

MEASURING BRAND EQUITY: A CASE STUDY OF MERCEDES BENZ

A MASTER'S PROJECT  
BY  
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Presented in partial fulfillment of the requirements for the  
Master of Arts Degree in Business English for International Communication  
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กรณีศึกษาการวัดคุณค่าตราสินค้าเมอร์ซิเดสเบนท์

๖

บทคัดย่อ

ของ

นางสาวอมรลักษณ์ คลธธา

เสนอต่อบัณฑิตวิทยาลัย มหาวิทยาลัยศรีนครินทรวิโรฒ เพื่อเป็นส่วนหนึ่งของการศึกษา  
ตามหลักสูตรปริญญาศิลปศาสตรมหาบัณฑิต สาขาวิชาภาษาอังกฤษธุรกิจเพื่อการสื่อสารนานาชาติ

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สารนิพนธ์ฉบับนี้มีจุดมุ่งหมายเพื่อศึกษาการนำตราสินค้ามาใช้ในการสื่อสารทางการตลาดของตราสินค้าเมอร์ซีเดสเบนซ์และเพื่อสำรวจทัศนคติของลูกค้าต่อตราสินค้า ในการศึกษาที่ผู้วิจัยได้ทำการสัมภาษณ์เชิงลึกผู้มีหน้าที่รับผิดชอบด้านการตลาดและการขายของบริษัทเพื่อให้เข้าใจกลยุทธ์การสื่อสารการตลาด หนึ่งในการศึกษาทัศนคติของลูกค้าต่อตราสินค้า ผู้วิจัยได้ทำการสุ่มแจกแบบสอบถามลูกค้าของบริษัท เบนท์ วีทีซี มอเตอร์ จำกัด จำนวน 30 คน ผลการศึกษาพบว่าเมอร์ซีเดสเบนซ์พยายามสื่อสารภาพลักษณ์ของควมมีรสนิยม การประสบความสำเร็จ และสถานภาพทางสังคมที่ดีผ่านตราสินค้าโดยนำยุทธศาสตร์ด้านการกำหนดราคาสินค้ามาใช้เพื่อส่งเสริมภาพลักษณ์ตราสินค้าและเพิ่มคุณค่าด้วยการสร้างเครื่องยนต์ประสิทธิภาพสูงพร้อมเทคโนโลยีการขับขี่ที่ล้ำหน้า นอกจากนี้ยังนำเสนอตราสินค้าผ่านบุคคลสำคัญและประสบความสำเร็จในด้านต่างๆเพื่อสื่อภาพการมีสถานะทางสังคมที่ดีให้กับตราสินค้า ในส่วนจุดแข็งของตราสินค้าเมอร์ซีเดสเบนซ์มุ่งไปที่การรักษาคุณภาพและมาตรฐานการบริการหลังการขายรวมทั้งการรักษาราคาขายต่อที่สูงเพื่อรักษาฐานลูกค้าเก่า สำหรับทัศนคติของลูกค้าต่อตราสินค้านั้นผลจากการศึกษาครั้งนี้พบว่าลูกค้าส่วนใหญ่มีความเชื่อมั่นและความภักดีต่อตราสินค้าอยู่ในเกณฑ์สูงและยังมีความพึงพอใจต่อประสิทธิภาพรูปลักษณะและภาพลักษณ์ของตราสินค้าในระดับสูง จากผลการวิจัยยังพบว่าความปลอดภัยเป็นสิ่งที่คุณค่าส่วนใหญ่พึงพอใจที่สุดเกี่ยวกับตราสินค้าและให้ความสำคัญเป็นอันดับแรกในการตัดสินใจซื้อรถทำให้อนุมานได้ว่าความปลอดภัยเป็นจุดแข็งและเอกลักษณ์ตราสินค้าในใจผู้บริโภค ดังนั้นจึงสรุปได้ว่าเมอร์ซีเดสเบนซ์นำยุทธศาสตร์ด้านตราสินค้ามาประยุกต์ใช้ในการส่งเสริมและรักษาตราสินค้าได้อย่างมีประสิทธิภาพ ซึ่งมีผลให้ตราสินค้าเมอร์ซีเดสเบนซ์ เป็นตราสินค้าที่มีคุณค่าสูง

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MEASURING BRAND EQUITY: A CASE STUDY OF MERCEDES BENZ

AN ABSTRACT  
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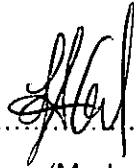
Graduate School, Srinakharinwirot University. Advisor Committee : Mr. Lee Quick,

Assist. Prof. Dr. Amporn Srisermbhok, Assist. Prof. Penny Diskaparakai.

The purposes of this study were to investigate how Mercedes Benz employ the brand idea in their marketing communication and to explore customers' reaction to the brand. The researcher conducted in-depth interviews with those who are in charge of marketing and sales to gain understanding of and insight into how the brand idea is employed. In order to study the attitudes of customers toward the brand, questionnaires were distributed randomly to thirty customers of Benz VTC Motor. The results indicated that Mercedes Benz conveys the brand image in terms of success, taste, and social status. Pricing strategy is employed to reinforce the brand image and, at the same time, added value like smart engines and technology are continually offered. Moreover, the brand is presented through famous and successful people to enhance the image in terms of taste and social status. As to the strong points of the brand, Mercedes Benz tries to keep its quality and standards of after sales services high together with maintaining high prices of used cars to keep its loyal customers. As for the attitudes of the customers, the brand has a high level of reliability and loyalty. Customers were highly satisfied with performance, features and brand image. Moreover, safety, to which customers gave their first priority in decision-making was the strongest point along with the uniqueness of the brand. Overall, the findings exposed that Mercedes Benz applies effective branding strategies to enhance and maintain its brand; consequently, the brand has high brand equity.

