Psychological and Relational Moderators for the Relationship Between Brand Equity and Its Consequences

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ABSTRACT

One of the most critical marketing topics which have been widely discussed is brand equity. However, the moderating effects of relevant variables on brand equity are still inconclusive. This study focused on the potential moderating effects of consumer variables on the influences of brand equity on behavioral intention. Using a survey approach, the result of 353 cosmetics consumers showed that the level of relational moderators, including loyalty program participation, relationship age, product knowledge, and previous shopping experience would accelerate the influences of brand equity on behavior intention, brand preference, and word of mouth. While the level of psychological moderators including product involvement, brand commitment, brand love, switching cost and customer expectation would amplify the influence of brand equity to the same consequential variables. These results may provide an essential reference for both academicians and professionals to conduct further empirical validation or develop appropriate marketing programs to promote brand equity.

KEYWORDS

Behavioral Intention, Brand Equity, Brand Preference, Psychological Moderators, Relational Moderators

INTRODUCTION

Building and managing strong brands to promote brand equity is considered as one of the most critical tasks in brand management (He, Li & Harris, 2012). Some of the most trusted brands have existed for more than 150 years. Those brands are successful in creating and maintaining a good relationship with their customers and can allow firms to gain competitive advantages. Brands that have higher equity can result in higher brand awareness, higher perceived quality, stronger brand associations, and better brand value (Emari, Jafari, & Mogaddam, 2012). Brand value may further relate to the thinking, feeling, and acting of consumers with respect to the brand and consumption behaviors (Keller & Kotler, 2012). As a result, a strong brand can provide a series of benefits for a firm, including a higher customer loyalty, more licensing, brand extension opportunities, higher resiliency to response to price change, which may further result in higher profit margin (Fischer & Himme, 2017; Foroudi et al., 2018; Emari et al., 2012). Therefore, the emergence of brand equity has created the importance of marketing strategies for the building of brand awareness, brand association, brand image, and brand loyalty. Brand equity is almost centered around every single marketing activity. Furthermore, high

brand equity also increases the richness, reliability and creditability firms and product information, as well as reduces the perceived risk from lack of information. However, despite the progress of the previous studies, the results are still inconclusive because a structural relationships framework to integrate different dimensions of brand equity is yet to be fully developed.

First of all, the definition of brand equity has been evolved since the 1980s in various ways. Perhaps, one of the most famous and most cited definitions is from Aaker (1991). The author referred brand equity as "a set of brand assets and liabilities linked to a brand, its name and symbol, that adds to or subtracts from the value provided by a product or a service to a firm and/ or to that firm's customers". The majority of researchers have adopted the concepts of Aaker (1991) and Keller (1993) to examine the dimensions of brand equity using customer-based brand equity (CBBE) (Pike et al., 2010). Keller and Lehmann (2006) summarized three different measurement approaches to brand equity such as business-based, customer-based and financial-based. Meanwhile, Trent and Mohr (2017) explained brand equity from a financial perspective as an additional cash flow generated from the branded products and services rather than equivalent non-branded ones. As a result, brand equity is defined differently, depending on the perspective of researchers.

Secondly, as commented by Yoshida and Gorden (2012), the moderating effects of relevant variables on brand equity are limited and inconclusive. The scholars from the contingency perspective (Evanschitzky & Wunderlich, 2006; Hariharan et al., 2018; Le et al., 2018; Seiders et al., 2005) argued that the influences of brand equity on the consequential outcomes (such as brand preference, purchase intention, and WOM) should be contingent upon certain moderating variables (such as relational variable and psychological variables). As brand-related research becomes abundant, more and more scholars have tried to investigate the potential moderating effects of consumer variables on consumer behaviors, especially in the relationships between satisfaction and behavior loyalty (Lee and Ferreira, 2011; Raimondo et al., 2008; Yoshida and Gordon, 2012). Two types of special but consequential moderators were concluded in the study that can enhance the satisfaction-behavioral intention links, which are psychological characteristics and relational characteristics. In terms of psychological characteristics, previous studies identified involvement (Seiders et al., 2005), commitment (Ahluwalia, Burnkrant, & Unnava, 2000) and brand love (Carroll & Ahuvia, 2006) as the potential factors to moderate the satisfaction-loyalty link. In terms of relational factors, previous studies, identified loyalty program participation (Evanschitzky & Wundderlich, 2006), and relationship age (Raimondo et al., 2008) as the critical moderators to this satisfaction-loyalty link.

Although the potential moderating effects on the satisfaction-behavior link have been discussed widely, there is a lack of research regarding the moderating effects on the relationship between brand equity and behavioral intentions. This study intends to encompass more variables to identify the roles of relational and psychological moderators on the influences of brand equity on behavioral intention, brand preference, and word of mouth, respectively. Specifically, this study integrates the results of previous studies and identifies loyalty program participation, relationship age, product knowledge, and previous shopping experience as the relational moderators; and product involvement, consumer expectation, alternative attractiveness, brand love, brand commitment, and switching costs as the psychological factors to moderate the influences of brand equity and its outcomes.

LITERATURE REVIEW

Theoretical Background

The definition and meaning of brand equity have been debated in many different ways for different purposes, and no common viewpoint has emerged. Aaker (1991) defined four basic dimensions of brand equity: perceived quality, brand awareness, brand association and brand loyalty. This suggestion has been widely accepted by various scholar (Chen & Tseng 2010; Kim, Kim, & An, 2003; Han, Nguyen, & Lee, 2015; Liu et al., 2017).

Recently, Yoshida and Gordon (2012) developed consumer-based brand equity (CBBE) as a psychological construct that captures consumers' differential responses directly to marketing stimuli. Their study proposed three primary drivers that lead to the creation and growth of customer equity: value equity, psychological equity, and relationship equity. Value equity refers to customers' assessments of the utility of a brand based on the expectation of what is given up and the experience of what has received trade-off between giving and receiving (Lee and Park, 2019). There are three key elements that capture value equity: quality, price, and convenience. Psychological equity refers to the value added to product or service by the brand name (Vogel, Evanschitzky, & Ramaseshan, 2008), and help to create defensible competitive positions and retain customers from transferring to other organizations (Machado et al., 2018). Relationship equity refers to the blend of customers' perceived benefits that stick the customers to a brand (Vogel et al., 2008; Zhang et al., 2014). It is becoming more important for service organizations to create and maintain the relationship equity to achieve sustainable loyalty (Wong, 2013).

Brand equity has been regarded as one of the most critical factors to promote behavioral intention, brand preference, and word of mouth. Shamsuddoha et al. (2010) argued that, when customers do not have knowledge or consumption experience about a product, they are more likely to use brand name or brand information to evaluate the product and make their purchase decision. Vinh and Huy (2016) and other researchers shared a reliable confirmation that brand equity played a significant role in customer's selection of service. Chen and Chang (2008) stated that a strong brand could increase customer's trust toward the product and further enable customers to visualize and understand better the intangible factors of the brand. Moradi and Zarei (2011) further confirmed that brand equity could influence brand preference and purchase intentions, which further influences customers' brand choice. Brand preference is the bias that a customer shows when choosing a brand among other alternatives based on a specific characteristic the brand proved (Vinh & Huy, 2016). In addition, Troiville, Hair and Cliquet (2019) confirmed that the elements of brand equity have significant contributions to customers' word-of-mouth activity. Loyalty customers are more likely to give more positive recommendations of the brand to their reference groups and to process new information about the firm or the brand. These loyal customers have a stronger resistance to be persuaded by an alternative or contrary information.

