



**ST. MARY'S UNIVERSITY  
SCHOOL OF GRADUATE STUDIES  
DEPARTMENT OF MARKETING MANAGEMENT**

**THE EFFECT OF BRAND EQUITY ON CONSUMER PURCHASE DECISION:  
THE CASE OF CELL PHONE IN ADDIS ABABA**

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**June, 2020**

**Addis Ababa, Ethiopia**

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DECISION  
IN THE CASE OF CELL PHONE**

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**A THESIS SUBMITTED TO ST.MARY'S UNIVERSITY, SCHOOL OF  
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## **STATEMENT OF DECLARATION**

I, Bezayit Melese here declare that this research paper entitled The Effect of brand equity on purchase decision of cell phone in the Case of Addis Ababa is wholly my work. I have carried out the present study independently with the guidance and support of the research advisor, Temesgen Beyene(Phd). Also, any other contributors or sources have either been referred in the prescribed manner or are listed in the acknowledgements together with the nature and the scope of their contribution. And the study has not been submitted for award of any Degree or Diploma Program in this or any other Institution. It is in partial fulfillment to the requirement of the program Master's Degree in Marketing Management.

By: Bezayit Melese

Signature\_\_\_\_\_

Date\_\_\_\_\_

## **STATEMENT OF CERTIFICATION**

This is to certify that Bezayit Melese has carried out her research work on the topic entitled The Effect of Brand equity on purchase decision of Cell phone: The Case of Addis Ababa. The work is original in nature and is suitable for submission for the award of Master's Degree in Marketing Management.

---

Advisor: Temesgen Beyene (Phd)

Date: \_\_\_\_\_

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## LIST OF ACRONYMS

A.A	Addis Ababa
AMA	American Marketing Association
BAW	Brand Awareness
BAS	Brand Association
BE	Brand Equity
BL	Brand Loyalty
CIA	Central Intelligence Agency
CBBE	Consumer Based Brand Equity
GFI	Goodness of Fit
PQ	Perceived Quality
SPSS	Statistical Package for Social Science
VIF	Variance Inflation Factor

## Abstract

*The primary objectives of the study was to investigate the effect of brand equity on consumers purchase decision of cell phone in Addis Ababa by utilizing Aaker's customer based brand equity model. Four dimensions of brand equity model posited by David Aaker were used in order to conduct the investigation via quantitative research Approach, where descriptive and explanatory research design was applied. Samples of 404 respondents from Addis Ababa were selected by a convenience sampling method and 355 valid data was collected through a structured questionnaire with 88% response rate. Statistical analysis has been conducted using statistical process for social science (SPSS version 24). Descriptive analysis such as frequency, mean and standard deviation has been used to interpret the result. Furthermore correlation and regression analysis has been performed. While performing the research, the reliability and validity of the instrument has been verified. Apart from that, the fulfillment of basic assumption for correlation and regression analysis has been conducted. The results of multiple regression analysis also revealed that the four dimensions (brand awareness, brand loyalty, brand association and perceived quality) have a positive influence on consumers purchase decision of cell phone. Among those dimensions, brand Awareness and perceived quality had the strongest positive significant influence on consumers purchase decision of cell phone respectively. This study contributes to the scant literature in the sectors in Ethiopia. The study was limited to Addis Ababa thus; future research should attempt to examine across many different areas in Ethiopia. Studies like this can help cell phone companies and brand managers analyze the value of their brands as well as their competitors', develop their marketing strategies and marketing communications plans, and in building and managing their brands more effectively. Based on the finding, conclusions drawn, recommendations forwarded and future study implications indicated.*

**Key words: brand, Brand Equity, Brand awareness, brand association, brand loyalty, perceived quality, Purchase decision**

## CHAPTER ONE

### INTRODUCTION

In this chapter, background of the study, problem statement, hypothesis drawn from the theoretical literature review, objectives of the study and its significance and finally the scope of the study are addressed.

#### **1.1 Background of the Study**

In twenty first century the survival or success of companies depends up on the amount of information that is carefully gathered with regards to the purchasing habits displayed by consumers. In order to survive in the market, companies are keenly interested in developing strong brands that leads to long term and customer relationships (Hess, Story and Danes, 2011)

Strong brand leads competitive advantages (Lee and Back, 2010), increase organization cash flow and accelerate liquidity (Bill Millilees and Dale miller, 2004), provide premium price, profitability and more loyalty for customers and also support brand extension opportunity.

Philip Kotler and Waldemar Pfoertsch (2006) stated branding decisions like building, sustaining and measuring brand equity are a strategic in nature and have to be monitored by top management. That is, because products with brands are more valuable than products without brands. Similarly, stronger brands are more valuable than weaker brands (Keller, 2003). David A. Aaker (1991) stated that a strong brand plays a massive role to stand tall among competitors' brands through creating an entry barrier for new products per strong brand creates insecurity risk to shift by consumers from one brand to another especially to competitor.

Building brand equity is considered an important part of brand building (Pappu, et al. 2005). Brand equity refers to the incremental utility or value which brand adds to the product (Chen and Chang, 2008). In the few last decades, brand equity concept has grown

rapidly. One reason for its popularity is strategic role of that and importance in obtaining competitive advantage in strategic management decisions. Brand equity is appropriate metric for evaluating the long-run impact of marketing decision (Atilgan, et al. 2005).

Appropriate management of brand equity leads more loyalty, low risk of marketing activity and marketing crisis, flexible response to price fluctuations, more business support and cooperation, effectiveness of marketing communications, licensing opportunities, additional opportunities for brand extension, more attraction for investors, more supports from investors (Aaker, 1991; Keller, 2003; Van Auken, 2005), greater profit margins (Kim and Kim, 2005), protection of potential competitors entrance during outsourcing (Lim and Tan, 2009) and Hyun S. (2009) strong brand equity is considered as a base in order to minimize future marketing costs while the company intends to make brand extension decisions.

Mobile phone service has grown dramatically throughout the world. It has become a necessity in our day to day life activities since their invention in 1980's. Ethiopia, which is no exception to this phenomenon, is rapidly becoming a country with an increasing level of mobile phone users. The number of mobile phone subscribers has gradually increased throughout the years. Ethiopia has gradually increased the number of subscribers from 1 million in 2003 to reach 62.6 million in 2019 (CIA World Fact book 2019). As Ethiopians become more experienced with the use of this technology, brand equity will play a great role in their purchasing behavior of consumers.

The introduction of telecommunication in Ethiopia dates back to 1894. Ethiopian Telecommunications Corporation is the oldest public telecommunications operator in Africa and is the only service provider in Ethiopia. In 1996, the Government established a separate regulatory body, the Ethiopian Telecommunication Agency (ETA) by Proclamation 49/1996, and during the same year, by regulation 10/1996, the Council of Ministers set up the Ethiopian Telecommunications Corporation abbreviated as ETC (Ethiopian Telecommunication Corporation, 2005). On February 8, 2012 Ethiopian Telecommunication was renamed as Ethio telecom with the aim of transforming the telecom industry to a new excellence (Ethio telecom, 2012). One of the steps the service provider took to rebranding itself was to launch a new logo accompanying the name change. Ethio telecom presently provides six distinct services namely: exchange capacity,

local network, fixed telephone subscription & traffic, internet service, Digital data networking (DDN) and mobile service (Ethio telecom, 2019).

The introduction of mobile phones is a recent technological occurrence in Ethiopia. Mobile phone services were started in the country in 1999 with a capacity of 36,000 lines in Addis Ababa (Ethiopian Telecommunication Corporation, 2005). Ethio telecom mobile services include; prepaid service, satellite mobile service, international mobile roaming services, short message services (SMS), call diverting, call barring as well as call waiting services.

At the introduction of the service, the mobile handsets were dominated by the Ericson brand since subscribers of the service were provided with this brand by the service provider. Therefore, users of this service had few alternatives when it came to selection of mobile phone brands. However in 2003, with the introduction of prepaid mobile service, customers were allowed to buy their own handsets (Ethiopian Telecommunication Corporation, 2005). Advances in the mobile technology and the availability of different mobile brands has provided the Ethiopian consumer with a wide variety of choices be it low end brands to prestigious brand of Smartphones. This paved the way for many international brands into the market such as Nokia, Samsung, Motorola and Smartphones like iPhone and Samsung galaxy are a common sight among the Ethiopian mobile phone users. Alongside the international brands, locally assembled phones have also emerged to compete for the market share of Ethiopian mobile phone users. These locally assembled mobile phone brands include Techno, Huawei, SMADL, Tana, and Geotel.

The Ethiopia Telecom industry is entering a new era. Ethiopia was one of the last countries in Africa to allow its national telecom a monopoly on all telecom services including fixed, mobile, internet and data communications. For many years Ethio Telecom's monopolistic control stifled innovation, restricted network expansion and limited the scope of services on offer. However, in June 2019 the government approved legislation which will open the market to competition and provide much needed foreign investment. The process to part-privatize Ethio Telecom advanced in September 2019 when the company was audited, while two licenses are expected to be offered to two international operators by the end of the year (Ethio telecom 2019). This indicates that following the privatization different cell phone companies will enter to the market and these need of building,

measuring, and sustaining brand equity of cell phone brands to withstand the completion, to earn superior profit, perform as well at exporting. To do so, the positive or negative value of the existing cell phone brands has to be measured scientifically in the context of consumers so that appropriate marketing intervention could be developed and acted up on.

Prominent marketing authors like Kotler and Keller (2012) described that the short term financial benefit versus the long term brand building exercise will be evaluated based on a perpetual measurement of brands. Obviously marketers thus, due to these and other facts consider not only building and sustaining of brand equity as strategic concern of marketing intangibles but also the measurement of brand equity as strategic concern in their marketing endeavors. There is no research conducted in this area and hence creating a research gap.

Thus, this study will shed light and narrow literature gap by empirically measuring the dimensions of brand equity of cell phone markets of Ethiopia (in case of Addis Ababa) to determine the effect of the most popularly adopted brand equity dimensions on purchase intention.

## **1.2 Statement of the Problem**

According CIA world fact book 2019 ranked Country in the number of Mobile phone user and Ethiopia is ranked 24 in the world by having 62.6 million subscribers in 2019. The report of Digital in 2018 released also shows there are 16.4 million Internet users in Ethiopia with Internet penetration at 15 percent. According to the report, much of this year's growth in Internet users has been driven by more affordable smart phones and mobile data plans.

Currently, the Ethiopia telecom industry entering in new era due to partial privatization of the sector following this competition in the market will become fierce and thus, the need for marketers to differentiate their cell phone brands has become increasingly significant. Companies are in the race for attracting their customer's attention, and one of the vital means to achieve this goal is distinction through branding. Brands play a significant role in

purchase decision and also define a customer, its social status and way of living. This can be seen when customer is purchasing a cell phone he or she has many alternatives. All offering almost with the same features and benefits but there are many underlying reasons which make the consumer to prefer one brand over the other (Terence Shimp, 2013).

Several studies have been conducted to underlying the reason why consumer prefer one brand over the other and the source of brand equity for purchase intention. A study conducted in Turkey by (Gokhan and Burc 2015) indicates that brand Awareness and Association are the most significant factors which influence consumers purchase intension. On the other hand the study conducted in paksitan by (Mohammed and Sameen 2016) indicate that brand Awareness and brand quality are not the most significant factors for consumer purchase intension rather drivers like brand loyalty and Association are significant factors for purchase intension.

In Our case cell phone industry is growing and due to partial privatization of the telecom sector companies will enter to the market and these need of building, measuring, and sustaining brand equity of cell phone brands to withstand the completion, to earn superior profit, perform well. To do so, the positive or negative value of the existing cell phone brands has to be measured scientifically in the context of consumers so that appropriate marketing intervention could be developed and acted up on. However, there is a lack of research publication on the source of brand equity in the case of cell phone in Addis Ababa.

Thus, this research has been attempt the effect of brand equity components on customer purchase decision or to what extent Brand equity affects purchase decision and to fill the gaps in marketing efforts of marketing professionals and companies while presenting their offering to the consumers.

## **1.3 Research Questions**

### 1.3.1 Main question

What is the influence of brand equity on consumer purchase decision of cell phone in the case of Addis Ababa?

### 1.3.2 Sub questions

**This study tried to answer the following sub research questions**

- To what extent brand Awareness influence the consumer purchase decision of cell phone?
- How does brand Association influence the consumer purchase decision of cell phone?
- To what extent Perceived Quality influence the consumer purchase decision of cell phone?
- Does brand Loyalty influence the consumer purchase decision of cell phone?

## **1.4 Objectives of the Study**

This study has general and specific objectives, which are as follows:

### **1.4.1 General Objective of the Study**

The general objective of the study was to assess the effect of brand equity on consumer purchase intention of cell phone in Addis Ababa.

### **1.4.2 Specific Objectives of the Study**

To achieve the general objective of the study, the following specific objectives are designed and are as follows:

1. To examine the effect of brand awareness on consumers purchase decision.
2. To assess the relationship between brands association and consumers purchase decision.
3. To analyze the effect of perceived quality on consumers purchase decision.
4. To investigate the effect of brand Loyalty on consumers purchase decision.

### **1.5 Significance of the study**

Measuring and sustaining brand equity is strategic issues this study will have a considerable significance both for marketers and researchers. The finding of this study will assist marketers and cell phone companies to look at the effect of brand equity on purchase decision among their customers which in turn would help them to evaluate and reshape their marketing strategies.

In addition, a brand equity driver that levies a liability on the brand will be addressed with appropriate marketing programs. The result and findings of the research will be valuable for marketers who want to increase their market share of their brand will highlight the consumer's perception and intention regarding brand equity in their purchase decision of cellphone.

Besides bridging the gap of knowledge on the issue, it will also prompt further investigations by offering preliminary information. Academicians as well as practitioners will get an insight about the effect of brand equity on cell phone markets of Ethiopia in Addis Ababa.