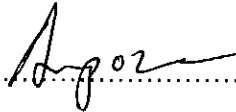
The Master's Project Advisor, Chair of Business English for International Communication Program and Oral Defense Committee have approved this Master's Project as partial fulfillment of the requirements of the Master of Arts degree in Business English for International Communication of Srinakharinwirot University.

Project Advisor



.....  
(Mr. Lee Quick)

Chair of Business English for International Communication Program



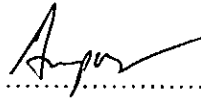
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Oral Defense Committee



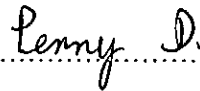
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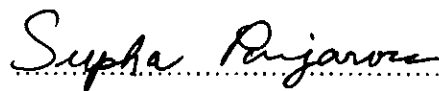
Committee



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(Assistant Professor Penny Diskaparakai)

Committee

This Master's Project has been approved as partial fulfillment of the requirements for the Master of Arts Degree in Business English for International Communication of Srinakharinwirot University.



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## TABLE OF CONTENTS

| Chapter                          | Page |
|----------------------------------|------|
| 1 INTRODUCTION.....              | 1    |
| Background.....                  | 1    |
| Objectives of the Study.....     | 2    |
| Scope of the Study.....          | 3    |
| Expected Outcomes.....           | 3    |
| Definition of Terms.....         | 4    |
| 2 REVIEW OF THE LITERATURE.....  | 5    |
| 3 METHODOLOGY.....               | 12   |
| 4 FINDINGS.....                  | 14   |
| 5 CONCLUSION AND DISCUSSION..... | 29   |
| BIBLIOGRAPHY.....                | 34   |
| APPENDIX.....                    | 36   |
| VITAE.....                       | 40   |

## LIST OF TABLES

| Table |  | Page |
|-------|--|------|
| 1     | The opinion of the sample group towards the statement<br>"The brand name " Mercedes Benz " influences your purchase-decision-making.".....                     | 17   |
| 2     | The opinion of the sample group towards the statement<br>"The brand name Mercedes Benz is reliable" .....  | 18   |
| 3     | The opinion of the sample group towards the statement<br>"The price of Mercedes Benz is reasonable".....   | 19   |
| 4     | The opinion of the sample group towards the statement<br>"A Mercedes Benz car reflects the social status of the owner".....                                    | 20   |
| 5     | The opinion of the sampling group towards the statement<br>"Mercedes Benz is a very safe car".....   | 21   |
| 6     | The opinion of the sample group towards the statement<br>"You are satisfied with the interior and exterior appearance of the car".....                         | 22   |
| 7     | The opinion of the sample group towards the statement<br>"You are satisfied with the performance of the car".....  | 23   |
| 8     | The opinion of the sample group towards the statement<br>"If you are going to buy a car in the future, your first choice would be<br>a " Mercedes Benz " ..... | 24   |
| 9     | The first word that comes to customers' mind when the word<br>" Mercedes Benz " is mentioned ..  | 25   |

## LIST OF TABLES (continued)

| Table   | Page |
|---|------|
| 10 Priority of decision making to purchase the car.....   | 26   |
| 11 Customer satisfactions among performance, appearance, safety,<br>after sales service and hi-technology. .... | 27   |

# CHAPTER 1

## Introduction

### Background

At present, when success in business depends greatly on communication, more and more companies have come to realize that a brand is one of their most valuable assets. In addition, companies employ branding to communicate with consumers on an emotional level (Business online. 2003: Online). According to consumer behavioral theory, people consider brands as the first and most important consideration when making choices (Lannon. 1999: 39). They first evaluate brand by relying on their feelings, emotions and fantasies and finally make a purchase decision (Peter and Olson.1996: 286-287). Therefore, the idea of branding is to appeal to people's root fears and desires and to build strong positive associations with the brand or company. Specifically, if a brand is well managed, it can be significant in differentiating products and services from an ever-larger range of competitors (Thesis documentation. 2003: Online). As a result, many companies continue to invest heavily in the process of "building" and "maintaining" brands in the environments in which they compete.

The automobile industry by nature is highly competitive (Management online. 2003: Online). Competitors in the car industry realize the importance of being able to secure positive images not only their specific product lines, but also their company's brand, in the

consumer's memory. Therefore, an interesting point to study is what particular strategies automobile manufacturers employ through the brand idea.

Nowadays, the competitiveness in the market for luxury cars in Thailand is increasing. Mercedes Benz is no exception among those popular top brands. According to a recent market share report of Hino Motor Co., Ltd. (Bank of Thailand. 2003: Online), Mercedes Benz has reportedly retained its leadership position in the luxury market for the second consecutive year with its sales in 2002 totaling 4,097 cars or 36.3% from the total market of 11,272 units. Consequently, it is very interesting what Mercedes Benz believes about brand management, and, how the brand idea is employed toward the success of marketing a product.

Accordingly, the aim of this study is to examine how successful brand, like Mercedes Benz, employ the brand idea in their marketing strategies. Additionally, what reactions the customers have to the brand. The results of the study will contribute to a better understanding of branding and enable those who are interested to realize the effectiveness of the brand idea in marketing communication.

### **Objectives of the Study**

This study attempts to answer the following questions:

1. How does Mercedes Benz employ the brand idea in marketing communication?
2. What are the attitudes of customers toward the brand?

