 2012). Therefore, in order for companies to create sustainable competitive advantage, it is important for them to learn and understand consumers' cultural dynamics as they have an impact on the types of products and services demanded (Koutra, Thespol & Ngugi, 2015; Ijabadeniyi *et al*., 2015).

Seock and Lin (2011) report that culture is made up of four dimensions, namely individualism-collectivism, uncertainty avoidance, masculinity, and power distance. Individualism and collectivism are, however, widely regarded as key underlying dimensions in understanding cultural differences in different countries (Ijabadeniyi *et al*., 2015; Srivastava, 2013; Seock & Lin, 2011). Whereas individualism is the "degree to which people in a country prefer to act as individuals rather than as members of groups" (Seock and Lin, 2011:97), collectivists are "interdependent, prioritise in-group interests over personal interest and tend to generalise behaviour based on information derived from the group" (Ijabadeniyi *et al*., 2015:872). The collectivism dimension in South Africa manifests itself through the concept of Ubuntu, which subscribes to the notion that citizens should "take care of family and friends and strive towards living in harmony with community members" (Ijabadeniyi *et al*., 2015:870; Slabbert & Ukpere, 2011:740). To illustrate how the dimensions of individualism and collectivism influence Gen Y consumer behaviour, a reflection on findings from various studies conducted in different countries is undertaken.

#### *3.5.2.2 Impact of culture on Generation Y purchase behaviour*

Seock and Lin (2011) investigated the cultural values of Taiwan and American university- aged Gen Y, and how the values impact behaviour. They surprisingly found that compared to Taiwanese college students, American college students were collectivists, and were more susceptible to be influenced by peers regarding which store to visit or which brand to buy. Seock and Lin (2011) explain their findings noting that changes in politics, societal and

economic environments are likely to change cultural values over time. With Gen Y South Africans, who Muposhi, Dhurup and Surujlal (2015) view as having collectivism mentality, Seock and Lin's (2011) finding is supported with an in-depth interview study conducted by Muposhi *et al*. (2015), which found peer influence to be one of the factors driving Gen Y South Africans' green purchase behaviour. Citing a study conducted by Kim and Choi (2005), Kanchanapibul, Lacka, Wang and Chan (2014) inferred that collectivists are more eager to be involved in green recycling initiatives when compared to individualists. The culture of individualism and collectivism is also prevalent in the consumption of mobile phones.

#### *3.5.2.3 Generation Y culture orientation pertaining to mobile phones*

Individualism and collectivism cultural dimensions also affect Gen Y attitudes, thoughts and behaviour in terms of mobile phones consumption behaviour. A mobile phone is the "favourite device for Gen Y consumers worldwide" (Koo, Knight, Yang & Xiang, 2012:57). A study conducted in the US and Korea, two countries renowned for having a significant number of people with mobile phones (Koo *et al*., 2012), revealed that because the US and Korea are characterised by individualist and collectivist cultural dimensions respectively, Gen Y preferred different communication approaches when promotional messages are sent to their phones (Koo *et al*., 2012). Whereas Gen Y in the US preferred structured, detailed and text heavy mobile promotional messages, their Korean counterparts preferred non-verbal communication with limited use of words (Koo *et al*., 2012). The US finding on mobile marketing to Gen Y contrasts that of Knittel *et al*. (2016) and Valentine and Powers (2013), who assert that Gen Y would not delete mobile promotional messages, which are short, relevant, quick, direct and honest.

Shuter, Cheong and Chen (2016) conducted a study to investigate which cultural factors have an influence on Gen Y students from America and Denmark towards the use of mobile phones in lecture halls. This study indicated that American students were significantly preoccupied with mobile phones in class, and were more distracted by the unnecessary use of mobile phones when compared to Danish students. This behaviour has a negative effect, as students who use mobile phones, laptops and tablets during lectures are outperformed by those who do not use gadgets in lecture halls (Shuter *et al*., 2016; Duncan, Hoekstra & Wilcox, 2012). While cultural values predict consumer behaviour, Perreault *et al*. (2015) assert that they are evolving and

marketers should thus monitor the changes and their impact on large and elusive market segment, such as Gen Y.

### 3.5.3 Economic drivers

McDaniel *et al*. (2013) recommend that marketers ought to understand how economic factors influence consumers' behaviour. Economic factors such as income, inflation (i.e. the general increase in prices of products without simultaneous increase in salary), recession (i.e. negative growth in economic activity) and unemployment (Lamb *et al*., 2015; Perreault *et al*., 2015; McDaniel *et al*., 2013; Blythe, 2012) influence consumer spending. In discussing the spending power of Gen Y, it is evident that this cohort plays an important role in the global economy. This cohort spends approximately $600 billion annually (Giovannini *et al*., 2015; Loroz & Helgeson, 2013). What this section seeks to establish is how these factors influence Gen Y's spending behaviour.

Different generations, such as Gen Y, have been exposed to life changing events, one of which is the economic changes. These factors influence mindsets when it comes to decision making (Li *et al*., 2013). According to Larson, Eastman and Block (2016:73), the Gen Y cohort have experienced "the greatest economic disaster since the Great Depression". This is supported by Hopkins and Stephenson (2014), who assert that Gen Y have been raised in an environment characterised by global financial crisis, unemployment and unstable income levels.

Gen Y South Africans are not immune to these economic challenges. The country's economy is defined by high inflation and interest rates, unemployment, political instability and widening gap between the rich and poor (Van Deventer, De Klerk & Bevan-Dye, 2014; Hewitt & Ukpere, 2012). For instance, the South African economy grew by a mere 1.3% in 2015, with an estimated unemployment rate of 25% in the same period (Judkins & Mundy, 2016). These factors make it difficult for citizens, including Gen Y, to find stable, high paying and full-time jobs, which hampers their spending patterns (Khan *et al*., 2016).

Zick, Mayer and Glaubitz (2012) estimate that with last global economic meltdown, about 60% of Gen Y have not been keen to save and invest money, deciding instead to spend more (Khan *et al*., 2016; Giovannini *et al*., 2015). This is reflected by statements such as "I aspire to change my mobile phone every three months", from a study conducted by Viswanathan and Jain

(2013:487) in India. With this attitude, Viswanathan and Jain (2013) concluded that due to impulsive spending, Gen Y's savings ability is directly affected, as they ultimately have a short term view towards their financial status.

Despite being the most educated generation and expected to contribute positively to the global economy (Larson *et al*., 2016) as a result of their significant spending power (Makhitha, 2014) and potential to earn high income (Akpojivi and Bevan-Dye, 2015), there are signs that this potential might not be realised due to reckless and compulsive spending. According to Hancock, Jorgensen and Swanson (2013), Gen Y university students are dropping out because of debt, and they are faced with the possibility of "starting their adult careers buried under a mountain of debt with no hope of repayment" (Houle, 2014:3). This is attributed to the fact that 50% of Gen Y students have at their disposal over four credit cards, and have accumulated an average credit card debt of approximately $3,000 (Hancock *et al*., 2013).

## 3.6 GENERATION Y AND TECHNOLOGY

Gen Y are renowned for being techno-savvy (Bevan-Dye, 2013) as they are the first generation to grow up in the technological, electronic and wireless era (Gibson & Sodeman, 2015; Tjandra *et al*., 2015). Whilst growing up, the internet had a strong impact on their lives and is widely used to retrieve information (Bilgihan, 2016; Viswanathan & Jain, 2013). Gen Y are greatly influenced and shaped by technology during their childhood, college career and in the workplace (Gibson & Sodeman, 2015). However, this exposure and access to technology is not without limitations. Due to their preference for communicating digitally (for example, over e-mail, text messages, or via social media), Gen Y have been found to lack interpersonal skills (Ahmad & Ibrahim, 2015).

Gen Y's attachment to technology makes it challenging to marketers to communicate with them without technology (Valentine and Powers, 2013). For example, they are less likely to respond to adverts featured on television and newspapers (Mandhlazi *et al*., 2013). To Gen Y, technology represents their "third hand and second brain" (Bilgihan, 2016:103; Bilgihan *et al*., 2014:352). The next section discusses Gen Y's use of technology in terms of social media and mobile phone usage habits and mobile phone ownership.

### 3.6.1 Generation Y social media use and mobile phone usage habits

Social media is a "web-based technology that transforms how people communicate by enhancing interactive conversations" (Cabral, 2011:5). Social media platforms such as Facebook, LinkedIn, Instagram, MySpace, YouTube and Twitter are used to post pictures or videos, meet other users, express opinions, and establish communities based on shared interests (Leung, 2013). Users of social media, such as Gen Y use it to communicate instantly with their colleagues, friends and family members (Shahzad *et al*., 2015). Gen Y, who are the most avid users of social media (Cabral, 2011), use these platforms to communicate with each other (Viswanathan and Jain, 2013), and search and share consumer related content (Bolton *et al*., 2013). Social media has "created new ways to share content, communicate and, more importantly, advertise online, as well as become a conduit for consumer socialisation that has changed the face of consumer behaviour" (Duffett, 2015:3).

Facebook and Twitter, which are commonly used social media platforms, play an important role in the lives of Gen Y (Bilgihan *et al*., 2014). These platforms are used extensively by Gen Y university students (Bevan-Dye & Akpojivi, 2016). More specifically, approximately 96% of Gen Y are registered to access at least one social network (for example, Facebook, LinkedIn, Instagram and Twitter) (Gibson & Sodeman, 2015). Furthermore, on a weekly basis, 67% of Gen Y chat to their friends and relatives using social media (Corodeanu, 2015).

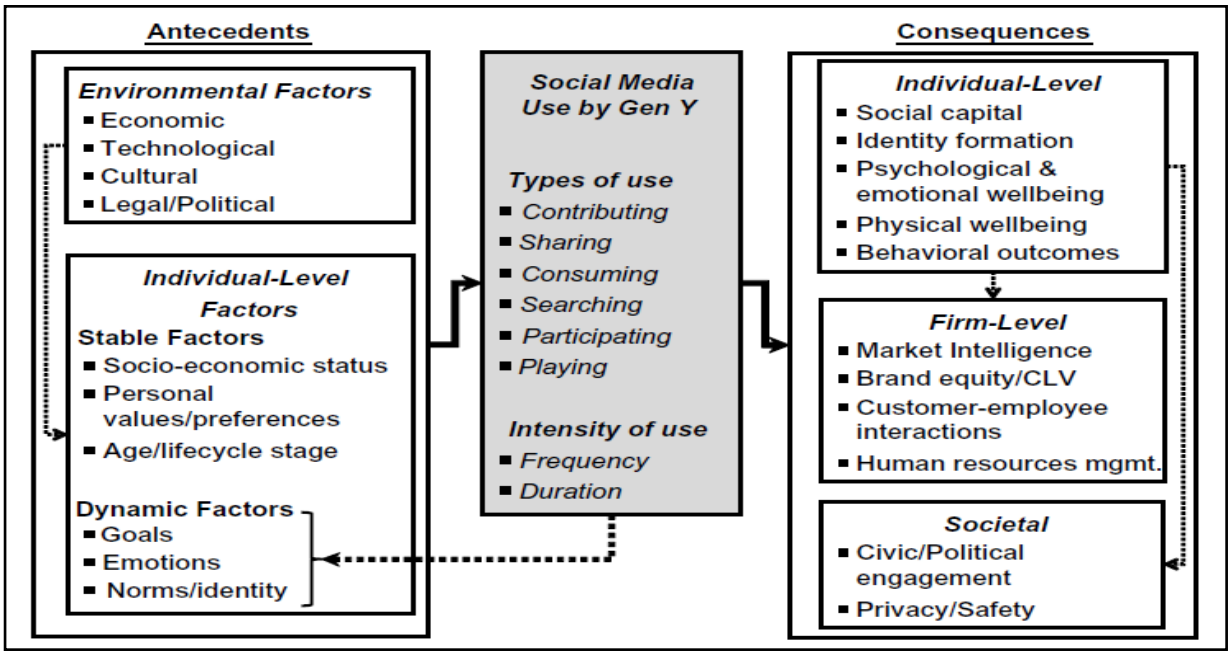
In South Africa, Duffett (2015) revealed that 62% of Gen Y habitually accessed Facebook daily, 48% spent one to two hours per session, and 75% updated their profiles weekly. This is consistent with Cabral's (2011) findings in the US, which indicated that 70% of Gen Y accessed social networking sites, 65% had an online profile and 63% sent daily messages to friends and family using social media. Pelet and Lecat (2014) contend that in the US, Canada, the UK, France and Germany, 94% of people who accessed social media platforms were Gen Y between the ages of 18 and 29. Despite social media's ability to keep Gen Y informed and connected (Autry & Berge, 2011), they tend to spend most of their time on social networks (Ab Hamid, Akhir & Cheng, 2013) at the expense of their studies (Manroop & Richardson, 2013). Table 3.3 provides some reasons why Gen Y use social media in some countries, while Figure 3.1 presents the drivers and consequences of Gen Y social media use.

**Table 3.3 Summary of the reasons Generation Y use social media**

| Author | Gen Y social media habits |
|---|---|
| Makhitha's (2014) study in South Africa | Access 24/7 global news and information, interacting with family and friends. |
| Colucci and Cho's (2014) study in US | Interact with their world, collaborate, quickly gather and share information. |
| Bevan-Dye's (2013) study in South Africa | Instant text messaging, email, virtual social networking, podcasting, constant contact with friends and family, constant access to entertainment and up-to-date information, exposure to marketing messages, congregating, learning, play and work. |

Source: Researcher's summary

**Figure 3.1: Drivers and consequences of the use of social media by Generation Y**




Source: Bolton, Parasuraman, Hoefnagels, Migchels, Kabadayi, Gruber, Loureiro and Solnet (2013:32)

While Table 3.3 show that Gen Y use social media to search and share relevant information, use the information gathered to make purchase decisions, receive marketing messages and interact with friends and family, Figure 3.1 depicts that the use can increase Gen Y's social capital, form their identity and lead to some important outcomes for organisations and society. For example, the use of social media may not only increase market intelligence, but can also enable Gen Y to engage in civil and political matters.

A mobile phone, which is regarded as necessary nowadays, is used for different reasons. It is used for safety and security purposes, social interactions, learning and communication, connecting with family, information search, and management of everyday life, (Haverila, 2011). How consumers use mobile phones is influenced by factors such as individualism, multitasking, receptiveness to technology, convenience and chaos in life (Haverila, 2011). Since this study focuses on university-aged (18-25) Gen Y, discussion regarding the use of mobile phones is confined to this generation. According to Forgays, Hyman and Schreiber (2014), the university-aged Gen Y is the first adult generation to grow up owning a mobile phone, or having access to one.

Across the globe, over 80% of Gen Y who own a mobile phone use it mainly for leisure (texting, accessing the internet, social networking, watching videos and playing video games) (Lepp, Barkley & Karpinski, 2015; Lepp, 2014; Hewitt & Ukpere, 2012). Other common uses of mobile phones by Gen Y include listening to music, watching YouTube videos, time management and communicating with family and friends (Hu, Lu & Tzeng, 2014; Haverila (2011).

Yu (2012) indicates that it is normal for Gen Y to use their mobile phones to check emails, Facebook, Twitter, or other social networks. Furthermore, on a monthly basis, Gen Y (18-24 year olds) make calls equivalent to 981 minutes and send 1299 text messages using mobile phones (Forgays *et al*., 2014). This assertion is supported by Keengwe, Schnellert and Jonas (2014) who affirm that on average, Gen Y sends over 200 messages a day. What is of concern though is fact that 60% of university-aged Gen Y are addicted to their mobile phones (Yu, 2012). This addiction makes them to be heavily dependent on mobile phones to stay connected with friends and family (Duffett, 2015; Suki & Suki, 2013). In line with this assertion, Haverila (2011) and Keengwe *et al*. (2014) advance an argument that mobile phone overuse by Gen Y leads to insufficient sleep, emotional dependence, restlessness, stress and fatigue. According to Haverila (2011; 2013), the excessive use of mobile phones by Gen Y is still going to persist as this generation does not believe that this behaviour is harmful. This is despite the caution by Keengwe *et al*. (2014:446) that mobile phones are "responsible for brain tumours, migraines, and lowering sperm count due to radio frequencies" and the overuse is likely to have adverse effect on the health of Gen Y consumers. In Table 3.4, a summary of the uses of mobile phones by this generation is presented.

**Table 3.4 Summary of Generation Y mobile phone usage**

| Author | Gen Y mobile phone uses |
|---|---|
| Lepp, Barkley and Karpinski's (2015) study in US | Social networking, surfing the internet, watching videos and playing games. |
| Keengwe, Schnellert and Jonas's (2014) study in US | E-mail, social networks, text messaging, communication, entertainment and to access information. |
| Lepp's (2014) study in US | Texting, internet, social networking with Facebook and similar applications, watching videos and playing video games. |
| Hu, Lu and Tzeng's (2014) (country not specified) | Play games, listen to music and watch YouTube videos. |
| Forgays, Hyman and Schreiber's (2014) (country not specified) | Calling and texting. |
| Djamasbi, Hall-Phillips and Yang's (2013) study in US | Internet and emails. |
| Suki and Suki's (2013) study in Malaysia | Connect with friends and family. |
| Hewitt and Ukpere's (2012) (country not specified) | Text messaging. |
| Haverila's (2011) study in Finland | To feel safe, financial benefits, managing time efficiently and to keep in touch with family and friends. |

Source: Researcher's summary

Considering that Gen Y use mobile phones to access social media platforms, communicate with family and friends, listen to music and watch videos among other things (Chuah *et al*., 2014; Kim & Hahn, 2012), it is important to assess the extent of Gen Y's mobile phone ownership and what these phones mean to them.

### 3.6.2 The ownership and meaning of mobile phone to Gen Y

Globally, 79% of Gen Y, especially those between the ages of 18 and 24, own a mobile phone (Potgieter, 2015). In the US, 58% of Gen Y own a mobile phone to communicate with their peers and family members (Kim & Hahn, 2012). Lepp (2014) provides a different perspective, noting that 94% of Gen Y in the US own mobile phones. In the same country, 66% of university-aged Gen Y are owners of mobile phones and regard them as a tool to express their social status (Kim & Hahn, 2012; Djamasbi, Hall-Phillips & Yang, 2013). Mobile phones are an integral part of Gen Y, who regard them as a leisure device (Lepp *et al*., 2015; Jain & Pant,

2012). So, based on the aforementioned information, the global ownership of mobile phones by Gen Y ranges between 66 to 94%.

In South Africa, mobile phone ownership has increased significantly, particularly among Gen Y (Dlodlo & Mafini, 2013). This growth is attributed to a number of factors such as the availability of low-cost phones, prepaid subscriptions, off-peak calls minutes, and low denominations of prepaid airtime and data vouchers (Porter, Hampshire, Lake, De Lannoy & Cornell, 2015). In the same country, 98% of Gen Y grew up in homes where there was a mobile phone, hence in recent years it was found that approximately between 77% and 80% of Gen Y own a mobile phone (Porter *et al*., 2015; Chuma, 2014). Gen Y's dependence on mobile phones is captured explicitly by findings from a study conducted by Jones (2014) in the US. In this study, Gen Y indicated that they feel disconnected (77%), naked (26%) and stressed (26%) if they do not have their phones with them. Gen Y university students tend to be addicted to their mobile phones, and as a result, they do not perform academically which leads to anxiety (Lepp *et al*., 2015).

## 3.7 CONCLUSION

Considering that Gen Y, like any other generation was raised in unique environments and possess unique experiences, values and beliefs, it was necessary to study the demographic and psychographic characteristics that make this consumer segment unique and attractive. It was also important to examine how these characteristics and cultural and socio-economic factors affect their purchase behaviour, especially technological behaviour. It was found that Gen Y consumers are highly educated, technology savvy, and have significant spending power due to the money accumulated by their parents, in part-time jobs and through their professional careers.

The money at the disposal of Gen Y is spent on different items, such as clothes (Kothandaran, 2015) and technological gadgets like MP3 players, gaming devices, laptops and mobile phones (Haverila, 2011). As the first generation to grow up exposed to technology (Chowudhury, 2012), a mobile phone is one of the most valuable items for them to possess, as they use it to access internet, subscribe to social networks, and communicate with family and friends. Gen Y attitudes towards mobile phones and behaviour with technology are influenced by their cultural values and socio-economic environments.

Gen Y demographic and psychographic characteristics make them an attractive consumer segment for marketers to dedicate financial and time resources. While marketers are presented with an opportunity to communicate with Gen Y using mobile marketing, they need to first understand the factors driving Gen Y mobile phone brand equity. This is particularly the case because the mobile phone industry is typified by intense competition attributed to constant innovation and availability of product options to choose from (Maheswari, 2015). Mobile phone manufacturers such as Samsung, need to understand the level of brand equity they are generating from a large and lucrative market like Gen Y and the factors driving the brand equity (Jing, Pitsaphol and Shabbir, 2014). In Chapter 4, an overview of the concept of brand equity, its sources, and how it can be measured, will be provided. The chapter will also discuss factors such as consumption values (i.e. monetary, functional and symbolic values) and consumer-brand relationship factors (i.e. brand trust, brand satisfaction and brand love), which are purported to have an impact on brand equity.

# CHAPTER 4

# THE BRAND EQUITY CONCEPT AND ITS RELATION WITH CONSUMER-BRAND RELATIONSHIP FACTORS AND CONSUMPTION VALUES

## 4.1 INTRODUCTION

In Chapter 3, the use of generational marketing and generational theories by marketers to target the Generation Y (Gen Y) cohort due to their market attractiveness was examined. Segmentation strategies in the form of demographics and psychographics, which are relevant to Gen Y, as well as socio-economic and cultural drivers influencing this cohort behaviour were described. The chapter concluded by discussing the use of technology (with specific focus on mobile phones) by this generation.

The current and future spending power of Gen Y contributes to the financial and market value accrued by a brand (Chuah, Marimuthu & Ramayah, 2014), a value referred to as brand equity (Davcik, da Silva & Hair, 2015). Consumers such as Gen Y are influenced by factors such as brand trust and brand satisfaction when contemplating spending money on a brand (So, King, Sparks & Wang, 2016). Furthermore, consumers become loyal to a brand only if they derive certain values from it (Yeh, Wang & Yieh, 2016).

This chapter will therefore discuss the concepts of branding and brand as they are the cornerstone of brand equity. Thereafter, the concept of brand equity, its benefits and limitations, and its different perspectives will be outlined. After this discussion, the interrelation between brand equity, consumer-brand relationship factors such as brand trust and consumption values will be explored.

## 4.2 RELATION BETWEEN A BRAND AND BRANDING

Brand, as a concept, is described as "a name, term, symbol, design or a combination thereof that identifies a seller's products and differentiates them from those of competitors" (McDaniel, Lamb & Hair, 2013:366). Branding is thus the use of these brand elements (name, term, symbol, design or a combination) to distinguish products from competitor offerings (Perreault,

Cannon & McCarthy, 2015; Lamb, Hair, McDaniel, Boshoff, Terblanche, Elliot & Klopper, 2015; Candan, Unal & Ercis, 2013). Despite the pivotal role brands play in the consumer's life (Maurya & Mishra, 2012), branding is the fundament of strong brands (Hakala, Svensson & Vincze, 2012; Bastos & Levy, 2012). Hence, Buil, Martinez and de Chernatony (2013) advance the argument that for brands to remain competitive, they should be managed, a task associated with branding. So, based on the preceding discussion, the two concepts (brand and branding) are related mainly because "brands are a direct consequence of the strategy of market segmentation and product differentiation (branding)" (Maurya & Mishra, 2012:122). There are certain benefits derived by consumers and organisations from the relation between brands and branding.

Consumers associate brands with a certain level of quality (Asamoah, 2014; Hakala *et al*., 2012). This, according to Hakala *et al*. (2012) influences consumers to be brand loyal as a result of their satisfaction with the quality of the product. Consumer brand loyalty benefits organisations since it enables them to predict product demand, charge premium prices, make it difficult for competitors to penetrate their market territory and launch new products (Asamoah, 2014; Hakala *et al*., 2012). Brands are instrumental in enabling organisations to sustain their competitive advantage, which differentiates them from competitors (Alam & Saeed, 2016; Alipoor, Pirayesh & Raad, 2015; Sharma, Rao & Popli, 2013). Furthermore, brands influence consumers' consumption behaviour (Albert, Merunka & Valette-Florence, 2013; Kathuria & Gill, 2013) since consumers rely on the image of the brand to make a purchasing decision (Battistoni, Colladon & Mercorelli, 2013). It is therefore critical for organisations to manage their brands strategically, as they are key in building long-term consumer relationship and enhance the organisation's intellectual capital (Alipoor *et al*., 2015; Nguyen, Dadzie, Davari & Guzman, 2015; Balaji, 2011). Branding, which is an important aspect of managing brands purposefully, benefits organisations in many ways.

The ultimate objective of branding is to create a positive and distinct image of the organisation's brands in the mind of the consumer (Alam & Saeed, 2016; Barbu, Ogarca & Barbu, 2010). As Sharma *et al*. (2013:176) put it succinctly, branding is about "finding the sweet spot between what the institution is and what their audience wants". As a result, branding enhances consumer brand loyalty due to the developed reputation of the organisation's brands (Alam & Saeed, 2016; Bastos & Levy, 2012; Barbu *et al*., 2010). In an instance where there is a base of brand loyal consumers, the financial resources of an organisation improves

significantly (Barbu *et al*., 2010). This is because branding eliminates the excessive costs associated with marketing (Barbu *et al*., 2010). Since branding is the fundament of a brand, it is important to discuss how the evolution of branding has unfolded over the years.

### 4.2.1 Evolution of branding

Branding, from the days when livestock (such as sheep and cattle) were first branded to separate them from a herd of animals, has evolved over time to where almost everything is branded (Fran & Handelshogskolan, 2011). Branding originates more than four thousand years ago where Egyptians tombs were marked to indicate their identity (Wintrob, 2016). From the early 1980s, branding has become prominent in creating value for organisations (Alam & Saeed, 2016). Fran and Handelshogskolan (2011:2-9) interrogated the evolution of branding from the 1950s to the 21st century.

#### *4.2.1.1 Branding philosophies in the 1950s and 1970s*

During this period, even though branding related concepts were proposed, organisations did not regard branding as key in building sustainable brands (Fran & Handelshogskolan, 2011). Several researchers proposed different marketing and branding concepts between 1956 and 1958. For example, Cunningham (1956), Smith (1956) and Martineau (1958) proposed that *brand loyalty*, *segmentation* and *brand personality* respectively, are important elements in branding. These authors argued that brand loyalty influenced consumer's purchasing decisions, that consumers should be segmented based on demographic variables (age, life cycle and civil status), income, employment situation, and education and that consumers' personality should be taken into consideration when positioning a brand. Although Smith (1956) acknowledged segmentation as important in branding, Yankelovich (1964) suggested additional segmentation variables in the form of buying behaviour, motive, values, consumer patterns and aesthetic preferences.

Branding evolution between 1950 and 1970 also experienced the emergence of the *lifestyle*, *marketing mix* and *refined marketing mix* concepts proposed by Lazer (1963), Borden (1964) and McCarthy (1964), respectively. Lazer (1963) exclaimed that consumers' lifestyle is informed by culture, values and resources. Borden (1964) conceptualised the initial concept of 'marketing mix' and argued that it should consist of the following twelve (12) elements for

organisations to achieve their objectives: *market analysis*, *physical handling and fact finding*, *channels of distribution*, *pricing*, *product planning*, *advertising*, *servicing*, *personal selling*, *branding*, *promotions*, *packaging*, and *display*. However, McCarthy (1964) refined the twelve (12) marketing mix elements proposed by Borden to what is known today as the 4Ps, which are *product*, *price*, *promotion and place*.

#### *4.2.1.2 Branding philosophies in the 1970s and 1990s*

The period between 1970 and 1990 saw organisations focusing on the value brands offer to consumers relative to competitors (Fran & Handelshogskolan, 2011). Between 1970 and 1980, various authors such as Kotler and Zaltman (1971), Ries and Trout (1974) and Shawver and Nickels (1981) advocated that *societal marketing*, *positioning* and *micromarketing and macromarketing*, respectively were essential branding elements. These authors opined that branding could be adopted by non-profit organisations to attract members of the society, where positioning a product should focus on what the consumer expects, as opposed to the product elements (e.g. packaging and price). They further argued that marketing initiatives ought to take into consideration the interests of both employees (micromarketing) and the society at large (macromarketing). In the early 1980s, the concept of brand equity, which is the value of the brand emerged, and it became of interest to researchers up to today (Fran & Handelshogskolan, 2011). This concept is discussed in detail in section 4.3.

In the 1990s, Gronroos (1994) and Gummerson (1997) asserted that *relationship marketing*, which entails developing, nurturing and improving relationships with stakeholders such as consumers, customers, suppliers to mention a few, was essential to complement the 4Ps in order for organisations to sustain their position in the market.

#### *4.2.1.3 Branding philosophies in the 1990s and the 21st century*

In this period, brand management was viewed from two perspectives, which are financial and consumer-based. Simon and Sullivan (1993) and Keller (1993) expressed that management of brands should be viewed from the *financial* (which measures how well the brand is performing financially) and *consumer* (which measures how attached consumers are to the brand) perspectives, respectively. These perspectives are discussed in detail in section 4.4.

de Chernatony (1999), Fournier (1998) and Kapferer (2008) pointed out respectively that *internal branding* (where employees are educated about the brand's vision and regarded as brand ambassadors) and *relational branding* (acknowledgement that branding connects consumers' emotions to the brand, hence the importance of building relationship with them) add value to the organisation's branding strategy.

Based on the above discussion, Table 4.1 provides a summary of how branding has evolved from the 1950s up to the 21st century.

**Table 4.1: Branding evolution between 1950 and 21st century**

| Evolution period | Focus area | Authors and years |
|---|---|---|
| **1950s and 1970s** | - Brand loyalty<br>- Segmentation (5 elements)<br>- Brand personality<br>- Lifestyle<br>- Marketing mix (12 elements)<br>- Refined marketing mix (4 elements)<br>- Refined segmentation (3 elements) | - Cunningham (1956)<br>- Smith (1956)<br>- Martineau (1958)<br>- Lazer (1963)<br>- Bordern (1964)<br>- McCarthy (1964)<br><br>- Yankelovich (1964) |
| **1970s and 1990s** | - Societal marketing<br>- Positioning<br>- Micromarketing and macromarketing<br>- Brand equity | - Kotler and Zaltman (1971)<br>- Ries and Trout (1974)<br>- Shawver and Nickels (1981)<br><br>- Fran and Handelshogskolan (1981) |
| **1990s and 21st century** | - Financial perspective<br>- Consumer perspective<br>- Internal branding<br>- Relational branding | - Simon and Sullivan (1993)<br>- Keller (1993)<br>- Chernatony (1999)<br>- Fournier (1998); Kapferer (2008) |

Source: Adapted from Fran and Handelshogskolan (2011:2-9)

Branding is important for positioning the organisations' brands in the minds of consumers (Ishaq, Hussain, Asim & Cheema, 2014; Zdravkovic & Till, 2012). Since branding has evolved, it is critical for organisations to adapt their branding strategies accordingly (Ishaq *et al*., 2014). Branding strategies enhance the value of a brand if used appropriately (Mann & Kaur, 2013). The next section discusses different strategies associated with branding.

### 4.2.2 Branding strategies

Building a brand requires a "systematic and structured management process" (Merrilees, Rundle-Thiele & Lye, 2011:370). One such prominent systematic approach is brand architecture. Brand architecture enables organisations to identify synergies among different brands and structure their portfolios accordingly (Kunkel, Funk & Hill, 2013; Janiszewska & Insch, 2012). The brand architecture system indicates to organisations opportunities for introducing new products and the appropriate branding strategy for such products (Keller, 2015). So, in order for organisations to capitalise on the strength of their existing brands and maintain consistent brand identity, brand architecture is essential (Douglas & Craig, 2013). The next sub-section discusses five branding strategies used by organisations to organise their brand portfolios (brand architecture).

#### *4.2.2.1 Branded house*

This strategy is realised when an established company's brand name play a dominant role in all the individual products offered by an organisation (Kunkel *et al*., 2013). In Figure 4.1 for instance, Samsung has a variety of product range such as mobile phones, home appliances and memory/storage items. Each individual product is connected and branded with Samsung, the master brand. This strategy enables companies to leverage on the company's brand equity to introduce new products (Gabrielli & Baghi, 2016). With regards to spending efficiency, this is an effective strategy to adopt, as each individual product requires minimum marketing investment (Keller, 2015) as a result of the established brand identity.

**Figure 4.1: Samsung's branded house portfolio**




Source: Author's own conceptualisation

*4.2.2.2 House of brands*

The difference between a branded house strategy and a house of brand is that with the former, individual brands are connected to the main brand. Whereas, with the latter strategy, individual brands are not visibly connected to the main brand (Kunkel *et al*., 2013). This difference is illustrated in Figure 4.2, where Tiger Brands has various products with distinct identities such as Tastic rice, Jungle Oats and Albany bread. Due to the fact that a reputation for each product has to be built (Rubera & Droge, 2013), the house of brands strategy is associated with high marketing costs (Seo & Jang, 2013). However, it is advantageous to use this strategy in that an organisation's inefficiencies in other operational functions do not affect existing products (Lee & Scott, 2013) since individual brands have distinct identities. Moreover, since products are positioned distinctly, the probability of individual products eroding each other's sales is eliminated (Seo & Jang, 2013).

**Figure 4.2: Tiger Brands' house of brands portfolio**




Source: Author's own conceptualisation

*4.2.2.3 Sub-brands*

The sub-brands strategy combines the company name with individual products (Keller, 2015). A typical example of a company employing this strategy is Coca Cola. The "Coke" name used in sub-brands such as Coke Zero, Diet Coke and Vanilla Coke (see Figure 4.3) is derived from the company name, Coca Cola. These sub-brands are easily accepted by consumers as they benefit from Coca Cola's positive image, which emerges as a result of the close relationship and association (Wang & Finn, 2012). According to Keller (2015), sub-brands play an important role not only to consumers, but also to sales managers (responsible for generating

orders) and retailers (who provide shelf space for the product to be sold), as they signify consistent quality with the main brand (Coca Cola).

**Figure 4.3: Coca Cola's sub-brands portfolio**




Source: Author's own conceptualisation

*4.2.2.4 Corporate branding*

An organisation employing this strategy uses the company name to brand its products (Mann & Kaur, 2013), enabling the organisation to leverage on the reputation of its established company name (Lee & Scott, 2013). McDonald's corporate branding strategy is illustrated in Figure 4.4, where different products such as burgers, fries, sauces and soft drinks are packaged with McDonald's branding (the M icon, actual name, red and yellow colour). Established corporate brands give companies like McDonald's a sustained competitive advantage (So, Parsons & Yap, 2013). Furthermore, because the brand is well-recognised in the market, advertising and marketing costs are significantly reduced, it's easier to extend the brand to introduce new products and price premiums can be charged for such products (Seo & Jang, 2013; Rubera & Droge, 2013). However, there is a downside to this strategy. Since products are closely associated with the corporate brand, a product that fails to meet consumers' expectations can damaged the company's reputation (Lee & Scott, 2013).

**Figure 4.4: McDonald's corporate branding**




Source: Author's own conceptualisation

*4.2.2.5 Endorsement branding*

An endorsement branding strategy is implemented when a company brand name or logo is used conservatively to provide credibility to a product (Keller, 2015; Mann & Kaur, 2013). In Figure 4.5 for example, Kit-Kat and Milo are endorsed by Nestle, a company that has been in existence for over 100 years (Lee & Scott, 2013). This strategy affords the main brand (e.g. Kit-Kat) to build its own identity (Hsu, Fournier & Srinivasan, 2016). In addition, the endorsement of a brand by an established corporate brand strengthens the endorsed brand (e.g. Milo) (Papa & Rossi, 2016).

**Figure 4.5: Nestle's endorsement branding**




Source: Author's own conceptualisation

The strategies discussed above enable organisations to build strong brands and manage them over time (Balaji, 2011). Organisations who have strong brands in their portfolio attain a competitive advantage, which sustains the business long-term (Santos-Vijande, del Rio-Lanza, Suarez-Alvarez & Diaz-Martin, 2013). In marketing, the concept associated with the strength of a brand is referred to as brand equity. The next section discusses this concept, its benefits and limitations.

## 4.3 THE BRAND EQUITY CONCEPT, ITS BENEFITS AND LIMITATIONS

### 4.3.1 Definition of brand equity

There is lack of agreement on how the brand equity concept should be defined (Sharma *et al*., 2013; Christodoulides & de Chernatony, 2010). This assertion is supported by Asamoah (2014), who asserts that, depending on the research objective, different interpretations of this concept emerge. It is for this reason that Aaker's (1991) and Keller's (1993) brand equity definitions are presented. These two authors, who pioneered brand equity research, defined the concept differently in their respective seminal work. Aaker (1991:15) defined this concept as "a set of brand assets and liabilities linked to the brand, its name and symbol, which add to or subtract from the value provided by a product or service to a firm and/or to that firm's customers", whereas, Keller (1993:2) defined the same concept as "the differential effect that brand knowledge has on consumer response to the marketing of that brand".

Table 4.2 demonstrates the way in which various researchers have used both Aaker's (1991) and Keller's (1993) brand equity definitions. However, authors who did not cite Aaker and Keller's work provided different definitions. These authors defined this concept as:

> "the incremental utility or value added to a product or service by its association with a brand name and/or symbol" (Siu, Kwan & Zeng, 2016:246);
>
> "the value addition of the brand endowed by its name" (Khan, Rizwan, Islam, Ul-Aabdeen & Rehman, 2016:3); and
>
> "a set of attributes and credits associated with a brand name and logo which increase or decrease the value of the products in the minds of customers and organization" (Shahvari & Bagheri, 2016:625).

**Table 4.2: Aaker (1991) and Keller (1993) brand equity definition use by other authors**

| Author and year | Aaker (1991) | Keller (1993) |
|---|---|---|
| Alam & Saeed (2016) | ✓ | |
| Farjam & Hongyi (2015) | ✓ | ✓ |
| Asamoah (2014) | ✓ | |
| Ishaq, Hussain, Asim & Cheema (2014) | ✓ | ✓ |
| Davari & Strutton (2014) | ✓ | |
| Buil, de Chernatony & Martinez (2013) | ✓ | ✓ |
| Balaji (2011) | ✓ | ✓ |
| Washburn & Plank (2002) | | ✓ |

Source: Author's own summary

Considering all the different definitions provided by various authors over the years, it is evident that brand equity emanates from the value consumers attach to a specifc brand. Brands, which are valuable assets, are the backbone of organisations, hence the emphasis on building strong brands (Steenkamp, 2014; Gensler, Volckner, Thompkins & Wiertz, 2013). It is therefore essential to discuss the way in which the existence of strong brands benefits organisations, and also the limitations associated with such growth.

### 4.3.2 Benefits and limitations of brand equity

A number of authors have highlighted the numerous benefits derived by organisations and consumers from a brand with strong equity. Brand equity is used by organisations as a launchpad (Asamoah, 2014) to maintain their competitive advantage and stakeholder value (Christodoulides, Cadogan & Veloutsou, 2015; Asamoah, 2014).

Consumers tend to trust an established brand, and the existence of trust enables organisations to build lasting relationship with the consumer (Ponnam, Sreejesh & Balaji, 2015), thus increasing the organisation's market share (Asamoah, 2014). A strong and credible brand assures consumers about the brand's quality (Alam & Saeed, 2016; Su & Tong, 2015; Ponnam *et al*., 2015; Shakiba & Jalali, 2013; Wang, 2010). From this trust and confidence in the quality of the brand, consumers' brand preference, brand loyalty and purchase intentions increase

(Cifci, Ekinci, Whyatt, Japutra, Molinillo & Siala, 2016; Farjam & Hongyi, 2015; Battistoni *et al*., 2013; Azizi & Kapak, 2013; Buil *et al*., 2013; Zdravkovic & Till, 2012).

Organisations can capitalise on a strong brand to reinforce its position in the market through brand extensions (e.g. Samsung extending its product range from electronics such as television to mobile phones and iPads) (Anselmsson, Bondesson & Johansson, 2014; Ishaq *et al*., 2014; Douglas & Craig, 2013; Hakala *et al*., 2012; Wang & Li, 2012). Brand extensions enable an organisation to maintain its competitive advantage and make it difficult for competitors to erode its market share (Asamoah, 2014). This is attributed to the fact that due to an existing reputable brand, which a brand extension is based on, consumers perceive brand extensions as less risky and tend to be receptive towards them (Buil *et al*., 2013; Davcik & Sharma, 2015).

Brands with high brand equity compel consumers to be willing to pay a higher price since they derive value from such brands compared to other less established competing brands (Buil *et al*., 2013). So, consumers become less sensitive to a cost of the brand with high equity (Asamoah, 2014), and an organisation is able to charge a premium price for such a brand (Ponnam *et al*., 2015; Battistoni *et al*., 2013). This results in high profit margins (Steenkamp, 2014). The long-term benefit of brand equity to organisations is that stakeholder relationships are enhanced (Davari & Strutton, 2014), which in turn attract investors and skilled employees to be part of the organisation (Shahin, Kazemi & Mahyari, 2012). In sub-section 4.4.3, the importance of employees in brand building is discussed.

Despite benefits emanating from a strong brand, Ishaq *et al*. (2014) and Seo and Jong (2013) indicate that there are drawbacks associated with brand equity. Rusetski (2012:360) provides two main limitations:

- A strong brand has to maintain its image and perform consistently according to consumers' expectations. Failing which, consumers can be dissatisfied and switch to other brands.
- To maintain the market position of an established brand, organisations are compelled to invest significantly in marketing and advertising. As the brand sustains its position, organisations become susceptible to shift focus to other emerging brands at the expense of the established brand.

In quest to understand how brand equity is applied in different contexts (Buil *et al*., 2013), there are different perspectives which can be adopted by organisations (Davari & Strutton, 2014; Biscaia, Correia, Ross, Rosado & Maroco, 2013; Balaji, 2011; Keller & Lehmann, 2006).

## 4.4 BRAND EQUITY PERSPECTIVES AND ITS SOURCES

As a concept, brand equity is viewed from three perspectives, namely customer-based brand equity (CBBE), financial-based brand equity (FBBE) and employee-based brand equity (EBBE) (Balaji, 2015; Davari & Strutton, 2014; Hakala *et al*., 2012). This is illustrated in Figure 4.6 and discussed further.

**Figure 4.6: Brand equity perspectives**



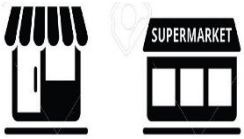
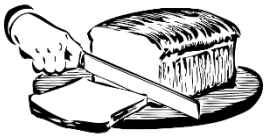

Sources: Balaji (2015); Davari and Strutton (2014); Hakala *et al*. (2012)

### 4.4.1 Customer-based brand equity perspective

CBBE is "a set of perceptions, attitudes, knowledge, and behaviours on the part of consumers that results in increased utility and allows a brand to earn greater volume or greater margins than it could without the brand name" (Christodoulides & de Chernatony, 2010:48). The pioneers of the CBBE perspective are Aaker (1996) and Keller (1998), who both argued that to measure brand equity optimally, it is vital to understand the value derived by consumers from using a particular brand (Su & Tong, 2015). Therefore, this perspective subscribes to the notion that the value of a brand is described by the perception that existing and potential customers have about the brand (Sharma *et al*., 2013; Hakala *et al*., 2012; Allaway, Huddleston, Whipple & Ellinger, 2011). This is supported by Biscaia et al. (2013), who assert that consumers' perspectives reflect the value they attach to the brand. Since this perspective analyses the way in which consumers evaluate brands (Alam & Saeed, 2016), it is an effective method of measuring brand equity (Sharma *et al*., 2013).

In South Africa, the Sunday Times in conjunction with an independent research company, TNS Research Surveys, publishes an annual brand study to evaluate consumers' perceptions about various brands. This study measures brand awareness, brand usage, brand market size and presence and brand power of different brands (Sunday Times Top Brands Report, 2016). Table 4.3 provides consumer insights on how brands such as Samsung (86%), Pick n Pay (76%), Albany (72%) and Stoney Ginger Beer (64%) dominate the respective categories of mobile phones, grocery stores, essential foods and soft drinks.

**Table 4.3: Top 4 rated local brands**

| **Rank** |  **MOBILE PHONES** |   **GROCERY STORES** |  **ESSENTIAL FOODS** |  **SOFT DRINKS** |
|---|---|---|---|---|
| 1 | Samsung (86%) | Pick n Pay (76%) | Albany (72%) | Stoney Ginger Beer (64%) |
| 2 | Sony (57%) | Spar (72%) | White Star (70%) | Appletiser (63.8%) |
| 3 | Blackberry (44%) | Checkers (64%) | Sasko (66%) | Sprite (63.7%) |
| 4 | Huawei (42) | Woolworths (63%) | Fatti's & Monni's (64%) | Fanta (63.5%) |

Source: Adapted from the Sunday Times Top Brands Report (2016:16-20)

Aaker (1996) and Keller (1998) conceptualised CBBE as being made up of different sources. Whereas for Aaker (1996), CBBE comprises of five sources, namely perceived quality, brand loyalty, brand awareness, brand associations, and other proprietary brand assets, Keller (1998) posited that brand knowledge, which is the information consumers have about the brand (Frank & Watchravesringkan, 2016), form the basis of brand equity. Brand knowledge comprise of brand awareness and brand image (Brunner, Ullrich, Jungen & Esch, 2016). Researchers have

acknowledged and adopted both Aaker's (1996) (Londono, Elms & Davies, 2016; Alam & Saeed, 2016; Sharma *et al*., 2013; Gabrielli, Grappi & Baghi, 2012) and Keller's (1998) (Sasmita & Suki, 2015; Buil *et al*., 2013; Biscaia *et al*., 2013) frameworks as the basis for their studies. The following sub-sections discusses the various sources of brand equity proposed by Aaker (1996) and Keller (1998).

