



**ASSESSMENT OF BRAND PREFERENCE OF INTERNATIONAL Vs  
LOCAL MOBILE PHONE BRANDS  
(The case of Addis Ababa University School of Commerce students)**

Thesis Submitted to the School of Graduate Studies of Addis Ababa University in  
Partial Fulfillment for the Award of the Degree of Master of Arts in Marketing  
Management

**By: Amdemichael Asaminew**

**May, 2014  
Addis Ababa**



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## DECLARATION

I, Amdemichael Asaminew, hereby declare that this Master Thesis titled **“Assessment of Brand Preference of International Vs Local Mobile Phone Brands: The case of Addis Ababa University School of Commerce students”** is an original work. I have carried out the present study independently with the guidance and support of the research advisor, Mehret Berhanu (Asst. Prof). Any other research or academic sources used here in this study have been duly acknowledged. Moreover, this study has not been submitted for the award of any Degree or Diploma Program in this or any other institution.

Amdemichael Asaminew

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Date

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## ACKNOWLEDGEMENTS

First and foremost I would like to express my deepest gratitude to the almighty God for his blessing and for making me accomplish this huge achievement. Secondly, I am greatly indebted to my thesis advisor Mehret Berhanu (Asst. Prof) for her unreserved attention and support in advising me for the better improvement of this thesis paper.

Thirdly, I am very grateful for my family who has been supporting me in every step of my life. I am very blessed to have you in my life. All my friends (Anteneh Fekadu, Amaha Tesfaye, Beide-Mariam Amare and Fitsum Kelilie) you have played a great role in accomplishing this thesis, I have no words to express my heart full thank may God bless you all.

Finally and most importantly, I would like to acknowledge all the participants of this study who gave their time and provided their valuable information. Moreover, my heart full thanks goes to everyone that has contributed to this thesis directly or indirectly.

THANK YOU ALL

Amdemichael Asaminew

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## **List of Abbreviations and Acronyms**

ITU: International Telecommunication Union

ETA: Ethiopian Telecommunication Agency

ETC: Ethiopian Telecommunication Corporation

DDN: Digital Data Networks

SMS: Short Message Services

AAUSC: Addis Ababa University School Commerce

AMA: American Marketing Association

WOM: Word of Mouth

COO: Country of Origin

ACC: Accounting

MM: Marketing Management

BAIS: Business Administration & Information System

FNDE: Financial & Development Economics Management

SPSS: Statistical Package for Social Sciences

## Abstract

*The primary objective of this study was to investigate university students, specifically AAUSC students', brand preference comparing international mobile phone with locally assembled mobile phone brands. Hence, this study tries to answer whether students prefer foreign brands over local brands due to the influence of western culture. In order to find out the brand preference of AAUSC students, the study considered two factors namely brand equity and consumers attributes. These factors had sub elements which included seven dimensions. To assess the factors influence, a sample size of 278 was selected using convenience sampling technique. Based on the theoretical frame work and objectives of the study 22 items were provided in a 5 point Likert scale to the respondents. The gathered data was analyzed by descriptive analysis. Based on the analysis, students of AAUSC overwhelmingly prefer international brands over locally assembled mobile phone brands. The analysis revealed that new technology applications, product attributes and price were the major criteria for a mobile phone purchasing decision among the students. In addition, friends or family and the internet were the major sources of information from where students get to know new mobile phone brands. Finally, brand equity dimensions were more influential in students' brand preference than consumer attribute dimensions. In general, international mobile phone manufactures and local mobile assembling companies should focus on building their brand equity.*

**Key words:** Brand, Brand Preference, Brand Equity, Customer Attributes, Mobile phone brands.

# CHAPTER ONE

## INTRODUCTION

### 1.1 Background of the Study

For many firms the brands they own are their most valuable assets and help them to be differentiated from their competitors'. In order to understand the concept of brand preference, it is essential to know what a brand is. The definition of brand according to different scholars throughout time has been broad and varying, some of these definitions are included as an entry to this study.

Kotabe and Helsen (2010) defined a brand as “ a name, term, sign, symbol, or combination of them which is intended to identify the goods and services of one seller or group of sellers as to differentiate them from those of competitors.” Linked to a brand name is a collection of assets and liabilities--the brand equity tied to the brand name. These include brand-name awareness, perceived quality, and any other associations invoked by the brand name in the customer's mind.

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

A successful brand is an identifiable product, service, person or place, augmented in such a way that the buyer or user perceives relevant, unique added values which match their needs most closely. Furthermore, its success results from being able to sustain those added values in the face of competition (DeChernatory & McDonald, 2003).

According to Keller (2004), brands use to identify the source of a product and allow consumers to assign responsibility to a particular manufacturer or distributor. Brands play a significant role by signaling quality and other important characteristics of a product. In effect they can reduce the risk associated with a product purchase decisions.

Although there are many definitions put forward by various scholars in the past, the most widely accepted and recognized definition of brand is the one from American Marketing Association which will be applied in this study. According to the American Marketing Association (2014), brand is a name, term, sign, symbol, or design or a combination of them, intended to identify the goods or differentiate them from those of competitors.

Further, brand preference is defined as the degree of brand loyalty in which a customer definitely prefers one brand over competitive offerings and will purchase this brand if it is available (Dibb et al, 2006).

Mobile phone service has grown dramatically throughout the world. It has become a necessity in our day to day life activities since their invention in 1980's. Ethiopia, which is no exception to this phenomenon, is rapidly becoming a country with an increasing level of mobile phone users. The number of mobile phone subscribers has gradually increased throughout the years. Ethiopia has gradually increased the number of subscribers from 1 million in 2003 to reach 20 million in 2012 (International Telecommunication Union). As Ethiopians become more experienced with the use of this technology, brand preference will play a great role in their purchasing behavior.

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

The introduction of mobile phones is a recent technological occurrence in Ethiopia. Mobile phone services were started in the country in 1999 with a capacity of 36,000 lines in Addis

Ababa (Ethiopian Telecommunication Corporation, 2005). By the end of 2012, the number of subscribers reached about 20 million (ITU). Ethio telecom mobile services include; prepaid service, satellite mobile service, international mobile roaming services, short message services (SMS), call diverting, call barring as well as call waiting services.

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

In recent years, cell phones have gained popularity among a wide variety of users in Ethiopia. The usage of cell phones is particularly spreading among the younger generation (Meredith and Schewe, 2002). Young Ethiopians especially university students favor this technology in their daily activity of communication. Students use their mobile phones to interact with people of similar age group as well as interest by means of texting, phone call, surfing the internet and social media. However, not much is known about students' brand preference when it comes to international manufactured and locally assembled mobile phone brands and there lacks research conducted in this area and hence creating a research gap.

Therefore, this study focuses on young adults' mobile phone brand preference by comparing international brands against domestically assembled mobile phone brands. Students at the university level in Addis Ababa were the population of the study specifically at Addis Ababa University School of Commerce.

## **1.2 Background of the Organization**

Addis Ababa University School of Commerce (AAUSC) was established in 1943. Its objective was to train Ethiopians for occupations in the commercial sector of the nation following the five years of Italian occupation. For the first fifteen years of its existence, however, the institution was nomadic and continuously in search of students. Recruitment in the early years was hampered by both a limited supply of students and general skepticism about this new area of training. Indeed, the school's overall survival was never taken for granted during those formative years.

In the 1970s the school's transformation was driven by its quest to attain a "Junior College" standing. The school was brought under the Commission for Higher Education in 1979, at that time becoming one of the few tertiary-level educational institutions in Ethiopia. In 1982 the new field of specializations was introduced and students were trained in the field of Accounting, Secretarial Science, Banking and Finance, and Purchasing and Supply Management was added to the curriculum, followed by the inclusion of Personnel Management and Marketing Management in 1988-89.

At present the School is part of the Addis Ababa University offering six undergraduate and two graduate programs. The number of students enrolled in AAUSC in total for the academic year of 2013/2014 is 3,173. Students attending the regular program number 996 in total accounting for 31.38% of the students in AAUSC, while students in the extension program number 2,177 in total accounting for 68.61% of AAUSC. This study focuses on students attending the regular undergraduate program.

Based on the study of Solomon Alene (2013), on Mobile handset consumer behavior in Addis Ababa, the number of mobile ownership for the age group 16-25 years which account for 35.4% of the total study sample was found to be the second largest consuming group. In addition to that 98.4% of the respondents have answered that they own mobile phone at the time of the survey and 40.9% of them have been using mobile phone over five years. Hence, it is expected that the majority of the students in AAUSC have a mobile phone.

### **1.3 Statement of the Problem**

Advanced communication and information system technology have reduced distance, thereby making the flow of information around the world easier and accessible. As the world is turning into a global village, new products from abroad are finding their way into the country. The Ethiopian consumer is now more aware of other cultures, lifestyle and brands due to satellite television and social media. This trend is more visible when it comes to youngsters especially university students. This group of consumers in particular is more aware of the latest technology and follow trendy fashions.

Young consumers are becoming more interested to buying international brands than local brands since the influence by the western world is becoming stronger (Samiee S, 1994). Consumers of developing countries prefer foreign brands, especially from the west, not only of perceived quality but also as indication of social status (Al-Sultaiti et al., 1998). Thus a brand's country of origin serves as prove of product quality and people buy such brands for status enhancing reasons (Al-Sultaiti et al., 1998). Consumers of developing countries also view foreign brands as having superior and excellent quality compared to local brands. So this study intends to examine if this phenomenon also applies to university students in Addis Ababa as well.

University students worldwide have similar preference and attitude with values such as independence, self-expression, openness to new ideas, flexibility as well as enjoyment of life (Meredith and Schewe, 2002). These similarities of values is reinforced by communication technology including the internet with the recent development of social media like Facebook and the availability of western media content via satellite television. Therefore, it is increasingly important to understand the Ethiopian university students' preference of international brands compared to local brands in the case of mobile phones.

Ethiopian university students especially in Addis Ababa are exposed to a wide variety of foreign as well as local brands. There is an assumption that due to the influence of western culture, students prefer foreign brands over local brands. However, there is a lack of research publication on brand preference of university students particularly in Addis Ababa. Thus, this research will

attempt to fill the gap of the lack of information regarding students' brand preference in Addis Ababa.

## **1.4 Research Questions**

To address the above problem, this study attempted to answer the following research questions:

- What type of brand of mobile the university students mostly prefer?
- What are the selection criteria of mobile phone brands among university students of AAUSC?
- What are the factors that drive students' brand preference of mobile phones?
- What are the difference between the demographic profile of the university students and determinants that affect brand preference?
- Do advertising and other information sources influence university students' preference on mobile phone brands?
- Does brand equity of the mobile phone products (brand awareness, perceived quality, brand loyalty and brand association) influence university students' brand preference?
- What is the relationship between brand preference dimension and brand preference?

## **1.5 Objectives of the Study**

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

### **1.5.1 General Objective of the Study**

The general objective of the study will be to assess the brand preference of Addis Ababa University School of Commerce students of mobile phone brands by comparing international brands with local brands. The primary objective of this study will be to compare between international and local brands on the basis of their brand components and how different components of brand equity influences students in choosing a particular brand.

### **1.5.2 Specific Objectives of the Study**

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

- To identify the type of mobile brand preferred by the university students in AAUSC.
- To assess the selection criteria of mobile phone among university students in AAUSC.
- To identify factors that drive students brand preference of mobile phones.
- To identify the influence of advertising and other information sources on university students' brand preference on mobile phones.
- To examine if there are difference between the demographic profile of the university students and determinants that affect brand preference.
- To assess how brand equity of brands influence university students' brand preference.
- To examine the relationship between brand preference dimensions and brand preference.
- To provide recommendations to local mobile phone assembling companies which will be helpful in their marketing operations.

### **1.6 Hypothesis of the Study**

To test the relationship between brand preference dimensions and brand preference the following hypothesis have been developed:

- H1:** Brand awareness has a significant positive relationship with brand preference.
- H2:** Brand loyalty has a significant positive relationship with brand preference.
- H3:** Perceived quality has a significant positive relationship with brand preference.
- H4:** Brand association has a significant positive relationship with brand preference.
- H5:** Reference group has a significant positive relationship with brand preference.
- H6:** Self image has a significant positive relationship with brand preference.
- H7:** Perceived risk has a significant positive relationship with brand preference.

## **1.7 Significance of the Study**

This study will be important to different individuals and organizations. The significance of the study is listed below:

- Finding of the study will be useful and important among students and academician as an input for doing similar research in this field in the future.
- This study will be useful to both local and foreign mobile phone manufactures and retailers since they can identify the brand preference of youngsters' specially Addis Ababa University School of Commerce (AAUSC) students.
- The identification of students' preference towards mobile phone brands will assist local companies to develop an effective marketing strategy and to help them compete effectively against foreign brands in the market.
- This study will also help as a guide to foreign companies who have limited information on university students' mobile phone preference.

## **1.8 Scope of the Study**

University students' taste and preference keeps on changing day by day so the findings from this study might not be applicable in all cases. Survey should thus be undertaken periodically in order to measure the changing preference of students over time.

Secondly, this study will only cover AAUSC students' brand preference which is a small portion of Addis Ababa University. Therefore, the findings of this research might not be the reflection of student brand preference for the whole of Addis Ababa.

Finally, this study can be further analyzed in terms of different dimensions like brand preference among different ethnicities, gender, income level as well as various factors students choose mobile brands since this is not included in this study.

## **1.9 Limitation of the Study**

One of the major limitations of this study is the sample coverage. The population of the study will be on university students in Addis Ababa that have a mobile phone. Since, this target population is very large only Addis Ababa University School of Commerce regular undergraduate program students will be considered. Taking only AAUSC students might not represent or reflect the brand preference of all university students in Addis Ababa. However, due to time and financial limitations other university students are not included in this study.

## **1.10 Organization of the Study**

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

The first chapter will provide a general introduction of the study including background of the study, statement of the problem, basic research questions, objectives of the study, significance of the study and scope of the study.

Chapter two will cover the literature relevant to the study. It will include concepts and theoretical framework as well as brand preference models.

Chapter three will elaborate the type and design of the study. It will include research method, sampling technique, data collection method and method of data analysis that will be used in the study.

Chapter four will summarize the findings of the study and discuss the findings.

Finally chapter five will comprise of four sections which include summary findings, conclusions, recommendations and limitations & suggestion for further study.

## **CHAPTER TWO**

### **LITRATURE REVIEW**

#### **2.1 Introduction**

This chapter aims to provide a review of related literature. In line with the objectives of this study, this chapter covers concepts related to brand, brand preference, brand equity, consumer behavior, country of origin and factors affecting mobile phone preference. In addition to these the findings of previous research from different authors as well as the theoretical framework of this study is also included.

#### **2.2 Concept of Branding**

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

The purpose of brands evolved into a valuable intangible asset and important resource serving the strategic reference point and contributing to greater value and market success (Wong and Merrilees, 2007). Brand management is given a high priority and the spectrum of brand has been broadened beyond marketing communication and the resource-based theory of marketing strategy. The approach of brand orientation places consumers and brand at the pivotal point of company strategy (Wong and Merrilees, 2007). Kay (2006), reports that building a successful brand achieves a high market share and increases profitability. He defined successful brands as the associated elements that cannot be copied by competitors, enhancing consumer preferences over competing brands. Evidence of brand strength is its success, illustrating its ability to win consumer preferences and construct long-lasting relationships.