## **Scope of the Study**

This research is conducted with the purpose of studying the employment of the brand idea and attitudes of customers toward the brand “Mercedes Benz”. The sample group of Mercedes Benz customers in this study is composed only of customers of Benz VTC Motor which is the local dealership for Mercedes Benz that supplies six provinces namely; Surin, Srisaket, Ubonratchathanee, Mukdahan, Amnatcharoen and Buriram. Benz VTC Motor services and sells Mercedes Benz products and is bounded by agreement to apply Daimler Crysler Thailand management policies.

This study is divided into five chapters. Chapter 1 describes the background and introduction to the study. Chapter 2 reviews the relevant literature leading to the formulation of the theoretical framework employed. Chapter 3 shows the research methodology and data analyses. Chapter 4 presents results and discussion. Conclusions, a summary and recommendations for further studies are presented in chapter 5.

## **Expected Outcomes**

It is expected that the results of this study will be beneficial in the following areas:

1. The marketers will be able to manage better and place greater emphasis on brand management that leads to increased market share and better profits.
2. Generally, this study will provoke awareness of brand influence on consumers.
3. Interested people will be able to use this study as a reference for further study.

## **Definition of Terms**

1. **Company** in this study is Daimler Chrysler Thailand which is the Thai subsidiary of the parent company that owns the brand Mercedes Benz.

2. **Customers** in this study are thirty customers of the Benz VTC Motor.

3. **Brand Equity** is the set of assets and liabilities linked to a brand's name and symbols that add to or subtracts from the value provided by a product or service of a firm and/or that's firm's customers.

## CHAPTER 2

### Review of Related Literature

This review of the related literature covers the concepts of brand, brand equity and customer attitude. The aim of this chapter is to provide the reader an understanding of these three concepts and the theoretical knowledge that forms the basis of this study.

#### 1. Concept of Brand

Brand is one of many strategies manufacturers employ to communicate with their consumers. Theoretically, consumers themselves find symbolic values or brands helpful in making choices. Symbols or brands are easy to buy because they can distinguish brands clearly, in contrast to rational product evaluation, which is hard work and time consuming (Lannon. 1999 : 37-50). Leon G. Schiffman and Leslie Lazar Kanuk (2000 : 154) state the significant of brand in customer's decision making as follows:

When consumers have had no experience with a product, they tend to “trust” a favored or well-known brand name. Consumers often think well-known brands are better and are worth buying for the implied assurance of quality, dependability, performance and service.

Additionally, the term “brand” is not just the logo or name attached to products or services, however, it is the name associated with one or more items in a product line that is used to identify the source of character of the item(s) (Kotler. 1991 : 441). Moreover, it is a

name, symbol, design or some combination that identifies a product of a particular organization as having a sustainable differential advantage. (Doyle. 1989 : 77).

## **2. Concept of Brand Equity**

As brands vary in the amount of power and value they have in the market place, a powerful brand is said to have high "equity". Brand equity is the set of assets (and liabilities) linked to a brand's name and symbols that add to (or subtracts from) the value provided by a product or service of a firm and/or that firm's customers. (Aaker. 1996 : 7). A brand equity consists of assets, which can be divided into four main categories; brand loyalty, brand awareness, perceived quality and brand associations. (Keller. 1998)

1. Brand loyalty. The core of brand equity is the customer loyalty enjoyed by the company. Loyal customers contribute to lower marketing costs and they can affect new customers, helping them to feel secure with the brand. The two primary reasons brand loyalty is important are: 1) a brand's value is largely created by customer loyalty, and 2) concepts of loyalty encourage and defend the programs, which aid and create a brand's equity.

2. Brand awareness. Brand awareness is a potential buyer's capacity to recognize or to remember that a brand belongs to a special product category. Brand awareness is a measure of the strength of a brand in the consumer's mind. Different levels of brand awareness are recognized. The lowest is recognition, where a consumer knows a brand if it is presented to him. The next level is recall, in which the consumer names a brand when

asked to list all brands in a product category. If the brand is mentioned first, it is said to have reached top-of-mind in the consumer's awareness.

3. Perceived quality. Perceived quality is the consumers' perception of total quality or superiority of the product or service in relation to alternatives. It is an immeasurable element that often varies since perceived quality is determined by subjective value. Aaker claims that perceived quality is actually a brand association, but that association is so important it qualifies as a main category.

4. Brand associations. The associations are the underlying values which the brand stands for in the eye of the consumer, and the meaning they provide. They are found in the consciousness of the consumer and are consistent with everything mentally connected to the brand. Associations become stronger with increasing consumer experience of the brand, and when the effect of the marketing is strong. Associations can provide an important basis for differentiation and reasons for purchase, and they can create positive attitudes and emotions for the brand. Moreover, a collection of associations constitutes the brand image.

### **3. Concept of Customer Attitude toward Brand**

Over the past thirty years the term attitude has been defined in numerous ways.

Examples of some definitions of attitude include the following: (Mowen. 1993 : 265)

- Attitudes are likes and dislikes. (Darel J. Bem)
- The major characteristics that distinguish attitude from other concepts are its evaluative or affective nature. (Fisbein and Ajzen)

- Attitudes are the core of our likes and dislikes for certain people, groups, situations, objects and intangible ideas. (Phillip Zimbardo, E. Ebbesen and C. Maslach)

- The amount of affect or feeling or against a stimulus. (L.L. Thurstone)

Attitudes towards brands are consumer's learned tendencies to evaluate brands in a consistently favorable or unfavorable way; that is, consumers' evaluation of a particular brand on an overall basis from poor to excellent.

Additionally, brand beliefs are a cognitive (or thinking) component of attitudes; brand evaluations, the affective (or feeling) component; and intention to buy, the conative (or action) component. The link among these three components illustrates the high involvement hierarchy of effects: brand beliefs influence brand evaluations, which influence the intention to buy (Asseal. 1995 : 266-267).

