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**THE EFFECT OF BRAND EQUITY OF ASSEMBLED
AUTOMOBILES ON CONSUMER PURCHASE INTENTION;
AN EMPIRICAL STUDY OF THE AUTOMOTIVE INDUSTRY
IN ETHIOPIA**

**BY:
FISEHA TESHOME**

**A Thesis Submitted in Partial Fulfillment of the
Requirement for the Award of Master of Arts Degree in
Marketing Management**

**ADDIS ABABA UNIVERSITY
SCHOOL OF COMMERCE
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A Thesis Submitted to the Addis Ababa University School of
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Thesis Advisor: - Mulugeta G/Medhin (PhD)

**Addis Ababa University
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ADDIS ABABA UNIVERSITY SCHOOL OF COMMERCE MARKETING MANAGEMENT GRADUATE PROGRAM

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DECLARATION

I, Fiseha Teshome, declare that the study entitled "THE EFFECT OF BRAND EQUITY OF ASSEMBLED AUTOMOBILES ON CONSUMER PURCHASE INTENTION; AN EMPIRICAL STUDY OF THE AUTOMOTIVE INDUSTRY IN ETHIOPIA" is my original work. The study has not been submitted to any Degree or Diploma in any college or University and all sources of the materials used for this thesis have been properly acknowledged.

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STATEMENT OF CERTIFICATE

This is to certify that Fiseha Teshome has carried out his thesis on the topic of *“THE EFFECT OF BRAND EQUITY OF ASSEMBLED AUTOMOBILES ON CONSUMER PURCHASE INTENTION; AN EMPIRICAL STUDY OF THE AUTOMOTIVE INDUSTRY IN ETHIOPIA”* for the partial fulfillment of Masters of Arts Degree in Marketing Management at Addis Ababa University school of commerce. This work is original in nature and it is suitable for submission to the partial fulfillment of the requirement for the Degree of Master in Marketing Management.

Mulugeta G/Medhin (PhD)
Thesis Advisor

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ABSTRACT

The study was aimed to measure the effect of brand equity of Ethiopian assembled cars on purchase intention by utilizing Aaker's customer based brand equity model. Four dimensions (brand awareness, brand association, perceived quality & brand loyalty) used in order to conduct the study. Quantitative research design implemented, where descriptive and explanatory research approach was applied. A sample of 387 respondents who has intention for purchase of automobile were selected by a convenience sampling method and data was collected through a survey questionnaire intending to identify respondents purchase intention of assembled automobiles in Ethiopia. The results of correlation analysis demonstrate that all the predictors of purchase intention considered in this study had a positive significant relationship with purchase intention as well as within themselves at significance level of 0.01. The results of multiple regression analysis discovered that the three dimensions (brand loyalty, brand association and brand awareness) have a positive & significant influence on purchase intention while the influence of perceived quality on purchase intention was found to be significant but negative. Among independent variables, brand loyalty had the strongest positive significant influence on purchase intention of assembled automobiles followed by brand association & brand awareness. Thus, it recommended to increase brand loyalty first inline with improving confidence of customers to perceive quality of assembled automobiles to be at higher level so that the overall marketing performance to be enhanced positively.

Key words: Assembled automobile, brand equity, purchase intention, perceived quality, brand loyalty

CHAPTER ONE

INTRODUCTION

1.1 Background of the study

Branding has been around for centuries as a means to distinguish the goods of one producer from those of another. A brand is a sign, symbol, name, slogan or any such thing that is used to identify as well as distinguish the specific service, product or the business. It is very important that the potential customers have the awareness of the brand and they value the brand. The brand awareness refers to the ability of the customer to recognize and recall the brand under various conditions and link the brand to certain memory associations with the service and product attached with the brand. (Keller, 2013)

Branding is one of the most efficient ways to tell a potential new customer who you are and what you do. Automobiles just beyond mode of transport, they are also luxury status symbols for some customers (UKEssays, 2013). Hence, branding plays a very commanding role in the automotive industry. Automotive industry is one of the most heavily branded market in the global market. Moreover, efficient brand equity management over time and space is very difficult for automobile industry (Crescitelli, E. and Figueiredo, J., 2009). When discussing a firm's success (or failure) in foreign markets, one should consider that a key facet of their brand's success is its brand equity (Brayles, et al., 2010). Hence, for any automobile manufacture before entering to any new county with a plan of assembling and marketing of automobiles, it is necessary to evaluate the effect of brand equity of assembled automobiles in that specific county.

Most automotive companies are now looking for the global branding. For consistent brand image management, easy integration of innovations as well as the quicker identification, economies of scale (production and distribution), minimized marketing costs, foundation for future extensions all over the world automobile manufacturers are giving global branding with localized adoption. Further, due saturation of automobile market in the developed countries the automobile manufactures is now focusing on the Asian markets like India, China

and African markets like South Africa, Algeria, Nigeria by establishing their manufacturing/assembling factories.

According to Yoo, B. et al (2000), customer-based brand equity is considered as the driving force of increased market share and profitability of the brand. Customer-based brand equity is mainly manifested by the customers' response to marketing activities done by many brands and the differential effect of one brand from the others (Keller, 2013).

In contrast to the situation with other consumer goods, in which equity is created substantially through advertising, automotive brand perceptions change primarily through consistent and sustained changes in the underlying product portfolio (Hirsh, et al., 2018). Moreover, value of automobiles is not clearly visible in automobile brands hence, strong brand value are more successful at leveraging their brand. Thus, the impact is a competitive difference over other market offerings that can sustain, build, and aid in uncovering relationship opportunities if managed correctly (Atwal, 2018).

Many automobile brands build brand equity through the benefits of the vehicle itself, in addition, to non-vehicle related means. By understanding customer desires and creating a relevant image around their vehicles, automobile brands are committing to their future success. The overall impact of those activities is toward brand development, which is created through persuasive and consistent communication that influences customer purchase intention which leads to purchase, repurchase, and customer loyalty (Atwal, H. 2018).

Following Ethiopian government direction to support local manufactures to become competitive and be able to substitute import, different Chinese origin automobile manufacturers engaged in assembling of mainly passenger vehicle for domestic market. Hence, brand equity of Ethiopian assembled vehicles is built for the last decades on brand image/value of those Chinese origin automobiles. Hence, for further development of Ethiopian automotive industry it is essential to understand the influence of existing brand equity of local assembled automobiles on purchase intention.

Brand equity plays a strategic role in helping automotive brand managers to gain competitive advantage and make wise management decisions. Unfortunately brand equity, as enterprise important intangible asset, lacks accurate measurement standards. Further, it has no quantitative measure indicators. Further, automobile industry collects characteristics both from manufacturing and service industry, which makes the customer experience become an important dimensions for building brand equity of automobile industry. Thus, level of brand equity could be one measuring tool to understand effect of brand equity on purchase intention of assembled automobiles, the main purpose of this study. As per (Tong and Hawley, 2009), if brand equity correctly measured it would be appropriate tool for evaluating the long-term impact of marketing decisions.

Being a multi-dimensional complex concept brand equity has been examined by several researchers and there are variety of models developed so far. However, this study will utilize the Aaker's model (Aaker, 1996) to examine the effect of brand equity of Ethiopian assembled automobile on purchase intentions of prospective customers.

1.2. Background of the industry

The automotive industry is one of the world largest economic sector by revenue and employment. Automotive industry is providing employment to more than 20 million people in the world. It began in the 1860s with hundreds of manufacturers that pioneered the horseless carriage (Wikipedia, free encyclopedia). It is a wide range of companies and organizations involved in the design, development, manufacturing, marketing, and selling of motor vehicles. In 2018 for the first time it is estimated that over 100 million vehicles were produced worldwide (Inter brand, 2018)

The top automotive manufacturing nations of the world are China, Japan, Germany, South Korea and United States. America is the world's largest consumer of automobiles which accounts for a total of 6.6 million jobs and represents nearly 10% of the US economy. As per Wikipedia free encyclopedia and statista, in 2016 Toyota found to be world leader in automobile production volume by 10.2 million

units followed by Volkswagen with the volume of 10.1million automobile annual production.

Due to technological advancements, stiff competition and environmental concern is forcing upcoming automotive trends to focus toward platform-based services, enhanced products for electrification, and increased level of automation. As per Dieter, B. et. Al (2017) research it found up to 2025 the auto industry will focus on battery electric vehicles, connectivity & digitalization, fuel cell electric vehicles, hybrid electric vehicles with their order of significance. (Kuhnert, et al., 2017/18) Also confirm that the future of automotive is towards electrified, autonomous, shared, connected and yearly updated automotive. Automotive producers can no longer rely on the greatness of their products, but must also deliver an outstanding service that fits the needs of the future generation: flexibility, preference for short-term commitments and an interconnected life (Bencsik, et al., 2016). Moreover, they will have to form strong alliances with technology companies in order to participate in the future of mobility (Beiker et al., 2016). Moreover, automobile industry is characterized by few customer contacts with large monetary value. There are major profit potential and each customer is worth more than only the sales price for a car. As a result the management and enhancement of brand equity over time is an essential activity within this industry.

Ethiopia's automotive market is dominated by second-hand imported vehicles. Although there is almost no publicly available reliable data, Ethiopia has the lowest motorization rate globally with only 4 vehicles per 1,000 population as compared with 700 vehicles per 1,000 population in USA, and it is estimated that less than 50,000 vehicles are brought/assembled in Ethiopia each year. The majority of these are second-hand vehicles.

Government is the main buyer of automobiles in Ethiopia followed by private corporations. However, following Ethiopian economic development capacity of individual buyers is increasing. Automobile affordability is highly challenged by high vehicle taxes of sometimes more than 300% depending on engine size.

The Ethiopian Investment Commission reports that 31 foreign vehicle investment projects (largely Chinese projects but also some involvement of European companies) and 73 domestic vehicle assembly investment projects have been licensed since 1998. This means that a total of 104 companies have been licensed for vehicle assembly in the country over the past two decades. However, only a few of these are operational, with the vast majority licensed at the pre-implementation stage (Africa Business pages, 2019).

Despite being home to the continent's second largest population next to Nigeria, the overall automotive market size remains small. However, Ethiopia's strong government support for industrialization and the development of auxiliary industries coupled with a large cost competitive labor pool, and sizeable investments in infrastructure (both physical and economic) could position the country favorably for automotive manufacturing in the long term to service both the regional and domestic market with price competitive vehicles. To achieve this, it is important to understand brand equity of assembled vehicles in Ethiopia and design strategic marketing & government support scheme.

The aim with this study is to gain a better understanding of how brand equity influence purchase intention of assembled vehicles in Ethiopian automotive market.

1.3. Statement of the problem

Corporations, especially automotive, are very insightful in promoting brands and building brand value to show their goods and be able to stay in the market in the competitive environment. Brand equity explains why different outcomes result from the marketing of a branded product or service than if it were not branded (Keller, 2013). Thus, having strong brand equity for automotive manufacturer is crucial, because brand equity is one of different factors that affect purchase intention of consumers (Aaker, 1996).

Brand equity is being largely researched and found out that higher the customer based brand equity higher the organizational performance. However, scholars are more concerned about antecedents of customer based brand equity rather than its

consequence (Nilmini, 2014). In addition, the concept has been defined a number of different ways for a number of different purposes (Keller, 2013).

Moreover, despite government commitment and economic growth of Ethiopia, growth of Ethiopian automotive industry is still struggling for survival. Furthermore local assemblers of automobiles are irritable by market unavailability for their products, while new vehicle importers are unable to satisfy demand. This shows, when purchasing a vehicle people are brands oriented, thus it needs researches to explore customer based brand equity of local assembled vehicles in Ethiopia.

1.4. Research Gap

Although there are some previous researchers tried to analyze effect of brand equity models in automobiles (Amir & Asad, 2018), (Fetscherin & Toncar, 2009), (Kantar & Bardakci, 2017), (Manzoor & Shaikh, 2016) and (Mkhitaryan, 2014)), unfortunately these researches as per the researcher knowledge don't address effect of brand equity of assembled automobiles on purchase intention.

Therefore, it's necessary to assess effects of brand equity on purchase intention of automotive consumers. Thus, this study will focus on understanding of effect of brand equity on consumer purchase intention of assembled vehicles in Ethiopian automotive industry and thereby will give suggestion that will help vehicle assembles to device strategic marketing program and also will suggest government to device supportive policy/incentive to enhance for development of Ethiopian automotive industry.

1.5. Research Questions

This study defined the research questions as follows;

- To what extent brand awareness of assembled vehicles affect consumers purchase intention in Ethiopia?
- How does brand association of assembled vehicles affect consumers purchase intention in Ethiopia?

- To what extent does perceived quality of assembled vehicles affect consumers purchase intention in Ethiopia?
- How does brand loyalty of assembled vehicles affect consumers purchase intention in Ethiopia?

1.6. Research Objectives

1.6.1. General Objective of the study

The main object of the research is to investigate effect of brand equity on purchase intention of assembled vehicles in Ethiopia.

1.6.2. Specific objective of the study

- To examine the effect of brand awareness of assembled vehicles on consumers purchase intention in Ethiopia
- To determine the effect of brand association of assembled vehicles on consumers purchase intention in Ethiopia
- To find out the effect of perceived quality of assembled vehicles on consumers purchase intention in Ethiopia
- To analyze the effect of brand loyalty of assembled vehicles on consumers purchase intention in Ethiopia

1.7. Significance of the study

Increasing sales is one of main objectives of many business organizations. Having distinct & powerfull brand is one of tool to increase of sales performance of product & services. And in order to manage brands successfully & profitably it is important to design and implement a brand equity measurement system so that they can make the best possible tactical decisions to increase purchase intention of customers in the short run and the best strategic decisions in the long run (Keller, 2013). In Ethiopian automotive industry, it is very important (especially for managers who engaged in sales of localy assembled automobiles) to understand effect of their brand equity on customer purchase intention so that to gain better

sales performance. Products associated with high brand equity will have relatively high purchase intention by customers over competing brands.

For high priced products, like automobiles, and in poor country like Ethiopia affordability could be one of the driving force for sales, this reality revealed in Ethiopian automobiles market by dominance of used automobiles. Moreover, it is observed by the researcher that assembling of automobiles locally affect sales performance of the same brand as compared to imported one. Fortunaely, brand equity plays a big role by influencing customers purchase intention to select brand over the other competitive brands. Whenever customer select high prices and durable goods, they always concerned about the value of brand. This reality is also observed by researcher in Ethiopian automotive market. But studies designed on this aspect, measuring brand equity and its effect on purchase intention, are lacking.

As per the researcher knowledge it is difficult to find a study that reveal the customer choice and their value perception for assembled vehicles in Ethiopia. Further there is no study that help to identify brand equity determinates of assembled vehicles. Hence, this study will help marketers of assembled vehicles to develop successful marketing strategies; to do the branding, marketing and pricing and it will also help government offices design appropriate support scheme/policy that help development of automotive industry in Ethiopia. In addition to that this study will enhance the knowledge of academics and practical brand managers.

1.8. Delimitation/scope of the study

This study had limitation with respect to geographical location, sampling method selected, and measuring instrument/model to be implemented. Further, the study is confined to understand effect of assembled automobiles brand equity on consumers purchase intention.

Due to time and cost constraints, geographically the study will only cover data from Addis Ababa, excluding other city of the county. The study will focus on individual who are ready to purchase automobile. The study among different

brand equity measuring models will only consider widely used Aaker model (Aaker, 1996) however, only the first four Aaker's brand equity dimensions (brand awareness, brand association, perceived quality and brand loyalty) will be considered as independent variables in this study. The last Aaker's brand equity asset 'other proprietary assets' is omitted because other proprietary assets do not measure brand equity from the customer's perspective; instead it measures brand equity from company side (Tesfaye, 2017; Yoo & Donthu, 2001). Moreover, due to time & cost constraint convenience sampling method will be implemented.

1.9. Definition of Terms

They are two variables will be used in this study. One is brand equity another variable is purchase intension. Independent variable is the elements of brand equity which are brand awareness, brand association, perceived quality and brand loyalty while purchase intention is dependent variable. To measure these two concepts questionnaire is created by using the following terms and dimensions. These are identified relating to each variable. These terms defined as follows,

- Brand equity

Brand Equity is the added value endowed on products and services. It may be reflected in the way consumer think, feel and act with respect to the brand, as well as in the price, market share, and profitability the brand commands for the firm (Aaker, 1996). Brand equity is the added value a product accrues as a result of past investments in the marketing activity for the brand (Keller, 2013).

- Brand Awareness

Brand awareness is related to the strength of the brand node or trace in memory, which we can measure as the consumer's ability to identify the brand under different conditions (Keller, 2013). Expressed usually as a percentage of target market, brand awareness is the primary goal of advertising in the early months or years of a product's introduction (Aaker, 1996).

- Perceived Quality

Perceived quality is customers' perception of the overall quality or superiority of a product or service compared to alternatives and with respect to its intended purpose (Keller, 2013).

- Brand Loyalty

Occurs when customers are engaged, or willing to invest time, energy, money, or other resources in the brand beyond those expended during purchase or consumption of the brand (Keller, 2013).

- Brand Association

Many intangible brand associations can transcend the physical characteristics of products, providing valuable sources of brand equity and serving as critical points-of-parity or points-of-difference (Keller, 2013).

- Purchase intention

The likelihood of buying the brand or of switching to another brand (Keller, 2013).

The willingness of a customer to buy a certain product or a certain service is known as purchase intention (MarketingDictionary, 2018).

- Automobile

A usually four-wheeled automotive vehicle designed for passenger transportation (merriam-webster, 2019).

Motorized vehicle consisting of four wheels and powered by an internal engine. Automobiles are used to transport people and items from one location to another location (BusinessDictionary, 2019).

1.10. Organization of the Study.

The study is organized into five chapters and each having their own sub-titles.

Chapter one present introduction of the study, which include background of the study & automotive industry, proble statement, research questions, objective, significance & limitation.

Chapter two presents review of related literatures which encompasses a theoretical & empirical review, further it also include conceptual framework of the current study and Hypothesis to be tested.

Chapter three present approach, type and design of the research methodology utilized. It also describes source of data, data collection procedures, Ethical consideration and finally demonstrate data analysis with reliability and validity of the study.

Chapter four delivers data presentation, analysis and interpretation. Collected data presented and discussion has been made with help of descriptive and inferential analysis in detail. After validating proposed hypothesis, findings of the study were discussed.

