Does Winning an Award Matter to Brand Trust and Purchase Intention? Evidence from Franklin Templeton Investments

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Abstract

This research takes Franklin Templeton Investments as an example to investigate the relationships between brand awareness, brand image, brand trust, perceived quality, and purchase intention. Using random sampling, we administered the questionnaires to investors living in Taiwan from February 1, 2015 to May 31, 2015.The research findings show that brand awareness has both significantly direct and indirect effects on brand trust, and the indirect effects are mainly via brand image and perceived quality. However, brand image, perceived quality and brand trust also have a significantly direct effect on purchase intention, andboth brand image and perceived quality have an indirect effect on purchase intention via brand trust.

Keywords: Brand awareness; brand image; perceived quality; brand trust; purchase intention

1. Introduction

Mutual funds represent one of the most popular investment instruments today. Some institutions hold fund awards to recognize strong performing funds and fund groups that have shown excellent yearly returns relative to their peers. Many fund companies use awards they have won as advertising and marketing material, hence raising a few questions: Do investors think awarded fund companies have a better brand image or a better perceived quality? Does wining an award affect investors' brand trust and purchase intention?

Most related studies on awarded funds target performance persistence by taking secondary data from the financial markets, or target investors' perceived value or brand preference for awarded funds (Wang and Tsai, 2014; Wang, 2015).In fact, there is limited research targeting investors' brand awareness of awarded fund companies, or investors' brand trust and purchase intentions of awarded funds directly through questionnaires. This study looks to fill this gap. The most popular fund awards in Taiwan include Lipper Fund Awards, TFF-Bloomberg Best Fund Awards, Morningstar Fund Awards (Taiwan), and Smart Taiwan Fund Awards. Among these four fund awards, Franklin Templeton Investments respectively won a total of 19 and 13 awards in 2014 and 2013, ranking first in the fund industry in awards received. Thus, this research takes Franklin Templeton Investments as an example, because it is a global leader in asset management serving clients for over 65 years in over 150 countries and is famous in Taiwan. We investigate the relationships between brand awareness, brand image, perceived quality, brand trust, and purchase intention using questionnaires. The rest of this paper is organized as follows. Section 2 reviews previous research on brand awareness, brand image, perceived quality, brand trust, and purchase intention. Section 3 describes the data and method we employ. Section 4 reports the empirical results, and section 5 concludes the paper.

2. Literature Review

2.1 Influence of brand awareness on brand image, brand trust and perceived quality

Brand awareness refers to the extent which consumers can recall or recognize a brand, or whether or not consumers know about a brand. Brand awareness plays an important role in deciding consumers' purchase intention (Aaker, 1991; Keller, 2008), and it is also a necessary condition for the creation of a brand image (Keller, 1993). Consumers are more likely to purchase products with high brand awareness, because a well-known brand with high awareness does have the effect of lowering consumers' perceived risks and increasing consumers' positive valuations (Shimp & Bearden, 1982; Rao & Monroe, 1988; Dodds & Grewal, 1991). A brand with high awareness and good image also promotes brand image, brand trust, and brand loyalty to consumers, which in turn increase their purchase intention (Aker and Keller,1990).In this study we view brand awareness as the extent which investors can recognize or know that Franklin Templeton Investments hasever won a fund award. Thus, we note the first three hypotheses as follows.

H1a: Brand awareness has a significantly positive impact on brand image.
H1b: Brand awareness has a significantly positive impact on brand trust.
H1c: Brand awareness has a significantly positive impact on perceived quality.

2.2Influence of brand image on perceived quality, brand trust and purchase intention

Brand image can be viewed as a set of all information about a product (Dodds, Monroe & Grewal, 1991), or "perceptions about a brand as reflected by the brand associations held in consumer memory" (Keller, 1993; 1998). Accordingly, brand image does not exist in the features, technology or the actual product itself, but rather it is something brought out by advertisements, promotions or users. Brand image is often used as an extrinsic cue when consumers are evaluating a product before purchasing (Zeithaml, 1988; Richardson, Dick and Jain, 1994).

Brand image is important during the process of consumers' purchase decision making. A favorable brand image positively influences consumers' perceived quality (Dodds et al., 1991; Grewal, Krishnan, Borin & Baker, 1998), and consumers' evaluations and choices about a particular product (Keller, 1993). It also promotes brand trust and brand loyalty to consumers, which in turn increase their purchase intention (Aker and Keller, 1990).A consumer's perceived quality, overall evaluation, and purchase intention about a brand will be higher when the brand image is better (Dodds, Monroe & Grewal, 1991; Monroe and Krishnan, 1985).Thus, we propose the following three hypotheses.