#### *4.4.1.1 Aaker (1996) and Keller (1998) sources of brand equity*

In the preceding section, it is indicated that Aaker and Keller attribute the formation of brand equity to different sources in the form of brand loyalty, brand awareness, perceived quality, brand association/image and other proprietary brand assets.

- **Brand loyalty:** this is a "deeply held commitment by consumers to re-purchase their preferred product or service consistently or on a continuous basis in the future in spite of influences, be they situational or marketing efforts aimed at making them switch to other brands" (Su & Tong, 2015:126; Asamoah, 2014:123). Brand loyalty is the main source of brand CBBE (Balaji, 2015; Kumar, Dash & Purwar, 2013) because it is the reflection of the actual buying and usage of the brand (Sasmita & Suki, 2015).
- **Brand awareness:** this relates to a "consumer's ability to identify the brand under different conditions and consists of brand recognition and brand recall performance" (Biscaia *et al*., 2013:21; Alam & Saeed, 2016:18). Brands that are recognisable and familiar are mostly considered and purchased by consumers (Asamoah, 2014). However, even though brand awareness propels product exposure, this does not always translate into product purchase (Balaji, 2015).
- **Perceived quality:** defined as "the consumer's judgment about a product's overall excellence or superiority" (Su & Tong, 2015:126), the perceived quality of a brand by consumers encourages them to buy the product in relation to competing brands (Balaji, 2015). According to Asamoah (2014), branding is a significant contributor to the perceived quality of a brand, which enhances the competitiveness of an organisation.
- **Brand association/image:** brand association/image reveals what the brand means to consumers (Balaji, 2015). Brand association/image represents "the consumer perceptions about a brand and is a combination of the strength, favorability and uniqueness of the brand associations held in consumer memory" (Biscaia *et al*., 2013:21). Since brand associations reflects how consumers feel about a brand, they tend

to be emotionally connected to the brand and pay premium prices for such brands (Asamoah, 2014; Su & Tong, 2015; Kumar *et al*., 2013; Sasmita & Suki, 2015).

- **Other proprietary brand assets:** organisations have brand assets such as patents, trademarks and channel/market relationships (Davari & Strutton, 2014; Biscaia *et al*., 2013; Davcik & Sharma, 2015). A trademark is a legal instrument which is a combination of a brand name and brand logo (Okafor & George, 2016). Patents are "intangible assets with strong appropriability through which governments grant technical monopoly rights to firms within a prescribed time period, sustaining firms' competitive advantage" (Wang, Lo & Liao, 2015:2). To gain access to a market, organisations work with various partners such as distributors, vendors, retailers and agents (Goyal & Mishra, 2016). These channel partners provide product information to consumers and influence their attitudes, buying and consumption behaviour (Agarwal & Singh, 2016). Lee, Chen and Guy (2014) assert that when measuring CBBE, this source is not considered because it does not reflect consumers' perspective.

In Table 4.4, a summary of the sources of CBBE mentioned by different authors in their respective studies is provided. From this information, it can be deduced that most researchers acknowledge the sources proposed by Aaker (1996) and Keller (1998).

**Table 4.4: Aaker (1996) and Keller (1998) sources of CBBE**

| **Author and year** | **Sources** | | | | |
|---|---|---|---|---|---|
| | Brand loyalty | Brand awareness | Perceived quality | Brand association/image | Brand assets |
| Alam & Saeed (2016) | ✓ | ✓ | ✓ | ✓ | ✓ |
| Londono, Elms & Davies (2016) | ✓ | ✓ | ✓ | ✓ | |
| Davcik & Sharma (2015) | ✓ | ✓ | ✓ | ✓ | ✓ |
| Asamoah (2014) | ✓ | ✓ | ✓ | ✓ | |
| Davari & Strutton (2014) | ✓ | ✓ | ✓ | ✓ | ✓ |
| Sharma, Rao & Popli (2013) | ✓ | ✓ | ✓ | ✓ | ✓ |
| Buil, de Chernatony & Martinez (2013) | ✓ | ✓ | ✓ | ✓ | |

| Author and year | Sources | | | | |
|---|---|---|---|---|---|
| Wang & Finn (2013) | ✓ | ✓ | ✓ | ✓ | ✓ |
| Biscaia, Correia, Ross, Rosado & Maroco (2013) | ✓ | ✓ | ✓ | ✓ | ✓ |
| Balaji (2011) | ✓ | ✓ | ✓ | ✓ | ✓ |

Source: Author's own summary

CBBE is a prerequisite for FBBE (Veloutsou, Christodoulides & de Chernatony, 2013; Ionone & Rusu, 2012), as it is a source of a brand's market share and profitability (Davari & Strutton, 2014). In other words, before an organisation can generate financial value from a brand, consumers must buy the brand (Zhang & Niu, 2015; Farjam & Hongyi, 2015; Hakala et al., 2012). The purchase of a brand stems from marketing campaigns initiated by an organisation (Nguyen *et al*., 2015), hence brand equity is the relation between CBBE and FBBE (Wang & Lin, 2012). Despite this compelling argument, financial professional such as accountants and economists regard marketing as an unnecessary and non-strategic expense rather than an investment (Steenkamp, 2014; Jones & Bonevac, 2013). The FBBE perspective is discussed next.

### 4.4.2 Financial-based brand equity perspective

In terms of the FBBE perspective, brand equity is "the incremental cash flows which accrue to branded products over and above the cash flows which would result from the sale of unbranded products" (Biscaia *et al*., 2013:21; Nguyen *et al*., 2015:554). This perspective quantifies consumer's adoption of the brand into financial value (Alam & Saeed, 2016; Nguyen *et al*., 2015). According to Table 4.5, established global brands such as Google, Apple and Microsoft were worth approximately $229 million (growth of 32%), $228 million (decline of 8%) and $121 million (growth of 5%) respectively in 2016. It is important to highlight that five out of the Top 10 most valuable brands are made up of technology organisations. From the five, three companies recorded growth rates of between 5%-44% (Google, Microsoft and Facebook), Apple and IBM both experienced a decline of 8%.

**Table 4.5: Top 10 most valuable global brands**

| Rank | Brand | Industry | Brand Value 2016 ($ million) | Brand Value % Change (2016 vs 2015) |
|---|---|---|---|---|
| 1 | Google | Technology | 229,198 | 32% |
| 2 | Apple | Technology | 228,460 | -8% |
| 3 | Microsoft | Technology | 121,824 | 5% |
| 4 | AT&T | Telecom Providers | 107,387 | 20% |
| 5 | Facebook | Technology | 102,551 | 44% |
| 6 | Visa | Payments | 100,800 | 10% |
| 7 | Amazon | Retail | 98,988 | 59% |
| 8 | Verizon | Telecom Providers | 93,220 | 8% |
| 9 | McDonald's | Fast Food | 88,654 | 9% |
| 10 | IBM | Technology | 86,206 | -8% |

Source: Adapted from the Millward Brown Top 100 Brandz Report (2016:16)

According to a number of authors, FBBE is made up of various market performance sources. These are:

- Cash flow generated by the brand, market share, relative price paid by consumer and investor sentiment (Zhang & Niu, 2015:1);
- Price premium, market share and incremental volume (Davcik & Sharma, 2015:765);
- Price charged, market share and profitability (Hakala *et al*., 2012:440); and
- Increased market share and brand profitability (Sharma *et al*., 2013:180).

The FBBE perspective measures how much a brand has generated for an organisation. However, both CBBE and FBBE perspectives do not measure the important role played by employees in brand building (Anselmsson, Bondesson & Melin, 2016; Zhang & Niu, 2015;

Tavassoli, Sorecu & Chandy, 2014). Employees are instrumental in fulfilling the brand promise (Morokane, Chiba & Kleyn, 2016; Zhang & Niu, 2015; King & Grace, 2010), a fact which has led to the recent emergence of the EBBE perspective.

### 4.4.3 Employee-based brand equity perspective

EBBE is defined "the differential effect that brand knowledge has on an employee's response to internal brand management" (King, Grace & Funk, 2012:269; King & Grace, 2009:130). Studies conducted by Baumgarth and Schmidt (2010) and King and Grace (2009) found that brand building is effective when all employees are central to marketing campaigns. This is because employees are providers of brand information, particularly to those consumers unfamiliar with the brand (Sirianni, Bitner, Brown & Mandel, 2013) and acquiring new consumers (Wang & Sengupta, 2016). This assertion is supported by Berger-Remy and Michael (2015) who infer that brand equity is not a culmination of advertising only, but the behaviour of employees as brand ambassadors is important in brand-building and positioning. According to Morokane *et al*. (2016), employees' influence is not confined to consumers. Employees influence their friends and family members positively towards those brands with which they are associate. Table 4.6 provides a summary of eight EBBE sources proposed by different authors.

**Table 4.6: EBBE sources**

| **Author and year** | **Sources** | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Bk | Rc | Bc | Bcbc | Be | Ba | Iee | Ibm |
| Poulis &Wisker (2016) | | | | ✓ | ✓ | ✓ | | ✓ |
| Pinar, Girard, Trapp & Eser (2016) | | ✓ | | | | | | ✓ |
| Morokane, Chiba & Kleyn (2016) | ✓ | | | | | | ✓ | |
| Bataineh & Alfalah (2015) | ✓ | | ✓ | | | | | |
| Farjam & Hongyi (2015) | ✓ | ✓ | ✓ | | | | | |
| Shaari, Salleh & Hussin (2013) | ✓ | | ✓ | ✓ | | | | |
| King, Grace & Funk (2012) | | | | ✓ | ✓ | ✓ | | |

| Author and year | Sources | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Baumgarth & Schmidt (2010) | | | ✓ | | | | | |
| King & Grace (2010) | ✓ | | | | | | | ✓ |
| Slatten, Svensson & Svaeri (2011) | | ✓ | | | | | | |

**Note:** Bk = Brand knowledge, Rc = Role clarity, Bc = Brand commitment, Bcbc = Brand consistent behaviour/brand citizenship, Be = Brand endorsement, Ba = Brand allegiance, Iee = Internal employee engagement and Ibm = Internal brand management

Source: Author's own summary

The sources of EBBE displayed in Table 4.6 are unpacked below.

- **Brand knowledge:** this refers to knowledge of the employees with regards to the brand's values and benefits (Baumgarth & Schmidt, 2010). Knowledgeable employees contribute to the competitiveness of the organisation (King & Grace, 2010) as they have the confidence to endorse the brand to consumers, friends and family (Morokane *et al*., 2016). Brand knowledge influences employees' role clarity and brand commitment (Bataineh & Alfalah, 2015).
- **Role clarity:** this is evident when employees have sufficient information at their disposal, and understand their role and what is required from them (Slatten, Svensson & Svaeri, 2011). Since role clarity enables employees to provide accurate information to consumers, this enhances employees' performance and commitment (Pinar, Girard, Trapp & Eser, 2016; Slatten *et al*., 2011).
- **Brand commitment:** in brand building, it is important to create loyal and committed employees (Bataineh & Alfalah, 2015) in order to have an effective marketing and branding strategy (Farjam & Hongyi, 2015; Baumgarth & Schmidt, 2010). According to Shaari, Salleh and Hussin (2012), employees who are positive and committed to a brand service consumers' efficiently (Shaari *et al*., 2012).
- **Brand consistent behaviour/brand citizenship:** this is typified by an "employee behaviour that is often non-prescribed, yet consistent with the brand values of the organisation" (King *et al*., 2012:273). When the behaviour of an employee is consistent with brand values, it becomes natural to satisfy consumers' needs (Poulis & Wisker, 2016; Shaari *et al*., 2012). This is mainly due to the fact that such employees display certain characteristics such as willingness to help consumers, enthusiasm about the brand, and endorse the brand to consumers, family and friends (Shaari *et al*., 2012).

- **Brand endorsement:** is the "extent to which an employee is willing to say positive things about the organisation (brand) and to readily recommend the organisation (brand) to others" (King *et al*., 2012:274). Brand endorsement is possible if employees have knowledge about the brand (King *et al*., 2012) and are intrinsically and extrinsically motivated (Poulis & Wisker, 2016).
- **Brand allegiance:** this is possible when employees have future intentions to remain in the employ of the organisation (King *et al*., 2012). Brand loyal employees are an asset to the organisation due their expertise and are instrumental in fulfilling the brand promise to consumers (Poulis & Wisker, 2016).
- **Internal employee engagement:** Morakane *et al*. (2016:56) advocate that employees need to be engaged in various ways, namely: *intellectual engagement* (the extent that the employee is cognitively immersed in their role); *social engagement* (the extent to which an employee is involved and connected with the people that their role provides interaction with); *affective engagement* (the extent to which employees draw positive energy from their work role) and *organisational engagement* (the extent to which an employee identifies with their employer, job and role). Employees who are engaged by their organisations tend to be productive and contribute immensely to the organisation's profitability (Casey & Sieber, 2016). Moreover, they display a strong work ethic, loyalty and commitment to the organisation (Gupta & Sharma, 2016).
- **Internal brand management:** this strategy ensures that employees are equipped with the necessary knowledge to implement the brand's vision to satisfy consumers' needs (Poulis & Wisker, 2016; Asgari, Roshan & Abbasi, 2015; King & Grace, 2010). At the epicentre of this strategy is the training of employees responsible for servicing clients (Pinar *et al*., 2016).

The aforementioned sources of EBBE highlight that employees play an important role in the formation of brand equity (Berger-Remy & Michel, 2015; King & Grace, 2010).

Based on the discussion of the different perspectives of brand equity, it is evident that organisations intending to measure brand equity can adopt either CBBE, FBBE, EBBE or a combination of these perspectives. Even though employees (represented by EBBE) contribute to the growth of an organisation's brand (Asgari *et al*., 2015), CBBE and FBBE are regarded as major because these perspectives view brand equity as a value derived by both consumers and organisations (Alam & Saeed, 2016; Balaji, 2015; de Oliveira, Silveir & Luce, 2015;

Davcik *et al*., 2015; Asamoah, 2014; Battistoni *et al*., 2013; Fatema, Azad & Masum, 2013; Sirianni *et al*., 2013; Hakala *et al*., 2012). Various authors indicate that financial value (FBBE) is the consequence of consumer's adoption of the brand (CBBE) (Christodoulides *et al*., 2015; Torres, Augusto & Lisboa, 2015; Buil *et al*., 2013). CBBE is a more direct approach to measure brand equity than FBBE (Sirianni *et al*., 2013), because a brand is non-existent if it has no value to the consumer (Farjam & Hongyi, 2015). In line with the foregoing arguments, the study adopts a CBBE perspective. The next sub-section discusses the importance of CBBE perspective and how it has been measured in various countries and industries.

### 4.4.4 The importance of customer-based brand equity and how it has been measured

For an organisation intending to create brands with sustainable brand equity, it is of paramount importance to adopt the CBBE approach (Asamoah, 2014). Since this approach measures brand equity from a consumer's perspective, it reflects current and future market performance of a brand (Asamoah, 2014, Buil *et al*., 2013). Hence, Mishra, Dash and Cyr (2014) view this approach as the most effective method to measure brand equity.

An organisation's competitive advantage, the performance of the brand in the market and enhanced brand value are attributed to CBBE, which is an instrumental driver of brand equity (Di Benedetto & Kim, 2016; Cifci *et al*., 2016). This is because this approach provides insights into how consumers evaluate brands, which enables marketers to develop appropriate marketing strategies (Alam & Saeed, 2016). The importance of this approach is captured unambiguously by Balaji (2011:8), that the CBBE approach is adopted by researchers because it acknowledges that "a brand can create value for the investor, the manufacturer and the retailer only if there is value for the consumer".

In line with the above assertion by Balaji (2011), Table 4.7 illustrates that the majority of brand equity studies conducted between 2002 and 2016 adopted the Aaker (1996) and Keller (1998) CBBE frameworks. These studies were conducted in different countries, such as South Africa, Zimbabwe, Ghana, India, US, France, China, Turkey and Germany. The CBBE framework has been applied to diverse industries and product categories such as mobile phones, telecommunications, retail, higher education, politics, financial sector, tourism, fashion, banking and healthcare.

Although most authors measured brand equity using the conventional sources (perceived quality, brand loyalty, brand awareness, brand associations/image) proposed by Aaker and Keller, there are authors who measured other dimensions purported to be additional sources of brand equity. These are:

- Brand strength (Anselmsson *et al*., 2016);
- Brand popularity, uniqueness and price premium (Alipoor *et al*., 2015; Limpele, 2013, Wang & Finn, 2013);
- Reputation (Calvo-Porral & Levy-Mangin, 2014);
- Brand emotions (Wang & Finn, 2013);
- Brand differentiation (Mackay, Spies, Williams, Jansen van Rensburg & Petzer, 2013);
- Price image, store service, personalities and brand service (Jara & Cliquet, 2012);
- Customer service, reward programs, prices, store effort, store layout and location (Allaway *et al*., 2011);
- Brand leadership, brand popularity, brand personality and market barriers (Evans, Taruberekera, Longfield & Snider, 2011); and
- Brand perceptions (Kim, Knight & Pelton, 2009).

The literature reveals that branding fosters consumer-brand relationships (defined by factors such as brand trust and brand satisfaction) (Kang, Tang & Fiore, 2014) and that perceived value of brand by consumers influences them to buy the brand (Peng, Chen & Wen, 2014). Despite the emphasised importance regarding the influence of these dimensions, only four out of fifty five studies (Table 4.7) acknowledged brand relationship factors such as brand trust and brand affect (Mishra *et al*., 2014; Kumar *et al*., 2013; Azizi & Kapak, 2013; Human, Ascott-Evans, Souter & Xabanisa, 2011). With regards to the value dimension, only six out of fifty five studies mentioned perceived brand value (Anselmsson *et al*., 2016; Alam & Saeed, 2016; Alipoor *et al*., 2015; Mishra *et al*., 2014; Wang & Finn, 2013; Evans *et al*., 2011). The importance of consumer-brand relationships and value in measuring brand equity is discussed in detail in sections 4.5 and 4.6.

**Table 4.7: Two decades of studies adopting the Aaker (1996) and Keller (1998) customer-based brand equity (CBBE) models**

| Empirical study | Model adopted | Country where study was conducted and sample description | Conceptualisation of brand equity | Industry/product |
|---|---|---|---|---|
| Anselmsson, Bondesson & Melin, (2016) | Keller | Sweden, 18-65 year-old shoppers | Brand investments**, brand image, brand strength** and brand value**. | Retail |
| Londono, Elms & Davies (2016) | Aaker | Scotland, 18-65 year-old male consumers | Perceived quality, brand associations, brand awareness and brand loyalty. | Retail |
| Cifci, Ekinci, Whyatt, Japutra, Molinillo & Siala (2016) | Aaker | Turkey, 16-45 year-old shoppers | Perceived quality, brand associations, brand awareness and brand loyalty. | Fashion |
| Alam & Saeed (2016) | Keller | Pakistan, postgraduate students | Brand awareness, brand image, functional benefits** and symbolic benefits**. | Higher education |
| Bhukya & Singh (2016) | Aaker | India, shoppers between the ages of 36-45 | Brand awareness, brand associations, perceived quality and brand loyalty. | Retail |
| Torres, Augusto & Lisboa (2015) | Aaker | Portugal, 19-24 year-old undergraduate students | Brand awareness, perceived quality and brand loyalty*. | Beverages (beer) |
| Alkhawaldeh, Salleh & Halim (2015) | Aaker | Malaysia, conceptual paper so sample description not applicable | Political brand awareness, political brand image, political brand quality, political brand trust** and predicting loyalty to political brand*. | Politics |
| Diarta, Pitana, Putra & Wiranatha (2015) | Aaker and Keller | Indonesia, tourists between the ages of 18-81 | Destination awareness, destination image, perceived quality and destination loyalty. | Tourism |
| Alipoor, Pirayesh & Raad (2015) | Aaker and Keller | Iran, customers | Brand awareness, brand familiarity, brand popularity**, corporate bonds**, consistent brand image, perceived brand quality, perceived value**, uniqueness** and willingness to pay higher price**. | Clothing |

| Empirical study | Model adopted | Country where study was conducted and sample description | Conceptualisation of brand equity | Industry/product |
|---|---|---|---|---|
| Biedenbach, Bengtsson & Marell (2015) | Aaker | Sweden, Chief Executive Officers and Chief Financial Officers (age details not specified) | Brand awareness, brand associations, perceived quality and brand loyalty. | Financial sector |
| Balaji (2015) | Aaker and Keller | India, 40 year-old women consumers and above | Brand awareness, brand associations, perceived quality and brand loyalty. | Sunflower cooking oil |
| Sasmita & Suki (2015) | Aaker | Malaysia, 18-25 year-old consumers | Brand awareness, perceived quality, brand associations and brand loyalty. | Fashion |
| Christodoulides, Cadogan & Veloutsou (2015) | Aaker | United Kingdom, Germany and Greece, 18-65 year-old consumers | Brand awareness, perceived quality, brand associations and brand loyalty. | Goods, services and internet |
| Im, Kim, Elliot & Han (2015) | Aaker and Keller | Malaysia, 20-50 year-old professionals and university students tourists | Brand awareness, perceived quality, brand associations and brand loyalty. | Tourism |
| Su & Tong, 2015 | Aaker | USA, 18-30 year-old undergraduate students | Brand awareness, perceived quality, brand associations and brand loyalty. | Sportswear |
| Ulfat, Muzaffar & Shoaib (2014) | Aaker | Pakistan, 18-45 year old female customers | Brand awareness, perceived quality, brand associations and brand loyalty. | Beauty care |
| Gupta & Adil (2014) | Aaker | New Zealand and United Arab Emirates, university student population between the ages of 14-60 | Brand awareness, perceived quality, brand associations and brand loyalty. | Not specified |
| Mishra, Dash & Cyr (2014) | Aaker | India, smartphones users | Brand association, perceived value**, brand trust** and brand loyalty. | Smartphone |
| Davari & Strutton (2014) | Aaker | United States, university students | Brand associations, brand loyalty, perceived brand quality and brand trust**. | Food and restaurant |
| Shen, Yuan, Zhang & Zhao (2014) | Aaker | China, 14-44 year-old hotel customers | Brand awareness, perceived quality, brand associations and brand loyalty*. | Hospitality |

| Empirical study | Model adopted | Country where study was conducted and sample description | Conceptualisation of brand equity | Industry/product |
|---|---|---|---|---|
| Calvo-Porral & Levy-Mangin (2014) | Aaker | Spain, 18-60 year-old consumers | Brand awareness, perceived quality, brand loyalty, retailer reputation** and store commercial image**. | Retail |
| Asamoah (2014) | Aaker | Ghana, small and medium enterprises (SMEs) managers and customers | Brand awareness, perceived quality, brand associations and brand loyalty. | Entrepreneurship |
| Kumar, Dash & Purwar (2013) | Aaker | India, patients between the ages of 21-60 | Brand awareness, brand association, perceived quality, brand trust** and brand loyalty. | Healthcare |
| Azizi & Kapak (2013) | Aaker | Iran, 30-50 year-old shoppers | Brand loyalty and brand trust** | Retail |
| Zenker & Beckmann (2013) | Keller | Germany, 34-37 year-old artists, scientists, urban planners and master's students | Brand awareness and brand image. | Tourism |
| Tsai, Lo & Cheung (2013) | Aaker | Hong Kong, 18-60 year-old gamblers | Brand awareness, perceived quality, brand image and brand loyalty. | Casino |
| Buil, Martinez & de Chernatony (2013) | Aaker and Keller | UK and Spain, 15-69 year-old consumers | Brand awareness, perceived quality, brand associations and brand loyalty. | Sportswear, electronics and cars |
| Shakiba & Jalali (2013) | Aaker | Iran, bank customers (age details not specified) | Brand awareness, perceived quality, brand associations and brand loyalty. | Financial sector |
| Severi & Ling (2013) | Aaker and Keller | Malaysia, 20-40 year-old business students | Brand awareness, perceived quality, brand associations, brand image and brand loyalty. | Not specified |
| Fatema, Azad & Masum (2013) | Aaker and Keller | Bangladesh, banking customers | Brand awareness and brand image. | Banking |
| Wang & Finn (2013) | Aaker and Keller | Canada, consumers | Past brand loyalty, current brand awareness, current brand associations, current perceived quality, current perceived value**, uniqueness** and brand emotions**. | Coca Cola and Pepsi |

| Empirical study | Model adopted | Country where study was conducted and sample description | Conceptualisation of brand equity | Industry/product |
|---|---|---|---|---|
| Khani, Imanikhah, Gheysari, Kamali & Ghorbanzadeh (2013) | Aaker | Iran, Samsung mobile phone users between the ages of 25-40 | Brand loyalty. | Mobile phone |
| Limpele (2013) | Aaker and Keller | South Korea, Apple iPhone smartphone users | Brand awareness, perceived quality, brand associations, brand loyalty and uniqueness**. | Mobile phone |
| Mackay, Spies, Williams, Jansen van Rensburg & Petzer (2013) | Aaker | South Africa, fast food consumers between the ages of 26-67 | Brand awareness, perceived quality, brand differentiation**, brand associations and brand trust**. | Fast Food |
| Wang & Li (2012) | Aaker | Taiwan, mobile phone users between the ages of 21-30 | Brand loyalty, perceived quality, brand awareness and brand associations. | Mobile phone |
| Hosseini & Nahad (2012) | Keller | Iran, postgraduate students (age details not specified) | Brand awareness and brand image. | Academia |
| Jara & Cliquet (2012) | Keller | France, 30-50 year-old consumers | Brand awareness, brand image, price image**, store service**, personalities ** and brand service**. | Retail |
| Chowudhury (2012) | Aaker and Keller | Australia, 16-29 year-old university students and shoppers | Brand awareness, perceived quality, brand associations and brand loyalty. | Telecommunications |
| Blumrodt, Bryson & Flanagan (2012) | Keller | France, 18-60 year-old football spectators | Brand awareness and brand image. | Sports |
| Pinar, Girard & Eser (2011) | Aaker and Keller | Turkey, 15-56 year-old bank customers | Brand loyalty and perceived quality. | Banking sector |
| Allaway, Huddleston, Whipple & Ellinger (2011) | Aaker | United States, 18-74 year-old shoppers | Customer service**, product quality, reward programs**, prices**, store effort**, layout**, location** and loyalty*. | Supermarkets |
| Evans, Taruberekera, Longfield & Snider (2011) | Aaker | Zimbabwe, 15-49 year-old condom users | Brand loyalty, brand quality, brand leadership/popularity**, brand value**, brand personality** and market barriers**. | Healthcare |

| Empirical study | Model adopted | Country where study was conducted and sample description | Conceptualisation of brand equity | Industry/product |
|---|---|---|---|---|
| Human, Ascott-Evans, Souter & Xabanisa (2011) | Aaker and Keller | South Africa, commuters | Brand awareness, brand image, brand loyalty, brand trust** and brand affect**. | Transport |
| Oakenfull & McCarthy (2010) | Keller | Not specified, undergraduate business students (age details not specified) | Brand associations. | Fast moving consumer goods |
| Alimen & Cerit (2010) | Keller | Turkey, 18-22 year-old university students | Brand awareness and brand image. | Fashion |
| Gupta, Melewar & Bourlakis (2010) | Keller | India, brand managers (age details not specified) | Brand awareness and brand image. | Information technology |
| Boo, Busser & Baloglu (2009) | Aaker and Keller | Las Vegas and Atlantic City, 30-59 year-old tourists | Brand awareness, perceived quality, brand image and brand loyalty*. | Tourism |
| Kim, Knight & Pelton (2009) | Keller | Korea, 18-24 year-old consumers | Brand awareness, brand image and brand perceptions**. | Fashion |
| Kaynak, Salman & Tatoglu (2008) | Aaker and Keller | USA, respondents' profile not specified | Brand awareness, perceived quality, brand associations and brand loyalty. | Sports |
| Wang, Wei & Yu (2008) | Aaker and Keller | China, 20-35 year-old consumers | Brand awareness and brand associations. | Shampoo, television and computers |
| Konecnik & Gartner (2007) | Aaker and Keller | Germany and Croatia, tourists (age details not specified) | Brand awareness, perceived quality, brand image and brand loyalty. | Tourism |
| Liaogang, Chongyan & Zi'an (2007) | Aaker and Keller | China, business students (age details not specified) | Brand awareness, perceived quality and brand loyalty. | Telecommunications |
| Esch, Langner, Schmitt & Geus (2006) | Keller | Europe (country not specified), business students (age details not specified) | Brand awareness and brand image. | FMCG and fashion |
| Pappu, Quester & Cooksey (2005) | Aaker and Keller | Australia, consumers (age details not specified) | Brand awareness, perceived quality, brand associations and brand loyalty. | Cars and television |
| Gladden & Funk (2002) | Keller | USA, postgraduate students (age details not specified) | Brand awareness and brand image. | Sports |

*= Brand loyalty regarded as an outcome of brand equity instead of source; **= Other factors studied

Source: Author's own summary

## 4.5 BRAND EQUITY AND CONSUMER-BRAND RELATIONSHIPS

Brands are "the expression of relationship between consumer and product" (Maurya & Mishra, 2012:127) and are instrumental in building long-term relationships with consumers (Tuskej, Golob & Podnar, 2013; Sharma *et al*., 2013). In line with these assertions, seminal work by Fournier (1998:344) revealed that the relationship consumers have with a brand inform their purchase intention of that particular brand. Based on Fournier's (1998) study, there has been recent emphasis on the importance of understanding how consumers establish relationships with brands (Dwivedi, 2015; Peng *et al*., 2014; Kang *et al*., 2014; Keller, 2012; Huber, Vollhardt, Matthes & Vogel, 2010).

Thus, the consumer-brand relationship philosophy, which relates to a "long-lasting bond between the brand and the consumer" (Morgan-Thomas & Veloutsou, 2013:23), creates strong and sustainable brands (Hwang & Kandampully, 2012). The strong relationship between a brand and consumer reflects the brand equity of a brand (Veloutsou *et al*., 2013; Sirianni *et al*., 2013; Nyadzayo, Matanda & Ewing, 2011; Wood, 2000). This is because brand equity is an "expression of the relationship between the organization's offerings and its customers" (Hakala *et al*., 2012:440). This relationship is reflected by factors such as brand loyalty, perceived value, brand trust, brand commitment, brand affect and brand love (Mishra *et al*., 2014; Albert *et al*., 2013; Bergkvist & Bech-Larsen, 2010). An in-depth discussion on how these factors relate to each other is embarked on in Chapter 5.

Brands with strong equity are trusted and preferred by consumers (Albert *et al*., 2013). When consumers establish a relationship with a particular brand, they become emotionally attached and brand loyal towards such brand (Di Benedetto & Kim, 2016; Biscaia *et al*., 2013). In their studies, Fetscherin, Boulanger, Filho and Souki (2014) and Tuskej *et al*. (2013) found that building brand relationships with consumers is key to attaining and maintaining sustainable business performance and success. From this performance, an organisation's profitability and financial value is enhanced (Valta, 2013; Hwang & Kandampully, 2012), which gives organisations a competitive advantage over their competitors (Keller, 2016; Peng *et al*., 2014; Santos-Vijande *et al*., 2013). Therefore, strong relationships enable organisations to generate consistent cash flow and consumers become brand advocates and evangelists (Fournier, Breazeale & Fetscherin, 2012; Sahay & Sharma, 2010).

In order for strong brands to maintain its brand equity, they must continue providing value to consumers (Asamoah, 2014; Kotler & Keller, 2012). Consumers expect through brands, to fulfil certain values, whether functional, experiential, symbolic, and emotional (Wasaya, Khan, Shafee & Mahmood, 2016; Diarta, Pitana, Putra & Wiranatha, 2015; Wang & Li, 2012). It is therefore important to understand the relationship between brand equity and consumption values.

## 4.6 BRAND EQUITY AND CONSUMPTION VALUES

Marketers need to understand the consumption behaviour of the target audience (Kuikka & Laukkanen, 2012), and where perceived value underpins this process (Permarupan, Mohan, Al-Mamum & Zainol, 2014). Consumers seek "immaterial, emotional, psychological and even sociocultural benefits from the brand" (Aurier & Lanauze, 2012:1605). Due to intense competition and diverse consumer demands, organisations are compelled to create value for their consumers (Delgado-Ballester, Hernandez-Espallardo & Rodriguez-Orejuela, 2014; Yoshida, James & Cronin, 2013). Value creation is represented by factors such as the brand's quality and trust as bestowed by consumers on the brand and brand image (Keller, 2008; Pinar *et al*., 2012). These factors influence consumers' purchasing decisions (Goh, Suki & Fam, 2014; Delgado-Ballester *et al*., 2014).

The theory of consumption values was pioneered by Sheth, Newman and Gross (1991), who opined that consumers' choose brands based on functional, social, emotional, epistemic and conditional values. These values, which are unpacked below, shed light on what factors influence consumers to prefer to buy a specific brand over another (Candan *et al*., 2013).

- **Functional values:** this value focuses on the effectiveness and efficiency of the physical attributes of a product (Kwon & Kwak, 2014; Goh *et al*., 2014). Some of these attributes include the performance, reliability and price of a product compared to available alternatives (Candan *et al*., 2013; Maurya & Mishra, 2012; Blumrodt, Bryson & Flanagan, 2012). A functional product reduces risk and creates value for consumers (Keller, 2016). For instance, a study by Sujata, Roy, Thakkar, Banik, Arora and Parashar (2015) found that there is a correlation between reliability of smartphones and the intention to buy them.
- **Social values:** in their quest to be accepted by society (Goh *et al*., 2014; Maurya & Mishra, 2012), the purchasing decisions of consumers tend to be influenced by social

groups such as family, friends and community members (Kwon & Kwak, 2014). Where consumers are influenced by social groups, the consumption of a product is determined by the symbolic value and social status enjoyed by consumers from society members (Candan *et al*., 2013; Andrews, Drennan & Russell-Bennett, 2012). Albert *et al*. (2013) infer that consumers opt for brands that boost their image among their peers.

- **Emotional values:** this refers to the emotions evoked in consumers in relation to a product as a result of being exposed to it through elements such as its advertising (Kwon & Kwak, 2014; Candan *et al*., 2013). However, Goh *et al*. (2014) indicate that the element of emotional value is not confined to the product, but also takes into cognisance the atmosphere surrounding the product, and the context in which the product is consumed. Consumers' emotions stimulate their consumption of the product (Maurya & Mishra, 2012).
- **Epistemic values**: consumers purchase products because they are acquainted with them, they are curious about new products, and are willing to learn about a new product (Suki & Suki, 2015). Consumers who subscribe to this value are motivated by the exposure to a variety of products, product knowledge, the manufacturing process and product innovation (Suki & Suki, 2015; Goh *et al*., 2014; Candan *et al*., 2013). All these factors, according to Hur, Yoo and Chung (2012) and Maurya and Mishra (2012), influence consumers' intention to buy a product.
- **Conditional values:** consumers' purchasing decisions are significantly influenced by conditions and situations in which they find themselves (Goh *et al*., 2014; Lin & Huang, 2012). These values are enjoyed by consumers when they "get what they need in a certain situation" (Gummerus & Pihlstrom, 2011:525). For instance, a consumer gets joy from receiving a Christmas greeting card during the Christmas season (Suki & Suki, 2015; Maurya & Mishra, 2012). Consumers cannot be in a position to define what conditional values are relevant to them before a condition unfolds (Candan *et al*., 2013).

Since brand equity is the "value obtained just by name and symbol with the expected value of product or service" (Khosravi & Aghaei, 2016:2171), the aforementioned consumption value dimensions are valuable to marketers as they provide insights on how consumers make purchasing decisions (Phau, Quintal & Shanka, 2014).

## 4.7 CONCLUSION

Although brand equity has received research prominence, there is no agreement as to how to measure this construct (Buil *et al*., 2013). This conundrum is exacerbated by the existence of different perspectives such as the CBBE, FBBE and EBBE, adopted to capture the value of a brand. However, based on the literature review undertaken in this chapter, it is evident that measuring brand equity from a consumer perspective is the most practical approach. This is the case because, for an organisation to make money from a brand (FBBE) and employ marketers to look after the brand (EBBE), the brand must be consumed first (CBBE).

It is for this reason that for the holistic measurement of brand equity, the CBBE perspective should acknowledge the importance of other factors (Stahl, Heitmann, Lehmann & Neslin, 2012), such as consumption values, which play a role in the formation of brand equity. Albert and Merunka (2013) also recommend that consumer-brand relationship factors, such as brand trust, brand satisfaction and brand love, which create a psychological bond between the consumer and a brand, are central to the development of brand equity. The existence of relationships between these constructs will be examined in more detail in Chapter 5, which develops the conceptual model underpinning this study, and the subsequent hypotheses.

# CHAPTER 5

# CONCEPTUAL MODEL AND HYPOTHESES DEVELOPMENT

## 5.1 INTRODUCTION

The previous chapter discussed the concept of brand equity and the three different perspectives from which its sources are measured. The chapter furthermore elaborated reviewed literature on the use of the most preferred CBBE measurement approach in different countries and industries. Findings from the review revealed that two important CBBE sources (consumption values and consumer-brand relationship factors) received limited attention, despite their contribution to building brand equity, as also examined in the previous chapter.

In order to develop a more holistic and integrated conceptual model to measure CBBE, this chapter reviews and employs frameworks and models, which suggest the relationships between various drivers or sources of CBBE, including consumer-brand relationship factors and consumption values. Through the review and presentation of empirical arguments from diverse authors, this chapter also formulates hypotheses.

## 5.2 FRAMEWORKS UNDERPINNING THE CONCEPTUALISATION OF THIS STUDY'S MODEL

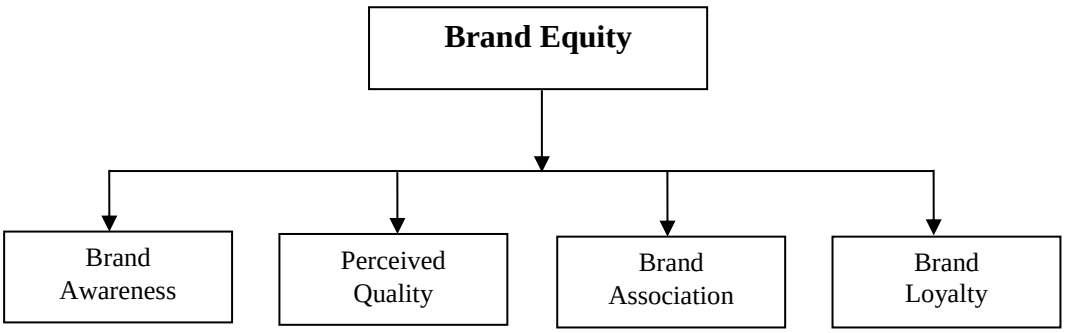
In conceptualising the model of this study (see Figure 5.5), four frameworks were deemed apposite in understanding how brand equity can be measured holistically. These were Aaker's (1996) brand equity framework, Keller's (1998) CBBE framework, Esch, Langner, Schmitt and Geus's (2006) brand relationship framework, and Chuah, Marimuthu and Ramayah's (2014) customer-oriented value framework. The frameworks advanced by Aaker (1996) and Keller (1998) propose that CBBE emanates from different sources, such as *perceived quality*, *brand loyalty*, *brand awareness*, and *brand associations*. In the previous chapter, it was demonstrated that Aaker's (1996) and Keller's (1998) frameworks have been widely adopted and are regarded as valid and comprehensive frameworks with which the sources of brand equity can be measured (Cifci, Ekinci, Whyatt, Japutra, Molinillo & Siala, 2016; Christodoulides, Cadogan & Veloutsou, 2015; Hsu, 2012; Balaji, 2011). Esch *et al.*'s (2006)

model however expand the framework by suggesting that Aaker's (1996) and Keller's (1998) main brand awareness and image sources will first lead to brand relationships, such as brand trust, satisfaction and brand attachment or love, before consumers purchase the brand in the present and future. Chuah *et al.*'s (2014) framework suggests that to derive different dimensions of customer loyalty, which is a source of CBBE advocated by Aaker (1996), various consumption values, such as functional, monetary, emotional, customisation and relational need to be enjoyed by consumers. The next section examines the frameworks.

### 5.2.1 Aaker (1996) brand equity framework

The Aaker (1996) brand equity framework, as depicted in Figure 5.1, has become the foundation of brand equity research globally (Shen, Yuan, Zhang & Zhao, 2014). Aaker (1996) conceptualises brand equity in terms of five sources, namely perceived quality, brand loyalty, brand awareness, brand associations, and other proprietary brand assets. The proprietary brand assets include intellectual property rights, patents and trademarks (Shen *et al*., 2014). According to Lee, Chen and Guy (2014), it is impractical to precisely evaluate the latter source, because it is indirectly related to consumers. Furthermore, there is lack of validated scales to measure brand assets (Christodoulides *et al*., 2015). In line with these assertions, and noting the fact that this study seeks to measure CBBE, the proprietary brand assets aspect is not to be measured.

**Figure 5.1: Aaker's brand equity framework**




Source: Gupta and Adil (2014:109)

Aaker's brand equity sources have been described in section 4.4.1.1 of Chapter 4. These descriptions will, however, be briefly recapped here. Brand awareness relates to the likelihood that a brand name will be recalled or recognised by the consumer (Alam & Saeed, 2016; Calvo-

Porral, Martinez-Fernandez, Juanatey-Boga & Levy-Mangin, 2015; Matthews, Son & Watchravesringkan, 2014; Balaji, 2011). A recognised brand is likely to be purchased by consumers (Matthews *et al*., 2014; Yaseen, Tahira, Guizar & Anwar, 2011). Perceived quality is defined as "consumers' subjective perception of a product's attributes" (Calvo-Porral *et al*., 2015:99). Based on this definition, consumers can reach judgement on a product's attributes, without necessarily using the product (Matthews *et al*., 2014).

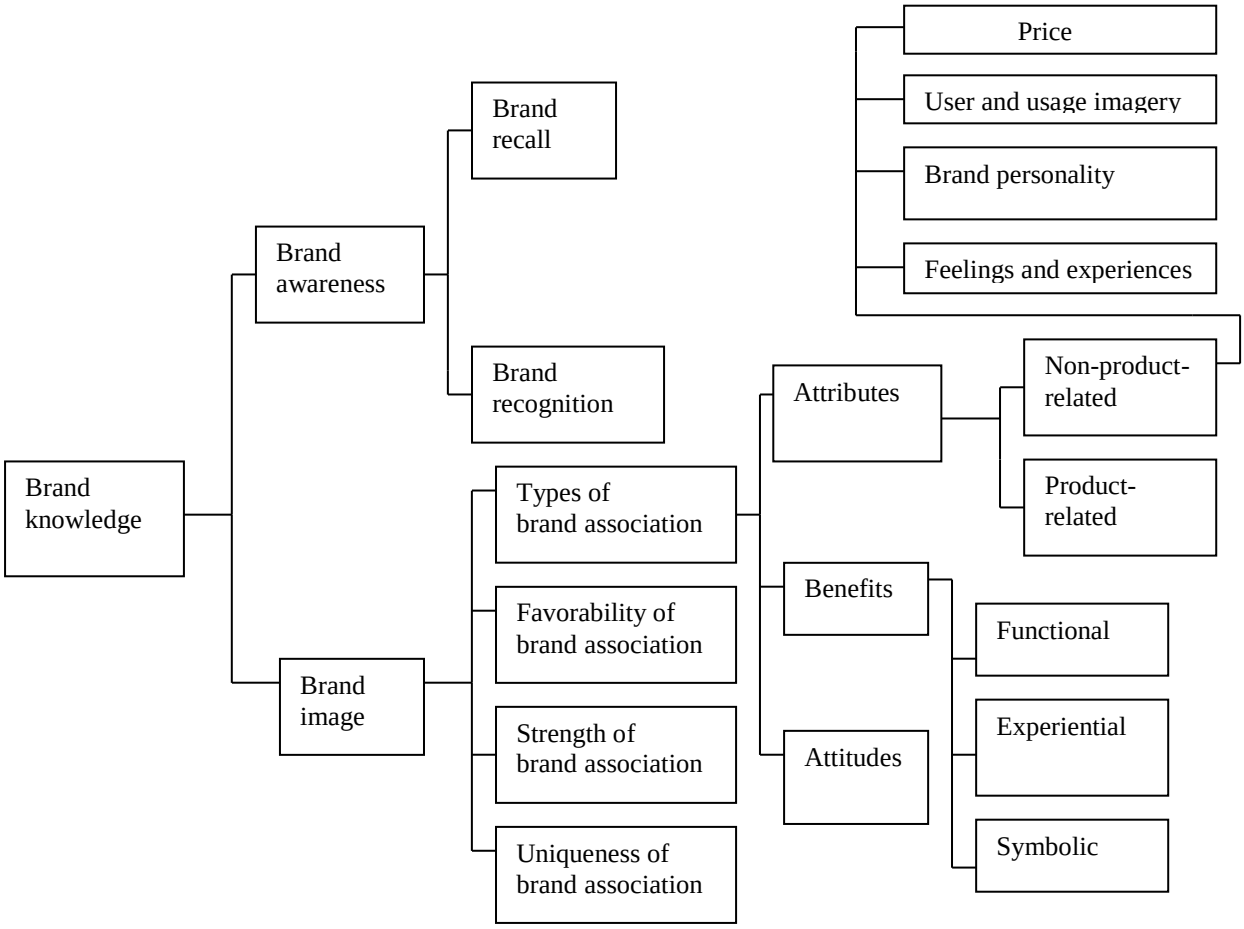
Sadasivan, Rajakumar and Rajinikanth (2011) view brand loyalty as comprising of a behavioural aspect (consumers who repeatedly buy and use a product or service) or attitudinal aspect (consumers who feel a sense of belonging or commitment to the product or service). While Aaker (1996) conceptualises brand loyalty as a source of brand equity, Keller (1998) views it as a benefit or outcome of brand equity. These differing viewpoints are reconciled through Wang and Finn's (2013) argument that brand loyalty can either be a source or an outcome of brand equity. In this study, the concept of brand loyalty is operationalised as a source of brand equity.

