

Impact of Brand on Consumer Psychology: A Case Study

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ABSTRACT

The paper deals with the results of the primary research which purpose was to examine the impact of brand on influencing consumers to purchase a product. The goal of the paper is to stress the fact that the brand has an impact on customer decision-making process. Original primary data within the primary research were collected by using a quantitative method of questionnaire. Into the quantitative research was involved selected group of 1,250 respondents. Partial results of the complex research conducted between 2009 and 2014 are subject to the content of the paper. Primary research was conducted continuously during the period of six months in 2014 in Slovakia. An established questionnaire was pilot tested and revised before it was used. As the statistical method was used chi-square test. Based on above stated subject area of research have been formulated two hypotheses focused on relationship between the age of respondents and purchasing branded products and between the age of respondents and brand preference. We have found that purchasing of branded products and preference of brand origin depends on the age of consumers.

Keywords:

Consumer psychology, brand image, Consumer behaviour toward product, brand image in consumer mind.

Introduction

1. Since market conditions are constantly changing, the new role of brand management as an integral part of holistic marketing is more important than it ever was. According to the situation on current retail market, it is very important that enterprises manage their brands so they can flexibly fulfill desires and wishes of their customers. In order to create a competitive brand, they need to pay attention to their customers constantly. In current retail environment, consumers are overwhelmed with plenty of brands and products. Primarily, consumers are influenced by their individual attitudes, professed values but also by the environment in which they spend their lives. In our opinion, brand is a factor that has got an impact on consumer purchase preferences and therefore we decided to investigate the impact of brand on consumer behavior in connection with the age category of consumers. The category of age is a demographic factor which influences consumer purchase decision in choosing a certain brand and it will be considered for the purpose of our research. In this paper we undertake a survey to investigate and provide evidence on links between age and purchase preference in retail context in Slovak Republic. It is known that age often impacts consumer behavior, so we assume that young people are easily influenced by brand image in contrast with older people. According to Richardson, Jain and Dick (1996), the older the person the more purchasing experience they have than the younger one. Older people consider diversified option through the experience they have developed. While younger ones with less experience rely on brand and price. The goal of the paper is to stress the fact that the brand has an impact on customer decision-making process and that the age category is relevant to this process.

1.1. Brand

“Brand is something what remains us when our factory is burned”. These are the words of David Ogilvy who is considered “the father of advertising”. Brands are important to brand owners at two quite different levels. Firstly, they serve as a focus for consumer loyalties and therefore develop as assets which ensure future demand and hence future cash flows. They thus introduce stability into businesses, help guard against competitive encroachment, and allow investment and planning to take place with increased confidence (Loken, Ahluwalia, Houston, 2010). Brands are business assets, legally protected and shielded from duplication. They are valuable, rare, non-substitutable and provide sustainable competitive advantages – and therefore superior financial performance. A brand is built over time, by the impressions one has of the company, its products or services, and is confirmed (or destroyed) by experiences. People use brands to categorize their choices (Transparency, 2005). On the basis of existing definitions of the brand we define brand as: “Perceptible sign of the organization and its products to the human senses, through which the customer is able to differentiate an organization and its products from others” (Babčanová, 2010).

