

The role of localization strategy in development of brand equity: A case study of Samsung firm

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ABSTRACT

In this paper an attempt is made to analyze the components of localization strategy including attribute policy, benefits policy, application/implementation policy, consumer policy, competition policy, quality/price policy and product category policy on development of brand equity. The study uses two questionnaires, one for measuring brand equity, which is adopted from Buil et al. (2013) [Buil, I., de Chernatony, L., & Martínez, E. (2013). Examining the role of advertising and sales promotions in brand equity creation. *Journal of Business Research*, 66(1), 115-122.], and the other for measuring localization strategy designed by researchers. Cronbach alphas for brand equity and localization strategy are 0.82 and 0.78, respectively. The study is applied among consumers of products with a name of Samsung in city of Tehran, Iran. Using Pearson correlation as well as multiple regression technique, the study has determined that attribute, consumer and application/implementation policies influenced positively on brand equity.

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1. Introduction

The financial risk of entering new markets has become a serious concern for several consumer product manufacturers and the cost of building a new brand may go up to hundreds of millions of dollars (Aaker & Keller, 1990; Kim et al., 2001). Therefore, it is always important to determine different factors influencing on brand equities. During the past few years, there have been tremendous efforts on learning more about brand equity (Keller et al., 2011). Atilgan et al. (2005), for instance, examined the practicality and application of a customer-based brand equity model, based on Aaker's well-known conceptual framework of brand equity and concluded that brand loyalty was the most influential dimension of brand equity. Kim et al. (2001) investigated attendee-based brand equity by additionally sampling regional CHRIE conferences (RCs) and comparing the data with I-CHRIE's annual conference. Yoo (2009) tried to understand whether or not the effect of personal cultural orientation on brand-related consumer behaviors operates invariably at the individual level in two culturally opposite countries. They reported that personal collectivistic orientation maintained a substantial effect

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on both brand loyalty and equity among both Americans and Koreans. Brand loyalty was higher among users of high collectivism than those of low collectivism across brands in two countries. In their survey, brand equity was also reported higher among people of high collectivism than those of low collectivism across brands in both countries. Clottey et al. (2011) reported that service quality, product quality and brand image may drive customer loyalty as measured by a customer's willingness to recommend the retailer's products to other people. According to Clottey et al. (2011), service management managers are able to improve these drivers of customer loyalty by better training, recognition and reward programs, day-to-day store operations, and job, product, process and store design. Gupta and Zeithaml (2006) offered nine empirical generalizations about the linkages between perceptual and behavioral metrics and their effect on financial performance.

2. The proposed study

In this paper, an attempt is made to analyze the components of localization strategy including attribute policy, benefits policy, application/implementation policy, consumer policy, competition policy, quality/price policy and product category policy on development of brand equity. The study uses two questionnaires, one for measuring brand equity, which is adopted from Buil et al. (2008, 2013) and the other for measuring localization strategy designed by researchers. The study is applied among consumers of Samsung in city of Tehran, Iran. The sample size is calculated as follows,

$$N = Z_{\alpha/2}^2 \frac{p \times q}{e^2}, \quad (1)$$

where N is the sample size, $p = 1 - q$ represents the probability, $z_{\alpha/2}$ is CDF of normal distribution and finally ε is the error term. For our study we assume $p = 0.5$, $z_{\alpha/2} = 1.96$ and $e = 0.05$, the number of sample size is calculated as $N = 384$. The study distributes 400 questionnaires in order to meet the minimum requirement sample size. Cronbach alphas for brand equity and localization strategy are 0.82 and 0.78, respectively. Fig. 1 demonstrates the structure of the proposed study.

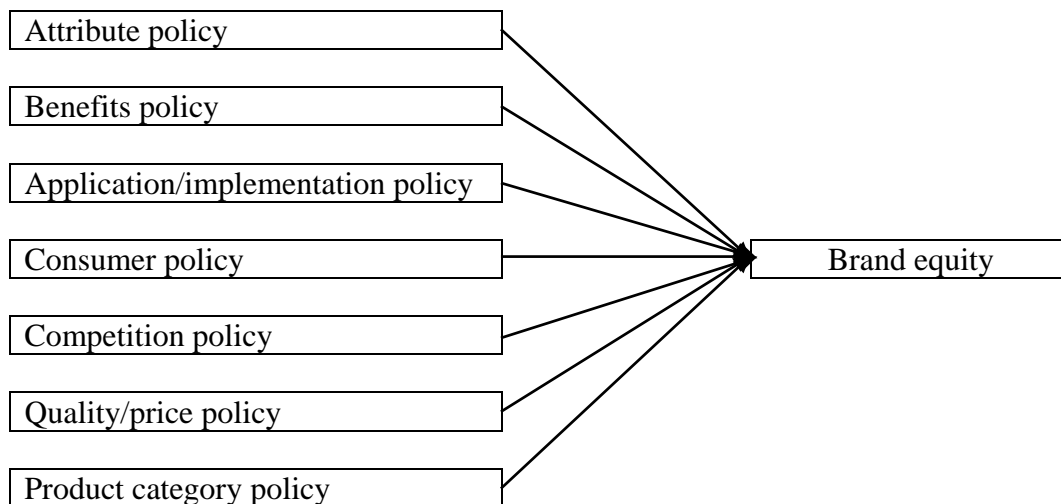


Fig. 1. The structure of the proposed study

In our survey, different groups of people were participated with various personal characteristics and Fig. 2 shows their attributes.

