

# EXPLORING THE IMPACT OF LOCAL KNOWLEDGE ON BRAND EQUITY AND PURCHASE INTENTIONS: A CASE STUDY OF CULTURAL PRODUCTS IN PATHUM THANI

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Received: 14 December 2022 / Revised: 28 December 2023 / Accepted: 29 December 2023

## ABSTRACT

*Purpose* – The purpose of this research was to provide a comprehensive picture of the enhancing cultural product purchase intentions of prospective customers by jointly studying the impact of local knowledge and brand equity on purchasing behavior as well as responding to recent calls for research in the local business literature, especially in Pathum Thani province in Thailand.

*Methodology* – The research methodology was quantitative research with survey method by using questionnaires for data collection. The respondents were 400 participants, who had experience of purchasing cultural products. Pathum Thani was selected to conduct the empirical analysis of this research. Descriptive statistics used for data analysis included frequency, percentage, mean, and standard deviation. Due to hypothesis testing, inferential statistics used was Structural Equation Modeling (SEM).

*Results* – The results of hypothesis testing revealed that cultural knowledge of the local area or the customers' perception of community intelligence is the most influencing brand equity component. Furthermore, a positive relationship is observed between brand equity elements and purchase intentions of cultural products.

*Implications* – The findings present several implications for both academia and practical implications, highlighting the impacts of the customers' perception of community intelligence on brand equity and purchase intentions for effective marketing strategies planning.

*Originality/Value* – This empirical study explores the impact of customers' perception towards cultural knowledge or community intelligence play a crucial role for enhancing brand equity and purchase intentions of cultural products, particularly in Thai context.

**Keywords:** Local knowledge, Brand equity, Purchase intentions, Cultural products, Pathum Thani

**Paper Type:** Research Article

## INTRODUCTION

In recent years, the Thai government has actively introduced various policies and promoted the development of the creative industry. Creative industries are a promising component of Thailand's economy and national development strategy. It counts 15 sectors in its portfolio that contributed roughly 7 percent to Thailand's gross domestic product (GDP) in 2021, which was higher than that of total GDP during the past year (Creative Economy Agency, 2022). Thailand's 20-year national strategy, named Thailand 4.0, relies on fostering creativity, innovation, and R&D to bring the Kingdom's economy and society to a more advanced level of development. This also includes cultural product industries, which are therefore significantly on the rise of late, and they are notably

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### Citation:

Akarawat Jatuphatwarodom, & Natawat Jatuphatwarodom. (2023). Exploring the impact of local knowledge on brand equity and purchase intentions: a case study of cultural products in Pathum Thani. RMUTT Global Business Accounting and Finance Review, 7(2), 48-62. DOI: 10.60101/gbafr.2023.263976

visible as drivers of local economic development at selected locations, above all in large cosmopolitan cities but also in many other kinds of geographical contexts. Therefore, cultural products can be regarded as an extension of cultural capital to create social value and concrete economic value by related products or services such as cultural capital support of each locality come to develop and continue to add economic value, including promoting community participation in the operation to achieve the application of cultural values in a concrete way. Considering the Thai context, cultural products and services are a particularly relevant issue for microenterprises in the local areas, as cultural entrepreneurs tend to be more involved with these cultural business activities than others. For instance, OTOP stands for “One Tambon (meaning sub-district) One Product”. It is a local entrepreneurship stimulus program that aims to support the unique locally made and marketed products of each Thai Tambon by applying local wisdom and traditional culture all over Thailand. It can also be considered a type of cultural entrepreneur. However, they still have some problems and obstacles, especially in terms of sales volume and marketing.

Considering customers’ purchase intentions, the general perception of a brand is a crucial aspect. Roughly 74 percent of today’s customers expect more from brands in regard to how they treat customers, employees, and the environment (Marketing Evolution, 2022). To stay ahead of this shift, entrepreneurs need to consider how their various marketing initiatives contribute to brand awareness, which they can leverage in order to effectively build and improve upon their overall brand equity. Brand equity is the level of sway a brand name has in the minds of consumers and the value of having a brand that is identifiable and well thought out. It is typically attained by generating awareness through campaigns that speak to target-consumer values, delivering on promises and qualifications when consumers use the product, and loyalty and retention efforts. Inferring from the above, it can be assumed that cultural entrepreneurs are also strongly motivated to pursue and improve levels of brand equity in cultural products to achieve competitive advantage. However, they usually face several constraints related to resource inadequacy, such as a limited ability to acquire information and brand knowledge, that may hinder their achievement. Consequently, the topic related to brand equity and its related determinants becomes essentially relevant in this study.

In light of the above mentioned, therefore, it is an attempt to enhance levels of customers’ perceptions in terms of brand awareness, perceived quality, brand association, and brand loyalty as brand equity elements according to their interconnectedness with purchase intentions of cultural products. Then, this study relies on ideas about the existence and nature of the firm that emphasize the role of knowledge, especially in the case of cultural products in Thailand. Based on customers’ perspectives, the authors believed that the intention to purchase cultural products would be affected by individualism as well as some specific knowledge. Therefore, it could be argued that local or traditional knowledge of customers may drive and benefit the customers’ purchase intention of cultural products. Although there is currently a lot of research on improving the business performance of cultural products, the research related to the role of local knowledge on customer-based brand equity has not received as much attention as it should have. Therefore, this research aims to study the perception of local knowledge in various dimensions to create brand equity value for enhancing the purchase intention of cultural products in the area.