## **Previous Research**

There are several studies relating to brand and brand equity. The thesis "Measuring Brand Equity from Brand-Consumer Relationship" was conducted by Varinya Leeyanuwat (2000). In this study, Varinya studied the nature of the brand consumer relationship and the characteristics of the loyalty which consumers attached to brands. Nokia and Ericsson mobile phones as well as Nescafe and Moccona instant coffee were selected as samples for the study. It was found that consumers had a stronger relationship and higher level of loyalty with high-equity brands (i.e. Nokia and Nescafe) than with low-equity ones (i.e. Ericsson and Moccona). However, low-involvement products (i.e. instant coffee) generated a stronger relationship and higher level of loyalty with their consumers than did high

involvement products (i.e. mobile phones). Finally various patterns were also found in the brand-consumer relationship (e.g. marriages of convenience, best friendships, committed partnerships, dysfunction, intimidation and distant respect).

Akarat (2000) conducted a thesis “Consumer-Based Brand Equity and Consumer Evaluation of Brand Extension” in 2000. He examined the difference of brand equity between high and low involvement products and studied the relationship between consumer-based brand equity and consumer evaluation of brand extension. According to the study, pasteurized milk, which was extended into drinking yogurt was chosen as the representative of the low-involvement product, whereas, passenger cars extended into pick-up trucks was chosen as the sample of the high involvement product. The results revealed that the equity scores of low-involvement products were higher than those of the high-involvement ones. In addition, the brand equity scores of both low and high involvement products were significantly and positively associated with consumer evaluations of brand extension. That is to say, if brand equity level was high, the consumer evaluation of brand extension factors was also high.

Other studies also concentrated on brand equity. “Brand Management Strategy, Knowledge, Attitude and Consumers’ Selection of Internet Service Providers in Thailand” by Lerdphol Bhakdibhumi (2000) was designed to find out the result of management strategies among Internet service providers in Thailand. This study included the influence that knowledge, attitude and consumers’ selection have on Internet service providers in Thailand. The results of the research showed that brand management strategies among Internet service providers in Thailand are focused on individual users in the market. Instant

package selling at computer and software stores is used as a major distribution channel, along with the use of advertising to build brand knowledge among consumers. Pricing is a key strategy to gain consumer's interest. Moreover, knowledge and attitude of consumers play a significant role in explaining consumer's selection of a brand. In addition, the association between knowledge and attitude, attitude and consumers' selection of Internet service providers was found only in particular cases.

Another study by Larry L. Carter, Jr. (2003: Online) titled "Consumer Attitudes Toward Cross-Border Brand Alliances: Adding a Consideration of Origin Fit" was conducted. This research explored the influence of country of origin (a second brand association) upon consumers' attitudes toward cross-border alliances. According to the study, Sky Team, a world travel network consisting of Delta Airlines, Korean Air, Aero Mexico, Air France and CSA Czech Airlines, was chosen as an example. The results revealed that the country of origin fit influences consumer attitudes toward cross-border brand alliances differently under various conditions of brand familiarity. Under high levels of consumer brand familiarity, the effect of country of origin fit is mediated through brand fit upon customer attitudes toward the brand alliance. For conditions of low consumer brand familiarity, the mediation dissolved and country of origin fit has a great effect on consumer attitudes toward the brand alliance. In addition, the author stated that the primary brand associations (e.g., brand image) take priority over secondary brand associations (e.g., country of origin information) under conditions where the consumer has concluded a high level of familiarity for partner brands. Therefore, the author hinted that managers must take both primary and secondary

brand association into consideration when evaluating the potential impact of an alliance with a new partner brand.

## **CHAPTER 3**

### **Research Methodology**

#### **1. Subjects**

The study “Measuring Brand Equity: A Case Study of Mercedes Benz” is divided into two categories. The first is qualitative research : conducting in-depth interviews with those in charge of marketing and sales of Benz VTC Motor. The second is survey research: random sampling employing questionnaires. The target population of the survey are the customers who purchased a Mercedes Benz from Benz VTC Motor. The purposes of this study are to find the answer to the following questions:

- 1) How does Mercedes Benz employ the brand idea in marketing communication?
- 2) What are the attitudes of customers toward the brand?

#### **2. Procedure**

##### **2.1 Data collection**

In order to achieve the first objective of the study, an in-depth interview was employed. The researcher contacted and was allowed to have a personal interview with Mr. Sornchai Rankaseni, the Sales and Marketing Manager of the Benz VTC Motor on 13<sup>th</sup> January 2004 at 9.00 a.m. (Rankaseni. Interview. 2004). A telephone interview was also conducted with Mr. Puttipong Kittiwongwat, the General Manager of the company on 20<sup>th</sup> January 2004 (Kittiwongwat. Interview. 2004). In order to study the attitudes of the customers toward the

brand, the researcher was given full cooperation to conduct the survey research at Benz VTC Motor before the interview. Questionnaires were distributed to thirty car owners who came to the Benz VTC Motor between October 1<sup>st</sup> - November 27<sup>th</sup> 2003 as well as those who participated in a motor show held by the company on January 20, 2004 in Yasothorn province.

## **2.2 Data analysis**

The data gathered from the interviews are presented through descriptive analyses. The survey research data are calculated using SPSS (Statistical Package for Social Science). The outcomes are illustrated in the numeric frequency of responses and in percentages to evaluate the attitudes of customers toward the brand. Finally, this study is concluded by a discussion of results and recommendations.

## CHAPTER 4

### Findings

This chapter presents the results of analyses of data collected from two in-depth interviews and survey research. The data are organized for analyses in response to the following questions:

- 1) How does Mercedes Benz employ the brand idea in marketing communication?
- 2) What are the attitudes of customers toward the brand?