There are many definitions of brand according to different authors to provide their own explanation towards the meaning of brand. These varying definitions are useful for the understanding of the complete picture regarding what a brand is. According to Kotler and Kotler (2012), a brand is a product or service whose dimensions differentiate it in some way or from other products or services designed to satisfy the same needs. These differences may be functional, rational, or tangible. They may also be more symbolic, emotional or intangible related to what the brand represents or means in a more abstract sense (Kotler & Keller, 2012).

A successful brand is an identifiable product, service, person or place, augmented in such a way that the buyer or user perceives relevant, unique added values which match their needs most closely. Furthermore, its success results from being able to sustain those added values in the face of competition (DeChernatory & McDonald, 2003).

According to Keller (2004), brands use to identify the source of a product & allow consumers to assign responsibility to a particular manufacturer or distributor. Brands play a significant role by signaling quality and other important characteristics of a product. In effect they can reduce the risk associated with a product purchase decisions.

In addition, according the American Marketing Association (2014), brand is a name, term, sign, symbol, or design or a combination of them, intended to identify the goods or differentiate them from those of competitors. This definition of a brand is supported and widely accepted by many authors and found in various literatures.

In recent years, brands have increased in importance. A distinguishing tool of the companies' products or services is the branding. The theme or combination of themes, that can be associated to brands, such as the trademark, logo, name, identity, image, personality, value and evolving entity, create the brand (De Chernatony and Riley, 1998). In general, marketing is defined as a consumer-based process that permeates organizational functions and processes, and it balances the companies' objectives and customer satisfaction. Branding is a marketing tool perceived to be important for both the company and consumer. Brands are important valuable intangible assets for companies, a distinctive tool that builds a long-term relationship with the consumers, and protects its' rights (Kolter et al., 2009). For consumers, brands reflect their experience and knowledge; simplifying the processing of information accumulated over time about the company

and its products or brands. In addition, brands reflect consumer' experiences and knowledge; thus, simplify the processing of information accumulated over time about the company and its products or brands. Consequently, brands act as signals for products of high quality and low perceived risk, thus, enable the consumers to capture both cognitive and non-cognitive values expressed in the positive feelings or self-expression experienced (Kotler et al., 2009). What consumers expect from the brand is crucial to shaping their preferences and determining their choices. Therefore, it is important for companies to build their brands based on the consumer's expectations of the brand.

Branding is even more essential when it comes to high-technological products, since the need to differentiate ones product from other competitors plays a great role in obtaining greater market share. Mobile telecommunication services are considered the most high-technological products in the market (Alamro and Rowley, 2011). Phenomenal changes, such as the widespread use of mobile phones, increases in the number of mobile subscribers worldwide, the technological development and updated technological generations (2G, 3G, and 4G) require the focus of the market researcher (Reham, 2013). As high-tech products become accessible to mass consumers, there is a general consensus that branding becomes more important (Ward et al., 1999). Further, the advances in technology changes consumer experiences with high-tech products and increases the similarity between products. Consequently, high-tech products face fierce competition and suffer from commoditization (Temporal and Lee, 2001).

### **2.3 Brand Preference**

Brand preference features in all of the major texts on brands and brand strategy. It has also been considered by different authors; however, there is a lack of consensus on the definition of brand preference among these authors. In marketing literature, there are numerous definitions for brand preference. D'Souza and Rao (1995), define brand preference as the consumer's predispositions toward a brand that varies depending on the salient beliefs that are activated at a given time. According to Wu, (2001) the preferred brand is the chosen brand among several brands of the same quality. In addition Hellier et al., (2003) define it as the extent to which a consumer favors one brand over another. These authors agree that brand preference is created from consumers'

differentiation and comparisons between various alternatives of brands considered by them. While, Anselmsson et al., (2008) defines brand preference as the sum of unique assets captured by the consumers and measured by the brand strength experienced by the consumer. Further, Chang and Liu, (2009) defined this concept as the consumer's biasness toward a certain brand.

Different authorities also conceptualize brand preference in different ways, and propose different relationships between brand preference and other branding variables. For example, Keller (2004) discusses brand preference as an antecedent of brand loyalty and brand equity, whereas Chang and Ming (2009) discuss brand preference as a consequence of brand loyalty and brand equity. In this study brand preference is defined as the degree of brand loyalty in which a customer definitely prefers one brand over competitive offerings and will purchase this brand if it is available (Dibb et al, 2006).

## **2.4 Brand Equity**

There are many definitions of brand equity written by different authors. According to Kapfere (2008) brand equity is customer based and it focuses exclusively on the relationship customers have with the brand from total indifference to attachment, loyalty and willingness to buy and re-buy based on beliefs of superiority and evoked emotions.

In addition, Kotler and Keller (2012) stated that brand equity is the customer's subjective and intangible assessment of the brand, beyond its objectively perceived value. Similarly, Kotler et al., (2009), define brand equity as the positive outcome that the customers show to the product or service. Moreover, brand equity is the set of associations and behavior on the part of a brand's customers, channel members and Parent Corporation that permits the brand to earn greater volume or greater margins than it could without the brand name (Kapfere, 2008)

Brand equity is among the few strategic assets available to companies that provide a long-lasting competitive advantage (Aaker, 1991). Brand equity constitutes the assets and the liabilities that is link to a particular brand, like name or logo. It comprises of brand loyalty, brand awareness, brand association, brand assets and perceived quality. Creating strong, favorable and unique brand association is a real challenge for markets but it is essential in building strong brand.

Strong brands typically have firmly established strong, favorable and unique brand association with customer (Aaker, 1991).

According to Aaker (1996), brand equity is a set of asset and legal responsibility connected to the brand's name and figure that add to or take away from the value presented by the product or service to a company and/or that company's customers. Aaker (1996) has grouped and identified the main assets as the following: brand awareness, brand image, brand loyalty, perceived quality and brand association.

**Brand awareness:** Awareness is a key determinant identified in almost all brand equity models. Keller (2004) defines awareness as the customers' ability to recall and recognize the brand as reflected by their ability to identify the brand under different conditions and to link the brand name, logo, symbol, and so forth to certain associations in memory. Aaker (1996) identifies other higher levels of awareness besides recognition and recall (Aaker, 1991). He includes top-of-mind, brand dominance, brand knowledge and brand opinion. Brand knowledge is the full set of brand associations linked to the brand (Keller, 1993).

According to Aaker (1996), for new or niche brands, recognition can be important. For well known brands recall and top-of-mind are more sensitive and meaningful. Brand knowledge and brand opinion can be used in part to enhance the measurement of brand recall. Aaker conceptualizes brand awareness must precede brand associations. That is where a consumer must first be aware of the brand in order to develop a set of associations (Washburn and Plank 2002).

As already mentioned, the literature suggests brand awareness is fostered by a variety of means, including advertising and other forms of publicity, and WOM (Berry, 2000). In this, the role of uncontrolled communication has been appreciated since at least the early 1980s. Thus, companies need to both advertise, and also to take active measures to ensure that WOM and other forms of uncontrolled communication concerning their bands are positive. WOM, along with advertising and other forms of publicity, is a core variable in building brand preference (Berry, 2000; Grace and O'Cass, 2005). It follows that companies should control their uncontrolled communication.

Both of Berry's (2000) and Grace and O'Cass's (2005) models propose that advertising is plausibly the most important promotional activity. Keller (2008), notes that this importance is

reflected in the huge advertising budgets of large companies. In addition to fostering awareness advertising helps to reduce consumption apprehension (Berry, 2000). Advertising affects consumer attitudes towards brands by, among other things, informing them of the existence of the brand (Fill, 2006). The degree of consumer response and its direction whether it is positive or negative are also influenced by the content of the advertising. Consequently, if an advertisement is evaluated positively by a consumer, they will form a positive perception of the brand, and the higher the positive perception of the brand, the greater the likelihood of a brand being preferred (Ayanwale et al., 2005).

In addition, advertising, even when it provides useful information, carries the disadvantage that the information does not come from a reliable source. WOM and other uncontrolled communication (the latter termed unpaid publicity), by contrast, has high credibility. Thus, WOM and unpaid publicity leads to brand preference and plausibly has a greater net overall effect on sales than advertising (Swanson and Kelley, 2001).

Berry's (2000) model accords a special importance to word-of-mouth (WOM), including: people talking to one another about the product; news stories (unplanned) and similar reports in the media (publicity) concerning the product; for example, a character in a movie uses the product. The model emphasizes that product decision are risky from the consumer's viewpoint. Therefore the model presents product branding as a perceived risk-reduction exercise. This risk reduction is achieved through emotional bonding with consumers. Plausibly WOM and publicity, together with advertising are responsible for this emotional bond. WOM, in particular, supports and develops the perception of a brand in the customer's mind. Increasingly, word of mouth seems desirable to achieve positive perception and thus preference for a brand in the customer's mind (Sweeney et al., 2008). This is due to the fact that customers tend to consider word of mouth creditable and impartial. Thus, many consumers of products branding are influenced by WOM when forming their brand preferences (Grace and O'Cass, 2005).

Publicity is also an important factor in influencing consumer brand preference (Grace and O'Cass, 2005). This importance is due to its deep influence in triggering a positive or negative brand response in customers (Bansal and Voyer, 2000). Hauss (1993) suggests that good media coverage has a strong influence on consumer attitudes and thus preference.

**Brand image:** Brand image pertains to how consumers perceive a product or service, regardless of whether their perceptions are accurate (Keller, 2003) and regardless of whether the perceptions are what the marketing company wants them to be.

In general, the literature (e.g. Aaker, 1996; Lassar et al., 1995; Keller, 2003) suggests brand image is facilitated broadly by product or service attributes of a brand coupled with the provider's attributes. Each of these two major components can be subdivided into a number of specific attributes.

Product value attributes comprise product price and product quality. Several empirical studies (e.g. Nowlis and Simonson, 1997; Tse, 2001) provide evidence that price affects consumer choice of products. Generally, consumers are willing to pay higher prices for brands that they perceive to have high value and vice versa (Erdem et al., 2004). Price is an easy way to compare alternative products (Aaker, 1996; Grace and O'Cass, 2005; Keller, 2003). This is to say that, organizations should price their services or products based on their quality perception in the consumer's mind. Thus, high price if it is not coupled with a high quality will have a negative influence on brand preference, and on the other hand, low price, usually, does not promise good quality, but customers may expect value, a compromise between price and quality. This logic can be presented as a reasonable pricing strategy, (Ahmed A. and Jenifer R., 2011).

**Brand loyalty:** Loyalty is a core dimension of brand equity. Aaker (1991) defines brand loyalty as the attachment that a customer has to a brand. Grembler and Brown (1996) describe different levels of loyalty. Behavioral loyalty is linked to consumer behavior in the marketplace that can be indicated by number of repeated purchases or commitment to re-buy the brand as a primary choice (Keller, 1998). Cognitive loyalty which means that a brand comes up first in a consumers' mind, when the need to make a purchase decision arises, that is the consumers' first choice. The cognitive loyalty is closely linked to the highest level of awareness (top-of-mind), where the matter of interest also is the brand, in a given category, which the consumers recall first. Thus, a brand should be able to become the respondents' first choices (cognitive loyalty) and is therefore purchased repeatedly (behavioral loyalty) (Keller 1998).

Chaudhuri & Holbrook (2001), mention that brand loyalty is directly related to brand price. Aaker (1996) identify price premium as the basic indicator of loyalty. Price premium is defined

as the amount a customer will pay for the brand in comparison with another brand offering similar benefits and it may be high or low and positive or negative depending on the two brands involved in the comparison.

**Perceived quality:** Perceived quality is the customer's judgment about a product's overall excellence or superiority that is different from objective quality. Objective quality refers to the technical, measurable and verifiable nature of products/services, processes and quality controls. High objective quality does not necessarily contribute to brand equity (Anselmsson et al. 2008). Since it's impossible for consumers to make complete and correct judgments of the objective quality, they use quality attributes that they associate with quality (Acebro'n and Dopico 2000). Perceived quality is hence formed to judge the overall quality of a product/service. Boulding (1993) argued that quality is directly influenced by perceptions. Consumers use the quality attributes to infer quality of an unfamiliar product. It is therefore important to understand the relevant quality attributes are with regard to brand equity.

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

**Brand association:** Brand associations consist of all brand related thoughts, feelings, perceptions, images, experiences, beliefs, attitudes (Kotler and Keller 2006) and is anything linked in memory to a brand. Other researchers identify different types of association that contribute to the brand equity. Chen (2001) categorized two types of brand associations namely product associations and organizational associations.

Product associations include functional attribute associations and non-functional associations (Chen 2001). Functional attributes are the tangible features of a product (Keller, 1993). While evaluating a brand, consumers link the performance of the functional attributes to the brand (Lassar et al. 1995). If a brand does not perform the functions for which it is designed, the brand

will has low level of brand equity. Performance is defined as a consumer's judgment about a brand's fault free and long lasting physical operation and flawlessness in the product's physical construction (Lassar et al. 1995). While, non-functional attributes include symbolic attributes (Aaker 1991, Keller 1993) which are the intangible features that meet consumers' needs for social approval, personal expression or self-esteem (Keller, 1993). Consumers linked social image of a brand, perceived value, differentiation and country of origin to a brand.

Lassar et al. (1995), limit the reference of the image dimension to the social dimension, calling it social image as social image contributes more to brand equity. Social image is defined as the consumer's perception of the esteem in which the consumer's social group holds the brand. It includes the attributions a consumer makes and a consumer thinks that others make to the typical user of the brand.

Value appeared in several brand equity models. Lassar et al. (1995) define perceived value as the perceived brand utility relative to its costs, assessed by the consumer and based on simultaneous considerations of what is received and what is given up to receive it. Consumer choice of a brand depends on a perceived balance between the price of a product and all its utilities (Lassar et al. 1995). A consumer is willing to pay premium prices due to the higher brand equity.

The underlying determinants of consumer-based brand equity are that brands provide benefits to consumers by differentiating products, as they facilitate the processing and retrieval of information (Hoyer and Brown, 1990). Other marketing literature (Kapferer, 1991) also stresses the importance of the distinctive character of brand positioning in contributing to the success of a brand. Distinctiveness is defined as the degree to which the consumer perceives that a brand is distinct from its competitors (Kapferer, 1991). A brand can have a price premium if it is perceived as being different from its competitors.

In addition, brand country of origin must also be considered. Thakor and Kohli (1996), define brand origin as the place, region or country to which the brand is perceived to belong by its customers. Country of origin is known to lead to associations in the minds of consumers (Aaker 1991, Keller 1993). The country of origin of a product is an extrinsic cue (Thakor and Kohli, 1996), which, similar to brand name, is known to influence consumers' perceptions.

## **2.5 Consumer Behavior**

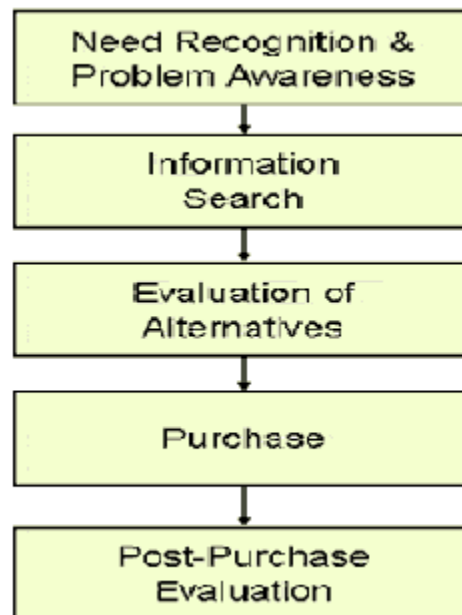
The American Marketing Association (2014), defines consumer behavior as the dynamic interaction of affect and cognition, behavior, and the environment by which human beings conduct the exchange aspects of their lives. In other words, consumer behavior involves the thoughts and feelings people experience and the actions they perform in consumption processes. It also includes all the things in the environment that influence these thoughts, feelings, and actions. These include comments from other consumers, advertisements, price information, packaging, product appearance, blogs, and many others.

