THE EXPLORATORY STUDY OF PERCEIVED BRAND PARITY
IN TELCO-SERVICE BUSINESS

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ABSTRACT

The main objective of this study is to explore consumer’s perceived brand parity in Telco-service business toward five service categories including fixed line telephone, mobile phone, internet service provider, web based e-mail, and search engine. In addition, the study has investigated relationships among perceived brand parity model. This study used the multiple regression and logistic regression analyses to evaluate their relationships. The major findings of the study are (1) to confirm that brand awareness negatively related to consumer’s information acquisition (2) to confirm that brand awareness positively influence to marketing communication effectiveness and consumer’s brand experience. (3) the study’s result shows that information acquisition influence consumer’s perceived brand parity. The logistic regression also reveals that information acquisition negatively related with perceived brand parity. Managers should emphasize the price setting strategies, brand image and provide trial experience to consumers.
INTRODUCTION OF STUDY

Brand parity designates a brand or product that is physical or functionally similar, if not identical, to one or more other brand. In short, it is a product or brand without significant difference. Promoting, or communicating is common, but promoting one informatively and straightforwardly is quite another matter. A high level of parity and a lack of differentiation in Telco-service characterize many products and services. The problem is that delivering products and services, that customer perceived as difference or indifference will be the key success. Indeed, Telco-service particularly in Thai businesses is quite similarity and undifferentiating. For example, DTAC and Orange launched the flat rate with second charging, or AIS and DTAC determined the lower rate in specific period of day. With brand disloyalty a big a trend as management consultant’s insistence that branding is essential, delivering value must take precedence over creating fluff. Brand equity has become increasingly problematic—past performance is no guarantee of future earnings (Berbstein 1996: 10). However, Telco-service providers in Thai particularly those are oligopoly, independently owned operations, face a critical issue: how to compete effectively in today’s marketplace. This study contributes to the growing body of brand parity research by examining whether brand awareness, price sensitivity, information acquisition, and marketing communication effectiveness, lead to perceived brand parity, signaling a business performance. Positioning a brand against one or more competitors represents an inherent aspect of achieving the brand differentiation that ultimately results in the competitive advantage critical to a brand’s long run success in the market. This study focuses on Telco-service businesses where they presently face intense competition. Further, this study will enable Telco-service operators to identify key perceived brand parity indicators and whether ratings of these indicators lead to strong brand parity. The goal of this research is to help managers and researcher understands the effect of perceived brand parity on brand awareness, price sensitivity, information acquisition, and marketing communication effectiveness. This research has main three objectives. First, this research will offer a brief synthesis of the extant literature on key conceptual issues. Second, this research will discuss the results of this study on the relationship between perceived brand parity, brand awareness, price sensitivity, information acquisition, and marketing communication effectiveness. Finally, this research also offers managerial implications by identifying actions that have taken by the service providers to reduce brand parity.

CONCEPTUAL RESEARCH FRAMEWORK

With the proliferation of new brands and endless brand extensions, more and more categories seem to be sliding toward commodity status (Clancy and Trout, 2002). Copernicus, a Massachusetts-based marketing consulting firm, teamed up with researchers at Market Facts, based in Chicago, to look at the public’s perception of brand differentiation in 46 major product categories. The respondents said brands were becoming more distinct in only two categories: soft drinks and soap (Clancy and Trout, 2002). They said brands were holding their own in only four categories, and 50 percent in the remaining 40 categories were converging, or becoming less distinct. Similarly, BBDO Consulting Germany (2005) has revealed their study’s result in 2004 about perceived brand parity. The result showed that 62 percent from 2,000 German consumers recognized no differences between brands from 41 product categories. High parity level of 80 percent encounters the categories of tissue paper and gasoline. The perceived brand parity of automobile manufacturers lies on the other hand with 29 percent at the lower level. The nondurable product (tissue paper,
gasoline, soap, Cola-drinks etc.) show the highest perceived brand parity with an average 66 percent. Tightly follow of the service providers (energy providers, telephone companies, banks, credit card companies, insurances etc.) whose average perceived brand parity lies in 62 percent. In the durable goods (television, audio-video player, camera, mobile phone devices, personal computer etc.), consumers take a perceived brand parity for 52 percent (www.bbdo.de, 2005). This study review the theoretical framework for brand awareness, price sensitivity, information acquisition, marketing communication effectiveness, and perceived brand parity (see Figure 1).