1.2. Branding and Brand Management

Branding ultimately works as a signal. It allows consumers to quickly recognise a product as one they are familiar with or one they like. It acts as a memory cue, allowing consumers to retrieve relevant information from memory. This information may be about past experience of the brand, brand perceptions or brand associations. The information we have stored about brands is crucial in guiding our decisions (Winkielman et al, 2000). Branding has become one of the most important aspects of business strategy. Branding is central to creating customer value, not just images and is also a key tool for creating and maintaining competitive advantage (Holt, 2015). Branding is the process of creating a relationship or a connection between a company's product and emotional perception of the customer for the purpose of generating segregation among competition and building loyalty among customers (Hislop, 2001). Brand management is the integral part of holistic marketing (Kotler et al, 2013). It is, in our opinion, a specific area of marketing, which uses special techniques in order to increase the perceived value of a brand. Branding and brand-based differentiation are powerful means for creating and sustaining competitive advantage. According to Aggarwal (2004) prior research has examined differences in how consumers perceive and evaluate brands, for example, through investigating brand equity, brand personality and brand extensions. More recently, researchers have noted that consumers differ not only in how they perceive brands but also in how they relate to brands. This line of research has suggested that people sometimes form relationships with brands in much the same way in which they form relationships with each other in a social context (Aggarwal, 2004). Branding has become one of the most important aspects of business strategy. Branding is central to creating customer value, not just images and is also a key tool for creating and maintaining competitive advantage (Holt, 2015). Activities within brand management enable to build loyal customers through positive associations and images or a strong awareness of the brand. Brand image is the key driver of brand equity, which refers to consumer's general perception and feeling about a brand and has an influence on consumer behavior. For marketers, whatever their companies' marketing strategies are, the main purpose of their marketing activities is to influence consumers' perception and attitude toward a brand, establish the brand image in consumers' mind, and stimulate consumers' actual purchasing behavior of the brand, therefore increasing sales, maximizing the market share and developing brand equity (Zhang, 2015). Brand awareness, as one of the fundamental dimensions of brand equity, is often considered to be a prerequisite of consumers' buying decision, as it represents the main factor for including a brand in the consideration set. Brand awareness can also influence consumers' perceived risk assessment and their confidence in the purchase decision, due to familiarity with the brand and its characteristics. On the other hand, brand awareness can be depicted into at least two facets – unaided (brand recall) and aided (brand

recognition) – each of the two facets having its more or less effective influence on buying decision and perceived risk assessment (Aaker, 1991, Moisescu, 2009). Based on statements above, in our opinion, branding makes customers committed to the certain enterprise and its brand.

2. Material and Methods

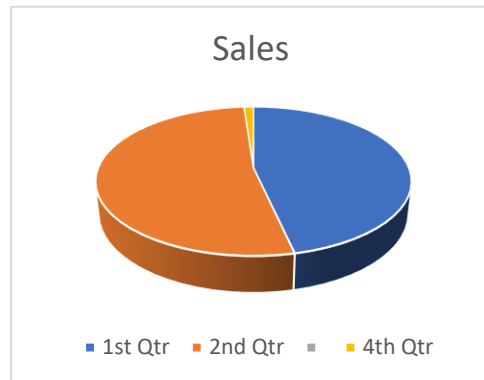
As a background of the paper's content were used data collected by the method of primary research as well as data of secondary research from publicly available literary sources, statistics, and reports. Between 2009 and 2014, the complex research on brand management (included brand management of enterprises as producers on one hand and enterprises as employers on the other hand) was conducted in Slovak republic at the Faculty of Materials Science and Technology, Slovak University of Technology. The content of the paper is based on the partial survey of consumer's behavior conducted during the period of six months in 2014 in the Slovak Republic. This survey is an integral part of above mentioned complex research. The focus of the survey was to investigate the impact of brand on customer decision-making process within the retail context by using a quantitative method of questionnaire. Data were collected from 1,250 participants (52.2 % male, 47.8 % female, aged more than 18 years old Slovak inhabitants). The sample of survey participants was drawn by two predetermined control characteristics – “age” and “customer of a retail chain”. The main aim of the survey was to find out whether the brand has got an impact on consumer decision-making process in consumer market or not and if there is a relation between the age category and purchase decision. The partial aims of the survey were to examine the role of brand on customer decision making-process in several specific areas (brand awareness, brand recognition, customer preferences, and motivation to purchase the product of a particular brand). Based on stated main aim of the survey, a working version of the premise was established: “More than 50 % of the survey participants choose the product by a brand”. For the purpose of gathering information from respondents was designed a questionnaire, a research instrument consisting of a series of questions. Firstly was conducted a pilot interview. The aim of the pilot interview was to find out whether the potentially surveyed information does exist in the survey population and whether they can be identified. Afterwards, pilot version of the questionnaire was designed (distributed 30 pcs of the questionnaire of 19 questions). The questionnaire was completed by a random sample of retail chain customers aged more than 18 years old. Respondents filled the questionnaire with no problems; therefore designed questionnaire remained with the same content and of the same form. Respondents' answers were statistically evaluated, processed, verbally and graphically interpreted

3. Results and Discussion

For the purpose of this paper we decided to analyze three questions from the total amount of 19 questions. The first question was: “Does the brand affect your choice by purchasing a product or a service?” It is clear that more than a half the amount of respondents answered that they choose a product or a service by a brand. The pie chart in the figure 1 describes information of two possible answers to the above question. Less than a half the amount of respondents chose the answer “no” – they do not purchase products or services by a brand. Respondents' majority answers confirmed the premise that the brand itself is important influencer by purchasing a product or a service. Mo

st of respondents who answered that the brand affected their choice by purchasing a product or a service were from the age group 31 – 40. With 52 % (650 respondents) of answers resulting from respondents' opinions to the above question was confirmed our working version of the premise, because more that 50 % of the survey participants chose the products and services by a particular brand. Collected data were analysed and interpreted by using the chi-square test. Statistical significance of the results was evaluated at the alpha level (α) 0.05.