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

Understanding the behavior of consumers before they made purchase decision will help for product manufacturers and service providers to develop strategies in line with customers' actions. Particularly knowing what makes customers to prefer between brands will make the manufacturer to adapt strategies based on the influential factors. Unable to analyze the antecedents hinder companies from being competitive. Hence, understanding the behavior of consumers specially their brand preference has to be a critical issue and concern for strategic developers.

### 2.5.1 Consumer Buying Decision Process

Consumer buying decision process consists of a series of processes or steps, beginning with a felt need or want arising from either internal or external services and terminating with a confirmation of the decision. The need may be an urgent or compelling one, demanding immediate satisfaction; or it may be one for which the satisfaction can be delayed or postponed. In any event a tension is created which sooner or later must be quit. In order to further understand the decision making process study has taken the consumer buying decision making process model from David Jobber (2007).



**Figure 2.1:** Consumer decision making process, Jobber D. (2007)

**Need recognition:** Accordingly to Jobber D. (2007), the need recognition is essentially functional and recognition may take place over a period of time. This occurs whenever the consumer sees a significant difference between his or her current state of affairs and some desired or ideal state. The need can be triggered by internal stimuli or by external stimuli. Internal stimuli can trigger a need when one of the individuals' normal needs like hunger, thirst shelter raises to a level high enough to become a drive. From previous experience, the individual has learnt how to cope with this drive and is motivated towards objects that will satisfy the need.

External stimuli can also trigger a need. In this instance, the marketer needs to determine the factors and situations that usually trigger consumer need recognition. The marketer should research consumers to investigate what kind of need or problem arises and what brings a consumer to prefer one brand over the other. In this stage of the consumer buying process the consumer perceives there is a problem to be solved, which may be large or small, simple or complex. In this study mobile phone is viewed as the product which will satisfy university students' need for telecommunication in their day to day activities.

**Information search:** the information search begins with the identification of alternatives ways of gathering information about the product consumer intend to purchase (Jobber D., 2007). It is the process by which the consumer surveys his or her environment for appropriate data to make a reasonable decision. Normally, the amount of information searching activities of a consumer depends on the type of product which either require high involvement or low involvement. For a product that requires high involvement there might be a significant differences between brands which require an immense effort or insignificant differences between brands which leads to dissonance reducing buying decisions.

The consumer can acquire information regarding a particular product from various sources. These sources include personal sources like family and friends, commercial sources like advertising, salespeople or displays, public sources like mass media and social networking sites and finally experiential source like handling, examining and using of product. The relative influence of these information sources varies with the product and the buyer. In the case of university students, the source of information for mobile phones can be collected based on their previous experience on usage as well as external source like friends, colleagues, neighbors, several published medias and so on.

**Evaluation of alternatives:** Consumers evaluate or assess the various alternatives, using the information they have at hand to come to a decision (Jobber .D, 2007). This process involves comparing the information gained in the information search process for alternative products and brands to the product–judging criteria or standards the consumer has developed. For purchase decisions, the choice alternatives are the different product classes, product forms, brands, or models the consumer considers buying (J. Paul Peter and Jerry C. Olson, 2010). However, given their limited time, energy, and cognitive capacity, consumers seldom consider

every possible choice alternative. Usually only a subset of all possible alternatives, called the consideration set, is evaluated. Some brands in the consideration set may be activated directly from memory; this group is called the evoked set. For highly familiar decisions, consumers may not consider any brands beyond those in the evoked set. If consumers are confident they already know the important choice alternatives, they are not likely to search for additional ones (J. Paul Peter and Jerry C. Olson, 2010).

Consumers' evaluations of the choice alternatives in the consideration set are based on their beliefs about the consequences of buying those products or brands. The specific consequences used to evaluate and choose among choice alternatives are called evaluation criteria. Evaluation criteria are the dimensions used to judge the merits of competing brands (Michael S. et al, 2006).

**Purchase decision:** A purchasing decision usually follows strong purchase intentions. In this stage the consumer actually buys the product they have chosen. Generally, the consumer's purchase decision will be to buy the most preferred brand. A consumer's decision to change, postpone or avoid a purchase decision is influenced heavily by perceived risk. Many purchase involve some risk and the amount of perceived risk varies with the amount of money at stake, the amount of purchase uncertainty and the amount of consumer self confidence. A consumer takes certain actions to reduce risk, such as avoiding purchase decisions, gathering more information and looking for national brand names and product warranties.

**Post-purchase evaluation/behavior:** in this stage the consumers take further action after the purchase decision by evaluating their satisfaction or dissatisfaction. Consumer satisfaction or dissatisfaction is determined by the overall feelings, or attitude, a person has about a product after it has been purchased. Consumers engage in a constant process of evaluating the things they buy as they integrate these products into their daily consumption activities.

## 2.6 Country of Origin

Over the last 30 years, international trade and the development of the global market have grown considerably. Companies and international marketers are also searching for more opportunities in the global market and multinational firms, which causes international competition among companies (A. Ahmed. et al, 2007). From a marketing point of view, international companies that are operating in highly competitive domestic and foreign markets need to understand consumers' perceptions and evaluations of foreign-made products. According to Al-Sulaiti and Baker (1998), among the many factors that are believed to influence consumer perceptions of products in an age of international competition is a country of origin (COO) effect. Kinra (2006) asserts that COO is considered an important differentiating factor in consumer attitudes to foreign and local brand names.

Different researchers have defined the term country of origin in different ways. Country of origin effect can be defined as any influence that the country of manufacture has on a consumer's positive or negative perception of a product (Cateora & Graham, 1999). Roth and Romeo (1992), defined country of origin as consumers' perception of products of a particular country, based on their previous perceptions of that country's production and marketing strengths and weaknesses. The further added, a country's image arises from a series of aspects that qualify a nation in terms of its production profile. Such aspects include innovative approach (superior, cutting edge technology); design (style, elegance, balance); prestige (exclusiveness, status of the national brands); and workmanship (reliability, durability, quality of national manufacturers) (Hamzaoui E., 2011).

In a study by Eroglu and Machleit (1989), in the case with consumer durables, a product's technical complexity affects the importance given to consumer evaluations and that the more complex the product the more relevant the COO cue. Research works have documented the importance of country-of-origin (COO) image in consumer evaluation of foreign products and brands. Favorable country perceptions are known to lead to favorable perceptions of associated attributes such as product quality indicating thereby, that consumer evaluations are governed by influences other than the quality of the product (Peterson and Jolibert, 1995).

Papadoupoulos et al. (1993) asserts that consumer perceptions of a product's country-of-origin are based on three components associated with the standard attitude model, namely their cognitions which include knowledge about specific products and brands, consumer affect or favorable/unfavorable attitude towards the country-of-origin, and their conative behavior which is related to actual purchase of a foreign brand

Although some studies have questioned the importance of country of origin for much consumer decision making, recent research has demonstrated that the country of origin has a substantial effect on attitudes toward products and the likelihood of purchasing these products, often demonstrating effects that are as strong or stronger than those of brand name, price, or quality (Ahmed and d'Astous, 1996 and Okechuku, 1994). Level of education is considered to be significant demographic variable (Al-Sulaiti and Baker, 1998) influencing country of origin effect (Paswan and Sharma, 2004). As education levels increase, consumers are likely to become more knowledgeable of other countries and cultures, and more tolerant of things that are different. It has also been posited to result in more favorable opinion towards foreign products (Good and Huddleston, 1995; Sharma et al., 1995) and a reduction in consumer ethnocentrism.

### **2.6.1 Country of Origin and Foreign Versus Local Brands**

Nowadays, more companies are competing on the global market and these companies manufacture their products worldwide and the location where they manufacture the products might affect the perception of the consumer on the quality of the product based on the country where the product is produced. Favorable or unfavorable perceptions of a country associated with a product lead to a corresponding favorable or unfavorable evaluations of the product originating from that country.

Favorable country perceptions are known to lead to favorable perceptions of associated attributes such as product quality indicating thereby, that consumer evaluations are governed by influences other than the quality of the product (Peterson and Jolibert, 1995). In this context, COO effect refers to the extent to which the place of manufacture influences consumers' product evaluations. COO has furthermore, been used as a foremost and primary cue by consumers in evaluating new products under several conditions, depending on their expertise (Maheswaran, 1994), with

minimal consideration given to other product related attributes. As a primary cue, therefore, it has been found to reflect consumers' general perceptions about the quality of products made in a foreign country, along with the nature of people from that country (Iyer and Kalita, 1997). It has also been demonstrated that COO, when known to consumers, influences their evaluation not merely of generic product categories, but also of specific brands (Johansson and Nebenzahl, 1986).

## **2.7 Factors Affecting Mobile Phone Brand Preference**

A variety of studies conducted by many authors have emphasized on different factors that influence consumers in forming their own brand preference towards mobile phone brands.

Maha Al-azzawi and Mac Anthony (2012), studied students' brand preference between Apple and Samsung Smartphone with a sample size of 214 students from the University of Mälardalen Högskolan in Sweden. Through quantitative research approach, they found that price, brand loyalty, brand awareness, perceived quality, brand identity and satisfaction are the most important factors affecting Smartphone brand preference. In conclusion, they stated that each of the brand equity and identity dimensions of Apple Smartphone when compared to Samsung brand equity and identity dimensions reveals that Apple has relatively high strong brand equity and brand identity than Samsung.

Ramesh Rijal (2013), explored brand preference on mobile purchase among students. The purpose of the research was to analyze the student preference on mobile purchase among the students of Roskilde University obtained from the survey of 100 students. The study analyzed which criteria were used by students most for decision making of purchase of mobile phones. The study came to a conclusion that, Technical criteria (reliability, durability, performance) and Economic Criteria (price) played a very important role in brand preference. In addition, internet and friends were the main sources of information about the branded mobile phones.

Sara Djerv & Zeina Malla (2012), explored how a brand's equity drives Uppsala University students' brand preference within the Swedish Smartphone market. The study used a sample size of 400 Uppsala University students with a qualitative approach adopted through semi-structured

interviews. The main findings suggest that brand preferences within the target group are driven by brand's equity. However, not all the factors that constitute a brand's equity appear to be equally influential on brand preference, as the most influential factor emerge as perceived quality. Perceived quality in these findings consists of durability and functionality. In order to form perceptions on quality, awareness of the brand is a prerequisite and thereafter, clear associations linked to the brand. Brand awareness, brand associations and perceived quality are the result of the prior formed brand perceptions. The findings implicate that the main building blocks of brand perceptions within this market are what others in the respondents' surroundings think and discuss about the Smartphone and not the Smartphone brand itself, and to a lesser extent the influence of advertising.

Thanika Devi Juwaheer et al (2013), explored the various factors which impact on the selection of mobile phones through a survey instrument administered to 150 young mobile phone users in Mauritius. The various constructs such as branding, pricing, mobile phone features, lifestyle, and demographic variables such as age groups and gender have been conceptualized into an integrated framework to investigate the factors which can affect the selection of mobile phones. The analysis has revealed that young customers have identified pricing as a key determinant while selecting mobile phones. The results of the analysis have also suggested that top of mind awareness and perceived brand values are key factors contributing towards mobile phone selection. Results also unveiled mobile phone features and young consumers' lifestyle impacting on mobile phone selection. Further examination of the inferential analysis have also depicted that significant relationships exist between mobile phone selection and the demographics of the young consumer segment.

Shahzad Khan and Sobia Rohi (2013), investigated the factors affecting youth brand choice for mobile phones purchase. The data of the study was collected from the private university students of City University and Sarhad University, Peshawar. The study used a self administered questionnaire, which was distributed randomly among 110 students, to measure their brand choice criteria. It can be seen that youth's Brand choice is driven by a number of factors like price, quality, family and friends' recommendations, brand image, celebrity endorsement, promotion effectiveness, features, user-friendliness, stylish appearance, innovative features and post-purchase services. In the light of the findings of the study, the brand choice of youths

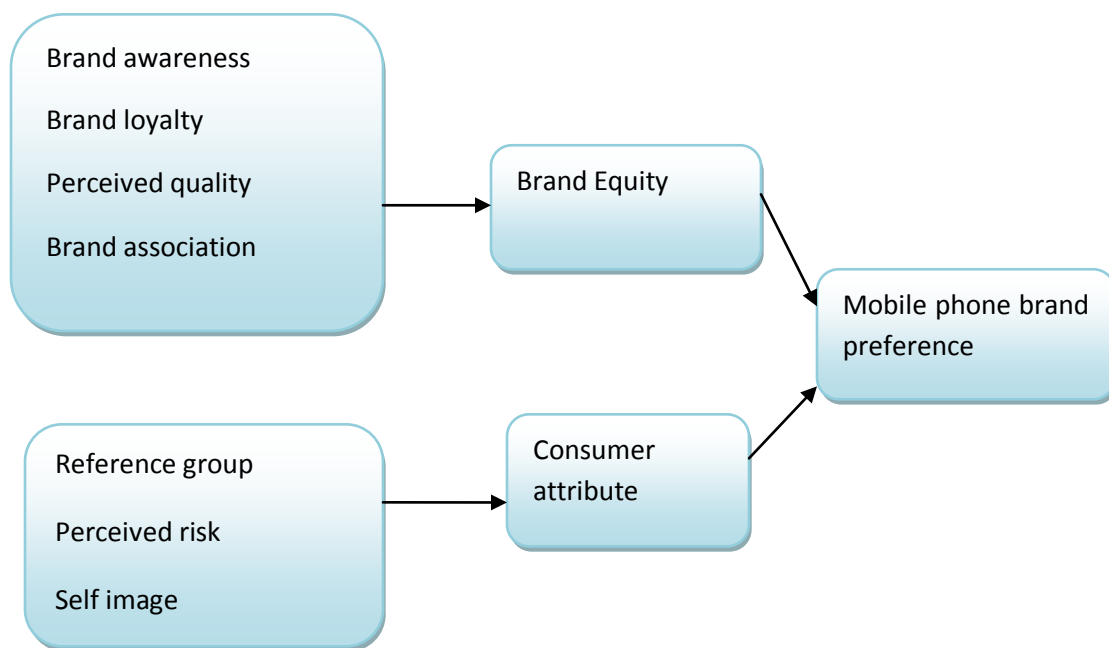
appears to be influenced largely by the quality, brand image and recommendations by family and friends.

Solomon Alene (2013), studied the most influential factors which influenced the behavior of consumers in their brand choice towards mobile phones in Addis Ababa. A sample of 254 individual mobile phone users was taken by convenience sampling technique. Eight factors namely; new technological features, price, product attributes, after sale service, brand, media, and influence of others, were selected and analyzed. The study concluded that new technological features, product attributes and price as the most important factors influencing the behavior of consumers in their mobile phone choice. The study also stated that brand familiarity, advertising and recommendation from others as the least important factors in affecting consumer's choice in selecting mobile phones. The study also showed that the level of importance of the factors identified as most influential were the same regardless of gender and age category of consumers.

