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# The relationship between brand equity and customer purchasing behaviour (case study; Tabriz shoe industry)

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### Abstract

This study investigates the relationship between brand equity and customer purchasing behaviour. The study population includes manufacturers and customers in the Tabriz shoe industry, which is a limitless number of people. According to the Cochran formula, the sample size required for this study was 348. This study is a descriptive study in terms of purpose and a survey study in terms of research type. The data collection tool was a researcher-made questionnaire consisting of 33 closed-ended questions. In the analysis of the validity of the constructs of the questionnaire, the factor loading of all questions was greater than 0.75 and significant, the value of the extracted mean variance index for all components was greater than 0.80, and the Cronbach's alpha coefficient for all components was greater than 0.94 and the composite reliability coefficient was greater than 0.95. Data analysis was performed at two levels of descriptive and inferential statistics using SPSS and PLS Smart software. The results show that there is no significant relationship between awareness and brand loyalty of products manufactured by the Tabriz shoe industry and customer buying behavior, but there is a significant and direct relationship between association and perceived quality of the brand of products manufactured by the Tabriz shoe industry and customer buying behavior.

**Keywords:** Brand equity, customer purchasing behavior, brand awareness, brand loyalty, brand association, perceived brand quality

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## **1. Introduction**

The presence in the global market requires having quality and reasonable prices, but the continuity of presence in the global market requires having a superior brand. For a brand to be valuable, it must be perceived as valuable by customers. Brand value is the added value that is created through increased attitudinal power for a product through the use of a brand. Brand equity is defined as the set of assets and liabilities associated with a brand. The choice and implementation of an appropriate and developed brand strategy is considered as the ultimate success factor of a service organization such as banks. This value indicates the communications, image, and reputation that a brand creates in the minds of customers and potential customers. Brand equity shows the positive relationship between the brand and customers that is reflected in a measurable and impactful way on the performance of the business. Therefore, branding has a special place in the leading economic enterprises of the world, to the point that in some of these companies, brand management has replaced market development management. Customers in the same conditions go to a name they know. Therefore, the more brand value, the more pressure on the competitor, and therefore the biggest challenge for entering and maintaining these global markets is due to the value of global brands in this area. (Seyed Javadin, 2010).

### **1.1. Brand**

The definition of the American Marketing Association for brand is as follows: "A brand name, term, symbol, sign, or design, or a combination of these, intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors." In short, a brand identifies the seller or manufacturer. A brand is actually a seller's or manufacturers ongoing commitment to providing a set of specific features, benefits, and services to buyers. At any rate, until a product/service has a specific distinctive feature, it cannot simply be branded and this brand can be sustainably preserved. These distinctions can be functional, logical, or even immaterial. Most brand names guarantee a certain level of quality. But a brand can also symbolize more complex things such as: the nature of the product, the personality of the product, the culture of using the product, and the personality of the user of the product. Brands are the intangible assets of companies that add to the final value of the product for customers, create shareholder value, and increase company revenue. In fact, a brand is strongly influenced by the visual identity of products/services and the place of presentation and how it is presented.

### **1.2. Brand equity**

Aaker defines brand equity as follows: "A set of assets and liabilities related to a brand name, its name, and its symbol that adds or subtracts value to a company's products or services and to its customers." Clark states that brand equity is exclusively derived from customer loyalty and can be defined as follows:

the different effect that brand awareness has on customer response to marketing activities of that brand. (Hosseini and Ahmadi Nejad, 2008). Special value of a brand name and trademark means the complete value of a brand name and trademark as an independent asset when sold or as a measure of the degree of customer loyalty to a brand name and trademark, or a description of the relationships and perceptions that customers have towards a brand name and trademark. (Bemani Moghadam et al., 2009).

### **1.3. Customer purchasing behaviour**

Customer behaviour includes a set of psychological and physical processes that begin before purchase and continue even after consumption. Customer behaviour includes the mental, emotional, and physical activities that people use when choosing, buying, using, and disposing of products and services to satisfy their needs and wants. (Soltani et al., 2013).

### **1.4. Factors affecting customer purchasing behaviour**

The factors affecting customer purchasing behaviour are as follows (Seyed Javadin et al., 2010):

Cultural factors: These factors include; subculture, social class.

Social factors: These factors include; groups, reference groups, family: family members are capable of strongly influencing the buyer's behaviour.

