Antecedents of Retail Brand Equity: A Research on IKEA Brand

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Extensive Summary

Introduction

Brand equity is seen as a very crucial topic by academicians and marketing managers and it is a very important intangible asset of a firm which affects consumer preferences and their buying intentions positively. In today's consumer-oriented markets, firms need to develop a distinctive image and maintain it to have a sustainable competitive advantage against their competitors. Brand equity has a significant role for businesses to enhance customer value, differentiate brands, evaluate brand performance and obtain competitive advantage in the market. Creating retail brand equity is a strategic issue for retailers as it gives retailers some advantages like benefiting from the leverage effect of the brand by presenting private label products and differentiating from their competitors as their revenues and profits enhance. The purpose of this study is to examine the relationships between the antecedents of retail brand equity of the brand IKEA by structural equation modelling and propose marketing strategies based on the model results.

Methodology

The sample of the study consists of consumers who live in the center of Bursa and have shopped from IKEA at least once. The data were collected by a structured questionnaire in June and July 2016.

After an intensive literature review, the most appropriate scales were chosen for this study as those scales would reveal the relationships between the antecedents of

retail brand equity clearly. The questionnaire was prepared with necessary adjustments on the selected scales. Those scales are shown below:

VARIABLES	REFERENCES
Assortment	Chowdhury, Reardon and Srivastava, 1998; Swoboda et al., 2007; Allaway et al., 2011; Swoboda, Weindel and Halsig, 2016.
Price	Yoo, Donthu and Lee, 2000; Villarejo-Ramos and Sánchez-Franco, 2005; Swoboda, Weindel and Halsig, 2016.
Store Layout	Chowdhury, Reardon and Srivastava, 1998; Swoboda, Weindel and Halsig, 2016.
Communication	Zehir et al., 2011; Chinomona, 2016; Swoboda, Weindel and Halsig, 2016.
Service	Chowdhury, Reardon and Srivastava, 1998; Ramsaran and Fowdar, 2007; Jara and Cliquet, 2012; Swoboda, Weindel and Halsig, 2016.
Retail Brand Equity	Verhoef, Langerak and Donkers, 2007; Swoboda, Weindel and Halsig, 2016.
Brand Loyalty	Chaudhuri and Holbrook, 2001; Algesheimer, Dholakia and Herrmann, 2005; Hohenstein et al., 2007; Bouzaabia, van Riel and Semeijn, 2013.

The results of the reliability analysis shows that the Cronbach Alpha values for assortment, price, store layout, communication, service, retail brand equity, brand loyalty and all dimensions were found as 0.73, 0.87, 0.87, 0.82, 0.87, 0.85 and 0.90 respectively. The KMO Bartlett's test results are shown below:

Kaiser-Meyer-OlkinMeasure of SamplingAdequacy.		,823
Bartlett's Test of Sphericity	Approx. Chi-Square	2740,182
	df	231
	Sig.	,000

Research hypotheses of the study are:

H_1: "Assortment" dimension has a positive effect on "retail brand equity".

H_2: "Price" dimension has a positive effect on "brand loyalty".

H_3: "Store layout" dimension has a positive effect on "brand loyalty".

H_4: "Communication" dimension has a positive effect on "retail brand equity".

H_5: "Service" dimension has a positive effect on "retail brand equity".

H_6: "Retail brand equity" dimension has a positive effect on "brand loyalty".

Findings

The analysis results of the structural modelling are shown below. The paths, standardized path coefficients and t values can be seen.

Paths	Hypothesis	Standardized Path Coefficients	T Values	Accepted/ Rejected
Assortment – Retail Brand Equity	H_1	0.22	2.57	Accepted
Price – Brand Loyalty	H_2	0.30	3.99	Accepted
Store Layout – Brand Loyalty	H_3	0.39	4.41	Accepted
Communication – Retail Brand Equity	H_4	0.32	2.66	Accepted
Service – Retail Brand Equity	H_5	0.22	2.20	Accepted
Retail Brand Equity – Brand Loyalty	H_6	0.22	2.97	Accepted

Conclusions and Recommendations

In this study, the relationships between the antecedents of retail brand equity of IKEA brand were examined by structural equation modelling. According to the model, assortment variable has a positive effect on the retail brand equity. Looking at the results, the brands in the retail industry should diversify their products which they offer to consumers. The increase in the assortment of the products of retailers will affect retail brand equity positively. Examining the path coefficients of the structural model, it can be said that the paths between communication- retail brand equity- brand loyalty were found to be important. In other words; the communication of the retailer brands affects retail brand equity and retail brand equity affects brand loyalty. Considering this result, it can be said that the effective usage of communication tools will enhance the retail brand equity and the brand loyalty of retailer brand in the end. The path between service and retail brand equity is another issue that retailer firms should focus. Retail firms should offer high quality service which would meet the expectations of their customers both during the sale process and after sales. The high quality service offered by retail firms have a positive effect on retail brand equity. As retail brand equity of a firm increases, the brand loyalty of the firm increases as well.

According to the model results, it can be said that store layout dimension is also important as retail brand equity in order to create loyalty for retail firms. In the study it was found that the ease of customers' movements in the store, finding products they want to buy and enjoying the shopping experience increases their loyalty towards the retail firm. Considering that, the retail stores should arrange their layouts by taking their customers' comfort into consideration and as a result, they will have more loyal customers in return. Price is another factor which affects brand loyalty of retail stores. Retail firms should try to determine their prices by considering the market conditions and offer their products and services to their customers by reasonable prices.