In summary, all previous literature reviewed in this chapter indicate the factors that affect mobile phone brand preference. Thus, mobile phone brand preference is affected by brand equity elements such as brand awareness, brand image, brand loyalty, perceived quality and brand association as well as consumers attributes like preference group, perceived risk and self image. Accordingly, this research is designed in line with these variables. Figure 2, of the next section portrays the conceptual framework of the study.

## 2.8 Conceptual Framework of the Study

The main purpose of this study is to assess the brand preference of Addis Ababa University School of Commerce students of mobile phone brands by comparing international brands with local brands. Based on the above related literature review and concepts the conceptual framework for this study is developed.



**Figure 2.2:** Conceptual framework of the study (A modified model of Alamro and Rowley, 2011)

## **CHAPTER THREE**

### **RESEARCH DESIGN AND METHODOLOGY**

#### **3.1 Introduction**

This chapter presents a detailed discussion of the research design and methodology employed in the study. Hence, topics related to research design, data type & source, target population, sampling technique and sample size, data collection procedure and method of data analysis are covered. Explanation about the reliability and validity of the study is also included in this chapter.

#### **3.2 Research Design**

The research design that was applied for this study was a descriptive research design. In order to develop snapshot of a particular situation, descriptive research was used (Mcnabb, 2002). It involves large samples which are used to give description of an event or define attitude, options or behaviors that are measured or observed in a particular environment (Mcnabb, 2002). The most distinguishing feature of this method was that the researcher had no control over the variables. Since the objective of the study is to uncover the brand preference of university students at AAUSC, the descriptive design was most appropriate. This study primarily adopts a quantitative approach.

#### **3.3 Data Type and Source**

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

### 3.4 Target Population

The target population of this study comprises of university students in Addis Ababa that have a mobile phone. However, this target population was found to be very large so, the study focuses on Addis Ababa University School of Commerce regular undergraduate program students only.

**Table 3.1:** Regular undergraduate program students for academic year 2013/2014

<b>Department</b>	<b>N<sup>o</sup> of students in each Department</b>	<b>Calculation</b>	<b>Sample Size</b>
Accounting (ACC)	255	$(255/996)278$	71.17
Marketing Management (MM)	216	$(216/996)278$	60.29
Logistics & Supply Chain Management	23	$(23/996)278$	6.42
Business Administration & Information System (BAIS)	309	$(309/996)278$	86.25
Economics	58	$(58/996)278$	16.19
Financial & Development Economics Management (FNDE)	90	$(90/996)278$	25.12
Management	45	$(45/996)278$	12.56
<b>Total</b>	<b>996</b>		<b>278</b>

Source: AAUSC Registrar Office

### 3.5 Sampling Technique and Sample Size

In order to select the sample size out of the total population of AAUSC regular undergraduate program which was 996 students, convenience sampling was used. Convenience sampling which is a non-probability sampling technique was used by administrating prepared questionnaires. Even though there were some risks in adopting a convenience sampling technique such as a questionable representativeness, hence questionable credibility of the findings, (Bryman, 2008). However, the study avoided this by composing a diversified sample consisting of students from different faculties with different backgrounds in terms of study fields, age, gender and type of mobile brand they own. There were two basic reasons for employing convenience sampling in this study; firstly, the population of the survey was too large for a comprehensive survey due to resource limitations like time and financial constraints. Secondly, AAUSC regular undergraduate

program students were readily accessible to the researcher during the administration of questionnaires since there was an opportunity to access the students from their department and class; hence, this sampling technique helped facilitate the smooth operation of the study within the limited time frame of the research.

Given a population of 996 AAUSC regular undergraduate program students, a sample of 278 students were chosen for the study. The sample size was determined using the table developed by Krejcie and Morgan (1970) using the formula for sample size determination when the population size is known (Appendix B). Furthermore, a quota sample from the chosen sample size was selected based on the departments. Therefore, the sample size selected for this study goes in tandem with the total population of the study. However, after data collection the sample size was reduced to 229, due to non-response and incomplete questionnaires.

### **3.6 Data Collection**

One of the most important research instruments for collecting primary data was the questionnaire, which was employed for the purpose of this study. Structured close ended questionnaires were distributed to AAUSC regular undergraduate program students. The choice of using pre-coded close ended questionnaire was based on Fisher's view on structured questionnaire. According to Fisher (2007), if the researcher wants to quantify the research material, then it is best to use a structured approach. He further noted that in order to compare the views and experiences of a great many people it is easier if pre-coded approach is used. Given that this study aims to compare the brand preference of university students between foreign and local phone brands using structured close ended questionnaire.

The questionnaire was designed in a way that was clear, brief and understandable to the respondents. It also covers the relevant aspects of the model used. According to Fisher (2007) it is recommended to keep the questionnaire as short as possible and give it a logical and sequential structure so that the respondent can easily see what the questionnaire is about and can follow its themes as they go through them. Hence, the questionnaire was composed of three parts. The first part of the questionnaire consisted of general information of students while the second part concentrated on basic information on the students' mobile phone and finally the third part

consisted of variables that measured the factors that are considered to make up students' brand preference. The most important part of the questionnaire which was part three was composed of seven variables that reflected the students' brand preference of mobile phone brands was measured using a five point Likert scale.

A pilot survey was conducted on 20 students that had mobile phone prior to administering the questionnaire to the selected sample size. It was conducted to check if the questionnaire was clear, easy to understand and straightforward to ensure that the respondents could answer the questions with no difficulty. Based on the feedback from the pilot survey, some changes were made on the questionnaire before administering to the selected sample size.

The data was collected by a self-administered face to face survey within the compounds of Addis Ababa University School of Commerce. The researcher personally distributed and collected the questionnaires in the mornings where the students were easily accessible and greater in number. This was a good time to meet the majority of the students and to insure that the respondents were divers. Since convenience sampling was employed, the researcher selected students comprising of different faculties with different backgrounds in terms of study fields, age and gender.

### **3.7 Reliability Analysis**

For this study Cronbach's alpha was used to assess the internal consistency of variables in the research instrument. Cronbach's alpha is a coefficient of reliability used to measure the internal consistency of the scale; it represented as a number between 0 and 1. According to Zikmund et al., (2010) scales with coefficient alpha of 0.7 indicate fair reliability. Thus, for this study, a Cronbach's alpha score of 0.7 or higher is considered adequate to determine reliability.

The result of the Cronbach's alpha for this study's instrument was found to be in the acceptance range i.e. >0.7. Thus showing as indication of acceptability of the scale for further analysis since all the seven items of brand equity and customers attribute dimensions (brand awareness, brand royalty, perceived quality, brand association, reference group, self image and perceived risk) measuring brand preference were above 0.7. The Cronbach's alpha coefficient of the seven dimensions of brand preference is shown in table 3.2 below.

**Table 3.2:** Reliability Analysis of Variables

<b>Variables</b>	<b>Cronbach's alpha coefficient</b>	<b>Number of items</b>
<b>Brand awareness</b>	.720	4
<b>Brand Royalty</b>	.770	4
<b>Perceived quality</b>	.841	4
<b>Brand Association</b>	.763	2
<b>Reference group</b>	.738	4
<b>Self Image</b>	.742	4
<b>Perceived Risk</b>	.784	3
<b>All variables</b>	.817	25

Source: Survey data (2014)

### **3.8 Validity Analysis**

Validity is the most critical criterion and indicates the degree to which an instrument measures what it is supposed to measure. In other words, validity is the extent to which differences found with a measuring instrument reflect true differences among those being tested, (C.R. Kothari, 2004). In order to ensure the quality of the research design content and construct validity of the research were checked.

According to C.R Kothari (2004) content validity is the extent to which a measuring instrument provides adequate coverage of the topic under study. If the instrument contains a representative sample of the universe, the content validity is good. Its determination is primarily judgmental and intuitive. It can also be determined by using a panel of persons who shall judge how well the measuring instrument meets the standards, but there is no numerical way to express it. Based on this definition the content validity was verified by the advisor of this research, who looked into the appropriateness of the questions and the scales of measurement. In addition, discussions with fellow researchers as well as the feedback from the pilot survey was another way of checking the appropriateness of the questions

A measure is said to possess construct validity to the degree that it confirms to predicted correlations with other theoretical propositions. Construct validity is the degree to which scores on a test can be accounted for by the explanatory constructs of a sound theory. For determining construct validity, we associate a set of other propositions with the results received from using

our measurement instrument. If measurements on our devised scale correlate in a predicted way with these other propositions, we can conclude that there is some construct validity (C.R. Kothari, 2004). Therefore, in order to test the construct validity, correlation coefficient for the independent and dependent variables were calculated. The independent variables consist of variables that measure brand equity and consumer attribute while the dependent is brand preference. Based on the result of the correlation analysis, the seven factors measuring brand equity and consumer attribute were positively related with brand preference. Since the independent variables are positively related with the dependent variables, the independent variables therefore can be considered as a good measure of brand preference.

### **3.9 Data Analysis**

Before the analysis of the primary data that was collected through close ended questionnaires, analysis of the variables' reliability and validity of the constructs was verified. To ensure reliability of this research, the questionnaire was designed to measure the concepts in the theoretical model in a consistent manner. This implies that the research study can be conducted by other researchers to arrive at the same findings. The validity of the research is concerned with the measurement of the data collection process implemented regarding the quality of the study. It outlines the evaluation of the quality of both the primary and secondary data used in the research. To ensure that validity of this study, each question in the questionnaire was designed to represent the concepts that were used in the conceptual framework of the study.

The data collected using the questionnaire was coded and processed. Out of the total of 278 questionnaires that was distributed 89% (247) response rate was obtained. During data editing process the questionnaires were checked for errors and 18 incomplete questionnaires were eliminated, finally leaving 229 questionnaires for analysis. The findings of the study were then analyzed by using the Statistical Package for Social Sciences (SPSS) version 21 program. This was done using descriptive data analysis tools to measure frequencies, percentages, means, standard deviation and graphic representation that helped present the data as accurately as possible. In addition, Pearson correlation coefficient was used to show the interdependence between the independent and dependent variables. One way ANOVA analysis and independent sample t-test were also used to compare respondents' profile with brand preference factors.

## **CHAPTER FOUR**

### **ANALYSIS AND DISCUSSION**

#### **4.1 Introduction**

In this chapter, the collected data from the students of Addis Ababa University School of Commerce are summarized and analyzed in order to realize the ultimate objective of the study. The purpose of this study is to investigate the mobile phone brand preference of university students between international brands and locally assembled mobile phone. Accordingly, the demographic profile of the respondents, brands of mobile phone they currently possess, the criteria of their selection of mobile brands, source of information of new mobile brand and other related topics are discussed. At last, summary of the findings are presented.

#### **4.2 General Information of Respondents'**

The first part of the questionnaire consists of the demographic characteristics of respondents that requested a limited amount of information related to personal and demographic. Accordingly, the following variables about the respondents were summarized and described in the subsequent table. These variables include; gender, age, department, years of study and ownership of mobile phone.

From the total of the respondents male students constitute the highest percentage (62%) of respondents while the female constituted 38% of the respondents. The age group 20 – 25 which account for 62% of the total study sample constitutes the largest percentage followed by age group 25 – 30 consisting of 30% while the age group below 20 is the least with 8% of the respondents. The study shows that 30% of the respondents were Marketing Management students and are the largest group in terms of department. Students from Accounting and Business Administration and Information System (BAIS) account for 25% and 22% of the total respondents respectively. The study also shows that 61% of the students were third year students while 29% and 11% were second year and first year students respectively. When it comes to mobile phone ownership, 100% of the respondents have answered that they own a mobile phone at the time of the survey. Table 4.1 summarizes the profile of the respondents below.

**Table 4.1: Profile of Respondents'**

		<b>Frequency</b>	<b>Percent</b>
<b>Gender</b>	Male	141	61.6
	Female	88	38.4
	<b>Total</b>	<b>229</b>	<b>100.0</b>
<b>Age</b>	below 20	18	7.9
	20 - 25	142	62.0
	25 - 30	69	30.1
	<b>Total</b>	<b>229</b>	<b>100.0</b>
<b>Department</b>	ACC	56	24.5
	ASM	12	5.2
	BAIS	51	22.3
	FNDE	18	7.9
	MM	68	29.7
	PSM	14	6.1
	Mgt	2	.9
	HRM	8	3.5
	<b>Total</b>	<b>229</b>	<b>100.0</b>
<b>Years of study in AAUSC</b>	First year	24	10.5
	Second year	66	28.8
	Third year	139	60.7
	<b>Total</b>	<b>229</b>	<b>100.0</b>
<b>Do you own a mobile phone?</b>	Yes	229	100.0

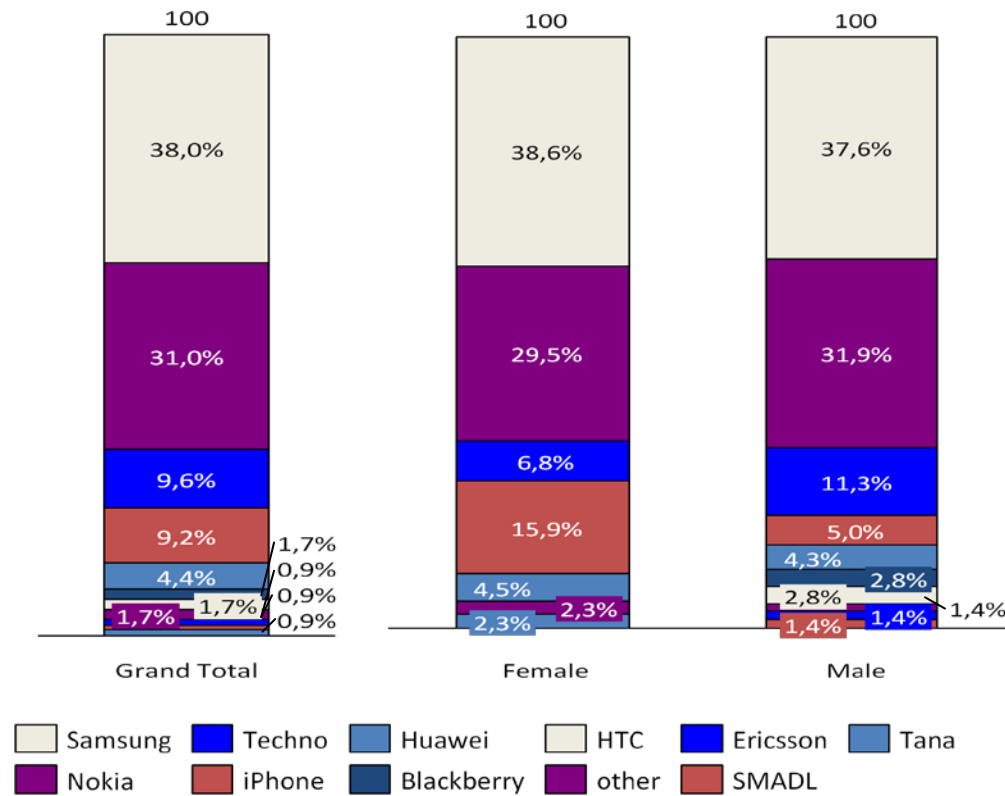
*Source: survey result, 2014*

### 4.3 Basic Information on Mobile Phones

This section summarizes basic information on the students' mobile phone, which include the brands of mobile phone they currently own, their ranking of the criteria for selecting a mobile phone and the source from which they get to know about new mobile phones.