Brand equity is the value that a brand has in the eyes of its customers. It is a measure of how much a customer is willing to pay for a particular brand, and how loyal they are to that brand. Brand equity is built over time through a variety of factors, including advertising, marketing, and customer experiences.

Customer purchasing behaviour is the way in which customers make decisions about what to buy, when to buy it, and where to buy it. It is influenced by a variety of factors, including the customer's needs and wants, their income, and their perceptions of different brands.

Brand equity has a significant impact on customer purchasing behaviour. Customers with high brand equity are more likely to purchase a brand's products, even if they are priced higher than competing products. They are also more likely to be loyal to the brand and to recommend it to others.

Here are some of the ways in which brand equity can influence customer purchasing behaviour:

- Brand awareness: Customers are more likely to purchase products from brands that they are familiar with.
- Brand image: Customers are more likely to purchase products from brands that have a positive image.
- Brand trust: Customers are more likely to purchase products from brands that they trust.
- Perceived quality: Customers are more likely to purchase products from brands that they perceive to be of high quality.

- Brand loyalty: Customers who are loyal to a brand are more likely to purchase its products.

Companies can build brand equity by investing in advertising and marketing, developing high-quality products, and providing excellent customer service. By building brand equity, companies can create a competitive advantage and increase their sales.

Here are some examples of how brand equity can influence customer purchasing behaviour:

- A customer may be willing to pay more for a pair of Nike shoes than for a pair of shoes from a less well-known brand, because of Nike's strong brand equity.
- A customer may be more likely to try a new product from a brand that they trust, such as Apple or Samsung.
- A customer may be more likely to recommend a product to their friends and family from a brand that they have had a positive experience with.

Overall, brand equity is a powerful force that can influence customer purchasing behaviour in a variety of ways. Companies that invest in building brand equity can create a competitive advantage and increase their sales.

### **1.5. Relationship between Brand Equity and Customer Purchasing Behaviour**

Brand equity is a valuable asset for any company. It is the value that a brand has in the eyes of its customers, and it can have a significant impact on customer purchasing behaviour.

Customers with high brand equity are more likely to: (Chaffey & Chadwick, 2019; Chen & Tsai, 2007).

- Purchase a brand's products, even if they are priced higher than competing products.
- Be loyal to the brand and purchase its products repeatedly.
- Recommend the brand to others.

There are a number of factors that contribute to brand equity, including:

- Brand awareness: How familiar are customers with the brand?
- Brand image: What do customers think of the brand?
- Brand trust: Do customers trust the brand to deliver on its promises?
- Perceived quality: Do customers perceive the brand's products and services to be of high quality?
- Brand loyalty: How likely are customers to repurchase the brand's products and services and recommend them to others?

A strong brand equity can lead to a number of benefits for companies, including:

- Increased sales: Customers with high brand equity are more likely to purchase a brand's products, even if they are priced higher than competing products.
- Reduced marketing costs: Companies with strong brand equity need to spend less on marketing to attract and retain customers.
- Increased customer lifetime value: Customers with high brand equity are more likely to be loyal to the brand and purchase its products repeatedly.
- Increased brand power: Companies with strong brand equity have more power to negotiate with suppliers and distributors.

## **2. Research Background**

**Aditya Sihoputra and Trisakti (2023)** conducted a study to examine the impact of social media marketing on consumer-based brand equity, brand loyalty, and brand experience mediation on fashion brand clothing in Indonesia. They found that social media marketing has a positive impact on brand equity and brand loyalty. **Tran and Nguyen (2022)** investigated the relationship between brand experience, brand authenticity, brand equity, and customer satisfaction in Vietnam. The results showed that customers' experience with a global brand can increase the brand's credibility and value in the market, as well as the emotional perception of consumers about products/services to improve their satisfaction. In addition, this study tested both concepts and found a significant positive relationship between brand experience and brand authenticity. The more customers use products/services, the more credible values they have for the brand. **Mosesilu Abiina and Ajayi (2022)** examined the impact of consumer perception of brand equity fit on purchase intention for brands in symbolic alliances. The results show that the brand equity fit employed has a positive and significant impact on the purchase intention of brands in symbolic alliances. In addition, the findings of this study provide a strategic advantage of co-offering a brand with another brand through brand equity fit. **Bakhshezadeh and Ali Asghari (2022)** investigated customer-based brand equity and customer behavioural intention. The results showed that brand awareness and brand association have no impact on customer perceived value and customer repurchase intention. Brand loyalty is the only dimension that directly affects customer repurchase intention. Customer perceived value mediates the impact of perceived quality and brand loyalty on customer repurchase intention. **Lyon (2022)** investigated the impact of behavioral branding on brand equity. The findings show how differences in personal behavior lead to differences in brand equity before and after sales encounter. **Jeon and Yu (2021)** examined the relationship between brand experience and consumer-based brand equity in the grocery industry. The results showed that creating a CBBE that includes sensory, emotional, cognitive, and behavioral factors is essential to increase customer