All in all, this study aims to contribute to the role of local knowledge on customers’ brand equity perception, which in turn influences their buying intention (Rittibul, 2020; Ngulube & Onyancha, 2017). Then, the authors develop a conceptual model that proposes that local knowledge as well as brand equity components are positively related to customers’ purchase intention by drawing on the theory of planned behavior (TPB) (Ajzen, 1985) and customer-based brand equity models (Aaker, 1996; Keller, 1988). The authors provide theoretical arguments for why customers’ perceptions of local knowledge or community intelligence have a significant impact on customers’ attitudes as key components of TPB theory, which might enhance customers’ purchase intentions of cultural products. We test this model using structural equation modeling (SEM) with a sample of 400 respondents in Thailand, which is classified as an emerging

country located in Southeast Asia; new insights into the cultural products-based business literature could thus be provided. According to the study area, Pathum Thani was selected for the empirical analysis of this research because it is one of the provinces considered to be a mixed-culture society combining various nationalities in Thailand, and it becomes a charm of the ancient community's way. Along with the biodiversity in Pathum Thani and local Thai wisdom, therefore, the cultural products, usually categories such as food and non-food products, were generally founded in the area. Hence, this province was selected as the area-based study. Consequently, there is a certain need to extend the role of local knowledge in brand equity perceptions and purchasing behavior research, especially in the Thai cultural product context.

## **LITERATURE REVIEW**

### ***Theoretical background***

This research draws from consumer behavior approaches as the theoretical grounding to explain the relationship among variables by adopting the theory of planned behavior (TPB) as the underpinning theory due to its relevance to the topic. Past studies have concluded that the TPB is a comprehensive framework to conceptualize, test, and empirically identify those factors that influence the purchase intentions of customers (Ashraf et al., 2017; Lama, 2017). The TPB was developed by Icek Ajzen in 1985 and is an extension of the theory of reasoned action (TRA), which was jointly developed by Martin Fishbein and Icek Ajzen in 1967 (and further amended until 1975) (Ozer & Yilmaz, 2011; Fatoki, 2020). It is considered the cognitive approach, which ascribes observed action (behavior) to intrapersonal cognition. The individual is viewed as an 'information processor'. This intrapersonal causation clearly challenges the explicative power of environmental variables suggested in behavioral approaches; however, an influential role of the environment and social experience is acknowledged, with consumers actively seeking and receiving environmental and social stimuli as informational inputs aiding internal decision-making. Therefore, the primary objective of the TPB is to provide a comprehensive framework for understanding the various factors that influence the intentions of individuals (Ajzen, 1991). Since the past three decades, the TPB has been successfully applied across many industries, such as retail, health care, sports, finance, and online shopping, to predict consumer behavior (Arif, 2016; Ruangkanjanases et al., 2020). Past studies have found a significant impact of the TPB variables on the purchase intention of customers (Tuan & Vinh, 2016; Lama, 2017; Fatoki, 2020).

According to Ajzen (1985), the TPB encapsulates that human intentions are primarily influenced by three factors: attitude, subjective norms, and perceived behavioral control. Firstly, attitude toward a behavior is seen as "the degree to which a person has a favorable or unfavorable evaluation of the behavior in question". It is a behavioral belief of an individual that includes a perceived positive or negative consequence of performing a certain behavior. Attitude is an aspect of human beings that is linked to their minds, and it provides them with a reason to form an intention or behavior (Arif, 2016; Nomi & Sabbir, 2020). Secondly, subjective norm is defined as "the perceived social pressure to perform or not to perform the behavior" by the individual (Ajzen, 1985), and this pressure is primarily from the people who are important to the individuals and are considered by them in the decision-making process (Wang, 2014; Fatoki, 2020). Subjective norm can also be defined as social pressure that an individual has from the people around him, and this pressure guides him to perform or avoid a certain type of behavior (Tuan & Vinh, 2016; Nomi & Sabbir, 2020). Lastly, the TPB defines perceived behavioral control as "the perceived ease or difficulty of performing the behavior" (Ajzen, 1985). For example, an individual might think of all possible sources (such as ability and affordability, etc.) that are required for a certain behavior. Perceived behavioral control is also known as the potential and ability of an individual to perform a behavior independently (Ashraf et al., 2017). Considering the above evidence, therefore, this study has chosen the TPB as the underpinning theory to determine the impact of brand equity on the purchase intention of cultural products through the customers' perception of local knowledge.