#### 4.3.1 Current Mobile Phone Brands of Respondents

Figure 4.1 below, illustrates the current mobile phone brand owned by the respondents and the ownership of the brands with respect to gender.



**Figure 4.1:** Current mobile phone brand of respondents

*Source: survey result, 2014*

As per figure 4.1, when asked the brand of their current mobile phone respondents answered Samsung (38%), Nokia (31%) and Techno (9.6%) were the top three bands the respondents currently own. In addition, SMADL (0.9%), Tana (0.9%) and Ericsson (0.9%) were found to be the least three favored brands owned by the respondents. When comparing ownership of the top three brands with respect to gender: Samsung brand is slightly higher in the female category,

while Nokia is slightly popular with the male gender. The Tana mobile brand however shows a greater ownership among the male category. The survey also shows that the majority of the respondents own international mobile phone brands accounting for 88.6% while only 11.4% own locally assembled mobile phone brands. This indicates that the majority of the students in AAUSC own and favor international mobile brands compared to locally assembled mobile phone brands. This also shows that locally assembled mobile phone brands have not penetrated this segment market which is mainly dominated by international brands.

#### 4.3.2 Ranking of the Criteria for Selecting a Mobile Phone

One of the research questions the study tried to answer was the selection criteria of mobile phone brands among university students in AAUSC. Accordingly, the respondents were asked to rank from a list of factors they viewed as important when deciding to purchase a mobile phone. The lists of factors included were namely: new technology applications (browser, social media applications...), price, product attributes (durability, size, memory capacity, design, battery life...), ease of use, country of origin (made in), recommendation and advertising. Table 4.2 illustrates the ranking of the factors below.

**Table 4.2: Ranking of the selection criteria for mobile phone**

<b>Criteria</b>	<b>Frequency</b>	<b>Percent</b>	<b>Ranking</b>
New Technological applications	110	48.03%	1 <sup>st</sup>
Product attributes	52	22.71%	2 <sup>nd</sup>
Price	40	17.47%	3 <sup>rd</sup>
Country of origin	16	6.99%	4 <sup>th</sup>
Ease of Use	6	2.62%	5 <sup>th</sup>
Advertising	4	1.75%	6 <sup>th</sup>
Recommendation	1	0.44%	7 <sup>th</sup>
<b>Total</b>	<b>229</b>	<b>100</b>	

*Source: survey result, 2014*

Table 4.2, shows the frequency of the most important factors mentioned by the respondents when asked to rank the most important criteria which affects their decision to purchase a mobile phone. Accordingly, new technology applications (browser, social media applications...), product attributes (durability, size, memory capacity, design, battery life...) and price were ranked the top three criteria and accounting for 48.03%, 22.71% and 17.47% respectively. Ease of use, advertising and recommendation were found to be the least important factors accounting for 2.62%, 1.75% and 0.44% of the total respondents. The rankings of the most important factors by this segment market are very essential and beneficial to local mobile phone makers, since they can use this information to develop products that suite university students.

The findings stated above are consistent with other researchers Ramesh Rijal (2013) and Solomon Alene (2013). Ramesh Rijal (2013) came to a conclusion that, Technical criteria (reliability, durability, performance) and Economic Criteria (price) played a very important role in brand preference.

### **4.3.3 Source of Information about New Mobile Phones**

Finally, the respondents were asked their source of information about new mobile phones. This was one of the research questions that were important to the study, dealing with the source of information that university students get to know a new released mobile phone. The sources of information from which the respondents were asked to choose from included: technology related programs on TV or Radio, advertising, friends or family, news and the internet. Table 4.3 shows the respondents source of information regarding new mobile phones.

**Table 4.3: Source of information about new mobile phones**

What is the main source from which you get to know about new mobile phones?				
Alternatives	Frequency	Percent	Valid Percent	Cumulative Percent
Technology related programs (TV, Radio)	43	18.8	18.8	18.8
Advertising	42	18.3	18.3	37.1
Valid Friends/Family	96	41.9	41.9	79.0
News	4	1.7	1.7	80.8
Internet	44	19.2	19.2	100.0
Total	229	100.0	100.0	

*Source: survey result, 2014*

Table 4.2, illustrates that 41.9% and 19.2% of the respondents indicated that friends or family and the internet are their main source of information when it comes to information about new mobile phones. Technology related programs on TV and radio accounted for 18.8% while advertising consisted of 18.3% of the respondents' source of information. News as a source of information regarding new mobile phones was only mentioned by 1.7% of the respondents. Therefore, the most influential source of information regarding new mobile phones were family/friends and the internet.

The findings of the study was consistent with the research of Solomon Alene (2013), which stated that internet and friends were the main sources of information about branded mobile phones. The study concluded that new technological features, product attributes and price as the most important factors influencing the behavior of consumers in their mobile phone choice. The study also stated that brand familiarity, advertising and recommendation from others as the least important factors in affecting consumer's choice in selecting mobile phones.

## **4.4 Factors Affecting Mobile Phone Brand Preference**

In order to analyze AAUSC students' brand preference on mobile phone by comparing international brands with locally assembled mobile phones, two factors were used namely brand equity and customers attribute. There were 25 items divided under brand equity and customers attribute. Therefore, the analysis results are presented in two parts. The first part deals with AAUSC students' results of brand equity dimensions which include: brand awareness, brand loyalty, perceived quality and brand association. The second part includes customer attribute dimensions that include; reference group, self image and perceived risk. These variables are presented comparing international brands with locally assembled mobile phone brands. In order to compare students brand preference descriptive statistics, mean and standard deviation is used. The mean indicates to what extent the sample group averagely agrees or disagrees with the different statements. The higher the mean the more the respondents agree with the statement while the lower the mean the more the respondents disagree with the statement. In addition, standard deviation shows the variability of an observed response.

### **4.4.1 Brand Equity**

According to Aaker (1996), brand equity is a set of asset and legal responsibility connected to the brand's name and figure that add to or take away from the value presented by the product or service to a company and/or that company's customers. Aaker (1996) has grouped and identified the main assets as the following: brand awareness, brand loyalty, perceived quality and brand association. In this section each element of brand equity results from the respondents was compared to show students brand equity for international and locally assembled mobile phone brands.

#### **4.4.1.1 Brand Awareness**

Keller (2004) defines brand awareness as the customers' ability to recall and recognize the brand as reflected by their ability to identify the brand under different conditions and to link the brand name, logo, symbol, and so forth to certain associations in memory. Accordingly, the respondents were asked 4 questions related to brand awareness. Table 4.4 presents respondents result of brand awareness with mean and standard deviation of values for each variable.

**Table 4.4: Brand Awareness Analysis**

<b>Brand Awareness Items</b>	<b>International brands</b>		<b>Locally assembled brands</b>	
	<b>Mean</b>	<b>Std. Deviation</b>	<b>Mean</b>	<b>Std. Deviation</b>
I know the symbol or logo of the mobile device from brand “X”	4.24	.848	2.46	1.029
Some features of brand “X” come to my mind quickly	3.87	1.073	2.04	.999
I can recognize the brand “X” quickly among other competing brands	4.02	.957	2.15	.967
I am familiar with the brand “X”	4.13	.899	2.00	.894
<b>Brand Awareness</b>	<b>4.07</b>	<b>.944</b>	<b>2.16</b>	<b>.972</b>

*Source: survey result, 2014*

As per table 4.4, illustrates the list of items comprising of brand awareness, the mean score for the item “I know the symbol or logo of the mobile device from brand X” was relatively high for both international and local mobile phone brands. However, international brands scored significantly higher than locally assembled mobile brands with a mean score of (4.24) and local brand scored (2.46). The least mean score for international brands was for the item “Some features of brand X come to my mind quickly” with a mean of (4.02). For local brand the least score goes to the item “I am familiar with the brand X” which scored (2.0). When comparing overall brand awareness of respondents; international brands scored the highest (4.07) while local brand scored low with (2.16). This shows that the respondents are more aware of international brands than locally assembled mobile phone brands. Therefore, domestic producers must aggressively promote their products to university students in order to raise level of their brand awareness.

#### **4.4.1.2 Brand Loyalty**

Loyalty is a core dimension of brand equity. Aaker (1991) defines brand loyalty as the attachment that a customer has to a brand. Based on this definition 4 item related to brand loyalty was put to the respondents. Table 4.5 shows the outcome to these questions with mean score and standard deviation comparing international brands with locally assembled mobile phone brands.

**Table 4.5: Brand Loyalty Analysis**

<b>Brand Loyalty Items</b>	<b>International brands</b>		<b>Locally assembled brands</b>	
	<b>Mean</b>	<b>Std. Deviation</b>	<b>Mean</b>	<b>Std. Deviation</b>
I consider myself to be loyal to mobile phone from brand “X”	3.23	1.098	3.23	1.142
When buying a mobile phone, brand “X” would be my first choice	3.60	1.183	3.38	1.299
I will keep on buying mobile phone from brand “X” even if the other brands has the same functionality	3.17	1.188	3.08	.935
I am still willing to buy mobile phone from brand “X” even if its price is a little higher than that of its competitor	2.89	1.246	2.46	1.240
<b>Brand Loyalty</b>	<b>3.22</b>	<b>1.179</b>	<b>3.04</b>	<b>1.154</b>

*Source: survey result, 2014*

Table 4.5 indicates that respondents scored the item “when buying a mobile phone, brand X would be my first choice” highest among the list of items related to brand loyalty for both international as well as local brands. The mean score for international brands regarding this item was slightly higher with a score of (3.60) while local brand scored (3.38). The least score the respondent gave was related to the item “I am still willing to buy mobile phone from brand X even if its price is a little higher than that of its competitor” in both international and local brands. Respondents scored this item slightly lower to local brands compared to international brands with mean score of (2.46) and (2.89) respectively. This indicates that respondents are price sensitive to both international and local brands but respondents that chose locally assembled mobile phone brands are slightly more sensitive to price change. When comparing overall brand loyalty between international and local brands; international brands mean score was (3.22) and local brands were (3.04). This indicates that respondents that chose international brands or local brands were both loyal to their brands.

#### 4.4.1.3 Perceived Quality

Perceived quality is the customer’s judgment about a product’s overall excellence or superiority that is different from objective quality. Since it’s impossible for consumers to make complete and correct judgments of the objective quality, they use quality attributes that they associate with quality. Perceived quality is hence is formed to judge the overall quality of a product. Therefore, 4 items related to perceived quality was put to the respondents and the results of the analysis is displayed in table 4.6 below.

**Table 4.6: Perceived Quality Analysis**

Perceived Quality Items	International brands		Locally assembled brands	
	Mean	Std. Deviation	Mean	Std. Deviation
I trust the quality of products from brand “X”	3.88	.998	3.23	.992
Products from brand “X” offer excellent features	3.77	1.044	2.92	1.093
I think mobile phones from brand “X” have a reputation of high quality	3.82	1.104	3.31	1.087
Mobile phones from brand “X” are very durable products	3.78	1.001	3.31	1.011
<b>Perceived Quality</b>	<b>3.81</b>	<b>1.036</b>	<b>3.19</b>	<b>1.154</b>

*Source: survey result, 2014*

As presented in table 4.6, both international and local brands scored highest for the item “I trust the quality of products from brand X”. On the other hand, international brands scored much higher for product quality than local brands with a score of (3.88) while local brands scored slightly lower (3.23). The least score within the perceived quality list for international brands was for the item “products from brand X offer excellent features” with a score of (3.77). However, this score was significantly higher than local brands which score this item very low at (2.92). When we compare overall product quality between international and local brands both brands scored high. However, it is evident that respondents perceive international brands to be of higher quality than local brands. This is shown by the mean sore of (3.81) for international brands and (3.19) for local brands.

#### 4.4.1.4 Brand Association

Brand associations consist of all brand related thoughts, feelings, perceptions, images, experiences, beliefs, attitudes (Kotler and Keller 2006) and is anything linked in memory to a brand. One of the contributing factors of brand association when it comes to international or local brands of mobile phone is country of origin. The country of origin of a product is an extrinsic cue (Thakor and Kohli, 1996), which, similar to brand name, is known to influence consumers' perceptions. Hence, 2 items related to brand association was put to the respondents. Table 4.7 shows the analysis of respondent about brand association.

**Table 4.7: Brand Association Analysis**

Brand Association Items	International brands		Locally assembled brands	
	Mean	Std. Deviation	Mean	Std. Deviation
I think international mobile phone brands are of high quality and superior compared to local brands	3.99	1.056	3.08	1.068
I associate the country of origin of the mobile phone from brand "X" with high quality	3.59	1.027	2.92	.935
<b>Brand Association</b>	<b>3.79</b>	<b>1.041</b>	<b>3.00</b>	<b>1.002</b>

*Source: survey result, 2014*

As per table 4.7, the study showed that respondents scored higher for item one of brand association for both brands. International brands scored very high on this item with a mean score of (3.99) while local brands scored significantly lower with (3.08). This indicates that respondents that own both types of brands associate international mobile phone brands as being of high quality and superior to local brands. The least score respondents gave was for the item "I associate the country of origin of the mobile phone from brand X with high quality". Respondents scored this item for international brands with (3.59) which was significantly higher than local brands which scored (2.92). This implies that respondents that owned locally assembled mobile phone brands do not associate the country of origin of the mobile brand with high quality. When comparing overall brand association local brands scored much lower than international brand with a mean score of (3.0). This shows that the country of origin of international brands is associated with high quality and superior to local bands.

#### 4.4.2 Customer Attributes

Customer attribute is one of the factors that affect university students' brand preference regarding international and local brand. Customer attributes comprise of three dimensions namely reference group, self image and perceived risk. The analysis of each element of customer attributes comparing international brands against locally assemble mobile phone brand are presented below.

##### 4.4.2.1 Reference Group

The term reference group refers to those groups or people who are psychologically significant for one's attitudes and behavior. Reference group gives the brand a specific meaning for consumers, such that the brand with a positive image in the eyes of the reference group is preferred by consumers, whereas the brand with a negative image in the eyes of the reference group is more likely to be rejected by consumers. Having this in mind the respondents were asked 4 items related to reference group and the analysis is presented in table 4.8 below.

**Table 4.8: Reference Group Analysis**

Reference Group Items	International brands		Locally assembled brands	
	Mean	Std. Deviation	Mean	Std. Deviation
By buying mobile phone brands as my friends, I achieve a sense of belonging	3.03	1.187	3.08	1.154
I prefer or buy mobile phone brands when I am sure my friends like that	2.72	1.199	2.69	1.087
I buy the mobile phone brands that people expect me to buy	2.25	1.103	2.46	1.029
If I want to be like someone, I try to buy same brands that they buy	2.11	1.091	2.38	1.135
<b>Reference Group</b>	<b>2.53</b>	<b>1.145</b>	<b>2.65</b>	<b>1.101</b>

*Source: survey result, 2014*

Table 4.8 illustrates that respondents scored significantly low for items of reference group for both brands. The item that had the least score mean for both brands was "If I want to be like someone, I try to buy same brands that they buy". Respondents scored this item lower for

international brands with a score of (2.11) while scoring (2.38) for local brand. The only item that the respondents scored higher for both brands was the item “By buying mobile phone brands as my friends, I achieve a sense of belonging”. This item scored similarly with for both brands; local brands scoring (3.08) and international brands scoring (3.03). The overall mean score for reference group dimension was very low, local brands scored (2.65) while international brands scored (2.53). This indicates that respondents neither disagreed nor agree with most items listed in reference group for both brands.

