Investigation of the Effects of Prestige, Satisfaction and Communication on Brand Identification, word-of-mouth and Repurchase in Luxury Automobile Industry

Kambiz Heidarzadeh Hanzaei* and Erfan Alhosseini Hamedani²

1. Associate Professor, Marketing, Department of Business Management, Science and Research Branch, Islamic Azad University, Tehran, Iran
2. Master, Department of Business Management, Science and Research Branch, Islamic Azad University, Tehran, Iran

Corresponding Author email: heidarzadeh@srbiau.ac.ir

ABSTRACT: The aim of this study was to investigate the effect reputation (prestige), satisfaction, and organizational communication on brand identification and to show how brand identification influences word-of-mouth and brand repurchase in luxury automobiles industry. A survey of owners of luxury automobiles in Tehran, that the customers referred to authorized repair shops automobiles. 408 questionnaires were collected and cluster sampling. Data analysis is used to Structural Equation Modeling (SEM) and is used to SPSS & LISREL software for data analysis. The results show that reputation (prestige), satisfaction and organizational communication influence on brand identification. Also develop relationships with customers through brand identification causes to word-of-mouth about the brand and intentions to repurchase. Thus, managers are provided with strategies that lead to improved understanding of customers of the brand, so that they can strengthen the customers’ brand identification.

Keywords: Brand Identity, Brand Identification, Word of mouth, Repurchase, Social marketing

INTRODUCTION

A brand is a name, term, sign, symbol, or design, or a combination of them, intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competitors (Kotler, 2000; Walley et al., 2007). Also, marketers have become more interested in learning about, organizing, and facilitating brand communities (Algesheimer et al., 2005) Brands are a most valuable, if intangible, asset for many companies (Lassar et al., 1995; Pappu et al., 2005). One outstanding area of interest for brand management is that of meaning for consumers via identification with their favourite brands (Aaker and Fournier, 1995; Golder and Irwin, 2001).

Social identity theory, which we believe has a useful contribution to make to marketing (Bhattacharya and Sen, 2003), states that in articulating their sense of self, people typically go beyond their personal identity to develop a social identity (cf. Turner, 1975). Bhattacharya and Sen (2003) added that in the marketing context, customers do so by identifying with and associating themselves with brands that reflect and reinforce their self-identities.

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Literature Review

Prestige

Consumers often receive benefits from marketing exchanges that go beyond basic economic benefits. For example, consider the two epigraphs. Although the motivation for buying a car is transportation, consumers often derive noneconomic benefits (e.g., prestige, security) (Arnett et al., 2003). 2000; also, marketer have become more interested in learning about, organizing, and facilitating brand communities (Algesheimer et al., 2005) Brands are a most valuable, if intangible, asset for many companies (Lassar et al., 1995; Pappu et al., 2005).

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Prestige

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By prestige is meant the perceptions that other people, whose opinions are valued, believe that the organization or brand is well regarded, i.e. respected, admired, or well-known (Bergami and Bagozzi, 2000). These authors further add that to the extent that important others regard the brand a person associates himself with as well-regarded, positive identification is generated, assuming other factors remaining constant. This search for sources of prestige leads people to associate themselves with prestigious organizations/brands to increase their self-esteem by “basking in reflected glory” (Campbell et al., 2004).

Ashforth and Mael (1989) note that “individuals often cognitively identify themselves with a winner”, which also satisfies their self-esteem. This view is also supported by the research of Arnett et al. (2003, p. 94), where the researchers “find that perceived organizational prestige is associated positively with organizational identification, which they define as a sense of oneness with or belongingness to an organization”. People to maintain their self-enhancement and satisfy their self-esteem, the need to identify with prestigious organizations can be accepted as a key factor for consumers (Bhattacharya and Sen, 2003; Kuenzel, & Halliday, 2008). Thus:

Hypothesis 1. Prestige has a significant positive direct effect on brand identification.