Hypothesis Development

The Impact of Brand Equity on its Consequences

This study focuses on consumer-based brand equity which concentrates on the knowledge of consumers about the brand. Previous studies have confirmed that brand equity can influence brand preference and purchase intentions and consumer choice (Shamsuddoha et al. 2010; Vinh and Huy, 2016). Naeini, Azali and Tamaddonib (2015) recognized the importance of brand equity and pointed out that higher equity will lead to higher brand preference and loyalty. A well-known brand is not only attractive for customers to purchase, but also helps to create repeat purchasing and increase the asset value of the firm (Yasin & Shamim, 2013; Vinh & Huy, 2016).

Keller and Kotler (2012) contended that brand equity is the consumer's ability to identify the brand under different situations, mostly reflected by their brand recognition or recall performance. Yasin and Shamim (2013) argued that trust, commitment and brand equity would enhance consumer's purchase intention, which will further enhance word-of-mouth communication. Lakshmi and Kavida (2016) stated that brand equity, as mainly a result of trust, can be translated as consumers' loyalty and their willingness to pay higher prices for the brand. They further confirmed that brand equity could result in higher sales volume, higher brand preference, higher purchase interest, and higher purchase satisfaction. Anuwichanont and Mechinda (2014) pointed out that brand equity could be significant for its psychological values. Consumers tend to purchase popular brand when they lack of product familiarity. Therefore, brand equity can affect customer evaluation and choice decisions. Customers tend to perceive higher brand preference and purchase intention toward product/service with higher brand equity. Therefore, the following hypothesis is developed:

Hypothesis H1: There is a significant impact of brand equity on (a) behavioral intention, (b) brand performance and (c) WOM.

The Moderating Effects of Psychological Moderators

Previous studies have identified product involvement (Lin, 2015; Seiders et al., 2005) and commitment (Ahluwalia et al., 2000) as two of the most important psychological moderators for customer satisfaction and brand loyalty link. Malär et al. (2011) argued that product involvement could serve as a moderator between brand personality and emotional brand attachment. It is suggested that consumers with higher level of product involvement could be more motivated to invest the cognitive effort which is required for self-verification. Seiders et al. (2005) stated that highly involved consumers tended to allocate more time and effort to search and show higher levels of patronage intention. Therefore, involvement could enhance the positive effect of satisfaction on purchase intention. Previous empirical evidence also showed that involved consumers tended to spend much more time when their satisfaction is high.

According to attachment theory, people are most likely to develop attachment and commitment to products (or services) that can fulfill their functional needs, experiential needs, and emotional needs (Kim & Stepchenkova, 2018; Park, MacInnis, & Priester, 2006). Vlachos et al. (2010) suggested that consumers who are emotionally attached to the firm (or the brand) will be more committed to repurchase and more likely to recommend to others. Consumers with higher commitment anxiety tend to perform stronger brand commitment, which could, in term, heightening the influences of brand equity on purchase intention, brand preference, and word of mouth toward the brand.

In addition, Doh and Hwang (2009) indicated that involvement would significantly moderate the influences of e-WOM messages on attitude toward the product/brand, purchase intention, and message credibility. In other words, consumers with higher involvement will accelerate the influences of e-WOM on attitude, intention and credibility. Wangenheim and Bayon (2004) also suggested that the influence of customer satisfaction on the number of referrals will be much greater in high product involvement rather than low product involvement situation. That is an example to interpret product involvement can be one of the psychological moderators. Hernández, Jiménez and Martín (2010) argued that whenever a customer buys some products or services, he/she automatically develops some expectations. The more the expectations gain from the firm, the more the customer will concern about the firm. The more the concern, the higher intention to know and buy the products or services. This means that a customer with higher expectation will be more likely to develop relationship with the firm and the brand than a customer who is indifferent with no expectation. According to Chen and Chang (2008), under higher levels of switching costs, the influences of brand equity on purchasing intention, and the influences of brand preference on purchasing intention will be amplified. Bei and Widdows (2005) also argued that product knowledge and product involvement would enlarge the effects of information on purchase decisions. Lee et al. (2008) contended that alternative attractiveness (refer to the perceptions of the attractiveness of available competing alternatives in the marketplace) has a moderating effect on the influence of relational benefits on customer loyalty and purchase intention. Based on the above discussion, the following hypothesis is developed.

Hypothesis H2: Customers' psychological characteristics moderate the influence of brand equity on (a) behavioral intention, (b) brand preference toward the brand, and (c) WOM.

The Moderating Effects of Relational Moderators

Several consumer's relational characteristics could be served as the moderators for the relationship between relationship equity to behavioral intention link. Firstly, Evanschitzky and Wunderlich (2006) have found a significant moderating effect of consumer's participation in the loyalty programs on the influence of consumer satisfaction on brand loyalty link. They suggested that when a customer believes that himself or herself is a part of the community of the brand loyalty program members

and receive the preferential treatment, that customer will perceive a higher quality relationship with the brand. Also, Raimondo et al. (2008) suggested that relationship age could enhance the predictive power of the influence of consumer satisfaction on behavioral consequences. It means that when customers continuously use a brand, they will become loyal and will have no intention to switch. Doh and Hwang (2009) argued that prior knowledge would moderate the influence of e-WOM on attitude, intention, and message credibility of the product/brand. Pizzutti and Fernandes (2010) argued that consumer's perceived quality of prior experience would moderate the influence of the levels of satisfaction with complaints handling on the levels of trust toward online shopping. Furthermore, previous studies also suggest that firms exercise higher levels of social interaction among customers will enhance customer loyalty (Johanna et al., 2012; Yadav & Rahman, 2018). This means that by encouraging customers to participate in brand communities (structured social relationships among users of a brand), it will become a successful brand strategy to promote brand loyalty and brand equity. In the brand community, a feeling of belonging, a belief that members matter to one another, and a shared faith that members' needs will be met through their commitment to be together. Based on the above discussion, this study proposes the following hypotheses:

Hypothesis H3: Customers' relational characteristics moderate the influence of brand equity on (a) behavioral intention, (b) brand preference toward the brand, and (c) WOM.

Based on the above literature review and the hypotheses development, the primary objective of this study is to a develop a comprehensive research model to identify the moderators of brand equity. The research model of this study is shown in Figure 1.