#### 4.4.2.2 Self Image

Brands reflect the individual who uses it and tends to build an image of the buyer. Consumers use brand to build their own identity; it reflects what the customer wishes to be seen as a result of using a brand. Mobile phone brands are one way students express their personality and build their self image. Accordingly items related to self image was put to the respondents and the results are shown on table 4.9 below.

**Table 4.9: Self Image Analysis**

Self Image Analysis Items	International brands		Locally assembled brands	
	Mean	Std. Deviation	Mean	Std. Deviation
I prefer mobile phone from brand “X”, which increase my status and esteem	2.84	1.179	2.85	1.241
Mobile phone from brand “X” says a lot about the kind of person I am or want to be	2.64	1.179	2.62	1.098
I feel proud to own mobile phone from brand “X”	3.29	1.081	2.92	1.017
I like and prefer mobile phone from brand “X” because it suits my personality	2.91	1.192	2.85	1.277
<b>Self Image</b>	<b>2.92</b>	<b>1.157</b>	<b>2.81</b>	<b>1.158</b>

*Source: survey result, 2014*

Table 4.9 shows that majority of the respondents scored the list of items related to self image significantly low. The only exception was for international brands; which respondents scored with a mean of (3.29) for the item “I feel proud to own mobile phone from brand X”.

Respondents also scored this item relatively higher than the rest of the items related to self image with a mean score of (2.92). However, respondents disagreed with the item “Mobile phone from brand X says a lot about the kind of person I am or want to be” for both brands. Respondents scored this item similarly for both brands with a mean score of (2.64) for international brands and (2.62) for local brands. The overall mean score for self image was low, international brands scored a mean of (2.92) which was slightly higher than local brands which scored (2.81). This indicates that students do not view mobile phone brands as a reflection of their personality regardless of the brand being international or local.

#### 4.4.2.3 Perceived Risk

A customer’s decision to modify, postpone or avoid purchase decision is heavily influenced by one or more types of perceived risk. There are six types of perceived risk namely; functional risk, physical risk, financial risk, psychological risk and time risk (Kotler and Keller, 2012). The degree of perceived risk varies with the amount of money at stake, the amount of attribute and the level of consumer self-confidence. One of the routines consumers develops to reduce uncertainty and negative consequence of risk is to develop preference for well known or international brand names (Kotler and Keller, 2012). Accordingly respondents were asked questions related to perceived risk and the table below shows the results below.

**Table 4.10: Perceived Risk Analysis**

Perceived Risk Items	International brands		Locally assembled brands	
	Mean	Std. Deviation	Mean	Std. Deviation
The financial risk I will incur if I buy mobile phone from brand “X” is very low	3.01	1.097	2.85	1.190
The performance risk from using mobile phone from brand “X” is very low	3.21	1.081	2.85	.967
By buying mobile phone from brand “X” I will be accepted by my peers, reducing social risk	2.80	1.152	2.54	1.174
<b>Perceived Risk</b>	<b>3.01</b>	<b>1.110</b>	<b>2.75</b>	<b>1.110</b>

*Source: survey result, 2014*

Table 4.10, indicates that the highest score given by the respondents to the list of items related to perceived risk was to international brands. The item “The performance risk from using mobile phone from brand X is very low” scored relatively high with a mean score of (3.21). This indicates that respondents perceive that the performance or functional risk is very low when it comes to international mobile phone brands. The least score that respondents gave to international brands was for the item “By buying mobile phone from brand X I will be accepted by my peers, reducing social risk” which scored (2.80). This indicated that students disagreed with the notion that international brands will reduce social risk and create a sense of acceptance among their peers. Respondents scored two items out of the list the same high scores which deal with financial and performance risk. Students that chose local brands perceive that the financial and performance risk of owning these brands were very low scoring this items (2.85). Respondents also scored the item related to social risk the least as those of international brands. When comparing the overall mean score of the dimensions of perceived risk; international brands scored significantly higher than local brands with a score of (3.01) and (2.75) respectively.

#### **4.4.3 Overall Brand Preference Dimensions**

The table below summarizes the significant factors that affect brand preference. It explains the mean and standard deviation score of each dimensions. In addition, the average mean and standard deviation score of the two broad determinates of brand preference for international and local mobile phone brands is also presented.

**Table 4.11: Analysis of Overall Brand Preference Dimensions**

<b>Dimensions</b>	<b>International brands</b>		<b>Locally assembled brands</b>	
	<b>Mean</b>	<b>Std. Deviation</b>	<b>Mean</b>	<b>Std. Deviation</b>
Brand Awareness	4.07	.944	2.16	.972
Brand Loyalty	3.22	1.179	3.04	1.154
Perceived Quality	3.81	1.036	3.19	1.154
Brand Association	3.79	1.041	3.00	1.002
<b>Brand Equity</b>	<b>3.72</b>	<b>1.05</b>	<b>2.85</b>	<b>1.071</b>
Reference Group	2.53	1.145	2.65	1.101
Self Image	2.92	1.157	2.81	1.158
Perceived Risk	3.01	1.110	2.75	1.110
<b>Customer Attributes</b>	<b>2.82</b>	<b>1.137</b>	<b>2.73</b>	<b>1.123</b>

*Source: survey result, 2014*

As per table 4.11, the study shows from the total of 7 dimensions that affect brand preference; brand awareness scored the highest mean for international brands with a score of (4.07). Perceived quality was ranked second with a mean score of (3.8) while brand association was ranked third scoring (3.79). The least score that the respondents gave was to reference group when it comes to international brands with a score of (2.53). This indicates that university students rank brand awareness as the most influential factor when it comes to international mobile phone brands. This shows that university students are highly aware of international mobile phone brands and is a major factor for their brand preference. In addition, the students perceive that international mobile phone brands are of high quality and superior to local brands. It also indicates that reference group has the least influence among university students mobile phone preference.

The dimension that scored the highest for students that chose locally assembled mobile phone brands was perceived quality which scored (3.19). This implies that students' perception of locally assembled mobile phone brands to be of high quality and was the most important factor for their brand preference. Brand loyalty was ranked the second with a mean score of (3.04),

showing that those students that chose local brands were brand loyal. Brand association was ranked third with a mean score of (3.0). The least score that respondents gave was for brand awareness which scored (2.16), showing that university students were not familiar and least aware of locally assembled mobile phones.

The study also shows that brand equity factors are the most influential factors for students brand preference. This was indicated by the high scores the respondents gave to both brands regarding brand equity. However, respondents scored international brands significantly higher than local brands with a score of (3.7) while local brands scored (2.85). The respondents scored consumer attribute factor the least for both brands; local brands scoring slightly lower than international brands with a score of (2.73) and (2.83) respectively. This implies that consumer attribute dimensions' influence on university students brand preference for international or local brands is very low.

The findings stated above are consistent with the researchers Sara Djerv & Zeina Malla (2012) and Thanika Devi Juwaheer et al (2013). In their study Sara Djerv & Zeina Malla (2012) their main findings suggest that brand preferences within the target group are driven by brand's equity. However, not all the factors that constitute a brand's equity appear to be equally influential on brand preference, as the most influential factor emerge as perceived quality. Perceived quality in these findings consists of durability and functionality. In order to form perceptions on quality, awareness of the brand is a prerequisite and thereafter, clear associations linked to the brand. Brand awareness, brand associations and perceived quality are the result of the prior formed brand perceptions. The findings implicate that the main building blocks of brand perceptions within this market are what others in the respondents' surroundings think and discuss. Thanika Devi Juwaheer et al (2013) came to a conclusion after results of the analysis have also suggested that top of mind awareness and perceived brand values are key factors contributing towards mobile phone selection.

Finally respondents that owned both types of brands were asked to summarize their brand preference. Accordingly, they were asked if they prefer international mobile phone brands over locally assembled mobile phone brands. The result of the respondents' overall brand preference was presented on table 4.12 below.

**Table 4.12: Overall brand preference analysis**

<b>Variables</b>	<b>International brand owners</b>		<b>Locally assembled brand owners</b>	
	<b>Mean</b>	<b>Std. Deviation</b>	<b>Mean</b>	<b>Std. Deviation</b>
I prefer International mobile phone brands compared to locally assembled mobile phone brands	3.96	1.134	3.54	1.581

*Source: survey result, 2014*

As per table 4.12, the study shows that students of AAUSC overwhelmingly prefer international brands over locally assembled mobile phone brands. Accordingly, respondents that owned international brand scored this item significantly higher (3.96) than those owning local brands that scored (3.54). This implies that respondents that owned locally assembled mobile phones do not prefer their current phone brands.

Finally, the study shows that students of AAUSC overwhelmingly prefer international brands over locally assembled mobile phone brands. This finding is consistent with the writing of Samie S (1994) and Al-Sultaiti et al (1998). According to Samie S (1994), young consumers are becoming more used to buying international brands than local brands since the influence by the western world is becoming stronger. While Al-Sultaiti et al., (1998) stated that consumers of developing countries prefer foreign brands, especially from the west, not only of perceived quality but also as indication of social status. Thus a brand's country of origin serves as prove of product quality and people buy such brands for status enhancing reasons (Al-Sultaiti et al., 1998). Consumers of developing countries also view foreign brands as having superior and excellent quality compared to local brands.

#### **4.5 Relationship between Brand Preference Dimensions and Brand Preference**

For this study Pearson's correlation analysis was used to measure the magnitude of the relationship between brand preference dimensions and brand preference. In addition correlation analysis was used to provide evidence of convergent validity. A correlation coefficient is a very

useful means to summarize the relationship between two variables with a single number that falls between -1 and +1 Field (2005). A correlation analysis with Pearson’s correlation coefficient (r) was conducted on all variables in this study to explore the relationships between variables. To interpret the strengths of relationships between variables, the guidelines suggested by Field (2005) were followed, mainly for their simplicity. His classification of the correlation efficient (r) is as follows: 0.1 to 0.30 is weak; 0.3 – 0.50 is moderate; and > 0.5 is strong. Regarding the relationship between the variables, table 4.13 clearly shows that figures with the symbol (\*\*) indicates that each of the variables are significantly correlated at a significant level of p<0.01.

**Table 4.13: Correlation Analysis**

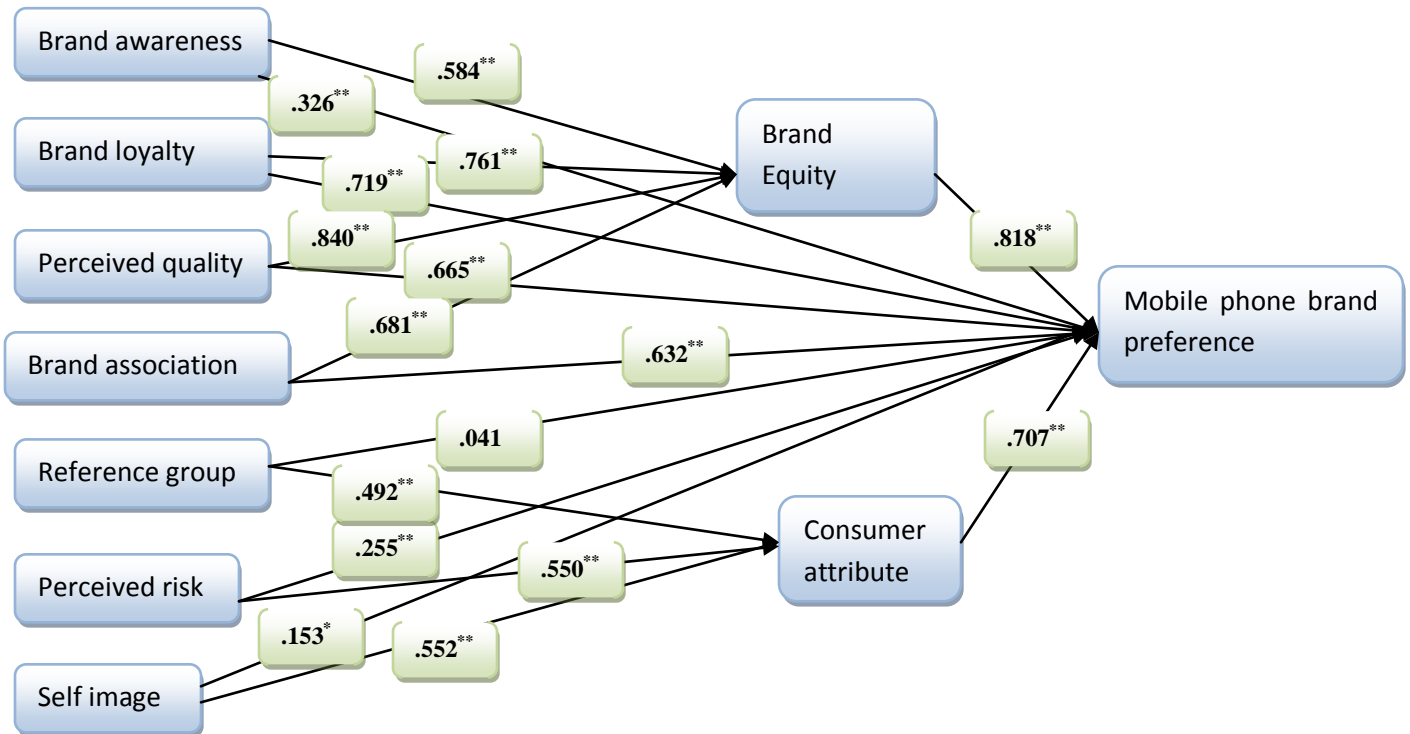
	<b>Brand Awareness</b>	<b>Brand Loyalty</b>	<b>Perceived Quality</b>	<b>Brand Association</b>	<b>Reference Group</b>	<b>Self Image</b>	<b>Perceived Risk</b>	<b>Brand Preference</b>
<b>Brand Awareness</b>	1	.190**	.326**	.250**	.187**	.201**	.049	.326**
<b>Brand Loyalty</b>		1	.478**	.360**	.256**	.274**	.198**	.719**
<b>Perceived Quality</b>			1	.571**	.073	.160*	.240**	.665**
<b>Brand Association</b>				1	.096	.152*	.264**	.632**
<b>Reference Group</b>					1	.391**	.326**	.492**
<b>Self Image</b>						1	.241**	.552**
<b>Perceived Risk</b>							1	.550**
<b>Brand Preference</b>								1

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

*Source: survey result, 2014*

As per table 4.13, the coefficients show that the seven dimensions measuring brand preference were all positively related with brand preference within the range of (0.326) to (0.719) all were significantly at p<0.01 level. Out of the 7 dimensions of brand preference, 5 of the dimensions (brand loyalty, perceived quality, brand association, self image and perceived risk) show a strong positive relationship with brand preference. The table also indicates that brand loyalty shows the strongest positive relationship (.719) with brand preference. Perceived quality was the second strongest positive relationship while brand association was the third with a correlation coefficient

of (0.665) and (0.32) respectively. The other two dimensions reference group and brand awareness show a moderate level of relationship with brand preference with a coefficient of (0.492) and (0.326) respectively. The independents variables all had a positive correlation with each other except. Figure 4.2 illustrates the correlation of each dimension in the study below.



**Figure 4.2:** Correlation Model

*Source: survey result, 2014*

## 4.6 The Hypothesis of the Research Analysis

**H1:** Brand awareness has a significant positive relationship with brand preference.

As per table 4.13, brand awareness has a positive relationship with brand preference with a correlation coefficient of (.326\*\*). The analysis shows that the p value is (0.000), which is less than the significance value 0.01, hence the dependent variable brand awareness and dependent

variable brand preference have a moderate positive relationship at ( $r=.326^{**}$ ) which support the hypothesis.