## **1.6 Scope of the Study**

Brand equity is a broad marketing concept that incorporates several topics. In spite of that this; study is designed to assess the effect of brand equity on purchase decision with special reference to Addis Ababa cell phone user. The brand equity drivers like brand association, awareness, quality and loyalty has been considered.

Consumer behavior is a vast subject, but in this study only consumer purchase decision addressed. Apart from that, other geographical domains than Addis Ababa was not considered. The whole task has been accomplished from January to June 2020.

## **1.7 Limitation of The Study**

The researcher faced the following limitation on conducting this research paper. These were due to Covid 19 pandemic disease to distribute questionnaires on different place of Addis Ababa to have response from the expected sample and also dalliances from respondent to fill and submit questionnaires on time.

## **1.8 Organization of the Study**

This study has been organized into five chapters. The five chapters comprised of the Introduction, Review of Related Literature, Research Design & Methodology, Result & Discussion and Summary, Conclusions & Recommendations.

The first chapter deals with general introduction of the study including background of the study, statement of the problem, objectives of the study, significance of the study and scope of the study. Chapter two deals with review of related literature reviews the existing literature on brand equity, including definitions of brand and brand equity, the different perspectives of brand equity and purchase decision, finally presents hypothesis of the study and the conceptual framework adopted to suit the study.

Chapter three discusses research reasoning approach, design and methodology: the type and design of the study. It also includes sampling technique, data collection methods and method of data analysis that has been used in the study. Finally, this part presents the results of reliability and validity tests based on the pre-test performed and Ethical considerations has been included.

The fourth chapter which is the heart of the study comes up with data analysis and presentation. The last chapter summaries major findings, conclusions and recommendations, future research area and limitations of the study.

## **CHAPTER TWO**

### **REVIEW OF RELATED LITERATURE**

#### **2.1 INTRODUCTION**

This chapter both theoretical and empirical studies that of relevant and related with this research has been explored. Furthermore, the conceptual framework will be built based on the theoretical guidelines. In addition, the relationship between dependent and independent variables will be indicated.

#### **2.2 THEORETICAL LITERATURE REVIEW**

##### **2.2.1 Concept of Brand**

It is difficult in marketing literature to find a single and concise definition of both brand and brand equity but the concepts are not new for marketing. Historically, the concept of brand was first used by the ancient Egyptian brick-makers who drew symbols on bricks for identification (Farquhar, 1990). Other examples of the use of brands were found in Greek and Roman times; at this time, due to illiteracy shopkeepers identified their shops using symbols. Moreover, in the Middle-Ages, craftsmen marked their goods with stamps as a trademark by which to differentiate their skills. The next milestone of brand evolved in North America with the growth of cattle farming as a kind of legal protection, proof of ownership and quality signals (De Chernatony and McDonald, 2003).

The American Marketing Association defined a brand as “a name, term, sign, symbol, or combination of them that is designed to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors”(Keller 2003, p. 3).

This AMA definition focuses on specific brand elements, and thus creating a brand means choosing a name, logo, symbol, package design, and other components that identify and distinguish it from competing products. A brand is also viewed as “a promise a company makes to the customer, of what this product is going to fit into the business of the customer” (Campbell 2002, p. 208).

Furthermore, Keller (2003) defined a brand as “a product, but one that adds other dimensions that differentiate it in some way from other products designed to satisfy the same need” (p. 4). According to Keller (2003), a brand provides several benefits from the perspective of both consumers and firms.

Brands also have a symbolic value which helps the people to choose the best product according to their need and satisfaction. Usually people do not buy certain brands just for design and requirement, but also in an attempt to enhance their self-esteem in the society (Leslie and Malcolm, 1992). Brand names present many things about a product and give number of information about it to the customers and also tell the customer or potential buyer what the product means to them.

According to Kotler and Keller (2012), brand is a product or service whose dimension is differentiate in some way or from other product or service designed to satisfy the same needs. These differences may be functional, rational, or tangible. They may also be more symbolic, emotional or intangible related to what the brand represents or means in a more abstract sense (Kotler & Keller, 2012).

From consumer perspectives, brands help to identify the source or maker of products, and provide simple cues for their product decisions. Beyond their functional benefits, brands serve as a symbolic representation of a consumer’s self-image. From the firm perspective, brands make it possible to identify each brand when handling various products, and provide legal protection for their unique assets. Ultimately, a brand is “nothing more and nothing less than the good name of something” to be offered to consumers (Anholt and Hildreth 2004, p. 10).

Brand represents the customers' convenient summary like their feelings, knowledge and experiences with the brand. More over customer do not spend much time to find out about the product. When customer considers about the purchase they evaluate the product immediately by reconstructed product from memory and cued by the brand name (Hansen and Christensen, 2003).

A brand has a value; this depends on the quality of its products in the market and the satisfaction or content of the customer in its products and services. This provides the trust of the customers in the brand. If customers trust a brand quality it makes a positive connection to the brand and customers will have a reason to become a loyal to the brand. Loyalty and trust of the customers is very important for a company because it reduces the chance of attack from competitors (Aaker, 1996).

Consequently, brands act as signals for products of high quality and low perceived risk, thus, enable the consumers to capture both cognitive and non-cognitive values expressed in the positive feelings or self-expression experienced (Kotler et al., 2009). What consumers expect from the brand is crucial to shaping their preferences and determining their choices. Therefore, it is important for companies to build their brands based on the consumer's expectations of the brand. Branding is even more essential when it comes to high-technological products, since the need to differentiate ones product from other competitors plays a great role in obtaining greater market share.

Mobile telecommunication services are considered the most high-technological products in the market (Alamro and Rowley, 2011). Phenomenal changes, such as the widespread use of mobile phones, increases in the number of mobile subscribers worldwide, the technological development and updated technological generations (2G, 3G, and 4G) require the focus of the market researcher (Reham, 2013). As high-tech products become accessible to mass consumers, there is a general consensus that branding becomes more important (Ward et al., 1999). Further, the advances in technology changes consumer experiences with high-tech products and increases the similarity between products.

Consequently, high-tech products face fierce competition and suffer from commoditization (Temporal and Lee, 2001).

### **2.2.2 Brand equity**

Different authors have defined the term brand equity from different perspective and varies methodologies have been developed for measuring brand equity is numerous in extant literature. The meaning, boundaries and measures of brand equity is still contentious .There is no consensus up on the measurement tools and theoretical perspectives whether brand equity refers to a value of brand name or the value of brand which is denoted by a brand name. For example, the net difference approach between a target brand and a fictitious/generic/private label brand reflects the value of a brand name, not the value of a brand. L.Rogers, Bernd H. Schimtt and David (2008)

Kapferer (2008) (as quoted Feldwick, 1996) and defined brand equity from three perspectives: brand assets, brand strength and brand value. The first, brand assets are the sources of influence of the brand (awareness/saliency, image, type of relationship with consumers) and patents.

Brand strength is the second perspective of defining brand equity. It is at specific point in time as a result of brand assets within a specific market and competitive environment. They are the “brand equity outcomes’ if one restricts the use of the phrase brand equity to brand assets alone. Brand strength is captured by behavioral competitive indicators: market share, market leadership, loyalty rates and price premium (if one follows a price premium strategy). The third stand point is how the ability of the brands to deliver profits it is called brand value.

There are approaches which consider brand equity from financial perspective or behaviorally oriented model (Christodoulides & de Chernatony, 2010).

These models assign a monetary value to the brand by transforming financial data into a formula for evaluating a brand.

However, these models did not signify the specific features that marketers really needed. They lack factors to measure brand equity from the consumer's perspectives.

Farquhar (1989) defined brand equity as "the value added by the brand to the product" and by Srivastava and Shocker (1991) as "incremental utility or value added to a product by its brand name." Aaker (1991) defines brand equity as "a set of brand assets and liabilities linked to a brand, its name and symbol that add to or subtract from the value provided by a product or service to a firm and/or to that firm's customer"[20, p.15].

Keller (1993) defines brand equity as the "differential effect of brand knowledge on consumer response to the marketing of the brand. Brand knowledge is the full set of brand associations linked to the brand in the long-term consumer memory. According to Kamakura W. and Russell G (1993) CBBE occurs when the consumer is familiar with the brand and holds some favorable, strong, and unique brand associations in memory. On the other hand Clow and Baack (2005) also states, brand equity are the brand features that characterize the brand as unique in the market place.

Based on the way they defined consumer brand equity incorporate different components. But the framework and definition most frequently cited and studied are Aaker (1991) which incorporates a multi-dimensional approach in knowing, distinguishing, and differentiating brands that consists of mental assets and liabilities. This model incorporates five dimensions that form the consumer-based brand equity namely; "brand loyalty," "brand awareness," "perceived quality," "brand associations," and "other brand assets."

Scholars such as Keller (1993), Motameni and Shahrokhi (1998), Prasad and Dev (2000), Yoo and Donthu (2001), Pappu et al. (2005), and Buil et al. (2008) adopted this approach in their studies to clearly incorporate the consumers' idea and the psychological factors underlying brand equity.

The ways in which brand equity helps an organization has been subject to different researchers in the past. Most of them confirm that brand equity influence consumers 'purchase intension. In this study also Aakers four basic brand equity dimensions: brand awareness, brand association, perceived quality and brand loyalty will be used to prepare the main framework of this research, will be discussed.

### **2.2.3 Brand equity dimension and consumer buying behavior**

#### **A) Brand Awareness**

The major consumers brand equity drivers according to (Aaker, 1991; Agarwal & Rao 1996; Kapferer, 1991; Keller, 1993; Krishnan, 1996).

Brand awareness is all about communication. Aaker (1991) explains the awareness and recall of a name: "A name is like a special file folder in the mind which can be filled with name-related facts and feelings. Without such a file readily accessible in memory, the facts and feelings become misfiled, and cannot be readily accessed when needed." This is measured by the ability of consumers to recall and recognize brands for a certain category.

The ability is determined by the strength of the brand nodes in memory. Brand recalls the ability to retrieve the brand from the memory when some cues are provided. Brand recognition is the consumers' ability to confirm prior exposure when a brand is given as cues (lovely professional's university p 183)

As per keller (1993) brand awareness also functions as a guide for consumers when making a purchase choice, saving their time and effort because otherwise, when dealing with an unknown brand, one is more likely to compare other attributes of products like functionality and price. This dimension of brand equity has a strong influence on consumer buying behavior; hence, it is regarded as a significant contributor to purchase intention and repeat purchase behavior of consumers.

Brand name and image are important elements which affect perceptions, attitudes in developing Awareness (Aaker, 1996).

According to (Aaker, 1991) brand awareness creates value in different aspects. It create value through anchoring to which other associations can be attached, familiarity then liking can be obtained, signal of substance commitment and brand to be considered in purchase decision. Keller (2003) stated the advantages of creating a high level of brand awareness as follows:

1. **Learning advantages:** - by influencing the formation & strength of a brand association that makes up the brands image. A necessary condition for the creation of a brand image is that a brand node has been established in memory. The nature of that brand node should affect how easily different kinds of information can become attached to the brand in memory as a brand in memory as brand associations.
2. **Consideration advantages:** - It increases the likelihood that the brand will be a member of the consideration set, a handful of brands that receives serious Consideration for purchase. Because consumers typically only consider a few brands for purchase making sure that the brand is in the consideration set also Means that other brands may be less likely to be considered or recalled.
3. **Choice advantage:** - it can affect choices among brands in the consideration set, even if there are essentially no other association to those brands. For example consumers have been shown to adopt a decision rule to buy only more familiar, well established brands in some cases especially for low involvement decision making.

A brand carefully installed in the minds of the customer its brand awareness can be an asset that is durable and sustainable. Many studies conducted in how much consumers are familiar with the brands supported this claims. Keller. (2003) the implication is that the establishment of a strong name anchored by high recognition creates an enormous asset.

Furthermore the assets become stronger and stronger over the years as the number of exposures and experience grew. This will make difficult for others to compete with this memory of the consumer. (Aaker, 1992)

## **B) Brand Association**

Aaker state that brand association represents anything linked to the memory of a brand .When the associations become signification, it forms brand image which shows the consumers perception towards the brand from the associations gathered in their memory. Brand association can be an outcome of functional or symbolic characteristics of a brand. Usually consumers are found to link a brand with features such as technological advancements, innovativeness, distinctiveness, status, and overall excellence in product or service performance.

The more positive consumers experience is the stronger will be the brand reputation in the market. This is the differentiations strategy for marketers to position and extend as well creating positive feeling among consumers.

As per Chen A.C.H. (2001) Brand associations can be categorized into two: product associations and organizational associations. Product associations include the functional attributes like performance characteristics, consumers used to link when evaluating the brand. (Keller, 2003) Non-functional attributes like social image, trustworthiness, perceived value, differentiation and country of the origin to the brand. Social image is about consumer's perception of the esteem in which consumers' social group holds the brand. It includes the attributes a consumer makes and a consumer thinks that others make to the typical user of the brand.

Chieng Fayrene Y.L. Goi Chai Lee (2011) as quoted (Lassar, 1995) Trustworthiness is a non- functional association. It is the confidence a consumer places in the firm and the firm's communications and as to whether the firm's action would be in the consumer's interest.

Consumers put high value in the brands they trust. Chen (2001) stated organizational associations include corporate ability associations via discharging societal obligations.

Aaker (1991, 1992, and 1996) delineated brand associations as assets that can provide value for companies in several ways. First, brands association can provide an important basis for differentiation. Associating the brand name can provide a unique and distinguishable attribute that will stand the brand differently. Second, brand association can represent a basis for purchase decision and brand loyalty by providing product attributes or customer benefits that provides a specific reason to buy and use a brand. Third, it can also influence purchase decision by ascribing credibility & confidence to a brand by stimulating positive feeling that are transferred to a brand.

Fourth, brand association create value through creating a positive feeling during the use experience, serving to transform a product into something different than what it might otherwise be. Finally, it provides the basis for an extension and associations can serve to summarize a set of facts and specification that otherwise would be difficult for the customer to process and access, and expensive for the firm to communicate.