Chapter five incorporates summaries of major findings, conclusions and recommendations, future research area and limitations of the study.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

The aim of the literature review is to describe the main theoretical approaches briefly based on the existing academic sources and introduce the basic concepts associated with brand, brand equity and purchase, as well as compare relationship of brand equity with purchase based on the research topic. At last, based on theoretical and empirical review some hypotheses will be proposed.

2.1 Theoretical review

2.1.1 Brand

There are different definitions of brand according to different scholars. According to Keller (2013), brand is not a new word and it came from the Old Norse (an old Germanic language in use from 9th to 13th centuries) word “brandr”, which is a verb “to burn”. In the ancient times, people used tools to mark their “assets”, i.e domestic animals, in order to make them differ from others. The old definition of brand still works if we just consider the traditional meaning of brand, which means the symbol, the mark or the name.

A brand is a valuable intangible asset that represents everything that a product or service means to consumers (Kotler & Armstrong, 2012). Brands are more than just names and symbols. They are a key element in the company’s relationships with consumers. Brands represent consumers’ perceptions and feelings about a product and its performance—everything that the product or the service means to consumers. In the final analysis, brands exist in the heads of consumers (Kotler & Armstrong, 2012).

As per American Marketing Association 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 competition” (AMA, 2019).

Branding has been around for centuries as a means to distinguish the goods of one producer from those of another. However, during the last few decades, with a dramatic increase in the number of commodities and globalization, purchasing behavior of consumer has changed a lot. Currently, consumers prefer to make short term purchase decisions in both the psychological perspective and the physical perspective. More specifically, consumers like to spend less time thinking and less time searching for what they need. Therefore, a strong brand for consumers will definitely reduce all kinds of risks they would like to avoid, such as functional risk, financial risk, social risk, internal and external risk, as well as time risk (Keller, 2013).

The most common brand elements are brand names, URLs, logos, symbols, characters, packaging, and slogans (Keller, 2013). As many business executives correctly recognize, perhaps one of the most valuable assets a firm has are the brands it has invested in and developed over time. Although competitors can often duplicate manufacturing processes and factory designs, it's not so easy to reproduce strongly held beliefs and attitudes established in the minds of consumers (Keller, 2013). Although brands may represent invaluable intangible assets, creating and nurturing a strong brand poses considerable challenges. As per Inter-brand (2018) ranking value of apple brand found to be on top of all brands with an estimated value of 214.5 billion dollar and from automobile brands value of Toyota followed by Mercedes and BMW found to be a leading brands with an estimated value of 53.4, 48.6 and 41 billion dollars respectively.

Branding is extremely important in the auto industry. Some consumers in this industry are completely brand loyal to one company. A strong car brand can create significant value in the automotive industry. The price consumers expect to pay for otherwise identical luxury vehicles can vary as much as 2million birr (eg. Hyundai Sonata Vs Mercedes S class), depending on the car's brand. In contrast

to the situation with other consumer goods, in which equity is created substantially through advertising, automotive brand perceptions change primarily through consistent and sustained changes in the underlying product portfolio.

2.1.2 Automobile Brand

Next to buying a house an automobile, whether it's new or used, is one of the biggest purchases a consumer will make in their lifetime. An automobile is a major investment, not only in terms of monetary value but in terms of trust. Anybody who spends millions of birr on an automobile has a reasonable expectation that the car they buy will be safe, reliable, will also attach at least some of their self-esteem to the automobile they drive. What that means is that marketing and branding are exceptionally important for any company in the automobile industry. Many new developments in the automotive industry are forcing companies to rethink the conceptions of their brands. The increasingly identical technology makes it more difficult to achieve differentiation via the product, and customers are falling into an ever-increasing number of micro-segments, like features.

Brand management is one of the major factors of success in the automotive industry. In the past, German companies in particular have created strong automobile brands that consumers rank among the most prestigious brands of all. This also finds expression in brand value. Even still currently this is exhibited on InterBrand (2018) ranking which puts 4 of German automakers rank on top 10 brands with their brand value, their integrated brand value estimated to be 114billion dollar (i.e around 3.2 trillion birr). This is the value of their brand (logo, name, sign symbol, etc) excluding their fixed assets.

2.1.2 Brand Equity

Brand equity has emerged as a core concept of marketing in recent years. Brand equity is intangible asset for the brand. The content and meaning of brand equity have been debated in a number of different ways and for a number of different purposes.

As per Aaker (1996), the most important assets of any business are intangible: its company name, brands, symbols, and slogans, and their underlying associations, perceived quality, name awareness, customer base, and proprietary resources such as patents, trademarks, and channel relationships and these assets, which comprise brand equity, are a primary source of competitive advantage & future earnings (Aaker, 1996).

Brand equity is one of the most popular and potentially important marketing concepts to arise in the 1980s. Brand equity explains why different outcomes result from the marketing of a branded product or service than if it were not branded (Keller, 2013). Fundamentally, the brand equity concept reinforces how important the brand is in marketing strategies. Building brand equity requires properly positioning the brand in the minds of customers and achieving as much brand resonance as possible.

As per Keller (2013), the concept of brand equity has become increasingly important as manufacturers continue to strive to develop strong brands and strategies to compete globally. From the consumer's perspective, this intangible asset can be a deciding factor in choosing one brand over another. Strong brand equity allows manufacturers to charge a premium price for a product that may ultimately be quite similar to its lower-priced competitors. It therefore represents an additional variable to be considered when setting a price that considers the consumer's willingness to pay. This concept is really applied in automobile brands too (eg. Toyota Vs Lexus, Nissan Vs Infiniti, Hyundai Vs Kia, etc) (Fetscherin & Toncar, 2009). Thus, we can think of brand equity as the marketing effects uniquely attributable to the brand. In a practical sense, brand equity is the added value a product accrues as a result of past investments in the marketing activity for the brand. It's the bridge between what happened to the brand in the past and what should happen to it in the future (Keller, 2013). However, maintaining and expanding on brand equity can be quite challenging. Brand equity management activities take a broader and more diverse perspective of the brand's equity—understanding how branding strategies should reflect corporate concerns and be

adjusted, if at all, over time or over geographical boundaries or multiple market segments (Fetscherin & Toncar, 2009).

Keller (2013) defined brand equity as “The differential effect of brand knowledge has on consumer response to the marketing of that brand.” This definition can also be divided into two aspects, which are brand awareness and brand image. Compared with the definition of Aaker (1991), it focuses more on the experiences, which means the brand knowledge.

Aaker (1996) believed that “brand equity is a set of brand assets and liabilities linked to a brand; its name and symbol, which add to or subtract from the value provided by a product or service to a firm and/or to that firm’s customers”. By this definition brand equity divided into four aspects, which are brand awareness, brand association, perceived quality and brand loyalty.

Brand equity generates value for the company and the consumers. It creates value to the consumers by giving information to consumers, giving confidence in making decision, reinforcing buying, and contributing to self-esteem, such as confidence in using the brands. Brand equity gives value to companies by increasing marketing efficiency and effectiveness, creating brand loyalty, increasing profit margins and winning over the competition (Santoso & Cahyadi, 2014). Although there are various definitions with different views of brand equity, all researchers mostly agree with the term “added value”.

This study refers to brand equity as the intrinsic value that a brand adds to the tangible product or service. Hence, the researcher assume that the price difference between two identical products is reflected by brand equity. In other words, high brand equity generates a “differential effect” and in most cases a larger consumer response, thereby strengthening brand performance from both a customer and financial perspective (Fetscherin & Toncar, 2009).

2.1.3 Perspective of Brand Equity

Brand equity can be discussed mainly from two different perspectives; the company based or the consumer-based perspective.

- The Company-Based Perspective.

As per Fetscherin & Toncar (2009) it is often referred as the financial perspective, emphasizes the value of the brand to firms. Proponents of the financial perspective define brand equity as the total value of a brand that is a separable asset (Atilgan, et al., 2005). It uses the information that encompasses the total performance of a company, such as the firm's historical income statements, balance sheets and statements of cash flows. This approach of this nature assumes a direct relationship between the firm's profitability and brand equity, where strong financial results mean a strong brand, and conversely, negative earnings may signal poor brand equity. In assuming this single cause-effect relationship, this approach fails to include key factors within the marketing mix that beg consideration (Fetscherin & Toncar, 2009).

- Consumer Based Brand Equity

According to Yoo, B. et al (2000), customer-based brand equity is considered as the driving force of increased market share and profitability of the brand. Keller (2013) defined consumer-based brand equity, as "the differential effect that brand knowledge has on consumer response to the marketing of that brand". The core basis of consumer based brand equity is "the power of a brand lies in what resides in the minds and hearts of customers." (Keller, 2013). In order to measure brand equity it is necessary to include aspects of the marketing mix such as price and product attributes (Fetscherin & Toncar, 2009). When marketing practitioners use the term brand equity, they tend to mean brand strength and what the brand means to the consumer. They argue that for a brand to have value it must be valued by the consumer (Atilgan, et al., 2005). This consumer-based perspective has also been discussed widely in the literature and it emphasizes the meaning of the brand and the value placed upon the brand by the consumer. The consumer-based perspective takes a bottom-up approach to measuring brand equity. This comparison highlights an estimation of the products' marketing

success, or “efficiency”. A consumer perceives brand equity as the value added to the product by associating it with a brand name (Fetscherin & Toncar, 2009).

2.1.4 Brand equity models

- Aaker Model

Aaker (1991) categorized and suggests five dimensions of brand equity (brand awareness, brand associations, brand loyalty, perceived quality and proprietary brand assets) that combined to add or subtract from the value provided by a product or services. This five dimension is considered as asset to build brand equity. For building strong brand equity marketing should focus on to achieve wide name awareness, favorable perceived quality and strong brand association which lead to high loyalty to the brand product. Brand loyalty can strengthen the other components of brand equity and increase the brand’s performance on the target market. A well-structured brand may become an evoked set through the attachment of symbolic attributes. Such action will motivate to like the specific brand and eventually guide to high rate of purchase decision in favor of the brand (Aaker, 1991).

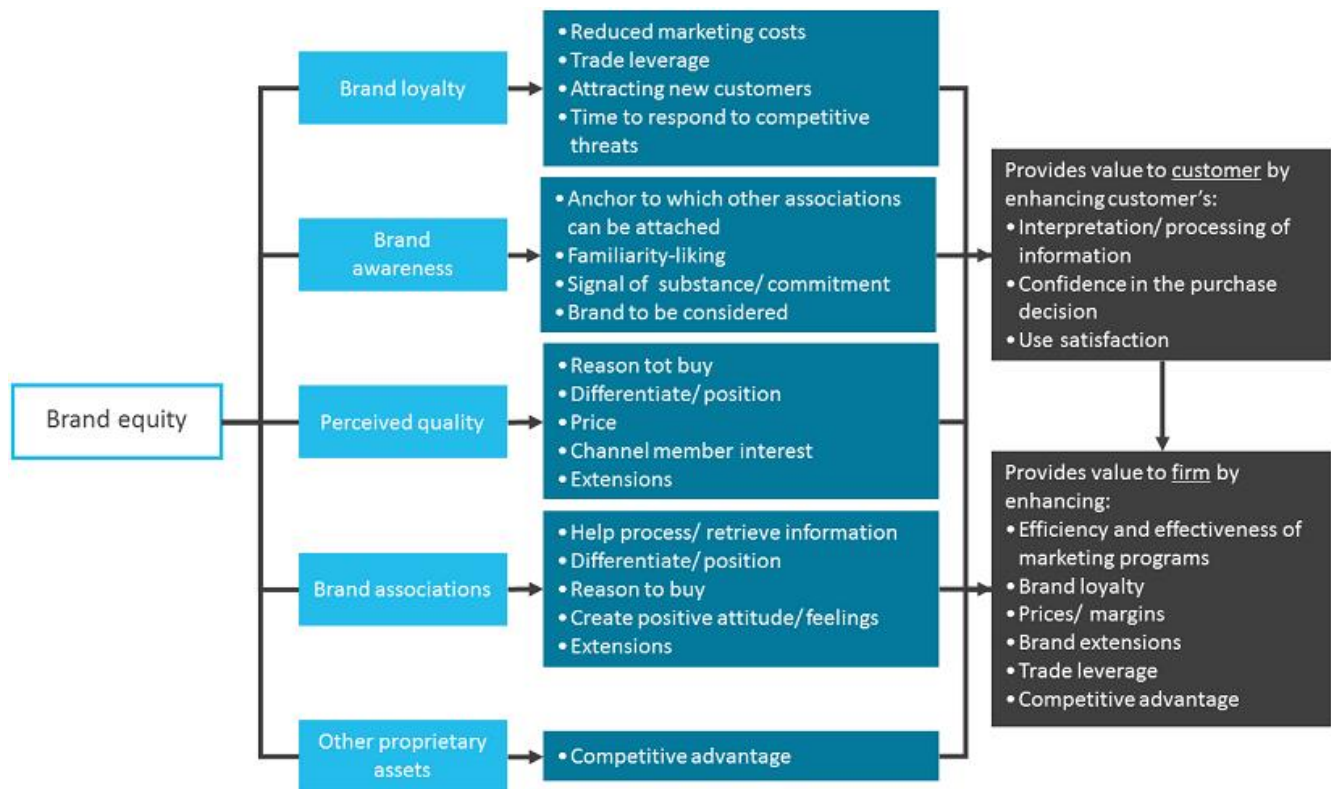


Figure 2-1: Aaker's Brand Equity Model

Source: (Aaker, 1991)

Dimensions of Aaker's brand equity model elaborated as follows;

i. Brand Awareness

Brand awareness relates to how strong a brand is in the memory of consumers (Aaker, 1991; 2009). Brand awareness is the ability of a brand to appear in consumers mind when they are thinking about a category of a product. Santoso & Cahyadi (2014) believed that brand awareness becomes a crucial point of difference between a certain brand and its competitors and they believe that brand awareness can be determined as the degree of consumer's familiarity towards a brand that can be **measured through brand recognition, brand recall, and top of mind**. Brand recognition is defined as consumers' ability to remember a certain brand with the help of something or someone to remember it, such as logo, slogan, tagline, advertising and packaging which often called as aided recall. The purpose of brand recognition is to reassure the brand and help the brand to be recognized by other

people. Brand recall is defined when consumers can easily retrieve the brand of a category from their mind without any help or clue (unaided recall). The purpose of brand recall is to position the brand in consumers' minds. Finally, top of mind is defined as the first brand that appears in consumers' minds when they think about a product/service category, as they know and familiar about the brand. The purpose of top of mind is to position the brand to be the first brand in consumers' mind (Santoso & Cahyadi, 2014).

Keller (2013) stated that there are three advantages with a highly established level of brand awareness: namely learning advantage, consideration advantage and choice advantage. More specifically, the brand will gain more priority from the customer when they make purchase decisions with a registered brand in their mind. Then the customers will continue to learn the knowledge from the particular brand and the more information gained, the higher rank the brand will be in the customers' consideration set since people just simply like familiarity. On the other hand, disadvantages also exist because brand awareness cannot make any efforts in creating sales (Santoso & Cahyadi, 2014).



Figure 2-2: The Brand Awareness Pyramid

Source: (Aaker, 1991)

ii. Brand Association

According to Aaker (1996), brand association is something in consumers' minds or memories that connect to the brand including product attributes, consumers' benefits, uses, life-styles, product classes, competitors and countries of origins. Brand associations can provide a point-of-different, purchase reasons, positive attitudes and feelings which may influence purchase behavior and satisfaction, reduce reasons to shift to other brands, and provide basis for brand loyalty (Aaker, 1996; Santoso & Cahyadi, 2014).

Brand associations can be **categorized into three types which are attributes, benefits and attitudes**. The first types of brand associations are brand attributes, which characterize a product or service. The attributes can be both product related attributes and non-product related attributes. Product related attributes are those related to a product's physical composition or a service's requirements, varying in product or service category. Non-product related attributes are the external aspects of the product or service related to its purchase including price information, user imaginary, usage imaginary, and packaging information (Keller, 2013). Price information refers consumers' belief about the price and value they get from the brands. User imaginary refers to the type of consumers use the brands. Packaging information refers to information of the products in the packaging.

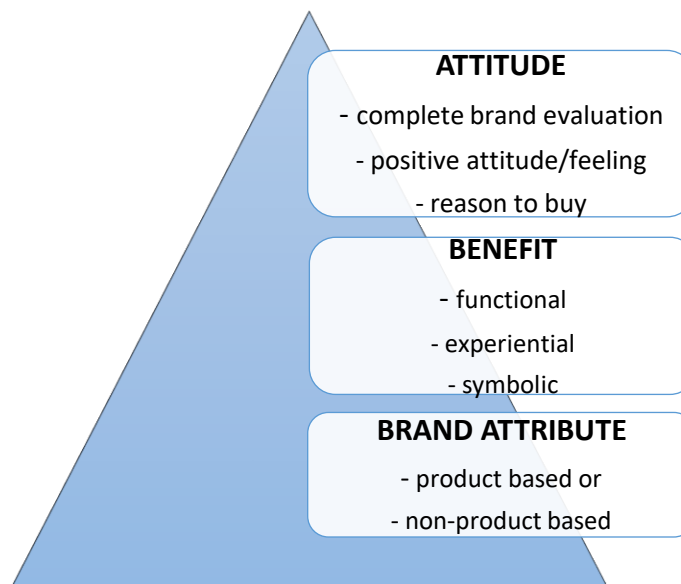
The second types of brand associations are brand benefits, meaning the associations of the brand is linked with the benefit of the brand itself which makes consumers attached to the brand. Benefits can be categorized into three types, functional benefits, experiential benefits, and symbolic benefits. Functional benefits are related with fairly basic motivations like safety needs or avoidance. Experiential benefits are related to how consumers feel when the products or services are being used. Symbolic benefits are the extrinsic benefits of products or service usage which are related to the needs for social approval or personal expression such as prestige and exclusivity (Keller, 2013).

The last type and the most abstract types of brand associations is brand attitudes, which are consumers' complete evaluations of a brand. Brand

attitudes provide the basis for consumers' action and behavior related to the brand depending on the attributes and benefits of the brand itself (Keller, 2013).

According to Aaker (1996), brand association is a set of associations and defined as "anything 'linked' in the memory to a brand." Brand association is the foundation of brand loyalty and purchase intention. In addition, it can generate value to firms.