### ***Local knowledge conceptualization***

Interest in local knowledge is growing because of its potential to promote and sustain development activities (Ngulube & Onyancha, 2017). Although the knowledge of traditional and indigenous communities is recognized as essential for the emancipation, empowerment, and affirmation of marginalized societies, there is limited agreement on its definition and the most appropriate label for the knowledge. Many scholars agree that most of the knowledge of traditional and indigenous communities was developed through the interaction of human beings with nature to sustain themselves. The interaction led to the evolution of practices, values, ideas, and principles that contributed to their survival, control of their lives, and sustainable development (Ngulube & Onyancha, 2011; Ossai, 2010; Senanayake, 2006). Grenier (1989) argued that the knowledge of traditional and indigenous communities has common features. Most of these features are well documented in the extant literature, which is rooted in a particular community and situated within a broader social context whereby all life forms are a result of the interaction between social and spiritual relations. It refers to the unique, traditional, local knowledge existing within and developed around the specific condition of women and men indigenous to a particular geographic area. Consistent with Owuor (2007), indigenous knowledge is a process of learning and sharing social life, histories, identities, economic, and political practices unique to each cultural group. Consequently, it can be argued that local knowledge consists of the knowledge, beliefs, traditions, practices, institutions, and worldviews developed and sustained by indigenous and local communities and are believed to represent an adaptive strategy to the environment in which these communities live. Consequently, this study is an attempt to establish a framework for exploring how the customers' perception of local knowledge or the customers' perception of community intelligence responds to customer-based brand equity elements, which are related to their purchase intentions and behavior based on TPB theory.

### ***Cultural products***

Cultural products refer to goods or services that include the arts (performing arts, visual arts, architecture), heritage conservation (museums, galleries, libraries), the cultural industries (written media, broadcasting, film, recording), and festivals. UNESCO has declared that these products are not like other forms of merchandise (IGI Global, 2022). As for the development of cultural products, it could be argued that cultural products are usually made from raw materials that can be found locally. The older generation teaches the younger generation design and processing techniques. These, also known as crafts, handcrafts, ethnic products, or handcrafted products, have been involved in people's lives for years. Historically, crafts were produced for sale primarily within the local community. Moreover, cultural products are now merchandise that has evolved into items that consumers may perceive as cultural products and/or are often purchased as a gift or souvenir (Yu & Littrell, 2003). Consequently, cultural products have become a major source of income in many craftsmen's communities as well as local enterprises in the area (Pye, 1986). In this study, the authors defined cultural products as various forms of artistic, creative, and intellectual expressions that are produced, shared, and cherished within Thai culture or society. These products can encompass a wide range of mediums, including commodity goods, literature, music, film, visual arts, theater, dance, cuisine, fashion, and more. Cultural products often reflect the values, beliefs, traditions, and unique characteristics of a particular group or community, and they play a significant role in shaping and preserving cultural identity.

However, since producers of cultural products may not be familiar with consumers' preferences, understanding what consumers from outside their culture think about cultural products is an important start to successful product development. Knowing consumer preferences is important for the producer to make a better product to suit the target market and for the retailer to acquire the right product for their consumers. Additionally, if consumers in different cultural or geographic markets have different preferences, retailers and/or producers can respond to these varied preferences. Even when consumers' preferences are known,

information important to them must be communicated. To attract consumers who will purchase a cultural product, it is important to use words and terms that consumers understand.

Interestingly, on the other hand, providing local knowledge to their prospective customers in different regions would be an alternative idea to enhance the performance of cultural entrepreneurs in the area, which is the aim of this study. As mentioned above, it is generally believed that a better understanding of local knowledge or perceived community intelligence of customers might influence their attitudes towards cultural products, which may lead to a higher level of purchase intentions and purchasing behavior.

### ***Brand equity and purchase intentions***

According to Aaker (1991), "brand equity is a set of assets and liabilities linked to a brand," and brand equity can be analyzed through its dimensions, which include brand awareness, perceived quality, brand association, brand loyalty, and other proprietary assets. Farquhar (1989) defines brand equity as "an accumulative value or asset of a product or brand that combines the customer's positive emotions, opinion, and intention to purchase a product," while Kotler and Pfoertsch (2007) believe that "brand equity is the distinctive impact of a brand that comes to a customer's mind while interacting with the product or service of a brand".

Previous studies by Perera et al. (2019) and Dissabandara (2020) found that brand equity has a significant influence on the purchase intentions of customers. Similarly, Adam & Akber (2016) concluded that during the brand selection process, when a customer selects one brand over another, despite more features of alternate brands, it is simply the result of brand equity. Therefore, brand equity should primarily be the focus of business firms and marketers to gain enhanced market share and profit.

According to Aaker (1991), brand awareness, perceived quality, brand awareness, brand loyalty, and other proprietary assets are the five dimensions of brand equity. However, as a dimension, other property assets do not make a significant contribution to measuring brand equity; therefore, this dimension has not been applied in various studies (Buil et al., 2013; Schmitz & Roman, 2018). Hence, this study focuses on those dimensions that influence the purchase intentions of customers. Four dimensions of brand equity are included in this study, notably brand awareness, perceived quality, brand awareness, and brand loyalty.