### **C) Brand loyalty**

Aaker (1991, 1992) labeled brand loyalty is prime enduring dimension of brand equity. Contrary to the brand awareness and brand association brand loyalty may resulted from a perpetual purchase of the brands by the same consumer over time. Brand loyalty is resistance to switch the brand, rather, consumers continue to buy the brand even in the face of competitors with superior features, and price, and convenience, substantial value exists in the brand and perhaps in its symbol and slogans. Brand loyalty is at the of heart brand equity. According to Aaker's brand equity model brand loyalty reduce marketing costs, boost trade leverage, attract new customers and offer time to respond to competitive threats.

It is evident in different studies that attracting new customer is more costly than retaining new customers Aaker (1992). First, new customers may lack initiation to change their brand and shift to the new one. Second, customers may have high shifting cost to move from one brand to another brand. Third, it will be still costly to contact new customers because they are not interested to go for searching new substitutable brands. On the other hand, the competitor brand may obtain some time to react to the company offer. Thus, it is advisable for any company, which is customer focused, to die hard to minimize the outflow of loyal customer by addressing their issue at different contexts.

Lancaster (2009) believed that trade leverage is another value obtained from loyal customers. Strong loyalty will create a pressure up on traders to display or avail the brands that the loyal customers are intended to purchase. This commands brand owners to distribute easily and command shelf space for the existing brands up on traders. In addition to this, the command may also goes on even when the company introduces new sizes, new varieties, variations, or brand extensions.

Aaker (1991) described loyal customer as a base also create value for the brand via attracting new customer. New customer perceived risk will be minimized because their colleague or other customer already experienced/ bought ideas, services or products that the new ones are trying to acquire especially for high involvement products. On top of this, personal observation, the loyal customer may act as an opinion leader and able to influence others in their sphere to buy /experience the brand that they consumed. Moreover, a relatively large satisfied customer base provide a base of an image of the brand as an accepted, successful product which will be around and will be able to afford service back up and product improvements. Aaker identified different levels of loyalty (Aaker, 1992) the level of loyalty of customers may vary and may imply different meaning for marketers about a given brand.

The level will go up from the lowest of switchers/price sensitive, those are indifferent-no brand loyalty, then to satisfied/habitual buyer but with no reason to change, to satisfied buyer with switching costs, to those who like brand and considers it a friend and finally a committed buyer. Loyalty status marketers usually envision four groups based on brand loyalty status.

Kotler and Keller (2012) classified loyal customers in to four. Hard-core loyal consumers who buy only one brand all the time. Second, Split loyal, consumers who are loyal to two or three brands. Third, shifting loyal are consumers who shift loyalty from one brand to another. Finally, switchers are consumers who show no loyalty to any brand.

#### **D) Perceived quality**

As per Aaker (1991) perceived quality consumers expectation about particular product or company. In other side Swinker and Hines (2006) classified perceived quality into four categories: intrinsic, extrinsic, appearance and performance. Boulding (1993) argued that quality is directly influenced by perceptions.

Consumers use the quality attributes to infer quality of unfamiliar product. It is therefore important to understand the relevant quality attributes are with regard to brand equity. Steenkamp (1997) classify the concept of perceived quality in two groups of factors that are intrinsic attributes and extrinsic attributes. The intrinsic attributes are related to the physical aspects of a product (e.g. color, flavor, form and appearance); on the other hand, extrinsic attributes are related to the product, but not in the physical part of this one (e.g. brand name, stamp of quality, price, store, packaging and production information (Bernue et al. 2003). It's difficult to generalize attributes as they are specific to product categories (Anselmsson et al. 2008).

#### **2.2.4 Consumer buying behavior and Purchase decision**

According to American Marketing Association definition consumer behavior is a dynamic interaction of affect and cognition, behavior, and the environment by which human beings conduct the exchange aspects of their lives. It involves the thoughts and feelings people experience and the actions they perform in consumption processes. It also includes all the things in the environment that influence these thoughts, feelings, and actions. These include comments from other consumers, advertisements, price information, packaging, product appearance, blogs, and many others.

Consumer buying behavior means the integral process of decision-making and also activity of people engaging in selecting, purchasing, consuming and disposing products. This also involves responses such as behavioral, mental and emotional which describe and follow these activities. (Solomon 1996, 8-10)

Consumer behavior is defined as the behavior that consumers display in searching for, purchasing, using, evaluating and disposing of products and services that they expect will satisfy their needs. Consumer behavior focuses on how individuals make decisions to spend their available resources (time, money, effort) on consumption related items. That includes what they buy, why they buy it, when they buy it, where they buy it, how often they buy it, how often they use it, how they evaluate it after the purchase and the impact of such evaluations on future purchases, and how they dispose of it.

From the above definition it is obvious that consumer behavior does not revolve only about purchasing a particular product. It is an extensive, complex process from the beginning to the end. The first step begins from the mind of the customer who recognizes the need, explores new information related options and variety of choices, defines the benefits of diverse alternatives. Lastly, the process ends up in making the decision of purchasing the product. Customer satisfaction can be realized at a post stage purchase after the actual purchase, giving vital signal to the sellers. (Khan2004, 2.)

Knowing the behavior of consumers before they made purchase decision will help for product manufacturers and service providers to develop strategies in line with customers' actions. Particularly knowing what makes customers to prefer between brands will make the manufacturer to craft strategies and programs based on the significant factors. Acquiring knowledge about consumer behavior can aid firms to decide on their marketing mix, the 4 P's of marketing; price, product, promotion and place.(Kotler 2003, 16).

In general, consumer is an individual who feels the need for purchase, initiating the purchase, by the information gathered, possessing collecting and finally disposing the product. Beside, some other people might be involved in the course of action. Mostly, the individual buying the product does not utilize it as a final user. The final decision-making could be influenced by others while purchasing the product. These outputs stage of this process would include an extensive range of moods, feelings attitude and behavior which may imply positive or negative reinforcement of a particular lifestyle. (Leon & Leslie 2000, 159-160). Misunderstanding to analyze the antecedents hinders companies from being competitive. Hence, understanding the behavior of consumers specially those drivers which brings equity which is asset for the company has to be a critical issue and concern for strategic developers.

### **2.2.5 Consumer Buying Decision Process**

Consumer buying decision process consists of a series of processes or steps, from need recognition arising from either internal or external services and terminating with a confirmation of the decision. The need may be an urgent or compelling one, demanding immediate satisfaction; or it may be one for which the satisfaction can be delayed or postponed. In any event a tension is created which sooner or later must be quit.

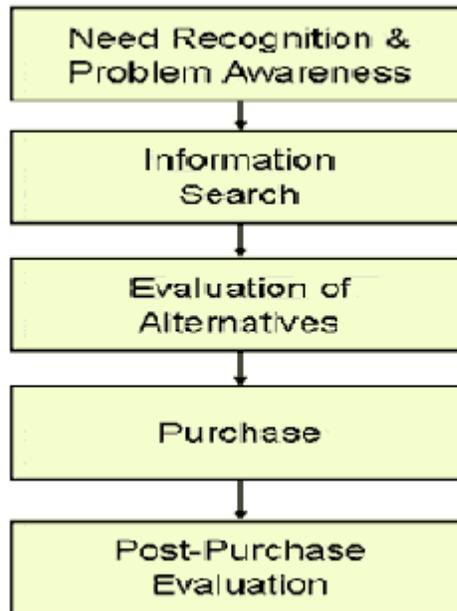


Figure 1: Five-stage purchase decision-making process

Source; Adapted from Hawkins,et al.2011

### **Problem recognition**

Problem recognition also sometimes called awareness of need is the first stage of consumer buying process. In this stage, the consumer realizes or feels that he or she has a gap to fill that is between their desired state and actual state. (Hawkins, Mothersbaugh, & Best, 2012). They feel the need to get to their desired condition and want to satisfy their need from acquiring something that will help them to make it possible. This occurs whenever the consumer sees a significant difference between his or her current state of affairs and some desired or ideal state.

The need can be triggered by internal stimuli or by external stimuli. Internal stimuli can trigger a need when one of the individuals' normal needs like hunger, thirst shelter raises to a level high enough to become a drive. From previous experience, the individual has learnt how to cope with this drive and is motivated towards objects that will satisfy the need. External stimuli can also trigger a need. In this instance, the marketer needs to determine the factors and situations that usually trigger consumer need recognition. The marketer should research consumers to investigate what kind of need or problem arises and what brings a consumer to prefer one brand over the other. In this stage of the consumer buying process the consumer perceives there is a problem to be solved, which may be large or small, simple or complex. In this study mobile phone is viewed as the products which will satisfy consumers need for perform their day to day activities.

### **Information search**

In this stage the consumers start looking for solutions and answers to fulfill their needs. They start to search for ways and methods that will help them satisfy and their desires. They either do an internal search that is recall whatever is stored in their memory (Hawkins, Mothersbaugh, & Best, 2012) or do an external search that is ask friends, family or search on the internet and see what will suit them the most.

### **Alternative Evaluation**

In alternative evaluation after completing the second stage that is information search, consumers now have a set of alternatives or different brands present in front of them from which they will decide on which alternative or brand best solves their problem. (McCall, 2002)

## **Purchase Decision**

Purchase decision also referred as buying value, in this stage consumers decide on from whom to buy, where to buy the brand or product from or simple whether not to buy the product or brand in the first place. (Reighley, 2010). This stage often depends on return policy, past experience, time pressure, terms of sale, or affected by situational factors such as loyalty to the brand, personality association, motivation and the like. (Kotler, 2005)

## **Post Purchase Behavior**

In this stage, consumer evaluates whether he or she made the right decision or not. Are they satisfied with the brand or dissatisfied? At this stage cognitive dissonance occurs, which makes the consumers ask whether they made the right decision or not? And they try to minimize it by justifying their acts through different ways and methods. (Reighley, 2010)

## **2.3 EMPIRICAL LITERATURE REVIEW**

In the empirical literature review part, research findings related with brand equity and the relationship and difference between one element to another was discussed. In addition, the similarities and differences as well as the novelty of this research from and with past findings were assessed.

### **2.3.1 Brand equity and purchase decision**

Cobb walgren et al (1995) was among other scholars who conducted a research named "The effects of overall brand equity on brand preference and purchase intension" in the motorbike market in Vietnam reveals perceived quality , brand association and brand loyalty have positive effects on overall brand equity and brand awareness has no effect on overall brand equity.

The other finding of the research over all brand equity has positive impacts on brand preference and purchase intention. In addition brand preference has a positive influence on purchase intention.

A study conducted by Muhammad Amir Adam and Sameen Nasir Akber(2016) "The impact of brand equity on consumer purchase decision of cell phone The results of the study revealed was that all the four variables strongly have an impact on consumer purchase decision of cell phones, the most significant being brand loyalty and brand association just by a slight difference and they conclude that when consumers are attached and loyal towards a brand they are likely to do repeat purchases and this only happens when the relationship between the brand and the user is very in depth and has an emotional connection with the mobile brand.

### **2.3.2 Relationship among brand equity dimension**

Hossien (2012) studied on CBBE in the Chocolate industry of Iran with the intention of identifying which factors are influential in building brand equity and also to measure the relationship among the dimensions of CBBE in the Iranian chocolate industry. After employing Aaker's CBBE model, the researcher found out that the brand equity of chocolate products is directly made up of two dimensions, namely brand loyalty and brand image. These two dimensions have a medium direct impact on brand equity. The rest dimensions have a very small and indirect impact on brand equity that in chocolate industry of Iran.

Different studies were made on the source of brand equity in different sectors and most of the research done considered brand equity as dependent variables and the dimensions as independent variables. To see some of them Bezawit (2014) had studied on the CBBE measurement of Ethiopian airline using Aaker model. The researcher has come to a conclusion that all the brand equity dimensions have positively influence brand equity. However, strong support was found for brand loyalty.

Seifu (2016) had studied customer based brand equity on bottled water customers' perception in view of the five brand equity dimensions, and how these dimensions are influencing brand building in the customers' mind in Addis Ababa market. He found that the customers' perception is highly influenced by Brand Perceived Quality followed by Brand Awareness and concluded that Brand Perceived Quality is the influential dimension than the other dimensions of brand equity.

Wongelawit (2014) had studied on the coca cola product in the Ethiopian context using structural equation modeling has concluded that brand association and brand loyalty have positively influenced brand equity while perceived quality and Brand Awareness negatively influenced it.

Though those scholars addressed essential elements of brand equity drivers on building brand equity of firms and companies, to the best of last finding there had not been similar research conducted on 'The Effect Brand equity on purchase decision: In the Case of Addis Ababa cell phone' in Ethiopian and most of the studies consider brand equity as dependent variables . In this regard, this research is new and will take purchase decision as dependent and brand equity as independent variables such researches have not been conducted in Ethiopia so far.

## **2.4 Conceptual Frame work**

Theories from scholars used to build relationship between problem statement, objectives of the study and conceptual frame work though determining the dependent and independent variables. The conceptual frame work is assumed to give general insight on the dependent and independent variable and their relationship.

In conceptual model, brand equity components i.e. brand awareness, brand association, perceived value and brand loyalty are treated as the independent variable, and purchase decision treated as the dependent variable for the study.