Figure 2-3: Summary of Aaker's Brand Association



Source: (Aaker, 1991)

iii. Perceived Quality

Lee & Fayrene (2011) stated that perceived quality was the consumers' judgments and perceptions on overall excellence or superiority of a product or service compared to others. Lee also believed that consumers face difficulties in assessing the correct judgment about a product; thus, perceived quality is formed to judge the overall quality of a product. Perceived quality enables a brand to provide purchase reasons for their consumers and create a strong aspect to differentiate and position its product or service. Perceived quality is useful for the companies as it enables the brand to charge a premium

price, attract new consumers, and allow brand extensions (Aaker, 1991; 2009).

There are **seven dimensions of perceived quality**, which are performance (the primary functioning characteristics of the product), features (the secondary elements of products giving additional function to the product), conformance with specifications (zero defect of the products), reliability (the steadiness of performance in every transaction), durability (how durable the product is), serviceability (how good the services are being provided to the consumers), and fit and finish (how consumers feel and judge the quality of the products or services given (Santoso & Cahyadi, 2014).

In the long run, the most essential element that will affect the capability of a company is the quality of their product and service. As per Aaker (1991), the definition of perceived quality is “the customer’s perception of the overall quality or superiority of a product or service with respect to its intended purpose, relative of a product or measuring service with respect to its intended purpose, relative to alternatives.” Therefore, perceived quality is an intangible concept in the customer’s mind and it differs from person to person.

At first, perceived quality can provide a purchase intension which means the “reason to buy”. Through this advantage, the marketing process can be more efficient and effective. Secondly, perceived quality can differentiate the brand from other brands, which will also provide the brand a unique association. Thirdly, perceived quality can offer a price premium for the brand, which means a high perceived quality brand can make more profits with the price premium. Besides, a price premium can be a quality cue to the customers in order to enhance the perceived quality. Fourthly, perceived quality can increase the interest of retailers and distributors, which means they can also increase the distribution in return. Retailers and distributors always want a product with high perceived quality to help them achieve more profits with a relatively higher price. Fifthly, perceived quality can be an essential factor when considering the brand extension. (Aaker 1991, 86-93)

The dimensions of quality have to be examined in order to find what will affect perceived quality. Dimensions of quality can be divided into product quality and service quality according to Aaker (1991).

However, to just actualize the high quality is not enough. The founded high quality has to match the perceived quality. Signals have to be given to customers to do so. Signals can come from the product perspective, for example, declaring the durability of the product will allow the customers believe that the company is quite confident with its product and increases the brand loyalty in such way. On the other hand, from the service perspective, a clean and tidy appearance of service personnel will indicate the professional skill capability in the customers' minds (Aaker, 1991).

Figure 2-4: Dimensions of perceived quality of a brand



Source: (Santoso & Cahyadi, 2014)

iv. Brand Loyalty

Aaker (1991) defined brand loyalty as a measurement of how consumers' bond to a brand. Brand loyalty reflects whether consumers will change to other brand due to changing of prices or features. According to Sadat (2009), brand loyalty relates to consumers' strong commitments to subscribe or purchase the same brand again in the future. A consumer is considered loyal to a brand when they do not easily shift a brand to another, even when the brand is not available in the store (Jalilvand, et al., 2011). Brand loyalty can also be

shown by spreading the positive words and recommendation (Santoso & Cahyadi, 2014). Brand loyalty is essential as it provides the basis and motivation for consumers to buy the brand again in the future (Santoso & Cahyadi, 2014). Brand loyalty could be measured through repeat purchase (consumers' loyalty towards a certain brand), retention (consumers' resistance towards the brand), and referrals (consumers' willingness to recommend the brand) (Santoso & Cahyadi, 2014). Jalilvand, et al., (2011) measures through consumers' first choice, preference, and unwillingness to shift to other brands. Keller (2013) believed that loyalty is attached to consumer behavior to repurchase the brand as their first choice. Hence, it can be said that a brand should be able to become consumers' primary choice so that consumers will repurchase the product. By having a brand loyalty, company can cut marketing cost and increase the number of purchase.

Brand loyalty is the heart of brand equity. It is "the indicator of brand equity which is demonstrably linked to future profits, since brand loyalty directly translates into future sales." As per Aaker, (1996) brand loyalty represents how the customers will act if the brand changes in price or characteristics and there are different levels of customers' brand loyalty of a certain brand. The first level is a "switcher or price buyer" level, which means there is no brand loyalty in such customers. They do not care about the brand at all and the brand will not influence their purchase intention. The buying decision will be made solely based on the price. The second level is a "habitual buyer" level, which means the customers experienced a satisfactory using experience and there is obviously no reason to switch to another brand. The third level is a "satisfied buyer with switch costs" level, which means the customers are satisfied with this brand and if considering a switch, there will be unforeseen risks or costs such as time, money and performance. The fourth level is "friends" level, which means the customers treat the brand like a close friend. In this level, customers really like the brand and they think this specific brand will represent him/her with an emotion or feeling of attachment. The fifth level is a "committed buyer" level, which means customers know this brand very well and they are very proud of using it. Moreover, the value that will be brought by customers is not how

often they purchase, but how often they introduce the product to others such as friends, families and colleagues. The fifth level could be the ultimate level for a brand to reach, since in this level the brand indeed represents a symbol, “a charismatic brand”.

Aaker (1991) stated that brand loyalty will not exist without a using experience, which means it is somehow based on the other three dimensions of brand equity. For example, a customer may be loyal to a brand with low perceived quality such as McDonald’s or a customer may dislike a brand with high perceived quality such as a German automobiles. There are two general ways to measure brand loyalty: behavior measurement and construct measurement consisting of switching cost, satisfaction, liking and commitment. Three aspects will be considered for the behavior measurement, which are repurchase rates, percent of purchases and number of brands purchased. There are also two ways to do the switching cost measurement, which are switching cost for an investment in a product or a system and the risk of change. The key to measure the satisfaction is to measure the dissatisfaction in order to set barriers for competitors. Premium price can be applied to measure the liking, in other words, how much more a customer is willing to pay for the brand he or she likes. A general question: “Will you introduce this brand to your friends, family or colleagues?” can measure the commitment to a brand (Aaker, 1996).

It is much easier to hold the loyal customers than to catch new customers, which means a brand needs to distinguish the dissatisfaction as much as possible to set a barrier to competitors. Trade leverage is very essential when a brand needs an extension and it can also provide a regular space for its product in the market. A strong brand loyalty will hold a set of committed customers and with their “efforts”, more and more customers will be attracted by introducing the brand to more potential customers. A strong brand loyalty will also provide “breathing room” when its competitors introduce a more competitive product.



Figure 2-5: Brand Loyalty Pyramid

Source: (Aaker, 1991)

V. Other Proprietary Brand Assets

Other proprietary brand assets refers the extent to which customers use the brand; talk to others about the brand; seek out brand information, promotions, and events (Muse, 2017). It refer to patents, trademarks and channel relationships which can provide strong competitive advantage to the brand. A trademark will protect brand equity from competitors who might want to confuse customers by using a similar name, symbol or package. A patent could generate additional income for the brand in the form of licensing, franchising and the like.

- Keller's Brand Equity Model

(Keller, 1993) Presents a conceptual model of brand equity from the perspective of the individual consumer. He defined customer-based brand equity as the differential effect of brand knowledge on consumer response to the marketing of the brand. Keller (1993) believe that a brand is said to have positive (negative) customer-based brand equity when consumers react more (less) favorably to an element of the marketing mix for the brand than they do to unnamed version of the product or service. Thus, customer brand knowledge will be built by brand awareness and brand image. Customer-based brand equity occurs when the consumer is familiar with the brand and holds some favorable, strong,

and unique brand associations in memory. Keller brand equity model also called brand resonance model (Tesfaye, 2017).



Figure 2-6: Keller's Brand Equity Model (Brand Resonance Model)

Source: (Keller, 2013)

2.1.5 Measurement of Consumer Based Brand Equity

There are various ways to value brand equity. For the most part, consumer-based brand equity models study the way a brand is perceived by consumers by collecting primary data directly from them through surveys and interviews (Tolba & Hassan, 2009). In addition to simple surveys, conjoint analysis is another widely used technique that measures the value of each product attribute from peoples' overall choice or evaluations (Fetscherin & Toncar, 2009). Other possibilities are experiments such as blind tests where two or more groups of consumers rate the target brand and its key competitors. These various measurement methods have provided substantial insight and have been used in many studies. However, they measure the perceived brand equity of a product or hypothetical value of a brand in a controlled environment, but not the actual consumer behavior that results from brand equity (Fetscherin & Toncar, 2009).

Moreover, they are limited in that they rely on self-reported data measuring consumer perceptions of a brand and the intended valuation and what consumers might pay for, without actually measuring what consumers actually have to pay or are paying for a product (Fetscherin & Toncar, 2009).

According to Aaker (1991), brand equity could be evaluated from brand loyalty, brand awareness, perceived quality, brand associations and other Proprietary brand assets. Aaker categorized brand equity into two groups, which are consumer based brand equity, consisting of the first four elements, and the second group is the other proprietary assets, such as patents, trademarks and channel relationships.

The researcher sets out the current study to understand effect of considering customer-based brand equity of assembled automobiles on consumer purchase intention in Ethiopia automotive industry in view of customer's perceptions with employing Aaker's (1996), brand equity model as a conceptual framework of study. However, as previously raised, the researcher will only consider four dimensions of Aaker's (1996) brand equity model, those are brand awareness, perceived quality, brand association, and brand loyalty. Other proprietary brand assets are not found relevant by the researcher, because other proprietary assets do not measure brand equity from customer's perspective; instead it measure brand equity from company side (Tesfaye, 2017).

Due to its wide implementation of Aaker model by different researchers for measuring consumer-based brand equity, this study will also implement Aaker model. However, only four brand equity dimension will be considered, i.e brand awareness, brand association, perceived quality and brand loyalty.

2.1.6 Purchase Intention

According to Haque, et al (2015) traditionally, the term intentions defined as the antecedents that stimulate and drive consumers' purchases of products and services. One of the most common approaches undertaken by marketers in gaining an understanding about consumers' actual behavior is through studying their intentions. Hence, they assert that purchase intention serves as an alternative for measuring consumers' purchase behavior (Haque, et al., 2015).

As per Santoso & Cahyadi, (2014) purchase intention is closely related to consumers' plans in making actual purchase in certain period of time. Purchase intention also can be described as the urge or motivation arising from consumers' minds to purchase a certain brand after they evaluate it, before deciding to make any purchase based on their needs, attitudes, and perceptions towards the brands (Madahi & Sukati, 2012). In marketing a brand, purchase intention is considered as a crucial factor to know and predict the consumer behavior and it is also proven that purchase intention acts as an important factor influencing the actual final purchase and may lead to repeat buying in the future (Santoso & Cahyadi, 2014).

Tariq et al., (2013) argued that purchase intention is a multi-step process. First, consumers collect any related information regarding their desired brand. Then, they will start to evaluate it by using its attributes since they have experienced the product and have complete product knowledge about the product.

Purchase intention includes two perspectives, from new consumers and from existing consumers. Purchase intention from new consumers is used to form brand choices and know consumers behavior (Santoso & Cahyadi, 2014). Purchase intention from existing buyers is more to predict consumers' satisfaction and future sales once the consumers find out that the brands suits them and worth buying (Madahi & Sukati, 2012). This research focuses in observing purchase intention on future sales of existing consumers. According to Hosein (2012), consumers purchase intention can be measured by using interest, attending, and information. Interest is consumers' feelings towards a brand that influences them to purchase. Attending is the attendance of consumers in exhibitions and other supporting events that influence them to

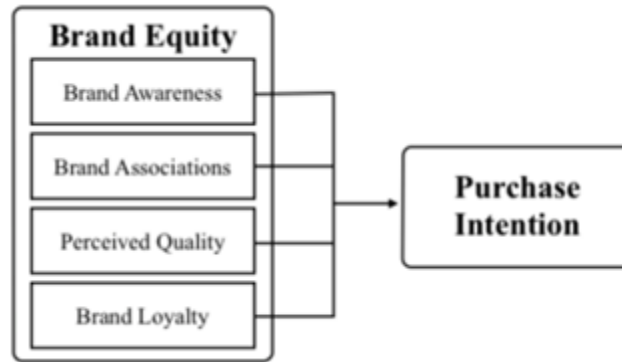
purchase. Information is any additional knowledge and facts about the brand gathered by the consumers and make them consider to purchase it.

2.1.7 Relationship between Brand Equity and Purchase Intention

Diffrent empirical studies have indicated that brand equity has an impact towards the purchase intention (Santoso & Cahyadi, 2014). Aaker (1991) also stated that brand equity has a positive impact towards the consumers' purchase intention.

According to Aaker (1991), brand equity's elements (e.g. brand awareness, brand associations, perceived quality, brand loyalty) influence the consumers purchase intention. Brand awareness plays an important role in consumers purchase intention by increasing the familiarity of consumers towards the brand. Brand associations affect the basis for purchase intention towards a brand as it helps consumers to obtain information, distinguish the brand, generates reasons to purchase, and creates positive values/attitudes to the firms and their consumers. Perceived quality provides values to consumers as it can be the point of differentiation and reason to purchase. Finally, brand loyalty will make consumers attached to the brand. Brand loyalty not only make consumers to repeat buying but it also make them indestructible to any brand changes such as change of price or product features. All these four dimensions are the construct of the brand equity. Therefore, brand equity will significantly influence purchase intention depending on the four dimensions (Santoso & Cahyadi, 2014).

Figure 2-7. Relationship between brand equity and purchase intention



Source: (Santoso & Cahyadi, 2014)

2.2 Empirical review

Here some previous researches will be illustrated, which will also be viewed as the fundamentals along with the literature review to generate hypotheses.

Narasimha, et al., (2013) they analyze Ethiopian automotive industry and its trend to understand the need for strengthening the industry in Ethiopia and revealed that the positive aspects, contribution to the national economy, future growth prospects, employment opportunity and profitability of the operation.

Karunanayake & Wanninayake, (2015) their study focuses mainly on determining the links between customer's environmental attitudes, subjective norms, price perception, preferences, knowledge, perceived risk, intentions as well as expectations of the customers given to the environment while buying a hybrid vehicle in Sri Lanka. According to their finding in developed country like Sri Lanka price has higher influence than quality on purchase intention, however brand equity override price objection. They also found that peer group influence is the most significant than any other group in the society.

Manzoor & Shaikh, (2016) using the Aaker's model of brand equity they try to develop a model of consumer purchase intention in Indian automobile industry. Their study results support existence of causal relationship among four exogenous constructs (i.e. brand loyalty, brand awareness, brand associations, and perceived quality) and consumer purchase intention. A pairwise comparison of the various constructs of Aaker's model also shows that these exogenous constructs are

correlated. Further their finding of their study reveal that perceived quality have a direct and significant impact on consumers' purchase intention.

Mkhitaryan, (2014) study to find out valuation models of brand equity for automotive sector in China. The result of this study revealed that, for building strong brand equity, the role of brand loyalty and brand preference is significant. The result also revealed that, the brand equity's elements should be logical in their conduct in order to be understood and valued the true image of the company by consumers with particular implication for Chinese automobile market.

Kantar & Bardakci, (2017) they study aiming to assess brand equity in used car market in Turkey by analyzing depreciation differences among specific brands. Findings of the study supports the idea that observing depreciation differences among brands is a useful approach to assess brand equities and affirm the idea that brand equity provide price leverage for sellers by appreciating the value of the product.

Fetscherin & Toncar, (2009) studied how to develop a generalized model for measuring and valuating product-related attributes and specifically brand equity in the context of German automobile market. Their study show that brand equity itself can be modelled as an independent variable and significantly influences the price of sedan cars for certain brands. Moreover, they shows that the quality of the various product attributes, product variety and market share also influence the price set by the manufacturers.

Amir & Asad, (2018) they study to identify and assess the factors which influence the consumer's purchase intentions towards automobiles in Pakistan. Their findings depicted that the three independent variables; price, product and brand product quality have a positive significant relationship with the consumer's purchase intentions towards automobiles while the other two variables i.e. after sale service and brand loyalty showed insignificant results. The results of the study further indicated that the consumers in Pakistan believed that the prices of the locally manufactured cars are high, they also find statistical significant relationship among the product & purchase intentions. They also find that

consumers agreed on imported cars are of good, reliable and of consistent quality as compare to locally manufactured cars (i.e inferiority of locally assembled car over imported car in Pakistan).

Yoo & Donthu, (2001) the authors report the results of a multistep study to develop and validate a multidimensional consumer-based brand equity scale (MBE) drawn from Aaker's and Keller's conceptualizations of brand equity. Their result demonstrate that their proposed brand equity scale is reliable, valid, parsimonious, and generalizable across several cultures and product categories.

Yoo, et. Al., (2000) they study to explore the relationships between selected marketing mix elements and the creation of brand equity. Their results show that frequent price promotions, such as price deals, are related to low brand equity, whereas high advertising spending, high price, good store image, and high distribution intensity are related to high brand equity.

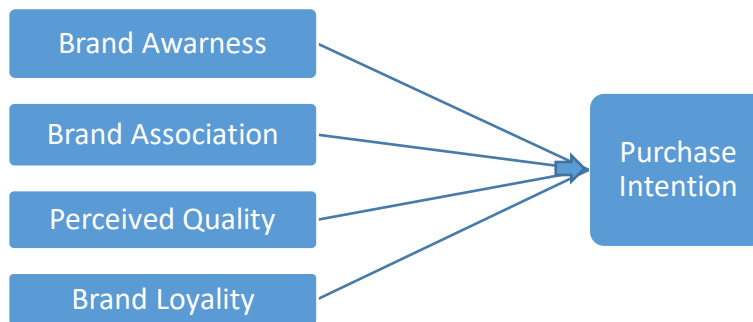
Christodoulides & Chernatony, (2009) study and summarize different literatures and brings together the scattered literature on consumer based brand equity's conceptualization and measurement. They found that study of consumer based brand equity using Aaker model is widely applicable for several product categories and in most cases proven to be valid.