RESEARCH METHODOLOGY

### The Measurement of Research Constructs

To measure brand equity, this study included 5 items for value equity (Brady et al., 2002; Yoshida & Gordon, 2012), 8 items for psychological equity (Delgado-Ballester & Munuera-Alemán, 2005; Yoshida & Gordon, 2012); and 5 items of relationship equity (De Wulf, Odekerken, & Lacobucci, 2001; Yoshida and Gordon, 2012).

This study also identified relational variable and psychological variables as two groups of moderators that could moderate the influences of brand equity on brand preference, behavior intention and WOM, respectively. To measure psychological moderator, this study included alternative attractiveness (5 items modified from Lee, Ahn, & Kim, 2008), product involvement (5 items modified from Malär et al. 2011), brand commitment (5 items modified from Coulter, Price, & Feick, 2003), brand love (6 items modified from Carroll & Ahuvia, 2006), switching cost (5 items modified from Jones, Mothersbaugh, & Beatty, 2000), and consumer expectation (5 items modified from Jones et al., 2000).

To measure relational moderator, this study included loyalty program participation (5 items modified from Rosenbaum, Ostrom, & Kuntze, 2005), product knowledge (5 items modified Taleghani & Almasi, 2011), and previous shopping experience (5 items modified from Delgado-Ballester & Munuera-Aleman, 2005) and relationship age (indicate the period they become customers with the brand).

Five items from Cronin et al. (2000) and Yoshida and Gordon (2012), five times from Delgado-Ballester and Munuera-Aleman (2005) and five items from Carroll and Ahuvia (2006) were used to measured behavioral intention, brand preference and WOM respectively. All of the above items were measured based on a seven-point Likert scale ranging from 1= totally disagree, 7= totally agree.

Figure 1. Research model to identify the moderaters of brand equity
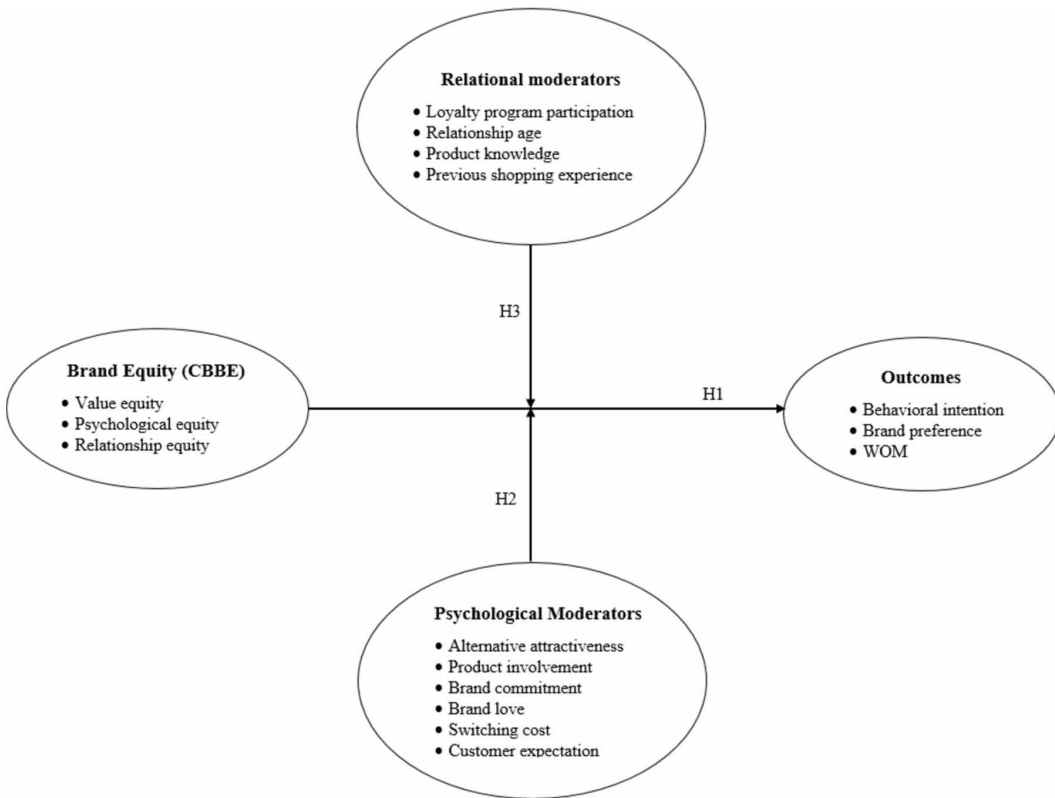
QUESTIONNAIRE SAMPLING

The survey data was collected via intercept interviews in the malls and the department stores in Taiwan. The entire questionnaire was designed in English, and then translated into Chinese and then back-translated into English to confirm the reliability and validity of the translation (Brislin, 1980). A preliminary version of this questionnaire was designed by the first author based on a critical review of previous literature. The questionnaire was pretested in a pilot study that included 43 MBA students from a University in Taiwan as participants. The questionnaire items were further revised based on the results of the pretest before being put into the final form. Since Taiwan is well known for its cosmetic industry and Taiwanese people are quite familiar with cosmetic products. Respondents were first asked to identify a cosmetics brand that they most favorite with previous consumption experiences. They were then interviewed with reference to one of the brands that they have mentioned. After 2 months, this study eventually received 353 valid responses when 82 were eliminated due to respondents never participate in purchasing cosmetics products.

DATA ANALYSIS

In order to test the hypotheses, SPSS 16.0, AMOS 7.0, and Smart PLS were employed to analyze the collected data. To verify the dimensionality and reliability of the research constructs in this study, several purification processes, including factor analysis, correlation analysis, and internal consistency analysis (Cronbach's alpha) were conducted. Furthermore, to assess the possibility

of common method variance, a Harmon one-factor test was adopted and discriminated validity was performed. In addition, The Partial Least Squares (PLS) path modeling algorithm was adopted in this study for both the measurement model and the structural model. Finally, this study checked the moderating role of relational and psychological factors by using linear regression analysis in SPSS system.

RESULTS

Characteristics of Respondents

The characteristics of respondents were gathered. The descriptive analysis is shown in Table 1. From 353 respondents, 277 were female (78.47%), and most of the respondents were aged between 18 and 35 years old (67.14%). Most cosmetics customers have less than 3 years of working experience (37.39%). For monthly income, most of the respondents claimed to receive from USD 15,000-30,000 of annual income (46.18%).

FACTOR ANALYSIS AND RELIABILITY TEST

To verify the dimensionality and reliability of constructs of this study, purification processes were conducted in this study. Factor analysis examined the basic structure of the data. Coefficient (Cronbach's) alpha measured the internal consistency of each identified dimension. For each research constructs, factor analysis was first employed to identify the dimensionality of the construct, to select questionnaire items with high factor loadings, and to compare these selected items with items suggested theoretically. Item to total correlation and coefficient alpha were then assessed to identify the internal consistency and reliability of the construct. All research items satisfied the criteria and none was deleted for further data analysis (Appendix A).

