EXPLORING BRAND EQUITY DIFFERENCES BETWEEN UTILITARIAN AND HEDONIC PRODUCTS

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ABSTRACT

This paper focuses on three principal issues: (1) country-of-origin and manufacturer-of-origin contributions to brand equity; (2) the moderation effect of a product's utilitarian/hedonic property on the relationship; (3) identification of a valid measurement of brand equity for product categories without private labels. We employ a variance component model to analyze panel data for the US passenger car market. Following Ailawadi, Lehmann and Neslin's (2003) guideline, we establish revenue premium as a viable measurement of brand equity. By first revealing the influence of country-of-origin and manufacturer-of-origin effects upon brand equity, we are then able to examine the moderation effect of a product's utilitarian/hedonic property. We find that country-of-origin influences brand equity only for hedonic products, and manufacturer-of-origin impacts brand equity only for utilitarian products. These results were robust to changes in the smallest share or lowest revenue benchmark brands. The implication is that managers should adopt different branding strategies for hedonic products and for utilitarian products. It is suggested that favorable country image can enhance brand equity of the hedonic products from that country, but for utilitarian products devoting marketing efforts to establish an admired corporate image is an effective strategy for building brand equity.

Reference Available on Request.