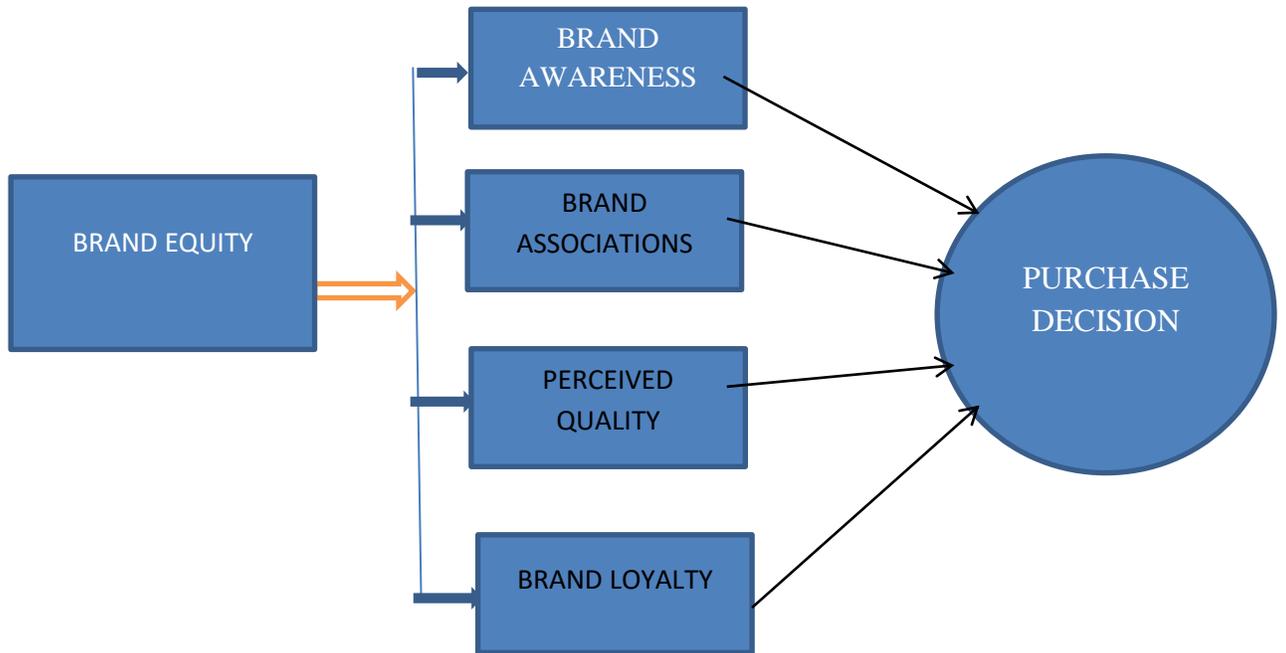


Figure2: Conceptual Framework of the study (Aaker, 1991)

## 2.5 Hypothesis of the Study

To test the relationship between brand equity dimensions and Purchase decision the following hypothesis have been developed:

**Brand Awareness;** - the major consumers brand equity drivers according to (Aaker, 1991; Agarwal & Rao 1996; Kapferer, 1991; Keller, 1993; Krishnan, 1996).

Aaker (1991) explains the awareness and recall of a name: “A name is like a special file folder in the mind which can be filled with name-related facts and feelings.

Without such a file readily accessible in memory, the facts and feelings become misfiled, and cannot be readily accessed when needed.” This is measured by the ability of consumers to recall and recognize brands for a certain category and brand awareness provides a foundation for brand equity. In the literature it is observed that brand awareness positively affecting purchase decision.

**H1.** Brand awareness has a significant positive effect on consumers purchase decision.

**Brand Association:-** Aaker state that brand association represents anything linked to the memory of a brand .When the associations become signification, it forms brand image which shows the consumers perception towards the brand from the associations gathered in their memory.

Brand Association keller (2003) are information in the form of nodes which contains meaning for consumers. In the literature it is observed that brand association positively affecting purchase decision.

**H2.** Brand association has a significant positive effect on consumers purchase decision.

### **Perceived Quality**

Perceived quality refers to the consumer’s judgment (perception) about product’s overall excellence or superiority with reference to substitutes (Aaker, 1991). In the literature it is observed that perceived quality of the brand positively affecting purchase decision.

**H3.** Perceived quality has a significant positive effect on consumers purchase decision.

### **Brand Loyalty**

Aaker (1991, 1992) labeled brand loyalty is prime enduring dimension of brand equity. Brand loyalty is resistance to switch the brand, rather, consumers continue to buy the brand even in the face of competitors with superior features, and price, and convenience,

Substantial value exists in the brand and perhaps in its symbol and slogans. Brand loyalty is at the heart of brand equity.

**H4.** Brand loyalty has a significant positive effect on consumers purchase decision.

Consumer-based Brand Equity has been considered as a condition or prerequisite for the election or preference of a brand, which subsequently affects the purchase decision. Several studies point out the positive relationship between the components of Brand Equity and the purchase decision (Vakratsas and Ambler, 1999; Myers, 2003).

Brand Equity is the positive differential effect that knowing the brand name has on customer response to the product or service (Kotler & Armstrong, 2008). Brand equity can be evaluated through, Brand loyalty, Brand awareness, Perceived quality, Brand association. The implications of model help in managing brand equity and consider sensitive value to make informed decisions about brand-building activities. Brand equity is important at purchasing time as it influence customers and complete with the competitor's attraction.

**H5.** Brand Equity has a significant positive effect on consumers purchase decision.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

This chapter presents the methodology of the study which includes the type of the research, research design, sampling & sampling technique, data collection tools and instruments, methods of data analysis and ethical consideration

#### **3.1. Research Approach**

A quantitative research is employed as a research Approach. Quantitative research entails putting a theoretical construct to the test. It is a method of research designed to test a hypothesis (Jan, 2010). This empirical investigation follows the sequence ‘theory – hypotheses – data-gathering – analysis – return to theory’ which, the researcher aims at, constitutes the typical structure of classical quantitative research (CORBETTA PIERGIORGIO, 2003). Quantitative research is utilized as a research approach ,because, the empirical investigation tried to see how brand awareness, brand loyalty, perceived quality and brand association influence purchase decision of cell phone Ethiopia especially that of Addis Ababa.

#### **3.2 Research Design**

Both descriptive and explanatory research has been conducted. Because the researcher was attempting to describe demographic information of the respondents and tried to seek the correlation between determinants of brand equity and purchase decision of consumers. The goal was to test the research hypothesis need to be answered in relation to the research questions and explain what really makes customers to make purchase decision when they come to buy cell phone in Addis Ababa.

Explanatory design is employed to undertaken to discover and able to describe the characteristics of variables of interest in a situation and analytical based on quantitative data from the survey of customer purchase decisions (dependent variable) in line with brand equity components (independent variables).

It addresses cause and effect relationship between the dependent and independent variables has been inferred, which is explanatory type.

### **3.3 Source of data**

Both primary and secondary source of data was used in this study. Primary data was collected by the administration of close ended questionnaires to the identified respondents. Secondary data relevant to this study was collected from publications including journals, books, researches and various materials to back the primary data with other related previous knowledge on the issue. This secondary data was also used to construct the basic framework of the study.

### **3.4 Population of the Study**

The population of the study was consumers who have cell phone whose age is actually 18 and above living in Addis Ababa. Consumers who have different cell phone brand have been enrolled to incorporate the various experiences of the respondents.

### **3.5 Sample Size and Sampling Technique**

#### **3.5 .1 Sample size**

The sample frames was not an accessible one and the population is unknown. For populations that are large, Cochran (1963:75) developed the Equation to yield a representative sample for proportions.

$$S = [z^2 * p (1-p)] / e^2$$

*Source: - Cochran (1977)*

Where:-

S = stands for sample size

z = z score, which is 1.96 for 95% confidence interval

p = population proportion which is 50%

e = margin of error which is 0.05

Substitution the values,  $S = [1.96 * 1.96 * (0.5 * 0.5)] / (0.05 * 0.05)$ ; the result equals 384.16.

To illustrate, we have large population but that we do not know the variability in the proportion and could not get the previous related result; therefore, assume  $p = .5$  (maximum variability). Furthermore, suppose we desire a 95% confidence level and  $\pm 5\%$  precision and add 5% contingency. The resulting sample size is demonstrated in as follows:

385 + 5% contingency = 404

To address all 404 sample size accordingly structured questionnaires has been distributed in Addis Ababa.

### **3.5.2 Sampling Techniques**

The populations of the survey are large and due to resource limitations like time and financial constraints. Convenience sampling which is a non-probability sampling technique was used by administering prepared questionnaires.

Even though there were some risks in adopting a convenience sampling technique such as a questionable representativeness, hence questionable credibility of the findings, (Bryman, 2008).

However, the study avoided this by composing a diversified sample consisting from different place with different backgrounds in terms of study fields, age, gender and type of mobile brand they own.

### **3.6 Data collection Instruments:**

A structured questionnaire have been developed based on (yoo bonghee, and Naveen Donthu 2001) with slight adaptation from review of related literature. A closed structured questionnaire with a 5 scale likert was distributed and collected so as to get the first hand data from respondents. The questionnaire consists of two parts the first part related to socio demographic variables and the type of brand the respondent use. The second part encompasses the four dimensions of brand equity measurement constructs which are the basis of research questions. The questionnaire was distributed among 404 respondents. Out of which 355 valid questionnaires were collected in complete and correct manner. This data was then analyzed statistically by using SPSS-24 version.

### **3.7 Data analysis**

Before the analysis of the primary data that was collected through close ended questionnaires, analysis of the variables' reliability and validity of the constructs was verified. To ensure reliability of this research, the questionnaire was designed to measure the concepts in the theoretical model in a consistent manner.

The validity of the research is concerned with the measurement of the data collection process implemented regarding the quality of the study. It outlines the evaluation of the quality of both the primary and secondary data used in the research. To ensure that validity of this study, each question in the questionnaire was designed to represent the concepts that were used in the conceptual framework of the study.

The data collected using the questionnaire was coded and processed. Out of the total of 404 questionnaires that was distributed 88% (355) response rate was obtained.

The researcher has done Frequency & percentage, to describe demographic characteristics and Means, standard deviations, to analyze brand equity variables on purchase decision.

The researcher seeks to ascertain the causal effect of one variable upon another. To explore such issues, the researcher assembles data on the underlying variables of interest and employs regression to estimate the quantitative effect of the causal variables upon the variable that they influence.

In multiple linear regressions, there are explanatory variables, and the relationship between the dependent variable and the explanatory variables is represented by the following equation:

$$Y_i = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon_i$$

Where:

$Y_i$  is the dependent variable and  $X_1, X_2, X_3, X_4$  are the independent variables

$\beta_0$  Is the constant term and  $\beta_1$  to  $\beta_4$  are the coefficients relating the explanatory variables to the variables of interest. The term 'linear' is used because in multiple linear regressions we assume that  $y$  is directly related to a linear combination of the explanatory variables.

Besides to regression equation the researcher employs correlation when the two series of items vary together directly or inversely.

In the process of data analysis; the data collected for the study have been processed using Statistical Package for Social Science (SPSS-V24) software.

### **3.8 Validity and Reliability of Data Collection Tools**

#### **3.8.1 Validity Test**

Validity of a measurement instrument is about the extent to which the instrument measures what it is actually intended to measure.

In order to ensure the quality of the research design content and construct validity of the research were checked (Kothari, 2004). If the instrument used for a study contains a representative sample of the universe, the content validity is good. Based on this definition the content validity was verified by the advisor of this research, who looked into the appropriateness of the questions and the scales of measurement. In addition, discussions with fellow researchers as well as the feedback from the pilot survey were another way of checking the appropriateness of the questions.

The pre-testing indicated whether the questionnaire provided the relevant information (in terms of format, content, understand ability, and terminology) and In addition the interaction and cause & effect relationships have been checked.

#### **3.8.2 Reliability Test**

Reliability, according to Pallant (2005) refers whether the data collection techniques and analytical procedures would reproduce consistent findings if they were repeated on another occasion or if they were replicated by another researcher. In other words, reliability of measurements is referred as the extent to which the instrument yields consistent result

When the characteristics being measured has not changed. Scholars usually underscore to consider and to be conscious on participant error, participant bias, and researcher error and researcher bias to insure reliability. To reduce or avoid participant error, the questionnaires were prepared both in English and Amharic and supported to read carefully and provide their feeling and attitude. The other one is participants' bias, to avoid response bias, respondents have been informed to fill and respond on their own will only. To avoid researcher's error and researchers' bias, essential procedures, techniques and formalities have been followed. To insure the reliability of the instrument, the questionnaire has been distributed to samples of respondents as pilot for its reliability before distributed for sample respondents and used as data collection tool. Reliability tested with Cronbach's alpha test conducted.

According to Pallant (2005) , the indicators are considered reliable to represent the variables when the value of Cronbach's Alpha is higher than 0.7. Table1. indicates that all Cronbachs' Alpha are higher than 0.7, indicating that all indicators are reliable to represent the variables.

**Table 1** Reliability Analysis of Variables

<b>Variables</b>	<b>Cronbach's alpha</b>	<b>Number of items</b>
<b>Brand Awareness</b>	0.925	6
<b>Brand Association</b>	0.774	7
<b>Perceived Quality</b>	0.916	6
<b>Brand Loyalty</b>	0.924	6
<b>Purchase Decision</b>	0.842	4
<b>Over all <math>\alpha</math></b>	0.949	29

Source: Survey data (2020)

### **3.9 Ethical Consideration**

There are a number of key ethical issues that protect the rights of research participants. These are protection from harm, informed consent, the right to privacy and honesty with professional colleagues. The researcher informed his respondents about the purpose, procedures, and confirmed that the study conducted only used for the academic purpose, in order to fulfill her Master's Thesis in Marketing Management. Finally, the researcher requested the respondents to answer the whole questions freely and honestly, because their genuine inputs have positive impact on the timely accomplishment of the study.

The whole data used in this study were collected from the respondents with their willingness. Moreover, in this study, personal information and responses of any respondent were kept confidential.

## **CHAPTER FOUR**

### **RESULTS AND DISCUSSION**

#### **4.1. Introduction**

The main objective of this study was to examine effects of brand equity components on customers purchase decisions in case of cell phone in Addis Ababa Ethiopia, based on the data which was obtained from the respondents through different instruments for data collection; such as questionnaire and review of secondary data by the researcher. And the data were described and analyzed in tables, percentage, frequency distribution, mean, standard deviation, regression and correlation with the help of SPSS version 24.

Data for the analysis was collected from the respondents in Addis Ababa. Four hundred for (404) questionnaires were distributed for the respondents and out of which 355 questionnaires were returned, and the researcher found it suitable for further analysis. Meaning 87 percent response rate was recorded.