Common Method Variance

In order to assess the issue of common method variance, firstly a Harmon one-factor test was adopted and loaded all variables into a principal component factor analysis (Podsakoff et al., 2003). Second, discriminated validity was also performed by comparing the square root of the average variance extracted (AVE) with the Pearson correlations among the constructs. All AVE estimates as shown in Table 2 are greater than the corresponding inter-construct square correlation estimates. These empirical results suggested that the issue of common method variance is still under the acceptance level. This study thus conducted further empirical testing in the following sections.

Evaluation of the Measurement Model

Following Hair, Ringle, and Sarstedt (2011), this study checked several criteria to measure the reliability and validity of the measurement model, including coefficient of determination (R^2), AVE, composite reliability (CR) and Cronbach's alpha coefficient. As shown in Table 3, R^2 for the endogenous latent variables are as follows: 0.681 for behavioral intention, 0.611 for brand preference, and 0.557 for WOM and are considered as substantial. The AVEs of the constructs are ranged from 0.683 to 0.840, which demonstrate a satisfactory reliability and convergent validity of the research constructs. The Cronbach's alpha coefficients are ranged from 0.843 to 0.952, which have fulfilled the criteria of 0.7, and confirm the internal consistency of the measurement items. The CR coefficients are ranged from 0.805 to 0.963, which are much higher than the criteria of 0.6 and show that the variance shared by the respective indicators is robust. Based on the above discussions, it was concluded that the reliability and convergent validity of the research model are appropriate, which enabled authors to proceed to an evaluation of the structural model.

Table 1. Demographic and descriptive information of sample for this research

Demographic Variables		Frequency (n=353)	%
Gender	Male	76	21.53
	Female	277	78.47
Age	Less than 17 years old	20	5.67
	18 to 25 years old	135	38.24
	26 to 35 years old	102	28.90
	36 to 45 years old	52	14.73
	46 to 55 years old	24	6.80
	More than 55 years old	20	5.67
Education	High school or lower	23	6.52
	Bachelor degree	201	56.94
	Master degree	118	33.43
	Doctoral degree	11	3.12
Working Experience	No working experience	51	14.45
	Less than 3 years	132	37.39
	3 to 5 years experience	91	25.78
	6 to 9 years experience	45	12.75
	10 to 15 years experience	20	5.66
	More than 16 years experience	14	3.97
Current Career	Student	114	32.29
	Official	36	10.20
	Administration Staff	20	5.67
	Financial/Accounting	40	11.33
	Educational Service	13	3.68
	Medical Services	30	8.50
	R&D Technological	7	1.98
	Tourism and Leisure Industry	28	7.93
	Doing Own Business	14	3.97
	Unemployed	13	3.68
	Others	38	10.76
Annual Income (USD)	Less than 15,000	89	25.21
	15,000 – 30,000	163	46.18
	30,001 – 60,000	67	18.98
	60,000 – 90,000	22	6.23
	90,001 – 120,000	12	3.40
	More than 120,000	0	0

Table 2. Correlations among the research constructs

Constructs	Brand equity	Behavior intention	WOM	Brand preference
Brand equity	**0.873**	0.508	0.421	0.629
Behavior intention	0.713	**0.827**	0.453	0.669
WOM	0.649	0.673	**0.914**	0.476
Brand preference	0.793	0.818	0.697	**0.917**

Table 3. Evaluation of the measurement model

Construct	AVE	CR	Cronbach's Alpha (α)	$R2$
Brand equity	0.762	0.905	0.843	0.750
Behavior intention	0.683	0.914	0.878	0.681
WOM	0.840	0.963	0.952	0.611
Brand preference	0.836	0.962	0.951	0.557

Evaluating the Relationship Between Brand Equity and its Outcome

The structural model with its research hypotheses was tested using the parameter estimates of the path between research constructs. Using a sample of 353, a non-parametric bootstrapping procedure was performed with 2500 sub-samples to obtain the statistical significance of each path coefficient for hypotheses testing. The empirical results are shown in Table 4. The results indicated that brand equity has significant impact on behavioral intention ($\beta=0.724$, t=20.435), brand preference ($\beta=0.782$, t=26.760) and WOM ($\beta=0.653$, t=16.565).

Table 4. Evaluation of structural model and hypothesis testing

Hypo.	Path	Standardize Estimate	t-value	p-value
H1a	Brand Equity -> Behavioral Intention	0.724	20.435	***
H1b	Brand Equity -> Brand Preference	0.782	26.760	***
H1c	Brand Equity -> WOM	0.653	16.565	***

Evaluating the Moderating Effects of Relational Moderators

To evaluate the moderating effects of relational moderators, this study used K-means method to cluster the respondents into 4 groups for each relational moderator. For example, in the case of using loyalty program participation (LP) as the moderator, the respondents were divided into 4 groups using LP and BE (brand equity) as the two-categorizing variable. Therefore, the respondents were divided into the following 4 groups: (1) High BE/High LP, (2) High BE/Low LP, (3) Low BE/High LP, and (4) Low BE/Low LP. The ANOVA results, which used to compare the mean values of brand preference,

behavioral intentions, and WOM, are as shown in Figure 2 and Table 5. These results indicated that respondents with longer loyalty program participation tended to perform higher brand preference (F = 90.222, p < 0.000), higher behavioral intention (F = 64.619, p < 0.000), and higher WOM (F = 62.319, p < 0.000) than those with shorter loyalty program participation.

Using the same categorizing method for other relational moderators, it could be concluded from Figure 2 and Table 5, that respondents with more product/brand knowledge tended to perform higher brand preference (F = 96.520, p < 0.000), higher behavioral intention (F = 76.657, p < 0.000), and higher WOM (F = 63.570, p < 0.000) than those with less product/brand knowledge. In addition, compared to those with shorter relationship age, respondents with longer relationship age tended to have higher brand preference (F = 106.037, p < 0.000), higher behavioral intention (F = 81.319, p < 0.000), higher WOM (F = 64.944, p < 0.000). Finally, compared to those with less shopping experience, respondents with more shopping experiences tended to have higher brand preference (F = 178.013, p < 0.000), higher behavioral intention (F = 118.602, p < 0.000), and higher WOM (F = 90.304, p < 0.000). However, the case of shopping experiences can only be applied to the groups which have relatively lower brand equity categories (i.e., less shopping experiences/ low brand equity and more shopping experience/low brand equity). The study's results suggested that in the groups of higher brand equity, all respondents showed only high previous shopping experiences, none of them belongs to high equity/less shopping experience.