brand loyalty in the grocery sector. **Owinoga et al. (2021)** investigated the impact of brand equity on consumer behavior among university students. The findings showed that brand awareness, brand association, and brand loyalty positively and significantly affect customer behavior among students at Veritas University. **Gabriella and Sunny (2021)** examined the impact of brand equity on purchase intention among iPhone customers. The results showed that customer satisfaction and brand loyalty are key elements in iPhone brand purchase by consumers. In the meantime, brand awareness and perceived quality have no impact on purchase factors. **Pratap Singh and Banerjee (2021)** examined the mediating role of brand credibility on celebrity credibility in creating brand equity and enduring customer relationship. The results showed that brand credibility partly mediates the positive impact of celebrity credibility on brand equity and expectation of relationship continuity, and a significant difference is found for new users in terms of expectation of relationship continuity. **Qaed Amini Haroni et al. (2023)** conducted a study entitled "The effects of brand performance on consumer buying behavior through the mediating variables of brand trust, brand image, brand equity, and brand loyalty." The results showed that brand performance indirectly affects consumer buying behavior.

### **3. Research Methodology**

#### **3.1. Research Method**

This study is applied in terms of purpose. In terms of method, it is descriptive and correlational. The statistical population of this study includes the shoe industry in Tabriz, which is unlimited in number. Two researcher-made questionnaires were used to collect data. For the validity analysis of the questionnaire tool, structural validity from confirmatory factor analysis and diagnostic validity were used. For data analysis, partial least squares (PLS) analysis and IBM SPSS Statistics, SmartPLS, and Minitab statistical software were used.

#### **3.2. Research Objectives**

1. To investigate the relationship between brand equity and customer orientation (case study: Tabriz shoe industry)
2. To determine the relationship between brand awareness and customer orientation (case study: Tabriz shoe industry)
3. To determine the relationship between brand association and customer orientation (case study: Tabriz shoe industry)

4. To determine the relationship between brand loyalty and customer orientation (case study: Tabriz shoe industry)
5. To determine the relationship between perceived brand quality and customer orientation (case study: Tabriz shoe industry)

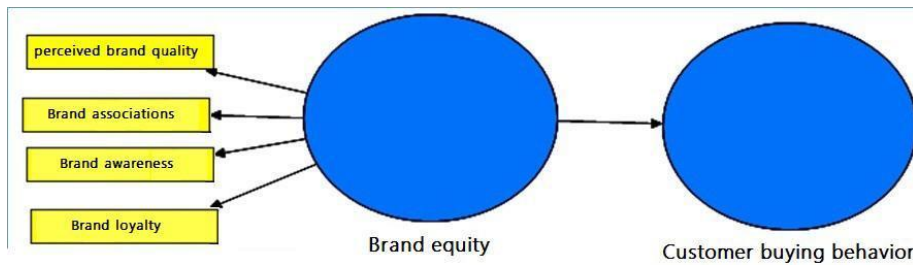
#### **4. Data Analysis**

##### **4.1. Model Testing**

To test the main and subsidiary hypotheses of the study, two structural models were designed and analyzed using partial least squares (PLS).

##### **- First Structural Model of the Study**

This model analyzes the impact of the dimensions of brand equity, including brand loyalty, perceived brand quality, brand association, and brand awareness, on customer buying behavior of Tabriz shoe manufacturing companies.