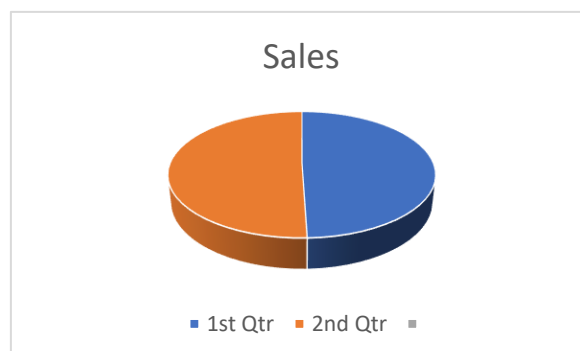
FIG 1. Brand as an important factor by purchasing a product



Hypothesis 1:

There is a relation between the age group and decision to purchase products by a brand. The chi-square statistic was 28.6681, the p-value was < 0.00001 and the result was significant at $p < 0.05 \Rightarrow$ variables are dependent. According to this result, brand is an important factor in choosing a product or service within the consumer's decision-making process of the purchase and there is a relation between the age group and decision to purchase products by a brand. The focus of the survey was also placed on consumer attitudes to domestic and foreign brands. The second question of the survey was: "Do you prefer rather Slovak or foreign brands when purchasing a product or a service?" The question was answered by respondents who answered the first question with option "yes" – brand affects customer's choice by purchasing a product or a service. Hypothesis 2: There is a relation between the age group and decision to purchase products by origin of a brand. The chi-square statistic was 23.9733, the p-value was < 0.000081 and the result was significant at $p < 0.05 \Rightarrow$ variables are dependent. The older the respondent was, the more was preferred purchasing of Slovak brands. More than half the amount of respondents prefers rather Slovak brands than foreign ones (see Fig. 2). As reasons was mentioned: higher quality of products, national pride, support of the Slovak economy, support of domestic producers. Such a behavior is related to the age groups 31 – 40 and 41 – 50. In our opinion, this is due to the edification conducted by national education project of social responsibility aimed at supporting macroeconomic stability in Slovakia: "Quality from our regions". The project is based on consumer education via media campaigns and consumer competitions.

Fig.2. Slovak vs foreign brand preference



Conducted survey within answers to the second question was confirmed by the results of similar surveys realized by GfK Slovakia research agency. According to GfK, exactly 54 % of the Slovak consumers prefer products branded by Slovak brands (GfK, 2012). In 2015 were published results of quantitative survey conducted by GfK Slovakia in 2014. The total amount of 53.5 % of Slovak brands (in food category) was purchased by Slovak consumers during surveyed period of six months in 2014 (GfK, 2014). brand on consumer behavior. More than a half the amount of respondents chooses their products or services by a brand. Participated survey respondents stated that the quality is the key factor in their decision-making process of purchasing a brand. A higher quality of products, national pride, support of the Slovak economy, support of domestic producers was the most mentioned reason for purchasing Slovak brands. Current edification in Slovak republic conducted by national education project of social responsibility "Quality from our regions" aimed at supporting macroeconomic stability in Slovakia has proven very useful by purchasing Slovak brands. Previous studies have shown that brand management helps enterprises to protect their image and that a strong brand has a high market share. The actual or prospective purchaser of products or services (AMA, 2015) - customer - is an important category in brand management. A brand can be successful if the brand management system is competent and as a result of relevant marketing activities can be seen loyal and satisfied customer/consumer. Consumer behavior is influenced by a variety of factors interacting in complex ways. With better understanding of customer's perceptions; companies can determine the actions required to meet the customer's need (Shende, 2014). Due to the current global conditions, the marketplace is becoming a place of a super-saturation of products resulting in brand loyalty disappearance. These conditions can be avoided when companies create loyalty relationships with their customers. Therefore it is necessary that the value proposition of the offered brands meet consumers' values and desires.

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