**Research question 1:** How does Mercedes Benz employ the brand idea in marketing communication?

Gathering in-depth responses is generally best achieved through an interview. Therefore, interviews were conducted with Mr. Kittiwongwat, the General Manager and Mr. Rankaseni, the Sales and Marketing Manager of Benz VTC Motor to gain understanding of and insight into how the brand idea is employed by Mercedes Benz in marketing communication.

Mr. Kittiwongwat, the General Manager, (Kittiwongwat. Interview. 2004) gave general information on marketing and sales management. He mentioned that the parent company, Daimler Chrysler Thailand, is the policy maker. Then Benz VTC Motor as an authorized dealer applies the policies to the management context. In terms of the brand idea, Mr. Kittiwongwat claimed that the three-pointed star symbolizes Mercedes Benz's ambition as a universal automobile, "on land, on water and in the air". In addition, the brand is

considered the most valuable asset, as it represents quality and innovation. For that reason, the company carefully selects the best channels to communicate with consumers as well as to maintain its good image. Mercedes Benz is trying to convey the brand image in terms of success, taste, and status of life style. Pricing is another effective branding strategy that indirectly conveys the image of wealth and success. Though the car is considered costly, the company adds more value to the brand by offering smart engines and other technology. Furthermore, Mercedes Benz attaches the image of good taste through famous and successful people.

For more detail about sales and marketing, the researcher conducted an in-depth personal interview with Mr. Rankaseni (Rankaseni. Interview. 2004). He noted that Mercedes Benz focuses on after sale services, maintenance centers and reasonable second-hand prices. Moreover, the company is planning a campaign to buy back second-hand cars to raise the price of its used cars, and at the same time, to keep loyal customers.

In terms of brand acknowledgement, Mr. Rankaseni also mentioned that, as the brand has long been well accepted in its markets, the advertising strategy through television and newspapers is less emphasized. However, the strategy of advertisement is carefully practiced when new models are introduced to markets. In addition, the aim of such advertising is to stimulate customers and to ensure that they have decided to purchase the new product. This is to provide potential customers with the data needed to accelerate their decision to make a purchase. To keep the loyal customer relationship, the company has a policy to have new model car exhibitions in provincial Thailand and to hold “thank-you” parties for loyal customers. Furthermore, customer services, such as spare parts discounts

and low cost maintenance are offered when customers' cars are serviced. Mercedes Benz also provides up-dated data to customers via the company's quarterly newsletter.

Mr. Rankaseni also commented that the new customer marketing strategies in provincial Thailand and Bangkok are quite different. Most customers in Bangkok and nearby areas are walk-ins (i.e. the customers go to Mercedes Benz showrooms), whereas in provincial Thailand, marketing personnel have to go to customers to provide them with commercial information. Mr. Rankaseni, furthermore, stated that of all the walk-in customers in both Bangkok and provincial Thailand, 70 per cent walk in with the intention to buy.

**Research question 2:** What are the attitudes of customers toward the brand?

In the survey research, thirty customers were selected randomly to fill out questionnaires. The responses to the questionnaires were analyzed employing SPSS (Statistical Package for the Social Science). The results are presented below:

TABLE 1 The opinion of the sample group towards the statement, "The brand name 'Mercedes Benz' influences your purchase-decision-making."

| Strength of Opinion | Frequency | Percentage |
|---------------------|-----------|------------|
| Strongly Disagree   | 1         | 3.3        |
| Disagree            | 4         | 13.3       |
| Neutral             | 2         | 6.7        |
| Agree               | 13        | 43.3       |
| Strongly Agree      | 10        | 33.3       |
| Total               | 30        | 100        |

As shown in Table 1, it was found that the highest percentage of the sample group agreed with the statement at the "agree" level of 43.3%, while the second highest rating was "strongly agree" at 33.3%, and the least was "strongly disagree" at 3.3%. This shows that when making a purchase-decision, the brand name Mercedes Benz was employed in customers' purchase-decision-making and that the brand name influenced their decision-making positively.

TABLE 2 The opinion of the sample group towards the statement, "The brand name 'Mercedes Benz' is reliable."

| Strength of Opinion | Frequency | Percentage |
|---------------------|-----------|------------|
| Strongly Disagree   | 2         | 6.7        |
| Disagree            | 1         | 3.3        |
| Neutral             | 4         | 13.3       |
| Agree               | 13        | 43.3       |
| Strongly Agree      | 10        | 33.3       |
| Total               | 30        | 100        |

From the results reported in Table 2, it was found that the highest percentage of the sample group agreed with the statement at the "agree" level of 43.3%, the second highest rating was "strongly agree" at 33.3 and the least was "disagree" at 3.3%. The sample group showed a high level of belief in the reliability of the Mercedes Benz brand. It can be inferred that the brand name Mercedes Benz is associated with "reliability" in a positive manner.

TABLE 3 The opinion of the sample group towards the statement, “The price of a Mercedes Benz is reasonable.”

| Strength of Opinion | Frequency | Percentage |
|---------------------|-----------|------------|
| Strongly Disagree   | 1         | 3.3        |
| Disagree            | 6         | 20         |
| Neutral             | 11        | 36.7       |
| Agree               | 9         | 30         |
| Strongly Agree      | 3         | 10         |
| Total               | 30        | 100        |

As seen in Table 3, It was found that the highest percentage of the sample group agreed with the statement at the “Neural” level of 36.7%, the second highest rating was “agree” at 30%, and the least was “strongly disagree” at 3.3 %. The result reveals that the majority of the sample group was unsure about the “reasonableness” of the price of Mercedes Benz.