To summarize, the literature review above also shows that Aaker's four brand equity dimensions have been empirically tested for automobile brands measurement in different county and to several product categories and in most cases proven to be valid. Even though, past studies have examined the Aaker's brand equity model in studying consumer behavior in various industries including automobiles, however; as per the researcher knowledge, there is very little literature on the model's applicability in the assembled automobiles more specifically in Ethiopia. Therefore, this research is very significant and designed to fill this gap.

2.3 Conceptual Framework and Hypothesis

2.3.1 Conceptual framework

Figure 02-8 Conceptual Framework of the study



Source: (Aaker, 1991) and (Santoso & Cahyadi, 2014)

2.3.2 Hypotheses

Therefore, based on the literature review and these previous researches, some hypotheses are presented in order to examine the research question.

- Brand awareness and purchase intention

Brand awareness is the ability of the potential buyer to recognize and recall that a brand is a member of a certain product category (Aaker 1991). It also reflects the salience of the brand in the customers mind (Aaker, 1996). (Manzoor & Shaikh, 2016) & (Amir & Asad, 2018) in their study found that brand awareness has causal effect on purchase intention on automobiles. (Mkhitarian, 2014), also found effect of brand awareness on purchase intention of automobiles and further revealed that, the brand equity's elements should be logical in their conduct in order to be understood and valued the true image of the company by consumers. Accordingly, based on definition, empirical review and the suggested relationship of brand awareness and purchase intention in the literature, the following hypothesis is formulated:

H1. Brand awareness has a positive and significant effect on consumers purchase intention of assembled cars in Ethiopia.

- Brand association and purchase intention

Aaker (1996) states that brand equity is supported in great part by the associations that customers make with the brand and it is the outcome of high brand awareness. (Manzoor & Shaikh, 2016) & (Amir & Asad, 2018) in their study found that brand association has causal effect on purchase intention on automobiles. (Mkhitarian, 2014) Found effect of brand association on purchase intention of automobiles and further revealed that, the brand equity's elements should be logical in their conduct in order to be understood and valued the true image of the company by consumers. Moreover, (Karunanayake & Wanninayake, 2015) find that in developed country like Sri Lanka even though, price has higher influence than quality on purchase intention, strong brand association help to override price objection in automobile market. Accordingly, based on definition, empirical review and the suggested relationship of brand association and purchase intention in the literature, the following hypothesis is formulated:

H2. Brand association has a positive and significant effect on consumers purchase intention of assembled cars in Ethiopia.

- Perceived quality and purchase intention

Perceived quality is one of the key dimensions and it is an association that is usually central to brand equity (Aaker, 1996). Perceived quality is key dimension in brand equity models because it has strategic effect on brand equity by reducing the perceived risk (Aaker 1991; Keller 1993). Thus, it will have direct influence on purchase intention. (Yoo, et al., 2000), in their study revealed that, brand equity will be increased with the help of promoting positive perceived quality. (Karunanayake & Wanninayake, 2015), find that in developed country like Sri Lanka even though, price has higher influence than quality on purchase intention, having favorable perceived quality help to override price objection in automobile market. Further (Manzoor & Shaikh, 2016) and (Amir & Asad, 2018) in their study found that perceived quality has causal effect on purchase intention on

automobiles. Accordingly, based on definition, empirical review and the suggested relationship of perceived quality and purchase intention in the literature, the following hypothesis is formulated:

H3. Perceived quality has a positive and significant effect on consumers purchase intention of assembled cars in Ethiopia.

- Brand loyalty and purchase intention

Loyalty is a core dimension of brand equity, because a brand having loyal customer base represents a barrier to entry, a basis for a price premium, time to respond to competitor innovations, and a protection against damaging price competition (Aaker, 1996). (Yoo, et al., 2000), their study reveal that power of brand loyalty to impact on customer decision to purchase the same product or brand and decline to shift to competitive brands. The study of (Mkhitaryan, 2014), (Manzoor & Shaikh, 2016) and (Karunanayake & Wanninayake, 2015) revealed that strong brand loyalty significantly affect purchase intention positively in automobile industry. However, study of (Amir & Asad, 2018) revealed that low brand loyalty affect purchase intention negatively in automobile industry. Accordingly, based on definition, majority of reviewed empirical study and the suggested relationship of brand loyalty and purchase intention in the literature, the following hypothesis is formulated:

H4. Brand loyalty has a positive and significant effect on consumers purchase intention of assembled cars in Ethiopia.

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1 Description of study area

Because of the prominent role that brand positioning and development play in many auto manufacturers' business strategies, the researcher intends to better understand how consumers think about assembled automobile brands in Ethiopia. The analysis will use descriptive statistical techniques and multiple regression analysis to understand the effect of assembled automobiles on purchase intention in Ethiopian auto-industry.

3.2 Research approach

It specifies the details of the procedures necessary to obtain the information needed to structure or solve research problems. Based on purpose, intended use, time dimension and data collection techniques the research approach any researcher vary. The various types of research that can be used by many researchers based on the study purpose are: exploratory, descriptive and causal or explanatory research. Based on intended use research classified as basic and applied research. Based on time dimension research classified as cross sectional or longitudinal. And based on data collection method research method classified as quantitative or qualitative research.

This study try to solve specific problem "to understand effect of brand equity of assembled automobiles on purchase intention", hence it could be considered as applied research. Further, since the aim of this study is to tackle for the mentioned problem with limited setting (geographically, conceptually, and methodologically) & expected to describe and elaborate the result, hence the researcher set to implement both descriptive and explanatory research approach. The researcher will describe demographic information of the respondents and will seek the correlation between determinants of brand equity (brand awareness,

brand association, perceived quality and brand loyalty) and purchase intention in some specific span of time, thus the study considered as cross-sectional research. Moreover, this study will study correlation of variable and explain demographic information on specific time span. Further, the study will implement statistical analytical tools to find correlation of the above mentioned variables, therefore the data collection method was quantitative by survey method through structurally designed questionnaires. Quantitative research is a means for testing objective theories by examining the relationship among variables (Creswell, 2009).

3.3. Research design

The study is mainly an explanatory research since it tries to examine the effect of assembled automobile brand equity on purchase intention. The study used primary quantitative data collected through survey using self-administered questionnaire.

The study also utilized secondary sources of data such as different research articles, books and other publications to review literatures in the area of brand equity, measurement of brand equity, purchase intention and to construct conceptual frame work for the study.

3.4. Sampling design

3.4.1. Target Population

The population in this study was represented by second time automobile buyers. The prospective automobile buyers could be all those people who intend to buy a car in near future or are visiting the automobile showroom for collecting information about automobiles. The population was chosen as this research aims to identify the effect of brand equity of assembled automobiles on purchase intention in Ethiopia. Thus, the target respondents or samples are those among the population. As per the data from Federal Transport authority, currently in Ethiopia it is estimated total population of automobiles is close to 1,000,000. Thus, population of this study is relatively large (estimated by researcher to be >100,000) and it is difficult to accurately determine total number of population, moreover purchase intention is future action of customers. As per

Israel (2003) population expected to be greater than 100,000 is considered as large population.

3.4.2. Sampling Frame

In this study, due to limitation of time & budget, sample of population is framed by second time automobile buyers found in Addis Ababa.

3.4.3. Sampling technique

In drawing the samples, non-probability convenience sampling technique were used.

3.4.4. Sample size

A carefully selected sample can provide data representative of the population from which it is drawn. Determining appropriate sample size is very essential and complex as it depends margins of errors, degree of certainty and statistical technique (Tesfaye, 2017).

According to (Israel, 2003), there are different strategies to calculate sample size. These include using census for small population, using a sample size of similar study, using published sample size tables and using formula to calculate sample size.

According to Israel, (2003) and with a maximum variation of $p=0.5$, confidence level of 95% and $\pm 5\%$ precision, the resulting sample size for this study sample size was determined by using the formula;

$$n = \frac{Z^2pq}{e^2}$$

Where,

- n = required sample size
- Z = Degree of confidence (i.e. 1.96)²
- P = Probability of positive response (0.5)
- q = Probability of negative response (0.5)

$$e = \text{Tolerable error } (0.05)^2$$

$$\text{Thus, } n = (1.96)^2 * 0.5 * 0.5 / (0.05)^2 = 384$$

The reason for choosing this formula was that; it is mostly used by other researchers on study of brand equity & purchase intention, further total number of population in this investigation was also estimated to be very large and unknown.

3.4.5 Sampling procedure

In drawing the samples, non-probability convenience sampling method were used where customers were intercepted at different automobile showrooms, transport authority and further the researcher was utilize his knowledge to reach prospective buyers until the required sample size was reached.

3.5. Sources of Data

The study depends on the primary data collected through self-administered questionnaires. Questionnaires was applied usually for descriptive, which identify and describe the variability in different phenomena or explanatory research, which examine and explain relationships between variables (Bahiru, 2015). During the study both primary and secondary data was utilized.

3.5.1. Primary source

The questionnaire was prepared by referring Aaker (1996) brand equity measurement model as main reference and in line with the objectives of the study mentioned above to gather primary data.

3.5.2. Secondary source

The secondary data collected from all relevant materials both published and unpublished documents such as previous studies on similar areas and also information's, data was also be collected from Ethiopia investment commission, Addis Ababa investment agency, Transport Authority, Minister of Revenue, National Bank of Ethiopia, Ministry of Finance & Economic Development and

others government & private organization that believed by researcher had relevant & supportive data related with the study.

3.6. Data Collection Procedures

According to Fisher (2010), if the researcher wants to quantify the research material, then it is best to use a survey approach. And for high response rate and low cost as a student researcher, the survey method is found to be economical and efficient one.

Survey was performed using self-administered questionnaire. Further the samples of the study were customers who intend to purchase automobile found in Addis Ababa for the second time with different educational background. The questionnaire was translated into Amharic language for better understanding of the constructs to gather quality primary data. The translation were done by the researcher with the help of experts in literature.

Due to time and cost constraints, it found difficult to address all individuals who intend to purchase an automobile for the second time by the researcher alone, thus the researcher got support from different automobile distributors to reach to appropriate candidate for the questioner.

3.7. Ethical Consideration

In any research work all ethical standards shall be implements during data gathering, writing research proposal and in dissemination of final research report (Creswell, 2009). This study was governed by the general rules of research ethics in such a way that respondents was requested to provide information on voluntary basis, they were informed about the purpose of the study, and confidentiality of the information was guaranteed. Moreover, the researcher, abide him self to the rules and regulations of the University.

3.8. Data Analysis

With regard to data analysis, the study was utilized both descriptive statistical analysis and regression analysis. Descriptive statistics used mainly to organize and summarize the demographic data of the respondent.

On the other hand, multiple regression analysis was used to measure the effect of assembled vehicle brand equity on consumers purchase intention.

3.8.1. Survey Questionnaire

The questionnaire of this study has three parts. First part was designed to gather demographic profile of respondents' like Age, Gender, Marital status, Education level, Occupation, Monthly Income and about respondents overall attitude toward assembled automobile in Ethiopia. The second part designed to gather information about respondents status about owning of an automobile. Finally, the third part designed to gather basic information which includes items that are important to measure brand equity (specifically CBBE) of assembled automobiles in Ethiopia (i.e. perceived quality, brand awareness, brand association, brand loyalty) and to measure respondents purchase intention of locally assembled automobiles.

Apart from the first and second parts, brand equity measuring items that intended to measure variables that are considered to make up the respondents brand equity (brand awareness, brand associations, perceived quality, brand loyalty) and their purchase intention were developed on five point Likert scale defined by 1=strongly disagree, 2=disagree, 3=neutral, 4=agree and 5=strongly agree.

The questionnaires mainly adopted from the (Aaker, 1996), (Yoo & Donthu, 2001), (Karunanayake & Wanninayake, 2015), (Manzoor & Shaikh, 2016) and customized in English language & was translated into Amharic language by the researcher. The Amharic version of the questionnaire was intended for those respondents who have low proficiency in the English language.

3.8.2. Reliability and Validity

Checking reliability and validity of research instrument is very important for any research out come to be acceptable. Reliability means that a measure (in this

study questionnaire) should consistently reflect the construct/survey question that it is measuring thus the instrument can be interpreted consistently across different situations and validity confirms whether the research instrument actually measures what it sets out to measure (Field, 2013). This means that research instrument (in this study survey questionnaire) shall have internal consistency. Thus, to assess the internal consistency of variables in the research, it is very common to check reliability using Cronbach's alpha reliability test technique. The researcher used Cronbach's alpha to assess the internal consistency of variables in the research instrument. Cronbach's Alpha coefficient of 0.7 or higher is considered acceptable and adequate to determine reliability in most social science research studies (Field, 2013). Thus, for this study, Cronbach's alpha score of 0.7 or higher has been considered adequate to determine reliability. The result of reliability test of this study presented as follows;

Table 3.1: Reliability Test Result

Measurement	No of item	Cronbach Alpha
Brand awareness	4	0.759
Brand associatioin	10	0.851
Perceived quality	8	0.889
Brand loyalty	5	0.771
Purchase intention	5	0.870
Overall reliability	32	0.942

Source: Own Survey SPSS result (2019)

As shown in the table 3.1 above, all the variables were fulfilled the recommended minimum point of the cronbach alpha, i.e. 0.7. Thus, all the variables were confirmed as reliable variables that can be taken as an indication of acceptability of the scale for further analysis.

Validity to be good, the instrument shall contains a representative sample of the population and it should be adopted from reliable survey questioneries. Thus, to achieve good validity the researcher adopted & develop constructs referring

different reputable articles like (Aaker, 1996), (Yoo & Donthu, 2001) and they are approved by research advisor.

3.8.3. Data Analysis Techniques

The researcher implemented SPSS (Statistical Package for Social Science) tools that can be used to analyze demographic characteristics of respondents, to determine the strength & nature of the relationship between variables and to test & validate the proposed hypothesis.

Data analysis help to organize, provide structure to, and produce meaning from research data (Tesfaye, 2017). The data analysis consisted of examining the surveys for accuracy, apropratnes and completeness, coding and entering data into SPSS database and performing an analysis of responses according to frequency distribution, descriptive statistics and inferential statistics. For dependable outcome of the study reliability, normality, linear relation, variance homogeneity, errors as well as multi-collinearity were also checked.

The following analysis had been performed on the data with the help of SPSS version 20 software;

3.8.3.1. Descriptive statistics

Implemented to summerize respondents demographic characteristic, general attitude toward assembled automobiles, summery for ownership of automobiles and also used to understand the relation among themselves. Specifically, descriptive statistical tools such as frequencies, percentages, mean, standard deviations, histograms, and cross tabular presentation used to describe dependent and independent variables and interpret the demographic and other related information of the respondents more effectively.

In order to describe respondent purchase intention, descriptive statistics of mean and standard deviation was used. The mean indicates to what extent

the sample group averagely agrees or disagrees with the different survey questions, where as the standard deviation describes how the responses are diverse from the mean for a given survey questions. The higher the mean, the more the respondents agree with survey question while the lower the mean the more the respondents disagree with survey question.

3.8.3.2. Test/Model Assumption for Inferencial Statistics

- Normality Test

Among the others, one of the assumptions was normality of the data should be tested before running the analysis of the data using skwness and Kurtosis (Yodit, 2017).

According to (Field, 2013), normally distributed data assumed that the data are from one or more normally distributed populations. Hypothesis testing depend on having normally distributed populations and so if these assumptions are not met then it is difficult to perform hypothesis testing. Therefore, it is mandatory to perform normality test.

As per (Field, 2013) normality test could be performed by computing S (Skewness) and K (Kurtosis) and their respective standard errors. An absolute value between -2 and +2 score for Skewness and Kurtosis is expected to be significant at $p < 0.05$.

- Linearity Test

According to (Field, 2013), to perform linear regression analysis it is necessary to test data for linearity of data which will be reveled by P-P or Q-Q plot. 1

- Multi-collinearity test

Multi-colinearity refers to the situation in which two or more independent variables are highly correlated. When the independent variables are multi-co linearity, there is overlap or sharing of predictive power of independent variable and it be very difficult to estimate depenent variable using regression model. Moreover, independent variables are correlated among themselves, the unique

contribution of each variable is difficult to assess. This is because of the overlapped or shared variance between themselves, i.e., they are multi-collinear. Existence of multi-collinearity could be computed by evaluating the Variance Inflation Factors (VIF) and the Tolerance Values. According to (Field, 2013), the VIF values above 10 and tolerance value below 0.10 indicate multi-collinearity. Hence, both the “tolerance” values (greater than 0.10) and the “VIF” values (less than 10) are all quite acceptable.

- Correlation analysis

A correlation is a statistical device that measures the strength or degree of a supposed linear association between two or more variables. So that, Pearson correlation analysis was made to see the direction and strength of relation between independent variable (i.e. brand awareness, brand loyalty, perceived quality and brand association) and dependent dependent variable (i.e purchase intention). The strength of a linear relationship (i.e., how close the relationship is to being a perfectly straight line) and the direction of a linear relationship (increasing or decreasing) were performed. All the necessary requirement (i.e continuous variables, case value on both variables, linear relationship between variables, independent cases, normality, random sample data, no outlier for analysis of correlation using person correlation were performed and the data found to be suitable.

As per (Field, 2013) the strength (out put of person correlation analysis) of variable correlation could be enterprited as follows;

- $0.1 < | r | < 0.3$... small / weak correlation
- $0.3 < | r | < 0.5$... medium / moderate correlation
- $0.5 < | r | < 1.0$... large / strong correlation

3.8.3.3. Inferencial Statistics - Regression analysis

Implemented to investigate the extent of influence that the independent variables (Perceived quality, brand awareness, brand association, and brand loyalty) have on the dependent variable (purchase intention). Regression

analysis help to fit a predictive model for dependent variable (purchase intention) from independent variables (brand awareness, brand association, perceived quality & brand loyalty). It also help to generate inference to test the hypothesis. Hence, in order to see the effect of brand equity of local assembled automobiles on purchase intention, multiple linear regression analysis was employed. Multiple Linear regression estimates the coefficient of the linear equation, involving all independent variables (brand awareness, brand association, perceived quality & brand loyalty) that best predict the value of the dependent variables (purchase intention).

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.1 Data presentation

4.1.1 Respondent demographic profile

Respondent age profile dominated by age group 18-30 which represents 46.3% of the sample. The rest ranked as 30-40, 41-50, 51-60, >60 which comprises of 26.6%, 17.6%, 5.4%, 4.1% respectively. Hence, we can observe that youngsters are more eager to own automobile as compared to older customers.

