

RESEARCH ARTICLE

# Exploring the Strategic Role of Brand Equity Towards Competitive Advantage in the Smartphone Industry

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**Abstract:** This study intends to explore the strategic role of brand equity towards competitive advantage from the customer's perspective in the context of the smartphone market in Kuching, a city located in Sarawak, Malaysia. Based on the two competitive advantage strategies (cost advantage and differentiation), this study aims to investigate the extent these two strategies affects brand equity prediction towards customer satisfaction. By employing convenience sampling, self-administered questionnaires were distributed among smartphone users. A total of 417 respondents were involved in the process. The data collected were further evaluated using the Statistical Package for Social Sciences (SPSS). Pearson's correlation analysis, multiple regression analysis, and independent sampled t-test were used to perform statistical analysis. The results revealed that elements of Brand Equity (brand awareness, brand associations, perceived quality, and brand loyalty) have a positive relationship with customer's satisfaction. There is also a significant difference between the two competitive advantage strategies, that is, cost advantage and differentiation. Results showed that when the elements of brand equity increase, customer satisfaction level also increases and the level of increment among two samples of study is different. This study contributes in a twofold manner. Brands can be effective tools for the organizations to gain their competitive advantage, but specific advantage and segment need specific brand treatment.

**Keywords:** brand associations, brand awareness, brand equity, brand loyalty, perceived quality

The emergence of the Internet and handphones have boosted up the invention and continuation of smartphone production in the market, making it an interesting issue to be studied by marketers nowadays. The presence of these two technologies in the 21<sup>st</sup> century have shown considerable primary impact towards the economy of a country as they are offering more powerful computing systems with enhanced connectivity than an old, outmoded mobile phone (O'Leary & O'Leary, 2005). According to Statista (2017), there were 19.9 million smartphone users in

2017 in Malaysia, and now this figure projected to reached to 20.96 million in 2018 which is estimated to increase up to 21.76 million in 2019, forming a big industry. Based on a report by Newzoo (2018), the smartphone penetration rate of Malaysia has been ranked 11<sup>th</sup> in the Asia-Pacific region and 30<sup>th</sup> in the global ranking (i.e., 57.5%). The figures indicate that the Malaysian smartphone market is facing a challenging marketing environment with increasingly demanding consumers, strengthened competition, and rapidly growing market.