TABLE 4 The opinion of the sample group towards the statement, “A Mercedes Benz reflects the social status of the owner.”

| Strength of Opinion | Frequency | Percentage |
|---------------------|-----------|------------|
| Strongly Disagree   | 2         | 6.7        |
| Disagree            | 2         | 6.7        |
| Neutral             | 3         | 10         |
| Agree               | 15        | 50         |
| Strongly Agree      | 8         | 26.7       |
| Total               | 30        | 100        |

The data from Table 4 shows that the highest percentage of the sample group agreed with the statement at the “agree” level of 50%; the second highest rating was “strongly agree” at 26.7% and the lowest rating was both “disagree” and “strongly disagree” at 6.7% each. The finding shows that 76.7% of the sample group believed that the possession of a Mercedes Benz reflected their social image. This is a significant factor related to customers’ positive attitudes toward the brand.

TABLE 5 The opinion of the sampling group towards the statement, “Mercedes Benz is a very safe car.”

| Strength of Opinion | Frequency | Percentage |
|---------------------|-----------|------------|
| Strongly Disagree   | 1         | 3.3        |
| Disagree            | 0         | 0          |
| Neutral             | 5         | 16.7       |
| Agree               | 12        | 40         |
| Strongly Agree      | 12        | 40         |
| Total               | 30        | 100        |

According to Table 5, it was found that the highest percentages of the sample group agreed with the statement at both the “agree” and “strongly agree” levels of 40%, while the second highest rating was “neutral” at 16.7%, and the least was “disagree” at 0%. The result reveals that the sample group was highly satisfied with the safety of the Mercedes Benz brand.

TABLE 6 The opinion of the sample group towards the statement, “You are satisfied with the interior and exterior appearance of the car.”

| Strength of Opinion | Frequency | Percentage |
|---------------------|-----------|------------|
| Strongly Disagree   | 2         | 6.7        |
| Disagree            | 0         | 0          |
| Neutral             | 4         | 13.3       |
| Agree               | 13        | 43.3       |
| Strongly Agree      | 11        | 36.7       |
| Total               | 30        | 100        |

As seen in Table 6, the highest percentage of the sample group agreed with the statement at the “agree” level of 43.3%, the second highest rating was “strongly agree” at 36.7% and the least was “disagree” at 0%. The sample group showed that they were highly satisfied with the appearance of the car both inside and outside.

TABLE 7 The opinion of the sample group towards the statement, “You are satisfied with the performance of the car.”

| Strength of Opinion | Frequency | Percentage |
|---------------------|-----------|------------|
| Strongly Disagree   | 2         | 6.6        |
| Disagree            | 0         | 0          |
| Neutral             | 3         | 10         |
| Agree               | 11        | 36.7       |
| Strongly Agree      | 14        | 46.7       |
| Total               | 30        | 100        |

As shown in Table 7, it was found that the highest percentage of the sample group agreed with the statement at the “strongly agree” level of 46.7%, the second highest rating was “agree” at 36.7%, and the least was “disagree” at 0%. This shows that the great majority of the sample group was satisfied with the performance of Mercedes Benz.

TABLE 8 The opinion of the sample group towards the statement, “If you are going to buy a car in the future, your first choice would be a Mercedes Benz.”

| Strength of Opinion | Frequency | Percentage |
|---------------------|-----------|------------|
| Strongly Disagree   | 3         | 10         |
| Disagree            | -         | -          |
| Neutral             | 8         | 26.7       |
| Agree               | 10        | 33.3       |
| Strongly Agree      | 9         | 30         |
| Total               | 30        | 100        |

According to Table 8, it was found that the highest percentage of the sample group agreed with the statement at the “agree” level of 33.3%, the second highest rating was “strongly agree” at 30%, and the least was the “disagree” level of 0%. From the study, the sample group showed a high tendency to repurchase Mercedes Benz. It can be inferred that the sample group had a high level of loyalty toward the brand.

TABLE 9 The first word that comes to customers' minds when the word "Mercedes Benz" is mentioned.

| Words     | Frequency | Percentage |
|-----------|-----------|------------|
| Expensive | 7         | 23.3       |
| Luxury    | 6         | 20         |
| Safety    | 11        | 36.7       |
| Hi-Tech   | 4         | 13.3       |
| Other     | 2         | 6.7        |
| Total     | 30        | 100        |

From Table 9, it was found that the sample group mentioned the word "safety" the most at 36.7%, the second was "expensive" at 23.3%, while "Other" words such as "rich" and "large" were mentioned the least at 6.7% of the time. This reveals that "safety" is the most dominant aspect of Mercedes Benz brand in customers' minds. This positive attribute is followed by the less positive attribute of "Expensive" (23.3%). Table 3 underscore customers' ambivalence toward the "reasonableness" of the price of a Mercedes Benz. This element of "cost" stands out as the one attribute that customer cite with less than clearly positive rating. It should be noted that all other descriptive terms associated with the brand were positive.