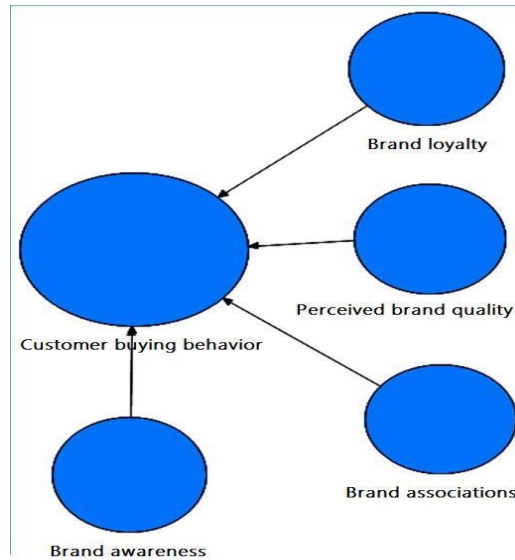


**Figure 1: Structural Model Design of the First Model of the Study**

This model shows that the value of brand equity has a significant, direct, and high impact on customer buying behavior of Tabriz shoe manufacturing companies.

##### **- Second Structural Model of the Study**

This model analyzes the impact of brand equity on customer buying behavior of Tabriz shoe manufacturing companies.



**Figure 2: Structural Model Design of the Second Model of the Study**

This model shows that brand equity has a significant, direct, and high impact on customer buying behavior of Tabriz shoe manufacturing companies.

#### **4.2. Hypothesis Testing**

The following hypotheses of the study were tested:

- First Subsidiary Hypothesis of the Study: There is a significant relationship between brand awareness and customer buying behavior in Tabriz shoe manufacturing companies.

According to the results obtained, brand awareness in Tabriz shoe manufacturing companies has no significant impact on their customer buying behavior; therefore, the first hypothesis of the study is rejected.

- Second Subsidiary Hypothesis of the Study: There is a significant relationship between brand association and customer buying behavior in Tabriz shoe manufacturing companies.

According to the results obtained, brand association in Tabriz shoe manufacturing companies has a significant, direct, and weak impact on their customer buying behavior; therefore, the second hypothesis of the study is not rejected.

- Third Subsidiary Hypothesis of the Study: There is a significant relationship between brand loyalty and customer buying behavior in Tabriz shoe manufacturing companies.



According to the results obtained, brand loyalty in Tabriz shoe manufacturing companies has no significant impact on their customer buying behavior; therefore, the third hypothesis of the study is also rejected.

- Fourth Subsidiary Hypothesis of the Study: There is a significant relationship between perceived brand quality and customer buying behavior in Tabriz shoe manufacturing companies.

According to the results obtained, perceived brand quality in Tabriz shoe manufacturing companies has a significant, direct, and moderate impact on their customer buying behavior; therefore, the fourth hypothesis of the study is not rejected.

- Main Hypothesis of the Study: There is a significant relationship between brand equity and customer buying behavior in Tabriz shoe manufacturing companies.

According to the results obtained, brand equity in Tabriz shoe manufacturing companies has a significant, direct, and high impact on their customer buying behavior; therefore, the main hypothesis of the study is not rejected.

## **5. Conclusion and Recommendations**

The main purpose of this study was to determine the relationship between the value of brand products of Tabriz shoe manufacturing companies and the buying behavior of their customers. Based on the results of the study, the value of brand products of Tabriz shoe manufacturing companies has a significant, direct, and high impact on the buying behavior of their customers. Awareness of the brand of Tabriz shoe manufacturing companies has no significant impact on the buying behavior of their customers. Brand association of Tabriz shoe manufacturing companies has a significant, direct, and weak impact on the buying behavior of their customers. Brand loyalty of Tabriz shoe manufacturing companies has no significant impact on the buying behavior of their customers. Perceived brand quality of Tabriz shoe manufacturing companies has a significant, direct, and moderate impact on the buying behavior of their customers.

In the following, some recommendations for improving the research are presented:

- It is suggested that a special place be considered in the investment portfolio for improving and enhancing brand awareness. It is also suggested that continuous display of products in various media is suggested. Additionally, the continued use of a unique and memorable advertising slogan in the minds of consumers (such as "Specialized for today's life") and emphasis on it in promotional and promotional programs in various ways, such as sending SMS and email to consumers and special customers, can also be effective.

- Marketing managers in the Tabriz shoe industry can learn about the level of satisfaction with the quality of services provided by the company and the extent to which it meets the expectations of customers by reviewing the feedback forms that are made available to consumers by the company, or through in-person or telephone interviews, and effective and serious use of the customer response system. They can also improve customer satisfaction against similar brands by using special sales programs or installment sales.
- The manufacturer should use the latest innovations in product design and production to create the best.

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