H2a: Brand image has a significantly positive impact on investors' perceived quality.
H2b: Brand image has a significantly positive impact on brand trust.
H2c: Brand image has a significantly positive impact on investors' purchase intention.

2.3 Influence of perceived quality on brand trust and purchase intention

Perceived quality is the consumer's judgment about a product's overall excellence and superiority, not the actual quality of a product (Zeithaml, 1988; Aaker, 1991). Consumers often form their beliefs on the basis of a variety of informational cues (intrinsic and extrinsic), and then they judge the quality of a product and make their final purchase decision based upon these beliefs (Olson, 1977). Perceived quality has a positive effect on consumers' brand evaluation about a product (Metcalf, Hess, Danes, and Singh, 2012).A higher perception of quality improves consumers' perceived value and then strengthens consumers' purchase intention (Monroe and Krishnan, 1985; Zeithaml, 1988; Dodds et al., 1991; Petrick, 2004).Garretson and Clow (1999), Tsiotsou (2006), and Yee and San (2011) also confirmed the positive impact of perceived quality on purchase intention. Thus, we set up the following two hypotheses.

H3a: Perceived quality has a significantly positive impact on brand trust.
H3b: Perceived quality has a significantly positive impact on investors' purchase intention.

2.4 Influence of brand trust on purchase intention

Brand trust is the willingness of consumers to believe that the brand has the ability to perform its stated function (Doney and Cannon, 1997) or meet consumers' expectations (Chaudhuri & Holbrook, 2001). It is also defined as "a consumer's willingness to rely on a brand in the fact of risk because of expectations that the brand will cause positive outcomes" (Lau and Lee, 2000), or a feeling of security held by consumers in their interactions with the brand (Delgado-Ballester and Munuera-Aleman, 2002).

Both Zbojaand Voorhees (2006), Kuan and Bock (2007) confirmed the positive relationship between brand trust and purchase intention. Thus, we set up the following hypothesis.

H4: Brand trust has a significantly positive impact on investors' purchase intention.

3. Data and Methods

According to the research framework, we design the items of the questionnaire for the five dimensions: brand awareness, brand image, brand trust, perceived quality, and purchase intention. The gauging scales are selected from the literature. Brand image is gauged by 5 items take from Park, Jaworski and Maclnnis (1986).Brand trust is measured by4 items take from Delgado-Ballester and Munuera-Aleman (2001). Perceived quality is measured by3 items by means of Petrick (2002)**.** Purchase intention is gauged by3 items take from Zeithaml (1988) and Dodds et al. (1991).These items are measured on Likert's seven-point scale, ranging from 1 point to 7 points, denoting "strongly disagree", "disagree", "a little disagree", "neutral", "a little agree", "agree", and "strongly agree", respectively.

Using random sampling, we administered the questionnaires to investors living in Taiwan from February 1, 2015 to May 31, 2015. A total of 550 responses were distributed, and 500 usable responses were collected, for an acceptable response rate of 91%.

We perform data analyses on SPSS 20.0 and AMOS 21.0, with the adopted methods including descriptive statistics analysis, reliability and validity analysis, correlation analysis, and structural equation modeling (SEM) analysis.

4. Analyses and Results

Through descriptive statistics analysis in Table 1, we found that the basic attributes of major group are female (53.2%), unmarried (68.0%), 21-30 years old (57.0%), university education level (64.2%), live in central Taiwan (66.2%),work in service industry (36.8%), and monthly income NT$20,001-40,000 (58.4%).