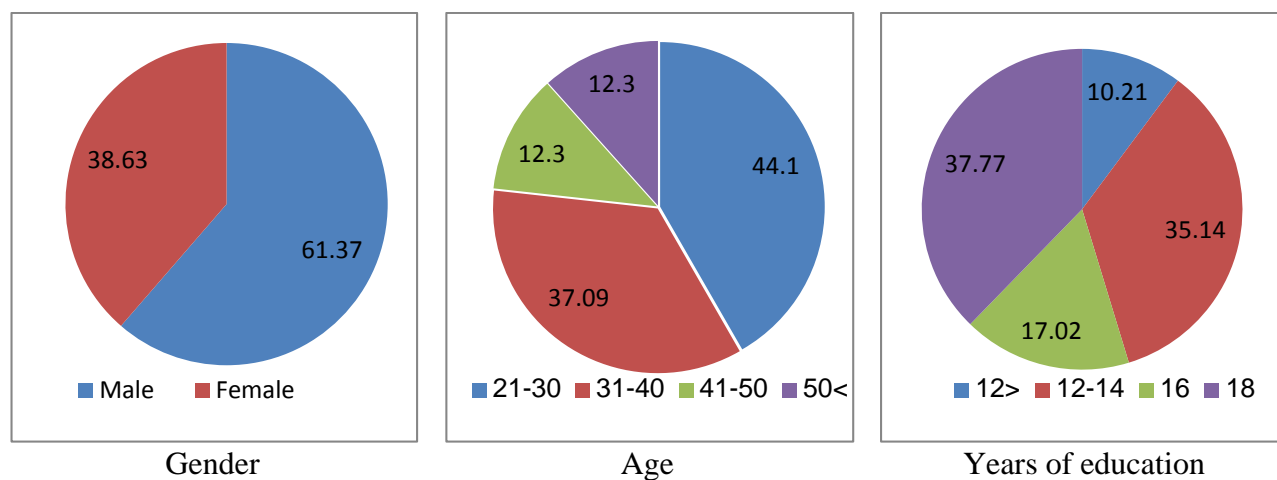


Fig. 2. Personal characteristics of the participants

As we can observe from the results of Fig. 2, nearly two-third of the participants were male and they were mostly middle aged people. In addition, most participants had some university educations. The implementation of Kolmogorov-Smirnov normality test implies that the data were normally distributed. Therefore, we may use Pearson correlation as well as Stepwise regression analysis to examine the effects of different localization strategies on brand equity.

3. The results

In this section, we present details of the implementation of the proposed study. We first present details of the implementation of Pearson correlation ratios, which are summarized in Table 1 as follows,

Table 1

The summary of Pearson correlation test between different components of localization strategy on brand equity

Path	r	Sig.	Result
Attribute policy → Brand equity	0.471	0.000	Confirmed
Benefits policy → Brand equity	0.329	0.005	Confirmed
Application/implementation policy → Brand equity	0.307	0.000	Confirmed
Consumer policy → Brand equity	0.410	0.006	Confirmed
Competition policy → Brand equity	0.203	0.000	Confirmed
Quality/price policy → Brand equity	0.157	0.000	Confirmed
Product category policy → Brand equity	0.144	0.001	Confirmed

According to the results of Table 1, there are some positive and meaningful relationships between different components of localization strategy and brand equity ($P < 0.01$). The highest correlation belongs to relationship between attribute policy and brand equity followed by the relationship between consumer policy and brand equity. In addition, the study has applied stepwise regression analysis and Table 2 demonstrates the results of our survey.

Table 2

The summary of regression analysis

Independent variable	Non-standard coefficient	Standard error	Standard coefficient	t-value	P-value
Intercept	59.249	4.531		13.927	.000
Attribute strategy	.586	.248	.420	2.813	.000
Consumer strategy	.524	.213	.362	2.461	.004
Application/implementation policy	.474	.161	.325	2.310	.012

R-Square = 0.266

As we can observe from the results of Table 2, attribute strategy maintains the highest positive impact followed by consumer strategy and application/implementation policy.

4. Conclusion

In this paper, we have presented an empirical investigation on different factors of localization strategy on brand equity for one of the well-known producers of electronic devices named Samsung. The study has adopted a questionnaire in Likert scale from the literature for measuring brand equity and designed another questionnaire for measuring localization strategy. Using Pearson correlation, the study found positive and meaningful relationships between different components of localization strategy and brand equity ($P < 0.01$). The highest correlation belongs to relationship between attribute policy and brand equity followed by the relationship between consumer policy and brand equity. In addition, the study has conducted Step-wise regression technique and the study has determined a positive and meaningful relationship between three components of localization strategy and brand equity. In our survey, attribute strategy maintains the highest positive impact followed by consumer strategy and application/implementation policy. The findings of the paper are consistent with other studies such as Raggio and Leone (2007), Srinivasan et al. (2010), Trout and Ries (2000) and Sweeney and Swait (2008).

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