Satisfaction
Satisfaction has become a central concept of marketing research. Many organizations focus on satisfaction as a means to retain current consumers and attract new ones. Satisfaction is often used as a referent by which organizations measure their performance. Satisfaction is considered crucial for organizations that strive for long term relationships with customers: “Satisfaction in exchange is necessary if ongoing relationships are to be maintained and future relationships are to be facilitated” (Arnett, 2003). Satisfaction has been identified as being important for building relationships (Oliver, 1980). In this study, satisfaction will refer to the emotional or cognitive response of the owner of a brand towards the latter after having purchased and used brand for some time period. Arnett et al. (2003) added that satisfaction also plays an important role in identification, particularly in a university setting. Bhattacharya et al. (1995) also noted, in their research on identification among art museum members, that satisfaction with the institution was related to identification. They hypothesized that “the more satisfied a person is with an organization’s offerings, the greater the identification” (Kuenzel, & Halliday, 2008). Hence it is hypothesized that:

Hypothesis 2. Satisfaction has a significant positive direct effect on brand identification.

Corporate communication
According to Anderson and Narus (1990), communication refers to “formal as well as informal sharing of information between firms” in this study it refers to organizations providing information to customers. In their research on employee communication and organizational identification, Smidts et al. (2001) tested the hypothesis whether adequate information about an organization strengthens organizational identification or not. Bhattacharya and Sen (2003) have further argued that customers are more likely to identify with companies that actively engage in communicating with their stakeholders (Kuenzel, & Halliday, 2008). Therefore it is hypothesized that:

Hypothesis 3. Corporate communication has a significant positive direct effect on brand identification.

Identity and identification
Ashforth and Mael said that People tend to use various factors to classify. This phenomenon, which is widely rooted in our social life, is often called social identification. In short, social identification implies the sense of belonging to certain groups or organizations themselves as belonging to a specific group. (Kim et al., 2001). Identity theory focuses on the connections among the self, personalized roles, society, and role performance. Identity theory is a micro sociological theory that examines people's identity-related behaviors. It views the relationship between the self and social structure as central to furthering the understanding of social behavior. Research suggests that identity theory can be used to provide a better understanding of exchange processes (Arnett et al., 2003). Although Social identity essentially a perception of oneness with a group of persons (Ashforth and Mael, 1989; Kuenzel, & Halliday, 2008), Social identity theory maintains that in addition to a personal identity, the self-concept is also composed of a social identity (Bhattacharya et al., 1995).

Bhattacharya based Kahn and Meyer 1989, Raj 1985, Hunt, Chonko, and Wood 1985, Hunt, Wood, and Chonko 1989, studies, emphasize that the notion of identification differs from the related notions of brand loyalty and organizational commitment that have been discussed in the marketing literature (Bhattacharya et al., 1995).
Word-of-mouth

Word-of-mouth (WOM) communication has received considerable attention in the marketing literature. Word-of-mouth, a form of interpersonal communication among consumers concerning their personal experiences with a firm or a product has undoubtedly always been a powerful marketing force (Sundaram et al., 1998). It has been shown in past studies (Mael and Ashforth, 1992; Bhattacharya and Sen, 2003; Bergami and Bagozzi, 2000; Ahearne et al., 2005) that identification may have favorable impacts on loyalty and word of mouth. Organizational identification research suggests that when customers identify with a company they “tend to purchase more and recommend the company’s products more often” (Ahearne et al., 2005; Kuenzel and Halliday, 2008). Both positive and negative WOM communications can have a strong influence on consumers’ behavior and on ensuing business performance (Sundaram et al., 1998). According to Bhattacharya and Sen (2003) consumers can become champions of the companies with whom they identify. Such championing behaviors may vary depending on the context (Kuenzel, & Halliday, 2008). The benefits of increased loyalty to the organization and positive word of mouth are well documented: Some studies show that, on average, retaining existing customers is six times less expensive than luring new customers and reducing customer defections by as little as 5% can, in some circumstances, boost profits by 25 to 85% (Bhattacharya et al., 1995). Hence it is hypothesized that:

Hypothesis 4. Brand identification has a significant positive direct effect on word-of-mouth.

Repurchase

Brand loyalty can be defined as the tendency of the customers to purchase a brand (Bhattacharya et al., 1995). In the consumer context, Organizational researchers have consistently shown that the identification of members, such as employees or alumni, leads to increased member loyalty to the organization and decreased turnover. Anecdotal evidence suggests that identification in the customer arena also has desirable consequences of high brand loyalty and positive word of mouth: Peter and Olson (1993) note that 94% of Harley-Davidson buyers would again buy a Harley, and, according to Aaker (1994), 95% of Saturn buyers said they would recommend the car and retailer to others-a percentage higher than that found for owners of Lexus, Mercedes, or Infinity (Bhattacharya et al., 1995). Ahearne et al. (2005) add that in terms of customer-company identification, the more the customers identify with a company the greater the impact on purchasing behavior context (Kuenzel, & Halliday, 2008). Thus:

Hypothesis 5. Brand identification has a significant positive direct effect on repurchase.