Evaluating the Moderating Effects of Psychological Moderators

To evaluate the moderating effects of psychological moderators, this study also used the same categorizing method with K-means cluster analysis to divide the respondents into 4 groups for each psychological moderator. The ANOVA's results to compare the mean values of brand preferences, behavioral intention, and WOM are shown in Table 6 and Figure 3. These results indicated that those who perceived lower alternative attractiveness tended to have higher brand preference (F = 78.499, p < 0.000), higher behavioral intention (F = 47.913, p < 0.000), and higher WOM (F = 45.642, p < 0.000), compared to those with higher alternative attractiveness. Also, respondents perceived with higher product involvement tended to perform higher brand preference (F = 99.425, p < 0.000), higher behavioral intention (F = 65.259, p < 0.000), and higher WOM (F = 56.391, p < 0.000). In addition, respondents perceived higher switching costs tended to perform higher brand preferences (F = 99.660, p < 0.000), higher behavioral intention (F = 53.413, p < 0.000), and higher WOM (F = 53.559, p < 0.000). Respondents having higher brand commitment tended to have higher brand preference (F = 100.381, p < 0.000), higher behavioral intention (F = 60.864, p < 0.000), and higher WOM (F = 52.278, p < 0.000). Furthermore, respondents perceived higher brand love tended to perform higher brand preference (F = 92.133, p < 0.000), higher behavioral intention (F = 59.253, p < 0.000), higher WOM (F = 56.655, p < 0.000). Finally, respondents with higher expectation towards the brand tended to have higher brand preference (F = 93.280, p < 0.000), higher behavioral intention (F = 64.351, p < 0.000), and higher WOM (F = 45.613, p < 0.000).

DISCUSSION AND CONCLUSION

Discussion

Several points may be drawn based on the above results. First of all, brand equity obviously will result in higher brand performance, purchase intention, and word of mouth. The results are in line with previous studies (Yasin & Shamin, 2013; Lakshmi & Kavida, 2016; Moradi & Zarei, 2011), which suggested that as a result of brand equity can influence customer's evaluation toward the brand, brand preference, and behavior intention. Therefore, in the process of brand choice, consumers may have to be convinced through the promotion of brand equity.

Table 5. The Results of relational moderators

Name of Factor	Low Brand Equity		High Brand Equity		F-value (p)	Duncan
	1. Short LP (n=142)	2. Long LP (n=42)	3. Short LP (n=41)	4. Long LP (n=128)		
Behavioral Intention	4.4049	5.2619	5.3902	5.7969	64.619***	1,23,4
Brand Preference	4.2972	5.0000	5.5854	5.9000	90.222***	1,2,3,4
WOM	3.8873	4.8714	4.7805	5.5437	62.391***	1,32,4
Name of Factor	Low Brand Equity		High Brand Equity		F-value (p)	Duncan
	1. Less PK (n=44)	2. More PK (n=140)	3. Less PK (n=7)	4. More PK (n=162)		
Behavioral Intention	3.7670	4.8625	4.9643	5.7299	76.657***	1,23,4
Brand Preference	3.8273	4.6557	5.1714	5.8519	96.520***	1,2,3,4
WOM	3.2182	4.3929	4.4857	5.3963	63.570***	1,23,4
Name of Factor	Low Brand Equity		High Brand Equity		F-value (p)	Duncan
	1. Less SE (n=16)	2. More SE (n=168)	3. Less SE (n=0)	4. More SE (n=169)		
Behavioral Intention	2.9688	4.7650	0	5.6982	118.602***	1,2,4
Brand Preference	2.8125	4.6143	0	5.8237	178.013***	1,2,4
WOM	2.5125	4.2643	0	5.3586	90.304***	1,2,4
Name of Factor	Low Brand Equity		High Brand Equity		F-value (p)	Duncan
	1. Short RA (n=130)	2. Long RA (n=54)	3. Short RA (n=26)	4. Long RA (n=143)		
Behavioral Intention	4.3077	5.3056	5.0865	5.8094	81.319***	1,32,4
Brand Preference	4.2169	5.0370	5.2462	5.9287	106.037***	1,23,4
WOM	3.8123	4.8333	4.6692	5.4839	64.944***	1,32,4

Note: LP=Loyalty Program, PK=Product Knowledge, SE=Shopping Experience, RA=Relationship Age

This study's results suggested that both relational and psychological aspects of moderators have significant moderating effects on the influences of brand equity on brand preference, behavioral intention, and WOM. Specifically, respondents who perceived lower alternative attractiveness of a brand, higher product/brand involvement, higher switching costs, higher brand love, higher brand commitment, higher expectation, will result in higher brand preference, higher behavioral intention, and higher WOM. These results are in line with previous studies. Yoshida and Gorden (2012) advocated the benefits of the combined effects of brand equity and different psychological moderators on promoting behavioral intention towards the brand. Seiders et al. (2005) proposed that consumers tended to allocate more time and effort on the brand and show higher level of patronage or re-patronage intention. Vlachos et al. (2010) suggested that consumers who are emotionally attached (brand love and brand attachment) to a specific brand tended to be more committed to repurchase and to recommend it to others. Chen and Chang (2008) argued that under higher levels of switching costs, consumers tended to stay with the original brand rather than switching to a new brand. Lee et al. (2008) contended that if the alternative attractiveness of another brand is less than the current

Figure 2. Relational moderators
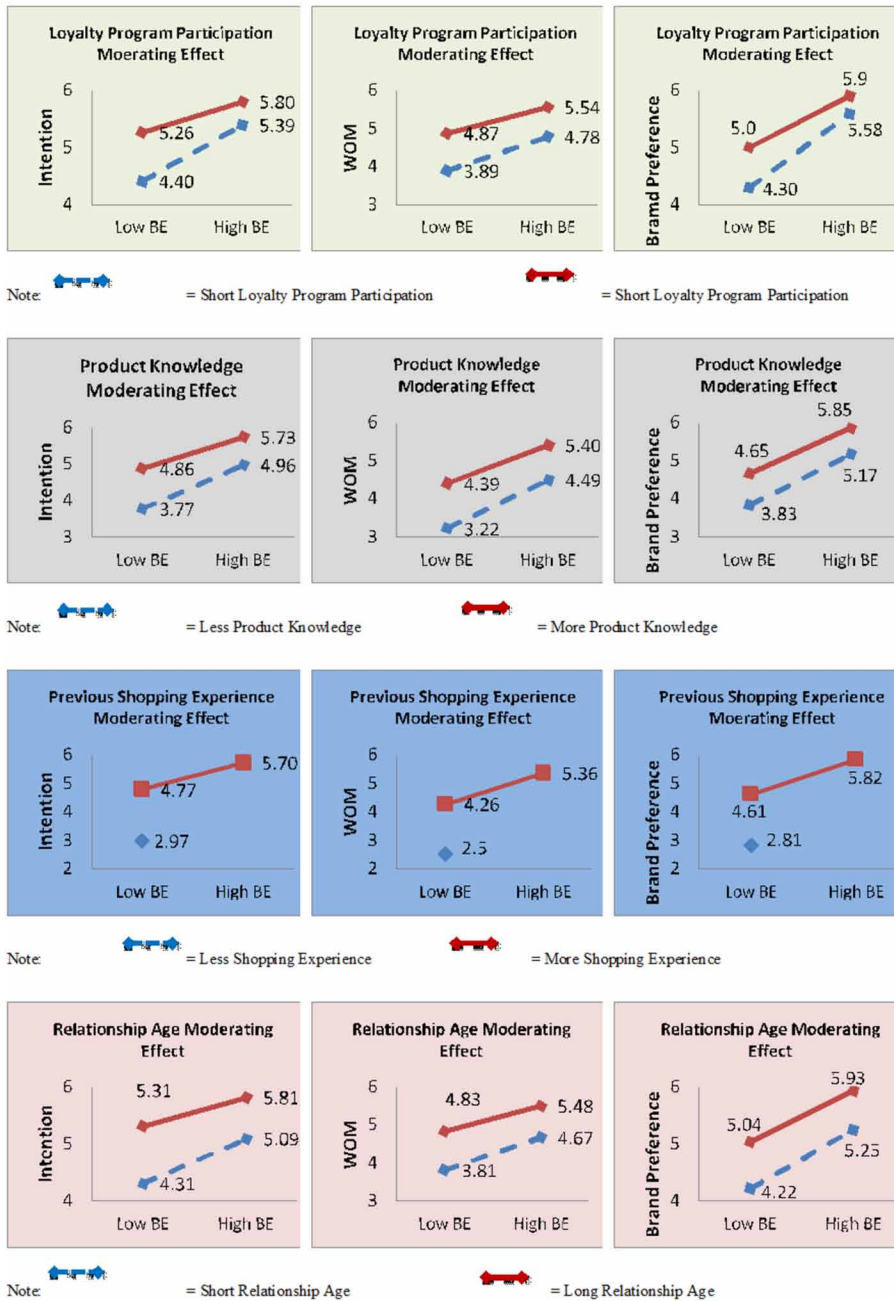
brand consumers using, then consumers will not switch to another brand. Therefore, it is important for marketers to pay more attention to the above psychological moderators to promote brand preferences, behavioral intention, and WOM.