#### **4.2 Socio Demographic Data**

The demographic part of Analysis deals with the personal data on the respondents of the questionnaires given to them. The table below shows the details of background information of the respondents.

Table 2: Profile of respondents

Variable	Category	Frequency	Percentage
Gender	Male	236	66.5
	Female	119	33.5
Age	18-25	50	14.1
	26-30	140	39.4
	31-40	138	38.9
	41-65	25	7.0
	>65	2	.6
Education	TVET	26	7.3
	First degree	268	75.5
	Master's degree	41	11.5
	Phd and above	8	2.3
Occupation	Student	3	.8
	Government employee	53	14.9
	Private company	188	53.0
	Self employed	40	11.3
	NGO	69	19.4
	Others	2	.6
Income level	<1000	18	5.1
	1000-3000	38	10.7
	3001-5000	85	23.9
	5001-10000	151	42.5
	>10000	63	17.7

Source: Survey data (2020)

Table 2 shows that from total respondents male respondents constitute the highest percentage (66.5%) of respondents while the female constituted 33.5% of the respondents.

The age group 26 – 30 which account for 39.4% of the total study sample constitutes the largest percentage followed by age group 31 – 40 consisting of 38.9% while the age above 65 is the least with 6 % of the respondents. The study shows that 75.5% of the respondents are degree holders and proceeding by masters holders which account 11.5 % and this strengthen for the validity of the findings. In addition the occupation majority of respondents are private company workers which account 53% followed by NGO employee 19.4%. Finally, in table 1 it is found that 42.5% of the respondents earn with range of 5001-10,000 monthly income followed by monthly income between 3001-5000 which account 23.9%.

### **4.3 Current Cell Phone Brands of Respondents**

From the table 3 below, when asked the brand of their current mobile phone respondents answered Samsung (54.9%), Techno (13.5%) and Huawei (8.2%) were the top three bands the respondents currently own. In addition, Itel (0.8%), Nokia (1.1%) and SMADL (2.8%) were found to be the least three favored brands owned by the respondents.

**Table 3: Current Cell phone brands of respondents**

<b>Cell phone brand</b>	<b>Frequency</b>	<b>Percent</b>
Samsung	195	54.9
IPhone	19	5.4
Nokia	4	1.1
Techno	48	13.5
Huawei	29	8.2
SMADL	10	2.8
Itel	3	.8
LG	15	4.2
Others	26	7.3
Total	355	100

*Source: survey result, 2020*

#### **4.4 Cross tabulation**

The cross tabulation consisting of table 4 and 5 summarize, analyzes and interprets the respondents cell phone brand with income and gender.

Table 4; Gender Vs Cell phone brand

Count	Male	Female	Total
Samsung	127	68	195
I phone	8	11	19
Nokia	4	0	4
Techno	39	9	48
Huawei	9	20	29
SMADL	9	1	10
Tana	3	0	3
Itel	13	2	15
LG	6	0	6
Others	15	11	26
Total	236	119	355

*Source: survey result, 2020*

From the above table out of 355 respondents the top three cell phone brands currently used by respondents are Samsung, Techno and Huawei. The majority of Samsung and Techno users are male. Majority of Huawei users are female.

Table 5 Income Vs Cell phone brand

Count	>1000	1000-3000	3001-5000	5001-10,000	>10,000	Total
Samsung	11	16	47	77	44	195
Iphone	0	0	3	14	2	19
Nokia	0	0	0	0	4	4
Techno	0	12	0	28	8	48
Huawei	2	0	21	6	0	29
SMADL	0	6	2	1	1	10
Tana	0	2	0	1	0	3
Itel	0	1	5	9	0	15
LG	0	1	0	5	0	6
Others	5	0	7	10	4	26
Total	18	38	85	151	63	355

*Source: survey result, 2020*

From table 5 most of the respondent's earn monthly income with the range of 5001-10,000 accounts 42.5 % followed by 3001-5000 monthly income 23.9% respectively. Majority of Samsung user's monthly income earn above 5,000 which account 34%.

#### 4.5. Descriptive Analysis of independent and Dependent variables

Table 6 indicates the summary of descriptive statistics of the independent variables the mean of Brand Awareness, Brand Association, Perceived Quality, Brand Loyalty, Brand Equity and Purchase Intension is 3.99, 3.70, 3.75, 3.86 and 3.89 respectively.

According to Likert (1932) classified the mean score as, lowest if the mean score is 1- 1.49, lower if the mean score is 1.50-2.49, moderate if the mean score is 2.50 – 3.49, higher if the mean score is 3.50- 4.49, and highest if the mean score is 4.50- 5.00. Therefore based on likert (1932) classification, the level of each category is leveled in the last column of the above table. With respect to this, all the variables (Brand Awareness, Brand Association, Perceived Quality, Brand Loyalty and Purchase Intension) lie in the range of higher level. And the standard deviation of the variable Brand Awareness, Brand Association, Perceived Quality, Brand Loyalty, Brand Equity and Purchase Intension is 0.87, 0.62, 0.81, 0.86 and 0.79 respectively.

Table 6: The overall mean and standard deviation of purchasing decision and brand equity parameters

<b>Variables</b>	<b>Mean</b>	<b>Std. deviation</b>	<b>Level</b>
Brand Awareness	3.9901	.87825	Higher
Brand Association	3.7082	.62962	Higher
Perceived Quality	3.7563	.81948	Higher
Brand Loyalty	3.8657	.86546	Higher
Purchase Decision	3.8979	.79188	Higher

*Source: survey result, 2020*

The mean indicates to what extent the sample group averagely agrees or disagrees with the different statements. The higher the mean the more the respondents agree with the statement while the lower the mean the more the respondents disagree with the statement. In addition, standard deviation shows the variability of an observed response. Descriptive statistics of each dimension of brand equity and purchase decision has been discussed one by one in the following section.

#### 4.5.1 Descriptive Statistics of Brand Awareness

According to Keller (2003,p.76) brand awareness is “the customers’ ability to recall and recognize the brand as reflected by their ability to identify the brand under different conditions and to link the brand name, logo, symbol, and so forth to certain associations in memory.” Accordingly, the respondents were asked 6 questions related to brand awareness. The Table 7 below present’s respondents results of brand awareness with mean and standard deviation values for each item.

Table 7; Brand Awareness Descriptive Statistics

	N	Mean	Std. Deviation
<b>BAW1</b> - I am aware of my cell phone brand	355	4.0704	1.04859
<b>BAW2</b> - I can recognize my cell phone brand among computing brands	355	3.8930	1.01114
<b>BAW3</b> -Whenever I think about cellphones the brand I use come to my mind first	355	4.0056	1.10468
<b>BAW4</b> -I can easily recall some of the features of my brand	355	3.8479	.98547
<b>BAW5</b> -I can recognize the symbol or logo of my c Cell phone brand	355	4.0366	1.01476
<b>BAW6</b> -My awareness of cell phone brand influences my purchase decisions	355	4.0873	1.00605
BAW	355	3.9901	.87825

As indicated in the above table the mean scores of brand awareness attributes for all the six items ranges from 3.84 to 4.08 which indicates that respondents the level of awareness influence when they buying decision of the cell phone. The overall mean score of brand awareness attributes was calculated to be 3.99

#### 4.5.2 Descriptive Statistics of Brand Association

Brand association consists of “all brand related thoughts, feelings, perceptions, images, experiences, beliefs, attitudes and is anything linked in memory to a brand (Kotler and Keller 2006, p.188). Hence, 7 items related to brand association asked to the respondents. Table 8 shows the analysis about brand association mean and standard deviation.

Table 8; Brand Association Descriptive Statistics

	N	Mean	Std. Deviation
<b>BAS1:-</b> The brand of mobile phone I use assists me to attain the type of life I desire for	355	3.6254	1.10363
<b>BAS2:-</b> I can link and associate between my life experiences and the brand I use.	355	3.7408	1.12767
<b>BAS3:-</b> I think others form a judgment regarding me with the type of brand I use	355	3.6789	1.13171
<b>BAS4:-</b> My cell phone brand is interesting	355	3.7606	1.04780
<b>BAS5:-</b> The company that makes my cell phone brand has credibility	355	3.7014	.72942
<b>BAS6:-</b> My cell phone brand has a personality that distinguish itself from competitor's brand	355	3.7577	.75008
<b>BAS7:-</b> I have a clear image of the type of people who use my type of cell phone brands	355	3.6930	.76197
<b>BAS</b>		3.7082	.62962

*Source: survey result, 2020*

As indicated in the above table, the mean scores of brand association for all the seven items ranges from 3.62 to 3.76 which indicates that the cell phone they used were interesting got the highest mean score 3.76, where as they assist the type of life they desire has got the least mean score value of 3.62. The overall mean score of brand association was calculated to be 3.70.

#### 4.5.3 Descriptive Statistics of Perceived Quality

Perceived quality is the customer’s judgment about a product’s overall excellence or superiority that is different from objective quality (Aaker, 1996). Since it’s impossible for consumers to make complete and correct judgments of the objective quality, they use quality attributes that they associate with quality (Zeithaml, 1988). With this idea, 6 items related to perceived quality were raised to the respondents and the results of the Mean score and the Standard deviation.

Table 9; Perceived quality Descriptive Statistics

	N	Mean	Std. Deviation
<b>PQ1</b> :- I'm satisfied with the software quality of my brand	355	3.6761	1.00528
<b>PQ2</b> :- My cell phone brand has consistent performance	355	3.7127	.97235
<b>PQ3</b> :- The battery life of my brand lasts longer	355	3.8141	1.00525
<b>PQ4</b> :- The company who offers my cell phone brands offers reliable and trustworthy product	355	3.7070	.96775
<b>PQ5</b> :- The aesthetic appeal of my brands is stylish	355	3.7211	.92271
<b>PQ6</b> :- My cell phone brand is well made	355	3.9070	.97993
<b>PQ</b>	355	3.7563	.81948

*Source: survey result, 2020*

As indicated in the above table, the mean scores of perceived quality for all the six items ranges from 3.9 to 3.67 the cell phone brand they own is well made has got the highest mean score . The overall mean score of perceived quality was calculated to be 3.75.

#### 4.5.4 Descriptive Statistics of Brand loyalty

Brand Loyalty is a core dimension of brand equity. Aaker (1991, p.39) defines brand loyalty as “the attachment that a customer has with a brand.” Based on this definition 6 item related to brand loyalty was raised to the respondents to be answered. The result is presented in Table 4.8 below:

Table 10; Brand Loyalty Descriptive Statistics

	N	Mean	Std. Deviation
<b>BL1.</b> If I buy cell phone ,my cell phone brand would be my first purchase option	355	4.0141	1.04548
<b>BL2.</b> I am loyal to my mobile brand	355	3.7915	.89660
<b>BL3.</b> I will not buy other brands of cell phones if my current brands not availability the store	355	3.7690	1.24540
<b>BL4.</b> I say positive things about my brand to other peoples	355	3.9634	.95451
<b>BL5.</b> I recommended my cell phone brand to anyone who seeks my opinion	355	3.8592	.90347
<b>BL6.</b> I would still like to buy the same brand that I already have been if another brand has the same features	355	3.7972	1.01875
<b>BL</b>	355	3.8657	.86546

*Source: survey result, 2020*

As depicted in Table 10 above, the mean value of brand loyalty is 3.86 and the item state that “When decide buying cell phone the brand they own currently would be my first choice.” scored the highest among the list of items related to brand loyalty with a mean score of 4.04 while the respondents gave the least score of 3.791 to the item “I am loyal to the cell phone brand.”

#### 4.5.5 Descriptive Statistics of Purchase Decision

In order to test the respondents Purchase decision, 4 items were asked to the respondents to answer. It shows the Mean score and Standard deviation analysis regarding the purchase decision of the respondents.

Table 11; Purchase Decision Descriptive Statistics

	N	Mean	Std. Deviation
<b>PD1.</b> My purchase decision depends upon how others think about me with the type of brand I use	355	3.8704	.95082
<b>PD2.</b> My awareness regarding a mobile brand guides my purchase decision	355	3.9324	.93636
<b>PD3.</b> The overall assessment of the quality of brand affects my purchase decision	355	3.8986	.96602
<b>PD4.</b> In future, I will buy the same brand that I already have	355	3.8901	.99251
<b>PD</b>	355	3.8979	.79188

*Source: survey result, 2020*

As indicated in the above table the mean scores of purchase decision for all the four items ranges from 3.93 to 3.87 which is the awareness regarding a mobile brand guides my purchase decision with mean value of 3.89, The decision depends up on how other think about the brand they use has got the least mean score value of 3.87. The overall mean score of purchase decision was calculated to be 3.89.

## 4.6 Inferential Statistics

In this section the degree and direction of relationship, correlation; and estimation/ prediction one variable from known values of one or more variable(s) regression and the cause and effect relationship between the variables is determined.

### 4.6 .1 Diagnostic test

Before interpreting the results of regression and correlation analysis, and to enhance the validity of the outcome basic statistical tests have been conducted and verified.

#### 4.6.1.1 Multicollinearity:

Collinearity diagnostics were carried out to see if there is multicollinearity problem in the data set or if there is linear dependence among the explanatory variables included in the model. The study checks this with the Variance Inflation Factor (VIF) which calculates the influence of correlations among independent variables on the precision of regression estimates. The VIF factor should not exceed 10, and should ideally be close to one. Tolerance is an indicator of how much of the variability of the specified independent variable is not explained by the other independent variables in the model and is calculated using the formula  $1-R^2$  for each variable. If this value is very small (less than 0.10), it indicates that the multiple correlation with other variables is high, suggesting the possibility of multicollinearity. However, as it can be seen in Table all variance inflation factors are less than 10 suggesting that there is no problem of multicollinearity.

