A Study on the Effect of Marketing Mix on the Repurchase Intention with the Consideration of the Mediating Role of Brand Equity (Case Study: Ghaem Shahr Refah Bank)

Hojjat Vahdati, Najmeddin Mousavi, Javad Taheri Moghadam

Department of Business Management, Faculty of Economy, University of Lorestan, Khoramabad, Iran

ABSTRACT

Considering the mediating role of brand equity in Ghaem Shahr Refah Bank, the present research tries to study the effect of marketing mix on the customer repurchase intention. The present research is a descriptive survey. The statistical population in this study consists of all customers of Ghaem Shahr Refah Bank out of which 390 customers were selected as the research sample. The instrument used in this study is a questionnaire. The content validity was measured by means of theoretical basics and expert opinions, and the reliability was computed by Chronbach’s alpha. In order to test the research hypotheses, SEM technique was used. The findings indicate that the marketing mix has a positive and significant effect on the customer repurchase intention. In addition, the brand equity plays a positive and significant role in the impacts of marketing mix on the repurchase intention.

INTRODUCTION

In the complicated and competitive environment today, marketing is an integral component for companies, although many of them don’t have a precise comprehension of marketing. Some companies believe that marketing is the same as advertising and selling. However, marketing is a process consisting of the identification, prediction, and satisfaction of customers’ needs in terms of profitability. In this way, an organization will be able to presents its products and services in accordance with its customers requirements[42]. In other words, companies should provide customers with products (goods and services) at an appropriate price and in a suitable place as expected by customers.

In fact, the concept of marketing mix determines the path of organizational performance by a series of controllable variables in an environment with many uncontrollable factors [8]. In marketing, and specifically, service marketing, brand transfers a symbolic concept to consumers to help them in the purchase decision making [43]. Brands act as the factor that decreases the risk, while showing the superior quality of products and services[13]. In the service section, where intangibility is a main characteristic, the seller cannot supply services objectively with a clear-cut quality. Under such a condition, it is the brand that can influence the customer’s mindset and perception and, ultimately, his decision making [29]. In IR.Iran, given the governmental structure, the similarity of services, traditional services and increasing demand for banking services, banks don’t pay much attention to marketing concepts and customer centered activities. Moreover, the people are not motivated enough to increase the level of interaction with banks because they do not receive necessary incentives and because banks don’t pay much attention to their demands and tendencies. Given that banks are moving towards privatization, and given that they been accepted by the stock exchange, however, it is necessary for them to become customer-centered. For this reason, the present study tries to examine two variables that influence the repurchase intention, namely, the marketing mix and the brand equity.

Corresponding Author: Javad Taheri Moghadam, Department of Business Management, Faculty of Economy, University of Lorestan, Khoramabad, Iran. Tel: +989354951455 E-mail: javadtaherif68@gmail.com
Literature review:

Marketing mix:
Market mix is a set of tools, techniques and methods used often in planning marketing [46]. Burden(1950) claims that he is the first author who has used the term “marketing mix”. McCarty(1964) extended the term. Later, McCarty and Perreault (1987) defined the marketing mix as controllable variables that an organization can employ to satisfy its target market needs and wants. In another definition, Kotler and Armstrong(1989) defined marketing mix as a set of controllable marketing variables intertwined by an organization in order to respond their needs in the target market [38]. In time, this concept underwent many developments as a great deal of theories evolved (see for example: McCarty, 1980s, Frey, 1961, Nickels and Johnson 1976, Mindak and Fine 1981, Kotler 1986, Refiq et al, 1995). Baums and Biz(1981) suggested the 7P. They suggested that not only traditional 4P for services should be changed a bit, but also three other Ps including Personnel, Physical assets and Process should be also added [38]. Below, these elements are briefly defined:

Product is anything which is provided to market in order to attract the attention of the buyer or consumer. It can be divided into three parts: core, actual, and augmented parts[28]. Price is a sum of money or value paid by consumers for receiving the advantages of obtaining or using goods and services [27]. Since it is the only component which generates income in marketing mix, it is highly important in pricing policies. Place means to distribute product to consumers in the right time and location which would decrease the time spent by consumer to look for a certain product [28]. Promotion includes advertisements, sales promotion, public relations, personal sales and direct marketing with their own tools to achieve predetermined goals [28].Personnel is the most valuable asset of an organization. Therefore, the management should try to know this asset precisely, actualize the talents and capabilities, and mobilize them more effectively to achieve organizational goals since this asset is closely associated with the customers throughout the operation [6]. Physical evidence shows the environment in which services are provided. Likewise, one can say that physical assets include any kind of goods by which one can present services through simpler and more effective ways[22].Process management guarantees proper quality and service sustainability and the role of marketing mix is to make an equilibrium between the service supply and demand [39].

Brand equity:
Brand equity shows the price difference which is attracted by a strong brand compared to a medium brand [3].Brand equity and the customer value generate a value for the organization through improving the effectiveness and efficiency of marketing programs, brand loyalty, price and margins, brand development, commercial leverage and competitive advantage [1]. According to Keller (2003), brand equity refers to a brand which is uniquely well – known in the minds of consumers. In the brand literature, two models are more popular than others: Aaker’s model (1996) and Keller’s model (1998). In this respect, however, there are many more models: Park and Srinivasan (1994), Krishnan (1996), Erdem and Swait (1998) and Yoo et al (2000), Lemon et al (2001) also introduced a brand equity framework. Finally, Netemeyer (2004) could improve Keller’s framework by developing and measuring brand equity aspects. The present study uses Aaker’s brand equity (1996), and for this reason, an outline of this model has been presented below:

Brand awareness refers to the brand impact in the memory [15]. Aaker (1991) considers brand awareness as a power of a buyer in recognizing and recalling the brand and puts the brand in a certain category of products. Brand association refers to anything in our memory about a brand [2,23]. Brand association, along with brand awareness, creates a strong image of brand on the memory. Brand association, which is the result of high brand awareness, has a positive relationship with brand equity [9]. Perceived quality is defined as the consumer’s perception of the total quality or the superiority of a product or service to other products or services. Perceived quality is a competition necessity. Today, many companies have resorted to the customer-oriented quality as a strategic weapon [7]. Brand loyalty Aaker defines brand loyalty as the customer tendency to repurchase a brand. Brand loyalty facilitates the function of companies to acquire and keep consumers by means of appropriate cost and quick capital returns. The functional utility of goods and services usually guarantees brand loyalty[25]. Brand loyalty refers to consumers' tendencies to buy a brand as their first choice [32].

Repurchase Intention:
Today, organizations believe that they can achieve their long term profitability only when customers repeat purchase. Therefore, they always try to facilitate consumers’ repurchase process. Repurchase intention means the repetition of buying a certain brand after one has used it[30], or the belief of a customer in the continuation of buying from a certain company in future[40]. Repurchase intention is customers’ motivational moods to repeat a buying behavior as the outcome of brand perceived values of a product or service. Therefore, the marketing and communication activities of a brand will lead to an ideal repurchase behavior as the brand equity increases[47]. Repurchase intention is a kind of behavior on the basis of cognition and feeling [40]. As many authors indicate, repurchase intention is a behavioral index of the customers’ loyalty [18]. Therefore,