Table 1: Descriptive statistics analysis of sample

	Items	No. of respondents	Percent (%)
Gender	Male	234	46.8
	Female	266	53.2
Marital status	Married	160	32.0
	Unmarried	340	68.0
Age group	Younger than 20 years old	14	2.8
	21-30 years old	285	57.0
	31-40 years old	113	22.6
	41-50 years old	60	12.0
	Older than 50 years old	28	5.6
Education level	Junior high school	16	3.2
	Senior high school	94	18.8
	University	321	64.2
	Graduate school	65	13.0
	PhD	4	0.8
Residential area	Northern Taiwan	72	14.4
	Central Taiwan	331	66.2
	Southern Taiwan	93	18.6
	Others	4	0.8
Occupation	Financial industry	100	20.0
	Public servants and teachers	18	3.6
	Manufacturing industry	66	13.2
	Service industry	184	36.8
	Students	48	9.6
	Others	84	16.8
Monthly income	Below 20,000	67	13.4
	20,001-40,000	292	58.4
	40,001-60,000	80	16.0
	60,001-80,000	40	8.0
	More than 80,000	21	4.2

This table shows descriptive statistics analysis of the sample. The first two columns represent demographic variables and their items considered in this research. The third and fourth column reports the number of respondents and its corresponding percent, respectively

This research conducts confirmatory factor analysis (CFA) to measure reliability and convergent validity. It is defined to have "internal consistency reliability" when composite reliability (CR) has a value greater than 0.7 (Fornell and Larcker, 1981). As presented in Table 2, all the dimensions have a CR value greater than 0.7, which indicates good internal consistency reliability. Besides, all factor loadings are greater than 0.5, and all Average Variance Extracted (AVE) estimates are greater than 0.5 in these five dimensions. This is consistent with the criterion of convergent validity proposed by Fornell and Larcker (1981) and Hair et al. (2009).

Table 2: Confirmatory factor analysis

Dimension		Factor loading	CR	AVE
Brand awareness	BR1	0.879	0.935	0.828
	BR2	0.936		
	BR3	0.914		
Brand image	BI1	0.900	0.964	0.844
	BI2	0.886		
	BI3	0.933		
	BI4	0.939		
	BI5	0.934		
Perceived quality	PQ1	0.864	0.928	0.812
	PQ2	0.897		
	PQ3	0.940		
Brand trust	BT1	0.908	0.931	0.771
	BT2	0.875		
	BT3	0.846		
	BT4	0.882		
Purchase intention	PI1	0.935	0.911	0.775
	PI2	0.952		
	PI3	0.737		

This table shows confirmatory factor analysis on brand awareness, brand image, perceived quality, brand trust, and purchase intention. CR, AVE represents composite reliability, and average variance extracted, respectively.

Table 3 presents the results of discriminant analysis, with the values on the diagonal being AVE of our five dimensions (constructs): brand awareness, brand image, perceived quality, brand trust, and purchase intention. Values on the non-diagonal are the square of the correlation between two constructs. We note that the questionnaire has discriminant validity, because the AVE of each construct is greater than the square of the correlation between any two constructs (Fornell and Larcker, 1981). In addition, it also has content validity, because our scale and item contents are constructed according to the literature review and do pass the questionnaire pre-test.

Table 3: Discriminant analysis

	Brand awareness	Brand image	Perceived quality	Brand trust	Purchase intention
Brand awareness	0.828				
Brand image	0.544	0.844			
Perceived quality	0.511	0.755	0.812		
Brand trust	0.603	0.779	0.725	0.711	
Purchase intention	0.522	0.631	0.631	0.587	0.775

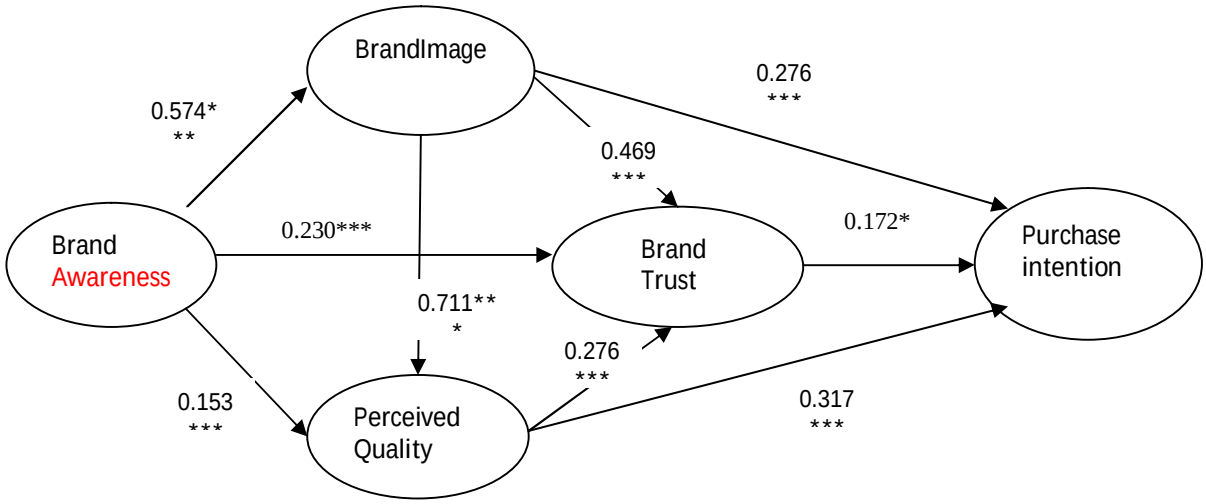
This table shows discriminant analysis of brand awareness, brand image, perceived quality, brand trust, and purchase intention. Values on the diagonal and non-diagonal are AVE estimates of each construct and the square of correlation between two constructs, respectively.