### ***Brand awareness***

Brand awareness is the imagination of a brand in the mind of a customer and the ability of the customer to recognize and recall a brand in various situations (Keller, 1993; Aaker, 1994). It is the capacity of a brand to become well-known among consumers before they decide to make a purchase (Civelek & Ertemelb, 2019). Tariq et al. (2017) concluded that brand awareness is highly significant for brand equity since it has a strong relationship with purchase intentions. Similarly, Akhtar et al. (2016) and Noorlitaria et al. (2020) found that it is closely linked with purchase intentions since it portrays important information related to a brand in a customer's mind. Customers buy only those brands that they know, and they know only brands that they consider good.

### ***Perceived quality***

According to Aaker (1994), perceived quality is the overall recognition in a customer's mind about the features and benefits of a brand compared to its competitors. It is also defined as an intangible overall opinion about a brand, and it shows the extent to which a brand can meet the needs, wants, and expectations of the customers (Padhy & Sawlikar, 2018; Ahsan et al., 2020). Earlier studies by Perera et al. (2019) and Dissabandara (2020) concluded that perceived quality is directly linked with purchase intentions in many ways. Consequently, perceived quality is an essential constituent of brand equity.

### ***Brand association***

Brand association is a combination of brand-related opinions, perceptions, ideas, past experiences, knowledge, concepts, and approaches (Keller, 2009). It includes those experiences, beliefs, attitudes, perceptions, feelings, colors, images, and thoughts that a customer associates with a brand (Kotler & Gertner, 2002). Dissabandara (2020) conducted a study on the impact of brand association on purchase intentions and found that brand association is closely related to the purchase intentions of customers because it provides them with favorable information, a positive attitude, and a reason to buy a product or service. Studies have shown that it is a core constituent that has a strong impact on brand equity (Gordon et al., 2016; Ahsan et al., 2020). It is generally believed that it is the most essential element of brand equity since it is something that resides in the minds of customers (Keller, 1993).

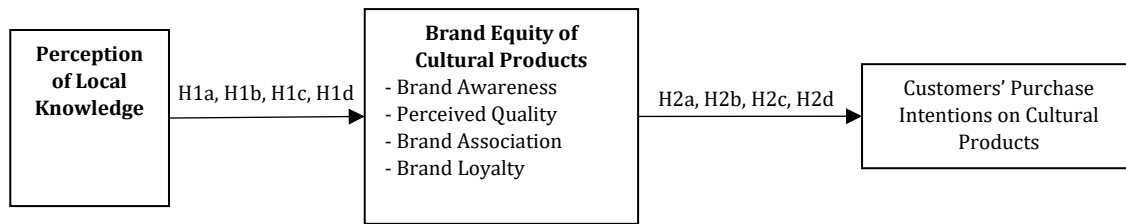
### ***Brand loyalty***

Brand equity creates loyalty to the brand, improvement of margins, influences on stakeholders, and access to distinguished competitive advantage in the market (Keller, 1993). It dictates that a consumer who truly believes in the value of a brand's offerings will often make frequent and repeat purchases from it instead of switching between brands. High brand loyalty ensures that business is stable and consistent and enables the organization to capture a larger market share. Aaker (1994). The customers can become loyal to the brand due to its uniqueness, its taste, feel at ease by using that particular brand, and they also have enough knowledge about that brand to feel confident while making a purchase, which may be due to price factors, etc. Brand loyalty can be defined as the degree of closeness of a client to a specific brand, expressed by their replicate purchase regardless of the marketing stress created by the rival brands. It is the basic objective of the organization that they set for their products and services. It is the preference of consumers to make a purchase of a particular brand due to its attributes, image, quality, features, and price, and they are normally committed to purchasing and referring to other people. There are two types of loyal customers. The behavioral and the emotional: the behavioral customers will become loyal to the brand but not emotional; however, the emotional customers will also be emotional with the particular brand in which they are interested (Jones & Sasser, 1995). Consequently, brand loyalty is a crucial element of brand equity.

### ***Purchase intentions***

The plan and desire to purchase a product or service by the customer are known as purchase intention (Padhy & Sawlikar, 2018; Noorlitaria et al., 2020). Purchase intentions also refer to the prediction of current and successive purchases by the customer. Based on this prediction, business firms forecast the buying behavior of their customers (Saad et al., 2013; Civelek & Ertemelb, 2019). There are two main perspectives on purchase intentions, namely, from existing customers and from new customers. The purchase intentions of new customers reveal interest, choice, and overall behavior, while the purchase intentions of existing customers anticipate customer trust, satisfaction, and assurance of repetitive purchases in the future (Santoso & Cahyadi, 2014; Ruangkanjanases et al., 2020). Thus, it is generally believed that marketers are always eager to know the factors that influence the purchase intentions of customers. By knowing these factors, they can direct their customers to a specific brand, which is the goal of all marketers (Tariq et al., 2017).