**HYPOTHESE**

Baye and Morgan (2003) analyzed the cross-channel effects between brand and price advertising. They showed that branding efforts and awareness convert some but not all consumers into loyal customers. Nagle and Holden (2002) found that buyers were less sensitive to the price of a known, reputable or aware brand when they had difficulty comparing alternatives. Rather than attempting to find the best value in the market and risk getting a poor value in the process, many buyers simply settle for what they were confident would be a satisfactory purchase. Their confidence in brand's reputation may be based either on their own experience with the brand or on the experience of other people whose judgment they trust. Brynjolfsson and Smith (2000) argue that the observed price dispersion is mainly due to perceived differences among retailers related to branding, awareness, and trust factors affected to a great extent by the promotion activities of online retailers. This brings about hypothesis as followed:

\[ H_1: \text{There will be a negative relationship between brand awareness and consumer's price sensitivity.} \]

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**Figure 1** the framework for studying factors influenced perceived brand parity.

- $H_1(-)$: Price Sensitivity
- $H_2(-)$: Information Acquisition
- $H_3(+)$: Marketing Communication Effectiveness
- $H_4(+)$: Brand Experience
- $H_5$: Perceived Brand Parity

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Rapier (2004) found that the information acquisition phase that a consumer undergoes as part of the decision making process presents a brand with a unique opportunity to act as an influencer by providing relevant, informative and reassuring communication that may be used by the consumer when evaluating alternatives. Significantly, the probability of a brand being included during the information acquisition stage is contingent on the consumer’s brand awareness during the search phase. Muncy (1990) found a strong relationship between perceived brand differences and information search and Giges (1988) argued that consumers are also less receptive to advertising when high parity perceptions exist. High levels of perceived brand parity greatly result in levels of brand loyalty, price sensitivity and perceived utility of marketplace information (Muncy, 1996). Many difficulties created by high level of perceived brand parity but there was a little empirical research has published on brand parity. And as evidence above, this study is hypothesized the following:

**H₂: Brand awareness is negatively related consumer’s information acquisition.**

Nicholas Ind, Equilibrium Consulting (2003) suggested that the organization has to understand not only such marketing communication indicators as awareness and consideration, but also the likely long-term loyalty of customers. Brand strength can seem quite powerful merely on the basis of communication People get to hear about a brand through advertising and awareness. East (1997) illustrated the way in which strong brand awareness influence the marketing communication effectiveness. The well-known brand could be priced above other brands and had such a large share of the market that it was open to fierce competition from these other brands, particularly house brands. This meant that strong brand awareness was essential to hold the market and the marketing communication used the brand name rather than product name. Therefore, this study hypothesizes as follow:

**H₃: Brand awareness influence positively to marketing communication effectiveness.**

Akura, M. Tolga, Fsun F. Gnl, and Elina Petrova (2003) compared brands in terms of their memorability, which determines brand salience on the next purchase occasion. Their findings suggested that price promotions might be deficient as a tool to increase market share in the studied product categories. Their study was applicable to other consumer goods contingent on consumers’ being sufficiently motivated to learn their own preferences via personal experience. Nagle and Holden (2002) found that the consumer’s confidence in brand’s reputation may be based either on their own experience with the brand or on the experience of other people whose judgment they trust. So, the hypothesis stated below:

**H₄: There will be a positive relationship between brand awareness and consumer’s brand experience.**

Campbell and Keller (2003) indicated that marketing communication effectiveness might depend on prior familiarity of the advertised brand. The findings of two experiments using television ads and computer Internet ads revealed that brand familiarity influenced repetition effectiveness. Assael (1992) found that when consumers are price elastic, they switch brands based on price. When they are inelastic, they tend to remain loyal to a brand. Muncy (1990) discussed a research project where perceivec brand differences had a substantial influence on information acquisition. The explanation given was that if consumers see all brands as similar, then there was little benefit of information search because the search would not provide useful information that would help differentiate the choice set. This was consistent with Newman’s (1977) hypothesis that consumers would engage in information search only if the perceived benefits exceed the costs. If perceived
brand parity decreased the perceived benefits of information acquisition, fewer searches should occur. Muncy (1996) also received moderate to strong support his hypothesis that higher level of perceived brand parity would result in less perceived utility of marketplace information in his empirical study. As consumers experience brands either vicariously or personally, their knowledge base would expand, at least up to appoint (Alba and Marromstein 1987; Keller and Staelin 1987). More specific brand details have added to memory. This enhanced knowledge base should enable consumers to make finer distinctions among competing brands. Krugman (1965; cited by Assael, 1998) stated that uninvolved consumers might buy simply due to a reminder effect since most such purchases are unplanned. This meant their brand experience will influence their evaluation and perception, including their perceive brand parity. Alba and Hutchinson (1987) stated that perceived brand parity defined as the number of product-related experiences that had accumulated by consumer. This could be concluded that the more familiar consumers were with the various brand offerings within a product class, the more likely they would be able to make distinction (and indistinct) among brands.