Table 6. The Results of psychological moderators

Name of Factor	Low Brand Equity		High Brand Equity		F-value (p)	Duncan
	1. Less AA (n=88)	2. More AA (n=96)	3. Less AA (n=51)	4. More AA (n=118)		
Behavioral Intention	4.4602	4.7292	5.5882	5.7458	47.913***	12,34
Brand Preference	4.3273	4.5771	5.6588	5.8949	78.499***	12,34
WOM	3.9136	4.2938	5.0510	5.4915	45.642***	1,2,3,4
Name of Factor	Low Brand Equity		High Brand Equity		F-value (p)	Duncan
	1. Low PI (n=119)	2. High PI (n=65)	3. Low PI (n=22)	4. High PI (n=147)		
Behavioral Intention	4.3256	5.1038	5.2841	5.7602	65.259***	1,23,4
Brand Preference	4.1966	4.9354	5.3273	5.8980	99.425***	1,2,3,4
WOM	3.8420	4.6062	4.6455	5.4653	56.391***	1,23,4
Name of Factor	Low Brand Equity		High Brand Equity		F-value (p)	Duncan
	1. Low SC (n=57)	2. High SC (n=127)	3. Low SC (n=15)	4. High SC (n=154)		
Behavioral Intention	4.2193	4.7717	5.4667	5.7208	53.413***	1,2,34
Brand Preference	3.8737	4.7197	5.5467	5.8506	99.660***	1,2,34
WOM	3.5965	4.3433	4.6000	5.4325	53.559***	1,23,4
Name of Factor	Low Brand Equity		High Brand Equity		F-value (p)	Duncan
	1. Low BC (n=120)	2. High BC (n=64)	3. Low BC (n=11)	4. High BC (n=158)		
Behavioral Intention	4.3500	5.0703	5.2727	5.7278	60.864***	1,23,4
Brand Preference	4.1867	4.9656	5.1818	5.8684	100.381***	1,23,4
WOM	3.8500	4.6031	4.7091	5.4038	52.278***	1,23,4
Name of Factor	Low Brand Equity		High Brand Equity		F-value (p)	Duncan
	1. Low BL (n=134)	2. High BL (n=50)	3. Low BL (n=17)	4. High BL (n=152)		
Behavioral Intention	4.4235	5.0750	5.1324	5.7615	59.253***	1,23,4
Brand Preference	4.2881	4.9120	5.2118	5.8921	92.133***	1,23,4
WOM	3.8806	4.7320	4.5765	5.4461	56.655***	1,32,4
Name of Factor	Low Brand Equity		High Brand Equity		F-value (p)	Duncan
	1. Low CE (n=85)	2. High CE (n=99)	3. Low CE (n=12)	4. High CE (n=157)		
Behavioral Intention	4.2941	4.8636	4.6667	5.7771	64.351***	13,32,4
Brand Preference	4.1624	4.7111	5.0000	5.8866	93.280***	1,23,4
WOM	3.8706	4.3192	4.7833	5.4025	45.613***	12,23,4

Note: AA = Alternative Attractiveness, PI = Product Involvement, SC = Switching Cost, BC = Brand Commitment, BL = Brand Love, CE = Customer Expectation

Figure 3. Psychological moderators
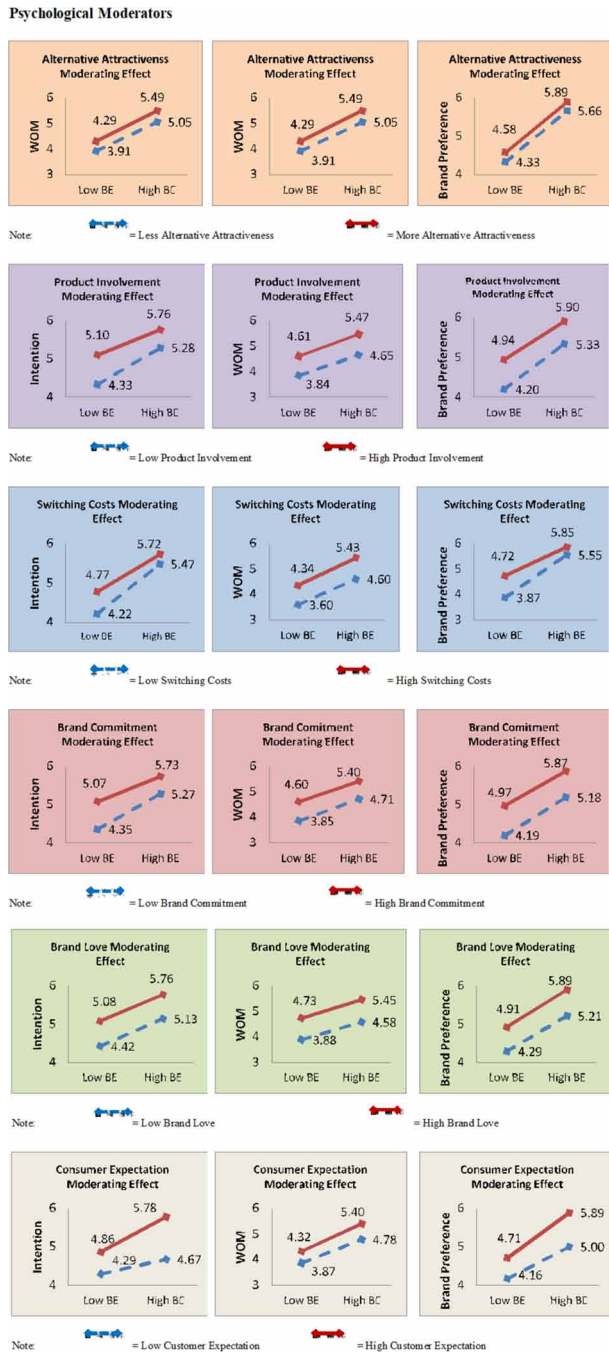
Furthermore, respondents having higher levels of loyalty program participation, more product/brand knowledge, longer relationship age, and more previous shopping experiences tended to have higher levels of brand preference, behavioral intention, and WOM. These results are in line with those of previous studies. Specifically, Evanschitzky and Wunderlich (2006) found that consumer's