This research conducts structural equation modeling (SEM) analysis to test the fit of the factors (dimensions) of brand image, perceived quality, brand preference, and purchase intention. For a model with good fit, GFI (goodness of fit) should greater than 0.8 (Browne and Cudeck, 1993).

AGFI (adjusted goodness of fit) should be greater than 0.8, and CFI (comparative fit index) should be greater than 0.9 (Doll, Xia, Torkzadeh, 1994; Hair et al., 2009; Gefen et al., 2000). RMSEA (root mean square error of approximation) should be under 0.08 (Brown and Cudeck, 1993), and the ratio of the chi-square value to degrees of freedom ($\frac{\chi^2}{df}$) should be no greater than 5 (Wheaton et al., 1977). The goodness-of-fit indices of the model are as follows: GFI is 0.896, AGFI is 0.860, CFI is 0.959, RMSEA is 0.081, and $\frac{\chi^2}{df}$ is 4.271. All these indices are within the acceptable range, meaning the overall model fitness is good.

Figure 1 presents the path analyses from SEM. According to the estimated values of the standardized parameters of the relationship model in Figure 1, we find thatbrand awareness has a significantly positive influence on brand image (H1a is supported), brand trust (H1b is supported) and perceived quality (H1cis supported).Brand image has a significantly positive effect on perceived quality (H2a is supported), brand trust (H2b is supported) and purchase intention (H2c is supported).Perceived quality has a significantly positive impact on both brand trust (H3a is supported) and purchase intention (H3b is supported). However, brand trust also has a positive influence on purchase intention (H4 is supported).

Figure 1: Path analysis from SEM



*This figure shows the path analysis from structural equation modeling (SEM). Values beside the path represent the standardized regression coefficients. ***, ** and * indicate significance at the 0.1, 1 and 5percent levels, respectively.*

5. Conclusions and Implications

Mutual funds represent one of the most popular investment instruments today. Some institutions hold fund awards to recognize strong performing funds and fund groups that have shown excellent yearly returns relative to their peers. Many fund companies use awards they have won as advertising and marketing material, hence raising a few questions: Do investors think awarded fund companies have a better brand image or a better perceived quality? Does wining an award affect investors' brand trust and purchase intention?

This research takes Franklin Templeton Investments as an example, because it has outstanding performance and is famous in Taiwan. We investigate the relationships between brand awareness, brand image, perceived quality, brand trust, and purchase intention. Using random sampling, we administered the questionnaires to investors living in Taiwan from February 1, 2015 to May 31, 2015.The methods adopted including descriptive statistics analysis, reliability and validity analysis, correlation analysis, and structural equation modeling (SEM) analysis.

The research findings show that brand awareness has both significantly direct and indirect effects on brand trust, and the indirect effects are mainly via brand image and perceived quality. However, brand image, perceived quality and brand trust also have a significantly direct effect on purchase intention, and both brand image and perceived quality have an indirect effect on purchase intention via brand trust.

Therefore, we suggest that fund companies should put more efforts to improve their funds' performances and use awards won as advertising and marketing material to strengthen their brand image and perceived quality. Once a positive brand image is established, consumers' brand trust and purchase intention increase both directly and indirectly.

The primary limitation of this study is that we only considered brand awareness, brand image, perceived quality, and brand trust in this study. There are still other determinants of the purchase intention of mutual funds. Future research can include other variables in more comprehensive models that have possibly higher explanatory power. Furthermore, we take Franklin Templeton Investments as the sole example, potentially limiting generalizability to other fund companies.

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