**H<sub>6</sub>: Price sensitivity, information acquisition, marketing communication effectiveness, and brand experience influence consumer’s perceived brand parity.**

**RESEARCH METHODOLOGY**

The research design uses the cross-sectional survey at given period. This research occurs during August 2005 (30 days for data collection period). Data have gathered from consumer of hi-tech services brand including mobile phone subscribers, fixed line telephone operators, internet service providers, search engines and web-based e-mail services. A convenience sample consisted of 123 respondents in Bangkok will be used. This research is preliminary study because this research is designed to enhance the understanding of whether or not customer might perceive brand parity. The research design to utilize will be a field study, using self-report questionnaires to obtain data from each respondent. The questionnaire divided to two main parts. The first part used as screening part and survey of the most consumers is perceived brand parity toward service brands. The measurements used in this study concept involved a combination of scales. Brand awareness was measured using five-item, 5-point scale borrowed from Keller (2003). Where one = strongly disagree and five = strongly agree. Price sensitivity was measure using five item, 5-point scale borrowed from Nagle and Holden (2003). Where one= strongly disagree and five = strongly agree. Information acquisition was measured using six item, 5-point scale borrowed from Assale (1992), Peter and Olson (2002).Where 1= strongly disagree and five = strongly agree. Marketing communication effectiveness was measure using six-item, 5-point scale borrowed from Duncan (2002). Where one= strongly disagree and five = strongly agree. Brand experience was measure using five-item, 5-point scale borrowed from Schmitt (1999). Where one= strongly disagree and five = strongly agree. Perceived brand parity was measure using five item, 5-point scale borrowed from Muncy (1996). Where one= strongly disagree and five = strongly agree.
Hypotheses 1, 2, 3, and 4 have tested by using multiple regression analysis. Hypothesis 5 was test by using multiple regression and logistic regression analysis.

**Reliability and Validity Analysis for Operationalization Variables**

The coefficient alpha reliability estimate for brand awareness scale was 0.863, for price sensitivity was 0.687, for information acquisition was 0.504, for marketing communication effectiveness was 0.745, for brand experience was 0.831, for perceived brand parity toward brand A was 0.536, and for perceived brand parity toward brand B was 0.509. All operationalization variables had good reliability except price sensitivity; information acquisition and brand parity found value not greater than 0.7 as moderate reliability that have applied for further research (Hair, Anderson, Tatham, and Black, 1995). The exploratory factor analysis (EFA) has shown the percentage of variance criterion was an approach in which the cumulative percentage of variance extracted by significant factors and eigenvalues: brand awareness presented 64.891 percent (eigenvalue = 3.245), price sensitivity presented 66.533 percent (eigenvalue = 1.453), information acquisition presented 49.071 percent (eigenvalue = 1.465), marketing communication effectiveness presented 65.052 percent (eigenvalue = 1.623), brand experience presented 59.987 percent (eigenvalue = 2.999), perceived brand parity toward brand A presented 35.859 percent (eigenvalue = 1.793), and perceived brand parity toward brand B presented 56.599 percent (eigenvalue = 1.174) respectively. Moreover the confirmation factor analysis (CFA) provided an adequate fit model, chi-square statistic was statistically significant ($\chi^2 = 28.544$; $p < 0.0007$), the goodness of fit index (GFI) = 0.987, the average goodness of fit index (AGFI) = 0.810, and root mean square residual (RMSR) = 0.084. Some statistics have not acceptable level ($< 0.08$) such as RMSR.