participation in the loyalty programs tended to have a positive moderating effect that would amplify the influence of consumer satisfaction on brand loyalty. When the levels of participation in the loyalty programs are high, consumers tended to perform higher behavioral intention to purchase or repurchase the same brand. Doh and Hwang (2009) argued that consumer's product-related knowledge tended to be an effective factor evaluating higher brand equity, which can further impact on brand preference, behavioral intention, and WOM. Pizzutti and Fernandes (2010) argued that consumers previous' positive shopping experience and consumption tended to have a positive influence on the levels of satisfaction with the complaint handling, trust, and loyalty towards the brand. It is understood that relationship age (with certain brand community) will influence consumer's brand evaluation through the feeling of belongs and a commitment to the brand and community, and a shared faith with the community members and the firm itself.

Practical Implications

Based on the result of this study, we can conclude several managerial implications. First, this study extended the theoretical foundation and found that brand with equity can promote brand preference, behavioral intention, and word of mouth. These results provide evidence that brand equity is a significant predictor of positive consumer response. Therefore, marketers should try to strengthen brand equity as a primary strategy to improve a firm's performance. Since consumer's response can result from positive brand equity, building brand equity becomes extremely important (Buil, Martinez, and De Chernatony, 2013). In addition, to build up brand equity through the promotion of brand awareness, brand association, and brand image, marketers should initiate more activities from hedonic aspects to create higher experiential perception. Marketing should also focus on promoting value, psychological and relationship equity to increase brand equity.

Accurately, customers see WOM as a critical source of information, and consider it as more persuasive than the commercial messages that are propagated in the mass media (Huang et al., 2012), it helps to form and change attitudes toward a brand (Huang and Chen, 2006). It is thus important for marketers to adopt more effective forms of WOM communication to provide appropriate brand/product information to each consumer's segment (Park & Kim, 2008). Specifically, for brand managers, the first important thing is to design an effective brand management (e.g., leverage brand equity) in order to increase brand value. Notably, because a strong brand equity significantly enhances the positive evaluation of the brand and the repeated purchasing. Second, managers should have a better understanding of moderating variables which would benefit them, such as psychological and relational moderators. Furthermore, having a strong brand equity and a strong relationship with consumers, managers can increase the barriers to prevent consumers switching into competitors' brand. Finally, even though it is noticeable that the majority of cosmetic customers are still women, there are a promising number of male customers for this sections. Brand managers should develop a deeper research to understand the differences in needs and demands between those customers and launch different marketing campaign for different type of customers.

CONCLUSION

The purpose of this study is to identify the moderators and consequences of brand equity. Several conclusions can be drawn from the results of this study. As Gambetti et al. (2012) have mentioned, future brand-related studies should try to investigate the influence of the experiential, social, culture, and relational behavior. This study has worked to address these gaps in the current literature. In addition to CBBE model as proposed by Keller (1993), this study has integrated more theories into the research model to explain how consumers' to make brand choice. Specifically, this study has introduced the theory of planned behavior (Ajzen, 1985), brand preference model (Bass & Talarzyk, 1972), brand equity model (Aaker, 1991), experiential consumption model (Holbrook & Hirschman,

1982), hedonic experiential model (Clow & Back, 2005) and word-of-mouth model (Richins, 1988) to develop a more comprehensive framework of brand-related constructs.

Limitations and Future Research Directions

Although this study has tried to discuss the moderating roles of relevant variables for the influence of brand equity, there are some perspectives which this study has not yet cover completely. First, even though this study has made the best efforts to encompass different aspects of moderating variables, it cannot confirm that other variables which did not include in this study are not important. Further empirical validations to identify the importance of additional factors are encouraged. Second, the research framework of this study has integrated some constructs that are conceptually similar and most of the measurement items are adopted from previous literature. Therefore, the common variance issue has to be investigated. Although this study has evaluated this problem through Harmon's one-factor test and discriminant test. Future research should take further validations, not only on the common variance issue, but also the construct measurement issue. Third, following Brady et al. (2012) and Yoshida and Gordon (2012), this study identified value equity, psychological equity, and relationship equity as three major factors of consumer-based brand equity (CBBE). This concept may be slightly different from those of Keller (1998; 2003) who defined CBBE as "the differential effect that brand knowledge has on consumer response to marketing activity with respect to that brand." This deviation of construct operationalization and its study's results may deserve further investigation. Fourth, since this study used cosmetics brand as a target for questionnaire survey, future research can extend to cover more product categories to identify the generalizability of study results. Fifth, additional consequences of brand equity can be included in the research model to reach a better understanding of the influences of antecedents and mediators on the outcome of brand equity. Sixth, as WOM has been confirmed as a powerful facilitator of brand choice, future studies can focus on how it can be integrated into different marketing programs to enhance brand loyalty and repurchase intention. Finally, although this study has tried to explain the phenomena of brand equity from different theoretical perspectives, it has no intention to compare or compete with the explanation power of different theories for the same phenomena. This research issue can lead to a future research direction.