**H2:** Brand loyalty has a significant positive relationship with brand preference.

As depicted in the table 4.13, brand loyalty has a positive relationship with brand preference with a correlation coefficient of ( $.719^{**}$ ). The analysis shows that the p value is (0.000), which is less than the significance value 0.01, hence the dependent variable brand loyalty and dependent variable brand preference have a strong positive relationship at ( $r=.719^{**}$ ) which support the hypothesis.

**H3:** Perceived quality has a significant positive relationship with brand preference.

In the survey findings as shown in table 4.13, perceived quality has a positive relationship with brand preference with a correlation coefficient of ( $.665^{**}$ ). The analysis shows that the p value is (0.005), which is less than the significance value 0.01, hence the dependent variable perceived quality and dependent variable brand preference have a strong positive relationship at ( $r=.665^{**}$ ) which support the hypothesis.

**H4:** Brand association has a significant positive relationship with brand preference.

Table 4.13, the survey findings clearly indicate that brand association has a positive relationship with brand preference with a correlation coefficient of ( $.632^{**}$ ). The analysis shows that the p value is (0.000), which is less than the significance value 0.01, hence the dependent variable brand association and dependent variable brand preference have a strong positive relationship at ( $r=.632^{**}$ ) which support the hypothesis.

**H5:** Reference group has a significant positive relationship with brand preference.

Based on table 4.13, reference group has a positive relationship with brand preference with a correlation coefficient of ( $.492^{**}$ ). The analysis shows that the p value is (0.000), which is less than the significance value 0.01, hence the dependent variable reference group and dependent variable brand preference have a moderate positive relationship at ( $r=.492^{**}$ ) which support the hypothesis.

**H6:** Self image has a significant positive relationship with brand preference.

As per table 4.13, self image has a positive relationship with brand preference with a correlation coefficient of (.552<sup>\*\*</sup>). The analysis shows that the p value is (0.000), which is less than the significance value 0.01, hence the dependent variable self image and dependent variable brand preference have a strong positive relationship at ( $r=.552^{**}$ ) which support the hypothesis.

**H7:** Perceived risk has a significant positive relationship with brand preference.

Regarding this, table 4.13 shows, perceived risk has a positive relationship with brand preference with a correlation coefficient of (.550<sup>\*\*</sup>). The analysis shows that the p value is (0.000), which is less than the significance value 0.01, hence the dependent variable perceived risk and dependent variable brand preference have a strong positive relationship at ( $r=.550^{**}$ ) which support the hypothesis.

From the above findings and analysis, the entire hypotheses are supported and the seven brand preference dimensions are positively related to brand preference of Addis Ababa University School of Commerce students.

**Table 4.14** Hypothesis results based on correlation analysis

Hypothesis	Independent Variables	Correlation Variable	Dependent variable	Results
<b>H1</b>	Brand awareness	.326 <sup>**</sup>	Brand preference	Supports
<b>H2</b>	Brand loyalty	.719 <sup>**</sup>	Brand preference	Supports
<b>H3</b>	Perceive quality	.665 <sup>**</sup>	Brand preference	Supports
<b>H4</b>	Brand association	.632 <sup>**</sup>	Brand preference	Supports
<b>H5</b>	Reference group	.492 <sup>**</sup>	Brand preference	Supports
<b>H6</b>	Self image	.552 <sup>**</sup>	Brand preference	Supports
<b>H7</b>	Perceived risk	.550 <sup>**</sup>	Brand preference	Supports

*Source: survey result, 2014*

Table 4.13 shows the hypothesis results based on correlation analysis. Each of the above mentioned brand preference dimensions have positive relationship with AAUSC students brand preference, hence they support the hypothesis.

## 4.7 Brand Preference Determinants Based on Respondents' Profile

In order to examine if there is a difference between the demographic profile of the university students and the determinants that affects brand preference, inferential statistics was employed. One way ANOVA was applied to compare demographic characteristic and how they are related with brand awareness, brand loyalty, perceived quality, brand association, reference group, self image and perceived risk. In addition independent t-test was used to compare the mean difference gender and underlying factors of brand preference (Appendix H). The following tables below illustrate the independent t-test of gender and one way ANOVA between demographic profile (age groups and departments) and brand preference dimensions.

**Table 4.15:** Independent sample t-test between gender and brand preference dimensions

Brand Preference Dimensions	Gender	N	Mean	Std. Deviation	Mean Difference	t-value	Sig.(p)
Brand Awareness	Male	141	4.0069	.68430	-.07828	-.611	.704
	Female	88	4.0852	.64462		-.620	
Brand Loyalty	Male	141	3.1007	.90544	-.24021	-1.383	.941
	Female	88	3.3409	.91195		-1.380	
Perceived Quality	Male	141	3.6910	.83970	-.09880	-.582	.439
	Female	88	3.7898	.95987		-.564	
Brand Association	Male	141	3.6319	.93067	-.17487	-.993	.809
	Female	88	3.8068	.90358		-1.000	
Reference Group	Male	141	2.4514	.83248	-.21338	-1.247	.044
	Female	88	2.6648	.98822		-1.196	
Self Image	Male	141	2.7882	.82186	-.28567	-1.704	.061
	Female	88	3.0739	.95932		-1.641	
Perceived Risk	Male	141	2.9306	.73145	-.12247	-.801	.062
	Female	88	3.0530	.90060		-.762	

Significant at  $p < 0.05$

*Source: survey result, 2014*

As shown in table 4.14, the mean difference between male and female respondents with the dimension reference group was (-0.21338). The result of independent sample t-test shows that the mean between male and female respondents with the dimension reference group was significant, at p value (0.044) where  $p < 0.05$ . This result indicates that the dimension reference group's influence on female mobile phone brand preference is higher than the influence the

dimension has on the male respondents. The mean difference between male and female for the other dimensions of brand preference was not significant as their p values are greater than (0.05). This indicates that other dimensions influence on brand preference of male and female respondents are similar.

**Table 4.16:** One Way ANOVA between age groups and brand preference dimensions

Brand Preference Dimensions		Sum of Squares	Df	Mean Square	F	Sig.(p)
Brand Awareness	Between Groups	.802	2	.401	.897	.410
	Within Groups	50.480	227	.447		
	Total	51.282	229			
Brand loyalty	Between Groups	1.764	2	.882	1.063	.349
	Within Groups	93.781	227	.830		
	Total	95.545	229			
Perceived Quality	Between Groups	.565	2	.283	.357	.700
	Within Groups	89.381	227	.791		
	Total	89.946	229			
Brand Association	Between Groups	1.696	2	.848	1.001	.371
	Within Groups	95.744	227	.847		
	Total	97.440	229			
Reference Group	Between Groups	1.916	2	.958	1.196	.306
	Within Groups	90.525	227	.801		
	Total	92.441	229			
Self Image	Between Groups	6.060	2	3.030	4.091	.019
	Within Groups	83.698	227	.741		
	Total	89.759	229			
Perceived Risk	Between Groups	2.539	2	1.270	2.028	.136
	Within Groups	70.733	227	.626		
	Total	73.272	229			

Significant at  $p < 0.05$

*Source: survey result, 2014*

In order to find out whether there is a significant difference between brand preference dimensions and age groups, one way ANOVA analysis was used. As per table 4.15, the study shows that from the seven dimensions of brand preference significant difference between age group is observed with regards to self image. There is a significant difference between age group

and self image at  $F= 4.091$ ,  $p<0.05$ , which is 0.019. For the other six variables, the result shows that there is no significant difference between age group with regards to brand awareness, brand loyalty, perceived quality, brand association, reference group and perceived risk. This indicates that brand preference between age groups is similar.

**Table 4.17:** One Way ANOVA between AAUSC departments and brand preference dimensions

Brand Preference Dimensions		Sum of Squares	Df	Mean Square	F	Sig.(p)
Brand Awareness	Between Groups	5.350	8	.389	.865	.537
	Within Groups	95.983	221	.450		
	Total	101.333	229			
Brand loyalty	Between Groups	14.327	8	1.050	1.286	.264
	Within Groups	172.933	221	.817		
	Total	187.260	229			
Perceived Quality	Between Groups	6.261	8	.365	.451	.868
	Within Groups	165.913	221	.809		
	Total	172.174	229			
Brand Association	Between Groups	18.076	8	1.219	1.480	.182
	Within Groups	170.684	221	.823		
	Total	188.760	229			
Reference Group	Between Groups	22.151	8	1.676	2.243	.036
	Within Groups	159.912	221	.747		
	Total	182.063	229			
Self Image	Between Groups	17.912	8	1.259	1.680	.121
	Within Groups	158.445	221	.749		
	Total	176.356	229			
Perceived Risk	Between Groups	15.581	8	1.048	1.716	.113
	Within Groups	129.435	221	.611		
	Total	145.016	229			

Significant at  $p<0.05$ , *Source: survey result (2014)*

ANOVA results from table 4.16, shows that out of the seven dimensions of brand preference significant difference between AAUSC departments and reference group is observed. There is a significant difference between departments and reference group at  $F= 2.243$ , significant level of 0.036, which is less than 0.05. Brand preferences' of respondents in different departments are affected by reference group. For the remaining six dimensions of brand preference, the result shows that their influence is similar among different departments of AAUSC.

## CHAPTER FIVE

### SUMMARY, CONCLUSION AND RECOMMENDATION

#### 5.1 Introduction

In this chapter, the conclusion and recommendation of the study is presented. The aim of this chapter is to review the problem of the research and conclude the findings with regards to the objectives of the study. Recommendation that focuses on how the problem identified could be addressed is also included in this chapter. Finally, limitation of the study and suggestion for further research is also included at the end of this chapter.

#### 5.2 Summary Findings

The primary objective of this study was to investigate university students, specifically AAUSC students', brand preference comparing international mobile phone with locally assembled mobile phone brands. Ethiopian university students especially in Addis Ababa are exposed to a wide variety of foreign as well as local brands. Hence, this study tries to answer whether students prefer foreign brands over local brands due to the influence of western culture. In addition, this study also tries to answer the research questions it stated within the introduction.

In order to find out the brand preference of AAUSC students, the study considered two factors namely brand equity and consumers attributes. These factors had sub elements which included seven dimensions i.e. brand awareness, brand loyalty, perceived quality, brand association, reference group, self image and perceived risk. To assess the factors influence, a sample size was selected using convenience sampling technique. Based on the theoretical frame work and objectives of the study 22 items were provided in a 5 point Likert scale to the respondents. The gathered data was analyzed by descriptive analysis using descriptive statistics.

The findings indicate that Samsung, Nokia and Techno were the top three bands that AAUSC students most prefer while, SMADL, Tana and Ericsson were their least preferred mobile phone brands. In addition; new technology applications, product attributes and price was the top three criteria for mobile selection among students. However, ease of use, advertising and recommendation were found to be the least important factors for university students when deciding to purchase a mobile phone. Further, the findings of the study also show that university

students indicated that friends or family and the internet were their main source of information when it comes to information about new mobile phones.

The results of the descriptive analysis indicates that brand awareness, perceived quality and brand association were the top three influential factors of brand preference for students with regards to international brands while reference group was the least influential factor. On the other hand, perceived quality, brand loyalty and brand association were the most influential factors of brand preference for students towards locally assembled mobile phone brands. This finding indicates that university students are highly aware of international mobile phone brands and is a major factor for their brand preference. In addition, the students perceive that international mobile phone brands to be of high quality and superior to local brands. In conclusion, the study shows that brand equity factors are the most influential factors for students brand preference while consumer attribute dimensions' influence on university students brand preference for international or local brands is very low.

The results of correlation analysis indicate that the coefficients show that the seven dimensions measuring brand preference were all positively related with brand preference. Out of the seven dimensions of brand preference, brand loyalty, perceived quality and brand association showed a strong positive relationship with brand preference. The result of independent sample t-test indicates that the dimension reference group's influence on female mobile phone brand preference is higher than the influence the dimension has on the male respondents. In addition, One Way ANOVA between age groups and departments shows that brand preference between age groups and departments are similar.

### **5.3 Conclusion**

In general as per the findings of the study, it can be concluded that students of AAUSC overwhelmingly prefer international brands over locally assembled mobile phone brands. New technology applications, product attributes and price are the major criteria for a mobile phone purchasing decision. In addition, friends or family and the internet are the major sources of information from where students get to know new mobile phone brands. Finally, brand equity dimensions are more influential in students' brand preference than consumer attribute dimensions

## 5.4 Recommendations

Based on the findings of the study and conclusions made, the following possible recommendations are given.

- Local mobile assembling companies as well as foreign companies should focus on the decision criteria of students as a guide to develop mobile phone products to tap into this market segment. These include new technology applications (browser, social media applications...), product attributes (durability, size, memory capacity, design, battery life...) and price.
- Understanding what the university student market segment needs and wants should be the main primary activity for companies in the mobile phone industry. Mobile phone companies that are currently serving and those companies that want to enter and serve this segment must provide mobile phone brands that are perceived to be of high quality.
- Ones they have established themselves in the industry must educate or create brand awareness within this segment. They should also focus on the mobile phone features so as to incorporate new technological applications such as connection to social media like Facebook, Twitter and other instant messaging applications, since this segment is technologically savvy and more connected on the internet.
- Local mobile phone assembling companies should concentrate on creating brand awareness among university students. Local companies should embark on intensive campaign to create stronger brand awareness and brand image.
- Companies need to both advertise, and also to take active measures to ensure that word of mouth (WOM) and other forms of uncontrolled communication concerning their brands are positive since. WOM, along with advertising and other forms of publicity, is a core variable in building brand image. Word of mouth has high credibility which leads to brand preference and plausibly has a greater net overall effect on sales than advertising.

- Local companies could also build their brand equity by investing more on research and development. Based on their research and development into the best approaches and lessons of on international brands they could develop effective strategies and innovative products to build well know preferred brands.
- Local companies could also try to establish patent relationships to manufacture patented international mobile phone brands. Its benefit is two folds; since brand preference for international mobile phone brands are very high among university students, local companies could leverage this preference and start assembling international brand locally. Secondly, this is also advantageous for international brand manufactures to establish partnership with local companies to manufacture international mobile phone brands at a low cost.
- International mobile phone manufacturers should be able to leverage their brand equity they have in this market segment by establishing their own manufacturing plants and aggressively tapping into this growing segment.

#### **5.4 Limitation and Suggestion for Further Studies**

The findings of this study are based entirely upon the research conducted among the students of Addis Ababa University School of Commerce and hence may not be representation of whole preference of students of Addis Ababa University. This study should be carried out on a wider scale taking sample from the different university students not only Addis Ababa University but also other private colleges and universities.

Future researchers can investigate university students brand preference by including other factors that might influence brand preference. In addition, researchers could find out more about university students brand preference by applying additional statistical techniques like factor analysis, regression analysis and so forth.

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# **APPENDICES**

## APPENDIX A

### A Questionnaire on Brand preference of AAUSC students: International Vs Local mobile phone brands

#### Dear respondents:

I am a graduate student at Addis Ababa University School of Commerce and currently conducting a research for the completion of my masters in marketing management. This questionnaire is designed to collect data on the brand preference of Addis Ababa University School of Commerce students' brand preference of International Vs local mobile phone brands. Please take a few minutes of your time to answer this questionnaire about your personal experience with your mobile phone preference. Your willingness and cooperation in giving reliable information is well appreciated and the information you provide will be used for academic purpose and will be kept in strict confidentiality.