Brand associations are "anything linked to a brand in the memory of consumers" (Im, Kim, Elliot & Han, 2012:390). Keller (1998) conceptualises brand associations in terms of brand image and postulates that brand awareness and brand image make up consumer brand knowledge, which propels brand equity.

### 5.2.2 Keller's (1998) customer-based brand equity framework

Keller's (1998) CBBE model (Figure 5.2) focuses on brand knowledge, which as aforementioned, comprise of brand awareness (brand recall and recognition) and brand image (measured in terms of favourability, strength, and uniqueness of brand associations held in a consumer's memory) (Bruno & Dariusz, 2015). Keller, Aperia and Georgson (2012:59) suggest that "when the consumer has a high level of awareness and familiarity with the brand and holds strong, favourable and unique brand associations in memory, it will lead to brand equity". These associations can be in terms of product-related (i.e. functionality and features) and non-product related (i.e. price and packaging) attributes, benefits (functional, experiential and symbolic) and attitudes, as depicted in Figure 5.2.

**Figure 5.2: Keller's brand equity framework**



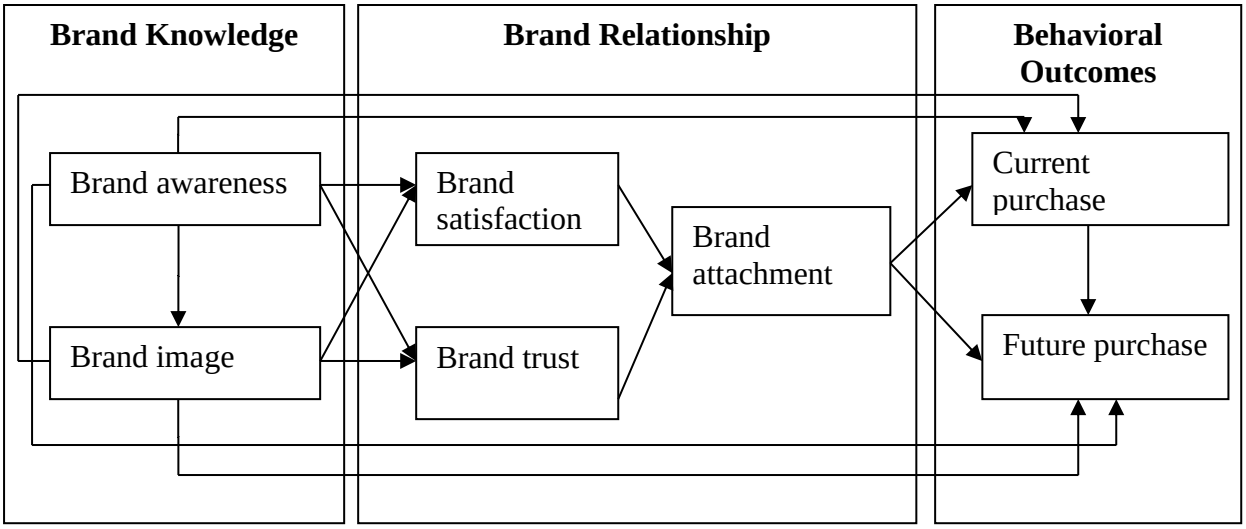

Source: Kaynak, Salman and Tatoglu (2008:341)

The brand equity frameworks by Aaker (1996) and Keller (1998) indicate that overall, CBBE is made up of four sources, which are brand awareness, brand associations/image, perceived quality and brand loyalty. While these frameworks have been used widely to measure CBBE, they do not emphasise the importance of other influential factors such as the relationship a consumer has with a brand (Kang, Tang & Fiore, 2014; Krystallis & Chrysochou, 2014). For instance, brand awareness and brand image, according to Esch *et al*. (2006), lead to present and future purchase of a brand mostly when consumers develop some brand relationships (see Figure 5.3). Keller (2016) also adds that consumers form different relationships with brands, which in turn enable organisations to build a long-term relationship with consumers (Kang *et al*., 2014; Krystallis & Chrysochou, 2014).

### 5.2.3 Esch *et al.*'s (2006) brand relationship framework

Factors such as brand trust, brand satisfaction, brand attachment and brand love constitute the brand relationship concept (Fetscherin, Boulanger, Filho & Souki, 2014; Pavlos, 2012; Batra Ahuvia & Bagozzi, 2012; Hwang & Kandampully, 2012). These relational factors influence how consumers perceive a brand (Matthews *et al*., 2014; Tolba & Hassan, 2009) and therefore it is of great importance to consider them when measuring brand equity (Hwang & Kandampully, 2012; Stahl, Heitmann, Lehmann & Neslin, 2012).

**Figure 5.3: Esch *et al.*'s brand relationship framework**




Source: Esch *et al*. (2006:101)

Consistent with this recommendation, and as presented in Figure 5.3, Esch *et al*. (2006) proffer that even though brand awareness and brand image can directly affect current and future purchase of brand, the outcome can be enhanced when the awareness and image lead to relationship factors, such as brand satisfaction, brand trust and brand attachment. This is supported by Christodoulides and de Chernatony (2010), who concluded that in addition to the sources of brand equity identified by Aaker (1996) and Keller (1998), relationship drivers such as brand satisfaction should form part of a brand equity measurement.

Brand relationships, which are characterised by consumers' feelings, experiences and perceptions in the way they relate to a specific brand have been found to correlate with brand equity (Khosravi & Aghaei, 2016; Mackay, Spies, Williams, Jansen van Rensburg & Petzer,

2013). In a competitive market, the relationship consumers have with a brand is vital (Zhao, 2014) as it is less likely for such consumers to switch to a competing brand (Patwardhan & Balasubramanian, 2011). Based on the importance of brand relationship factors in building brand equity as demonstrated in the preceding discussion, this study integrated some of the brand relationship factors in the measurement of brand equity.

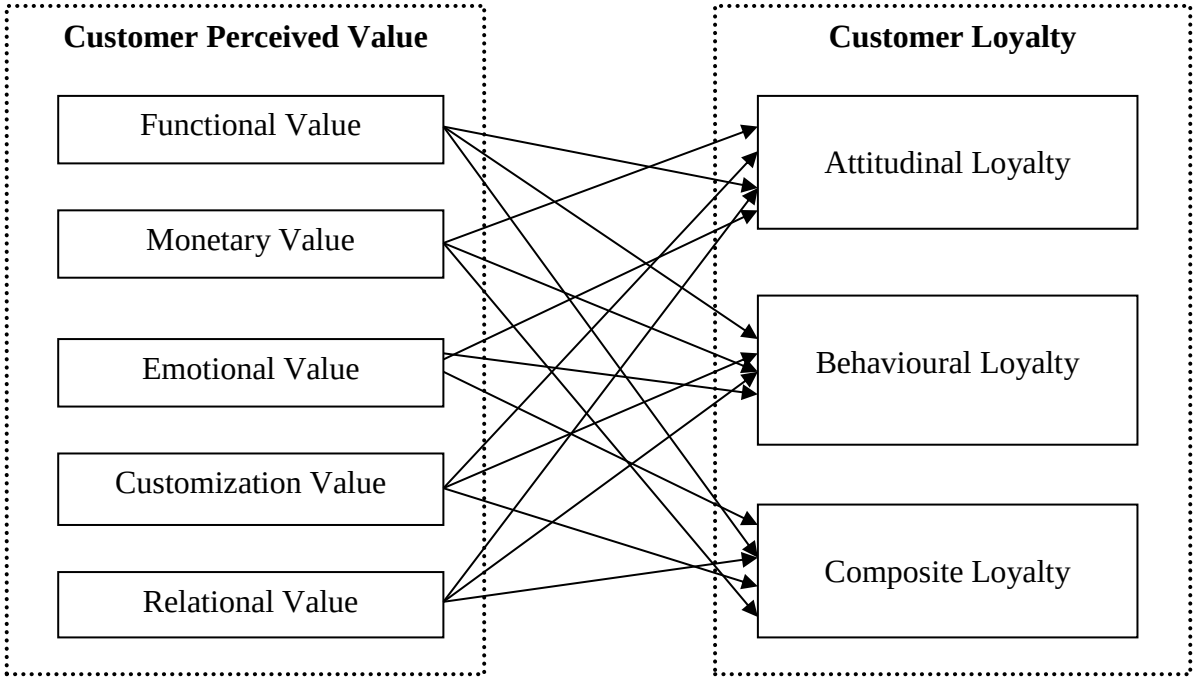
Considering Moussa's (2015:79) view that brand attachment and brand love are "the two facets of the same single penny", Esch *et al.*'s (2006) brand attachment is viewed in this study as brand love. Brand love, which is "the degree of passionate emotional attachment that a person has for a particular brand" (Chen, H., Papazafeiropoulou, Chen, T., Duan and Liu, 2014:580), is an important concept to marketers because of its positive impact on brand loyalty (So, Parsons, & Yap, 2013; Bergkvist & Bech-Larsen, 2010). Brand love is gaining traction in consumer research as a result of the high emotional attachment invested by consumers in a brand (Kang, 2015:90). For instance, Samsung's fierce competitor in the mobile phones industry, Apple, has users who are devoted "brand evangelists" and "defend the brand fervently" (Hemetsberger, Kittinger-Rosanelli & Friedmann, 2009:430). Since brand love is becoming a phenomenon of interest in marketing discipline but has been given limited critical attention (Fournier, Breazeale & Fetcherin, 2012), this concept is adopted in the conceptual model of this study in order to help expand the literature in this respect.

Brand satisfaction and brand love influence consumers to be loyal to a brand and be willing to pay a higher price for it (Li & Ellis, 2014; Matthews *et al*., 2014; Patwardhan & Balasubramanian, 2013). Brand satisfaction and brand love are the cornerstones of creating brand equity, as they are a reflection of the product's quality (Mackay *et al*., 2013; Keller *et al*., 2012; Keller, 2008). In their studies (Keller, 2013; Fetscherin *et al*., 2014; Albert, Merunka & Valette-Florence, 2013; Carroll & Ahuvia, 2006), and in agreement with Esch *et al*. (2006), it is recommended that brand relationship dimensions, like brand satisfaction and brand love, which influence brand loyalty, ought to be the focus of marketers when measuring CBBE. Therefore, this study also investigated the influence of brand satisfaction and brand love on brand loyalty, an important source of brand equity (Asamoah, 2014).

### 5.2.4 Consumption values importance and Chuah *et al*.'s (2014) customer-oriented value framework

As a type of associations consumers hold in mind about a brand, which may drive brand equity, Keller's (1998) framework suggests functional, experiential and symbolic benefits. These benefits have been conceptualised as consumption values, can provide the reasons behind consumers' brand choices, and are central to product evaluation (Goh, Suki & Fam, 2014; Fatema, Azad & Masum, 2013; Kuikka & Laukkanen, 2012). Chieng and Goi (2011) and Severi and Ling (2013) also assert that brand equity is created by brands that provide desired values to a consumer. Specifically, Christodoulides and de Chernatony (2010) found that consumption values, such as symbolism and functionality, impacted on brand equity and should be regarded as additional sources of brand equity. In addition to Christodoulides and de Chernatony (2010) suggested symbolic and functional values driving brand equity, and guided by Chuah *et al*.'s (2014) customer-oriented value framework presented in Figure 5.4, the current study incorporates monetary value as one of the sources of brand equity. Chuah *et al*. (2014) however proposes that the consumption values, including the monetary value predict loyalty, which is both a source (Aaker, 1996) and an outcome (Keller, 2015) of brand equity.

**Figure 5.4: Chuah *et al*.'s customer-oriented value model**




Source: Chuah *et al*. (2014:538)

Even though Chuah *et al*.'s (2014) model in Figure 5.4 proposes that five consumption values are driving loyalty, three consumption values, namely functional, emotional (experiential) and social (symbolic) (Yeh, Wang & Yieh, 2016; Mishra, Dash & Cyr, 2014; Kwon & Kwak, 2014; Kim, Y., Kim, D. & Wachter, 2013; Petruzzellis, 2010) have been commonly found to drive consumer behaviour. However, there is scant knowledge on the influence of these consumption values on brand equity (Hwang & Kandampully, 2012). In measuring the sources of brand equity for Samsung in this study therefore, functional, symbolic and monetary values were deemed relevant to be included in the study's model. Consumers are motivated and captivated by the economic and monetary benefits they derive or envisage enjoying from their consumption, even though this monetary value has been considered only to a limited extent in previous studies (Rajaguru, 2016; Permarupan, Mohan, Al-Mamum & Zainol, 2014).

The functional value refers "to the consumer's perception of how well the brand will fulfil utilitarian needs, such as the assurance of product quality and performance" (Albrecht, Backhaus, Gurzki & Woisetschlager, 2013:650). Generation Y (Gen Y) consumers, who are the focus of this study, embrace brands which offer functional benefits (Muposhi & Dhurup, 2016).

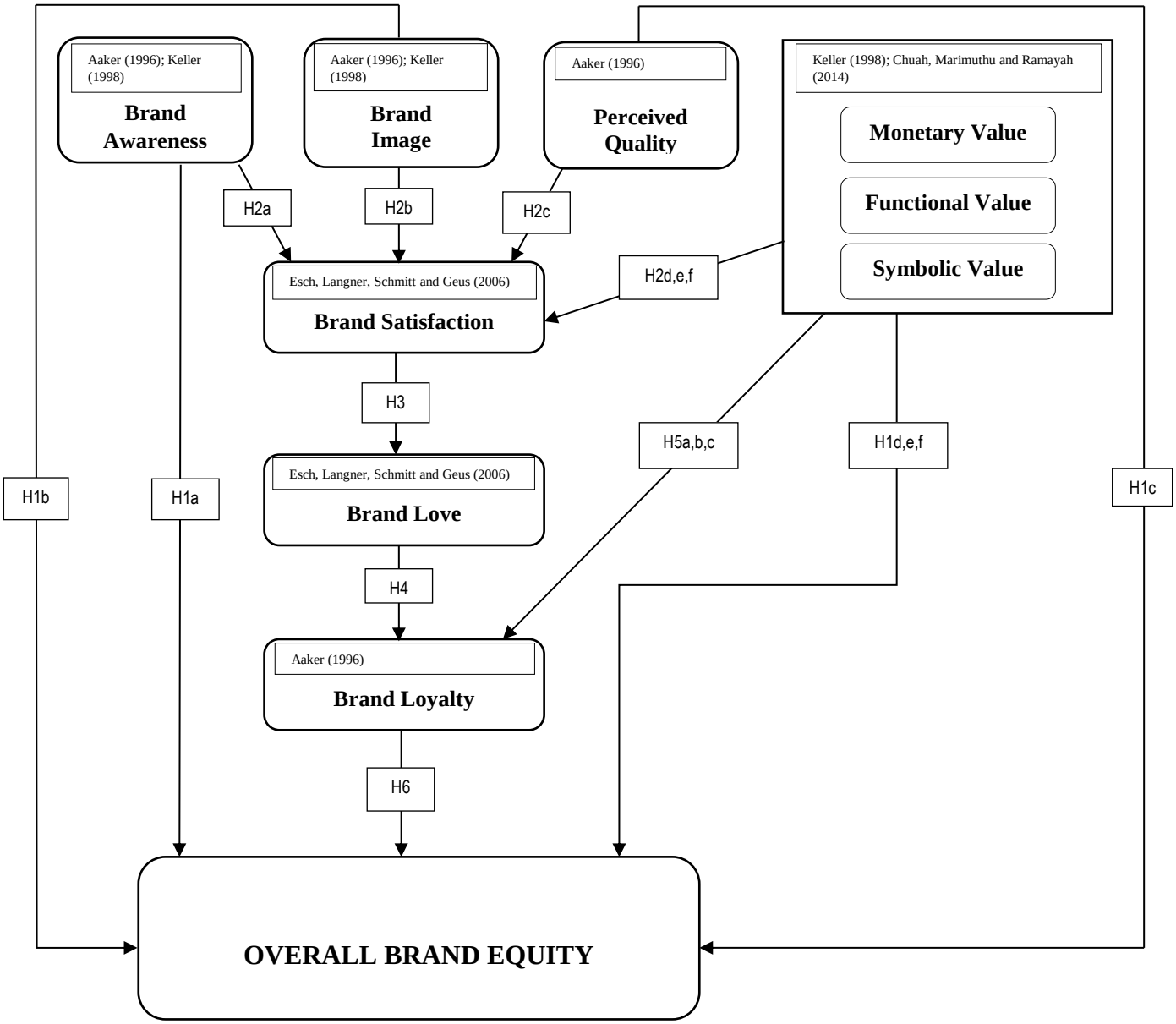
Monetary value, which is "the form of perceived value that is measurable in terms of the monetary benefits and costs involved in purchasing or using products and services" (Chuah *et al*., 2014:536), is regarded as the "best predictor of consumer value" (Tasci, 2016:6). A study by Zhao (2014) found that Gen Y consumers were motivated by monetary cost when contemplating visiting a hair salon. Furthermore, Gen Y consumers are willing to pay a higher price when there is value to be attained (Suki, Na. & Suki, Nb., 2015).

In terms of symbolic value, Gen Y consumers endeavour to conform and affiliate to their peers' activities for acceptance (Muposhi & Dhurup, 2016). Symbolic value is "the contribution made to consumer's self-esteem or personal values by the usage of the product" (Saeed, Lodhi, Mehmood, Ishfaque, Dustgeer, Sami, Mahmood, & Ahmad, 2013:1364). This study examines how these functional, monetary and symbolic values do not only impact on brand equity, but also impact on brand satisfaction, which has been suggested as a driver of brand love and loyalty (Veloutsou, 2015; Kang, 2015). These relationships are illustrated in this study's conceptual model in Figure 5.5.

### 5.2.5 The conceptual model of this study

Measuring CBBE is complex (Buil, de Chernatony & Martinez, 2013), because consensus on its universal measure and what constitutes its multi-faceted nature is yet to be reached (Cifci *et al*., 2016; Veloutsou, Christodoulides & de Chernatony, 2013; Sharma, Rao & Popli, 2013). Considering the multi-faceted nature of CBBE, and the merits and concerns of Aaker's (1996), Keller's (1998), Esch *et al*.'s (2006) and Chuah *et al*.'s (2014) frameworks discussed above, this study integrates important aspects of these frameworks to develop the conceptual model illustrated in Figure 5.5.

**Figure 5.5: The conceptual model of this study**




Sources: Researcher's own model guided by the frameworks of Aaker (1996), Keller (1998), Esch *et al*. (2006) and Chuah *et al*. (2014)

Figure 5.5 proposes that brand awareness, brand image, perceived quality, monetary value, functional value and symbolic value will either have a direct ($H_1$) or indirect relationship with brand equity through brand satisfaction ($H_2$). Brand relationship factors in the form of brand satisfaction ($H_3$) and brand love ($H_4$) will have a positive impact on brand loyalty. Consumption values constituted by monetary value, functional value and symbolic value will have a direct effect on brand loyalty ($H_5$). Subsequently, brand loyalty will have a positive impact on brand equity ($H_6$).

## 5.3 RESEARCH HYPOTHESES DEVELOPMENT

In this section, the key constructs in the conceptual model in Figure 5.5 and their hypothetical relationships are discussed.

### *5.3.1 The relationship between brand awareness, brand image, perceived quality, monetary value, functional value, symbolic value and brand equity.*

Brand awareness and brand image are central components of establishing brand equity (Khosravi & Aghaei, 2016; Buil *et al*., 2013; Balaji, 2011) and investing in these elements enhance brand equity (Alam & Saeed, 2016). A brand that has high levels of brand awareness among consumers is likely to have a positive reputation and market acceptance (Asamoah, 2014; Malik, Ghafoor, Iqbal, Riaz, Hassan, Mustafa & Shahbaz, 2013; Huang & Sarigollu, 2012; Balaji, 2011). However, some authors rebut this notion by arguing instead that brand awareness only invokes product curiosity, and does not result to product trial and purchase (Alam & Saeed, 2016; Balaji, 2015; Pinar, Girard & Eser, 2012). It is suggested that brand image is rather more influential on brand equity than brand awareness (Alam & Saeed, 2016) because it is instrumental in implanting positive and unique feelings about the brand among consumers (Asamoah, 2014; Smutkupt, Krairit & Khang, 2012).

Even though brand image is perceived to be a better driver of brand equity, brand awareness is an important starting point in building brand image and even perceived quality before brand equity is ultimately achieved (Balaji, 2011). Consumers prefer to purchase a product they perceive to be of high quality (Balaji, 2011; Asamoah, 2014; Zavattaro, Daspit & Adams, 2015). A number of studies conducted by various authors have proven that brand awareness, brand image and perceived quality contribute significantly to the establishment of brand equity (Cifci *et al*., 2016; Balaji, 2015; Buil, Martinez & de Chernatony, 2013; Fatema *et al*., 2013; Kumar, Dash & Purwar, 2013; Balaji, 2011; Lee, H., Lee, C. & Wu, 2011). On the basis of the preceding arguments, it is proposed that:

*H1a: Brand awareness of the Samsung mobile phone among Gen Y consumers has a positive effect on brand equity.*

*H1b: Brand image of the Samsung mobile phone among Gen Y consumers has a positive effect on brand equity.*

*H1c: Perceived quality of the Samsung mobile phone among Gen Y consumers has a positive effect on brand equity.*

While brand awareness, brand image and perceived quality have their part to play in building brand equity (Balaji, 2015), consumers also evaluate different values that products and brands represent (Yeh *et al*., 2016) when contemplating making a purchase decision (Candan, Unal & Ercis, 2013). The different value dimensions such as functional, monetary and symbolic are valuable to marketers (Phau, Quintal & Shanka, 2014) as they influence how consumers spend their money (Suki, Na. & Suki, Nb., 2015; Yoshida, James & Cronin, 2013). For instance, consumers buy products, which do not only have a positive image, but can also those that can lead to them being idolised by their peers and society at large (Albert *et al*., 2013; Petruzzellis, 2010; Kwak & Kang, 2009). This type of desire relates to the symbolic value dimension. Sometimes consumers focus more on the functional aspects of the product (Hwang & Kandampully, 2012; Petruzzellis, 2010). Studies investigating the role consumption values play in the formation of brand equity revealed that functional and social value dimensions are pertinent in the consumers' process of choosing a particular product over another (Veloutsou, 2015; Phau *et al*., 2014; Mishra *et al*., 2014; Kwon & Kwak, 2014). Monetary value is another important value dimension that marketers cannot afford to overlook. For instance, consumers reflect on the features of a product in relation to price charged when contemplating buying a brand (Ashton, Scott, Slonet & Breakey, 2010). The influence of monetary value on the value of a brand is further substantiated by Tasci (2016), who states that when the benefits of possessing a product surpass the monetary costs associated with owning it, consumers tend to be willing to pay more for a valuable brand and also become resistant to switch to competing brands. Accordingly, this study suggests the following hypotheses:

*H1d: The monetary value derived by Gen Y consumers from the Samsung mobile phone has a positive effect on brand equity.*

*H1e: The functional value derived by Gen Y consumers from the Samsung mobile phone has a positive effect on brand equity.*

*H1f: The symbolic value derived by Gen Y consumers from the Samsung mobile phone has a positive effect on brand equity.*

### *5.3.2 The relationship between brand awareness, brand image, perceived quality, monetary value, functional value, symbolic value and brand satisfaction.*

Consumers who are satisfied with the brand continuously buy it (Bilal & Malik, 2014) and this continued support is instrumental in the success of organisations (Khan, Rizwan, Islam, Ul-Aabdeen & Rehman, 2016; Nam, Ekinci & Whyatt, 2011). Brand satisfaction is purported to be influenced by factors like brand awareness, brand image, perceived quality and value dimensions. For instance, the awareness of product-related information such functions and features validate consumers' satisfaction and trust towards the product (Bilal & Malik, 2014). Arun (2014) and Nam *et al*. (2011) unequivocally affirm that brand awareness is positively linked to consumers' satisfaction about the brand. This proclamation is endorsed by findings from Cifci *et al*. (2016) and Bilal and Malik (2014) studies that show how brand awareness influences brand satisfaction, due to the knowledge consumers have about the brand. However, in their study, Matthews *et al*. (2014) did not establish a relationship between brand awareness and brand satisfaction. Brand image is also regarded as an architect of brand satisfaction (Saeed *et al*., 2013). A brand with image benefits such as functional, social and experiential enhances consumers' satisfaction (Matthews *et al*., 2014; Kazemi, PaEmami, Abbaszadeh & Pourzamani, 2013). Hence, the image consumers have about a brand is positively related to their satisfaction (Khan *et al*., 2016; Arun, 2014; Hameed, 2013; Nam *et al*., 2011; Lee, H. *et al*., 2011).

Perceived quality is regarded as an important precursor of brand satisfaction (Matthews *et al*., 2014; Huang, Yen, Liu, & Chang 2014; Smutkupt *et al*., 2012). A brand perceived to be of high quality influences consumer satisfaction (Balaji, 2011), and this leads to sustained purchasing of the brand (Nawaz & Usman, 2011). This is consistent with findings from studies by Hameed (2013) and Ercis, Unal, Candan and Yıldırım (2012) that found perceived quality to be a determinant of brand satisfaction. From these empirical arguments, the following hypotheses are posited:

*H2a: Brand awareness of the Samsung mobile phone among Gen Y consumers has a positive effect on brand satisfaction.*

*H2b: Brand image of the Samsung mobile phone among Gen Y consumers has a positive effect on brand satisfaction.*

*H2c: Perceived quality of the Samsung mobile phone among Gen Y consumers has a positive effect on brand satisfaction.*

On an ongoing basis, organisations strive to create value for their consumers to maintain long-lasting relationships (Kuikka & Laukkanen, 2012). Brands which accrue certain values such as functional and symbolic values enable organisations to retain and satisfy consumers' needs (Matthews *et al*., 2014; Krystallis & Chrysochou, 2014; Hameed, 2013; Dutta & Pullig, 2011). Over and above functional and symbolic values, consumers' satisfaction with the brand is significantly influenced by perceived monetary value associated with the product (Alrubaiee, Aladwan, Joma, Idris & Khater, 2017; Lee, Phau, Hughes, Li & Quintal, 2016). Therefore, consumers who perceive that a brand provides certain values tend to be more satisfied with such a brand (Tasci, 2016; Matthews *et al*., 2014; Hameed, 2013; Ercis *et al*., 2012; Lin, Chen & Tzeng, 2010). Hence the relevant hypotheses in this regard are:

*H2d: The monetary value derived by Gen Y consumers from the Samsung mobile phone has a positive effect on brand satisfaction.*

*H2e: The functional value derived by Gen Y consumers from the Samsung mobile phone has a positive effect on brand satisfaction.*

*H2f: The symbolic value derived by Gen Y consumers from the Samsung mobile phone has a positive effect on brand satisfaction.*

### *5.3.3 The relationships between brand satisfaction, brand love and brand loyalty.*

Researchers have found empirical evidence that brand satisfaction is an essential component and predictor of brand loyalty (Veloutsou, 2015; Fetscherin *et al*., 2014; Hameed, 2013; Kuikka & Laukkanen, 2012; Nawaz & Usman, 2011; Wang, Hsu & Fang, 2009). Consumers who are satisfied with the brand develop a relationship with it and become loyal (Nawaz & Usman, 2011). According to Hsu (2012), the equity of a brand is realised only when consumers are satisfied. Although brand satisfaction is linked to brand loyalty, Ercis *et al*. (2012) caution that

it is not possible to rely on the fact that a satisfied consumer will be loyal to a particular brand. The satisfied consumer has to also develop brand love to be brand loyal. For an organisation to prolong its financial and market share position, consumers must not only be satisfied, but must also connect emotionally with the brands sold to them (brand love) (Kazemi *et al*., 2013; Sarkar, 2011).

Brand love is gaining interest from researchers (Yasin & Shamim, 2013; Bergkvist, & Bech-Larsen, 2010) due to its positive influence on brand loyalty (Veloutsou, 2015; Rauschnabel & Ahuvia, 2014; Fetscherin *et al*., 2014; Patwardhan & Balasubramanian, 2013; Sarkar, 2011; Torres & Tribo, 2011). The passionate emotional attachment consumers develop for a brand (i.e., brand love) comes from a satisfied consumer (Bergkvist & Bech-Larsen, 2010:506). Consumers who love a brand in turn become brand loyal (Kang, 2015; Chen, H. *et al*., 2014; Batra *et al*., 2012; Hwang & Kandampully, 2012; Nawaz & Usman, 2011; Grisaffe & Nguyen, 2011; Carroll & Ahuvia, 2006). Moreover, such consumers are not only willing to buy the brand, but are willing to recommend it to their peers and family members and pay a premium price (Loureiro, Ruediger & Demetris, 2012; Sarkar, 2011; Grisaffe & Nguyen, 2011). From these suggested interrelationships between brand satisfaction, brand love and brand loyalty, the following hypotheses are proposed:

*H3: Gen Y consumers' brand satisfaction with the Samsung mobile phone has a positive effect on their brand love.*

*H4: Gen Y consumers' brand love for the Samsung mobile phone has a positive effect on their brand loyalty.*

### *5.3.4 The relationship between monetary value, functional value, symbolic value and brand loyalty.*

Brand loyalty is not only influenced by brand satisfaction and brand love as demonstrated in the subsection above. Dwivedi (2015) asserts that value dimensions (i.e. monetary value, functional value and symbolic value) have a major impact on brand loyalty. In their study, Chuah *et al*. (2014) emphasised the importance of in-depth understanding by marketers of what type of value consumers regard as important in order to create a sustainable competitive advantage, and ultimately achieve increased customer loyalty. Consumers pledge loyalty to

brands from which they derive superior value (Yeh *et al.*, 2016). For instance, consumers who enjoy functional (performance of product) and symbolic (social status) values from a brand are likely to resist competitors' products and develop brand loyalty towards a specific brand (So *et al*., 2013; Malar, Krohmer, Hoyer & Nyffenegger, 2011).

Organisations that strive to have brand loyal consumers should recognise the influential role played by consumption values on the formation of brand loyalty (Candan *et al*., 2013; Gecti & Zengin, 2013; Kuikka & Laukkanen, 2012). This assertion is confirmed by findings from different studies that value dimensions such as functional, emotional, symbolic and social all had a positive prediction on brand loyalty (Yeh *et al*., 2016; Keller, 2016; Cifci *et al*., 2016; Matthews *et al*., 2014; Hwang & Kandampully, 2012). Consistent with the foregoing arguments, the following hypotheses are proposed:

*H5a: The monetary value derived by Gen Y consumers from the Samsung mobile phone has a positive effect on brand loyalty.*

*H5b: The functional value derived by Gen Y consumers from the Samsung mobile phone has a positive effect on brand loyalty.*

*H5c: The symbolic value derived by Gen Y consumers from the Samsung mobile phone has a positive effect on brand loyalty.*

### *5.3.5 The relationship between brand loyalty and brand equity.*

Brand loyalty, which is "a deeply held commitment by consumers to re-purchase their preferred product or service consistently or on a continuous basis in the future in spite of influences" (Asamoah, 2014:123) is a significant contributor to building and maintaining brand equity (Laroche, Habibi & Richard, 2013; Candan *et al*., 2013; Nawaz & Usman, 2011). Loyal consumers are willing to pay a considerable amount of money to buy the brand and are not receptive to competitors' product offerings (Azizi & Kapak, 2013). Consumers who are brand loyal would rather complain about brand deficiencies than defect to competing brands (Ordun, 2015). This loyalty is an indicator of how sustainable a brand can be in the market (Malik *et al*., 2013; Hwang & Kandampully, 2012). Organisations with brand loyal consumers increase the value of the brand (brand equity) (Krystallis & Chrysochou, 2014; Fatema *et al*., 2013;

Azizi & Kapak, 2013; Nawaz & Usman, 2011; Lee, H. *et al*., 2011). These proclamations are corroborated by findings from studies that brand loyalty is a notably element that contributes positively to brand equity (Balaji, 2011; Buil *et al*., 2013). Since brand loyalty and brand equity are positively related, marketers should focus on harnessing relationships with consumers so that they become brand loyal (Torres, Augusto & Lisboa, 2015). The following hypothesis can thus be formulated:

*H6: Gen Y consumers' brand loyalty towards the Samsung mobile phone has a positive impact on brand equity.*

## 5.4 CONCLUSION

This chapter presented two main frameworks (i.e., Aaker's, 1996 and Keller's, 1998) recommended to measure brand equity (Buil *et al*., 2013). These frameworks are instrumental in the conceptualisation of this study's model since they suggested four important elements or drivers (brand awareness, brand image, perceived quality and brand loyalty) of brand equity.

For brand equity to be measured adequately, however, there are suggestions that consumers also need to build relationships with the brand, through satisfaction, brand love and loyalty. Also important are the consumption values such as functional, symbolic and monetary values consumers enjoy from the brands they buy. Considering that these factors are central to consumers' evaluation and preference for brands (Goh *et al*., 2014; Fatema *et al*., 2013; Kuikka & Laukkanen, 2012; Hwang & Kandampully, 2012; Stahl *et al*., 2012), Esch *et al*.'s (2006) brand relationship and Chuah *et al*.'s (2014) customer-oriented value frameworks were integrated with Aaker (1996) and Keller's (1998) brand equity frameworks to formulate this study's conceptual model presented in Figure 5.5.

To test the conceptual model and resultant hypotheses, the research design and methodology that was used to collect and analyse data is discussed in the next chapter.

# CHAPTER 6

# RESEARCH METHODOLOGY

## 6.1 INTRODUCTION

The previous chapter presented an integrated conceptual model that incorporated brand equity, consumer-brand relationship and consumption values frameworks. A review of these uyframeworks and the constructs' relationships they suggest guided the development of the study's conceptual model and hypotheses. This chapter discusses the research methodology adopted to empirically test the hypotheses in this study's conceptual model.

The chapter commences by unveiling the research philosophy and approach underpinning this study. Thereafter, the marketing research process adopted to conduct this study is presented. The elements in the process outline the problem statement, how literature review was conducted to generate hypotheses, the research design, data collection method and ethical considerations, the methods of analysing data and reporting of findings.

## 6.2 RESEARCH PHILOSOPHY AND APPROACHES

Research philosophy is an "over-arching term that relates to the development of knowledge and the nature of that knowledge" (Saunders, Lewis & Thornhill, 2016:124). Antwi and Hamza (2015:217) emphasise that "all research is based on some underlying philosophical assumptions about what constitutes 'valid' research and which research method(s) is/are appropriate for the development of knowledge in a given study". Therefore, an adoption of a research philosophy enables researchers to have a comprehensible and implementable research design (Tien, 2009). The debate of research philosophy is often pursued and confined to two epistemological positions, namely positivist and interpretivist philosophies (Tien, 2009; Tuli, 2010; Babones, 2016). These research philosophies are summarised in Table 6.1 and discussed in detail thereafter.

**Table 6.1: Positivist and interpretivist philosophies**

| Orientation | Positivism | Interpretivism |
|---|---|---|
| Research approach | -Quantitative | -Qualitative |
| Research purpose | -Numerical description<br>-Causal explanation<br>-Prediction | -Subjective description<br>-Empathetic understanding<br>-Exploration |
| Epistemology | Dualist/Objectivist | Subjectivist |
| Methodology | -Experimental/Manipulative and surveys | -Hermeneutical/Dialectical |
| Research methods | -Empirical examination<br>-Measurement<br>-Hypothesis testing<br>-Randomization<br>-Blinding<br>-Structured protocols<br>-Questionnaires | -Ethnographies<br>-Case studies<br>-Narrative research<br>-Interviews<br>-Focus group discussion<br>-Observation<br>-Field notes<br>-Recordings & filming |
| Scientific method | -Deductive approach<br>-Testing of theory | -Inductive approach<br>-Generation of theory |
| Nature of data instruments | -Variables<br>-Structured and validated data collection instruments | -Words, images, categories<br>-In-depth interviews, participant observation, field notes and open-ended questions |
| Data analysis | -Identify statistical relationships among variables | -Use descriptive data, search for patterns, themes and appreciative variations |
| Results | -Generalisable findings | -Particularistic findings<br>-Provision of insider viewpoint |
| Final report | Formal statistical report with:<br>-Correlations<br>-Comparisons of means<br>-Reporting of statistical significance of findings | Informal narrative report |

Sources: Adapted from Antwi and Hamza (2015:222); Bryman, Bell, Hirschsohn, Dos Santos, Du Toit, Masenge, Van Aardt and Wagner, (2014:31); Zikmund and Babin (2010:133)

The factor differentiating positivists and interpretivists is the way in which they investigate and describe human behaviour (Lee, Groom & Potrac, 2014). Positivists subscribe to scientific, measurable and objective knowledge in order to predict a specific outcome (Isaeva, Bachmann, Bristow & Saunders, 2015). In contrast, interpretivists dismiss the notion that the social world can be examined and understood by means of a systematic and simplistic approach (Lee *et al.*,

2014). Rather, interpretivists believe that an exhaustive interpretation of stories and narratives is essential to gain more insights about a phenomenon (Isaeva *et al.*, 2015).

Positivist and interpretivist researchers tend to use quantitative and qualitative research approaches respectively (Tsang, 2014). Whereas a quantitative research is "undertaken using a structured approach with a representative sample to produce quantifiable insights into behaviour, motivations and attitudes" (Wilson, 2012:130), qualitative research "involves unstructured data collection that provide results that are subjectively interpreted" (Clow & James, 2014:96). A summary of the difference between quantitative and qualitative approach is presented in Table 6.2.

**Table 6.2: Quantitative and qualitative research approaches**

| **Orientation** | **Quantitative** | **Qualitative** |
|---|---|---|
| Common purpose | -Test hypotheses or specific research questions | -Discover ideas and insights |
| Data collection method and testing approach | -Structured response categories<br>-Measure and test | -Unstructured response categories<br>-Observe and interpret |
| Researcher independence | -Uninvolved observer<br>-Results are objective | -Intimately involved -Results are subjective |
| Samples | -Large samples to produce generalisable results | -Small samples |
| Research approach most often used | -Descriptive | -Exploratory |
| Theory in relation to research | -Deductive<br>-Empirical testing of theory | -Inductive<br>-Generation of theory from data |
| Research philosophy/orientation | -Positivism | -Interpretivist |

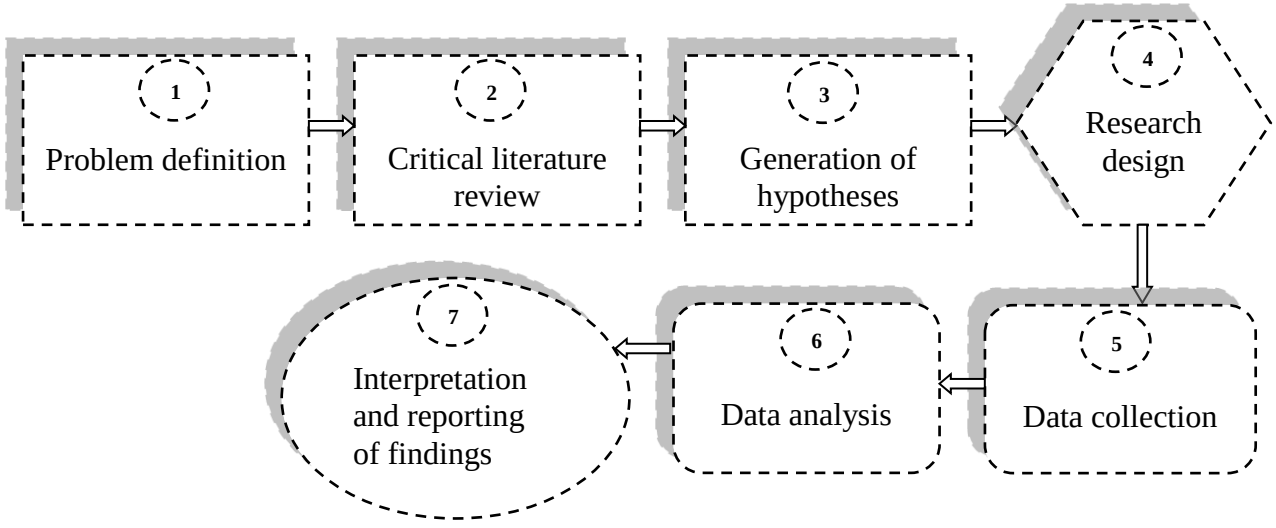
Sources: Adapted from Bryman *et al.* (2014:31); Zikmund and Babin (2010:133)

Considering that this study seeks to test hypotheses developed from theories and models, the positivist philosophy and quantitative approach were adopted in this study. The quantitative methods were utilised to test, analyse and report the findings of the proposed relationships in this study's conceptual model presented in Figure 5.5 of Chapter 5.

## 6.3 THE MARKETING RESEARCH PROCESS ADOPTED IN THIS STUDY

There is no standard blueprint to conduct marketing research. Authoritative authors in this field have proposed assorted frameworks to carry out marketing research. Wiid and Diggines (2013), for instance, recommend eleven steps in conducting a formal marketing investigation. Meanwhile, McDaniel and Gates (2013) and Feinberg, Kinnear and Taylor (2013) contend that there are eight or nine essential steps attributed to the process of marketing research, respectively. Due to dissenting views about what constitutes the marketing research process, an amalgamation of frameworks devised by Zikmund and Babin (2013:57) and Sekaran and Bougie (2013:49) was deemed adequate to conduct this study. The combination was necessitated by the fact that Zikmund and Babin's (2013) process did not entail the problem definition, literature review and generation of hypotheses steps, which Sekaran and Bougie (2013) covered adequately. Sekan and Bougie's (2013) process also did not contain the step that deals with the conclusion and interpretation of results. It was on this basis that both processes were combined in an effort to have a comprehensive marketing research process framework. Therefore, the steps followed in this study are presented in Figure 6.1 and discussed thereafter.

**Figure 6.1: The steps in the marketing research process**




Sources: Adapted from Zikmund and Babin (2013:57); Sekaran and Bougie (2013:49)

### 6.3.1 Problem definition

In order to attain pertinent market information and tangible solutions, the problem being investigated must be clearly pinpointed (Sekaran & Bougie, 2013; Iacobucci & Churchill, 2010). A precise definition of the problem is a fundamental aspect of conducting research (Wiid & Diggines, 2013). For instance, coherent research objectives cannot be formulated if the problem is defined incorrectly (Burns & Bush, 2014; Zikmund & Babin, 2013). In this study, and as reflected in Chapter 1, the identified research problem is that, despite the success of Samsung in the mobile phone industry, there is a lack of knowledge on what drives the brand equity of Samsung mobile phones among Generation Y (Gen Y) consumers.

### 6.3.2 Critical literature review

After identifying and defining the problem, there is need to review literature on what other authors have written on the topic and to find some answers to the problem from secondary data. A literature review is defined as "the selection of available documents (both published and unpublished) on the topic, which contain information, ideas, data and evidence written from a particular standpoint to fulfill certain aims or express certain views on the nature of the topic and how it is to be investigated, and the effective evaluation of these documents in relation to the research being proposed" (Sekaran & Bougie, 2013:49).

In this study, the literature review was conducted on the mobile phones industry to ascertain the factors attributed to the performance of Samsung mobile phones in relation to competitors, Gen Y consumers due their spending power and high usage of mobile phones, brand management and brand equity, so as to review all possible sources and outcomes of customer-based brand equity (CBBE) in order to develop a conceptual model that delineates how the identified sources and outcomes relate in the formation of CBBE. These discussions are captured in Chapters 2, 3, 4 and 5. A literature review was also conducted to operationalise important constructs in this study and to gather useful insight on sampling and methodological approaches used in previous studies (Hair, Celsi, Oritinau & Bush, 2013). While literature review provided some answers to achieve the theoretical objectives, primary data is needed to achieve the empirical objectives. From the literature review, however, hypotheses were formulated so as to be empirically tested.

### 6.3.3 Generation of hypotheses

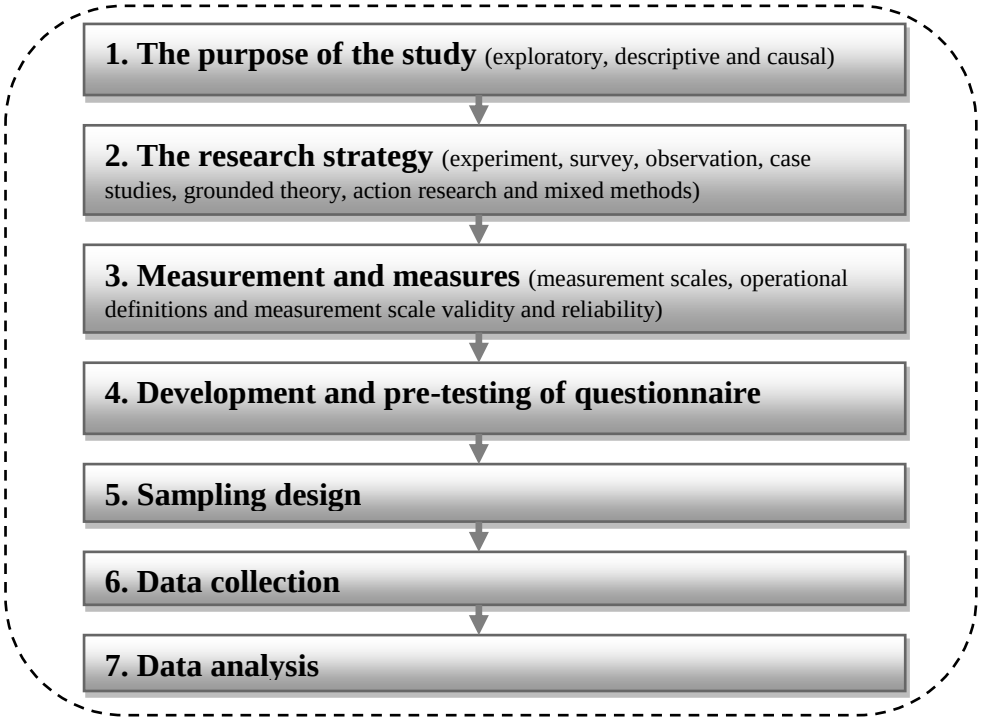
Hypotheses are "unproven statements or propositions about a factor or phenomenon that is of interest to the researcher" (Malhotra, Birks & Wills, 2012:65). An effective approach of formulating hypotheses statements, which are an important part of the research problem, is to conduct a literature review (Malhotra *et al.*, 2012; Churchill, Brown & Suter, 2010). Consulting a broad range of sources provides a solid basis for developing empirically measurable propositions *(*Easwaran & Singh, 2010).