Through a review of the literature, certain links are established between the TPB and this study. Past studies have identified brand equity as having a significant influence on customer attitude (Lama, 2017), and according to the TPB, customers' attitudes have a direct influence on their intentions (Arif, 2016; Fatoki, 2020). However, limited empirical work has focused on the link between customer perceptions of local knowledge and the degree of perceived value of brand equity. Consequently, this study proposed a conceptual framework to contribute to a more comprehensive understanding of simultaneous links among the roles of local knowledge or the customers' perception of community intelligence on and brand equity elements as their purchase intentions of cultural products from customer perspectives, which can lead to purchasing behavior based on TPB theory.



**Figure 1.** Conceptual framework

Drawing on the above, the current study aims to examine the association between the role of local knowledge and brand equity aspects for further analysis to increase the purchase intention of cultural products. Additionally, it considers the influence of cultural and related factors, particularly in Pathum Thani. Thus, the preceding arguments support the following hypotheses:

1) H1. Customers' perception of local knowledge has a direct and positive influence on brand equity.

H1a. Customers' perception of local knowledge will have a positive influence on brand awareness.

H1b. Customers' perception of local knowledge will have a positive influence on perceived quality.

H1c. Customers' perception of local knowledge will have a positive influence on brand association.

H1d. Customers' perception of local knowledge will have a positive influence on brand loyalty.

Based on previous literature discussed above and consistent with the impacts of brand equity on customers' purchase intentions of cultural products, thus the preceding arguments support the following hypotheses:

2) H2. Brand equity has a direct and positive influence on purchase intention of cultural products.

H2a. Brand awareness will have a positive influence on purchase intention of cultural products.

H2b. Perceived quality will have a positive influence on purchase intention of cultural products.

H2c. Brand association will have a positive influence on purchase intention of cultural products.

H2d. Brand loyalty will have a positive influence on purchase intention of cultural products.

## METHODOLOGY

### *Population, sample and data collection*

This research employs a survey methodology to collect primary data for empirical analysis. Sampling is of great importance to researchers since the collection of data from the entire population may be impractical or impossible due to limitations. However, the significance of any sample lies in the representation of the population (Hair et al., 2013). The researcher may consider a small group of people who are representative of a larger group, and therefore the results could be generalized more accurately for a larger group of the population (Neuman, 2014). Pathum Thani Province was selected for the empirical analysis of this research because Pathum Thani is one of the provinces considered a mixed-culture society combining various nationalities in Thailand, and this makes it a charm of the ancient community's way. These cultures, ways of life, and arts have been blended and integrated with local Thai wisdom and cultures from the past to the present (Rittibul, 2020). Therefore, it was selected as the area-based study.

Consequently, purposeful sampling logic was used. To be included in the sample, the sample is made up of a selection of respondents who generally have experience purchasing

cultural products in Pathum Thani using the systematic random sampling method. A rule of thumb for studies employing SEM is a recommended sample of 200 as fair and 300 as good (Anderson & Gerbing, 1988; Iacobucci, 2010). The data was obtained through research assistants who were trained and adequately briefed before they disseminated the research questionnaire. A sample of 400 respondents in Pathum Thani using a drop-off-pick-up (DOPU) technique was used in this study.

### **Measurement of variables**

Several steps were followed in developing the questionnaire. Special attention was given to different levels, language, question order, response format, scale types, design, and the general context of the research. This research creates the scale to measure local knowledge, brand equity components, and purchase intention for cultural products, adapting measurement items from existing literature. All the items were measured using a 5-point Likert-type scale. Local knowledge is measured with a 5-item scale adapted from Rittibul (2020). To measure brand equity components towards cultural products (brand awareness, perceived quality, brand association, and brand loyalty), this research adapted a 20-item scale from Chatzipanagiotou et al. (2019). Finally, the authors applied the idea of Wright and MacRae (2007) to create a 5-item scale to measure purchase intention for cultural products. However, it is a major challenge when seeking to conceptualize the role of local knowledge and brand equity on purchase intention in a feasible way for empirical investigation. All the items are measured using a multi-item scale with five-point Likert-type scales.

**Table 1.** Results of factor analysis

Constructs	Description	$\bar{x}$	Standardized factor loadings
Local Knowledge (LK)	Local Knowledge helps to promote good consciousness for the people in the area.	0.920	0.850
	Local Knowledge should be preserved and inherited for future generations to learn.		0.776
	Local Knowledge promotes awareness of the value of cultural products.		0.829
	Local Knowledge fosters pride in their own homeland.		0.772
	Local Knowledge is important for access to information, news, culture and traditions. and attitudes towards cultural products.		0.851
Brand Awareness (BAW)	Having local knowledge makes you know and better understand the brands of cultural products.	0.933	0.812
	Brand promotion from entrepreneurs will make you know the brand even more.		0.852
	You become familiar with the brand from seeing advertisements often.		0.809
	You can think of various brands if you are aware of the history of the business.		0.854
	Publicity from government agencies helps you to remember that brand.		0.778
Perceived Quality (PQ)	Perceived local knowledge makes you believe in the quality of the product.	0.923	0.804
	Cultural knowledge makes you see the advantages of the product.		0.765
	You believe in the quality of cultural products from your own direct experience.		0.754
	Public relations from governmental agencies create build confidence in the quality of cultural products.		0.846
	Advertising from entrepreneurs builds confidence in the quality of cultural products.		0.777