TABLE 10 Priority of decision making to purchase a Mercedes Benz.

| Priority            | Performance |      | The Brand |      | Appearance |     | Safety    |      | Hi-Tech   |      |
|---------------------|-------------|------|-----------|------|------------|-----|-----------|------|-----------|------|
|                     | Frequency   | %    | Frequency | %    | Frequency  | %   | Frequency | %    | Frequency | %    |
| The most important  | 7           | 23.3 | 6         | 20   | 2          | 6.7 | 16        | 53.3 | 0         | 0    |
| Important           | 13          | 43.3 | 1         | 3.3  | 1          | 3.3 | 8         | 26.7 | 5         | 16.7 |
| Moderate            | 7           | 23.3 | 5         | 16.7 | 6          | 20  | 5         | 16.7 | 6         | 20   |
| Less important      | 2           | 6.7  | 9         | 30   | 9          | 30  | 1         | 3.3  | 7         | 23.3 |
| The least important | 1           | 3.3  | 8         | 26.7 | 12         | 40  | 0         | 0    | 8         | 26.7 |
| No comment          | 0           | 0    | 1         | 3.3  | 0          | 0   | 0         | 0    | 4         | 13.3 |
| Total               | 30          | 100  | 30        | 100  | 30         | 100 | 30        | 100  | 30        | 100  |

According to Table 10, when asked to give their priorities in making decisions to purchase a Mercedes Benz, the respondents gave their first priority as “safety” of the car at 53.3%, the second was “performance” at 43.3%, and the last was “appearance” at 40%. The study reveals that when making a decision to purchase a Mercedes Benz, the sample group mentioned safety, performance, the brand, appearance and hi-tech in descending order.

TABLE 11 Customer satisfaction among performance, appearance, safety, after sales service and hi-technology.

| Satisfaction           | Performance |      | Appearance |      | Safety    |      | After Sale Service |      | Hi-Tech   |      |
|------------------------|-------------|------|------------|------|-----------|------|--------------------|------|-----------|------|
|                        | Frequency   | %    | Frequency  | %    | Frequency | %    | Frequency          | %    | Frequency | %    |
| The most satisfaction  | 9           | 30   | 4          | 13.3 | 15        | 50   | 3                  | 10   | 1         | 3.3  |
| Satisfaction           | 13          | 43.3 | 2          | 6.7  | 8         | 26.7 | 1                  | 3.3  | 4         | 13.3 |
| Moderate               | 6           | 20   | 7          | 23.3 | 7         | 23.3 | 4                  | 13.3 | 6         | 20   |
| Less satisfaction      | 1           | 3.3  | 10         | 33.3 | 0         | 0    | 6                  | 20   | 12        | 40   |
| The least satisfaction | 1           | 3.3  | 7          | 23.3 | 0         | 0    | 16                 | 53.3 | 4         | 13.3 |
| No comment             | 0           | 0    | 0          | 0    | 0         | 0    | 0                  | 0    | 3         | 10   |
| Total                  | 30          | 100  | 30         | 100  | 30        | 100  | 30                 | 100  | 30        | 100  |

As seen from Table 11, the respondents were satisfied with “safety” the most at 50%, while the second was “performance” (43.3%). and the least was “after sales service” (53.3%)

In order to investigate overall attitudes toward the brand, the respondents were freed to give their opinions. As a result, two open-ended questions were employed:

12. What do you think is unique about Mercedes Benz?

The findings indicate that most respondents (30.77%) identified “safety” while “luxurious”, “hi-tech” and “performance” was mentioned equally at 15.38%. Responses such as “costly”, “engine” and “service” were reported at only 7.69% totally. The findings reinforced the results from the previous analysis, revealing the brand strength of “safety” as the most satisfactory characteristic of the brand.

13. What aspect or element of the brand is unsatisfactory to you?

From the study, “costly” was considered “unsatisfactory” by 44 per cent of respondents, where as “service charge” (36%) was rated as second. Other elements (20%) such as “interior and exterior design”, “color” and “options” were reported as well.

## CHAPTER 5

### Conclusions

The research study "Measuring Brand Equity: A Case Study of Mercedes Benz" is aimed at investigating the employment of the brand idea and attitudes of customers toward the brand "Mercedes Benz". In conducting this research, the researcher asked the following questions:

- 1) How does Mercedes Benz employ the brand idea in marketing communication?
- 2) What are the attitudes of customers toward the brand?

The findings are as follows:

Research Question 1: How does Mercedes Benz employ the brand idea in marketing communication?

The findings revealed that Mercedes Benz is trying to convey the brand image in terms of success, taste, and status of life style. The company communicates these images indirectly through its costly pricing strategy. However, even with the high price, value is added via smart engines and high technology which are continually offered. Moreover, the brand is presented through famous and successful people, which reinforces the image in terms of taste and status of life. Further, the trademark, the three pointed star conveys the car's capacity on land, water, and in the air, i.e. the universality of the cars. As to the strong points of the brand, Mercedes is seeking to keep its quality and standards of after sale services in line with maintaining the high price of used cars in order to keep its loyal

customers. To achieve this, a center for purchasing used Mercedes cars will be set up in the near future.

In order to enhance brand acknowledgment, loyal customers are steadily informed of the company's movements through a newsletter. Holding "thank-you" parties occasionally, such as the new year, as well as offering special privileges, special discounts on service costs, offering concert tickets together with providing mobile service to customers are some benefits the company offers to its customers. The company chooses to introduce new models through media such as television and newspapers as well as participating in international motor shows. It was found that the method of approaching customers varies according to region. In Bangkok and nearby areas, for instance, most customers are the walk-ins whereas in up-country, most customers telephone to the region agents for data and the company's representatives, in turn, go to customers. As the brand is well known to most customers, most public relation activities are aimed at motivating and easing customer's decision making. Only specific models are publicized as the company believes that the brand sells itself.

Research Question 2: What are the attitudes of customers toward the brand?

As to the attitudes of the customers, it was found that most customers trust the brand quite highly and that they apply this belief together with their belief in the safety and high performance of the car in their decision to purchase the car. In addition, it was found in the survey that the high level of "safety" of Mercedes Benz is believed to be the strongest

quality of the brand. The customers give this their first priority in purchase decision-making and feel most satisfied with this characteristic of the brand.