The literature review conducted mainly in Chapters 4 and 5 operationalised constructs and focused on four paramount models, which assisted in the conceptualisation of the study's model. From this conceptual model, the study's hypotheses presented in Chapter 5 were derived. The hypothesis is the basis of what information should be collected and what research procedures ought to be followed *(*Wiid & Diggines, 2013). The next subsection discusses the research design adopted in this study to test the hypotheses.

### 6.3.4 Research design

Research design is the plan for addressing the defined research problem and the subsequent research questions and hypotheses (Clow & James, 2014). Zikmund, Babin, Carr and Griffin (2013:64) define research design as "a master plan that specifies the methods and procedures for collecting and analysing the needed information". In other words, research design is "a framework for conducting a marketing research project" (Malhotra *et al.*, 2012:77). A properly conceptualised research design contributes immensely to the validity of the research findings (Wiid & Diggines, 2013). Sekaran and Bougie (2013) recommend that research design should consist of certain elements, which are illustrated in Figure 6.2.

**Figure 6.2: Elements of the research design**




Source: Adapted from Sekaran and Bougie (2013:95)

*6.3.4.1 The purpose of the study*

Exploratory, descriptive and causal research categories are the cornerstone of research designs (Burns & Bush, 2014), as they outline how data collection and analysis should be undertaken (Wiid & Diggines, 2013). These categories are summarised in Table 6.3.

**Table 6.3: Research design types**

| | **Exploratory research** | **Descriptive research** | **Causal research** |
|---|---|---|---|
| **Objective** | -Discovery of new ideas and insights | -Description of market characteristics | -Determination of cause-and-effect relationships |
| **Characteristics** | -Flexible | -Prior formulation of hypotheses | -Manipulation of one or more independent variables<br>-Control of mediating variables |
| **Research approach** | -Unstructured | -Structured | Highly structured |

| | Exploratory research | Descriptive research | Causal research |
|---|---|---|---|
| **Methods** | -Qualitative research<br>-Expert surveys<br>-Pilot survey<br>-Case studies<br>-Qualitative research | -Quantitative research -Secondary data<br>-Surveys<br>-Panels<br>-Observational | -Experiments |
| **Nature of results** | -Discovery oriented | -Confirmatory oriented although further research is recommended sometimes | -Confirmatory-oriented |

Sources: Adapted from Malhotra (2012:103); Zikmund and Babin (2013:54)

The purpose of exploratory research is to generate qualitative insights and ideas about an unfamiliar problem (Churchill *et al.*, 2010). This approach is useful when insights about a problem are required, rather than precise information (Wiid & Diggines, 2013). Exploratory research is informal and does not generate conclusive findings (Zikmund *et al.*, 2013). This is attributed to the fact that in exploratory research, hypotheses are vague and ill-defined (Aaker, Kumar, Leone & Day, 2013). Furthermore, exploratory studies rarely use questionnaires and complex sampling plans to collect data (Iacobucci & Churchill, 2010). In this quantitative study, the problem statement is clearly articulated, hypotheses statements are based on a rigorous literature review, and the questionnaire was used to collect data. Therefore, exploratory research was deemed as an unbefitting research design for this study.

In instances where the research objective is to establish whether or not one variable has an effect on another, the causal research approach is utilised (McDaniel & Gates, 2013). Causal research is designed to gather conclusive evidence about cause-and-effect relationships in the marketing system (Feinberg *et al.*, 2013:59). Experiments are appropriate to ascertain cause-and-effect relationships among variables (McNabb, 2015). Considering that this study is descriptive in nature, and used a questionnaire to gather data, causal research was thus not suitable.

Unlike exploratory research, descriptive studies are conducted with a considerable understanding of the marketing situation (Zikmund & Babin, 2013:50). As a result, findings generated by the descriptive research approach can be taken as conclusive (Feinberg *et al.*,

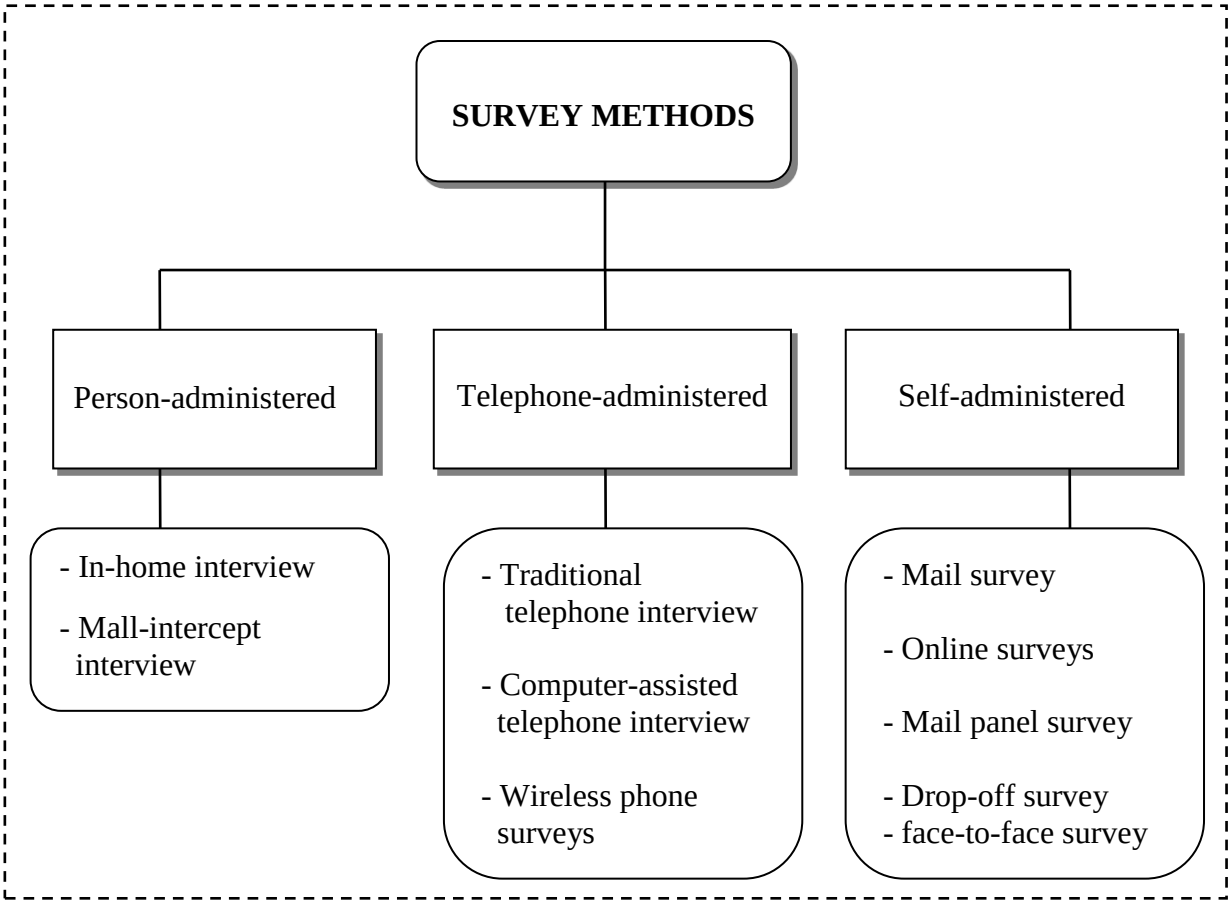
2013), since the nature of the problem being investigated is described adequately (Clow & James, 2014). Considering that a clear research problem was formulated owing to extensive literature review, the descriptive research approach was applicable. Descriptive research is classified into cross-sectional and longitudinal studies (Wilson, 2012). A cross-sectional study entails collecting quantifiable data on more than one case at a single point in time (Bryman *et al.*, 2014:106). In cross-sectional research, sample surveys are commonly used (Zheng, 2015). In contrast, longitudinal research entails the repeated collection and analysis of data over time (Plano-Clark, Anderson, Wertz, Zhou, Schumacher & Miaskowski, 2015). This approach is costly, and tends to overburden respondents (Van Ness, Fried & Gill, 2011). Due to scant resources and limited time available to complete this study, a cross-sectional approach was adopted.

*6.3.4.2 Research strategy*

Research strategy describes the direction or ways in which research is conducted (Amaratunga, Haigh & Ingirige, 2015:5). Researchers frequently use surveys, case studies, experiments, interviews, ethnography, phenomenology, grounded theory, systematic reviews and action research as their research strategies (Amaratunga *et al.*, 2015; Denscombe, 2014). In addition to access to data sources, time constraints and research community (Denscombe, 2014), research questions, research objectives and philosophical paradigm guide the researcher on which strategy to embrace (Amaratunga *et al.*, 2015). In Section 6.2, it was noted that this study adopted the positivist epistemological position. Studies aligned to the positivist philosophical paradigm are quantitative in nature (see Table 6.1). Quantitative studies are associated with the descriptive research design, which utilises surveys to collect data (Antwi & Hamza, 2015). Therefore, a survey was deemed appropriate as the overarching research strategy for this study.

The survey method is used to collect selected respondents' motives, attitudes, preferences and intentions, through verbal or written communication instrument, such as a questionnaire (Wiid & Diggines, 2013). Survey is a widely used research strategy to gather comprehensive data (Raimi, Adebakin & Gabadeen, 2013). As illustrated in Figure 6.3, the person-administered, telephone-administered, and self-administered survey methods can be used to collect data (Aaker *et al.*, 2013). In this study, a structured and self-administered questionnaire was used as the main instrument to obtain data from respondents.

**Figure 6.3: Major types of survey methods**




Source: Adapted from Hair *et al.* (2013:111)

The structured questionnaire was distributed to respondents using the self-administered method. Paper-based questionnaires were handed out to willing respondents during lecture sessions at the University of Johannesburg and the University of the Witwatersrand. Even though the researcher stayed in the lecture hall to collect the completed questionnaires, he had minimal influence over respondents' self-administered responses. This method yields a quick turnaround, is inexpensive, and the response rate is usually good (Burns & Bush, 2014). In additional to the face-to-face survey, an online survey was also used. This was done to reach out to respondents, who could not be met in class, to reduce printing costs and increase response rate (McDaniel & Gates, 2013). A link (http://take-survey.com/statkon/CBBE_Samsung.htm) for the online version of the paper-based questionnaire was sent to relevant respondents described in Section 6.3.4.5.

*6.3.4.3 Measurement and measures*

Measurement is "a process of assigning numbers or other symbols to characteristics of objects being measured according to predetermined rules" (Malhotra, 2012:278). An important part of measurement is scaling (Malhotra *et al.*, 2012). Consequently, during the measurement process, a researcher adapts or develops rating scale formats in order to measure constructs adequately (Burns & Bush, 2014).

**a) Measurement scales**

The four measurement scales commonly used in research are nominal, ordinal, interval and ratio scales. A nominal scale assigns a value to an object such as gender for identification purposes (Zikmund & Babin, 2016:272). Ordinal scales are meanwhile used to rank and measure respondents' attitudes, opinions, perceptions and preferences (Malhotra, 2012:284). Interval scales are a combination of nominal and ordinal scales (Easwaran & Singh, 2010), except that they capture information about differences numerically (Zikmund *et al.*, 2013). Ratio scales possess all the attributes of the afore-mentioned three scales (Wiid & Diggines, 2013). These scales measure the actual characteristic (e.g. age and height) of respondents (Wilson, 2012).

In this study, nominal and ratio scales were used to measure respondents' attributes such as gender, the exact age, ethnicity, social status and level of education. To measure respondents' attitudes about the Samsung mobile phone brand, the ordinal scale format was adopted. A five-point Likert scale was used to solicit these attitudes. In Table 6.4, an overview of the types of measurement scales, their description, marketing application and appropriate statistical techniques that can be performed for a selected scale is provided.

**Table 6.4: Types of measurement scales, marketing application and applicable statistics**

| Scale | Basic description | Marketing application | Appropriate statistical techniques |
|---|---|---|---|
| **Nominal** | Numbers identify and classify objects | Classification:<br>-male/female<br>-buyer/non-buyer<br>-like/dislike<br>-for/against | -Rank-order correlation<br>-Frequencies<br>-Chi-square<br>-Cross-tabulation |
| **Ordinal** | Numbers indicate the relative positions of the objects but not the magnitude of differences between them | -Ranking of service quality<br>-Ratings of products<br>-Brand preference | -Median (mean and variance metric)<br>-Mode<br>-Frequencies<br>-Range<br>-Rank-order correlation<br>-Friedman<br>-Analysis of variance (ANOVA) |
| **Interval** | Differences between objects can be compared | -Level of knowledge about brands<br>-Index numbers<br>-Opinions<br>-Attitudes | -Product moment correlation<br>-t-tests<br>-ANOVA<br>-Factor analysis<br>-Mean<br>-Median<br>-Variance<br>-Standard deviation<br>-Range<br>-Linear regression |
| **Ratio** | Zero point is fixed and ratios of scale values can be computed | -Sales levels<br>-Market share<br>-Number of customers<br>-Income<br>-Costs<br>-Age | -Geometric mean/harmonic mean<br>-Coefficient of variation<br>-Standard deviation<br>-All statistics |

Sources: Adapted from Zikmund and Babin (2013:251), Wiid and Diggines (2013:150), Feinberg *et al.* (2013:119), McDaniel and Gates (2013:280), Malhotra *et al.* (2012:413)

**b) Operationalisation of constructs**

The measurement process can be complex due to varying definitions attached to constructs (Feinberg *et al.*, 2013). It is therefore of paramount importance to operationalise constructs in relation to the study's research objectives. Operationalisation entails *"*specifying how a construct is to be measured; defines or gives meaning to a variable by spelling out what the

investigator must do to measure it" (Feinberg *et al.*, 2013:126). Brand awareness, brand image, perceived quality, brand loyalty, brand satisfaction, brand love, monetary value, functional value, symbolic value and overall brand equity, which are constructs of interest in this study, were operationalised based on previous studies. Table 6.5 presents the operational definitions of this study's constructs, their relevant measurement items and sources used to formulate such items.

**Table 6.5: Operationalisation of this study's constructs**

| Constructs | Conceptual definition | Operational definition* | Sources from which scales were adapted |
|---|---|---|---|
| **Brand awareness** | The extent to which consumers recall or recognise a particular brand | I can recognise the Samsung mobile phone in comparison with the other competing mobile phones. | (Severi & Ling, 2013) |
| | | I am familiar with the Samsung mobile phone. | (Shen, Yuan, Zhang & Zhao, 2014) |
| | | Features of the Samsung mobile phone quickly come up in my mind. | (Shen e*t al.*, 2014) |
| | | I know what the Samsung mobile phone looks like. | (Severi & Ling, 2013) |
| | | I think of the Samsung mobile phone first among many mobile phones. | (Shen *et al.*, 2014) |
| | | I heard of the Samsung mobile phone brand before using it. | (Shen *et al.*, 2014) |
| | | I think the Samsung mobile phone is a leader in the mobile phone industry. | (Shen *et al.*, 2014) |
| | | I can quickly recall the symbol or logo of the Samsung mobile phone. | (Severi & Ling, 2013) |
| **Brand image** | The perceptions and associations consumers have about the brand | Using the Samsung mobile phone makes me feel superior. | (Shen *et al.*, 2014) |
| | | The Samsung mobile phone represents efficiency. | (Shen *et al.*, 2014) |
| | | Compared with other mobile phones, the brand image of Samsung mobile phone is unique. | (Shen *et al.*, 2014) |
| | | I have a good impression of the overall image of the Samsung mobile phone. | (Shen *et al.*, 2014) |
| | | The Samsung mobile phone is well established in the market. | (Severi & Ling, 2013) |
| | | I trust the Samsung mobile phone. | (Severi & Ling, 2013) |
| **Perceived quality** | The extent to which consumers subjectively evaluate the | The quality of the Samsung mobile phone is extremely high. | (Baalbaki & Guzman, 2016) |
| | | The Samsung mobile phone has consistent quality. | (Baalbaki & Guzman, 2016) |

| Constructs | Conceptual definition | Operational definition* | Sources from which scales were adapted |
|---|---|---|---|
| | product's overall quality | The Samsung mobile phone has an acceptable standard of quality. | (Baalbaki & Guzman, 2016) |
| | | The performance of Samsung mobile phone is high. | (Baalbaki & Guzman, 2016) |
| | | The Samsung mobile phone consistently performs well. | (Baalbaki & Guzman, 2016) |
| | | The reliability of Samsung mobile phone is high. | (Baalbaki & Guzman, 2016) |
| | | The quality of Samsung mobile phone is higher in comparison to other phones. | (Baalbaki & Guzman, 2016) |
| **Brand loyalty** | The degree to which a consumer consistently purchase the same product over time rather than buying from multiple suppliers | When I buy a mobile phone, a Samsung phone is always my first choice. | (Shen *et al.*, 2014) |
| | | I'm loyal to the Samsung mobile phone. | (Shen *et al.*, 2014) |
| | | I usually choose the Samsung mobile phone over other phones. | (Shen *et al.*, 2014) |
| | | If I were to buy another mobile phone in future, I would choose the Samsung mobile phone again. | (Shen *et al.*, 2014) |
| | | I would recommend the Samsung mobile phone to my friends and family. | (Shen *et al.*, 2014) |
| **Brand satisfaction** | The extent to which consumers are satisfied with the brand | I am very satisfied with the performance of the Samsung mobile phone. | (Chinomona, 2013) |
| | | I am very happy with the Samsung mobile phone. | (Chinomona, 2013) |
| | | The Samsung mobile phone does a good job in satisfying my needs. | (Chinomona, 2013) |
| | | I believe that buying the Samsung mobile phone was the right decision. | (Chinomona, 2013) |
| | | I am satisfied with my decision to purchase the Samsung mobile phone. | (Hameed, 2013) |
| | | Overall, I am satisfied with the Samsung mobile phone. | (Lee, Moon, Kim & Yi, 2015) |
| **Brand love** | The degree to which consumers are emotionally attached to a particular brand | The Samsung mobile phone makes me feel good. | (Wallace, Buil, de Chernatony & Hogan, 2014) |
| | | I love the Samsung mobile phone brand. | (Wallace *et al.*, 2014) |
| | | The Samsung mobile phone is awesome. | (Wallace *et al.*, 2014) |
| | | I am passionate about the Samsung mobile phone. | (Wallace *et al.*, 2014) |
| | | I am attached to the Samsung mobile phone. | (Wallace *et al.*, 2014) |

| Constructs | Conceptual definition | Operational definition* | Sources from which scales were adapted |
|---|---|---|---|
| **Monetary value** | The perceived monetary benefits and costs associated with purchasing or using a product | The Samsung mobile phone is good value for money. | (Buil, Martinez & de Chernatony, 2013) |
| | | Relative to other phones, the Samsung mobile phone is a good buy. | (Buil *et al.*, 2013) |
| | | The Samsung mobile phone offers satisfactory value considering how much it costs. | (Krystallis & Chrysochou, 2014) |
| | | The Samsung mobile phone is reasonably priced. | (Kumar, Townsend & Vorhies, 2015) |
| | | When I bought the Samsung mobile phone, I felt that I am getting a good deal. | (Rubio, Oubina & Villasenor, 2014) |
| **Functional value** | The consumer's perception of how well the brand fulfils their utilitarian needs | The Samsung mobile phone provides excellent performance. | (Albrecht, Backhaus, Gurzki & Woisetschlager, 2013) |
| | | The Samsung mobile phone is reliable. | (Albrecht *et al.*, 2013) |
| | | The Samsung mobile phone is durable. | (Kumar *et al.*, 2015) |
| | | The Samsung mobile phone performs according to my expectations. | (Sondoh, Omar, Wahid, Ismail & Harun, 2007) |
| | | The Samsung mobile phone is dependable. | (Sondoh *et al.*, 2007) |
| | | The Samsung mobile phone functions very well. | (Baalbaki & Guzman, 2016) |
| **Symbolic value** | This relates to the consumer's positive self-esteem or personal values as a result of using the product | The Samsung mobile phone makes me feel that I am successful. | (Kumar *et al.*, 2015) |
| | | The Samsung mobile phone design is stylish. | (Kumar *et al.*, 2015) |
| | | Using the Samsung mobile phone makes a good impression on other people. | (Deng, Lu, Wei & Zhang, 2010) |
| | | The Samsung mobile phone indicates that I have a good lifestyle. | (Sondoh *et al.*, 2007) |
| | | The Samsung mobile phone is a reflection of my social status. | (Choo, Moon, Kim & Yoon, 2012) |
| | | The Samsung mobile phone is a symbol of prestige. | (Choo *et al.*, 2012) |
| | | I chose a Samsung mobile phone because my peers also have it. | (Choo *et al.*, 2012) |
| **Overall brand equity** | The consumers' overall attitudes towards a specific brand and their intention to | It makes sense to buy the Samsung mobile phone instead of another phone, even if they are similar. | (Yoo & Donthu, 2001) |
| | | Even if there is another phone as good as the Samsung mobile phone, I would still prefer to buy Samsung. | (Yoo & Donthu, 2001) |

| Constructs | Conceptual definition | Operational definition* | Sources from which scales were adapted |
|---|---|---|---|
| | select the brand against its competitors | Even when the price of other phones is reduced, I will still prefer to buy a Samsung phone. | (Yoo & Donthu, 2001) |
| | | Even if the price of the Samsung mobile phone is higher than other phones, I would still buy a Samsung phone. | (Shen *et al.*, 2014) |

*Construct items were measured on a five-point Likert scale, with 1 and 5 denoting *strongly disagree* and *strongly agree*, respectively.

Source: Author's own compilation

**c) Measurement of reliability and validity of constructs**

Whilst the operationalisation of constructs is important, the reliability and validity of measurement scales are equally pertinent (Hair *et al.*, 2013). Reliability is a test of how consistently a measuring instrument measures the concept it is measuring (Sekaran & Bougie, 2013:225). Reliability is concerned with consistency, precision and predictability of research results (Feinberg *et al.*, 2013:128). Cronbach's alpha, sometimes referred to as coefficient alpha, is the most used estimate to measure a scale's reliability (Zikmund & Babin, 2013:257). However, since Cronbach's alpha "generally tends to underestimate internal consistency reliability" (Hair, Sarstedt, Hopkins & Kuppelwieser, 2014:111), composite reliability, which is a more "appropriate measure of internal consistency reliability" (Hair *et al.*, 2014:111) is recommended to be used in conjunction with Cronbach's alpha.

Validity is a test of how well an instrument measures the concept it is intended to measure (Sekaran & Bougie, 2013:225). A scale that lacks validity will not measure what it is supposed to (McDaniel & Gates, 2010). According to Wilson (2012), content validity and construct validity are customarily used to measure validity. Content validity is a systematic process to assess the adequacy of the items used to measure a construct (Clow & James, 2014:270). This entails the use of expert judges to evaluate how well each item measures the construct (Zikmund & Babin, 2013). Clow and James (2014) recommend that the steps and activities in Table 6.6 should be used to validate the content of scales be implemented:

**Table 6.6: Steps in developing content validity**

| Steps | Activities done in this study to implement each step |
|---|---|
| Step 1: Review literature to identify how constructs have been measured in previous studies | In this study, a literature review to identify items to measure constructs was carried out and reported mainly in Chapter 4 and 5. Measurement scales were adopted from previous studies as indicated in Table 6.5. |
| Step 2: Use of panel of marketing experts to assess the list of items | The supervisor, an expert in brand management, was consulted to assess the adopted items. Furthermore, certified statisticians were also used in this process to assess the measurability of some items. From this exercise, items that did not fit with what was being measured were eliminated. |
| Step 3: Pre-test the questionnaire to a sample similar to the intended target audience | The questionnaire was piloted to thirty two Gen Y students between the ages of 18 and 25. An open-ended question was added to afford respondents an opportunity to voice the opinions about the questionnaire. Cronbach's alpha was computed and results confirmed that the items were reliable (see section 6.3.4.4 and Table 6.8 for detailed reporting). |
| Step 4: Reduce the number of items through data analysis | Ten constructs reported Cronbach's alpha values of between 0.762 and 0.925 (see Table 6.8), thereby confirming that the items used to measure these constructs were reliable to be included in the final questionnaire. Hence, there was no need to reduce the number of items. |

Source: Adapted from Clow and James (2014:270)

Although content validity precedes construct validity (Mishra, 2013), its limitation is that it involves subjective judgment by experts (Feinberg *et al.*, 2013). Thus, the recommendation to use construct validity to supplement content validity. Construct validity aims to understand the theoretical foundations underlying the obtained measurements (McDaniel & Gates, 2013:293). In other words, it is an assessment of how well a measuring instrument measures the construct it is supposed to measure (Churchill *et al.*, 2010:260).

Discriminant and convergent validity are two statistical measures constituting construct validity (Sekaran & Bougie, 2013). Discriminant validity represents "how unique or distinct a measure is, because a scale should not correlate too highly with a measure of a different construct" (Zikmund & Babin, 2016:283). This is tested with a correlation matrix between the constructs. Convergent validity is "the extent to which the scale correlates positively with other measures of the same construct" (Malhotra, 2012:318). Factor analysis is a multivariate technique used to compute convergent validity (Sekaran and Bougie, 2013:227), which determines whether variables have a number of factors in common (Feinberg *et al.*, 2013). It is used mostly when analysing data gathered by means of rating scales (Wilson, 2012). To

further assess construct validity, the average variance extracted (AVE) is endorsed. Construct validity is accepted if the AVE value is 0.50 or higher (Lee & Hsu, 2013). In this study, a questionnaire with structured five-point Likert scale statements were used, hence it was appropriate to conduct factor analysis and AVE to assess construct validity.

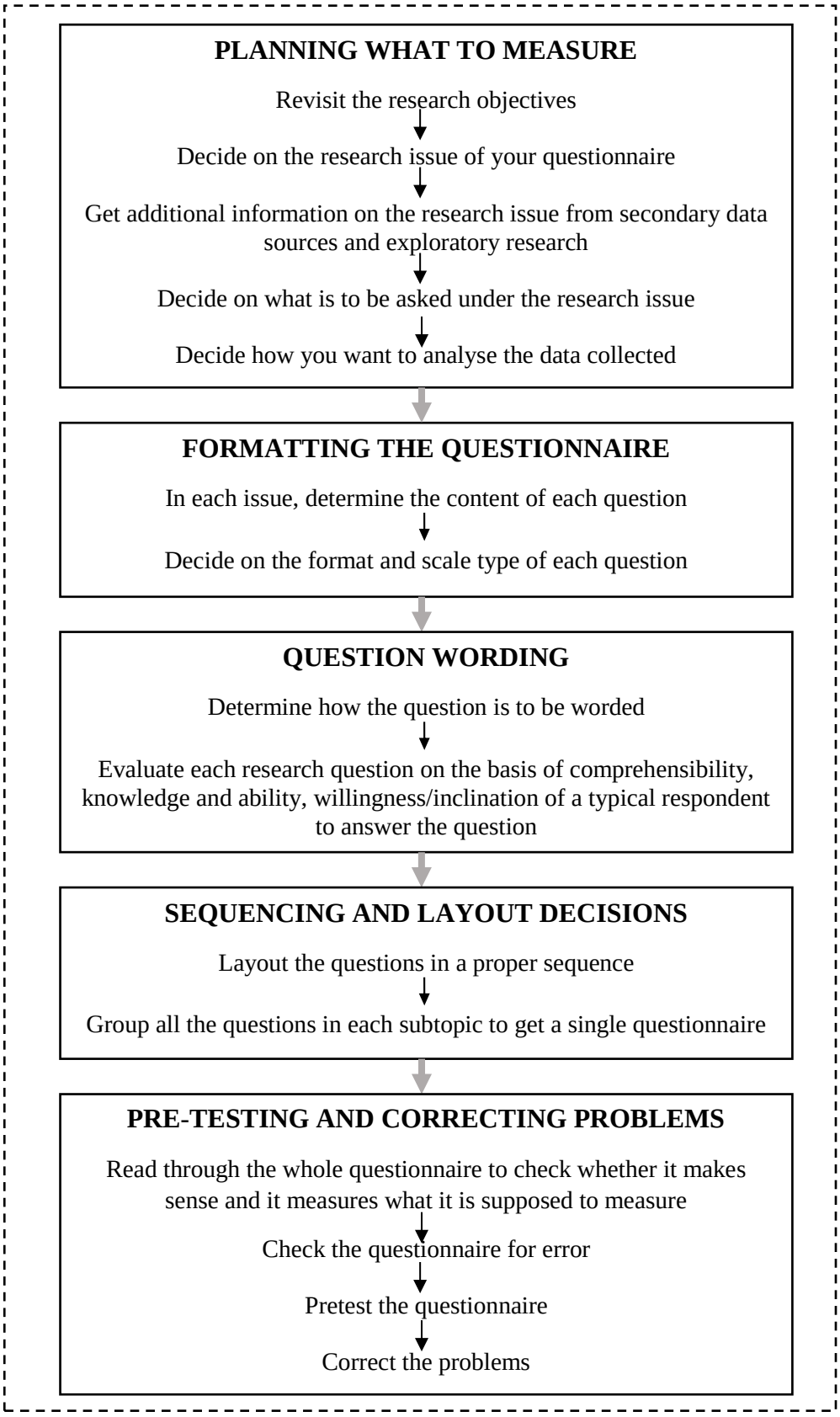
The Cronbach alpha, composite reliability, factor analysis and AVE statistical computations to affirm reliability and validity of the measurement scales are presented in Chapter 7.

*6.3.4.4 Development and pre-testing of questionnaire*

The overarching research strategy for this quantitative study is a survey. In such instance, a questionnaire is the main instrument used to gather data (Rowley, 2014; Bryman *et al.*, 2014). A questionnaire is "a structured technique for data collection consisting of a series of questions written or verbal, that a participant answers" (Malhotra *et al.*, 2012:452). Questionnaires are advantageous to researchers because they enable them to get responses from a substantial number of respondents, thus rendering findings generalisable (Rowley, 2014).

In order for a questionnaire to yield positive response rates and fulfil the research objectives, a systematic questionnaire design is indispensable (Zikmund *et al.*, 2013). Consistent with this caution, the questionnaire of this study was designed based on the five-step process advocated by Aaker *et al.* (2013:250) for developing useful questionnaires. This process is encapsulated in Figure 6.4.

**Figure 6.4: The questionnaire design process**




Source: Aaker *et al.* (2013:250)

The steps in Figure 6.4 are discussed next.

***Planning what to measure***

It is crucial to determine precisely what needs to be measured in quest to solve the research problem (Wiid & Diggines, 2013). Stemming from the defined research problem, research objectives, questions and hypotheses inform what information should be sought (Iacobucci & Churchill, 2010), resulting in a flawless questionnaire (Malhotra, 2012). In this study, succinct research objectives and questions and hypotheses derived from a clearly articulated research problem are presented in Chapter 1. This is what guided the questionnaire development of this study, thus avoiding the inclusion of frivolous questions.

Aaker *et al*. (2013:250) further suggest that researchers should acquaint themselves with similar studies conducted previously to have an insight into how constructs were measured. They also emphasise the importance of pre-testing the preliminary versions of developed questionnaires. Based on the literature review carried out in this study, measurement scales were identified and adapted in line with the applicable research objectives. Upon developing the questionnaire using the identified scales, the measuring instrument was pretested with thirty two respondents. Problems identified in this process and solutions thereof are presented later in the section titled: *pretesting and correcting problems*.

***Formatting the questionnaire***

When a researcher has sufficient information about what needs to be measured, it makes it easy to develop the format of relevant questions and the content (Wiid & Diggines, 2013; Churchill *et al.*, 2010). The format of questions can either be structured (closed-ended) or unstructured (open-ended). Structured questions confine respondents to choose an answer from provided alternatives (Sekaran & Bougie, 2013). These types of questions are categorised into dichotomous, multiple-choice and scaling questions (Wilson, 2012).

A dichotomous question compels the respondent to choose one of two options (Zikmund & Babin, 2010). In the questionnaire used in this study, dichotomous questions in Section A (A3 and A4: Yes or No) and Section B (B1: Male or Female) were employed. The multiple-choice

question format provides the respondent with a wide range of options to choose from (Zikmund & Babin, 2013). In this study's final questionnaire, questions in Section A (A1 and A2) and Section B (B3, B4 and B5) are representative of the multiple-choice question format. The scaling question format, whereby respondents are persuaded to assign numerical measures to express their subjective attitudes, opinions and feelings towards certain concepts (Wilson, 2012), were also utilised in this research. To be specific, a five-point Likert scale (1 = strongly disagree and 5 = strongly agree), which is a widely adopted rating scale in research (Malhotra *et al.*, 2012) was used to measure the ten constructs in Section C.

Unstructured questions are the alternative format that can be used by the researcher to formulate questions. These are open-ended questions, where the researcher does not limit response options, thus affording respondents an opportunity to answer questions in their own words (McDaniel & Gates, 2013). Although this type of question was included in the pilot-tested questionnaire in order to get feedback from respondents about what they feel about the questionnaire, it was not incorporated into the final questionnaire.

***Question wording***

The transcribing of what needs to be measured into unambiguous worded questions is the most critical function when developing a questionnaire (Malhotra *et al.*, 2012; Malhotra, 2012). Wording and phrasing of questions should be simple and straightforward since they are the link between data and the information needs of the study (Feinberg *et al.*, 2013:279; Wilson, 2012). A poor formulation of questions can confuse, mislead and frustrate respondents, resulting in their refusal to complete the questionnaire (Wiid & Diggines, 2013; Malhotra, 2012).

Considering that the wording of questions is key to respondents giving answers that are a true reflection of their attitudes (Churchill *et al.*, 2010), the study's formulation of questions was informed by Clow and James (2014:337) and Wiid and Diggines (2013:169) guidelines. In line with these guidelines, the researcher ensured that:

- questions were clearly written, free of jargon and ambiguity;
- there was logical flow in the manner in which questions were arranged;
- terminology used was simple and familiar to respondents;
- leading and presumptive questions were avoided;
- questions were posed in specific terms instead of generalising;

- measurement scales were easy to understand; and
- there were no double-barrelled questions.

The researcher took cognisance of the fact that question wording has a significant effect on the integrity of research results (Feinberg *et al.*, 2013), hence complying with the afore-mentioned guidelines was obligatory.

***Sequencing and layout decisions***

Consequent to accurately putting together coherent questions, the way in which these are presented is instrumental in the success of data collection. The layout and appearance of the questionnaire is important in self-administered surveys (Wilson, 2012:175), because it is influential in capturing and prolonging respondents' cooperation and interest to answer questions (Aaker *et al.*, 2013). Questionnaires should not be formulated in an orderless manner, as high response rates are accomplished if the questionnaire looks attractive, uncluttered and easy to understand (Wiid & Diggines, 2013; Wilson, 2012). A coordinated questionnaire triggers informative answers that are carefully thought through (McDaniel & Gates, 2013).

Malhotra (2012:348) proposes that in order for a sequence of the questionnaire to be engaging to the respondent, there is a general ordering of questions that needs to be complied with. How this was done in this study is elucidated in Table 6.7.

**Table 6.7: General ordering of questions in a questionnaire**

| Question type | Rationale | Activities done in this study |
|---|---|---|
| Qualifying/Screening questions | To determine if the respondent is eligible to participate in the study | In Section A of the questionnaire, respondents were required to indicate if they were between the ages of 18 and 25. Respondents also had to own a Samsung mobile phone to answer questions adequately. Furthermore, respondents had to indicate their loyalty to a Samsung mobile phone to be eligible to partake in this study. These requirements were established in this section. |
| Introductory questions/Warms-ups | To show the respondent that the questionnaire is simple to complete | Respondents were asked easy questions about what mobile phones they own and for how long they have owned them. These were easy |

| Question type | Rationale | Activities done in this study |
|---|---|---|
| | | questions to make respondents feel comfortable about the process.<br>These type of questions were based on the research objectives of this study. |
| Demographics | To classify the respondents | Although it is recommended that demographic questions be included at the end of the questionnaire, in this study they were in Section B. This was based on the principle that these questions were not personal, offensive and insensitive, so respondents had no reason not to answer them sincerely. Moreover, questions in Section A were easy to answer and as such, rapport was able to be established with respondents. |
| Main questions | To obtain the rest of the important information needed | Section C consisted of the main questions of this study. Although respondents' interest was captured in Section A and B, the purpose of this section was explained to them and instructions on how to complete these questions were provided explicitly. |

Sources: Adapted from McDaniel and Gates (2013:356); Malhotra (2012:348)

Based on the suggested guidelines, the sequence and layout of the final questionnaire (see Appendix B) was organised as follows:

- **Cover letter:** in a self-administered questionnaire, a cover letter is essential to entice respondents to participate in the study (Hair *et al.*, 2013). Consequently, the questionnaire used in this study was accompanied by a cover letter, where the research topic and the purpose of the study were explained to respondents. The requirements to partake in this study and issues of confidentiality, voluntary participation and the legality of this study were also divulged (see Appendix A).

The sequence and layout of the three main sections of the final questionnaire were organised in the following manner:

- **Section A:** this section sought to ascertain the eligibility of respondents to partake in this study. Screening questions ensured that respondents owned a Samsung mobile phone and were between the ages of 18 and 25. These qualifying questions were in line with the study's research objectives. Also, respondents needed to indicate if they had intentions to switch from the Samsung phone to a different brand. In an instance where a respondent had such intentions, that respondent was deemed not eligible to continue with the completion of the questionnaire. Respondents were duly informed about what

to do during the qualifying questions process. A nominal scale was used to measure all the structured questions in this section.

- **Section B:** the purpose of this section was to solicit respondents' background information in the form of gender, age, ethnicity, social class and level of education. All structured questions in this section were measured on nominal and ratio scales.
- **Section C:** questions in this section intended to measure respondents' views of Samsung mobile phones in terms of ten concepts, namely brand awareness, brand image, perceived quality, brand loyalty, brand satisfaction, brand love, monetary value, functional value, symbolic value and overall brand equity. Ordinal scales were used to measure all the closed-ended questions in this section.

***Pretesting and correcting problems***

Pretesting is a method of checking that questions work as intended and are understood by those individuals who are likely to respond to them (Hilton, 2017:21). In this process, it is important to administer the questionnaire in the same way as the final survey (Wilson, 2012). All relevant aspects of the questionnaire, such as question content, wording and question difficulty should be tested (Malhotra *et al.*, 2012). If problems are discovered in any of these aspects, modifications should be effected before proceeding with final data collection (Hair *et al.*, 2013). Aaker *et al.* (2013) advocate that during this phase, it is vital to also diagnose the flow of the questionnaire, whether respondents understand instructions on what questions to answer and skip (applicable to qualifying questions), length of the questionnaire, and the respondents' general interest to complete the questionnaire. In this study, these were evaluated through an open-ended question included only in the pre-tested questionnaire, where necessary, subsequent modifications were made.

Various authors prescribe divergent views on the number of respondents to use when pre-testing the questionnaire. Notwithstanding the postulation of Burns and Bush (2014) that between five and ten respondents is sufficient to detect problems in the questionnaire, Wilson (2012) proclaims that ten to forty respondents are enough to conduct a systematic and detailed pretesting exercise. Meanwhile, Aaker *et al.* (2013) assert that fifteen and twenty five respondents are imperative to detect potential problems in straightforward and complex questionnaires. Whereas, according to Hair *et al.* (2013), to impart insightful feedback to researchers, twenty to thirty respondents are deemed appropriate.

In accordance with the aforesaid viewpoints, this study's questionnaire was pre-tested amongst thirty-two respondents, who resembled the target audience of the study. Malhotra *et al.* (2012) accentuate the importance of analysing responses from a pre-tested questionnaire. This helps to ascertain whether the questionnaire elicits relevant responses to achieve the research objectives of the study (Zikmund *et al.*, 2013). Therefore, the Cronbach's alpha values from the pre-tested questionnaire representing ten constructs of this study, ranged between 0.762 and 0.925, as depicted in Table 6.8. All values for the study's constructs were above 0.7, thus indicating that the measurement items used to measure them (constructs) were reliable (Bhatnagar, Kim & Many, 2014).

**Table 6.8: Reliability results of pre-tested questionnaire**

| Constructs | Cronbach's alpha | N of Items |
|---|---|---|
| Brand awareness | .762 | 8 |
| Brand image | .820 | 6 |
| Perceived quality | .891 | 7 |
| Brand loyalty | .853 | 5 |
| Brand satisfaction | .911 | 6 |
| Brand love | .870 | 6 |
| Monetary value | .807 | 5 |
| Functional value | .925 | 6 |
| Symbolic value | .891 | 7 |
| Overall brand equity | .811 | 4 |

Source: Author's own compilation

The following minor changes per relevant section were effected after pretesting the questionnaire:

- **Section A:** this section had qualifying questions to ensure that respondents are eligible to partake in this study. There were no changes made in this regard.
- **Section B:** initially, this section consisted of respondents' background information such as gender, age, ethnicity, social class, level of education, **marital status**, **family financial status**, **area of residence (urban or rural)**, **province of birth** and **home language**. Upon analysing the pilot test responses, the items highlighted in bold were considered irrelevant to this study and were duly eliminated.
- **Section C:** in this section, statements measuring perceived quality, brand loyalty, brand love, functional value and symbolic value were reduced to avoid duplication.

Furthermore, minor changes in statements wording was done. These changes are illustrated in Table 6.9.

**Table 6.9: Section C questionnaire changes after pre-testing**

| PRE-TESTED QUESTIONNAIRE | FINAL QUESTIONNAIRE |
|---|---|
| **Perceived quality (8 statements)** | **Perceived quality (7 statements)** |
| The quality of the Samsung mobile phone is extremely high. | The quality of the Samsung mobile phone is extremely high. |
| The Samsung mobile phone has consistent quality. | The Samsung mobile phone has consistent quality. |
| The Samsung mobile phone has an acceptable standard of quality. | The Samsung mobile phone has an acceptable standard of quality. |
| The performance of Samsung mobile phone is very high. | The performance of Samsung mobile phone is high. |
| The Samsung mobile phone performs consistently. | The Samsung mobile phone consistently performs well. |
| The reliability of Samsung mobile phone is very high. | The reliability of Samsung mobile phone is high. |
| Samsung mobile phone is consistent in the quality it offers. | The quality of Samsung mobile phone is higher in comparison to other phones. |
| The quality of Samsung mobile phone is higher in comparison to other phones. | |
| **Brand loyalty (7 statements)** | **Brand loyalty (5 statements)** |
| When I buy a mobile phone, a Samsung phone is always my first choice. | When I buy a mobile phone, a Samsung phone is always my first choice. |
| I'm very loyal to the Samsung mobile phone brand. | I'm loyal to the Samsung mobile phone. |
| I usually choose the Samsung mobile phone over other phones. | I usually choose the Samsung mobile phone over other phones. |
| If the price of the Samsung mobile phone is higher than other phones, I would still buy it. | If I were to buy another mobile phone in future, I would choose the Samsung mobile phone again. |
| If I were to buy another mobile phone in future, I would choose the Samsung mobile phone again. | I would recommend the Samsung mobile phone to my friends and family. |
| I would recommend the Samsung mobile phone to my friends and family. | |
| I am not willing to switch to another mobile phone brand. | |
| **Brand love (9 statements)** | **Brand love (6 statements)** |
| Samsung is a wonderful mobile phone brand. | The Samsung mobile phone makes me feel good. |
| The Samsung mobile phone makes me feel good. | I love the Samsung mobile phone brand. |
| The Samsung mobile phone is fantastic. | The Samsung mobile phone is awesome. |
| The Samsung mobile phone makes me very happy. | I am passionate about the Samsung mobile phone. |
| I love the Samsung mobile phone brand. | I am attached to the Samsung mobile phone. |
| The Samsung mobile phone is awesome. | I love the features of the Samsung mobile phone. |
| I am passionate about the Samsung mobile phone . | |
| I am very attached to the Samsung mobile phone . | |
| I love features of the Samsung mobile phone . | |
| **Functional value (8 statements)** | **Functional value (6 statements)** |
| The Samsung mobile phone provides excellent performance. | The Samsung mobile phone provides excellent performance. |
| The Samsung mobile phone is reliable. | The Samsung mobile phone is reliable. |
| The Samsung mobile phone is durable. | The Samsung mobile phone is durable. |

| PRE-TESTED QUESTIONNAIRE | FINAL QUESTIONNAIRE |
|---|---|
| The Samsung mobile phone performs according to my expectations. | The Samsung mobile phone performs according to my expectations. |
| The Samsung mobile phone is dependable. | The Samsung mobile phone is dependable. |
| The Samsung mobile phone has good functions. | The Samsung mobile phone functions very well. |
| In my opinion, the Samsung mobile phone is a useful product. | |
| The Samsung mobile phone functions very well. | |
| **Symbolic value (10 statements)** | **Symbolic value (7 statements)** |
| The Samsung mobile phone makes me feel that I am successful. | The Samsung mobile phone makes me feel that I am successful. |
| The Samsung mobile phone design is stylish. | The Samsung mobile phone design is stylish. |
| Using the Samsung mobile phone makes a good impression on other people. | Using the Samsung mobile phone makes a good impression on other people. |
| The Samsung mobile phone indicates that I have a good lifestyle. | The Samsung mobile phone indicates that I have a good lifestyle. |
| The Samsung mobile phone is a reflection of my social status. | The Samsung mobile phone is a reflection of my social status. |
| The Samsung mobile phone is a symbol of prestige. | The Samsung mobile phone is a symbol of prestige. |
| The Samsung mobile phone is for the selected few. | I chose a Samsung mobile phone because my peers also have it. |
| The Samsung mobile phone makes me feel accepted by my peers. | |
| The Samsung mobile phone makes me feel idolised by my peers. | |
| The Samsung mobile phone improves the way I am perceived by others. | |

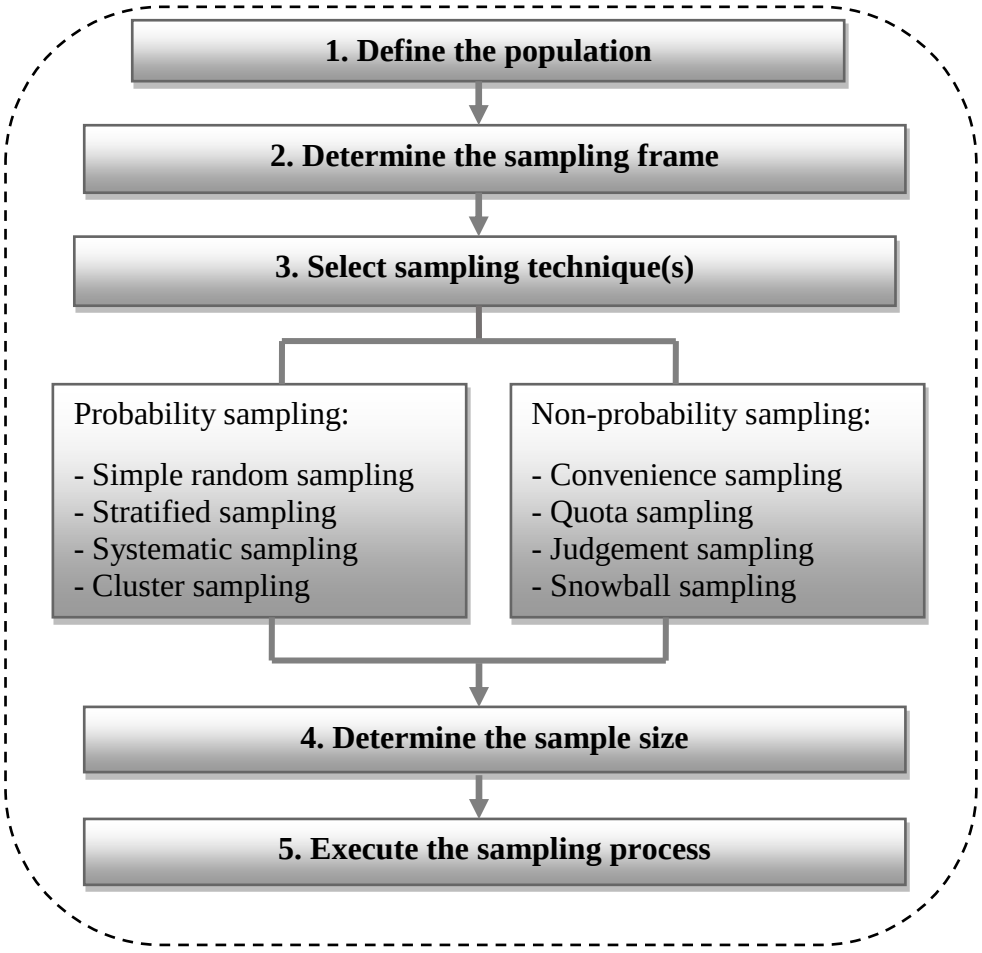
Source: Author's own compilation

After correcting identified problems from the pilot study, the finalised questionnaire was declared suitable to be distributed to the identified respondents for completion. The next section discusses how this process unfolded.