Respondents gender composition led by male having 57.6%, female respondents constituted (42.4%) of the total respondents. This implies that the majority of automobile buyers are male. However, considering our culture which favor for male proportion of female is very considerable, and hence, it is a good signal that financial power of women is increasing.

Considering marital status, married respondents constitute 50.1% followed by single, divorced, other (widowed, etc) with frequency of 41.3%, 5.9% & 2.6% respectively. This implies that marriage necessitate demand for automobiles.

Considering education level of respondents it is found that 1st degree holder constitute 45% followed by 2nd degree & above, diploma, high school, belwo high

school with proportion of 19.9%, 17.8%, 9.6% & 7.8% respectively. Hence, it could be concluded that education will have effect on necessitating demand for automobiles.

Observing occupation of respondents it is found that private company employees constitute 49.9% followed by government employee, business owner, NGO & int. organization employee, pensioners with proportion of 18.6%, 13.4%, 8% & 1.6% respectively. Hence, it is recommended for automobile trading companies to target private company employees.

Monthly income of respondents with in the range of 10,000-20,000 constitute 33.3% followed by 30,000-40,000, 20,000-30,000, 40,000-50,000, less than 10,000, greater than 50,000 with proportion of 10.1%, 8.5%, 6.5%, 3.9% & 2.6% respectively. Hence, it indicates that as month income of individual surpass 10,000 demand for automobile increase. Table 4.1 summarizes the profile of the respondents as below.

Table 4.1: Summery of Respondents demographic data

Demographic variable	Group/Class	Frequency	Percent	Valid Percent	Cumulative Percent
Age	18-30	179	46.3	46.3	46.3
	31-40	103	26.6	26.6	72.9
	41-50	68	17.6	17.6	90.4
	51-60	21	5.4	5.4	95.9
	61 & above	16	4.1	4.1	100.0
Gender	Male	223	57.6	57.6	57.6
	Female	164	42.4	42.4	100.0
Marital Status	Single	160	41.3	41.3	41.3
	Married	194	50.1	50.1	91.5
	Divorced	23	5.9	5.9	97.4
	Other	10	2.6	2.6	100.0
Education level	Below high school	30	7.8	7.8	7.8
	high school	37	9.6	9.6	17.3
	Diploma	69	17.8	17.8	35.1
	1st degree	174	45.0	45.0	80.1
	2nd degree & above	77	19.9	19.9	100.0

Occupation	Business owner	52	13.4	13.4	13.4
	Gov'e employee	72	18.6	18.6	32.0
	Pensioner	6	1.6	1.6	33.6
	NGO or International organization employee	31	8.0	8.0	41.6
	private company employee	193	49.9	49.9	91.5
	Other	33	8.5	8.5	100.0
Monthly Income	less than 10,000	151	39.0	39.0	39.0
	10,001-20,000	129	33.3	33.3	72.4
	20,001-30,000	33	8.5	8.5	80.9
	30,001-40,000	39	10.1	10.1	91.0
	40,001-50,000	25	6.5	6.5	97.4
	50,001 and above	10	2.6	2.6	100.0
Total		387	100.0	100.0	

Source: Own SPSS analysis result

4.1.2 Respondent Attitude & purchase intention of automobiles

To further strengthen observations generated from demographic characteristics it is found vital to gather respondents attitude toward assembled automobiles and their purchase intention. Accordingly the following observation had been gathered.

It was found that 44.4% respondents attitude toward assembled automobiles to be neutral followed by very good, bad, excellent, very bad with frequency percentage distribution of 31.5%, 16.5%, 5.4% & 2.1% respectively. This shows that most respondents had neutral attitude, thus automobiles assembling companies shall have to work to influence customers to change their neutral feeling to become positive.

The study revealed that 65.9% respondents do not have automobile so far but they had purchase intention of automobiles. The rest 34.1% had automobile & had additional purchase intention of automobile. This showed, even though it is not necessary, we could say that automobile is one time purchase.

Further the study revealed that 61.5% respondents previous purchase used automobile, followed by new imported & assembled automobile with frequency distribution of 34.1% & 3.7% respectively. And it also found that 40.2% respondents intend to buy new imported automobiles followed by used & assembled automobile with frequency distribution of 30.7 & 26.5%. Hence, from this outcome we could observe that acceptance of assembled automobiles is increasing. Table 4.2: Summarizes the outcome of respondents attitude & purchase intention.

Table 4.2: Summary of respondents attitude & purchase intention.

		Frequency	Percent	Valid Percent	Cumulative Percent
	Excellent	21	5.4	5.4	5.4

Attitude toward assembled automobile	Very good	122	31.5	31.5	37.0
	Neutral	172	44.4	44.4	81.4
	Bad	64	16.5	16.5	97.9
	Very bad	8	2.1	2.1	100.0
Own automobile	Yes	132	34.1	34.1	34.1
	No, but has plan to buy soon	255	65.9	65.9	100.0
Type of automobile owned	New imported automobile with Zero KM millage	46	11.9	34.1	34.1
	used automobile	83	21.4	61.5	95.6
	Assembled automobile in Ethiopia	5	1.3	3.7	99.3
	Other	1	.3	.7	100.0
Type of automobile intend to buy	New imported automobile with Zero KM millage	106	27.4	40.2	40.2
	used automobile	81	20.9	30.7	70.8
	Assembled automobile in Ethiopia	70	18.1	26.5	97.3
	Other	7	1.8	2.7	100.0

Source: Own SPSS analysis result

4.2 Descriptive Statistics

4.2.1 Cross Tabulation

To generate inference about respondents demographic profile of respondents the researcher believed that it is important to perform crosstab using SPSS. Hence, crosstab were generated among each demographic profile of respondent in contrast with their attitude toward assembled automobile. Thus, graphs indicated on appendix-2 were generated and the observation summarized by Table 4.3.

Table 4.3: Summery of crosstab analysis result between demographic profile vs attitude

	Category	Respondent response		Summery of Observation about respondent attitude (+ve/-ve)
		Average merit point	%	
Age	18-30	Neutral-Excellent	38.0	As the age of respondent increase their attitude toward assembled automobile decreases
	31-40	Neutral-Very bad	69.9	
	41-50	Neutral-Excellent	85.2	
	51-60	Neutral-very bad	95.2	
	>60	Neutral-very bad	81.3	
Gender	Male	Neutral-Excellent	85.2	Male respondent has relatively positive attitude than female's.
	Female	Neutral-excellent	76.2	
Marital Status	Single	Neutral-excellent	89.4	Unsuccessful merrage affects attitude of respondents to be negative.
	Married	Neutral-excellent	80.9	
	Divorsed	Neutral-very bad	87.0	
	Other	Neutral-very bad	100	
Education	<high school	Neutral-very bad	50	Advancement in education affects respondents attitude to be positive
	High school	Neutral-very bad	83.7	
	Diploma	Neutral-very bad	88	

	1 st degree	Neutral-excellent	85	
	≥2 nd degree	Neutral-excellent	75	
Occupation	Owner	Neutral-very bad	73.1	Respondents who gets relatively high monthly salary has negative attitude
	NGO emp.	Neutral-very bad	80.6	
	Private emp.	Neutral-excellent	83.9	
	Gov't emp.	Neutral-excellent	91.7	
	Pensioner	Neutral-excellent	50	
	other	Neutral-excellent	81.8	
Income (in thousands)	<10	Neutral-Excellent	91.4	As income of respondents increase their attitude toward assembled automobiles diminished.
	10-20	Neutral-excellent	75.2	
	20-30	Neutral-excellent	69.7	
	30-40	Neutral-excellent	84.6	
	40-50	Neutral-very bad	88	
	>50	Neutral-very bad	90	
Automotive ownership	Yes	Neutral-excellent	72.7	Ownership of automobile do not change attitude
	No, but plan	Neutral-excellent	85.9	
Type of auto own	New	Neutral-excellent	82.6	Attitude of respondent who bought used automobile previously is negative
	Used	Neutral-very bad	67.4	
	Assembled	50	50	
Plan to buy for first time	New	Neutral-excellent	82.1	Attitude of first time automobile buyers is relatively positive
	Used	Neutral-excellent	84	
	Assembled	Neutral-excellent	92.9	

Source: own survey (2019)

4.2.2 Descriptive Analysis

As a measurement of brand equity & purchase intention dimension, Table 4.4 to Table 4.8 presents result of descriptive analysis result from brand awareness, brand association, brand loyalty, perceived quality and purchase intention. Subsequently the comparison of the four brand equity dimensions descriptive mean score and standard deviation is presented in table 4.9. All parts of the dimensions are processed, analyzed and interpreted in order to achieve the desired result as follows.

4.2.2.1 Perceived Quality Descriptive Analysis

The respondents were asked 8 questions related to perceived quality. The Table 4.4 below presents respondents result of perceived quality with mean and standard deviation values for each item.

Table 4.4: Perceived Quality Descriptive Analysis Result

	N	Mean	Std. Deviation
The quality of assembled automobile is excellent	387	3.08	.915
Assembled automobiles provide consistent quality over time	387	2.93	.880
The reliability of assembled automobiles in Ethiopia is very high	387	2.99	.906
Assembled automobiles have excellent performance	387	3.13	.908
Assembled automobiles are durable	387	3.11	.975
Assembled automobiles have excellent feature	387	3.09	.968
Assembled automobiles are now becoming popular	387	3.25	1.048
Assembled automobiles are innovative	387	2.93	1.014
Perceived Quality	387	3.0623	.71566
Valid N (listwise)	387		

Source: Own survey SPSS result (2019)

As it can be seen from table 4.4 above, the mean value of perceived quality is 3.06 and the highest mean score is obtained for the item “*Assembled automobiles are now becoming popular*” with a mean score of 3.25 while the constructs “Assembled automobiles provide consistent quality overtime” and “Assembled automobiles are innovative” scored the lowest with a mean score of 2.93. This result indicated that respondents consider assembled automobiles are not innovative & has inferior quality.

4.2.2.2 Brand Awareness Descriptive Analysis

The respondents were asked 4 questions related to brand awareness. The Table 4.5 below presents respondents SPSS result of perceived quality with mean and standard deviation values for each item.

Table 4.5: Brand Awareness Descriptive Analysis Result

	N	Mean	Std. Deviation
I am aware of assembled automobiles	387	3.57	1.014
I can easily recognize assembled automobile among other auto-brands	387	3.43	1.064
I know models of assembled automobiles	387	3.46	1.089
When talking automobiles, assembled automobiles becomes on top of my mind	387	2.97	1.030
Brand awareness	387	3.1517	.65548
Valid N (listwise)	387		

Source: Own survey SPSS result (2019)

As it can be seen from table 4.5 above, the mean value of brand awareness is 3.15 and the highest mean score is obtained for the construct “*I am aware*

of assembled automobiles” with a mean score of 3.57 while the constructs “When talking automobiles, assembled automobiles becomes on top of my mind” scored the lowest with a mean score of 2.97. This result revealed that assembled automobiles are aware by respondents, however they are not in the priority list of customers.

4.2.2.3 Brand Association Descriptive Analysis

The respondents were asked 10 questions related to brand association. The Table 4.6 below presents respondents SPSS result of brand association with mean and standard deviation values for each item.

Table 4.6: Brand Association Descriptive Analysis Result

	N	Mean	Std. Deviation
I can quickly remember the logo or symbol of assembled automobiles	387	3.33	1.007
I can easily imagine assembled automobiles in my mind	387	3.27	.982
Features of assembled automobiles fulfill my needs	387	3.13	.998
Assembled automobiles are worth buying	387	3.23	.992
I can use assembled automobiles as my daily car	387	3.33	1.009
I believe assembled automobiles will give me high safety	387	3.00	1.039
I believe assembled automobiles will make me feel comfortable	387	3.13	1.029
Driving assembled automobiles will give me high prestige	387	2.82	.987
I trust companies assembling automobiles in Ethiopia	387	2.94	.939
Assembled automobiles are different from imported automobiles	387	3.34	1.037
Brand association	387	3.1517	.65548
Valid N (listwise)	387		

Source: Own survey SPSS result (2019)

As it can be seen from table 4.6 above, the mean value of brand association is 3.15 and the highest mean score is obtained for the construct “Assembled automobiles are different from imported automobiles” with a mean score of 3.34 while the constructs “Driving assembled automobiles will give me high prestige” scored the lowest with a mean score of 2.82. This result revealed that assembled automobiles are believed to be different, but customers do not feel good while driving them. Thus, it indicated that assembled automobiles are believed to be different by their poor value.

4.2.2.4 Brand Loyalty Descriptive Analysis

The respondents were asked 10 questions related to brand loyalty. The Table 4.7 below presents respondents SPSS result of brand association with mean and standard deviation values for each item.

Table 4.7: Brand Loyalty Descriptive Analysis Result

	N	Mean	Std. Deviation
If assembled automobiles are not available for immediate purchase, I rather wait till be available & will not buy imported automobiles.	387	2.22	.852
I consider myself to be loyal to assembled automobiles	387	2.31	.760
I prefer assembled automobiles than imported ones.	387	2.43	1.056
I recommend assembled automobiles to other peoples	387	2.65	1.008
I will buy assembled automobiles with >50% higher price	387	1.89	.819
Brand Loyalty	387	2.2982	.65489
Valid N (listwise)	387		

Source: Own survey SPSS result (2019)

As it can be seen from table 4.7 above, the mean value of brand loyalty is 2.30 and the highest mean score is obtained for the construct “*I recommend assembled automobiles to other peoples*” with a mean score of 2.65 while the constructs “*I will buy assembled automobiles with >50% higher price*” scored the lowest with a mean score of 1.89. The result revealed that customers were not confident enough to recommend to other & hence, they were strongly not willing to buy with higher price.

4.2.2.5 Purchase Intention Descriptive Analysis

The respondents were asked 5 questions related to purchase intention. The Table 4.8 below presents respondents result of brand association with mean and standard deviation values for each item.

Table 4.8: Purchase Intention Descriptive Analysis Result.

	N	Mean	Std. Deviation
I would buy assembled automobiles rather than imported ones	387	2.41	1.043
I am willing to recommend other to buy assembled automobiles	387	2.79	1.022
I am interested in assembled automobiles and willing to purchase in the future	387	2.93	1.041
If I want to buy a car in the future, I will come to assembled automobiles showroom	387	3.11	1.093
If i want to buy a car, I will gather information about assembled automobiles.	387	3.52	1.114

	Purchase Intention	387	2.9514	.86253
Valid N (listwise)		387		

Source: Own survey SPSS result (2019)

As it can be seen from table 4.8 above, the mean value of purchase intention is 2.95 and the highest mean score is obtained for the construct “*If i want to buy a car, I will gather information about assembled automobiles*” with a mean score of 3.52 while the constructs “*I would buy assembled automobiles rather than imported ones*” scored the lowest with a mean score of 2.41. The result revealed that respondents were not willing to select assembled automobiles but they consider them before purchase.

4.4.8 Overall Brand Equity Descriptive Analysis & Comparison

Each element of brand equity descriptive analysis results from the respondents was compared to show brand equity of assembled automobiles in Ethiopia. It is summarized and presented by table 4.9 as follows;

Table 4.9: Overall Brand Equity Descriptive Analysis Result

	N	Mean	Std. Deviation
Perceived Quality	387	3.0623	.71566
Brand Awareness	387	3.1517	.65548
Brand association	387	3.1517	.65548
Brand Loyalty	387	2.2982	.65489
Brand Equity	387	2.9160	.67038
Valid N (listwise)	387		

Source: Own survey SPSS result (2019)

As it can be seen from table 4.9 above, the mean value of brand equity is 2.91 (slightly declined to negative) and the highest mean score is obtained from brand awareness with a mean score of 3.37 while variable brand loyalty scored the lowest with a mean score of 2.29. This indicates that brand equity of assembled automobiles is at infant stage (at awareness level).

4.3 Inferential Statistics

4.3.1 Correlation Analysis

All basic constructs were included in the correlation analysis and a bivariate a two-tailed correlation test of with statistical significance of 95%, $p < 0.05$ correlation analysis was made. Table 4.9 below indicates the pearson correlation between each brand equity dimension and purchase intention of assembled automobiles.

Table 4.10: SPSS Correlation Analysis Result

		Perceived Quality	Brand Awareness	Brand association	Brand Loyalty	Purchase Intention
Perceived Quality	Pearson Correlation	1				
	Sig. (2-tailed)					
	N	387				
Brand Awareness	Pearson Correlation	.457**	1			
	Sig. (2-tailed)	.000				
	N	387	387			
Brand Association	Pearson Correlation	.750**	.508**	1		
	Sig. (2-tailed)	.000	.000			
	N	387	387	387		
Brand Loyalty	Pearson Correlation	.507**	.194**	.558**	1	
	Sig. (2-tailed)	.000	.000	.000		
	N	387	387	387	387	
Purchase Intention	Pearson Correlation	.517**	.402**	.675**	.706**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	387	387	387	387	387

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

Source: Own survey SPSS result (2019)

The above table demonstrates the pearson correlation coefficients of independent variables (purchase intention, brand association, brand awareness & brand loyalty) found to be positively related with in themselves and also to dependent variable with even significant at a significance level of $p < 0.01$. The result also revealed that correlation of brand awareness with purchase quality & purchase intention to be WEAK, correlation of brand awareness with brand loyalty to be MODERATE while the rest all relation found to be STRONG.

In general, test revealed that all correlation of variables found to be positive and significant with significance level of $P < 0.01$ and majority of correlation also found to be strong. Thus, the relations that exist between the dimensions of brand

equity might affect brand equity by influencing each other. Hence, it is important to perform multi-collinearity test to avoid such kind of analysis risk before running regression analysis to develop a model that estimate dependent variable (purchase intention).

4.3.2 Test for Linear Regression Model Assumptions

4.3.2.1 Normality Test

From the Histogram figure (see Appendix 3), it can be easily observed that all independent variables had normal distribution curve, demonstrating that data witnesses to the normality assumption. Further skewness and the kurtosis analysis also performed and the result presented as follows;

Table 4.11: Normality Test Result

	N	Skewness		Kurtosis	
	Statistic	Statistic	Std. Error	Statistic	Std. Error
Perceived Quality	387	.120	.124	-.211	.247
Brand Awareness	387	-.174	.124	-.364	.247
Brand Association	387	-.241	.124	-.401	.247
Brand Loyalty	387	.031	.124	-.451	.247
Purchase Intention	387	-.431	.124	-.650	.247
Valid N (listwise)	387				

Source: Own survey SPSS result (2019)

The skewness distribution result and Kurtosis result found to be between -0.431 - 0.120 and -0.650 - -0.211 respectively. Thus, considering the result of table 4.9 result and histogram graph, the researcher conclude that the data is normally distributed.