Apart from this, the customers feel satisfied with both the brand's exterior and interior appearance and its high performance at "high" and "the highest" levels of response respectively. Moreover, most customers feel that Mercedes Benz also plays an important role in reflecting their social status.

To the question if there is anything they dislike about the car, most customers said they think the car is expensive. Furthermore, when asked if the price is reasonable, most customers seemed unsure. However, when asked about the possibility of purchasing Mercedes as their future choice, the customers showed a high tendency to repurchase Mercedes. Overall, the findings indicate that customers have a high level of loyalty toward the Mercedes Benz brand. Jacoby & Chestnut's (1978) consumer behavior theory states "consumers always have a strong relationship and higher level of loyalty with high brand equity". Consequently, it can be concluded that Mercedes Benz has high brand equity.

## **Conclusions**

In conclusion, the Mercedes Benz brand has a high level of reliability and customers are satisfied with its performance, features and brand image at a high level. Moreover, the strong point and the uniqueness of the brand is safety. In line with Assael's assessment (1995) that "for expensive goods, consumers tend to believe that purchasing of goods and services plays very significant roles in personality, social and economic status or mental condition", the finding shows that most Mercedes Benz customers feel that the possession

of a Mercedes Benz reflects their social image. This, in turn, promotes the success of the brand. Consequently, it can be assumed that Mercedes has applied an appropriate strategy to foster its brand

It is important to note that as far as the expensive price of the car is concerned, this can be regarded as its weakness. Nevertheless, if Assael's (1998) strategy of "Lowering the Risk of Decision Making" is carefully considered, we can see that the expensive price can well serve as a factor to foster the brand equity. Assael claimed that customers tend to purchase the most expensive brand when they expect the best quality from it. For that reason, while the respondents to the questionnaire felt they the expensive price of a Mercedes Benz car was a "negative", psychologically, it is more likely to be a "positive".

In summary, as globalization increase, branding strategy will become more critical for both academics and marketers alike. Branding is a simple but effective way to communicate with consumers. To build brand equity is considered difficult but to maintain equity is even more difficult. Understanding branding strategy and customer attitudes toward a brand can help marketers make important decisions about their brand from consumers' points of view. Then, marketers can create effective marketing strategies to maximize the effects of customer attitudes toward the brand and increase the success rate of their brands.

### **Recommendation for further studies**

Base on the findings, the following areas for further research are suggested:

1. Further study concerning price as a strategy for successful marketing communication should be conducted into detail in order to study customers' attitudes

toward decision making when price is brought into consideration.

2. Further study should be conducted on close competitors of Mercedes Benz in order to compare their brand ideas and customers' attitudes toward their brands. In-depth interview with customers is recommended.

### **Limitations of the study**

1. As this research was conducted with only 30 customers of Mercedes Benz in six northeastern provinces, it should be noted that the finding cannot be assumed to apply broadly to all Mercedes Benz customers.
2. It should also be noted that, in this study, the researcher aimed to study and interpret the brand equity of Mercedes Benz based only on customer response to a closed questionnaire. It is obvious that other psychological factors may influence customer purchase-decision-making and the success of the brand. For further study on the psychological factors that affect customer purchase-decision-making and brand equity should be conducted. Such study should employ in-depth interview and/or other more open research methods to ascertain customers' deeper and more individual attitudes.

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## **APPENDIX**

## QUESTIONNAIRE

This questionnaire is designed to explore ideas concerning customer attitudes toward the Mercedes Benz brand name. The researcher would feel very much obliged for your cooperation and feedback by answering the following questions and giving your comments below.

**Introduction: Please specify a single number in each case. Each single number represents the strength of your opinion as follows:**

5 = Strongly Agree, 4 = Agree, 3 = Neutral, 2 = Disagree, 1 = Strongly Disagree

- |  |           |
|--|-----------|
| 1. The brand name "Mercedes Benz" influences your decision-making.         | 1 2 3 4 5 |
| 2. The brand name "Mercedes Benz" is reliable.                             | 1 2 3 4 5 |
| 3. The price of a Mercedes Benz is reasonable.                             | 1 2 3 4 5 |
| 4. A Mercedes Benz reflects the social status of the owner.                | 1 2 3 4 5 |
| 5. Mercedes Benz is a very safe car.                                       | 1 2 3 4 5 |
| 6. You are satisfied with the interior and exterior appearance of the car. | 1 2 3 4 5 |
| 7. You are satisfied with the performance of the car.                      | 1 2 3 4 5 |
| 8. If you are going to buy a car in the future, your first choice would    | 1 2 3 4 5 |
| be a Mercedes Benz.  |           |

9. The first word that comes to your mind when you hear the word "Mercedes Benz" is....

- Expensive
- Luxury
- Safety
- Hi-tech
- Other (Please specify) \_\_\_\_\_.

10. Please rank your reasons of purchasing a Mercedes Benz. (1 to 5 respectively).

- \_\_\_ Performance
- \_\_\_ The brand name "Mercedes Benz"
- \_\_\_ Interior and exterior appearance
- \_\_\_ Safety
- \_\_\_ Hi-tech                      \_\_\_ Other (Please specify) \_\_\_\_\_

11. Please rank your personal satisfaction among the following items. (1- 5 respectively)

- \_\_\_ Performance
- \_\_\_ Interior and exterior appearance
- \_\_\_ Safety
- \_\_\_ After-sales service (Warranty)
- \_\_\_ Hi-tech                      \_\_\_ Other (Please specify) \_\_\_\_\_

12 What do you think is unique about Mercedes Benz?

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13. What aspect or element of the brand is unsatisfactory to you?

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Thank you very much for your cooperation.

**VITAE**

**VITAE**

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