*6.3.4.5 Sampling design*

Sampling refers to "the process of obtaining information from a subset (a sample) of a larger group (the universe or population)" (McDaniel & Gates, 2013:380). Bradley (2013:149) states that a sample is "a relatively small part of the population, which can tell us about the whole population". Sampling makes it viable for the researcher to generate accurate and reliable results despite the fact that research projects are often subjected to budget and time constraints (Zikmund & Babin, 2013). Malhotra (2012:369) advocates that the sampling design process consists of five steps, as illustrated in Figure 6.5.

**Figure 6.5: The sampling design process**




Source: Malhotra (2012:369)

**Step 1: Defining the target population**

In any study, it is of utmost importance to establish the relevant target population (Easwaran & Singh, 2010). The accurate identification of the population enables the researcher to attain credible results (Zikmund & Babin, 2013). Churchill *et al.* (2010:327) define population as "all the individuals or objects that meet certain requirements for membership in the overall group". In this study, the target population were Gen Y generally. They were selected because over 85% of Gen Y consumers have a mobile phone (Fillo, Staplefoote-Boynton, Martinez, Sontag-Padilla, Shadel, Martino, Setodji, Meeker & Scharf, 2016).

Malhotra (2012) operationalises target population as comprising of: elements, sampling unit, extent, and time-frame. Elements are actual respondents where the required information is derived from (Easwaran & Singh, 2010). In this study, the elements of interest were Gen Y

university students in Gauteng. In the next paragraph, the justification for focusing on Gauteng as a province is provided. Sampling unit is the place where elements of the population are found (Feinberg *et al.*, 2013; Morsdorf, Ravolainen, Stovern, Yoccoz, Jonsdottir & Brathen, 2015). Therefore, the sampling unit in this study were two Gauteng universities, which are the University of Johannesburg and University of the Witwatersrand. These universities were selected, because they have diverse local and international students from different backgrounds. Being a doctoral candidate at the University of the Witwatersrand and an academic at the University of Johannesburg, these two selected universities were also able to grant ethical clearance to conduct research.

Another element of target population is extent, which is the geographic region demarcating the relevant population's boundaries (Feinberg *et al.*, 2012:301). The geographic region of this study was Gauteng, due to its highest concentration of public higher education institutions. The Gauteng province is also one of the richest provinces in South Africa, and its inhabitants come from diverse socio-economic and cultural backgrounds (Bevan-Dye, Garnett & de Klerk, 2012). The last element of target population is time-frame, which is the time period during which the study is undertaken (Malhotra, 2012:369). This study was carried out in 2016 and 2017 and data collection was conducted between November 2016 and January 2017.

**Step 2: Determining the sample frame**

A sampling frame is "a list of population elements from which a sample will be drawn" (Churchill *et al.*, 2010:331). It is rare to find an accurate and complete sampling frame list (McDaniel & Gates, 2013; McDaniel & Gates, 2010; Churchill *et al.*, 2010). Typical examples of a sample frame include but are not limited to telephone directories, list of subscribers to magazines, database of customers, members of associations and university registry of students (Zikmund & Babin, 2016; Sekaran & Bougie, 2013; Easwaran & Singh, 2010). The sampling frame for this study was a list of registered undergraduate and postgraduate students within the Gen Y age bracket (18-25) studying at the University of Johannesburg and University of the Witwatersrand. However, due to university restrictions on disclosing confidential student information, it was not possible to access this list, which had implications on the sampling technique used in this study.

**Step 3: Selecting the sampling technique**

A selection of the sampling technique is informed by a number of factors such as the objectives of the study, availability of financial resources and time constraints (McDaniel & Gates, 2010). There are two types of sampling techniques, namely probability sampling and non-probability sampling (Burns & Bush, 2014; Sekaran & Bougie, 2013; Wilson, 2012). Probability sampling is "a sampling technique in which each population element has a known, nonzero chance of being included in the sample" (Iacobucci & Churchill, 2010:285). This type of sampling is constituted by simple random sampling, stratified sampling, systematic sampling and cluster sampling (Zikmund & Babin, 2013; Wilson, 2012). The non-probability sampling technique relies on the researcher's judgment to select a population element to be part of a sample (Feinberg *et al.*, 2013). Convenience sampling, quota sampling, judgement sampling and snowball sampling are non-probability sampling techniques (Churchill *et al.*, 2010; Easwaran & Singh, 2010).

When conducting research, researchers often encounter challenges such as budget limitations, time constraints and access to respondents (Zikmund & Babin, 2016; Feinberg *et al.*, 2013). To mitigate these circumstances, a researcher is entitled to focus on the elements that are accessible and judged to be a reliable source to gather quality data (Easwaran & Singh, 2010). Considering that the researcher did not have access to the names of all undergraduate and postgraduate students of University of Johannesburg and Witwatersrand and the fact that he had to judge the sample elements suitable for this study, a non-probability sampling technique was used.

Specifically, a judgment (purposive) non-probability sampling technique was used to collect data from Gen Y undergraduate and postgraduate students between the ages of 18 and 25. This technique enables a researcher to deliberately select a sample considered to have specific characteristics (in this instance, Gen Y students, 18-25 years old, undergraduate and postgraduate) in order to achieve the research purpose (Zikmund & Babin, 2016; Feinberg *et al.*, 2013). Judgment sampling is convenient, low-cost, and quick to execute (Malhotra, 2012:375). Even though judgment samples are highly subjective (Burns and Bush, 2014), this technique is appropriate (Churchill *et al.*, 2010) because it is a viable sampling method for obtaining rich data from specific respondents who are knowledgeable about the investigated subject (Easwaran & Singh, 2010:252).

**Step 4: Determining the sample size**

In research, determining a sample size can be a complex process due to factors such as the homogeneity of the population, availability of time, money and access to respondents (Iacobucci & Churchill, 2010; Wilson, 2012). Given that this study used multivariate analysis and mainly the structural equation modeling (SEM) statistical method to analyse data, the sample size was informed by the number of constructs in the final questionnaire. Hair, Black, Babin and Anderson (2010:102) suggest that robust statistical analysis, such as SEM, should use a sample size of at least five times the number of items in the constructs to ensure precision in parameter estimation. In line with this suggestion and based on the fact that this study's questionnaire had 60 items to measure 10 constructs, a sample size of 300 (5 x 60) would be sufficient. According to Hoe (2008), to perform SEM statistical analysis, a sample size consisting of 200 respondents is a prerequisite. This assertion is consistent with the opinion advanced by Siddiqui (2013) that models with ten to fifteen variables require sample sizes of between 200 and 400 in order to perform SEM tests. Therefore, the decision over sample size for this study was informed by these suggestions, where 651 respondents attained in this research was deemed sufficient.

**Step 5: Executing the sampling process**

This final step of the sampling design process entailed implementing the sampling design phases discussed above (Malhotra, 2012). Fundamentally, this entails collecting data from the identified respondents (Wiid & Diggines, 2013).

*6.3.4.6 Data collection*

Data collection, which entails fieldwork, is an important process aimed at generating valid data from relevant respondents (Malhotra *et al.*, 2012). Data can be gathered using different methods such as focus groups, experiments and surveys (Burns & Bush, 2014). In this study, a structured questionnaire, which forms part of the self-administered survey method, was used.

In this process of conducting fieldwork, the marketing personnel of an organisation or external research agency can be used to collect data (Easwaran & Singh, 2010). Despite the rare occurrence of the main researcher directly collecting data himself/herself (Zikmund *et al.*,

2013; Malhotra *et al.*, 2012), in this study, this option was pursued in line with the defined ethical parameters and considerations discussed later on in this section.

**a) Non-sampling errors in data collection**

When collecting data from a sample, non-sampling errors can transpire and negatively affect the accuracy of the data (Wilson, 2012). Non-sampling errors are classified into four categories, which are: non-coverage error, non-response error, response error and office error (Churchill *et al.*, 2010).

- **Non-coverage error:** this is a discrepancy between the sampling frame and the target population, where some members of the population are not included in the sampling frame, thereby limiting their chances of being included in the sample (Abayomi, Timothy & Atinuke, 2015). In this study, the researcher avoids this error by conducting both face-to-face and online surveys, so that all registered undergraduate and postgraduate students studying at the University of Johannesburg and University of the Witwatersrand can be afforded an equal chance of being part of this research.
- **Non-response error:** this occurs when respondents do not participate in any part of the survey, or respondents do not answer certain questions (Abayomi *et al.*, 2015). Irrespective of a prudent process to select a sample, some respondents simply may not bother to respond to questions (Famule, 2010), resulting in a low response rate. In this study for instance, of the 844 respondents who were contacted to partake in the face-to-face and online surveys, 651 completed questionnaires were received. This provided an impressive response rate of 77%. It should be borne in mind that response rates in most cross-sectional surveys are below 50% (Rindfuss, Choe, Tsuya, Bumpass & Tamaki, 2015).
- **Response error:** sometimes respondents deliberately or unintentionally provide erroneous responses due to unclear and complex questions, poor wording of the questions and respondents' fatigue and boredom (Aaker *et al.*, 2013). To avert this error from prevailing, a meticulous questionnaire design process, which dealt concisely with planning what to measure, wording of questions, questionnaire sequence and layout, and pretesting of the questionnaire to identify and rectify problem areas was undertaken.
- **Office error:** non-response errors are not confined to data collection (Iacobucci & Churchill, 2010), they are also prevalent in the editing, coding and analysis of collected

data (Churchill *et al.*, 2010). This risk was mitigated by working closely with certified statisticians from the Statistical Consultation Service (STATKON) at the University of Johannesburg throughout the process of data capture and analysis.

**b) Handling of ethical issues in data collection**

An important aspect in data collection is the issue of ethics. Ethics are *"*moral principles or values that generally govern the conduct of an individual or group" (Aaker *et al.*, 2013:19). Researchers have an ethical responsibility to respondents in terms of consent, explanation of purpose of the study, right to privacy, right not to participate, right to stop participating at any time, right to confidentiality, right to safety, and right to decide which questions to answer (Clow & James, 2014:49; Aaker *et al.*, 2013:20; Zikmund & Babin, 2010). In this study, ethical considerations were addressed in the following manner:

- **Ethical clearance certificate:** an application was submitted to the University of the Witwatersrand's Human Research Ethics Committee (non-medical) in July 2016 and was unconditionally approved in August 2016. The clearance certificate with protocol number H16/07/05 is attached as Appendix C. The unconditional approval of this application was based on the undertakings contained in the cover letter, which accompanied each questionnaire.
- **Cover letter:** the researcher introduced himself to respondents and indicated the qualification being studied. The title and purpose of the study was explained to respondents. The requirements for participating in this study including issues of confidentiality, access to the final report and the voluntary participation, were also communicated. Furthermore, contact details of the researcher, supervisor and the Human Research Ethics Clearance representative were furnished to respondents, should they want to express any ethical concerns they could possibly have about the questionnaire or study.

*6.3.4.7 Data analysis*

**a) Descriptive statistics**

Data is mostly collected in enormous quantities, hence the importance of condensing and summarising it in tabular, graphical and numerical form in order to make meaningful findings

(Willoughby, 2015). Section A of this study, which contained questions about the type of phone and years of ownership, respondents' intention to switch phones, their age, gender, ethnicity, social status and level of education, are presented in frequency distribution tables. To summarise respondents' responses to various measurement scale questions in Section B, the mean and standard deviation were used to describe the proportion of respondents who answered certain questions in a particular manner. Percentages of the degree to which respondents agreed or disagreed with the statements that measured the constructs are also provided in the descriptive section. The results are all presented in Chapter 7.

**b) Analysing the reliability of the measurement scales**

Reliability, which tests the degree of consistency of a measuring instrument when measuring variables, is fundamental (Sekaran & Bougie, 2013), since it ensures that findings are consistent and precise (Feinberg *et al.*, 2013). In this study, Cronbach's alpha and composite reliability values were used to measure the internal consistency of the scale items (Londonoa, Davies & Elms, 2017; Hair *et al.*, 2014:111; Zikmund & Babin, 2013:257). These values vary between 0 and 1 and the closer the value is to 1, the greater the internal consistency (Wang, 2017; Ndikubwimana & Berndt, 2016). Empirically, any values ranging from 0.60 to 0.95 are acceptable (Alonso-Almedia, Perramon & Bagur-Femenias, 2017; Arslanagic-Kalajdzic & Zabkar, 2017; Tavakol & Dennick, 2011). In this case, internal consistency, which signify that all the items measure the same construct (Tang, Cui & Babenko, 2014), would have been attained. The Cronbach's alpha and composite reliability results obtained for this study's constructs are discussed in Chapter 7.

**c) Assessment of multivariate normality**

Normality entails statistically transforming and correcting non-normally distributed data (Garson, 2012) to eliminate erroneous goodness of fit (Koubaa, Tabbane & Jallouli, 2014). This study used SEM, a multivariate statistical technique, to analyse data and assess normality, which is an essential underlying prerequisite to ascertain direct and indirect relationships among multiple constructs (Gunzler, Chen, Wu & Zhang, 2013). Normality can be established through assessing Skewness and Kurtosis values, ANOVA, multivariate analysis of variance (MANOVA), Pearson correlation coefficient, Kolmogorov-Smirnov test, Wilcoxon rank test,

Sign test, Mann Whitney U test and Kruskal Wallis test, to highlight a few (Usman, 2016; Egboro, 2015; Koubaa *et al.*, 2014; Nimon, 2012; Arnold & Emerson, 2011; Sukkasem, 2010).

Before deciding on the use of any of the aforementioned normality tests, the researcher needs to first assess whether his/her data is parametric or non-parametric. Parametric data are usually obtained from large sample of the target population and are normally distributed according to a scree plot test. When a data is parametric in nature, Skewness and Kurtosis parametric statistics and Pearson correlation can be conducted. Non-parametric data is not normally distributed and requires Kolmogorov-Smirnov test, Mann Whitney U test and Wilcoxon rank test to assess normality (Randolph & Myers, 2013). Testing and finding that this study's data was parametric or normally distributed, Skewness and Kurtosis parametric statistics and Pearson correlation was used to assess normality. The values are presented and discussed in Chapter 7. Upon establishing multivariate normality, factor analysis can be performed (Yong & Pearce, 2013).

**d) Exploratory factor analysis (EFA) or confirmatory factor analysis (CFA)?**

The EFA and CFA are two major factor analysis techniques (Yong & Pearce, 2013), hence a researcher needs to decide whether to consider EFA or CFA when conducting factor analysis (Izquierdo, Olea & Abad, 2014). EFA is appropriate when new and unvalidated measurement scales are used in the development of a questionnaire (Rusuli, Tasmin, Takala & Norazlin, 2013; Yong & Pearce, 2013). In contrast, CFA is appropriate where measurement scales used to develop study's questionnaire are based on prior research studies (Brown, 2015; Izquierdo *et al.*, 2014). Considering that the scales for this study were adapted from previous studies, CFA was deemed appropriate to conduct factor analysis. In addition to showing how items load to their respective constructs, as does EFA, CFA also determines the extent to which a model fits to a data and thus calculates the goodness-of-fit indices (de Carvalho & Chima, 2014; Petrescu, 2013).

The credibility of factor analysis results is underpinned by the sample size. Tabachnick and Fidell (2007) recommend that 100 to 150 cases is sufficient to compute factor analysis. Whereas, McNeish (2016) posit that for a sample size to be suitable for factor analysis, it should be constituted by 200 and 250 respondents. Yong and Pearce (2013) and Hooper (2012) prescribe that at least 300 participants are required. Meanwhile, Siddiqui (2013) asserts that for

a factor analysis to produce undistorted results, a sample size of 400 or greater is adequate. A variables-to-factors ratio is also one method used to determine the adequacy of sample size in order to conduct factor analysis. MacCallum, Widaman, Preacher and Hong (2001) recommend a ratio of 1:4 or more. According to the same method, Mundfrom, Shaw & Ke (2009) suggest a ratio of at least 1:7. The sample size of this study consisted of 651 respondents, with a variables-to-factors ratio of 1:11 (651 ÷ 60 items). Therefore, the sample size and variables-to-factors ratio recommendations by various authors were met.

**e) Structural equation modeling (SEM)**

SEM, where each theoretical construct is represented by a variable, is undoubtable a formidable multivariate analysis method to test a proposed theory or model against reality (Svensson, 2015; Petrescu, 2013; Alavi & Ghaemi, 2011). This statistical technique is vigorous, owing to its ability to analyse intricate interrelationships between exogenous and endogenous variables concurrently (Malang-Indonesia, 2014; Davcik, 2014; Alavi & Ghaemi, 2011). In other words, SEM analyses unobservable and observed variables (de Carvalho & Chima, 2014), expressed in relationships and designed in a conceptual model, path diagram and by means of mathematical equations (Gunzler *et al.*, 2013).

The conceptual model, which is habitually underpinned by well-established theories, is tested using SEM to assess the hypothesised relationships among latent variables (Hair, Hollingsworth, Randolph & Chong, 2017; Hampton, 2015; de Carvalho & Chima, 2014; Gunzler *et al.*, 2013; Hoe, 2008). SEM surpasses conventional multivariate statistical methods (e.g. regression and MANOVA), because further analysis of structural relationships is systematically conducted upon attaining acceptable goodness-of-fit levels (Rocha & Chelladurai, 2012). SEM therefore starts with CFA, which determines the model fit to the data, thus reducing potential measurement errors associated with latent variables (de Carvalho & Chima, 2014; Petrescu, 2013). In contrast, a standard technique like regression relies on ad hoc methods that combine two or more equations to derive results (Gunzler *et al.*, 2013).

There are two approaches to SEM, namely partial least squares SEM (PLS-SEM) and covariance-based SEM (CB-SEM) (Hair, Gabriel & Patel, 2014; Hair, Sarstedt, Ringle & Mena, 2012). The PLS-SEM is appropriate where sample sizes are small and data is not required to be normally distributed (Jannoo, Yap, Auchoybur & Lazim, 2014; Hair *et al.*,

2012). In instances where the study's conceptual model is underpinned by solid theoretical frameworks (Richter, Sinkovics, Ringle & Schlägel, 2016), the CB-SEM approach is suitable. Furthermore, when the conceptual model is complex and a relatively large sample is attained, the CB-SEM approach is endorsed (Ingenhoff & Buhmann, 2016). In this study, four theoretical frameworks were used to conceptualise the final model which consisted of 60 items measuring 10 constructs. The sample size of 651 respondents for this study was relatively large. Based on these reasons, as well as the fact that international business studies mostly utilise CB-SEM (Richter *et al.*, 2016; Janno *et al.*, 2014), this approach was deemed as the auspicious technique to test the proposed hypotheses. The AMOS Graphics 24 was used to graphically illustrate the model. The nucleus of SEM centres around two phases, these being the measurement model and structural model (de Carvalho & Chima, 2014; Alavi & Ghaemi, 2011).

***e1) The measurement model phase***

The measurement model is the relation between indicators and variables in order to unravel the unidimensionality of latent variables (Malang-Indonesia, 2014:7302). The measurement model phase is validated primarily through the CFA process (Koubaa *et al.*, 2014; Alavi & Ghaemi, 2011). This process ascertains whether the variables effectively measure the hypothetical constructs (de los Ángeles Morata-Ramírez & Holgado-Tello, 2013; Tzeng & Douglas, 2012). Therefore, for the measurement model to be valid, the relationship between latent variables and their respective constructs should be assessed (de Carvalho & Chima, 2014). Assessing how the proposed model fits the theory underlies the acceptance or rejection of a model in SEM modeling (Alavi & Ghaemi, 2011). According to Malhotra *et al.* (2012), SEM evaluates multiple relationships, hence the predictive accuracy of a model has to be determined. There are three categories of model fit indices that can be used to assess the goodness-of-fit of the measurement model. These are:

- **Incremental fit indices:** these indices, which indicate how well the specified model fits the sample data, are represented by comparative fit index (CFI), normed fit index (NFI), non-normed fit index (NNFI), Tucker Lewis index (TLI) and relative non-centrality index (RNI) (Khine, 2013; Malhotra *et al.*, 2012)
- **Absolute fit indices:** they measure how well the specified model reproduces the data (Khine, 2013:14). This is represented by goodness-of-fit-index (GFI), adjusted goodness-of-fit-index (AGFI), chi-square ($\chi^2$), normed chi-square ($\chi^2/df$), root mean

square residual (RMSR), standardised root mean square residual (SRMR) and root mean square error of approximation (RMSEA) (Koubaa *et al.*, 2014; Asyraf & Afthanorhan, 2013; Byrne, 2012; Alavi & Ghaemi, 2011).

- **Parsimony fit indices:** these indices provide the number of parameters required to achieve a specific level of model fit (Schumacker & Lomax, 2016:116). Parsimony fit indices are constituted by parsimony goodness-of-fit index (PGFI) and parsimony normed fit index (PNFI) (Malhotra *et al.*, 2012).

There is no standard rule on which fit indices to use when evaluating a measurement model as all indices exhibit divergent aspects of model fit (Hooper, Coughlan & Mullen, 2008). Nevertheless, it is recommended that multiple indices from different categories (i.e. absolute, incremental and parsimony) be reported (Siddiqui, Mirani & Fahim, 2015). Hair, Black, Babin and Anderson (2014) suggest that three to four fit indices are sufficient to provide adequate evidence of model fit. Consistent with these recommendations, the commonly utilised indices from two categories (Adedeji, Sidique, Rahman & Law, 2016; Rios & Wells, 2014) were used to assess the measurement model of this study. The recommended cut-off values for the chosen goodness-of-fit indices are presented in Table 6.10.

**Table 6.10: Choice of fit indices and cut-off value criteria**

| Fit indices | Abbreviation | Category | Acceptable level |
|---|---|---|---|
| Normed-c*hi-square* | $\chi^2/df$ | Absolute index | <3 |
| Goodness-of-fit | GFI | Absolute index | >0.90 |
| Tucker-Lewis index | TLI | Incremental index | >0.95 |
| Comparative fit index | CFI | Incremental index | >0.95 |
| Root mean square error of approximation | RMSEA | Absolute index | <0.06 |

Sources: Tlapa, Limon, García-Alcaraz, Baez and Sánchez (2016:944); Limbu (2017:13); Topping (2016:102)

The measurement model was further assessed for construct validity, which aims to understand the theoretical foundations underlying the obtained measurements (McDaniel & Gates, 2013). Convergent and discriminant validity are two statistical measures constituting construct validity (Sekaran & Bougie, 2013). The measurement model's convergent validity was ascertained using the standardised factor loadings, construct reliability and AVE. Standardised factor loadings of 0.50 or higher (Mu, 2016; Jayasinghe-Mudalige, Udugama and Ikram, 2012), a construct reliability exceeding the threshold of 0.70 (Tlapa *et al.*, 2016; Kleine and

Weißenberger, 2013) and AVE values higher than 0.50 (Hair *et al.*, 2014) demonstrate adequate evidence of convergent validity. To establish discriminant validity, it is desirable to ascertain whether a particular construct is distinct from other constructs (Voorhees, Brady, Calantone & Ramirez, 2016; Hair *et al.*, 2013). Therefore, discriminant validity prevails when the correlation between exogenous constructs is less than 0.85 (Afthanorhan, Ahmad & Mamat, 2014). The computation and discussion of these values is presented in Chapter 7. Upon affirming the reliability and validity of the measurement model, the appropriate procedure is to assess the structural model results (Sarstedt, Ringle, Smith, Reams & Hair, 2014; Malhotra *et al.*, 2012).

***e2) The structural model phase***

Structural model illustrates relations among latent variables, which is best represented by path diagrammes (Malang-Indonesia, 2014; Gunzler *et al.*, 2013; Alavi & Ghaemi, 2011). The path analysis quantifies cause-and-effect relationships between observed variables in the model (Byrne, 2013; Tzeng & Douglas, 2012). This makes it possible to examine the structural relationships in order to answer the study's research questions and subsequent hypotheses (de Carvalho & Chima, 2014). The coefficient of determination ($R^2$) which ranges from 0 to 1, is used to measure the structural model's predictive accuracy (Sarstedt *et al.*, 2014). An $R^2$ value of 0.26-0.49; 0.50-0.69; 0.70-0.89 and 0.90-1.00 signify a low, moderate, high and very high predictive power and relationship respectively (Fitzpatrick & Kazer, 2012). These values explain how much of the variance in the endogenous latent variables is accounted for by their independent latent variables (Ravand & Baghaei, 2016:4). In other words, they measure the extent to which all the independent variables help to predict the dependent variable (Hanneman, Kposowa & Riddle, 2013:469). Hence in this study, $R^2$ was used to explain the variation caused by the independent variable to the dependent variable. Whether the independent variable significantly predicts or explains the dependent variable, depends on the p-values obtained.

When CB-SEM is used like in this study, statistical significance is determined by p-values, unlike t-values used for PLS-SEM. The *p*-value, which is commonly expressed in terms of two confidence intervals namely, 95% (p-value = <0.05) and 99% (p-value = <0.01), measures the amount of statistical evidence that supports the alternative hypothesis (Neelankavil, 2015:288; Easterby-Smith, Thorpe & Jackson, 2015). This value sheds more light on the significance of an empirical result (Kent, 2007).

### 6.3.5 Interpretation and reporting of findings

Interpreting the data is the most crucial aspect of marketing research and entails converting raw data into information for use in managerial decisions (Pride & Ferrell, 2017; Arora & Mahankale, 2013; Rao, 2011). Data are ineffectual unless findings are analysed and reported based on the defined research problem (Iacobucci & Churchill, 2010). A researcher has an obligation to interpret findings derived from the information, draw conclusions and submit a report (Kotler, Burton, Deans, Brown & Armstrong, 2013). The report should communicate research findings in a simple manner so that decision makers are able to understand and use the report to make informed decisions (Arora & Mahankale, 2013). Chapter 7 will present the results, while Chapter 8 will interpret the findings.

## 6.4 CONCLUSION

This chapter outlined the research methodology pursued in this study. The research design of this study was informed by the research philosophy and approach, which provided a guide on how to conduct valid research. To carry out valid research, a marketing research process, consisting of the seven intertwined steps was adopted. This process discussed in detail, the purpose of the study, the research strategy chosen and the reliability and validity of the measurement instrument (questionnaire) used. The chapter also discussed the target population, sampling frame, sampling techniques, sample size and the way in which the paper-based and online questionnaire was distributed and data collected from the undergraduate and postgraduate students at the University of Johannesburg and University of the Witwatersrand.

The chapter ended by discussing how data was analysed using descriptive statistics, conducting reliability of measurement items, multivariate normality, CFA and SEM. The next chapter presents the empirical results of the study.

# CHAPTER 7

# PRESENTATION OF RESULTS

## 7.1. INTRODUCTION

The previous chapter elaborated on the research methodology adopted to test the derived hypotheses. The purpose of this chapter is to present results of empirically testing the hypotheses with 651 Generation Y (Gen Y) consumers. The chapter commences by providing an overview of descriptive statistics with specific focus on respondents' demographics, smartphone ownership details, means and standard deviations of items and equivalent constructs. Thereafter, a discussion on confirmatory factor analysis (CFA) and reliability and validity measures undertaken to ensure data credibility will be presented. Subsequently, presentation of the structural equation modeling (SEM) results is unfolded. The chapter is concluded by providing a summary of the tested hypotheses, their respective relationship direction and subsequent acceptance or rejection status.

## 7.2. DESCRIPTIVE STATISTICS

This section provides an overview of the demographic profile of respondents surveyed in this study and the smartphones they own. This is followed by a discussion about respondents' responses to measurement items designed to measure this study's main constructs.

### 7.2.1 Demographic profile of respondents

In Section B of this study's questionnaire, respondents were required to provide demographic information related to gender, age, ethnicity, social class level and the level of education. Table 7.1 presents the results.

**Table 7.1: Demographic profile of respondents**

| Demographics features | | Frequency | Percent |
|---|---|---|---|
| **Gender** | Male | 266 | 40.9 |
| | Female | 385 | 59.1 |
| **Total** | | **651** | **100** |
| **Age (in complete years)** | 18 | 142 | 21.8% |
| | 19 | 229 | 35.2% |
| | 20 | 132 | 20.3% |
| | 21 | 76 | 11.7% |
| | 22 | 40 | 6.1% |
| | 23 | 15 | 2.3% |
| | 24 | 9 | 1.4% |
| | 25 | 8 | 1.2% |
| **Total** | | **651** | **100** |
| **Ethnicity** | Black | 493 | 75.7% |
| | Coloured | 37 | 5.7% |
| | Indian/Asian | 48 | 7.4% |
| | White | 73 | 11.2% |
| **Total** | | **651** | **100** |
| **Social class level** | Upper level | 15 | 2.3% |
| | Upper-middle level | 107 | 16.4% |
| | Middle level | 372 | 57.1% |
| | Lower-middle level | 124 | 19.1% |
| | Lower level | 33 | 5.1% |
| **Total** | | **651** | **100** |
| **Level of education** | Undergraduate | 631 | 96.9% |
| | Postgraduate | 20 | 3.1% |
| | **Total** | **651** | **100** |

According to the results presented above in Table 7.1, 41% of respondents were males, while 59% were females. This distribution is either a reflection of the gender composition of the population of South Africa (Statistics South Africa, 2016:17), a higher percentage of females willing to participate in the study, or a reflection of the gender position of the departments (marketing and management) where the study was conducted. In terms of age, 100% of respondents were between the ages of 18 and 25 years, because that was the targeted age of the study, and respondents who did not fall in this age category were not given the chance to participate through a screening question.

The racial composition of respondents closely resembled the racial profile of the South African population, which in 2016 was made up of 81% black people, 9% coloured people, 3% Indians/Asian people and 8% white people (Statistics South Africa, 2016:21). Respondents

were further asked to indicate their social class level. While 25% of respondents associated themselves with the lower-middle and lower level classes, the majority of respondents (73.5%) were from the upper-middle level and middle level social classes, probably due to the growing black middle class reported in South Africa by the University of Cape Town Unilever Institute (2013).

### 7.2.2 Smartphone ownership details

In Section A of the questionnaire, respondents were mainly asked to indicate the name of smartphones they owned. This was done to ascertain which brands are currently being used in the market. Since this study's focus is on the Samsung brand, respondents who owned a Samsung mobile phone were further required to divulge for how long they have used this brand and if they had any intention to switch from Samsung to another phone. The results obtained for these questions are presented in Table 7.2.

**Table 7.2: Smartphone ownership details**

| **Smartphone ownership details** | | **Frequency** | **Percent** |
|---|---|---|---|
| **Brand names of smartphones** | Samsung | 651 | 85.8% |
| | iPhone | 29 | 3.8% |
| | Blackberry | 13 | 1.7% |
| | Huawei | 22 | 2.9% |
| | Nokia | 25 | 3.3% |
| | Other: | 18 | 2.4% |
| | *Sony* | *7* | *0.9%* |
| | *LG* | *3* | *0.4%* |
| | *Vodafone* | *3* | *0.4%* |
| | *Hisense* | *2* | *0.3%* |
| | *Lenovo* | *1* | *0.1%* |
| | *Microsoft* | *1* | *0.1%* |
| | *ZTE* | *1* | *0.1%* |
| **Total** | | **758*** | **100** |
| **Years of Samsung smartphone ownership** | <1 year | 272 | 41.8% |
| | 1 – 3 years | 271 | 41.6% |
| | 3 – 5 years | 79 | 12.1% |
| | 5 – 7 years | 27 | 4.1% |
| | 7 – 10 years | 2 | 0.3% |
| **Total** | | **651** | **100** |
| **Intention to change Samsung to another phone** | Yes | 54 | 8.3% |
| | No | 651 | 91.7% |
| **Total** | | **705**** | **100** |

***Note:** there are instances where some respondents had more than one smartphone, hence the total number of 758, which does not correspond with the final sample size number (651). ****Note:** the total number of 705 is different from the final sample size (651), because this study targeted only respondents who had Samsung smartphone brand and were loyal to it in terms of not harbouring any intentions to switch from Samsung to other phone brands.

In a study conducted by Romaniuk and Nenycz-Thiel (2016) on smartphone brand ownership across emerging markets (i.e. India, China, Russia, Brazil, Indonesia and South Korea), Samsung was the most owned phone brand in all the studied countries. Therefore, it interesting to note that even in South Africa, Samsung (86%) was the preferred and the most owned phone brand.

With regards to how long Samsung users have owned the brand, 42% of these respondents pointed out a duration of less than a year. The same number of respondents (42%) also indicated an ownership period of between one and three years. The rest of respondents (17%) have owned the Samsung mobile phone for three to ten years. This results should be interpreted in light of the fact that the respondents are young students, who have not owned a phone for too long.

The last descriptive statistics focused on the intention of Samsung mobile phone users to switch to other phone brands. It was interesting to note that up to 92% of respondents had no intention to switch from Samsung mobile phone brand to a competing brand. This indicates a loyalty to the Samsung brand among Generation Y consumers in South Africa.

### 7.2.3 Construct means and corresponding standard deviations

In this study, 10 constructs measured by validated items were assessed. This section reports means and standard deviations of these constructs.

#### *7.2.3.1 Brand awareness*

The brand awareness construct was assessed using three statements on a five-point Likert scale.

**Table 7.3: Brand awareness means and standard deviations**

| Description of items | Mean | SD | 1 | 2 | 3 | 4 | 5 | Total |
|---|---|---|---|---|---|---|---|---|
| Features of the Samsung mobile phone quickly come up in my mind. | 4.15 | 0.96 | 14<br>2.2% | 25<br>3.8% | 101<br>15.5% | 222<br>34.1% | 289<br>44.4% | 651<br>100% |
| I think of the Samsung mobile phone first among many mobile phones. | 3.68 | 1.24 | 50<br>7.7% | 58<br>8.9% | 157<br>24.1% | 169<br>26% | 217<br>33.3% | 651<br>100% |
| I think the Samsung mobile phone is a leader in the mobile phone industry. | 3.51 | 1.18 | 53<br>8.1% | 58<br>8.9% | 199<br>30.6% | 188<br>28.9% | 153<br>23.5% | 651<br>100% |
| **Overall** | **3.78** | **1.13** | | | | | | |

**Note:** SD signifies standard deviation; 1 = Strongly disagree; 2 = Disagree; 3 = Neutral; 4 = Agree; 5 = Strongly agree

Descriptive statistics in Table 7.3 reflect an overall mean and standard deviation values of 3.78 and 1.13, respectively. This reveals that respondents were fairly aware of the Samsung mobile phone brand. This is further substantiated by 77% of respondents who indicated that they can recall features of the Samsung mobile phone brand and think about it first over competing brands[2].

*7.2.3.2 Brand image*

Respondents were required to indicate the image they have of the Samsung mobile phone brand.

**Table 7.4: Brand image means and standard deviations**

| Description of items | Mean | SD | 1 | 2 | 3 | 4 | 5 | Total |
|---|---|---|---|---|---|---|---|---|
| Using the Samsung mobile phone makes me feel superior. | 3.20 | 1.17 | 71<br>10.9% | 83<br>12.7% | 237<br>36.4% | 165<br>25.3% | 95<br>14.6% | 651<br>100% |
| The Samsung mobile phone represents efficiency. | 3.78 | 1.00 | 22<br>3.4% | 41<br>6.3% | 159<br>24.4% | 264<br>40.6% | 165<br>25.3% | 651<br>100% |
| Compared with other mobile phones, the brand | 3.70 | 1.13 | 34<br>5.2% | 62<br>9.5% | 151<br>23.2% | 219<br>33.6% | 185<br>28.4% | 651<br>100% |

[2] Total of **strongly agree** for item 1 and 2

| Description of items | Mean | SD | 1 | 2 | 3 | 4 | 5 | Total |
|---|---|---|---|---|---|---|---|---|
| image of Samsung mobile phone is unique. | | | | | | | | |
| I have a good impression on the overall image of the Samsung mobile phone. | 4.01 | 0.94 | 13<br>2% | 28<br>4.3% | 119<br>18.3% | 267<br>41% | 224<br>34.4% | 651<br>100% |
| I trust the Samsung mobile phone. | 4.07 | 1.04 | 26<br>4% | 23<br>3.5% | 106<br>16.3% | 221<br>33.9% | 275<br>42.2% | 651<br>100% |
| **Overall** | **3.75** | **1.06** | | | | | | |

**Note:** SD signifies standard deviation; 1 = Strongly disagree; 2 = Disagree; 3 = Neutral; 4 = Agree; 5 = Strongly agree

As evidenced in Table 7.4, the Samsung brand generally had a good image among respondents if one looks at the overall mean of 3.78 and standard deviation of 1.06. When asked to rate the overall image of the Samsung mobile phone, 75% of respondents responded positively to this statement[3]. Furthermore, 65% of respondents felt that the Samsung mobile phone represents efficiency[4]. Lastly, 76% of respondents indicated that they trust the brand[5].

*7.2.3.3 Perceived quality*

The overall mean (3.88) and standard deviation (0.94) for the items measuring perceived quality are presented in Table 7.5.

**Table 7.5: Perceived quality means and standard deviations**

| Description of items | Mean | SD | 1 | 2 | 3 | 4 | 5 | Total |
|---|---|---|---|---|---|---|---|---|
| The quality of the Samsung mobile phone is extremely high. | 3.90 | 0.96 | 17<br>2.6% | 32<br>4.9% | 139<br>21.4% | 276<br>42.4% | 187<br>28.7% | 651<br>100% |
| The Samsung mobile phone has consistent quality. | 3.88 | 0.93 | 14<br>2.2% | 29<br>4.5% | 153<br>23.5% | 279<br>42.8% | 176<br>27% | 651<br>100% |
| The Samsung mobile phone has an acceptable standard of quality. | 4.13 | 0.84 | 4<br>0.6% | 20<br>3.1% | 106<br>16.3% | 277<br>42.5% | 244<br>37.5% | 651<br>100% |

[3] Total of **agree and strongly agree** for item 4
[4] Total of **agree and strongly agree** for item 2
[5] Total of **agree and strongly agree** for item 5

| Description of items | Mean | SD | 1 | 2 | 3 | 4 | 5 | Total |
|---|---|---|---|---|---|---|---|---|
| The performance of Samsung mobile phone is high. | 4.01 | 0.89 | 8<br>1.2% | 29<br>4.5% | 117<br>18% | 292<br>44.8% | 205<br>31.5% | 651<br>100% |
| The Samsung mobile phone consistently performs well. | 3.90 | 0.95 | 14<br>2.2% | 34<br>5.2% | 139<br>21.4% | 277<br>42.5% | 187<br>28.7% | 651<br>100% |
| The reliability of Samsung mobile phone is high. | 3.83 | 0.96 | 13<br>2% | 45<br>6.9% | 154<br>23.6% | 268<br>41.2% | 171<br>26.3% | 651<br>100% |
| The quality of Samsung mobile phone is higher in comparison to other phones. | 3.48 | 1.08 | 37<br>5.7% | 72<br>11.1% | 199<br>30.5% | 229<br>35.2% | 114<br>17.5% | 651<br>100% |
| **Overall** | **3.88** | **0.94** | | | | | | |

**Note:** SD signifies standard deviation; 1 = Strongly disagree; 2 = Disagree; 3 = Neutral; 4 = Agree; 5 = Strongly agree

Even though the overall mean shows that the quality of Samsung is perceived as good, 71% of respondents regard the quality of Samsung mobile phone as being extremely high[6], while 54% of respondents affirm that the quality of Samsung mobile phones is higher when compared to that of competing phones[7], 31% of respondents expressed impartial views on the same issue[8].

*7.2.3.4 Brand loyalty*

This construct was measured with five items on a five-point Likert scale. The descriptive statistics are showed in Table 7.6.

**Table 7.6: Brand loyalty means and standard deviations**

| Description of items | Mean | SD | 1 | 2 | 3 | 4 | 5 | Total |
|---|---|---|---|---|---|---|---|---|
| When I buy a mobile phone, a Samsung phone is always my first choice. | 3.57 | 1.37 | 77<br>11.8% | 73<br>11.2% | 128<br>19.7% | 151<br>23.2% | 222<br>34.1% | 651<br>100% |
| I'm loyal to the Samsung mobile phone. | 3.56 | 1.33 | 72<br>11.1% | 65<br>10% | 151<br>23.2% | 154<br>23.6% | 209<br>32.1% | 651<br>100% |

[6] Total of **agree and strongly agree** for item 1
[7] Total of **agree and strongly agree** for item 7
[8] Total of **neutral** for item 7

| Description of items | Mean | SD | 1 | 2 | 3 | 4 | 5 | Total |
|---|---|---|---|---|---|---|---|---|
| I usually choose the Samsung mobile phone over other phones. | 3.56 | 1.30 | 71<br>10.9% | 66<br>10.1% | 133<br>20.5% | 190<br>29.2% | 191<br>29.3% | 651<br>100% |
| If I were to buy another mobile phone in future, I would choose the Samsung mobile phone again. | 3.47 | 1.42 | 97<br>14.9% | 67<br>10.3% | 134<br>20.6% | 141<br>21.7% | 212<br>32.6% | 651<br>100% |
| I would recommend the Samsung mobile phone to my friends and family. | 3.90 | 1.19 | 47<br>7.2% | 34<br>5.2% | 111<br>17.1% | 204<br>31.3% | 255<br>39.2% | 651<br>100% |
| **Overall** | **3.61** | **1.32** | | | | | | |

**Note:** SD signifies standard deviation; 1 = Strongly disagree; 2 = Disagree; 3 = Neutral; 4 = Agree; 5 = Strongly agree

While 55.7% of the respondents agreed to the statement that, 'I'm loyal to the Samsung mobile phone'[9], 58% of respondents were in agreement that they would normally choose the Samsung mobile phone over other alternatives[10]. According to 70% of respondents, they would be willing to recommend the Samsung mobile phone to friends and family[11]. Overall, the respondents fairly agreed that they are loyal to the Samsung brand with a mean of 3.61 and standard deviation of 1.32.

*7.2.3.5 Brand satisfaction*

The measurement scale of brand satisfaction entailed five items, measured using a five-point Likert scale. The descriptive statistics are displayed in Table 7.7.