Variables	Collinearity Statistics	
	Tolerance	VIF
<b>BAW</b>	.293	3.408
<b>BAS</b>	.581	1.721
<b>PQ</b>	.805	1.242
<b>BL</b>	.295	3.395

*Source: survey result, 2020*

#### 4.6.1.2 Normality Assumption

According to Hair, Anderson, & Tatham, (1998); James, L. (2019), histogram is one of the essential tool to check normality if it has nearly symmetrical and normal curved shape. As shown in the Figures 3 Appendix part residuals were normally distributed around its mean of zero which indicates that the data were normally distributed and it was consistent with a normal distribution assumption. As the figures confirmed the normality assumption of the data, this implies that the inferences made about the population parameters from the sample statistics tend to be valid.

Table 12; Skewness & Kurtosis

	N	Skewness		Kurtosis	
	Statistic	Statistic	Std. Error	Statistic	Std. Error
BAW	355	-1.361	.129	1.147	.258
BAS	355	-.678	.129	.013	.258
PQ	355	-.780	.129	.264	.258
BL	355	-1.048	.129	.580	.258
PD	355	-.943	.129	.174	.258
Valid N (listwise)	355				

*Source: - Own survey, 2020*

Hair, Anderson, & Tatham, (1998); James, L. (2019) stated that Skewness and Kurtosis values ranging from -2 to +2 are considered normal. As per the given guideline, all result indicates that all Skewness and Kurtosis values are less than +2 and greater than -2. Thus, the variables fulfill normality requirement.

#### 4.6.1.3 Linearity Assumption

As regression analysis is based on the concept of correlation, the linearity of the relationship between dependent variable (purchasing decision) and independent variables (brand equity parameters) is crucial. Linearity can easily be examined by residual plots. In figure 4, the p-p plot shows the linear relation between purchasing decision with brand equity parameters, because on the normal P-P plot the points are lies on the straight line.

### Normal P-P Plot of Regression Standardized Residual

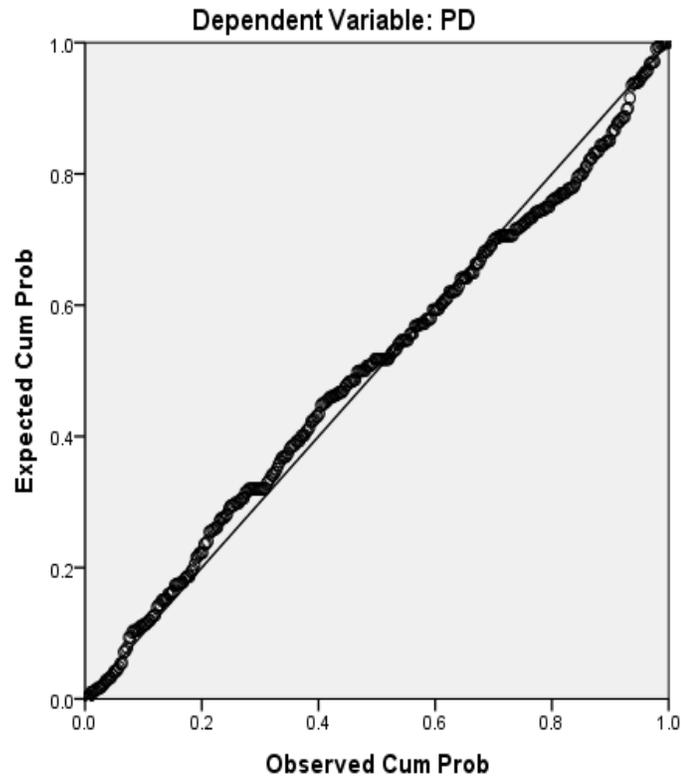


Figure 3: Normal P-P plot

The normal probability plot of residuals is an excellent way of evaluating the normality assumption. The normal probability plot of standardized residuals is presented. As it can be seen from the Figure 4 there is no apparent departure from normality assumption as the plot approximately a diagonal straight line. Therefore, it seems reasonable to say the assumption that the errors are normally distributed is valid.

#### 4.6.1.4 Homoscedasticity Assumption

The assumption of equal variances between pairs of variables. Violation of this assumption can be detected by either residual plots or simple statistical tests. From the plot of standardize fitted values against the standardized residuals (in figure 5) we observed that the spread of the residuals are the same throughout the plot (i.e. there is no any systematic patterns). This nonsystematic of random pattern indicates the nonexistence of hetroscedastic problems.

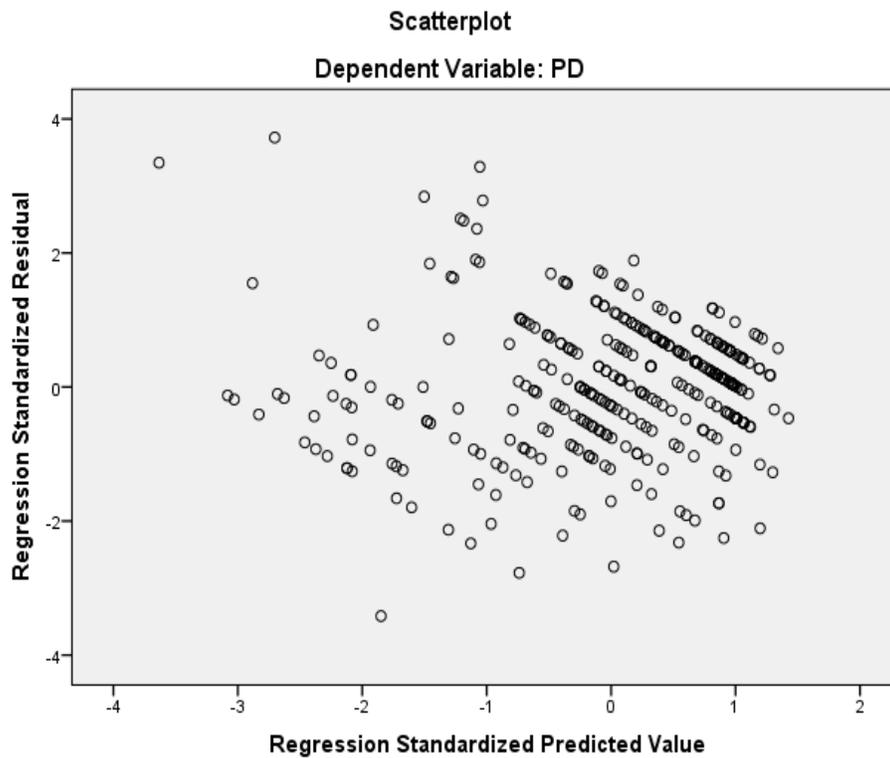


Figure 4: Scatter plot

#### 4.6.1.5 Outliers

According to Landau PALLANT J. (2005) ; Leary (2012), outliers exist when there are points in the standardized residual of the Scatter Plot diagram more than 3.3 and less than -3.3. Referring the Scatter Plot diagram figure of regression output, almost no points are outside the standard. This assures the requirement for checking outliers is fulfilled.

#### 4.7 Correlation Analyses

A correlation coefficient is a very useful means to summarize the relationship between two variables with a single number that falls between -1 and +1 Field (2005). A correlation analysis with Pearson's correlation coefficient ( $r$ ) was conducted on all variables in this study to explore the relationships between variables. To interpret the strengths of relationships between variables, the guidelines suggested by Field (2005) were followed, mainly for their simplicity.

His classification of the correlation efficient (r) is as follows: 0.1 to 0.30 is weak; 0.3 – 0.50 is moderate; and > 0.5 is strong. Regarding the relationship between the variables, table 4.4 clearly shows that figures with the symbol (\*\*) indicates that each of the variables are significantly correlated at a significant level of  $p < 0.01$ . Table 12 below shows the correlation between the 4 dimensions of brand equity and the customer purchase decision.

**Table 12; Correlation coefficients**

		Purchase Decision	Brand Awareness	Brand Association	Perceived Quality	Brand Loyalty
Purchase Decision	Pearson Correlation	1	.689**	.555**	.509**	.650**
	Sig. (2-tailed)		.000	.000	.000	.000
	N	355	355	355	355	355

\*\* . Correlation is significant at the 0.01 level (2-tailed).

As per table 12, the coefficients show that the four dimensions measuring brand equity were all positively related with purchase decision within the range of (0.509) to (0.689) all were significantly at  $p < 0.01$  level. The table also indicates that brand Awareness shows the strongest positive relationship (.689) with purchase decision. Brand loyalty was the second strongest positive relationship while, brand association, perceived quality was the third and the fourth with a correlation coefficient of (0.650), (0.555) and (0.509) respectively. In addition the independents variables all had a positive correlation with each other. In order to see the contribution of factors that shape the customer based brand equity in purchase decision of cell phone, multiple linear regression analysis was employed. Brand equity dimension was used as independent variable while the purchase decision was used as dependent variables.

## 4.8 Regression Analysis

In order to see the contribution of factors that shape the customer based brand equity in purchase decision of cell phone, multiple linear regression analysis was employed. Brand equity dimension was used as independent variable while the purchase decision was used as dependent variables.

### 4.8.1 Evaluation of the model

Table 13; Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.750 <sup>a</sup>	.563	.558	.52636
a. Predictors: (Constant), BL, PQ, BAS, BAW				
b. Dependent Variable: PD				

*Source: survey result, 2020*

Table 13 provides the results of the model fitness analysis. The regression model presents how much of the variance in the measure of brand equity of consumers is explained by purchase decision. The value of  $R^2$  (in table 13) is .56 which implies that about 56.3% of variation in purchasing decision is expressed in the variation in brand equity. But the remaining around 43.7 % is unexplained variation this is due to the non-inclusion of other relevant variables.

### 4.8.2 Assessment of the Statistical Significance

Table 14; ANOVA Analysis

Model	Sum of Squares	Df	Mean Square	F	Sig
Regression	125.017	4	31.254	112.809	.000b
Residual	96.969	350	.277		
Total	221.986	354			

*Source: survey result, 2020*

As we see from the above ANOVA table the sig value is 0.00 which is less than the level of significance or 5%. Therefore, the overall regression model is significant.

The result of the study indicated that regression model significantly predicts customer purchase decision in the study area.

#### 4.8.3 Evaluation of the Independent Variable

Table 15; Coefficient Matrix

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error			
(Constant)	.385	.188		2.051	.041
BAW	.329	.059	.365	5.590	.000
BAS	.219	.058	.174	3.764	.000
PQ	.242	.038	.250	6.362	.000
BL	.124	.060	.135	2.078	.038

a. Dependent Variable: PD

**Source: survey result, 2020**

Table 15 presents the coefficient matrix analysis which is based on the four independent variables (Brand Awareness, Brand Association, Brand Perceived Quality and Brand Loyalty). The beta value on the coefficient table indicates level of effect each dimension has on the dependent variable which is purchase decision.

The regression coefficient explains the average amount of change in the dependent variable that is caused by a unit change in the independent variable. The larger value of Beta coefficient an independent variable has, brings the more support to the independent variable as the more important determinant in predicting the dependent variable.

The regression model from table 15 above result shows that keeping other variables constant, a one unit increase in Brand Awareness will bring a 0.329 unit increase in the purchase decision of cell phone In A.A, a one unit increase in Brand Association will bring a 0.219 unit increase impact on purchase decision of cell phone in A.A, a one unit increase in Brand Perceived Quality will bring a 0.242 unit increase in purchase decision of cell phone in A.A and a one unit increase of Brand Loyalty will cause a 0.124 unit increase in purchase decision of cell phone in A.A. It indicates that all the four independent drivers of brand equity significantly influence the consumer purchase decision cell phone. The leading factor is brand Awareness preceding with perceived quality.

#### 4.8.4 Regression Equation

PALLANT J. (2005) stated while evaluating the research model and analyzing the predictive ability of the independent variables, formulating regression equation is essential. As per the scholar, the values of  $\beta$  under unstandardized coefficients and the constant are considered. As a result, the equation is expressed as:-

$$\mathbf{Y \text{ (Purchase decision)} = 0.385 \text{ (y intercept)} + (0.329) \text{ Brand Awareness} + (0.219) \text{ Brand Association} + (0.242) \text{ Brand Perceived Quality} + (0.124) \text{ Brand Loyalty}}$$

#### 4.8.5 Hypothesis Testing

As per Leary, (2012); Hair, Anderson, & Tatham, (1998), the outputs obtained from the correlation and regression analysis are used to conduct hypothesis testing and to answer the research questions.

Table - 16:- Hypothesis Testing

Hypothesis	Description	Regression Result	Conclusion
H1	Brand Awareness has a positive and significant effect on purchase decision of cell phone	$\beta = .365$ Sig= 0.000	Supported
H2	Brand Association has a positive and significant effect on purchase decision of cell phone	$\beta = .174$ Sig= 0.000	Supported
H3	Perceived Quality has a positive and significant effect on purchase decision of cell phone	$\beta = .250$ Sig= 0.000	Supported
H4	Brand Loyalty has a positive and significant effect on purchase decision of cell phone	$\beta = .135$ Sig = 0 .038	Supported

Source: Own survey, 2020

#### 4.8.6 Discussion

This study is designed and carried out in order to identify and measure the underlying dimensions of Customer Based Brand Equity in the purchase decision of cell phone. According to the study's findings, all the four dimensions: Brand Awareness, Brand loyalty, Perceived Quality and Brand Association were identified as having an influence on purchase decision of the respondents.

The beta and sig value of Brand Awareness has the highest value which affects purchase decision when they come to buy cell phone. This implies purchase decision of cell phone increase as the level of customer awareness towards cell phone increase.

Following the same principle, the beta and sig value indicate that perceived quality has a positive and significant effect on purchase decision. These indicate that as customer's perception of the overall quality or superiority of the product (or service) with respect to its intended purpose, relative to alternatives increased their purchase decision to the same product increased.

The influence of Brand Awareness and Perceived Quality were found to be the most important. Moreover, Aaker (1996), views Perceived Quality as is the "core/primary" facet across the CBBE framework. Similarly, Zeithaml (1988) describes Perceived Quality as not the real quality of the product but the customer's perception of the overall quality or superiority of the product (or service) with respect to its intended purpose, relative to alternatives. Nowadays, marketers across all product and service categories have increasingly recognized the importance of perceived quality in brand decisions.