4.3.2.2 Linearity Test

From the PP plot (see Appendix 4), it can be easily observed that all independent variables had linear relationship with dependednt variables.

4.3.2.3 Multi-Collinearity Test

The multicollinearity test result of this study revealed that the tolerance value ranges from 0.357 to 0.712 and the values of VIF for all the independent variables to be within 1.525 – 2.8, thus the result confirmed that there is no significant indication for existence of multi collinearity among independent variables.

Table 4.12: Multi-Colinearity Test Result

Model	Collinearity Statistics	
	Tolerance	VIF
1 Perceived Quality	.416	2.402
Brand Awareness	.712	1.404
Brand Association	.357	2.800
Brand Loyalty	.656	1.525

Source: Own Survey SPSS Result (2019)

4.3.3 Multiple Linear Regression Analysis

Considering normal distribution and no significant indication of multicollinearity, the researcher performed multiple regression analysis and the result presented as follows.

Table 4.13: Multiple Regression Analysis - Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the estimate	Durbin-Watson
1	.795 ^a	.632	.628	.52614	1.658

a. Predictors: (Constant), Brand Association, Brand Awareness, Brand Loyalty, Perceived Quality

b. Dependent Variable: Purchase Intention

Source: Own survey SPSS result (2019)

Further to normality & multi-collinearity test, the value of 1.658 of Durbin-Watson shows that the possibility of autocorrelation is minimal. Moreover, R square is 0.632, it can elaborate as 63.2% of the variation in dependent variable was explained by independent variables (purchase intention, brand awareness, brand loyalty and brand association). Thus, the from the results it could be

conclude that the model does fit the data very well and could effectively estimate dependent variable (purchase intention).

4.3.4 ANOVA

As the main aim of this study is to identify the effect of brand equity (independent variable – represented by perceived quality, brand loyalty, brand association & brand awareness) on purchase intention (dependent variable). Thus, the strength of each predictor (independent variable) influencing the criterion (dependent variable) can be investigated via unstandardized coefficient. The regression coefficient (β) explains the average amount of change in the dependent variable that is caused by a unit change in the independent variable. The more influential independent variable is the one with larger value of unstandardized coefficient and it will be more important determinant in predicting the dependent variable. The result of SPSS multiple regression analysis is presented as follows;

Table 4.14: Multiple Linear Regression Analysis Result - coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-.468	.156		-2.995	.003
1 Perceived Quality	-.124	.058	-.103	-2.146	.033
Brand Awareness	.188	.046	.152	4.122	.000
Brand Association	.513	.068	.390	7.499	.000
Brand Loyalty	.674	.050	.512	13.351	.000

a. Dependent Variable: Purchase Intention

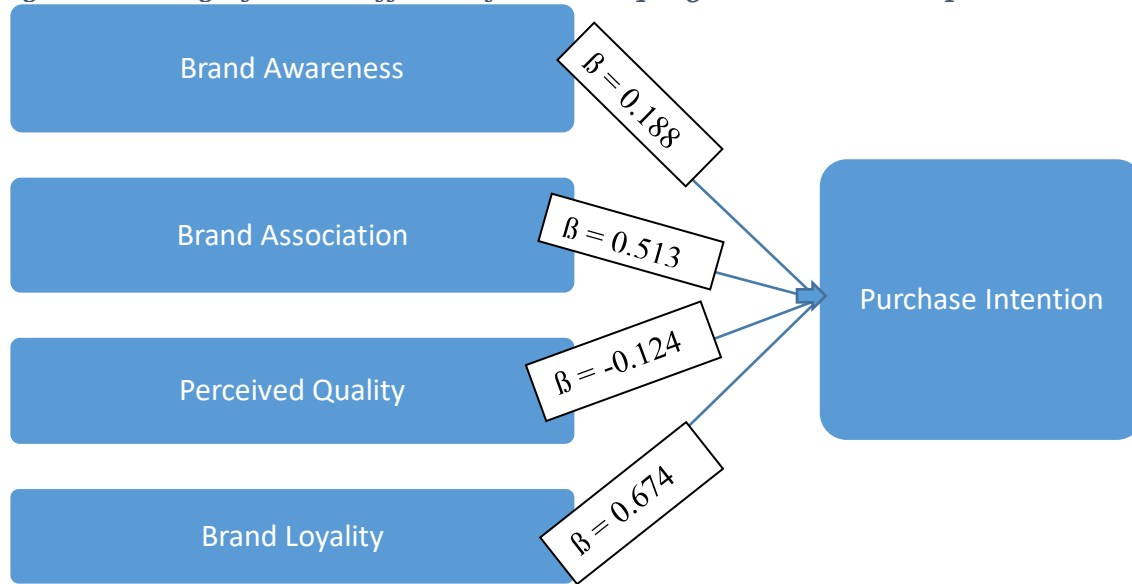
Source: own survey SPSS result (2019)

The result of the regression analysis showed that the influence level of each independent variables are different. Further, the result indicated that, brand loyalty is the major positive influencer with the a beta value of 0.674 followed by brand association with a beta value of 0.513, brand awareness with a beta value of 0.188 and exceptionally perceived quality has a negative beta value of -0.124. The influence of all independent variables were found to be statistically significant and

their respective unstandardized coefficient (beta value) that showed their contribution to the overall brand equity is positive except perceived quality.

The over all significance effects of brand equity of assembled automobiles on purchase intention is summarized by fig 4.1.

Figure 4-1: Significance effects of brand equity dimensions on purchase intention



Source: own survey result (2019)

Therefore, to increase purchase intention of assembled automobiles it is vital to build strong brand loyalty with customers followed by brand association & brand awareness. Also it is important for local assemblers to build customers perception of assembled automobiles to be enhanced to reduce its negative effect.

4.4 Validating the proposed Hypothesis

Table 4.15: Hypothesis Testing Based on Multiple regressions Analysis Result

Hypothesis	Result	Reason
<p>H0: Brand awareness doesnot have positive and significant effect on consumers purchase intention of assembled cars in Ethiopia.</p> <p>H1: Brand awareness has a positive and significant effect on consumers purchase intention of assembled cars in Ethiopia.</p>	H1 supported	$\beta = 0.188, P < 0.05$
<p>H0: Brand association doesnot have a positive</p>	H2 supported	$\beta = 0.513, P < 0.05$

and significant effect on consumers purchase intention of assembled cars in Ethiopia. H2: Brand association has a positive and significant effect on consumers purchase intention of assembled cars in Ethiopia.		
H0: Perceived quality doesnot have a positive and significant effect on consumers purchase intention of assembled cars in Ethiopia. H3: Perceived quality has a positive and significant effect on consumers purchase intention of assembled cars in Ethiopia.	H3 rejected	$\beta = -0.124, P < 0.05$
H0: Brand loyalty doesnot have a positive and significant effect on consumers purchase intention of assembled cars in Ethiopia. H4: Brand loyalty has a positive and significant effect on consumers purchase intention of assembled cars in Ethiopia.	H4 supported	$\beta = 0.674, P < 0.05$

Source: own survey result (2019)

Table 4.15 summarizes the overall results of the study. All the null hypotheses were rejected. The H1 was supported meaning that brand awareness has a positive and significant impact on purchase intentions. In majority of the studies, the brand awareness has a positive & significant relation with the purchase intentions. Similarly, H2 & H4 were supported meaning that brand association & brand loyalty has a positive and significant impact on purchase intentions. In majority of the studies also, brand association & brand loyalty has a positive & significant relation with the purchase intentions. Even though, H3 had significantly affect purchase intention it is found that it affect purchase intention negatively, thus H3 was rejected. However, in majority of the studies, perceived quality has a positive & significant relation with the purchase intentions and this could indicate Ethiopian customers consider local assembled automobiles to be inferior in quality.

4.5 Discussion of the Findings

The purpose of this study was to measure the effect of brand equity of assembled automobiles on purchase intention using Aaker's brand equity model. Data were collected by structured survey questionnaire. Population of the study considered customers who had purchase intention of automobiles. The questionnaire were grouped into three parts, the first part structured to gather data about respondents demographic profile. Based on the collected demographic data analysis & summary as per Table 4.1, most respondents found to be youngsters (18-30 age), male, married, educated (college graduate), private company employee who had monthly income of less than 20,000. This showed college graduate individuals after marriage their intention to buy automobile increased.

The second part of the questionnaire were structured to collect information about respondent attitude toward assembled automobile and their purchase plan of type of automobile by further classifying the respondent who own automobile and not own automobile before this survey study. Based on the collected data analysis & summary as per Table 4.2, it is found that most respondents had neutral attitude toward assembled automobile, majority of respondents do not have automobile, type of automobile previously purchased by respondents are used ones followed by new imported one and currently type of automobile respondents intend to buy were new imported followed by used one. Further it also found that demand for assembled automobile is increasing.

The third part of the questionnaire constructed to gather data about brand equity variables and purchase intention of respondents. Thus, from result of descriptive analysis as it summarized on Table 4.9, the mean value of brand equity is 2.91 (slightly declined to negative) and the highest mean score is obtained from brand awareness with a mean score of 3.37 while variable brand loyalty scored the lowest with a mean score of 2.29. This indicates that brand equity of assembled automobiles is at infant stage (at awareness level).

The finding from the correlation result reveals that, there is a positive, significant, and most of them had strong relationship among the brand equity dimensions

and purchase intention that goes with the work of (Tesfaye, 2017) he came to a conclusion that all brand equity dimensions positively related to brand equity after conducted research on the consumer based brand equity measurement on selected television channel in Addis Ababa.

Multiple regression analysis revealed that three independent variables (brand loyalty, brand association and brand awareness) had a positive & significant influence on purchase intention however there is a difference in magnitude/level of influence, brand loyalty take the lead followed by brand association and brand awareness. Regarding perceived quality the analysis found that it had a negative but significant influence on purchase intention.

The outcome of regression analysis comply with different study performed other researchers. Some of previous that support the finding of this study summarized as follows;

- (Mkhitarian, 2014) revealed that for building strong brand equity which give big leverage to control customers purchase intention, the role of brand loyalty and brand preference is significant. This study were tried to find out valuation models of brand equity for automotive sector in China.
- Aaker (1991) also state that brand loyalty is the core expression across brandequity frame work.
- (Manzoor & Shaikh, 2016) Their study results support existence of causal relationship among four exogenous constructs (i.e. brand loyalty, brand awareness, brand associations, and perceived quality) and consumer purchase intention. A pairwise comparison of the various constructs of Aaker's model also shows that these exogenous constructs are correlated. Further their finding of their study reveal that perceived quality have a direct and significant impact on consumers' purchase intention. They were to try to develop a model of consumer purchase intention in Indian automobile industry.
- (Kantar & Bardakci, 2017) Findings of their study affirm the idea that brand equity provide price leverage for sellers by appreciating the value of the

product. They study aiming to assess brand equity in used car market in Turkey by analyzing depreciation differences among specific brands.

- (Fetscherin & Toncar, 2009) Their study show that the quality of the various product attributes, product variety and market share also influence the price set by the manufacturers. Studied how to develop a generalized model for measuring and valuating product-related attributes and specifically brand equity in the context of German automobile market.
- (Amir & Asad, 2018) Their findings depicted that brand product quality have a positive significant relationship with the consumer's purchase intentions towards automobiles while brand loyalty showed insignificant results. The results of the study further indicated that the consumers in Pakistan believed that the prices of the locally manufactured cars are high, they also find statistical significant relationship among the product & purchase intentions. They also find that consumers agreed on imported cars are of good, reliable and of consistent quality as compare to locally manufactured cars (i.e inferiority of locally assembled car over imported car in Pakistan). They study to identify and assess the factors which influence the consumer's purchase intentions towards automobiles in Pakistan.

Hence, previous research also confirmed the outcome of this study, i.e brand loyalty had main predictor of purchase intention followed by brand association & brand awarness and assembled automobiles are inferior in product quality as compared to imported ones (negative & significant perceived quality).

CHAPTER FIVE

SUMMERY, CONCLUSION AND RECOMMENDATION

5.1 Summery of finding

The major purpose of this study is to investigate effect of brand equity of assembled automobiles on purchase intentions in Ethiopia. It is crucial to have an understanding of the purchase intentions and decisions of the consumers because it is an intermediary to actual consumption. The results of the study have revealed interesting findings. The three independent variables brand loyalty, brand association & brand awareness have a positive significant relationship with purchase intentions towards automobiles. While perceived quality revealed negative & significant relationship with consumer's purchase intentions.

5.2 Conclusion

It is known that brand equity is one of the vital concepts in brand management, as well as in business practice. It can help marketing managers to create differentiation from their competitors in order to gain the competitive advantage in the market and it is also very helpful to command higher price. In the automotive assembling industry, where there is fierce competition, and further when we consider poor countries like Ethiopia, brand equity plays an essential role that affects marketing performance of assembling companies.

The results of the study indicated that the consumers believed that qualities of locally assembled automobiles are poor, thus they are not loyal to local assembled automobiles. Therefore, instead of buying locally assembled automobiles, they prefer to purchase imported automobiles (new & used).

In general, various practitioners may find this research helpful in determining brand equity and its effect on preferences of consumers towards assembled automobiles in Ethiopia. When making the strategies related to marketing, the most crucial task is to look for the variables that affect the needs of the consumers. Thus, marketing managers in the automobile industry can advance their marketing strategies to be more efficient for assembled automobiles in Ethiopia. Further, the outcome of this study may also help the policy makers while developing vigorous auto policy.

Moreover from the outcome of the study the researcher concludes in summary form as the following;

- College graduate individuals after marriage their intention to buy automobile increased, advancement of education has positive influence on attitude while increment of monthly income of individual has a negative impact.
- Effect of previous ownership of automobile found to be minimal on attitude of assembled automobiles.

- Brand equity of assembled automobiles is at infant stage (at awareness level/weak brand), hence, assemblers of automobiles shall exert maximum effort to enjoy benefit from having strong brand.
- To improve effect of brand equity of assembled automobiles on purchase intention (i.e to improve marketing performance of a brand), it is highly recommended to work improvemental work on all brand equity dimensions by giving priority attention for brand loyalty and work to get confidence of customer to be perceived as quality product.

5.3 Recommendations

Based on the finding of the study and the resulting conclusions, the following recommendations were forwarded by the researcher;

- To build strong brand for locally assembled automobiles, it is recommended to work on customer loyalty program focusing on improvement of customers perception of quality on assembled automobiles.
- To increase brand loyalty, local automobile assembler should adopt/revise their customer loyalty programs that may include from providing give-away, providing dependable after sales treatment, loyalty incentives (eg. After sales service priority, separate service department, etc) and customer retention programs.
- To improve product quality perception, assemblers shall respond for every complaint raised by customers in a swiftly & professional manner during after sales treatment and it also recommended for local assemblers to hire highly skillfull (technical & marketing knowledge) sales force who could set customer expectation to be in accordance of assembled automobiles performance.
- Since automobile is one of high involvement purchase, thus during sales negotiation it is highly crucial for local automobile assemblers to provide detail & trustworthy information.
- Since the real power of a brand exists in the mind of customer, local automotive assemblers should have to always capture and analyze their

customers feedback, especially attention for feedback of loyal customer shall be given. This will make customer to perceive their opinions and feelings are acknowledged as being important. The formal customer feedback arrangement will help assembled automotive buyers to feel honored and it will raise the customers' top of mind.

5.4 Limitations and Suggestion for future research

As student research, this study had some limitations mainly resulting from sampling method, convenience sampling. Data was gathered from Addis Ababa but tried to cover the whole county. Therefore, the results only represent the behavior, attitude and purchase intention of respondents found in Addis Ababa; thus, it may not precisely indicate the effect of brand equity on purchase intention in country level. Hence, further research need to take more respondents from different cities of the county in order to make the findings precisely indicate the effect of brand equity of assembled automobiles on purchase intention in Ethiopia.

Further, eventhough the study implemented brand equity model it did not consider & exclude from measurement of other Proprietary Brand Assets for sake of simplicity. Moreover, the study only consider brand equity from consumers perspective and thus, perspectives from company wise were ignored in this study.

However, this study is quiet important because it provides a thoughtful facts for local assemblers of automobiles and marketing managers might get some basic information for their strategic promotion activities. Moreover, this study might also be helpful for government regulatory body in designing effective policy that really help in attracting foreign direct investment in the area of automotive industry.

Eventually, since the study was only limited to automobiles (specifically cars only), thus other type of automobiles like commercial vehicles, motor cycles, three wheelers, etc is excluded; thus, the generalization of the finding and recommendation generated may not be effective for other type of automobiles in the country. Thus, other research should be done to the following area;

- examine brand equity across different type of vehicles,
- consider company perspective of brand equity,
- factors underlining perceived quality and loyalty.