Table 1. Variables, Items, Scale

<table>
<thead>
<tr>
<th>No</th>
<th>Variables name</th>
<th>Items</th>
<th>Scale Name</th>
<th>References</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Prestige</td>
<td>3</td>
<td>5-point Likert</td>
<td>Mael and Ashforth, 1992</td>
</tr>
<tr>
<td>2</td>
<td>Satisfaction</td>
<td>3</td>
<td>5-point Likert</td>
<td>Oliver, 1980</td>
</tr>
<tr>
<td>3</td>
<td>Corporate communication</td>
<td>3</td>
<td>5-point Likert</td>
<td>Kuenzel and Halliday, 2008</td>
</tr>
<tr>
<td>4</td>
<td>Brand Identification</td>
<td>3</td>
<td>5-point Likert</td>
<td>Mael and Ashforth, 1992</td>
</tr>
<tr>
<td>5</td>
<td>Word-of-mouth</td>
<td>3</td>
<td>5-point Likert</td>
<td>Arnett et al., 2005</td>
</tr>
<tr>
<td>6</td>
<td>Repurchase</td>
<td>3</td>
<td>5-point Likert</td>
<td>Ahearne et al., 2005</td>
</tr>
</tbody>
</table>

MATERIALS AND METHOD

To measure the effects of Prestige, Satisfaction and Communication on Brand Identification, word-of-mouth and Repurchase, in the research was used the 17-items questionnaire developed by Ahearne et al., 2005; Arnett et al., 2005; Kuenzel and Halliday, 2008; Mael and Ashforth, 1992; Oliver, 1980 that shown in table (1). Each questionnaire was scored on five-point Likert scale (1=strongly disagree to 5=strongly agree).The second section of questionnaire included the demographic characteristic of all respondents (such
as gender, age, job, education, marital status and name of automobile's brand). The questionnaire was first developed in English and then translated into Farsi. Back translation and further testing were conducted to ensure consistency and reliability between the English and Farsi versions.

The study utilized cluster sampling. Total of 450 questionnaires were distributed between Nov 2011 and Dec 2011. The printed questionnaires were distributed through personal visits to owners of luxury automobiles produced by BMW, Lexus, Mercedes Benz, Porsche and Toyota in different geographical areas of Tehran. After distributing survey questionnaires, we asked the recipients for their email addresses or telephone numbers in order to increase the response rate by making a call and sending an email to the participants who could not complete the survey. To refine the measures and assess their reliability and validity, the survey was conducted with strict guidelines. Each participant was requested to carefully complete the questionnaire. Forty-two questionnaires were eliminated due to invalid answers, leaving 408 questionnaires for our empirical analysis.

Validity

Validity is often assessed along with reliability - the extent to which a measurement gives consistent results. An early definition of test validity identified it with the degree of correlation between the test and a criterion. According to this definition, one can show that the reliability of the test and the criterion places an upper limit on the possible correlation between them (the so-called validity coefficient) (Wikipedia, 2013).

Face validity

In this study face validity by the test subjects were studied in and after the reform, the face validity of the tool was confirmed.

Content validity

A widely used method to measure the content validity of C.H Lawshe coined. This level of agreement among the assessors or jury "or a fundamental right to be" one of the items specific measures. Lawshe (1975) suggested that all buoy or a series of questions the assessors or jury will be asked whether they intended to measure the buoy structure of "essential or useful" or not? According Lawshe, if more than half of the evaluators or judges stated that it "is essential or beneficial, At least some of the items have content validity. The evaluators agree with the amount of certain items or benefits of a higher level of content validity are also higher. Lawshe using this formula is devised to measure the content validity of the Content Validity Ratio (CVR) is called:

Content validity of the formula: \[ CVR = \frac{n_e - N / 2}{N / 2} \]

In this research, CVR was more than 0.90 for each item. Thus, the questionnaire has content validity.