Brand Preference and Brand Awareness were also found to be other important determinants of brand equity. Umar et.al (2012) also found out that Brand Awareness is the major dimension in determining the overall Brand Equity in the Nigerian Banking Sector.

The findings also revealed that even though there is a positive impact of Brand Loyalty on the purchase decision respondents, its significance was very minimal. This might mainly be due to the high brand switching behavior of the consumers and the association of consumers with brand is not significant like Awareness.

## CHAPTER FIVE

### SUMMARY, CONCLUSION AND RECOMMENDATION

This chapter winds up by giving insights about summary, conclusions, recommendations and future study implications.

#### 5.1 SUMMARY OF FINDINGS

The main purpose of this study was to study the effect of brand equity on purchase decision in the case cell phone in Addis Ababa. All respondents were those owners of different cell phone brands in Addis Ababa. The primary data has been collected through questionnaire with 29 items were provided in a 5 point Likert scale to the respondents. The questionnaire was administered to 404 respondents and the analysis was made using 355 respondents questionnaire papers were completely and appropriately filled

The data was analyzed using descriptive and inferential statistics such as percentage, mean, standard deviation, correlation and multiple regression analysis using SPSS version 24. With regard to the general information of the respondents the following findings were revealed.

- Most of the respondents are youth and adults
- Most of the respondents earn a monthly income between 5001 and 10000 Ethiopian birr.
- Most of respondents have acquired first degree and above.
- Most of the respondents currently owned Samsung and Techno cell phone brands respectively and the least cell phone brands owned by respondents were Itel.

- Respondents agreed with the four dimensions of brand equity and purchase decision by giving the higher rate scale to brand awareness , brand loyalty, perceived quality and brand association with average mean of 3.99,3.86,3.75 and 3.70 respectively
- The Pearson's Correlation, the four independent variables considered in this study is positively related to purchase decision of consumers in the case of cell phone in Addis Ababa. The Pearson coefficients indicated that the variables have different magnitudes of correlation with the dependent variable. Accordingly, Brand Awareness, Brand Loyalty, Brand Association and Perceived Quality has a strong positive correlation ( $r=0.689$ ,  $p<0.01$ ), followed by brand loyalty and brand Association and Perceived quality which had got moderate correlation ( $r=0.650$ ,  $p<0.01$ ,  $r=0.555$ ,  $p<0.01$  and  $r=0.509$ ,  $p<0.01$ ) with the purchase decision. Since the coefficient result of this study identified brand Awareness as the highest contributor to purchase decision followed by brand loyalty.
- The regression analysis showed purchase decision was explained 56.3 % by brand equity drivers. Assessing the significant of the model, the sign value of the ANOVA test found 0.000 confirming the model significant. The sig values of the independent values were found all less than 0.05 all significant contributors for prediction of the dependent variable.
- Moreover, the formulated hypothesis has been tested. As per the test all independent variables below 0.05 indicating there is statistically significant relationship with purchase decision.

## 5.2 CONCLUSION

Previous findings and literatures indicate brand equity drivers affects purchase decision of consumers and the result of this study revealed that respondents believed that brand awareness, brand association, perceived quality and brand loyalty guide and influence their purchase decision when they come to buy cell phone.

The results from correlation and multiple regression analysis showed the brand equity determinants (brand association, brand awareness, perceived quality and brand loyalty) considered in this study have a positive relationship with the consumer purchase decision, which implies that brand equity drivers have a positive effect on their purchase decision of cell phone.

The biggest contributor was brand Awareness predictor variable in explaining purchase decision, meaning majority of the respondents the level of awareness towards the current brand they used, guided their purchase decision.

Second most strong correlation and contribution was from perceived quality, respondents claimed that the quality of cell phone brands they owned influenced them to purchase accordingly.

The result also indicated that brand association and brand loyalty respectively are the next important brand equity dimensions which affects purchase decision respectively. From this we can deduce that, there should be a priority among the brand equity dimension considered in this study while needing to implement branding strategy for cell phone companies with respect to customer's perspectives.

### **5.3 RECOMMENDATION**

Based on the findings of the study and conclusions made, the following possible recommendations are given. Nowadays, Cell phones have become the device of choice and consumers want it for its convenience and personal advantage while deciding to buy cell phone. For those marketers and companies involved in manufacturing and assembling of cell phone they should value the impact of brand equity in dynamic and digitalized world which make the consumers more tech savvy.

It has been found that the most significant factors which influence purchase decision of cellphone in the case of Addis Ababa consumers is brand Awareness which is the foundation stage for the brand equity. So Companies or marketers have to communicate the features and point of differentiation using integrated marketing communication to address the same message frequently.

Brand managers to increase the level of awareness have to develop attractive, simple logos, names and jingles which make the brand easily recalled and recognized among competing brand. Maintaining the quality of brand is very essential in high tech industries like cell phone due to volatility and dynamism of technology and also switching behavior of consumers. The major task of brand managers and companies should be on continuous research and development based on the volatility of the industries to introduce new features, innovativeness and to add quality features like design, durability and battery life and Extension of brand simultaneously that can be perceived as quality so as to position their brand in the mind of consumer.

Brand loyalty is the resistance to switch the brand and the heart of equity and from the study finding the brand Association and loyalty of consumers towards cell phone needs work. To bring brand loyalty brand managers and companies should work on Association by creating a positive Image and feeling towards their companies.

Companies should participate in societal obligation and get trustworthiness in front on their consumers so that consumers can evaluate the brand. In addition they have to work on building customer relationship and form a family using the cellphone owned by consumers to transfer different companies' message like status of companies, new product extension that is going to come by the next time and loyalty program that makes switching to other brand costly to consumers.

Finally, brand managers and cell phone companies should realize that brand equity plays a major role in influencing consumers purchase decision. Maintaining and measuring brand equity will help them to win and keep their position in the market.

#### **5.4 Limitations and Suggestion for future research**

The study was limited conceptually, geographically and methodologically. Conceptually, the study only focuses on the first four Aaker's brand equity dimensions (brand awareness, brand association, perceived quality and brand loyalty) were considered as independent variables in this study. Geographically, the study was focuses only cell phone users/ residents located in Addis Ababa. Methodologically, the research designs considered in the study were explanatory and descriptive research designs where quantitative research approach has employed.

Further area of research will be valuable if first, brand equity measured by incorporating both firm and consumer side scales. Such studies may offer the extent of match and mismatch between what the mobile brands are positioning and what actually there in the mind of the consumers. If others researchers conduct on extended model of brand equity. As a result the research may have geographical, technical and conceptual limitations. So, further and regress study in wider scope may provide a better outcome.

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**Appendices**  
**Appendix A: Questionnaire in English**

**St. Mary's University**

**School of Graduate Studies**

**Marketing Management Program**

**Dear Respondent**

I really appreciate your genuine response for this questionnaire. This questionnaire is designed and given to you to collect data about your knowledge, feelings and attitudes about cell phone Brands. My name is Bezawit Melese, M.A candidate at St. Mary University conducting a research under the title of **“The effect of brand equity on purchase decision in the case of cell phone In Case of Addis Ababa”** as a partial fulfillment of the requirement of my second degree. Here, I promise you that your response will be kept absolutely confidential and used only for the consumption of this paper.

For any further inquiry, you can contact me via +251 978-81-25-55  
[bezamelese02@gmail.com](mailto:bezamelese02@gmail.com)

**Thank you for your cooperation!**

**Instruction: Please mark your answer with a tick (√) in the space provided.**

**PART 1: General Information**

1. Gender

Male

Female

2. Age

18 – 25

26 – 30

31 - 40

41 - 65

Above 65

3. Education

High School

TVET

Bachelor's Degree

Master's Degree

PhD & Above

Other  Please

specify

---

4. Occupation

Student

Governmental

Non-Governmental

Self-Employed

Other  Please

specify

---

5. Marital Status

Single

Married

Divorced

Widowed

6. Income Level

< 1,000

1,000-3,000

3,001-5,000

5001-10,000

> 10,000

7. Which cellphone brand do you currently use?

Samsung

iPhone

Tecno

Nokia

Tana Ericsson

SMADL

itel

Huawei

LG

Other

Please

specify

## **PART 2: Brand Equity Factors**

The statements below are designed so that they give information on brand equity factors. The statements drawn are referring to the brand you have selected in question 7 above. The scale below utilized a five point Likert Scale with alternate responses ranging from:-

**1 (Strongly disagree)**

**2 (Disagree)**

**3 (Neutral)**

**4 (Agree) and**

**5 (Strongly Agree)**

**Please use tick (✓) mark in the answer boxes that reflect your rating.**

### A. BRAND AWARENESS

Code	Questions	1	2	3	4	5
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
<b>BAW 1</b>	I am aware of my cell phone brand					
<b>BAW 2</b>	I can recognize my cell phone brand among competing brands					
<b>BAW 3</b>	Whenever I think about cell phones, the brand I use comes to my mind first.					
<b>BAW 4</b>	I can easily recall some of the features of my brand					
<b>BAW 5</b>	I recognize the symbol or logo of my cell phone brand.					
<b>BAW 6</b>	My awareness of cell phone brand influences my purchase decisions					

### B. BRAND ASSOCIATION

Code	Questions	1	2	3	4	5
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
<b>BAS1</b>	The brand of mobile phone I use assists me to attain the type					

	of life I desire for.					
<b>BAS2</b>	I can link and associate between my life experiences and the brand I use.					
<b>BAS3</b>	I think others form a judgment regarding me with the type of brand I use.					
<b>BAS4</b>	My cell phone brand is interesting					
<b>BAS5</b>	The company that makes my cell phone brand has credibility					
<b>BAS6</b>	My cell phone brand has a personality that distinguish itself from competitor's brands.					
<b>BAS7</b>	I have a clear image of the type of people who use My type of cell phone brands.					

### C. BRAND QUALITY

Code	Questions	1	2	3	4	5
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
PQ1	I'm satisfied with the software quality of my brand					
PQ2	My cell phone brand has consistent performance.					
PQ3	The battery life of my brand lasts longer.					
PQ4	The company who offers My cell phone Brand offers reliable and trustworthy product					
PQ5	The aesthetic appeal of my brand is stylish.					
PQ6	My cell phone brand is well made					

#### D. BRAND LOYALTY

Code	Questions	1	2	3	4	5
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
<b>BL1</b>	If I buy Cell phone, my cell phone brand would be my first purchase option					
<b>BL2</b>	I am loyal to my mobile brand.					
<b>BL3</b>	I will not buy other brands of cell phones if my current brand is not available at the store.					
<b>BL4</b>	I say positive things about my brand to other people					
<b>BL5</b>	I recommend my cell phone brand to anyone who seeks my opinion.					
<b>BL6</b>	I would still like to buy the same brand that I already have even if another brand has the same features.					

### E. PURCHASE DECISION

Code	Questions	1	2	3	4	5
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
<b>PD1</b>	My purchase decision depends upon how others think about me with the type of brand I use.					
<b>PD2</b>	My awareness regarding a mobile brand guides my purchase decision.					
<b>PD3</b>	The overall assessment of the quality of brand affects my purchase decision.					
<b>PD4</b>	In future, I will buy the same brand that I already have					

## Appendix B: Questionnaire in Amharic

### የተከበሩ ምላሽ ሰጪዎች

እውነተኛ ምላሽዎን ለመስጠት ሰዓትዎን ስለመደቡልኝ ከልቤ አመሰግናለሁ። ይህ መጠይቅ በኢትዮጵያ በተለይም ደግሞ በአዲስ አበባ ደንበኛን መሰረት ያደረገ የስልክ ብራንዶችን ሀብት በግዥ ውሳኔ ላይ ያላቸውን ተጽዕኖ ለመለካት እንዲቻል የተዘጋጀ ነው ። በኢትዮጵያ ስላሉ የስልክ ብራንዶች ያልዎትን እውቀት ፣ አመለካከትና አስተሳሰብ በመሰብሰብና በመተንተን የብራንዶ ባለቤቶች የተጠቃሚዎችን ፍላጎት መሰረት ያደረገ የገበያ አመራር ውሳኔዎችን እንዲወስዱ ያስችላል ተብሎ ይታመናል። በተጨማሪም ይህ መጠይቅ ለ 2 ኛ ዲግሪዬ ማሟያ ጥናት በመሆኑ የሚሰጡኝ መረጃ በሙሉ በሚስጢር የሚያዝና ለዚህ ጥናት ፍጆታ ብቻ የሚውል መሆኑን ለረጋግጥልዎ እወዳለሁ።

ለበለጠ መረጃ በስልክ ቁጥር : 0978-81-25-55 በ ኢሜል አድራሻ bezamelese02@gmail.com ቤዛዊት መለስ ብላችሁ ታገኙኛላችኋል።

**ለትብብራችሁ ከልብ አመሰግናለዋለሁ!**

**መመሪያ: መልሳችሁን በክፍት ቦታዉ ላይ ይህን ምልክት (✓) አድርጉ ።**

**ክፍል 1: ጠቅላላ መረጃ**

1. ጾታ

ወንድ  ሴት

2. የእድሜ ክልል

18 – 25  6 – 30  31-40

41-65

3. የትምህርት ደረጃ

ሀይስኩል  ቲቪት  ዲግሪ

ማስተርስ ዲግሪ  ከማስተርስ በላይ

4. ስራ

ተማሪ  የመንግስት ሰራተኛ  መንግስታዊ ያልሆነ ድርጅት

የግል ድርጅት ሰራተኛ  የግል ሥራ

5. የገቢ ደረጃ

< 1000  1000-3000   
3001-5000  5001-10000  > 10000

6. አሁን ላይ የሚጠቀሙት የስልክ አይነት?