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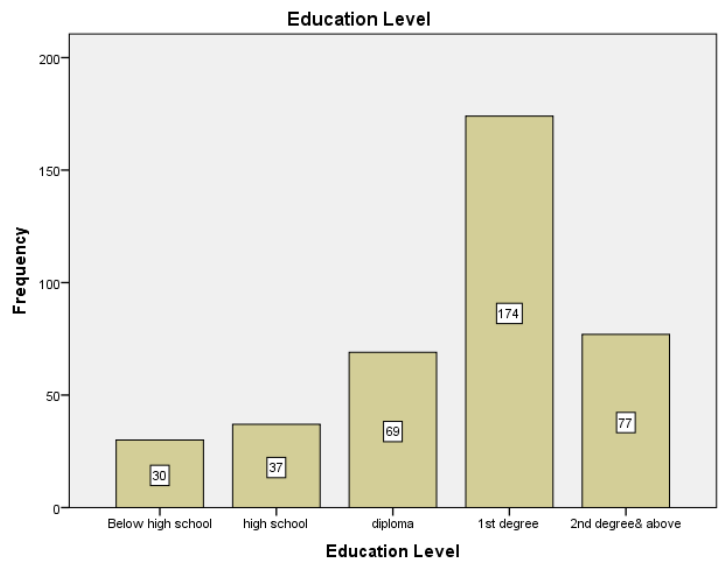
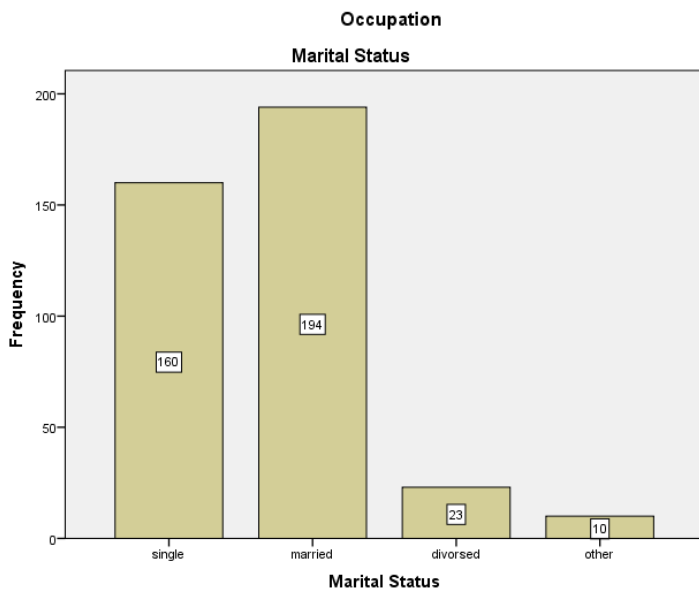
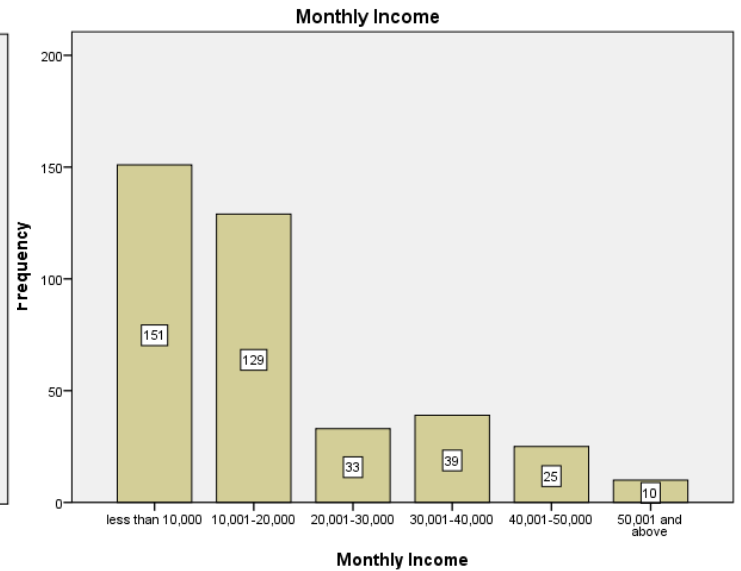
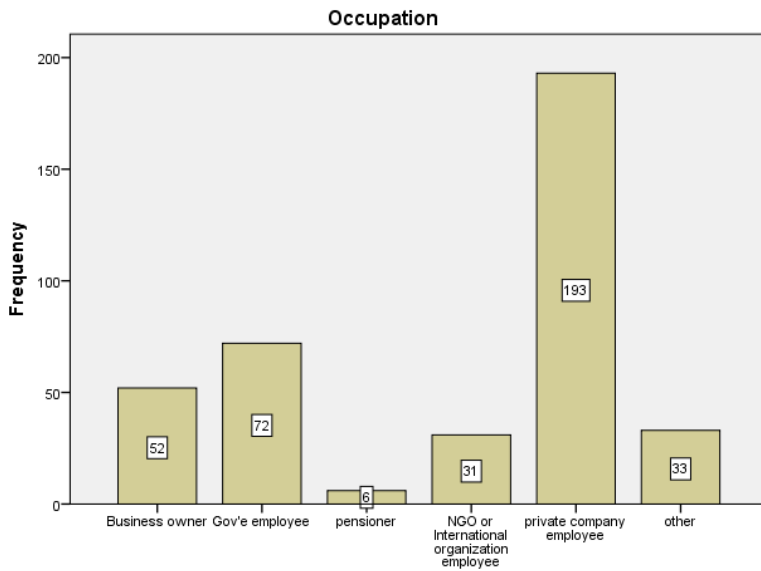
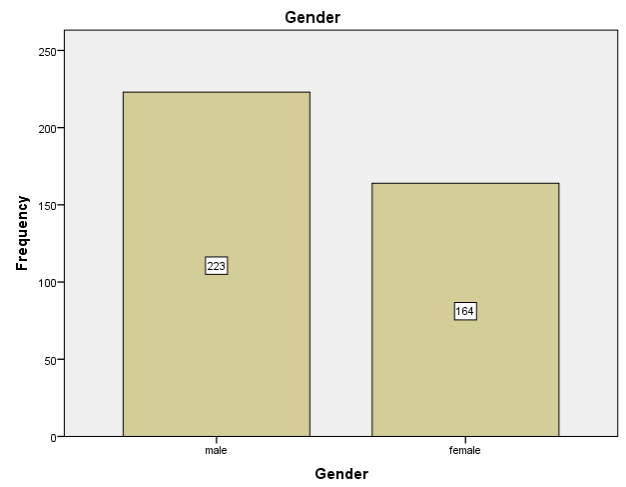
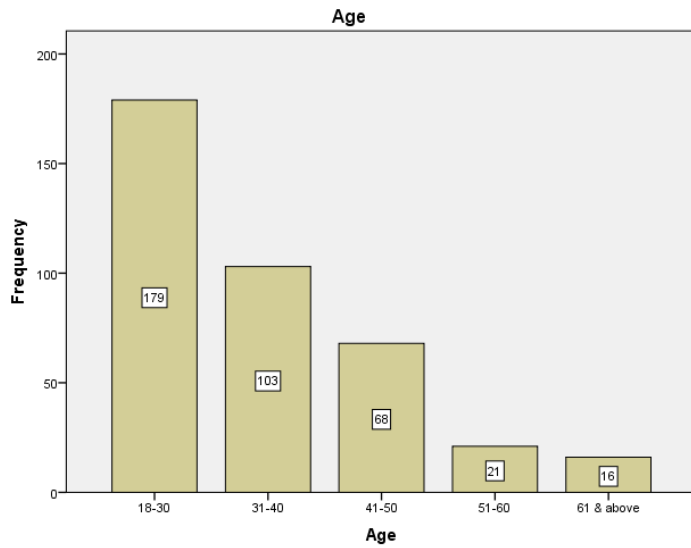
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APPENDIX

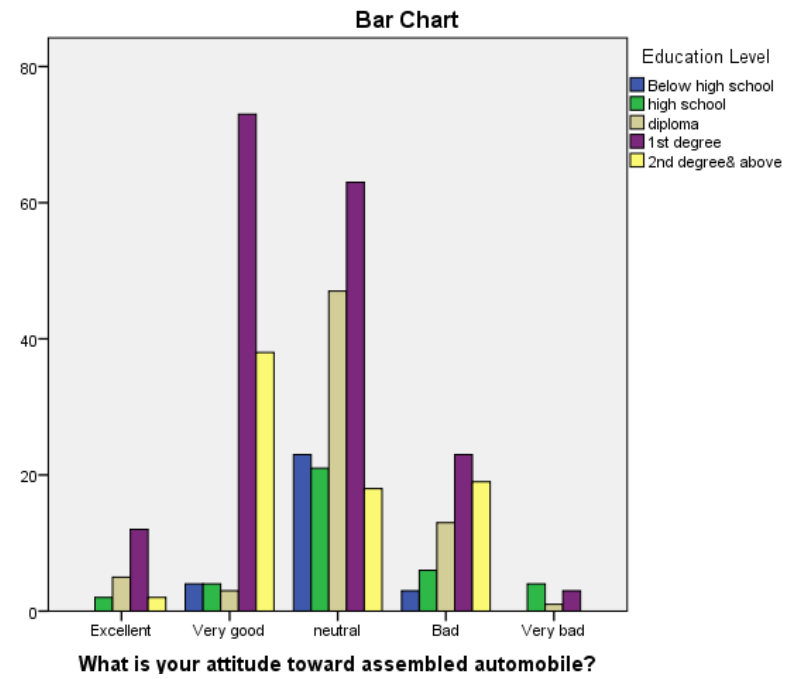
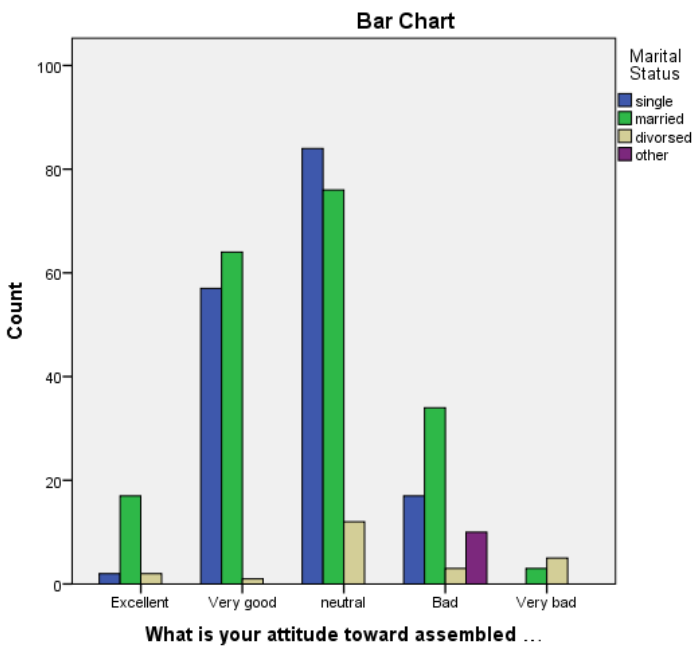
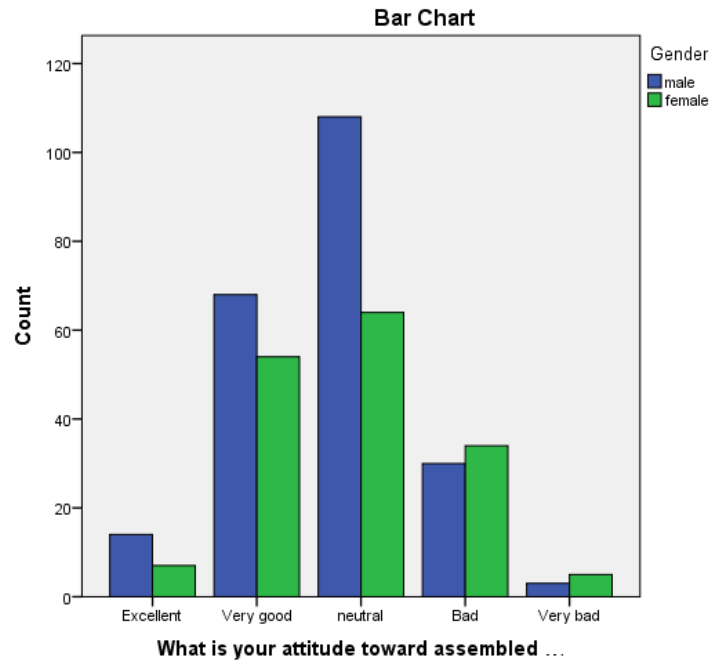
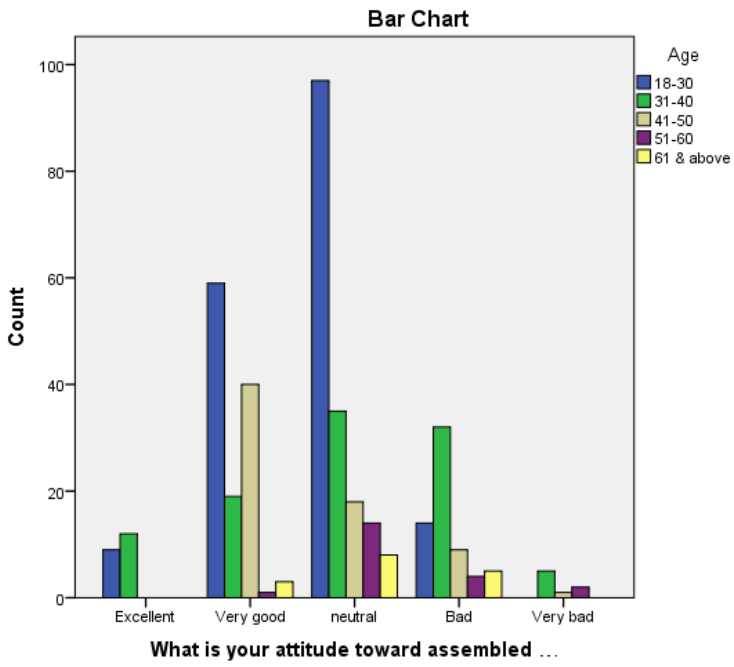
Appendix – One

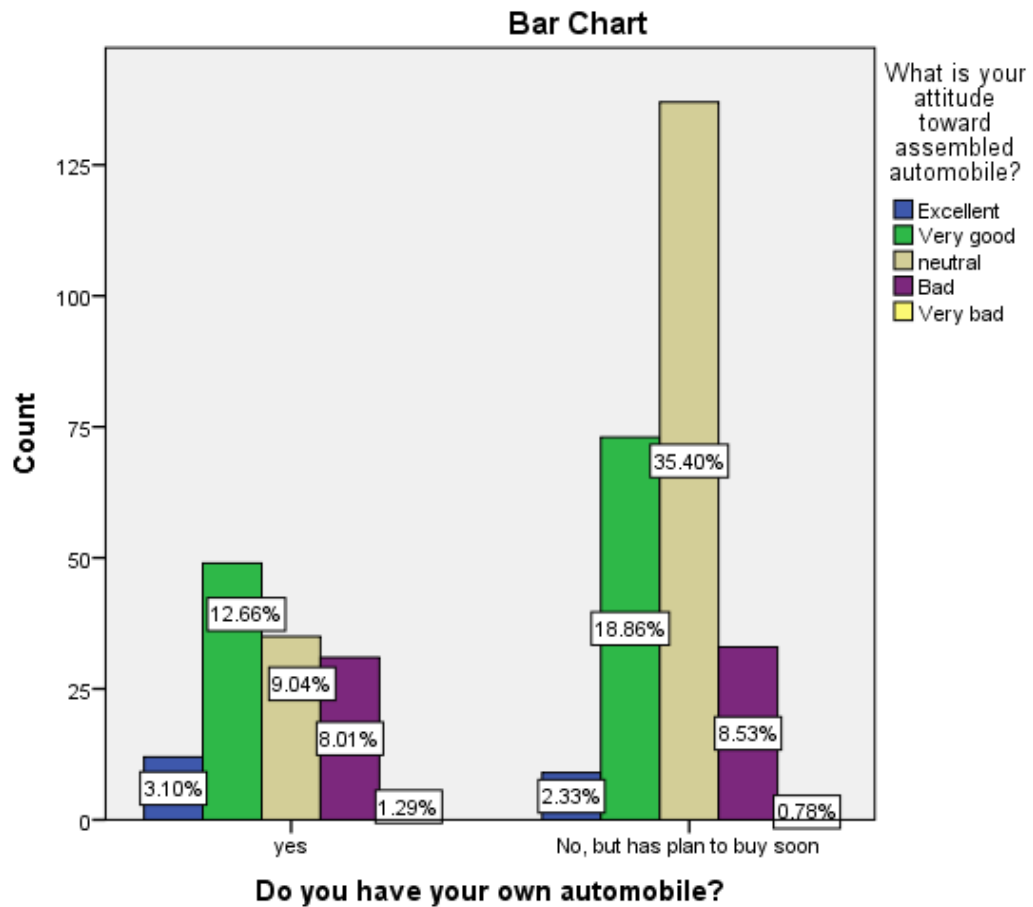
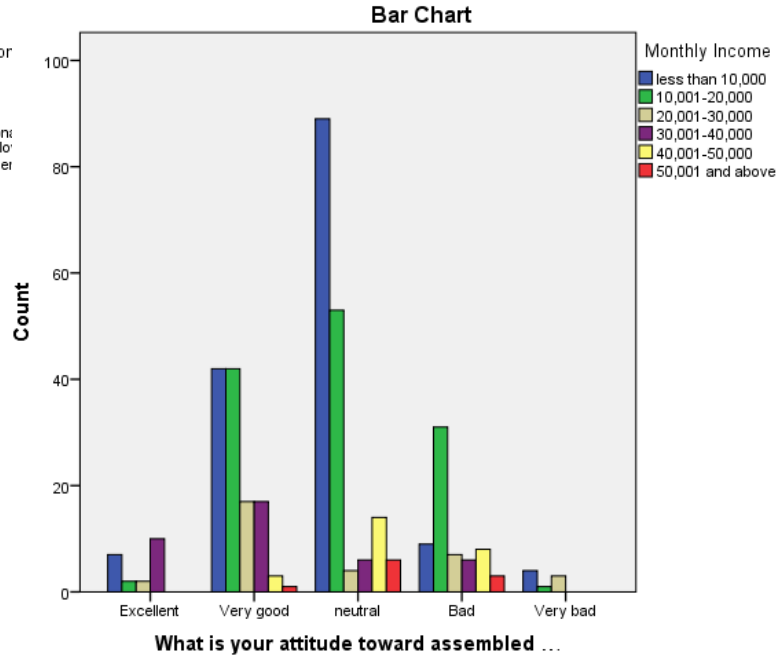
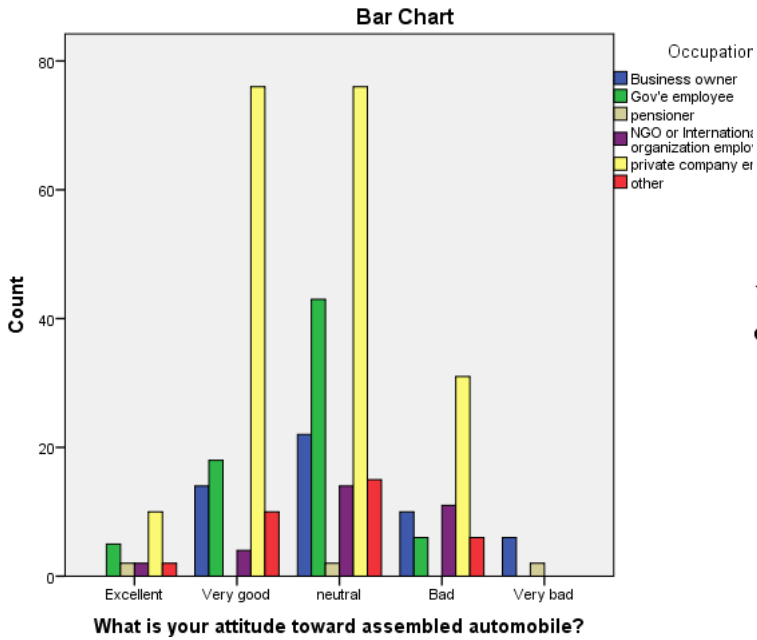
Respondent Demographic Frequency Graph