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APPENDIX

Table 7. Results of factor analysis and reliability test

Research items	Factor loading	Eigenvalue	Cumulative Explained Variance	Item-to-total correlation	Cronbach's Alpha(α)
Brand Equity					
Value Equity		2.870	71.744		0.868
[VE2] I think that the quality of this brand measures up the cost I pay for it.	0.876			0.754	
[VE1] Generally, I think that this brand offers good value for the money I spend.	0.875			0.753	
[VE5] Overall, I think that value of this brand I am receiving from this is high.	0.823			0.694	
[VE4] It is worth to pay more to buy this brand.	0.812			0.672	
[VE3] Compared to what I spend on this brand, I think I get more benefits.	0.745			0.662	
Psychological Equity		5.098	72.829		0.937
[PE5] Even if another brand has the same features as this purchased brand, I would prefer to buy this brand.	0.900			0.856	
[PE6] If I have to choose among brands of cosmetics, my brand is definitely my choice.	0.879			0.852	
[PE4] It makes sense to buy this purchased brand instead of any other brands, even if they are the same.	0.877			0.838	
[PE7] If I have to buy cosmetic, I plan to buy my brand even though there are other brands as good as my brand.	0.822			0.830	
[PE8] Even if another brand has the same price as my brand I would still buy my brand of cosmetics.	0.874			0.852	
[PE3] I have a positive image towards this brand.	0.781			0.712	
[PE1] I think I am loyal to this brand.	0.738			0.660	
[PE2] I have a positive experience towards this brand.	0.711			0.643	
Relationship Equity		2.951	73.777		0.881
[RE4] I am satisfied with the membership program I join.	0.880			0.784	
[RE3] As a fan of this brand, I have a high-quality relationship with the brand (community).	0.870			0.753	
[RE5] Because I am satisfied with the membership program of this brand, I also invite others to join it.	0.865			0.758	
[RE2] I am satisfied with the relationship I have with this brand.	0.820			0.681	
[RE1] The preferential treatment I get from this brand is important to me.	0.712			0.656	
Relational Moderators					
Loyalty Program Participation		3.883	77.662		0.928
[LPR4] I have positive experiences interacting with other participants in the loyalty program of this brand.	0.914			0.860	
[LPR2] I enjoy the status of being a participant in the loyalty program of this brand.	0.914			0.856	
[LPR3] I receive many rewards, other than financial, as a participant in the loyalty program of this brand.	0.883			0.811	
[LPR1] The loyalty program has a sense of exclusivity associated with this brand.	0.866			0.786	

Table 7. Continued

Research items	Factor loading	Eigenvalue	Cumulative Explained Variance	Item-to-total correlation	Cronbach's Alpha(α)
[LPR5] I believe that I am part of a community made up of this brand loyalty program members.	0.827			0.737	
Product Knowledge					
[PK3] I know many details about this brand.	0.930			0.880	
[PK2] I have got a wide variety of knowledge relate to this brand.	0.916			0.861	
[PK4] I have good knowledge about this brand.	0.885			0.812	
[PK1] I frequently get the knowledge of this brand at home.	0.838			0.749	
[PK5] I have collected enough information about this brand.	0.824			0.731	
Previous Shopping Experience		2.483	82.781		0.896
[OS4] I had a good experience purchasing this brand.	0.922			0.816	
[OS3] Purchasing this brand is usually a pleasant experience for me.	0.921			0.815	
[OS5] My experienced shopping for this brand influences my subsequent purchases in the next purchase.	0.886			0.752	
[OS1] I have experienced in purchasing this brand in a physical store.	0.872			0.712	
[OS2] I have experienced purchasing this brand online.	0.714			0.669	
Psychological Moderators					
Alternative Attractiveness		3.331	66.618		0.874
[AA4] The function of my preferred brand is similar to other brands.	0.862			0.767	
[AA5] The attractiveness of my preferred brand is similar to other brands.	0.841			0.735	
[AA2] Most brands offer a similar range of services.	0.818			0.705	
[AA3] The price of make-up cosmetics in most brands are similar.	0.807			0.691	
[AA1] All things considered, most brands are similar.	0.748			0.616	
Product Involvement		3.332	83.300		0.932
[PI3] This brand is very important to me personally.	0.942			0.888	
[PI1] Because of my personal attitudes, I feel that this is a brand that ought to be important to me.	0.938			0.880	
[PI2] Because of my personal values, I feel that this is a brand that ought to be important to me.	0.932			0.870	
[PI4] When I face to many similar brands, this brand will be the consequence of the decision matter to me.	0.834			0.727	
[PI5] I think carefully into making a decision to buy this brand.	0.793			0.702	
Brand Commitment		3.978	79.561		0.936
[BC1] I am really attached to this brand of cosmetics that I use.	0.907			0.853	
[BC2] I stick with my usual brand of cosmetics because I know they are best for me.	0.900			0.843	
[BC3] I am committed to this brand of cosmetics.	0.897			0.835	
[BC4] I feel that to buy this brand is worthwhile.	0.888			0.821	

Table 7. Continued

Research items	Factor loading	Eigenvalue	Cumulative Explained Variance	Item-to-total correlation	Cronbach's Alpha(α)
[BC5] I feel that this brand can offer me the best benefits.	0.867			0.790	
Switching Cost		3.689	73.773		0.911
[SC3] For me, the cost in time, money and effort to switch cosmetics brands are high.	0.902			0.833	
[SC4] I would sacrifice a lot if change to another cosmetics brand.	0.892			0.825	
[SC1] In general it would be a hassle changing cosmetic brands for me.	0.854			0.765	
[SC2] It would take a lot of time and effort changing cosmetics brands.	0.835			0.738	
[SC5] I could not afford the switching cost if I change to another cosmetics brand.	0.808			0.708	
Brand Love		4.685	78.088		0.944
[BL3] This brand makes me very happy.	0.907			0.861	
[BL4] I love this brand!	0.906			0.861	
[BL2] This brand is totally awesome.	0.896			0.844	
[BL5] This brand is a pure delight.	0.878			0.823	
[BL1] This is a wonderful brand.	0.872			0.812	
[BL6] I am passionate about this brand.	0.841			0.775	
Consumer Expectation		4.015	80.296		0.938
[EXP2] My expectations of the attributes of this brand is high.	0.927			0.879	
[EXP1] My expectations of the quality of this brand is high.	0.919			0.867	
[EXP1] My expectations of the quality of this brand is high.	0.914			0.859	
[Exp4] My expectations of the security of this brand is high.	0.878			0.809	
[Exp5] My expectations of the service of this brand is high.	0.839			0.757	
Outcomes					
Behavioral Intention		3.159	78.982		0.911
[BI4] If I had to buy the cosmetic products of this brand, the probability I would make the same choice again to buy this brand is high.	0.906			0.824	
[BI5] I am willing to purchase this brand's cosmetics products in the future.	0.903			0.818	
[BI3] The probability that I will concern about the new products of this brand is high.	0.892			0.803	
[BI2] The probability that I will spend money on this brand is high.	0.853			0.746	
[BI1] The probability that I will attend the relative activities of this brand is high.	0.769			0.711	
Brand Preference		4.202	84.042		0.952
[BPR5] In total I prefer this brand.	0.930			0.888	
[BPR3] If I have to buy a product among many brands, I would prefer this brand if everything else was equal.	0.925			0.880	
[BPR2] I prefer this brand to other brands of its type.	0.933			0.876	
[BPR1] I feel that this brand is appealing to me.	0.919			0.870	

Table 7. Continued

Research items	Factor loading	Eigenvalue	Cumulative Explained Variance	Item-to-total correlation	Cronbach's Alpha(α)
[BPR4] I feel this brand is superior to any other brand.	0.887			0.825	
WOM		4.181	83.624		0.951
[WOM4] I will try to show the benefits of this brand to lots of people.	0.932			0.891	
[WOM5] I try to spread the good-word about this brand.	0.917			0.868	
[WOM3] I try to convince friends to buy this brand.	0.915			0.866	
[WOM2] I "talk up" this brand to my friends.	0.913			0.862	
[WOM1] I have recommended this brand to lots of people.	0.895			0.836	

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