If you would like further information about this study, or have problem in completing this questionnaire please contact me via +2519 11 33 80 18 or [amde2005@gmail.com](mailto:amde2005@gmail.com)

Thank you for your cooperation!

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

#### PART 1: General information of students'

1. Gender  Male  Female
  
2. Age  below 20  20-25  25-30  above 30
  
3. Your Specialization in AAUSC  
 ACC  ASM  BAIS  FNDE  MM  PSM  MM  HRM
  
4. Years of study in AAUSC  
 First year  Second year  Third year

**PART 2: Basic information on mobile phone**

5. Do you own a mobile phone? Yes  No

**If you have answered ‘No’ for question No. 5 above, this is the end of the questionnaire for you. Once again, many thanks for your support!**

6. What is the brand of your current mobile phone?

**International brands**

**locally assembled brands**

Nokia

Techno

Samsung

SMADL

iPhone

Tana

Ericsson

Geotel

Motorola

HTC

LG

Blackberry

Other, specify \_\_\_\_\_

7. Rate the following criteria for selecting a mobile phone from 1 to 7 in order of importance.

Criteria	Rank
New Technological applications (browsers, social media apps...)	
Price	
Product attributes (durability, size, memory capacity, design, battery life...)	
Ease of Use	
Country of origin (made in)	
Recommendation	
Advertising	

8. What is the main source from which you get to know about new mobile phones?

- Technology related programs (TV, Radio etc)
- Advertising
- Friends/Family
- News
- Internet
- Other, specify \_\_\_\_\_

**PART 2: The statements below are designed so that they give information on which factors affect brand preference. The statements drawn (X) are referring to the brand you have selected in question 6 above.**

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

**A. Brand Equity**

<b>Brand Awareness</b>	<b>Strongly Disagree (1)</b>	<b>Disagree (2)</b>	<b>Neutral (3)</b>	<b>Agree (4)</b>	<b>Strongly Agree (5)</b>
I know the symbol or logo of the mobile device from brand “X”					
Some features of brand “X” come to my mind quickly					
I can recognize the brand “X” quickly among other competing brands					
I am familiar with the brand “X”					
<b>Brand Loyalty</b>	<b>Strongly Disagree (1)</b>	<b>Disagree (2)</b>	<b>Neutral (3)</b>	<b>Agree (4)</b>	<b>Strongly Agree (5)</b>
I consider myself to be loyal to mobile phone from brand “X”					
When buying a mobile phone,					

brand “X” would be my first choice					
I will keep on buying mobile phone from brand “X” even if the other brands has the same functionality					
I am still willing to buy mobile phone from brand “X” even if its price is a little higher than that of its competitor					
<b>Perceived quality</b>	<b>Strongly Disagree (1)</b>	<b>Disagree (2)</b>	<b>Neutral (3)</b>	<b>Agree (4)</b>	<b>Strongly Agree (5)</b>
I trust the quality of products from brand “X”					
Products from brand “X” offer excellent features					
I think mobile phones from brand “X” have a reputation of high quality					
Mobile phones from brand “X” are very durable products					
<b>Brand Association</b>	<b>Strongly Disagree (1)</b>	<b>Disagree (2)</b>	<b>Neutral (3)</b>	<b>Agree (4)</b>	<b>Strongly Agree (5)</b>
I think international mobile phone brands are of high quality and superior compared to local brands					
I associate the country of origin of the mobile phone from brand “X” with high quality					

## B. Consumer attribute

<b>Reference group</b>	<b>Strongly Disagree (1)</b>	<b>Disagree (2)</b>	<b>Neutral (3)</b>	<b>Agree (4)</b>	<b>Strongly Agree (5)</b>
By buying mobile phone brands as my friends, I achieve a sense of belonging					
I prefer or buy mobile phone brands when I am sure my friends like that					
I buy the mobile phone brands that people expect me to buy					
If I want to be like someone, I try to buy same brands that they buy					
<b>Self Image</b>	<b>Strongly Disagree (1)</b>	<b>Disagree (2)</b>	<b>Neutral (3)</b>	<b>Agree (4)</b>	<b>Strongly Agree (5)</b>
I prefer mobile phone from brand "X", which increase my status and esteem					
Mobile phone from brand "X" says a lot about the kind of person I am or want to be					
I feel proud to own mobile phone from brand "X"					
I like and prefer mobile phone from brand "X" because it suits my personality					
<b>Perceived Risk</b>	<b>Strongly Disagree (1)</b>	<b>Disagree (2)</b>	<b>Neutral (3)</b>	<b>Agree (4)</b>	<b>Strongly Agree (5)</b>
The financial risk I will incur if I buy mobile phone from brand "X" is very low					
The performance risk from using mobile					

phone from brand “X” is very low					
By buying mobile phone from brand “X” I will be accepted by my peers, reducing social risk					
<b>Overall brand preference</b>	<b>Strongly Disagree (1)</b>	<b>Disagree (2)</b>	<b>Neutral (3)</b>	<b>Agree (4)</b>	<b>Strongly Agree (5)</b>
I prefer International mobile phone brands compared to locally assembled mobile phone brands					

## APPENDIX B

TABLE FOR APPROPRIATE SAMPLE SIZE FOR KNOWN POULATION

N	S	N	S	N	S
10	10	220	140	1 200	291
15	14	230	144	1 300	297
25	24	250	152	1 500	306
30	28	260	155	1 600	310
35	32	270	159	1 700	313
40	36	280	162	1 800	317
45	40	290	165	1 900	320
50	44	300	169	2 000	322
55	48	320	175	2 200	327
60	52	340	181	2 400	331
65	56	360	186	2 600	335
70	59	380	191	2 800	338
75	63	400	196	3 000	341
80	66	420	201	3 500	346
85	70	440	205	4 000	351
90	73	460	210	4 500	354
95	76	480	214	5 000	357
100	80	500	217	6 000	361
110	86	550	226	7 000	364
120	92	600	234	8 000	367
130	97	650	242	9 000	368
140	103	700	248	10 000	370
150	108	750	254	15 000	375
160	113	800	260	20 000	377
170	118	850	265	30 000	379
180	123	900	269	40 000	380
190	127	950	274	50 000	381
200	132	1 000	278	75 000	382
210	136	1 100	285	1 000 000	384

Source: Krejcie and Morgan (1970); N = Population size S = Recommended sample size

## APPENDIX C

### Descriptive Statistics

#### Gender

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Male	141	61.6	61.6	61.6
Valid Female	88	38.4	38.4	100.0
Valid Total	229	100.0	100.0	

#### Your specialization in AAUSC

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid ACC	56	24.5	24.5	24.5
Valid ASM	12	5.2	5.2	29.7
Valid BAIS	51	22.3	22.3	52.0
Valid FNDE	18	7.9	7.9	59.8
Valid MM	68	29.7	29.7	89.5
Valid PSM	14	6.1	6.1	95.6
Valid Mgt	2	.9	.9	96.5
Valid HRM	8	3.5	3.5	100.0
Valid Total	229	100.0	100.0	

## APPENDIX D

### Correlation between brand preference dimensions and brand preference

		Correlations			
		Brand Awareness	Brand Loyalty	Perceived Quality	Brand Association
Brand Awareness	Pearson Correlation	1	.190**	.326**	.250**
	Sig. (2-tailed)		.004	.000	.000
	N	229	229	229	229
Brand Loyalty	Pearson Correlation	.190**	1	.478**	.360**
	Sig. (2-tailed)	.004		.000	.000
	N	229	229	229	229
Perceived Quality	Pearson Correlation	.326**	.478**	1	.571**
	Sig. (2-tailed)	.000	.000		.000
	N	229	229	229	229
Brand Association	Pearson Correlation	.250**	.360**	.571**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	229	229	229	229
Reference Group	Pearson Correlation	-.187**	.256**	-.073	.090
	Sig. (2-tailed)	.004	.000	.271	.140
	N	229	229	229	229
Self Image	Pearson Correlation	-.201**	.274**	.160*	.150
	Sig. (2-tailed)	.002	.000	.015	.020
	N	229	229	229	229
Perceived Risk	Pearson Correlation	.049	.198**	.240**	.264**
	Sig. (2-tailed)	.464	.003	.000	.000
	N	229	229	229	229
Brand Equity	Pearson Correlation	.584**	.761**	.840**	.681**
	Sig. (2-tailed)	.000	.000	.000	.000
	N	229	229	229	229
Consumer Attribute	Pearson Correlation	-.178**	.332**	.123	.213
	Sig. (2-tailed)	.007	.000	.062	.000
	N	229	229	229	229
Brand Preference	Pearson Correlation	.326**	.719**	.665**	.632**
	Sig. (2-tailed)	.000	.000	.000	.000
	N	229	229	229	229

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

\* . Correlation is significant at the 0.05 level (2-tailed).

## APPENDIX E

### Brand Preference between Genders (ANOVA)

		N	Mean	Std. Deviation
Brand Awareness	Male	141	4.0069	.68430
	Female	88	4.0852	.64462
	Total	229	3.1007	.90544
Brand Loyalty	Male	141	3.3409	.91195
	Female	88	3.6910	.83970
	Total	229	3.7898	.95987
Perceived Quality	Male	141	3.6319	.93067
	Female	88	3.8068	.90358
	Total	229	2.4514	.83248
Brand Association	Male	141	2.6648	.98822
	Female	88	2.7882	.82186
	Total	229	3.0739	.95932
Reference Group	Male	141	2.9306	.73145
	Female	88	3.0530	.90060
	Total	229	4.0069	.68430
Self Image	Male	141	4.0852	.64462
	Female	88	3.1007	.90544
	Total	229	3.3409	.91195
Perceived Risk	Male	141	3.6910	.83970
	Female	88	3.7898	.95987
	Total	229	3.6319	.93067

## APPENDIX F

### Brand Preference between Age Groups (ANOVA)

		N	Mean	Std. Deviation
Brand Awareness	below 20	18	4.2500	.37500
	20 - 25	142	4.0599	.70263
	25 - 30	69	3.9375	.65021
	Total	229	4.0366	.66778
Brand loyalty	below 20	18	3.5833	.95197
	20 - 25	142	3.1232	.94668
	25 - 30	69	3.2292	.82457
	Total	229	3.1918	.91150
Perceived Quality	below 20	18	3.8889	.48591
	20 - 25	142	3.7535	.90878
	25 - 30	69	3.6389	.92088
	Total	229	3.7284	.88439
Brand Association	below 20	18	4.1111	.69722
	20 - 25	142	3.6761	.93005
	25 - 30	69	3.6389	.94575
	Total	229	3.6983	.92049
Reference Group	below 20	18	2.3889	.95288
	20 - 25	142	2.4542	.93762
	25 - 30	69	2.7222	.78780
	Total	229	2.5323	.89657
Self Image	below 20	18	3.6667	.25000
	20 - 25	142	2.7958	.86428
	25 - 30	69	2.9028	.93975
	Total	229	2.8966	.88346
Perceived Risk	below 20	18	2.9630	.84071
	20 - 25	142	2.8685	.78977
	25 - 30	69	3.1944	.78224
	Total	229	2.9770	.79822

**Brand Preference between Departments (ANOVA)**

		N	Mean	Std. Deviation
Brand Awareness	ACC	56	4.0134	.55885
	ASM	12	4.0417	.46262
	BAIS	51	4.0784	.69550
	FNDE	18	3.6667	.77649
	MM	68	4.0368	.76082
	PSM	14	4.0357	.35161
	Mgt	2	5.0000	.00000
	HRM	8	4.3750	.48181
	Total	229	4.0317	.66667
	Brand loyalty	ACC	56	3.3482
ASM		12	2.6250	1.35471
BAIS		51	2.8824	.78159
FNDE		18	3.1667	.59409
MM		68	3.3824	.79465
PSM		14	3.1429	.99863
Mgt		2	3.7500	.00000
HRM		8	3.5625	.66480
Total		229	3.2009	.90626
Perceived Quality		ACC	56	3.9777
	ASM	12	3.3750	1.22242
	BAIS	51	3.6127	.89347
	FNDE	18	3.6111	.83235
	MM	68	3.7206	.87196
	PSM	14	3.8929	.84190
	Mgt	2	3.7500	.00000
	HRM	8	3.6875	.98878
	Total	229	3.7424	.86899
	Brand Association	ACC	56	3.9464
ASM		12	2.9167	1.01876
BAIS		51	3.5392	.91018
FNDE		18	3.6111	.86697

Reference Group	MM	68	3.8088	.83768
	PSM	14	3.3571	1.32184
	Mgt	2	5.0000	.00000
	HRM	8	3.7500	.96362
	Total	229	3.7009	.90989
	ACC	56	2.4063	.76063
	ASM	12	2.4167	1.02986
	BAIS	51	2.0833	.73768
	FNDE	18	2.7778	1.01057
	MM	68	2.8603	.90848
	PSM	14	2.8929	1.02711
	Mgt	2	3.0000	.00000
	HRM	8	2.6875	.63738
	Total	229	2.5437	.89360
Self Image	ACC	56	3.0759	.76859
	ASM	12	2.4583	1.29173
	BAIS	51	2.6618	.81979
	FNDE	18	3.2222	.64676
	MM	68	2.8971	.92057
	PSM	14	2.5357	.61125
	Mgt	2	3.7500	.00000
	HRM	8	3.7500	.86603
	Total	229	2.9061	.87948
	ACC	56	3.1905	.68419
	ASM	12	2.5000	1.26730
	BAIS	51	2.7647	.75511
	FNDE	18	3.2963	.96263
	Perceived Risk	MM	68	2.9020
PSM		14	3.0476	.46881
Mgt		2	4.6667	.00000
HRM		8	3.0000	.56344
Total		229	2.9796	.79752

## APPENDIX H

### Independent Sample T-Test for

		Levene's Test for Equality of Variances		t	
		F	Sig.		
Brand Awareness	Equal variances assumed	.084	.704	- .611	
	Equal variances not assumed			- .620	
Brand loyalty	Equal variances assumed	.012	.914	-1.383	
	Equal variances not assumed			-1.380	
Perceived Quality	Equal variances assumed	.178	.439	-.582	
	Equal variances not assumed			-.564	
Brand Association	Equal variances assumed	.079	.809	-.993	
	Equal variances not assumed			-1.000	
Reference Group	Equal variances assumed	1.883	.047	-1.247	
	Equal variances not assumed			-1.196	
Self Image	Equal variances assumed	1.709	.061	-1.704	
	Equal variances not assumed			-1.641	
Perceived Risk	Equal variances assumed	1.722	.062	-.801	
	Equal variances not assumed			-.762	

#### Group Statistics

	Gender	N	Mean	Std. Deviation
Brand Awareness	Male	141	15.9929	2.72
	Female	88	16.3409	2.56
Brand Loyalty	Male	141	12.4539	3.59
	Female	88	13.3636	3.62
Perceived Quality	Male	141	14.8511	3.25
	Female	88	15.1591	3.81
Brand Association	Male	141	7.2695	1.82
	Female	88	7.6136	1.79
Reference Group	Male	141	9.8723	3.31
	Female	88	10.6591	3.93
Self Image	Male	141	11.2057	3.26
	Female	88	12.2955	3.81
Perceived Risk	Male	141	8.8014	2.18
	Female	88	9.1591	2.68