**Table 1. (Cont.)**

Constructs	Description	$\bar{x}$	Standardized factor loadings
Brand Association (BAS)	When you see cultural products, you will feel interested in that brand.	0.940	0.734
	Cultural knowledge allows you to know the history of the product better.		0.789
	When you see cultural products, you feel like owning that product.		0.899
	Cultural products are outstanding and different from general products.		0.845
	The quality of cultural products is high.		0.852
Brand Loyalty (BL)	You want to buy cultural products from the same seller who has experience in cultural industry.	0.941	0.864
	You will recommend the shop that you have experience in buying-selling to your friends.		0.800
	Obtaining information make you come back to buy the same product again.		0.785
	Seeing advertisements and publicity of cultural products makes you feel good and proud of that brand.		0.774
	If you buy indifferent products, you will choose cultural products.		0.823
Purchase Intention (PI)	The use of cultural products can solve the loss of culture.	0.931	0.805
	Cultural products preserve the culture.		0.834
	Benefits and advantages of using cultural products lead to your decision making.		0.845
	Product certifications influence your purchase intention.		0.856
	Information about cultural products from advertising and public relations leads to your decision making.		0.883

## RESULTS

### Measurement model

Cronbach's alpha was used to assess the internal reliability of the scales. As shown in Table 1, the range is between 0.82 and 0.90, which is higher than the recommended threshold of 0.70 (Nunnally & Bernstein, 1994). A confirmatory factor analysis (CFA) was performed to evaluate the overall measurement model and to assess the reliability and validity of the constructs. To effectively assess the validity of the measurement model, discriminant and convergent validity were assessed. Discriminant validity measures the degree to which factors that are supposed to measure a specific construct are actually unrelated (Wang & Wang, 2012). Fornell & Larcker's approach was used to assess discriminant validity (Fornell & Larcker, 1981). Using this approach, the AVE for each of the research constructs should be higher than the squared correlation between the construct and any of the other constructs. As shown in Table 2, the measurement model demonstrates satisfactory discriminant validity. The diagonal elements (in bold†) shown in Table 2 are the squared multiple correlations between the research variables. As shown in the table, the AVE ranges from 0.714 to 0.784 while the diagonal values range from 0.845 to 0.885, indicating that the diagonal variables are higher than the various AVE values suggesting that all the constructs in this study have adequate discriminant validity.

Convergent validity measures the extent to which factors that ought to measure a single construct agree with each other. In this research, convergent validity was assessed using composite reliability and average variance explained (AVE). Using these measures, composite reliability (CR) should be above 0.6 and AVE should be above 0.5 for all constructs. As shown in Table 2, the CR ranges from 0.920 to 0.940, while the AVEs range from 0.714 to 0.784. These results show that the model meets the criteria for assessing convergent validity.

The measurement model fit was assessed by evaluating the root mean square of approximation (RMSEA), absolute fit measures including observed normed  $\chi^2/df$

standardized root mean square residual (SRMR), comparative fit index (CFI), normed fit index (NFI), goodness of fit (GFI) and adjusted goodness of fit (AGFI). As shown in Table 3, all the fit indices met the recommended thresholds for evaluating model fit. It can therefore be concluded that the model fits the data well and can thus be used to explain the research hypotheses.

**Table 2.** Reliability, validity statistics and correlations

	CR	AVE	MaxR(H)	1	2	3	4	5	6
Local Knowledge	0.920	0.714	0.920	<b>0.845†</b>					
Brand Awareness	0.934	0.760	0.934	0.421	<b>0.871†</b>				
Perceived Quality	0.923	0.742	0.923	0.380	0.437	<b>0.861†</b>			
Brand Association	0.940	0.784	0.940	0.468	0.550	0.428	<b>0.885†</b>		
Brand Loyalty	0.940	0.734	0.941	0.544	0.553	0.553	0.598	<b>0.856†</b>	
Purchase Intention	0.931	0.736	0.931	0.487	0.383	0.445	0.572	0.538	<b>0.857†</b>

Note: CR = composite reliability; AVE = average variance extracted; MaxR(H) = maximum reliability; (H) and † = square root of AVE.

**Table 3.** Fit indices of CFA model.

Measure	Abbr.	Recommended threshold	Scores
Chi-square/df (CMIN/DF)	X <sup>2</sup> /df	<3.0	1.539
Goodness of fit	GFI	>.90 <sup>a</sup> ; >.80 <sup>b</sup>	0.851
Comparative Fit Index	CFI	>.90 <sup>a</sup>	0.961
Adjusted Goodness of fit	AGFI	>.80 <sup>a</sup>	0.824
Tucker-Lewis Index	TLI	>.90 <sup>a</sup>	0.956
Incremental Fit Index	IFI	>.90 <sup>a</sup>	0.961
Root Mean-Square Error of Approximation	RMSEA	<0.08 <sup>a</sup>	0.045

<sup>a</sup> Acceptable. <sup>b</sup> Marginal.