**Table 7.7: Brand satisfaction means and standard deviations**

| Description of items | Mean | SD | 1 | 2 | 3 | 4 | 5 | Total |
|---|---|---|---|---|---|---|---|---|
| I am very satisfied with the performance of the Samsung mobile phone. | 3.84 | 0.99 | 19<br>2.8% | 42<br>6.5% | 141<br>21.7% | 270<br>41.5% | 179<br>27.5% | 651<br>100% |
| I am very happy with the Samsung mobile phone. | 3.91 | 1.01 | 19<br>2.9% | 42<br>6.4% | 125<br>19.2% | 257<br>39.5% | 208<br>32% | 651<br>100% |

[9] Total of **agree and strongly agree** for item 2
[10] Total of **agree and strongly agree** for item 3
[11] Total of **agree and strongly agree** for item 5

| Description of items | Mean | SD | 1 | 2 | 3 | 4 | 5 | Total |
|---|---|---|---|---|---|---|---|---|
| The Samsung mobile phone does a good job in satisfying my needs. | 3.97 | 1.01 | 21<br>3.3% | 34<br>5.2% | 112<br>17.2% | 258<br>39.6% | 226<br>34.7% | 651<br>100% |
| I believe that buying the Samsung mobile phone was the right decision. | 4.03 | 1.03 | 21<br>3.2% | 33<br>5.1% | 110<br>16.9% | 231<br>35.5% | 256<br>39.3% | 651<br>100% |
| I am satisfied with my decision to purchase the Samsung mobile phone. | 4.01 | 1.04 | 20<br>3.1% | 41<br>6.3% | 107<br>16.4% | 229<br>35.2% | 254<br>39% | 651<br>100% |
| Overall, I am satisfied with the Samsung mobile phone. | 3.98 | 1.03 | 21<br>3.2% | 36<br>5.5% | 121<br>18.7% | 232<br>35.6% | 241<br>37% | 651<br>100% |
| **Overall** | **3.96** | **1.02** | | | | | | |

**Note:** SD signifies standard deviation; 1 = Strongly disagree; 2 = Disagree; 3 = Neutral; 4 = Agree; 5 = Strongly agree

The overall mean and standard deviations generated for this construct were 3.96 and 1.02 respectively, thus signifying an agreement to the fact they are satisfied with the brand. While 71.5% of the 651 participants are very happy with their Samsung mobile, 74.1% are satisfied that the phone does a good job in fulfilling their needs.

*7.2.3.6 Brand love*

Brand love, as a construct was measured with six items on a five-point Likert scale. This constructs' descriptive statistics are presented in Table 7.8.

**Table 7.8: Brand love means and standard deviations**

| Description of items | Mean | SD | 1 | 2 | 3 | 4 | 5 | Total |
|---|---|---|---|---|---|---|---|---|
| The Samsung mobile phone makes me feel good. | 3.65 | 1.12 | 35<br>5.4% | 58<br>8.9% | 173<br>26.6% | 217<br>33.3% | 168<br>25.8% | 651<br>100% |
| I love the Samsung mobile phone brand. | 3.81 | 1.14 | 34<br>5.2% | 51<br>7.8% | 136<br>20.9% | 214<br>32.9% | 216<br>33.2% | 651<br>100% |
| The Samsung mobile phone is awesome. | 3.83 | 1.07 | 28<br>4.3% | 44<br>6.8% | 140<br>21.5% | 238<br>36.6% | 201<br>30.8% | 651<br>100% |
| I am passionate about the Samsung mobile phone. | 3.47 | 1.16 | 49<br>7.5% | 71<br>10.9% | 197<br>30.3% | 193<br>29.6% | 141<br>21.7% | 651<br>100% |

| Description of items | Mean | SD | 1 | 2 | 3 | 4 | 5 | Total |
|---|---|---|---|---|---|---|---|---|
| I am attached to the Samsung mobile phone. | 3.44 | 1.26 | 62<br>9.5% | 85<br>13.1% | 170<br>26.1% | 172<br>26.4% | 162<br>24.9% | 651<br>100% |
| I love the features of the Samsung mobile phone. | 4.02 | 0.98 | 16<br>2.5% | 31<br>4.8% | 115<br>17.6% | 254<br>39% | 235<br>36.1% | 651<br>100% |
| **Overall** | **3.70** | **1.12** | | | | | | |

**Note:** SD signifies standard deviation; 1 = Strongly disagree; 2 = Disagree; 3 = Neutral; 4 = Agree; 5 = Strongly agree

The overall mean of 3.70 and standard deviation of 1.12 show that the respondents fairly like the Samsung mobile phone brand. Sixty-six percent and 68% of respondents expressed their love for the Samsung mobile brand and how "awesome" they find it to be[12]. Moreover, 75% of respondents further declared their love for the features of the Samsung mobile phone[13].

*7.2.3.7 Monetary value*

Considering how expensive Samsung mobiles phones are relative to others, respondents were asked to indicate their level of agreement or disagreement with five statements measuring monetary value associated with these phones. The descriptive statistics obtained for this construct are portrayed in Table 7.9.

**Table 7.9: Monetary value means and standard deviations**

| Description of items | Mean | SD | 1 | 2 | 3 | 4 | 5 | Total |
|---|---|---|---|---|---|---|---|---|
| The Samsung mobile phone is good value for money. | 4.05 | 0.96 | 17<br>2.6% | 23<br>3.5% | 110<br>16.9% | 261<br>40.1% | 240<br>36.9% | 651<br>100% |
| Relative to other phones, the Samsung mobile phone is a good buy. | 4.00 | 0.93 | 11<br>1.7% | 31<br>4.8% | 121<br>18.6% | 272<br>41.7% | 216<br>33.2% | 651<br>100% |
| The Samsung mobile phone offers satisfactory value considering how much it costs. | 4.04 | 0.89 | 7<br>1.1% | 26<br>4% | 128<br>19.7% | 266<br>40.8% | 224<br>34.4% | 651<br>100% |
| The Samsung mobile phone is reasonably priced. | 3.89 | 1.06 | 21<br>3.2% | 49<br>7.5% | 134<br>20.6% | 224<br>34.4% | 223<br>34.3% | 651<br>100% |

[12] Total of **agree and strongly agree** for item 2 and 3, respectively
[13] Total of **agree and strongly agree** for item 6

| Description of items | Mean | SD | 1 | 2 | 3 | 4 | 5 | Total |
|---|---|---|---|---|---|---|---|---|
| When I bought the Samsung mobile phone, I felt that I am getting a good deal. | 4.00 | 0.98 | 15<br>2.3% | 32<br>4.9% | 124<br>19% | 248<br>38.2% | 232<br>35.6% | 651<br>100% |
| **Overall** | **3.99** | **0.96** | | | | | | |

**Note:** SD signifies standard deviation; 1 = Strongly disagree; 2 = Disagree; 3 = Neutral; 4 = Agree; 5 = Strongly agree

The overall mean of 3.99 and standard deviation of 0.96 imply that respondents felt that they are getting value for money from Samsung mobile phones. In line with this inference, 77% of respondents feel that Samsung mobile phones offer good value for money[14]. A further 75% of respondents indicated that considering how much these phones cost, they are satisfied with value derived from them[15].

*7.2.3.8 Functional value*

The functional value construct was measured with six items on a five-point Likert scale.

**Table 7.10: Functional value means and standard deviations**

| Description of items | Mean | SD | 1 | 2 | 3 | 4 | 5 | Total |
|---|---|---|---|---|---|---|---|---|
| The Samsung mobile phone provides excellent performance. | 3.91 | 0.96 | 15<br>2.3% | 35<br>5.4% | 139<br>21.4% | 269<br>41.3% | 193<br>29.6% | 651<br>100% |
| The Samsung mobile phone is reliable. | 3.89 | 0.99 | 20<br>3.1% | 38<br>5.8% | 126<br>19.4% | 275<br>42.2% | 192<br>29.5% | 651<br>100% |
| The Samsung mobile phone is durable. | 3.83 | 1.06 | 26<br>4% | 42<br>6.5% | 144<br>22.1% | 241<br>37% | 198<br>30.4% | 651<br>100% |
| The Samsung mobile phone performs according to my expectations. | 3.86 | 1.02 | 23<br>3.5% | 42<br>6.5% | 129<br>19.8% | 268<br>41.2% | 189<br>29% | 651<br>100% |
| The Samsung mobile phone is dependable. | 3.85 | 0.98 | 21<br>3.2% | 28<br>4.3% | 158<br>24.3% | 262<br>40.2% | 182<br>28% | 651<br>100% |

[14] Total of **agree and strongly agree** for item 1
[15] Total of **agree and strongly agree** for item 3

| Description of items | Mean | SD | 1 | 2 | 3 | 4 | 5 | Total |
|---|---|---|---|---|---|---|---|---|
| The Samsung mobile phone functions very well. | 3.98 | 0.96 | 21<br>3.2% | 21<br>3.2% | 121<br>18.6% | 277<br>42.5% | 211<br>32.5% | 651<br>100% |
| **Overall** | **3.89** | **1.00** | | | | | | |

**Note:** SD signifies standard deviation; 1 = Strongly disagree; 2 = Disagree; 3 = Neutral; 4 = Agree; 5 = Strongly agree

As depicted in Table 7.10, 71% of respondents have an impression that Samsung mobile phones perform excellently[16]. Samsung's reliability, an important item, which measures functional value, was appreciated by 72% of respondents[17]. Also, 76% of respondents affirmed that the Samsung mobile phone functions very well[18]. Overall however, the respondents agreed to a fair extent that they receive functional value from the Samsung brand, with a mean of 3.89.

*7.2.3.9 Symbolic value*

In the literature review presented in Chapter 3, it was found that Gen Y consumers are influenced by symbolism or status when buying a mobile phone. However, the results illustrated in Table 7.11 dispute this argument.

**Table 7.11: Symbolic value means and standard deviations**

| Description of items | Mean | SD | 1 | 2 | 3 | 4 | 5 | Total |
|---|---|---|---|---|---|---|---|---|
| The Samsung mobile phone makes me feel that I am successful. | 2.98 | 1.21 | 98<br>15.1% | 107<br>16.4% | 236<br>36.2% | 130<br>20% | 80<br>12.3% | 651<br>100% |
| The Samsung mobile phone design is stylish. | 4.02 | 1.00 | 19<br>2.9% | 30<br>4.6% | 112<br>17.2% | 248<br>38.1% | 242<br>37.2% | 651<br>100% |
| Using the Samsung mobile phone makes a good impression on other people. | 3.62 | 1.10 | 41<br>6.3% | 40<br>6.1% | 198<br>30.4% | 220<br>33.8% | 152<br>23.4% | 651<br>100% |
| The Samsung mobile phone indicates that I have a good lifestyle. | 3.22 | 1.25 | 88<br>13.5% | 75<br>11.5% | 204<br>31.3% | 171<br>26.3% | 113<br>17.4% | 651<br>100% |

[16] Total of **agree and strongly agree** for item 1
[17] Total of **agree and strongly agree** for item 2
[18] Total of **agree and strongly agree** for item 6

| Description of items | Mean | SD | 1 | 2 | 3 | 4 | 5 | Total |
|---|---|---|---|---|---|---|---|---|
| The Samsung mobile phone is a reflection of my social status. | 3.08 | 1.30 | 105<br>16.1% | 100<br>15.4% | 196<br>30.1% | 140<br>21.5% | 110<br>16.9% | 651<br>100% |
| The Samsung mobile phone is a symbol of prestige. | 3.07 | 1.22 | 96<br>14.6% | 91<br>14% | 223<br>34.3% | 156<br>24% | 84<br>13.1% | 651<br>100% |
| I chose a Samsung mobile phone because my peers also have it. | 2.40 | 1.44 | 270<br>41.5% | 101<br>15.5% | 110<br>16.9% | 92<br>14.1% | 78<br>12% | 651<br>100% |
| **Overall** | **3.20** | **1.22** | | | | | | |

**Note:** SD signifies standard deviation; 1 = Strongly disagree; 2 = Disagree; 3 = Neutral; 4 = Agree; 5 = Strongly agree

Despite 57% of respondents agreeing with the statement that the Samsung mobile phone makes a good impression on other people[19], the overall mean of 3.20 and a standard deviation of 1.22 suggest that respondents were neutral in their responses. On an item-by-item basis for instance, 30% and 34% of respondents responded impartially to statements 5 and 6 respectively, which referred to the Samsung mobile phone as a product of high prestige and a symbol of status. What is even more compelling is that when respondents were asked to indicate their level of agreement or disagreement with the following statement: 'I chose a Samsung mobile phone because my peers also have it', 58% of respondents did not concur[20].

*7.2.3.10 Overall brand equity*

The overall brand equity construct was measured using four items to ascertain the preferential value of the Samsung mobile phone brand among Gen Y consumers. Table 7.12 depicts respondents' responses.

[19] Total of **agree and strongly agree** for item 3
[20] Total of **disagree and strongly disagree** for item 7

**Table 7.12: Overall brand equity means and standard deviations**

| Description of items | Mean | SD | 1 | 2 | 3 | 4 | 5 | Total |
|---|---|---|---|---|---|---|---|---|
| It makes sense to buy the Samsung mobile phone instead of another phone, even if they are similar. | 3.53 | 1.25 | 60<br>9.2% | 69<br>10.6% | 163<br>25% | 184<br>28.3% | 175<br>26.9% | 651<br>100% |
| Even if there is another phone as good as the Samsung mobile phone, I would still prefer to buy Samsung. | 3.32 | 1.34 | 92<br>14.1% | 79<br>12.1% | 167<br>25.7% | 154<br>23.7% | 159<br>24.4% | 651<br>100% |
| Even when the price of other phones is reduced, I will still prefer to buy a Samsung phone. | 3.04 | 1.39 | 132<br>20.3% | 100<br>15.4% | 148<br>22.7% | 152<br>23.3% | 119<br>18.3% | 651<br>100% |
| Even if the price of the Samsung mobile phone is higher than other phones, I would still buy a Samsung phone. | 2.91 | 1.42 | 157<br>24.1% | 101<br>15.5% | 149<br>22.9% | 130<br>20% | 114<br>17.5% | 651<br>100% |
| **Overall** | **3.20** | **1.35** | | | | | | |

**Note:** SD signifies standard deviation; 1 = Strongly disagree; 2 = Disagree; 3 = Neutral; 4 = Agree; 5 = Strongly agree

It is interesting to note that respondents expressed differing opinions in this regard. For instance, item 3 asked 'if respondents would still prefer the Samsung mobile phone if the price of competing phones was reduced', 35% and 41% of respondents disagreed[21] and agreed[22] respectively with this statement. The trend for item 4 (which attempted to establish if respondents would still buy the Samsung mobile phone even if its price was higher than competing phones) was similar, as 40% and 38% of respondents also disagreed[23] and agreed[24] respectively with this statement. These responses explain the just average overall mean and stand deviation of 3.20 and 1.35, respectively. These suggest that even though respondents love the Samsung brand, they may not be willing to pay a higher price for it and may not respond to it preferentially.

[21] Total of **disagree and strongly disagree** for item 3
[22] Total of **agree and strongly agree** for item 3
[23] Total of **disagree and strongly disagree** for item 4
[24] Total of **agree and strongly agree** for item 4

Another important descriptive statistics to be examined is the CFA, with which data normality and goodness-of-fit are assessed. These tests are essential steps before hypotheses testing is conducted. The next section discusses the CFA.

## 7.3 CONFIRMATORY FACTOR ANALYSIS

The CFA was used to confirm if the constructs were delineated in accordance with the applicable theory (de los Ángeles Morata-Ramírez & Holgado-Tello, 2013). The 60 measurement items and the corresponding 10 constructs were captured into an *a*nalysis of moment structures (AMOS) Graphics version 24 software to implement the CFA. The results produced from the CFA are those from the assessment of normality, test of goodness of model fit and factor loadings. They are presented in the following sub-sections.

### 7.3.1 Assessment of normality

The assessment of normality entails statistically transforming and correcting non-normally distributed data to eliminate erroneous goodness of fit (Koubaa, Tabbane & Jallouli, 2014; Garson, 2012). The normality of data was examined by analysing the skewness and kurtosis values of the measurement items as presented in Table 7.13.

In order to declare that data is normally distributed, skewness and kurtosis values should be within the absolute value of 2 (i.e. range of +2 to -2) (Salelaw & Singh, 2016:20; Garson, 2012:18-19). The skewness and kurtosis values obtained for this study's data ranged from 0.016 – 1.179 and 1.116 – 1.286, respectively (see Table 7.13). These values indicate that the data were normally distributed for further analysis.

**Table 7.13: Assessment of normality**

| Variable | Min | Max | Skewness | c.r. | Kurtosis | c.r. |
|---|---|---|---|---|---|---|
| OBE4 | 1 | 5 | **0.016** | 0.166 | **-1.286** | -6.7 |
| OBE3 | 1 | 5 | -0.116 | -1.21 | -1.227 | -6.393 |
| OBE2 | 1 | 5 | -0.343 | -3.569 | -0.998 | -5.199 |
| OBE1 | 1 | 5 | -0.531 | -5.529 | -0.655 | -3.413 |
| SV7 | 1 | 5 | 0.536 | 5.581 | -1.123 | -5.85 |
| SV6 | 1 | 5 | -0.182 | -1.897 | -0.795 | -4.142 |
| SV5 | 1 | 5 | -0.122 | -1.266 | -0.998 | -5.2 |

| Variable | Min | Max | Skewness | c.r. | Kurtosis | c.r. |
|---|---|---|---|---|---|---|
| SV4 | 1 | 5 | -0.311 | -3.242 | -0.793 | -4.129 |
| SV3 | 1 | 5 | -0.625 | -6.507 | -0.046 | -0.241 |
| SV2 | 1 | 5 | -1.031 | -10.741 | 0.797 | 4.149 |
| SV1 | 1 | 5 | -0.056 | -0.583 | -0.774 | -4.032 |
| FV6 | 1 | 5 | -1.035 | -10.782 | **1.116** | 5.811 |
| FV5 | 1 | 5 | -0.797 | -8.299 | 0.513 | 2.671 |
| FV4 | 1 | 5 | -0.869 | -9.055 | 0.416 | 2.168 |
| FV3 | 1 | 5 | -0.808 | -8.417 | 0.196 | 1.022 |
| FV2 | 1 | 5 | -0.893 | -9.302 | 0.558 | 2.908 |
| FV1 | 1 | 5 | -0.799 | -8.318 | 0.425 | 2.215 |
| MV5 | 1 | 5 | -0.911 | -9.494 | 0.533 | 2.778 |
| MV4 | 1 | 5 | -0.803 | -8.36 | 0.034 | 0.178 |
| MV3 | 1 | 5 | -0.77 | -8.02 | 0.349 | 1.818 |
| MV2 | 1 | 5 | -0.866 | -9.025 | 0.579 | 3.015 |
| MV1 | 1 | 5 | -1.065 | -11.094 | 1.083 | 5.643 |
| BLO6 | 1 | 5 | -0.978 | -10.184 | 0.713 | 3.714 |
| BLO5 | 1 | 5 | -0.408 | -4.254 | -0.808 | -4.209 |
| BLO4 | 1 | 5 | -0.44 | -4.588 | -0.519 | -2.701 |
| BLO3 | 1 | 5 | -0.82 | -8.54 | 0.161 | 0.836 |
| BLO2 | 1 | 5 | -0.801 | -8.347 | -0.075 | -0.392 |
| BLO1 | 1 | 5 | -0.602 | -6.273 | -0.264 | -1.375 |
| BS6 | 1 | 5 | -0.957 | -9.972 | 0.472 | 2.458 |
| BS5 | 1 | 5 | -1.005 | -10.468 | 0.484 | 2.519 |
| BS4 | 1 | 5 | -1.048 | -10.915 | 0.687 | 3.576 |
| BS3 | 1 | 5 | -1.007 | -10.489 | 0.722 | 3.762 |
| BS2 | 1 | 5 | -0.87 | -9.065 | 0.371 | 1.935 |
| BS1 | 1 | 5 | -0.788 | -8.21 | 0.334 | 1.74 |
| BL5 | 1 | 5 | -1.028 | -10.705 | 0.252 | 1.312 |
| BL4 | 1 | 5 | -0.487 | -5.07 | -1.045 | -5.441 |
| BL3 | 1 | 5 | -0.612 | -6.376 | -0.7 | -3.645 |
| BL2 | 1 | 5 | -0.554 | -5.767 | -0.804 | -4.187 |
| BL1 | 1 | 5 | -0.565 | -5.889 | -0.903 | -4.702 |
| PQ7 | 1 | 5 | -0.469 | -4.881 | -0.295 | -1.537 |
| PQ6 | 1 | 5 | -0.655 | -6.818 | 0.099 | 0.514 |
| PQ5 | 1 | 5 | -0.791 | -8.234 | 0.471 | 2.452 |
| PQ4 | 1 | 5 | -0.829 | -8.634 | 0.624 | 3.249 |
| PQ3 | 1 | 5 | -0.82 | -8.545 | 0.499 | 2.598 |
| PQ2 | 1 | 5 | -0.74 | -7.713 | 0.499 | 2.598 |
| PQ1 | 1 | 5 | -0.835 | -8.696 | 0.577 | 3.005 |
| BI6 | 1 | 5 | **-1.179** | -12.284 | 1.038 | 5.408 |
| BI4 | 1 | 5 | -0.926 | -9.647 | 0.73 | 3.802 |
| BI3 | 1 | 5 | -0.664 | -6.915 | -0.278 | -1.449 |
| BI2 | 1 | 5 | -0.731 | -7.619 | 0.269 | 1.398 |
| BI1 | 1 | 5 | -0.253 | -2.64 | -0.595 | -3.099 |

| Variable | Min | Max | Skewness | c.r. | Kurtosis | c.r. |
|---|---|---|---|---|---|---|
| BA7 | 1 | 5 | -0.496 | -5.17 | -0.462 | -2.406 |
| BA5 | 1 | 5 | -0.649 | -6.756 | -0.515 | -2.684 |
| BA3 | 1 | 5 | -1.138 | -11.85 | 1.014 | 5.282 |
| Multivariate | | | | | 964.997 | 158.3 |

**Note:** BA denotes brand awareness; BI = brand image; PQ = perceived quality; BL = brand loyalty; BS = brand satisfaction; BLO = brand love; MV = monetary value; FV = functional value; SV = symbolic value; OBE = Overall brand equity

### 7.3.2 Test of goodness of model fit

The goodness of model fit test assesses whether the model used for the study fits the data (Hair, Black, Babin & Anderson, 2014). Hair *et al*. (2014) recommend the use of at least three to four fit indices from different categories to assess model fit. In this study, five main fit indices were used to assess the model fit. Table 7.14 provides the indices observed for this study and their recommended thresholds.

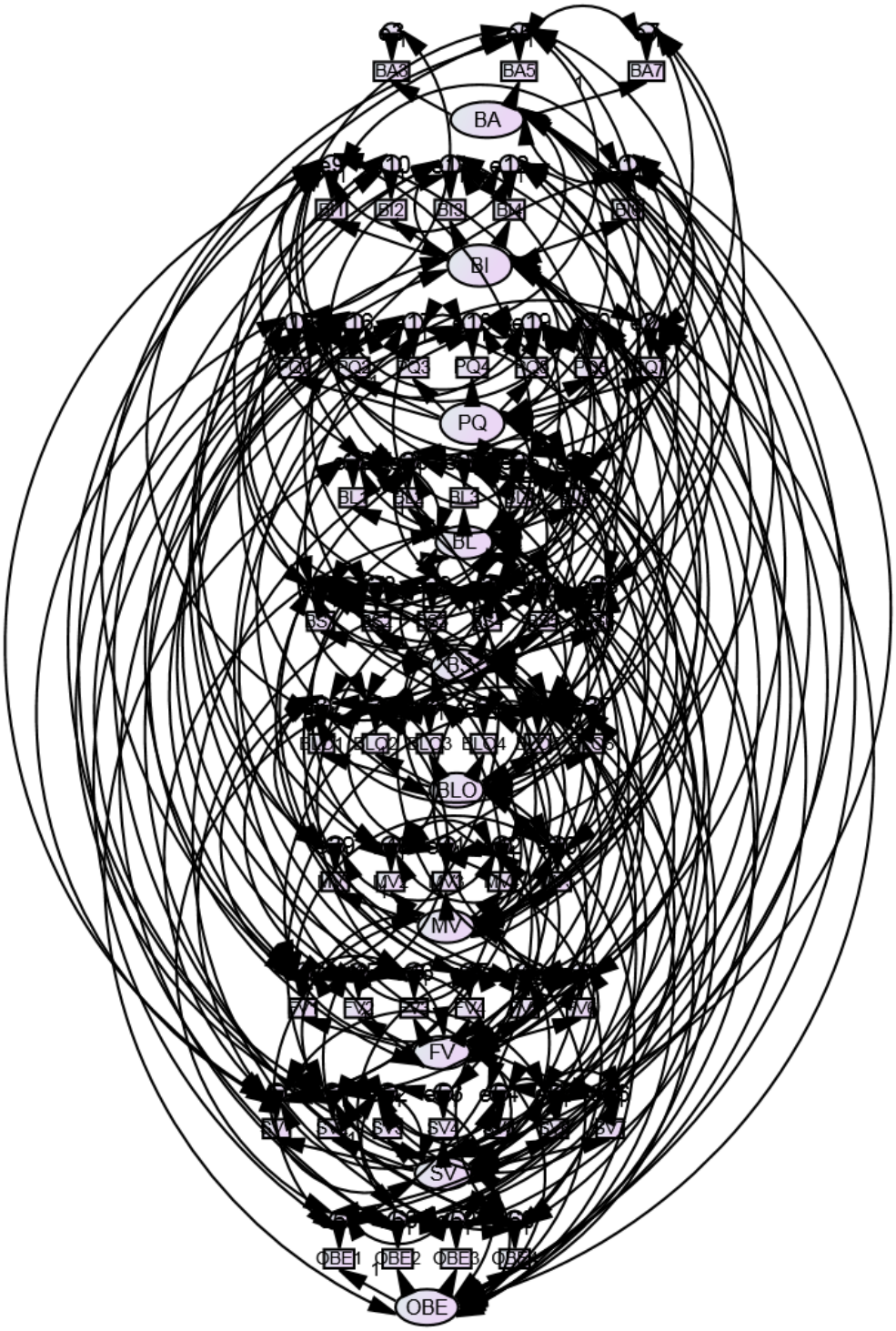
**Table 7.14: Model fit indices applied in this study and their recommended thresholds**

| Fit indices | Abbreviation | Category | Threshold |
|---|---|---|---|
| Normed-c*hi-square* | $\chi^2$/df | Absolute index | <3 |
| Goodness-of-fit | GFI | Absolute index | >0.90 |
| Tucker-Lewis index | TLI | Incremental index | >0.95 |
| Comparative fit index | CFI | Incremental index | >0.95 |
| Root mean square error of approximation | RMSEA | Absolute index | <0.06 |

Source: Tlapa, Limon, García-Alcaraz, Baez and Sánchez (2016:944); Limbu (2017:13); Topping (2016:102)

Upon capturing the 60 measurement items and the corresponding 10 constructs into AMOS, the initial model measurement results as presented in Table 7.15 were $\chi^2$/df = 3.058, GFI = 0.770, TLI = 0.871, CFI = 0.878 and RMSEA = 0.056. According to the recommended thresholds in Table 7.14, some of these indices were not acceptable. For example, the GFI figure of 0.770 is lower than the recommended 0.90. The model was therefore refined to improve the model fit by removing items having factor loadings below the 0.5 threshold. The items removed were BA1 = 0.35; BA2 = 0.40; BA4 = 0.33; BA6 = 0.36 and BA8 = 0.36 from brand awareness and BI5 = 0.40 from brand image. Among a number of error terms, additional covariation process, as illustrated in Figure 7.1, was undertaken to further improve the model fit.

**Figure 7.1: Covariation of error terms**




Source: Author's own compilation

After deleting the low factor loading items and undertaken the covariation of the errors, the model was re-specified in AMOS and the model fit indices were improved as presented in Table 7.15.

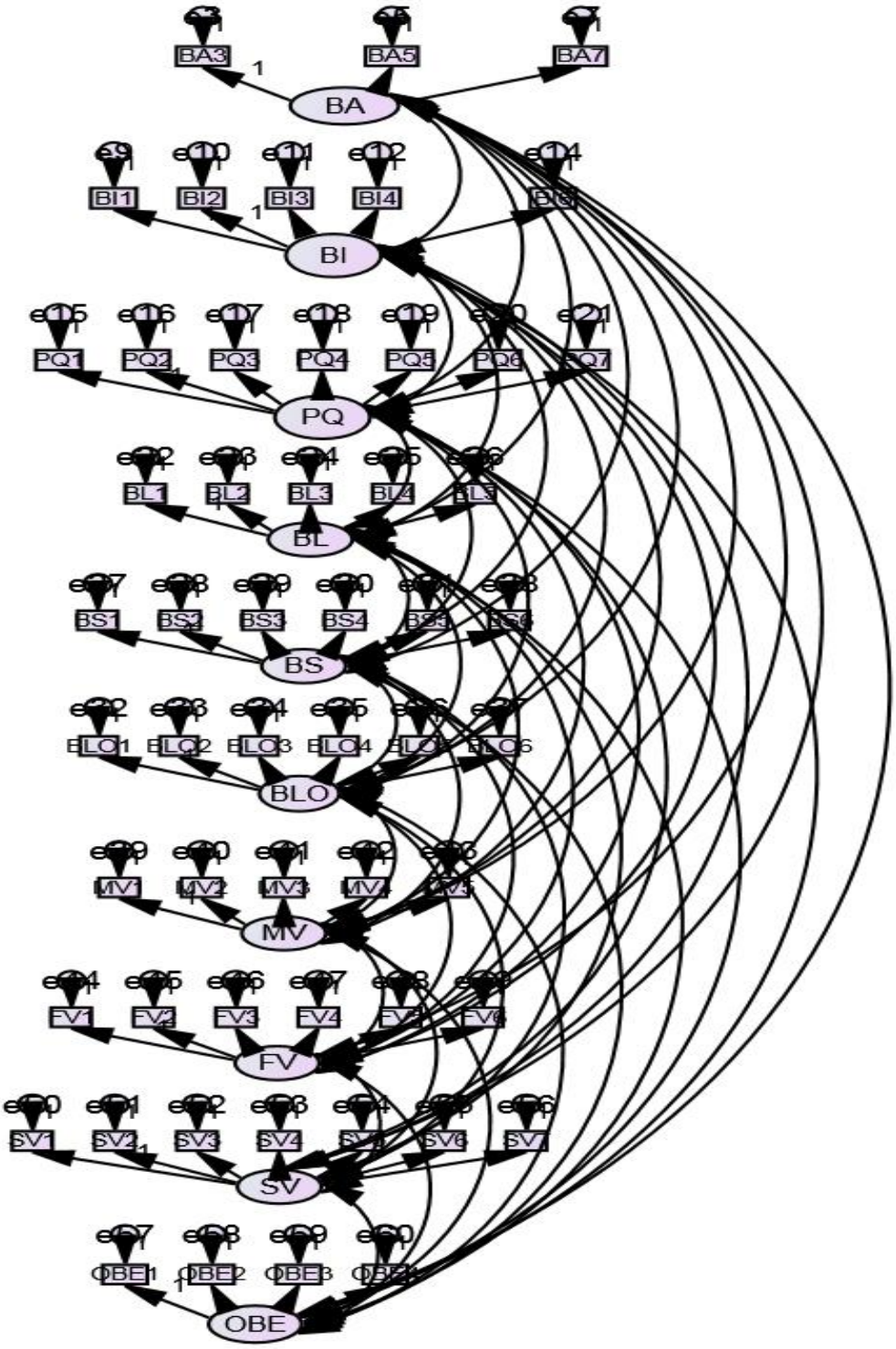
**Table 7.15: Model fit indices of the study's CFA measurement model**

| Fit indices | Abbreviation | Initial model | Re-specified model |
|---|---|---|---|
| Normed-c*hi-square* | $\chi^2$/df | 3.058 | 1.418 |
| Goodness-of-fit | GFI | 0.770 | 0.916 |
| Tucker-Lewis index | TLI | 0.871 | 0.978 |
| Comparative fit index | CFI | 0.878 | 0.982 |
| Root mean square error of approximation | RMSEA | 0.056 | 0.025 |

Source: Author's own compilation

With $\chi^2$/df = 1.418; GFI = 0.916; TLI = 0.978; CFI = 0.982; RMSEA = 0.025 in Table 7.15, all the re-specified fit indices were within the acceptable threshold as recommended in Table 7.14. The resultant model is depicted in Figure 7.2.

**Figure 7.2: CFA model analysis**




**Note:** BA denotes brand awareness; BI = brand image; PQ = perceived quality; BL = brand loyalty; BS = brand satisfaction; BLO = brand love; MV = monetary value; FV = functional value; SV = symbolic value; OBE = overall brand equity

Source: Author's own compilation

The factor loadings derived from the re-specified CFA model depicted in Figure 7.2 are discussed next.

### 7.3.3 Factor loadings from the CFA

Since previous scales were used to measure the constructs of this study, CFA had to be conducted to confirm whether each construct's items will load on their respective constructs as did those of previous studies. The results are in Table 7.16.

**Table 7.16: Factor loadings from the CFA**

| **Items** | | **Factor loadings** |
|---|---|---|
| **Brand awareness** | | |
| BA3 | Features of the Samsung mobile phone quickly come up in my mind. | **0.45** |
| BA5 | I think of the Samsung mobile phone first among many mobile phones. | 0.80 |
| BA7 | I think the Samsung mobile phone is a leader in the mobile phone industry. | 0.66 |
| **Brand image** | | |
| BI1 | Using the Samsung mobile phone makes me feel superior. | 0.63 |
| BI2 | The Samsung mobile phone represents efficiency. | 0.71 |
| BI3 | Compared with other mobile phones, the brand image of Samsung mobile phone is unique. | 0.52 |
| BI4 | I have a good impression on the overall image of the Samsung mobile phone. | 0.68 |
| BI6 | I trust the Samsung mobile phone. | 0.72 |
| **Perceived quality** | | |
| PQ1 | The quality of the Samsung mobile phone is extremely high. | 0.79 |
| PQ2 | The Samsung mobile phone has consistent quality. | 0.74 |
| PQ3 | The Samsung mobile phone has an acceptable standard of quality. | 0.66 |
| PQ4 | The performance of Samsung mobile phone is high. | 0.74 |
| PQ5 | The Samsung mobile phone consistently performs well. | 0.77 |
| PQ6 | The reliability of Samsung mobile phone is high. | 0.77 |
| PQ7 | The quality of Samsung mobile phone is higher in comparison to other phones. | 0.66 |
| **Brand loyalty** | | |
| BL1 | When I buy a mobile phone, a Samsung phone is always my first choice. | 0.83 |
| BL2 | I'm loyal to the Samsung mobile phone. | 0.85 |

| Items | | Factor loadings |
|---|---|---|
| BL3 | I usually choose the Samsung mobile phone over other phones. | 0.87 |
| BL4 | If I were to buy another mobile phone in future, I would choose the Samsung mobile phone again. | 0.83 |
| BL5 | I would recommend the Samsung mobile phone to my friends and family. | 0.87 |
| **Brand satisfaction** | | |
| BS1 | I am very satisfied with the performance of the Samsung mobile phone. | 0.82 |
| BS2 | I am very happy with the Samsung mobile phone. | 0.88 |
| BS3 | The Samsung mobile phone does a good job in satisfying my needs. | 0.78 |
| BS4 | I believe that buying the Samsung mobile phone was the right decision. | 0.86 |
| BS5 | I am satisfied with my decision to purchase the Samsung mobile phone. | 0.86 |
| BS6 | Overall, I am satisfied with the Samsung mobile phone. | 0.84 |
| **Brand love** | | |
| BLO1 | The Samsung mobile phone makes me feel good. | 0.84 |
| BLO2 | I love the Samsung mobile phone brand. | 0.84 |
| BLO3 | The Samsung mobile phone is awesome. | 0.88 |
| BLO4 | I am passionate about the Samsung mobile phone. | 0.86 |
| BLO5 | I am attached to the Samsung mobile phone. | 0.79 |
| BLO6 | I love the features of the Samsung mobile phone. | 0.74 |
| **Monetary value** | | |
| MV1 | The Samsung mobile phone is good value for money. | 0.77 |
| MV2 | Relative to other phones, the Samsung mobile phone is a good buy. | 0.84 |
| MV3 | The Samsung mobile phone offers satisfactory value considering how much it costs. | 0.83 |
| MV4 | The Samsung mobile phone is reasonably priced. | 0.60 |
| MV5 | When I bought the Samsung mobile phone, I felt that I am getting a good deal. | 0.75 |
| **Functional value** | | |
| FV1 | The Samsung mobile phone provides excellent performance. | 0.83 |
| FV2 | The Samsung mobile phone is reliable. | 0.87 |
| FV3 | The Samsung mobile phone is durable. | 0.78 |
| FV4 | The Samsung mobile phone performs according to my expectations. | 0.83 |
| FV5 | The Samsung mobile phone is dependable. | 0.80 |

| Items | | Factor loadings |
|---|---|---|
| FV6 | The Samsung mobile phone functions very well. | 0.78 |
| **Symbolic value** | | |
| SV1 | The Samsung mobile phone makes me feel that I am successful. | 1.01 |
| SV2 | The Samsung mobile phone design is stylish. | 0.68 |
| SV3 | Using the Samsung mobile phone makes a good impression on other people. | 0.83 |
| SV4 | The Samsung mobile phone indicates that I have a good lifestyle. | 0.81 |
| SV5 | The Samsung mobile phone is a reflection of my social status. | 0.87 |
| SV6 | The Samsung mobile phone is a symbol of prestige. | 0.88 |
| SV7 | I chose a Samsung mobile phone because my peers also have it. | 0.51 |
| **Overall brand equity** | | |
| OBE1 | It makes sense to buy the Samsung mobile phone instead of another phone, even if they are similar. | 0.77 |
| OBE2 | Even if there is another phone as good as the Samsung mobile phone, I would still prefer to buy Samsung. | 0.87 |
| OBE3 | Even when the price of other phones is reduced, I will still prefer to buy a Samsung phone. | 0.79 |
| OBE4 | Even if the price of the Samsung mobile phone is higher than other phones, I would still buy a Samsung phone. | 0.68 |

Table 7.16 results show that the items reliably loaded on the respective constructs with all factor loadings equal or above the recommended threshold of 0.5 (Nikbin & Hyun, 2017). An exception is the loading of BA3, which is 0.45. It was retained because with sample sizes greater than 300 respondents, a factor loading below 0.5 is statistically meaningful (Izquierdo, Olea & Abad, 2014; Yong & Pearce, 2013). Therefore, the study's sample size of 651 justifies this decision. The next section examines the reliability and validity of scales measuring the constructs.

### 7.3.4 The reliability and validity of constructs

The reliability of constructs in this study was assessed using Cronbach's alpha and composite reliability. The results are presented in Table 7.17 and in Appendix E.

**Table 7.17: Assessment of reliability and validity of the constructs in the model**

| Constructs | Number of items | Cronbach's Alpha | Composite reliability | Average Variance Extracted |
|---|---|---|---|---|
| Brand awareness | 3 | 0.628 | 0.679 | **0.43** |
| Brand image | 5 | 0.792 | 0.818 | **0.43** |
| Perceived quality | 7 | 0.891 | 0.890 | 0.54 |
| Brand loyalty | 5 | 0.915 | 0.928 | 0.72 |
| Brand satisfaction | 6 | 0.939 | 0.935 | 0.71 |
| Brand love | 6 | 0.928 | 0.926 | 0.68 |
| Monetary value | 5 | 0.883 | 0.871 | 0.58 |
| Functional value | 6 | 0.920 | 0.922 | 0.67 |
| Symbolic value | 7 | 0.864 | 0.929 | 0.66 |
| Overall brand equity | 4 | 0.868 | 0.859 | 0.61 |

Table 7.17 reflects that all the constructs had Cronbach's alphas and composite reliability values above the recommended threshold of 0.6 (Alonso-Almedia, Perramon & Bagur-Femenias, 2017; Arslanagic-Kalajdzic & Zabkar, 2017; Tavakol & Dennick, 2011).

Convergent and discriminant validity were used to assess the validity of this study's constructs. Convergent validity was ascertained using the standardised factor loadings, and average variance extracted (AVE). To demonstrate adequate or acceptable convergent validity, the standardised factor loadings of 0.40 or 0.50 or higher (Mu, 2016; Izquierdo *et al.*, 2014; Jayasinghe-Mudalige, Udugama & Ikram, 2012) and AVE values of 0.50 or higher (Hair *et al.*, 2014) have to be obtained. In sub-section 7.3.3, it was demonstrated that the factor loadings were within the recommended thresholds. For the AVE, 8 of 10 constructs had AVE values of 0.5 and above. The exceptions were brand awareness and brand image, which both had AVE values of 0.43. This was however not a problem, because the convergent validity has been proven by the acceptable factor loadings in Table 7.16.

The discriminant validity, which ascertains if a particular construct is distinct from other constructs (Voorhees, Brady, Calantone & Ramirez, 2016; Hair, Celsi, Oritinau & Bush, 2013) was assessed with a correlation matrix. Discriminant validity prevails when the correlation coefficient between constructs is less than 0.85 (Ordóñez de Pablos, 2017; Afthanorhan, Ahmad & Mamat, 2014). Table 7.18 has the results of the correlation analysis.

**Table 7.18: Correlation matrix between construct pairs**

| Constructs | BA | BI | PQ | BL | BS | BLO | MV | FV | SV | OBE |
|---|---|---|---|---|---|---|---|---|---|---|
| **BA** | 1 | | | | | | | | | |
| **BI** | .583** | 1 | | | | | | | | |
| **PQ** | .533** | .677** | 1 | | | | | | | |
| **BL** | .634** | .642** | .616** | 1 | | | | | | |
| **BS** | .549** | .675** | .741** | .756** | 1 | | | | | |
| **BLO** | .571** | .706** | .676** | .792** | .797** | 1 | | | | |
| **MV** | .461** | .519** | .540** | .561** | .591** | .610** | 1 | | | |
| **FV** | .520** | .659** | .766** | .651** | .802** | .754** | .602** | 1 | | |
| **SV** | .411** | .521** | .452** | .466** | .453** | .576** | .393** | .492** | 1 | |
| **OBE** | .509** | .526** | .531** | .712** | .618** | .658** | .509** | .554** | .523** | 1 |
| ****. Correlation is significant at the 0.01 level (2-tailed).** | | | | | | | | | | |

**Note:** BA denotes brand awareness; BI = brand image; PQ = perceived quality; BL = brand loyalty; BS = brand satisfaction; BLO = brand love; MV = monetary value; FV = functional value; SV = symbolic value; OBE = Overall brand equity

As presented in Table 7.18, the correlation coefficients between construct pairs were all below 0.85, thus indicating evidence of discriminant validity. Brand satisfaction and functional value constructs demonstrated lower levels of discriminant validity (0.802). Monetary value and symbolic value constructs exhibited higher levels of discriminant validity (0.393).

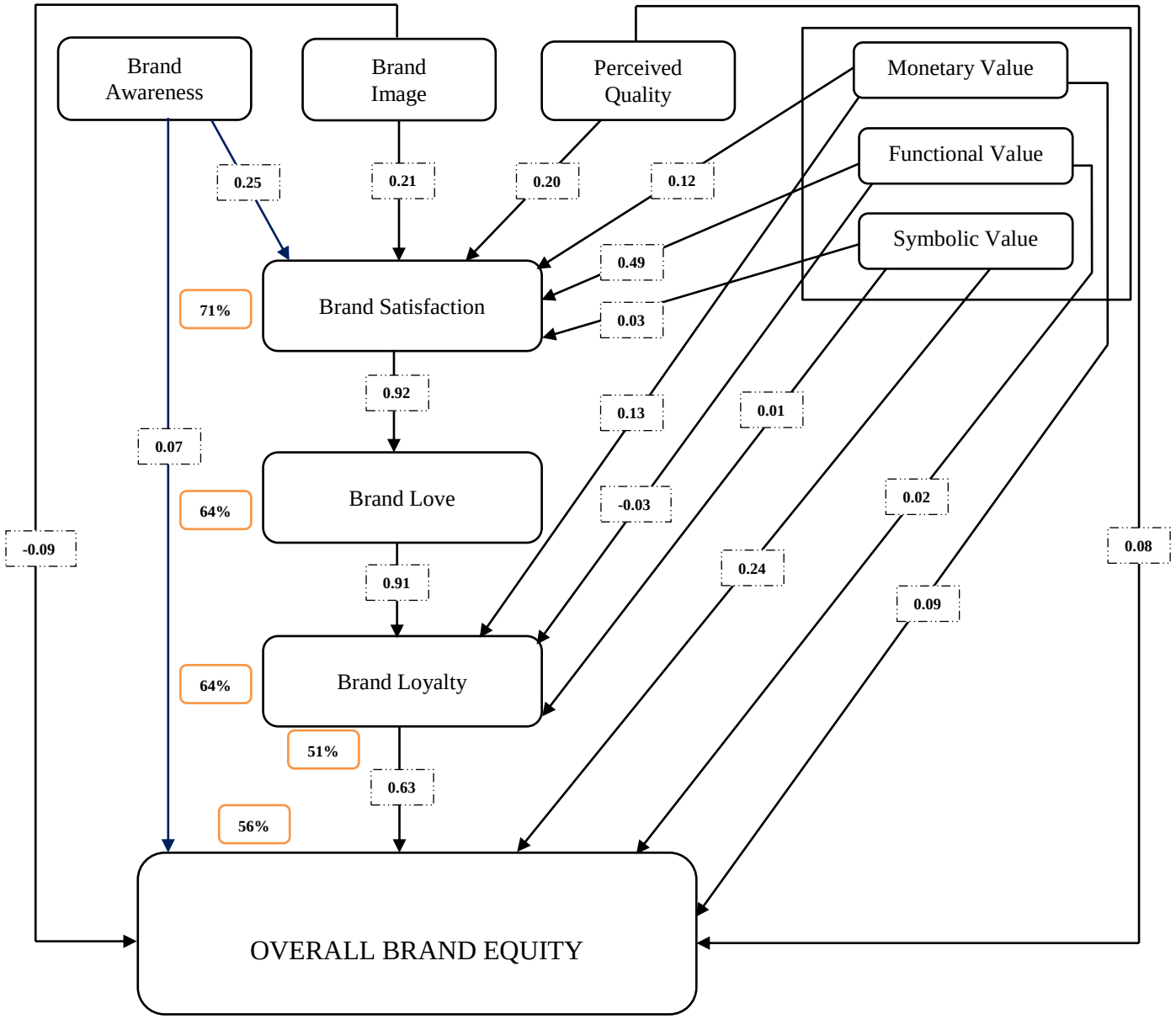
Considering that the goodness of model fit, the reliability and validity of the scales measuring the constructs were all acceptable, the next step was to test the hypotheses using SEM.