ሳምሰግ  አይፎን

ቴክኖ  አፕል

ኖኪያ  ጣና

ስማድል

አይቴል

ሁሀዌይ

ኤል ጂ

ሌላ ዓይነት ከሆነ ይጻፉ \_\_\_\_\_

**ክፍል 2:** ዋና የጥናቱ መጠይቆች ቀጥሎ ያለው ሰንጠረዥ መጠይቅ ከላይ በተራ ቁጥር 7 ላይ ከመረጡት እንዲሁም ስሙን በክፍት ቦታው ላይ ከጻፉት የስልክ ብራንድ የሚነሳ ነው። እባክዎን በሰንጠረዥ በቀኝ በኩል ካሉ የመልስዎ ደረጃዎች በሚለው ስር ካሉ አምስት ምርጫዎች መካከል አንዱ ላይ ይህን (✓) ምልክት በማስቀመጥ

ምላሽዎን ያስቀምጡ።

**እርስዎ ያለዎትን አመለካከት በሚከተለው የነጥብ ደረጃ ከዚህ በታች ተገልጻል።**

በጣም አልስማማም=1 አልስማማም=2 ገለልተኛ/አሰተያየት የለኝም=3 እስማማለሁ=4

በጣም እስማማለሁ=5

**መልሳችሁን በክፍት ቦታዉ ላይ ይስማማል ምትሉትን (✓) አድርጉ ።**

**የብራንድ ግንዛቤ (BRAND AWARENESS)**

ኮድ	ጥያቄዎች	1	2	3	4	5
		በጣም አልስማማም	አልስማማም	አልቃወምም/አልስማማም	እስማማለሁ	በጣም እስማማለሁ
ብግ1	ስለ ስልኬ ብራንድ በቂ ግንዛቤ አለኝ።					
ብግ2	በገበያ ውስጥ ካሉ ተወዳዳሪ ብራንድ ስልኮች መካከል የኔን ስልክ ብራንድ ለይቼ አውቀዋለሁ።					
ብግ3	ስለ ስልክ ሳስብ መጀመሪያ አምሮዬ ላይ ሚመጣዉ የኔ አየነት የስልክ ብራንድ ነዉ።					
ብግ4	በቀላሉ ስለ ስልኬ ብራንድ መገለጫዎች አስታውሳለሁ።					
ብግ5	የስልኬን ብራንድ አርማ ወይም ምልክት አውቀዋለሁ።					
ብግ6	ስለ ስልኮች ብራንድ ያለኝ ግንዛቤ በግዥ ውሳኔ ላይ ተጽኖ ይፈጥርብኛል።					

**ከብራንዱ ጋር ያለኝ ቁርኝነት (BRAND ASSOCIATION)**

ከድ	ጥያቄዎች	1	2	3	4	5
		በጣም አልስማማም	አልስማማም	አልቃወምም/ አልስማማም	እስማማለዉ	በጣም እስማማለዉ
ብቁ1	የምጠቀመዉ የስልክ ብራንድ የምፈልገዉን ነገር በህይወቴ እንዳገኝ እረድቶኛል					
ብቁ2	ምጠቀመዉ የስልክ አይነት ከህይወቴ ጋር የተቆራኘ ትዝታ አለዉ					
ብቁ3	ሰዎች በምጠቀመዉ የስልክ ብራንድ እኔን የሚገልጹኝ ይመስለኛል					
ብቁ4	የኔ የስልኬ ብራንድ ማራኪ ነዉ					
ብቁ5	የስልኬን ብራንድ የሚያመርተዉ ድርጅት ታዓማኒነት አለዉ።					
ብቁ6	የስልኬ ብራንድ እኔ የምወደዉ ስብዕና /መገለጫዎች አለዉ።					
ብቁ7	የኔን ዓይነት የስልክ ብራንድ የሚጠቀሙ ሰዎች ምን አይነት ሰዎች እንደሆኑ ጥርት ያለ ምስል አለኝ።					

**ስለ ብራንዱ የጥራት ሁኔታ (PERCEIVED QUALITY)**

ከድ	ጥያቄዎች	1	2	3	4	5
		በጣም አልስማማም	አልስማማም	አልቃወምም/አ ልስማማም	እስማማለዉ	በጣም እስማማለዉ

ብጥ1	በስልኬ የሶፍት ዌር ጥራት ደስተኛ ነኝ					
ብጥ2	ይህ የስልክ ብራንድ በተከታታይነት ጥራቱን የጠበቀ ምርት ያመርታል					
ብጥ3	የስልኬ የባትሪ ጥራት ደረጃ እና እድሜ አስተማማኝ ነው					
ብጥ4	የኔን ስልክ የሚያመርተው ድርጅት ልተማማንባቸውናልመከባቸው የምችላቸውን ምርቶች ያመርታል።					
ብጥ5	የስልኬ ብራንድ ምርጥ ባህርያት መግለጫዎች አሉት					
ብጥ6	ይህ ብራንድ በተደራጀ ሙልኩ ተዘጋጅቷል					

**ለብራንድ ያለን ታኦሲነት (BRAND LOYALTY)**

ኮድ	ጥያቄዎች	1	2	3	4	5
		በጣም አልስማማም	አልስማማም	አልቃወምም/ አልስማማም	እስማማለወ	በጣም እስማማለወ
ብታ1	ስልክ ለመግዛት ከወሰንኩ የስልኬ ብራንድ ከመጀመሪያ ምርጫዎቼ ውስጥ ይካተታል።					
ብታ2	ለስልኬ ብራንድ ታማኝ ነኝ።					
ብታ3	በመሸጫ ሱቆች ላይ የእኔ የስልክ ብራንድ ከሌላ ሌላ ዓይነት የስልክ ብራንድ አልገዛም።					
ብታ4	ለሰዎች ስለስልኬ ብራንድ አዎንታዊ አስተያየት/ ምክር እለግሳቸዋለሁ።					
ብታ5	ስለ ስልኬ ብራንድ ሃሳብ ለሚጠይቀኝ የኔን የስልክ ብራንድ እንዲገዙ አስተያየት አስጣለው።					

ብታ6	በሚቀጥሉትም ጊዜያት ይህን የስልክ ብራንድ በተከታታይ እጠቀማለሁ።					
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**የግዢ ውሳኔ/Purchase decision/**

ኮድ	ጥያቄዎች	1	2	3	4	5
		በጣም አልሰማምም	አልሰማምም	አልቃወምም/አልሰማምም	በጣም እሰማለሁ	በጣም እሰማለሁ
ግደ.1	የግዥ ውሳኔዬ ሌሎች ስለ እኔ እና የምጠቀመውን የስልክ ብራንድ ባላቸው አመለካከት ይወሰናል።					
ግደ.2	ስለ ሞባይል ብራንድ ያለኝ ግንዛቤ የምፈልገውን የስልክ አይነት ለመግዛት ይረዳኛል።					
ግደ.3	ስለ ሞባይል ብራንድ ያለኝ የጥራት ግምገማ የግዥ ውሳኔ ላይ ተጽኖ ያሳድርብኛል።					
ግደ.4	ለወደፊትም የምገዛው አሁን የምጠቀመውን አይነት የስልክ ብራንድ ነው።					

## Appendix C: Reliability Statistics and Tests

### Scale; - Brand Awareness Reliability Statistics

<b>Case Processing Summary</b>			
		N	%
Cases	Valid	355	100.0
	Excluded <sup>a</sup>	0	.0
	Total	355	100.0
a. Listwise deletion based on all variables in the procedure.			

<b>Reliability Statistics</b>	
Cronbach's Alpha	N of Items
.925	6

### Scale; - Brand Association Reliability Statistics

<b>Case Processing Summary</b>			
		N	%
Cases	Valid	355	100.0
	Excluded <sup>a</sup>	0	.0
	Total	355	100.0
a. Listwise deletion based on all variables in the procedure.			

<b>Reliability Statistics</b>	
Cronbach's Alpha	N of Items
.774	7

### Scale; - Perceived Quality Reliability Statistics

<b>Case Processing Summary</b>			
		N	%
Cases	Valid	355	100.0
	Excluded <sup>a</sup>	0	.0
	Total	355	100.0
a. Listwise deletion based on all variables in the procedure.			

<b>Reliability Statistics</b>	
Cronbach's Alpha	N of Items
.916	6

### **Scale; - Brand Loyalty Reliability Statistics**

<b>Case Processing Summary</b>			
		N	%
Cases	Valid	355	100.0
	Excluded <sup>a</sup>	0	.0
	Total	355	100.0
a. Listwise deletion based on all variables in the procedure.			

<b>Reliability Statistics</b>	
Cronbach's Alpha	N of Items
.924	6

### **Scale; - Purchase Decision Reliability Statistics**

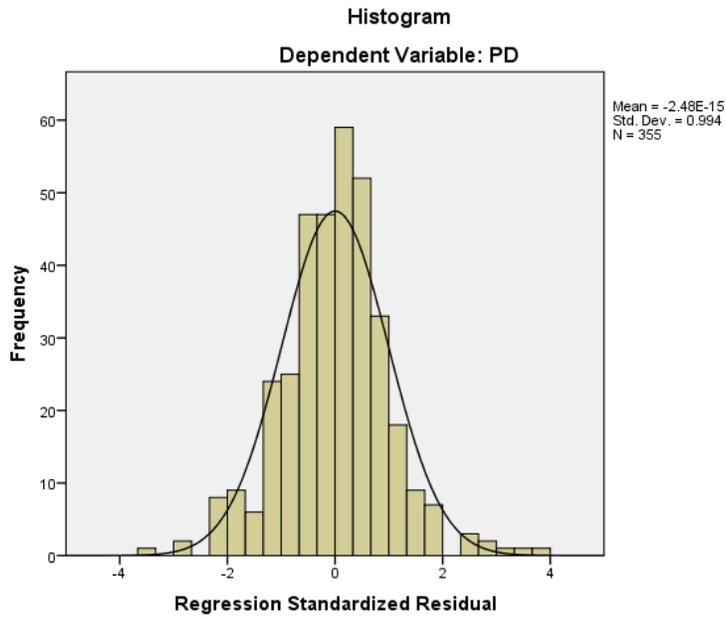
Case Processing Summary			
		N	%
Cases	Valid	355	100.0
	Excluded <sup>a</sup>	0	.0
	Total	355	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics	
Cronbach's Alpha	N of Items
.842	4

Source: Survey data  
(2020)

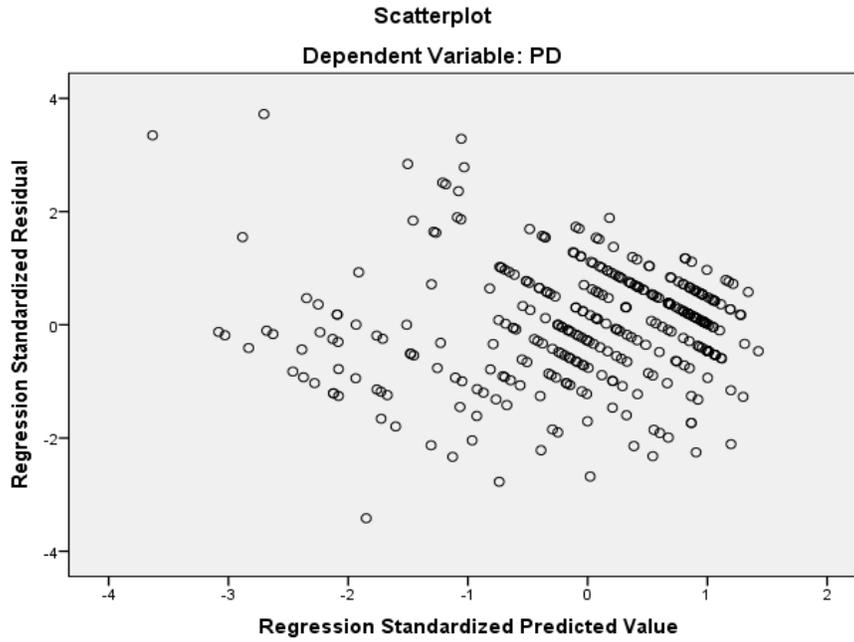
## Appendix D: Histogram



Source: survey analysis, 2020

Figure3. Histogram

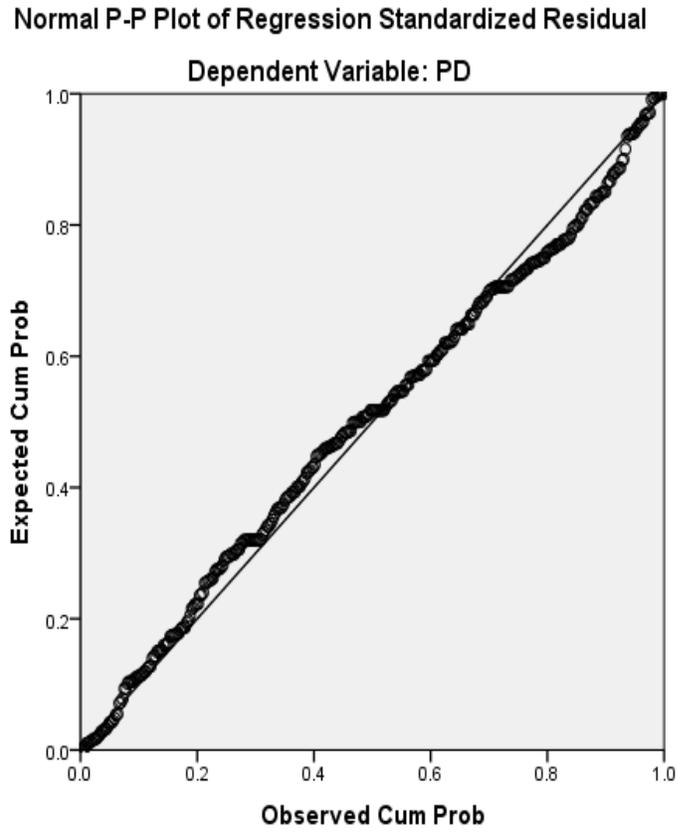
## Appendix E: Scatter plot



Source: survey analysis, 2020

Figure4. Scatter plot

## Appendix F: Normal p-plot



Source: survey analysis, 2020

*Figure 5: Normal P-P plot*