Construct validity

Construct validity was examined by assessing convergent validity and discriminate validity. Convergent validity is considered acceptable when the entire item loading factors are also greater than 0.5. Additionally, all the Average Variance Extracted (AVE) values of constructs were higher than 0.5 that show table 2. The Average Variance Extracted (AVE) cab also be used to evaluate discriminant validity. The AVE from the construct should be higher than the variance shared between the construct and variables in model. Discriminant validity can be checked by examining whether the correlation between the variables is lower than the square root of average variance extracted

<table>
<thead>
<tr>
<th>No</th>
<th>Variables name</th>
<th>AVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Prestige</td>
<td>0.73</td>
</tr>
<tr>
<td>2</td>
<td>Satisfaction</td>
<td>0.77</td>
</tr>
<tr>
<td>3</td>
<td>Corporate communication</td>
<td>0.7</td>
</tr>
<tr>
<td>4</td>
<td>Brand Identification</td>
<td>0.78</td>
</tr>
<tr>
<td>5</td>
<td>Word-of-mouth</td>
<td>0.71</td>
</tr>
<tr>
<td>6</td>
<td>Repurchase</td>
<td>0.73</td>
</tr>
</tbody>
</table>

Reliability

Meanwhile, reliability is determined by Cronbach's alpha, a popular method for measuring reliability (Mukherjee and Nath, 2003). One way to measure reliability internal consistency, Cronbach's alpha is used. Between individual items in the tool or test the correlation with the total score is used. In the study of this method is used to calculate the internal consistency reliability. The minimum acceptable reliability for research surveys 0/6 is. The results show that the variables for each of the variables in this study, internal consistency are required. The Cronbach's alpha results in Table 3 are described.
RESULTS

Inferential statistical issues in analysis of this questionnaire are used. Included in inferential factor analysis confirmed the structural equation model and path analysis were used. Software used for data analysis software package LISREL 8.54 is version of windows. As said, the aim of this study was to investigate the effect reputation (prestige), satisfaction, and organizational communication on brand identification and to show how brand identification influences word-of-mouth and brand repurchase in luxury automobiles industry.

To determine whether the hypotheses were supported, each structural path coefficient was examined with fit indices of the proposed models. The fit indices of models shown in table 4.

The chi-square statistic of the model was 400.68 with 104 of freedom. As shown in Table 4, all the indices—RMR, SRMR, GFI, NFI, NNFI, IFI, CFI and RMSEA—are at acceptable levels. Overall, the results showed that our model provides a valid framework for the measurement of reputation (prestige), satisfaction, and organizational communication on brand identification, word-of-mouth and repurchase.

Table 4. Goodness of Fit Index

<table>
<thead>
<tr>
<th>Indices in SEM analysis</th>
<th>Reported amount</th>
<th>Standarded amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>RMR (Root Mean Square Residual)</td>
<td>0.17</td>
<td>Good fit (should be near the zero)</td>
</tr>
<tr>
<td>SRMR (Standardized Root Mean Square Residual)</td>
<td>0.09</td>
<td>Good fit (should be near the zero)</td>
</tr>
<tr>
<td>GFI (Goodness of Fit Index)</td>
<td>0.91</td>
<td>Good fit (should be greater than 0.90)</td>
</tr>
<tr>
<td>NFI (Normed Fit Index)</td>
<td>0.94</td>
<td>Good fit (should be greater than 0.90)</td>
</tr>
<tr>
<td>NNFI (Non-Normed Fit Index)</td>
<td>0.95</td>
<td>Good fit (should be greater than 0.90)</td>
</tr>
<tr>
<td>IFI (Incremental Fit Index)</td>
<td>0.94</td>
<td>Good fit (should be greater than 0.90)</td>
</tr>
<tr>
<td>CFI (Comparative Fit Index)</td>
<td>0.94</td>
<td>Good fit (should be greater than 0.90)</td>
</tr>
<tr>
<td>RMSEA (Room Mean Square Error Approximation)</td>
<td>0.084</td>
<td>Good fit (should be less than 0.08)</td>
</tr>
</tbody>
</table>

Hypothesis-path testing

This section presents the statistical results of the measurement validation and hypothesis testing. The effects of reputation (prestige), satisfaction, and corporate communication on brand identification, word-of-mouth and repurchase were assessed using LISREL 8.54. Our empirical results are shown in Tables 5.