## 7.4 THE STRUCTURAL MODEL AND HYPOTHESES TESTING

In this section, the results of testing the hypotheses and the corresponding path coefficients are discussed. The structural model illustrates relations between latent variables represented by path diagrammes (Malang-Indonesia, 2014; Gunzler, Chen, Wu & Zhang, 2013; Alavi & Ghaemi, 2011). The path analysis reflects cause-and-effect relationships between observed variables in the model (Byrne, 2013; Tzeng & Douglas, 2012). In Figure 7.3, the final structural model[25] with path coefficients and the variance attained (R Squared) is depicted.

[25]Due to the magnitude size of the Amos structural path model in Appendix H, it could not be represented explicitly in its original format. Therefore, it was deemed appropriate to redesign the model in MS Word to illustrate hypotheses results succinctly.

**Figure 7.3: Structural model with paths coefficients and variance explained**




**Note:** = Path coefficients; = R square

In Table 7.19 and Appendix F, the path coefficients and p-values reflecting how strong the relationship is between the constructs is presented.

**Table 7.19: Path coefficients and variance explained of dependent constructs**

| Structural paths | | | Path coefficient | *p*-values |
|---|---|---|---|---|
| Brand satisfaction | <--- | Brand awareness | 0.25 | *** |
| Brand satisfaction | <--- | Brand image | 0.21 | *** |
| Brand satisfaction | <--- | Perceived quality | 0.20 | *** |
| Brand satisfaction | <--- | Monetary value | 0.12 | *** |
| Brand satisfaction | <--- | Functional value | 0.49 | *** |
| Brand satisfaction | <--- | Symbolic value | 0.03 | 0.227 |
| Brand love | <--- | Brand satisfaction | 0.92 | *** |
| Brand loyalty | <--- | Functional value | -0.03 | 0.48 |
| Brand loyalty | <--- | Symbolic value | 0.01 | 0.747 |
| Brand loyalty | <--- | Monetary value | 0.13 | *** |
| Brand loyalty | <--- | Brand love | 0.91 | *** |
| Overall brand equity | <--- | Monetary value | 0.09 | 0.022* |
| Overall brand equity | <--- | Functional value | 0.02 | 0.597 |
| Overall brand equity | <--- | Symbolic value | 0.24 | *** |
| Overall brand equity | <--- | Brand loyalty | 0.63 | *** |
| Overall brand equity | <--- | Brand awareness | 0.07 | 0.297 |
| Overall brand equity | <--- | Brand image | -0.09 | 0.025* |
| Overall brand equity | <--- | Perceived quality | 0.08 | 0.027* |

**Note:** *** = Significant at 0.01 significance level; * = significant at 0.05 significance level

Table 7.19 shows that out of the eighteen hypotheses proposed, ten were significant at the 99% or 0.01 level, three were significant at the 95% or 0.05 level, and five were not significant.

To further assess the direct and indirect impact of these constructs on the overall brand equity of Samsung mobile phones, R Squared ($R^2$), which is the variance explained by all the independent variables to the dependent variable (Sreejesh, Mohapatra & Anusree, 2014:190), was computed. This is the most useful method to ascertain the success and explanatory power of a conceptual model (Brace, Kemp & Snelgar, 2016:254).

Table 7.20, which is a summary of what is encompassed in Appendix G, depicts the direct and indirect variances explained of a dependent construct by its independent predictors.

**Table 7.20: Variances explained of the study's constructs in the model**

| Dependent variable | Independent variables | Adjusted R Squared | Standard error of the estimate |
|---|---|---|---|
| Brand satisfaction | SV, MV, BA, PQ, BI, FV | 0.71 | 0.48229 |
| Brand love | BS | 0.64 | 0.58156 |
| Brand loyalty | SV, MV, FV, BLO | 0.64 | 0.68722 |
| Overall brand equity | BL | 0.51 | 0.80360 |
| Overall brand equity | SV, MV, BA, PQ, BL, BI, FV, BS, BLO | 0.56 | 0.75536 |

**Note:** BA denotes brand awareness; BI = brand image; PQ = perceived quality; BL = brand loyalty; BS = brand satisfaction; BLO = brand love; MV = monetary value; FV = functional value; SV = symbolic value

According to the $R^2$ values presented in Table 7.21 and Figure 7.3, the independent variables, *brand awareness, brand image, perceived quality, monetary value* and *functional value* explain 71% of the **brand satisfaction** construct. *Brand satisfaction* explains 64% of **brand love**. *Brand love, monetary value, functional value* and *symbolic value* predict the **brand loyalty** dependent variable by 64%. *Brand loyalty* was demonstrated to explain 51% of **brand equity**. Cumulatively, 56% of the variance in **brand equity** is predicted by *brand awareness, brand image, perceived quality, monetary value, functional value, symbolic value, brand satisfaction, brand love* and *brand loyalty*.

The degree to which the relationships proposed in Chapter 5 exist are detailed in the next subsection through the recap of the proposed hypotheses.

### 7.4.1 Relationship between brand awareness, brand image, perceived quality, monetary value, functional value, symbolic value and brand equity (H1a, H1b, H1c, H1d, H1e and H1f)

The hypotheses of the relationship between brand awareness, brand image, perceived quality, monetary value, functional value, symbolic value and brand equity were formulated as follows:

*H1a: Brand awareness of the Samsung mobile phone among Gen Y consumers has a positive effect on brand equity.*

The SEM results in Table 7.19 reflect that, although positive as proposed, the relationship between brand awareness and brand equity is not statistically significant ($\beta = 0.07$, $p>0.05$). Therefore, H1a is rejected.

*H1b: Brand image of the Samsung mobile phone among Gen Y consumers has a positive effect on brand equity.*

The results in Table 7.19 show that even though there is a statistically significant relationship between brand image and brand equity ($\beta = -0.09$, $p<0.05$) the relationship is negative. On the basis of this empirical result, H1b is rejected.

*H1c: Perceived quality of the Samsung mobile phone among Gen Y consumers has a positive effect on brand equity.*

The results of the SEM analyses presented in Table 7.19 depict that the relationship between perceived quality and brand equity is positive and statistically significant ($\beta = 0.08$, $p<0.05$). This renders H1c acceptable.

*H1d: The monetary value derived by Gen Y consumers from owning the Samsung mobile phone has a positive effect on brand equity.*

The results presented in Table 7.19 demonstrate that there is a positive and statistically significant effect of monetary value on brand equity ($\beta = 0.09$, $p<0.05$). Hence, H1d is accepted.

*H1e: The functional value derived by Gen Y consumers from using the Samsung mobile phone has a positive effect on brand equity.*

According to the results in Table 7.19, despite the relationship between functional value and brand equity being positive, statistically it was not significant ($\beta = 0.02$, $p>0.05$). In view of this finding, H1e is rejected.

*$H_{1f}$: The symbolic value derived by Gen Y consumers from owning the Samsung mobile phone has a positive effect on brand equity.*

The results of the SEM analyses illustrated in Table 7.19 validate a statistically significant and positive relationship between symbolic value and brand equity (β = 0.24; $p$<0.001). Consequently, H1f is accepted.

### 7.4.2 Relationship between brand awareness, brand image, perceived quality, monetary value, functional value, symbolic value and brand satisfaction (H2a, H2b, H2c, H2d, H2e and H2f)

In order to test the relationships between brand awareness, brand image, perceived quality, monetary value, functional value, symbolic value and brand satisfaction, the hypotheses were postulated as follows:

*H2a: Brand awareness of the Samsung mobile phone among Gen Y consumers has a positive effect on brand satisfaction.*

The path from brand awareness to brand satisfaction reflected in Table 7.19 indicates that the relationship is positive and statistically significant (β = 0.25; $p$<0.001). Hypothesis 2a is therefore accepted.

*H2b: Brand image of the Samsung mobile phone among Gen Y consumers has a positive effect on brand satisfaction.*

Hypothesis 2b is accepted due to the fact that the path from brand image to brand satisfaction, as revealed in Table 7.19, indicates a positive and statistically significant relationship (β = 0.21; $p$<0.001).

*H2c: Perceived quality of the Samsung mobile phone among Gen Y consumers has a positive effect on brand satisfaction.*

According to the results in Table 7.19, H2c is accepted as there is a positive and statistically significant relationship between perceived quality and brand satisfaction (β = 0.20; $p$<0.001).

*H2d: The monetary value derived by Gen Y consumers from the Samsung mobile phone has a positive effect on brand satisfaction.*

The relationship pertaining to monetary value and brand satisfaction, which is captured by H2d, is also accepted as the result in Table 7.19, is positive and statistically significant ($\beta = 0.12$; $p<0.001$).

*H2e: The functional value derived by Gen Y consumers from the Samsung mobile phone has a positive effect on brand satisfaction.*

The results in Table 7.19 reveal that functional value is positively and significantly related to brand satisfaction ($\beta = 0.49$; $p<0.001$). Thus, hypothesis H2e is accepted.

*H2f: The symbolic value derived by Gen Y consumers from the Samsung mobile phone has a positive effect on brand satisfaction.*

For Hypothesis 2f, it is evident that although the relationship between symbolic value and brand satisfaction is positive, it is not significant statistically ($\beta = 0.03$; $p>0.05$). The subsequent inference from the results illustrated in Table 7.19 is that H2f is rejected.

### 7.4.3 Relationship between brand satisfaction, brand love and brand loyalty (H3 and H4)

The relationships between brand satisfaction, brand love and brand loyalty were advanced as follows:

*H3: Gen Y consumers' brand satisfaction with the Samsung mobile phone has a positive effect on their brand love.*

The results of the SEM analyses presented in Table 7.19 point out that the path from the brand satisfaction construct to the brand love construct is positive and statistically significant ($\beta = 0.92$; $p<0.001$). This provides unambiguous support for H3, hence it is accepted.

*H4: Gen Y consumers' brand love for the Samsung mobile phone has a positive effect on their brand loyalty.*

The results for Hypothesis 4 as provided in Table 7.19 indicate that a positive and statistically significant relationship exists between brand love and brand loyalty ($\beta = 0.91$; $p<0.001$). In view of this, H4 is therefore accepted.

### 7.4.4 Relationship between monetary value, functional value, symbolic value and brand loyalty (H5a, H5b and H5c)

The hypotheses capturing the relationships between monetary value, functional value, symbolic value and brand loyalty were proposed as follows:

*H5a: The monetary value derived by Gen Y consumers from the Samsung mobile phone has a positive effect on brand loyalty.*

As can be seen in Table 7.19, there is a positive and statistically significant relationship between monetary value and brand loyalty ($\beta = 0.13$; $p< 0.001$), indicating that H5a should be accepted.

*H5b: The functional value derived by Gen Y consumers from the Samsung mobile phone has a positive effect on brand loyalty.*

The results in Table 7.19 show that there is an insignificant and negative relationship between functional value and brand loyalty ($\beta = -0.03$; $p>0.05$). Therefore, H5b is rejected.

*H5c: The symbolic value derived by Gen Y consumers from the Samsung mobile phone has a positive effect on brand loyalty.*

With regards to the relationship between symbolic value and brand loyalty, the SEM results in Table 7.19 prove that notwithstanding the positive path between these two constructs, this relationship is not statistically significant ($\beta = 0.01$; $p>0.05$). Thus, Hypothesis 5c is rejected.

### 7.4.5 Relationship between brand loyalty and brand equity (H6)

*H6: Gen Y consumers' brand loyalty towards the Samsung mobile phone has a positive impact on brand equity.*

The results provided in Table 7.19 indicate that the relationship between brand loyalty and brand equity is positive and statistically significant ($\beta = 0.63$; $p<0.001$). On the basis of this result, H6 is accepted.

The summary of the results from testing the hypotheses is presented in Table 7.21.

**Table 7.21: Summary of hypotheses testing results**

| Hypothesis | Independent | Dependent | Relationship direction | Results (Accepted/rejected) |
|---|---|---|---|---|
| H1a | Brand awareness | Overall brand equity | Positive *(non-significant)* | Rejected |
| H1b | Brand image | Overall brand equity | Negative | Rejected |
| H1c | Perceived quality | Overall brand equity | Positive *(significant)* | Accepted |
| H1d | Monetary value | Overall brand equity | Positive *(significant)* | Accepted |
| H1e | Functional value | Overall brand equity | Positive *(significant)* | Rejected |
| H1f | Symbolic value | Overall brand equity | Positive *(significant)* | Accepted |
| H2a | Brand awareness | Brand satisfaction | Positive | Accepted |
| H2b | Brand image | Brand satisfaction | Positive | Accepted |
| H2c | Perceived quality | Brand satisfaction | Positive | Accepted |
| H2d | Monetary value | Brand satisfaction | Positive | Accepted |
| H2e | Functional value | Brand satisfaction | Positive | Accepted |
| H2f | Symbolic value | Brand satisfaction | Positive *(non-significant)* | Rejected |
| H3 | Brand satisfaction | Brand love | Positive | Accepted |
| H4 | Brand love | Brand loyalty | Positive | Accepted |
| H5a | Monetary value | Brand loyalty | Positive | Accepted |
| H5b | Functional value | Brand loyalty | Negative | Rejected |
| H5c | Symbolic value | Brand loyalty | Positive *(non-significant)* | Rejected |
| H6 | Brand loyalty | Overall brand equity | Positive | Accepted |

Table 7.21 reveals that out of the 18 propositions tested using SEM, 12 were accepted and six were rejected.

## 7.5 CONCLUSION

In this chapter, the empirical results obtained from descriptive statistics, CFA and SEM were presented. The chapter commenced by presenting the descriptive statistics. This presentation entailed the demographic profile of respondents, the smartphone ownership details and means and standard deviations of the study's main constructs. Thereafter, the CFA results of the extent to which the data and model were compatible was provided. Results of the reliability and validity of the scales used to measure the constructs was presented next. Subsequently, the SEM results were presented. They indicated that out of the 18 proposed hypotheses tested, 12 were accepted and six were rejected.

The results further showed that brand awareness, brand image, perceived quality, monetary value, functional value and symbolic value explained 71% of brand satisfaction, while brand satisfaction explained 64% of brand love. The brand loyalty construct was explained by 64% variance constituted by brand love, monetary value, functional value and symbolic value. Brand loyalty further explained the brand equity construct by 51%. Lastly, brand awareness, brand image, perceived quality, monetary value, functional value, symbolic value, brand satisfaction, brand love and brand loyalty cumulatively explained 56% of brand equity. The next chapter discusses these results in relation to previous studies, make final conclusions and recommendations in line with the study's objectives.

# CHAPTER 8

# DISCUSSION OF RESULTS, CONCLUSIONS AND RECOMMENDATIONS

## 8.1 INTRODUCTION

In this chapter, a discussion of the results presented in Chapter 7 is undertaken. The chapter mainly discusses the results from testing the hypotheses in relation to findings of previous studies. A recap of theoretical and practical objectives and subsequent conclusions on the attainment of these objectives commences this chapter. Thereafter, a discussion on the results based on the hypotheses testing is pursued. Thereafter, key findings and conclusions are provided, which inform the recommendations Samsung marketing managers responsible for managing the mobile phones portfolio should consider in order to improve the brand equity of their brands. The chapter further accentuates the theoretical and practical contributions of the study. Thereafter, limitations of the study and suggestions for future research are provided, which is followed by concluding remarks.

## 8.2 DISCUSSION ON THE ACHIEVEMENT OF THEORETICAL OBJECTIVES

The study had four theoretical objectives, which aimed at the following:

i. Examine the global and South African mobile phones industry and understand why Samsung brand is one of the market leaders (Chapter 2);
ii. Review and report on the market attractiveness and technological media behaviour of Generation Y (Gen Y) (Chapter 3);
iii. Review all possible sources and outcomes of customer-based brand equity (CBBE) (Chapter 4); and
iv. Develop a conceptual model that delineates how the identified sources and outcomes relate in the formation of CBBE (Chapter 5).

Findings from Chapter 2 literature review about the mobile phone market revealed that the global and South African market is dominated by companies like Samsung, Apple, Nokia and Blackberry. However, according to the 2016 industry figures, Samsung is the market leader as

they have a market share of 21.6% and 46.2% globally and in South Africa respectively. This triumph was achieved because the organisation overhauled its management philosophies and invested significantly in marketing and product design. While information was available on success factors from the company perspective, study was needed to investigate success factors from the customer perspective. This current study was therefore aimed at identifying the sources and outcomes of Samsung's CBBE, especially among Gen Y, who are found to be the prominent owners and users of mobile phones.

Chapter 3 reviewed the market attractiveness and technological media behaviour of the Gen Y consumer cohort. It was found that Gen Y consumers are highly educated, technology savvy and have high disposable income, spending power and the propensity to spend more in future. For example, it is forecasted that Gen Y will spend about $10 trillion in their lifetime. This chapter also ascertained that globally, approximately 80% of the Gen Y cohort own a mobile phone. In South Africa, this percentage stands at 95% according to Roets, Bevan-Dye and Viljoen (2014). Gen Y consumers are the first generation to be exposed to technology when growing up. As a result, they use gadgets such as laptops and mobile phones to access social media and communicate with family and friends. It was therefore necessary to examine the brand equity of Samsung among this lucrative consumer segment.

The brand equity concept and its sources, the different methods of how it is measured and the interrelation between brand equity, consumer-brand relationship and consumption values was discussed in Chapter 4. In this chapter, it was found that brand equity can be measured from the CBBE, financial-based brand equity (FBBE) and employee-based brand equity (EBBE) perspectives, which are constituted by various sources. For instance, while CBBE consists of brand loyalty, brand awareness, perceived quality, brand association/image and brand assets, FBBE is epitomised by cash flow, market share, investor confidence, price premium and brand profitability. EBBE's sources include brand knowledge, role clarity, brand commitment, brand consistent behaviour/brand citizenship, brand endorsement, brand allegiance, internal employee engagement and internal brand management. Based on the literature review undertaken in this chapter, there was agreement that measuring brand equity from the CBBE perspective is the most practical approach because the financial benefit derived from a product depends on the consumer's response towards the brand. The importance of consumer-brand relationship (brand trust and brand satisfaction) and consumption values (functional value,

social value, emotional value, epistemic value and conditional value) in the formation of brand equity was also emphasised.

Chapter 5 presented the conceptual model underpinning this study. The study's model was developed by integrating Aaker's (1996), Keller's (1998) CBBE, Esch, Langner, Schmitt and Geus's (2006) brand relationship and Chuah, Marimuthu and Ramayah's (2014) customer-oriented value frameworks. The subsequent hypotheses illustrating the relationships between constructs were formulated based on suggested relationships in the models and from relevant existing studies. The hypotheses were empirically tested in quest to achieve the empirical objectives discussed next.

## 8.3 DISCUSSION ON THE ACHIEVEMENT OF EMPIRICAL OBJECTIVES

This section discusses the extent to which the empirical objectives outlined in chapter one and recapped below were achieved. It mainly discusses the findings of testing the hypotheses delineated in the conceptual model.

### 8.3.1 Recap of the empirical objectives

The empirical objectives, which were to be achieved in this study entailed the following:

i. To determine the extent to which the CBBE sources (brand awareness, brand image, perceived quality and consumption values) influence Samsung overall brand equity;
ii. To determine the extent to which CBBE sources (brand awareness, brand image, perceived quality and consumption values) impact brand satisfaction;
iii. To assess the relationship between brand satisfaction and brand love;
iv. To assess the relationship between brand love and brand loyalty;
v. To assess the relationship between consumption values and brand loyalty; and
vi. To assess the extent to which brand loyalty leads to brand equity.

To achieve the empirical objectives, the following research methods and analyses were used.

### 8.3.2 Research methods and analyses conducted to achieve empirical objectives

The research design and methodology pursued to attain the study's objectives was discussed in Chapter 6. Since the study adopted the positivist philosophy, quantitative methods were used to collect and analyse data, and report the study's findings. A self-administered questionnaire with validated measurement scales was used to collect data. A reliability test using Cronbach Alpha and composite reliability demonstrated that all the constructs were above the recommended reliability thresholds. The validity tests through discriminant (correlation matrix) and convergent (factor loadings) were also good.

Gen Y undergraduate and postgraduate students between the ages of 18 and 25 from University of Johannesburg and the University of the Witwatersrand were respondents. They were selected using a judgment (purposive) sampling technique and because of their market attractiveness discussed in Chapter 3. A total of 651 questionnaires were received and results were presented in Chapter 7.

After obtaining descriptive statistics and conducting structural equation modeling (SEM), which was the multivariate data analysis technique found appropriate to examine the relationships between the constructs under study, the results were presented in Chapter 7. The majority of respondents were Blacks (81%) followed by Coloureds (9%), Indians/Asians (3%) and Whites (8%), reflecting population composition of South Africa. In terms of gender, 41% of respondents were males, while 59% were females. While 25% of respondents associated themselves with the lower-middle and lower level classes, 73.5% of respondents indicated that they were from the upper-middle level and middle level social classes. From an enquiry of which phone brand respondents owned, 85.8% of them mentioned Samsung. Ninety-one percent of these respondents further demonstrated that they have no intention to switch to another brand. The SEM results revealed that out of the 18 hypothesised relationships, 12 were accepted and 6 were rejected. The hypothesised relationships and their findings are discussed in the next section.

### 8.3.3 Relationship between brand awareness, brand image, perceived quality, monetary value, functional value, symbolic value and brand equity

***Relationship between brand awareness and brand equity (H1a)***

The results of this hypothesis demonstrated that even though the relationship between brand awareness and brand equity was positive, it was however insignificant ($\beta = 0.07$, $p>0.05$). This finding is consistent with a previous study conducted in the sportswear industry by Tong and Hawley (2009), who found that there was no direct relationship between brand awareness and brand equity ($\beta = 0.10$, $p>0.05$). These findings indicate that being familiar with a brand may not be enough for a differential response. Other studies however yielded contradicting results. For instance, Ahmad and Sherwani's (2015) study found that brand awareness has a positive effect on brand equity of mobile phone brands ($\beta = 0.69$, $p<0.05$). In another study by Sasmita and Suki (2015), it was found that consumers' decision to buy a brand was significantly influenced by their awareness and knowledge of the brand ($\beta = 0.42$, $p<0.05$). Lastly, Alam and Saeed (2016) further concluded that being aware about universities in Pakistan enhanced the institutions' brand equity ($r = 0.52$).

***Relationship between brand image and brand equity (H1b)***

Brand image entails the associations consumers have about a brand and plays a paramount role in the establishment of brand equity (Khosravi & Aghaei, 2016). Prior studies in industries such as mobile phones, higher education and banking have found that brand image is one of the most influential factors driving brand equity (Alam & Saeed, 2016; Sasmita & Suki, 2015; Ahmed, Ahsan & Majeed, 2014; Fatema, Azad & Masum, 2013). It was therefore surprising to find out in this current study that brand image negatively, but significantly affected brand equity ($\beta = -0.09$, $p<0.05$).

These results reveal that for Gen Y South Africans, the brand knowledge structure (awareness and image) could be so mundane to the extent that it does not really contribute to the purchase decision. What then drives Gen Y preference for Samsung mobile phone requires examination of other brand equity sources.

***Relationship between perceived quality and brand equity (H1c)***

The effect of perceived quality on brand equity in this present study was found to be positive and significant (β = 0.08, $p$<0.05). This outcome is in line with Yulianda and Handayani's (2015) study, which found that the product quality factor influenced the purchase of Samsung Galaxy mobile phone. In another study by Fathabadi, Nejad and Alizadeh (2017), it was revealed that the brand equity of a tourist destination, Qazvin, a city in Iran, is positively influenced by tourists' perceived quality. The outcome of Tong and Hawley's (2009) study though, found that in the sportswear industry, perceived quality did not have a positive and direct relationship with brand equity (β = -0.07, $p$>0.05). Notwithstanding this latter finding, it has been generally found that perceived quality positively affects brand equity. Thus, mobile phone manufacturers should invest in financial and human capital resources to continuously improve the quality of their products, if brand equity is to be sustained.

***Relationship between monetary value and brand equity (H1d)***

Samsung and competitors like Apple, Sony, Nokia and Blackberry charge premium prices for their products (Limpele, 2013). When consumers are willing to pay premium prices, Bondesson (2012) suggests that it is a reflection of how strong a brand is in the market. So in their study, Buil, Martinez and de Chernatony (2013) determined that the price patrons are prepared to pay for a product hinges on its positive brand equity (β = 0.69, $p$<0.05). Li and Ellis (2014) further found that consumers were willing to pay more for branded t-shirts, because they preferred the branded t-shirts over the non-branded. Thus, the branded t-shirts enjoyed valuable brand equity. On paying the higher prices however, consumers expect some value in return. For example, the choice of green products according to Yoo, Divita and Kim's (2013) finding, was driven by consumers' perceived price or monetary value. The present study supports this finding through obtaining a positive and significant effect of monetary value on brand equity (β = 0.09, $p$<0.05). This shows that even though Samsung mobile phones are relatively expensive, consumers enjoy some value from them and this influences their preference for the brand.

***Relationship between functional value and brand equity (H1e)***

The functionality of a mobile phone influences consumers to buy the product (Hu, Lu & Tzeng, 2014). The empirical results of the study conducted by Yeh, Wang and Yieh (2016) revealed

that the functional value of smartphones enhances brand loyalty, an important source of brand equity. For universities in Pakistan, functional value directly impacted on their brand equity (Alam & Saeed, 2016). Despite this finding, the present study did not find a significant relationship between functional value and brand equity despite being positive (β = 0.02, $p$>0.05). This suggests that Samsung as a company should pay attention to other drivers of brand equity like monetary value and perceived quality as illustrated in the foregoing discussion.

***Relationship between symbolic value and brand equity (H1f)***

The positive influence of social image on brand equity derived from using a particular brand of mobile phone such as Samsung among Gen Y students in South Africa was confirmed by Roets *et al*. (2014) and Mishra, Dash and Cyr's (2014) findings. Consistent with these findings, the current study found that there was positive and significant relationship between symbolic value and brand equity (β = 0.24, $p$<0.001) of Samsung mobile phone among Gen Y students in South Africa. These findings are not confined to the mobile phones industry. Alam and Saeed's (2016) study also acknowledged the positive relationship between symbolic benefits and brand equity of Pakistan universities (r = 0.68). Therefore, positioning the Samsung mobile phone brand using the status element can lead to product preference and purchase.

### 8.3.4 Relationship between brand awareness, brand image, perceived quality, monetary value, functional value, symbolic value and brand satisfaction

***Relationship between brand awareness and brand satisfaction (H2a)***

The findings of this study showed brand awareness as a strong predictor of brand satisfaction (β = 0.25, $p$<0.001). This supports Bilal and Malik's (2014) results, which also found a positive impact of brand awareness on brand satisfaction in the retail sector (β = 0.38, $p$<0.000). In the clothing sector however, Matthews, Son and Watchravesringkan (2014) found a negative and insignificant relationship between brand awareness and students' satisfaction with a brand of jeans (β = -0.01, $p$>0.05). Despite the latter finding, the general findings suggest that consumers need to be aware and familiar with a product in order for them to be satisfied with it.

***Relationship between brand image and brand satisfaction (H2b)***

In the present study, the path from brand image to brand satisfaction indicated a positive and significant relationship (β = 0.21, $p$<0.001). In support of these findings are studies by Khan, Rizwan, Islam, Ul-Aabdeen & Rehman (2016) and Tu, Li and Chih (2013), who found that brand image is indeed positively related to brand satisfaction. In Tu *et al*.'s (2013) study for instance, the brand image of a shoe retail store significantly affected the satisfaction of customers about the shoe brand (β = 0.24, $p$<0.05). In the clothing sector however, Matthews *et al*. (2014) did not find a significant relationship between brand image and brand satisfaction despite being positive (β = 0.13, $p$>0.05). Irrespective of this latter finding, the overall findings demonstrate that consumers who are satisfied with a product like the Samsung mobile phone are influenced by its positive brand image.

***Relationship between perceived quality and brand satisfaction (H2c)***

For this hypothesis, it was found that there is a positive and significant relationship between perceived quality and brand satisfaction (β = 0.20, $p$<0.001). This supports a number of studies in diverse industries investigating the impact of perceived quality on brand satisfaction. One of such studies is Hameed's (2013) study about customers' satisfaction with hypermarket stores. A significant, positive and strong relationship was found between perceived quality and customer satisfaction (β = 0.90, $p$<0.01). Another study was conducted in the telecommunication industry and specifically for Samsung products. A positive and significant relationship between consumers' perceived quality of these products and customer satisfaction was realised (β = 0.62, $p$<0.000) (Ramiz, Qasim, Rizwan, Aslam & Khurshid, 2014). Even in the automobile industry, Jahanshahi, Gashti, Mirdamadi, Nawaser and Khaksar's (2011) study found that product quality has a strong influence on customer satisfaction (β = 0.88, p<0.05). These findings suggest that when the quality of products are perceived to be good, consumers get satisfied.

***Relationship between monetary value and brand satisfaction (H2d)***

This study found a positive and significant relationship between monetary value and brand satisfaction (β = 0.12, $p$<0.001). This implies that despite being an expensive product, consumers are satisfied with the monetary value they get from Samsung mobile phones. This

finding is consistent with studies conducted by Chen and Ann (2016) and Deng, Lu, Wei and Zhang (2010) in the mobile phones industry in Taiwan and China respectively, where it was found that despite being expensive, consumers were highly satisfied with their smartphones.

If one reflects on the findings of this section discussed thus far, it is reasonable to infer that if the product is familiar to consumers, its image and perceived quality is favourable and most importantly, the product performs its functions, what consumers pay for the product is inconsequential. Hence, Mishra *et al.* (2014) put it explicitly that if the product performs optimally, consumers are happy to spend their money on such a product. The relationship between functional value and brand satisfaction is dissected next.

***Relationship between functional value and brand satisfaction (H2e)***

In terms of the present study's proposed relationship between functional value and brand satisfaction, a positive and significant correlation was found ($\beta = 0.49$, $p<0.001$). This result is in agreement with Sondoh, Omar, Wahid, Ismail & Harun's (2007) study in the cosmetic industry, which found that a functional cosmetic product positively influences satisfaction with the brand ($\beta = 0.26$, $p< 0.05$). In the mobile phones industry, two studies also reaffirmed this relationship. The first study by Lee, Moon, Kim and Yi (2015) demonstrated that if the usability experience of consumers is high, their satisfaction with the product will also be high ($\beta = 0.51$, $p< 0.001$). The second study also concluded that functional value has positive effect on the satisfaction of Chinese nationals ($\beta = 0.23$, $p<0.01$) (Deng *et al.*, 2010). It is therefore evident that the functional element of a product plays an important role in ensuring that consumers are satisfied.

***Relationship between symbolic value and brand satisfaction (H2f)***

Symbolic value is found in this study to have a positive but insignificant effect on brand satisfaction ($\beta = 0.03$, $p>0.05$). This finding resembles a study by Deng *et al.* (2010), who also found that in the Chinese mobile phone sector, symbolic value has no pertinence on brand satisfaction. However, these findings contradict earlier studies in diverse industries like cosmetics, tourism and clothing, where social image and symbolic consumption was found to be an influential factor on consumers' satisfaction with cosmetic, tourist destination and clothing brands (Chen, Leask & Phou, 2016; Hur, Kim, M. & Kim, H., 2014; Sondoh *et al.*,

2007). This finding of the current study indicates that despite prevalent empirical arguments that consumers like Gen Y are status conscious when purchasing products (e.g. Samsung mobile phone), this factor has no bearing on whether or not consumers will be satisfied with the brand. This could be caused by the current global economic situation, which may be influencing these young consumers, who struggle to find jobs to seek for functional benefits, instead of status benefits.

### 8.3.5 Relationship between brand satisfaction, brand love and brand loyalty

***Relationship between brand satisfaction and brand love (H3)***

A strong positive and significant relationship between brand satisfaction and brand love prevailed in this study ($\beta = 0.92$, $p<0.001$). This finding is corroborated by a previous study, in which wine brand satisfaction and wine brand love were found to be positively correlated to each other ($\beta = 0.77$, $p<0.001$) (Drennan, Bianchi, Cacho-Elizondo, Louriero, Guibert & Proud, 2015). In the South African consumer goods industry, a positive relationship between brand satisfaction and brand love was also confirmed ($\beta = 0.30$, *t*-value = 2.381) (Chinomona, 2013). Based on the finding of the current study and findings of previous studies, it is evident that if consumers are satisfied with the brand, they become emotionally attached to it, which augurs well for marketers. This may be beneficial for the development of brand loyalty as empirically examined below.

***Relationship between brand love and brand loyalty (H4)***

Consumers who love a specific brand exhibit emotional commitment towards it, hence they are resistant to available options in the market (Ercis, Unal, Candan & Yıldırım, 2012; Carroll & Ahuvia, 2006). According to Ardyan, Kurnianingsih, Rahmawan, Wibisono and Winata (2016), the emotional attachment element is one of the factors attributed to consumers' loyalty towards Samsung mobile phones. These arguments are further endorsed by results of this present study, which found that indeed brand love is positively related to brand loyalty ($\beta = 0.91$, $p<0.001$). This finding is consistent with previous studies carried out in various industries such as telecommunications, wine, phone, soft drinks and motor, which revealed that the impact of brand love on brand loyalty is positive and significant (Drennan *et al.*, 2015; Ahmed *et al.*, 2014; Rauschnabel & Ahuvia, 2014; Fetscherin, Boulanger, Filho & Souki, 2014; Batra,

Ahuvia & Bagozzi, 2012; Loureiro, Ruediger & Demetris, 2012). It will be great for Samsung to know from this study that 66% of Gen Y did not only love the mobile phone brand and 76% appreciated its features as presented in Table 7.8, but the overall love of the brand will lead the lucrative market segment of Gen Y to be loyal to the brand. One can conclude here that loyalty generated from an emotional feeling, such as brand love can be enduring or sustained.

### 8.3.6 Relationship between monetary value, functional value, symbolic value and brand loyalty

***Relationship between monetary value and brand loyalty (H5a)***

In the car industry, economic value is the contributing factor to the loyalty of consumers (β = = 0.11, *t*-value = 2.31) (Kumar, Townsend & Vorhies, 2015). In the mobile phones industry, among other determinants such as brand reputation, functionality and design, economic value is a basis of smartphone brand loyalty (Leelakulthanit & Hongcharu, 2012). As Ramaseshan, Rabbanee and Hui (2013) proclaim, consumers become brand loyal once they derive value for money from the product. The findings of this present study have not deviated from what has been established by other authors. This is apparent from the positive and statistically significant relationship between monetary value and brand loyalty (β = 0.13, $p< 0.001$). In the South African context, where there is currently a gloomy and shrinking economy, every cent counts to most citizens including Gen Y. Even though Gen Y consumers are reported to having high disposal income, the gloomy economic climate not only in South Africa, but globally renders Gen Y consumers to appreciate value-for-money to be loyal.

***Relationship between functional value and brand loyalty (H5b)***

The results of this study illustrate an insignificant and negative relationship between functional value and brand loyalty (β = -0.03, $p>0.05$). Considering that functionality is one of the important features of a mobile phone, this finding was unexpected. This suggests that irrespective of whether or not a Samsung mobile phone performs its functions, there is no guarantee that consumers will be loyal towards the brand. Nevertheless, previous studies have provided empirical support on the positive impact functionality has on brand loyalty. For instance, Chen and Ann (2016) and Mishra *et al.* (2014) studies found that when a mobile phone is efficient, functional and ease to use, consumers become loyal to the product. In the

motor and cosmetic industries, Kumar *et al.* (2014) and Sondoh *et al.* (2007) also argued that functional value benefits have an influence on consumers' intentions to be loyal. Based on their results (β = 0.12, *t*-value = 3.58 and β = 0.26, $p < 0.01$ respectively), the result of this current study's hypothesis was refuted.

***Relationship between symbolic value and brand loyalty (H5c)***

In a study investigating Gen Y's associations of luxury watches and sunglasses, it was found that symbolic value positively influenced their loyalty towards these products (Esmaeilpour, 2015). In this current study, notwithstanding the positive path between symbolic value and brand loyalty, results elucidated a statistically insignificant relationship (β = 0.01, $p > 0.05$). This finding is consistent with a study by So, Parsons and Yap (2013), who found that symbolic value does not influence brand loyalty study (β = 0.09, $p > 0.05$). However, other prior studies found a positive relationship between symbolic value and brand loyalty (β = 0.14, *t*-value = 2.06 and β = 0.34, $p < 0.01$) (Bruhn, Schnebelen & Schäfer, 2015; He & Lai, 2014). The result of this present study suggests that even if a brand is perceived as enhancing consumers' social status, this does not mean that they will be loyal to the product.

### 8.3.7 Relationship between brand loyalty and brand equity

***Relationship between brand loyalty and brand equity (H6)***

A number of studies have confirmed the hypothesis that brand loyalty has a positive impact on brand equity in industries such as electronics, sportswear, motor and beverages (Sasmita, & Suki, 2015; Torres, Augusto & Lisboa, 2015; Buil *et al.*, 2013). In line with these studies, a study by Ahmad and Sherwani (2015) found that brand loyalty had the most effect on brand equity of mobile phone brands (β = 0.69, $p < 0.05$). Similarly, a study on the role of brand loyalty on brand equity of a bank institution in Bangladesh also came to same conclusion (β = 0.30, $p < 0.001$) (Fatema *et al.*, 2013). The results provided above are consistent with the present study's findings, in which the relationship between brand loyalty and brand equity was found to be positive and statistically significant (β = 0.63, $p < 0.001$). This implies that loyal consumers contribute immensely to the growth of a brand as a result of their commitment to not only buy the product but recommend it to peers and family members.

The aforementioned discussion on the relationship results was part of an effort to accomplish the primary objective of this study, which endeavoured to measure customer-based brand equity (CBBE) sources and outcomes (in terms of brand relationships) of Samsung mobile phones among Gen Y consumers. Since this study had other objectives derived from the identified research gap, it was deemed prudent to recap on the research problem, broader objectives of the study, how chapters were structured and the conclusions and recommendations drawn from the findings to achieve the study's objectives.

## 8.4 CONCLUSIONS

In the preceding section, empirical results of 18 hypotheses which proposed a number of direct and indirect relationship between various CBBE sources were presented. An integrated conceptual model developed by expanding the orthodox CBBE sources (i.e. brand awareness, brand image, perceived quality) with other sources and outcomes, such as consumer-brand relationship factors (i.e. brand satisfaction, brand love, and brand loyalty) and consumption values (monetary value, functional value, and symbolic value) to explain Samsung's mobile phone brand equity among Gen Y consumers. Gen Y, who are prominent users of mobile phones, provided valuable insights on which factors have contributed to the growth of the Samsung brand in the mobile phone industry. This section therefore concludes on the findings.

### 8.4.1 Conclusion on the extent CBBE sources (brand awareness, brand image, perceived quality, monetary value, functional value, symbolic value) explain Samsung brand equity

Aaker (1996) and Keller's (1998) sources (i.e. brand awareness, brand image, and perceived quality) and Chuah *et al.*'s (2014) customer-oriented values in terms of monetary value, functional value, and symbolic value explained 56% of the overall brand equity of Samsung mobile phones brand. Out of all these sources, the key driver was symbolic value, which explained Samsung brand equity by 24%, followed by monetary value with a contribution of 9%. The only Aaker and Keller's CBBE source, which positively and significantly drives Samsung brand equity among Gen Y is perceived quality, which contributes 8%. It can be concluded that if the Samsung mobile phone brand can maintain their quality, provide value-for-money and satisfy Gen Y's desire for prestige and admiration from friends, this lucrative market segment will differentially and positively respond to this brand. This conclusion is not

immune to South Africa, in Malaysia, Suki (2013) also found that Gen Y purchase a smartphone for its symbolic benefit in terms of social influence.

### 8.4.2 Conclusion on the extent CBBE sources (brand awareness, brand image, perceived quality, monetary value, functional value, symbolic value) affect Gen Y satisfaction with Samsung mobile phone brand

Gen Y's satisfaction with the Samsung mobile phone was explained by 71% of Aaker (1996) and Keller's (1998) sources (brand awareness, brand image, and perceived quality) and Chuah *et al*.'s (2014) customer-oriented symbolic, functional, and monetary values. It can be concluded that the explanatory power of these two models in explaining satisfaction with the Samsung brand is strong. Considering all these sources, functional value had the strongest influence on satisfaction, explaining it by 49%. Symbolic value had no significant influence on satisfaction. The results mean that Gen Y consumers are satisfied with the Samsung mobile phone brand, because they are aware about its features, have a favourable image due to its functionality and perceived quality. This satisfaction element is very important, especially as Chen and Ann (2016) found that in Taiwan, the high price of Apple iPhone did not stop consumers from buying it over Samsung and HTC brands, because they were highly satisfied with the iPhone brand.

### 8.4.3 Conclusion on the relationship between brand satisfaction, brand love and brand loyalty

It has been found that consumers who have a strong relationship with a brand are likely to demonstrate positive attitude towards it (Turri, Smith & Kemp, 2013), purchase the brand now and in the future (Esch *et al*., 2016). Fournier (1998) suggests that the relationship is built from a cognitive benefit to a positive affect, which then leads to emotional connection. The key concepts in a brand relationship-building process according to Esch *et al*. (2006), are brand satisfaction, brand love or attachment and future purchase of the brand, which is brand loyalty. On empirically testing this relationship-building process with Samsung mobile phone brand among Gen Y, it was found and concluded that when Gen Y consumers are satisfied with the Samsung mobile phone, they fall 'in love' with this brand. This love lead them to become emotionally connected to the brand and become brand loyal. In support of this conclusion, Pratiwi, Saereng and Tumewu's (2015) study among Samsung smartphone users in Indonesia

demonstrated that consumers are loyal to this brand because they are satisfied with the manner in which it functions. While the manner in which the Samsung phone brand functions is what made Indonesian Gen Y consumers satisfied to the point of being brand loyal, the current study investigated other values, which can drive Samsung brand loyalty. The next sub-section highlights these values.

### 8.4.4 Conclusion on the relationship between monetary value, functional value, symbolic value and brand loyalty

In this study, it was also proposed that monetary, functional and symbolic values have a direct impact on brand loyalty. The ensuing results indicate that Gen Y consumers' brand loyalty is influenced only by the monetary value they derive from using the Samsung mobile phone. This is in contrast with previous studies which have found that the functional value and symbolic value are positive predictors of brand loyalty in the mobile phone industry (Yeh *et al.*, 2016; Bakon & Hassan, 2013). While Gen Y fairly agree that they are loyal to the Samsung mobile phone brand with ($M$ = 3.61), it can be concluded that in terms of consumption values, the value-for-money they receive from is attributed to their brand loyalty. Whether brand loyalty drives brand equity is discussed next.

### 8.4.5 Conclusion on the extent to which brand loyalty drives brand equity

With brand loyalty directly predicting Samsung mobile phone brand equity by 63% as presented in Table 7.19 in Chapter 7, and being the highest of all direct predictors, it can be concluded that brand loyalty is the strongest direct driver of Samsung mobile phone brand. Pratiwi *et al*. (2015) also found that Samsung's mobile phone brand in Indonesia is profitable due to brand loyal consumers. This implies that the company should investigate more drivers of brand loyalty and do it utmost best to maintain the status quo.

## 8.5 RECOMMENDATIONS

In this section, recommendations grounded on conclusions derived from the findings are presented.

### 8.5.1 Recommendation for conclusion 8.4.1

The findings of this study revealed that Gen Y consumers are directly influenced by symbolic value, monetary value and perceived quality when deciding to buy a Samsung mobile phone. Since these are the only factors which have a direct contribution to brand equity, marketers responsible for growing the Samsung mobile phones brand should place more emphasis on them. In essence, Samsung mobile phones should be positioned as products of good quality with a high social status level offering good value for money to enhance its brand equity. The operative word in this instance is *'more emphasis'* because other factors such as brand awareness, brand image and functional value should not be ignored as they also have an indirect role in the formation of brand equity through brand satisfaction. The following recommendation relates to this assertion.

### 8.5.2 Recommendation for conclusion 8.4.2

The study further found that except for symbolic value, brand awareness, brand image, perceived quality, monetary value and functional value positively influence Gen Y consumers' satisfaction towards the Samsung mobile phone brand. As indicated in the aforementioned discussion, brand awareness, brand image, functional value contribute indirectly to brand equity through brand satisfaction. Therefore, marketing and brand managers at Samsung should focus on creating brand awareness and image building campaigns focusing specifically on the quality of Samsung mobile phones, their functionality and relate these dynamics to the price consumers are expected to pay to acquire this item. For instance, according to takealot.com, an online platform selling diverse products, the Samsung S8 smartphone retails for R14,799 as at June 2017. It is for this reason that mitigating the exorbitant price associated with these phones could be effective if attention is paid to brand awareness, brand image, perceived quality, monetary value and functional value as these factors influence brand satisfaction, and subsequently brand equity.