### Structural model

Table 1 and Figure 2 show the results of the test of hypotheses about the structural relationship between the research variables. For hypothesis 1, the researcher examined the relationship between the customers' perception of local knowledge and brand equity. As shown in Figure 2 and Table 4, the effect of local knowledge practices on brand equity components (H1a: local knowledge and brand awareness:  $\beta = 0.264$ ,  $p < 0.01$ ), (H1b: local knowledge and perceived quality:  $\beta = 0.359$ ,  $p < 0.01$ ), (H1c: local knowledge and brand association:  $\beta = 0.360$ ,  $p < 0.03$ ), and (H1d: local knowledge and brand loyalty:  $\beta = 0.385$ ,  $p < 0.09$ ) is significant. Hence, hypothesis 1 is fully supported, which means customers' perception of local knowledge has a direct and positive influence on brand equity.

For hypothesis 2, this study examined the relationship between brand equity and purchase intention for cultural products. The results of the hypotheses show that brand equity components positively influence the purchase intention (H2a: Brand Awareness and Purchase Intention:  $\beta = 0.238$ ,  $p < 0.01$ ), (H2b: Perceived Quality and Purchase Intention:  $\beta = 0.350$ ,  $p < 0.03$ ), (H2c: Brand Association and Purchase Intention:  $\beta = 0.244$ ,  $p < 0.01$ ), and (H2d: Brand Loyalty and Purchase Intention:  $\beta = 0.233$ ,  $p < 0.02$ ) is significant. Consequently, hypothesis 2 is fully supported, which means brand equity has a direct and positive influence on the purchase intention of cultural products (Figure 2).

**Table 4.** Standardized path coefficients

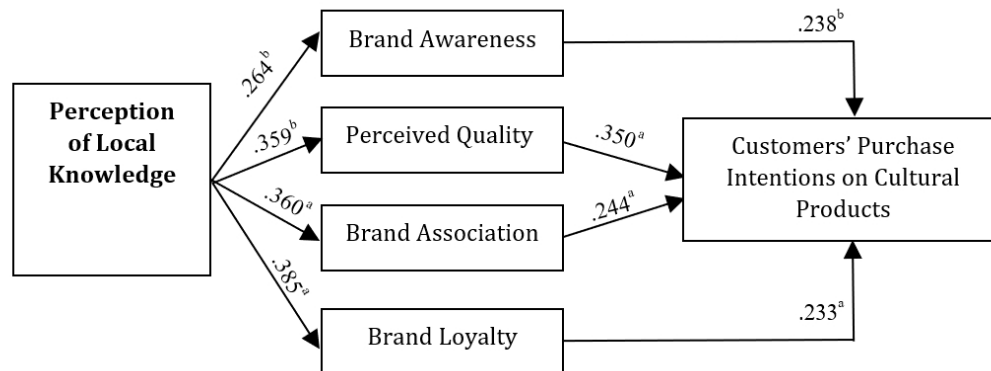
Hypotheses	Estimate	T-values	P-values	Remarks
H1 is fully supported.				
H1a	.264	4.090	.001 <sup>b</sup>	Supported
H1b	.359	5.495	.001 <sup>b</sup>	Supported
H1c	.360	5.644	.003 <sup>a</sup>	Supported
H1d	.385	5.495	.009 <sup>a</sup>	Supported

**Table 4. (Cont.)**

Hypotheses	Estimate	T-values	P-values	Remarks
H2 is fully supported.				
H2a	.238	5.807	.010 <sup>b</sup>	Supported
H2b	.350	2.726	.031 <sup>a</sup>	Supported
H2c	.244	3.458	.018 <sup>a</sup>	Supported
H2d	.233	2.962	.020 <sup>a</sup>	Supported

<sup>a</sup> Significant at the 0.05 level (2-tailed).

<sup>b</sup> Significant at the 0.01 level (2-tailed).



<sup>a</sup> Significant at the 0.05 level (2-tailed).

<sup>b</sup> Significant at the 0.01 level (2-tailed).

**Figure 2.** Research model and result of test of hypotheses

## DISCUSSION AND IMPLICATIONS

Many researchers have suggested that knowledge is an important antecedent of a firm's capacity. In recent years, many authors have discussed the influence of different knowledge management practices on various organizational outcomes. Despite the increased research interest in knowledge management and innovation, very limited studies have provided empirical evidence linking local knowledge and perceptions of brand equity, especially from a cultural business perspective. Therefore, this study fills the gaps in existing literature and responds to previous calls for an investigation in several ways. The first and most evident contribution of this research is the examination of the role of local knowledge in brand equity.

Furthermore, although considerable support exists for the role of knowledge in business development (e.g., Ngulube & Onyancha, 2011; Ossai, 2010; Senanayake, 2006), studies investigating cultural products are relatively sparse (Rittibil, 2020). Interestingly, there is no empirical study that has conceptualized the relationship between local knowledge and brand equity in increasing purchase intention for cultural products. In this study, hence, local knowledge is investigated for its effects on the key components of brand equity (i.e., brand awareness, perceived quality, brand association, and brand loyalty), which in turn will have a positive effect on the purchase intention of cultural products. The findings of this research make significant contributions to the field of cultural entrepreneur literature.