**ANALYSIS AND RESULTS**

The result shows 60 percent from 123 respondents recognized no differences between brands from mobile phone service categories. Parity level of 20 percent encounters the categories of fixed line telephone service. (See Figure 1). Focus on mobile phone service provider, 58 percent of consumers who perceived brand in this service categories become less distinct mention no difference between service they received from Advance Info Service (AIS) and Total Access Communication (DTAC). In addition, DTAC and Orange was a pair of service brand in which 23 percent of consumers perceived their brand parity (see Figure 2). In addition, this study had examined the relationship among variables and dyadic interaction. Result of hypotheses testing has shown in Table 1 below. For the first hypothesis, the null hypothesis ($H_0$) that there is no significant relationship between brand awareness and consumer's price sensitivity failed to reject. Hence, it has not the implication that brand awareness directly related to price sensitivity. For the second hypothesis, the null hypothesis ($H_0$) that there is no significant relationship between brand awareness and consumer's information acquisition rejected, thus confirming that brand awareness related negatively to consumer's information acquisition. For the third hypothesis, the null hypothesis ($H_0$) that there is no significant relationship between brand awareness and marketing communication effectiveness rejected.
Thus, it confirmed that brand awareness influence positively to marketing communication effectiveness. A test of $H_{04}$ rejected. Therefore, there will be a positive relationship between brand awareness and consumer’s brand experience. Finally, on the fifth hypothesis which divided into two cases that there is no significant relationship between price sensitivity, information acquisition, marketing communication effectiveness, and brand experience and perceived brand parity toward brand A and B. The null hypothesis of both cases ($H_{06i}$ and $H_{07i}$) rejected in which marketing communication effectiveness and brand experience was excluded variables in model. Thus, only price sensitivity and information acquisition influence the consumer’s perceived brand parity. In addition, the logistic regression revealed that information acquisition negatively related with perceived brand parity ($H_{08i}$).
<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Methodology</th>
<th>Coefficient</th>
<th>Value</th>
<th>Sig.</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>( H_{01} ): There is no significant relationship between brand awareness and consumer's price sensitivity.</td>
<td></td>
<td>0.033</td>
<td>0.361</td>
<td>0.719</td>
<td>Fail to reject ( H_0 )</td>
</tr>
<tr>
<td>( H_{02} ): There is no significant relationship between brand awareness and consumer's information acquisition.</td>
<td></td>
<td>0.289</td>
<td>3.323*</td>
<td>0.001</td>
<td>Reject ( H_0 )</td>
</tr>
<tr>
<td>( H_{03} ): There is no significant relationship between brand awareness and marketing communication effectiveness.</td>
<td></td>
<td>0.446</td>
<td>5.477**</td>
<td>0.000</td>
<td>Reject ( H_0 )</td>
</tr>
<tr>
<td>( H_{04} ): There is no significant relationship between brand awareness and consumer's brand experience.</td>
<td>Multiple Regression</td>
<td>0.445</td>
<td>5.460**</td>
<td>0.000</td>
<td>Reject ( H_0 )</td>
</tr>
<tr>
<td>( H_{05} ): There is no significant relationship between price sensitivity, information acquisition, marketing communication effectiveness, and brand experience and perceived brand parity (toward brand A).&amp;</td>
<td></td>
<td>Info.Acquisition =</td>
<td>t = 2.750*</td>
<td>0.007</td>
<td>Reject ( H_0 )</td>
</tr>
<tr>
<td>( H_{06} ): There is no significant relationship between price sensitivity, information acquisition, marketing communication effectiveness, and brand experience and perceived brand parity (toward brand B).&amp;</td>
<td></td>
<td>Price Sensitivity =</td>
<td>t = 2.459*</td>
<td>0.015</td>
<td>Reject ( H_0 )</td>
</tr>
<tr>
<td>( H_{07} ): There is no significant relationship between price sensitivity, information acquisition, marketing communication effectiveness, and brand experience and perceived brand parity (using logistic regression, thus 0=non-parity and 1=parity).</td>
<td>Logistic Regression</td>
<td>Info. Acquisition =</td>
<td>0.808</td>
<td>3.825</td>
<td>Reject ( H_0 )</td>
</tr>
</tbody>
</table>

Note: ** *(p<0.001), * *(p<0.05)

** Marketing communication effectiveness and brand experience was excluded variables in model.
CONCLUSION, MANAGERIAL IMPLICATION AND FUTURE RESEARCH

As a study result, price was one of the important variables influenced perceived brand parity especially the perception of reference price effect and switching cost effect. Therefore, managers should concern the price setting strategies especially the price discrimination strategy by demographic, products, or services. Managers should ensure that service quality have to be emphasized rather than price perception. However, psychological price setting strategies (odd and unit price) should be avoided. Other variable influenced perceived brand parity was consumer's brand experiences. Managers should concern about brand image and brand visibility by building the consumer’s perceived brand differentiation. Providing trial experience or give the trial period to consumers is the one of recommend strategies in this issue. Moreover, bundling trial experience with core services (bundle strategy) could be implemented effectively. Despite the advantages associated with this, measures of perceived brand parity model there are some limitations of current study that could be improved on the future research. Reliability level toward price sensitivity, information acquisition, and perceived brand parity were too low and could be improved by increasing the size of respondents as appropriate and adjusting measuring for information acquisition and perceived brand parity focus on measuring how similar or different brands in the same category. The future research should study the influence of various marketing communication channel separately such as broadcasting, printing, interactive media on perceived brand parity (Gigos, 1988). Relationship between the number of product/service related experiences that had been accumulated by consumer and perceived brand parity is also interesting topic (Alba and Hutchinson, 1987). Moreover, Muncy (1996) found that perceived brand parity was one of the most significant predictor of brand disloyalty in nondurable product.

REFERENCES