First hypothesis

The effects of reputation (prestige) on brand identification were significant and coefficient of the variable equivalent to 0.27 is estimated and T-value=4.64. So Hypothesis 1 was supported as well, indicating significant relationship between prestige and brand identification. Increased prestige, brand identification also increased.

Second hypothesis

The effects of satisfaction on brand identification were significant and coefficient of the variable equivalent to 0.57 is estimated and T-value=8.04. So Hypothesis 2 was supported as well, indicating significant relationship between satisfaction and brand identification. The research findings indicate that satisfaction is a function of increasing brand identification.

Third hypothesis

Hypothesis 3 was supported as well, indicating significant relationship between corporate communication and brand identification. The research findings indicate that coefficient of the variable equivalent to 0.26 is estimated and T-value=5.57. Increased corporate communication, brand identification also increased.

The fourth hypothesis

The effects of brand identification on word-of-mouth were significant and coefficient of the variable equivalent to 0.89 is estimated and T-value=10.34. So Hypothesis 4 was supported as well, indicating
significant relationship between brand identification and word-of-mouth. The research findings indicate that brand identification is a function of increasing word-of-mouth.

The fifth hypothesis
Hypothesis 5 was supported as well, indicating significant relationship between brand identification and repurchase. The research findings indicate that coefficient of the variable equivalent to 0.78 is estimated and T-value=9.49. Increased brand identification, repurchase also increased.

Table 5. Path coefficients and Results

<table>
<thead>
<tr>
<th>Result</th>
<th>t-value</th>
<th>Path coefficient</th>
<th>Structural path</th>
<th>Hypothesis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supported 4.64</td>
<td>0.27</td>
<td>Prestige: Brand Identification</td>
<td>H1</td>
<td></td>
</tr>
<tr>
<td>Supported 8.04</td>
<td>0.57</td>
<td>Satisfaction: Brand Identification</td>
<td>H2</td>
<td></td>
</tr>
<tr>
<td>Supported 5.57</td>
<td>0.26</td>
<td>Corporate communication: Brand Identification</td>
<td>H3</td>
<td></td>
</tr>
<tr>
<td>Supported 10.34</td>
<td>0.89</td>
<td>Brand Identification: Word-of-mouth</td>
<td>H4</td>
<td></td>
</tr>
<tr>
<td>Supported 9.45</td>
<td>0.78</td>
<td>Brand Identification: Repurchase</td>
<td>H5</td>
<td></td>
</tr>
</tbody>
</table>

DISCUSSION AND CONCLUSION

Since relationships are an important part of the individual’s identity, it is not surprising that initial research has found meaning and a sense of belonging to be provided by marketers looking to create long term relationships (Gruen et al., 2000). This search for personal meaning has tended to become inseparably linked to brands (Fournier, 1995; Holt, 2002; McAlexander et al., 2002). Consequently, brands are increasingly designed around the need for belonging, and owning certain brands affirms the consumer’s sense of identity. The branding literature has embraced this role of being a means of creating meaning for consumers. Since marketers find it more profitable to aim at segments of customers, then the fact established in studies based on social identity theory that group identity can predict behaviors (Turner, 1999) enables marketers to aim a brand at those identifying with it, as a group.

The results shown that reputation (prestige), satisfaction, and organizational communication have a positive impact on brand identification, word-of-mouth and brand repurchase in luxury automobiles industry. Furthermore, this current study has attempted to give a new dimension to the construct of identification. Limitation of this study is lack of access to a number of case studies in order to increase the generalization of results.
Figure 3. T-value for estimate path coefficient meaningful in model

Suggestions for further research

Future research can investigate the relationship between two or several differences brand identification in industry and compare of their index. In addition, identify of another factors on brand identification in other industry. Future research can investigate and theoretical analysis in social identity area and its applications in marketing literature. Also, investigate of model in other industry except automobile.

Managerial implications

Results suggest that managers may want to focus on increasing identification of customers with their brands because of the positive consequences that are generated. From the findings of this current study we recommend that levers like prestige, satisfaction, and communication be manipulated in order to impact favorably upon identification. We have shown why marketers might wish to endeavor hard to strengthen identification by enhancing the level of prestige associated with their brand. Focusing on the visibility and reputation via external communication may positively impact on the prestige of a brand.

REFERENCES


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