Based on the TPB, the finding also shows that the effect of local knowledge on customers' perceptions and purchase intentions is significant. There are two implications for these findings. First, the perception of local knowledge enhances brand equity components (i.e., brand awareness, perceived quality, brand association, and brand loyalty). This could indicate a greater understanding of the local knowledge of customers in the area and a greater perception of brand equity towards cultural products due to knowing their heritage values. Perceived cultural heritage knowledge can promote good consciousness in terms of art, cultures, and their way of life, as well as cultural products, among the people in the area. When buyers have adequate local knowledge,

they might get involved with cultural aspects as well as their intentions and preferences. Secondly, the findings show that brand equity elements contribute to purchase intention for cultural products. It is generally believed that brand equity is the level of sway a brand name has in the minds of consumers and the value of having a brand that is identifiable and well thought out. In this research, therefore, building brand equity by increasing consumer awareness towards cultural aspects, promoting perceived cultural product quality, creating cultural product associations, and maintaining loyalty to customers appear to be crucial for purchase intention in cultural product development. The findings obtained in this study are consistent with the findings of Ngulube and Onyancha (2017), who found that local knowledge influences firms' performance. When knowledge is managed effectively, it increases a firm's capacity and competitiveness. Moreover, local knowledge is a fundamental success factor for the development of new cultural products and a key facilitator of local entrepreneur performance (Rittibul, 2020).

There are some practical implications that can be derived from this study. Since the emphasis of the research has been on considering the relationship between the role of local knowledge and customers' perceptions of brand equity on the purchase intention of cultural products in the Thai context, the study provides suggestions for policy implications. Traditional or local knowledge can be learned, and its benefits are evident. Through understanding and recognizing the importance of local knowledge, the business owner can allocate his or her limited resources and guide herself or himself based on the role of traditional and indigenous knowledge. From a national government perspective, serving cultural entrepreneurs is attractive given that the local economy has a positive effect on the nation's balance of payments and thereby contributes to its economy. Cultural entrepreneurs are increasingly required by their governments to become more proactive, financially autonomous, and therefore more culturally market oriented.

By highlighting the importance of local knowledge, the empirical findings offer guidelines for national policymakers. Consequently, policy initiatives should aim to enhance the development of local knowledge sharing with a view to successfully formulating and putting into practice their strategies. Thereby, the promotion of traditional or local knowledge as well as cultural business education and training programs, which are already pursued in both schools and universities, should receive increased and continuous policy support to help decision-makers. Additionally, the findings will be of particular interest to some governmental institutions, such as the Office of Small and Medium Enterprises Promotion (OSMEP), because the OSMEP plays an important role in providing cultural entrepreneurs with updated information about various marketing aspects. Therefore, the OSMEP should aim at providing training programs for SME managers to be able to successfully engage in cultural business operations.

## **LIMITATIONS AND FUTURE RESEARCH POSSIBILITIES**

First, the research findings are drawn from self-reported data. This could lead to potential common method variance. Secondly, the approach used in this study is cross-sectional and does not reflect how the mechanisms examined in this research perform in the long term. Third, knowledge management is multidimensional. This study has focused on only local knowledge. There are other dimensions of knowledge management that have not been examined and can equally be useful in explaining the impact on brand equity for cultural entrepreneurs. As a suggestion for future research, other researchers can examine the effect of other knowledge management practices on cultural entrepreneurs across different industries. Such studies can also adopt a longitudinal approach to examine the long-term effects of these knowledge management practices. Despite these limitations, this study has provided practical empirical evidence to demonstrate the associations between perceptions of local knowledge and brand equity and purchase intentions for cultural products. Finally, moderating variables, such as demographic factors, should be considered in the study.

## CONCLUSION

The current study aims to examine the association between the role of local knowledge and brand equity aspects for further analysis to increase the purchase intention of cultural products. Additionally, it considers the influence of cultural and related factors, particularly in Pathum Thani, from customer perspectives in a Thai context. The results show that customers' perception of local knowledge and the customers' perception of community intelligence are the most influential brand equity components, which can in turn influence the level of purchase intentions for cultural products. This study also contributes to both academic and practical terms, which benefits the implications related to the field of business study and marketing strategy planning for cultural product entrepreneurs. Highlighting the role of local knowledge, it is generally believed that a better understanding of local knowledge or perceived community intelligence of customers can influence their attitudes towards cultural products, which leads to a higher level of purchase intentions. Consequently, all parties involved should consider the local knowledge transfer process and relevant marketing activities, which influence the level of purchase intentions of cultural products significantly.

## ACKNOWLEDGMENTS

The authors would like to thank the Program Management Unit on Area Based Development (PMU A) Thailand for the funding of this study and the respondents in Pathum Thani who were involved in the survey during the research. Many thanks to our colleagues and the anonymous referees, whose comments and suggestions were precious for the improvement of our paper.

## CONFLICTS OF INTEREST

The authors declare that there are no conflicts of interest found in this research.

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