### 8.5.3 Recommendation for conclusion 8.4.3

In terms of the relationship between brand satisfaction and brand love, this study discovered that Gen Y consumers who are satisfied with the Samsung mobile phone *'fall in love with the brand'* and become attached to it emotionally. This implies that the Samsung marketing team should focus on ensuring that users of their mobile phones are satisfied with a number of products elements such as quality and functionality in order to create a strong bond between consumers and the brand. The additional benefit of consumers who love the brand is further illustrated next.

Brand love, according to this study's findings, is a significant factor impacting on the loyalty of Gen Y consumers towards the Samsung mobile phone brand. Considering that brand love is a culmination of brand satisfaction as discussed in subsection 8.4.3, Samsung marketers should therefore view brand satisfaction, brand love and brand loyalty as interrelated and sequential brand equity building blocks. In other words, consumers are likely to patronise and invest their emotions in the Samsung mobile phone brand on condition that they are satisfied with its performance in relation to the price paid, quality and image.

### 8.5.4 Recommendation for conclusion 8.4.4

In addition to brand satisfaction and brand love, this current study established that Gen Y consumers' loyalty towards the Samsung mobile phone brand is strongly influenced by monetary value. Therefore, marketing managers responsible for managing the Samsung brand should amplify the value for money derived by consumers from using the product. This should be done by highlighting the intrinsic and extrinsic benefits such as quality, functionality and symbolic (status) offered by the Samsung mobile phones relative to the price paid.

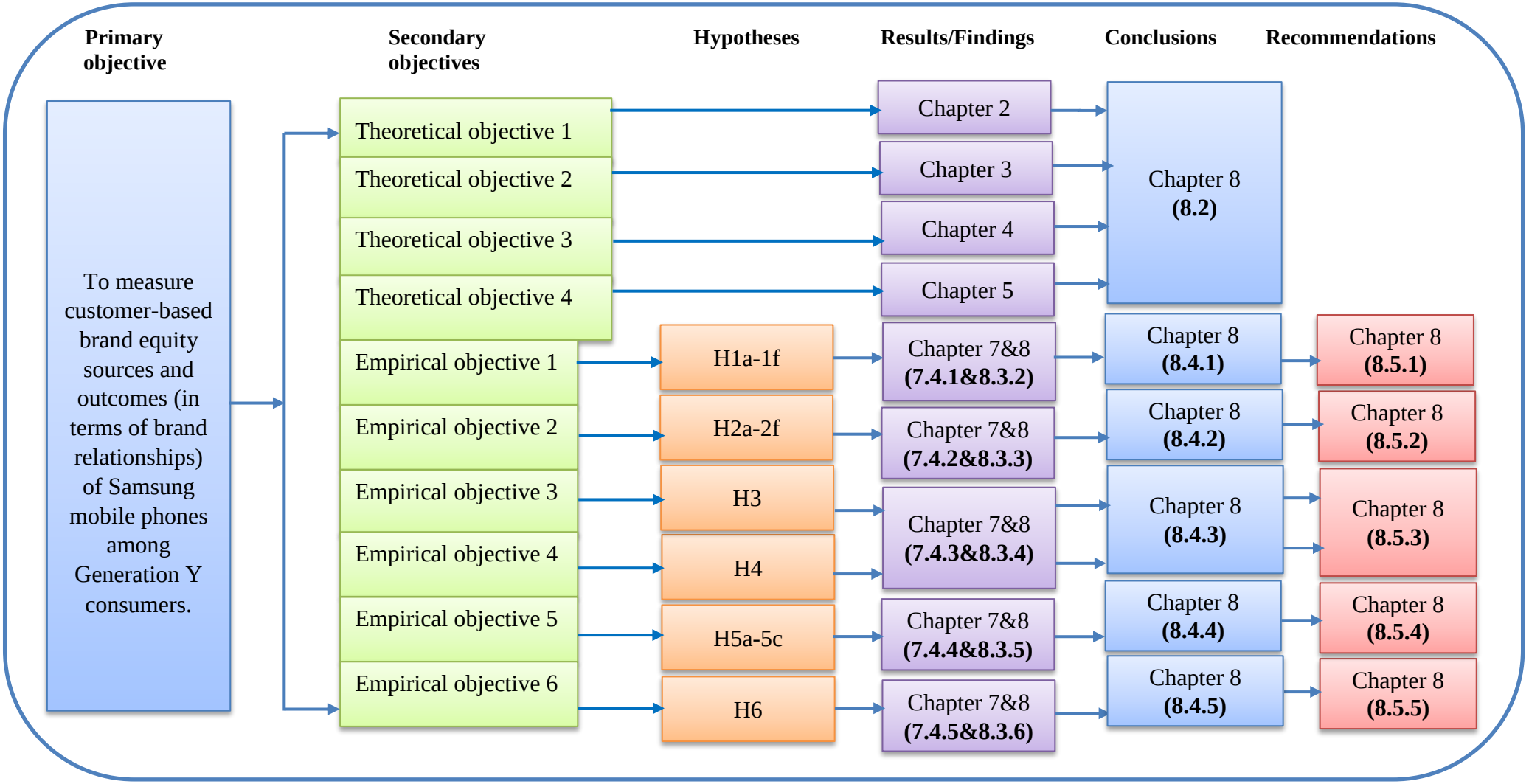
### 8.5.5 Recommendation for conclusion 8.4.5

In line with the conclusion in subsection 8.4.5, the importance of brand loyal consumers and their contribution to the growth of a brand's value was further validated in this study. Since Gen Y consumers demonstrated that they are loyal and committed to the Samsung mobile phone brand to an extent of endorsing it to peers and family members, Samsung marketers should, over and above ensuring that consumers are satisfied and embrace or love the Samsung

brand, focus on retaining existing consumers and attract new users in order to grow the brand equity of Samsung mobile phone.

Figure 8.1 presents a flow diagram that summarises how the primary and secondary research objectives, hypotheses, findings, conclusions and recommendations are coherent.

**Figure 8.1: Summary of the study's research objectives, hypotheses and corresponding findings, conclusions and recommendations**




Source: Author's own compilation

## 8.6 CONTRIBUTIONS OF THE STUDY

This study made theoretical and practical contributions, which are presented in the following subsections.

### 8.6.1 Theoretical contributions

In an expedition to identify sources of CBBE, Aaker (1996) and Keller's (1998) models have been used extensively in various industries and countries. While sources of brand equity (i.e. brand awareness, brand image, perceived quality and brand loyalty) suggested by these models are still relevant, there was a need to investigate other influential sources driving CBBE according to Allaway, Huddleston, Whipple and Ellinger's (2011) recommendation. This study, thus proposed and empirically tested a conceptual model that integrated Aaker (1996) and Keller's (1998) CBBE models with other models suggesting some important consumption values and consumer-brand relationship sources, which can contribute to the formation of CBBE. The additional sources (i.e. monetary value, functional value, symbolic value, brand satisfaction, and brand love) can improve the understanding of how CBBE can be built and measured in the disciplines of consumer behaviour, brand management, and generational marketing.

The decision on whether or not a consumer buys a particular product is reliant on the values they envisage to derive (Goh, Suki & Fam, 2014). Discussing the shopping behaviour of consumers without incorporating consumption values, according to Candan, Unal and Ercis (2013), is a futile exercise. Despite this caution, empirical studies on consumption values are scant in the field of marketing, brand management and consumer behaviour and particularly in developing countries like South Africa (Zhao, 2014). This study contributes in these areas by empirically revealing that the three consumption values adopted (i.e. monetary value, functional value, and symbolic value) drive consumers' satisfaction, which was found in this study as a strong predictor of brand love, thus leading to brand loyal consumers.

For strong brands like Samsung to sustain their position in the market, Keller (2008) suggests that the concept of consumer-brand relationship should be embraced. In a competitive mobile phone industry for instance, gaining insights on how consumers forge relationships with and

become loyal to brands should be of paramount importance to marketers (Zhao, 2014; Keller, 2012; Kimpakorn & Tocquer, 2010). Hence, this concept is beginning to receive attention in academia (Hwang & Kandampully, 2012). While much has been written and confirmation established about the importance of consumer-brand relationship on brand equity formation, especially in terms of brand satisfaction and brand loyalty, this study contributes by showing how much monetary, functional and symbolic values contribute on these two important relationship factors.

Consumer behaviour models have values as one of the psychological factors, which can impact on purchase decision. The current study did not only expose the types of values, but demonstrated their strong impact on satisfaction among the well-informed, impatient, fickle, nonetheless large and lucrative market segment like Gen Y. While Grotts and Johnson (2013) portray Gen Y as a consumer cohort found to be indecisive and notorious for being disloyal towards brands, this study revealed that it is not the case with Samsung mobile phone brand. Specifically, this study found that 58% of Gen Y members have owned their Samsung mobile phone brand for seven years. Furthermore, 70% of these members indicated that they are willing to recommend this brand to friends and family. In line with Bilgihan (2016) suggestion that marketers should invest in a process to understand relationships Gen Y consumers have with brands, this study contributes by providing insights on relational factors to consider when developing relevant marketing strategies to capture and retain the Gen Y market.

### 8.6.2 Practical contributions

This study also makes practical contributions discussed below.

Gen Y consumers are the youngest generation entering the workforce at a rapid rate (Young, Sturts, Ross & Kim, 2013). This implies that it is a lucrative market segment to be targeted by marketers due to their potential spending power. This study investigated and uncovered comprehensive factors attributed to Gen Y consumers' preference for and differential response to Samsung mobile phone. This specifically uncover brand-related factors (perceived quality, brand loyalty) and consumption-related factors (monetary and symbolic), which Samsung marketers can prioritise when investing financial resources to capture the Gen Y market.

In Chapter 2, it was revealed that Samsung has grown its market share at the expense of competitors like Apple, Nokia and Blackberry. This study provides insights into some of the factors, which may be credited to this growth, especially when a large and lucrative market like Gen Y is concerned. Therefore, in an effort to recover lost ground in terms of market share, the aforementioned competitors can use this study's findings as a basis for developing competitive marketing strategies that resonate with this respective target market.

Marketers and multinational companies in general can also use the insights and look beyond Aaker (1996) and Keller's (1998) sources of CBBE and offer innovative products that provide the identified values for consumers. By doing so, good relations between the company brand and consumers will be forged and maintained. Therefore, incorporating the consumer-brand relationship dimension will not only enhance brand equity, but can guarantee future financial benefits.

## 8.7 LIMITATIONS OF THE STUDY AND SUGGESTIONS FOR FUTURE RESEARCH

This research, as with any study, has some limitations, which may stimulate direction for future research. In this section, these limitations and corresponding suggestions for future research are presented.

The first limitation is that this study focused only on university-aged Gen Y in the 18-25 year age group, who Gutter and Copur (2011) consider as young adults newly entering the job market with unique attitudes and high luxury goods purchasing ability. This means that non-university young adults and older Gen Y members (i.e. from age 26-35) did not form part of this study. Therefore, the findings might not represent the views of the entire Gen Y cohort. This limitation can be overcome by testing the conceptual model with non-university students and older Gen Y in future studies. The non-university students may have lower self-esteem and more highly value symbolic value for satisfaction with the Samsung mobile phone brand.

The second limitation relates to the fact that this study focused on the mobile phones industry with a specific focus on the Samsung brand. This means that the findings of this study are restricted and applicable to not only one industry, but also to one mobile phone brand. Hence,

future research can use the theoretical framework developed in this study in other industries to ascertain if different insights pertaining to the sources of CBBE can be discovered.

The third limitation is about the nature of the study, which is cross-sectional. Around October 2016, the same time data collection of this study was being carried out, Samsung discontinued the production of its Galaxy Note 7 smartphone less than two months after it was launched and a global recall was implemented due to numerous battery explosions. Since these incidents occurred towards the end of data collection period, this means that findings reported in this study relate to only a particular point in time (i.e. before the recall). In light of the negative publicity encountered by Samsung as a result of the product recall, this therefore presents an opportunity for future researchers to adopt the longitudinal approach to determine if the generally positive opinions expressed by Gen Y consumers about the Samsung mobile phones brand before the product recall will remain the same or change in the long-term.

The fourth limitation is that the study focused on two universities (University of Johannesburg and University of the Witwatersrand) based in the Gauteng province. The findings of this study might not be a true reflection of Gen Y consumers in other 8 provinces. To alleviate this drawback, future research should include Gen Y consumers from other universities situated in different provinces in order to possibly get diverse opinions.

## 8.8 CONCLUDING REMARKS

The Samsung mobile phone brand has consistently dominated the mobile phones industry currently. There was therefore a need to investigate the sources and outcomes of its CBBE among Gen Y, who are techno-savvy consumers and a smartphone is one of the item they value the most. The study was also motivated by the fact that there was need to identify the various sources of brand equity among various samples and product category, especially as many financial and business benefits can be gained from high CBBE.

This therefore contributed by proposing and empirically testing an integrated conceptual model based on four theoretical frameworks to holistically identify various sources and even outcomes of the brand equity of Samsung mobile phones among South African Gen Y consumers. Overall, the study uncovered that 57% of the Samsung mobile phone brand equity is constituted by nine factors (i.e. brand awareness, brand image, perceived quality, monetary

value, functional value, symbolic value, brand satisfaction, brand love and brand loyalty). Future research should not only test the conceptual model with other samples and product category, but should investigate other possible sources of CBBE over time.

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## APPENDIX A: PARTICIPANT INFORMATION LETTER

Good day,

My name is Chuma Diniso, student number 1510370, and I am a PhD candidate in Marketing at the University of the Witwatersrand.

My research project is entitled *"Measuring customer-based brand equity (CBBE) of Samsung mobile phones among Generation Y"*. The purpose of this research is to understand what makes Samsung mobile phones popular in the market. The findings of this study are expected to reveal elements of CBBE to focus on in order for companies to be successful and sustainable.

Your selection to partake in this research is based on the fact that Samsung mobile phones are used mainly by Generation Y students. So if you are between the ages of 18 and 25 and you own a Samsung mobile phone, I humble invite you to complete the attached questionnaire. It should take you about 15 minutes to complete the questionnaire.

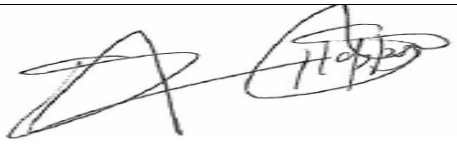
If you agree to take part in this research, the information you disclose will remain confidential. Your participation in this research is voluntary and completing and returning this questionnaire will be regarded as an indication that you have agreed to take part in the study. As a voluntary participant, you may refuse to answer any questions which you feel uncomfortable with and may withdraw from this study at any time. By being a participant in this research you will not receive payment of any kind.

The information you provide will be used to compile the thesis which will be available through the University's website. If you require a summary of the research, the researcher will make this available to you.

Should you have any further questions or queries, you are welcome to contact the researcher, Supervisor and the Human Research Ethics Clearance (HREC) representative at any time using the contact details provided below.

Thank you for your cooperation.

Yours Sincerely,

| | | |
|---|---|---|
| Mr Chuma Diniso **(Researcher)**<br>Email: 1510370@students.wits.ac.za | Dr. Helen Duh **(Supervisor)**<br>Email: helen.duh@wits.ac.za | Lucille Mooragan **(HREC)** Email:<br>lucille.mooragan@wits.ac.za |
|  | | |

## APPENDIX B: RESEARCH QUESTIONNAIRE

## QUESTIONNAIRE

**Purpose:** You are invited to participate in this study, which aims to measure customer-based brand equity (CBBE) of Samsung mobile phones among Generation Y.

**Before you proceed, please be mindful of the following:**

- Your participation is voluntary.
- You must be between 18 and 25 years old to participate in this study.
- Completing and returning this questionnaire will be regarded as an indication that you have agreed to take part in the study.
- If you agree to participate, you may withdraw at any time for any reason.

## SECTION A – QUALIFYING QUESTIONS

Please answer the following questions by making a cross (**X**) in the applicable spaces.

A1. From the list below, which phone or phones do you have?

| | |
|---|---|
| Samsung | 1 |
| IPhone | 2 |
| Blackberry | 3 |
| Huawei | 4 |
| Nokia | 5 |
| Other (Please specify): | 6 |

A2. If Samsung is the phone you have, please indicate how long you have had it.

| | |
|---|---|
| Less than one year | 1 |
| One year to less than three years | 2 |
| Three years to less than five years | 3 |
| Five years to less than seven years | 4 |
| Seven years to 10 years | 5 |

A3. If Samsung is the phone you have, do you plan to change to a different phone brand anytime soon?

| | | | |
|---|---|---|---|
| Yes | 1 | No | 2 |

If your answer is **NO** to question A3 above, please continue to the next question.

A4. Are you between the ages of 18 and 25?

| | | | |
|---|---|---|---|
| Yes | 1 | No | 2 |

If your answer is **YES** to question A4 above, please continue to complete this questionnaire.

## SECTION B – BACKGROUND INFORMATION

This section of the questionnaire refers to background or biographical information. Although I am aware of the sensitivity of the questions in this section, the information will allow us to compare groups of respondents. I assure you that your response will remain anonymous. Your cooperation is appreciated.

Please indicate your answer by making a cross (**X**) in the appropriate space provided.

B1. Please indicate your gender

| | |
|---|---|
| Male | 1 |
| Female | 2 |

B2. Please indicate your age (in complete years)

| | |
|---|---|
| | |

B3. Please indicate your ethnicity

| | |
|---|---|
| Black | 1 |
| Coloured | 2 |
| Indian or Asian | 3 |
| White | 4 |

B4. Some people say that there are different levels in society which others call classes. Here we are thinking of economic levels and not of groups with different languages/ethnic groups. To what level in society would you be closest?

| | |
|---|---|
| Upper level | 1 |
| Upper-middle level | 2 |
| Middle-level | 3 |
| Lower-middle level | 4 |
| Lower level | 5 |

B5. What is the level of your education?

| | |
|---|---|
| Undergraduate | 1 |
| Postgraduate | 2 |
| Other (Please specify): | 3 |

**SECTION C**

This section explores your opinions about the Samsung mobile phone brand. Please indicate the extent to which you agree or disagree with each of the following statements by making a cross (**X**) in the appropriate space provided using 1-5 scales where: **1=** Strongly Disagree **2=** Disagree **3=** Neutral **4=** Agree **5=** Strongly Agree.

| **BRAND AWARENESS** | | **Strongly Disagree** | | | | | | **Strongly Agree** |
|---|---|---|---|---|---|---|---|---|
| BA1 | I can recognise the Samsung mobile phone in comparison with the other competing mobile phones. | | 1 | 2 | 3 | 4 | 5 | |
| BA2 | I am familiar with the Samsung mobile phone. | | 1 | 2 | 3 | 4 | 5 | |
| BA3 | Features of the Samsung mobile phone quickly come up in my mind. | | 1 | 2 | 3 | 4 | 5 | |
| BA4 | I know what the Samsung mobile phone looks like. | | 1 | 2 | 3 | 4 | 5 | |
| BA5 | I think of the Samsung mobile phone first among many mobile phones. | | 1 | 2 | 3 | 4 | 5 | |
| BA6 | I heard of the Samsung mobile phone brand before using it. | | 1 | 2 | 3 | 4 | 5 | |
| BA7 | I think the Samsung mobile phone is a leader in the mobile phone industry. | | 1 | 2 | 3 | 4 | 5 | |
| BA8 | I can quickly recall the symbol or logo of the Samsung mobile phone. | | 1 | 2 | 3 | 4 | 5 | |
| **BRAND IMAGE** | | **Strongly Disagree** | | | | | | **Strongly Agree** |
| BI1 | Using the Samsung mobile phone makes me feel superior. | | 1 | 2 | 3 | 4 | 5 | |
| BI2 | The Samsung mobile phone represents efficiency. | | 1 | 2 | 3 | 4 | 5 | |
| BI3 | Compared with other mobile phones, the brand image of Samsung mobile phone is unique. | | 1 | 2 | 3 | 4 | 5 | |
| BI4 | I have a good impression of the overall image of the Samsung mobile phone. | | 1 | 2 | 3 | 4 | 5 | |
| BI5 | The Samsung mobile phone is well established in the market. | | 1 | 2 | 3 | 4 | 5 | |
| BI6 | I trust the Samsung mobile phone. | | 1 | 2 | 3 | 4 | 5 | |
| **PERCEIVED QUALITY** | | **Strongly Disagree** | | | | | | **Strongly Agree** |
| PQ1 | The quality of the Samsung mobile phone is extremely high. | | 1 | 2 | 3 | 4 | 5 | |
| PQ2 | The Samsung mobile phone has consistent quality. | | 1 | 2 | 3 | 4 | 5 | |
| PQ3 | The Samsung mobile phone has an acceptable standard of quality. | | 1 | 2 | 3 | 4 | 5 | |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| PQ4 | The performance of Samsung mobile phone is high. | | 1 | 2 | 3 | 4 | 5 | |
| PQ5 | The Samsung mobile phone consistently performs well. | | 1 | 2 | 3 | 4 | 5 | |
| PQ6 | The reliability of Samsung mobile phone is high. | | 1 | 2 | 3 | 4 | 5 | |
| PQ7 | The quality of Samsung mobile phone is higher in comparison to other phones. | | 1 | 2 | 3 | 4 | 5 | |
| **BRAND LOYALTY** | | **Strongly Disagree** | | | | | | **Strongly Agree** |
| BL1 | When I buy a mobile phone, a Samsung phone is always my first choice. | | 1 | 2 | 3 | 4 | 5 | |
| BL2 | I'm loyal to the Samsung mobile phone. | | 1 | 2 | 3 | 4 | 5 | |
| BL3 | I usually choose the Samsung mobile phone over other phones. | | 1 | 2 | 3 | 4 | 5 | |
| BL4 | If I were to buy another mobile phone in future, I would choose the Samsung mobile phone again. | | 1 | 2 | 3 | 4 | 5 | |
| BL5 | I would recommend the Samsung mobile phone to my friends and family. | | 1 | 2 | 3 | 4 | 5 | |
| **BRAND SATISFACTION** | | **Strongly Disagree** | | | | | | **Strongly Agree** |
| BS1 | I am very satisfied with the performance of the Samsung mobile phone. | | 1 | 2 | 3 | 4 | 5 | |
| BS2 | I am very happy with the Samsung mobile phone. | | 1 | 2 | 3 | 4 | 5 | |
| BS3 | The Samsung mobile phone does a good job in satisfying my needs. | | 1 | 2 | 3 | 4 | 5 | |
| BS4 | I believe that buying the Samsung mobile phone was the right decision. | | 1 | 2 | 3 | 4 | 5 | |
| BS5 | I am satisfied with my decision to purchase the Samsung mobile phone. | | 1 | 2 | 3 | 4 | 5 | |
| BS6 | Overall, I am satisfied with the Samsung mobile phone. | | 1 | 2 | 3 | 4 | 5 | |
| **BRAND LOVE** | | **Strongly Disagree** | | | | | | **Strongly Agree** |
| BLO1 | The Samsung mobile phone makes me feel good. | | 1 | 2 | 3 | 4 | 5 | |
| BLO2 | I love the Samsung mobile phone brand. | | 1 | 2 | 3 | 4 | 5 | |
| BLO3 | The Samsung mobile phone is awesome. | | 1 | 2 | 3 | 4 | 5 | |
| BLO4 | I am passionate about the Samsung mobile phone. | | 1 | 2 | 3 | 4 | 5 | |
| BLO5 | I am attached to the Samsung mobile phone. | | 1 | 2 | 3 | 4 | 5 | |
| BLO6 | I love the features of the Samsung mobile phone. | | 1 | 2 | 3 | 4 | 5 | |

| **MONETARY VALUE** | | **Strongly Disagree** | | | | | | **Strongly Agree** |
|---|---|---|---|---|---|---|---|---|
| MV1 | The Samsung mobile phone is good value for money. | | 1 | 2 | 3 | 4 | 5 | |
| MV2 | Relative to other phones, the Samsung mobile phone is a good buy. | | 1 | 2 | 3 | 4 | 5 | |
| MV3 | The Samsung mobile phone offers satisfactory value considering how much it costs. | | 1 | 2 | 3 | 4 | 5 | |
| MV4 | The Samsung mobile phone is reasonably priced. | | 1 | 2 | 3 | 4 | 5 | |
| MV5 | When I bought the Samsung mobile phone, I felt that I am getting a good deal. | | 1 | 2 | 3 | 4 | 5 | |
| **FUNCTIONAL VALUE** | | **Strongly Disagree** | | | | | | **Strongly Agree** |
| FV1 | The Samsung mobile phone provides excellent performance. | | 1 | 2 | 3 | 4 | 5 | |
| FV2 | The Samsung mobile phone is reliable. | | 1 | 2 | 3 | 4 | 5 | |
| FV3 | The Samsung mobile phone is durable. | | 1 | 2 | 3 | 4 | 5 | |
| FV4 | The Samsung mobile phone performs according to my expectations. | | 1 | 2 | 3 | 4 | 5 | |
| FV5 | The Samsung mobile phone is dependable. | | 1 | 2 | 3 | 4 | 5 | |
| FV6 | The Samsung mobile phone functions very well. | | 1 | 2 | 3 | 4 | 5 | |
| **SYMBOLIC VALUE** | | **Strongly Disagree** | | | | | | **Strongly Agree** |
| SV1 | The Samsung mobile phone makes me feel that I am successful. | | 1 | 2 | 3 | 4 | 5 | |
| SV2 | The Samsung mobile phone design is stylish. | | 1 | 2 | 3 | 4 | 5 | |
| SV3 | Using the Samsung mobile phone makes a good impression on other people. | | 1 | 2 | 3 | 4 | 5 | |
| SV4 | The Samsung mobile phone indicates that I have a good lifestyle. | | 1 | 2 | 3 | 4 | 5 | |
| SV5 | The Samsung mobile phone is a reflection of my social status. | | 1 | 2 | 3 | 4 | 5 | |
| SV6 | The Samsung mobile phone is a symbol of prestige. | | 1 | 2 | 3 | 4 | 5 | |
| SV7 | I chose a Samsung mobile phone because my peers also have it. | | 1 | 2 | 3 | 4 | 5 | |
| **OVERALL BRAND EQUITY** | | **Strongly Disagree** | | | | | | **Strongly Agree** |
| OBE1 | It makes sense to buy the Samsung mobile phone instead of another phone, even if they are similar. | | 1 | 2 | 3 | 4 | 5 | |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| OBE2 | Even if there is another phone as good as the Samsung mobile phone, I would still prefer to buy Samsung. | | 1 | 2 | 3 | 4 | 5 | |
| OBE3 | Even when the price of other phones is reduced, I will still prefer to buy a Samsung phone. | | 1 | 2 | 3 | 4 | 5 | |
| OBE4 | Even if the price of the Samsung mobile phone is higher than other phones, I would still buy a Samsung phone. | | 1 | 2 | 3 | 4 | 5 | |

**THANK YOU FOR YOUR TIME AND CO-OPERATION.**

## APPENDIX C: ETHICS CLEARANCE CERTIFICATE

Research Office

**HUMAN RESEARCH ETHICS COMMITTEE (NON-MEDICAL)**
R14/49 Diniso

| | |
|---|---|
| **CLEARANCE CERTIFICATE** | **PROTOCOL NUMBER: H16/07/05** |
| **PROJECT TITLE** | Measuring customer-based brand equity of Samsung mobile phones among Generation Y |
| **INVESTIGATOR(S)** | Mr C Diniso |
| **SCHOOL/DEPARTMENT** | Economics and Business Science/ |
| **DATE CONSIDERED** | 22 July 2016 |
| **DECISION OF THE COMMITTEE** | Approved unconditionally |
| **EXPIRY DATE** | 15 August 2019 |

**DATE** 16 August 2016 **CHAIRPERSON** _____
(Professor J Knight)

cc: Supervisor : Dr H Duh

**DECLARATION OF INVESTIGATOR(S)**

To be completed in duplicate and **ONE COPY** returned to the Secretary at Room 10005, 10th Floor, Senate House, University.

I/We fully understand the conditions under which I am/we are authorized to carry out the abovementioned research and I/we guarantee to ensure compliance with these conditions. Should any departure to be contemplated from the research procedure as approved I/we undertake to resubmit the protocol to the Committee. **I agree to completion of a yearly progress report.**

_____ _____/_____/_____
**Signature** **Date**

**PLEASE QUOTE THE PROTOCOL NUMBER ON ALL ENQUIRIES**

## APPENDIX D: LANGUAGE EDITOR CERTIFICATE

GENEVIEVE WOOD
P.O. BOX 511 WITS 2050 | 0616387159

**EDITING CERTIFICATE**
LANGUAGE EDITING SERVICES

Date: 2017/7/27

This serves to confirm that the document entitled:

**MEASURING CUSTOMER-BASED BRAND EQUITY OF SAMSUNG MOBILE PHONES AMONG GENERATION Y**

**Has been language edited on behalf of its author**

Chuma Diniso

Genevieve Wood
PhD candidate
Wits University

**APPENDIX E: ACCURACY STATISTICS** (descriptive statistics, reliability and validity analyses and factor loadings)

| Research Construct | | Descriptive Statistics | | | | Cronbach's Test | | C.R. Value | AVE Value | Factor Loading |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Mean Value | | Standard Deviation | | Item-total | α value | | | |
| BA | BA3 | 4.147 | 3.78 | 0.962 | 1.13 | 0.360 | 0.628 | 0.679 | 0.426 | 0.448 |
| | BA5 | 3.684 | | 1.235 | | 0.532 | | | | 0.801 |
| | BA7 | 3.507 | | 1.178 | | 0.437 | | | | 0.661 |
| BI | BI1 | 3.200 | 3.75 | 1.168 | 1.06 | 0.484 | 0.792 | 0.818 | 0.430 | 0.634 |
| | BI2 | 3.782 | | 1.004 | | 0.644 | | | | 0.707 |
| | BI3 | 3.705 | | 1.132 | | 0.559 | | | | 0.518 |
| | BI4 | 4.015 | | 0.938 | | 0.630 | | | | 0.682 |
| | BI6 | 4.069 | | 1.041 | | 0.584 | | | | 0.718 |
| PQ | PQ1 | 3.897 | 3.88 | 0.961 | 0.94 | 0.702 | 0.891 | 0.890 | 0.537 | 0.786 |
| | PQ2 | 3.882 | | 0.930 | | 0.725 | | | | 0.740 |
| | PQ3 | 4.132 | | 0.836 | | 0.657 | | | | 0.660 |
| | PQ4 | 4.009 | | 0.886 | | 0.711 | | | | 0.735 |
| | PQ5 | 3.905 | | 0.946 | | 0.722 | | | | 0.765 |
| | PQ6 | 3.828 | | 0.963 | | 0.724 | | | | 0.773 |
| | PQ7 | 3.478 | | 1.079 | | 0.597 | | | | 0.660 |
| BL | BL1 | 3.565 | 3.61 | 1.365 | 1.32 | 0.816 | 0.915 | 0.928 | 0.720 | 0.827 |
| | BL2 | 3.558 | | 1.325 | | 0.782 | | | | 0.847 |
| | BL3 | 3.559 | | 1.301 | | 0.832 | | | | 0.872 |
| | BL4 | 3.467 | | 1.415 | | 0.768 | | | | 0.831 |
| | BL5 | 3.900 | | 1.189 | | 0.719 | | | | 0.865 |
| BS | BS1 | 3.842 | 3.96 | 0.994 | 1.02 | 0.774 | 0.939 | 0.935 | 0.707 | 0.820 |
| | BS2 | 3.911 | | 1.013 | | 0.825 | | | | 0.881 |
| | BS3 | 3.974 | | 1.010 | | 0.778 | | | | 0.779 |
| | BS4 | 4.026 | | 1.028 | | 0.833 | | | | 0.856 |
| | BS5 | 4.008 | | 1.041 | | 0.863 | | | | 0.864 |
| | BS6 | 3.977 | | 1.034 | | 0.832 | | | | 0.840 |
| BLO | BLO1 | 3.653 | 3.70 | 1.116 | 1.12 | 0.791 | 0.928 | 0.926 | 0.677 | 0.835 |
| | BLO2 | 3.810 | | 1.136 | | 0.828 | | | | 0.835 |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | BLO3 | 3.829 | | 1.074 | | 0.841 | | | | 0.875 |
| | BLO4 | 3.470 | | 1.164 | | 0.835 | | | | 0.858 |
| | BLO5 | 3.441 | | 1.257 | | 0.765 | | | | 0.787 |
| | BLO6 | 4.015 | | 0.975 | | 0.691 | | | | 0.740 |
| MV | MV1 | 4.051 | 3.99 | 0.955 | 0.96 | 0.727 | 0.883 | 0.871 | 0.578 | 0.769 |
| | MV2 | 4.000 | | 0.928 | | 0.704 | | | | 0.835 |
| | MV3 | 4.035 | | 0.893 | | 0.772 | | | | 0.826 |
| | MV4 | 3.889 | | 1.063 | | 0.686 | | | | 0.596 |
| | MV5 | 3.998 | | 0.976 | | 0.719 | | | | 0.750 |
| FV | FV1 | 3.906 | 3.89 | 0.962 | 1.00 | 0.759 | 0.920 | 0.922 | 0.665 | 0.834 |
| | FV2 | 3.892 | | 0.994 | | 0.820 | | | | 0.874 |
| | FV3 | 3.834 | | 1.057 | | 0.735 | | | | 0.776 |
| | FV4 | 3.857 | | 1.023 | | 0.786 | | | | 0.829 |
| | FV5 | 3.854 | | 0.982 | | 0.783 | | | | 0.796 |
| | FV6 | 3.977 | | 0.964 | | 0.751 | | | | 0.779 |
| SV | SV1 | 2.980 | 3.20 | 1.208 | 1.22 | 0.655 | 0.864 | 0.929 | 0.658 | 1.005 |
| | SV2 | 4.020 | | 0.996 | | 0.375 | | | | 0.678 |
| | SV3 | 3.618 | | 1.098 | | 0.696 | | | | 0.826 |
| | SV4 | 3.224 | | 1.251 | | 0.784 | | | | 0.814 |
| | SV5 | 3.077 | | 1.299 | | 0.746 | | | | 0.872 |
| | SV6 | 3.066 | | 1.220 | | 0.776 | | | | 0.876 |
| | SV7 | 2.396 | | 1.440 | | 0.455 | | | | 0.512 |
| OBE | OBE1 | 3.530 | 3.20 | 1.247 | 1.35 | 0.626 | 0.868 | 0.859 | 0.605 | 0.766 |
| | OBE2 | 3.321 | | 1.342 | | 0.767 | | | | 0.865 |
| | OBE3 | 3.040 | | 1.389 | | 0.780 | | | | 0.792 |
| | OBE4 | 2.912 | | 1.420 | | 0.710 | | | | 0.678 |

**Note:** BA denotes brand awareness; BI = brand image; PQ = perceived quality; BL = brand loyalty; BS = brand satisfaction; BLO = brand love; MV = monetary value; FV = functional value; SV = symbolic value; OBE = Overall brand equity; C.R = composite reliability; AVE = average variance extracted

## APPENDIX F: PATH COEFFICENTS AND *p*-values

| | | | Estimate | P | Label |
|---|---|---|---|---|---|
| BS | <--- | BA | 0.251 | *** | par_42 |
| BS | <--- | BI | 0.211 | *** | par_43 |
| BS | <--- | PQ | 0.195 | *** | par_44 |
| BS | <--- | MV | 0.123 | *** | par_45 |
| BS | <--- | FV | 0.488 | *** | par_46 |
| BS | <--- | SV | 0.025 | 0.227 | par_47 |
| BLO | <--- | BS | 0.916 | *** | par_55 |
| BL | <--- | FV | -0.026 | 0.48 | par_48 |
| BL | <--- | SV | 0.009 | 0.747 | par_49 |
| BL | <--- | MV | 0.128 | *** | par_50 |
| BL | <--- | BLO | 0.905 | *** | par_59 |
| OBE | <--- | MV | 0.085 | 0.022 | par_51 |
| OBE | <--- | FV | 0.02 | 0.597 | par_52 |
| OBE | <--- | SV | 0.239 | *** | par_53 |
| OBE | <--- | BL | 0.628 | *** | par_54 |
| OBE | <--- | BA | 0.071 | 0.297 | par_56 |
| OBE | <--- | BI | -0.092 | 0.025 | par_57 |
| OBE | <--- | PQ | 0.083 | 0.027 | par_58 |
| BA3 | <--- | BA | 1 | | |
| BA5 | <--- | BA | 2.542 | *** | par_1 |
| BA7 | <--- | BA | 1.508 | *** | par_2 |
| BI1 | <--- | BI | 1 | | |
| BI2 | <--- | BI | 1.057 | *** | par_3 |
| BI3 | <--- | BI | 1.055 | *** | par_4 |
| BI4 | <--- | BI | 0.953 | *** | par_5 |
| BI6 | <--- | BI | 1 | | |
| PQ1 | <--- | PQ | 1 | | |
| PQ2 | <--- | PQ | 1.003 | *** | par_6 |
| PQ3 | <--- | PQ | 0.813 | *** | par_7 |
| PQ4 | <--- | PQ | 0.942 | *** | par_8 |
| PQ5 | <--- | PQ | 1.042 | *** | par_9 |
| PQ6 | <--- | PQ | 1.054 | *** | par_10 |
| PQ7 | <--- | PQ | 0.956 | *** | par_11 |
| BL1 | <--- | BL | 1.28 | *** | par_12 |
| BL3 | <--- | BL | 1.254 | *** | par_13 |
| BL4 | <--- | BL | 1.249 | *** | par_14 |
| BS1 | <--- | BS | 1 | | |
| BS2 | <--- | BS | 1.097 | *** | par_15 |
| BS3 | <--- | BS | 1.007 | *** | par_16 |
| BS4 | <--- | BS | 1.133 | *** | par_17 |
| BS5 | <--- | BS | 1.18 | *** | par_18 |
| BLO1 | <--- | BLO | 1 | | |

| | | | Estimate | P | Label |
|---|---|---|---|---|---|
| BLO2 | <--- | BLO | 1.202 | *** | par_19 |
| BLO3 | <--- | BLO | 1.156 | *** | par_20 |
| BLO4 | <--- | BLO | 1.234 | *** | par_21 |
| BLO5 | <--- | BLO | 1.232 | *** | par_22 |
| BS6 | <--- | BS | 1.114 | *** | par_23 |
| MV1 | <--- | MV | 1 | | |
| MV2 | <--- | MV | 0.964 | *** | par_24 |
| MV3 | <--- | MV | 1.005 | *** | par_25 |
| MV4 | <--- | MV | 1.031 | *** | par_26 |
| MV5 | <--- | MV | 0.991 | *** | par_27 |
| FV1 | <--- | FV | 1 | | |
| FV2 | <--- | FV | 1.106 | *** | par_28 |
| FV3 | <--- | FV | 1.051 | *** | par_29 |
| FV4 | <--- | FV | 1.079 | *** | par_30 |
| FV5 | <--- | FV | 1.026 | *** | par_31 |
| FV6 | <--- | FV | 0.967 | *** | par_32 |
| SV1 | <--- | SV | 1 | | |
| SV2 | <--- | SV | 0.457 | *** | par_33 |
| SV3 | <--- | SV | 0.952 | *** | par_34 |
| SV4 | <--- | SV | 1.309 | *** | par_35 |
| SV5 | <--- | SV | 1.341 | *** | par_36 |
| SV6 | <--- | SV | 1.283 | *** | par_37 |
| SV7 | <--- | SV | 0.913 | *** | par_38 |
| OBE1 | <--- | OBE | 1 | | |
| OBE2 | <--- | OBE | 1.28 | *** | par_39 |
| OBE3 | <--- | OBE | 1.274 | *** | par_40 |
| OBE4 | <--- | OBE | 1.176 | *** | par_41 |
| BL5 | <--- | BL | 1 | | |
| BL2 | <--- | BL | 1.226 | *** | par_60 |
| BLO6 | <--- | BLO | 1 | | |

**Note:** BA denotes brand awareness; BI = brand image; PQ = perceived quality; BL = brand loyalty; BS = brand satisfaction; BLO = brand love; MV = monetary value; FV = functional value; SV = symbolic value; OBE = Overall brand equity

**APPENDIX G: R SQUARED VALUES** (variance explained)

## BRAND SATISFACTION PREDICTORS

| Model Summary | | | | |
|---|---|---|---|---|
| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
| 1 | .843[a] | 0.711 | 0.708 | 0.48229 |
| **a. Predictors: (Constant), SV, MV, BA, PQ, BI, FV** | | | | |

**Note:** BA denotes brand awareness; BI = brand image; PQ = perceived quality; MV = monetary value; FV = functional value; SV = symbolic value

## BRAND LOVE PREDICTORS

| Model Summary | | | | |
|---|---|---|---|---|
| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
| 1 | .797[a] | 0.636 | 0.635 | 0.58156 |
| **a. Predictors: (Constant), BS** | | | | |

**Note:** BS denotes brand satisfaction

## BRAND LOYALTY PREDICTORS

| Model Summary | | | | |
|---|---|---|---|---|
| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
| 1 | .800[a] | 0.640 | 0.637 | 0.68722 |
| **a. Predictors: (Constant), SV, MV, FV, BLO** | | | | |

**Note:** MV denotes monetary value; FV = functional value; SV = symbolic value; BLO = brand love

## OVERALL BRAND EQUITY PREDICTOR

| Model Summary | | | | |
|---|---|---|---|---|
| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
| 1 | .712[a] | 0.507 | 0.506 | 0.80360 |
| **a. Predictors: (Constant), BL** | | | | |

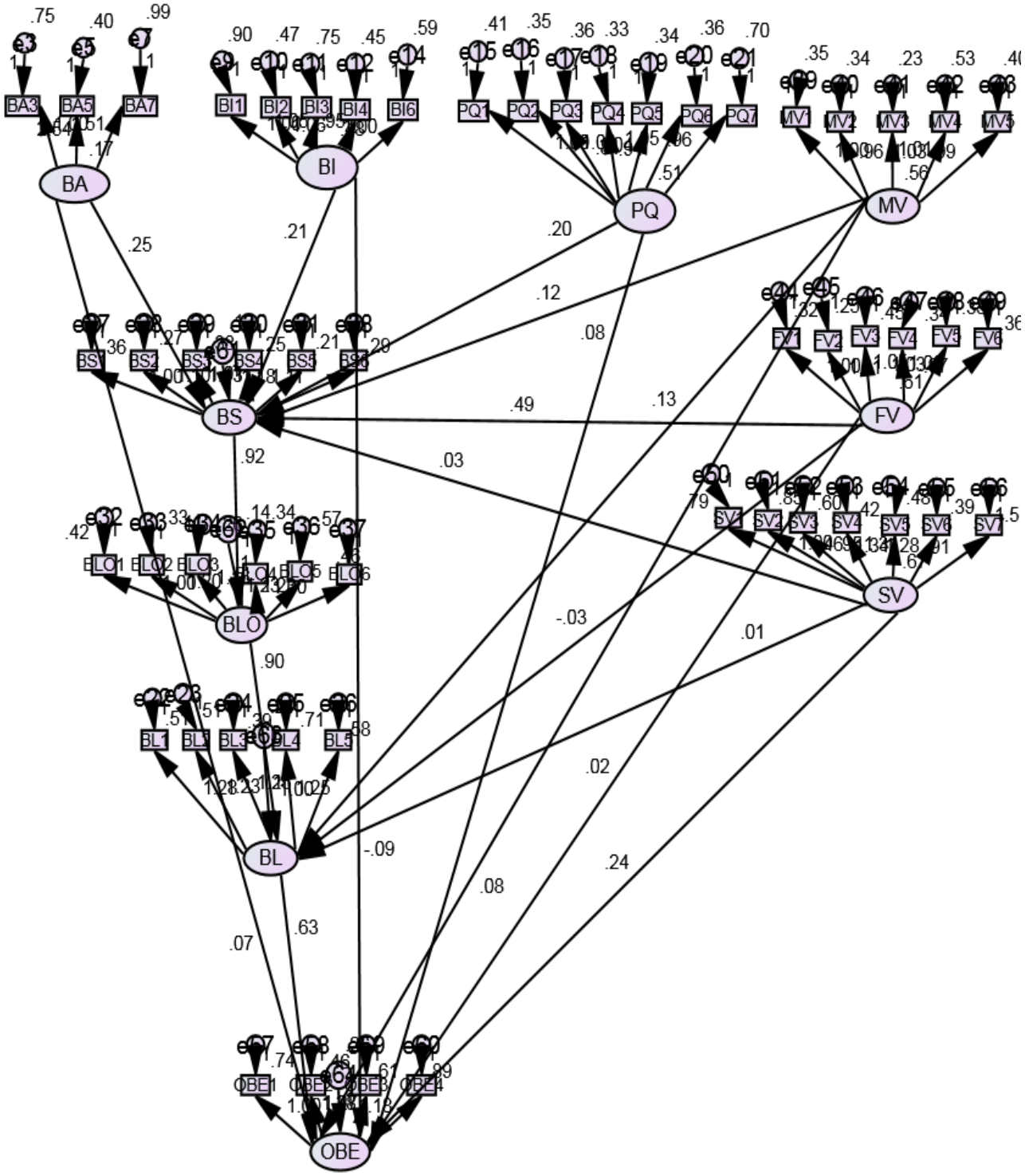
**Note:** BL denotes brand loyalty

## OVERALL BRAND EQUITY PREDICTORS

| Model Summary | | | | |
|---|---|---|---|---|
| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
| 1 | .755[a] | 0.570 | 0.564 | 0.75536 |
| **a. Predictors: (Constant), SV, MV, BA, PQ, BL, BI, FV, BS, BLO** | | | | |

**Note:** BA denotes brand awareness; BI = brand image; PQ = perceived quality; BL = brand loyalty; BS = brand satisfaction; BLO = brand love; MV = monetary value; FV = functional value; SV = symbolic value

## APPENDIX H: ORIGINAL AMOS STRUCTURAL MODEL



## APPENDIX I: ABRIDGED FINAL TURNITIN REPORT