Appendix – two

Crosstab of demographic profile Vs Attitude



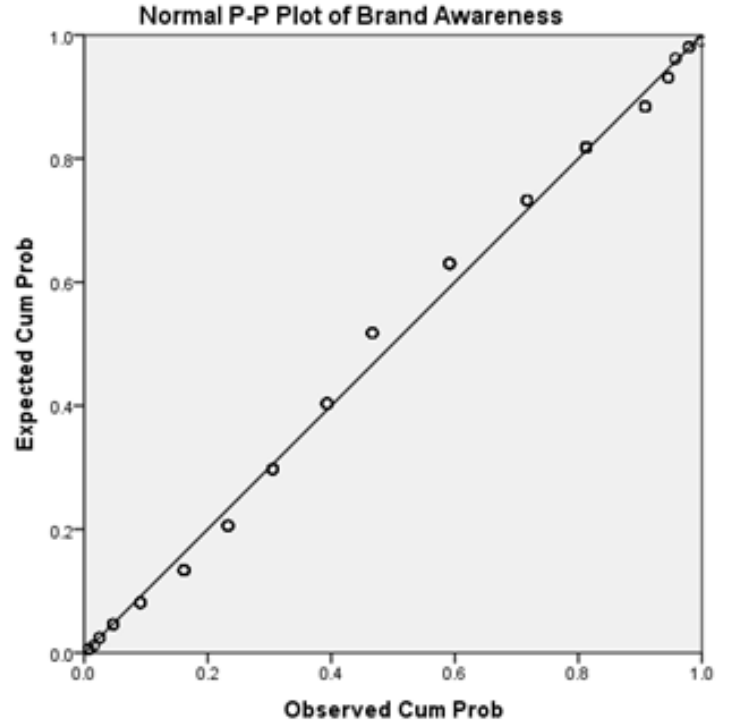
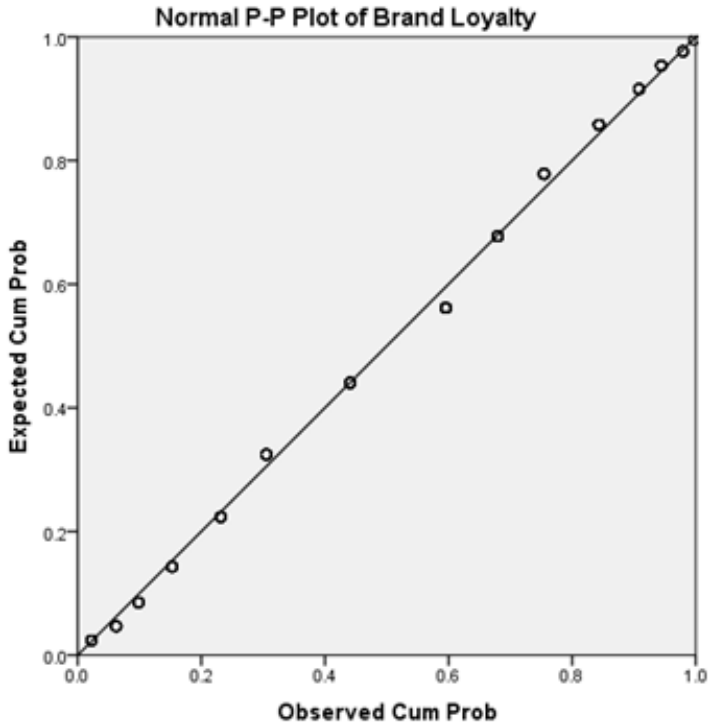


Appendix - 3

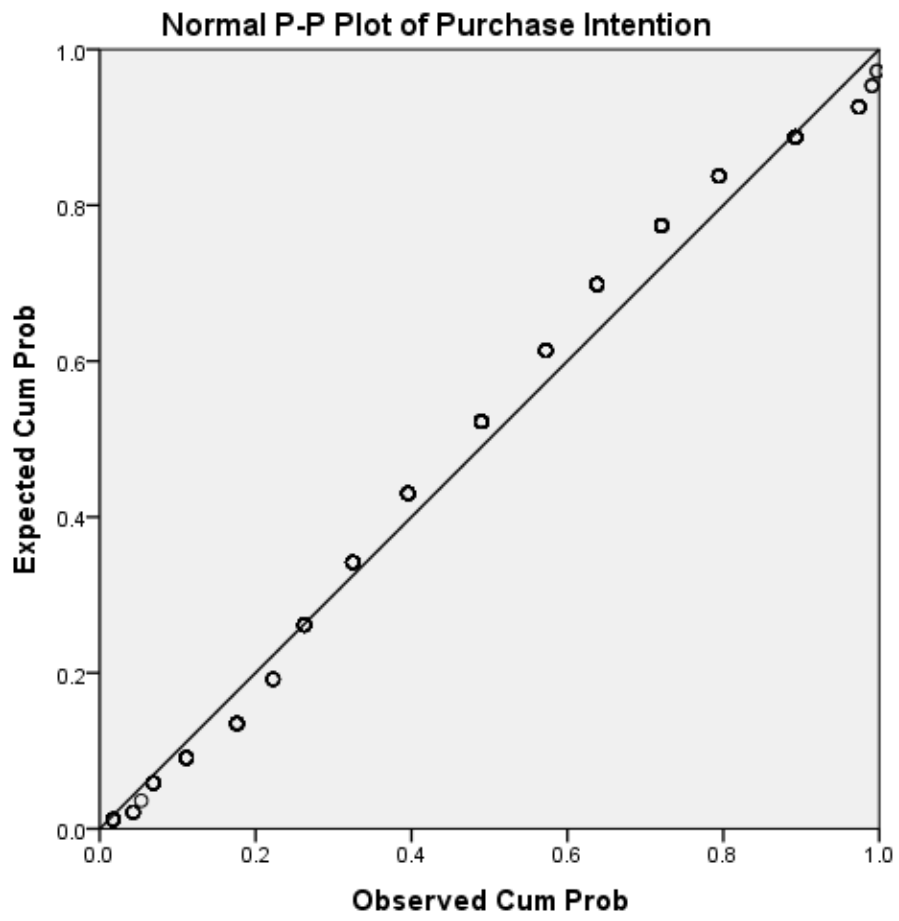
PP plot

P-P plot

For independent variables (Perceived Quality, Brand Awareness, Brand Association, Perceived Quality)

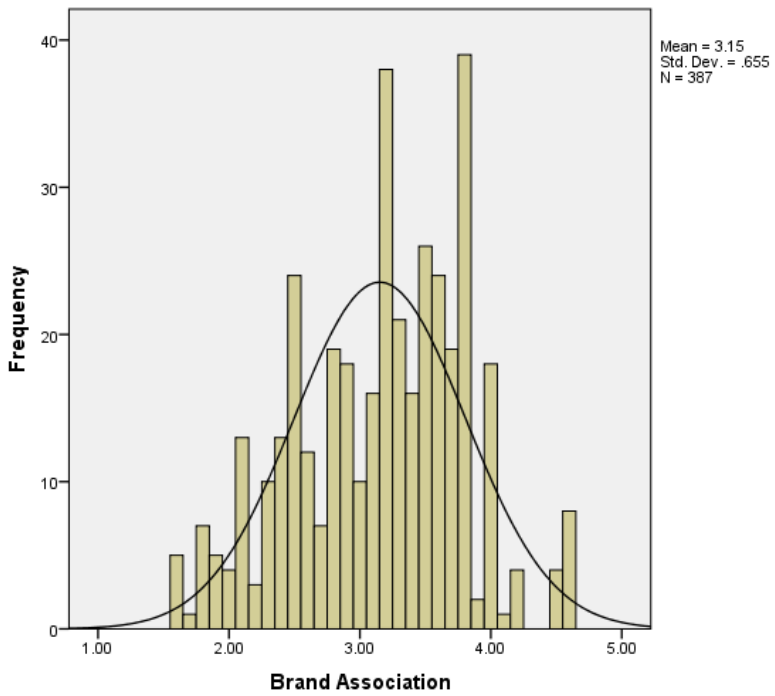
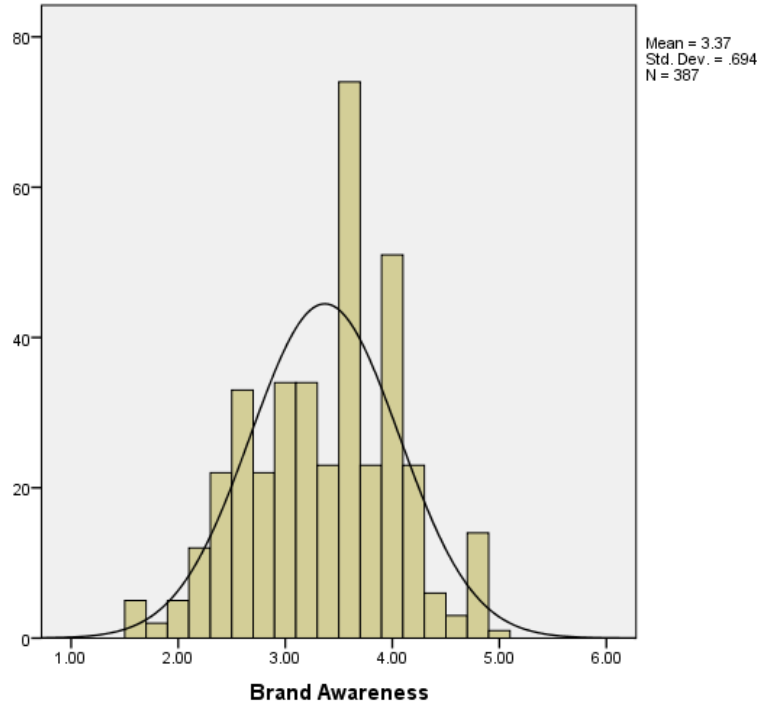
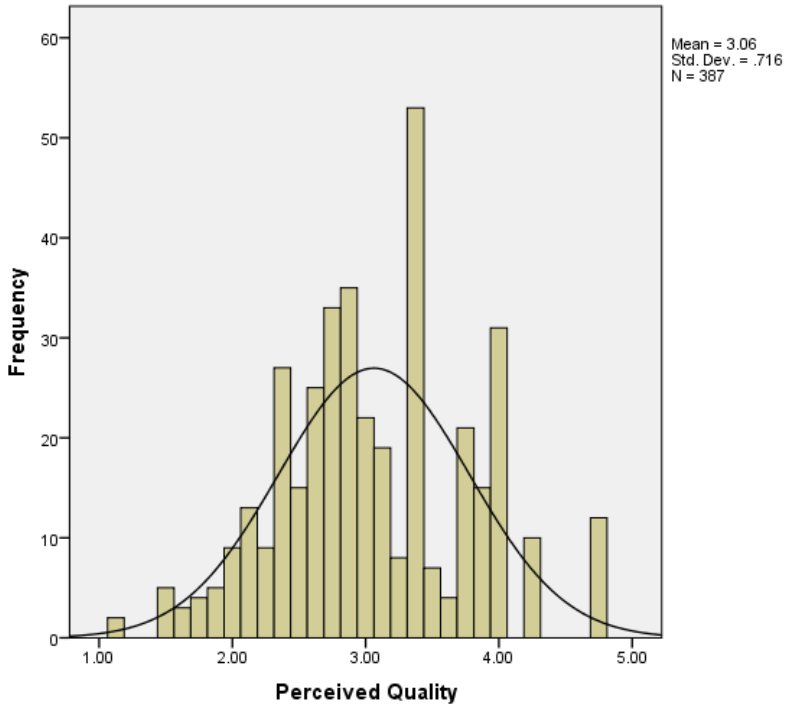


For dependent variables (Purchase Intention)



Appendix - 4

Histogram



Appendix – 5

Questionnaire

QUESTIONNAIRE

ADDIS ABABA UNIVERSITY SCHOOL OF COMMERCE DEPARTMENT OF MARKETING MANAGEMENT

Dear respondents:

My name is Fiseha Teshome, a graduate candidate at the Addis Ababa University School of Commerce. I am conducting my thesis entitled “**Effect of Brand Equity of Assembled Automobiles on Consumer Purchase Intention: An Empirical Study of the Automotive Industry in Ethiopia**” as partial fulfillment of the requirements for the completion of my Master’s Degree in Marketing Management.

The main reason you are chosen as a respondent for the study is that your intention to purchase automobiles, your inputs are believed to be helpful in drawing valid conclusions on the effect of assembled automobile brand equity on purchase intention.

Participation is absolutely voluntary. If you choose to participate in this research, please take a few minutes of your time to answer the entire questionnaire honestly about your intention and attitude with regard to assembled automobiles in Ethiopia. I really appreciate your willingness and cooperation in giving genuine information for this questionnaire and I hereby declare and promise you that the information you provide will be kept confidential and only be used for academic purpose. For any clarification you can contact me through 0913-513875 or fiseha_teshome@yahoo.com.

In advance, I would like to thank you for your cooperation.

NB:

- No need of writing your or yours organization name.
- Please put tick mark (√) in front of choice box that you believe appropriate for Part 1 & 2 of the questionnaire.
- Please circle the number which reflects your agreement/disagreement among the five rating scales (from 1-5) given for each questions in part 3 of this survey questionnaire.

PART 1: GENERAL INFORMATION

Please answer by putting a tick mark (√) in the box provided.

1. Age

18-30 31 -40 41 -50 51-60 61 & above

2. Gender

Male Female

3. Marital Status

Single Married Divorced In a relation Other

4. Education Level

Below High School 1st Degree
 High School 2nd Degree & above
 Diploma Other_____

5. Occupation

Business Owner NGO or International Organization Employee
 Gov't Employee Private Company Employee
 Pensioner other_____

6. Monthly Income (in ETB):

Less than 10,000 10,001-20,000 20,001 - 30,000
 30,001-40,000 40,001 - 50,000 Above 50,001

7. What is your Attitude toward Automobiles in Ethiopia?

Excellent Very good Neutral Bad Very
Bad

PART 2: BASIC INFORMATION WITH RESPECT TO OWNING AN AUTOMOBILE

Please answer by putting a tick mark (√) in the box provided.

1. Do you have your own automobile?

Yes No, but has plan to buy soon.

2. If you selected "Yes" on question no. 8, what type of automobile do you have?

New imported automobile with zero KM millage Assembled automobile in Ethiopia
 Used automobile other _____

3. If you selected “No” on question no. 8, what type of automobile do you intend to buy?

New imported automobile with zero KM millage Assembled automobile in Ethiopia

Used automobile other _____

PART 3: BRAND EQUITY DIMENSIONS

In filling this part, please keep in mind “**Automobiles assembled in Ethiopia (like Lifan, Geely, Kia, Hyundai, Peugeot, Abay, Awash, DFAC, Bishoftu, Foton, etc) in contrast with imported automobiles**” and circle the number that best reflect your agreement/disagreement towards the respective question. (1-Strongly disagree, 2-Disagree, 3-Neutral, 4-Agree and 5-Strongly agree).

Perceived Quality	Merit Points				
	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
The quality of assembled automobile is excellent	1	2	3	4	5
Assembled automobiles provide consistent quality over time.	1	2	3	4	5
The reliability of assembled automobiles in Ethiopia is very high.	1	2	3	4	5
Assembled automobiles have excellent performance	1	2	3	4	5
Assembled automobiles are durable	1	2	3	4	5
Assembled automobiles have outstanding features	1	2	3	4	5
Assembled automobiles are popular	1	2	3	4	5
Assembled automobiles are innovative	1	2	3	4	5
Awareness	Merit Points				
	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
I am aware of assembled automobiles	1	2	3	4	5
I can easily recognize assembled automobile among other competing auto-brands	1	2	3	4	5
I know the models of assembled automobiles	1	2	3	4	5
When talking about automobiles, assembled automobiles becomes on top of my mind	1	2	3	4	5
Brand Association	Merit Points				
	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
I can quickly remember the logo or symbol of assembled automobiles	1	2	3	4	5
I can easily imagine assembled automobiles in my mind	1	2	3	4	5
Features of assembled automobiles fulfill my needs	1	2	3	4	5
Assembled automobiles are worth buying	1	2	3	4	5
I can use assembled automobiles as my daily car	1	2	3	4	5
I believe assembled automobiles will give me high safety and security	1	2	3	4	5
I believe assembled automobiles will make me feel comfortable	1	2	3	4	5
Driving assembled automobiles will give me high prestige	1	2	3	4	5
I trust companies assembling automobiles in Ethiopia	1	2	3	4	5
Assembled automobiles are different from imported automobiles	1	2	3	4	5

Brand Loyalty	Merit Points				
	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
If assembled automobiles are not available for immediate purchase, I rather wait till be available & will not buy other automobiles.	1	2	3	4	5
I consider myself to be loyal to assembled automobiles.	1	2	3	4	5
Assembled automobiles are my preferred brand to buy.	1	2	3	4	5
I recommend assembled automobiles to other people	1	2	3	4	5
I will buy assembled automobiles with >50% higher price	1 (<50%)	2 (<25%)	3 (same)	4(>25%)	5(>50%)
Purchase Intention	Merit Points				
	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
I would buy assembled automobiles rather than any other automobile brands available.	1	2	3	4	5
I am willing to recommend others to buy assembled automobiles.	1	2	3	4	5
I am interested in assembled automobiles and willing to purchase in the future.	1	2	3	4	5
If I want to buy a car in the future, I will come to assembled automobiles showroom.	1	2	3	4	5
If I want to buy a car, I will gather information about assembled automobiles.	1	2	3	4	5

Thank you for your participation!!!

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